

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:606  
ANSWERED ON:15.07.2014  
LOANS TO FARMERS  
Antony Shri Anto

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

- (a) whether the Government has taken note that the interest rates for bank loan being granted to meet requirements in animal husbandry are higher than other loans;
- (b) if so, the details thereof;
- (c) whether the Government is considering to standardize the interest for granting loans to animal husbandry at a reasonable rate; and
- (d) if so, the details thereof?

**Answer**

THE MINISTER OF STATE FOR AGRICULTURE AND FOOD PROCESSING INDUSTRIES (DR. SANJEEV KUMAR BALYAN)

(a) Yes, Madam,

(b) Government of India provides interest subvention at 2% per annum to Public Sector Banks (PSBs), Co-operative Banks and Regional Rural Banks (RRBs) on their own funds used for short term crop loan upto Rs.3.00 lakh per farmer provided the lending Institutions make available short term credit at the ground level at 7% per annum to farmers. An additional interest subvention at 3% is available to the "prompt paying farmers" by National Bank for Agriculture and Rural Development (NABARD). Thus, the prompt paying borrower/farmer get short term crop loans at 4% per annum. However, the interest rates charged for investment activities for Animal Husbandry Sector are at the market rate based on the RBI guidelines and the declared policy of the concerned bank. The benefit of interest subvention available to crop husbandry, is not available for investment activities for the Animal Husbandry Sector.

(c) No Madam,

(d) Does not arise in view of (c) above.