

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1400
ANSWERED ON:04.03.2011
OUTSTANDING LOANS OF FARMERS
Toppo Shri Joseph

Will the Minister of FINANCE be pleased to state:

- (a) the details of loan and average loans outstanding against the farmers in the North Eastern States particularly in Assam, during the last three years;
- (b) whether the Government has any proposal to waive off the loans of farmers in North Eastern States keeping in view that the conditions of farmers in such States is not good and need more attention;
- (c) if so, the details thereof; and
- (d) the other steps taken/being taken by the Government in this regard?

Answer

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

(a): The State-wise details including Assam of the accounts and amounts outstanding in respect of loans and advances to Agriculture and Allied activities as on the last reporting Friday of March 2008, 2009 and 2010, as reported by the Scheduled Commercial Banks to Reserve Bank of India, are as under:

State-wise details of loans outstanding against the farmers

(Accounts in actual and amounts in Rs.`000s)

State/ Union Territories	Total Adv to Agri & Allied Activities as on last reporting	Total Adv to Agri & Allied Activities as on last reporting	Total Adv to Agri & Allied Activities as on last reporting	Friday of March 2008	Friday of March 2009	Friday of March 2010
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No. of Accounts	Balance O/S	No. of Accounts	Balance O/S	No. of Accounts	Balance O/S
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NORTH EASTERN REGION	434001	24359759	380611	27311602	404171	30857683
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Assam	280516	15143087	245846	18351135	262990	21074450
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Megha laya	37553	1276566	21018	1520736	23511	1666433
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Mizoram	13131	2926167	6157	1063188	7800	1343794
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Aruna chal	1422	284744	16880	1541233	13541	1032687
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Pradesh

Naga 21997 1478144 19805 1058092 22591 1246374
land

Manipur 21139 1116130 19081 1579093 23290 1898026

Tripura 58243 2134921 51824 2198125 50448 2595919

(b): No such proposal is under consideration of the Government.

(c): Does not arise.

(d): The measures taken by Government of India, Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) to improve the flow of credit to agriculture (to all the States including the North Eastern States) include the following:

(i) As per the guidelines on Priority Sector, scheduled domestic commercial banks are required to achieve 18 per cent of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent of off Balance Sheet Items (CE), whichever is higher as on March 31 of the previous year under advances to agricultural sector.

(ii) In order to provide hassle-free crop loans to farmers, NABARD issued guidelines in August 1998 in respect of Kisan Credit Card (KCC) Scheme. It had revised the scheme in 2004. The revised scheme covers term credit as well as working capital for agriculture and allied activities, and a reasonable component for consumption needs.

(iii) In order to make credit available at a reasonable cost to the farmers, including small and marginal farmers, since the year 2006-07, Government of India had introduced an Interest Subvention Scheme to ensure that the farmer receives short term credit at an interest rate of 7 per cent per annum, with an upper limit of Rs.3,00,000 on the principal amount. The scheme has been continued ever since. From the year 2009-10, Government of India had introduced an additional interest subvention in respect of those prompt paying farmers who repay their short-term production credit within one year of disbursement of such loans with an upper limit of Rs.3,00,000 on the principal amount. At present, the effective interest rate charged to such farmers is 5% p.a. For the year 2011-12 the Interest Subvention Scheme proposes to provide prompt repaying farmers short term crop credit @ 4% p.a.

(iv) The Govt of India, in the year 2008, announced a Debt Waiver and Debt Relief Scheme for farmers. The purpose of this Scheme included enhancement of credit flow to agriculture by declogging the institutional channels of credit to agriculture, which got choked on account of indebtedness of farmers. The Scheme covered all agricultural loans disbursed by Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs), Cooperative Banks (including Urban Cooperative Banks) and Local Area Banks (LABs) up to 31st March, 2007, overdue as on 31st December, 2007 and that remained unpaid until 29.02.2008.

(v) A number of steps have been initiated for simplification of procedures and processes for agricultural loans over the years:

(a) The banks have been advised to dispense with the requirement of `no due` certificate for small loans up to Rs.50,000 to small and marginal farmers, share-croppers and the like and, instead, obtain self-declaration from the borrower.

(b) In order to overcome the problem faced by the banks in lending to landless labourers, share-croppers and oral lessees due to the absence of documents verifying their identity and status, it has been advised that banks may accept certificates provided by local administration/panchayati raj institutions regarding the cultivation of crops in case of loans to landless labourers, share-croppers and oral lessees. Where there are difficulties in getting certification from local administration/panchayati raj institutions regarding the cultivation of crops etc., banks have been advised to accept an affidavit submitted by landless labourers, share croppers and oral lessees giving occupational status (i.e., details of land tilled/crops grown) for loans up to Rs.50,000/-.

(c) The limit for waiver of margin/ security requirements for agricultural loans have been enhanced from Rs.50,000/- to Rs. 1.00 lakh vide circular dated June 18, 2010. Thus, at present, all agricultural loans up to Rs.1.00 lakh do not require any collateral. It has been clarified subsequently that the provision of waiver of margin/security requirements for agricultural loans up to Rs. 1 lakh applies, inter alia, to the tenant farmers, share croppers and oral lessees. It has further been clarified that the implementation of the provision of relaxed margin/ security norm for agricultural loans is mandatory for the banks.