

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:972  
ANSWERED ON:05.08.2011  
RE-INVESTMENT OF AGRICULTURAL LOANS  
Patasani Dr. (Prof.) Prasanna Kumar

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

- (a) whether the Government is aware that the farmers avail concessional agricultural loan at 4 per cent and re-invest the same at 8.5 per cent in the banks under Fixed Deposit Scheme (FDI);
- (b) if so, the details thereof; and
- (c) the steps taken/proposed to be taken to check misuse of agricultural loans by the farmers?

**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.

During the course of statutory inspections of Central Coop. Banks and the Regional Rural Banks by the National Bank for Agriculture and Rural Development (NABARD), no instances of re-investment of concessional agricultural loans in the Banks under the Fixed Deposit Scheme has been noticed.