Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. †516
To be answered on February 26, 2016/ 7 Phalguna, 1937 (Saka)

Debt Burdened Farmers

†516. SHRI SADASHIV LOKHANDE:

Will the Minister of FINANCE be pleased to state:

(a) the per capita loan burden in the country as on date;

(b) the amount spent on the interest of loan so far during the last three years and the current financial year; and

(c) the measures taken by the Government to reduce this burden?

Answer

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

(a): National Sample Survey Organisation (NSSO) conducted Situation Assessment Survey (SAS) of Agricultural Households during NSS 70th round (January, 2013- December 2013) in the rural areas of the country for the reference period of the agricultural year July 2012- June 2013. Based on the results of the survey, estimated average amount of outstanding loan per agricultural household as on the date of the survey was Rs.47,000/-.

(b)&(c): Data relating to amount spent on the interest on loans taken by farmers is not maintained. In order to ameliorate the ill-effects of non-institutional indebtedness of farmers and increase the availability of hassle-free institutional credit to them, the Governmenthas, inter alia, taken the following major steps :-

- As per Reserve Bank of India (RBI)'s extant guidelines on Priority Sector Lending (PSL), all Domestic Scheduled Commercial Banks have been mandated to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture. Foreign banks with 20 branches and above have to achieve the Agriculture Target within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018.
- The Government has also been setting an annual target for the flow of credit to the agriculture sector, which is being consistently surpassed by banks.
- The Government provides interest subvention to make available the short-term crop loans upto Rs.3 lakh at the interest rate of 7% per annum and in case of prompt 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 (KCC) Scheme, which enables them to purchase agricultural inputs such as seeds, fertilisers, 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.

- 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/-. Banks have also been advised by RBI to dispense with obtaining ‘No Due Certificate’ from the individual borrowers (including SHGs & JLGs) in rural and semi-urban areas for all types of loans including loans under Government Sponsored Schemes, irrespective of the amount involved unless the Government Sponsored Scheme itself provides for obtention of ‘No Dues Certificate’.

- RBI has issued Standing Guidelines for Relief Measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include identification of beneficiaries, extending fresh loans and restructuring of existing loans, relaxed security and margin norms, moratorium, etc. The moment calamity is declared by the concerned District Authorities, these Guidelines have been so designed that they are automatically set in motion without any intervention and this saves precious time.