

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO.1697
TO BE ANSWERED ON THE 6TH March, 2018

FUNDS TO COOPERATIVE BANKS

1697. SHRI ARJUN LAL MEENA:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether the Government proposes to provide funds equal to the 75 per cent of the interest grant to the cooperative banks at the beginning of the financial year calculated on the basis of the data of the last financial year or to keep funds equal to 75 per cent of the interest grant as interest free revolving fund for the cooperative banks;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI PARSHOTTAM RUPALA)

(a): No, Madam.

(b): Does not arise.

(c): The Government since 2006-7 has been implementing the Interest Subvention Scheme (ISS), under which short term crop loans upto Rs.3.00 lakh are provided to farmers at subvented interest rate of 7% per annum. Further, the farmers on prompt repayment of crop loans on or before the due date are also provided 3% additional interest subvention Thus, in case of prompt payee farmers the short term crop loans are provided at an effective interest rate of 4% per annum.

In addition, State Governments of Andhra Pradesh, Arunachal Pradesh, Chhatisgarh, Gujrat, Haryana, Kerala, Madhya Pradesh, Rajasthan, and Telengana, provide interest subsidy to Cooperative Structure in the State to enable these institutions to lend short term crop loans to farmers at 0% rate of interest. Similarly, in the State Governments of Maharastra, Odisha and Union Territory of Puducherry, the short term crop loans through Cooperative Structure are provided to farmers at effective interest rate of 1%.

The National Bank for Agriculture and Rural Development (NABARD) guidelines stipulate that "in order to enable the Government of India to provide 3% interest subvention to farmers for prompt repayment, the banks should first credit the eligible amount of 3% interest subvention to

the farmer's crop loan account and thereafter seek reimbursement. The banks may submit their claims on a half yearly basis (as on 30th September, 2017 and 31st March, 2018) or on annual basis". Accordingly, 3% Prompt Repayment Incentive (PRI) on timely repayment of short term crop loans is made available to farmers first by the banks and thereafter, they submit their audited claims to NABARD for reimbursement by Government of India.

In view of the present arrangement for settlement of claims under the Scheme, at present, it is not possible to provide funds equal to the 75 per cent of the interest grant to the cooperative banks at the beginning of the financial year or to keep funds equal to 75 per cent of the interest grant as interest free revolving fund for the cooperative banks
