

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:174
ANSWERED ON:31.07.2015
Waiver of Interest under Settlement Scheme
Sawant Shri Arvind Ganpat

Will the Minister of FINANCE be pleased to state:

- (a) the interest waived on crop loans by the Public Sector and Regional Rural Banks during the last three years and the current year, bank and State-wise;
- (b) whether the Government has taken note of various malpractices and irregularities including waiving of interest on the basis of fake and forged documents have been reported and if so, the details thereof;
- (c) the number of complaints received and action taken against the concerned bank officials during the said period;
- (d) the salient features of the guidelines of the Reserve Bank of India (RBI)/ NABARD on the farmer loan waiver scheme; and
- (e) the mechanism put in place by the Government to monitor and check such irregularities/malpractices?

Answer

The Minister of Finance
(Shri Arun Jaitley)

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

Statement referred to in reply to parts (a) to (e) in Lok Sabha Starred Question No. *174 for answer on 31 July 2015 regarding Waiver of Interest under Settlement Scheme raised by Shri Arvind Sawant, MP.

(a): After the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008, the Government of India has not issued any instructions to banks for waiver of interest or loans availed by farmers. However, the Government provides interest subvention to make short-term crop loans upto Rs.3 lakh available to farmers at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

The details of interest waived on crop loans in individual cases by the Regional Rural Banks (RRBs) during the last three years and the current year are given in Annexure-I. As regards Public Sector Banks (PSBs), the data reported by them regarding interest waived on crop loans in individual cases during the last three years and the current year are given in Annexure-II.

(b) & (c): As per the information received from NABARD/PSBs, no instances of malpractices/irregularities/complaints in regard to waiver of interest have been reported in RRBs/PSBs.

(d): As regards One Time Settlement of loans, Reserve Bank of India (RBI) has deregulated the matters related to One Time Settlement (OTS)/Compromise Settlements. Banks are free to engage in OTS/ Compromise Settlements with borrowers as per their Board approved internal policy, their commercial judgment and extant regulatory guidelines. Accordingly, Banks have been advised by RBI to put in place a policy for Non-discretionary OTS scheme for recovery of non-performing loans, duly approved by their Board. Banks have also been advised to give wide publicity to the OTS scheme by placing it on their website and through other possible modes of dissemination. The data regarding OTS/waiver of interest under OTS or compromise settlement by individual banks is not maintained centrally.

(e): If any complaint against any bank regarding violation of guidelines issued by RBI is received, the matter is immediately taken up by Government/RBI with the concerned bank for remedial action.
