

Government of India
Ministry of Finance
Department of Financial Services
LOK SABHA

Starred Question No. †*112

To be answered on February 09, 2018/Magha 20, 1939 (Saka)

Bank Loans to Small Farmers

†*112. SHRI RAM TAHAL CHOUDHARY:
SHRI LAXMI NARAYAN YADAV:

Will the Minister of FINANCE be pleased to state:

- (a) whether the small farmers are unable to get bank loans due to complicated/complex procedure/norms of availing loan from banks;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) the efforts made by the Government to simplify such procedure/ norms during the last three years; and
- (d) the outcome of the said efforts?

Answer
The Minister of Finance
(Shri Arun Jaitley)

(a) to (d) : A Statement is laid on the Table of the House

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No. †*112 to be answered on 09.02.2018 regarding Bank Loans to Small Farmers by SHRI RAM TAHAL CHOUDHARY and SHRI LAXMI NARAYAN YADAV:

(a) to (d): The details of total amount of loan disbursed to farmers and the share of Small and Marginal Farmers (SF/MF) therein during the last two years, as reported by National Bank for Agriculture & Rural Development (NABARD), are as under:

Year	Total Disbursed Amount (Rs crore)	% share of SF/MF in total amount disbursed
2015-16	915509.92	41.51
2016-17	1065755.67	50.14

The Government of India/ Reserve Bank of India (RBI)/ NABARD have, inter alia, taken the following major initiative for providing hassle free crop loans to farmers including SF/MF :-

- 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 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%.
- As per RBI directions, Domestic Scheduled Commercial Banks are required to lend 18% of the Adjusted Net Bank Credit (ANBC) or Credit Equivalent to Off-Balance Sheet Exposure (CEOBE), whichever is higher, towards agriculture. A sub-target of 8% is also prescribed for lending to small and marginal farmers including landless agricultural labourers, tenant farmers, oral lessees and share croppers. Similarly, in the case of Regional Rural Banks 18% of their total outstanding advances is required to be towards agriculture and a sub-target of 8% has been set for lending to small and marginal farmers.
- Under the Kisan Credit Card (KCC) Scheme, a flexible limit of Rs. 10,000 to Rs. 50,000 has been provided to marginal farmers (as Flexi KCC) based on the land holding and crops grown including post harvest warehouse storage related credit needs and other farm expenses, consumption needs, etc., plus small term loan investments without relating it to the value of land.
- RBI has conveyed to Banks 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
- To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.