

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2470  
ANSWERED ON:23.08.2013  
INTEREST RATE ON AGRICULTURE LOAN  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has any proposal to cut/waive off or provide subsidy on interest on agricultural loans during the current year;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) the exposure of Public Sector Banks (PSBs) at the end of the first quarter of the current year towards small and medium agricultural borrowings; and
- (d) the time by which a decision is likely to be taken in this regard?

**Answer**

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

(a)to (d):- In order to provide credit to farmers at affordable rates, the Government of India has, since 2006-07, been implementing the Interest Subvention Scheme under which short-term crop loans upto Rs. 3 lakh are made available to the farmers at an interest rate of 7% per annum by the banks. The Government of India in 2009-10 introduced an additional interest subvention of 1% for farmers who repay their loans within the period of interest subvention i.e. within one year of disbursement of such loans. This additional subvention was increased to 2% in 2010-11 and 3% in 2011-12 and 2012-13. The Scheme has been extended to 2013-14. The Interest Subvention Scheme has also been extended to the private sector banks from the year 2013-14. The exposure of Public Sector Banks(PSBs) to agriculture loans outstanding, as on 30th June, 2013, stood at Rs. 5,33,059.75 crore, out of this loans to marginal farmers and small farmers stood at Rs. 96,715.29 crore and Rs. 1,57,921.16 crore, respectively.