

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1263
ANSWERED ON:08.03.2002
LOANS TO AGRICULTURE SECTOR
NAWAL KISHORE RAI;RAMJILAL SUMAN

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government propose to enhance capital investment in the agriculture sector for the growth of agriculture;
- (b) if so, the details thereof;
- (c) whether the Reserve Bank of India in the year 1993 had issued direction that twenty percent of the total loan being disbursed by the banks should be provided to the agriculture sector;
- (d) if so, whether banks are following this norm presently;
- (e) if so, the percentage of average annual amount of loan provided during the last three years; and
- (f) if not, the reasons therefor?

Answer

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

(a) and (b) Yes, Sir. The Government, Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) have taken several measures to enhance capital investment in agriculture sector. These measures include constitution of Rural Infrastructure Development Fund (RIDF) and Watershed Development Fund in NABARD for improving rural infrastructure like irrigation, rural roads, bridges, market yards, etc. and promoting watershed development in dry land areas. Further, NABARD also provides refinance at concessional rate for construction of cold storages and godowns in rural areas. All these measures have resulted in substantial increase in flow of investment credit to agriculture sector.

(c) to (f) As per the standing guidelines of RBI, domestic scheduled commercial banks are required to lend 18% of their Net Bank credit (NBC) to agriculture. The outstanding agricultural advances of public sector banks for the last three years are as follows:

(Rs. crores)

Year ended	Amount Outstanding	% to NBC
March, 1999	40078	16.28
March, 2000	46190	15.77
March, 2001	53685	15.65
September, 2001 (half year)	56108	15.63

It may be observed that although the target for lending to agriculture as percentage of NBC has not been achieved, the amount of outstanding advances to agriculture in absolute terms has increased substantially over the years.