

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

LOK SABHA
UNSTARRED QUESTION NO.4464
TO BE ANSWERED ON THE 8TH JANUARY, 2019

INTEREST SUBVENTION FOR FARMERS

4464. SHRI DEVUSINH CHAUHAN:

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

- (a) whether the Government operates a scheme to disburse short term crop loan upto Rs. 3 lakh @ 7% interest and institutes are entitled to 2% interest subvention for their own funds for short term crop finance;
- (b) whether the Government also provides 3% interest subvention to the farmers, who repay crop loan in time and as per the guidelines under the scheme, Banks have to charge only 4% interest if farmers repay loan in time and thus funds remain invested in Agricultural Credit by way of principal or interest;
- (c) if so, the manner in which the Government is going to help the District Central Co-operative Banks and Primary Agriculture Co-operative Societies so that their finances are strengthened;
- (d) whether the Government is aware that the claims are not paid in time thereby depriving the institutes to utilize their funds for further use and if so, the details thereof; and
- (e) whether the Government is contemplating to sanction the claim of interest subvention at the earliest or provide 90% of the claim amount in advance in order to reduce the financial burden of interest and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

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

(a) to (c): Yes, Madam. With a view to ensuring availability of agriculture credit {including loans taken against Kisan Credit Card (KCC)} at a reasonable cost/at a reduced rate of 7% per annum to farmers, the Government of India, is implementing an interest subvention scheme of 2% for short term crop loans up to Rs.3.00 lakh. The scheme is implemented through public sector banks and private sector banks {reimbursement through Reserve Bank of India (RBI)}, Regional Rural Banks and Cooperatives {reimbursement through National Bank for Agriculture and Rural Development (NABARD)}. Currently, besides 2% interest subvention, 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. The benefit of interest subvention is extended for a period of up to six months (post-harvest) to small and marginal farmers having KCC on loan against negotiable warehouse receipts with the purpose of preventing distress sale of produce.

Contd.2/-

As per the extant policy crop loans upto Rs.3.00 lakh per farmer provided by District Central Co-operative Banks and Primary Agricultural Co-operative Societies at 7% per annum are eligible for refinance (through State Cooperative Banks/District Central Co-operative Banks) from National Bank for Agriculture and Rural Development (NABARD) out of Short Term Cooperative Rural Credit (STCRC) fund allocated by Government of India every year.

(d): In terms of the extant Interest Subvention Scheme on short-term crop loans, loans are made available to the farmer at 7% per annum and on prompt repayment an incentive of 3% is credited to the farmer's account. While the benefit of interest subvention is passed on upfront to the borrower farmer by banks, the reimbursement of audited claims received from banks through Reserve Bank of India in respect of Commercial Banks and NABARD in respect of Cooperative Banks and Regional Rural Banks is made by Government of India on the basis of available budgetary resources.

(e): No, Madam. Presently, Union Government is not considering any proposal to provide funds equal to 90% of the interest subvention to the financial institutions as advance.
