

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO. 2430
TO BE ANSWERED ON THE 2ND JANUARY, 2018

DEMAND OF LOAN WAIVER

2430. SHRI RAJU SHETTY:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether the Government is aware that farmers of Tamil Nadu are protesting in Delhi for many days demanding of loan waiver; and
- (b) if so, the details thereof and the action taken by the Government in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI PARSHOTTAM RUPALA)

(a) & (b): As learnt from various media reports during the past few months, farmers of Tamil Nadu are protesting in Delhi demanding loan waiver.

The Government is not in favour of loan waiver, as it negatively impacts credit and recovery climate and has severe systemic consequences. However, towards reducing the debt burden of farmers and increasing availability of institutional credit to farmers, following major initiatives have been taken:

- i. With a view to ensuring availability of agriculture credit at a reduced interest rate to farmers, the Government implements the Interest Subvention Scheme (ISS) under which short term crop loans up to Rs. 3.00 lakh are made available to farmers at a subvented interest rate of 7% per annum. Further, additional subvention of 3% is provided on prompt repayment, thereby reducing the effective rate of interest to 4% p.a. for such farmers. Some State Governments in fact also provide additional interest subvention, reducing the effective interest burden on short term crop loans to zero.
- ii. Government sets annual target for the flow of credit to the agriculture sector. Banks have been consistently surpassing the annual target.
- iii. Reserve Bank of India (RBI) has issued Priority Sector Lending Guidelines (PSL), which mandate all Domestic Scheduled Commercial Banks 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.

Contd...2/-

- iv. As per PSL guidelines loans to distressed farmers to repay non-institutional lenders are eligible under priority sector. Besides loans to stressed persons (other than farmers) not exceeding Rs. 1,00,000/- per borrower to repay their debt to non-institutional lender are also eligible for the purpose of priority sector lending by banks.
- v. In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to draw cash to purchase agricultural inputs such as seeds, fertilisers, pesticides as well as meet other agricultural and consumption needs. The KCC Scheme has since been simplified by providing the farmers with ATM enabled debit card based on one-time documentation and built-in cost escalation in the limit, etc.
- vi. To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks. The Government also promotes formation of Farmer Producer Organisations (FPOs) in a big way to enable farmers to leverage economies of scale, not only for agricultural inputs but also for enhanced marketing opportunities.
- vii. Banks have been advised by RBI to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-, vide RBI's circular dated 18th June, 2010.
- viii. RBI has issued directions for Relief Measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include, restructuring/rescheduling of existing crop loans and term loans, extending fresh loans, relaxed security and margin norms, moratorium, etc. These directions have been so designed that the moment calamity is declared by the concerned District Authorities they are automatically set in motion without any intervention, thus saving precious time. The benchmark for initiating relief measures by banks has also been reduced to 33% crop loss in line with the National Disaster Management Framework.
