

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1655
ANSWERED ON:16.08.2013
SHORT TERM LOAN TO FARMERS
Meghwal Shri Bharat Ram

Will the Minister of FINANCE be pleased to state:

- (a) whether the co-operative credit institutions are reportedly incurring losses due to short term loan distribution to farmers at concessional rates;
- (b) if so, the details thereof and the reaction of the Government thereto, State/ UT-wise;
- (c) whether the Government proposes to compensate for the said losses incurred by such institutions; 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): No, Sir. The Interest Subvention Scheme is being implemented by the Government of India since 2006-07 to make short-term crop loans upto Rs. 3 lakhs for a period of one year available to farmers at the interest rate of 7 percent per annum. Interest Subvention is provided to Public Sector Banks (PSBs), Regional Rural Banks(RRBs) and Cooperative Banks on disbursements of short-term crop loans out of their own resources, to meet the difference between the cost of their own funds and the lending rates on such loans. NABARD provides refinance to RRBs and Cooperative Banks in order to enable these institutions to lend at 7 percent per annum to the farmers. The Government, through NABARD, has released Rs.3101.33 crore to Cooperative Banks under Interest Subvention Scheme between 2006-07 and 2012-13.