

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

STARRED QUESTION NO:276

ANSWERED ON:12.12.2005

DEBTS OF FARMERS

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Will the Minister of AGRICULTURE be pleased to state:

- (a) the average outstanding loan per farmer household in the country as a whole and the position thereof, State-wise;
- (b) whether the average outstanding loan per farmer household is the highest in Punjab as compared to other States as per a survey conducted recently by National Sample Survey Organization;
- (c) if so, the details thereof; and
- (d) the steps taken to liberate the farmers from debt trap?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 276 DUE FOR REPLY ON 12TH DECEMBER 2005.

(a): As per the National Sample Survey Organization (NSSO) Report No. 498 on 'Indebtedness of Farmer Households' released in May, 2005, the details of the average outstanding loan per farmer household in the country as a whole and the position thereof, State-wise are annexed.

(b)&(c): As per the NSSO Survey Report referred in reply to part (a) of the question, the average outstanding loan per farmer household in the State of Punjab is Rs.41,576/- which is the highest as compared to other States.

(d): To reduce the dependence of farmers on private moneylenders for meeting their credit requirements and for providing relief to the indebted farmers, the Government has taken several steps and has advised the banks to :

1. To increase credit flow to agriculture sector at the rate of 30% per year.

2. As a part of the farm credit package announced by the Government of India in June, 2004, guidelines have been issued by the Reserve Bank of India (RBI/National Bank for Agriculture & Rural Development (NABARD) for providing certain debt relief measures to the farmers as detailed below:

Farmers in distress – Rescheduling/restructuring of the outstanding loan of the farmers as on 31st March, 2004 in the districts declared as calamity-affected by the State Government. Rescheduled loan shall be repayable over a period of five years, at current interest rates, including an initial moratorium of two years.

Farmers in arrears - Loans in default of farmers who have become ineligible for fresh credit as their earlier debts have been categorized as sub-standard or doubtful shall be rescheduled as per the guidelines so that such farmers become eligible for fresh credit.

On restructuring as above, the farmers will become eligible for fresh loans.

Banks have been advised to grant a one-time settlement (OTS) including partial waiver of interest or loan to the small and marginal farmers who have been declared as defaulters and have become ineligible for fresh credit. Banks have also been advised to review cases where credit has been denied on the sole ground that a loan account was settle through compromise or write offs.

In some parts of the country, farmers face acute distress because of the heavy burden of debt from non-institutional lenders (e.g. private moneylenders). Banks have been permitted to advance loans to such farmers to enable them to come out of the informal sources and have access to credit from the banking system.

Existing orchards/plantations which have suffered production loss/or completely destroyed due to natural calamity as on 31st March, 2005, will be entitled for reschedulement of their term loan for a period of six to nine years with initial moratorium upto 3 years. They

will also be entitled for fresh loans.

3. The banks have been advised to waive margin/security requirements for agricultural loans up to Rs.50,000 and for agri-business & agri-clinics loans up to Rs.5 lakh.

4. All the Public Sector banks have been advised to reduce their lending rate for agriculture to a single digit rate of not more than 9% per annum on crop loans upto a ceiling of Rs.50,000/-.

This rate will benefit most of the crop loan account holders and will cover almost all the small and marginal farmers.

Annexure

Average amount of outstanding loans (in Rs.) per farmer household of different social groups in different States

State	Average amount of outstanding loans
1	2
Andhra Pradesh	23965
Arunachal Pradesh	493
Assam	813
Bihar	4476
Chhattisgarh	4122
Gujarat	15526
Haryana	26007
Himachal Pradesh	9618
Jammu & Kashmir	1903
Jharkhand	2205
Karnataka	18135
Kerala	33907
Madhya Pradesh	14218
Maharashtra	16973
Manipur	2269
Meghalaya	72
Mizoram	1876
Nagaland	1030
Orissa	5871
Punjab	41576
Rajasthan	18372
Sikkim	2053
Tamil Nadu	23963
Tripura	2977
Uttar Pradesh	7425
Uttaranchal	1108
West Bengal	5237
Group of UT`s	10931
All India	12585

Source: NSSO Report No.498: Indebtedness of Farmer Households