

**THIRTY - FIFTH REPORT  
COMMITTEE ON PETITIONS  
(SIXTEENTH LOK SABHA)**

**MINISTRY OF FINANCE**

**(Presented to Lok Sabha on 26.7.2017)**



**LOK SABHA SECRETARIAT  
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**COMPOSITION OF THE COMMITTEE ON PETITIONS  
(2016-2017)**

Shri Bhagat Singh Koshyari -*Chairperson*

**MEMBERS**

2. Shri Suresh C. Angadi
3. Shri Om Birla
4. Shri Jitendra Chaudhury
5. Shri Ram Tahal Choudhary
6. Shri Chandra Prakash Joshi
7. Dr. K. Gopal
8. Shri Kodikunnil Suresh
9. Shri Chhedi Paswan
10. Shri Kamlesh Paswan
11. Shri Arjun Charan Sethi
12. Shri Dinesh Trivedi
13. Shri Rajan Vichare
14. Shri Dharmendra Yadav
15. Vacant

**SECRETARIAT**

- |                            |   |                            |
|----------------------------|---|----------------------------|
| 1. Shri Shiv Kumar         | - | Joint Secretary            |
| 2. Shri Raju Srivastava    | - | Additional Director        |
| 3. Shri Harish Kumar Sethi | - | Senior Executive Assistant |

**THIRTY - FIFTH REPORT OF THE COMMITTEE ON PETITIONS****(SIXTEENTH LOK SABHA)****INTRODUCTION**

I, the Chairperson, Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Thirty Fifth Action Taken Report (Sixteenth Lok Sabha) of the Committee to the House on the Action Taken by the Government on the recommendations of the Committee on Petitions made in their Third Report (16<sup>th</sup> Lok Sabha) on the representation of Shri Amol M. Totey regarding non-inclusion of names of defaulters of agricultural loans in the list of Credit Information Bureau of India (CIBIL).

2. The Committee considered and adopted the draft Thirty Fifth Action Taken Report at their sitting held on 30 June, 2017.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

**NEW DELHI;**

**30 June, 2017**

**9 Ashadha, 1939 (Saka)**

**BHAGAT SINGH KOSHYARI**  
***Chairperson,***  
***Committee on Petitions***

## REPORT

### **ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS MADE BY THE COMMITTEE ON PETITIONS (SIXTEENTH LOK SABHA) IN THEIR THIRD REPORT ON THE REPRESENTATION OF SHRI AMOL M. TOTEY REGARDING NON-INCLUSION OF NAMES OF DEFAULTERS OF AGRICULTURAL LOANS IN THE LIST OF CREDIT INFORMATION BUREAU OF INDIA (CIBIL).**

The Committee on Petitions (Sixteenth Lok Sabha) presented their Third Report to Lok Sabha on 10 March, 2015 on the representation received from Shri Amol M. Totey regarding non-inclusion of names of defaulters of agriculture loan in CIBIL.

2. The Committee had made certain observations/recommendations in the matter and the Ministry of Finance (Department of Financial Services) were asked to implement the recommendations and furnish their action taken notes thereon for consideration of the Committee.

3. Action Taken Notes have been received from the Ministry of Finance (Department of Financial Services) in respect of all the recommendations contained in the Report. The recommendations made by the Committee and the replies furnished thereto by the Ministry of Finance (Department of Financial Services) are detailed in the succeeding paragraphs.

