

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5869  
ANSWERED ON:11.05.2012  
LONG TERM CREDIT TO AGRICULTURE SECTOR  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether long term credit is being extended by the Government for development of agriculture sector;
- (b) if so, the details thereof;
- (c) whether the interest rate of the long term credit is too high, if so, the details thereof and reaction of the Government thereto; and
- (d) whether the Government has any proposal to bring down the interest rates of the said credit, if so, the details thereof and if not, the reasons therefor?

**Answer**

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

(a) & (b): The Government facilitates in extending long term credit for development of agriculture by different policy instruments in consultation with RBI & NABARD through Commercial Banks, Regional Rural Banks and Cooperative Banks. NABARD provides refinance to the Commercial Banks, RRBs and Cooperative Banks to supplement the efforts of primary lending institutions in long term credit.

The details of Long Term Credit (Term Loans) disbursed by the Financial Institutions (Commercial Banks, Cooperative Banks and Regional Rural Banks) during last 5 years is given below:

(Rs. crore)

Sr.No.	Sector/Sub-Sector	2006-07	2007-08	2008-09	2009-10	2010-11
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i	Minor Irrigation	8566	2840	3180	5197	4363
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ii	Land Development	2285	2553	2887	3669	3615
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iii	Farm Mechanisation	10113	8303	8334	10211	12800
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iv	Plantation & Horticulture	5266	5910	6045	6407	6610
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v	Animal Husbandry	8045	9034	10398	10260	12773
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vi Fisheries 1424 1248 1281 1854 1931

vii Hi-tech agriculture 21498 33325 41694 50797 82774

viii Others \$ 33748 10052 17628 19463 7875

Total Term Loans 90945 73265 91447 107858 132741  
investment Credit)

\$: Others include storage/market yards, forestry/wasteland development, RIDF, bullock and bullock carts, bio-gas and credit flow through private sector commercial banks. Source: NABARD

The interest rate is deregulated and the Commercial Banks prescribe the interest rate based on its transaction costs, risk costs and the base rate.