

**LOK SABHA**

**Unstarred Question No. 3312**

Answered on Monday, 16 December, 2024/ 25 Agrahayana, 1946 (Saka)

**Compulsion of Legal Report for Kisan Credit Loans**

†3312. Shri Brijendra Singh Ola:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that the banks have mandated legal reports through advocates for the farmers seeking Kisan Credit Loans from banks;
- (b) if so, the reasons and the logic behind such action despite the availability of whole data related to lands of farmers is available online;
- (c) the reasons for demanding such report by the banks while providing loans even when there exists no such rule
- (d) whether the Government is aware that the farmers have to bear financial loss due to the demand of legal reports by the banks;
- (e) if so, the efforts being made by the Government to prevent such compulsion by the banks; and
- (f) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) to (b): Short term crop loans under Kisan Credit Card (KCC) scheme are provided collateral free upto a limit of ₹ 1.6 lakhs and no legal report is required for availing for KCC loans to this extent. Subsequently, RBI vide its Statement on Developmental and Regulatory policies dated 06.12.2024 has increased the collateral free loan limit under KCC to ₹ 2 lakhs. Additionally, the Department of Financial Services has advised banks to waive processing, documentation, inspection and other service charges for KCC loans upto ₹ 3 lakhs.

Legal opinion is obtained in order to confirm the authenticity of land record documents while providing Kisan Credit loans above the threshold of collateral free limit. Legal reports are obtained primarily to ensure:

- (i) Proper and rightful ownership of the applicants
- (ii) Non-encumbrance of the land.
- (iii) Any litigation/Stay order on the land.
- (iv) Physical possession of the borrower on the land

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