

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:686
ANSWERED ON:03.12.2004
GROWTH RATE IN AGRICULTURE
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India in its annual report has stated that at least 4 percent growth rate in agriculture sector is required to be maintained; (
- (b) if so, the measures being taken by the Government for maintaining this growth rate in agriculture sector; and
- (c) whether the Government are contemplating to increase the present limit of loans being provided to farmers by the banks?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Yes, Sir. Reserve Bank of India(RBI) in its Annual Report for the year 2003-2004 has stated that in the context of achieving an overall growth rate of the economy of 7% and more, it is imperative that the agricultural growth rate is enhanced to around 4% per annum as the critical minimum,

(b) Some of the measures taken to increase institutional finance to agriculture include: -

i) Public sector banks under Special Agriculture Credit Plan(SACP) are required to fix self-set targets for achievement during the financial year showing an increase of about 20-25% over the disbursements in the previous year.

ii) Since the inception of Kissan Credit Card(KCC) Scheme in 1998, 4.14 crores KCCs have been issued by banks up to March 31, 2004.

iii) Several recommendations of the Advisory Committee on Flow of Credit to Agriculture and Related Activities set up by the RBI(Vyas Committee) are being implemented by banks including : waiver of margin/security norms for loans up to Rs. 50,000/- and incase of agri-clinics, up to Rs. 5.00 lakhs; inclusion of investment in securitised agricultural loans under priority sector; review of NPA norms in agriculture lending etc.

iv) The Government have also announced in June 2004 a package of measures to improve the flow of credit to agriculture with a view to doubling the agriculture credit in three years. The package includes relief measures for farmers affected by natural calamities; one time settlement scheme for small and marginal farmers etc.

(c) No limit has been stipulated for providing loans to farmers.