

Boost for farming fraternity



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Mowsam Hazarika 14 June 2017 8021 views

The Union Cabinet has approved the Interest Subvention Scheme (ISS) for farmers for the year 2017-18 to help farmers get short term [crop](#) loan up to Rs. 3 lakh payable within one year at only 4% per annum. The Government has earmarked a sum of Rs. 20,339 crore for this purpose.

The interest subvention will be given to Public Sector Banks (PSBs), Private Sector Banks, Cooperative Banks and Regional Rural Banks (RRBs) on use of own funds and to NABARD for refinance to RRBs and Cooperative Banks.

The Interest Subvention Scheme will continue for one year and it will be implemented by NABARD and [RBI](#).

The objective of the scheme is to make available at ground [level](#), agricultural credit for [Short](#) Term [crop](#) loans at an affordable rate to give a boost to agricultural productivity and production in the country.

According to official statement, the Centre will provide interest subvention of 5 per cent per annum to all prompt payee farmers for short term [crop](#) loan upto one year for loan upto Rs. 3 lakhs borrowed by them during the year 2017-18. Farmers will thus have to effectively pay only 4% [as](#) interest. In case farmers do not repay the short term [crop](#) loan in time they would be eligible for interest subvention of [2%](#) [as against](#) 5% available above.

The Government will provide approximately Rs. 20,339 crore [as](#) interest subvention for 2017-18. In order to give relief to small and marginal farmers who would have to borrow at 9% for the post harvest storage of their produce, the Centre has approved an interest subvention of [2%](#) i.e. an effective interest rate of [7%](#) for loans upto [6](#) months.

To provide relief to the farmers affected by natural calamities, the interest subvention of [2%](#) will be provided to Banks for the first year on the restructured amount.

In case farmers do not repay the short term [crop](#) loan in time they would be eligible for interest subvention of [2%](#) [as against](#) available above.

According to the government, Credit is a critical input in achieving high productivity and overall production in the agricultural sector. The Cabinet's approval of a sum of Rs.20,339 crore to meet various obligations arising from interest subvention being provided to the farmers on short term [crop](#) loans, [as](#) also loans on post harvest storages [meets](#) an important input requirement of the farmers in the country. This institutional credit will help in delinking the farmers from non-institutional sources of credit, where they are compelled to borrow at usurious rates of interest.

Since the [crop insurance](#) under Pradhan Mantri Fasal Bima Yojana (PMFBY) is linked to availing of [crop](#) loans, the farmers would stand to benefit from both [farmer](#) oriented initiatives of the Government, by accessing the [crop](#) loans.

An important initiative of the government is [market](#) reforms, with a view to ensuring that the farmers benefit from remunerative prices for their produce in the [market](#). The electronic [National](#) Agriculture [Market](#) (e-NAM) that was [launched](#) by Government on April, [2016](#) aims at integrating the dispersed APMCs through an electronic platform and enable [price](#) discovery in a competitive manner, to the advantage of the farmers. While the farmers are advised to undertake on-line [trade](#), it is also important that they avail themselves of post-harvest loans by storing their produce in the accredited warehouses. The loans are available to Kisan Credit Card (KCC) holding small and marginal farmers at interest subvention of [2](#) per cent on such storages for a period of upto six months. This will help the farmers to sell when they find the market is buoyant, and avoid distress sale.

The scheme has been running since 2006-07. Under this, the farmers can avail concessional [crop](#) loans of upto Rs.3 lakh at [7%](#) rate of interest. It also provides for an additional subvention of 3%. Prompt Repayment within a period of one year from the date of advance. [As](#) a measure to check distress sale, post-harvest loans for storage in accredited warehouses [against](#) Negotiable Warehouse Receipts (NWRs) are available for upto [6](#) months for KCC holding small & marginal farmers. During the year [2016](#)-17, the volume of short term [crop](#) loan lent stood at Rs.[6](#),22,685 crore, surpassing the target of Rs. [6](#),15,000 crore.

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