

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3648
ANSWERED ON:14.12.2012
POLICY ON AGRARIAN CRISIS
Shetkar Shri Suresh Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has worked out a policy on agrarian crisis relating to existing crop loans; and
- (b) if so, the details and its implementation status thereof?

Answer

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

(a) & (b): In order to provide relief to bank borrowers in times of natural calamities, Reserve Bank of India 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 period ranging from 3 to 10 years depending upon the frequency of crop failures/intensity of damage to crops etc.

In order to provide relief to farmers in drought affected areas, the Government of India has issued instructions on 17.09.2012 to banks that in cases where short term crop loans are restructured due to drought as per RBI guidelines, the interest subvention already available for short term crop loans will continue to be available for the current financial year on the full restructured amount. Such restructured loans will attract normal rate of interest from next financial year onward as per the policy laid down by the RBI.