

Fulfilment of Targeted Growth in Agriculture Sector Lending

1929. SHRI JESUDASU SEELAM:

DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry has called a meeting of bank chiefs to review fulfilment of targeted 30 percent growth in agriculture sector lending;

(b) if so, whether banks have sought an amendment to Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act which got diluted after a court verdict;

(c) whether in the meeting backdrop of poor credit flow to agriculture in 2003-04 and increasing incidents of suicide by debt ridden farmers were discussed;

(d) to what extent the meeting has been able to discuss these issues; and

(e) what are the concrete steps Government proposes to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) A meeting with Chief Executives of Public Sector Banks, Financial Institutions, Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), Indian Bank Association (IBA) etc. was organized on 9th September, 2004 mainly to discuss the progress in implementing the announcement made by the Government on 18th June, 2004 to double the flow of credit to agriculture and allied activities in the next three years and to achieve 30% growth in agriculture lending during 2004-05.

(b) During the course of the discussion in the above mentioned meeting the representatives of the Banks and Financial Institutions made several suggestions to modify Securitisation and Reconstruction of Financial Assets and Enforcement Security Interest Act, 2002 (SRFAESI Act).

(c) to (e) Deliberations were held in the meeting not only to increase the flow of credit to agriculture but also the measures to implement the following relief to farmers:

- (i) Debt restructuring and fresh loan to farmers in distress
- (ii) One Time Settlement scheme for small and marginal farmers
- (iii) Fresh loan to farmer in arrears.
- (iv) Institutional Credit to farmers indebted to money lenders.

The representatives of the banks assured that credit disbursement target set for the current year will be achieved.

Lending to priority sectors

1930. SHRIMATI SAVITA SHARDA:

SHRI S.S. AHLUWALIA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there has been a minimum limit stipulated for commercial banks, both in public sector and private sectors for providing lending to priority sectors of economy, namely agriculture, cottage and small scale enterprises;

(b) if so, the details of the limit stipulated from time to time during the last five years;

(c) the occasions when the PSU and private sector banks fell short of meeting those stipulations with year-wise details along with volume of short falls;

(d) if so, the reasons therefor; and

(e) the action taken, if any, to substitute the credit needs of the priority sector in those years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The target of 40 percent of net bank credit has been stipulated for lending to the priority sector by scheduled commercial banks, both in the public and private sector, since March 1985. Within this, a sub-target of 18 percent of net bank credit has been stipulated for lending to agriculture. Although, there is no specific target stipulated for domestic banks for lending to Small Scale Industries and cottage industries, which are part of priority sector, they have been advised to ensure that out of their total funds lent to SSI sector, at least 40%