

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7228

ANSWERED ON:12.05.2000

RBI GUIDELINES FOR EXTENDING CREDIT TO AGRICULTURE SECTOR

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Will the Minister of FINANCE be pleased to state:

- (a) whether there are any RBI guidelines for extending credit facilities to priority sector, particularly for agriculture sector by nationalised banks;
- (b) if so, the details thereof and the loans provided by the public sector banks, regional rural banks and cooperative banks to farmers, particularly to small and marginal farmers during each of the last three years, State-wise and bank-wise;
- (c) the amount of loan repaid by the farmers during the above period, State-wise and bank-wise;
- (d) to what extent the nationalised banks have achieved the target fixed during the last three years;
- (e) whether there are shortfalls in achieving the target;
- (f) if so, the reasons therefor; and
- (g) the action taken against the erring banks and the steps being taken to make the nationalised banks achieve the target?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): Yes, Sir. As per the existing guidelines a target of 40 per cent of net bank credit has been stipulated for lending to priority sector. A sub-target of 18 per cent of net bank credit has been prescribed for extending credit to agricultural sector under the priority sector by the domestic scheduled commercial banks (including nationalized banks). State-wise loans provided to the Agriculture sector by the scheduled commercial banks and bank-wise loans extended by public sector banks as available are furnished at Annexure I and Annexure II respectively. Agricultural lending by Regional Rural Banks and Co-Operative Banks are also given in Annexure-III.

(c): Information regarding State-wise and Bank-wise recovery of advances by scheduled commercial banks are being collected and will be laid on the Table of the House to the extent available.

(d),(e),(f)&(g): The public sector banks have achieved the overall priority sector lending of 40 per cent. However, there is some shortfall in lending to agricultural sector. RBI have advised all banks to make every effort to achieve the stipulated target and sub-target for lending to priority sector and agricultural sector. Banks were advised in 1994 that failure to achieve the target/sub-target would invite banks' specific policy measures. In case of non-fulfillment of priority sector/agriculture lending target by public sector banks, they are asked to contribute to RIDF to the extent of their shortfall.

The Rural Infrastructural Development Fund (RIDF) has been established with National Bank for Agricultural and Rural Development (NABARD) for assisting State Governments and State owned corporations in quick completion of on going projects relating to rural infrastructure.