

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1070
ANSWERED ON:30.07.2010
INTEREST RATE ON FARMERS' LOAN
Joshi Shri Mahesh;Rao Shri Kavuri Samba Siva

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to grant mid-term loans to the farmers in the backward areas at the rate of interest applicable for short-term loans and also to provide three per cent interest subsidy thereon; and

(b) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The Government of India is already providing an interest subvention to all lending institutions for short term crop loans upto Rs 3 lakh, so as to ensure that short term agriculture credit is available at 7% to farmers. In 2009-10, an additional 1% incentive subvention was given to prompt payee farmers which has been raised to 2% in the year 2010-11. Thus short term crop loans are available to timely re-paying farmers @ 5% p.a for loans upto Rs 3 lakh.