

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION & FARMERS WELFARE

LOK SABHA
STARRED QUESTION NO. 206
TO BE ANSWERED ON THE 2ND JANUARY, 2018

FARMERS' PARLIAMENT

*206. SHRI M.B. RAJESH:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण
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be pleased to state:

- (a) whether more than 150 farmers' unions in the country had organised a Farmers' Parliament demanding freedom from debt and adequate remunerative prices for their produce;
- (b) if so, the details thereof; and
- (c) the response of the Government to the demands of the farmers?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण ½â"ãè (SHRI RADHA MOHAN SINGH)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 206 DUE FOR REPLY ON 2ND JANUARY, 2018.

(a) to (c) : Yes, Madam. A Farmers' Parliament was organized under the umbrella of All India Kisan Sangharsh Coordination Committee (AIKSCC) on 20.11.2017 in New Delhi. The Government has received petition dated 20.11.2017 along with charter of demands from the Convenor, AIKSCC. The two point charter of demands is **annexed**:

Regarding the farmers' demand for fair and remunerative prices, it is stated that the recommendations of National Commission on Farmers (NCF) headed by Dr. M.S. Swaminathan that the Minimum Support Price (MSP) should be at least 50% more than the weighted average cost of production has not been included in the National Farmers Policy. Presently, the MSP is fixed on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP). CACP recommendations in this regard is based on objective criteria considering host of relevant factors and prescribing an increase of at least 50% of cost, may affect inter-crop parity and distort market mechanism. However, the return over weighted average cost of production (A2+FL) for MSPs fixed by Government for 2017-18 is in excess of 50% in many crops with returns of 112.4% for wheat, 88.4% for rapeseed/mustard, 79.6% for masur, 78.8% for gram, 66.9% for barley, 65.4% for urad, 64.3% for tur and 50.2% for bajra.

To ensure remunerative prices for farmers, Government has taken several steps which include setting up of procurement centres keeping in view the potential in the areas; creating awareness among the farmers of the MSP operations; encouraging decentralized procurement; adopting e-procurement system; engaging private players in certain states to participate in procurement operations, implementing e-National

Agriculture Market, promoting Farmer Producer Organization (FPOs) etc. In addition, Government operates Price Support Scheme (PSS) to ensure that remunerative prices are paid to farmers. In addition, Government has taken various initiatives to increase farm productivity for ensuring higher returns to farmers. The Government has also constituted an inter-ministerial committee to recommend appropriate strategy to double the income of farmers by 2022.

Regarding freedom from debt, it is mentioned that the Government is providing interest subsidy on short term crop loans. The Reserve Bank of India is not in favour of loan waiver, as it negatively impacts credit and recovery climate and has severe systemic consequences.

Towards reducing the debt burden of farmers and increasing availability of institutional credit to farmers, following major initiatives have been taken:

- i. With a view to ensuring availability of agriculture credit at a reduced interest rate to farmers, the Government implements the Interest Subvention Scheme (ISS) under which, in the case of prompt repayment, an interest subvention of 5 % is provided to the farmers for short term crop loans up to Rs. 3.00 lakh. Thereby reducing the effective rate of interest to 4% p.a. for such farmers. Some State Governments infact also provide additional interest subvention, reducing the effective interest burden on short term crop loans to zero.
- ii. Government sets annual target for the flow of credit to the agriculture sector. Banks have been consistently surpassing the annual target.

- iii. Reserve Bank of India (RBI) has issued Priority Sector Lending Guidelines (PSL), which mandate all Domestic Scheduled Commercial Banks to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture.
- iv. As per PSL guidelines loans to distressed farmers to repay non-institutional lenders are eligible under priority sector. Besides loans to stressed persons (other than farmers) not exceeding Rs. 1,00,000/- per borrower to repay their debt to non-institutional lender are also eligible for the purpose of priority sector lending by banks.
- v. In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to draw cash to purchase agricultural inputs such as seeds, fertilisers, pesticides as well as meet other agricultural and consumption needs. The KCC Scheme has since been simplified by providing the farmers with ATM enabled debit card based on one-time documentation and built-in cost escalation in the limit, etc.
- vi. To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks. The Government also promotes formation of Farmer Producer Organisations (FPOs) in a big way to enable farmers to leverage economies of scale, not only for agricultural inputs but also for enhanced marketing opportunities.

