

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1471
ANSWERED ON:27.11.2009
RELIEF TO FARMERS
Pradhan Shri Nityananda

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government proposes to provide financial relief to the farmers affected by the recent drought and bad monsoon in the country;
- (b) if so, the details thereof;
- (c) whether the Government has instructed the banks in this regard; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (d) Reserve Bank of India has issued comprehensive guidelines on relief measures to be extended by banks in areas affected by natural calamities, including floods droughts etc., so that the required relief is provided by the banks without any loss of time to not only existing borrowers but also other eligible borrowers. The relief measures include, inter alia, the following:

- (i) conversion of the principal amount outstanding in the crop loans and agriculture term loans as well as accrued interest thereon into term loans,
- (ii) conversion/rescheduling of loans and the interest accrued thereon for periods ranging from 3 to 10 years depending upon the frequency of crop failures/intensity of damage to crops;
- (iii) fresh crop loans for affected farmers;
- (iv) treatment of converted/rescheduled agri-loans as `current dues`;
- (v) non-compounding of interest in respect of loans converted/ rescheduled etc;
- (vi) relaxed security and margin norms;
- (vii) provision of consumption loans to agriculturists whose crops have been damaged; and
- (viii) moratorium period of at least one year, while restructuring.

All these provisions have been consolidated in the master circular on relief measures by banks in areas affected by natural calamities, issued to scheduled commercial banks by RBI dated July 1, 2009 and are available at www.rbi.org.in.