

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. 1037
To be answered on Friday, February 8, 2019/Magha 19, 1940 (Saka)
Relief to Natural Calamity affected Farmers

1037. SHRIMATI PRATYUSHA RAJESHWARI SINGH:
DR. A. SAMPATH:

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government/ Reserve Bank of India (RBI) has issued guidelines for relief measures including interest free agricultural loans to the farmers affected by drought and considers any special scheme of giving loans to the recent flood affected farmers of Kerala and if so, the details thereof;

(b) whether the benefits of scheme have also been provided to farmers in the States/UTs particularly drought hit Kandhamal region of Odisha and flood affected Kerala and if so, the details thereof along with the funds disbursed to the States/ UTs during each of the last three years and the current year, State/UT-wise; and

(c) the steps taken/being taken by the Government to expedite the identification and sanction of loan to the farmers?

Answer

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

(a) to (c): 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. 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 from 50% to 33% crop loss in line with the National Disaster Management Framework. Banks have also been advised not to insist for additional collateral security for restructured loans.

With a view to ensuring availability of agriculture credit at a reduced interest rate, 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, which provides interest subvention of 2% per annum to Banks on use of their own resources, and, an additional 3% incentive to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%. Under the aforesaid interest subvention scheme, to provide relief to farmers affected by natural calamities, the interest subvention (2%) on crop loan continues to be available to banks for the first year on the restructured amount. Such restructured loans may however, attract normal rate of interest from the second year onwards as per policy laid down by the Reserve Bank of India (RBI).

In order to provide relief to the farmers affected due to severe natural calamities, the Government in DAC&FW has decided that interest subvention of 2% per annum will be made available to banks for first three years/entire period (subject to a maximum of five years) on the restructured loan amount, and in all such cases the benefit of prompt repayment incentive at 3% per annum shall also be provided to the affected farmers. The grant of such benefits in cases of severe natural calamities shall, however, be decided by a High Level Committee (HLC) based on the recommendation of Inter-Ministerial Central Team (IMCT) and Sub Committee of National Executive Committee (SC-NEC).

State Level Bankers' Committee (SLBC), Kerala has informed that the banks in Kerala have restructured a total agricultural loan of Rs. 940.9 crore in 25869 accounts upto December, 2018 during 2018-19. SLBC, Odisha has reported that a total loan amount of Rs. 82.27 crore was restructured in 14000 accounts in 2017-18 due to natural calamities.

The Government of India/ Reserve Bank of India (RBI)/ National Bank for Agriculture and Rural Development (NABARD) have, inter alia, taken the following major initiatives for providing hassle free crop loans to farmers :-

- Government fixes agriculture credit disbursement targets for the banking sector every year and banks have consistently surpassed these targets.
- 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.
- 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 purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and draw cash to satisfy their agricultural and consumption needs. The KCC Scheme has since been simplified and converted into 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.
- Under the Kisan Credit Card (KCC) Scheme, a flexible limit of Rs. 10,000 to Rs. 50,000 has been provided to marginal farmers (as Flexi KCC) based on the land holding and crops grown including post harvest warehouse storage related credit needs and other farm expenses, consumption needs, etc., plus small term loan investments without relating it to the value of land.
- RBI has conveyed to Banks to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-. Banks were advised by the RBI to dispense with the requirement of 'No Due Certificate' for small loans up to Rs.50,000/- to small and marginal farmers, share-croppers and the like and, instead, obtain self-declaration from the borrower.
- To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.