

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4843

ANSWERED ON:07.08.2009

SUBSIDIES TO FARMERS

Devappa Anna Shri Shetti Raju Alias; Jagannath Dr. M.

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

- (a) whether the Government has prepared a system to enable direct transfer of subsidies to farmers;
- (b) if so, the details thereof; and
- (c) if not, the time by which the subsidies are likely to be reached to the farmers directly?

**Answer**

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

(a) to (c): Pursuant to Budget announcement 2006-07, the Government is subsidizing the interest rates for farmers through an Interest Subvention Scheme so that short-term crop loans upto Rs.3 lakh are available to them at an interest rate of 7% per annum for a period of about 9 months. As per the Scheme, the Government is

(i) giving an interest subvention of 2% (3% for 2008-09) to Public Sector Banks, Regional Rural Banks (RRBs) and Cooperative Banks on the amount of loan disbursed out of their own resources and (ii) provide refinance at concessional rates to the RRBs & cooperative banks by subventing the interest differential between the cost of funds and the rate of refinance by National Bank for Agriculture and Rural Development (NABARD).

The Scheme was implemented during the years 2007-08, 2008-09 & 2009-10. From the year 2009-10 Government shall also pay an additional subvention of 1 per cent as an incentive to those farmers who repay their short term crop loans on schedule. Thus, the interest rate for these farmers will come down to 6 per cent per annum.