

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3105

ANSWERED ON:19.08.2011

FINANCIAL ASSISTANCE TO STATES BY NABARD

Baitha Shri Kameshwar ;Meghwal Shri Arjun Ram ;Naranbhai Shri Kachhadia

Will the Minister of FINANCE be pleased to state:

- (a) whether there is difference between rates of interest charged on crop loans disbursed to farmers through Kisan Credit Cards (KCC) in different States;
- (b) if so, the details thereof, State-wise and the reasons therefore;
- (c) whether the Government has noticed that the normal interest rate of seven per cent on loans disbursed through KCC is automatically increased to twelve per cent in case the KCC are not renewed;
- (d) if so, the details thereof and the reasons therefor?
- (e) Whether the Government proposes to simplify the process of renewal of KCC; and
- (f) if so, the details thereof and if not, the reasons therefor alongwith the remedial measures taken/being taken by the Government in this direction?

Answer

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

(a) & (b): Interest subvention at different rates is given to farmers by different States Government which determines the ultimate rate of interest charged to farmers, State-wise details are given in Annex.

(c) & (d): The normal interest rate of 7% on loan disbursed through KCC is not automatically increased to 12% in case it is not renewed. The rate of interest charged on such non renewed KCC varies from bank to bank.

(e) & (f): With a view to making the scheme of KCC more effective at ground level and serve the farmers in the way in which it was expected to do, GoI had constituted a High Level Task Force (Sarangi Committee) which inter alia, examined and suggested measures for improving efficiency of KCC scheme. The Task Force inter alia recommended that financial literacy and counseling campaigns, be undertaken to increase awareness among farmers on KCC, banks be encouraged to educate their rural branch staff about the KCC and banks use farmers' cooperatives and Self Help Group (SHG) federations as banking correspondents to increase outreach.

Note: Annexure not received from ministry.