

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7050
ANSWERED ON:08.05.2015
DEBT LIABILITY OF FARMERS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any study regarding debt liabilities of the farmers and the number of indebted farmers in the country;
- (b) if so, the details thereof and the outcome therefrom; and
- (c) the corrective measures taken by the Government in this regard?

Answer

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

(a) &(b):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, about 52 percent of the agricultural households in the country were estimated to be indebted and the estimated average amount of outstanding loan per agricultural household as on date of the survey was Rs. 47,000/- (approx).

(c): To reduce the debt burden of farmers and increase the availability of institutional credit to them, the Government has, inter alia, taken following major steps :-

The Government provides interest subvention since 2006-07 to make short-term crop loans upto Rs.3 lakh 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 available 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 (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 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.

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/-. The requirement of 'no due' certificate has also been dispensed with for small loans up to Rs.50,000/- to small and marginal farmers, share-croppers and the like and, instead, only a self-declaration from the borrower is required.

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/GoI.