

**Fourteenth Kerala Legislative Assembly**

**Bill No. 231**

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**THE KERALA FARMERS' DEBT RELIEF  
COMMISSION (AMENDMENT)  
BILL, 2019.**

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[Translation in English of the “2019-ലെ കേരള കർഷക കടാശ്വാസ കമ്മീഷൻ  
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**THE KERALA FARMERS' DEBT RELIEF COMMISSION  
(AMENDMENT) BILL, 2019**

**A**

**BILL**

*further to amend the Kerala Farmers' Debt Relief Commission Act, 2006.*

*Preamble.*—WHEREAS, it is expedient further to amend the Kerala Farmers' Debt Relief Commission Act, 2006 (1 of 2007) for the purposes hereinafter appearing;

BE it enacted in the Seventieth Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala Farmers' Debt Relief Commission (Amendment) Act, 2019.

(2) It shall be deemed to have come into force on the 5<sup>th</sup> day of March, 2019.

2. *Amendment of section 5.*—In the Kerala Farmers' Debt Relief Commission Act, 2006 (1 of 2007), in sub-section (3) of section 5, for the words “rupees one lakh”, the words “rupees two lakh” shall be substituted.

3. *Repeal and saving.*—(1) The Kerala Farmers' Debt Relief Commission (Amendment) Ordinance, 2019 (36 of 2019) is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act as amended by the said Ordinance shall be deemed to have been done or taken under the principal Act as amended by this Act.

## STATEMENT OF OBJECTS AND REASONS

Section 5 of the Kerala Farmers' Debt Relief Commission Act, 2006 provides for the powers and functions of the Commission. Sub-section (3) of the said Act provides that notwithstanding anything contained in any other provisions of this Act, any debt relief granted to a farmer by way of waiver of principal, interest and penal interest, if any shall not exceed seventy five percent if such debt is fifty thousand rupees or less and fifty percent, if such debt exceeds fifty thousand rupees, arrived at after settlement or rupees one lakh whichever is less.

2. The Government have decided to increase the debt relief given to the farmers by the Kerala Farmers' Debt Relief Commission from one lakh rupees to two lakh rupees for the dues which exceeds fifty thousand rupees. It was also decided to make suitable amendments to section 5 of the Kerala Farmers' Debt Relief Commission Act, 2006 for the said purpose.

3. As the Legislative Assembly of the State of Kerala was not in session and the above proposals had to be given effect to immediately, the Governor of Kerala has promulgated the Kerala Farmers' Debt Relief Commission (Amendment) Ordinance, 2019 on the 26<sup>th</sup> day of July, 2019 and the same was published as Ordinance No.36 of 2019 in the Kerala Gazette Extraordinary No.1717 dated 29<sup>th</sup> July, 2019.

4. The Bill seeks to replace Ordinance No.36 of 2019 by an Act of the State Legislature.

## FINANCIAL MEMORANDUM

As per sub-section (3) of section 5 of the Kerala Farmers' Debt Relief Commission Act, 2006 proposed to be amended by clause 2 of the Bill, the debt relief granted to a farmer is increased from rupees one lakh to rupees two lakh, if the debt arrived at after settlement exceeds fifty thousand rupees, so if the Bill is enacted and brought into operation, approximately eighty crore rupees is expected to incur as recurring expenditure from the Consolidated Fund of the State. Any non-recurring expenditure is not expected to incur from the Consolidated Fund of the State.

E. CHANDRASEKHARAN.

**EXTRACT FROM THE KERALA FARMERS' DEBT RELIEF  
COMMISSION ACT, 2006  
(ACT 1 OF 2007)**

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5. *Powers and Functions of the Commission.*—(1) The Commission shall have all such powers as are necessary for achieving the objects of this Act, and in particular,—

(a) to recommend to the Government either *suo motu* or on application, after such enquiry as it may deem fit and subject to such general guidelines as may be prescribed by Government to declare a district or districts or part thereof or a crop or crops or a farmer, as distress affected area, distress affected crop or distress affected farmer, as the case may be;

(b) to fix, in the case of creditors other than institutional creditors, a fair rate of interest and an appropriate level of debt, to be payable as the Commission may consider just and reasonable by a farmer declared as distress affected or related to an area or crop declared as distress affected area or distress affected crop as per section 6, as the case may be;

(c) to undertake conciliation for settlement of disputes between indebted farmers and creditors, other than institutional creditors, on the basis of the fair rate of interest and appropriate level of debt fixed under clause (b);

(d) to adjudicate disputes between farmers described in clause (b) and creditors, other than institutional creditors, and to pass awards which shall be binding on both parties:

Provided that before passing an award as per this clause a creditor shall be given a reasonable opportunity of being heard.

(e) to enter into negotiations with the creditors for loan waiver, interest rate relief, loan rescheduling or loan moratorium to farmers described in clause (b);

(f) to recommend to the Government regarding the extent and the manner in which the debt relief to be granted to the farmers;

