Modified Interest Subvention Scheme

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Modified Interest Subvention Scheme Latest News

A third-party assessment by the Institute for Social and Economic Change (ISEC), Bengaluru said that every ₹1 invested under Kisan Credit Card– Modified Interest Subvention Scheme (KCC-MISS) contributes ₹2.30 to net value addition in the agriculture & allied sector.

About Modified Interest Subvention Scheme

- It is a **Central Sector Scheme launched in 2006–07** by the Government of India.
- **Aim:** It is aimed at **ensuring the availability of short-term credit to farmers** at an affordable interest rate **through Kisan Credit card (KCC).**
- Under the Scheme:
    - Farmers received **short-term loans of up to Rs.3 lakh through Kisan Credit Cards** (KCC) at a subsidized interest **rate of 7%,** with **1.5% interest subvention** provided to eligible lending institutions.

    - Additionally, farmers repaying loans promptly are eligible for an **incentive of up to 3% as Prompt Repayment Incentive** (PRI) effectively reducing their interest rate on KCC loans to 4%.
    - For loans taken **exclusively for animal husbandry or fisheries**, the interest benefit is **applicable up to Rs.2 lakh.**
- It is implemented by the **Reserve Bank of India** (RBI) and the **National Bank for Agriculture and Rural Development (NABARD)**.
- It is operated through **Public Sector Banks,** **Regional Rural Banks** (RRBs), Cooperative Banks and Private Sector Banks operating in rural and semi urban areas.

Source: **PIB**
