

**GOVERNMENT OF INDIA  
AGRICULTURE AND FARMERS WELFARE  
LOK SABHA**

UNSTARRED QUESTION NO:6174

ANSWERED ON:11.04.2017

Agricultural Credit

Chauhan Shri Devusinh Jesingbhai;Patil Shri Chandrakant Raghunath

**Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:**

- (a) whether a quantum of funds remain invested in the agricultural credit by way of principal or interest in the country and if so, the details thereof;
- (b) whether the Government is aware that the claims are not paid in time thereby depriving the finance lending institutes to utilize their funds for further use and if so, the details thereof and the response of the Government thereto;
- (c) whether the Government is contemplating to sanction the claim of interest subvention at the earliest or provide 90 per cent of the claim amount in advance in order to reduce the financial burden of interest; and
- (d) the steps taken by the Government to strengthen the finances of the District Central Co-operatives Banks and Primary Agriculture Co-operative societies so that their finances are strengthened?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

श्री. देवसिंह जेसिंगभाई; श्री. चंद्रकान्त राघुनाथ ( श्री. पारशोत्तम रुपाला )

(a): The Government announces annual agriculture credit flow targets towards production credit (short term crop loan) and investment credit (term loan). During the past three years i.e. 2014-15, 2015-16 and 2016-17 the total agriculture credit flow targets have been Rs. 8 lakh crore, Rs. 8.5 lakh crore and Rs. 9 lakh crore respectively and the actual achievement of ground level credit flow has surpassed the targets in 2014-15 and 2015-16. In 2016-17 as well the achievement as in December 2016 is Rs.757311.00 crore and likely to surpass the target.

(b) & (c): The National Bank for Agricultural and Rural Development (NABARD) and Reserve Bank of India (RBI) raise claims with the Government under its Interest Subvention Scheme (ISS), wherein interest subvention of 2% per annum is provided to Public/Private Sector Banks (PSBs), Cooperative Banks and Regional Rural Banks (RRBs) on their own funds used for short-term crop loan up to Rs. 3 lakh extended to farmers at a subvented interest rate of 7% per annum for a period of one year and a further 3% interest subvention to farmers provided as incentive on prompt repayment.

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-2-

As per the ISS provisions the banks should submit their audited claims to NABARD and RBI on a half yearly basis and these are forwarded to the Government for settlement on quarterly basis. The Government clears the audited claims as and when these are received from NABARD/RBI. There is no proposal to provide 90% of the claim amount in advance.

(d): The following measures have been taken by NABARD to provide financial support to strengthen finances of Cooperative Banks:-

(i) In order to improve the capital of the banks NABARD has issued guidelines to achieve 9% Capital to Risk (Weighted) Assets Ratio (CRAR) stipulated by RBI and has also urged State Governments to provide capital support to cooperative banks in case the banks fall short in their capital mobilization.

(ii) The Government has approved an assistance package for 23 unlicensed District Central Co-operatives Banks (DCCBs) to strengthen their financial position to enable them to secure RBI license and a total assistance of Rs 2560.29 crore was released to these banks with State Government share of Rs. 1998.22 crore and Central Government share of Rs 562.07 crore. As a result, 20 DCCBs improved their CRAR and received license from RBI.

(iii) NABARD is providing refinance to Cooperative Banks for financing short term {Seasonal Agricultural Operations (SAO)} loans to farmers as per the funds allocated by Government of India from time to time.

(iv) In view of banks facing liquidity constraints due to reasons like drought conditions and increased demand, withdrawal of deposits by Central Cooperative Banks (CCBs), etc. NABARD has provided additional short-term refinance for SAO to State Cooperative Banks over and above normal short term (SAO) limit during the year 2016-17.

(v) On lines with RBI instructions, Cooperative Banks were advised by NABARD to act with empathy and consider restructuring and granting fresh loans without waiting for the receipt of the insurance claims.

(vi) Refinance for Medium Term conversion of short-term loan on account of natural calamity is provided to Cooperative Banks making farmers eligible for fresh short term (SAO) finance.

(vii) Refinance support to Cooperative Banks is also provided for financing short term (Weavers) / short term-other purposes.

(viii) Long Term/ Medium Term loan is also provided to enable Cooperative Banks to provide loans to farmers for undertaking all eligible agriculture and allied activities such as Dairy, Poultry, Minor Irrigation, Farm Mechanization, Land Development, Plantation & Horticulture, etc.

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