

**THE KERALA STATE FARMERS' DEBT RELIEF
COMMISSION, THIRUVANANTHAPURAM**

Suo Motu Proceedings No. 1 of 2007

Present

Justice K.A.Abdul Gafoor
Chairman

And

Prof. M.J.Jacob
Shri. M.K.Bhaskaran
Shri. Sathyan Mokeri
Prof. N.Chandrasekharan Nair
Members

**Further Recommendations made to Government
in accordance with Section 5(1) (f) and 5 (1)(fg) of
the Kerala Farmers' Debt Relief Act 2006 (Act 1 of 2007)
Concerning Wayanad District**

Immediately on constitution of the Kerala State Farmers' Debt Relief Commission, we decided to conduct suo-motu proceedings in terms Section 5(1)(a) of the Kerala Farmers' Debt Relief Act 2006 (Act 1 of 2007), herein after referred to as the Act, to consider whether the area comprising Wayanad Revenue District could be recommended to be declared distress affected. After due and elaborate enquiry and after hearing the representatives of various government departments, government agencies, commodity boards, financial institutions, co-operative banks and farmers' organisations and even several of the farmers themselves, recommendation was made to Government on 17.06.2007 to declare the entire area of Wayanad Revenue District as distress affected.

This recommendation was made taking into account the crisis faced by farmers engaged in cultivation of mainly pepper, coffee, cardamom and tea. Different aspects including the plant diseases affecting the

productivity of the crops, natural calamities including drought experienced in the district and the deep and extensive fall in price for the agricultural produces were taken into account by us while formulating the said recommendation.

Government later considered the recommendation and has decided to declare Wayanad District as distress affected in exercise of their powers under Section 6 of the Act, accepting the said recommendation.

The Commission has received more than one lakh applications from Wayanad district alone. Going by the provisions contained in Section 5 of the Act, the farmers indebted to creditors other than institutional creditors which mean State Bank of India or its subsidiaries or any scheduled banks are entitled to debt relief, based on the appropriate level of credit and the fair rate of interest to be determined by the Commission without the individual farmers being separately declared as distress affected. Therefore, the Commission has to consider each of those applications. Even if the Commission conducts hearing on these applications taking minimum time constituting as many Benches as possible, it will take months together to attend to the applications from Wayanad district alone.

The Act brings within its protection the individual farmers who conform to the definition of farmer as contained in Section 2(xiii) and hold whether as owner or otherwise, an extent of land not exceeding four hectares and whose principal means of livelihood is agriculture and whose annual income does not exceed Rs.2,00,000/-. Such farmers are eligible for debt relief. Agricultural labourers, Kudumbasree units and self help groups are also brought within the definition of farmer.

Clauses (f) and(g) of Section 5 (1) authorize the Commission, i) to recommend to the Government regarding the extent and the manner in which the debt relief to be granted to the farmers and (ii) to recommend to the Government to take over the entire or partial debt and to exonerate the farmers from the effect of their debts.

In our recommendations, we have come to the conclusion that majority of farmers engaged in cultivation of different crops in Wayanad district are marginal ones. Marginal farmers require more help when they are distressed, as compared to those holding more extent of cultivable land. It has also come to our notice that such farmers in large numbers have only

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
debts of small amounts not exceeding Rupees 25,000 in total as outstanding. We have also gathered information during our enquiry that defaulted loans were being renewed on advice by banks or creditors, including the accrued interest on capital borrowed earlier, as capital amount of the renewed loan account.


If the Commission has to enquire into these aspects calling for the details of the old loans availed by individual farmers from their creditors, it will take time for disposal of applications and thus to reach the entitled relief in the hands of the real and eligible farmers, who deserve immediate help. As the Act gives the Commission the power as conferred in clauses (f) and (g) of Section 5 (1) to make proper recommendations to government regarding the nature and extend of debt relief to be granted to farmers and to recommend to government to take over their debts either in full or in part, as already mentioned at the threshold, we are of the view that, in order to save large majority of the indebted farmers of Wayanad district from the consequences of their long pending debts immediately, the following measures shall be taken by the Government. Therefore in exercise of the statutory powers vested in us, as mentioned above, we recommend to Government that,


- a) All liabilities of farmers in Wayanad district holding cultivable land not exceeding one acre (0.42 hectare) either in the capacity as owner or in any other capacity as mentioned in Section 2(xiii), towards debts as defined in Section 2(vii) payable to creditors other than institutional creditors, incurred on or before 30.06.2006, shall be completely taken over by Government, if the amount outstanding against them, as on today, does not exceed Rs.25,000/-.
- b) The aforesaid recommendation if accepted by the Government shall have effect from the date of this order containing the recommendations and the extent of debt relief so recommended, if implemented shall have effect from today and such amount shall be deducted from the liabilities of such eligible farmers from today onwards.
- c) The amount so entitled as debt relief to such farmers shall be paid over to their respective creditors from out of the funds set apart in that regard within two months from the date of the order to be issued by Government, accepting these recommendations, on production of a certificate by the farmer concerned from a revenue officer as decided

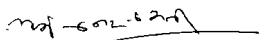
by the Government, showing the details regarding his main source of livelihood, income and the area of land in his possession or whether he is an agricultural labourer and showing such other matters as the Government in their discretion may insist.

Dated this the 5th day of September 2007

Justice K.A.Abdul Gafoor, Chairman 

Professor M.J.Jacob, Member 

Shri M.K. Bhaskaran, Member 

Shri Sathyan Mokeri, Member 

and
Professor N.Chandrasekharan Nair, Member 