

Agricultural and Rural Debt Relief Scheme, 1990

UTTAR PRADESH

India

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Rule

AGRICULTURAL-AND-RURAL-DEBT-RELIEF-SCHEME-1990 of 1990

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018.

1. Short title, Commencement and Application.

(a)The Scheme shall be called a "Agricultural and Rural Debt Relief Scheme, 1990."(b)It shall come into force with effect from 15th May, 1990.(c)It shall apply to all eligible loans of Public Sector and Regional Rural Banks as defined hereinafter.Explanation. - In so far as the bank in co-operative sector arc concerned, State Government have been requested to frame a scheme on similar pattern.

2. Definitions.

- In this Scheme, unless the context otherwise requires :(a)'Agriculture' includes horticulture, animal husbandry, forestry, dairy and poultry farming, pisciculture fishries and other allied activities, whether or not undertaken jointly with agriculture and expression "agricultural operation" shall be construed accordingly.Explanation. - Gold and jewel loans taken for agriculture as defined above will be covered under the Scheme.(b)"Artisan" mean an individual who is engaged in any activity of rural development relating to cottage and village industry, handicrafts, weaving and other rural crafts.(c)"Bad Crop Year" means a year resulting in a crop yield for which the 'Annewari' declared for the crop yield was fifty percent or less of the normal yield.(d)"Borrower" means an individual farmer, weaver or artisan or landless cultivators who had taken loan from one or more banks for any activity of agriculture or of an artisan activity and who is a non-willful defaulter.(e)Co-operative society includes PACS, LAMPS, FSS and Primary Industrial Co-operative Society including to artisans.(f)"Effective Date" means 2nd October, 1989.(g)"Eligible Loan" means

;(i) That part of the short-term loans, including converted/rescheduled medium term loan, availed of by an individual borrower on or after 1st April, 1986, and instalments of a term loan falling due after 2nd October, 1986, which was overdue to a bank as on the effective date and includes overdue interest.

Explanation : The concept of Annewari will apply to the above categories of eligible loans. (ii) "Chronic Overdues" means overdues, including overdue interest of an individual farmer, weaver or artisan or landless cultivator who borrowed a loan or loans from one or more banks and had overdues with such bank (s), aged more than 3 years as on the effective date i.e.

2.10.1989. Explanation: The concept of Annewari will not apply to this category of eligible

loans. (iii) The loans taken by a borrower who has died on or before 2.10.1989. The concept of Annewari will not apply to this category of eligible loans. (iv) The overdue loans of a borrower who has been declared insolvent or whose petition is pending in the Court on or before 2.10.1989 for being declared insolvent, subject to the provisions of Section 3 of the Scheme. The concept of

Annewari will not apply to this category of eligible loans. Explanation : (i) In the case of an artisan, the expression "short term loan" shall include working capital loan or cash credit limit availed of; and the expression "term loan" shall include block capital loan or composite loan. A working capital loan is in the nature of running account like cash credit. Block capital loan is a term loan which is repayable within a period not less than three year's. A composite loan will have the elements of both the working capital and block capital loans. (ii) Medium term converted loan would mean a short

term production loan which has been converted into medium term loan due to natural calamity. The medium term rescheduled loan would be a medium term converted loan, the maturity of which has been extended. (h) "Non-willful defaulter" is a borrower of loan (s) who did not repay loan or loan

instalments due and experienced two or more years, whether consecutive or not, which were bad crop years one of which was the year in which the default occurred. In case of artisan or weaver, non-repayment because of loss of assets will also be treated as a non-willful default. Explanation : In case of a borrower having chronic overdues, it will be presumed that he did not have capacity to pay

and as such he will be classified as a non-wilful defaulter. (i) "Sponsor bank", in relation to a Regional Rural Bank means, a bank by which such Regional Rural Bank has been sponsored under the

Regional Rural Banks Act, 1976 (Act 21 of 1976). (j) "Wilful defaulter" is a borrower of loans for agriculture who did not repay the loan instalments due in that year which was not a bad crop year.

