

Government of India
Ministry of Finance
Department of Financial Services
LOK SABHA
Unstarred Question No. 1759
To be answered on Friday, July 27, 2018/Shravana 5, 1940 (Saka)

Crop/Farm Loans

1759. SHRI K.N. RAMACHANDRAN: SHRI PR. SENTHIL NATHAN: SHRIMATI V. SATHYA BAMA: SHRI SANKAR PRASAD DATTA: SHRI BHARATHI MOHAN R.K.:

Will the Minister of FINANCE be pleased to state:

- (a) the number of marginal and middle level farmer who have failed to pay back loans availed from banks and private/ financial institutions, State/UT-wise;
- (b) whether the Government has any proposal to waive off farm/crop loans borrowed from the banks or financial institutions by the farmers;
- (c) if so, the criteria adopted to shortlist whose loan would be waived off and if not, the reasons thereof;
- (d) the quantum of loan amount that would be considered for waiver; and
- (e) whether a large number of small, micro and marginal farmers, who availed loans from various Co-operative Banks, Public Sector Banks (PSBs) have incurred losses due to both demonetization and crop loss, if so, the details thereof and the corrective action taken by the Government in this regard?

Answer

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

(a): Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) have reported that the information/data regarding number of marginal and middle level farmers who failed to pay back loans taken from banks and private institutions, State/UT-wise is not maintained.

(b) to (e) There is no proposal under consideration of the Union Government to waive off loans of farmers. However, to reduce the debt burden of farmers, the following major initiatives have been taken:

- 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%.
- Reserve Bank of India 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.
- Pradhan Mantri Fasal Bima Yojana (PMFBY) provides a comprehensive insurance cover against failure of insured crops due to non-preventable natural risks, thus providing financial support to farmers suffering crop loss/ damage arising out of unforeseen events; stabilizing the income of farmers to ensure their continuance in farming; and encouraging them to adopt innovative and modern agricultural practices.
- For development of agriculture and welfare of farmers of the country, the Government in DAC&FW, is implementing various Central Sector/ Centrally Sponsored Schemes, which include:
 - (i) Rashtriya Krishi Vikas Yojana (RKVY)
 - (ii) National Food Security Mission (NFSM)
 - (iii) National Agriculture Market (e-NAM)
 - (iv) National Mission For Sustainable Agriculture (NMSA)

Post demonetisation, Government has taken the following relief measures for the farmers in the cooperative sector:

- (i) An additional grace period of 60 days for prompt repayment incentive @ 3% was provided to such farmers whose crop loans dues fell due between 01/11/2016 to 31/12/2016 and if such farmers repaid the same within 60 days from their due date in this period.
- (ii) Interest waiver for two months (November and December, 2016) for all short term crop loans availed from Cooperative Banks between 01.04.2016 to 30.09.2016 and upfront deposit of the same in the accounts of the concerned farmers.
- (iii) NABARD raised short term borrowings from the market at prevailing market rate of interest for ₹17,880.78 crore and disbursed the same under refinance for on-lending to Cooperative Banks at 4.5% rate of interest during 2016-17.