GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3993
ANSWERED ON:26.08.2011
INTEREST FREE LOANS TO DROUGHT HIT AREAS
Haque Shri Mohammad Asrarul

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has provided interest free loans to the people in drought hit areas during the last three years and the current financial year;

(b) if so, the details thereof, State-wise including Bihar and if not, the reasons therefor:

(c) the details of the benefits extended to the people living Below Poverty Line during the said period, State-wise including Bihar; and

(d) 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 (d): Reserve Bank has issued standing guidelines to banks in order 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.