

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2551

ANSWERED ON:25.07.2014

BANKS TARGET FOR AGRICULTURE LOANS

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Will the Minister of FINANCE be pleased to state:

(a) the details of the norms fixed by the Government for disbursement of agricultural loans along with the percentage of the total loans disbursed by the scheduled commercial banks during the last three years and the current year, bank and State/UT wise;

(b) whether the said banks are lagging behind in achieving their targets for agricultural loans during the said period; and if so, the details thereof, bank and State/ UT-wise;

(c) whether any assessment/study has been made by the Government for the estimated credit flow to the Agriculture Sector and if so, the details thereof;

(d) whether the Government has received any complaints against banks for diversion of agriculture loan to non-agriculture sector and misuse of agriculture gold loan scheme; and

(e) if so, the details thereof along with the details of measures adopted/proposed to be adopted by the Government/RBI to achieve the target?

Answer

The Minister of State in the Ministry of Finance (Smt. Nirmala Sitharaman)

(a) & (b) : As per Reserve Bank of India(RBI)'s extant guidelines on Priority Sector Lending (PSL), all domestic Scheduled Commercial Banks(SCBs) have been mandated to earmark 40% of their Adjusted Net Bank Credit(ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure(OBE), whichever is higher, as on March 31 of the previous year, for lending to priority sector. It also includes a sub-target of 18% for lending to agricultural sector. Foreign banks with 20 or more branches are required to meet this target in a phased manner over a maximum period of 5 years starting 1.4.2013 to 31.3.2018.

The details of targets and the achievements by commercial banks in disbursement of agricultural loans during the last three years are as follows :-

(Rs. in crore)

Year Target Achievement

2011-12 3,55,000 3,68,616.30

2012-13 4,20,000 4,32,490.93

2013-14 4,75,000 5,29,685.15

2014-15 5,40,000

Provisional/ (Source: NABARD/IBA/PSBs)

It is evident from the above that the commercial banks have surpassed the target of agriculture credit during the last three years.

(c) : The agriculture credit target for the plan period is guided by the estimation made by the Working Group on Institutional Finance on the ground level credit flow during XII Five Year Plan and considered by the Steering Committee of the Planning Commission as achievable. The Working Group on Institutional Finance had estimated that the ground level credit to agriculture during the XII plan period is likely to be in the range of Rs.33,89,261 crore to Rs.42,08,454 crore.

(d) & (e):- The Government has not received any specific complaint regarding diversion of agricultural loan to non-agriculture sector. However, the Government has already advised the Reserve Bank of India (RBI)/National Bank for Agriculture & Rural Development (NABARD)/all Public Sector Banks to ensure the end-use of crop loans, without any diversion of the funds. In addition, whenever any complaint regarding farm loan is received by the Government/RBI/NABARD with regard to certain issues relating to agriculture credit, the same are taken up, at appropriate level, for redressal thereof.