

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2702

ANSWERED ON:09.12.2011

DEBT BURDEN ON FARMERS

Ahir Shri Hansraj Gangaram;Choudhary Shri Bhudeo;Solanki Shri Makhansingh

Will the Minister of FINANCE be pleased to state:

- (a) whether the number of farmers in the country are unable to repay their loans taken from commercial bank during each of the last three years and the current years;
- (b) If so, the details thereof, State/UT-wise and bank-wise;
- (c) whether the Government proposes to provide subsidy on diesel and edible items to the farmers;
- (d) if so, the details thereof and if not, the reasons thereof; and
- (e) the steps taken/being taken by the Government to reduce the debt burden of farmers and to provide them relief in the event of losses due to natural calamities?

Answer

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

(a) to (e): The data with regard to the number of farmers in the country who are unable to repay their loan is not maintained by Reserve Bank of India (RBI).

The Government of India has taken several measures for the availability of credit to farmers through banks. These include:

- (i) The Interest Subvention Scheme is being implemented by the Government of India since 2006-07 to make short-term crop loans upto Rs. 3 lakh for a period of one year available to farmers at the interest rate of 7 percent per annum. The Government of India has since 2009-10 been providing additional interest subvention to prompt payees farmers, i.e., those who repay their loan in time. The additional subvention was 1% in 2009-10 and 2% in 2010-11. This is being increased to 3% in 2011-12.
- (ii) The Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 has de-clogged the lines of credit that were clogged due to the debt burden on the farmers.
- (iii) Banks have been advised to dispense with the requirement of 'no dues' certificates for small loans up to Rs. 50,000 to small and marginal farmers, share-croppers and the like and instead obtain a self-declaration from the borrower,
- (iv) RBI has advised banks to waive margin/ security requirements for agricultural loans upto Rs 1,00,000.
- (v) To extend the reach of banking facilities to the rural hinterland, banks have indentified approximately 73,000 villages with population of more than 2000 to provide banking facilities by March, 2012. As per reports received from State Level Bankers Committee (SLBC) Convener Banks, over 45,000 such villages have been covered upto October, 2011.
- (vi) General permission has been granted to domestic Scheduled Commercial Banks(other than RRBs) to open branches/mobile branches/Administrative Offices/CPCs (Service Branches),(i) in Tier 2 to Tier 6 centres (with population upto 99,999) and (ii) in rural, semi urban and urban centres of the North-Eastern States and Sikkim, subject to reporting. RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), the Banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.

In order to provide relief to bank borrowers in times of natural calamities, the RBI has issued standing guidelines to banks. The relief measures include, inter alia, the following:-

- a) conversion of the principal amount outstanding in the crop loans and agriculture term loans as well as accrued interest thereon into term loans.
- b) conversion/rescheduling loans and the interest accrued thereon for periods ranging from 3 to 10 years depending upon the frequency of crop failures/intensity of damage to crops;
- c) fresh crop loans for affected farmers;

- d) treatment of converted/rescheduled agri-loans as `current dues`;
- e) non-compounding of interest in respect of loans converted/rescheduled etc;
- f) relaxed security and margin norms;
- g) provision of consumption loans to agriculturists whose crops have been damaged ; and
- h) moratorium period of at least one year, while restructuring.