

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:2205
ANSWERED ON:10.03.2015
LOAN TO ANIMAL HUSBANDRY SECTOR
Kaswan Shri Rahul;Premachandran Shri N.K.

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether it is a fact that the Government provides loan at the interest rate of 3% to farmers for agriculture whereas dairy sector is not provided any interest concession on loan in spite of the fact that this sector is being complementary to agriculture pursuit and if so, the reasons therefor;
- (b) whether it has come to the notice of the Government that the interest levied by the banks for availing loan to animal husbandry sector is 12.5% to 16%;
- (c) if so, the action taken by the Government to reduce the rate of interest and the initiatives taken by the Government to increase the capital investment in the animal husbandry sector;
- (d) whether the Government proposes to introduce scheme for availing loan to animal husbandry sector in a reduced rate of interest;
- (e) if so, the details thereof;
- (f) whether the Government has received a request from the State Government of Kerala to avail financial assistance to the animal husbandry sector in a reduced rate of interest; and
- (g) if so, whether the Government proposes to introduce scheme to protect the interest of the farmers in the animal husbandry sector and if so, the details thereof?

Answer

THE MINISTER OF STATE FOR AGRICULTURE (SHRI MOHANBHAI KUNDARIYA)

- (a) As per information received from Department of Financial Services and Department of Agriculture and Cooperation short term crops loan is provided to the farmers at the concessional rate of interest of 7% per annum. There is further interest subvention on this of 3% in respect of farmers who repay their loan in time. Thus effective rate of interest to farmers of crop loan is only 4%. This facility is not available to Dairy sector.
- (b) & (c): As per information received from Department of Financial Services, Ministry of Finance, the interest rates have been de-regulated by the Reserve Bank of India (RBI) and the banks charge interest on bank credit based on their cost of funds which includes Base Rate and margin which varies from bank to bank.
- (d) to (g): As per information received from Department of Financial Services, there is no such proposal under consideration. However, Government has been fixing targets for flow of credit to agriculture by the banking sector every year. The credit flow to agriculture has increased from Rs.3,84,514 crore in 2009-10 to Rs.7,30,000 crore (Provisional) in 2013-14.