

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

**LOK SABHA**  
**UNSTARRED QUESTION NO.1758**  
TO BE ANSWERED ON THE 6<sup>TH</sup> MARCH, 2018

**AGRICULTURE LOANS**

1758. DR. P.K. BIJU:

Will the Minister of AGRICULTURE AND FARMERS WELFARE ऋषोशुआओा एवं किसान कल्याण ½ãâããè be pleased to state:

- whether small farmers are still taking sixty per cent of their agriculture loans from moneylenders, shopkeepers and traders;
- if so, the details thereof and the response of Government thereto;
- the corrective measures taken by Government in this regard; and
- whether the Government has any plan to waive the farmers loan and if so, the details thereof?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

ऋषोशुआओा एवं किसान कल्याण ½ãâããè ¼ã Æã¼ã ½ãâããè ( SHRI PARSHOTTAM RUPALA)

(a) & (b): The activity of money lending is regulated by State-specific money lending laws. The National Sample Survey Office (NSSO) conducted Situation Assessment Survey (SAS) of Agricultural Households during NSS 70<sup>th</sup> round (January, 2013-December 2013) in the rural areas of the country for reference period of the agricultural year July 2012- June 2013, which reveals the following:-

About 52% of the agricultural households in the country were estimated to be indebted. At all India level, about 60 percent of the outstanding loans were taken from institutional sources which included Government (2.1%), Co-operative society (14.8%) and Banks (42.9%). Among the non institutional sources, agricultural/ professional money lenders (25.8%), shopkeepers/traders (2.9%), employer/landlord (0.8%), relatives and friends (9.1%) and others (1.6%) who accounts for about 40% of outstanding loans would not be eligible to get any benefits from debt waiver scheme. The average amount of outstanding loan per agricultural household was Rs.47000/- (approx.).

(c): Government has taken several measures to increase institutional credit flow and bringing more and more farmers including small and marginal farmers within the fold of institutional credit. These measures inter alia, include the following major steps to provide hassle free crop loan to farmers including small and marginal farmers:-

### **Interest Subvention Scheme**

Under the Interest Subvention Scheme, during 2017-18, the Government is providing short-term crop loans upto Rs.3 lakh for a period of one year to farmers at a sub-vented interest rate of 4% per annum in case of prompt repayment of the loan against the normal lending rate of 9 %. Thus on prompt repayment the farmers get Interest Subvention of 5 % per annum.

Further, in order to discourage distress sale of crops by farmers, the benefit of interest subvention has been made available to small and marginal farmers having Kisan Credit Card for a further period of up to six months (post- harvest) at the same rate as available to crop loan against negotiable warehouse receipts to store their post harvest produce in Warehouses accredited by Warehousing Development Regulatory Authority (WDRA).

### **Specific target for Small and Marginal Farmers**

As per RBI directions on Priority Sector Lending, a target of 18 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-Balance Sheet Exposure (CEOBE), whichever is higher, has been prescribed to Domestic Scheduled Commercial Banks for lending to Agriculture, within which, a sub-target of 8 percent of ANBC or CEOBE, whichever is higher, has been prescribed for lending to Small and Marginal Farmers. Similarly, in the case of Regional Rural Banks 18% of their total outstanding advances are required to be towards agriculture, within which 8% of total outstanding advances has been set for lending to small and marginal farmers.

### **Kisan Credit Card (KCC) Scheme**

Kisan Credit Card Scheme is aimed at providing adequate and timely credit support from the banking system under a single window to the farmers for their cultivation and other needs. In terms of master circular dated July 03, 2017 of Reserve Bank of India, tenant farmers, oral lessees or share croppers are also covered under the KCC Scheme. Under the Scheme, a flexible limit of Rs.10,000 to Rs.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.

In terms of the extant guidelines to banks, margin/ collateral for agricultural loans up to Rs.1 lakh is not required.

**Guidelines for Financing of Joint Liability Groups (JLGs) of 'Bhoomi Heen Kisan'**

In terms of Union Budget 2014-15 it had been declared that 5 lakh Joint Liability Groups (JLG) of 'Bhoomi Heen Kisan' will be financed through NABARD. RBI has issued guidelines to all scheduled commercial banks in this regard vide circular FIDD.CO.FSD.BC.42/05.02.02/2014-15 dated November 13, 2014. One of the main objectives of financing through JLGs is to augment flow of credit to landless farmers cultivating land as tenant farmers, oral lessees or share croppers and small / marginal farmers as well as other poor individuals taking up farm activities, off-farm activities and non-farm activities. As on 31<sup>st</sup> March, 2017, cumulatively 24.53 lakh Joint Liability Groups (JLGs) have been provided Rs.26,848.13 crore loan by banks across the country.

**Agriculture Ground Level Credit flow for Small and Marginal Farmers**

The share of Small and Marginal Farmers (SMFs) accounts in total number financed by all agencies grew from 60.07 per cent in 2015-16 to 72.06 per cent in 2016-17. More importantly, in terms of amount disbursed, the share of SMFs grew from 41.51 per cent (in 2015-16) to 50.14 per cent (in 2016-17). In actual terms, the agri credit disbursement towards SMFs grew from Rs.3.80 lakh crore in 2015-16 to Rs.5.34 lakh crore in 2016-17, while the number of SMF accounts grew from 5.40 crore to 7.71 crore during the same period.

(d): At present, there is no proposal under consideration of the Government on waiver of the farmer's loan.

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