

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO.4920
TO BE ANSWERED ON THE 23RD JULY, 2019

MORATORIUM ON REPAYMENT OF FARMERS' LOAN

4920. SHRI RAHUL GANDHI:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether the Government has taken into account the concerns of farmers in States like Kerala as the banks have warned that they will initiate proceedings to attach property over loans and the Reserve Bank of India has refused to issue an order extending the moratorium period;
- (b) if so, the details thereof and the measures taken by the Government in this regard;
- (c) whether the Government is ready to instruct the Reserve Bank of India to give permission to banks to extend the moratorium on repayment of farmers' loan, if not, the reasons therefor; and
- (d) whether the Government is ready to give instructions to banks not to take punitive measures including the attachment of property of poor farmers during this period, if not, the reasons therefor?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (d): The matter relating to restructuring of loans and the period of moratorium etc are regulated by the guidelines issued by the Reserve Bank of India (RBI) from time to time. RBI has put in place a mechanism to address situations arising out of natural calamities and has issued directions to Banks in their Master Directions on "relief measures by banks in areas affected by Natural Calamities" dated October 17, 2019 for undertaking necessary relief measures. Sufficient discretion has been provided to banks for take appropriate action depending upon the nature/severity of the calamity. Directions, inter-alia, contain instructions to bank to ensure that the meetings of District Consultative Committee or State Level Bankers Committee (SLBC) are convened at the earliest after declaration of natural calamity to evolve a coordinated action plan for implementation of the relief programme in collaboration with the State/District authorities. The Master Directions of RBI has enabling provisions for relaxed security/collateral on affected borrowers, viz. banks may not insist on additional collateral for restructured agricultural loans, credit should not be denied for want of personal guarantee; where existing security has eroded because of damage or destruction, assistance should not be denied merely for want of additional fresh security etc.

Banks have been mandated to grant consumption loans upto Rs.10,000/- to existing borrowers without any collateral. However, they may at their discretion grant collateral free consumption loans beyond Rs.10,000/-. The rate of interest is required to be recovered as per the guidelines in the Bank's master direction on interest, on advances. Within the areas of their discretion, banks have, however, been mandated to extend concessional treatment to calamity-affected people by waiving penal interest and deferring compounding of interest.

It was decided in the Special SLBC Meeting that the date to be reckoned for restructuring of loans would be July 31, 2018. Consequent to the unprecedented, devastating flood in Kerala during 2018 monsoon, Reserve Bank of India (RBI) gave permission to restructure the short term loans till 31st October, 2018 which was extended to 31st December, 2018 with the advice that no further extension will be granted. State Level Bankers' Committee (SLBC), Kerala requested RBI for the extension of the moratorium up to 31st December 2019 on agricultural loans and loans to those borrowers whose income is mainly from agriculture and allied activities. RBI permitted SLBC to take the decision to extend the moratorium period on already restructured loans.
