

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2222
ANSWERED ON:12.08.2011
BANK LENDING TO SHGS
Mahtab Shri Bhartruhari

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to bring down the interest rate on bank lending to Self-Help Groups (SHGs) at par with that of crop loan to farmers;
- (b) if so, the details thereof;
- (c) whether Government also proposes to set up a dedicated bank for women SHGs on the lines of National Bank for Agriculture and Rural Development (NABARD); and
- (d) if so, the details thereof?

Answer

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

(a) to (d): The Interest Subvention Scheme of the Government of India is being implemented by Public Sector Banks, Regional Rural Banks and Cooperative Banks since 2006-07 to provide 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 payee 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.

In the Union Budget 2011-12, the Finance Minister has announced creation of a 'Women SHG Development Fund' with a corpus of Rs 500 crore for providing refinance to banks for loans given to women SHGs on soft terms.