



ALL INDIA BANK OFFICERS' CONFEDERATION

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State Bank of India Officers' Association

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PRESS RELEASE

In a landmark judgment, the Madras High Court has ordered extension of waiver of loans to all drought hit farmers. In the year 2016, the Tamil Nadu state government had announced waiver of crop loans, restricting it to small and marginal farmers in Tamil Nadu with a land holding of 5 acres and less. The Public Interest litigation filed by 'National South Indian River Interlinking Agriculturist Association' by Shri.Ayyakannu, who incidentally is spearheading an agitation for the last 23 days at the National capital, seeking central assistance to the tune of Rs.40,000 crores to farmers of Tamil Nadu badly affected by the unprecedented drought situation. The court has ordered to include farmers who have a holding more than 5 acres are also to be covered.

The judgment pronounced by a division bench comprising Justice S Nagamuthu and Justice M V Muralidharan stated that " it is a clear discrimination and violates Article 14 of the Constitution", and they have also restrained the co-operative societies and banks concerned from recovering their dues from farmers. This judgment comes on the day of major farm loan waiver announced by the newly elected UP Government headed by Yogi Adityanath benefiting more than 2.15 crore farmers to the tune of Rs.36,359 crores including loans which turned into NPAs amounting to Rs.5630 crs. Both the news one by the judiciary and another by the executive are bold and welcome steps towards assisting the farming community which has lost heavily over the last two decades due to rapid urbanization in terms of cultivable area and production. The farmers were last given a major waiver by the UPA Government during 2008-09 to the tune of Rs.60,000 crore.

These two simultaneous developments have to be seen as progressive steps, as it would relieve the farmers from their debt burden and enable them to make a fresh beginning. The court order as well as the UP government order have also removed the disparity and extended the benefit to the entire farming community, which is a very important step. In the same way, the loan waiver should also reimburse the amount repaid by the farmers which would be an appreciation and recognition of their credit discipline and encourage the farming community to follow financial discipline in future.

It is a fact that the Nationalized banks and scheduled commercial banks have almost stopped lending to the farm sector and whatever little amount is being given is for mechanization or as gold loans in the name of crop loans. Thus, it has forced the farmers turn to private money lenders and newly formed micro finance institutions. These unscrupulous elements employ dubious ways to recover their dues forcing the farmers to go bankrupt and also force them to commit suicide.

In future, the insurance of standing crops must be made mandatory to all farmers and should automatically cover the market price of the produce and the insurance premium should be paid by the respective governments. This would shield the farmer against natural calamities such as floods and droughts and also relieve the government from extending loan waiver in future. While AIBOC wholeheartedly welcomes both the developments, it also demands the government to give suitable instructions to all scheduled commercial banks to positively advance to agriculture sector and meet the mandatory norms instead of giving them leeway by allowing them to invest the shortfall in Rural Infrastructure Development Bonds or Priority Sector Lending Certificates. This would go a long way in ensuring the farmers to get crop loans at reasonable rate of interest and make agriculture a viable proposition. AIBOC also demands that the waiver should be extended to the farmers who has repaid the loan also as they have also faced the distress. This will encourage the tendency to repay the loans.

AIBOC supports the farmers who are on agitation in different parts of the country and appeals to the government to provide relief to the small and marginal farmers and agricultural labourers affected by acute drought. The loan waiver should be extended to Nationalized banks also and the cost may be shared by Central Govt. and State Govt. We once again reiterate that the farmers who have been affected by the drought/ natural calamities but repaid the loan with great difficulty should also be given relief so that the culture of repayment is encouraged.



(D. T. Franco)
General Secretary