

F. No. 1-9/2020- Credit-I
Government of India
Ministry of Agriculture and Farmers Welfare
Department of Agriculture, Cooperation and Farmers Welfare
(Credit Division)

Krishi Bhawan, New Delhi
Dated 30th March, 2020

Office Memorandum

Subject: Providing 2% Interest Subvention (IS) to Banks and 3% Prompt Repayment Incentive(PRI) to farmers for the extended period of repayment of short term crop loans upto 31.05.2020 or upto date of actual repayment whichever is earlier, whose loans have fallen due or shall fall due between 1st March, 2020 and 31st May, 2020 -reg.

In the wake of the lockdown due to Covid 19 pandemic, there have been restrictions imposed on movement of people. Many farmers are not able to travel to bank branches for payment of their short term crop loan dues. Moreover due to restrictions on movement of people and difficulty in timely sale and receipt of payment of their produce, farmers may be facing difficulties in repayment of their short term crop loans falling due during this time.

2. The Government had already (through RBI notification dated 27th March, 2020) granted a moratorium of three months on payment of all installments falling due between March 1, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans) and working capital loans taken from all commercial banks (including regional rural banks, small finance banks and local area banks) and co-operative banks.

3. In order to ensure that farmers do not have to face the situation of paying penal interest and they can continue getting the benefit of short term crop loan at concessional interest rate of 4% per annum which is applicable on timely repayment, the Govt has decided further to "continue the availability of 2% Interest Subvention (IS) to Banks and 3% Prompt Repayment Incentive (PRI) to farmers for the extended period of repayment upto 31.05.2020 or date of actual repayment, whichever is earlier, for the short term crop loan upto Rs 3 lakh per farmer given by Banks @ 7% p.a. which have become due or shall become due between 1st March, 2020 and 31st May, 2020.

Contd./...

: 02 :

4. In view of the above, RBI and NABARD are requested to advise all concerned banks to continue providing the IS and PRI benefit to farmers for the extended period of repayment of short term crop loans upto 31st May, 2020 for loans which have fallen due or shall fall due between from 1st March, 2020 and 31st May, 2020.

Ashish Bhutani 30.03.2020

(Dr. Ashish Kumar Bhutani)

Joint Secretary to the Govt of India

Ph: 011-23389208

To,

1. CGM, FIDD, Reserve Bank of India, Mumbai.
2. CGM, Department of Refinance, NABARD, Mumbai
3. DGM, FIDD, Reserve Bank of India, Mumbai.

Copy for information to:

Shri. Suchindra Misra, Joint Secretary, Department of Financial Services, M/o Finance, Jeevandeep Building, Parliament Street, New Delhi-110001.