

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:854  
ANSWERED ON:24.07.2015  
Loan to Agro-based Industry  
Lokhande Shri Sadashiv Kisan

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposes to make a provision where under the nationalised banks charge 2 to 5 per cent interest on loan for setting up agro-based industries;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI JAYANT SINHA)

(a) to (c): The Government has no proposal to make a provision where nationalized banks will charge 2-5% interest on loans for setting up agro-based industries.

Reserve Bank of India (RBI) has deregulated the interest rates on advances with effect from July 1, 2010 & all banks are, therefore, free to determine their lending rates as per their Board approved policy. Moreover, the banks are not permitted to lend below their Base Rate. However, Reserve Bank of India (RBI) has allocated Rs. 2000 crore to National Bank for Agriculture and Rural Development (NABARD) as a fund to provide loans to State Governments, entities promoted by State Governments, entities promoted by Government of India, Joint ventures, Special Purpose Vehicles (SPVs), Cooperatives, Federations of Cooperatives, Farmers' Producer Organization, Corporates, Companies, Entrepreneurs, etc. for designated food parks and individual processing units in these parks. The rate of interest on the loans sanctioned to the State Governments and to the State promoted entities guaranteed by the State Government will be as applicable for Rural Infrastructure Development Fund (RIDF), i.e., Bank Rate less 1.5%. For the loans sanctioned to Private Sector entities, the applicable rate shall be Prime Lending Rate of NABARD plus risk premium.

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