

Appropriation of Farm Loans by Corporate Agribusiness Companies

According to the Priority Sector Lending (PSL) of the RBI's directives on disbursement of loans to public sector banks, the agriculture sector stands first. According to this policy, 18 % of the total loans given by public sector banks must be agricultural loans. It should give fair priority to small farmers and peasants. But in our country, for the last several years, big companies have been getting loans of thousands of crores in the name of peasants. As per the query from 'The Wire' portal through the Right to Information Act to find out the names of some big heads who are getting farm loans meant for farmers at four percent interest, the Reserve Bank of India (RBI) has dispensed some token information for the period between 2007 and 2016. Analysing these details teaches us why nationalization of banks has taken place in our country. The insecurity of millions of poor and middle class people has been turned into a mantra of thrift and was made a commodity for those in sectors like banking and insurance.

More than anyone else farmers know better about the number of hurdles in getting farm loans. But not all farmers understand how big investors can rob them of the loans they ought to get. About five hundred companies under their real or benami names are plundering about 10% of the loans meant for billions of peasant families across the country each year. In total, each company/account is grabbing around Rs. 75 to 100 crores of farm loans every year.

They are proudly grabbing these loans meant for peasants. The RBI did not reveal the names of the owners of the companies involved. More than half of these may be benamies of 5-6 big companies which could be owned by politicians with the backing of the Congress, BJP and other ruling parties or by companies in which they have invested. Hence these companies are able to arbitrarily extort money from farmers.

For decades, the co-operative sector has been turned into pocket entities of feudal lords in rural areas, while capitalist groups have turned banks into their source of investment and profited. The magic of this investment is revealed by the hundreds of crores of rupees Tatas and Birlas got as loans then and Adanis and Ambanis are receiving them now. These companies came into the market

under the names of Agri-business, Agri Clinics, Future Trading, etc. Companies like Reliance Fresh and Adani Agro Tech are currently leading the way in appropriating the farmers' loans. Hundreds of such companies in the country are also getting loans from these banks for the construction of large cold storages and godowns and for the purchase of land required for it in the name of agriculture loans.

A Rs. 100 crore given to a single company excludes 2000 farmers from receiving Rs. 5 lakhs each. The same amount can be given to 10,000 farmers with each receiving one lakh rupees.

Funds that can be distributed for millions of farmers is being diverted to few companies and this process is going on for years. The Indian rulers have thus been pouring crores of rupees into their companies. Did these big companies repay the sums received through these banks? Or did they evade in the name of Non-performing assets? The answers will not be made known to the public. RBI has declined to give details of these accounts.

The details of general agricultural loans in the country are as follows. Total agricultural credit extended across the country during 2014-15 was Rs. 8.5 lakh crore and it increased to Rs. 11 lakh crore in 2018-19. Superficially it looks like agricultural loans are on the rise; Subsidies on farm equipment and machinery are on the rise; money is changing in the hands of farmers in rural areas; but actually influential rich farmers and feudal land lord class only avails these facilities. Similarly the agro companies of big capitalists are diverting these loans whose allocations are increased in every budget by the ruling class for them. In some cases these are paper companies. Therefore, even though experts from the agri-sector, farm labour and farmers' unions are insisting to separate the farmer loans from those that are being fed to corporates in the name of agriculture, situation is not changing with any party in the ruling.

Let us examine the details given by the RBI in the light of the policies adopted by the rulers. In 2007, 464 companies borrowed Rs. 43,664 crore. That is each company received about Rs. 75 crore. In 2014, 669 companies were able to get Rs. 60,156 crores. Rs. 58,561 crores was acquired by 615 companies in 2016. This means that about Rs. 95 crore has been credited to each account. Had it not for the 100 crore limit that was there for an account, a handful of companies would have appropriated these thousands of crores. The full details can be seen in the table.

Table 1: Loans Disbursed by Public Banks to Big Corporates in the name of Agriculture

Year	Total Farmer Received by Accounts Received by Big Corporates (in Crores)	No. of Loans Accounts	Ave. Loan Received by each Company A/C (in crores)
2007	43,664	464	74.7
2008	34,508	454	76
2009	43,021	530	81.2
2010	59,490	680	87.5
2011	64,137	809	79.3
2012	55,504	698	79.5
2013	56,063	665	84.3
2014	60,156	669	91.3
2015	52,143	604	86.3
2016	58,561	615	95.2

Even though we do not have the details after 2016 we can say that disbursements to big corporates in the name of agriculture would have definitely increased. It is easy to understand why the NDA rulers wrestled so much for the Adanis and Ambanis over the recent agrarian laws passed by Parliament. Adani was appointed SBI partner shortly after the Prime Minister finally announced his withdrawal of the laws. In the Agricultural black laws, it was stated that there will be 'sponsors' to give bank loans to farmers. As soon as black laws were withdrawn, this clause changed its form and now the 'sponsor' in the black laws was incarnated as 'partner' for public sector banks after the withdrawal. Such is the exploitative affiliation of these companies with the banks. Thus, the official details of the thousands of crores being loaned from banks for agriculture by corporates, the thousands of crores banks convert as NPAs for these corporates and the thousands of crores forfeited by banks at the cost of public are never revealed, unless revealed by former RBI executives and some banks as happens occasionally.

