

Government of India  
Ministry of Finance  
Department of Financial Services

**RAJYA SABHA**

Unstarred Question No. 221

Answered on Tuesday, December 05, 2023/Agrahayana 14, 1945 (Saka)

**ACCESS TO LOAN FACILITIES FOR SMALL FARMERS**

221 # SHRI BRIJ LAL:

SHRI SATISH CHANDRA DUBEY:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the measures taken by the Government to facilitate access to loan facilities for small farmers; and
- (b) the details of the initiatives taken to provide social security to individuals, especially those working in the unorganised sector?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

- (a): The measures taken by Government to facilitate access to loan facilities for small farmers is placed at Annexure I.
- (b): The details of schemes to provide social security to individuals, especially those working in the unorganised sector are placed at Annexure II.

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## Annexure I

The following measures have been taken by Government to facilitate access to loan facilities for small farmers:

(i) Specific Target for Agriculture in Priority Sector Lending:

RBI mandates a priority sector lending target for banks, with 18% allocated specifically for agriculture, and a 10% sub-target for Small and Marginal Farmers (SMFs) for the FY 2023-24.

(ii) Kisan Credit Card Scheme:

The Kisan Credit Card (KCC) Scheme ensures easy credit access for various farmer categories, including owner cultivators, tenant farmers, sharecroppers, and more. Extension of KCC to Animal Husbandry farmers and Fisheries aids their working capital requirements.

(iii) Interest Subvention Scheme:

Concessional interest rates are offered to farmers up to ₹3 lakh for short-term crop and allied activity loans through KCC during 2022-23 and 2023-24. This subvention benefits lending institutions and encourages timely repayments. The applicable lending rate to farmers and the rate of interest subvention for the financial years 2022-23 and 2023-24 is 7% and 1.5% per annum respectively. Additional 3% prompt repayment incentive (PRI) is also given to the farmers for prompt and timely repayment of loans; thus, reducing the effective rate of interest to 4% per annum, subject to a maximum period of one year from the date of disbursement.

(iv) Collateral-Free Agricultural Loans:

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 Rs. 1 lakh to Rs. 1.6 lakh.

(v) Simplification of Lending Procedures:

Banks streamlined lending by eliminating 'no dues' certificates for small loans up to Rs. 50,000 and accepting alternate documentation or affidavits for loans to landless laborers, sharecroppers, tenant farmers, and oral lessees.

(vi) Farmers' Producer Organisation (FPO):

Government of India launched a Central Sector Scheme titled 'Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)' to create and support 10,000 new FPOs in 2021. These FPOs help small farms become successful businesses and raise farmers' incomes. NABARD is helping these FPOs grow by supporting them with funds like the Producers' Organisation Development and Upliftment Corpus Fund and Producer Organisation Development Fund. As of March 31, 2023, NABARD has helped set up 7,101 FPOs.

(vii) Joint Liability Groups:

NABARD created a useful way to lend money called "Joint Liability Groups" (JLGs). These groups help tenant/landless farmers and non-farm workers get loans without needing to offer collateral (like assets). This helps build trust between banks and JLG members. By March 31, 2023, a total of 257.9 lakh JLGs had been formed and linked to credit.

The details of social security schemes are as under:

(i) Pradhan Mantri Jivan Joyti Bima Yojna (PMJJBY) provides life insurance cover of Rs.2 lakh for death due to any reason. Main features of the scheme are:

1. Renewable life cover for one-year period.
2. Individuals having a bank or a Post Office account can enrol under the scheme.
3. Eligible age for enrolment is from 18 to 50 years.
4. Annual premium Rs. 436/- per annum.
5. Cover period: 1<sup>st</sup> June to 31<sup>st</sup> May.

(ii) Pradhan Mantri Suraksha Bima Yojna (PMSBY) provides Accidental insurance cover of Rs. 2 lakh payable in case of death / total disability; and Rs. 1 Lakh in case of partial disability. Main features of the scheme are:

1. Renewable life cover for one-year period.
2. Individuals having a bank or a Post Office account can enrol under the scheme.
3. Eligible age for enrolment is from 18 to 50 years.
4. Annual premium Rs. 20/- per annum per member.
5. Cover period: 1st June to 31st May.

(iii) Atal Pension Yojana (APY) was launched by the Government of India on 9th May, 2015, with the objective of creating a universal social security system for all Indians, especially the poor, the underprivileged and the workers in the unorganised sector. Main features of the scheme are:

1. It is open to all citizens of India between 18-40 years of age having a savings bank account in a bank or post office.
2. For better targeting of guaranteed pension to unorganised sector workers, an income tax payer shall not be eligible to join APY from 1st October, 2022.
3. The subscriber under APY is required to make a monthly/quarterly/six monthly contribution of an amount determined by the amount of pension chosen and the age of joining the scheme.
4. The subscriber shall receive a government guaranteed minimum pension of Rs. 1000 per month, Rs. 2000 per month, Rs. 3000 per month, Rs. 4000 per month or Rs. 5000 per month, after the age of 60 years until death, depending on the contribution chosen.
5. The spouse of the subscriber shall be entitled to receive the same pension amount as that of the subscriber after the death of the subscriber.
6. After the death of both subscriber and the spouse, the nominee of the subscriber shall be entitled to receive the pension wealth, as accumulated till age 60 of the subscriber.