

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2337
ANSWERED ON:11.03.2016
Agricultural Loan Waiver Scheme
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Will the Minister of FINANCE be pleased to state:

- (a) the details of various debt-waiver schemes for farmers announced by the Government during the last three years;
- (b) the number of farmers benefited by the schemes in each State/UT;
- (c) the expenditure incurred by Government on the such schemes; and
- (d) the corrective measures taken/being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (d): No debt waiver scheme for farmers was announced by the Central Government during the last three years. Towards reducing the debt burden of farmers and increase availability of institutional credit to farmers, following major initiatives have been taken:

â€¢ The Agricultural Debt Waiver and Debt Relief Scheme, 2008 (ADWDRS, 2008) was announced in the Union Budget 2008-09 and detailed guidelines were issued on 28.5.2008. The debt waiver portion of the ADWDRS, 2008 was closed by its due date i.e. 30.6.2008, while the debt relief portion of the Scheme was extended upto 30.6.2010. The Scheme benefitted 3.73 crore farmers to the extent of Rs. 52,259.86 crore.

â€¢ The guidelines on Priority Sector Lending (PSL) of Reserve Bank of India (RBI) mandate all Domestic Scheduled Commercial Banks to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture. Foreign banks with 20 branches and above have to achieve the Agriculture Target within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018.

â€¢ Government sets annual target for the flow of credit to the agriculture sector. Banks have been consistently surpassing the annual target.

â€¢ With a view to ensuring availability of agriculture credit at a reduced interest rate of 7% p.a. to farmers, the Government of India implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers.

â€¢ 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 draw cash to purchase agricultural inputs such as seeds, fertilisers, pesticides as well as meet other agricultural and consumption needs.

â€¢ The KCC Scheme has since been simplified by providing the farmers with ATM enabled debit card based on one-time documentation and built-in cost escalation in the limit, etc.

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

â€¢ Banks have been advised by RBI to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-, vide RBI's circular dated 18th June, 2010.

â€¢ 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, restructuring of existing loans, extending fresh loans, relaxed security and margin norms, moratorium, etc. The Guidelines have been so designed that the moment calamity is declared by the concerned District Authorities they are automatically set in motion without any intervention, thus saving precious time. The benchmark for initiating relief measures by banks has also been reduced to 33% crop loss in line with the National Disaster Management Framework.