

Government of India  
Ministry of Finance  
Department of Financial Services

LOK SABHA  
Unstarred Question No. 3419  
To be answered on December 18, 2015/Agrahayana 27, 1937 (*Saka*)  
**Short Term Crop Loan**

**Question**

3419. SHRI DHANANJAY MAHADIK:  
SHRI SATAV RAJEEV:  
SHRIMATI SUPRIYA SULE:  
SHRI MOHITE PATIL VIJAYSINH SHANKARRAO:  
SHRI JANAK RAM:  
SHRI S.P. MUDDAHANUME GOWDA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Public Sector Banks (PSBs)/NABARD have any policy for providing crop loans to farmers and if so, the details thereof along with the interest rate charged on these loans during the last three years and the current year, bank and State-wise;
- (b) whether the crop loans were available timely for the farmers during the said period and if so, the details thereof;
- (c) whether the Government has prepared to give subsidy on short term loan taken and if so, the details thereof;
- (d) whether the Government has received any complaints against banks for not disbursed loans to farmers and if so, the details thereof, bank and State-wise;  
and
- (e) the corrective steps taken/being taken by the Government against the banks/ officials and also to protect the small and marginal farmers in the country?

**Answer**

The Minister of State in the Ministry of Finance  
(Shri Jayant Sinha)

(a) to (c) As per Reserve Bank of India (RBI)'s extant guidelines on Priority Sector Lending (PSL), banks are required to lend 18% of their Adjusted Net Bank Credit (ANBC) or credit equivalent amount of off- balance sheet exposure, whichever is higher, to Agriculture Sector. Considering the primary role of agriculture in the economy, the Government has also been fixing agriculture credit disbursement targets for the banking sector every year and banks have consistently surpassed these targets.

The interest rate on loans has been deregulated by RBI and it is now linked to the Base Rate fixed by the banks. However, with a view to ensuring availability of agriculture credit at an affordable cost, the Government provides interest subvention to make available the short term crop loans upto Rs 3 lakh for a period of one year at the interest rate of 7% per annum and in case of timely repayment the same gets reduced to 4%.

In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card Scheme, which enables them to purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. and draw cash to satisfy their consumption needs. The KCC Scheme has since been simplified which has the provision of ATM enabled 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.

As has been indicated above the short term crop loans upto Rs 3 lakh are subsidized in the form of interest subvention given by the Government.

(d)&(e) Specific complaints regarding non-disbursal of agricultural loans have not come to the notice of Government. However, If any complaint against any bank with regard to agriculture credit is received, the matter is immediately taken up by the Government/RBI with the concerned bank for remedial action.

Some of the major steps taken by the Government/RBI in order to ensure hassle-free credit to small and marginal farmers, are as under:

- Under the Interest Subvention Scheme of Government, post-harvest loans against Negotiable Warehouse Receipts (NWRs) provided by banks to Small Farmers/Marginal Farmers having Kisan Credit Card (KCC), are also available at the interest rate of 7% per annum for a period of upto six months, in order to discourage distress sale of produce by small and marginal 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.
  - Banks have been advised by Reserve Bank of India (RBI) to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-.
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