

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1571
ANSWERED ON:01.12.2006
SUBVENTION SCHEME
Badiga Shri Ramakrishna

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has introduced subvention scheme for Public Sector Commercial Banks, Regional Rural Bank and NABARD;
- (b) if so, the reasons for not extending the same to the Co-operative Banks which provide largest share of loan to farmers;
- (c) whether some States have been demanding for extending the said scheme to Co-operative Banks; and
- (d) if so, the reaction of the Government thereto ?

Answer

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

- (a) : An announcement was made in the Budget for 2006-07 to provide Short-Term Credit to the farmers at 7% p.a. rate of interest, upto a principal amount of Rs.3 lacs for Kharif and Rabi 2006-07. Government has provided concessional refinance through NABARD to Cooperative Banks and Regional Rural Banks (RRBs) at an interest rate of 2.5% and 4.5% p.a, respectively. An interest subvention of 2% p.a. will be provided by Government to Public Sector Banks, RRBs and Cooperative Banks also on their lending out of their own resources.
- (b) to (d) : Do not arise.