

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA

Unstarred Question No. 2268

To be answered on December 11, 2015/Agrahayana 20, 1937 (*Saka*)

Priority Lending to Agriculture Sector

Question

2268. DR. SUNIL BALIRAM GAIKWAD:
SHRI GAJANAN KIRTIKAR:
SHRI NARANBHAI KACHHADIYA:
KUNWAR HARIBANSH SINGH:
SHRI SUDHEER GUPTA:
SHRI CHANDRA PRAKASH JOSHI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government/Reserve Bank of India (RBI) has issued guidelines to commercial banks to follow a percentage criterion for providing agriculture loan under the priority sector and if so, the details thereof;
- (b) the amount of loan provided by the banks under priority sector lending to agriculture sector during the last three years and the current year, State/UT-wise;
- (c) whether the banks have achieved the RBI targets for Priority Sector Lending to agriculture sector and if so, the details thereof;
- (d) whether the RBI has taken any action/penalty against banks to meet the targets and if so, the details thereof, bankwise; and
- (e) the further steps taken/being taken by the Government to achieve the targets?

Answer

The Minister of State in the Ministry of Finance

(Shri Jayant Sinha)

(a) As per Reserve Bank of India (RBI)'s extant guidelines on Priority Sector Lending (PSL), all Domestic Scheduled Commercial Banks have been mandated to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture. Foreign banks with 20 branches and above have to achieve the Agriculture Target within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018.

(b): The State-wise details of agricultural loan disbursed by commercial banks under Priority Sector for the last three years, as provided by RBI, are given in Annexure-I.

(c) & (d): As per the extant Priority Sector Lending guidelines issued by RBI, Scheduled Commercial Banks having any shortfall in lending to priority sector shall be allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with National Bank for Agriculture & Rural Development (NABARD) and other Funds with NABARD/NHB/SIDBI/MUDRA Ltd., as decided by RBI from time to time. Further, RBI has also stipulated that non-achievement of priority sector targets and sub-targets will be taken into account while granting regulatory clearances/approvals for various purposes. Based on non-achievement of priority sector targets by scheduled commercial banks, RBI has made bank-wise allocation to RIDF and other such funds for the year 2015-16, details of which are given in Annexure-II.

(e): Some of the important steps taken/being taken by the Government/RBI to achieve the agriculture credit targets are as under:

- The Government is implementing the Interest Subvention Scheme so as to make short-term crop loans upto Rs.3 lakh available to farmers at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.
- Government has introduced the Kisan Credit Card (KCC) Scheme, which enables farmers to purchase agricultural inputs such as seeds, fertilisers, pesticides and draw cash for their consumption needs.
- The KCC Scheme has since been simplified which has the provision of ATM enabled debit card with, inter alia, facilities of one-time documentation, built-in cost escalation in the limit, any number of drawals within the limit, etc.
- To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.
- Banks have been instructed by RBI to waive margin and security requirements of agricultural loans upto Rs.1,00,000/-.

Annexure I**Annual Priority Sector Advances (PSA) - Commercial Banks- Agriculture Disbursement**

(Amount in Rs. Crores)

| | 2013 | 2014 | 2015 |
|---------------------------------|----------------------------|----------------------------|----------------------------|
| | Amount Disbursement | Amount Disbursement | Amount Disbursement |
| Andamans | 29.45 | 36.65 | 63.08 |
| Andhra Pradesh | 59929.48 | 53786.91 | 62742.81 |
| Arunachal Pradesh | 579.64 | 210.11 | 46.75 |
| Assam | 3156.14 | 2134.36 | 2227.37 |
| Bihar | 9386.82 | 9585.52 | 10948.36 |
| Chandigarh | 2927.65 | 1730.47 | 2417.39 |
| Chattisgarh | 3350.81 | 3822.94 | 4190.09 |
| Dadra & Nagar Haveli | 4.62 | 20.28 | 28.06 |
| Daman & Diu | 13.94 | 35.82 | 24.43 |
| Delhi | 8994.43 | 7447.92 | 15510.86 |
| Goa | 2398.73 | 1073.61 | 687.60 |
| Gujarat | 38876.11 | 23696.43 | 26788.45 |
| Haryana | 15188.44 | 24047.75 | 27570.10 |
| Himachal Pradesh | 5469.05 | 3706.95 | 3954.79 |
| Jammu & Kashmir | 1122.91 | 2635.76 | 2193.27 |
| Jharkhand | 2953.12 | 2013.04 | 1984.18 |
| Karnataka | 28141.50 | 35665.12 | 43189.24 |
| Kerala | 42377.14 | 40269.02 | 49011.71 |
| Lakshadweep | 2.04 | 0.88 | 1.21 |

