

Interest subvention scheme: Govt looks to raise limit of crop loans from ₹3L to ₹5L

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THE CENTRE plans to increase the upper limit of the short-term crop loans under the Modified Interest Subvention Scheme (MISS) from ₹3 lakh to ₹5 lakh, *The Indian Express* has learnt.

A proposal for the move, which will allow farmers to borrow more at a concessional rate, is "under consideration" in the Ministry of Agriculture and Farmers' Welfare, sources said.

State governments have been demanding a raise in the ceiling, under which farmers can avail Kisan Credit Card loans at a concessional annual rate of interest of 7%, and 4% in case of prompt and timely repayment. Sources said that on July 10, Uttar Pradesh Agriculture Minister Surya Pratap Shahi met Union Agriculture Minister Shivraj Singh Chouhan and asked for the upper limit to be increased to ₹5 lakh.

Under MISS, farmers engaged in Agriculture and other allied activities can acquire Kisan Credit Card loans up to ₹3 lakh at a benchmark rate of 9%. However, the Centre provides 2% interest subvention on the benchmark rate, bringing down

the effective rate of interest to 7 per cent. An additional 3% concession for prompt and timely repayment further reduces it to 4% per year.

According to the Agriculture Ministry, the benefit of the interest subvention scheme is also available for post-harvest loans (for six months post-harvest) to small and marginal farmers having Kisan Credit Cards, with the aim of protecting them against distress sale of their produce.

The ₹3-lakh upper limit has remained unchanged since 2006-07, when the Interest Subvention Scheme, the original variant of MISS, was launched by then Finance Minister P Chidambaram.

In the financial year 2023-24, the Centre had set the agriculture credit target at ₹20 lakh crore, with a focus on animal husbandry, dairy and fisheries. It had also allocated ₹23,000 crore for interest subvention under MISS, although at the revised estimate stage the figure was reduced to ₹18,500 crore.

For the 2024-25 fiscal, Finance Minister Nirmala Sitharaman had allocated ₹22,600 crore under MISS in the interim Budget presented to Parliament on February 1 this year.