

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:725
ANSWERED ON:01.03.2013
NON FOOD CREDIT GROWTH
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Will the Minister of FINANCE be pleased to state:

- (a) the details of non food credit growth levels during each of the last three years and the current year;
- (b) whether the non-food credit growth has registered an increase during the said period;
- (c) if so, the details thereof, year and item-wise; and
- (d) the steps taken/being taken by the government in this regard?

Answer

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

(a) Details of item-wise Non-food Gross Bank Credit growth during the last three years are as under:-

Year-on- year (in %)				
Sr. No.	Items	2010-11	2011-12	2012-13
		(upto December,2012)		
	Non-Food Gross Bank Credit	20.7	17.0	7.8
1	Agriculture & Allied Activities	10.7	13.5	7.0
2	Industry (Micro & Small, Medium & Large)	23.6	21.4	7.5
3	Services	22.3	14.4	6.8
4	Personal Loans	19.1	12.2	10.4

Source: Reserve Bank of India

(b) & (c). The year-on-year growth in Non-food Credit has registered a decline in 2011-12 and 2012-13 (Upto December,2012)

d). The steps taken by the Government to promote credit flow to the Agriculture, Small and Micro Enterprises (SME) and Housing sector are as under:-

Agriculture Credit

(i) 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 loans in time. The additional subvention was 1% in 2009-10, 2% in 2010-11 and 3% in 2011- 12. Further, in order to discourage distress sales, the benefit of interest subvention was made available in the year 2011-12 to small and marginal farmers having Kisan Credit Card for a further period of up to six months post harvest on the same rates as available to crop loans against negotiable warehouse receipts for keeping their produce in warehouses. The Interest Subvention Scheme for the year 2011-12 has been continued in 2012-13 as well.

(ii) 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.

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

SME Sector

(i) SME platforms have been set up under NSE and BSE.

(ii) Small Industries Development Bank of India (SIDBI) role has been reoriented to address the financial and non financial gaps in the MSME ecosystem, It acts as a credit facilitator and provide support services in the areas like venture capital, loans syndication, market linkages, factoring amongst others. In pursuance of this, four specialised branches for innovative financing have been started in Gurgaon, Mumbai, Chennai and Bengaluru by OBC, Dena Bank, Indian Bank and Corporation Bank respectively.

(iii) Electronic tracking of MSE loan applications initiated by all banks.

Housing Loans

(i) The scheme providing 1% interest subvention on Housing loans to all eligible beneficiaries has been extended in 2012-13.

(ii) The Credit Risk Guarantee Trust Fund for low income Housing has been launched in October, 2012 and all banks are required to participate actively to ensure maximisation of loans for low income groups.