

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

LOK SABHA
UNSTARRED QUESTION NO. 2907
TO BE ANSWERED ON THE 13TH March, 2018

INTEREST SUBSIDY TO FARMERS

2907. SHRI KESINENI NANI:
SHRI BHEEMRAO B. PATIL:

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

- (a) the quantum of interest subsidy provided to the farmers in the country including Andhra Pradesh during the last three years, State and District-wise;
- (b) whether any study has been conducted to gauge the impact of this subsidy on the productivity of foodgrains and to establish a correlation between the size of farm holdings and repayment discipline among farmers, if so, the findings thereof;
- (c) the amount of loan burden on each farmer doing agricultural work in the country during the said period, State-wise; and
- (d) the details of action plan of the Government to waive off/reduce the burden of loan on farmers?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI GAJENDRA SINGH SHEKHAWAT)

(a): The Government since 2006-07 has been implementing the Interest Subvention Scheme (ISS) under which Short Term Crop Loans upto Rs.3.00 lakh are provided to the farmers at subvented interest rate of 7 percent per annum. Further, in case of timely repayment of loans, an additional interest subvention of 3 percent as prompt repayment incentive is also provided to the farmers. Thus, in case of prompt payee farmers, the Short Term Crop Loan is effectively made available at 4 percent per annum. The Scheme is continued in 2017-18. The quantum of interest subsidy towards payment of both pending claims on account of 2% interest subvention to banks and 3% prompt repayment incentives to farmers released to National Bank of Agriculture and Rural Development (NABARD) and Reserve Bank of India (RBI) by the Government during the last three years is as under:

(Rs. crore)

Year	2014-15	2015-16	2016-17
Amount Released	6,000	13,000	13,397.13

The data on State/District-wise release of interest subsidy under ISS is not available.

Contd...2/-

(b): No, Madam.

(c): The National Sample Survey Office (NSSO) conducted a Situation Assessment Survey (SAS) of Agricultural Households during its 70th round (January-December, 2013) in the rural areas of the country with reference to the agricultural year (July, 2012-June, 2013). Among various indicators related to the agricultural households, the survey also collected information about the amount of outstanding loans of the agricultural households **at the time of the survey** and the sources from which they were taken. These loans included all kind of loans taken by the **agricultural households** irrespective of the purpose for which such loans were taken. As per the results obtained from the survey, the average amount of outstanding loans per agricultural household was approximately Rs.47000/-. The State-wise figures of average amount of outstanding loans per agricultural household, percentage of outstanding loan amount taken from agricultural/ professional money lender, number and percentage of agricultural households having outstanding loans from agricultural/ professional money lenders as obtained from SAS 2013 is at **Annexure-I**.

(d): 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 is implementing the Interest Subvention Scheme (ISS) since 2006-07. In 2017-18, the Short Term Crop Loans up to Rs.3.00 lakh have been made available to farmers at a subvented interest rate of 7 percent per annum. Further, additional subvention of 3 percent has been provided on prompt repayment, thereby reducing the effective rate of interest to 4 percent per annum 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.
- 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.

Contd...3/-

- 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.

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.

Annexure-I

Average amount of outstanding loan per agricultural household, percentage of outstanding loans from 'agricultural/ professional money lender, number and percentage of agricultural households having outstanding loans as per the results of Situation Assessment Survey (SAS) of Agricultural households of NSS 70th round (January –December 2013)

State/ Group of UTs	average amount of outstanding loan per agricultural household (Rs.'00)	percentage of outstanding loan amount taken from agricultural/ professional money lender (%)	estimated number ('00) of agricultural households having outstanding loans from		estimated number ('00) of agricultural households	percentage of agricultural households with outstanding loan from	
			agricultural/ professional money lender	any source		agricultural/ professional money lender (col.4/col.6)	any source (col.5/ col.6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Andhra Pradesh	1234	49.4	12292	33421	35968	34.2	92.9
Arunachal Pradesh	54	5.6	19	206	1080	1.8	19.1
Assam	34	3.7	409	5995	34230	1.2	17.5
Bihar	163	51.2	13492	30156	70943	19.0	42.5
Chhattisgarh	102	23.2	686	9538	25608	2.7	37.2
Gujarat	381	6.6	1619	16743	39305	4.1	42.6
Haryana	790	21.3	1159	6645	15693	7.4	42.3
Himachal Pradesh	280	1.5	56	2457	8811	0.6	27.9
Jammu & Kashmir	122	3.2	80	3463	11283	0.7	30.7
Jharkhand	57	26.1	1747	6464	22336	7.8	28.9
Karnataka	972	20.7	8000	32775	42421	18.9	77.3
Kerala	2136	2.2	395	10908	14043	2.8	77.7
Madhya Pradesh	321	24.2	6643	27414	59950	11.1	45.7
Maharashtra	547	5.0	2498	40672	70970	3.5	57.3
Manipur	61	19.9	97	421	1762	5.5	23.9
Meghalaya	14	2.3	11	84	3544	0.3	2.4
Mizoram	29	0.0	0	47	758	0.0	6.2
Nagaland	6	0.0	0	65	2621	0.0	2.5
Odisha	282	9.5	4785	25830	44935	10.6	57.5
Punjab	1195	15.0	1223	7499	14083	8.7	53.2
Rajasthan	705	43.9	15784	40055	64835	24.3	61.8
Sikkim	99	0.0	0	97	674	0.0	14.4
Tamil Nadu	1159	25.5	6943	26780	32443	21.4	82.5
Telangana	935	60.3	8280	22628	25389	32.6	89.1
Tripura	50	2.3	19	559	2445	0.8	22.9
Uttarakhand	356	6.5	532	5387	10608	5.0	50.8
Uttar Pradesh	273	22.4	13107	79081	180486	7.3	43.8
West Bengal	178	17.7	5062	32787	63624	8.0	51.5
Group of UTs	477	7.0	43	267	717	6.0	37.2
all-India	470	25.8	104948	468481	902011	11.6	51.9

Source: Table 14 and 15 of Appendix A, NSS Report No.576: Income, Expenditure, Productive Assets and Indebtedness of Agricultural Households in India
The outstanding amount is pertaining to all kind of loans taken by the agricultural household irrespective of the purpose for which it was taken.
The figures correspond to the amount of outstanding loan at the time of the survey
