

Government of India  
Ministry of Finance  
Department of Financial Services

LOK SABHA  
Unstarred Question No. 1075  
To be answered on July 22, 2016/Ashadha 31, 1938(Saka)  
**Crop Loan**

1075. SHRI BHOLA SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) the current rate of annual interest and grant limit on crop loan and long term loans to farmers;
- (b) whether the farmers have received any relief measures through restructuring crop loans by allowing them to repay it later and availing fresh loans;
- (c) if so, the details thereof, State/UT-wise including Uttar Pradesh;
- (d) whether the Government has formulated long term plans/policy for the crop loans; and
- (e) if so, the details thereof along with the steps taken by the Government in this regard?

Answer  
The Minister of State in the Ministry of Finance  
(Shri Santosh Kumar Gangwar)

(a): The interest rates on loans have been deregulated by Reserve Bank of India (RBI) and they are now linked to the Base Rate fixed by the banks. However, the Government of India implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh with a view to ensuring availability of short term agriculture credit at a reduced interest rate of 7% p.a. to farmers. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers.

Interest rate on long term agricultural loans are linked to the Base Rate fixed by respective banks and as such financing banks have the freedom to charge suitable rate of interest on these loans as per their loaning policy approved by their Board. However, a Long Term Rural Credit Fund (LTRCF) has been set up by the Government in National Bank for Agriculture & Rural Development (NABARD), under which refinance is provided to Regional Rural Banks (RRBs) and Cooperative Banks by NABARD at concessional rate (currently at 5.40%) so as to motivate these banks to extend agricultural term loans to farmers at concessional rate of interest.

(b) & (c): RBI has issued directions for relief measures to be provided by lending institutions in areas affected by natural calamities, which include restructuring of existing crop loans and term loans, extending fresh loans, relaxed security and margin norms, moratorium of minimum 1 year, no penal interest in respect of current dues in default, etc. These directions have been so designed that they are automatically set in motion without any intervention and this saves precious time. The State-wise details of loans restructured during the last three years (2012-13, 2013-14 and 2014-15), as reported by RBI, are given in Annex.

(d) & (e): 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 draw cash to purchase agricultural inputs such as seeds, fertilizers, pesticides as well as meet other agricultural and consumption needs. The KCC Scheme has since been simplified by providing the farmers with ATM enabled debit card based on one-time documentation and built-in cost escalation in the limit, etc.

Besides the KCC policy and other initiatives mentioned in (a), (b) & (c) above, the following other measures/steps have been taken by Government/RBI/NABARD to ensure availability of hassle-free loan to farmers:

- The guidelines on Priority Sector Lending (PSL) of RBI mandate all Domestic Scheduled Commercial Banks 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.
- Government sets annual target for the flow of credit (both crop loan and term loan) to the agriculture sector. Banks have been consistently surpassing the annual target.

- 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 RBI to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-, vide RBI's circular dated 18<sup>th</sup> June, 2010.



Gujarat	991	2048.5	118	593.21	30	245.19	1139	2886.9	294	688.16	93	1023.6	1	1.37	388	1713.13	141	386.41	114	676.94	27	1297.72	282	2361.07
Jammu	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1560	39.53	738	14.82	16407	694.79	18705	749.14
Karnataka	141129	153508	71329	73100	0	0	212458	226608	29907	34353	8150	12515	0	0	38057	46868	24542	29156	11854	20258	0	0	36396	49414
Kerala	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	23249	13250					23249	13250	22525	13250					22525	13250	27630	15350					27630	15350
Maharashtra & Goa	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	410681	271232	0	0	0	0	410681	271232
Meghalaya	56	31	6	8	8	15.45	70	54.45	39	25.5	8	12	5	12.56	52	50.06	76	39.6	26	38	14	41	116	118.6
New Delhi	0	0	0	0	0	0	0	0	0	0	0	0	19	9208.4	19	9208.3953	0	0	0	0	3	52876.8	3	52876.8
Odisha	0	0	0	0	0	0	0	0	82242	41048	11906	9076	10145	22466	104293	72590	0	0	0	0	0	0	0	0
Rajasthan	4261	10117.5	2535	5615.2	1	1.41	6797	15734.04	1856	3935.9	714	1964.95	23	130.91	2593	6031.76	21664	33226.34	4636	8158.2	7	614.74	26307	41999.23
Ranchi	6903	3359.13	2087	191.37	0	0	8990	3550.5	6974	4445.16	183	1708.18	1	3.03	7158	6156.37	2589	1038.3	1157	5558.4	0	0	3746	6596.66
Shimla	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tamil Nadu	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Telangana	8931	27722.1	423	14642	109	68527.11	9463	110890.89	56448	56375.12	16577	26063.13	35	8627.28	73060	91065.53	34280	40066.54	2516	24098	47	29499.2	36843	93663.86
Tripura	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	165564	131297					165564	131297	130823	104255					130823	104255	257244	270779					257244	270779

Uttaranchal	0	0	0	0	0	0	0	0	164121	119113.4	41194	44481.72	154790	455628	360105	619223.59	8160	6054.98	5806	7804.8	8126	67262.4	22092	81122.17
West Bengal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>567250</b>	<b>458920</b>	<b>121124</b>	<b>148545</b>	<b>4211</b>	<b>72878.68</b>	<b>692585</b>	<b>680343.6</b>	<b>790827</b>	<b>554968.1</b>	<b>251231</b>	<b>156452.35</b>	<b>166342</b>	<b>497912</b>	<b>1208400</b>	<b>1209332.3</b>	<b>1091033</b>	<b>845708.5</b>	<b>54789</b>	<b>99029</b>	<b>27402</b>	<b>163173</b>	<b>1173224</b>	<b>1107911</b>

Source: Reserve Bank of India