

**Availability of Cheap Credit to Farmers**

\*288. SHRI DHARAM PAL SINGH MALIK† :

SHRI SUBHASH YADAV :

Will the Minister of AGRICULTURE be pleased to state :

(a) whether Government are aware that the high rate of interest on agricultural loan is making agricultural production quite unremunerative;

(b) whether Government are also aware of the various incentives given to farmers in other countries by way of concessional rate of interest or interest free credit etc; and

(c) if so, the steps proposed to be taken by Government to make agriculture a really remunerative vocation?

THE MINISTER OF STATE IN THE DEPARTMENT OF AGRICULTURE AND COOPERATION IN THE MINISTRY OF AGRICULTURE (SHRI YOGENDRA MAKWANA) : (a) to (c). A Statement is given below.

**STATEMENT**

(a) to (c). The rates of interest on agricultural loans charged to ultimate borrowers by the Cooperative Credit Institutions, Commercial Banks and Regional Rural Banks are already low as compared to commercial rates of interest. Currently the rates of interest on short-term agricultural loans range between 11.5% to 16.50% per annum depending on the size of loans. The rates of interest charged on medium-term and long-term loans range between 10.00% to 12.50% per annum depending on the purpose of loans. It is estimated that around 40% of agricultural credit is provided by the Institutional Agencies. The prevailing rates of interest on agricultural loans do not adversely affect economics of agricultural production.

Government are aware of the rates of interest on agricultural loans in some foreign countries.

The Government's price policy for agricultural produce announced from time to

time is intended to ensure remunerative prices to the growers for their produce.

SHRI DHARAM PAL SINGH MALIK: Mr Speaker, Sir, I had submitted the question in English and its part (a) was as follows:

[English]

"Whether Government are aware that the high rate of interest on agricultural loan is making agricultural production quite unremunerative."

[Translation]

Its Hindi translation submitted by the Parliament House is altogether different. It is injustice to the farmers. Not only the Nature and the Government, but every one seems to be doing injustice to the farmers. Part (a) has been translated as follows :

'Whether Government are aware that the high rate of interest on agricultural loan is making agricultural production quite remunerative.'

The result was that at least 20 parliament Members telephoned me. These who have read this question in Hindi told me that although I am a son of a farmer and am in the know of the things, even then I have raised such a question. I request that this mistake should not be shown in the record.

[English]

MR. SPEAKER : This is really a serious thing. I will look into it.

[Translation]

You may ask the question from the English version.

SHRI DHARAM PAL SINGH MALIK: Sir, the hon. Minister has replied that the prevailing rates of interest on agricultural loans do not adversely affect the economics of agricultural production. I would like to ask the hon. Minister what is the percentage of farmers who are under debt? From the figures we have received it comes out that 90 percent of Indian farmers are under debt and regarding the remunerative prices you

are mentioning, I may tell you that it is cornered by the intermediaries; farmers to not get anything. In paying compound interest they have to sell even their land. In this connection I want to ask whether the Government would like to have a study to find out the Percentage of Indebtedness among the Farmers and the percentage of indebtedness among industrialists and also how much loan due from industrialists has been written off and how much due from farmers has been written off?

[English]

PROF. N. G. RANGA : No loan is ever written off so far as farmers are concerned.

[Translation]

SHRI YOGENDRA MAKWANA : His suggestion is wide ranging and this cannot be done by my Ministry ; Finance Ministry can do it. About the farmers, I can ask the State Governments to provide statistics but regarding industries, I cannot tell, the Finance Ministry can do it. However, we have noted the suggestion.

SHRI DHARAM PAL SINGH MALIK : Has ever farmers' loan been written off?

SHRI YOGENDRA MAKWANA : The State Government can write off the loans.

(Interruptions)

MR. SPEAKER : Kindly listen.

SHRI GIRDHARI LAL VYAS : The hon. Minister is not answering the question.

MR. SPEAKER : Kindly listen. If the answer is not given, we shall get the question asked agains but if you keep on interrupting, nothing will be understood. (Interruption)

[English]

SHRI YOGENDRA MAKWANA : Will you please listen to me so that I can reply. If you shout like this, it is not possible for me to reply. Credit is given by cooperatives or banks, commercial banks and other institutions. These institutions and cooperatives are under the control of the State Government. Banks and other commercial institutions are under the Reserve Banks of India.

So, it is difficult for me to say that whatever loans they have taken, will be written off. I can simply write to the State Governments with regard to it. It is not possible for Government of India.

SHRI V. SOBHANADREESWARA RAO : There subject of industries also lies with the State Government also, and the Central Government has written off hundreds of crores of rupees worth loans of industrialists in the name of bad debts.

SHRI DINESH GOSWAMI : The question has not been answered. The question is whether there is a discrimination in favour of industrialists in matters of repayment ; whether they are treated leniently and agriculturists are treated harshly. You must have some figures or some information.

SHRI YOGENDRA MAKWANA : In industry, the rate of interest is much higher compared to agriculture, the rates of interests is from 11.5 to 16.5% , whereas for industrialists it is more than 17%.

MR. SPEAKER : Shri Subhash Yadav.

