

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2035  
ANSWERED ON:31.07.2015  
Interest Rates for Dairy Activities  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the banks are charging higher interest rates on the loans for dairy activities as compared to agricultural loan;
- (b) if so, the details thereof; and
- (c) whether the Government has any proposal to revise/change the guidelines to treat dairy activities as agricultural activity and if so, the details thereof?

**Answer**

The Minister of State in the Ministry of Finance  
(Shri Jayant Sinha)

(a) & (b) The Reserve Bank of India (RBI) has deregulated interest rates on advances. Banks determine their actual lending rates on loans and advances with reference to the Base Rate and by including such other customer service charges as considered appropriate.

However, with a view to ensure availability of agricultural credit to farmers at a reasonable rate, the Government provides interest subvention for short term crop loans upto Rs.3 lakhs at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

(c) Dairy activities are already included in Agriculture & Allied Activities. However, interest subvention is available only for short term crop loans and hence not available for loans for dairy activities.

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