

Bill No. VIII of 2011

THE EXPLOITED, INDEBTED AND POVERTY STRICKEN FARMERS
(PROTECTION, PREVENTION OF SUICIDES AND WELFARE)
BILL, 2011

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BILL

to provide for the protection of farmers from exploitation by moneylenders, middlemen, unscrupulous traders and others, removal of indebtedness, remunerative prices for their produce, increasing farm yield by improving farming practices by modern techniques and allied occupations, extending protective umbrella against natural calamities in which crops are lost by way of compulsory insurance of crops and livestock and provision of adequate compensation, work, food, potable water, fodder, etc. during calamity, extending compulsory market intervention in case of bumper crops, old age allowance, soft loans from Banks and other institutions and other welfare measures to be undertaken by the State so as to prevent the distressed farmers from committing suicide and for matters connected therewith and incidental thereto.

BE it enacted by Parliament in the Sixty-second year of the Republic of India as follows:—

1. (1) This Act may be called the Exploited, Indebted and Poverty Stricken Farmers (Protection, Prevention of Suicides and Welfare) Act, 2011.

5 (2) It extends to the whole of India.

(3) It shall come into force with immediate effect.

Short title,
extent and
commence-
ment.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) "agricultural produce" include paddy, wheat, coarse cereals, pulses, sugarcane, gram, cotton, oilseeds, vegetables, fruits, jute, coconut, tobacco, areca nuts and such other agricultural produces which may be notified from time to time by the Central Government in the Official Gazette and also include seed as defined in the Seeds Act, 1966;

(b) "appropriate Government" means in the case of a State, the Government of that State and in other cases, the Central Government;

(c) "bumper crop" means the excess yield of any agricultural produce of a farmer when the return to the farmer is not commensurate with its cost of production;

(d) "farmer" means a person who owns land and cultivates or causes it to be cultivated for agricultural or horticulture purposes and includes small and marginal farmers as identified by the appropriate Government or by the Union Planning Commission, as the case may be;

(e) "Fund" means the National Farmers Natural Calamity and Welfare Fund established under section 3;

(f) "natural calamity" includes drought, flood, cyclone, hailstorm, extreme cold and frost, winterkill, sunami, storm, fire, excessive rains, snow, damages, caused by wild life, insect infestation of large scale magnitude, plant diseases and such other natural phenomenon as may be notified by the appropriate Government in the Official Gazette, from time to time;

(g) "prescribed" means prescribed by rules made under this Act.

Establishment
of the
National
Farmers
Natural
Calamity and
Welfare Fund.

3. (1) **The Central Government shall, as soon as may be, but not later than six months from the commencement of this Act, establish a National Farmers Natural Calamity and Welfare Fund with an initial corpus of rupees fifty thousand crore to be provided by the Central Government, after due appropriate made by Parliament by law in this behalf for carrying out the purposes of this Act.**

(2) **After the initial stage of the establishment of the Fund, moneys shall be provided to the Fund by the Central Government and Governments of the States in proportion to the population of farmers and in such manner as may be prescribed.**

(3) **The fund shall also comprise moneys received from the general public, body corporate, financial institutions domestic as well as foreign ones, as donations or gifts as the case may be.**

(4) **The fund shall be utilized for,—**

(a) **paying adequate compensation to farmers affected by natural calamity by way of losing crops, livestock, movable for immovable property due to such calamity;**

(b) **paying old age allowance to the farmers;**

(c) **implementing special assistance package to be formulated by the appropriate Government for the children, physically challenged and old farmers and others vulnerable to the fury of natural calamity;**

(d) **for extending educational facilities to the children of farmers and assistance for the marriage of their grown up daughters;**

(e) **making provision for food, drinking water, fodder and other necessities of day to day life in natural calamity affected rural areas;**

(f) **timely and adequate supply of quality seeds, manure, fertilizers, insecticides, etc. to the farmers;**

(g) paying the premiums of crop insurance of poverty stricken farmers;

(h) providing healthcare facilities to the farmers and their families;

(i) providing maternity services to the rural womenfolk;

5 (j) establishment of well equipped and modern veterinary hospitals in every block to assist farmers in animal husbandry;

(k) promoting group farming for better farm management and making agriculture economically viable;

(l) providing institutional mechanism for efficient marketing and export of farm produce;

10 (m) such other purposes as the Central Government may deem necessary and expedient for carrying out the purposes of this Act.

(5) The fund shall be administered in such manner as may be prescribed.

15 4. (1) The Central Government shall, as soon as may be, in consultation with the Governments of the States, formulate a long-term action plan for the protection and welfare of farmers in particular for the farmers of calamity prone areas or regions of the country as may be necessary.

Central Government to formulate long-term action plan for the protection and welfare of farmers.

