

rate of interest and the rationale for charging different rates of interest to different categories of borrowers has to be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. Boards of NBFCs are required to lay down appropriate internal principles and procedures in determining interest rates.

- (iv) The rate of interest and approach for gradation of risks has to be made available on the website of the NBFCs, or published in the relevant newspapers. Information published on the website or otherwise has to be updated whenever there is change in the rates of interest. The rate of interest has to be an annualised rate so that the borrower is aware of the exact rate that would be charged to the account.
- (v) Other requirements which have been laid down include the following:
 - (1) All communications to the borrower have to be in vernacular language or a language as understood by the borrowers.
 - (2) Loan application forms must include necessary information which affects the interest rate of the borrower, so that the borrower may make a meaningful comparison with the terms and conditions offered by other NBFCs.
 - (3) NBFCs are required to mention the penal interest charged for late repayment in bold in the loan agreement.
 - (4) NBFCs are required to give notice to the borrower of any change in the terms and conditions including, disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs are also required to ensure that changes in interest rates and charges are effected only prospectively.

Denial of loan to small and marginal farmers

976. DR. L. HANUMANTHAI AH: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government fixes agriculture credit disbursement targets for the banking sector every year;
- (b) if so, the details thereof;

(c) whether it is also a fact that banks have consistently surpassed these targets of agriculture credit;

(d) if so, the details thereof;

(e) whether Government has taken note that despite the target surpassed by banks, the eligible small and marginal farmers are being denied or discouraged by bank officials to sanction loans to them; and

(f) if so, whether Government has received any complaints in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (d) Government fixes agriculture credit disbursement targets for the banking sector every year and banks have consistently surpassed these targets. The details of agriculture credit targets fixed by the Government and the achievement by the Banks, for the last three years (2015-16 to 2017-18) as reported by National Bank for Agriculture and Rural Development (NABARD) are given as under:

(₹ in crore)

Year	Target	Achvt.	% achievement
2015-16	8,50,000	9,15,509.92	107.71
2016-17	9,00,000	10,65,755.67	118.42
2017-18	10,00,000	11,62,616.98	116.26

(e) and (f) The details of total amount of loan disbursed to farmers and the share of Small and Marginal Farmers (SF/MF) therein during the last three years, as reported by NABARD, are as under:

(₹ in crore)

Year	Total Disbursed Amount	% share of SF/MF in total amount disbursed
2015-16	915509.92	41.51
2016-17	1065755.67	50.14
2017-18	11,62,616.98	49.93

The Government of India/ Reserve Bank of India (RBI)/ NABARD have,

inter alia, taken the following major initiative for providing hassle free crop loans to farmers including SF/MF:

- With a view to ensure availability of agriculture credit at a reduced interest rate of 7% p.a. to the farmers, the Government of India in the Department of Agriculture, Cooperation and Farmers' Welfare implements an interest subvention scheme for short term crop loans up to ₹ 3.00 lakh. The scheme provides interest subvention of 2% per annum to Banks on use of their own resources. Besides, additional 3% incentive is given to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%.
- As per RBI directions, Domestic Scheduled Commercial Banks are required to lend 18% of the Adjusted Net Bank Credit (ANBC) or Credit Equivalent to Off-Balance Sheet Exposure (CEOBE), whichever is higher, towards agriculture. A sub-target of 8% is also prescribed for lending to small and marginal farmers including landless agricultural labourers, tenant farmers, oral lessees and share croppers. Similarly, in the case of Regional Rural Banks 18% of their total outstanding advances is required to be towards agriculture and a sub-target of 8% has been set for lending to small and marginal farmers.
- Under the Kisan Credit Card (KCC) Scheme, a flexible limit of ₹ 10,000 to ₹ 50,000 has been provided to marginal farmers (as Flexi KCC) based on the land holding and crops grown including post harvest warehouse storage related credit needs and other farm expenses, consumption needs, etc., plus small term loan investments without relating it to the value of land.
- To enhance coverage of small and marginal farmers in the formal credit system, RBI has decided to raise the limit for collateral-free agriculture loans from ₹ 1 lakh to ₹ 1.6 lakh.
- The requirement of 'no due' certificate has also been dispensed with for small loans up to ₹50,000 to small and marginal farmers, share-croppers and the like and, instead, only a self-declaration from the borrower is required.
- To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.