

**GOVERNMENT OF INDIA  
FINANCE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:1832

ANSWERED ON:29.11.2002

CREDIT RELIEF TO FARMERS OF DROUGHT HIT AREAS

AJAY SINGH CHAUTALA;ANANTA NAYAK;BHUPENDRASINH PRABHATSINH SOLANKI;CHANDRA BHUSHAN SINGH;CHINTAMAN NAVSHA WANAGA;IQBAL AHMED SARADGI;JAI PRAKASH;R.L. JALAPPA;RAJO SINGH;V. VETRISELVAN

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

- (a) the guidelines issued by the RBI to banks to provide credit relief to the farmers of drought affected States;
- (b) the extent up to which the guidelines of RBI have been adhered to by the banks;
- (c) whether the farmers from drought hit States have requested the Government to write-off loans for interest on loans drawn by them from Co-operative and other banks or extend the loan repayment terms;
- (d) if so, the details thereof;
- (e) whether requests from State Co-operative Ministers have also been received by RBI in this regard; and
- (f) if so, the details thereof and the reaction of the Government thereto?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) The Reserve Bank of India (RBI) has issued standing guidelines vide its circular dated August 2, 1984 (subsequently revised in 1998) advising all banks on the relief measures to be extended by them to the persons affected by natural calamities like flood, drought etc. While reiterating its extant guidelines, RBI has recently advised all Scheduled Commercial Banks to extend the following reliefs to the farmers affected by drought, in the districts notified by the State Governments.

(i) There should be no recovery of any amount either by way of principal or interest during the current financial year in respect of kharif crop loan.

(ii) The principal amount of crop loan should be converted into term loan and will be recovered over a period of minimum five years in the case of small and marginal farmers and four years in the case of other farmers (as against three years stipulated in the existing guidelines)

(iii) Interest due in the current financial year on crop loan should also be deferred. No interest should be charged on the deferred interest. All Scheduled Commercial Banks are required to adhere to the instructions issued by RBI.

(c) to (f) The information is being collected and will be laid on the Table of the House.