

## **Jharkhand**

### **Loan waiver for 9 Lakh Farmers**

**December 26, 2020**

Relevant to M&M- FES, FaaS

#### **Background**

- Drop in income, rising costs and increasing incidence of indebtedness are increasing farmer suicides especially among small and marginal farmers. The loan waivers will bring in temporary relief.
- The two major factors of farmer crisis are falling income and indebtedness. According to the All-India Rural Financial Inclusion Survey of NABARD, the major sources of income of farmers are wages and cultivation.
- The survey says that the monthly income of Agricultural households from cultivation remained almost constant between 2013 and 2017. It was 3081 rupees in 2013 and 3140 rupees in 2017.
- The large agricultural farms usually receive that way was through loan restructuring or one-time settlement. However, the small and marginal farmers are not benefited through these measures. Therefore, it is essential to bring in loan waiver.

#### **What is it? Who is eligible?**

- The loan waiver scheme will give relief to 7.83 lakh farmers in the state. In addition to this, Rs 50,000 will be waived for 1.24 lakh farmers.
- For each farmer, the capping is at Rs 50,000.
- The amount will be paid by the government to their respective banks. Both landowners and landless farmers will be eligible.
- The farmer should have repaid installment at least once during the repayment period.

#### **Process and Implementation**

- As per the minutes of the meeting of the Agriculture Department and State Level Bankers Committee, three major banks — State Bank of India, Bank of India, and

Jharkhand Gramin Bank — which have 77 per cent of the total loans, will prepare for the first phase of implementation.

- However, only 10,500 farmers — 10,500 'Standard KCC' crop loan accounts — on a sample basis will be benefited on December 29.
- In the first phase, the implementation will be done manually. Banks will collect certified copies of farmers' Aadhaar and ration cards, and retain them for either uploading on a web portal or producing it to the competent authority.
- Online Aadhar seeding with respective KCC loan accounts have been done. The banks will charge the farmers Re 1 for the service.

### For Further Reading

1. <https://indianexpress.com/article/explained/jharkhand-farm-loan-waiver-scheme-explained-7118261/>
2. <https://www.hindustantimes.com/india-news/jharkhand-government-to-waive-farm-loans-up-to-rs-50-000/story-19dFAKyUouRgyq1Cyw6MMO.html>
3. <https://www.livemint.com/news/india/jharkhand-govt-waives-farm-loans-of-up-to-rs-50-000-9-lakh-to-benefit-11608812439275.html>