

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1137

ANSWERED ON:21.07.2017

Waiver of Farmer Loan

Antony Shri Anto ;Anwar Shri Tariq;Boianapalli Shri Vinod Kumar;Chandumajra Shri Prem Singh;Dhotre Shri Sanjay Shamrao;Galla Shri Jayadev;Hegde Shri Anant Kumar Dattatreya;Kamaraaj Dr. K.;Karandlaje Km. Shobha;Misra Shri Ajay (Teni);Nagar Shri Rodmal;Senguttuvan Shri Balasubramaniam;Simha Shri Prathap;Singh Shri Satya Pal;Wanaga Shri Chintaman Navsha

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received requests from various State Governments for waiving off/restructuring and lower interest rates on farmer loans and if so, the details thereof;
- (b) the details of agricultural loans waived off/restructured and number of farmers benefitted by the Government during each of the last three years and current year, bank and State and UT-wise;
- (c) whether the Government has formulated any criteria/ policy with regard to loan waiver scheme and if so, the details thereof;
- (d) the details of impact of such waiving off/restructuring of loans on the functioning of the banks in the country;
- (e) whether the responsibility to arrange funds for the waiver of farmer loans has been entrusted upon the State Government and if so, the details thereof; and
- (f) the steps taken/being taken by the Government to protect the interest of farmers in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (f): Government receives references on various issues relating to agriculture credit from State Governments. However, there is no proposal under consideration of the Union Government to waive off loans of farmers of the country.

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€¢ With a view to ensuring availability of agriculture credit at a reduced interest rate of 7% p.a. to farmers, the Government of India in the Department of Agriculture, Cooperation & Farmers' Welfare 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€¢ Government sets annual target for the flow of credit to the agriculture sector. Banks have been consistently surpassing the annual target.

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. 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 directions for Relief Measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include, restructuring/rescheduling of existing crop loans and term loans, extending fresh loans, relaxed security and margin norms, moratorium, etc. These directions 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.