

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:70

ANSWERED ON:22.02.2013

INTEREST RATE ON AGRICULTURAL LOAN

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to lower the interest rate on agricultural loan under Interest Subvention Scheme to farmers;
- (b) if so, the details thereof;
- (c) whether the Government has given any direction to public/private sector banks in this regard; and
- (d) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (d):- The Interest Subvention Scheme is being implemented by the Government of India since 2006-07 with Public Sector Banks, Regional Rural Banks and Co-operative Banks to make short-term crop loans upto Rs.3 lakh 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 payee 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 Government has released subvention to the extent of Rs. 2011 crore in 2009-10, Rs. 3531.19 crore in 2010-11 and Rs. 3282.70 crore in 2011-12. During the current year subvention of Rs. 4377.99 crore has been released till January, 2013.