4. In paragraph 14 of the Report, the Committee had observed/recommended as follows:-

*"In his representation the Petitioner, Shri Amol Totey, Working President, Orange Growers Association of India has raised the matter regarding the plight of farmers particularly when they become ineligible for availing new crop loans due to their names being reflected in the list of Credit Information Bureau of India (CIBIL) consequent upon their outstanding loans remaining unpaid due to genuine reasons like natural calamities. The petitioner has suggested that Financial Institutions should settle such agricultural outstanding loans of farmers amicably and with principal amount outstanding on case to case basis. He has also suggested that interest portion and penal interest should be completely waived off. Besides names of such defaulter agricultural loan borrowers/farmers should not be reflected on CIBIL online data portal. In the larger interest of farmers, the petitioner has sought intervention of the Committee."*

5. In their action taken reply, the Ministry of Finance have stated:-

*“The data format for furnishing of credit information to the Credit Information Companies (CICs) has been revised by Reserve Bank of India (RBI) vide its Circular DBOD.No.CID.BC. 127/20.16.056 /2013-14 dated 27 June 2014, with an objective to enable Banks/Financial Institutions (FIs) to report the rescheduled agricultural loans on account of any declared natural calamities, to Credit Information Companies (CICs). Annexure I of the format has two parts, Consumer Bureau & Commercial Bureau. It has been decided to create a new status value viz “Restructured due to Natural Calamity” for the fields “Written Off and Settled Status” In the Consumer Bureau and “Major reasons for restructuring” in the Commercial Bureau. Such reporting would help banks to know if any earlier loans availed by the farmers were restructured due to natural calamities. A copy of the above RBI Circular dated 27 June 2014 is enclosed at Annexure A.*

*Further, RBI vide its “Guidelines for Relief Measures by banks in areas affected by Natural Calamities” dated 1 July 2015 (updated upto 21 August 2015) has advised banks that within the areas of their discretion, they should take a sympathetic view of the difficulties of the borrowers and extend a concessional treatment to calamity affected period. In respect of current dues in default, no penal interest will be charged. The banks should also suitably defer the compounding of interest. Banks may not levy any penal interest and consider waiving penal interest, if any, already charged in regard to the loans converted/rescheduled. Depending on the nature and severity of natural calamity the SLBC/DCC shall take a view on the interest rate concession that could be extended to borrowers so that there is uniformity in approach among banks in providing relief. A copy of the above RBI Guidelines dated 01 July 2015 is enclosed at Annexure B.”*

6. In paragraphs 15, 16, 17, and 18 of the Report, the Committee had observed/recommended as follows:-

*“The Committee note from the information furnished by the Ministry of Finance that as per the provisions of Credit Information Company (Regulation) Act, all instances of outstanding for all types of loans (including agricultural loans) have to be reported by Banks/ FIs to Credit Information Companies. Credit Information Companies are not negative information database and contain performance of credit accounts reported by credit institutions. The Committee find that no specific instruction stating that any instance of one particular default on a loan to be implied that the defaulter should not be granted any further advance has been issued by Reserve Bank of India. ”*

*“The Committee further note that the Government of India has taken a number of steps and initiatives to provide easy and hassle-free credit to farmers. Agricultural loans are classified under priority sector and the Government has been implementing the Interest Subvention Scheme for short term crop loan upto Rs. 3 lakh which allows credit at 7%. This is further reduced to 4% if a farmer repays the loan within one year. Other loans also have relaxed rate of Interest. Besides, levy of interest in account is linked to harvesting season of crops/crop duration and repayment of interest is insisted upon only at the time of repayment of loan installment. Repayment frequency is also linked with harvesting season of crops/crop duration. In addition to above, no collateral is required on agricultural loans upto Rs.1 lakh.”*

*“With regard to the initiatives taken to provide relief to farmers in natural calamities, RBI’s Master Circular on “Guidelines for Relief Measures by Banks in areas affected by Natural Calamities” enables the Banks to decide on rescheduling of loans and provide relief to borrowers. As per these guidelines, existing term loan installments are to be postponed depending on severity of the calamity and repayment capacity of borrowers. If productive assets are not damaged, then installments for the current year may be postponed for 1 year. Where productive assets are partially/fully damaged, borrowers’ repayment capacity is to be taken into account for all the loans (including restructured crop loans, fresh loans being availed for purchase of new assets – milch animals, tractors, etc.) and based on the other subsidy from Government, Insurance claim, etc. decision on restructuring period is to be taken. SLBCs /DCCs have to take a view of period of repayment which may vary from 3 to 5 years. In extreme cases, repayment can be further elongated. The Committee have also been apprised that restructured /converted loans are treated as current dues and need not be classified as NPA. Accounts restructured second time or more on account of natural calamity will continue to have same status. Restructuring is to be completed within a period of 3 months from the event by Banks to have asset classification benefit.”*

