

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1004

ANSWERED ON:05.08.2011

TARGETS FOR AGRICULTURAL LOANS

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

- (a) the details of the norms fixed by the Government for disbursement of agricultural loans;
- (b) the details of the percentage of agricultural loans to the total loans disbursed by the scheduled commercial banks during the last three years and the current financial year;
- (c) whether the said banks are lagging behind in achieving their targets for agricultural loans during the said period;
- (d) if so, the details thereof, bank-wise and State-wise including Bihar; and
- (e) the corrective steps taken/being taken by the Government to provide the benefits of bank loan to all the farmers?

**Answer**

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

(a) to (e): 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 target and achievement of Scheduled Commercial Banks during the last three years are as under:

Year Target Amt. Achievement % Achvt. to target  
(in crore) (in crore)

2008-09	195,000	228,951.31	117.41
2009-10	250,000	285,799.73	114.32
2010-11	280,000	332,705.98	118.82

In terms of Reserve Bank's extant guidelines on lending to priority sector, a target of 40 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March 31 of the previous year, has been mandated for lending to the priority sector by domestic scheduled commercial banks, both in the public and private sector. Within this, a sub-target of 18 per cent of ANBC or Credit Equivalent amount of OBE; whichever is higher, as on March 31 of the previous year, has been mandated for lending to agriculture sector.

The advances to the agriculture sector by public sector banks during the last 3 years is given at Annex.

The Government of India and Reserve Bank of India (RBI) has 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.