

MODIFIED INTEREST SUBVENTION SCHEME FOR SHORT TERM LOANS FOR AGRICULTURE AND ALLIED ACTIVITIES AVAILED THROUGH KISAN CREDIT CARD (KCC) DURING THE FINANCIAL YEAR 2025-26

The Reserve Bank of India vide circular notification RBI/2025-26/193 FIDD.CO. FSD.BC.No.10/05.02.001/2025-26, dated 13-01-2026 has issued guidelines regarding continuation of the Interest Subvention Scheme (ISS) for the financial year 2025-26.

1) Interest Subvention is provided on short term crop loans and short term loans for allied activities including animal husbandry, dairy, fisheries, bee keeping etc. upto an overall limit of ₹3 lakh to farmers through KCC at concessional interest rate during the FY 2025-26. Interest subvention @1.5% will be calculated on the loan amount from the date of disbursement/drawal up to the date of actual repayment of the loan by the farmer or up to the due date of the loan fixed by the banks, whichever is earlier, subject to a maximum period of one year. The applicable lending rate to farmers and the rate of interest subvention for the financial year 2025-26 will be as follows:

Financial Year	Lending rate to farmers	Rate of Interest Subvention to Lending Institutions
2025-26	7%	1.50%

- 2) An additional interest subvention of 3% per annum will be provided to such of those farmers repaying in time, i.e., from the date of disbursement/drawl/renewal of the loan/s upto the actual date of repayment/tenure/due date or upto the due date fixed by the banks for repayment of such loan/s, whichever is earlier, subject to a maximum period of one year from the date of disbursement. This also implies that the farmers repaying promptly as above would get short term crop loans and/or short term loans for allied activities including animal husbandry, dairy, fisheries, bee keeping etc. @ 4% per annum during the financial year 2025-26. **This benefit would not accrue to those farmers who repay their agri. loans after one year of availing such loans.**
- 3) Interest subvention and prompt repayment incentive benefits on short term crop loans and short term loans for allied activities will be available on an overall limit of ₹3 lakh per annum subject to a maximum sub-limit of ₹2 lakh per farmer in respect of those farmers involved only in activities related to animal husbandry, dairy, fisheries, bee keeping etc. The limit for crop loan component will take priority for interest subvention and prompt repayment incentive benefits and the residual amount will be considered towards allied activities including animal husbandry, dairy, fisheries, bee keeping etc. subject to the cap as mentioned above.
- 4) In order to discourage distress sale by farmers and to encourage them to store their produce in warehouses, the benefit of interest subvention under KCC will be available to small and marginal farmers for a further period of upto six months post the harvest of the crop against negotiable warehouse receipts on the produce stored in warehouses accredited with Warehousing Development Regulatory Authority (WDRA), at the same rate as applicable to the crop loan from the date of pledge.

- 5) To provide relief to farmers affected by natural calamities, the applicable rate of interest subvention for that year will be made available to banks for the first year on the restructured loan amount. Such restructured loans will attract normal rate of interest from the second year onwards.
- 6) However, to provide relief to farmers affected due to severe natural calamities, the applicable rate of interest subvention for that year will be made available to banks for first three years/entire period (subject to a maximum of five years) on the restructured loan amount. Further, in all such cases, the benefit of prompt repayment incentive @3% per annum shall also be provided to the affected farmers. The grant of such benefit in cases of severe natural calamities shall, however, be decided by a High Level Committee (HLC) based on the recommendations of the Inter-Ministerial Central Team (IMCT) and Sub Committee of National Executive Committee (SC-NEC).
- 7) **Mandatory Aadhaar Authentication:** Aadhaar seeding and authentication are mandatory for availing benefits under the scheme. All concerned officials must ensure that e-KYC is completed for every farmer to enable seamless access to scheme benefits.
- 8) **Validation of Multiple Accounts of beneficiaries:** A farmer shall be eligible to receive MISS benefit through multiple KCC subject to an overall limit of ₹3 lakh per farmer across all such accounts. However, he/she shall be eligible to receive MISS benefits for a specific land parcel through only one Kisan Credit Card (KCC) account. In cases where a farmer maintains multiple KCC accounts linked to the same land parcel, MISS benefit shall be extended only to the account with the highest sanctioned loan amount, subject to the overall limit.