

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5956
ANSWERED ON:31.08.2001
RELIEF TO NATURAL CALAMITIES AFFECTED STATES
A. VENKATESH NAIK

Will the Minister of FINANCE be pleased to state:

- (a) the funding pattern of banks for providing relief to the natural calamities affected States;
- (b) whether banks have adhered to the guidelines of RBI in this regard;
- (c) if so, the State-wise relief amount given by various banks during each of the last three years; and
- (d) the steps being taken to ensure strict implementation of RBPs guidelines in this direction ?

Answer

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

(a) Reserve Bank of India have issued standing instructions to banks in August 1984 (revised in June 1998) for providing relief in areas affected by natural calamities. These guidelines, inter alia, envisage.

Grant of fresh crop loans to affected farmers

grant of consumption loan up to Rs. 10007-

Conversion of short-term production loans into medium term loans.

Rescheduling/postponement of existing term loan installment.

Relaxation in security and margin norms.

Not to treat portion of converted/rescheduled loans as NPAs.

No penal interest to be charged. The banks should also suitably defer the compounding of interest charged.

These guidelines come into effect after the State Government issues a notification declaring the area to be affected by natural calamity.

(b) Yes, Sir.

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

(d) The mechanism of State level Banker's Committee (SLBC) and monitoring by Regional offices of RBI, under whose jurisdiction the region affected by natural calamity falls, ensure strict compliance of RBI's guidelines.