

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:6129  
ANSWERED ON:05.05.2000  
LOAN AT LOWER INTEREST RATE TO FARMERS  
JAGDAMBI PRASAD YADAV;P.R. KHUTE

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government propose to provide loans at lower rate of interest to the farmers, particularly to farmers belonging to the areas affected by floods, soil erosion or famine, each year;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH):

(a) to (c) At present, the interest rates of banks are fully deregulated. However, it has been stipulated that commercial banks are to advance agricultural loans at rates not exceeding their prime lending rate (PLR) for amount upto Rs. 2.00 lakhs. The primelending rates of many banks have come down after recent steps taken by Government/Reserve Bank of India. At the same time, to mitigate the hardship caused to farmers due to natural calamities, the Reserve Bank of India (RBI) has issued standing guidelines to commercial banks for providing relief in areas affected by natural calamities which, inter-alia, envisage conversion of short-term production loans into medium-term loans, rescheduling/ postponement of existing term loan instalments, provision of additional need-based crop loans/working capital, relaxation in security and margin norms, etc.