

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA

Unstarred Question No. †1189

Answered on Monday, July 25, 2022/Sravana 3, 1944(Saka)

LOAN TO FARMERS

†1189. SHRI OMPRAKASH BHUPALSINH ALIAS PAWAN RAJENIMBALKAR:
SHRIMATI BHAVANA PUNDALIKRAO GAWALI:
SHRI KRUPAL BALAJI TUMANE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to offer interest-free loans or loans at very nominal interest rates to the farmers across the country and if so, the details thereof;
- (b) whether the Government proposes for declaration of loan waiver as done earlier;
- (c) if so, the details thereof and if not, the reasons therefor;
- (d) the details of the measures taken on the lines of Loan Waiver or Loan Relief Schemes to address the agriculture crisis; and
- (e) if so, the details thereof and if not, the reasons therefor?

Answer

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

(a) to (e): With a view to ensure availability of agriculture credit at affordable rate, the Government of India in the Department of Agriculture and Farmers' Welfare (DA&FW) is implementing an interest subvention scheme under which short term crop loans up to Rs. 3.00 lakh are provided at 7% per annum. Also, additional interest subvention of 3% per annum is provided to farmers making timely repayment, thereby, reducing effective rate of interest to 4% per annum. This facility is also available to farmers engaged in Animal Husbandry & Fisheries farmers for working capital loan upto Rs. 2 lakh.

There is no proposal under consideration of the Union Government to waive off loans of farmers. However, the Government of India/ RBI, have *inter-alia*, taken the following major initiatives for welfare of farmers and to reduce their debt burden.

- 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 lakh to Rs. 1.6 lakh.
- 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 been reduced from 50% to 33% crop loss in line with the National Disaster Management Framework. Banks have been advised not to insist for additional collateral security for restructured loans.

- In order to discourage distress sale by farmers and to encourage them instead to store their produce in warehouse, the benefit of interest subvention is available to small and marginal farmers having Kisan Credit Card (KCC) for a further period of six months post the harvest of the crop on the produce stored in warehouse accredited with Warehousing Development Regulatory Authority (WDRA) against negotiable warehouse receipts, at the same rate as is available on agriculture loan.
- Under the interest subvention scheme, to provide relief to farmers affected by natural calamities, an interest subvention of 2% per annum is available to banks for the first year on the restructured loan amount. Such restructured loans attract normal rate of interest from the second year onwards as per the extant policy laid down by the RBI.
- To provide relief to the farmers affected due to severe natural calamities, an interest subvention of 2% per annum is available to banks for first three years/entire period (subject to maximum of five years) on the restructured loan amount. Further, in all such cases, the benefit of prompt repayment incentive @ 3% per annum shall also be provided to the affected farmers.
- 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 Rs. 6,000 per year is being transferred directly into the bank accounts of beneficiary farmers, in three equal installments of Rs. 2,000 each.