[Translation]

SHRI DHARAM PAL SINGH : Mr. Speaker, Sir, I have still to ask my second supplementary.

MR. SPEAKER : You have already asked three questions.

SHRI DHARAM PAL SINGH MALIK : One of my questions related to correcting the original question and my second question was an explanation. Actually, I have asked just one question.

MR. SPEAKER : In fact I had raised the question.

SHRI DHARAM PAL SINGH MALIK : I have asked just one question. I have not asked the second question. My second question is that at present holdings with the farmers are very small. Presently 90 to 95 percent of the farmers come under the category of marginal or small farmers. I want to know whether the Government will prepare a scheme under which funds may be made available to the marginal and small farmers or agricultural labourers to give them incen-

tive to set up some industry or start a trade?

**SHRI YOGENDRA MAKWANA :** There are several schemes for the farmers which relate to agro-industries, but there is no time to discuss all those schemes.

[*English*]

If they want they can put another specific question on that subject i.e. about the schemes, because there are a number of schemes.

[*Translation*]

**RAO BIRENDRA SINGH :** Mr Speaker, Sir, allow a discussion on it.

(*Interruptions*)

**SHRI SUBHASH YADAV :** Mr Speaker, Sir, answer to my question and Shri Malik's question should be given by our senior Minister, Shri Dhillon. The hon. Members of the House will agree that from the reply given to the question, it appears that this Ministry to whom the welfare of the farmers has been entrusted is not ready to bear that responsibility. Had this reply come from the Finance Ministry, I would not have felt sorry but unfortunately, this reply is coming from the Agriculture Ministry to whom the welfare of the farmers, who form 80 per cent of the population, has been entrusted. Mr Speaker, Sir, you will agree that as Chairman of the Kisan Sabha you have raised this question on many forums and the former Agriculture Minister Rao Birendra Singh too has asked the Finance Ministry on many forums to reduce the rate of interest on loans given to the farmers. The Prime Minister of the country and the President of the National Congress Committee, Shri Rajiv Gandhi said in a meeting of the farmers in Chandigarh that they would reduce the rate of interest on the loans being given to the farmers. In spite of this, the Agriculture Ministry of the Government of India is replying in this way. I think there cannot be greater misfortune of the farmers of this country.

**MR. SPEAKER :** Ask the question.

**SHRI SUBHASH YADAV :** He has written that the price policy and the rate of

interest do not affect the economics of agricultural production. I want to know from the hon. Minister on what facts and figures he would prove before this House that the economics of the agricultural production is not going to be affected. Secondly, he has said that—

[*English*]

The Government are aware of the rates of interest on the agricultural loans in some foreign countries.

[*Translation*]

I want to know from the hon. Minister as to which are those countries? I want to know what are the interest rates in Pakistan and other neighbouring countries like China, Japan and Nigeria? If the rate of interest is low the cost of production will also be less. Then the farmer invests more and produces more and when he produces more he gets better prices as compared to his cost. He would be in a better position to compete in the international markets also. I want to know which are the countries which do not charge interest from the farmers?

**MR. SPEAKER :** It is enough.

[*English*]

**SHRI YOGENDRA MAKWANA :** Sir, he wants to know about the rate of interest in other neighbouring countries of India.

In Sri Lanka, the rate of interest is ranging between 9 1/2 per cent to 14 per cent for small farmers.

[*Translation*]

**SHRI SUBHASH YADAV :** Tell us about Korea and Pakistan also.

[*English*]

**SHRI YOGENDRA MAKWANA :** I am giving you for all countries. Why are you bothered about only Pakistan?

In Indonesia, for working capital, it is 21 per cent, for investment purposes, it is 12 per cent.

In Phillipines, it ranges from 12 per cent to 15 per cent, depending upon the scheme.

In Malaysia, the interest free loans are granted to borrowers, whose incomes are below poverty line. Commercial rates are changed from 11 per cent to 12 per cent to better off clientele.

In Pakistan, it is 11 per cent per annum, for all types of inputs, loan and term investment.

In Thailand, it ranges from 14 per cent to 16 per cent, depending on the purpose and amount of loans.

In China, it ranges between 4.32 per cent to 7.20 per cent, depending on the period of loan and purpose of loan and South Korea, it ranges between 13 per cent to 18 per cent. I have no figures ..

PROF. N.G. RANGA : In China, it is only 4 per cent.

*(Interruptions)*

SHRI YOGENDRA MAKWANA : Why, do you give running commentary, Professor, when I am speaking? If you want to ask me, you can ask me any question, but to this running commentary I cannot reply. In different countries, the rates of interest are different.

PROF. MADHU DANDAVATE : The hon. Minister in his written statement says, "Currently, the rates of interest of short-term agricultural loans range between 11.5 per cent to 16.5 per cent per annum depending on the size of loans."

