

QUESTION DETAILS

MINISTRY OF : FINANCE

DEPARTMENT OF : FINANCIAL SERVICES

RAJYA SABHA

UNSTARRED QUESTION NO 2320

TO BE ANSWERED ON 07.08.2018

Money spent of farm loan waivers

2320. Shri G.C. Chandrashekhar

Will the Minister of FINANCE be pleased to state:-

(a) the details of all farm loan waivers financed in part or full in the last five years the details thereof, State-wise and UT-wise, and

(b) the total amount of money spent on all these waivers throughout the country by Government and details thereof?

Answer

The Minister of State in the Ministry of Finance

(a) & (b) : As informed by National Bank for Agriculture and Rural Development (NABARD), since 2014, various State Governments have announced their own schemes, inter alia, for loan waiver of farmers. In this regard, no financial assistance for loan waiver has been provided by the Union Government to States. However, Government has taken the following initiatives to reduce the debt burden of farmers:

- With a view to ensure availability of agriculture credit at a reduced interest rate of 7% p.a. to the farmers, the Government of India in the Department of Agriculture Cooperation and Farmers' Welfare (DAC&FW) implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh. The scheme provides interest subvention of 2% per annum to Banks on use of their own resources. Besides, additional 3% incentive is given to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%. Further, in order to discourage distress sale by farmers and to encourage them to store their produce in warehouses against warehouse receipts, the benefit of interest subvention scheme has been extended 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 receipt for keeping their produce in Warehouses accredited by Warehousing Development Regulatory Authority (WDRA).

- RBI has issued master directions on relief measures to be provided by lending institutions in areas affected by natural calamities including drought which, inter alia, include identification of beneficiaries, extending fresh loans and restructuring of existing loans, relaxed security and margin norms, moratorium, etc. The benchmark for restructuring of loans has been reduced from 50% to 33% crop loss, in line with the National Disaster Management Framework. In addition, Loan to distressed farmers indebted to non-institutional lenders is an eligible category of farm credit under the Priority Sector Lending (PSL) as per directions issued by RBI.

- Under the aforesaid interest subvention scheme, to provide relief to farmers affected by natural calamities, the interest subvention on crop loan continues to be available to banks for the first year on the restructured amount. Such restructured loans may attract normal rate of interest from the second year onwards as per policy laid down by the Reserve Bank of India (RBI).

- Pradhan Mantri Fasal Bima Yojana (PMFBY) provides a comprehensive insurance cover against failure of insured crops due to non-preventable natural risks, thus providing financial support to farmers suffering crop loss/ damage arising out of unforeseen events; stabilizing the income of farmers to ensure their continuance in farming; and encouraging them to adopt innovative and modern agricultural practices.

- For development of agriculture and welfare of farmers of the country, the Government in DAC&FW, is implementing various Central Sector/ Centrally Sponsored Schemes, which include:

- (i) Rashtriya Krishi Vikas Yojana (RKVY)
- (ii) National Food Security Mission (NFSM)
- (iii) National Agriculture Market (e-NAM)
- (iv) National Mission For Sustainable Agriculture (NMSA)

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