

Government of India
Ministry of Finance
Department of Financial Services
LOK SABHA
Unstarred Question No. 1497
To be answered on Monday, July 01, 2019/Ashadha 10, 1941 (Saka)
Agriculture Credit Disbursement

1497. SHRI B.B.PATIL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government fixes agriculture credit disbursement targets for the banking sector every year and if so, the details thereof;
- (b) whether the banks have consistently surpassed these targets of agriculture credit and if so, the details thereof;
- (c) whether the Government has taken note that despite the target surpassed by banks, the eligible small and marginal farmers are being denied or discouraged by bank officials to sanction loans to them; and
- (d) if so, whether the Government has received any complaint in this regard and if so, the details thereof along with the action taken in this regard?

Answer
The Finance Minister
(Smt Nirmala Sitharaman)

(a) and (b): Government fixes agriculture credit disbursement targets for the banking sector every year and banks have consistently surpassed these targets.

The details of agriculture credit targets fixed by the Government and the achievement by the Banks, for the last three years (2016-17 to 2018-19) as reported by National Bank for Agriculture and Rural Development (NABARD), are given as under:

(' crore)

Year	Target	Achievement	% achievement
2016-17	9,00,000	10,65,755.67	118.42
2017-18	10,00,000	11,62,616.98	116.26
2018-19	11,00,000	12,54,762.20*	114.06

*provisional

(c) and (d): The details of total amount of loan disbursed to farmers and the share of Small and Marginal Farmers (SF/MF) therein during the last three years, as reported by NABARD, are as under:

(' crore)

Year	Total Disbursed Amount	Loan disbursed to SF/MF out of total disbursement	%share of SF/ MF in total amount disbursed
2016-17	10,65,755.67	5,34,351.43	50.14
2017-18	11,62,616.98	5,80,457.42	49.93
2018-19	12,54,762.20*	6,26,087.53*	49.90

*provisional

The Government of India/ Reserve Bank of India (RBI)/ NABARD have, inter alia, taken the following major initiatives for providing hassle free crop loans to farmers including SF/MF :-

- With a view to ensure availability of agriculture credit at a reduced interest rate of 7% p.a. to the farmers, the Government of India in the Department of Agriculture, Cooperation and Farmers Welfare implements an interest subvention scheme for short term crop loans up to ₹3.00 lakh. The scheme provides interest subvention of 2% per annum to Banks on use of their own resources. Besides, additional 3% incentive is given to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%.
- As per RBI directions, Domestic Scheduled Commercial Banks are required to lend 18% of the Adjusted Net Bank Credit (ANBC) or Credit Equivalent to Off-Balance Sheet Exposure (CEOBE), whichever is higher, towards agriculture. A sub-target of 8% is also prescribed for lending to small and marginal farmers including landless agricultural labourers, tenant farmers, oral lessees and share croppers. Similarly, in the case of Regional Rural Banks 18% of their total outstanding advances is required to be towards agriculture and a sub-target of 8% has been set for lending to small and marginal farmers.
- Under the Kisan Credit Card (KCC) Scheme, a flexible limit of ₹10,000 to ₹50,000 has been provided to marginal farmers (as Flexi KCC) based on the land holding and crops grown including post harvest warehouse storage related credit needs and other farm expenses, consumption needs, etc., plus small term loan investments without relating it to the value of land.
- To enhance coverage of small and marginal farmers in the formal credit system, RBI has decided to raise the limit for collateral-free agriculture loans from ₹1 lakh to ₹1.6 lakh.
- The requirement of 'no due' certificate has also been dispensed with for small loans up to ₹50,000 to small and marginal farmers, share-croppers and the like and, instead, only a self-declaration from the borrower is required
- To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.