

will be held etc. for the first half of 2015-16 was issued by the Government of India in consultation with RBI on 23rd March 2015.

(d) The Government has reverted back to the path of fiscal consolidation with gradual exit from the expansionary measures in a calibrated manner. The reduction in Fiscal deficit from 4.1 per cent of GDP in RE 2014-15 to 3.9 per cent of GDP in BE 2015-16 is designed with a mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP. With reprioritization of expenditure towards developmental side and curtailing the growth in non-development expenditure, total expenditure is estimated to decline as percentage of GDP.

Reduction in rate of interest on farm credit

976. DR. SANJAY SINH: Will the Minister of FINANCE be pleased to state:

- (a) whether Government has any proposal to cut the rate of interest on farm credit;
- (b) if so, the details thereof; and
- (c) the time by when the decision is likely to be taken in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) to (c) The interest rates on loans have been deregulated by Reserve Bank of India (RBI) and it is now based on the Base Rate fixed by the banks. However, with a view to ensure availability of agriculture credit at a reasonable cost, the Government provides interest subvention to make short-term crop loans upto ₹ 3 lakhs available to farmers at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%. In addition, to discourage distress sale of crops by farmers, the benefit of interest subvention is also available to small and marginal farmers having Kisan Credit Card for a further period of up to six months (post- harvest) for keeping their produce against negotiable warehouse receipts, at the same rate as available to crop loan.

Further, in order to provide relief to the farmers on occurrence of natural calamities, under the Interest Subvention Scheme of Government of India, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured loan amount and such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by RBI.

Banking network in Bihar

977. SHRIMATI KAHKASHAN PERWEEN: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the banking network in rural districts of Bihar is poor;
- (b) if so, the reasons therefor;
- (c) the number of applications or requests received from the banks to open their branches in rural districts of Bihar; and
- (d) the number of applications or requests accepted and the time by when their branches will be opened?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) No Sir. Reserve Bank of India (RBI) has informed that as on 31.12.2014, Bihar had 5860 branches of Scheduled Commercial Banks (SCBs) out of which 3212 branches are in rural areas (54.81%). Nationwide as on 31.12.2014, there are 122861 branches of SCBs, out of which 47487 branches are in rural areas (38.65%). State Level Banker's Committee (SLBC), Bihar has informed that as on 31.03.2015, in addition, 10375 Business Correspondents/Bank Mitras are also operating in rural areas covering all rural Sub Service Areas (SSAs) of the State.

(c) and (d) In order to extend the banking network in unbanked areas, general permission has been granted by Reserve Bank of India (RBI) to domestic Scheduled Commercial Banks (other than Regional Rural Banks) to open branches/mobile branches/Administrative Offices/CPCs (Service Branches), (i) in Tier 2 to Tier 6 centres (with population upto 99,999) and (ii) in rural, semi-urban and urban centres of the North-Eastern States and Sikkim subject to reporting. RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), the banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.

SLBC, Bihar has informed that in view of RBI guidelines no separate request is required to be made by banks to RBI for opening of rural branches. Banks in Bihar have opened 751 branches in rural areas during the last three years, which is around 52% of total number of branches opened during this period.

Interest waiver on loans

978. SHRI ARVIND KUMAR SINGH: Will the Minister of FINANCE be pleased to refer to answer to Unstarred Questions 3634 and 3372 replied on 12 August and 23rd December, 2014 in the Rajya Sabha and state:

- (a) the rationale for allowing waiver of interest on loans secured fraudulently under Bank's Compromise Scheme by Purvanchal Bank;