

- (vi) Financial assistance from State Disaster Response Fund (SDRF) and National Disaster Response Fund (NDRF) in the wake of notified natural calamities is provided for immediate relief for the loss suffered by way of assistance towards input subsidy for crop loss of 33% and above, which was earlier admissible for crop loss of 50% and above. The scale of assistance towards input subsidy for crop loss has been enhanced by about 50%, which is now ₹ 6800/- per ha for rainfed areas, ₹ 13500/- per ha for assured irrigated areas and ₹ 18000/- per ha for all types of perennial crops. The financial assistance is being provided at the new rates with effect from 08.04.2015.

Demand for remunerative MSP and loan waiver for farmers

2887. SHRI K.R. ARJUNAN: Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) whether it is a fact that the farmers' organizations across the country have been demanding remunerative MSP for their produces as well as complete loan waiver, if so, the details thereof; and

(b) whether Government has formulated any action plan to redress the grievances of the farmers in the country, if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE (SHRI PARSHOTTAM RUPALA): (a) and (b) Suggestions from State Governments and various farmer organizations are received from time to time for increasing the MSP of crops as well as seeking agricultural loan waiver.

Government fixes Minimum Support Price (MSP) for twenty two (22) major crops and Fair and Remunerative Price (FRP) for Sugarcane based on the recommendations of Commission for Agricultural Costs and Prices (CACP), the views of concerned State Governments and Central Ministries/Departments. While recommending price policy, the CACP considers, *inter alia*, a number of important factors which include cost of cultivation, trends in market prices, demand and supply situation, effect on general price level, effect on cost of living etc. Government had increased the MSP of both Rabi and Kharif crops for 2016-17 season and it has been further increased for Kharif crops for 2017-18 season. The MSP fixed by the Government provide adequate returns over all India weighted average all paid out costs including family labour (A2+FL) as estimated by the CACP. The Government offers to procure crops at MSP. However, farmers are free to sell their produce to the Government procurement agencies at MSP or in the open market as is advantageous to them.

On the issue of waiver of farmers' loan, Reserve Bank of India is of the view that such waivers negatively impact credit and recovery climate and has severe systemic consequences. However, Government has taken several measures to provide institutional loans to the farmers at interest subvention and in a hassle-free manner in order to reduce the debt burden of farmers. The following major initiatives have been taken:—

- (i) 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 and Farmers Welfare implements an interest subvention scheme for short term crop loans up to ₹ 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.
- (ii) 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, fertilizers, 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.
- (iii) To bring small, marginal, tenant farmers, oral lessees, etc. into the fold on institutional credit, Joint Liability Group (JLGs) have been promoted by banks.
- (iv) Bank have been advised by RBI to waive margin/security requirements of agricultural loans upto ₹ 1,00,000/-, *vide* RBI's circular dated 18th June, 2010.
- (v) Reserve Bank of India (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 loan, 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.