

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1223  
ANSWERED ON:30.11.2012  
INTEREST RATE ON AGRICULTURE LOAN  
Das Shri Khagen

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

(a) whether the Government has any proposal to bring down the rate of interest of term loans from the existing 12 per cent to 7 percent for farmers; and

(b) if so, the details thereof ?

**Answer**

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

(a) & (b): There is no such proposal under consideration of the Government. 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.