

Government of India  
Ministry of Finance  
Department of Financial Services

LOK SABHA  
Unstarred Question No. 1660  
To be answered on Friday, March 10, 2017/Phalgun 19, 1938 (Saka)  
**Cooperative Credit Institutions**

1660. SHRIMATI SANTOSH AHLAWAT:

Will the Minister of FINANCE be pleased to state:

- (a) whether cooperative credit institutions are incurring losses due to declaration of the Government to provide crop loan to farmers at subsidised rate of interest;
- (b) if so, the details thereof, State/ UT-wise;
- (c) whether the Government proposes to provide subsidized interest to recoup losses incurred by cooperative credit institutions; and
- (d) if so, the details thereof?

**Answer**

The Minister of State in the Ministry of Finance  
(Shri Santosh Kumar Gangwar)

(a) to (d): The Government of India in the Department of Agriculture, Cooperation & Farmers' Welfare implements an Interest Subvention Scheme under which short term crop loans up to Rs.3.00 lakh are made available to farmers at an interest rate of 7 percent per annum by the Public Sector Banks (PSBs), Regional Rural Banks (RRBs) and Cooperative Banks. Under the Scheme, the Government provides interest subvention of 2% directly to the Cooperative Banks for such crop loans to make good the loss that the banks may incur on account of involvement of their own funds. Further, the Cooperative Banks get short term refinance from National Bank for Agriculture & Rural Development (NABARD), at the concessional interest rate of 4.5% through the Short Term Cooperative Rural Credit (Refinance) Fund.

