GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION No. 2736
TO BE ANSWERED ON 04TH AUGUST, 2026

ENHANCING THE EXISTING LIMIT UNDER INTEREST SUBVENTION SCHEME

2736. SHRI BAJRANG MANOHAR SONWANE:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

(a) whether the Government is aware that the existing limit of Rs. 3 lakh for crop loans eligible under the Interest Subvention Scheme has remained unchanged for nearly two decades despite the substantial increase in the cost of cultivation;

(b) whether the Government has received representations from farmers, farmers organisations and State Governments seeking enhancement of the said limit in view of the rising input costs such as seeds, fertilizers, pesticides, farm machinery and labour;

(c) whether the Government, in consultation with the State Governments, proposes to increase the limit of crop loans eligible for concessional interest under the Scheme from Rs. 3 lakh to at least Rs. 7 lakh or Rs. 10 lakh;

(d) if so, the details thereof, including the proposed revised limit and the timeline for implementation; and

(e) if not, the reasons therefor?

ANSWER

MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
कृषि एवं किसान कल्याण राज्य मंत्री (SHRI RAMNATH THAKUR)

(a) to (e): The Government is implementing a Central Sector Scheme, fully funded by the Government of India known as the Modified Interest Subvention Scheme (MISS) implemented across the country through eligible lending institutions. This scheme aims to provide concessional interest rates on short-term agricultural loans obtained by farmers through Kisan Credit Cards (KCC) for their working capital requirements.

Under this scheme, farmers receive KCC loans at a subsidized interest rate of 7%. To facilitate this, an interest subvention (IS) of 1.5% is provided to lending institutions. Additionally, farmers who repay their loans promptly receive a 3% Prompt Repayment Incentive (PRI), effectively reducing the interest rate to 4% per annum. The benefits of IS and PRI are available for loan limits up to Rs.3 lakhs. However, if the short-term loan is taken for allied activities (other than crop husbandry), the loan amount is limited to Rs.2 lakhs only. There are about 7.81 crore operative KCC accounts with outstanding credit of ₹10.39 lakh crore, including 46.5 lakh Animal Husbandry and 1.28 lakh Fisheries accounts.

Representations have been received from time to time regarding enhancement of the crop loan limit under MISS. The eligible loan limit is determined on the basis of the Scale of Finance (SoF) fixed by the District/State Level Technical Committees, taking into account area under cultivation, crop/activity-wise working capital requirements and other admissible components under KCC guidelines. Scale of Finance is revised annually by the State Level Technical Committees based on recommendations of District Level Technical Committees, taking into account changes in cultivation costs. Both the Scale of Finance (SoF) guidelines as well as KCC guidelines are revised from time to time to ensure availability of adequate credit to farmers. Over a period KCC framework has expanded eligible working capital components to include post-harvest expenses, maintenance of farm assets, insurance and certain technology-related interventions like soil health testing, while retaining linkage with the notified SoF. NABARD has also revised the Scale of Finance guidelines in 2025 with greater emphasis on digitisation, standardisation and reduction of disparities. Due to these efforts, the average KCC loan size has increased from about ₹0.60 lakh in 2013-14 to about ₹1.33 lakh in 2025-26, indicating improved adequacy of institutional credit.

The Scheme has been progressively strengthened to ensure access to adequate credit to deserving farmers especially the small and marginal farmers. This has done by extending coverage to animal husbandry, dairy and fisheries, and to tenant farmers, oral lessees, sharecroppers and Joint Liability Groups (JLGs) and Self Help Groups (SHGs). Under Priority Sector Lending guidelines, banks are required to achieve a 10% sub-target for Small and Marginal Farmers. The collateral-free loan limit has been enhanced from ₹1 lakh to ₹1.6 lakh and further to ₹2 lakh with effect from 1 January 2025. Digital technologies and apps such as Jansamarth, eKCC and KRISHIKA are used for faster access to KCC credit. These efforts have resulted in expanding reach of institutional agricultural credit from ₹8.45 lakh crore in 2014-15 to ₹28.67 lakh crore in 2024-25, while the annual budgetary allocation for MISS has increased from ₹6,000 crore to ₹22,600 crore during the same period. Cumulative Government support under the Scheme has exceeded ₹2.05 lakh crore up to March 2026. The MISS primarily benefits Small and Marginal Farmers, who account for over 85% of the beneficiaries, while women farmers constitute more than 22% of the total beneficiaries.

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