Continuation of Modified Interest Subvention Scheme for Short Term Loans on interim basis during the year 2021-22 and 2022-23

Please refer to (i) our Circular No. 139 (Ref.No. NB.DoR-Policy/ 151 /IS-1/ 2020-21) dated 02 June 2020 on the Modified Interest Subvention Scheme for short term crop loans during 2020-21.

2. MoA&FW, GoI has now vide their letter No.F.No.1-4/2020-Credit-I dated 28 March 2022 advised that it has been decided to implement, until further instructions, the Interest Subvention Scheme with modification for Short Term Loans for agriculture and allied activities for the scheme years 2021-22 and 2022-23. Accordingly, you are advised as under:-

a. Interest Subvention of 2% p.a. to Cooperative Banks, on their own funds used for short term loans (crop loans and WC loans for animal husbandry and fisheries activities) upto Rs.3.00 lakhs per farmer (subject to maximum of Rs 2.00 lakh per farmer for WC loans for AH&F activities) will be available provided the lending institutions make available short term credit to farmers @ 7% p.a. Interest subvention @2% will be available.
**Financial Year** | **Benchmark rate** | **Lending rate to the farmers** | **Rate for Interest Subvention**
---|---|---|---
2021-22 | 9% | 7% | 2%
2022-23 | 7% | 7% | 0%

b. An additional interest subvention @ 3% will be available to such of those farmers repaying on time i.e., from the date of disbursement of the short term loan upto the actual date of repayment by farmers or upto the due date fixed by the Bank for repayment of crop loans/WC loans, whichever is earlier, subject to a maximum period of one year from the date of disbursement. This also implies that the farmers, paying promptly, would get short term loans @ 4% p.a. during the year 2021-22 and 2022-23. This benefit would not accrue to those farmers who prepay after one year of availing crop loans/ WC loans. **The additional interest subvention @ 3% will be continued in both FY 2021-22 and FY 2022-23.**

c. In order to discourage distress sale by farmers and to encourage them to store their produce in warehouses, the benefit calculated on the crop loans/WC loans amount from the date of its disbursement/drawal upto the date of actual repayment of the crop loans/ WC loans by the farmer or upto the due date of the loan fixed by the Banks, whichever is earlier, subject to a maximum period of one year. **2% Interest Subvention will be continued till FY 2021-22 only.**

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**अख्तत समय पर फसली/कार्यशील पूंजी ऋणों की चुकौती करने वाले किसानों के लिए अधिकतम एक वर्ष की अवधि के अधीन संविधान /आहरण तिथि से किसान द्वारा चुकौती की वास्तविक तिथि अथवा बैंक द्वारा निर्धारित भुगतान की विधित्त तिथि में से जो भी पहले होगी, उस अवधि तक के लिए की जाएगी. 2% ब्याज सहायता के वित्त वर्ष 2021-22 तक जारी रहेगा।**

**ग. किसान क्रेडिट कार्ड धारक-छोटे और सीमांत किसानों को गरीब बिक्री से रोकने और अपनी उपज भंडारागरों में रखने के लिए उन्हें बढ़ावा**

National Bank for Agriculture and Rural Development

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of Interest Subvention will be available to small and marginal farmers having Kisan Credit Card for a further period of upto six months post-harvest of the crop on the produce stored in warehouses accredited with Warehousing Development Regulatory Authority (WDRA) against negotiable warehouse receipts, at the same rate as is available on crop loans/ WC loans.

d. To provide relief to farmers affected by natural calamities, an interest subvention of 2% per annum will be made available to Banks for the first year on the restructured loan amount. Such restructured loans will attract normal rate of interest from the second year onwards as per the extant policy laid down by the RBI.

e. However, to provide relief to farmers affected by severe natural calamities, an Interest subvention of 2% will be available to Banks for the first three years/entire period (subject to maximum period of 5 years) on the restructured loan amount. Further, in all such cases, the benefit of prompt repayment incentive @ 3% per annum shall also be provided to the affected farmers. The grant of such benefit in cases of severe natural calamities shall, however, be decided by a High-Level Committee (HLC) based on the recommendation of Inter-Ministerial Central Team (IMCT) and Sub Committee of National Executive Committee (SC-NEC).
3. Further, in terms of our circular No.62 dated 13.03.2020 KCC has been made mandatory for availing the benefit of Interest Subvention on short term loans disbursed from 01.04.2020.

4. Banks are advised to mandatorily maintain and furnish, as and when required, the category-wise data of beneficiaries under the scheme. The audited claims up to scheme year 2020-21 are to be furnished latest by 30th September 2022 to the GOI.

5. Aadhaar seeding has been made mandatory for availing benefit under ISS of GoI. Hence the data regarding the same may be maintained by the Bank.

भवदीय

(विवेक कृष्ण सिन्हा)
मुख्य महाप्रबंधक

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