

DEBT RIDDEN FARMERS

Relevant for: Indian Economy | Topic: Agricultural Finance & Insurance

Ministry of Agriculture & Farmers Welfare

Debt Ridden Farmers

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As per the NSSO Report, about 52 percent of the agricultural households in the country were estimated to be indebted. The average per capita income is Rs.77,112/- against the average amount of outstanding loan per agricultural household is Rs.47,000/- (approximately).

To reduce the debt burden of farmers and increase the availability of institutional credit to rural areas, the Government have taken the following major initiatives:

(i): To ease the burden of interest payment on farmers, the Government implements Interest Subvention Scheme so as to make short-term crop loans upto Rs.3 lakh including loans through Kisan Credit Card (KCC) for a period of one year available to farmers at the interest rate of 7% per annum and in case of timely repayment, the same gets reduced to 4%

(ii): Interest subvention of 2% and prompt repayment incentive of 3% on restructured crop loans is also given to farmers affected by severe natural calamities for a maximum period of 5 years on the basis of report of Inter-Ministerial Central Team (IMCT) for grant of NDRF assistance and Sub-Committee of National Executive Committee (SC-NEC) is also available.

(iii): The benefit of ISS has been extended to Animal Husbandry and Fisheries farmers' upto loan limit of Rs. 2 lakh per farmer so as to reduce the burden of interest component and to provide hassle free short term working capital loans to them.

(vi): Collateral free loan limit for short term agri-credit has been raised from Rs.1.00 lakh to Rs.1.60 lakh.

(v): To facilitate the farmers for issue of KCC, Processing fee, inspection, ledger folio charges and all other service charges for short term crop loans upto Rs.3.00 lakh have been waived off.

(vi): To bring the maximum number of farmers under KCC in order to provide loan to them at a cheaper rate under the Interest Subvention Scheme (ISS), the Government has launched a special drive to cover all PM KISAN beneficiaries under KCC. A detailed strategy has been prepared and shared with the participating agencies to be adopted for making the campaign successful, which includes one page application form and KCC to be issued in a time-bound manner within 14 days from the date of receiving of completed form.

(vii): Under the Kisan Credit Card (KCC) Scheme, a flexible limit of Rs.10,000 to Rs.50,000 is 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.

(viii): NABARD Finances Joint Liability Groups (JLGs) of 'BhoomiHeenKisan' for augmenting flow of credit to tenant/landless farmers, extending collateral free loans to them and building

natural trust and confidence between banks and JLG members.

This information was given in a written reply by the Union Minister of Agriculture and Farmers Welfare Shri Narendra Singh Tomar in Lok Sabha today.

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