

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1509

ANSWERED ON:04.03.2011

RELIEF TO FARMERS

Joshi Dr. Murli Manohar;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has formulated any scheme to provide relief to the farmers by way of compensation for the damage caused to their kharif crops for the year 2010-2011 due to unseasonal rains and climate changes;
- (b) if so, the details of the scheme and if not, the reasons therefore;
- (c) whether the Government proposes to provide relief to the farmers under such natural calamities for each of the crops in each of the States;
- (d) if so, the details thereof and if not, the reasons therefore; and
- (e) the other steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (e): Ministry of Agriculture has reported that four crop insurance schemes namely, National Agricultural Insurance Scheme (NAIS), Pilot Modified NAIS, Pilot Weather Based Crop Insurance Scheme (WBCIS) and Pilot Coconut Palm Insurance Scheme (CPIS) are being implemented in the country to compensate agriculture losses due to natural calamities and non-preventable risks.

Claims for notified crops/areas, under NAIS and Modified NAIS, are paid based on shortfall in yield vis-à-vis guaranteed yield (arrived from Crop Cutting Experiments) provided by State Government and as per provisions of the scheme. However, under Weather Based Crop Insurance Scheme, claims are paid based on deviation in weather parameters measured by weather stations in reference unit areas for notified crops and as per provisions of the scheme. Claims for Kharif 2010-11(Kharif 2010 and Rabi 2010-11) under NAIS are under process/progress according to receipt of yield data from State Government.

Further, in order to provide relief to bank borrowers in times of natural calamities, Reserve Bank has issued standing guidelines to banks. The relief measures, inter alia, include conversion of the principal amount outstanding in the crop loans and agriculture term loans as well as accrued interest thereon into term loans for periods ranging from 3 to 10 years depending upon the frequency of crop failures/intensity of damage to crops; treatment of converted/rescheduled agri-loans as 'current dues'; non-compounding of interest in respect of loans converted/rescheduled etc; moratorium period of at least one year, while restructuring; relaxed security and margin norms; fresh crop loans and consumption loans for affected farmers etc.

It has also been clarified by Reserve Bank of India (RBI) that the accounts that are restructured for the second time or more on account of natural calamities, would retain the same asset classification category on restructuring. Accordingly, for once restructured standard asset, the restructuring necessitated on account of natural calamity would not be treated as second restructuring, i.e., the standard asset classification will be allowed to be maintained.