

Proceedings of the Government of Karnataka

Sub: -Karnataka Government Crop Loan Waiver Scheme 2018 for distressed farmers in respect of Scheduled Commercial Banks and Regional Rural Banks.

Ref: - Agenda No. 20 approved in the Cabinet meeting held on 24.08.2018.

In the last few years, successive droughts in most parts of the State have led to increased stress in agriculture sector which has been facing the challenges of low growth, non-remunerative prices, inadequate infrastructure and financial support. The paramount commitment of the State Government in such times is to bring the distressed farmers out of the vicious cycle of low income and debt. The State Government has therefore announced "Crop Loan Waiver Scheme" in the July Budget 2018-2019 with the objective of ameliorating the economic condition of our farmers. This measure is aimed at supporting farmers so that they can make fresh investments in agriculture. The long term goal of this scheme is sustainable upliftment and empowerment of farmers.

In the budget speech made on 05.07.2018, it was announced to waive all overdue crop loans of all farmers as on 31.12.2017 up to a maximum of Rs. 2.00 lakhs per family. In order to help the farmers who have repaid crop loan within time, as an encouragement to continue prompt repayment, it was decided to credit the repaid loan amount or Rs. 25,000 whichever is lower to the farmer's account.

The Cabinet has approved the subject scheme in the agenda number 20 in the Cabinet meeting held on 24.08.2018. Hence the following order,

Government Order No. FD 08 CAM 2018(P) Bengaluru , dated: 06.09.2018

1. Scope of the Scheme :

a) Waiver of overdue loans upto Rs. 2.00 lakhs.

The Government of Karnataka (GoK) will provide loan waiver cumulatively upto Rs 2 lakhs per family of all individual farmers on Crop Loans classified as Non Performing Assets, Restructured Crop Loans & Overdue Crop Loans as per Reserve Bank of India norms and sanctioned on or after 1.4.2009 and outstanding as on 31.12.2017 in the books of the lending institutions. There are three broad categories of such outstanding loans, which will be eligible under this scheme.

- i. **Non-Performing Assets (NPAs):** Crop loans classified as NPAs by the lending institutions in line with the guidelines of Reserve Bank of India.
- ii. **Restructured Crop Loans:** Crop loans which were converted into medium term loans due to natural calamities repayable over a period of 3 to 5 years on rephasing or restructuring, as per Reserve Bank of India guidelines.
- iii. **Overdue Crop Loans:** Crop Loans which are overdue loan as on 31.12.2017 in the books of the Banks.

b) Incentive of Rs. 25,000/- per family on regular loans.

All farmers who have availed regular crop loans as on 31.12.2017 and have repaid their earlier season's crop loans within time, will be encouraged by way of an incentive amount equal to repaid crop loan or upto Rs.25,000 per family, whichever is lower.

Crop Loan shall mean a short term loan given in connection with raising of agricultural, horticultural and plantation crops and which is repayable within a maximum period of 12 to 18 months. It will include working capital loan for traditional and non traditional plantation and horticulture also. The farmer taking the loan, the branch of the lending institution and the farmer's land should be in the State of Karnataka.

2. Lending Institutions :

All Scheduled Commercial Banks and Regional Rural Banks are collectively called as "Lending Institutions".

3. Definition of Family :

Family of the farmer includes the farmer, his/her spouse and dependent children.

4. Excluded categories:

The following will not be eligible under the subject scheme:

- i) Crop loans granted to legal entities other than individual farmers.
- ii) Loans to farmers by companies or with corporate guarantee, even though disbursed by lending institutions or loans to institutions like Trusts, Partnerships and through institutions like Micro Finance Institutions (MFIs)/Urban Cooperative Banks (UCBs)
- iii) Advances against pledge or hypothecation of agricultural produce other than standing crop; or jewel / gold loans permitted to farmers; or loans granted for allied activities and fisheries.
- iv) Crop loans extended to employees of the Government, Semi-Government or grant - in-aid institutions and Public Sector Undertakings.
- v) Crop loans given to Pensioners drawing pension from Consolidated Fund of the State / Centre getting more than Rs.15,000/- pension per month, excluding ex-servicemen; or crop loans given to Income Tax (IT) payers with assessable income in any one of the last 3 assessment years.
- vi) Tie up loans / loans given to Companies /Partnership firms for Contract Farming / Loans availed by Self Help Groups (SHGs) and Joint Liability Groups (JLGs)/ Loans granted to sugar factories for onward lending to farmers.
- vii) The beneficiaries of co-operative crop loan waiver shall be excluded under the scheme.


