

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3913
ANSWERED ON:26.08.2011
DEBT OF FARMER
Badal Harsimrat Kaur

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that the debt of farmers of Punjab has increased manifold due to recent floods in river Ghaggar;
- (b) if so, the details thereof;
- (c) whether the Government proposes to provide relief to these debt-ridden farmers of Punjab so that they could recover from this calamity; and
- (d) if so, the details thereof alongwith other relief measures 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 (d): Reserve Bank has issued standing guidelines to banks to provide relief to bank borrowers in times of natural calamities. 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 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.

In order to assist distressed farmers whose accounts have earlier been rescheduled/converted on account of natural calamities as also farmers defaulting on their loans, due to circumstances beyond their control, banks have been advised to frame transparent One Time Settlement (OTS) policies for such farmers, with the approval of their Boards.