

### NOTIFICATION

Sub:- Interest subsidy on Loans for Agriculture and Allied Activities.

Government desires to provide credit facilities to the farmers at subsidized rate of interest to accelerate investment in agriculture and allied sectors in the State. Accordingly, Government is pleased to notify the following scheme for implementation with immediate effect.

**Name of the Scheme:** Interest subsidy on Loans for Agriculture and Allied Activities.

**Duration:** The scheme will remain operative initially for a period of three years and will be reviewed for continuation on completion of three years.

**Loan amount eligible for interest subsidy:** Rs.5.00 lakhs and below. All the loans sanctioned after the date of notification only shall be eligible for interest subsidy.

**Institutions entitled to extend loan:** Nationalized Banks, Scheduled Commercial Banks, Goa State Cooperative Bank and Primary Agricultural Cooperatives (PAC's).

**Rate of Interest and subsidy:** Rate of interest applicable to the farmers will be 4% and the interest over and above this ceiling charged by the institutions shall be borne by the Government as interest subsidy to the farmer and will be directly released to the institution. The interest subsidy will be extended only to those agricultural loans where repayment of installments of Principal and Interest as specified by the lending bank is regular. The Government shall stop release of subsidy in case of any default in repayment by the farmer and the bank branch shall not claim interest subsidy in such cases from the month the default takes place. In such cases, the banks while recovering their dues as per laid down procedure of respective banks, shall also recover the entire interest subsidy released by the Government to the banks and refund the subsidy component to the Government.

However if the loanee regularizes his/her loan in the meantime, he/she shall be eligible for interest subsidy for the defaulting period, but in such cases penal interest charged by bank shall not be considered for interest subsidy.

**Sectors to be covered:** Agriculture including horticulture, Animal Husbandry, Fisheries, Processing and marketing of agricultural produce with loan component upto Rs. 5.00 lakhs shall be covered under this programme.

**Purposes for which the loan to be extended to avail interest subsidy:** Crop loan, Medium term loan, long term loans advanced for fencing of agricultural land; land development; soil and water conservation; purchase of agricultural implements and machinery; establishment of irrigation infrastructure including sprinklers and drip irrigation systems; setting up of poly houses, shadenet units, green houses, plant nurseries, mushroom cultivation, fruit and vegetable processing units; setting up of horticultural orchards and crop production loans for various field and horticultural crops be considered in agriculture sector. Loans for animal husbandry will include those for establishment of modern dairy, poultry, piggery, goat and rabbit rearing units, loans for Kamdhenu scheme, milk packaging infrastructure for locally produced milk and small dairy units set up under schemes of Goa Cooperative Milk Producer's Union. **Loans in the fisheries sector will include those for purchase of canoes, outboard motors, fishing nets, fish finders and Global Positioning Systems(GPS) for fishing vessels, construction of fish hold in vessels, setting up of aquaculture farms, mussel farming, aquarium fish farming, drying and processing units, ice plants for fisheries and repairs and modification of fishing vessels.** Any activity which is not covered under any of the purposes specified above shall be referred to the Monitoring Committee for which special addendum shall be issued with approval of Government. It shall be responsibility of lending institution to ensure that the loan is sanctioned for purpose covered under scheme only. For any deviation the concerned bank shall be responsible. A certificate to this effect shall be furnished on the claim format given at Annexure.

**Type and period of loan eligible for interest subsidy:** All loans for above purposes i.e. for establishment of infrastructure and/or production activities will be eligible for the scheme irrespective of whether the activity was eligible for other subsidies under various government programmes. Short, medium and long time loans would be eligible for interest subsidy for a maximum period of five years. In case of long term loans beyond five years interest subsidy will be granted only for a period of five years. Loans for different purposes by a farmer upto a cumulative amount of Rs.5.00 lakhs will be considered for the interest subsidy scheme.

**Eligibility:** - All bonafide agriculturists, individuals under Animal Husbandry sector and fisheries sector with or without Kisan Credit Cards from the State of Goa are eligible to apply under this scheme. Each beneficiary shall be eligible for interest subsidy to a maximum loan amount of Rs.5.00 lakhs either as one or more loans taken for one or more purposes. I.e. on total repayment of one loan, the farmer will be eligible for another loan subject to an overall ceiling of Rs.5.00 lakhs

**Receipt of application and disbursal of loan:** - Farmers under Agriculture and Animal Husbandry & Veterinary Services shall directly approach banks with requisite documentation. Banks will sanction loans as per usual norms including approved scales of finance. However, in case of loans for Fisheries, applicants will apply through the nearest office of Directorate of Fisheries which will scrutinize the applications and forward them to the nearest bank branch as per preference indicated by the farmer within 15 days of receipt of application.

**Recovery of Loan:** Recovery of loan is the responsibility of the banks and there will not be any Government guarantee for the loans provided by the banks under this scheme.

**Release of subsidy:** Interest subsidy will be released on quarterly basis. For this purpose, every bank branch shall send their claim to the Director of Agriculture or Animal Husbandry or Fisheries as the case may be in the following tabular format, enclosed as Annexure duly consolidated for each bank branch, with office seal of the bank within one month after each quarter ending June, September, December and March.

The office of Director of Agriculture or Director of Animal Husbandry and Veterinary Services or Director of Fisheries as the case may be will scrutinize and approve the claims. The bank branch-wise cheques will be issued by the respective Departments which will submit the details to the monitoring committee. In case the Monitoring Committee finds that a particular loan sanctioned is not as per the scheme parameters then the concerned bank shall refund the interest amount paid by the Government. It will be the responsibility of Branch Manager to ensure that the subsidy released towards interest subsidy shall be credited to borrowers account. Certificate to this effect should be submitted by concerned bank branch to the

**Monitoring Mechanism:** A State Level Monitoring Committee (SLMC) notified with Secretary (Agriculture) as Chairperson will monitor implementation of the scheme on quarterly basis. The committee shall comprise Heads of implementing Departments and senior representatives of various banks with Director of Agriculture as Member Secretary. The committee shall monitor the entire gamut of implementation of the scheme including the time frame set for release of loans to the farmers. The monitoring committee shall also ensure that the interest subsidy liability is not in excess of the budget provision available under the scheme. The Committee will evolve necessary procedure and format required for monitoring implementation of the scheme.

**Field Visit's:** Both Banks and representative of SLMC shall undertake sample field visits either jointly or separately to verify utilization of loan sanctioned and submit report to the monitoring committee on quarterly basis.

**Budget head:** The Directorate of Agriculture, Directorate of animal Husbandry and Veterinary Services and Directorate of Fisheries shall make necessary budget provision under their "Demand" for debiting the expenditure on subsidy.

The above scheme has been concurred by the Finance Department vide their U.O. No.1022 dated 9/02/2009.

  
 ( S. S. P. Tendulkar )  
 Director of Agriculture  
 & Ex- Officio Jt. Secretary to  
 the Government of Goa

Dated:- 2<sup>nd</sup> March, 2009