

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:368
ANSWERED ON:11.07.2014
INTEREST ON AGRICULTURE LOAN
Patil Shri A.T. (Nana)

Will the Minister of FINANCE be pleased to state:

- (a) the rate of interest on agriculture loan to farmers being charged by various banks across the country during the last three years and current year, State and bank-wise including Maharashtra;
- (b) whether the National Bank for Agriculture and Rural Development (NABARD)/Reserve Bank of India (RBI) has received any proposal from the Ministry of Agriculture to reduce the interest rate on farmer loans;
- (c) whether the Government has received complaints against Public/Private Sector Banks for their refusal to grant loans to the farmers in the country;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government/ RBI to simplify the process of agricultural loans to the farmers and to redress their grievances in this regard?

Answer

The Minister of State in the Ministry of Finance (Smt. Nirmala Sitharaman)

- (a): In order to provide credit for farmers at affordable interest rates, 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 commercial banks from the year 2013-14.
- (b): The Government had received a reference dated 11.06.2014 from Chief Minister, Punjab, inter-alia, suggesting reduction of interest rate on agriculture loans, which has been sent to RBI & NABARD for examination.
- (c) & (d) Whenever any complaint regarding farm loan is received by the Government/Reserve Bank of India(RBI) with regard to certain issues relating to agriculture credit, the same are taken up, at appropriate level, for redressal thereof. However, no separate data on specific nature of complaints is maintained.
- (e) The Government has revised the Kisan Credit Card(KCC) Scheme. As per the revised Scheme, the KCC is valid for five years subject to an annual review. The farmer is required to furnish one-time documentation at the time of first availment of loan and, thereafter, simple declaration about crop raised/proposed is required to be given from the second year onwards.

Besides, Banks have been advised to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-. Banks have also been advised to dispense with the requirement of 'no due' certificate for small loans up to Rs.50,000 to small and marginal farmers, share-croppers and the like and, instead, obtain a self-declaration from the borrower.