

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:3127
ANSWERED ON:16.03.2010
DEBT RELIEF FOR FARMERS
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the average outstanding loan per farmer household is higher in several States including Punjab and reports indicates manifold increase in debt burden on farmers due to drought;
- (b) if so, the details thereof; and
- (c) the measures initiated by the Government to provide debt relief to the farmers in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) & (b): As per the National Sample Survey Organization (NSSO) Report No.498 on "Indebtedness of Farmer Households", average outstanding loan per farmer household was highest in the state of Punjab, followed by Kerala, Haryana, Andhra Pradesh and Tamil Nadu. The averages for the following ten states exceeded the national average:

States Average loan outstanding (Rs.)

Punjab 41,576

Kerala 33,907

Haryana 26,007

Andhra Pradesh 23,965

Tamilnadu 23,963

Rajasthan 18,372

Karnataka 18,135

Maharashtra 16,973

Gujarat 15,526

Madhya Pradesh 14,218

All India 12,585

Government has not received any report indicating manifold increase in debt burden on farmers due to drought.

(c): The Government has implemented Agricultural Debt Waiver and Debt Relief (ADWDR) Scheme 2008. As per provisional figures, a total of 3.01 crore 'small and marginal farmers' and 0.67 crore 'other farmers' have been benefited from the ADWDR Scheme 2008 involving debt waiver and debt relief of Rs.65,318.33 crore. This has significantly reduced the institutional debt burden of farmers.

Reserve Bank of India has issued comprehensive guidelines to the banks for providing debt relief to farmers affected by natural calamities including floods, droughts etc. These relief measures include, inter alia, restructuring of loans by way of conversion/rescheduling of loans, provision of fresh crop loans for affected farmers, treatment of converted/rescheduled of loans as 'current dues' and not to charge penal interest in respect of current dues in default, relaxed security and margin norms etc.

Crop loans upto a principal amount of Rs.3 lakh are being made available to the farmers at a lower rate of interest of 7 per cent per annum. In order to incentivise the prompt repayers, Government of India is providing an additional one per cent interest subvention from the year 2009-10 to those farmers who repay their short term crop loans as per schedule. Government has proposed to raise this subvention for timely repayment of crop loans from one per cent to two per cent for the year 2010-11. Thus, the effective rate of interest for such farmers will be five per cent per annum from the year 2010-11.

