

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1614
ANSWERED ON:19.11.2010
AGRICULTURAL LOAN
Singh Shri Ganesh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government had announced an agricultural loan package in 2004 for increasing flow of agricultural loan and relief to farmers affected by natural calamities;
- (b) if so, the details thereof;
- (c) whether any case has come to the notice of the Government in which agriculture loan meant for farmers had been given to traders, industrialists and establishments;
- (d) if so, the details thereof; and
- (e) the action taken/being taken by the Government in this regard?

Answer

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

(a) & (b) : The Government of India had in June, 2004 announced a package for doubling the flow of credit to agriculture and allied activities in a period of three years commencing from 2004-05 over the amount disbursed during the year 2003-04. This target was achieved in two years. Thereafter, the Government of India has been setting an annual target for the flow of credit to the agriculture sector. The details of targets and the achievement are as under:

(Rs. Crore)

Year	Target	Achievement
2003-04	-	86,981
2004-05	1,05,000	1,25,309
2005-06	1,41,000	1,80,486
2006-07	1,75,000	2,29,400
2007-08	2,25,000	2,54,657
2008-09	2,80,000	3,01,682
2009-10	3,25,000	3,66,919
2010-11	3,75,000	1,22,864.40#

As on 31st July, 2010

(c) to (e): As per Reserve Bank of India's extant guidelines on lending to the 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. The RBI definition of indirect finance to agriculture and allied activities inter alia includes: finance to others (such as corporate, partnership firms and institutions) for Agriculture and allied Activities(dairy, fishery, piggery, poultry, bee-keeping, etc.), loans to food and agro-based processing units with investments in plant and machinery up to Rs.10 crore, undertaken by those other than loans granted for pre-harvest and post-harvest activities such as spraying, weeding, harvesting, grading, sorting, processing and transporting undertaken by individuals, SHGs and cooperatives in rural areas, credit for purchase and distribution of fertilizers, pesticides, seeds, etc, loans up to Rs.40 lakh granted for purchase and distribution of inputs for the allied activities such as cattle feed, poultry feed, etc, finance for hire-purchase schemes for distribution of agricultural machinery and implements.