

M K Jain committee

July 17, 2020

Why is it in the news?

Recently, the RBI internal working group (IWG) headed by MK Jain, Deputy Governor to review agriculture credit submitted its report.

It has made the following recommendations:

Committee has suggested the central government to set up a credit guarantee fund for the agriculture sector in association with the state governments.

To set up a federal institution with representation from both central and state governments similar to the GST council to consult States and build consensus among them over reforms related to agriculture.

Enhancement in the sub-target for small and marginal farmers from the existing 8 percent of adjusted net bank credit to 10 per cent with a roadmap of two years.

The central and state governments undertake a holistic review of the agricultural policies and their implementation, as well as evaluate the effectiveness of current subsidy policies with regard to Agri inputs and credit, in a manner which will improve the overall viability of agriculture in a sustainable manner.

The committee has also suggested avoiding the waiver of farm loans.

Replacing the interest subvention scheme with direct benefit transfer to targeted beneficiaries such as small and marginal farmers, tenant farmers, sharecroppers, oral lessees, and landless labourers as individual borrowers or through self-help group/joint liability group model, with an overall limit of ₹3 lakh per individual farmer.

Banks provide crop loans, eligible for interest subvention, only through the Kisan Credit Card mode in order to curb the

mis-utilisation of interest subsidy.