

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:397

ANSWERED ON:15.12.2000

CREDIT TO COTTON GROWERS

A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have prepared any scheme to provide credit through the banks to the cotton growers of the country whose crops were destroyed by pests;
- (b) if so, the details thereof;
- (c) whether a Central team has visited the States and discussed the matter with State Government officials;and
- (d) if so, the extent to which the Union Government have agreed to help these cotton growers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH) :

(a) and (b) No. Sir. Government has not prepared any scheme specifically to provide credit through the banks to the cotton growers of the country whose crops were destroyed by pests. However, Reserve Bank of India (RBI) has issued standing guidelines to commercial banks to provide relief to farmers to overcome the distress caused by failure of crops due to natural calamities. Some of these are:

- (i) Banks have been advised to charge differential rate of interest @4% on the loans of the small and marginal farmers;
 - (ii) No recovery of either principal or interest to be made from the affected farmers for a period of two years and amounts not collected could be rescheduled for upto 7 years;
 - (iii) Banks have been advised not to compound the interest on rescheduled loans and not to levy any penal interest and waive penal interest, if charged; and
 - (iv) Banks have been directed to lend immediately for fresh crops to the affected farmers on the enhanced scale of finance as recently revised by the District Technical Committee.
- (c) As informed by Ministry of Agriculture, no team from the Centre has visited the States recently in connection with the above matter.
- (d) Does not arise in view of (c) above.