

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1797

ANSWERED ON:19.11.2010

INTEREST FREE LOANS TO FARMERS BY COOPERATIVE BANKS

Bairwa Shri Khiladi Lal;Jakhar Shri Badri Ram ;Patel Shri Devji

Will the Minister of FINANCE be pleased to state:

(a) whether the Public Sector Banks and the Cooperative Banks have not charged any interest from farmers after 28 February, 2008 in accordance with the announcement of Loan Waiver Scheme by the Government;

(b) if so, the details thereof;

(c) whether the Government proposes to compensate the losses caused to the said banks as a result thereof;

(d) if so, the details thereof alongwith the time by which the said banks are likely to be compensated; and

(e) if not, the reasons therefor?

Answer

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

(a) to (e) : As per the paragraph 8.1 of the Agricultural Debt Waiver and Debt Relief Scheme 2008, the lending institutions (including the public sector banks) were required not to charge any interest on the 'eligible amount' for any period after February 29, 2008. However, in the case of an 'other farmer' who defaults in paying his share of the eligible amount on or before June 30, 2009 and becomes ineligible for a One Time Settlement (OTS) relief, banks were allowed to charge interest for the period after June 30, 2009.

As per the schedule of reimbursement provided by Government of India under the Agricultural Debt Waiver and Debt Relief Scheme 2008, the lending institutions are expected to be compensated in a staggered manner as under:

(Rs crore)

Lending Institutions Proposed reimbursement##

1st instalment 2nd instalment 3rd instalment 4th instalment

Sept 2008 July 2009 July 2010 July 2011

RRBs and Co-operatives 17500 10500 2800 Balance amount,if any.

SCBs,UCBs and LABs 7500 4500 9200 Balance amount

Total 25000 15000 12000 Balance amount

Based on the current provisional estimates.

The Government is paying interest on the Balance reimbursable claims of the lending institutions pertaining to the ADWDRS, 2008.