

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 451

ANSWERED ON MONDAY, FEBRUARY 02, 2026/MAGHA 13, 1947 (SAKA)

Debt Burden on Farmers and Small Traders

†451. SHRI SATPAL BRAHAMCHARI:

SHRI JAI PARKASH:

SHRI NALIN SOREN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that debt burden on farmers, small traders and common families in Haryana and Jharkhand is continuously rising due to which they are getting trapped in debt trap, if so, the details thereof;
- (b) whether it is a fact that stringency or strictness in recovery of loans disbursed by banks and non-banking financial institutions and the increasing influence of informal moneylenders are creating social and economic problems, if so, the details thereof;
- (c) the increase in total agriculture, MSME and personal loans in Haryana and Dumka in Jharkhand from 2019 till date;
- (d) whether any special scheme like interest subsidy, restructuring or debt counselling has been launched by the Government to provide relief from debt trap and if so, the details thereof; and
- (e) the action plan of the Government to enhance financial literacy and ensure disbursement of loans in the legitimate manner in the State?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (c) Government of India has taken several initiatives to facilitate access to formal and affordable institutional credit, thereby helping reduce dependence on informal sources and easing the debt burden on borrowers. Such credit enables borrowers to meet capital expenditure, working capital, and essential personal needs, supporting livelihood enhancement and productivity. Further, credit is extended by financial institutions strictly as per eligibility, assessed requirements, and informed consent, ensuring responsible lending and financial inclusion. Recovery of loans by banks is carried out in accordance with the guidelines issued by the Reserve Bank of India (RBI) and the policies approved by the respective Boards of banks. As informed by the State Level Bankers' Committees (SLBCs) of Haryana and Jharkhand, no instances of illegitimate recovery practices by banks have been reported.

The data pertaining to agriculture, MSME and personal loan outstanding since 2019 in the state of Haryana and Dumka district of Jharkhand is furnished in the **Annexure**.

(d) and (e) The Government has taken several measures to reduce the debt burden of farmers majorly through promoting access to formal and affordable sources of finance which inter-alia include:

- Kisan Credit Card (KCC) provides farmers with timely and affordable credit for purchasing agricultural inputs such as seeds, fertilizers, and pesticides, as well as for meeting cash requirements related to crop production and allied activities. In 2019, KCC scheme was extended to cover working capital requirement of animal husbandry, dairying and fisheries.
- The Government of India's Modified Interest Subvention Scheme (MISS) offers short-term agricultural loans to farmers at a concessional interest rate of 7% through Kisan Credit Cards (KCC), with banks receiving a 1.5% interest subvention. Farmers who repay promptly receive an additional 3% incentive, effectively reducing their interest rate to just 4%.
- The limit for collateral free short-term agricultural loans, including loans for allied activities, has been raised from Rs.1.60 lakh to Rs.2.00 lakh per borrower by RBI w.e.f 01 January 2025. This move enhances credit accessibility, particularly for small and marginal farmers (over 86% of the sector), who benefit from reduced borrowing costs and the removal of collateral requirements.
- In order to bring awareness about the benefits of the KCC scheme among farmers, Union/State Governments, RBI, NABARD and Banks conduct various awareness programmes and IEC (Information, Education and Communication) campaigns. Further, Government of India launched KCC Saturation Drive under Atma Nirbhar Bharat Abhiyan to provide KCC to all eligible farmers. Further, to expand the benefits of the Kisan Credit Card (KCC) to all eligible farmers engaged in Animal Husbandry, Dairy, and Fisheries (AHDF) nationwide district level weekly camps were also organized.
- Financial Literacy and awareness programmes are also conducted through Centre for Financial Literacy (CFL), Financial Literacy Camps (FLCs) which are set-up by RBI and banks respectively. Besides this, RBI also conducts Financial Literacy Week (FLW) every year to propagate the message of financial education on various themes among members of the public across the country.
- The Reserve Bank of India (RBI) allows banks to extend relief to distressed borrowers through various mechanisms such as loan restructuring, one-time settlement, compromise settlements etc. In addition, RBI has issued Master Directions on 17 October 2018 on relief measures by banks in areas affected by natural calamities, which, inter alia, provide for restructuring of loans by banks.

Annexure referred to in part (a) to (c) of Lok Sabha Un-Starred Question no. 451 on “Debt Burden on Farmers and Small Traders” answered on 02.02.2026

Details of Agriculture, MSME and Personal Loans Outstanding

(Amount in Rs. crore)

As on year end date	Haryana-State			Jharkhand-Dumka District		
	Agriculture	MSME	Personal Loans	Agriculture	MSME	Personal Loans
31 March 2019	65310	67518	-	749.42	-	-
31 March 2020	65983	68838	-	795.94	524.98	-
31 March 2021	68205	70234	-	369.04	639.16	-
31 March 2022	75559	95070	-	443.33	432.71	285.52
31 March 2023	83687	116994	18241	471.20	465.05	102.83
31 March 2024	91464	147002	22552	570.09	548.70	133.10
31 March 2025	97043	174027	27481	669.38	659.33	139.54
30 September 2025	99471	194174	29255	718.52	727.03	144.94

Source: SLBC, Haryana and SLBC, Jharkhand