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PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub:- Sanction of Crop loans to the farmers through Commercial Banks and Regional Rural Banks(RRBs)at 3%)

Read:- (1)Government Order.No.AHD 14 AML 2009, dated 26.5.2009.
(2)Agriculture Commissioner's letter No.ಎಂ.ಎ.ಎ(ಕ.ಎ)/ಎಂ-2/26/2009-10, dated 22.6.2009 & 1.8.2009.

PREAMBLE

In Government order read at (1) above, Sanction has been accorded for providing interest subsidy of 4% to facilitate short-term crop loans to the farmers at an interest rate of 3% through Commercial Banks and Regional Rural Banks during 2009-10, as per the scheme announced and subject to certain terms and conditions. Further, a committee has also been constituted under the chairmanship of Commissioner for Agriculture for finalising modalities and mechanism with the formats and submission of claims, periodicity, audit of claims etc., as per the scheme and asked to submit a report to Government in the matter.

In the letters read at (2) above, the Commissioner for Agriculture has forwarded detailed guidelines of the Scheme with the revised formats together with the modalities as suggested by the Finance Department. The proposal submitted by the Commissioner has been examined in detail and following is the order:

GOVERNMENT ORDER NO.AHD/14/AML/2009,BANGALORE,
DATED 8th SEPTEMBER 2009.

In modification of the Government Order dated 26.5.2009, Sanction is accorded for providing interest subsidy of 4% to facilitate short-term crop loans, up to Rs.50,000/- to the farmers at 3% interest rate from the public sector Commercial Banks and Regional Rural Banks during 2009-10 as per the scheme and annexed modalities. The mechanism for claiming and release of the interest subsidy amount from the Government of Karnataka for the crop loan for the half year ended September 2009 to March 2010 is subject to the following conditions:-

- (a) The scheme would be applicable only for the individual farmers, and not for the firms/companies.
- (b) The subsidy from the State Government would be available only for the loans sanctioned and disbursed after 1.4.2009 up to 31.3.2010.
- (c) The outstanding balances as on 31.3.2009 in the loan accounts including the Kisan Credit Cards accounts(KCC) are not eligible. such balances should be repaid in full to become eligible. Fresh disbursement made thereafter would be eligible for the subsidy.
- (d) The subsidy would be provided from the date of disbursement to the due date or date of payment, whichever is earlier.

- (e) The interest subsidy from the State Government will be available only from those loans that are repaid within the loan repayment due date. For the loans repaid after the due date, no subsidy will be available.
- (f) The subsidy from the State Government would be reduced to 3% from the date the 1% subsidy linked repayment scheme of the Government of India announced recently in the Union Budget (July 2009) is implemented.
- (g) The crop loans issued under this scheme for agricultural operations shall be classified as per the norms of the NABARD.
- (h) The benefit of the scheme is not applicable to the investment credit advanced by the Commercial Banks and Regional Rural Banks to the farmers.
- (i) The Director of Agriculture shall release subsidy @ 4% to the Public Sector Commercial Banks and Regional Rural Banks on the quantum of loans repaid within the due date. The subsidy rate will be reduced to 3% as per para (f) above.

This order is issued with the concurrence of Finance Department vide note No.FD 401 Exp-4/2009 dated 20.7.2009.

By order and in the name of the
Governor of Karnataka,


(R.S. ITAGI)

Under Secretary to Government,
Agriculture Department.

- To,
- 1) The Accountant General in Karnataka (Audit/Accounts), Bangalore.
 - 2) The Chief Secretary to Government of Karnataka, Bangalore.
 - 3) The Additional Chief Secretary & Development Commissioner, Bangalore.
 - 4) The Principal Secretary to Hon'ble Chief Minister, Bangalore.
 - 5) The Secretary to Hon'ble Chief Minister, Bangalore.
 - 6) The Principal Secretary to Govt., Finance Department, Bangalore.
 - 7) The Principal Secretary to Govt., Planning Department, Bangalore.
 - 8) The Secretary to Govt., (B&R), Finance Department, Bangalore.
 - 9) The General Manager, Reserve Bank of India, Nrupatunga Road, Bangalore.
 - 10) The Registrar of Cooperative Societies, Ali Asker Road, Bangalore.
 - 11) The Secretary to Government of India, Department of Agriculture & Cooperation, Ministry for Agriculture, Krishi Bhavan, New Delhi.
 - 12) The Managing Director, NABARD, P.I.No.C.324, G Block, 4th Floor, Bandra-Kurla Complex, Bandra East, Mumbai-400081.
 - 13) The Chief General Manager, NABARD, Jeevan Prakash Annex, 113/1, J.C.Road, Bangalore.
 - 14) The State Huzur Treasury, Bangalore.
 - 15) The Treasury Officer, Bangalore District (Urban), Bangalore.
 - 16) Private Secretary to Hon'ble Minister for Agriculture, Bangalore.
 - 17) The Deputy Secretary and IFA, Cooperation Department.
 - 18) The Under Secretary to Govt., Finance Department (Exp.-IV),
 - 19) Section Guard File/Spare Copies.

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PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub:- Enhancing of Crop loan limit from ₹ 50,000/- to ₹1,00,000/- provided to the farmers through Commercial Banks and Regional Rural Banks(RRBs) at 3% interest subsidy -regarding

GOVERNMENT ORDER NO.AGD/76/ASC 2012, BANGALORE,
DATED 16th AUGUST 2012.

