

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5221
ANSWERED ON:24.04.2015
NABARD LOAN
Thota Shri Narasimham

Will the Minister of FINANCE be pleased to state:

- (a) whether the National Bank for Agriculture and Rural Development (NABARD) also extends support to farmers hit by the natural calamities;
- (b) if so, the details thereof and if not, the reasons therefor; and
- (c) the steps taken or proposed to be taken by the Government/NABARD to help farmers hit by the natural calamities?

Answer

The Minister of State in the Ministry of Finance (Shri Jayant Sinha)

(a), (b) & (c) : Reserve Bank of India (RBI) has issued necessary guidelines for relief measures to be taken by banks for the benefit of farmers in areas affected by natural calamities, which, inter alia, include conversion and restructuring of agricultural loans in such areas.

Further under the Interest Subvention Scheme of Government of India for 2014-15, in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured amount and such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by RBI.

As regards National Bank for Agriculture & Rural Development (NABARD), in the event of natural calamity, to provide relief to farmers whose crops have been damaged, refinance is extended by NABARD to Cooperative Banks and Regional Rural Banks for conversion of short term agriculture loans into medium term loans thereby enabling them to become eligible for fresh loans for the ensuing season. The conversion/rephasing/reschedulement of current short term loans (crop loans) is based on the intensity of calamity and extent of crop loss. Generally, conversion is allowed for a period of 5 years for small and marginal farmers and 3 years for other farmers. The refinance support from NABARD is subject to fulfillment of the conditions prescribed by NABARD, such as declaration of 'Annewari', etc.

In view of the recent unseasonal rains and hailstorms in several parts of the country, Government has issued advisory to all State Level Bankers' Committees (SLBCs), to take immediate steps to mitigate the hardship of farmers in accordance with the guidelines/instructions issued by RBI/Gol.