

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2596
ANSWERED ON:08.12.2006
SPECIAL PACKAGE FOR FARMERS
Ahir Shri Hansraj Gangaram

Will the Minister of FINANCE be pleased to state:

- (a) whether banks are not waiving off interest on loan to farmers despite announcement of Special Package by the Government;
- (b) if so, the reasons therefor and the action taken by the Government thereon;
- (c) whether the Cooperative Banks of Maharashtra are opposing the Government's scheme of providing loan at concessional rate of interest to farmers;
- (d) if so, the reasons therefor; and
- (e) the steps taken by the Government in this regard and for implementation of the Special Package?

Answer

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

(a)&(b) : As per Special Package of Relief Measures in respect of Agricultural credit for the 31 identified debt stressed districts in four states of the country, the entire interest on overdue loans as on 01.07.2006 will be waived by the banks and the farmers will have no past interest burden as on that date. NABARD has already issued guidelines to Cooperative banks and Regional Rural Banks functioning in the affected districts for implementing this scheme. Banks have already waived interest to the extent of Rs.604.79 crore in the six debt stressed districts of Vidarbha region of Maharashtra. In respect of the remaining 25 districts in 3 states of Andhra Pradesh, Karnataka and Kerala, the process for the implementation of the package has already been initiated.

(c): No, Sir.

(d): Does not arise.

(e): As per Relief Package announced for Vidarbha region, Government of India would share 50% burden of interest waiver. Government has already released Rs.125 crores towards its share of interest waiver for disbursement to Cooperative Banks of this region. Further, to enable Cooperative Banks to lend at a rate of interest of 7% p.a., Government of India has also decided to provide refinance to all Cooperative Banks at concessional rates of interest from NABARD and an interest subvention of 2% to them on the amount disbursed from their own resources.