

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:733
ANSWERED ON:05.03.2007
INTEREST SUBVENTION SCHEME
Varma Shri Ratilal Kalidas

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether a meeting of Chief Ministers of States with the Union Government was held in September, 2006 and decided to introduce an Interest Subvention Scheme to provide loan to the farmers on cheaper interest;
- (b) if so, the details thereof;
- (c) whether some States have pointed out certain difficulties in implementation of this Scheme;
- (d) if so, the details thereof; and
- (e) the action taken by the Union Government in this regard?

Answer

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

- (a) & (b): A meeting of Chief Ministers of selected States was held on 8th September, 2006 to discuss the modalities of operationalising the interest subvention scheme for providing crop loans to farmers at 7% rate of interest with an upper limit of Rs.3 lakh on the principal amount.
- (c) & (d): Some of the State Governments pointed out the financial difficulties faced by the Cooperative Banks and requested for providing interest subvention by Government of India on the entire lending amount of the Cooperative Banks (apart from the refinance support by NABARD), so as to enable availability of crops loans to the farmers at 7%.
- (e): The Government has decided to provide interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks (RRBs) and Cooperative Banks on their lending from their own resources and refinance at concessional rate to Cooperative Banks and RRBs on their borrowings from NABARD. The subvention will continue for year 2007-08 also.