

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1166
ANSWERED ON:30.11.2012
INTEREST FREE REVOLVING FUND
Jakhar Shri Badri Ram

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to allow seventy five per cent of the total interest subvention to the cooperative banks to be kept with them as interest free revolving fund ;
- (b) if so, the details thereof and if not, the reasons therefor; and
- (c) the other steps taken/being taken by the Government in this direction?

Answer

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

(a) to (c): The Task Force on Credit Related Issues under the Chairmanship of Shri Umesh Sarangi, the then Chairman, NABARD, has recommended that a portion of the anticipated interest subvention amount may be parked with the Banks at the beginning of the year and adjusted at the end of the year as an incentive for Banks. 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.

The Scheme is being implemented by NABARD in respect of regional rural banks and cooperative banks. The details of Interest Subvention released by Gol through NABARD to Cooperatives & RRBs are as under:

(Rs. Crore)

Agency	Interest Subvention Scheme 2009-10	Interest Subvention Scheme 2010-11	Interest Subvention Scheme# 2011-12
Cooperative banks	475.25	702.82	59 10#
Regional Rural Banks	269.58	321.56	107.79
Total	744.83	1,024.36	166.89

On going scheme