Persons	Crores of Rupees
Mukesh Ambani	1,87,070
Anil Ambani	1,24,956
Rulia Brothers	1,01,461
Anil Agarwal	1,03,340
Gautam Adani	96,031
Serous Mystery	80,701

Manoj Gaur	75,163
Sajjan Jindal	58,171
Lanco Madhu	47,102
GMR	47,976
VN Dhoop	45,400
GVK Reddy	33,933

To get a glimpse of how lakhs of crores are being disappearing we can look at the list circulated in newspapers as being revealed by Former RBI Governor Raghuram Rajan some time ago.

Along with them are Sahara Group, Vijayamalya, Sri Renuka Sugars, Naveen Jindal, DLF Properties. There are still many who owe upto Rs. 5000 crores. A total of Rs. 28 lakh crore appropriated by these big corporates is politely called NPAs. Why could not our rulers collect these 28 lakh crores by confiscating their assets which are constantly growing at a profit, and by taking over their companies which are expanding under various names?

In the case of farmers, in the case of the common man, do the banks remain silent or they confiscate everything? These banks, which deal with the public funds, give crores of rupees to industrialists and political business-men only to accumulate losses as NPAs, which is itself a form of capitalist exploitation. Encouraging private banks at one time, nationalizing them later and again merging small banks for the purpose of reprivatizing is all part of capitalist monetary policy.

S.No	Name, Father/Husband's Name	Year loan	Total Loan Taken	Interest Paid	Total= Principle+ Interest
1	Bheemappa, S/o late Nagappa	2006-07	30,000	1,50,000	1,80,000
2	Chandbasha, S/o MasthanBasha	2014-15	3,50,000	9,00,000	12,50,000
3	Late. Y Nagaraj, S/o Late Basannagowda	2006-07	50,000	2,00,000	2,50,000
4	Lakshmamma W/o Late Umapathi	2016-17	8,50,000	7,00,000	15,50,000
5	Shivaram, S/o Late Umapathi	2016-17	5,00,000	4,00,000	9,00,000
6	Ramanna, S/o Late Naganna	2006	65000	2,35,000	3,00,000

On the other hand, millions of poor, small farmers in the country would have to pawn their farm passbooks in the bank, give up farm work and run four or five times to get a loan. In some places you won't get bank loans without bribes. A

majority of the farmers are farm labour meaning they don't have any land and don't have the passbooks.

Today, despite the fact that farmers are buying seeds and fertilizers by taking non institutional loans at exorbitant interests, despite working hard in all seasons to reap their crops they are not getting the minimum remunerative price for their produce, they don't have the storage facilities, they are under constant threat that their produce will not be procured in time making the produce rot. Farmers are also affected by occasional natural disasters and droughts. Even In such situations, banks charge compound interest rate even for a day's delay over 365 days in repaying the loan. If shifted for the second year it becomes more damaging.

Debt gradually increases when the annual income is not enough to meet the needs of the family. Banks, however, keep sending notices. Millions of such farming families are unable to get new loans and have to go for loans from private moneylenders. Doing so will inevitably lead to debt traps. It is for these reasons that millions of farmers are being driven to suicide. The Karnataka Rajya Raitha Sangha has prepared a report based on the notices sent by the banks to a village named Asundi in Bellary district as part of their movement over this situation. The details are in the table.

Table 2 Loan & Interest Details of Asundi Farmers

It is only a propaganda that rural banks lend to farmers at very low interest rates. The situation in the village of Asundi is common to almost all the lakhs of villages across the country. Bheemappa, a farmer, who took Rs. 30,000 in 2007, received notices to pay Rs. 1,80,000 in 2021. Another farmer, Sanna Peddhayya, who took Rs. 22,000 in 2010, was asked to pay Rs. 92,000 in 2021 adding an interest of Rs. 70,000.

Over all these years to what extent have the loan waivers offered by the Central or State Governments reached actual farmers? Are many of the schemes that the Centre says support farmers really reach farmers? No, says these interest rates above. The situation is so disgusting that if any farmer gets Rs. 2000/3000 in his account, immediately it is recovered by the banks as an adjustment for debt interest (not even for the principal). No commercial bank follows the principle that interest should not be charged beyond the principal. At the same time, no government is going to recover the lakhs of crores appropriated by the capitalists in the name of farmer loans and have been defaulting. In India, from the very beginning, banks have been working in the shadows of the ruling class to cater to the needs of capitalists. The task of today's movements is to make the peasant struggles more organized and militant to counter these conditions.