

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3729
ANSWERED ON:27.04.2012
QUESTION LOANS TO FARM SECTOR
Ajnala Dr. Rattan Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken any decision for extending loans to farm sector for buying tractors, power tillers and other farm equipments on same terms and conditions applicable for motor vehicles in urban areas;
- (b) if so, the details thereof;
- (c) whether the Government also proposes to reduce interest on loans to farm sector; and
- (d) if so, the details thereof?

Answer

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

(a) to (d): In terms of Reserve Bank's extant guidelines on lending to priority sector, a target of 40 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March 31 of the previous year, has been mandated for lending to the priority sector by domestic scheduled commercial banks, both in the public and private sector. Within this, a sub-target of 18 per cent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as on March 31 of the previous year, has been mandated for lending to agriculture sector. Loans under agriculture sector include loans for production and investment requirements for agriculture and allied activities.

The interest rates on loans under priority sector are as per RBI directions from time to time.

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 and 3% in 2011-12.