

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2959

ANSWERED ON:13.03.2015

AGRICULTURAL LOAN TO FARMERS

Bohara Shri Ramcharan;Chavan Shri Harishchandra Deoram;Fatepara Shri Devajibhai Govindbhai;Jadhav Shri Sanjay Haribhau;Laguri Smt. Sakuntala;Nimmala Shri Kristappa;Paraste Shri Dalpat Singh;Sampath Shri Anirudhan;Shetty Shri Gopal Chinayya;Singh Shri Uday Pratap;Subbareddy Shri Yerram Venkata;Verma Shri Rajesh

**Will the Minister of FINANCE be pleased to state:**

(a) the details of the norms/target fixed by the Government/Reserve Bank of India (RBI) for disbursement of agricultural loans to the farmers in the country;

(b) the details and percentage of agricultural loans disbursed, interest rate charged and target achieved by the banks for sanctioning of loans to farmers along with the outstanding loans against them in the country by the public/private sector banks, cooperative banks and National Bank for Agriculture and Rural Development (NABARD) during the last three years and the current year, bank and State/UT wise;

(c) whether the Government has any proposal or special scheme to reschedule/ waive off loans of farmers in the country;

(d) if so, the details thereof;

(e) whether the Government proposes to issue any guidelines for providing loans directly to the farmers through the public sector banks; and

(f) if so, the details thereof along with the corrective steps taken/being taken by the Government in this regard?

**Answer**

The Minister of State in the Ministry of Finance (Shri Jayant Sinha)

(a) & (b): As per Reserve Bank of India (RBI)'s extant guidelines on Priority Sector Lending (PSL), all domestic Scheduled Commercial Banks(SCBs) have been mandated to earmark 40% of their Adjusted Net Bank Credit(ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure(OBE), whichever is higher, as on March 31 of the previous year, for lending to priority sector. It also includes a sub-target of 18% for lending to agricultural sector. Foreign banks with 20 or more branches are required to meet this target in a phased manner over a maximum period of 5 years starting 1.4.2013 to 31.3.2018.

Besides, Government of India has been setting an annual target for the flow of credit to the agriculture sector.

The details of target and achievement in respect of agricultural loans during the last three years are as follows :-

(Rs. in crore)

Year Target Achievement

2011-12 4,75,000 5,11,029

2012-13 5,75,000 6,07,376

2013-14 7,00,000 7,30,765.61#

# Provisional

(Source: NABARD/IBA/PSBs)

The agriculture credit target for 2014-15 has been fixed at Rs.8,00,000 crore.

The outstanding position of agricultural loans/advances during last 3 years and the current year (up to January 2015) in respect of Commercial banks, Cooperative Banks and Regional Rural Banks are as under.

( Rs. Crore)

Agency 2011-12 2012-13 2013-14 2014-15

(up to January 2015)

Commercial Banks 5,18,188.75 5,54,472.34 7,03,611.28 6,48,101.54#

Cooperative Banks 92,457.54 1,19,775.46 1,35,245.11 1,72,046.19

RRBs 70,384.89 79,499.54 98,206.72 1,31,611.14

Total 6,81,031.18 7,53,747.34 9,37,063.11 9,51,758.87

#Commercial Banks data as on December 2014 (Source: NABARD)

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 available the short-term crop loans upto Rs. 3 lakhs for a period of one year at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

(c) to (f): No scheme for waiver of agricultural loans is under Government's consideration. However, RBI 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. Further under the Interest Subvention Scheme, 2014-15 in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured amount and such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by RBI.

In addition, in order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations by banks including Public Sector Banks (PSBs), the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and draw cash to satisfy their consumption needs. The KCC Scheme has since been simplified and converted into ATM enabled debit card with, inter alia, facilities of one-time documentation and built-in cost escalation in the limit, etc.