

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1246

ANSWERED ON:18.07.2014

CROP LOAN

Chaudhary Shri P.P.

Will the Minister of FINANCE be pleased to state:

- (a) the current rate of annual interest and grant limit on crop loan and long term loans;
- (b) whether the Government proposes to convert the short term crop loans into mid term crop loans in the event of famine in the country and if so, the details thereof;
- (c) whether the Union Government has received any proposal from State Government of Rajasthan for making long term loan available to the farmers at crop loan interest rate;
- (d) if so, the details thereof and action taken by the Government thereon;
- (e) whether the Government has any proposal to provide interest subvention of 4 per cent to the farmers who are timely repaid their short term crop loans
- (f) if so, the details thereof along with the action taken by the Government in this regard; and
- (g) the further steps taken/being taken by the Government/RBI in this regard?

Answer

The Finance Minister (Shri Arun Jaitley)

(a) :- As per Interest Subvention Scheme of the Government, the short-term crop loans upto Rs.3 lakh are available to farmers at an interest rate of 7%. The Scheme also provides additional subvention of 3% to prompt-payee farmers. However, interest rates on advances, including long-term crop loans, have been deregulated by the Reserve Bank of India(RBI), which vary from bank to bank depending upon their base rate and cost of funds etc.

(b):- As per standing guidelines of RBI, in areas affected by natural calamities, the existing short- term crop loans are converted into term loans by banks. Besides, to ease the burden of interest on restructured loans (short term crop loans converted into term loans) on account of natural calamities, the Government, in the year 2012, had allowed interest subvention for the first year on the restructured loans in cases where short term crop loans were rescheduled due to drought. Similar measure has recently been taken in 2014 by the Government in cases where short term crop loans have been restructured in hailstorm affected States.

(c) :- No, Sir.

(d) :- Does not arise.

(e) :- No, Sir.

(f) & (g):- Do not arise.