

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4513
ANSWERED ON:20.08.2010
INTEREST SUBSIDY ON LOANS TO SHGS
Siricilla Shri Rajaiah

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government of Andhra Pradesh introduced Pavala Vaddi in 2004-05 with an objective to provide interest subsidy on the loans taken by SHGs;
- (b) if so, the details thereof since inception alongwith the present status;
- (c) the financial assistance given by the Government for this project so far; and
- (d) the Government's reaction thereto?

Answer

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

(a) to (d): The Government of Andhra Pradesh introduced the Pavala Vaddi Scheme (Interest Subsidy) during the year 2004-05 with the objective of providing interest subsidy on the Bank loans taken by the Self Help Groups in Andhra Pradesh to reduce the financial burden on them. The Scheme is applicable to all loans extended by banks on or after 01-07-2004 under SHG Bank Linkage Programme. Andhra Bank, State Level Bankers Convener of Andhra Pradesh has reported the details of year-wise allocation, releases and expenditure as under:

(Amount in Rs crore)

Year Allocation Releases Expenditure Physical Achievement (Groups)

2004-05	10.00	10.00		
	52.67	475164		
2005-06	48.00	48.00		

2006-07	75.00	56.25	50.02	290825
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2007-08	100.00	100.00	112.30	554359
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2008-09	250.00	250.00	195.30	714930
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2009-10	200.00	100.00	173.57	426611
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2010-11	200.00	270.00	71.67	163397
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Total	883.00	834.25	654.53	
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Andhra Bank has also reported that a new system is being introduced during the year 2010-11 i.e. the sanction and release of the Pavala Vaddi through e-transfer from central account directly to SHG Saving Bank account. An MOU was entered with Axis Bank for online transfer of Pavala Vaddi to Saving Bank account of Self Help Groups.