

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:442  
ANSWERED ON:10.12.2010  
AGRICULTURAL LOANS  
Ajnala Dr. Rattan Singh

**Will the Minister of FINANCE be pleased to state:**

- (a) the targets and disbursement of crop loans in various States including Punjab by the Co-operative, Commercial and Regional Rural Banks during the last two years and the current year, State-wise, agency-wise and year-wise;
- (b) whether a large percentage of short term agricultural loan is disbursed by the Co-operative banks;
- (c) if so, the details thereof; and
- (d) the steps taken/being taken by the Government to increase the flow of credit to agriculture sector by the Commercial and the Regional Rural Banks?

**Answer**

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

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

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No. 442 to be answered on 10th December, 2010 regarding Agricultural Loans tabled by Dr. Rattan Singh Ajnala.

(a) to (d) : The Government of India (GoI) does not set State wise targets for the flow of credit to the agriculture sector. However, GoI had in June, 2004 announced a package for doubling the flow of credit to agriculture and allied activities within the 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 GoI has been setting an annual target for the flow of credit to the agriculture sector. The details of targets fixed for agricultural credit and the credit disbursed to agriculture by Commercial Banks, Regional Rural Banks (RRBs) and Co-operative Banks in the years 2008-09, 2009-10 and 2010-11 (till September, 2010) are given below:

(A/cs in lakh/Amt. in crore)

Agency	2008-09	2009-10
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Target No. of A/cs	Achvt.	Target No. of A/cs	Achvt.
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Commercial Banks	195,000	202.45	228,951.31	250,000	205.30	274,962.68
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(117.41%)	(109.99%)
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Co-op Banks	55,000	178.18	46,191.81	45,000	203.92	57,499.92
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(83.99%)	(127.78%)
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RRBs	30,000	75.47	26,764.68	30,000	73.08	34,456.22
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(89.22%) (114.85%)

Total 280,000 456.10 301,907.80 325,000 482.30 366,918.82

(107.82%) (112.90%)

2010-11 (till Sept. 2010)

Target No. of A/cs Achvt

2,80,000 107.85 145,801.39

(52.07%)

55,000 104.21 29,450.10

(53.55%)

40,000 43.87 19,141.14

(47.85%)

375,000 255.93 194,392.63

(51.84%)

Source: RBI/NABARD (percentages of achievement vis-a-vis target are given in parentheses)

The percentage share of Commercial banks, Co-operative Banks and Regional Rural Banks in total loans disbursed to agriculture in the years 2008-09, 2009-10 and 2010-11 (till September, 2010) are given below:

Year	Commercial Banks	Cooperative Banks	Regional Rural Banks
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2008-09	75.8	15.3	8.9
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2009-10	75	15.6	9.4
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2010-11 (till September, 2010)	75	15.2	9.8
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Source: NABARD

The year-wise break up (in %) of agency-wise share of short-term crop loans and term loans for the agriculture sector are as under.

Year	Commercial Bank	Cooperative Bank	Regional Rural Bank
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	Crop	Term	Crop	Term	Crop	Term
	Loan	Loan	Loan	Loan	Loan	Loan

2008-09	65	35	87	13	84	16
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2009-10	68	32	89	11	84	16
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2010-11	68	32	96	4	91	9
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Source: NABARD

The National Bank for Agriculture and Rural Development Bank (NABARD) has reported that for Cooperative Banks, short term agricultural loans formed 87% and 89% of their total agricultural lending during 2008-09 and 2009-10 respectively. The reasons for the larger share of short-term crop loans in the Cooperative Banks lending portfolio include:

# the Cooperative Banks are functioning through PACS (Primary Agriculture Cooperative Societies). The PACS have the infrastructure for distribution of quality inputs (fertilizer, seeds etc.)

# the major business of Cooperative Banks has been to lend short term agricultural loans to their member farmers since their inception

# the State Governments are also providing interest subvention to the Cooperative Banks, in addition to the interest subvention provided by the Government of India. This additional facility of interest subvention provided by State Governments is not available for Commercial Banks and Regional Rural Banks with the result that the disbursements of short -term agriculture loans form a larger share of the lending portfolio of Cooperative Banks in comparison to the other banks.

The Government of India and RBI have taken several measures in order to ensure the proper availability of credit to farmers through banks. These include:

# the Government of India, since 2006-07 is providing an Interest Subvention to all Public Sector Banks, Regional Rural Banks and Cooperative Banks for short term crop loans upto Rs 3 lakh, so as to ensure that short term agriculture credit is available at 7% to farmers. In 2010-11, an additional 2% interest subvention is being provided to those farmers, who repay their short term crop loans timely. Thus the short term crop credit will be available to prompt payee farmers @ 5% p.a. for loans upto Rs 3 lakh.

# the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 de- clogged the lines of credit that were clogged due to the debt burden on the farmers.

# banks have been advised to dispense with the requirement of `no dues` certificates for small loans up to Rs 50,000 to small and marginal farmers, share-croppers and the tike and instead obtain a self-declaration from the borrower.

# banks (including RRBs), being advised that wherever there are difficulties in getting certification from the local administration/panchayati raj institutions regarding the cultivation of crops, etc., they may accept an affidavit submitted by landless labourers, share croppers and oral lessees giving the occupational status (i.e., details of land tilled/crop grown) for loans up to Rs 50,000.

# RBI has advised banks to waive margin/security requirements for agricultural loans upto Rs 1,00,000.