

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3092
ANSWERED ON:10.08.2001
LOANS TO SMALL FARMERS
AJAY SINGH CHAUTALA

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government propose to lower the rates of interest on the loans to be granted to the poor and marginal farmers for improvement of their economic condition, so that they can repay the amount of loan in time;
- (b) if so, the details and the likely date of such announcement; and
- (c) if not, the reasons thereof?

Answer

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

(a) As per the guidelines issued by Reserve Bank of India (RBI), the rate of interest by banks on all advances depends on size of the loan. The loans upto Rs. 2 lakhs could be provided at any rate upto Prime Lending Rate (PLR) of the lending bank. In case of loans above Rs. 2 lakhs, the interest rate has been deregulated and the lending banks have freedom to charge interest linked to the overall quantum of loan at their discretion. However, RBI has no proposal to further lower the rate of interest presently.

(b) and (c) Does not see in view of (a) above.