

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:881

ANSWERED ON:24.02.2006

CROP CREDIT

Danve Shri Raosaheb Patil;Patel Shri Jivabhai Ambalal

Will the Minister of FINANCE be pleased to state:

- (a) whether there is a demand for reducing the crop credit interest rate and to enhance the loan limit by amending the NABARD Act;
- (b) if so, the details thereof;
- (c) whether there is also a demand to instruct the NABARD to lend the loan to farmers directly;
- (d) if so, the details, thereof; and
- (e) the reaction of the Government thereon ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI PAWAN KUMAR BAN8AL)

(a) to (e) : Government keeps on receiving requests from different quarters on several aspects of lending to farmers including reduced rate of interest on crop loans, enhancing the loan limits, direct lending to farmers by NABARD, etc., on an ongoing basis. NABARD is mainly involved in refinance of agriculture loans disbursed by banks. Interest rates charged by commercial banks and cooperative banks have been deregulated. However, the interest rate on loans by Commercial Banks up to Rs.2.00 lakhs should not exceed the Benchmark Prime Lending Rate(BPLR). Indian Banks` Association (IBA) has advised Public Sector Banks to charge a rate of interest of not more than 9% per annum on crop loans upto Rs.50,000/-. As regards enhancement of loan limit, the scale of finance at the ground level is decided by Banks in consultation with District Level Technical Consultative Committee(DLTCC).