

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2892
ANSWERED ON:13.03.2015
NABARD INTEREST RATE
Chaudhary Shri P.P.

Will the Minister of FINANCE be pleased to state:

- (a) the rates of financing and re-financing on long-term and short-term loans charged by the National Bank for Agriculture and Rural Development (NABARD) from Cooperative Banks and other during the last three years;
- (b) whether the Government proposes to increase the share of NABARD from 50% to 75%; and
- (c) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance (Shri Jayant Sinha)

(a): National Bank for Agriculture & Rural Development (NABARD) has reported that they do not lend directly to farmers/individual borrowers. However, NABARD is providing refinance to banks against their short term and long term lending to farmers.

Rate of Interest at which Short Term Refinance for Crop Loans (Seasonal Agricultural Operations) is provided to State Cooperative Banks (StCBs) and Regional Rural Banks (RRBs) is given as under:-

Year	Rate of Interest (Percentage Per annum)
2011-12	4.50
2012-13	4.50
2013-14	4.50
2014-15	4.50

Source : NABARD

As regards long term refinance under Long Term Rural Credit Fund (LTRCF) set up with NABARD, in the year 2014-15, refinance is provided by NABARD at the interest rate of 7.85% p.a. to Cooperative Banks and RRBs.

Other than LTRCF, during the last three years, the rate of interest charged by NABARD on long term refinance to various banks has ranged from 8.95% to 11.25%, depending upon the agency, period and other parameters.

The rate of interest charged by NABARD on loans under Rural Infrastructure Development Fund (RIDF)/Warehouse Infrastructure Fund (WIF) to State Governments is linked to Bank Rate (Bank Rate on the date of disbursement, minus 1.5%). However, under WIF, the loans to State/Central Government Owned/Assisted Entities (without Government Guarantee)/ Cooperatives, Federations of Cooperatives, Farmers Producers Organizations (FPOs), Federations of Farmers' Collectives/Special Purpose Vehicles (SPVs) set up under Public Private Partnership (PPP) mode, Private Companies/ Corporates/ Individual Entrepreneurs etc. are given at Prime Lending Rate of NABARD + Risk Premium (as applicable).

(b) & (c) : NABARD has informed that its short term refinance to Cooperative Banks and RRBs is supplementary in nature. In States, the quantum of refinance varies from 40% to 55% in the case of Cooperatives Banks and 25% to 35% in respect of RRBs. However, in North Eastern Region (NER) and hilly States, a higher quantum of refinance ranging from 65% to 70% in respect of Cooperatives and 50% to 55% to RRBs is sanctioned. The quantum of Short Term (Seasonal Agricultural Operation) Refinance provided by NABARD to StCBs and RRBs is linked to each bank's Non-Performing Assets (NPA) position.