

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3421
ANSWERED ON:30.08.2013
BANK INTEREST RATES ON ROZGAR SCHEME
Gaddigoudar Shri P.C.

Will the Minister of FINANCE be pleased to state:

- (a) the rate of interest charged by the Public Sector Banks, Cooperative and Grameen banks from the beneficiaries in the rural areas under various Rozgar Schemes;
- (b) whether these rates are higher than the home loan rates charges in urban areas;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether any suggestions from various quarters have been received to reduce the interest rate for the poor beneficiaries under these schemes; and
- (e) If so, the details thereof and the steps taken by the Government in this regard?

Answer

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

- (a): Reserve Bank of India has intimated that interest rate under Swarnjayanti Gram Swarozgar Yojana would be at the rate applicable to priority sector loans fixed by RBI from time to time and interest rates on advances with effect from July 01, 2010 for all categories of domestic rupee loans should be priced only with reference to base rates of banks.
- (b)&(c) : The rate of interest charged on home loans are not comparable as interest rates in rural employment scheme loans are based on activity to be undertaken whereas home loan rates are based on tenure and quantity of loan.
- (d)&(e) The Swarnjayanti Gram Swarozgar Yojana is being repositioned as the National Rural Livelihood Mission (NRLM) by Ministry of Rural Development. As per the Budget Announcement for 2012-13, interest subvention would be provided to Women Self Help Groups to avail loans up to Rs 3 lakh at 7 per cent per annum. Women SHGs that repay loans in time will get additional 3 per cent Subvention reducing the effective rate of interest to 4 per cent.