

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4456
ANSWERED ON:20.08.2010
LOANS TO FARMERS
Dhurve Jyoti;Majumdar Shri Prasanta Kumar

Will the Minister of FINANCE be pleased to state:

- (a) the details of the norms laid down by the Government for Scheduled Commercial Banks for disbursement of agricultural loans to farmers;
- (b) whether some banks failed to adhere to such norms;
- (c) if so, the details thereof, as on date, Bank-wise alongwith the action taken in this regard;
- (d) whether the Government has any proposal to increase the collateral-free loan to farmers from Rs. fifty thousand to Rs. one lakh; and
- (e) if so, the details thereof alongwith the Government's reaction thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): Reserve Bank of India has reported that in terms of their extant guidelines on lending to priority sector, a target of 40 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent (CE) amount of Off-Balance Sheet Exposures (OBE), whichever is higher, has been mandated for lending to the priority sector by domestic scheduled commercial banks, both in the public and private sector. Further, domestic scheduled commercial banks are required to achieve a target of 18 per cent of their ANBC or CE of OBE, whichever is higher, under advances to agriculture sector, out of which, indirect lending in excess of 4.5% of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher, will not be reckoned for computing performance under 18 per cent target. However, all agricultural advances under the categories `direct` and `indirect` will be reckoned in computing performance under the overall priority sector target of 40 per cent of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher.

Fifteen Public Sector Banks and eleven Private Sector Banks have not been able to achieve the target of lending 18% of ANBC to the agriculture sector. Some of these banks have marginally missed achieving the target. The domestic scheduled commercial banks, both in the public and private sector, which fail to achieve the priority sector targets/ sub-targets, are required to deposit into Rural Infrastructure Development Fund (RIDF) set up with the National Bank for Agriculture and Rural Development (NABARD) and other funds.

(d) & (e): All Scheduled Commercial Banks including Regional Rural Banks (RRBs) and Local Area Banks (LABs) were advised by the Reserve Bank of India on 18-06-2010 to waive margin/ security requirements for agricultural loans from the existing level of Rs. 50,000 to Rs. 1,00,000 with immediate effect.