*“The Committee observe from above that some initiatives are being taken by the Government which provide relief to farmers in times of distress. The Committee may like to emphasize that agriculture in the country is still dependent on the vagaries of nature and farmers are vulnerable to falling into a debt trap particularly during natural calamity. Instances of crop failures and consequent farmers suicides still occur in great numbers across the country. Relaxations in repayment of loans and facility to avail of fresh crop loans are the need of the hour in the time of distress particularly during natural calamities. In view of this, the Committee feel that some more relaxations in rate of interest and further postponement of repayment of loans*



*schedule as well as granting of fresh loans to farmers can help them to cope up with the hardships that they face during these calamities. The Secretary, Department of Financial Services during the course of deliberations while appreciating the concerns of Committee in this regard has stated that they would try to give further relaxations to farmers in consultations with RBI. The Committee while appreciating the positive response of the Secretary would recommend to further extend the repayment period of all types of loans of farmers particularly in case of natural calamities. Besides, the Government should also consider waiving of interest / relaxed rate of interest on the repayment of agricultural loans during natural calamities both in case of Crop Loan and Agricultural Term Loan. The Committee further would like to emphasize that the rehabilitation process during natural calamities in hilly and difficult areas takes much longer period and as such farmers of these areas need to be treated in a different dispensation and some special relief on this account should be provided to them in difficult times."*

7. In their action taken reply, the Ministry of Finance (Department of Financial Services) have stated as follows:-

*"The Government of India has decided to increase the quantum of compensation for crop damage to farmers affected by natural disasters and to reduce the criteria of 50 percent crop damage for providing compensation to affected farmers to 33 per cent, vide Ministry of Home Affairs' notification dated 8th April, 2015.*

*Accordingly, RBI has also amended the Guidelines for Relief Measures by Banks in Areas Affected by Natural Calamities, instructing the Banks that in view of the Gol's decision to reduce the criteria of crop loss from 50 percent to 33 percent for providing input subsidy (compensation) to the farmers, State Level Bankers' Committees (SLBC)/District Level Consultative Committees (DLCC)/banks may take a view on rescheduling of loans if the crop loss is 33% or more. In case of short term crop loans, Banks may allow a maximum period of repayment of up to 2 years (including the moratorium period of 1 year) if the loss is between 33% and 50%. If the crop loss is 50% or more, the restructured period for repayment may be extended to a maximum of 5 years (including the moratorium period of one year).*

*Similarly for term loans, it has been indicated that while the total repayment period for the restructured/fresh term loan will differ on case-to-case basis, generally it should not exceed a period of 5 years.*

*Further, RBI has advised banks that within the areas of their discretion, they should take a sympathetic view of the difficulties of the borrowers and extend a concessional treatment to calamity affected period. In respect of current dues in*

*default, no penal interest will be charged. The banks should also suitably defer the compounding of interest. Banks may not levy any penal interest and consider waiving penal interest, if any, already charged in regard to the loans converted/rescheduled. Depending on the nature and severity of natural calamity the State Level Bankers' Committee (SLBC)/District Coordination Committee (DCC) shall take a view on the interest rate concession that could be extended to borrowers so that there is uniformity in approach among banks in providing relief.*

*Therefore, the above provisions are flexible enough to allow SLBCs/DCCs and banks to undertake such relief measures as are best suited to the requirements of specific areas (such as hilly and difficult regions) and other circumstances.*

