

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:250
ANSWERED ON:07.02.2014
INTEREST RATES ON AGRICULTURAL LOANS
Singh Shri Ratan

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has reduced the rate of interest on agricultural loans given to the farmers by the Public Sector Banks/National Bank for Agriculture and Rural Development (NABARD)/Cooperative banks;
- (b) if so, the details thereof along with the guidelines laid down by the Government/NABARD in this regard;
- (c) whether instances of violation of these guidelines by various banks have been reported in the recent past; and
- (d) if so, the details thereof, bank-wise along with the corrective steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (d): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No. 250 to be answered on 7th February, 2014 regarding Interest Rates on Agricultural Loans by Shrimati Rajkumari Ratna Singh, MP.

(a) to (d) With a view to ensuring availability of agricultural credit at a reasonable cost, 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 percent per annum by the Banks. The Government of India in 2009-10 introduced an additional interest subvention of 1 percent 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 percent in 2010-11 and 3 percent from 2011-12 onwards. The Interest Subvention Scheme has also been extended to the private sector banks from the year 2013-14. No instances of violation of these guidelines by any bank have been reported by the Reserve Bank of India(RBI) and National Bank for Agriculture and Rural Development(NABARD).