

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5254

ANSWERED ON:24.04.2015

SHORT TERM CROP LOAN

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Will the Minister of FINANCE be pleased to state:

(a) the amount released and number of farmers benefited by short term crop loans under the interest subvention scheme during the last three years and the current year, State-wise;

(b) whether the Government has any proposal to revamp the interest subvention scheme by channelising it through Direct Benefit Transfer (DBT) or changing the character of the scheme in the wake of complaints about its misuse and distortion in the pricing of credit;

(c) if so, the details thereof and the reasons therefor; and

(d) the steps taken/being taken by the Government to protect the small and marginal farmers in the country?

Answer

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

(a) The details of amount released by Government of India to Reserve Bank of India (RBI) and National Bank for Agriculture & Rural Development (NABARD) in respect of the interest subvention claims of lending institutions as well as subvention claims of NABARD in respect of its refinance to Cooperative Banks & Regional Rural Banks (RRBs), during the last three years, are as under :-

Year	2012-13	2013-14	2014-15
Amount (Rs.crore)	5400.00	6000.00	6000.00

The State-wise data on farmers benefitted by Interest Subvention Scheme is not maintained. However, during 2011-12, 2012-13 and 2013-14, the number of farmers' accounts where short term crop loans were disbursed stood at 591.91 lakh, 641.25 lakh and 682.74 lakh(provisional) respectively.

(b) & (c) : Various approaches for improving the efficacy of the Scheme are being examined by the Government. However, as an interim measure, the Union Government has decided to implement the Interest Subvention Scheme in its existing form.

(d): In order to ensure easy and hassle-free loan to farmers, particularly small and marginal farmers, the Government of India has taken a number of steps which, inter alia, include the following major steps :-

The Government provides interest subvention since 2006-07 to make short-term crop loans upto Rs.3 lakh for a period of one year available to farmers at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

In order to discourage distress sale of produce by small and marginal farmers, post-harvest loans against Negotiable Warehouse Receipts (NWRs) provided by banks to Small Farmers/Marginal Farmers having Kisan Credit Card (KCC), are also eligible at the interest rate of 7% per annum for a period of upto six months.

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, fertilisers, pesticides, etc. and draw cash to satisfy their consumption needs.

The KCC Scheme has since been simplified and converted into 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., which eliminates the need for disbursement through camps and mitigates the vulnerability of farmers to middlemen.

To bring small, marginal, tenant farmers and oral lessees into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.