

**Bill No. XII of 2011**

THE FARMERS (REMOVAL OF INDEBTEDNESS AND WELFARE)  
BILL, 2011

A

BILL

*to provide for the prevention of farmers from exploitation by moneylenders and other unscrupulous elements, removal of indebtedness, extending easy and hassle free loans, compensation to farmers affected by natural calamities by providing them adequate relief and for welfare measures such as old age pension, remunerative prices for their produce to be undertaken by the State and for matters connected therewith or 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 Farmers (Removal of Indebtedness and Welfare) Act, 2011.

Short title,  
extent and  
commence-  
ment.

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

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

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

Definitions.

10 (a) “appropriate Government” means in the case of a State the Government of that State and in other cases the Central Government;

(b) “farmer” means a person who owns land or cultivates land for agricultural or horticultural purpose and includes the spouse of such a farmer;

(c) “Fund” means the Farmers’ Welfare Fund established under section 5;

(d) “natural calamity” includes drought, floods, cyclones, tsunamis, earthquakes, hailstorms, extreme cold conditions, and such other conditions as may be notified by the appropriate Government from time to time;

(e) “old age” means where the farmer has attained the age of sixty years or more;

(f) “prescribed” means prescribed by rules made under this Act; 5

(g) “scheme” means the Farmers Credit Scheme framed under section 8.

Removal of  
Indebtedness  
amongst the  
farmers.

**3. (1) The appropriate Government shall take such appropriate measures as it may deem necessary and expedient for the removal of indebtedness amongst the farmers and in particular shall endeavour to save them from the local moneylenders who exploit the farmers.**

**(2) For the purposes of sub-section (1) the appropriate Government shall, endeavour to give remunerative prices and provide compulsory insurance for the produce of the farmers.** 10

Special  
provisions  
with regard to  
loans.

**4. (1)** Notwithstanding anything contained in any other law for the time being in force, it shall be mandatory for all the public, private and co-operative sector Banks and financial Institutions to provide loans on easy terms with nominal or without interest to the farmers affected by natural calamity to restart the agricultural operations and allied activities and to withstand the severity of the calamity and its aftermath. 15

(2) The Banks and Financial Institutions referred to in sub-section (1) shall also not recover the earlier loan given to the farmers by them who have been affected by natural calamity for at least one year after the calamity and the farmers shall not be denied fresh loans on this ground. 20

Establishment  
of Farmers  
Welfare Fund.

**5. (1) The Central Government shall, as soon as may be, by notification in the Official Gazette establish the Farmers’ Welfare Fund for the purposes of this Act.**

**(2) The initial corpus of the Fund established under sub-section (1) shall be five thousand crore rupees of which four thousand crore rupees shall be provided by the Central Government, after due appropriation made by Parliament in this behalf and one thousand crore rupees shall be provided by the State Governments in proportion to their farmers population relevant for the purposes of this Act.** 25

**(3) After the initial constitution of the Fund, moneys shall be provided to the Fund by the Central and State Governments in such proportions and in such manner as may be prescribed from time to time.** 30

**(4) The Fund shall also consist of moneys received from general public, body corporates, financial institutions, domestic and foreign, as donations, gifts, etc.**

**(5) The fund shall be utilized for the welfare of farmers in such manner as may be prescribed.**

Compensation  
to farmers  
affected by  
natural  
calamity.

**6. (1) Notwithstanding anything contained in any other law for the time being in force, every farmer who has been affected by natural calamity by losing his crop, livestock, movable or immovable property shall be entitled to and shall be paid adequate compensation by the appropriate Government in accordance with the provisions of this Act.** 35

**(2) The amount of compensation, payable to a farmer affected by natural calamity shall be such as may be specified by the Central Government from time to time, by notification in the Official Gazette and while specifying the compensation, the total loss suffered by a farmer due to the natural calamity shall be taken into account.** 40

**(3) Every claimant for payment of compensation under this Act shall apply to the officer so appointed by the appropriate Government for the purpose in prescribed form giving such relevant information as may be prescribed:** 45

**Provided that a Village Panchayat may apply for compensation for all the affected farmers of the village and it shall be deemed that each farmer has applied for the compensation under this Act.**

(4) Every claim for compensation under this Act shall be finalized and the payment made within thirty days of filing of the claim.

