

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3452
ANSWERED ON:07.09.2007
CORPUS FUND OF RRBs
Rao Shri Sambasiva Rayapati

Will the Minister of FINANCE be pleased to state:

- (a) whether Government proposes to establish a corpus fund for the use of Regional Rural Banks (RRBs) to facilitate lending at low cost in rural areas;
- (b) if so, the details thereof, and
- (c) if not, the reasons therefor?

Answer

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

(a) No, Sir.

(b) Does not arise

(c) National Bank for Agriculture and Rural Development (NABARD) extends short-term refinance to Regional Rural Banks (RRBs) for financing Seasonal Agricultural Operations (SAO) at the concessional refinance rate of 4.5% per annum. Further, the scheme of providing 2% interest subvention to RRBs on their own involvement of funds in disbursement of crop loans upto Rs 3.00 lakh per borrower at 7% rate of interest per annum has been extended for the year 2007-08. Since, NABARD is refinancing RRBs at concessional rate and Government is providing interest subvention for lending at lower rate in rural areas, there is no proposal at present to establish a separate corpus fund for the purpose.