

**Guidelines for relief measures by banks in areas affected by drought**

RPCD.NO.PLFS.BC./ 46 / 05.04.02(DROUGHT)/2002-2003

15 November 2002

All Scheduled Commercial Banks  
(excluding RRBs)

Dear Sir,

Guidelines for relief measures by banks  
in areas affected by drought

In consultation with Government of India it has been decided not to effect any recovery of the crop loans, including interest during the current financial year in the States affected by the failure of the South-West monsoon.

2. Accordingly, for Kharif 2002-03, the following reliefs may be extended by commercial banks to the farmers affected by drought, in the districts notified by the State Governments.

- i) There should be no recovery of any amount either by way of principal or interest during the current financial year in respect of Kharif crop loan.
- ii) The principal amount of crop loan should be converted into term loan and will be recovered over a period of minimum five years in the case of small and marginal farmers and four years in the case of other farmers. (as against three years stipulated in the existing guidelines).
- iii) Interest due in the current financial year on crop loan should also be deferred. No interest should be charged on the deferred interest.

3. In this connection we also invite a reference to our circular RPCD.NO.PLFS.BC./ 2 / 05.04.02/ 2002-03 dated August 3, 2002 on the above subject and advise that all other instructions contained in our guidelines, circulated under cover of circular RPCD. NO. PS. BC. 6 / PS.126-84 dated August 2, 1984 read with circular RPCD. NO. PLFS. BC. 128 / 05.04.02 /97-98 dated June 20, 1998, remain unchanged.

4. We shall be glad if you will take immediate action in providing relief as above, to the farmers affected by drought.

Please acknowledge receipt.

Yours faithfully,

Sd/-  
( **Deepali Pant Joshi** )  
**General Manager**