

**GOVERNMENT OF INDIA  
FOOD PROCESSING INDUSTRIES  
LOK SABHA**

UNSTARRED QUESTION NO:314

ANSWERED ON:25.11.2014

LOAN TO FPI

Raut Shri Vinayak Bhaurao;Shewale Shri Rahul Ramesh;Sundaram Shri P.R.

**Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:**

- (a) whether the National Bank for Agriculture and Rural Development (NABARD) is considering to provide loan to the food processing industry at low rate of interests;
- (b) if so, the details thereof;
- (c) whether any agreement has been made between the Ministry and the NABARD; and
- (d) if so, the details and the guidelines thereof?

**Answer**

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES (SADHVI NIRANJAN JYOTI)

(a)&(b): Following the announcement made by the Finance Minister on 18.7.2014, a special fund of Rs. 2,000 crore has been created in National Bank for Agriculture and Rural Development (NABARD) for providing affordable credit to entrepreneurs for setting up of food processing units in designated Food Parks. Loan is extended by NABARD from the Fund to various categories of promoters in food processing sector, such as Individual entrepreneurs, State Governments, State Government Agencies, cooperatives, Farmers Producer Organizations (FPOs), corporate, companies etc.

New units as well as modernization of existing units are eligible for loan from the Fund, to the extent of 75% of the project cost with the rate of interest linked to Prime Lending rate of NABARD and the risk rating of the borrowing entity. The loan is repayable within a maximum period of 7 years, including the initial gestation of a maximum of 2 years. The operational guidelines of NABARD for extending loan to food processing sector from the fund are placed on website of the Ministry [mofpi.nic.in](http://mofpi.nic.in).

(c): No, Madam.

(d): Does not arise in view of the reply to the above.