5. Implementation Process:

- i) The implementation process will begin with the flow of data to be submitted by the banks. Banks will submit consolidated data from their Core Banking Systems after incorporating essential details submitted by the farmers such as, Aadhar number, Ration card number, Survey number etc.,
- ii) Crop insurance claims received are expected to be credited to the crop loan account outstanding. The banks will be mandatorily required to confirm that the crop insurance claims received, if any in the last two years, are credited to the crop loan accounts or other overdue loans of the farmer. In case the crop insurance amount has been credited to their savings bank (SB) account, the loan waiver assistance under this scheme will be reduced by the amount of crop insurance received.
- iii) Every lending institution shall be responsible for the correctness and integrity of the data under this scheme. Every document maintained, list prepared and certificate issued by a lending institution for the purposes of this scheme shall bear the signature of the authorized officer of the lending institution and his/her name together with the Employee Code Number with the seal of the organization.
- iv) Different banks have introduced different "One Time Settlement" schemes to settle the NPA accounts and Restructured Standard assets/accounts of the loanees in different years. In accordance with their ongoing OTS schemes and internal policies, the banks should settle the cases of NPA accounts/standard restructured accounts of the farmers eligible under the crop loan waiver scheme. Subject to a ceiling of total benefit of Rs. 2.00 lakhs per family, Government assistance shall be available over and above the settlement made by the banks under their individual OTS scheme.
- v) The data collected from all the lending institutions will be collated by the designated authority to arrive at the list of eligible farmers. Following the same, the appropriate fund shall be credited to the eligible accounts after being duly authenticated. State Government will settle the claims received under the scheme and pass on the benefits through the nodal branches of the respective banks. The order of priority for settlement of the claims to the Banks shall be, NPAs first followed by Restructured Loans, Overdue Loans & Incentive for prompt payment.
- vi) Any farmer who is aggrieved on the ground that his/her name has not been included in the list of eligible members or on the ground that the waiver granted has been calculated wrongly, may make representation through the branch from which the loan had been sanctioned or to the authority designated by the Government of Karnataka.
- vii) Given the challenging requirements of smooth implementation both in mapping the technical requirements and detailing the schematic framework, the Committees constituted would look into detailed requisition of the scope of works to initiate the process of deft implementation. A Steering Committee headed by the Additional

Chief Secretary and Development Commissioner will guide and monitor the implementation process at regular intervals till the completion of the scheme. Regular progress reports should be submitted by the implementing nodal department to the Committee. A Technical Committee constituted under the Chairmanship of Additional Chief Secretary to Government, e-Governance Department will under the guidance of the Steering Committee develop an IT system for implementation of the crop loan waiver scheme. Information Technology (IT) system so devised for data integration and management by the Technical Committee would be used for dexterous implementation of the scheme.

- viii) Revenue Department of the State Government will be the Nodal Department to implement the scheme. At the district level, the Deputy Commissioner will be the Nodal Officer responsible for smooth implementation of the scheme. The District Level Bankers Committee (DLBC) will provide all assistance to the Deputy Commissioner for identification of beneficiaries and calculation of eligible waiver / incentive amount. The State Level Bankers Committee (SLBC) will coordinate with the Government of Karnataka and implementing banks for smooth functioning of the scheme
- ix) Revenue Department shall constitute a special cell with appropriate number of technical persons headed by a senior officer of a rank not lower than Commissioner to effectively execute and monitor the loan waiver scheme till completion. In order to expedite the implementation of the scheme, sanction order for the special cell should be issued by September 30th 2018. The officer heading the cell will be the Convener of both the Committees (Steering and Technical Committee).
- x) After scrutiny of eligibility of waiver claims, the special cell shall submit the proposals for release to the Revenue Department. The release proposal with recommendations of the Revenue Department will be sent to Finance Department for examination and sanction of release.
- xi) Detailed guidelines for implementation of the scheme will be issued by the Nodal Department separately.

By order and in the name of
Governor of Karnataka


(Pavan Kumar Malapati)

Deputy Secretary to Government
(Budget and Resources)
Finance Department

To,

The Compiler, Karnataka Gazette for publication the next issue of the Gazette and to supply 250 copies to Finance Department.

cc to,

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2. Principal Secretary to Hon'ble Chief Minister, Vidhanasoudha, Bengaluru.
3. Chief Secretary to Government, Vidhanasoudha, Bengaluru.
4. Additional Chief Secretary and Development Commissioner, Vidhana soudha, Bengaluru.
5. Additional Chief Secretary to Government, Finance Department, Vidhana soudha, Bengaluru.
6. Additional Chief Secretary to Government, DPAR (e-Governance) Department, M.S. Building, Bengaluru.
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8. Principal Secretary to Government, Revenue Department, M.S. Building, Bengaluru.
9. Principal Secretary to Government, Cooperation Department, M.S. Building, Bengaluru.
10. Secretary to Government, Food, Civil Supplies and Consumer Affairs Department, Vikasa Soudha, Bengaluru.
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19. Convenor, State Level Bankers Committee & General Manager, Syndicate Bank, Gandhi Nagar, Bengaluru.
20. All Regional Heads of Scheduled Commercial Banks and Chairman of Regional Rural Banks.
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