*It is further submitted that the standing guidelines of RBI provide for rescheduling of short term crop loans upon declaration of natural calamity and such rescheduling of crop loans converts them into term loans, on account of which the concessional rate of interest applicable to short term crop loans upto Rs. 3.00 lakh under the Interest Subvention Scheme of Gol is not available for such restructured loans. In view of this, the Government in 2014-15 has introduced a new provision in the Interest Subvention Scheme so as to provide relief to the farmers on occurrence of natural calamities. As per this provision, the interest subvention of 2% may continue to be available to banks for the first year on the restructured amount and such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by RBI. This provision is continued in the Interest Subvention Scheme, 2015-16."*

8. In paragraphs 19 and 20 of the Report, the Committee had observed/recommended as follows:-

*"The Committee note that in CIBIL, agriculture and non-agricultural loans are treated in a similar way. The Committee are aware of the fact that Credit Information Companies provide credit information reports to specified users who in turn take a decision to approve or decline a loan proposal. Thus, it is for the Financial Institution to distinguish between the agriculture and non-agriculture default. The Committee find that though the credit information companies data base is not negative information, the financial institutions interpret it in a negative way. The Committee in this regard would like to recommend that specific instructions should be issued to the Financial Institutions to examine the request of the farmers for a fresh loan on a case to case basis. The farmer's name appearing in CIBIL should not be treated negatively while considering his case for fresh agricultural loans. The cases of farmers inability to repay the loan, in case of natural calamity particularly when there*

*are series of calamities, should not be considered as willful default. The officials of the Financial Institutions further need to be sensitized to be more considerate in the case of grant of fresh loans to farmers when they default in repayment of earlier loan due to natural calamities and their names are reflected in CIBIL. Now when the Secretary has assured to take up the issue in consultations with RBI, the Committee hope and trust that the Government would act on the suggestions of the Committee on an urgent and priority basis.*

*The Committee would like to be apprised about the conclusive action taken by the Ministry of Finance on the issues raised by the Committee in the Report within three months of the presentation of this Report to the House."*

9. In their action taken reply, the Ministry of Finance (Department of Financial Services) have stated as follows:-

*"As has been submitted earlier, the data format for furnishing of credit information to the Credit Information Companies (CICs) has been revised by RBI vide its Circular DBOD.No.CID.BC. 127/20.16.056 /2013-14 dated 27 June 2014 (Annexure A), with an objective to enable Banks/Financial Institutions (FIs) to report the rescheduled agricultural loans on account of any declared natural calamities, to Credit Information Companies (CICs). Annexure I of the format has two parts, Consumer Bureau & Commercial Bureau. It has been decided to create a new status value viz "Restructured due to Natural Calamity" for the fields "Written Off and Settled Status" In the Consumer Bureau and "Major reasons for restructuring" in the Commercial Bureau. Such reporting would help banks to know if any earlier loans availed by the farmers were restructured due to natural calamities.*

*Further, as has been submitted hereinabove, RBI vide its "Guidelines for Relief Measures by banks in areas affected by Natural Calamities" dated 1 July 2015 (updated upto 21 August 2015)(Annexure B) has advised banks that within the areas of their discretion, they should take a sympathetic view of the difficulties of the borrowers and extend a concessional treatment to calamity affected period.*

*As regards sanctioning of fresh loans, the RBI guidelines provide that banks may grant loans to the affected farmers which will be based on the scale of finance for the particular crop and the cultivation area, as per norms. Similarly rural artisans, self-employed persons, micro and small industrial units, etc. in the areas affected by natural calamities may require the credit to sustain their livelihood. Banks may, of their own, assess and decide on the quantum of fresh loans to be granted to the affected borrowers taking into consideration, amongst others, their credit requirements and the due procedure followed for sanctioning of loans. Besides,*

*Banks may also grant consumption loans upto Rs. 10,000/- to existing borrowers without any collateral. The limit may, however, be enhanced beyond Rs. 10,000/- at the discretion of the bank."*

