

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2245

ANSWERED ON:12.08.2011

INTEREST SUBSIDY TO COOPERATIVE CREDIT INSTITUTIONS

Bairwa Shri Khiladi Lal;Jawale Shri Haribhau Madhav;Ray Shri Rudramadhab

Will the Minister of FINANCE be pleased to state:

- (a) whether the cooperative credit institutions are mandated by the Government to provide crop loan to farmers at subsidized rate of interest;
- (b) if so, the details thereof and the manner in which the Government support the system;
- (c) the details of losses incurred by the cooperative credit institutions, if any, during each of the last three years and current year in this regard;
- (d) whether the Government proposes to increase crop loan limit for interest subvention; and
- (e) if so, the details thereof and if not, the reasons therefor?

Answer

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

(a) to (e): 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.

Cooperative Banks are being refinanced at concessional rates for implementation of Interest Subvention Scheme. The rate of Interest Subvention to the Banks including the Cooperative Banks is decided keeping in view the cost of funds. The Government is also giving subvention to National Bank for Agriculture and Rural Development (NABARD) for providing concessional refinance to Cooperative Banks. The rate of refinance to Cooperative banks for short term crop loans was 2.5%, 3%, 3.5%, 4% and 4% during 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 respectively.