

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:872

ANSWERED ON:24.07.2015

Agricultural Loan

Charitra Shri Ram;Chaudhary Shri P.P.;Deo Shri Arka Keshari;Gavit Dr. Heena Vijaykumar;Hansdak Shri Vijay Kumar;Joshi Shri Chandra Prakash;Kachhadia Shri Naranbhai;Mahadiak Shri Dhananjay Bhimrao;Mahato Shri Bidyut Baran;Misra Shri Ajay (Teni);Nete Shri Ashok Mahadeorao;Patil Shri Vijaysinh Mohite;Radhakrishnan Shri T.;Rai Shri Prem Das;Satav Shri Rajeev Shankarrao;Shetty Shri Gopal Chinayya;Shirole Shri Anil;Sule Smt. Supriya Sadanand

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to provide interest free loans to farmers facing crop losses due to unseasonal rains recently;
- (b) if so, the details thereof and the funds required and allocated for the same;
- (c) whether the Government has formulating any criteria by which each such farmer gets the same loan, if so, the details thereof;
- (d) whether the banks and Cooperative credit institutions are denying fresh loans to farmers for kharif season;
- (e) if so, the details thereof, bank/credit institution-wise along with the action taken by the Government in such cases; and
- (f) the other steps taken/being taken by the Government to provide hassle free loan to farmers?

Answer

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

(a) to (c): There is no proposal to provide interest-free farm loans on account of recent unseasonal rains. However, Reserve Bank of India (RBI) has issued necessary guidelines for relief measures to be undertaken by banks for the benefit of farmers in areas affected by natural calamities, which, inter alia, include identification of beneficiaries, conversion/restructuring of existing agricultural loans, extending fresh 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.

Further under the Interest Subvention Scheme of Government of India, in order to provide relief to the farmers on occurrence of natural calamities, 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.

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/Government of India.

(d) & (e): No instances or reports of banks and cooperative credit institutions denying fresh loans to farmers for kharif season have come to the notice of Government.

(f): In order to provide hassle-free institutional credit to farmers in the country, the Government has, inter alia, undertaken the following major schemes/steps :-

The Government provides interest subvention 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.

The Pradhan Mantri Jan-DhanYojana (PMJDY) provides access to financial services to people at an affordable cost. The Yojana envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. Under Pradhan Mantri Jan-DhanYojana (PMJDY) an overdraft facility upto Rs.5,000/- after satisfactory operation in the account for six months can be provided to account-holders.
