

Government of India
 Ministry of Finance
 Department of Financial Services
 LOK SABHA
 Unstarred Question No. 2880
 To be answered on Friday, August 3, 2018/Shravana 12, 1940 (Saka)

Bad Loans of Agriculture

**2880. PROF. A.S.R. NAIK: SHRI ADHIR RANJAN CHOWDHURY:
 SHRI K. ASHOK KUMAR :**

Will the Minister of FINANCE be pleased to state:

- (a) whether Centre has provided funds to States for waiving off loans of farmers, if so, the details thereof, State-wise and if not, the reasons therefor;
- (b) whether the Reserve Bank of India (RBI) has pointed that the fiscal stress faced by States are due to several factors including farm loan waiver and higher borrowing by them could crowd out Private investment and if so, the details thereof;
- (c) whether the Banks during the last couple of years have witnessed spike in the bad loans of agriculture and if so, the details thereof; and
- (d) whether the Agricultural Non Performing Assets (NPAs) have increased to 23 per cent in 2017 and if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance
 (Shri Shiv Pratap Shukla)

(a) to (d): As informed by National Bank for Agriculture and Rural Development (NABARD), since 2014, various State Governments have announced their own schemes, inter alia, for loan waiver of farmers. However, no financial assistance for loan waiver has been provided by the Union Government to States in this regard.

The Reserve Bank of India (RBI) has stated that it is, in principle, against any loan waiver scheme. RBI has informed that such waivers impact the credit culture of a State by incentivizing the defaulters even if they are in a position to repay the loan and create/amplify the moral hazard by discouraging those borrowers who have been regular in repaying their loans. This adversely affects lending by the banking sector as well as weakens state finances as the state has to allocate funds for making good these loan waivers.

The Gross Non Performing Assets (GNPAs) and GNPA ratio for Agriculture & Allied Activities, in respect of Scheduled Commercial Banks (SCBs) for the last three years, as reported by RBI, are as under :

Agriculture and Allied Activities – GNPAs (in Rs. Crore)			Agriculture and Allied Activities - GNPA Ratio (in Per cent)		
31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-16	31-Mar-17	31-Mar-18
51,964	62,311	85,344	5.44	5.61	7.18

