

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:4067  
ANSWERED ON:15.12.2009  
LOW RATE AGRICULTURAL LOANS  
Mahant Dr. Charan Das;Punia Shri P.L.

**Will the Minister of AGRICULTURE be pleased to state:**

- (a) whether the Government proposes to provide loans at low interest rates to the farmers whose lands are affected by floods, soil erosion and drought;
- (b) if so, the details thereof including the present rate of interest on agricultural loans; and
- (c) if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (c): There is no proposal to provide loans at low interest rates to the farmers whose lands are affected by floods, soil erosion and drought. However, Crop loans upto a principal amount of Rs.3 lakh are presently being made available to the farmers at 7% rate of interest. This rate is applicable for all farmers including those whose lands are affected by floods, soil erosion and drought. In order to incentivise the prompt repayers as well as lending institutions so that line of credit remain declogged, Government of India has in the Union Budget 2009-10 announced an additional interest subvention of 1% to those prompt farmers who repay their short term crop loans on schedule. Thus, farmers who are prompt in repaying crop loans would be getting crop loans at 6% p.a. during the year 2009-10.

Reserve Bank of India has issued comprehensive guidelines to the banks for providing debt relief to farmers affected by natural calamities including floods, droughts etc. These relief measures include, inter alia, restructuring of loans by way of conversion/ rescheduling of loans, provision of fresh crop loans for affected farmers, non-compounding of interest in respect of loans converted/rescheduled, treatment of converted/rescheduled agriculture loans as 'current dues', moratorium period of at least one year, while restructuring, relaxed security and margin norms etc.