

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:69

ANSWERED ON:01.03.2013

WAIVER OF AGRICULTURAL LOANS

Rajesh Shri M. B.;Singh Shri Jagada Nand

Will the Minister of FINANCE be pleased to state:

(a) whether the Government/Reserve Bank of India (RBI) has issued any guidelines to the banks regarding waiver of agricultural loans granted to the farmers in the country;

(b) if so, the details thereof;

(c) whether these guidelines are being followed by the banks and, if not, the reasons therefor and the action taken by the Government/RBI against the defaulting banks during the last three years and the current year, bank and State/UT-wise and the mechanism put in place by the Government/RBI to monitor and regulate waiver of loans by the banks as per the guidelines;

(d) whether the Government has received complaints against certain banks refusing to issue fresh loans to the farmers or their family members whose loans have been waived off; and

(e) if so, the details thereof and the action taken by the Government thereon and the corrective steps taken/proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF FINANCE (SHRI P.Chidambaram)

(a) to (e): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 69 to be answered on 1st March, 2013 regarding Waiver of Agricultural Loans tabled by Shri M.B. Rajesh and Shri Jagadanand Singh, MP.

(a) to (e) The Government of India had issued detailed guidelines for the implementation of the Agricultural Debt Waiver and Debt Relief Scheme, 2008 on 28.5.2008.

Reserve Bank of India (RBI) was designated the nodal agency for the implementation of the Scheme for the Scheduled Commercial Banks, Urban Cooperative Banks and Local Area Banks, while NABARD was the nodal agency for Regional Rural Banks (RRBs) and Cooperative credit institutions.

The guidelines issued by the Government for the implementation of the Scheme, inter alia, prescribed procedure for preparation of lists of beneficiaries, responsibility of the lending institutions for correctness of the details of eligible beneficiaries, establishment of grievance redressal mechanism and statutory, concurrent or special audit of claims as may be directed by RBI/NABARD.

NABARD and RBI have on 11.1.2013 and 14.1.2013 respectively issued directions to the lending institutions to examine the cases of any irregularities and take corrective steps, including recovery of such amounts from ineligible beneficiaries, recovery of any excess payment and fixing responsibility of the bank staff in appropriate cases, non-issuance of debt waiver and debt relief certificates and ensure monitoring of fresh loans to the beneficiaries. Under the Agriculture Debt Waiver and Debt Relief Scheme, 2008, upon debt waiver/relief, the farmers were to be issued certificates of debt waiver or debt relief, as the case may be.

Government has taken a number of steps to increase flow of credit to agriculture sector. Besides, fixing annual targets for flow of agriculture credit and implementing the Interest Subvention Scheme, banks have been advised to dispense with the requirement of 'no dues' certificate for small loans upto Rs. 50,000 to small and marginal farmers, share-croppers and the like and, instead, obtain self-declaration from the borrower. Banks have also been advised to waive margin/security requirements for agricultural loans upto Rs. one lakh.