

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. 2986
To be answered on Friday, December 28, 2018/Pausha 7, 1940 (Saka)
Wilful Defaulting Farmers

2986. SHRI ASADUDDIN OWAISI:

Will the Minister of FINANCE be pleased to state:

(a) whether due to the wide spread agitation of farmers in different States the Union Government has come out with cheaper loans to farmers from Rs. 15000 crore to Rs. 20,339 crore and if so, the details thereof;

(b) whether the banks have opposed this move of cheaper loans to farmers due to their increasing Non-Performing Assets (NPAs);

(c) if so, the main points put forward by the banks in this regard;

(d) whether many farmers in the country are wilful defaulters who are in a position to repay the loans and if so, the details thereof; and

(e) whether the Government has any scheme to identify such farmers to save the banks from increasing NPAs and to pass the benefit to the needy farmers and if so, the details thereof?

Answer

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

(a) to (c) : With a view to ensure availability of agriculture credit at a reduced interest rate of 7% p.a. to the farmers, the Government of India in the Department of Agriculture Cooperation and Farmers' Welfare (DAC&FW) implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh. The scheme provides interest subvention of 2% per annum to Banks on use of their own resources. Besides, additional 3% incentive is given to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%. During the financial year 2017-18, a sum of Rs. 15000 crore was allocated under the said scheme and Rs. 13,045.72 crore was released to the implementing agencies of the scheme.

(d) & (e): Data on Gross Non Performing Assets (GNPAs) for Agriculture & Allied Activities, in respect of Scheduled Commercial Banks (SCBs) for the last three years, as reported by RBI, is as under :

Agriculture and Allied Activities – GNPAs		(in Rs. Crore)
March 31, 2016	March 31, 2017	March 31, 2018
51,964	62,321	85,482

As per RBI Master Circular dated July 01, 2015, a 'default', to be categorised as 'wilful default', must be intentional, deliberate and calculated. A "wilful default" would be deemed to have occurred if it is noted that default in meeting payment/repayment obligations is accompanied by any of the events mentioned in the said Master Circular which, inter alia, includes diversion and siphoning of the borrowed funds, disposal or removal of the movable fixed assets or immovable property given as security without the knowledge of the lender/bank, etc. The said Master Circular requires Banks and Financial Institutions to put in place a transparent mechanism for identification and penal action to be taken against wilful defaulters as per the relevant provisions therein.

As per the guidelines action for wilful defaulters includes; (i) restricting additional facilities to such defaulters from banks and financial institutions, (ii) barring of such borrowers from institutional finance, (iii) criminal action, (iv) removal of directors of such companies from boards and (v) change in management. Further, banks and financial institutions are required to report suit-filed/non-suit filed wilful defaulter accounts of Rs 25 lakhs and above to the four Credit Information Companies (CICs) at least on a monthly basis. RBI vide circular dated September 29, 2016, has provided a mechanism to publish photographs of wilful defaulters in newspapers as per board approved policy of respective financial institution.