

Seventeenth Loksabha

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Title: Regarding relief measures for farmers affected by natural calamities-laid.

SHRI BHARTRUHARI MAHTAB (CUTTACK): Relief measures have been taken for farmers affected by natural calamities by way of conversion of ST (SAO) loans to medium term loans as per NABARD circular. In case of crop damage between 33% and 50%, the crop loan shall be converted to Medium Term (Conversion) loans repayable within a period of two years with a moratorium of one year. Similarly, where the crop damage is 50% and above, the conversion facility of the crop loan can be allowed for a maximum period of five years with one year moratorium.

The Union Government provides Interest Incentive at 3% to farmers for prompt payment in respect of crop loans, which is not made available in case of conversion of such crop loans in the event of occurrence of natural calamities. Due to this, the interest rate on the converted loans remains at a higher level which affects the interest of the farmers. As crop loans are converted into medium term loans, the interest rate is expected to remain at the same level instead of higher rate of interest being charged. Similarly, the incentive made available for prompt payment for crop loans should also be extended to the Medium Term (Conversion) loans to provide relief to the affected farming community.