

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3977

ANSWERED ON:20.03.2015

AGRICULTURAL CREDIT

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**Will the Minister of FINANCE be pleased to state:**

(a) whether the agricultural credit continues to neglect certain sub-sectors as the flow of term lending is dwindling and there is inordinate increase in the share of indirect finance and if so, the details thereof;

(b) whether credit dispensation by institutions to small and marginal farmers has been disappointing including by the Cooperative Credit Structure (CCS) which has traditionally catered to relatively smaller farmers, and if so, the details thereof;

(c) whether there is a need for more objective assessment of credit requirements for direct and indirect financing of agriculture and also to redefine the priority lending sectors; and

(d) if so, the steps taken by the Government for assessment of credit requirements for direct and indirect financing of agriculture and to redefine the priority lending sectors

**Answer**

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

(a) The overall credit flow to agriculture sector has been increasing i.e. from Rs.3,84,514 crore in 2009-10 to Rs. 7,30,765 crore (provisional) in 2013-14. In respect of term loan, the credit flow was of the order of Rs.1,07,858 crore, Rs.1,32,741 crore, Rs.1,14,871 crore and Rs.1,33,875 crore during the year 2009-10, 2010-11, 2011-12 & 2012-13 respectively.

The details of direct & indirect advances to agriculture and allied activities in respect of Commercial Banks for the years 2009-10, 2010-11, 2011-12 & 2012-13 are furnished below:

Year	(Rs. crore)		Indirect Advances	(Rs. crore)		Total
	Direct Advances	(% of total advances)		Indirect Advances	(% of total advances)	
2009-10	2,05,040.48	71.74	80,759.25	28.26	2,85,799.73	
2010-11	2,59,786.49	75.11	86,090.80	24.89	3,45,877.29	
2011-12	2,92,022.96	79.22	76,593.34	20.78	3,68,616.30	
2012-13	3,53,882.70	81.82	78,608.23	18.18	4,32,490.93	

Source: RBI & IBA

Thus, the share of direct advances to agriculture has gone up from 71.74% during 2009-10 to 81.82% in 2012-13, showing an increasing trend during this period.

(b) Government of India has been announcing agency-wise (Commercial Banks, Cooperative Banks and RRBs) and broad sector-wise agriculture credit target since 2007-08. National Bank for Agriculture & Rural Development (NABARD) has reported that the agency-wise target and achievement by banks for last 5 years including the credit flow to small and marginal farmers have shown that the share of agriculture loan disbursed by all the agencies to small and marginal farmers including Cooperative Banks is showing an increasing trend from 31% to 45% during these years.

(c) & (d) Reserve Bank of India (RBI) has informed that an internal working group has been formed by the Governor, RBI to revisit the priority sector guidelines. The terms and reference of the working group cover most of the aspects of priority sector lending and based on the recommendations of the working group, further action may be taken in this regard.