

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:500

ANSWERED ON:24.11.2006

LOAN TO FARMERS AT CONCESSIONAL RATES

Murmu Shri Hemlal;Paraste Shri Dalpat Singh;Patel Shri Kishanbhai Vestabhai;Rao Shri Sambasiva Rayapati;Singh Shri Sugrib;Sujatha Smt. C.S.;Yadav Shri Parasnath

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has announced any subsidy for agricultural loan;
- (b) if so, the details thereof alongwith the criteria for payment of such subsidy;
- (c) whether the Government has fixed any target for providing loans to the fanners at concessional rates;
- (d) if so, the details thereof;
- (e) the details of the amount allocated and the amount actually utilised under agricultural loan scheme by the Public sector and Private sector banks during the last three year's and the current year bank-wise, State-wise;
- (f) whether the Government has issued any guidelines for full utilisation of the loan amount; and
- (g) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Yes, Sir. The Budget 2006-07 envisages interest relief of two percentage points in the interest rate on the principal amount upto Rs. 1,00,000/- each on crop loans availed by the farmers for Kharif and Rabi 2005-06. For this purpose a sum of Rs. 1700 crore has been made available to RBI.

Further, in pursuance to the Government announcement to provide Short-Term Credit to the farmers at 7% p.a. rate of interest, upto a principal amount of Rs.3 lacs for Kharif and Rabi 2006-07, Reserve Bank of India has issued guidelines to Public Sector Banks and NABARD has issued guidelines to Regional Rural Banks and Cooperative Banks. It has been decided to provide interest subvention to Public Sector Banks and RRBs on their own funds used for Short Term Agriculture Production Credit and to provide concessional refinance to RRBs and Cooperatives.

(c) to (g) : Yes, Sir. The credit flow to agriculture and allied sector has been Rs. 1,25,309 crore against the target of Rs. 1,05,000 crore during the year 2004-05 and Rs. 1,67,775 crore during the year 2005-06 against the target of Rs. 1,41,000 crore. The target for the credit flow to agriculture and allied sector has been fixed at Rs. 175,000 crore during 2006-07. The total credit flow to the sector upto September 2006, by Public & Private Sector Commercial Banks, Cooperative Banks and Regional Rural Banks was of the order of Rs.94,345.54 crore. Agency-wise details are given below:

(Rs. crore)
Agency Amount

Public Sector Banks	52,734.58
Private Sector Banks	7,444.46
Co-operative Banks	23,768.19
RRBs	10,398.31

Total 94,345.54

The credit targets are not allocated bank-wise or state-wise by the Government.