Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
STARRED QUESTION NO. †*331
ANSWERED ON MONDAY, MARCH 24, 2025/ 3 CHAITRA, 1947 (SAKA)
Denial of Loans to Farmers due to Low CIBIL Score

†*331. Shri Sanjay Haribhau Jadhav:
Shri Omprakash Bhupalsinh *Alias* Pavan Rajenimbalkar:

Will the Minister of FINANCE be pleased to state:
(a) whether farmers are being denied loan facilities by the nationalised banks due to low CIBIL score while disbursing crop loans;
(b) whether the Government has carried out any investigation or taken any cognizance of the said practice and if so, the details thereof;
(c) whether any difficulties are being faced by the farmers in taking loans after settling the previous loans, if so, the reasons therefor;
(d) the instructions issued/proposed to be issued by the Government to the said banks regarding disbursal of loans to the farmers;
(e) whether the students have been asked to mortgage non-agricultural property for availing education loan from banks which deprives students from availing loan facilities and if so, the reasons therefor; and
(f) the steps taken/likely to be taken by the Government to discontinue the above practices by banks?

ANSWER
THE FINANCE MINISTER

(Smt. Nirmala Sitharaman)

(a) to (f): A statement is laid on the Table of the House.

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Statement referred in reply to parts (a) to (f) of Lok Sabha Starred Question No. †*331 to be answered on 24.03.2025 regarding Denial of Loan to Farmers Due to Low CIBIL Score by Shri Sanjay Haribhau Jadhav and Shri Omprakash Bhupalsinh *Alias* Pavan Rajenimbalkar:

(a) and (b): RBI circular dated June 27, 2014 on 'Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures' states that banks are required 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.

The CIC information is referred for due diligence purpose and is taken in to account in such cases where there is a default on the part of the borrower in any other lending institution.

(c) and (d): To provide hassle free access to affordable credit to the farmers, 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. Further, RBI vide its notification dated 06 December 2024 "Credit Flow to Agriculture – Collateral free agricultural loans" has raised the limit for collateral-free agriculture loans from Rs. 1.6 lakh to Rs. 2 lakh.

Even in cases of closure of the loan accounts under one-time settlement/compromise settlement, farmers are made eligible for taking fresh loans after a cooling period as per Board approved policies of the banks.

(e) and (f): All Scheduled Commercial Banks (SCBs) have been advised by Reserve Bank of India to adopt Model Education Loan Scheme (MELS), 2022 (last amended on 21.3.2024), formulated by Indian Banks' Association (IBA). The scheme inter-alia provides that no collateral security/third-party guarantee is required for loans amount up to Rs. 7.50 lakhs as Credit Guarantee coverage is extended under the `Credit Guarantee Fund Scheme for Education Loan' (CGFSEL) by Government of India. Further, Public Sector Banks (PSBs) also provide collateral free loans beyond Rs.7.50 lakhs, on case to case basis as per their Board approved policies.

Moreover, PM Vidyalaxmi scheme has been launched on 06.11.2024, which enables loans through banks to meritorious students so that financial constraints do not prevent any youth of India from pursuing quality higher education. The scheme facilitates and enables education loans to meritorious students who get admission in the top 860 Quality Higher Educational Institutions (QHEIs) in the country and enables collateral free, guarantor free education loans through a simple and transparent application process.

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