

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4875
ANSWERED ON:02.09.2011
INTEREST SUBVENTION
Singh Shri Ravneet

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to enhance interest subvention from the present three per cent to encourage farmers to pay loan on time;
- (b) if so, the details thereof alongwith the farm credit disbursed during the year 2010-11 and targets set for the same; and
- (c) the details of the agricultural loans disbursed by Scheduled Commercial Banks, Cooperative Banks and Regional Rural Banks in the year 2010 -11?

Answer

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

(a) to (c): The Interest Subvention Scheme is being implemented by the Government of India since 2006-07 to make short-term crop loans upto Rs. 3 lakh for a period of one year available to farmers at the interest rate of 7 percent per annum. The Government of India has since 2009-10 been providing additional interest subvention to prompt payees farmers, i.e., those who repay their loan in time. The additional subvention was 1% in 2009-10 and 2% in 2010-11. This is being increased to 3% in 2011-12. Hence the prompt payee farmers will get the short term crop loan upto Rs.3 lakh at the rate of 4% p.a. in 2011-12.

The Government of India has been setting an annual target for the flow of credit to the agriculture sector. The total credit flow to agriculture during 2010-11 by Commercial Banks, Cooperative Banks and Regional Rural Banks was to the order of Rs.446,778.98 crore forming 119.14% of the annual target at Rs.3,75,000 crore.

The agency-wise breakup of credit flow is as under:

(Rs in crore)

Agency	Target	Achievement	% Achv. to Target
Commercial Banks	280,000	332,705.98	118.82
Cooperative . Banks	55,000	70,105.30	127.46
Regional Rural Banks	40,000	43,967.70	109.92
Total	375,000	446,778.98	119.14