

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5259

ANSWERED ON:24.04.2015

LOAN AND COMPENSATION TO FARMERS

Gogoi Shri Gaurav;Joshi Shri Chandra Prakash;Kachhadia Shri Naranbhai;Sanjar Shri Alok;Scindia Shri Jyotiraditya Madhavrao

Will the Minister of FINANCE be pleased to state:

- (a) whether his Ministry has issued any direction to the Ministry of Agriculture that having a bank account is mandatory for distribution of any compensation related to crops failure;
- (b) if so, the details thereof;
- (c) whether the Reserve Bank of India (RBI) issued directions to the banks to make mandatory for farmers to have bank accounts in order to get agricultural compensation and if so, the details thereof;
- (d) whether the Government has recently asked banks to lend more to farmers to help them to stop their suicides in the wake of their damaged rabi crops due to recent rain and hailstorms;
- (e) if so, the details thereof, bank-wise along with the total loans provided and interest rate charged from farmers; and
- (f) the steps taken by the Government to protect the interest of the marginal and small farmers in this regard?

Answer

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

(a) to (c): The Ministry of Home Affairs of the Government of India vide their communication dated 8.4.2015 to Chief Secretaries/Relief Commissioners/Secretaries of all States regarding 'Items and Norms of assistance from State Disaster Response Fund (SDRF) and the National Disaster Response Fund (NDRF) for the period 2015-2020' have, inter alia, advised that the State Governments are to take utmost care and ensure that all individual beneficiary-oriented assistance is necessary/mandatory disbursed through the bank account of the beneficiary.

(d) to (f) Reserve Bank of India (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.

In view of the recent unseasonal rains and hailstorms in several parts of the country, Government has issued advisory to all State Level Bankers' Committees (SLBCs), to take immediate steps to mitigate the hardship of farmers in accordance with the guidelines/instructions issued by RBI/Gol.

The Government of India has been fixing the agriculture credit targets since 2006-07 which have been surpassed by banks every year. Details of the overall agriculture credit targets/achievements by banks during last three years and current year are as under :

(Rs. in crore)

Year	Target for Agriculture Credit	Achievement of Agriculture Credit
2011-12	4,75,000	5,11,029.09
2012-13	5,75,000	6,07,375.62
2013-14	7,00,000	7,30,765.61#
2014-15#	8,00,000	5,35,464.68#

#Provisional figures # upto 31.12.2014 for PSBs, Cooperatives & RRBs Source : PSBs/NABARD/RBI

The interest rates on loans have been deregulated by Reserve Bank of India (RBI) and it is now based on the Base Rate fixed by the banks.

However, with a view to ensuring availability of agriculture credit at a reasonable cost, the Government provides interest subvention to make short-term crop loans upto Rs. 3 lakhs 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 addition, to discourage distress sale of crops by farmers, the benefit of interest subvention is also available to small and marginal farmers having Kisan Credit Card for a further period of up to six months (post- harvest) on the same rate as available to crop loan against negotiable warehouse receipts.

Further, in order to provide relief to the farmers on occurrence of natural calamities, under the Interest Subvention Scheme of Government of India for 2014-15, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured amount and such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by RBI.

Besides, 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 :-

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, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.