

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 933

TO BE ANSWERED ON THE 26TH JULY 2021/ SRAVANA 4, 1943 (SAKA)

Banking Licences for Agriculture Sector

933. SHRI S. JAGATHRAKSHAKAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is planning to seriously consider differentiated banking licences for the agriculture sector;
- (b) if so, the details thereof, along with the measures taken/being taken by the Government keeping in view the fact that there will be many takers for the rural sector, who will do a better job of providing and spreading credit for much-needed reforms, such as crop diversification; and
- (c) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) to (c): The National Bank for Agriculture and Rural Development (NABARD) has been established by the NABARD Act, 1981 as a development bank, to provide and regulate credit and other facilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas.

The institutional framework for deployment of rural credit comprises the cooperatives, scheduled commercial banks and the Regional Rural Banks. NABARD sanctions credit limits and refinance to State Cooperative Banks, Land Development Banks and the Regional Rural Banks for supplementing their resources for short and medium term loans of various agricultural and non-agricultural purposes, including investment credit provided by them under various schemes. NABARD also provides refinance to commercial banks against the term loans issued by them under schematic lending for agricultural and certain non-agricultural purposes.