## Observations/Recommendations

### Extending the repayment period of loans of farmers

10. The Committee while acknowledging that agriculture in the country is still dependent on the vagaries of nature and the farmers are vulnerable to falling into the debt trap particularly during natural calamities, they had recommended that the Ministry of Finance (Department of Financial Services) should give some more relaxation in the rate of interest and further postponement of repayment of all types of loans schedule as well as granting of fresh loans to farmers. The Committee had also emphasised that the Government should also consider waiving of interest/relaxed rate of interest on the repayment of agricultural loans during natural calamities both in the case of Crop Loan and Agricultural Term Loan.

11. The Ministry of Finance (Department of Financial Services), in their action taken reply have spelled out the following policy decisions of the Government to mitigate the hardships faced by the farmers as well as to provide relief to them in times of distress:-

- (i) *The Government of India has decided to increase the quantum of compensation for crop damage to farmers affected by natural calamities and to reduce the criteria of 50% crop damage for providing compensation to affected farmers to 33% vide the Ministry of Home Affairs Notification dated 8 April, 2015.*
- (ii) *The Reserve Bank of India has also amended the Guidelines for Relief Measures by Banks in Areas Affected by Natural Calamities, instructing the Banks that in view of the Government of India's decision to reduce the criteria of crop loss from 50% to 33% for providing input subsidy (compensation) to the farmers, State Level Bankers' Committees (SLBC)/District Level Consultative Committees (DLCC).*

- (iii) In case of short-term crop loans, the Banks may allow a maximum period of repayment of up to two years (including the moratorium period of one year) if the loss is between 33% and 50%. If the crop loss is 50% or more, the restructured period for repayment may be extended to a maximum of five years (including the moratorium period of one year).**
- (iv) For term loans, it has been indicated that while the total repayment period for the restructured/fresh term loan will differ on case-to-case basis, generally it should not exceed a period of five years.**
- (v) The Reserve Bank of India has advised the Banks that within the areas of their discretion, they should take a sympathetic view of the difficulties of the borrowers and extend a concessional treatment to calamity affected period. In respect of current dues in default, no penal interest will be charged. The Banks may not levy any penal interest and consider waiving penal interest, if any already charged in regard to the loans converted/rescheduled. Depending on the nature and severity of natural calamity, the SLBC/DC shall take a view on the interest rate concession that could be extended to the borrowers so that there is uniformity in approach among Banks in providing relief.**
- (vi) The standing Guidelines of the Reserve Bank of India provide for re-scheduling of short term crop loans upon declaration of natural calamity and such re-scheduling of crop loans converts them into term loans, on account of which the concessional rate of interest applicable to short term crop loans upto Rs. 3 lakh under the Interest Subvention Scheme of the Government of India is not available for such re-structured loans.**
- (vii) In 2014-15, the Government of India has introduced a new provision in the Interest Subvention Scheme so as to provide relief to the farmers on occurrence of natural calamities. As per this provision, the interest subvention of 2% may continue to be available to the Banks for the first year on the re-structured amount and such re-structured loans may attract normal rate of interest from the second year onwards as per the policy laid down by the Reserve Bank of India. This provision is continued in the Interest Subvention Scheme 2015-16.**

12. The Committee appreciate the various efforts made by the Union Government, in general and the Ministry of Finance (Department of Financial Services), in particular in formulating a permanent institutional structure for giving effective relaxations to farmers in repayment of loans and facility to avail of fresh crop loans in the time of distress, particularly during natural calamities. However, after analysing the various policy initiatives undertaken by the Union Government, the Committee may like to advise the Union Government to formulate an apparatus for dissemination of all relevant information to the farmers, particularly the small and marginal farmers, in an '*easy to understand*' format through publicity campaigns and meaningful interactions in the semi-rural and rural areas - in co-ordination with the State Governments. The Committee would like to be kept abreast of the steps taken by the Ministry of Finance (Department of Financial Services) in the matter.