(2) In particular and without prejudice to the generality of the provisions of subsection (1) of section 4 such action plan may include,—

20 (a) comprehensive crop and livestock insurance scheme to make up the losses of farmers due to natural calamity;

(b) compulsory market intervention in case of bumper crop;

(c) writing off loans and interest of the farmers affected by natural calamity;

(d) easy credit facility with interest free or with nominal rate of interest from the Banks and Financial Institutions;

25 (e) remunerative prices for the agricultural produces;

(f) such welfare measures as may be deemed necessary to protect the exploited, indebted and poverty stricken farmers of the country;

5. In order to provide protective umbrella to the distressed, exploited, indebted and poverty stricken farmers, it shall be the duty of the appropriate Government to,—

Protective umbrella for farmers by the appropriate Government.

30 (a) compulsorily monitor the trends of production of agriculture produce of every sowing season so as to arrive of the estimates of likely production, local consumption, purchases by Government agencies, surplus, etc.;

35 (b) in case of bumper crop and surplus caused therefrom, make affordable transportation arrangements to carry the surplus produce to identified areas where such produce is likely to be consumed and make marketing and yard facilities for such surplus;

(c) ensure that farmers do not resort to distress sale and take appropriate measures to rein in the unscrupulous traders who exploit the farmers by not purchasing their yield by forming cartel for this purpose;

40 (d) purchase the surplus produce through its agencies by extending compulsory market intervention;

(e) fix the remunerative prices of agricultural produce from time to time;

(f) compulsory remove the middlemen operating in the wholesale and other markets who exploit the farmers;

(g) study the requirements of farmers for promoting agriculture through agricultural education, research, training through modern *Krishi Vigyan Kendras*, *Kisan Call Centres* and agricultural universities;

(h) establish well equipped modern Veterinary hospitals in every block to assist farmers in animal husbandry; 5

(i) promote agro based industries like food processing, dairying, poultry, rearing of livestock, piggery, bee keeping, etc. to enhance farm income;

(j) promote cultivation of vegetables, spices, floriculture, pisciculture, sericulture, horticulture, etc.;

(k) extend all the Government schemes of employment generation and for self employment compulsorily in the rural areas for the benefit of farmers; 10

(l) ensure easy institutional loans to remove indebtedness;

(m) extend such other protective measures as may be prescribed.

Special provisions for farmers of Vidarbha region and other suicide prone areas.

6. Notwithstanding anything contained in any other law for the time being in force, the Central Government shall formulate special provisions for the exploited, indebted and poverty stricken farmers of suicide prone region of Vidarbha in Maharashtra, areas of Punjab, Madhya Pradesh, Karnataka, Andhra Pradesh and such areas in other parts of the country which may include,— 15

(a) directing all the Banks, including Cooperative and Regional Rural Banks and other financial institutions which give agricultural loans to stop all recovery processes and to start financial settlement process in each case where loan has been taken by a farmer and who has not been able to repay the loan due to effects of natural calamity or otherwise and settle all such cases in the following manner:— 20

(i) the loan amount to be segregated in two parts, namely the principal and interest separately; 25

(ii) simple interest to be calculated on the principal amount from the date of actual drawal of loan to the date of settlement process;

(iii) the amount already paid back by farmers shall first be adjusted against the principal amount and thereafter against the interest;

(iv) the balance unpaid amount shall be divided into ten equal annual instalments without charging interest and recovered every year and no legal process shall be initiated till farmers defaults in payment for three years consecutively; 30

(v) the interest shall be charged in such a way that it does not exceed the rate of interest given to farmers on the savings deposited with the Banks and financial institutions; 35

(vi) the final settlement of loan shall be done in such a way that the farmer is not required to pay more than forty per cent of the original principal amount by way of interest;

(vii) if farmer has repaid the loan to the extent of fifty per cent, he shall automatically be considered eligible for fresh loan; and 40

(viii) in case of natural calamity, instalments of loan against the farmers shall be written off treating it as bad debt:

(b) reimbursement of loans and concessions given to the farmers by banks and financial institutions in case, the farmers are unable to repay the amount. 45

(c) prohibition on moneylenders in lending money to the farmers, in case any

loan given by such moneylenders to any farmer shall be deemed to have been written off.

5 (d) providing public employment to one of the dependents of a farmer who loses his life as a consequence of natural calamity irrespective of the fact that such farmer having committed suicide in such manner as may be prescribed.

(e) providing adequate financial assistance to the family of the farmer having committed suicide in case he has a daughter of marriageable age for her marriage, and

(f) such other measures as may be necessary for carrying out the purposes of this Act.

10 **7. The Central Government shall, after due appropriation made by Parliament by law in this behalf, provide requisite funds for carrying out the purposes of this Act.** Central Government to provide funds.

8. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, make such order or give such direction, not inconsistent with the provisions of this Act, as appears to it to be necessary or expedient for the removal of the difficulty.

15 **9.** The provisions of this Act and the rules made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force. Act to have over-riding effect.

10. The provisions of this Act shall be in addition to and not in derogation of any other law for the time being in force dealing with the subject matter of this Act. Act to supplement other laws.

20 **11.** The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act. Power to make rules.

STATEMENT OF OBJECTS AND REASONS

Ours is predominantly an agrarian country and agriculture is the backbone of our economy as it immensely contributes to Gross Domestic Product (GDP) and generates largest number of employment opportunities. The farmers sustain the country with food security and supply the largest share of raw material to industrial sector. Its export share is also considerable which brings precious foreign exchange in the Country. But, unfortunately, the farmer in our Country is the most exploited, heavily indebted and poverty stricken. Many a time when the debt burden becomes unbearable and farmers who are unable to withstand this burden end their lives by committing suicide despite the fact that farmers and agricultural labourers are considered to be brave by nature and the phenomenon of suicides does not go along with their psyche but economic hardships are forcing them to take the extreme step which may eventually lead to social turmoil.

The National Farmers Commission of India had recently highlighted that nearly one lakh fifty thousand farmers have committed suicides in the Country since 1990. Incidentally, suicides of farmers has taken place in those states where green revolution has been a success story namely, Punjab, Maharashtra, Madhya Pradesh, Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Chhattisgarh, etc. In Maharashtra and in particular in the Vidarbha region alone the figure of farmers committing suicides touched one lakh thirty one thousand during 1993-2006 and the trend is still continuing in the State. In fact, hardly any State has undertaken comprehensive enumeration of the suicides of farmers. Nevertheless the suicide of farmers is a blot on our democracy but natural calamities play major role in destroying the hopes of the farmers as they have to bear the brunt of the natural calamities. Their crops are damaged and farmers become penniless making them defaulters in repayment of loans taken from the institutions or from the moneylenders. When they are hounded, in particular by the moneylenders, the hapless farmers resort to committing suicides.

Acute poverty and indebtedness is another major factor for the farmers for taking the extreme step of committing suicides. According to National Sample Survey Organisation NSSO (2005) 48.6 per cent of the total farmer households are reported to be indebted in 2005. The incidence of indebtedness is highest in Andhra Pradesh where 82 per cent farmers are indebted followed by Tamil Nadu, Punjab, Kerala, etc. In Maharashtra 54.8 per cent farmers were indebted. In short, nearly 50 to 53 per cent farmers in many other States are facing indebtedness.

The two recent decisions of the Central Government namely the package of rupee 25000 crore to families of suicide victims and debt waiver of 70,000 crore rupee for farmers show that the nation has at least recognised the seriousness of the phenomenon. But much more needs to be done in this regard. The seriousness and dimensions of the phenomenon warrants a census survey of all those farmers who have committed suicides. Then various welfare measures need to be extended to the farmers. A National Farmers Natural Calamity Welfare Fund is required to be established. All efforts should be made to remove the indebtedness and acute poverty of the farmers by releasing more packages and allocating more Budgetary support to this vital sector.

Hence this Bill.

RAJ KUMAR DHOOT

FINANCIAL MEMORANDUM

Clause 3 of the Bill provides for the establishment of a National Farmers Natural Calamity and Welfare Fund with initial corpus of fifty thousand crore rupee to be provided by the Central Government and thereafter Central Government will have to contribute to the Fund along with the States. Clause 7 of the Bill makes it obligatory for the Central Government to provide requisite funds to carry out the purposes of the Bill. The Bill if, enacted will involve expenditure from the Consolidated Fund of India. It is estimated that a sum of Sixty thousand crore rupee may involve as recurring expenditure per annum.

A non-recurring expenditure to the tune of Ten thousand crore rupee may also involve from the Consolidated Fund of India.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 11 of the Bill empowers the Central Government to make rules for carrying out the purposes of the Bill. The rules will relate to matters of details only.

The delegation of legislative power is of normal character.

RAJYA SABHA

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to provide for the protection of farmers from exploitation by moneylenders, middlemen, unscrupulous traders and others, removal of indebtedness, remunerative prices for their produce, increasing farm yield by improving farming practices by modern techniques and allied occupations, extending protective umbrella against natural calamities in which crops are lost by way of compulsory insurance of crops and livestock and provision of adequate compensation, work, food, potable water, fodder, etc. during calamity, extending compulsory market intervention in case of bumper crops, old age allowance, soft loans from Banks and other institutions and other welfare measures to be undertaken by the State so as to prevent the distressed farmers from committing suicide and for matters connected therewith and incidental thereto.

(Shri Rajkumar Dhoot, M.P.)