(5) The appropriate Government shall provide quality seeds, manure, fertilizers, etc. to every farmer who lost his crop due to natural calamity for restarting the agricultural operations.

7. (1) The appropriate Government shall, on an application made in the prescribed form, pay old age pension to every old farmer which shall not be less than one thousand rupees per month from the date of commencement of this Act. Old age pension to farmers.

Provided that the old age pension shall be subject to revision on the basis of prevailing price index.

(2) The old age pension payable under sub-section (1) shall be paid to the farmers by the appropriate Government in such manner as may be prescribed.

(3) Any farmer who is in receipt of any pension from the appropriate Government other than the one under this Act or is having adequate source of income shall forfeit his right to claim old age pension under this Act.

8. (1) The Central Government shall in consultation with the Government of the States, frame a scheme to be known as the "Farmers' Credit Scheme" to be executed by Banks and Financial Institutions. Farmers Credit Scheme.

(2) The Scheme shall provide for,—

- (a) the terms and conditions for extending credit to farmers;
- (b) the extent to which the credit can be given and settling of previous loans taken, if any;
- (c) the nominal interest that may be charged on farmers credit;
- (d) the concessions which are to be given in respect of the credit in case of natural calamity;
- (e) such other things which the Central Government may deem necessary for the purposes of this Act.

(3) The Central Government shall issue such guidelines to the Banks and Financial Institutions as it may deem necessary for carrying out the purposes of this Act.

9. The Central Government shall, after due appropriation made by law by Parliament in this behalf, provide the adequate funds at the disposal of the States for carrying out the purposes of this Act. Central Government to provide requisite funds.

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 in any part of the country dealing with the welfare of farmers. Act to supplement other laws.

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 a vast country and nearly seventy per cent of our total population is engaged in farming. Due to its vastness, natural calamities do occur in one part or the other almost round the year. For instance, the whole of Rajasthan, part of Gujarat, West Bengal, Maharashtra, Bihar, Uttar Pradesh, Jharkhand, Madhya Pradesh, Chhattisgarh, etc. are drought prone areas. Every year half of Bihar is flooded and the other half faces drought. Similarly, in Southern States, coastal areas are prone to cyclones or tsunami whereas other part faces drought conditions. Many parts of the country face earthquake, hailstorm, cloud bursts, extreme cold conditions and other natural calamities. Farmers mostly bear the brunt of such natural calamities. They lose their crops, livestock and many a time their dwelling units and household items including foodgrains. Despite this, the farmers are hounded by the money-lenders to get back their money taken by the farmers. But natural calamity diminishes their hopes of returning the money and many of them end their lives in harness. Thousands of farmers have committed suicide in recent years in Andhra Pradesh, Maharashtra, Punjab, Uttar Pradesh, Madhya Pradesh, Tamil Nadu, Karnataka, Kerala etc. It is a pity that our farming community is under indebtedness. Removal of indebtedness has been a chronic and continuing problem for them which have to be dealt through consistent efforts by the respective State. Due to increase in life expectancy, the number of old farmers has increased manifold but most of them are not supported by their children due to various reasons leading thereby a miserable life. Since ours is a welfare State, the Government is duty bound to provide social security to the farmers by giving them old age pension, remunerative prices and providing them adequate compensation, if they are affected by natural calamity and by taking other welfare measures.

Hence this Bill.

R.C. SINGH

#### FINANCIAL MEMORANDUM

Clause 3 of the Bill provides that the appropriate Government shall give remunerative prices and provide compulsory insurance for the produce of the farmers. Clause 5 of the Bill provides for the establishment of the Farmers Welfare Fund. Clause 6 provides for compensation to farmers affected by natural calamity. Clause 7 provides for old age pension to farmers and Clause 9 provides that Central Government shall provide requisite and adequate funds to States for carrying 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 rupees five thousand crore may involve as recurring expenditure per annum. A non-recurring expenditure to the tune of rupees one thousand crore may also involve.

#### MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 11 of the Bill gives power to 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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### BILL

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*(Shri R.C. Singh, M.P.)*