

Government of India  
Ministry of Finance  
Department of Financial Services

LOK SABHA

Unstarred Question No. 761

To be answered on Friday, December 14, 2018/Agrahayana 23, 1940 (Saka)

**Debt Burdened Farmers**

**Question**

761. SHRI K.R.P.PRABAKARAN:

Will the Minister of FINANCE be pleased to state:

(a) whether the debt burden of farmers is higher than the average per capita income and if so, the details thereof along with the reasons for such high indebtedness of the farmers;

(b) whether any assessment has been made with regard to the debt burden of the farmers and also the quantum of loans taken by the farmers from private money lenders and if so, the details thereof during the last three years and the current year, State-wise;

(c) whether the Government has any plan/package to bail out the indebted farmers and rescue them from the private money lenders; and

(d) if so, the details thereof along with the steps taken by the Government to wipe out the debt burden of the farmers?

**Answer**

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

(a) & (b): As per the provisional estimates of National Income for the financial year 2017-18 released by the Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation, the per capita income at current prices during 2017-18 is estimated to be at the level of Rs.1,12,835. National Sample Survey Office (NSSO) conducted Situation Assessment Survey (SAS) of Agricultural Households during NSS 70<sup>th</sup> round (January, 2013-December 2013) in the rural areas of the country for the reference period of the agricultural year July 2012-June 2013. Based on the results of the survey, estimated average amount of outstanding loan per agricultural household as on date of the Survey was Rs.47,000/-. The Survey estimated that at all-India level, 25.8 percent of the loans were sourced from 'agricultural/professional money lender'. State-wise details are given at Annexure.

(c) & (d): The Central Government has, inter alia, taken the following major initiatives to reduce the debt burden of farmers and for development of agriculture and welfare of farmers:

- 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, in order to discourage distress sale by farmers and to encourage them to store their produce in warehouses against warehouse receipts, the benefit of interest subvention scheme has been extended to small and marginal farmers having Kisan Credit Card for a further period of up to six months post-harvest on the same rate as

available to crop loan against negotiable warehouse receipt for keeping their produce in Warehouses accredited by Warehousing Development Regulatory Authority (WDRA).

- Under the aforesaid interest subvention scheme, to provide relief to farmers affected by natural calamities, the interest subvention on crop loan continues to be available to banks for the first year on the restructured amount. Such restructured loans may attract normal rate of interest from the second year onwards as per policy laid down by the Reserve Bank of India (RBI).
- 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. In addition, 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.
- 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)

**Annexure to Lok Sabh USQ 761 for 14.12.2018**

**Details of Average outstanding Loan per agricultural households taken from 'Agricultural/ Professional Money lender'**

State	Approximate average amount of outstanding loan* per agricultural household (Rs)	Average outstanding Loan per agricultural households taken from 'Agricultural/ Professional Money lender' (Rs)
(1)	(2)	(3)
Andhra Pradesh	123400	61032
Arunachal Pradesh	5400	299
Assam	3400	127
Bihar	16300	8360
Chhattisgarh	10200	2375
Gujarat	38100	2498
Haryana	79000	16805
Himachal Pradesh	28000	418
Jammu & Kashmir	12200	386
Jharkhand	5700	1477
Karnataka	97200	20164
Kerala	213600	4775
Madhya Pradesh	32100	7774
Maharashtra	54700	2727
Manipur	6100	1211
Meghalaya	1400	32
Mizoram	2900	-@
Nagaland	600	-@
Odisha	28200	2668
Punjab	119500	17924
Rajasthan	70500	30921
Sikkim	9900	-@
Tamil Nadu	115900	29597
Telangana	93500	56362
Tripura	5000	118
Uttarakhand	35600	2299
Uttar Pradesh	27300	6125
West Bengal	17800	3142
Group of UTs	47700	3339
<b>all-India</b>	<b>47000</b>	<b>12130</b>

\* (i) Information on loan included all kinds of outstanding loans irrespective of the purpose for which loans were taken.

(ii) Outstanding loan of the agricultural households as on the date of survey i.e; the day on which the data was collected from individual households

@ Figures are negligible or with insufficient sample size

**Source : NSSO**