

Government of India  
Ministry of Finance  
Department of Financial Services  
LOK SABHA

Unstarred Question No. 4121

To be answered on Friday, August 10, 2018/Shravana 19, 1940 (Saka)

**Loan for Agro-Based Industries**

**4121. SHRIMATI PRATYUSHA RAJESHWARI SINGH:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to make a provision wherein the loan for setting up agro-based industries is provided to the farmers by the banks at 2 to 5 per cent interest rates;
- (b) if so, the details thereof, particularly in Kandhamal district of Odisha; and
- (c) if not, the reasons therefor?

**Answer**

The Minister of State in the Ministry of Finance  
(Shri Shiv Pratap Shukla)

(a) to (c): National Bank for Agriculture and Rural Development (NABARD) has intimated that the following rates of interest are charged by them on term loans sanctioned from the Food Processing Fund (FPF):

- i. Projects sanctioned to State Governments and entities promoted by the State Governments (with Government Guarantee) carry an interest rate at Bank Rate (as decided by RBI from time to time) less 1.50%, as applicable on the date of disbursement of each loan installment.
- ii. In respect of all other categories of borrowers (including entities promoted by State Governments where the term loan is not backed by respective State Government's Guarantee), the rate of interest charged on the term loan is linked to Prime Lending Rate (PLR) of NABARD prevailing on the date of disbursement of each loan installment and the applicable Risk Premium based on the risk rating of the project at the time of sanction of the project.

NABARD has informed that the FPF with a corpus of Rs.2000 crore was instituted in NABARD during 2014-15 by Government of India in the Ministry of Food Processing Industries (MoFPI), with a view to providing impetus to development of food processing sector on a cluster basis in the country and to reduce wastage of both perishable and non-perishable agricultural produce. The objective of FPF is to provide direct term loans by NABARD at affordable rates of interest for establishing Designated Food Parks (DFPs) and for setting up food processing units in those DFPs.

As reported by NABARD, presently, a total of 209 Designated Food Parks have been notified by MoFPI. One such designated food park is in Kandhamal district, which is an Industrial Estate promoted by Odisha Industrial Infrastructure Development Corporation (IDCO) at Phulbani. Accordingly, proposals envisaging modernization/creation of additional infrastructure in this designated food park, if any, or setting up food processing units in this food park are prima facie eligible for term loan from FPF.