

LOK SABHA  
Unstarred Question No. 1868  
To be answered on Friday, December 29, 2017/Pausha 08, 1939 (Saka)  
**Interest Payable on Crops Loan**

1868. SHRI C.S. PUTTA RAJU:

Will the Minister of FINANCE be pleased to state:

- (a) the amount of interest payable on crops loan given to farmers;
- (b) whether the Government proposes to provide three per cent grants on mid term revised loan and short term loan given to the farmers in view of frequent incidents of famine in the States;
- (c) if so, the details thereof, State/UT-wise including Karnataka; and
- (d) if not, the reasons therefor ?

**Answer**

The Minister of State in the Ministry of Finance  
(Shri Shiv Pratap Shukla )

(a) to (d): Interest rates on loans have been deregulated by Reserve Bank of India (RBI) and they are now linked to the Base Rate fixed by the banks. However, with a view to ensure availability of agriculture credit at a reduced interest rate of 7% p.a. to the farmers, the Government of India in the Department of Agriculture Cooperation and Farmers' Welfare (DAC&FW) implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh. The scheme provides interest subvention of 2% per annum to Banks on use of their own resources. Besides, additional 3% incentive is given to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%.

Under the extant Interest Subvention Scheme of the Government, in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% will continue to be available to banks for the first year on the restructured amount.

Further, to reduce the debt burden of farmers, the following major initiatives have been taken:

- Reserve Bank of India 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.
- Pradhan Mantri Fasal Bima Yojana (PMFBY) provides a comprehensive insurance cover against failure of insured crops due to non-preventable natural risks, thus providing financial support to farmers suffering crop loss/ damage arising out of unforeseen events; stabilizing the income of farmers to ensure their continuance in farming; and encouraging them to adopt innovative and modern agricultural practices. For development of agriculture and welfare of farmers of the country, the Government in DAC&FW, is implementing various Central Sector/ Centrally Sponsored Schemes, which include:
  - (i) Rashtriya Krishi Vikas Yojana (RKVY)
  - (ii) National Food Security Mission (NFSM)
  - (iii) National Agriculture Market (e-NAM)
  - (iv) National Mission For Sustainable Agriculture (NMSA)