

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2915
ANSWERED ON:13.03.2015
LOANS BY COOPERATIVE BANKS
Patil Shri A.T. (Nana)

Will the Minister of FINANCE be pleased to state:

- (a) the amount of loan sanctioned/ interest rate charged to the marginal and small farmers by the cooperative banks during the last three years and the current year, State/UT-wise including Maharashtra;
- (b) whether the Co-operative banks have achieved their targets for sanctioning of loans to farmers;
- (c) if so, the details thereof, State-wise including Maharashtra;
- (d) whether any irregularities have been reported in sanctioning of the said loans during the said period;
- (e) if so, the details thereof, State/UT-wise including Maharashtra; and
- (f) the steps taken/being taken by the Government to strengthen the cooperative banks in this regard?

Answer

The Minister of State in the Ministry of Finance (Shri Jayant Sinha)

(a): National Bank for Agriculture & Rural Development (NABARD) has reported that the loan disbursed by Cooperative Banks to small and marginal farmers in the country including the State of Maharashtra during 2011-12, 2012-13, 2013-14 and 2014-15 was Rs. 48,797.40 crore, 62050.20 crore, 68622.45 crore and 59899.66 crore (upto January 2015) respectively. The details of State-wise disbursement of agriculture loans to small and marginal farmers by Cooperative Banks during the years 2011-12 to 2014-15 (up to January 2015) are given in Annexure-I.

The interest rates on loans have been deregulated by Reserve Bank of India (RBI) and it is now based on the Base Rate fixed by the banks. However, with a view to ensuring availability of agriculture credit at a reasonable cost, the Government provides interest subvention to make available the short-term crop loans upto Rs. 3 lakhs for a period of one year at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

(b) & (c): NABARD has reported that Cooperative Banks had achieved their overall target as also target set for Maharashtra State during 2011-12 & 2012-13 and more than 93% of the target during 2013-14. State-wise details of target and achievement by Cooperative Banks during 2011-12, 2012-13 and 2013-14 are given in Annexure-II.

(d) & (e): No specific irregularities by Cooperative Banks have been observed/reported in the sanctioning of loans. However, certain deficiencies, which are general in nature have been observed by NABARD in the sanctioning/operationalizing these loans, which, inter alia, include poor quality of pre-sanction loan appraisal, inadequate post-disbursement follow-up, terms & conditions not conveyed to borrowers, not ensuring that assets are created out of bank loan disbursed, incomplete documentation, poor maintenance of records and documents, not ensuring minimum coverage stipulated for financing small and marginal farmers, etc.

(f): A revival package for the Short-Term Cooperative Credit Structure (STCCS) was implemented by the Government of India in 2006. The Government of India's share under the Package amounting to Rs.9245.28 crore was fully released to the extent of completed benchmark activities, including Rs.1444.54 crore to the State Government of Maharashtra.