

Sixteenth Loksabha

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Title: Regarding extending incentive for crop loans to medium term (conversion) loans

DR. PRABHAS KUMAR SINGH (BARGARH): The current Kharif season paddy cultivation in some parts of Odisha has got affected due to drought and pest attack resulting in crop loss in those areas.

In order to help the farming community suffering the crop loss, Odisha Government has already initiated proactive measures to provide relief to the affected farmers. As a part of the package announced for the farming community, it has been decided to convert the crop loans advanced during Kharif 2017 season in the affected areas as Medium Term (Conversion) loans. In case of crop damage between 33% and 50%, the crop loans can be converted into Medium Term (Conversion) loans repayable within a period of two years with a moratorium of one year. Similarly, where the crop damage is 50% and more, the conversion facility of the crop loans can be allowed for a maximum period of five years with one year moratorium.

The Union Government provides interest incentive at 3 percent to the prompt paying farmers in respect of crop loans, which is not made available in case of conversion of such crop loans in the event of occurrence of natural calamities. As a result, the interest rate on the converted loans remains at a higher rate, which is at present 11.20%. Similarly, the interest on crop loans is not subsidized as interest subvention for the same is not available. In my opinion, when crop loans are converted into Medium Term loans, the interest rate should remain at par with the crop loans. Similarly, the incentive made available to the prompt paying farmers for crop loans should also be extended to the Medium Term (Conversion) loans to provide relief to the farmers affected due to drought and pest attack.

Therefore, I would like to request Hon'ble Prime Minister for kind intervention in this matter to keep the interest incentive of 3 percent admissible on crop loans to the Medium Term (Conversion) loans.