

change in the policy of the Government for supply of wheat to flour mills. Normally the flour mills were being supplied wheat fifty per cent over and above their grinding capacity, and now there is a change in the policy of the Government, and for lack of supply of wheat, the flour mills have not been able to produce as much maida as they could do earlier. That is the cause of shortage in the supply of bread. Is that not a fact?

SHRI BIRENDRA SINGH RAO: I have not said that there is any shortage of bread. On the contrary, the production of Modern Bakeries, for instance, has almost doubled since June, in July. In respect of 400 grams, as against four lakhs produced in June, it is seven lakhs in July; in 800 grams, as against 10 lakhs produced in June, it is 25 lakhs in July; it has more than doubled.

MR. SPEAKER: Next Question.  
Mr. Chandrasekhara Murthy.

श्री अटल बिहारी वाजपेयी : अध्यक्ष महोदय, दिल्ली का डबल रोटी का मामला है।

अध्यक्ष महोदय : वाजपेयी जी, बहुत हो गया इस पर।

श्री अटल बिहारी वाजपेयी : रोटी तो मिलती नहीं है और राव साहब कहते हैं कि रोटी की कमा नहीं है।

श्री वारेन्द्र सिंह राव : यह रोजी रोटी का नहीं, डबल रोटी का मामला है।

#### Farm Debt Relief Policy

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\*923. SHRI M. V. CHANDRA-SHEKHARA MURTHY:

SHRI P. M. SAYEED:

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Central Government have taken final decision in regard to farm debt relief policy;

(b) if so, whether Central Government have asked the State Governments to furnish a list showing number of farmers who were given loan but have not been able to pay with interest;

(c) the number of such farmers in the States;

(d) whether these farmers include sugarcane growers also;

(e) whether many State Governments have already taken the decision in this regard; and

(f) if so, how many farmers in the country will be benefited by this decision?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI R. V. SWAMINATHAN): (a), (e) & (f). A statement is placed on the Table of the House.

(b) to (d). A survey of rural indebtedness for the agricultural year 1980-81 is proposed to be undertaken and the State Governments have been requested to assist in the survey work. Information about the number of farmers in different States and the extent of their indebtedness and other relevant details would be available only after the survey has been carried out.

#### Statement

1. Farm debts arise out of loans taken from institutional agencies as well as non-institutional sources such as money lenders. As a part of the 20-Point Programme, Government of India had issued guidelines in August, 1975 to the State Governments and Union Territory Administrations for undertaking legislative measures to provide relief from indebtedness. This relief related to loans from non-institutional agencies borrowed by weaker sections. Under these guidelines the State Governments and Union Territory Administration were to impose moratorium on recovery of debts

as an interim measure followed by (a) total discharge of debts of marginal farmers, agricultural labourers and rural artisans having annual income upto Rs. 2400 and (b) Scaling down of debts of small farmers. Legislation on these lines has been enacted by the State Governments and Union Territory Administrations.

2. Government's policy has been to see that credit requirements in the farm sector are increasingly met from institutional sources such as co-operatives, commercial banks and regional rural banks. Institutional loans are given mainly for agricultural production and investment. Institutional loans are to be repaid by farmers on due dates fixed at the time of sanction of the loans. When there are special circumstances affecting the repaying capacity of the farmers and warranting postponement of recovery like occurrence of natural calamities, there is provision for granting time by extension of the period of repayment or conversion of the short-term loans into medium-term loans or rescheduling of the long-term loans. This enables the farmers to repay the dues at a later date and at the same time obtain loans for meeting current production expenses. The Reserve Bank of India also sanctions special rehabilitation programmes, so that accumulated overdues in respect of non-wilful defaults are repaid over a long period of time in easy instalments.

3. Government of India and State Governments have been assisting agriculturists in a number of ways whenever there are natural calamities affecting them. Central assistance is provided to the State Governments to supplement their resources for undertaking various relief measures. State Governments have been providing relief in a number of ways like provision of inputs at subsidised cost, reduction in charges for electricity etc. In view of the unprecedented, widespread and severe drought in

Kharif '79-'80, the Government of India decided to share with the State Governments, the liability of waiving the interest due on short-term loans given to small farmers where crop loss was more than 50 per cent.

