

## LATEST NEWS

### Boost for farming fraternity



Mowsam Hazarika · 18:48, 14 Jun 2017 · 7746 views · 4 min read



The Union Cabinet has approved the Interest Subvention Scheme (ISS) for farmers for the year 2017-18 to help farmers get short term crop (/taxonomy/term/2070) 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 (/taxonomy/term/1695).

The objective of the scheme is to make available at ground level (/taxonomy/term/2232), agricultural credit for Short (/taxonomy/term/2043) Term crop (/taxonomy/term/2070) 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 (/taxonomy/term/2070) 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 (/taxonomy/term/2291) interest. In case farmers do not repay the short term crop (/taxonomy/term/2070) loan in time they would be eligible for interest subvention of (/taxonomy/term/1690)2 (/taxonomy/term/1690)% as (/taxonomy/term/2291) against (/taxonomy/term/1929) 5% available above.

The Government will provide approximately Rs. 20,339 crore as (/taxonomy/term/2291) 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 (/taxonomy/term/1690)2 (/taxonomy/term/1690)% i.e. an effective interest rate of (/taxonomy/term/1898)7 (/taxonomy/term/1898)% for loans upto (/taxonomy/term/2015)6 (/taxonomy/term/2015) months.

To provide relief to the farmers affected by natural calamities, the interest subvention of (/taxonomy/term/1690)2 (/taxonomy/term/1690)% will be provided to Banks for the first year on the restructured amount.

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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 (/taxonomy/term/2070) loans, as (/taxonomy/term/2291) also loans on post harvest storages meets (/taxonomy/term/2068) 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 (/taxonomy/term/2070) insurance (/taxonomy/term/2071) under Pradhan Mantri Fasal Bima Yojana (PMFBY) is linked to availing of crop (/taxonomy/term/2070) loans, the farmers would stand to benefit from both farmer (/taxonomy/term/2478) oriented initiatives of the Government, by accessing the crop (/taxonomy/term/2070) loans.

An important initiative of the government is market (/taxonomy/term/2029) reforms, with a view to ensuring that the farmers benefit from remunerative prices for their produce in the market (/taxonomy/term/2029). The electronic National (/taxonomy/term/1874) Agriculture Market (/taxonomy/term/2029) (e-NAM) that was launched (/taxonomy/term/1637) by Government on April, (/taxonomy/term/1961)2016 (/taxonomy/term/1961) aims at integrating the dispersed APMCs through an electronic platform and enable price (/taxonomy/term/1993) discovery in a competitive manner, to the advantage of the farmers. While the farmers are advised to undertake on-line trade (/taxonomy/term/1790), 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 (/taxonomy/term/1690)2 (/taxonomy/term/1690) 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 (/taxonomy/term/2070) loans of upto Rs.3 lakh at (/taxonomy/term/1898)7 (/taxonomy/term/1898)% 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 (/taxonomy/term/2291) a measure to check distress sale, post-harvest loans for storage in accredited warehouses against (/taxonomy/term/1929) Negotiable Warehouse Receipts (NWRs) are available for upto (/taxonomy/term/2015)6 (/taxonomy/term/2015) months for KCC holding small & marginal farmers. During the year (/taxonomy/term/1961)2016 (/taxonomy/term/1961)–17, the volume of short term crop (/taxonomy/term/2070) loan lent stood at Rs. (/taxonomy/term/2015)6 (/taxonomy/term/2015),22,685 crore, surpassing the target of Rs. (/taxonomy/term/2015)6 (/taxonomy/term/2015),15,000 crore.



**Mowsam Hazarika**

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