

LOK SABHA
UNSTARRED QUESTION NO- †8
ANSWERED ON 18.11.2019/KARTIKA 27, 1941 (SAKA)

LOAN BY NABARD

†8 SHRI RAJAN VICHARE:
SHRI SUNIL KUMAR SINGH:
SHRI SUDHAKAR TUKARAM
SHRANGARE:
SHRI P.P. CHAUDHARY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has maintained any data regarding the number of farmers availing short term loans under the refinancing scheme of NABARD, if so, the details thereof, State-wise including Maharashtra;
- (b) the details of the refinance percentage of short term loans provided by NABARD and the rate of interest on such loans during each of the last three years, State-wise;
- (c) whether the Government intends to increase the credit limit to 60%; and
- (d) if so, whether the Government intends to provide interest rate and interest subvention as in the case of crop loans so that medium term loans (converted) to farmers in drought affected areas can be provided at par with short term loans, if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a): The number of accounts of farmers in which crop loan was disbursed during the year 2018-19 (provisional), as reported by National Bank for Agriculture and Rural Development (NABARD) is 934.95 lakh. NABARD has informed that data regarding the number of farmers availing short term loans under the refinancing scheme of NABARD is not separately maintained by them.

(b) to (d): NABARD provides short term refinance support to Cooperative Banks and Regional Rural Banks(RRBs) at the concessional interest rate of 4.5% through the Short Term Cooperative Rural Credit (Refinance) Fund (STCRC) and Short Term Regional Rural Bank (Refinance) Fund (STRRB) respectively, made out of the shortfall in priority sector lending targets by scheduled commercial banks. Details of allocation under the aforesaid funds during the last three years is as under:

(in Rs.crore)

| Fund | Year | | |
|-------|---------|---------|---------|
| | 2016-17 | 2017-18 | 2018-19 |
| STCRC | 45000 | 45000 | 45000 |
| STRRB | 10000 | 10000 | 10000 |

Due to the limited corpus, credit limit sanctioned to the Cooperative Banks is restricted to the extent of 40% and to the RRBs is to the extent of 20% of Realistic Lending Programme (RLP), as per extant policy of NABARD. For Cooperative Banks in Eastern Region and North Eastern region limits are sanctioned to the extent of 45% and 60% of RLP respectively. Rate of refinance has been the same for the last three year as reported by NABARD.

There is no proposal under consideration of the Union Government to increase the refinancing limit of NABARD. However, NABARD provides additional Short-term Seasonal Agricultural Operations ST(SAO) refinance upto 60% of RLP including outstanding under normal Short-term Seasonal Agricultural Operations ST(SAO). The refinance under this line of credit is reckoned as owned funds of the bank which is eligible for interest subvention as per extant interest subvention guidelines of GoI. The interest rate charged by NABARD at present is 7.35%. However, with interest subvention the effective interest rate comes to 5.35%.

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 ` 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 aforesaid interest subvention scheme, to provide relief to farmers affected by natural calamities, the interest subvention of 2% per annum is available for the first year on the restructured amount. Such restructured loans will attract normal rate of interest from the second year onwards as per the policy laid down by the RBI.

In order to provide relief to the farmers affected due to severe natural calamities, the Government in DAC&FW has decided that interest subvention of 2% per annum will be made available to banks for first three years/entire period (subject to a maximum of five years) on the restructured loan amount, and in all such cases the benefit of prompt repayment incentive at 3% per annum shall also be provided to the affected farmers. The grant of such benefits in cases of severe natural calamities shall, however, be decided by a High Level Committee (HLC) based on the recommendation of Inter-Ministerial Central Team (IMCT) and Sub Committee of National Executive Committee (SC-NEC).