Sir, I would specifically like to know from the hon. Minister that as far as the farmers are concerned, it is not merely the concession given on the rate of interest but more important than that is, the norms of creditworthiness. Especially in drought prone areas and even other areas, the farmers feel that, when they seek loans from the various banks to which you are referring the norms of the creditworthiness are so rigid that poor farmers are finding it very difficult even to get the loans at the concessional rates which they have mentioned. In view of this, will you be prepared to revise the norms of credit-worthiness, and take note of the fact

that in certain countries, even the capacity of a farmer to produce—i.e. his productive capacity—is also considered as a norm of credit-worthiness and on that basis he is offered the loans? Will you consider that proposition in our country?

SHRI YOGENDRA MAKWANA : I have taken note of what the Professor has suggested.

*(Interruptions)*

PROF. MADHU DANDAVATE : He has only taken note of it; what will he do ?

MR. SPEAKER : He has noted them down.

PROF. MADHU DANDAVATE : As a champion of the farmers, are you satisfied with this, Sir?

*(Interruptions)*

[*Translation*]

SHRI YASHPAL SINGH (Saharanpur): Mr Speaker, Sir, I want to know from the hon. Minister whether there is any difference in the rate of interest on the loans given to the farmers and the loans given to industrialists? Agricultural interest is more and industrial interest is less. The agencies giving agricultural loan charge 12 to 13 per cent interest and just now the hon. Member has said that it ranges between 11.5 to 16.5 percent. In my region it is 18 percent and after six months it is added in the principal resulting into 24 percent. Will the hon. Minister, therefore, reconsider it and try to lessen the rate of interest on agricultural loans?

SHRI YOGENDRA MAKWANA : First, this interest is lesser than what is charged on industrial loans and interest on short term loan is between 11.5 to 16 percent. The cooperative banks charge between 11.5 to 14 per cent and commercial banks charge 11.5 to 16.5 per cent. Regarding medium and long term loans the interest is charged between 10 to 12.5 percent per annum. The suggestion has come for its reduction and that has been noted.

SHRI DILEEP SINGH BHURIA (Jhabua) : Mr Speaker, Sir, there are

several cooperative agencies at the State level, district level and tehsil level for financing the farmers. Every agency charges 3 percent interest which ultimately comes to 20 to 24 percent to the farmers. I want to know why do you not set up a single agency which may finance the farmers directly? That way he will have to pay only 4 or 5 percent interest. Have you any such proposal in mind?

**SHRI YOGENDRA MAKWANA :**  
The cooperative banks are at the rural level.

[*English*]

NABARD is an apex bank which does refinancing.

[*Translation*]

They finance the farmers directly. So far as rate of interest is concerned it depends upon the interest which the banks also have to give, for the borrowings which they have to make. For their shares also, they have to pay dividend; for the loans which they raise from higher banks and other banks and from NABARD they have to pay the interest; and then they have to add certain charges. That makes the rate of interest.

[*Translation*]

**SHRI MOHD. AYUB KHAN** (Jhunjhunu) : Mr. Speaker, Sir, on 21 and 22 November the hon. Speaker, Dr. Bal Ram Jakhar, and myself toured Sikar and Jhunjhunu. The farmers' condition is miserable there and they are reeling under the grip of famine. In view of the condition of the farmers, will the hon. Minister provide them interest-free loan?

[*English*]

**SHRI YOGENDRA MAKWANA :**  
So far as drought is concerned, Government of India is sanctioning a ceiling of expenditure, to the State Government. So far as interest-free loans are concerned, it is a suggestion.

#### **Decline in Shrimp catch on Coast of Andhra Pradesh**

\*289. **SHRI T. BALA GOUD :** Will the Minister of AGRICULTURE be pleased to state :

(a) whether Government are aware of the fact that shrimp catch has fallen this year, off the coast of Andhra Pradesh; if so, the steps taken in this regard;

(b) whether Government have monitored the extent of the fall in shrimp landings from July, 1986 as compared to the corresponding period last year; and

(c) if so, the details thereof?

**THE MINISTER OF STATE IN THE DEPARTMENT OF AGRICULTURE AND COOPERATION IN THE MINISTRY OF AGRICULTURE (SHRI YOGENDRA MAKWANA) :** (a) to (c). A Statement is given below.

#### **STATEMENT**

(a) As per information received from the Government of Andhra Pradesh there is no decline in shrimp catch off the coast of Andhra Pradesh during this year. The catch during 1985-86 is 10,506 tonnes as compared to 8,887 tonnes during 1984-85.

(b) and (c). Information available also indicate that there has been no fall in shrimp catch during the season beginning from July 1986 as compared to the corresponding period of last year. The catch per day of small mechanised boats are reported to be 85-150 Kgs. in July-September 1986. During the same period the catch per voyage of the deep sea fishing vessels operating from Visakhapatnam was 5-6 tonnes of shrimp as compared to 4-5 tonnes during the corresponding period of 1985.

**SHRI T. BALA GOUD :** What is the target for the year 1986-87?

Is there any chance for improvement; if so, the details thereof?

**SHRI YOGENDRA MAKWANA :** The target of fish production in the Seventh Plan is 34 lakh tonnes—20 lakh tonnes from marine fish and 14 lakh tonnes from inland fishery. There is ample chance for improvement in the catch of the fish.

**PROF. P.J. KURIEN :** The hon. Minister has given a reply saying that there was no decline of catch in the Andhra Pradesh Coast