4. According to information available, the State Government of Maharashtra had announced its intention to write-off cooperative loans given to small farmers. The Government of Maharashtra had proposed to waive the recovery of the entire amount of principal plus interest payable by small farmers as on 30th June 1979. Cultivators having a dryland holding not exceeding 5 acres (7 1/2 acres in the 87 identified drought prone areas in the States) and having an off-farm income not exceeding Rs. 2400 per annum are to be treated as small holders. The State Government had made a Budget provision of Rs. 49 crores (Rs. 40 crores on account of principal and Rs. 9 crores on account of interest) in the Budget of 1980-81 for meeting this liability. This will cover approximately 7.81 lakh small holders.

5. The Government of Tamil Nadu has proposed to write-off outstanding taccavi loans amounting to Rs. 21 crores and medium-term conversion loans given by co-operatives outstanding as on 31-3-80 against small farmers cultivating 5.0 acres or less. These co-operative loans amount to Rs. 35 crores and interest thereon Rs. 7 crores. The Government of Tamil Nadu has sought central assistance for this purpose.

6. The Government of Kerala has announced its decision to waive interest on loans taken by farmers prior to 1-4-76 in respect of those owning 2 hectares or less of land. The State Government is working out the details of amount involved. Information from all States is not available.

7. As far as Government of India's policy is concerned, we do not favour any measure involving a blanket

write-off of institutional loans. Such write-off tends to vitiate the climate for recovery of loans, puts a premium on wilful default and tends to undermine the viability of credit institutions. However, Government of India does recognise that some support is needed by way of relief in certain justified circumstances. Hence, Government of India's assistance is confined to the following two categories of situations:—

(i) to enable the institutional agencies to meet the credit needs of the weaker sections, the Government of India has introduced special programmes like SFDA and DPAP. Under these programmes, assistance is provided by the Government of India to Co-operatives to build up Risk Funds. This assistance is available at the rate of 6 per cent on the additional short-term production loans advanced by the primary agricultural credit societies and 2 per cent on term loans advanced by Co-operatives to the small and marginal farmers and agricultural labourers, identified under these special programme. The Government of India has also been providing 5 per cent as Risk Fund contribution on the consumption loans given to those having less than 0.5 acres of land. These Risk Fund could be utilised to write-off institutional loans in special circumstances.

(ii) to enable co-operative banking structure to convert short-term loan into medium-term loans in the event of drought, flood or any other natural calamity, credit stabilisation funds are required to be built up at the level of Central Cooperative Banks and State Cooperative Banks. The Central Government provides assistance to the State Governments in the form of 75 per cent grant and 25 per cent loan to enable them in turn to contribute to the stabilisation Fund of the State Co-operative Banks. In addition, the Reserve Bank of India Act has been

amended by the Government of India to enable the Reserve Bank to set apart a National Agricultural Stabilisation Fund, to which the Bank annually makes contributions out of its profits.

SHRI M. V. CHANDRASHEKHARA MURTHY: Even after 33 years of Independence, the economic conditions of small farmers and marginal farmers in our country have not at all been improved. Moreover, our farmers are also the victims of natural calamities like floods and drought. Recently the State Governments of Maharashtra, State Governments of Maharashtra, Tamil Nadu and Kerala have taken a decision to waive the loans given to small farmers and marginal farmers. In this context, I recall a common and popular saying that our farmers are born in debt, are living in debt and are dying in debt. In view of all these facts, I would like to know from the hon. Minister whether Government is prepared to call a Conference of the Chief Ministers of all the States and take a uniform decision in respect of farm debt relief policy.

THE MINISTER OF AGRICULTURE AND RURAL RECONSTRUCTION (SHRI BIRENDRA SINGH RAO): Under the 20-Point Programme, as has been stated earlier by my colleague, in the statement laid on the Table of the House, the States were asked to enact legislation for liquidating the debts to small farmers, marginal farmers, agricultural labourers and others, and all the States have passed Acts to that effect. For instance, in Andhra Pradesh, the total discharge benefit has been given to small and marginal farmers, landless agricultural labourers and rural artisans. In Assam also there has been total discharge of debt for small and marginal farmers and agricultural labourers. Similarly, in Bihar also, total discharge of debt has already taken place....

AN HON. MEMBER: That was not the question.

SHRI BIRENDRA SINGH RAO: He said, farmers are dying in penury, nothing has been done by Government. That is what I am trying to explain by saying that it is a wrong impression that Government is not doing anything; Government is doing everything that is possible. The suggestion that a Conference of the State Chief Ministers may be called to look into that matter will be considered and, if necessary, that will also be done. All the other information, as you will kindly see, has been supplied in detail. A statement of four pages has been laid on the Table of the House.

SHRI M. V. CHANDRASHEKHARA MURTHY: Our small farmers and marginal farmers grow commercial crops like sugarcane, tobacco, cotton, etc. Does the Government propose to waive off the loans given even by co-operative banks and institutional banks?

