

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1364
ANSWERED ON:08.03.2002
WRITING OFF LOANS OF RIOT VICTIMS
SUBODH ROY

Will the Minister of FINANCE be pleased to state:

- (a): whether the Government have waived the Government loans given to riot victims of riot affected states;
- (b): if so, the areas-wise details thereof;
- (c): whether the Government loans provided to the victims of riots that took place in Bhagalpur district of Bihar in 1989 have since been waived; and
- (d): if not, the reasons therefore ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI BALA SAHEB VIKHE PATIL)

(a) & (b): As regards waiver of bank loans given to victims of 1984 riots in various parts of the country, Government initially introduced a Scheme, in June, 1993 known as 'Debt Relief Scheme for November, 1984 Riot Affected Borrowers'. Under this Scheme, aggregate of eligible loans from all banks up to and inclusive of Rs. 25,000/- as principal granted on 1st November, 1984 or afterwards, together with outstanding interest, were to be written off by the banks. The Scheme was subsequently modified in October, 1994 to include Central, State and Union Territory Financial Institutions in the definition of 'Bank' in the Scheme. Later, in December, 1997 the Scheme was revised and the amount of eligible loans taken from banks/financial institutions to be written off under the Scheme was raised from Rs. 25,000/- to Rs. 50,000/-. The relief provided to November, 1984 riot victims was due to extra ordinary circumstances and wide-spread nature of riots.

(c) & (d): No, Sir. Reserve Bank of India (RBI) has not been in favour of any loan waiver scheme because of its possible adverse impact on the recoveries and financial discipline. However, immediately after the 1989 Bhagalpur riots, all scheduled commercial banks were advised by RBI in November, 1989 to extend relief and rehabilitation assistance to the affected people in terms of the standing guidelines issued to banks in this regard in August, 1984.