- Read:-
- 1) G.O. No. AHD 14/AML/2009,dated 26.05.2009.
 - 2) G.O. No. AHD 14/AML/2009,dated 08.09.2009.
 - 3) G.O. No.AHD 45/ASC/2009,dated 08.09.2011.
 - 4) Letter No.DDA/TA-2/26/2009-10,dated 14.05.2012 & 04.07.2012 from the Director of Agriculture.

PREAMBLE:

In the Government order read at(1)above, sanction has been accorded for providing interest subsidy of 4% to facilitate short-term crop loans to the farmers at an interest rate of 3% through Commercial Banks and Regional Rural Banks(RRBs) during 2009-10, as per the scheme announced and subject to certain terms and conditions.

In the Government order read at (2) above, sanction has been accorded to provide interest subsidy of 4% to facilitate short-term crop loans up to ₹ 50,000.00 to the farmers at 3% interest rate from the Public Sector Commercial Banks and Regional Rural Banks during 2009-10 as per the scheme and modalities subject to certain conditions.

In the Government order read at (3) above, State Government has reduced the interest subsidy to 2% from the date Government of India has increased interest subvention from 1% to 2% as announced in union budget 2010-11.

In the letter read at (4) the Director of Agriculture has requested the State Government to issue Government Order regarding sanction of Crop loans to the farmers through Commercial Banks and Regional Rural Banks (RRBs) at 3% raising from present ₹ 50,000.00 to ₹ 1,00,000.00 as announced by Hon'ble Chief Minister of Karnataka in the 2012-13 Agriculture Budget Speech. Further, the Director of Agriculture has stated that Government of India has given 2% interest subsidy for this scheme as announced in the Union Budget 2010-11.

The Government has examined the proposal in detail and issues the following order.

ORDER

Sanction is hereby accorded to enhance the maximum limit of crop loans provided to the farmers by Commercial Banks and Regional Rural Banks at 3% interest subsidy from the existing ₹ 50,000 to ₹ 1,00,000 with the following conditions:-

1. This enhancement is applicable for short-term crop loans approved and disbursed on or after 01.04.2012.
2. In view of additional incentive of 3% subvention given by the Government of India to those farmers who repay the loan promptly, the interest subsidy payable by the State Government would be 1% to enable the loans at interest rate of 3% p.a.
3. No interest subsidy is allowed by the State Government for the loans of above ₹ 1,00,000/-.

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Annexure for Government Order No. AHD 14 AML 2009 dated 26 .05.2009

1. **SCHEME:-** Providing interest subsidy to the Commercial Banks and Regional Rural Banks to enable them to lend crop loans to the farmers at 3% during 2009-10.

2. **OBJECTIVE:-** The main objective of the scheme is to extend substantial relief to the farmers by reducing the heavy interest burden on the crop loans up to Rs.50,000 provided by Commercial Banks and Regional Rural Banks.

3. **DEFINITIONS:-**

(1) Commercial Bank means a scheduled commercial bank by whatever name called and includes a private sector scheduled bank.

(2) Regional Rural Bank means a regional rural bank sponsored by a commercial bank and established under Regional Rural Banks Act.

4. **APPLICATION OF THE SCHEME:-**

This scheme is applicable to individual farmers for short-term agricultural production loans/ crop loans up to Rs.50,000 sanctioned by commercial banks and regional rural banks with effect from 01.04.2009 up to 31.3.2010.

This Scheme is not applicable to the crop loans given to the farmers earlier to 01.04.2009.

The scheme is not applicable to companies and partnership firms.

Investment credit / loan is also not eligible for the interest subsidy assistance.

5. **CLASSIFICATION OF LOANS:-** The crop loans shall be classified as per the norms of NABARD.

6. **PRESENT STATUS OF THE LENDING RATES:** Commercial banks and RRBs are advancing crop loans to the farmers at 7% and avail an interest subvention of 3% on the advances from Government of India.

7. BENEFIT UNDER THE SCHEME: This benefit of subsidy under this scheme is linked to repayment of crop loans by the farmers within the due date.

8. FUNDING BY THE GOVERNMENT: The novelty of the scheme is reduction in the rate of interest on agriculture loans to 3% and making a firm commitment to provide interest subsidy at 4% on the loans sanctioned by the commercial banks and RRBs and to provide adequate provision in the budget for-reimbursing the subsidy for commercial banks and RRBs. The interest subsidy payable as per the scheme is limited to the period which is normally allowed for repayment of loans. The liability of the Government under this scheme starts from the date of sanction/release of the loan to the farmers and extends to the due date of the repayment during the loan period or the date of actual repayment which ever is earlier. However, if the farmers fails to repay the amount on the due date and becomes a defaulter he shall be liable to repay the loans with normal rate of interest and other charges if any to the concerned commercial banks or regional rural banks from the date of sanction of loans.

9. THE MODALITIES AND MECHANISM FOR RELEASE OF FUNDS: The modalities and mechanism for release funds would be finalized separately in consultation with the State Level Bankers Committee.



(R.S. ITAGI)

Under Secretary to Government,
Agriculture Department.