

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2294

ANSWERED ON:05.12.2014

AGRICULTURAL LOAN

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Scheduled Commercial Banks and Cooperative Banks have achieved their targets for sanctioning of agricultural and crop loans to farmers;
- (b) if so, the details thereof along with the loans sanctioned/disbursed and rate of interest charged by them during the last three years and the current year, bank and State/UT-wise including Andhra Pradesh and Telangana;
- (c) whether the Government has received any proposal from States to waive off/reschedule crop loans;
- (d) if so, the details thereof and the efforts made by the Government to reduce dependence of small and marginal farmers on informal sector for loans at an exorbitant rate of interest;
- (e) whether the Government has any proposal to provide loans to the rural farmers under Prime Minister Jan Dhan Yojana; and
- (f) if so, the details thereof and the steps taken/being taken by the Government in this regard?

Answer

The Finance Minister (Shri Arun Jaitley)

(a) & (b) : Details of the overall agriculture credit targets/achievements by banks during last three years and current year are as under :

Year	Target for Agriculture Credit	Achievement of Agriculture Credit	(% increase from target)
2011-12	4,75,000	5,11,029.09	(108%)
2012-13	5,75,000	6,07,375.62	(106%)
2013-14	7,00,000	7,30,765.61#	(104%)
2014-15#	8,00,000	3,70,828.60#	(46%)

#Provisional figures/# (upto 30.9.2014) Source : PSBs/NABARD/RBI

Whereas the Scheduled Commercial Banks(SCBs) achieved their overall year-wise target during the last 3 years (2011-12 to 2013-14), the Cooperative Banks achieved their year-wise target during 2011-12 & 2012-13; however during 2013-14, the achievement was 96% of their target.

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 short-term crop loans upto Rs. 3 lakhs for a period of one year available to farmers at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%. In addition, to discourage distress sale of crops by farmers, the benefit of interest subvention is also available to small and marginal farmers having Kisan Credit Card for a further period of up to six months (post- harvest) on the same rate as available to crop loan against negotiable warehouse receipts.

(c) & (d):- At times of natural calamities, references are received from respective State Governments for waiving off/rescheduling crop loans. In this regard, the Reserve Bank of India (RBI) and National Bank for Agriculture & Rural Development (NABARD) have 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.

In addition, in order to reduce the interest burden on farmers and 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 Scheme, which enables them to purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and draw cash to satisfy their consumption needs.

(e) & (f) :- The Pradhan Mantri Jan-Dhan Yojana (PMJDY) provides access to financial services to people at an affordable cost. The Yojana envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. Under Pradhan Mantri Jan-Dhan Yojana (PMJDY) an overdraft facility upto Rs.5,000/- after satisfactory operation in the account for six months can be provided to account-holders.