

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1503
ANSWERED ON:13.12.2013
BANKS TARGET FOR SANCTION OF LOANS
Saha Shri Anup Kumar

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 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 banks are lagging behind in achieving their targets for agricultural loans during the said period;
- (d) if so, the details thereof, bank and State/UT-wise; and
- (e) the corrective steps taken/being taken by the Government to provide the benefits of bank loan to all the farmers in the country?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (e) : In terms of Reserve Bank of India (RBI)'s extant guidelines on Lending to Priority Sector, a sub-target of 18 percent of Adjusted Net Bank Credit(ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher, has been mandated for lending to agriculture sector. Within this sub-target of 18 percent, 13.5 percent has been mandated for direct lending to agriculture and 4.5 percent towards indirect lending to agriculture.

According to RBI Guidelines, Domestic Scheduled Commercial Banks(SCBs) and Foreign Banks with branches 20 and above having shortfall in lending to overall priority sector target/ agriculture target are allocated amounts for contribution to the Rural Infrastructure Development Fund(RIDF) established with NABARD or Funds with NHB/SIDBI/other Financial Institutions, as specified by the RBI.

With the objective of making easy credit available to farmers, Government has also been fixing targets for flow of credit to agriculture by the banking sector every year. The targets and achievements under credit flow to agriculture sector by Banks, for the last three years and the current year (upto September 2013), are given as under:-

(Amount in Rs. Crore)

Year	Target	Achievement	% of Achievement over Target
2010-2011	3,75,000	4,68,291	124.88
2011-2012	4,75,000	5,11,029	107.58
2012-2013	5,75,000	6,07,376#	105.63
2013-2014	7,00,000	2,97,128#	42.45

(upto 30.9.2013)

#provisional Source:- NABARD

In order to provide credit to farmers at affordable interest rates, the Government of India has, since 2006-07, been implementing the Interest Subvention Scheme under which short-term crop loans upto Rs. 3 lakh are made available to the farmers at an interest rate of 7% per annum by the banks. The Government of India in 2009-10 introduced an additional interest subvention of 1% for farmers who repay their loans within the period of interest subvention i.e. within one year of disbursement of such loans. This additional subvention was increased to 2% in 2010-11 and 3% in 2011-12 and 2012-13. The Scheme has been extended to the current year, i.e. 2013-14. The Interest Subvention Scheme has also been extended to the private sector banks for the year 2013-14.