

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1681

ANSWERED ON:19.11.2010

DEBT BURDEN ON FARMERS

Choudhary Shri Harish; Rama Devi Smt. ; Singh Shri Ijyaraj ; Sinh Dr. Sanjay

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any study of the debt burden on farmers;
- (b) if so, the details thereof alongwith the outcome of the study;
- (c) the average debt burden on farmers and the rate of interest paid by them;
- (d) whether the Government has conducted any study to evaluate the average income earned by the farmers and their capacity to repay this interest;
- (e) if so, the details thereof; and
- (f) the other steps taken/being taken by the Government in this regard alongwith achievements thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (f) : The Report on the "Indebtedness of Farmer Households" (NSS 59th Round) released by the National Sample Survey Organization (NSSO) in May 2005 states that of the 89.35 million farmer households, 43.42 million farmer households (48.6%) were indebted to either formal or informal or both sources of credit. The average debt burden on farmers based on the figures reported by the scheduled commercial banks to Reserve Bank of India as on the last Friday of June 2006, 2007 and 2008 are as under:

As on the last Friday of June 2006, 2007 and 2008, the following table shows the total number of agricultural accounts, total outstanding credit to agriculture account and average debt burden per outstanding agriculture account (Rs.)

(Rs.`000) [Column (3)/(2)]
(Rs.)

(1)	(2)	(3)	(4)
June 2006	13842548	1099279551	79413
June 2007	15920884	1451575853	91174
June 2008	19418130	1465575094	75475

The Government of India has also taken several measures to provide relief to the farmers. These include:

- (i) Interest Subvention for crop loans upto Rs. 3 lakhs to reduce the effective rate of interest for farmers to 7% per annum since 2006-07, in 2010-11 an additional subvention of 2% is available for timely re-paying farmers. Thus, the rate for such farmers is 5% p.a. in 2010-11;
- (ii) Debt Swap Scheme to reduce interest burden by enabling the farmers to switch over from high cost loans from private money lenders to low cost institutional loans;
- (iii) Crop Insurance schemes for notified crops;
- (iv) Kisan Credit Card (KCC) as an innovative credit delivery system, which benefits the farmers, especially small and marginal farmers in reducing the transaction cost in availing timely credit;

(v) Encouraging banks to take up Financial Inclusion efforts to extend the reach of institutional bank credit to farmers not covered so far.