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Title: Need to enhance credit limit ratio on NABARD loans.

SHRI M.P. VEERENDRA KUMAR (CALICUT): Sir, the National Agricultural Commission recommended to give agricultural loans to farmers at the rate of four per cent per annum. NABARD is the only agency for giving financial assistance and refinance to the State agriculture sector. Now NABARD refinances only 35 per cent of the loan issued to the agriculture segment. District Co-Operative Banks in the State are meeting the balance 65 per cent from their resources mobilized at higher rate of interest and advancing the same at minimum level of interest which puts a cap on the loanable funds. Thus this method of financing is not desirable and has been unhelpful for the development of agriculture. NABARD refinances on the basis of the eligibility of the State Cooperative Bank. While doing so NABARD shall consider the eligibility of District Cooperative Banks also. NABARD has been requested to provide refinance to the extent of 70 per cent of Short Term agricultural loans issued at the level of Primary Agricultural Cooperative Societies (PACs). NABARD is giving only short term loans. Medium and Long term loans are also necessary for agricultural Processing Units.

I therefore urge upon the Government to direct NABARD to refinance the whole portion or at least 70 per cent of agricultural loans advanced to agriculture sector and also to provide medium and long term agricultural loans.