

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:268

ANSWERED ON:23.11.2012

QUESTION INTEREST RATE ON AGRICULTURE LOAN

Scindia Smt. Yashodhara Rajee

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken any proposal to provide low interest rate on short duration/long duration agriculture loan to farmers;
- (b) if so, the details thereof;
- (c) whether National Bank for Agriculture and Rural Development (NABARD) is charging high interest rate on refinance for providing loan for long term agriculture loans;
- (d) if so, the details thereof;
- (e) whether the Government has any proposal to give concessions in rate of interest to the farmers who have taken long term agricultural loans and pay their installments in time; and
- (f) 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) & (b): 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 loans in time. The additional subvention was 1% in 2009-10, 2% in 2010-11 and 3% in 2011-12. Further, in order to discourage distress sales, the benefit of interest subvention was made available in the year 2011-12 to small and marginal farmers having Kisan Credit Card for a further period of up to six months post harvest on the same rates as available to crop loans against negotiable warehouse receipts for keeping their produce in warehouses. The Interest Subvention Scheme for the year 2011-12 has been continued in 2012-13 as well.

(c) & (d) : The interest rates are revised periodically by the Asset Liability Committee (ALCO) of NABARD taking into consideration liquidity, market conditions, risk category etc. The rate of interest presently charged by NABARD on refinance for providing loan for long term agriculture loans ranges from 9.20% to 9.35% for Commercial Banks, State Co-operative Banks (SCBs) and Regional Rural Banks (RRBs), from 9.90% to 11% for State Co-operative Agriculture and Rural Development Banks (SCARDBs) and from 10.00% to 11.25% to Non-Banking Financial Corporations (NBFCs).

(e) & (f): No Sir. There is no such proposal under consideration of the Government.