

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4152  
ANSWERED ON:22.03.2013  
NABARD LENDING RATE  
Bairwa Shri Khiladi Lal;Meghwal Shri Bharat Ram

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

- (a) whether National Bank for Agriculture and Rural Development (NABARD) has increased its lending rate from 4.5 per cent to 9.75 per cent;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has directed/proposes to direct the NABARD to reduce/restore its lending rates to the level being charged earlier; and
- (d) 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) to (d) : The National Bank for Agriculture and Rural Development(NABARD) provides refinance facilities to Scheduled Commercial Banks(SCBs), Regional Rural Banks(RRBs), State Cooperative Banks(StCBs), State Cooperative Agriculture and Rural Development Banks(SCARDBs) and other eligible agencies against loans extended by these banks to farmers.

NABARD is charging 4.5% interest on Short Term(Seasonal Agricultural Operations) refinance to Cooperative Banks and RRBs for which interest subvention is provided by the Government. However, the interest rates on refinance under investment credit depends upon the money market conditions and is subject to review by Assets Liabilities Management Committee (ALCO) of NABARD, from time to time. The latest rates on long term refinance on investment credit is Annexed.

The rate of interest charged by NABARD on such refinance assistance is fixed taking into account average cost of borrowing funds, transaction costs and subvention support available from the Government. The interest rate on refinance are reviewed from time to time and decided by ALCO of NABARD.