

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2696
ANSWERED ON:08.08.2003
CREDIT FACILITIES TO THE FARMERS
RAMDAS ATHAWALE

Will the Minister of FINANCE be pleased to state:

- (a) whether the general guidelines issued by the Reserve Bank of India in the year 1984 had been amended in the year 1989 with a view to expanding the scope of assistance by banks to those persons who are victims of flood, cyclone, lands-sliding and riots etc.;
- (b) if so, the number of people who had been provided assistance till date in Orissa and Gujarat according to the aforesaid guidelines;
- (c) whether any new instructions have been issued to financial institutions to provide more financial assistance to affected people of devastating earthquake in Gujarat; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) Reserve Bank of India had issued standing guidelines in August 1984, further revised in 1998, to be followed by banks in providing immediate relief to the persons affected by natural calamities.

(b) According to the information furnished by the UCO Bank, Convenor, State Level Bankers' Committee for the State of Orissa and Dena Bank, Convenor, SLBC for the State of Gujarat the details of assistance provided in the States of Orissa and Gujarat are as under:

(Rs. in Crores)

Year Type of Natural Calamities Assistance Provided

No. Amount

1999 Super Cyclone 754854 834.20

2001 (Kharif) Flood 139606 157.18

2002 (Kharif) Drought 401492 470.80

Assistance provided by banks in Gujarat

1998 Cyclone in coastal areas of Saurashtra 170796 229.50

1999-2000 Flood in South Gujarat 1143 05.52

2001 Earth Quake 47638 280.00

(i) Fresh loans

(ii) Reschedule 66,550 569.00
-ment/Conversion

2002 Riots in Gujarat 5494 53.84

(c) Yes, Sir.

(d) In addition to the existing guidelines, a special relief package was advised to Dena Bank Convenor, State Level Bankers' Committee for the State of Gujarat on 12.02.2001 for implementation. The major relief measures are as under:

Freezing of loan Classification status of affected borrowers on as-is where-is` basis till 31.03.2003.

Special limits up to Rs. 1 lakh to be sanctioned for restoration/rehabilitation of businesses of small traders, small business, self-employed and small road transporters etc.

Loans up to Rs. 2 lakh to be granted for repairs/ reconstruction of houses/shops. Grant additional limits/rescheduling of existing limits to SSI, business, trade and industry with certain relaxations in interest rates.

Loans up to Rs. 10 Lakh to carry rate of interest PLR and for loan exceeding Rs. 10 lakh, to be determined a discretion of the financing bank.

Credit extended for repairs/construction of houses/shops and to small traders, small business, self employed and small road transporters etc. under the relief package to be reckoned as part of priority sector lending.

Settlement of claims to be completed within 48 hours and payment upto Rs 50,000/- to be released against Indemnity and Affidavit.

In case of agricultural loans, no recovery of principal and interest for a period of two years and reschedulement of the amounts not collected during two years for a period upto 7 years.

Consumption loans upto Rs. 2000/- per eligible beneficiary, even though the Gujarat State has not constituted a Risk fund as envisaged in our existing instructions on the subject.