

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:982
ANSWERED ON:30.07.2010
MONEY LENDERS DEBT REDEMPTION FUND
Rao Shri Nama Nageswara

Will the Minister of FINANCE be pleased to state:

- (a) whether the Radhakrishna committee has recommended for the creation of ``Money lenders Debt Redemption Fund`` to enable the farmers to repay their debts to the money lenders;
- (b) if so, the details thereof alongwith the time by which such proposed fund is likely to be created;
- (c) whether the Government has accepted all the recommendations of the committee; and
- (d) if so, the details thereof alongwith the implementation status of accepted recommendations?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) to (d) : The extract of recommendation of Prof. Radhakrishna Committee with regard to setting up of Money Lenders Debt Redemption Fund is as under :

``The Expert Group underlines the need for mitigating the burden of farmers` indebtedness to moneylenders. It recommends a one-time measure of providing long-term loans by banks to farmers to enable them to repay their debts to the moneylenders. Further, it recommends that Panchayat Raj Institutions (PRIs), civil society organisation like farmers` collectives and Non-Governmental Organisation (NGOs) should be involved in arriving at negotiated settlements with the moneylenders. This would also help in achieving the objective of financial inclusion. The modalities of the Scheme may be worked out by NABARD for early implementation. The cost of making this scheme operational in the distressed districts should be met by creating a `Money Lenders Debt Redemption Fund` with contributions from Central and State Governments. Initially, Rs.100 crore should be earmarked for this purpose`.

The Fund has not been created by the Government. However, Government is conscious of the dimensions of the problem and is sensitive to the difficulties of the farming community, especially the small and marginal farmers. In view of this Government announced the Agricultural Debt Waiver & Debt Relief (ADWDR) Scheme, 2008 to waive off the entire `eligible amount` in the case of small or marginal farmers. The Debt Waiver part of the Scheme has been successfully completed by its due date i.e. 30.6.2008, while, the Debt Relief portion of the Scheme has been completed on 30.6.2010.

Further, the Government, in the Ministry of Agriculture also constituted a Task Force under the Chairmanship of Shri U.C. Sarangi, Chairman, NABARD to look into the issue of a large number of farmers, who had taken loans from private money lenders, not being covered under the Agricultural Debt Waiver and Debt Relief Scheme 2008. The Terms of Reference of the Task Force, inter alia, were to suggest measures for covering all categories of farmers more particularly small and marginal farmers, tenant farmers, share croppers and oral lessees within the institutional credit fold to meet their credit requirements in order to reduce their dependence on informal sources and examine and suggest measures for improving effectiveness of Kisan Credit Card (KCC) Scheme. The Task Force has submitted its report in June, 2010.