

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:698  
ANSWERED ON:25.02.2011  
INTEREST SUBSIDY ON LOANS TO FARMERS  
Bhagora Shri Tarachand

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

(a) whether the Government proposes to convert short-term loans into mid-term loans and provide three per cent subsidy on interest to the farmers of backward areas; and

(b) if not, the reasons therefor?

**Answer**

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

(a) & (b): No such proposal is under consideration of the Government of India. 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 is five per cent per annum for 2010-11.