

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1037

ANSWERED ON:21.07.2017

Interest Subvention Scheme

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

- (a) whether a large number of farmers availed crop loans from Nationalised Banks and if so the details thereof during the last three years;
- (b) whether the Government has continued Interest Subvention Scheme (ISS) on short term crop loans for farmers and if so, the details thereof along with the number of farmers likely to be benefited from the scheme State/UT-wise including Karnataka;
- (c) whether the Government has approved the ISS for farmers for the year 2017-18, if so, the details thereof along with the fund allocated, item-wise;
- (d) whether the Government has received demand from farmers across the country to waive off the crop loans and if so, the details thereof and action taken thereon; and
- (e) whether the State Governments have requested the Union Government to provide substantial interest subvention on crop loans to motivate the commercial/ Regional Rural Banks to increase their share in crop loan dispensation and if so, the details thereof?

**Answer**

The Minister of State in the Ministry of Finance

(a): The details of farmers having availed loans from Nationalised Banks in the last three years as reported by Reserve Bank of India (RBI) are as under:

(No. of accounts in absolute terms & Amount in Rs. Thousand)

2014-15 2015-16 2016-17

No. of Accounts Amount Disbursed No. of Accounts Amount Disbursed No. of Accounts Amount Disbursed

16568800 1760259820 19977043 2049715400 20561569 2336273722.98

(b) & (c): Government in the Department of Agriculture, Cooperation and Farmers' Welfare (DAC&FW) has approved the continuation of the Interest Subvention Scheme for the current financial year 2017-18. Under the Scheme, interest subvention of 2% per annum is provided to Public Sector Banks, Private Sector Scheduled Commercial Banks (in respect of loans given by their rural and semi urban branches only), Cooperative Banks and Regional Rural Banks on their own funds used for short term crop loans upto Rs. 3.00 lakh per farmer provided the lending institutions make available short term credit at the ground level at 7% per annum to farmers. Farmers are provided with 3% additional interest subvention for the short term crop loan of upto Rs. 3.00 lakh for a maximum period of one year for prompt repayment on or before the due date. Thus, farmers, who promptly repay their crop loans as per the repayment schedule fixed by the banks, are extended loans at an effective interest rate of 4% per annum.

Under the scheme, an amount of Rs. 15,000 crore has been allocated during 2017-18 and the break-up of the same is as under:

S.No. Title Amount (in Rs. Crore)

1. Interest Subsidy for short Term Credit to Farmers 10233

2. Special Component Plan for Scheduled Castes 2187

3. Tribal Area Sub-Plan 1080

For North Eastern Area

4. Interest Subsidy for Short Term Credit to Farmers 1137

5. Special Component Plan for Scheduled Castes to Reserve Bank of India 243

6. Tribal Area Sub-Plan to Reserve Bank of India 120

Total 15,000

(d): There is no proposal under consideration of the Union Government to waive off loans of farmers. However, to reduce the debt burden of farmers, the following major initiatives have been taken:

â€¢ The Government of India implements an interest subvention scheme for short term crop loans, as per details given in reply to part (b) & (c) of this Question.

â€¢ RBI has issued directions for Relief Measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include, restructuring/rescheduling of existing crop loans and term loans, extending fresh loans, relaxed security and margin norms, moratorium, etc. These directions have been so designed that the moment calamity is declared by the concerned District Authorities they are automatically set in motion without any intervention, thus saving precious time. The benchmark for initiating relief measures by banks has also been reduced to 33% crop loss in line with the National Disaster Management Framework.

(e): No such proposal from any of the State Governments has been received in DAC