

(₹ in crore)

2010-11	2011-12	2012-13	2013-14
10913.97	12714.95	14519.69	15852.76

**Interest rate charged on loans for dairy and animal husbandry**

\*212. SHRI M.P. ACHUTHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the present interest rate charged by nationalized banks on loan to farmers engaged in dairy and animal husbandry is between 12.75 per cent to 16 per cent whereas for agricultural loan, the effective interest rate is below 8 per cent; and

(b) if so, whether Government will direct banks to offer loan for dairy and animal husbandry sector at par with agricultural loan?

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY): (a) and (b) The interest rates have been deregulated by the Reserve Bank of India (RBI) and decided by the respective banks depending upon their Base Rates and cost of funds etc. However, under the Interest Subvention Scheme, short-term crop loans upto ₹ 3 lakhs are given by Banks at an interest rate of 7 per cent per annum. Besides, farmers who repay their short-term crop loans in time are given a further subvention of 3 per cent.

There is no proposal to offer loans for dairy and animal husbandry sector at par with short-term crop loans. However, under the Dairy Entrepreneurship Development Scheme (DEDS) of the Government of India, the beneficiaries are eligible for Back-ended Capital Subsidy of 25% (33.3% for SCs/STs) and the banks charge interest on the entire loan amount, until the subsidy portion is received and from the date of receipt of the subsidy, interest is charged only on the effective bank loan portion *i.e.* bank loan minus subsidy.

In addition, under National Livestock Mission, in order to encourage entrepreneurship development in various activities in poultry, small ruminants and piggy activities, a Back-ended Subsidy of 25% (33.33% for BPL/SCs/STs) in normal areas, 35% (50% for BPL/SCs/STs) in North East Region/Hill Areas/Left Wing Extremism (LWE) Affected Districts and 45% (60% for BPL/SCs/STs) in difficult areas is provided by the Government.

**Utilization of loans taken by States**

†\*213. SHRI RAMDAS ATHAWALE: Will the Minister of FINANCE be pleased to state:

†Original notice of the question was received in Hindi.