

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2361
ANSWERED ON:23.07.2004
LENDING TO TOBACCO FARMERS
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Will the Minister of FINANCE be pleased to state:

- (a) whether Banks are not lending money to those tobacco farmers who have already taken loans and failed to repay due to failure of monsoon;
- (b) if so, the steps taken by the Government to release money to such farmers;
- (c) whether there are any proposals with Government to announce moratorium for payment of loans by Andhra Pradesh Tobacco Farmers; and
- (d) if so, the action of the Government of waiving off interest on the loans taken by tobacco farmers of Andhra Pradesh;

Answer

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

(a) to (d) Reserve Bank of India (RBI) from time to time advise Banks on the measures to be taken for providing relief to farmers including tobacco farmers in areas affected by natural calamities. The existing guidelines permit banks to:-

(1) Convert/ reschedule loans in the event of natural calamity for periods ranging from 3 to 9 years depending upon the successive crop failure/ intensity of damage to crops;

(ii) Grant fresh crop loans to affected farmers;

(iii) Convert principal as well as interest due on the existing loans;

(iv) Not to treat portion of converted/rescheduled loans as NPAs;

(v) Not to compound interest in respect of loans converted/rescheduled etc.;

(vi) Relaxation in security and margin norms; and

(vii) Provision of the consumption loans to agriculturists whose crops have been damaged:

The announcement made by the Government on 18th June, 2004, on increasing the flow of agricultural credit also provide for the following relief measures to the farmers:

(i) Debt restructuring/rescheduling and fresh loans for distressed farmers;

(ii) One time Settlement (OTS) for small and marginal farmers;

(iii) Fresh credit to farmers whose earlier debts have been settled through compromise or write off ; and

(iv) Loans for the farmers indebted to non-institutional lenders.

RBI have issued guidelines to commercial banks on 24th June, 2004, and the National Bank for Agriculture and Rural Development (NABARD) to rural cooperatives and Regional Rural Banks (RRBs) on 29th June, 2004, to provide relief to farmers as per the announcement.