

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA

Unstarred Question No. †2795
To be answered on Friday, December 28, 2018/Pausha 7, 1940 (Saka)

Farm Loan Interest Rates of Cooperative Banks

Question

†2795. SHRI NIHAL CHAND

Will the Minister of FINANCE be pleased to state:

(a) whether disbursement of short term loan at reduced rates to farmers is denting the cooperative banks and if so, the details thereof, State/UT-wise; and

(b) whether the Government proposes to compensate the losses incurred to cooperative banks due to said disbursal of short term loan to farmers at reduced rates and if so, the details thereof?

Answer

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

(a) & (b): 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.