

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1795
ANSWERED ON:16.08.2013
AGRICULTURAL LOAN APPLICATIONS
Singh Shri Ganesh;Tandon Shri Lal Ji

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note that applications for agricultural loans by the farmers are rejected by the Public Sector Banks (PSBs) on one pretext or the other;
- (b) if so, the details of such applications rejected by PSBs during each of the last three years and the current year, bank-wise;
- (c) whether the PSBs have entrusted/ propose to entrust the job of loan recovery to the private agencies;
- (d) if so, the details thereof; and
- (e) the steps taken/proposed to be taken by the Government to ensure hassle free agricultural loans to the farmers?

Answer

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

(a) to (e) : The Public Sector Banks(PSBs) have been sensitized about the importance of timely and hassle-free availability of agricultural credit to farmers in the country.

In this direction, with the objective of making credit available to farmers, the Government has been fixing targets for flow of credit to agriculture by the banking sector every year. These targets have been surpassed by the banks all these years. The credit flow to agriculture sector has increased from Rs. 1,25,309 crore in 2004-05 to Rs. 6,07,375 crore in 2012-13.

As a result of the steps taken by the Government, the number of crop loan accounts have also increased from 439.34 lakh in 2007-08 to 703.57 lakh in 2012-13. The share of small and marginal farmers in the number of accounts financed by the banks has improved during the period from 257.51 lakh to 415.61 lakh.

Further, to ease the burden of interest on farmers, the Government is also providing interest subvention 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% per annum. Further since 2009-10, farmers who repay their short term crop loans in time are given an additional subvention which is presently at 3%. The Government has also revised the Kisan Credit Card (KCC) Scheme to make KCC as an ATM-cum-Debit Card valid for five years without any processing fee upto the limit of Rs. 3 lakhs and one-time documentation with no requirement of margin, as the margin has been in-built into the scale of financing.

As regards entrusting the job of loan recovery to the private agencies, such Recovery Agents are appointed by banks for recovery in Non-Performing Accounts as per the guidelines of the Reserve Bank of India(RBI).