#### Revision of credit information to the Credit Information Companies (CICs)

13. While observing that in the Credit Information Bureau of India (CIBIL), agriculture and non-agricultural loans are treated in a similar manner and the Credit Information Companies, in-turn, provide credit information reports to specified users who in turn take a decision to approve or decline a loan proposal, the Committee had recommended the Ministry of Finance (Department of Financial Services) that specific instructions should be issued to the Financial Institutions to examine the request of the farmers for a fresh loan on a case-to-case basis. Notwithstanding the fact that the Credit Information Companies data base do not have negative credit-related information, whereas, the Financial Institutions interpret it in a negative way, the Committee also recommended the Ministry of Finance (Department of Financial Services) that the farmer's name appearing in CIBIL should not be treated negatively while considering his case for fresh agricultural loans. The cases of farmers' inability

to repay the loan, in case of natural calamity, particularly when there are series of calamities, should also not be considered as a wilful default.

14. In this regard, the Ministry of Finance (Department of Financial Services) have informed that with an objective to enable Banks/Financial Institutions (FIs) to report the re-scheduled agricultural loans on account of any declared natural calamities to the Credit Information Companies (CICs), the data format for furnishing of credit information to the CICs has been revised by the Reserve Bank of India *vide* its Circular dated 27 June, 2014. The Ministry have also informed that the relevant format has two parts - 'Consumer Bureau' and 'Commercial Bureau'. It has been decided to create a new status value, viz., 'Re-structured due to Natural Calamity' for the fields 'Written Off and Settled Status' in the Consumer Bureau and 'Major Reasons for Re-structuring' in the Commercial Bureau. Such reporting would help the Banks to know if any earlier loans availed by the farmers were re-structured due to natural calamities. The Ministry have further informed that the Reserve Bank of India *vide* its 'Guidelines for Relief Measures by Banks in areas affected by Natural Calamities' dated 1 July, 2015 had advised the Banks that within the areas of their discretion, they should take a sympathetic view of the difficulties of the borrowers and extend a concessional treatment to calamity affected period.

15. On the aspect of sanctioning of fresh loans, the Ministry of Finance (Department of Financial Services) have submitted that the Reserve Bank of India Guidelines provide that the Banks may grant loans to the affected farmers which will be based on the scale of finance for the particular crop and the cultivation area, as per norms. Similarly, rural artisans, self-employed persons, micro and small industrial units, etc., in the areas affected by natural calamities may require the credit to sustain their livelihood. The Banks may, on their own, assess and decide on the quantum of fresh loans to be granted to the affected borrowers taking into



consideration, amongst others, their credit requirements and the due procedure followed for sanctioning of loans. Besides, the Banks may also grant consumption loans upto Rs. 10,000/- to the existing borrowers without any collateral. This limit may, however, be enhanced beyond Rs. 10,000/- at the discretion of the Bank.

16. With the information made available by the Ministry of Finance (Department of Financial Services), the Committee do understand that revision of data format for furnishing of credit information to the Credit Information Companies would help the Banks/Financial Institutions to report the re-scheduled agricultural loans on account of natural calamities and this, in turn, would help the farmers to get re-scheduled their loans and also procure fresh loans. Nevertheless, the Committee still believe that the officials of the Financial Institutions need to be sensitized to be more considerate in the case of grant of fresh loans to the farmers even when they default in repayment of earlier loan due to natural calamities. The Committee, therefore, would like to reiterate that the Ministry of Finance (Department of Financial Services) should take all necessary steps to ensure that their policy formulations should be effectively implemented by the officials of the Financial Institutions while dealing with farmers who are often not familiar with technical jargons of re-scheduling of loans, requirement of collateral, technicalities of procuring fresh loans, etc.

NEW DELHI;  
30 June, 2017  
9 Ashadha, 1939 (Saka)

BHAGAT SINGH KOSHYARI  
Chairperson,  
Committee on Petitions