

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

**LOK SABHA**  
**UNSTARRED QUESTION NO.2474**  
TO BE ANSWERED ON THE 3<sup>RD</sup> DECEMBER, 2019

**AGRICULTURAL LOANS**

2474. SHRI SUMEDHANAND SARASWATI:  
SHRI BALAK NATH:

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

- (a) the details of schemes being formulated/run by the Government for disbursement of loans to farmers including loans for various agricultural operations;
- (b) the total amount of loan disbursed to the farmers under agricultural schemes through various banks;
- (c) the minimum rate of interest on loan disbursed to farmers for agriculture and agricultural tools/implements; and
- (d) the other steps taken or being taken by the Government for easy disbursement of loans to farmers?

**ANSWER**

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (d): 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 and to meet the financial needs and the welfare of the people engaged in agriculture sector:-

- (i) 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.
- (ii) 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 and current year as reported by NABARD is as under:

(Amount in crore)

S. No.	Year	Achievement
1.	2016-17	10,65,756.67
2.	2017-18	11,62,616.98
3.	2018-19	12,56,829.62
4.	2019-20	6,96,925.16*

\* As on 30 September, 2019

(iii) 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. KCC facility has been extended to fisheries and animal husbandry farmers to help them meet their working capital needs. The KCC facility will help fisheries and animal husbandry farmers to meet their short term credit requirements of rearing of animals, poultry birds, fish, shrimp, other aquatic organisms and capture of fish.

(iv) Under the 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.

(v) 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 Rs.1.00 lakh to Rs.1.60 lakh.

(vi) The requirement of 'No Dues Certificate' has also been dispensed with for small loans up to Rs.50,000 to small and marginal farmers, share-croppers and the like and, instead, only a self-declaration from the borrower is required. Directions have been issued to waive off processing fee, inspection, ledger folio charges and all other service charges for loans upto Rs.3.00 lakh. KCC is to be issued within 14 days from the receipt of completed application.

(vii) With a view to ensure availability of agriculture credit at a reduced interest rate of 7% p.a. to the farmers, an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh is implemented. 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).

(viii) Further, in order to provide relief to the farmers affected due to severe natural calamities, interest subvention of 2% per annum are 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 are provided to the affected farmers. The grant of such benefits in cases of severe natural calamities are 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).

(ix) 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.

(x) To develop marketing infrastructure including storage infrastructure facilities in rural areas, Government implements capital investment subsidy scheme namely 'Agricultural Marketing Infrastructure (AMI)', which is a sub-scheme under the Integrated Scheme for Agricultural Marketing (ISA). AMI scheme is a back ended credit lined capital subsidy scheme in which rate of subsidy provided is 25% and 33.33% based on the category of eligible beneficiary and provided on capital cost of the project. Assistance under the sub-scheme is available to individuals including farmers, Group of farmers/growers, Registered Farmers Produce Organisations (FPOs), Cooperatives and State agencies etc.

(xi) The Cabinet Committee on Economic Affairs (CCEA) approved on 16<sup>th</sup> May, 2018 for creation of corpus of Rs.5,000 crore for Micro Irrigation Fund (MIF) with NABARD for the year 2018-19 and 2019-20. The objectives of the funds is to facilitate the States in mobilizing the resources for expanding coverage of Micro Irrigation by taking up special and innovative projects and also for incentivising micro irrigation beyond the provisions available under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)- Per Drop More Crop (PDMC) to encourage farmers to install micro irrigation systems. The Steering Committee has approved Grant of Loan of Rs.616.14 core by NABARD from MIF as a Top Subsidy (Additional State Share) to the Government of Andhra Pradesh during 2019-20.

(xii) The Pradhan Mantri Jan-Dhan Yojana (PMJDY) provides access to financial services to people at an affordable cost. The Yojana envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. Under PMJDY, an overdraft facility upto Rs.5,000/- after satisfactory operation in the account for six months can be provided to account

(xiii) NABARD provides Short Term refinance support to Rural Financial Institutions (RFIs) to meet the production and working capital needs of farmers, weavers, artisans etc., and channelizing ground level credit towards agriculture and allied activities. NABARD extends Long Term Refinance support to RFIs for asset creation and Capital Formation. Long Term Refinance is available for both farm and non-farm activities. It also provides Medium Term Conversion (MT-C) Refinance Support to State Cooperative Banks (StCBs) and Rural Regional Banks (RRBs) in order to provide relief to farmers distressed from crop damage due to natural calamities.

(xiv) NABARD is supporting development of ground level institutions like Self Help Groups (HGs), Farmers' Club, Joint Liability Groups (JLGs), and FPOs for ensuring better access to institutional credit.

(xv) To augment flow of credit to farmers, especially landless farmers such as tenant farmers, oral lessees, share croppers etc. for taking up farm activities, NABARD has piloted and developed another bank credit product i.e. JLGs. The JLGs facilitate hassle free credit to farmers both for short and long term purposes without collateral through the banking system. The product relies on mutual guarantee of clients. It serves as a substitute for collateral for loans, minimises the risk in the loan portfolio for the banks, reduces the transaction cost.

(xvi) NABARD has promoted more than 4000 FPOs since 2014-15, covering 29 states & appx. 9 lakh farmers to help in overcoming the challenges of high transaction costs, security stipulations of loans and also support smallholders in gaining access to markets, public services, better price etc. through collective action.

(xvii) NABARD has encouraged and supported the process of bringing RRBs and Rural Co-operative Banks onto Core Banking Solution (CBS) platform. NABARD is also involved in providing support to RRBs and CBS-enabled cooperatives for adopting Information and Communications Technology (ICT) solutions to extend their outreach and services to farmers of rural area. This is also supported by providing support to Banks for setting up Financial Literacy Centres (FLCs) and strengthening Rural Self Employment Training Institutes (RSETIs).