SHRI BIRENDRA SINGH RAO: We will consider the suggestion.

श्री रामनगीना मिश्र : यह एक सिद्धान्तिक मामला है। यह बात तो बड़ी अच्छी लगती है कि कर्जें माफ़ किये जायें, लेकिन मैं चाहूंगा कि इस के बारे में कोई सिद्धान्त तय किया जाय। अगर आगे-दिन इसी तरह से कर्जें माफ़ होते रहेंगे तो यह राष्ट्रीय कोष को एक बड़ा नुकसान होगा। इस लिये क्या मंत्री जो एक सम्मेलन कर के कोई नीति निर्धारित करेंगे कि राष्ट्रीय स्तर पर जो छोटे किसान हैं, एक एकड़ या दो एकड़ वाले किसान हैं उनको खाद या बीज बिना सूद के दिया जाय, उसकी रकम पर ब्याज न लिया जाय, जितना पैसा उनको दिया जाय, उतना ही वसूल किया जाय ?

श्री बीरेन्द्र सिंह राव : कर्जें जहां तक माफ़ करने का मामला है, वे इन्स्टीचूशनल-लोन हैं, इस के बारे में सरकार की नीति मैंने अपने स्टेटेमेंट में बतला दी है। अगर यों ही सब के कर्जें माफ़ करत जायेंगे, तो नतीजा यह होगा कि लोग कर्जें लेंगे और कभी वापस करने की कोशिश नहीं करेंगे। इस तरह से

तो सारे बैंक्स फेल हो जायेंगे, सारा काम रुक जायगा। लेकिन जहां तक सुविधाओं का ताल्लुक है, जो सुविधाएँ एग्रीकल्चर किसानों शेड्यूल्ड कास्ट्स और शेड्यूल्ड ट्राइब्स को दी जा रही हैं, उनका मैंने मूख्तसिर जिक्र कर दिया है। इस सिलसिले में हालात को जितना भी बेहतर बनाने की कोशिश हो सकती है, वह की जायगी।

PROF. MADHU DANDAVATE: I would like to know from the Minister whether he would respect the decision of the Maharashtra Government. I may bring to his notice that the previous Government as well as the present Government had taken a decision that as far as small and marginal farmers are concerned, their loans will be written off. On the historic day of 9th August the Chief Minister of Maharashtra had announced that these loans will be written off. Shall I get an assurance from the hon. Minister that the Government and the Reserve Bank will not bring any obstacle in the path of the implementation of the decision which has been announced by the Chief Minister of Maharashtra?

SHRI BIRENDRA SINGH RAO: In the statement the hon. Member has referred to this—the policy of the Government has been clearly stated by my colleague the Finance Minister and also that decisions like this are not favoured by the Government of India for certain reasons which I have stated.

PROF. MADHU DANDAVATE: Sir, there is no specific answer. There cannot be conflicting answers by the Finance Minister and the Agriculture Minister. I believe both of them belong to the same Government. The Finance Minister has indicated that, without allowing it to become a precedent, they would be prepared to respect the decision. Is he going to change the decision? Is it that the Finance Minister proposes and the Agriculture Minister disposes?

MR. SPEAKER: No, no; that is not the case.

**SHRI BALASAHEB VIKHE PATIL:**

As per the statement laid on the Table, guidelines were issued by the Government of India to the Reserve Bank. But as per my information, commercial banks and nationalised banks are using their own discretion to write off the loans or to give loans at low interest.

Secondly, there is a risk fund and stabilisation fund which Government wants to create, as has been stated in the statement. But, as far as I am aware, I think no stabilisation fund or risk fund has been created. If it has been created, what is the amount of fund that has been created and what is the amount utilised for this particular purpose? Will the Hon. Minister reply to these points?

**SHRI BIRENDRA SINGH RAO:** The stabilisation fund was created a few years back: it is nothing new. During the last two years a sum of about Rs. 65 crores has already been given by Government of India to State Co-operative Banks and this fund is to be utilised in case cooperative banks want to give more loans or additional loans in the case of calamities like drought, floods etc. and for other relief measures. It is for this purpose that the fund is maintained.

