

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

**LOK SABHA**  
**STARRED QUESTION NO. 4**  
TO BE ANSWERED ON THE 11<sup>TH</sup> DECEMBER, 2018

**CHALLENGES FACED BY FARMERS DURING DEMONETIZATION**

\*4. SHRI DINESH TRIVEDI:

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

- (a) whether the Government is cognizant of the fact that farmers could not purchase inputs like pesticides and fertilizers, hire labour for harvest and make cash transfers above Rs. 50,000 to dig a bore well, buy machineries, etc. during the demonetization period;
- (b) if so, the steps taken by the Government to compensate the losses incurred due to the same;
- (c) whether the Government has conducted any study to examine the challenges faced by the farmers without Kisan credit card/agricultural loan credit during demonetization; and
- (d) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI RADHA MOHAN SINGH)

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA  
STARRED QUESTION NO. 4 DUE FOR REPLY ON 11<sup>TH</sup> DECEMBER, 2018.**

(a): When demonetization was announced on 08.11.2016, the sowing season for Rabi 2016-17 was on. Government of India in consultation with the State Governments undertook several steps to ensure that the agriculture sector remains unaffected, grows with the desired pace and farmers are able to obtain the necessary inputs like credit, seeds and fertilizers etc. with ease.

**Performance of Agriculture Sector in the year 2016-17**

The steps taken by Government had a positive impact on the agriculture sector wherein the coverage and production saw a substantial jump over the previous year.

Rabi area in 2015-16 was 612.28 lakh ha which increased to 635.29 lakh ha in 2016-17, i.e. the year of demonetization. Similarly, the total foodgrain production in Rabi 2016-17 increased from 1264.50 lakh tons in 2015-16 to 1367.78 lakh tons in 2016-17 and then to 1441.02 lakh tons in 2017-18.

Crops area covered and production in 2015-16 viz-a-viz 2016-17 reveals that substantial jump was made possible due to a multi-pronged strategy with continuous monitoring adopted by the Government.

**Seeds**

The sale in cash was not affected as Government subsequently allowed for sale of seeds and other inputs through co-operatives, State Governments, public sector undertakings, National or State Seeds Corporations, Central or State Agricultural Universities and the Indian Council of Agricultural Research by accepting purchase through old currency of Rs. 500 and 1000 notes on production of proof of identity.

The total certified/ quality seed sold in the country during 2015-16 was 304.04 lakh quintals, which increased in 2016-17 to 348.58 lakh quintals and in 2017-18 to 352.01 lakh qtls. There is an increase of 44.54 lakh quintals in 2016-17 which is a jump of 14.65%.

### **Fertilizer**

Department of Fertilizers had issued advisory to all State Governments for instructing Cooperatives/Private Retailers/Wholesalers to provide fertilizer on credit and accept all modes of payment mainly credit cards/debit cards/cheques etc. for ensuring fertilizers availability as per demand. Fertilizer suppliers were asked to extend the credit period by one month in addition to the prevailing credit period to their wholesalers/dealers/retailers.

The total sale of fertilizer during November-December 2016 was 99.63 MT as against 92.99 MT in November-December 2015, which is an increase of 7.14%.

### **Machines**

The number of machines purchased by farmers and number of Custom Hiring Centers established under Sub Mission on Agricultural Mechanization (SMAM) during 2015-16 were 87,545 & 268 respectively as compared to 15,1801 & 1,450 respectively during 2016-17. This clearly indicates that the number of machines purchased and number of Custom Hiring Centres was higher in 2016-17.

(b): Does not arise.

(c): No study was conducted since the Govt. took the following steps to ensure that the farmers do not face credit crunch in the wake of demonetization:

i. An additional grace period of 60 days for prompt repayment incentive @ 3% was granted to such farmers whose crop loans were due between 01/11/2016 to 31/12/2016, provided 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) was also granted for all short term crop loan availed by farmers from Cooperative Banks between 01.04.2016 to 30.09.2016 and upfront deposit of the same was done in the accounts of the concerned farmers. For this purpose, an additional resource of Rs.660.50 crore was provided by the Department of Agriculture, Cooperation & Farmers Welfare to NABARD during 2016-17.

iii. To ensure that farmers get adequate cash under the Kisan Credit Card loans, special line of credit was opened for Cooperative banks. For this purpose, NABARD undertook short term borrowing of up to Rs. 20,000 crore at market rate for onward lending to Cooperative Banks at 4.5% p.a. provided, Cooperative Banks made available short term crop loan up to 3.00 lakh to farmers at 7% p.a. This credit line was in addition to funds of Rs. 45,000 crore already made available to Cooperative banks for 2016-17. On this account, the NABARD was provided funds of Rs. 379.70 crore by this Department to meet liabilities towards differential of interest rate of market borrowing and the administrative cost (@ 0.2%) of NABARD . Additional amount of Rs. 17,880 crore was thus provided through this additional credit line by NABARD to Cooperative Banks during January to March, 2017.

iv. Following the directions of Ministry of Finance, this Department extended the cut-off date for submission of premium by farmers for certain States under Pradhan Mantri Fasal Bima Yojana (PMFBY) and Weather Based Crop Insurance Scheme (WBCIS) on case to case basis during 2016-17. Further, for the States whose cut off dates were lying between 15.12.2016 to 31.12.2016, this cut-off date was extended upto 10.01.2017 under PMFBY for payment of premium by farmers.

The analysis of agricultural credit flow for the period from 2014-15 to 2017-18, indicates that demonetization did not affect the agricultural credit flow at all. On the contrary,

the agricultural credit flow target has consistently been surpassed by the Banks and the achievement vis-à-vis target was 118% and 116.85% for 2016-17 and 2017-18 respectively. The growth rate of agriculture credit of 2016-17 over 2015-16 stood at 16.45% and that of 2017-18 over 2016-17 at 9.64%.

### **Cash Withdrawal Measures Taken by Government**

- The Farmers were permitted to draw upto Rs.25,000 per week in cash from their Know your Customer(KYC) compliant accounts subject to the normal loan limits and conditions. This facility was also applicable to the Kisan Credit Cards (KCC).
- The farmers who received payments in their bank accounts through cheque/RTGS for sale of their produce in the APMC markets /mandis were permitted to draw upto Rs.25,000 per week in cash.
- Traders registered with APMC markets/mandis were permitted to draw up to Rs.50,000/- per week in cash from their KYC compliant accounts as in the case of business entities. This enabled these traders to pay wages and facilitate easy loading, unloading and other activities at the mandis.
- For online purchase of inputs like seeds, fertilizer, the farmers could purchase agricultural inputs from dealers and payment made through National Electronic Fund Transfer (NEFT) Kisan Card, ATM Card of farmers etc. State Governments are also encouraging input dealer to be equipped with point of sale (POS) machine to receive payment from farmers as against purchase of agricultural inputs.
- The Department through its many organizations viz. Cooperative Banks, including Urban Cooperative Banks and Multi-State Cooperative Banks, RRBs, IFFCO, KRIBCO, NABARD, National Seed Corporation, Mother Dairy NAFED, Krishi Mandies

etc. organized training and awareness camps for farmers, dealers and retailers and disseminated information through posters and pamphlets in regional language for promotion of cashless transaction, opening of Mobile account, use of Rupay card, Debit Card, use of PoS (Point of Sale Machine), promotion of digital payment between farmers etc.

(d): Question does not arise.

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