GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**
**UNSTARRED QUESTION NO- 163**

ANSWERED ON MONDAY, 20 JULY, 2026/ASHADHA 29, 1948 (SAKA)

**Relief to Borrowers**

†163. SHRI DINESH CHANDRA YADAV:
SHRI RAMPRIT MANDAL:
SHRI GIRIDHARI YADAV:
SHRI KAUSHALENDRA KUMAR:

Will the Minister of FINANCE be pleased to state:-

(a) the details of the provisions to extend relief facilities to bank borrowers affected by natural calamities by the banks such as loan restructuring, moratorium on installments, interest relief or other benefits;
(b) whether damage caused by fire incidents is considered under any circumstances for relief as a natural or notified calamity, if so, the details thereof;
(c) whether cases have come to the notice of the Government where the loan repayment of borrowers affected by natural calamities was impacted and their accounts turned into NPAs (Non-Performing Assets) due to the non-receipt of timely banking relief, if so, the details thereof and the action taken by the Government thereon; and
(d) the details of the measures proposed by the Government to ensure timely relief and to provide additional financial assistance in such cases to borrowers affected by natural calamities?

**ANSWER**

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

(a): Banks have a board approved policy on relief measures in the area effected by Natural Calamity which is guided by Reserve Bank of India (RBI) "Master Direction on Relief Measures by Banks in Areas affected by Natural Calamities, 2018" and "Master Directions on Resolution of Stressed Assets, 2025" updated and amended from time to time, the latest being amendment dated 29.4.2026.

The relief measures are extended on implementation of a resolution plan, inter alia, taking into consideration 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 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 RBI policy and relief measure is extended on the recommendations of the SLBC / UTLBC / DCC.

(c): As per the inputs received from Public Sector Banks, no such cases have come to the notice of the Banks where the loan accounts of borrowers affected by natural calamities turned into NPAs solely due to non-receipt of timely banking 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 the RBI guidelines and the Bank's policy. These measures are intended to mitigate financial stress and prevent accounts from slipping into NPA on account of disruption caused by natural calamities.

(d): As per the extant RBI Directions effective from 01.07.2026, the following timelines and measures have been prescribed to ensure timely relief to borrowers affected by calamities:

1. Upon declaration of a calamity, the SLBC / UTLBC / DCC Convenor Bank is required to convene a special SLBC/UTLBC/DCC meeting within **15 days** of such declaration.
2. The decisions taken in the special SLBC/UTLBC/DCC meeting(s) are required to be communicated by the SLBC/UTLBC/DCC Convenor Bank **immediately.**
3. The resolution plan is required to be invoked no later than **45 days** from the date of declaration of the calamity by Bank and implemented within **135 days** from the date of such declaration.
4. Restructuring and fresh loans can be granted without waiting for insurance claims to be settled, though received insurance proceeds and existing Government relief must be factored in/adjusted.
5. Interest subvention and prompt repayment incentives must be provided to eligible borrowers.

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