Chapter II

3. Public sector banks and Regional Rural Bank; shall provide debt relief upto a limit of Rs. 10,000/- to a borrower of eligible loan.

Relief and its extent Identification of borrowers and determination of eligible loans -

4.

(1) The Manager of each branch of the public sector bank or regional rural bank will have the authority to determine eligible loans and sanction waiver of the loans as provided in section 5 below. (2) The Managers of the lead bank in each of the blocks will act as co-ordinator for the implementation of the scheme and he would convene meeting of the Managers of concerned

branches of public sector banks, regional rural banks, Central Co-operative Banks, Land Development Bank and Block Development Officer/Tehsildar to (a) compile a list of borrowers with details of their principal interest and overdraft as required under the scheme and (b) verify whether the village to which the borrower belongs has experienced crop year in terms of the Annewari system. Subject to these two conditions being met, the debt relief to eligible borrowers will be provided automatically without any further reference to Regional Office/Head Office of Bank, or any other State/Central, Government authority. Adjustment in the loan accounts :

5.

(1) If the waiver amount is sufficient to clear the outstanding principal and interest, such accounts should be closed and the borrowers advised in writing about the extent of relief provided and closure of the account. In cases where the principal and interest exceeds Rs. 10,000 such borrowers should be advised about the relief provided to them and the balance outstanding in the account. Such borrowers should be advised to repay the balance amount. (2) Credits may be given in the eligible loan accounts to the extent of outstanding principal and interest subject to the maximum of Rs. 10,000 and the aggregate amount held in the account called "Receivable from the Government under Debt Relief Scheme" till the amount received from the Reserve Bank/NABARD. Explanation : The interest shall be adjusted first, and then the balance will be adjusted towards principal.

6. Eligibility of beneficiaries for fresh loans : All borrowers whose loan accounts are closed under Section 5(2) of the scheme, shall be considered as eligible for fresh loans and advances by the bank for the ensuing seasonal agricultural operations. Provided, however, that any such borrower, who failed to repay any loan or loan installment falling due after 2 October, 1989, is considered as defaulter.

7. Submission of claims statements: Each public sector bank shall prepare and submit consolidated claim in respect of the amount of relief to the Reserve Bank of India for payment. In the case of Regional Rural Banks, such consolidated claim statement would be submitted to NABARD for payment.

Interest Claims :

8.

(1) The claim statements submitted to the Reserve Bank/NABARD shall cover interest due on the outstanding loan amounts only upto and inclusive of effective date and not beyond. (2) The interest that has accrued on the outstanding loan amounts after the effective date till the date of adjustment of the said loan as provided here-in-after shall be borne and paid to the financing bank by the beneficiary. Payment of the claim amount:

9.

(1) In order to maintain the liquidity of the public sector banks and Regional Rural Banks a part of the claim amount will be disbursed in advance to them by the RBI/NABARD respectively as determined by them. Such payments would be made from out of the funds received by RBI/NABARD from Government of India. (2) Subject to the payment made by the Government of India, the Reserve Bank/NABARD shall as soon as possible, but not later than three months from the date of receipt of the claims, complete the payment of the full amount to the bank in respect of the eligible loans after such scrutiny as it may wish to make. Adjustment of claims in proportion to the amount of loan availed of:

10. In cases where a borrower had taken loan from more than one bank, the claim amount shall be adjusted in proportion to the amount of loan taken from each of the bank.

Receipt of claims :

11. All payments by the Reserve Bank/NABARD towards the claim statements received by it shall be made in the case of public sector banks and Regional Rural Banks to their respective Head Offices.

12. Publicity for the Scheme. - A copy of the scheme will be printed in regional languages and displayed on the notice boards of the banks as defined in the scheme. The lead Banks will be responsible for making arrangements for the same.

13. Administrative guidelines. - Reserve Bank and NABARD in consultation with Government of India, will issue suitable administrative guidelines, if necessary, for smooth and expeditious implementation of the scheme.