

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2775
ANSWERED ON:29.08.2012
QUESTION CROP LOAN
Rao Shri Sambasiva Rayapati

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government of Andhra Pradesh has requested for subvention of interest of 3% to rescheduled crop loans;
- (b) if so, the details thereof and the action taken in this regard so far?

Answer

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

(a)&(b): A reference has been received from the Ministry of Agriculture for providing benefits of Interest Subvention to rescheduled crop loans on the occurrence of natural calamities. Interest Subvention Scheme of the Government of India provides for short-term crop loans upto Rs. 3 lakh for a period of one year available to farmers at the interest rate of 7 per cent per annum. RBI guidelines on relief measures by banks in areas effected by natural calamities stipulate that banks are expected to take a sympathetic view of the difficulties of the borrowers and extend a concessional treatment in rates of interest to calamity-affected people. In respect of current dues in default, no penal interest are to be charged. The banks have to also suitably defer the compounding of interest charges. Banks may not levy any penal interest and consider waiving penal interest, if any, already charged in regard to the loans converted/rescheduled.