

Government of India
Ministry of Finance
Department of Financial Services
LOK SABHA

Unstarred Question No. 3987

To be answered on Friday, August 10, 2018/Shravana 19, 1940 (Saka)

Credit Delivery for Agriculture

3987. SHRIMATI RITA TARAI:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has noted that inadequate credit delivery for the agriculture and other priority sectors is a hindrance in promoting economic activity and increasing the level of income of the people in the aspirational districts and if so, the details thereof;

(b) whether there is any proposal for enhancing delivery of credit for the priority sectors by the commercial banks; and

(c) if so, the details thereof and the time by which it is likely to be implemented?

Answer

The Minister of State in the Ministry of Finance
(Shri Shiv Pratap Shukla)

(a) to (c): As reported by National Bank for Agriculture and Rural Development (NABARD), total agriculture credit disbursement during the year 2015-16, 2016-17 and 2017-18 was Rs. 9,15,509.92 crore, Rs. 10,65,755.67 crore and Rs. 11,68,502.84 crore respectively.

In terms of RBI's Master Direction dated July 07, 2016 on Priority Sector Lending-Targets and Classification, a target of 40 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, has been set for lending to the priority sector by domestic scheduled commercial banks and foreign banks with 20 and above branches. Within this, a sub-target of 18 per cent of ANBC or Credit Equivalent amount of OBE, whichever is higher, has been prescribed to all domestic Scheduled Commercial Banks, including Small Finance Banks, for lending to Agriculture.

As against target of 40% of ANBC or Credit Equivalent amount of OBE for total priority sector lending, the achievement in respect of Commercial Banks was 40.12%, 39.13% and 40.09% in the year 2015-16, 2016-17 and 2017-18 respectively, as reported by RBI. For agriculture Advances, against target of 18% of ANBC or Credit Equivalent amount of OBE, the achievement in respect of Commercial Banks was 17.05%, 16.88% and 17.05% in the year 2015-16, 2016-17 and 2017-18 respectively, as reported by RBI.

RBI has informed that, there exist appropriate provisions to monitor the performance of banks against the stipulated targets/ sub-targets, including Agriculture. To ensure continuous flow of credit to priority sector, the guidelines have also prescribed monitoring of priority sector returns figures on 'quarterly' basis.

As per the directions of RBI, Scheduled Commercial Banks having any shortfall in lending to priority sector shall be allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD/NHB/SIDBI/ MUDRA Ltd., as decided by the Reserve Bank from time to time. The interest rates on banks' contribution to RIDF or any other Funds, tenure of deposits, etc. shall be fixed by RBI from time to time. Further, non-achievement of the priority sector targets/ sub-targets are also taken into account by RBI while considering regulatory clearances/ approvals for various purposes to the banks.