

Credit Relief to Cotton Growers

413. SHRI R. SAMBASIVA RAO :
DR. T. SUBBARAMI REDDY :

Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India has worked out any Scheme by which banks can provide credit relief to cotton growers in Andhra Pradesh where the crop was destroyed by widespread pest infection;

(b) if so, whether the Reserve Bank of India team had discussions with the officials of the State Government in Hyderabad on the possible measures to provide relief to beleaguered farmers;

(c) if so, the details thereof; and

(d) to what extent the RBI has been helpful to the farmers?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) to (d) Yes, Sir. At the instance of Government of India, a high power delegation comprising Shri Jagdish Kapoor, Deputy Governor, Reserve Bank of India (RBI) and Managing Director, National Bank for Agriculture and Rural Development (NABARD) alongwith Chairman & Managing Director of Andhra Bank (Convenor of SLBC) - State Level Bankers Committee held discussions with the State Government and banks regarding the problems faced by farmers affected by pest and drought in Andhra Pradesh. Taking into consideration extreme distress caused to the farmers by pests, drought etc. which has severely impaired the repaying capacity of the affected farmers, a relief package was extended to the borrowing farmers in Andhra Pradesh by the RBI as a special case. The relief measures envisaged include :

- (i) no recovery of either principal or interest from the affected farmers for a period of two years;
- (ii) conversion/reschedulement of loan for a period of 7 years excluding initial moratorium period of two years i.e. total period of 9 years; and
- (iii) sanction of fresh crop loans to the affected farmers.

RBI has further reported that as per the data available with SLBC convenor bank, all commercial banks have granted loans aggregating Rs. 432 crores (fresh crop loans and conversion/reschedulement of old loans) covering 5 lakh farmers in the State.

Vysya Bank

414. SHRI JANG BAHADUR SINGH PATEL :
DR. BIZAY SONKAR SHASTRI :

Will the Minister of FINANCE be pleased to refer to the answer given to Unstarred Question No. 64 dated November 21, 1997 and state :

(a) whether the Reserve Bank of India has since examined the matter to ascertain if any violation of RBI regulations has been committed by any of the private sector banks referred to by the Honourable Members of Parliament; and

(b) if so, the action taken for such violations?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) and (b) In continuation of the information furnished in reply to Lok Sabha USQ. No. 674 answered on 21-11-1997, RBI have reported that it was observed by them from the inspection report, 1997 that one of the Vysya Bank's branches had sanctioned a loan of Rs. 12 crores to the Vysya Bank Employees Welfare Trust on 24.11.1995 and it was disbursed to its employees to enable them to make investment in rights issue of the bank. The rate of interest charged on the said advance was at the rate of 6% which was in violation of the extant instructions of RBI. Such loans are classified as non-priority personal loans and interest rate on such loans should not be less than the prime lending rate of the bank. The matter has been taken up by RBI with the bank for doing the needful. RBI being the regulatory and supervisory authority for private sector banks is seized of this matter. RBI have further reported that they have recovered penalty on account of default in maintenance of SLR and CRR.

Insurance cover to cash Crops

415. DR. T. SUBBARAMI REDDY : Will the Minister of FINANCE be pleased to state :

(a) whether the Government of Andhra Pradesh has urged the Union Government to include commercial crops under the Crop Insurance Scheme; and

(b) if so, the details thereof and the action taken by the Government thereon so far?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) and (b) The information is being collected and will be laid on the Table of the House.