

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1560
ANSWERED ON:02.12.2005
LOAN TO TSUNAMI AFFECTED PERSONS
Paswan Shri Virchandra

Will the Minister of FINANCE be pleased to state:

- (a) whether nationalized banks are insisting on sureties for granting loans to fishermen of Nagapattinam, Tamil Nadu ruined by tsunami waves ;
- (b) if so, the action the Government proposes to take to relax loan norms for the persons affected by tsunami waves to enable them to earn their livelihood; and
- (c) if so, the measures taken for the welfare of the families ruined by tsunami waves ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) : According to the information furnished by Indian Overseas Bank (IOB), Convenor of the State Level Banker's Committee for Tamil Nadu, as per decision taken in the special SLBC meeting held on 8.6.2005 banks have been advised to grant loan to Tsunami affected fishermen without any security or guarantee under Rajiv Gandhi Rehabilitation Package. The bank has further informed that the Public Sector Banks operating in Nagapattinam District while granting loans to fishermen affected by Tsunami under Rajiv Gandhi Rehabilitation Package (RGRP) without any collectoral security, some banks are obtaining group guarantee among the borrowers or mutual guarantees between the borrowers wherever the same is forthcoming.

(b)&(c) : In view of the loss of life and property caused by Tsunami on 26.12.2004 in the Southern States/Union Territories special SLBC meetings were convened to assess the situation and take immediate measures to provide appropriate relief to the affected people in terms of RBI standing guidelines. Based on the suggestions received from a few SLBCs, the banks have been advised to provide the following relief measures to Tsunami affected persons:

Consumption Loan has been increased to Rs.5000 without any collateral. Further, the limit may be enhanced to Rs. 10,000 at the discretion of the branch manager, depending on the repaying capacity of the borrower.

Opening of Savings Bank accounts with nominal balance (Rs.10), without insisting on minimum balance.

Providing education loans to the affected persons to enable them to purchase books, cloths, etc for children studying in educational institutions.

In addition to the above relief, Government of India has announced the Rajiv Gandhi Rehabilitation Package, which is a subsidy-cum-loan scheme for fishermen to help them acquire fishing vessels and nets and resume their livelihood.

The salient features of the package are :

For purchase of boats with motors and net, assistance up to Rs.1.5 lakh, with 35 per cent subsidy and the balance 65 per cent as loan;

For mechanized boats, assistance up to Rs.20 lakh, with 35 per cent subsidy with a ceiling of Rs.5 lakh and the balance 65 per cent as loan;

For repair to boats, a subsidy of 60 per cent with a ceiling of Rs.3 lakh and the balance 40 per cent as loan.

In each of these cases, the loan will bear an interest of 7 per cent with the interest subsidy of 2 per cent in the case of regular repayment by the borrower. There will be a moratorium period of one and a half years and the repayment period will be spread over 7 years thereafter.

Banks have been advised that these limits are only for the purpose of subsidy and that they should finance to the extent of full unit cost.