**SHRI BALASAHEB VIKHE PATIL:** You have not said anything about the Risk Fund.

**SHRI BIRENDRA SINGH RAO:** The Risk Fund is created out of grants given by the Rural Reconstruction Ministry. That is only on the additional loans that are advanced by Co-operative Banks. For instance, if Rs. 100 has been determined for a bank to be given as loan to small and marginal farmer and others in particular year and if the banks want to give more, say, another hundred rupees, this 6 per cent will be given by the Government of India as Risk Fund so that more farmers who cannot satisfy the banks with regard to the surety against which they advance loans, can be entertained. It is to liberalise the credit system for small and marginal farmers that this amount is given.

**SHRI BALASAHEB VIKHE PATIL:** You have stated in the statement that to write off the loan this fund will be utilised.

**MR. SPEAKER:** No debate, please.

**SHRI BIRENDRA SINGH RAO:** Risk means the same thing. If it is not realised, there is a risk involved. Then it will be met out of this. There is no difference between what you say and what I say.

**SHRI S. B. CHAVAN:** I fully appreciate what the hon. Agriculture Minister has to say about the banking system and the effect the proposals put forward by one particular State might have on the State banking system as a whole. May I know from the Hon. Minister whether he is aware of the fact that so far as Land Development Banks were concerned, the Reserve Bank itself had asked the Maharashtra Government to advance money in such a manner that the number of defaulters are being reduced to the barest minimum in the case of Land Development Bank and it was on the initiative of the Reserve Bank that this amount was given by the Maharashtra Government on similar lines. I think it will not be correct to say that the Maharashtra Government has taken a decision to write off the loan advanced to the agriculturists. On the other hand, the credit lines were choked up and for which the Maharashtra government was prepared to pay the money to the banks concerned in order to see that hereafter the co-operative institutions are in a position to advance the money. There is a vast difference between waiving the entire loan amount and clearing the choked position of the pipeline in the banks.

May I know the reaction of the government and whether the government believes in creating the conditions by which more cultivators—small and marginal farmers are in a position to take full benefit of the credit system?

SHRI BIRENDRA SINGH RAO: It is exactly the tenor of my statement—that we are trying to create those conditions.

As regards the case, particularly, of Maharashtra I have only stated the policy of the Government of India in this regard—that the Government of India does not favour a blanket write-off all agricultural loans as the Maharashtra and Tamil Nadu governments want to do. But the decision with regard to the Maharashtra Government's proposal will be taken by the Finance Ministry and the Reserve Bank. It is between them.

#### Deposits with D.D.A.

\*924. SHRI K. LAKKAPPA:  
SHRI M. N. GOWDA:

Will the Minister of WORKS AND HOUSING be pleased to state:

(a) whether it is a fact that DDA has stopped paying interest forthwith on the deposits with them;

(b) if so, the reasons therefor; and

(c) the action proposed to be taken by Government in the matter?

THE MINISTER OF WORKS AND HOUSING (SHRI P. C. SETHI): (a) No, Sir. However, the practice of paying interest annually on deposits has been stopped. It is now being credited to the account of the depositor who gets the benefit of compound interest. The total amount is adjusted at the time of allotment of the house or refund of the deposit as the case may be.

(b) and (c). Question does not arise in view of the position stated against part (a) above.

SHRI K. LAKKAPPA: I want to know whether it is a fact that depositors who have deposited money with the DDA for allotment of houses have been urging for a long time that even the interest on their interests has not

been paid and that it has accrued for a long time.

I would like to know how many such cases are pending and the money involved and to what extent the interest that has accrued has not been paid even after they have demanded payment of the interest and the reasons thereof.

SHRI P. C. SETHI: The scheme was evolved in the year 1979 and it was expected that about 30,000—40,000 people would come for registration. But the scheme attracted so many that as many as 1,71,000 people got registered and the total amount involved is about Rs. 32 crores. As the D. D. A. was paying a monthly interest accrued on the amount deposited with them, it involved a lot of inconvenience both to the recipients and also to the paying authority. Therefore, they have concluded that they would go on depositing the interest which accrued to them in the main fund; they will pay compounded interest on it. It was welcomed by most of the depositors.

SHRI K. LAKKAPPA: In the DDA for the last 2½ years certain things happened. The officers there were diverting the deposits to the non-nationalised banks thereby taking a lot of premium. I want to know the money that has been deposited and the interest that accrued to the depositors which had been diverted in that manner. These officers are depositing the money in the non-nationalised banks in this manner rather than to deposit the money in the nationalised banks. I want to know to what extent the money has been diverted in this manner to the non-nationalised banks as against the nationalised banks. Is it also a fact that the depositors are demanding not only a probe into the whole thing but also they want a fair deal in regard to the allotment of houses. Will the Hon. Minister examine this to see that the whole system is streamlined? I understand that it was the previous government which was operating in that