

LOK SABHA

Unstarred Question No. 3419

Answered on Monday, 16 December, 2024/ 25 Agrahayana, 1946 (Saka)

Reduction in Rate of Interest on Agricultural Loans by PSBs/NABARD

†3419. Shri Balwant Baswant Wankhade:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has reduced the rate of interest on agricultural loans given to farmers by Public Sector Banks/National Bank for Agriculture and Rural Development (NABARD) /Co-operative Banks during the last two years;
- (b) if so, the details thereof, State-wise and the guidelines issued by the Government in this regard;
- (c) whether the instances of violation of these guidelines by various banks have been reported during the last three years; and
- (d) the corrective measures taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (d): Reserve Bank of India (RBI) has deregulated the interest rates on advances sanctioned by Regulated Entities (REs) and these interest rates are determined by banks with the approval of their respective Board of Directors subject to applicable regulatory guidelines. However, with a view to ensure availability of agriculture credit at a reduced interest rate of 7% p.a. to the farmers, an interest subvention scheme (Kisan Credit Card scheme) for providing short term crop loans up to Rs. 3.00 lakh has been implemented by Government of India. The scheme provides interest subvention of 1.5% 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%. No instances of violation of these guidelines have been reported.