

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA

STARRED QUESTION NO. *289

Answered on Monday, 16 December, 2024/Agrahayana 25, 1946 (Saka)

Short-term Refinance Loans Sanctioned by NABARD in Karnataka

*289. Shri G Kumar Naik:

Will the Minister of FINANCE be pleased to state:

(a) the details of the total amount of short-term refinance loans sanctioned by NABARD for Karnataka's seasonal agricultural operations during the last five years, along with the actual amount disbursed each year;

(b) whether the Government has considered Karnataka's recent request for an increase in the sanctioned limit for concessional short-term refinance loans to meet the seasonal agricultural needs of the State and if so, the details thereof;

(c) if not, the reasons for reducing the sanctioned limit for Karnataka's short-term refinance loans in 2024-25 despite the State's large agricultural population and significant arid regions; and

(d) whether the Government is aware of the potential impact of this reduction on Karnataka's farmers including increased financial burden and unrest due to restricted access to affordable credit and if so, the details of measures taken/proposed to be taken to address this issue?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

Statement referred in reply to parts (a) to (d) of Lok Sabha Starred Question No. *289 to be answered on 16.12.2024 regarding Short-term Refinance Loans Sanctioned by NABARD in Karnataka by Shri G Kumar Naik:

(a): The details of the loans sanctioned and disbursed by National Bank for Agriculture and Rural Development (NABARD) during last five years to Karnataka for Seasonal Agricultural Operations are as under:

(Rs. in crore)

SN	Funds	2019-20	2020-21	2021-22	2022-23	2023-24
1	Short Term Cooperative Rural Credit Fund (STCRCF)	4200.00	5500.00	5483.90	5550.00	5600.00
2	Additional Seasonal Agriculture Operation (ASAO)-Cooperatives	3149.00	2500.00	5414.00*	4500.00	5200.00
3	Short Term Regional Rural Bank Fund (STRRBF)	600.00	700.00	723.00	1100.00	1100.00
4	ASAO to RRBs	50.00	800.00	1250.00*	1200.00	1500.00

**Refinance provided under Special Liquidity facility included under ASAO to Cooperatives and ASAO to RRBs during 2021-22. In FY 2020-21, Special Liquidity Facility was extended to Cooperatives and RRBs, with amounts of Rs. 1,700 crore and Rs. 500 crore, respectively*

(b) to (d): Based on the shortfall in achievement in Priority Sector Lending (PSL) targets by the banks, the Reserve Bank of India (RBI) makes annual allocations under various funds including Short-Term (Seasonal Agriculture Operations) (ST (SAO)) funds of Short Term Cooperative Rural Credit Fund (STCRCF) for Cooperative Banks and Short Term Regional Rural Bank (Refinance) Fund (STRRBF) for Regional Rural Banks (RRBs). During FY 2024-25, PSL shortfall had reduced to Rs. 1.5 lakh crore from Rs. 2.1 lakh crore in FY 2023-24. In view of the reduced shortfall, the allocation under various funds, including STCRCF and STRRBF, was rationalized keeping in view the demand of institutions, priorities of the Government and utilization of funds during previous years. As a result of reduction in allocation to ST (SAO) funds, there is reduced fund allocation to Karnataka by NABARD.

The reduction in PSL shortfall fund is a clear indication that Banks operated more robustly and are able to provide more lending to the sectors under PSL, deemed crucial for socio-economic development and inclusive growth of the country. The share of Karnataka in Ground Level Credit (GLC) for agriculture stood at 2.07 lakh crore, growing at 20% y-o-y in 2023-24, and the State's share in the overall agriculture credit of the Country has increased from 8% to 8.15%.

In order to provide seamless access to affordable credit to the farmers, short-term agriculture loans upto Rs. 3 lakhs are provided by banks at 7% interest rate to meet their working capital requirements for purchase of agriculture inputs such as seeds, fertilizers, and pesticides and to draw cash for crop production and allied activities. Government of India under Modified Interest Subvention Scheme (MISS) also provides Prompt Repayment Incentive (PRI) of 3% to farmers for timely repayment of these loans. Therefore, the effective interest rate for farmers is 4%.

Further, to avoid any shortage of funds for lending to farmers in a timely manner, NABARD also provides refinance at market linked rate under the Additional SAO facility, depending on the eligibility of the bank. The banks can avail Interest Subvention at 1.5% and PRI at 3% under Modified Interest Subvention Scheme (MISS) of Government of India.
