

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:944
ANSWERED ON:27.02.2006
LOANS TO FARMERS
Dhanaraju Dr. K.

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether loans are being provided to the farmers for the purchase of tractors, harvesting machines and other agricultural machinery;
- (b) if so, whether some subsidy is also being provided to the farmers thereon;
- (c) if so, the details thereof and allocation made for the purpose to each State;
- (d) whether the farmers have been demanding interest free loans for purchase of above equipments; and
- (e) if so, the reaction of the Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a): Yes, Sir.

(b)&(c): Under the scheme of Macro Management of Agriculture through State Work Plans a subsidy @ 25% of the cost of the equipment limited to approved ceilings for different categories of agricultural equipment is available. The Central assistance to the States/UTs in form of subsidy is being released in lump sum on the basis of work plan proposals submitted by them. The allocations for farm mechanization proposed by various States/UTs in their work plans during 2005-06 have been given in the Annexure.

(d)&(e): Farmers as well as some farmers' associations have been demanding lower rate of interest for agricultural loans including loans for farm mechanization. In the deregulated interest regime the banks have been given freedom to fix interest rates to be charged from the beneficiaries. However, as a special dispensation for agriculture sector, the Government of India has advised all the public sector banks to reduce their lending rate for agriculture to a single digit rate of not more than 9% per annum on crops loans upto a ceiling of Rs.50,000/-. In the case of commercial banks there is stipulation that the rate of interest charged from the ultimate borrower should not exceed Prime Lending Rate (PLR) in case of loans upto Rs. 2 lakhs. The Commercial banks have a system of fixing PLR which is decided by individual banks taking into accounts their financial resources, deposit base and market trend.

Annexure

FINANCIAL ALLOCATIONS IN THE STATE/UT WORK PLANS FOR FARM MECHANISATION UNDER MACRO MANAGEMENT SCHEME DURING 2005-06.

(RS. IN LAKH)

S.No. Name of State/UT Allocation

1. Andhra Pradesh	2099.56
2. Arunachal Pradesh	250.00
3. Assam	177.80
4. Bihar	767.98
5. Chhattisgarh	249.55
6. Goa	40.40
7. Gujarat	199.65
8. Haryana	216.00
9. Himachal Pradesh	108.55
10. Jammu & Kashmir	205.70
11. Jharkhand	#
12. Karnataka	1400.00
13. Kerala	13.00
14. Madhya Pradesh	225.93
15. Maharashtra	304.00
16. Manipur	298.58
17. Meghalaya	111.15
18. Mizoram	42.07
19. Nagaland	100.00

20. Orissa	1053.77
21. Punjab	42.00
22. Rajasthan	581.57
23. Sikkim	99.50
24. Tamil Nadu	204.20
25. Tripura	286.85
26. Uttar Pradesh	740.30
27. Uttaranchal	123.00
28. West Bengal	316.80
29. A&N Islands	4.20
30. Chandigarh	#
31. D&N Haveli	9.20
32. NCT of Delhi	10.00
33. Daman & Diu	#
34. Pondicherry	#
35. Lakshadweep	6.00
TOTAL	12,672.94

No proposal on Farm Mechanization.