

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5283
ANSWERED ON:24.04.2015
LIQUIDITY TO RURAL AND CO OPERATIVE BANKS
Maragatham Smt. K.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Rural Banks and Co-operative banks get additional liquidity line to restructure farm sector loans in States hit by untimely rains as part of State-run lender bailout plan for farmers;
- (b) if so, the details thereof;
- (c) whether the Government held any discussions with the States in this regard; and
- (d) if so, the details thereof?

Answer

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

(a) to (d) : National Bank for Agriculture & Rural Development (NABARD) has reported that 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 / rescheduling 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.