

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1375  
ANSWERED ON:27.11.2009  
INTEREST SUBSIDY ON FARM LOANS  
Sarvey Shri Sathyanarayana

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the interest subsidy on farm loans have been reduced to 2 per cent;
- (b) if so, the details thereof;
- (c) the guidelines issued by the Government in this regard; and
- (d) the number of people who have under the scheme benefited during the current year, State-wise?

**Answer**

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

(a) to (d): Consequent upon the Budget Announcement for 2009-10, the Government of India approved the Interest Subvention Scheme for Short Term Crop Loans to farmers, 2009-10. Some of the salient stipulations of the scheme are:

(i) Interest subvention of 2% per annum is applicable to Public Sector Banks (PSBs), Cooperative Banks and Regional Rural Banks (RRBs) on their own funds used for short term crop loans upto Rs. 3,00,000/- per farmer provided the lending institutions lend such loans @ 7% per annum.

(ii) An additional interest subvention @ 1% has been given to those prompt paying farmers who repay their short term crop loans within the period of interest subvention i.e. within one year of disbursement of such loans. This also implies that the prompt paying farmers would now get short term crop loans @ 6% per annum during the year 2009-10. This benefit would not accrue to those framers who repay after one year of availing such loans.

(iii) Interest subvention is available to fanners from the date of disbursement till the date of repayment, subject to a maximum period of one year.

As the Scheme is under implementation, the data of number of persons benefited during the current year, State-wise is not available.