

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. †4729
To be answered on Friday, March 23, 2018/Chaitra 2, 1940 (Saka)
Restructuring of Crop Loan

†4729. SHRI KAPIL MORESHWAR PATIL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the public sector banks/ Co-operative banks/NABARD have formulated any policy/guidelines to restructure the crop loan being provided to the farmers;
- (b) if so, the details thereof, bank and State-wise and the rates of interest made effective on these loans during the last three years;
- (c) whether subsidy is provided/ proposed to be provided by the Government on short term crop loans, if so, the details thereof; and
- (d) the steps taken/being taken by the Government to provide the crop loan to the needy farmers in a time bound manner?

Answer

The Minister of State in the Ministry of Finance
(Shri Shiv Pratap Shukla)

(a) to (c): 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 (DAC&FW) implements an interest subvention scheme for short term crop loans up to Rs. 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%.

Further, Reserve Bank of India (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. The benchmark for initiating relief measures by banks has also been reduced to 33% crop loss in line with the National Disaster Management Framework.

On similar lines, National Bank for Agriculture and Rural Development (NABARD) has issued Guidelines for Relief measures by Banks in Areas affected by Natural Calamities to Cooperative Banks and RRBs.

Under the aforesaid interest subvention scheme, to provide relief to farmers affected by natural calamities, Interest Subvention of 2% is available to banks for the first year on the restructured loan amount. Such restructured loans will attract normal rate of interest from the second year onwards as per policy laid down by the RBI.

(d): The following major initiatives have been taken by the Government/Reserve Bank of India (RBI) to provide hassle free crop loan to farmers:-

- 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.
- Government fixes agriculture credit disbursement targets for the banking sector every year and banks have consistently surpassed these targets.
- The Government has introduced the Kisan Credit Card (KCC) Scheme, which enables farmers to meet the short term credit requirements for cultivation of crops; Post-harvest expenses; Produce marketing loan; Consumption requirements of farmer household; Working capital for maintenance of farm assets and activities allied to agriculture; and Investment credit requirement for agriculture and allied activities. The KCC Scheme provides for issue of ATM enabled RuPay debit card with, inter alia, facilities of one-time documentation, built-in cost escalation in the limit, any number of drawals within the limit, etc.
- RBI has conveyed to Banks to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-. The requirement of 'no due' certificate has also been dispensed with for small loans up to Rs.50,000 to small and marginal farmers, share-croppers and the like and, instead, only a self-declaration from the borrower is required.