

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4971

ANSWERED ON:02.09.2011

BANK DENSITY RATIO

Alagiri Shri S. ;Vasava Shri Mansukhbhai D.

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

- (a) whether the ratio of bank density to loan disbursement in rural areas is not Centrally maintained or monitored;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the targets set for disbursing loans in rural areas are not achieved due to non-availability of the said ratio in the recent past;
- (d) if so, the details thereof and the manner in which the policy/strategy is formulated by the Government for disbursement of loans in rural areas without the availability of the said ratio; and
- (e) the corrective steps taken/being taken by the Government in this direction?

**Answer**

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

(a) to (e): Reserve Bank of India has reported that the data with regard to the ratio of bank density to loan disbursement in rural areas is not maintained.

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 for the last three years are as under:

(Amount in Rs. crore)

Year	Target	Achievement
2008-09	2,80,000	3.01.907
2009-10	3,25,000	3,84,514.20
2010-11	3,75,000	4,46,778.98#

**# Provisional**

The Government of India and Reserve Bank of India (RBI) have taken several measures to ensure availability of credit to farmers (including small and marginal farmers) through banks. These include:

# The Interest Subvention Scheme is being implemented by the Government of India since 2006-07 to make short-term crop loans upto Rs. 3 lakh for a period of one year available to farmers at the interest rate of 7 percent per annum. The Government of India has since 2009-10 been providing additional interest subvention to prompt payees farmers, i.e., those who repay their loan in time. The additional subvention was 1% in 2009-10 and 2% in 2010-11. This is being increased to 3% in 2011-12.

# The Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 has 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 like and instead obtain a self-declaration from the borrower.

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