

Government of India
Ministry of Finance
Department of Financial Services
LOK SABHA

Starred Question No. †*6

To be answered on Friday, December 15, 2017/Agrahayana 24, 1939 (Saka)

Farm Loan Waivers

†*6. SHRI KIRTI AZAD.

Will the Minister of FINANCE be pleased to state:

- (a) the names of the States which have announced farm loan waivers;
- (b) whether the Union Government has any such proposal, if so, the details thereof and if not, the reasons therefor;
- (c) whether the State Bank of India (SBI) has prepared any research report in the matter; and
- (d) if so, the details thereof along with the salient features of the report?

Answer
The Minister of Finance
(Shri ArunJaitley)

(a) to (d) : A Statement is laid on the Table of the House

Statement refer to in reply to parts (a) to (d) of Lok Sabha Starred Question No. †*6 to be answered on 15.12.2017 regarding Farm Loan Waivers by SHRI KIRTI AZAD.

(a): National Bank for Agriculture and Rural Development (NABARD) has informed that during the years 2016 and 2017 the State Governments of Tamil Nadu, Maharashtra, Karnataka, Uttar Pradesh, Jammu & Kashmir and Punjab have announced their own schemes, inter-alia, of waiver of loan of farmers.

(b): There is no proposal under consideration of the Union Government to waive off loans of farmers. However, to reduce the debt burden of farmers, the following major initiatives have been taken:

- With a view to ensuring availability of agriculture credit at a reduced interest rate of 7% p.a. to farmers, the Government of India in the Department of Agriculture, Cooperation & Farmers' Welfare (DAC&FW) implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers.

- Reserve Bank of India 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.

- Pradhan Mantri Fasal Bima Yojana (PMFBY) provides a comprehensive insurance cover against failure of insured crops due to non-preventable natural risks, thus providing financial support to farmers suffering crop loss/ damage arising out of unforeseen events; stabilizing the income of farmers to ensure their continuance in farming; and encouraging them to adopt innovative and modern agricultural practices. For development of agriculture and welfare of farmers of the country, the Government in DAC&FW, is implementing various Central Sector/ Centrally Sponsored Schemes, which include:

- (i) Rashtriya Krishi Vikas Yojana (RKVY)
- (ii) National Food Security Mission (NFSM)
- (iii) National Agriculture Market (e-NAM)
- (iv) National Mission For Sustainable Agriculture (NMSA)

(c) & (d): State Bank of India (SBI) has informed that it has published a study report about loan waiver and its impact on State finances in SBI ECOWRAP issue No. 13, FY 18 dated 20.06.2017. The gist of the study is as under:

- The demand for a loan waiver currently has been accentuated perhaps by 2 successive years of less than normal rainfall in FY14 and FY15.
- Apart from impacting asset quality for the Agricultural sector, farm loan waiver will impact State finances adversely.
- The current loan waiver, however, has a positive aspect unlike the earlier ones, as the schemes announced in several States have specified a threshold limit (mostly Rs.1 lakh), and any amount over that will have to be paid.