

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

STARRED QUESTION NO:16
ANSWERED ON:24.07.2006
SOFT INTEREST RATES FOR FARMERS
Patil Shri Balasaheb Vikhe;Verma Shri Ravi Prakash

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government proposes to waive interest on past loans for small farmers;
- (b) if so, the details thereof;
- (c) whether the Government also proposes to lend at soft interest rates to the farmers for Kharif 2006-07 and negotiate with National Bank for Agriculture and Rural Development and State Governments in this regard;
- (d) if so, the details thereof; and
- (e) the time by which the proposal is likely to be implemented and the extent to which the farmers would be benefited therefrom?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 16 DUE FOR REPLY ON 24TH JULY, 2006.

(a)&(b): The Government of India has decided to launch a special rehabilitation package to mitigate the distress of farmers in 31 districts of 4 States (Andhra Pradesh, Maharashtra, Karnataka and Kerala) where the incidence of farmers' suicide has been very high. The package will be implemented over a period of three years and includes both immediate and medium term measures. The Prime Minister has already announced the special package in respect of Vidarbha region of Maharashtra on 01st July, 2006. The package is applicable in six districts of Maharashtra viz. Amravati, Wardha, Yavatmal, Akola, Washim and Buldhana. The package, inter-alia, provides for waiving off the entire interest on overdue loans as on 01.07.2006 in the above mentioned six districts. The burden of waiver of overdue interest will be shared equally by the State and Central Governments.

(c) to (e): In the Budget speech for 2006-07, the Union Finance Minister had announced the Government's decision to ensure provision of crop loans to farmers at the rate of interest at 7% p.a. with an upper limit of Rs.3 lakh on principal amount. This policy comes into force with effect from Kharif 2006-07. All Public Sector Banks, State Cooperative Banks and RRBs have been advised by the Reserve Bank of India and NABARD to implement the budget announcement of providing short term agricultural credit to farmers with an upper limit of Rs.3.00 lakh on the principal amount at the rate of interest of 7% p.a. NABARD would provide refinance to SCBs and RRBs @ 2.5% p.a. and 4.5% p.a. respectively during the year 2006-07 with interest subvention from Government of India. The concessional refinance will be available only to those Banks who agree to ensure short term agricultural credit with an upper limit of Rs.3.00 lakh on the principal amount at 7% p.a. to farmers.