

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1720
ANSWERED ON:05.12.2005
INDEBTED FARMERS HOUSEHOLDS
Madhwaraj Smt. Manorama

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether according to farmer household survey conducted by the National Sample Survey Organization (NSSO) out of the estimated 43.4 million indebted farmer households in the country, Karnataka accounts for 2.6 million;
- (b) if so, whether the majority of the indebted farmer households in Karnataka belong to OBCs, SCs and STs, identified as small and marginal farmers; and
- (c) if so, the steps being taken both by the Centre and State to liberate the small farmer from debt-trap?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a): According to the Survey Report No.498 on `Indebtedness of Farmer Households` released by National Sample Survey Organisation (NSSO) in May 2005, out of an estimated number of 43.4 million indebted farmer households in the country, Karnataka accounts for 2.5 million.

(b): Yes, Sir.

(c): Details are annexed.

Annexure

Indebted Farmers Households

To reduce the dependence of farmers on the private moneylenders for meeting their credit requirements and for providing relief to the indebted farmers, the Government has taken several measures and has advised the banks to:-

- i. To increase the agricultural credit flow at the rate of 30% per year.
- ii. To restructure the outstanding debt of the farmers under the following heads in accordance with the guidelines issued by Reserve bank of India (RBI)/National Bank for Agriculture & Rural Development (NABARD):

Farmers in distress – Rescheduling/restructuring of the outstanding loan of the farmers as on 31st March, 2004 in the districts declared as calamity- affected by the State Government. Rescheduled loan shall be repayable over a period of five years, at current interest rates, including an initial moratorium of two years.

Farmers in arrears – Loans in default of farmers who have become ineligible for fresh credit as their earlier debts have been categorized as sub- standard or doubtful shall be rescheduled as per the guidelines so that such farmers become eligible for fresh credit.

On restructuring as above, the farmers will become eligible for fresh loans.

iii. To grant a one-time settlement (OTS) including partial waiver of interest and penal interest or loan to the small and marginal farmers who have been declared as defaulters and become ineligible for fresh credit. Banks have also been advised to review cases where credit has been denied on the sole ground that a loan account was settled through compromise or write offs.

iv. In some parts of the country, farmers face acute distress because of the heavy burden of debt from non-institutional lenders (e.g. private moneylenders). Banks have been permitted to advance loans to such farmers for redeeming their debt from private moneylenders and for providing them relief from indebtedness.

v. All the public sector banks have been advised to reduce their lending rate for agriculture to a single digit rate of not more than 9% per annum on crop loans upto a ceiling of Rs.50,000/-. This rate will benefit most of the crop loan account holders and will cover almost all the small and marginal farmers.

vi. To waive margin/ security requirements for agricultural loans up to Rs.50,000 and agri-business and agri-clinics up to Rs. 5 lakh.