

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) 20 States/Union Territories have implemented VAT with effect from 1st April, 2005. In addition, State of Haryana implemented VAT System with effect from 1st April, 2003. All the 20 States/UTs which have implemented VAT with effect from 1st April, 2005 have issued the necessary notifications to that effect. However, States which have not yet implemented VAT have not issued the required notifications. No information is available with the Central Government on implementation of VAT by different States retrospectively.

Waiver of interest on agricultural loan

3487. SHRI N. R. GOVINDRAJAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have any proposal to waiver interest on agricultural loan and convert it into long term loan to help out the drought hit farmers in various States in the country; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) No, Sir. Government had, however extended relief to the farmers affected by drought during kharif 2002 by conversion of short term crop loan into medium term loans repayable within a period of 5 years in the case of small farmers and 4 years in the case of other farmers. Besides, the interest on crop loans were also deferred and rescheduled in such a way that 20% of the deferred interest fell due in the first year. Government agreed to bear the first installment of the rescheduled interest *i.e.* 20% of the deferred interest.

Subsequently, on 18th June, 2004, Government announced a package to enhance the flow of credit to agriculture. The package includes a scheme for assisting farmers in distress in terms of which interest as on 31.03.2004 is clubbed with the principal amount and rescheduled for a period of 5 years (including moratorium period of two years). Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) have issued circular to banks in this regard.