

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2155
ANSWERED ON:14.03.2008
SEASONAL AGRICULTURAL OPERATIONS OF NABARD
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of FINANCE be pleased to state:

(a) whether Union Government has received the proposals from State Governments that percentage of short term refinance for seasonal agricultural operations of the NABARD should be enhanced from 30 per cent to 75 per cent so that the farmers dependence on State, Central Cooperative Banks and others with high rate of interest is proportionately curtailed; and

(b) if so, the reaction of the Government thereto?

Answer

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

(a) & (b) : Yes, Sir. Requests have been received from several State Governments for enhancement of short term refinance for seasonal agricultural operations of the National Bank for Agriculture and Rural Development (NABARD) from 30 per cent to 75 per cent.

NABARD refinance is supplementary in nature and it cannot afford to take care of the total credit needs of client banks due to its funds constraints. At present, NABARD is entirely dependent on market borrowings at market related rates for its Short Term-Seasonal Agricultural Operations (ST-SAO) refinance and NABARD is not in a position to raise the quantum of refinance as requested. Notwithstanding this, the quantum of refinance has been increased from 30% of Realistic Lending Programme (RLP) during 2005-06 to 35% / 40% of RLP during 2006-07 and 2007-08 depending upon the level of gross Non Performing Assets of State Cooperative Banks.

To enable NABARD to provide greater refinance to the Short Term Cooperative Credit Institutions creation of a fund with a corpus of Rs.5000 crore in NABARD has been announced in the Budget 2008-09.