

**Distortion of credit culture in Agricultural sector**

2651. SHRI A.W. RABI BERNARD: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has expressed its concern over distortion of the credit culture in Agriculture and written to Government urging it not to give subsidy for the sector to banks and instead provide it directly to the farmers;

(b) if so, the details thereof;

(c) whether the move comes amid rising Non-Performing Assets pertaining to the sector and between 2010 to 2015 these rose four fold from ₹ 10,400 crore to ₹ 39,100 crore; and

(d) if so, the details thereof and the steps taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) Reserve Bank of India (RBI) had expressed certain concerns relating to agricultural loans and Interest Subvention Scheme, stating, *inter alia*, that the scheme had created distortions in the agriculture lending system as revealed by some studies conducted by RBI and National Bank for Agriculture and Rural Development (NABARD). It was, *inter alia*, suggested by RBI to consider Direct Benefit Transfer for the Interest Subvention Scheme.

(c) and (d) As reported by RBI, the ratio of Non-Performing Assets (NPA) in Agriculture sector has remained almost stagnant in the last five years, details of which are given in Statement.

**Statement***Details regarding ratio of Non-Performing Assets (NPA) in Agriculture Sectoral Credit*

(₹ in crore)

Bank Group	March, 2011			March, 2012			March, 2013			March, 2014			March, 2015		
	Agriculture (Sectoral Credit)	NPA Agri	NPA Ratio (%)	Agriculture (Sectoral Credit)	NPA Agri	NPA Ratio (%)	Agriculture (Sectoral Credit)	NPA Agri	NPA Ratio (%)	Agriculture (Sectoral Credit)	NPA Agri	NPA Ratio (%)	Agriculture (Sectoral Credit)	NPA Agri	NPA Ratio (%)
All Banks	504,975	16,661	3.30	574,890	24,827	4.32	647,007	30,196	4.67	769,828	34,084	4.43	837,944	39,340	4.69
Foreign Banks	34	0	0.15	56	0		221	0	1,562	38	2.42	3,494	54	1.56	
Private Sector Banks	88,894	2,173	2.45	102,387	2,164	2.11	112,497	2,171	1.93	127,273	2,254	1.77	151,297	2,801	1.85
Public Sector Banks	416,047	14,488	3.48	472,447	22,662	4.80	534,289	28,025	5.25	640,993	31,792	4.96	683,152	36,484	5.34

Source: Reserve Bank of India.