| | | | |
|-----------------------|------------------|------------------|------------------|
| Madhya Pradesh | 25954.96 | 28279.79 | 29659.14 |
| Maharashtra | 34377.88 | 71529.45 | 60701.37 |
| Manipur | 415.44 | 117.42 | 170.61 |
| Meghalaya | 224.87 | 99.11 | 145.54 |
| Mizoram | 67.25 | 34.00 | 48.66 |
| Nagaland | 188.76 | 63.08 | 98.87 |
| Orissa | 7597.81 | 4751.30 | 7380.28 |
| Puducherry | 2540.18 | 1312.98 | 1283.92 |
| Punjab | 27404.98 | 41010.91 | 49798.47 |
| Rajasthan | 19969.23 | 24215.62 | 33560.72 |
| Sikkim | 75.78 | 122.34 | 65.56 |
| Tamil Nadu | 72936.94 | 84921.01 | 106508.12 |
| Tripura | 342.77 | 241.27 | 264.14 |
| Uttarakhand | 4208.15 | 9673.28 | 6618.25 |
| Uttar Pradesh | 37600.16 | 33701.32 | 44357.91 |
| West Bengal | 25498.60 | 14239.19 | 18304.92 |
| TOTAL | 484305.77 | 526231.59 | 612546.21 |

Source: RBI

Annexure-II**Allocation of Priority Sector Lending shortfall to various funds (As on 5.6.2015)**

(Amount in ₹ Crore)

| Sl. No. | Name of the bank | Allocation for FY 2015-16 |
|----------------|--------------------------------|----------------------------------|
| 1 | Allahabad Bank | 670.94 |
| 2 | Bank of Baroda | 8155.04 |
| 3 | Bank of India | 4574.54 |
| 4 | Bank of Maharashtra | 310.29 |
| 5 | Central Bank of India | 315.78 |
| 6 | Corporation Bank | 2532.48 |
| 7 | Dena Bank | 2103.87 |
| 8 | IDBI Bank Ltd. | 10230.54 |
| 9 | Indian Bank | 566.95 |
| 10 | Indian Overseas Bank | 587.42 |
| 11 | Oriental Bank of Commerce | 1274.48 |
| 12 | Punjab and Sind Bank | 1681.02 |
| 13 | State Bank of Bikaner & Jaipur | 165.3 |
| 14 | State Bank of Hyderabad | 366.17 |
| 15 | State Bank of India | 40110.58 |
| 16 | State Bank of Mysore | 784.22 |
| 17 | State Bank of Patiala | 279.87 |
| 18 | State Bank of Travancore | 552.24 |
| 19 | UCO Bank | 2435.54 |
| 20 | Union Bank of India | 2830.83 |
| 21 | United Bank of India | 2117.34 |
| 22 | Vijaya Bank | 1483.26 |
| 23 | Bharatiya Mahila Bank | 3.7 |

| | | |
|----|--------------------------|----------|
| 24 | Axis Bank | 9140.54 |
| 25 | City Union Bank | 23.2 |
| 26 | Dhanlaxmi Bank | 141.84 |
| 27 | Development Credit Bank | 171.94 |
| 28 | HDFC Bank | 3656.43 |
| 29 | ICICI Bank | 12390.01 |
| 30 | IndusInd Bank | 1312 |
| 31 | ING Vysya Bank | 1817.82 |
| 32 | Jammu & Kashmir Bank | 1075.26 |
| 33 | Karnataka Bank | 306 |
| 34 | Kotak Mahindra Bank | 937.41 |
| 35 | Tamilnad Mercantile Bank | 909.92 |
| 36 | Catholic Syrian Bank | 212.87 |
| 37 | Federal Bank | 895.94 |
| 38 | South Indian Bank | 1632.69 |
| 39 | Yes Bank | 847.71 |
| 40 | Citi Bank | 5.06 |
| 41 | HSBC | 13.28 |
| 42 | Standard Chartered Bank | 340.64 |
| 43 | JSC VTB Bank | 5.34 |
| 44 | SBERBANK | 31.36 |
| 45 | Krung Thai Bank | 0.34 |
| | Total | 120000 |

Source: RBI