



Initiatives Taken To Reduce Debt Burden Of Farmers

Posted On: 19 DEC 2017 6:39PM by PIB Delhi

To reduce the debt burden of farmers, the Government has taken the following major initiatives:

- 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 (DAC&FW) 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.
- Reserve Bank of India 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.
- Pradhan MantriFasalBimaYojana (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 KrishiVikasYojana (RKVY)
- (ii) National Food Security Mission (NFSM)
- (iii) National Agriculture Market (e-NAM)
- (iv) National Mission For Sustainable Agriculture (NMSA)

State Bank of India (SBI) has informed that it has published a study report about loan waiver and its impact on State finances in SBI ECOWRAP issue No. 13, FY 18 dated 20.06.2017. The gist of the study is as under:

- The demand for a loan waiver currently has been accentuated perhaps by 2 successive years of less than normal rainfall in FY14 and FY15.
- Apart from impacting asset quality for the Agricultural sector, farm loan waiver will impact State finances adversely.
- The current loan waiver, however, has a positive aspect unlike the earlier ones, as the schemes announced in several States have specified a threshold limit (mostly Rs.1 lakh), and any amount over that will have to be paid.

This information was shared by Union Minister of Finance and Corporate Affairs Shri Arun Jaitley in Lok Sabha.

DSM/SBS/KA

