



Ref.No.NB.DoR/9091-9121/IS-1/2024-25

Circular No.106 /DoR- 23 /2024

03 June 2024

Managing Director
All State Cooperative Banks

Dear Ma'am/Sir,

Continuation of Modified Interest Subvention Scheme for Short Term Loans on interim basis during the year 2024-25

Please refer to our Circular No.203 (Ref.No. NB.DoR-Policy/909/IS-1/ 2022-23) dated 08th September 2022 on the Modified Interest Subvention Scheme for short term crop loans during 2022-23 and 2023-24.

2. In this regard, it is advised that MoA&FW, GoI has approved the continuation of the Interest Subvention Scheme (ISS) with modification, availed through KCC, for the financial year 2024-25 vide their letter No.F.No.1-4/2020-Credit-I dated 29th April 2024 for FY 2024-25 with the following stipulations:

- a. Interest Subvention of 1.5% p.a. will be available to State Cooperative Banks, on their own funds used for short term loans (crop loans and WC loans for animal husbandry, fisheries, dairy, bee keeping etc.) upto Rs.3.00 lakhs per farmer (subject to maximum of Rs 2.00 lakh per farmer for WC loans for AH&F, Dairy, beekeeping etc.) will be available provided the lending institutions make available short term credit to farmers @ 7% p.a. Interest subvention @1.5% will be 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. The applicable rate of interest for Interest Subvention and lending rate to the farmers for FY 2024-25 will be as under:

Financial Year	Lending rate to the farmers	Rate for Interest Subvention
2024-25	7%	1.5%

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National Bank for Agriculture and Rural Development

पुनर्वित्त विभाग

प्लॉट क्र सी-24, 'जी' ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051. टेली: +91 22 26539325 • फ़ैक्स: +91 22 26530090 • ई मेल: dor@nabard.org
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- 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 up to the actual date of repayment by farmers or up to 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 subvention will be available to such farmers on the short term production credit up to a maximum amount of Rs.3 lakh and on WC for AH&F, bee keeping, dairy etc. up to a maximum amount of Rs.2 lakh. This also implies that the farmers, paying promptly, would get short term loans @ 4% p.a. during the year 2024-25. This benefit would not accrue to those farmers who repay after one year of availing crop loans/ WC loans.
- c. In order to discourage distress sale by farmers and to encourage them to store their produce in warehouses, the benefit of Interest Subvention will be available to banks towards their lending 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, the applicable rate of interest subvention for that year 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 that particular year 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.

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4. Banks are advised to mandatorily maintain and furnish, the category-wise data of beneficiaries under the scheme on Kisan Rin Portal (KRP) from SY 2022-23 onwards. Further, the audited claims up to scheme year 2020-21 are to be furnished latest by 07th June 2024 to the GOI.

5. Aadhaar linkage has been made mandatory for availing benefit under ISS of GoI. Hence the data regarding the same may be maintained by the Bank. The claims may be accompanied by a certificate stating that all claims are adhaar linked.

6. All Cooperative Banks are requested to send a copy of instructions/ circulars related to Short Term Loan for Agriculture and Allied activities/KCC and MISS (whenever they issue any) to Joint Secretary (Credit), Department of Agriculture & Farmers Welfare, Krishi Bhawan, New Delhi-110001.

Yours faithfully

(N Neeraja)
Chief General Manager

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