

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 4960
ANSWERED ON MONDAY, 23 MARCH, 2026/CHAITRA 02, 1948 (SAKA)

Debt burden in Uttar Pradesh

+4960. SHRI SANATAN PANDEY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that the debt burden on farmers, small businesses and ordinary families in Uttar Pradesh is continuously increasing due to which they are getting trapped in the debt traps, if so, the details thereof;
- (b) whether it is a fact that the stringency in recovery of loans by banks and non-banking financial institutions and the growing influence of informal moneylenders are causing social and economic problems, if so, the details thereof;
- (c) the details of the growth in total agricultural, MSME and personal loans in Uttar Pradesh since the year 2017 till date;
- (d) whether the Government has implemented any special scheme such as interest subsidy, restructuring or credit/debt counselling to provide relief from debt traps, if so, the details thereof; and
- (e) the future work-plan of the Government to increase financial literacy and ensure responsible credit distribution in the said 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 on the basis of 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 State Level Bankers' Committee (SLBC) Uttar Pradesh, no cases of strictness in recovery of loans disbursed by banks and non-banking financial institutions and increasing influence of informal money lenders has been reported.

The data pertaining to agriculture, MSME and personal loans outstanding since 2017 in the state of Uttar Pradesh is furnished in the Annexure.

(d) and (e) The Government and RBI have 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 ₹1.60 lakh to ₹2.00 lakh per borrower by RBI w.e.f 01 January 2025. This move enhances credit accessibility, particularly for small and marginal farmers (comprising over 86% of the total farmers), 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 a 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.
- All Scheduled Commercial Banks have been mandated by RBI not to accept Collateral Security in case of loan up to ₹10 lakh extended to units in the Micro and Small Enterprises (MSE). As per RBI circular dated 9th February 2026, this limit stands increased to ₹ 20 lakh from 1st April, 2026.
- To improve the flow of credit to the unserved and underserved sectors of the economy, including the MSME Enterprises, RBI has introduced "Co-Lending Model" (CLM) under 'Priority Sector Lending' wherein banks are permitted to co-lend with all registered NBFCs (including Housing Finance Companies) based on a prior agreement.
- 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*, provides for restructuring of loans by banks.

Annexure referred to in part (a) to (c) of Lok Sabha Un-Starred Question no. 4960 on “Debt burden in Uttar Pradesh” answered on 23.03.2026

Details of Agriculture, MSME and Personal Loans Outstanding

(Amount in Rs. crore)

As on year end date	Uttar Pradesh-State		
	Agriculture	MSME	Personal Loans
31 March 2017	1,33,923	85,117	NA
31 March 2018	1,36,916	97,052	NA
31 March 2019	1,47,060	1,13,570	NA
31 March 2020	1,59,092	1,26,233	NA
31 March 2021	1,76,611	1,38,161	NA
31 March 2022	1,90,133	1,57,630	51,678
31 March 2023	2,07,767	1,68,617	47,162
31 March 2024	2,31,537	2,06,670	60,802
31 March 2025	2,47,499	2,48,427	75,288
31 December2025	2,52,889	2,89,766	83,202

Source: SLBC Uttar Pradesh

NA – Not Available