

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:665

ANSWERED ON:26.02.2016

Agricultural Loan

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to increasing the expenditure on agriculture and if so, the details thereof;
- (b) whether the Government/Reserve Bank of India (RBI) has issued/fixed any guidelines/norms for Public Sector Banks (PSBs) to provide interest free/subsidy on agricultural loans to the farmers and if so, the details thereof;
- (c) the details of the norms/targets fixed/ loans disbursed/interest rate charged by banks to the farmers along with the outstanding agricultural loans against farmers during the last three years and the current year, bank and State/UT-wise;
- (d) the number of those marginal/middle level farmers who have failed to pay back loans taken from banks/institutions, Statewise;
- (e) whether the Government has any proposal/special scheme to reschedule/ waive off loans/interest rate of farmers in the country and if so, the details thereof, State-wise; and
- (f) the corrective steps taken/being taken by the Government in this regard including coordination between the corporate sector and agriculture sector for the upliftment of the farmers?

Answer

The Minister of State in the Ministry of Finance

(a): A Statement indicating the summary of plan expenditure of the Department of Agriculture, Cooperation & Farmers Welfare from 2005-06 is given in Annexure-I.

(b) & (c):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%.

As per RBI's extant guidelines on Priority Sector Lending (PSL), all Domestic Scheduled Commercial Banks and foreign banks with 20 and above branches have been mandated to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture. Within the 18 percent target for agriculture, a target of 8 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher is prescribed for Small and Marginal Farmers, to be achieved in a phased manner i.e., 7 per cent by March 2016 and 8 per cent by March 2017. Foreign banks with 20 branches and above have to achieve the Agriculture Target within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018.

Besides, Government of India has been setting an annual target for the flow of credit to the agriculture sector.

The details of target and achievement in respect of agricultural loans during the last three years and current year are as follows :-

(Rs. In crore)

Year Target Achievement

2012-13 5,75,000 6,07,376

2013-14 7,00,000 7,30,122.62

2014-15 8,00,000 8,45,328.23*

2015-16 8,50,000 5,03,897.90*

(upto 30.9.2015)

* Provisional (Source: NABARD/IBA/PSBs)

The Bank-wise and State/UT-wise details of outstanding agricultural loans/advances in respect of Commercial banks for the last three years are given in Annexure-II& III respectively. The State/UT-wise details of outstanding agricultural loans in respect of Cooperative Banks and Regional Rural Banks, for the last three years, are given in Annexure IV, V & VI respectively.

(d): Data regarding marginal/middle level farmers who have failed to pay back loans taken from banks/institutions is not maintained by

RBI/National Bank for Agriculture & Rural Development(NABARD).

(e): No scheme for waiver of agricultural loans is under Government's consideration. However, RBI has issued standing guidelines for relief measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include identification of beneficiaries, extending fresh loans and restructuring of existing loans, relaxed security and margin norms etc. The moment calamity is declared by the concerned District Authorities, these Guidelines have been so designed that they are automatically set in motion without any intervention and this saves precious time. Further under the Interest Subvention Scheme, 2015-16 in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured amount and such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by RBI.

(f): Some of the other major steps taken by Government/RBI/NABARD to ensure hassle-free agriculture credit to farmers are as under:

â€¢ In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and draw cash to satisfy their consumption needs.

â€¢ The KCC Scheme has since been simplified which has the provision of ATM-enabled debit card with, inter alia, facilities of one-time documentation, built-in cost escalation in the limit, any number of drawals within the limit, etc.

â€¢ To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

â€¢ Banks have been advised by Reserve Bank of India (RBI) to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-. Banks have also been advised by RBI to dispense with obtaining 'No Due Certificate' from the individual borrowers (including SHGs & JLGs) in rural and semi-urban areas for all types of loans including loans under Government Sponsored Schemes, irrespective of the amount involved unless the Government Sponsored Scheme itself provides for obtention of 'No Dues Certificate'.