

Government of India
Ministry of Finance

LOK SABHA

UNSTARRED QUESTION NO-2286

ANSWERED ON 02.12.2019/ AGRAHAYANA 11, 1941 (SAKA)
LOAN TO FARMERS BY MONEY LENDERS

2286. SHRI UNMESH BHAIYYASAHEB PATIL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any survey to find out the amount of loan taken by farmers from money lenders in the country;
- (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 STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) to (d): The National Sample Survey Organisation (NSSO) conducted a Situation Assessment Survey (SAS) of Agricultural Households in the rural areas of the country, during NSS 70th round (January, 2013-December 2013). The Survey estimated that at all India level, about 40 percent of loan by agricultural households was taken from non-institutional sources, which included employer/landlord, agricultural/professional money lender, shop-keeper/trader, friends, relatives and others.

The Government of India/ Reserve Bank of India (RBI)/ NABARD have, inter alia, taken the following major initiatives for providing hassle free crop loans to farmers and to meet the financial needs and the welfare of the people engaged in agriculture sector:-

- Government fixes agriculture credit disbursement targets for the banking sector every year and banks have consistently surpassed these targets. Details of achievement made in respect of agriculture credit flow during the last three years as reported by NABARD is as under:

	Year	(Amount in crore) Achievement
	2016-17	10,65,755.67
	2017-18	11,62,616.98
	2018-19	12,54,762.20*

Source NABARD(*Provisional)

- 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 implements an interest subvention scheme for short term crop loans up to ` 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%.
- 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. Similarly, in the case of Regional Rural Banks 18% of their total outstanding advances is required to be towards agriculture and a sub-target of 8% has been set for lending to small and marginal farmers.

- 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 KCC Scheme, a flexible limit of `10,000 to `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.
- The benefits of KCC along with interest subvention have been extended to Animal Husbandry and Fisheries farmers.
- To enhance coverage of small and marginal farmers in the formal credit system, RBI has decided to raise the limit for collateral-free agriculture loans from `1 lakh to `1.6 lakh.
- The requirement of 'no due' certificate has also been dispensed with for small loans up to `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.
- Pradhan Mantri KISAN SAMman Nidhi (PM-KISAN) scheme has been implemented to provide an assured income support to all farmers, irrespective of the size of their land holdings subject to the exclusion factor. Under this scheme direct income support @ of `6,000 per year will be transferred directly into the bank accounts of beneficiary farmers, in three equal installments of `2,000 each.
- 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.
- 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)
 - (iii) National Mission For Sustainable Agriculture (NMSA)
- Pradhan Mantri Kisan Maan-Dhan Yojana (PM-KMY) has been launched as a voluntary and contributory old age pension scheme for all land holding small and marginal farmers for entry age group of 18 to 40 years. The scheme provides for an assured monthly pension of `3000 per month, to the eligible beneficiaries of the scheme, on their attaining the age of 60 years.
