GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO- 1350

ANSWERED ON MONDAY, 27 JULY, 2026/SHRAVANA 5, 1948 (SAKA)

Relief to Borrowers in Times of Natural Calamities

†1350. SMT. KRISHNA DEVI SHIVSHANKAR PATEL:

Will the Minister of FINANCE be pleased to state:-

(a) the details of the relief provisions made available by banks to borrowers in the event of natural calamities;
(b) whether damage caused by fire incidents is also classified as a natural calamity, if so, the details thereof and if not, the reasons therefor;
(c) whether it is a fact that banks deny timely relief to their borrowers, leading to a deterioration of the financial condition of such borrowers, if so, the details thereof;
(d) whether the Government proposes to provide alternative assistance to borrowers in cases where banks fail to extend relief during natural calamities; and
(e) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): Banks have Board approved policies on relief measures for areas affected by Natural Calamities which is guided by the Reserve Bank of India (RBI) "Master Directions on Relief Measures by Banks in Areas affected by Natural Calamities, 2018" and "Master Directions on Resolution of Stressed Assets, 2025" as updated and amended from time to time, the latest being the amendments dated 29.4.2026.

The relief measures are extended on implementation of a resolution plan, taking into consideration factors including the decisions of the State Level Bankers' Committee (SLBC)/Union Territory Level Bankers' Committee (UTLBC)/District Consultative Committee (DCC). Based on the nature and extent of damage, the resolution plan may include the following:

1. Restructuring: This may include extension of loan tenure, conversion of short-term loan into long term loan, conversion of unpaid interest into a Funded Interest Term Loan (FITL), etc.
2. Deferment of Equated Monthly Instalment (EMI),
3. Moratorium,
4. Rescheduling of Term loans
5. Additional finance to address the financial stress of the borrower.

(b): Damage caused by fire incidents is not ordinarily classified as a natural calamity unless it forms part of a larger notified disaster event or is specifically recognized/declared by the competent authority. In such exceptional cases, relief measures are considered on a case-to-case basis as per extant RBI policies and relief measures are extended on the recommendations of the SLBC/UTLBC/DCC.

(c): As per the inputs received from Public Sector Banks, there are no cases reported where the eligible borrowers affected by natural calamities have been denied timely relief. The identified eligible borrowers are extended the prescribed relief measures, such as restructuring/rescheduling of loans, moratorium and other permissible reliefs, as applicable, within the timelines stipulated under RBI guidelines and the Bank's policy. These measures are intended to mitigate financial stress and prevent accounts from slipping into Non-Performing Assets on account of disruption caused by natural calamities.

(d) and (e): As per the RBI -Resolution of Stressed Assets, Second Amendment Directions, 2026 effective from 01.07.2026, the resolution plan for providing relief to affected borrowers is required to be invoked no later than 45 days from the date of declaration of the calamity and implemented within 135 days from the date of such declaration.

Further, as per National Policy on Disaster Management (NPDM), the primary responsibility for disaster management, including disbursal of relief assistance on ground level, rests with the State Governments concerned. The State Governments undertake relief measures in the wake of natural calamities, from the State Disaster Response Fund (SDRF) already placed at their disposal, in accordance with Government of India approved items and norms. The Central Government supplements the efforts of the State Governments and provides requisite logistics and financial support. The National Disaster Response Fund (NDRF) also supplements SDRF of a state, in case of a disaster of severe nature.

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