

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2617
ANSWERED ON:17.03.2006
KABARD LOAN TO FARMERS
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Will the Minister of FINANCE be pleased to state:

- (a) whether National Bank for Agriculture and Rural Development (NABARD) was set up to cater to the needs of farmers only;
- (b) if so, whether NABARD has failed to provide loan to farmers and has diverted its funds to give advances to other sectors;
- (c) if so, the reasons therefor; and
- (d) the amount of advances given by NABARD to the sectors other than agriculture sector during each of the last three years ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): NABARD was set up to cater to the credit needs of farmers as well as to promote integrated rural development by promotion of agriculture and rural non-farm activities thereby achieving rural prosperity.

(b),(c) and (A): NABARD extends refinance to banks against the loan, extended by them to farmers as well as activities leading to rural development. Further, with a view to promote sustainable development in the field of agriculture, NABARD refinance is also available for rural based non-farm sector activities. The details of refinance given by NABARD to both farm and rural non-farm sector during the last three years are as under:-

(i) Investment Credit:

Purpose	(Rs.Crore)			
	2002-03	2003-04	2004-05	Cumulative since inception
Farm Sector (FS)	5411.37	5242.07	6034.88	67114.21
Rural Non-Farm Sector (RNFS)	2007.40	2363.22	2542.58	14052.26
Total	7418.77	7605.29	8577.46	81166.47
% of FS to Total Refinance	73	69	70	83
%RNFS to total refinance	27	31	29	17

Cumulatively about 83% of the total refinance was for agricultural activities and 17% was for RNFS.

(ii) Production Credit:

Purpose	(Rs.Crore)		
	2002-03	2003-04	2004-05
ST(SAO)-Limit Sanctioned	7999	8689	10219
(91)	(87)	(91)	
ST(OSAO)-Limit Sanctioned	836	1266	1041
(9)	(13)	(9)	

ST(SAO)- Short Term (Seasonal Agricultural Operation)
ST(OSAO) - Short Term (Other than Seasonal Agricultural Operation)
Figures in brackets denote percentages.

Thus, around 90% of refinance provided by NABARD under Production credit had gone to Farm Sector.