

**GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:1479

ANSWERED ON:22.03.2012

WOMEN SELF HELP GROUPS

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Bhoi Shri Sanjay;Gaikwad Shri Eknath Mahadeo;Paranjpe Shri Anand Prakash

Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether the Government is aware that women self help group members who are most vulnerable section of the society are granted bank loans at the rate of ten per cent to thirteen per cent interest which is too high as compared to short term credit made available to farmers on short term loan at four per cent;

(b) if so, the details thereof;

(c) if so, whether the issue has been taken up with the Ministry of Finance; and

(d) if so, the details and the outcome thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF RURAL DEVELOPMENT (SHRI PRADEEP JAIN 'ADITYA')

(a)&(b): The Banks have the functional autonomy and therefore the rate of interest are decided by their Boards as per RBI guidelines. The Government of India since 2006-07 is subsidizing the interest rate on crop loans to farmers through an Interest Subvention Scheme such that short term crop loans upto Rs 3 lakh are available to individual farmer at an interest rate of 7% per annum. Besides this since 2009-10, an additional subvention as an incentive to those farmers who repay their short term crop loans on time is provided. In the year 2011-12, the additional subvention is 3%. Thus, the interest rate for farmers paying timely is 4% per annum.

(c)&(d): In the Budget Speech 2012-13, a proposal has been made for an interest subvention to women SHGs to avail loans upto Rs 3 lakh at 7% per annum and Women SHGs that repay loans in time will get additional 3% per annum, reducing the effective rate to 4%. The initiative, in the first phase, would focus on selected 600 blocks of 150 districts, including the Left-Wing extremism affected districts.