

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA

Unstarred Question No. 2462

Answered on Monday, December 18, 2023/Agrahayana 27, 1945 (Saka)

LOAN BORROWED BY FARMERS

2462. SHRI RAJMOHAN UNNITHAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that farmers are unable to get loan of even a small amount of 10,000 rupees due to poor CIBIL score forcing them to commit suicide;
- (b) if so, the steps taken by the Government to exclude loans up to one lakh taken by farmers for agricultural purpose from CIBIL score; and
- (c) whether farmers will be allowed overdraft of Rs. 1 lakh for the same Aadhaar card, if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) to (c): RBI vide their circular dated June 27, 2014, has advised banks and financial institutions to include in their credit appraisal processes/loan policies, suitable provisions for obtaining Credit Information Reports (CIR) from one or more Credit Information Companies (CICs) so that the credit decisions are based on information available in the system.

Further, RBI vide Circular dated February 7, 2019 raised the limit for collateral-free agriculture loans from Rs. 1 lakh to Rs. 1.6 lakh.

Department of Financial Services vide its letter dated 04.02.2019 has issued advisory to all the banks to waive the processing, documentation, inspection, ledger folio charges and all other service charges for KCC/crop loans upto Rs. 3 lakh, keeping in view the hardship and financial distress of small and marginal farmers.

The Kisan Credit Card (KCC) Scheme ensures easy credit access for various farmer categories, including owner cultivators, tenant farmers, sharecroppers, and more. The KCC scheme provides for issue of ATM enabled RuPay Debit Card, inter alia, with facilities of one-time documentation, built-in cost escalation in the limit, and any number of drawals within the limit, etc. The KCC facility itself is an overdraft facility from which withdrawals can be made through RuPay Debit Card upto the sanctioned limit.

As also informed by banks, crop loans are assessed based on the land area, crops grown and scale of finance decided by the District Level Technical Committee (DLTC)/ State Level Bankers' Committee (SLBC). No guideline for providing overdraft facility against Aadhaar card is available. However, after restructuring of existing KCC loans due to bad weather, etc., as decided by State Govt. / SLBC, farmers are further allowed to take need based loans as per eligibility criteria of the Bank.
