

Government of India
Ministry of Finance
Department of Financial Services
LOK SABHA
Starred Question No. †* 360
To be answered on Friday, January 4, 2019/Pausha 14, 1940 (Saka)
Statutory Debt Relief Commission

†*360. SHRI RAJU SHETTY:

Will the Minister of FINANCE pleased to state:

- (a) whether the Government has conducted any survey to find out the amount of loan taken by farmers from money lenders;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government has prepared any scheme/programme/set up any Statutory Debt Relief Commission to bring out the farmers from indebtedness and free them from the grip of money lenders and if so, the details thereof; and
- (d) the other steps taken/being taken by the Government to improve the banking services in rural areas?

Answer
The Minister of Finance
(Shri Arun Jaitley)

(a) to (d) : A Statement is laid on the Table of the House.

Statement referred in reply to parts (a) to (d) of Lok Sabha Starred Question No. †*360 to be answered on 04.01.2019 regarding Statutory Debt Relief Commission by SHRI RAJU SHETTY:

(a) & (b): National Sample Survey Office (NSSO) conducted Situation Assessment Survey (SAS) of Agricultural Households during NSS 70th round (January, 2013-December 2013) in the rural areas of the country for the reference period of the agricultural year July 2012-June 2013. The Survey estimated that at all-India level, 25.8 percent of the loans were sourced from 'agricultural/professional money lender' for the reference period of the agricultural year July 2012-June 2013. The agriculture credit from institutional sources has increased from Rs. 6,07,376 crore in 2012-13 to Rs. 11,62,616.98 crore (provisional) in 2017-18, as reported by National Bank for Agriculture and Rural Development.

(c): There is no proposal under consideration of the Government for setting up of Statutory Debt Relief Commission. However, Government/ RBI has taken several measures to increase institutional credit flow and to bring more and more farmers, within the fold of institutional credit. These measures, inter alia, include the following major steps to provide hassle free crop loan to farmers:-

- Government fixes agriculture credit disbursement targets for the banking sector every year and banks have consistently surpassed these targets. Agriculture credit target for the year 2018-19 has been fixed at Rs. 11 lakh crore.
- 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. A sub-target of 8% is also prescribed for lending to small and marginal farmers including landless agricultural labourers, tenant farmers, oral lessees and share croppers.
- Loan to distressed farmers indebted to non-institutional lenders is an eligible category of farm credit under the Priority Sector Lending (PSL) as per directions issued by RBI
- 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 has since been simplified and 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.
- With a view to ensuring 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 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%.

- 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.
- To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

(d): As per Reserve Bank of India's (RBI) extant guidelines on "Rationalising the Branch Authorisation Policy" dated 18.5.2017, general permission has been granted to domestic Scheduled Commercial Banks (SCBs) (excluding Regional Rural Banks), to open banking outlets at any place in the country without seeking prior approval of RBI in each case, subject to at least 25 percent of the total number of banking outlets opened during a financial year being in unbanked rural centres with population less than 10,000.

As appraised by RBI, as on 30.06.2018, out of total 1,42,857 branches of Scheduled Commercial Banks (SCBs), 50,803 branches are in rural areas.

With a view to increase banking penetration, promote financial inclusion and to provide at least one bank account per household across the country, a National Mission on FI known as Pradhan Mantri Jan Dhan Yojana (PMJDY) is being implemented in the country since August 2014, with the added facility of RuPay debit card having in-built accident insurance cover as well as overdraft facility. As on 26.12.2018, out of total 33.66 crore accounts opened under PMJDY, 19.92 crore (59.18%) are in rural/ semi-urban areas.

To consolidate the gains made through financial inclusion initiatives implemented so far and deepen it further to accelerate the participation of the masses in the economic growth of the country, PMJDY has been extended beyond 14.8.2018 with following modification:

- ❖ Existing Over Draft (OD) limit of Rs. 5,000 revised to Rs. 10,000.
- ❖ There will not be any conditions attached for OD upto Rs. 2,000.
- ❖ Age limit for availing OD facility revised from 18-60 years to 18-65 years.
- ❖ The accidental insurance cover for new RuPay card holders raised from existing Rs.1 lakh to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018.

For opening of accounts under PMJDY, the focus has now been shifted to from "every household to every adult", with added emphasis on usage of accounts by enhancing DBT flows through these accounts, adoption of social security schemes, promoting digital payments through the use of RuPay cards, etc.

Implementation of Pradhan Mantri Jan Dhan Yojana (PMJDY) inter alia focussed on providing banking services in rural areas. To achieve this object, the villages were mapped into 1.59 lakh sub-service areas (SSA) of 1,000 to 1,500 households each. Out of these SSAs, 0.33 lakh are served by bank branches and 1.26 lakh are served by BCs. As allowed by RBI, scope of FI has been further widened by roping in Common Service Centres (CSCs), Fair Price Shops (FPS), Self Help Group members, Gramin Dak Sewaks etc. as BCs to provide banking services throughout the country.