

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2137

ANSWERED ON:06.08.2010

AGRICULTURAL LOANS

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

- (a) the details of the criterion for raising loans by the farmers;
- (b) whether the Banks have provided loans to farmers for construction of warehouse;
- (c) if so, the details thereof for the last three years, State- wise and bank-wise;
- (d) whether the Cooperative Banks are incurring losses on account of subsidized rate of interest on loans to farmers; and
- (e) if so, the details thereof and reasons therefor alongwith the remedial measures taken/being taken by the Government in this regard?

**Answer**

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

(a): The National Bank for Agriculture and Rural Development (NABARD), has reported that crop loans are sanctioned to farmers depending upon their landholding, cropping pattern and the latest Scale of Finance (SOF) for the crops (operative in that particular district). SOF can be revised upward by the financing agency based on merit of the case in respect of each farmer. The security and margins norms on the loans are applicable as prescribed by Reserve Bank of India (RBI) from time to time.

(b) & (c): NABARD has reported that banks have provided loans to farmers for construction of Warehouse and Rural Godowns under Government of India's (GoI) 'Gramin Bhandaran Yojana'. The scheme provides 15% subsidy to projects promoted by individuals, companies, etc, with subsidy ceiling of Rs. 28.12 lakh. Projects promoted by farmers, agriculture graduates and warehousing corporations are eligible for higher subsidy of 25% with a subsidy ceiling of Rs. 46.87 lakh. A higher subsidy at 33.33% is provided for projects promoted in the North East, hilly areas, tribal areas, SC/ST, women farmers and their SHGs and Cooperatives, with subsidy ceiling of Rs.62.50 lakh under the Scheme as on the 31-03-2010. 17556 units have been supported with a total bank loan of Rs. 2504.08 crore.

State-wise, year-wise details for the last 3 years are given in the Annexure. Bank-wise details are not being maintained centrally by NABARD. Information on godown/warehouses that are constructed by farmers and financed by banks outside the Govt. sponsored scheme is not maintained centrally by this Department.

(d) & (e): NABARD has not conducted any specific study in this regard. However, in a three tier structure of the cooperatives, the margins are very narrow to sustain viability of crop loaning @ 7% p.a. to farmers, without the interest subvention provided by the GoI. Interest subvention is being provided by the GoI on crop loans up to Rs 3.00 lakh @ 7% for a maximum period of 12 months to lending institutions. For reducing/ nullifying such losses, interest subvention is being provided by GoI through NABARD to District Central Cooperative Banks (DCCBs) on their entire own involvement in crop loan @ 7% p.a. at the rate prescribed by the GoI to the lending institutions on a yearly basis . The remaining amount of crop loan by cooperatives over and above their involvement, is being provided by NABARD at concessional rate of interest (4% in 2009-10 and 2010-11) with GoI budgetary support.