

SCHEME TO PROVIDE LOANS UNDER SHORT TERM AGRICULTURE LOAN

Relevant for: Indian Economy | Topic: Agricultural Finance & Insurance

Ministry of Finance

Scheme to Provide Loans Under Short Term Agriculture Loan

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In order to provide short term crop loans upto `3.00 lakh to farmers at a concessional interest rate of 7 per cent per annum, the Government of India in the Department of Agriculture Cooperation and Farmers Welfare (DAC&FW) implements an interest subvention scheme which provides interest subvention of 2% per annum to lending institutions viz. Public Sector Banks (PSBs), Private Sector Commercial Banks (in respect of loans given by their rural and semi urban branches only), Regional Rural Banks (RRBs) and Cooperative Banks on use of their own resources. Besides, additional 3% incentive is given to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%.

As reported by the National Bank for Agriculture and Rural Development (NABARD) the number of farmers who have availed crop loans from Cooperative Banks and RRBs and benefited with 3% prompt repayment incentive under the scheme in Maharashtra during the last 3 years are given in following table:

Year	No. of farmers provided 3% prompt repayment incentive
2015-16	2636190
2016-17	1825900
2017-18*	790724

*(provisional)

As regards commercial banks, the State wise data in respect of farmers benefitted under Interest Subvention Scheme is not maintained centrally by Reserve Bank of India.

Government releases funds to settle interest subvention claims of banks through Reserve Bank of India and NABARD. The details of amount released under Interest Subvention Scheme during the last three years are as under:

(` in crore)

Year	2015-16	2016-17	2017-18
Released	13,000	13,397.13	13045.72

This was stated by Shri Anurag Singh Thakur, Minister of State for Finance & Corporate Affairs in a written reply to a question in Lok Sabha today.

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