- vii. Banks have been advised by RBI to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-, vide RBI's circular dated 18th June, 2010.

- viii. RBI has issued directions for Relief Measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include, restructuring/rescheduling of existing crop loans and term loans, extending fresh loans, relaxed security and margin norms, moratorium, etc. These directions have been so designed that the moment calamity is declared by the concerned District Authorities they are automatically set in motion without any intervention, thus saving precious time. The benchmark for initiating relief measures by banks has also been reduced to 33% crop loss in line with the National Disaster Management Framework.

BRIEF OF DEMANDS SUBMITTED BY AIKSCC

A. FAIR AND REMUNERATIVE PRICES

We must get fair and remunerative returns on our hard work. Government must ensure that we realise at least 50% over and above the total cost of production for all crops and other produce as recommended by the National Farmers' Commission. This would require remunerative prices and affordable input costs, to be supplemented by fair livelihood wages for at least 100 days per family per annum as per the MNREG Act.

This includes:-

- Correct estimation of Cost of Production as per the recommendations of the Ramesh Chand Committee (March 2015) and with full calculation of labour time for each crop;
- Declaration of Minimum Support Price for all crops and farm produce (including vegetables and fruits, minor forest produce, milk, honey, poultry and fish) to be fixed at no less than one and a half times the real Cost of Production (C2) after improvements mentioned above.
- Ensuring that farmers actually receive this fair and remunerative price, through several measures described below, which include making MSP as a statutory right for all farmers.
- Reduction in the cost of production for the farmers through appropriate subsidies, input price regulation, production incentives and support for low or zero cost cultivation methods.
- Sufficient funds for effective implementation of the government's statutory obligation under MNREGA with wages not below the Minimum Wages and social audit of the implementation.

B. FREEDOM FROM DEBT

We demand freedom from debt in recognition of the farmers' need for a clean slate, in recognition of the fact that such debt is often the immediate trigger for suicides, and in acknowledgment of the accumulated debt that the nation owes to the farmers. We demand that the government should write-off all outstanding agricultural loans of the farmers from all sources including institutional and non-institutional loans, and take measures to ensure that farmers do not fall back into the debt trap. This includes:-

- Immediate waiver of the entire outstanding agricultural loans of all farmers, to be implemented in a single installment – ensuring that farmers are eligible for fresh crop loans in the same season. All care to be taken to ensure that this benefits the maximum number of farmers and keeps out non-cultivators.
- The waiver to cover all categories of banks – nationalized, cooperative and private – and should be backed by the Central as well as State governments
- Debt freedom to be extended to settlement, swapping and waiving of private (non-institutional) agricultural loans of farmers, including sharecroppers, tenants, agricultural labour, adivasi and women farmers.
- Loan waiver to include credit to the bank account equal to the amount of crop loan repaid in the previous season, for those farmers who somehow managed to repay.
- Freedom from debt to include effective disaster relief, and universal and zero-premium crop insurance to protect farmers from slipping again into debt trap due to crop losses from all possible factors.

- Freedom from debt to include transition away from high-input agriculture to low-input sustainable methods, reducing the need for debt.
- Institutional credit facilities to be extended within two years to all farmers including marginal farmers, tenant farmers, sharecroppers, women farmers and adivasis; Interest-free loans to be provided to all small farmers up to Rs.1 lakh.
- Reform of banking system to ensure that priority sector lending goes to small farmers and their collectives rather than agri-business companies and city-dwellers, and to ensure that the banking system does not get exploitative with penal interest rates.
