

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:238

ANSWERED ON:04.12.2009

LOAN TO FARMERS

Rajaram Shri Wakchaure Bhausahab;Rajesh Shri M. B.

Will the Minister of FINANCE be pleased to state:

- (a) the details of the loans disbursed to the farmers by banks during the last three years and current year, bank-wise;
- (b) the quantum of agriculture loan and its proportion to the total credit during the said period;
- (c) the rate of growth of agricultural and non-agricultural loans over this period;
- (d) the names of the nationalized banks which could not achieve the targets set for the disbursement of loans to farmers during the said period; and
- (e) the corrective measures taken by the government including expediting the disbursement of credit to farmers and the agriculture sector?

Answer

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (e): A Statement is laid on the Table of the House.

Statement referred to in reply to Parts (a) to (e) of Lok Sabha Starred Question No.238 to be answered on 4th December, 2009 regarding Loans to Farmers, tabled by Shri Wakchaure Bhausahab Rajaram and Shri M.B. Rajesh.

(a) to (d): The year on year of growth of agricultural and non-agricultural credit over the last three years as reported by RBI is tabulated as under:

Year on Year Growth in Credit Outstanding (%)

Gross bank credit Credit to agricultural Non-agricultural credit
and allied activities

2006-07 27.86 32.42 27.62

2007-08 21.59 19.52 22.71

2008-09 17.85 22.99 17.44

The RBI collects details of the credit by banks to Agriculture and allied activities. Credit to farmers is part of this lending. The details of total agricultural advances outstanding by banks during the last three years are placed at Annex-I alongwith the names of the Public Sector Banks, which did not achieve the priority sector-lending target of 18% of Adjusted Net Bank Credit (ANBC) to the agriculture sector. The quantum of agricultural loans outstanding and its proportion to total credit outstanding during the last three years are placed at Annex-II. Bank wise data for the current financial year is not available.

(e): A number of steps have been taken to ensure the proper availability of credit to farmers by banks in the country. These include according priority sector status to agriculture and stipulating a target of 18 per cent of the Adjusted Net Bank Credit (ANBC) (within the overall target of 40 per cent of ANBC for priority sector lending) for lending to agriculture by domestic scheduled commercial banks; introduction of Special Agricultural Credit Plan (SACP), under which the banks are required to fix self-set targets (a certain percentage higher than previous year's disbursements) and strive to achieve disbursements to that level; introduction of Kisan Credit Card (KCC) Scheme to address the credit needs of the farmers in a more holistic manner; simplification of procedural aspects of farm credit and thereby encouraging the farmers to approach the institutional sources for credit; loans upto Rs. 50,000 have been made collateral and margin free; introduction of the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 for farmers for easy flow of institutional credit to agriculture, which had become clogged due to the debt burden on the farmers. Further, Banks have been advised to dispense with the requirement of `no due` certificate for small loans up to Rs.50,000 to small and marginal farmers, share-croppers and the like and, instead, obtain self-declaration from the borrower. Banks have been advised to accept certificates provided by local administration/panchayati raj institutions regarding the cultivation of crops in case of loans to landless labourers, share-croppers and oral lessees. Banks (including RRBs) were advised in August 2008 that, where there are difficulties in getting certification from local administration/panchayati raj institutions regarding the cultivation of crops, etc., banks may accept an affidavit submitted by landless labourers, share croppers and oral lessees giving occupational status (i.e., details of land tilled/crops grown) for loans up to Rs.50,000. Banks could also encourage the Joint Liability Group (JLG)/SHG mode of lending for such persons. However, banks may go through their procedures of identification as per KYC norms; appraisal and usual pre-sanction checks before extending finance.

The shortfall in priority sector lending to agriculture and/or to the priority sector by scheduled commercial banks is contributed by these banks through the Reserve Bank of India (RBI) to a corpus called the Rural Infrastructure Development fund (RIDF) operationalized by NABARD in 1995-96 to finance ongoing rural infrastructure projects.

Further, the Government also sets annual targets for the flow of agriculture credit for all agencies, which are then monitored periodically. As a result, these targets have been achieved in excess over the past years. Agency wise achievements of credit flow vis-a-vis annual target for 2007-08 and 2008-09 as collected by NABARD are given below;

Annual Agricultural Credit Targets and Achievements

(Amount in Rs.Crore)

Agency	2007-08 Target	2007-08 Achievement	% of Target	2008-09 (Provisional) Target	2008-09 (Provisional) Achievement	% of Target
Commercial Banks	1,50,000	181,087.61	120.72	1,95,000	223,663.02	114.70
Co-operative Banks	52,000	48,258.19	92.80	55,000	36,761.99	66.84
Regional Rural Banks	23,000	25,311.65	110.05	30,000	26,724.18	89.08
Total	225,000	254,657.45	113.18	2,80,000	287,149.19	102.55