

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3993
ANSWERED ON:03.12.2010
SHORT TERM COOPERATIVE CREDIT STRUCTURE
Singh Shri Dushyant

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received requests from the State Governments regarding complete interest subvention to Short Term Cooperative Credit Structure (STCCS) to enable the cooperative banks to provide crop loans to the farmers at the rate of seven per cent;
- (b) if so, the details thereof, State-wise alongwith the action taken thereon;
- (c) whether the STCCS are incurring losses on account of payment under MNREGA
- (d) if so, the details thereof; and
- (e) the steps taken/being taken by the Government in this regard?

Answer

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

(a) & (b): The Government of India has since 2006-07 been subsidizing short term crop loans to farmers in order to ensure the availability of crop loans to farmers for loans up to Rs. 3.00 lakh, at 7% p.a. This Interest Subvention Scheme has been further continued for 2010-11 for Public Sector Banks, Regional Rural Banks and Cooperative Banks. This year an additional subvention of 2% to farmers, who repay on time has been provided. Thus, the effective rate of interest for such farmers will be five per cent per annum for 2010-11.

National Bank for Agriculture and Rural Development Bank (NABARD) has reported that the Government of Kerala has formulated a Scheme for interest free loan to Paddy Cultivators. The scheme entails grant of interest free loan upto Rs 25000/- to each paddy cultivator for a period of 6 months for every harvest, provided loan is availed from Primary Agriculture Credit Societies (PACS)/ District Central Cooperative Banks(DCCBs). Tamil Nadu Government is also providing interest free crop loan (upto Rs 3.00 lakh) for crop loanees of cooperative sector irrespective of type of crop grown by farmers subject to the condition that the crop loan dues should be repaid by such farmers on/before due dates fixed by PACS/Cooperative banks.

(c) to (e): Reserve Bank of India and NABARD have reported that they have no information in this regard.