

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2724

ANSWERED ON:11.03.2011

AGRICULTURAL LOANS

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Will the Minister of FINANCE be pleased to state:

(a) the details of loans disbursed to the farmers and small and marginal farmers by the scheduled commercial banks, regional rural banks, cooperative banks and other financial institutions during the last three years and the current financial year, State-wise and Bank- wise;

(b) whether the Government has received complaints against the said banks for rejecting agricultural loans to farmers or demanding guarantee of rabi or kharif crops from the farmers for such loans during the said period;

(c) if so, the details thereof alongwith the action taken thereon;

(d) whether the said banks are lagging behind in achieving their targets for agricultural loans during the said period;

(e) if so, the details thereof and the reasons therefor alongwith the policy of the Government for disbursal and recovery of such loans; and

(f) the corrective steps taken/being taken by the Government in this regard?

Answer

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

(a) to (f): The Government of India had in 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. The target was however achieved in two years and has been achieved each year thereafter, by the banking system. The flow of agriculture credit by Scheduled Commercial Banks, Regional Rural and Cooperative Banks for the last three years vis a vis the target set by the Government is as under:

(Rs. Crore)

Year	Target	Achievement
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2007-08	2,25,000	2,54,657
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2008-09	2,80,000	3,01,908
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2009-10	3,25,000	3,84,514
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2010-11	3,75,000	2,91,142
	(upto 31st Dec, 2010)	

As is evident from the above table the credit disbursed to the Agriculture sector is growing each year. The details of Small and Marginal farmers provided agriculture credit during 2008-09, 2009-10 and 2010 -11 up to December 2010 are furnished as under:

Year	Total no. of Farm loan accounts financed (in lakhs)	No of SF/MF loan accounts financed (Rs crore)	% to Agri. total credit financed of (Rs crore)	Total Amount financed total in respect	% to total
2008-09	456.10	245.35	53.79	3,01,907.80	1,64,491.39 54.48
2009-10	482.30	284.73	59.04	3,84,514.20	1,18,277.11 30.76
2010-11 (upto 31.12.10)	371.20	225.35	60.74	2,91,141.64	1,06,986.71 36.75

Source: NABARD

The details of the loans disbursed to farmers by the Commercial Banks State-wise during the last three years and the current financial years are given in the Annex-I to Annex IV.

Complaints of various types, including complaints on agriculture lending by banks are received by the Government from time to time. These are immediately forwarded to the concerned Bank for redressal as a suitable mechanism exists in all banks for receiving and addressing such complaints from customers /constituents. This mechanism lays specific emphasis on resolving such complaints fairly and expeditiously, regardless of their source. Further, to ensure that the complaint redressal mechanism is effective and for strengthening customer services, the Reserve Bank of India (RBI) has issued instructions to all banks for putting in place a four tier institutional arrangement consisting of (i) Customer Service Committee of the Board, (ii) Standing Committee of Executives on Customer Service, (iii) a nodal Department/Office for customer service at the Head Office and Controlling Offices and (iv) a Customer Service Committee at the branch level.

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 is available to prompt payee farmers @ 5% p.a. for loans upto Rs 3 lakh. Similarly, for the year 2011-12 the Interest Subvention Scheme proposes to provide prompt repaying farmers short term crop credit @ 4% p.a.

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 due" certificate for small loans up to Rs 50,000 to small and marginal farmers, share-croppers and the like and instead obtain a self-declaration from the borrower;

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Banks (including RRBs), have been 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 tiled/crop grown) for loans up to Rs 50,000.

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