

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA

Unstarred Question No. 1929

Answered on Monday, December 19, 2022/Agrahayana 28, 1944 (Saka)

CROP LOANS

1929. SHRI M. BADRUDDIN AJMAL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Cooperative Credit Institutions/ Banks have suffered/incurred losses on account of crop loans extended to the farmers at concessional rates;
- (b) if so, the details thereof indicating the losses suffered by these institutions/banks and the reasons therefor during each of the last three years and the current year, State/UT-wise; and
- (c) the corrective measures taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) to (c): Government of India implements an interest subvention scheme under which short term crop loans up to Rs.3.00 lakh are provided to farmers at a reduced interest rate of 7% p.a. The scheme provides interest subvention of 1.5% per annum to Banks on use of their own resources. Besides, additional 3% incentive is given to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%.

Under the Scheme, the Government provides interest subvention of 1.5% directly to the Cooperative Banks for such crop loans to make good the loss that the banks may incur on account of use of their own funds.

Further, National Bank for Agriculture & Rural Development (NABARD) provides short term refinance support to Cooperative Banks through the Short Term Cooperative Rural Credit (STCRC) (Refinance) Fund at the concessional interest rate of 4.5% per annum.
