

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3520
ANSWERED ON:20.08.2004
AMENDMENT TO NABARD ACT, 2003
Adhalrao Patil Shri Shivaji

Will the Minister of FINANCE be pleased to state:

- (a) whether NABARD Act 2003 enable the NABARD to reduce the transcalation and provide crop trading to farmers at 9%; and
- (b) if so, whether the Government propose to amend the NABARD Act, 2003 for further reduction of crop credit interest rate upto 6% and to enhance the present limit of loan from Rs.50,000/- to Rs.1,00,000/-? ` Â!

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIS. S. PALANIMANICKAM)

(a): National Bank for Agriculture and Rural Development (NABARD) provides refinance to District Central Co-operative Banks (DCCBs) through State Co-operative Banks (SCBs) and Regional Rural Banks (RRBs) for providing crop loans to farmers. Section 21 and 22 of the NABARD Act, 1981 were amended in 2003 enabling NABARD to extend refinance support to the DCCBs directly instead of routing the same through SCBs for financing seasonal agricultural operations. The financing by NABARD directly to the DCCBs will reduce the transaction costs between SCB and DCCB and reduce the cost of credit to the farmers. Accordingly, DCCBs satisfying certain conditions have been offered refinance for Short Term (Seasonal Agricultural Operations) to enable the farmers to receive crop loans at interest rate of 9% per annum.

(b): There is no such proposal under consideration of the Government at present.