

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA

STARRED QUESTION NO. *185

ANSWERED MONDAY, DECEMBER 9, 2024/AGRAHAYANA 18, 1946 (SAKA)

Sharp Decline in Small Farmers' Agriculture Loan Accounts

***185** Shri Kuldeep Indora:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that there is a sharp decline in the absolute number of Marginal and Small Farmers' agricultural loan accounts;

(b) if so, the details thereof and the reasons therefor;

(c) whether the banks are giving preference only to develop areas in the disbursement of bank credit to the agriculture sector; and

(d) if so, the reasons therefor along with the steps taken/being taken to mitigate the regional inequality in credit flow to the agricultural sector?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

Statement referred in reply to parts (a) to (d) of Lok Sabha Starred Question No. *185 to be answered on 09.12.2024 regarding Sharp Decline in Small Farmers' Agriculture Loan Accounts by Shri Kuldeep Indora:

(a) and (b): The number of accounts pertaining to Small and Marginal Farmers have consistently increased in the last three years, as indicated below:

| Year | Number of Agricultural loan accounts of Small and Marginal Farmers (in crore) |
|---------|---|
| 2021-22 | 11.67 |
| 2022-23 | 12.38 |
| 2023-24 | 13.06 |

Source: Agriculture Credit data submitted by NABARD

(c) and (d): To mitigate the regional inequality in credit flow to the agricultural sector the Government has taken various steps which include:

1. The priority Sector Landing (PSL) guidelines prescribe that banks will provide 18% of their total loans to agriculture and allied sector. Further, within overall agricultural target, a sub target has been fixed for small and marginal farmers which at present is 10%. Further, PSL guidelines also prescribe an incentive framework for districts with comparatively lower flow of credit and a dis-incentive framework for districts with comparatively higher flow of priority sector credit which also include credit to agriculture and Small & Marginal farmers.
2. As part of Ground level Credit (GLC) target for agriculture, regional targets are provided to mitigate regional disparity in agriculture credit flow. Further, in order to ensure increased credit flow to animal husbandry, dairy and fisheries activities, the Government also provides a sub-target for these activities. For FY 2024-25, a sub-target of Rs. 4.20 lakh crore has been fixed for these activities within the overall agri credit target of Rs. 27.50 lakh crore.

3. As part of Atmanirbhar Bharat Abhiyan, a Kisan Credit Card (KCC) saturation drive has been launched for farmers including PM Kisan beneficiaries, fisherman and dairy farmers. Further, with a view to cover maximum number of fishermen, animal husbandry & dairy farmers under KCC scheme, the Government has launched an exclusive weekly district level campaign starting from 15 November 2021 under the ongoing KCC saturation drive.
4. Various steps like technology upgradation etc. have been taken to strengthen Rural Financial Institutes (Rural Cooperative Banks and Regional Rural Banks) which are primarily operating in rural and backward areas of the country.
5. As part of RBI's Lead Bank Scheme, State Level Bankers Committee (SLBC) prepares Annual Credit Plan (ACP) and presents macro perspective on the bank credit potential under the Priority Sector, rural Infrastructure, other support services, etc. and achievement under ACP are monitored at various fora viz. SLBC, Block Level Bankers' Committee (BLBC), District Consultative Committee (DCC) etc.
6. The Government through NABARD provides allocation under Rural Infrastructure Development Fund to support the rural infrastructure creation which creates credit absorption capacity in rural areas of the country.
7. A differentiated strategy for financial inclusion has been introduced for support from Financial Inclusion Fund (FIF), wherein more thrust is given to backward districts that are constrained by various physical, economic and sociological characteristics. Financial Institutions are creating financial awareness in remote areas through Financial Literacy camps, customer outreach programs.
