Reimbursement of Interest Subvention and Prompt Repayment Incentive for short term crop loans only through KCC a/cs - regarding

Please refer to our circular Ref.No. NB.DoR-Policy/2386/IS-1/2019-20 dated 30 December 2019 on the above subject.

2. As Banks have expressed difficulty in implementing the directions of converting agriculture gold loan accounts/ short term agriculture credit to KCC accounts from 01 October 2019, and the banks need transition time, DAC&FW, MoA&FW, GoI vide their Office Memorandum No. F. 1-20/2018-Credit-I, dated 23 January 2020 (copy enclosed), has advised that effective date for making KCC mandatory for claiming Interest Subvention and PRI shall be 01 April 2020.
3. In view of this, banks are advised that Short Term Crop Loans extended through KCC will only be eligible for Interest Subvention (IS) and Prompt Repayment Incentive (PRI) with effect from 01 April 2020.

4. Banks may accordingly initiate suitable action.

मान्य करते हैं कि 01 अप्रैल 2020 से केवल केसीसी के माध्यम से प्रदान किए गए अल्पवर्धि कफल ही व्याज सहायता (आईएस) और श्रीमतीएसी शुल्क प्रोत्साहन (पीआरएससी) के लिए पात्र होंगे.

4. तदनुसार सभी बैंक उचित कार्रवाई शुरू करें.
OFFICE MEMORANDUM

Subject: Providing reimbursement of interest subvention only against KCC accounts and stopping such benefits against other accounts including agri gold loan – regarding.

The undersigned is directed to refer to Reserve Bank of India (RBI)’s letter no. FIDD.CO.FSD.1313/05.10.003/2019-20 dated 23rd December, 2019 addressed to Joint Secretary DFS with a copy to JS, DAC & FW requesting for making the effective date for making KCC mandatory for claiming IS & PRI as 1st April, 2020 and this Department’s letter of even number dated 7th October, 2019 (copy enclosed).

2. Vide letter of even number dated 7.10.2019, it was proposed that the interest subvention shall be allowed on short term agri-credit and agri gold loans to farmers only against KCC w.e.f. 01.10.2019. However, banks which requested for extension of cut-off date for providing interest subvention of such accounts to 31.3.2020 would be allowed to do so provided all such short term crop loans through agri gold loan accounts or short term agri credit are converted to KCC accounts by 01.04.2020 for them to be eligible for interest subvention. Those accounts which are not converted to KCC accounts by 01.04.2020 shall not be eligible for interest subvention and PRI. Further, it was informed that this Department shall consider only those cases of short term crop loan or agri-gold loans advanced between 1.10.2019 and 31.3.2020 for reimbursement of interest subvention which have been converted to KCC by 01.04.2020. A certificate shall be provided by the concerned banks in all such cases of request for reimbursement for interest subvention against such loans given between 01.10.2019 and 31.03.2020 that all such accounts have been converted to KCC account on or before 01.04.2020.

3. Now RBI, in response, has informed that banks are having difficulty in implementing the above directions by converting agri gold loan accounts/ short term agri credit to KCC accounts respectively from 1.10.2019. Since banks need transition time to convert agri gold loan accounts/ short term agri credit to KCC accounts, RBI has requested that the effective date for making KCC mandatory for claiming interest subvention and PRI may be considered w.e.f 01.04.2020.

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4. The matter has been examined and it has been decided to accept the request of RBI for implementation of providing IS & PRI benefit for short term crop loans mandatorily from KCC accounts only w.e.f. 01.04.2020. All banks may please be directed to ensure immediate necessary action accordingly.

5. This has the approval of competent authority.

(S. Rukmani)
Director (Credit)
Ph: 23073102

To

1. Shri Suchindra Misra, Joint Secretary, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi.

Copy to: The Chief General Manager, Reserve Bank of India (RBI), Mumbai. This has reference to your letter no FIDD.CO.FSD.1313/05.10.003/2019-20 dated 23rd Dec 2019.

Copy for information to: 1. PPS to Secretary (DAC&FW)
2. PPS to AS (DAC&FW)
3. PPS to JS (Credit) & CEO (PMFBY), DAC&FW