

Cabinet approves continuation of Modified Interest Subvention Scheme (MISS) for FY 2025-26 with existing 1.5% Interest Subvention (IS)

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi today approved the continuation of the **Interest Subvention (IS)** component under the **Modified Interest Subvention Scheme (MISS)** for the financial year 2025-26, and approved required fund arrangements.

MISS is a Central Sector Scheme 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.

No changes have been proposed in the structure or other components of the scheme.

There are more than 7.75 crores of KCC accounts in the country. The continuation of this support is critical to **sustaining the flow of institutional credit to agriculture**, which is vital for enhancing productivity and ensuring financial inclusion for small and marginal farmers.

Key highlights of Agriculture Credit:

- Institutional credit disbursement through KCC increased from **Rs.4.26 lakh crore in 2014 to Rs. 10.05 lakh crore by December 2024**.
- Overall agricultural credit flow also rose from **Rs.7.3 lakh crore in FY 2013-14 to Rs.25.49 lakh crore in FY 2023-24**.
- Digital reforms such as the launch of the **Kisan Rin Portal (KRP)** in August 2023 have enhanced transparency and efficiency in claim processing.

Given the current lending cost trends, median MCLR and repo rate movements, retaining the **interest subvention rate at 1.5%** remains essential to support rural and cooperative banks and ensure continued access to low-cost credit for farmers.

The Cabinet's decision reinforces the Government's unwavering commitment to **doubling farmers' income, strengthening the rural credit ecosystem, and boosting agricultural growth through timely and affordable credit access**.

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