

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

RAJYA SABHA
UNSTARRED QUESTION NO. 2110
TO BE ANSWERED ON 13/12/2024

PERFORMANCE OF MISS

2110. SHRI AYODHYA RAMI REDDY ALLA:

Will the Minister of Agriculture and Farmers Welfare be pleased to state:

- (a) the manner in which the Modified Interest Subvention Scheme (MISS) align with Government's broader agricultural policy objectives, and the key performance indicators used to measure its success;
- (b) the manner in which MISS support Government's goal of doubling farmers' incomes by 2025, and the specific strategies and interventions employed to achieve this objective; and
- (c) whether MISS is merely a short-term palliative or a long-term solution to address the structural issues plaguing India's agricultural credit markets?

ANSWER

THE MINISTER OF STATE OF AGRICULTURE AND FARMERS WELFARE

(SHRI RAMNATH THAKUR)

(a)&(b): The Modified Interest Subvention Scheme (MISS) aligns seamlessly with the Government's broader agricultural policy objectives by enabling affordable credit access, enhancing productivity, and promoting financial inclusion. By offering short-term agricultural loans at concessional rates, it reduces the financial burden on farmers and supports investment in better inputs and technologies, thereby boosting crop yields and ensuring food security. The scheme also fosters financial inclusion by integrating farmers into formal banking channels through the Kisan Credit Card (KCC) system. Additionally, MISS addresses risk mitigation by providing support for loans restructured due to natural calamities, building resilience in the agricultural sector. Its focus on meeting the full credit needs of small and marginal farmers ensures timely institutional credit and reduces dependency on informal credit sources, contributing to the government's vision of increasing farmers' income.

Key Performance Indicators (KPIs) for Measuring Success of MISS:

- **Annual Growth in KCC Loan Disbursement:** Measure the year-on-year increase in loans disbursed under the Kisan Credit Card (KCC) scheme for agricultural working capital and production investments.
- **Expansion in Loan Account Coverage:** Track the year-on-year growth in the number of new and active KCC loan accounts.
- **Beneficiary Reach of IS and PRI:** Monitor the total number of beneficiaries receiving Interest Subvention (IS) and Prompt Repayment Incentives (PRI) under the scheme.

Specific Strategies and Interventions:

- The Government, through the RBI, fixes the Priority Sector Lending (PSL) targets to ensure the flow of credit to various sectors. Accordingly, banks are mandated to provide 40% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher, to specified priority sectors. Out of the above certain percentage (by SCBs, with 18% and 75% by RRBs) tied explicitly to agriculture and allied sector. From March 2016 onwards, a sub-limit of 7% was introduced specifically for small and marginal farmers, thereafter it increased to 8% in 2020-21 and was further revised to 10% from 2023-24. this ensures that sufficient credit flows to agriculture sector and it also reaches to the SMFs.
- Interest Subvention: Under the scheme the farmers get short term loans up to ₹3 lakh for crop production and allied activities @ 7.00% p.a. The scheme provides a 1.5% interest subvention, and an additional 3% subvention is given as incentive for prompt repayment, bringing the effective rate down to 4%.
- The scheme is implemented through a special product namely Kisan Credit Card (KCC), which simplifies the process of obtaining credit and ensures that farmers have continuous access to funds for their agricultural needs.
- Support for Allied Activities: MISS also covers loans for allied activities such as animal husbandry, dairy, and fisheries, promoting diversification and additional income streams for farmers.
- Post-Harvest Support: To discourage distress sales, the scheme provides interest subvention for loans against negotiable warehouse receipts, allowing farmers to store their produce and sell it at favourable prices.
- Relief for Calamity-Affected Farmers: The scheme offers interest subvention on restructured loans for farmers affected by severe natural calamities, ensuring they can recover and continue their agricultural activities without significant financial strain.
- Collateral free loans upto an amount of Rs. 2Lakh per farmer under KCC.

(C). The Modified Interest Subvention Scheme (MISS) serves as both a short-term palliative and a long-term structural solution for India's agricultural credit market.

In the short term, MISS provides immediate financial resources to farmers by facilitating low-cost credit for working capital needs through the Kisan Credit Card (KCC) mechanism. This helps farmers mitigate the cyclical cash flow challenges inherent in agricultural production. Over the long term, MISS has significantly contributed to structural improvements in the agricultural credit market. Since its inception as the Interest Subvention Scheme in 2006-07 and its enhancement to MISS in 2022, the scheme has catalyzed substantial growth in agricultural credit access. The number of operative KCC accounts has grown from 6.46 crores in March 2013 to 7.75 crores in 2023-24, accompanied by an increase in working capital investment from ₹3.63 lakh crores to ₹9.81 lakh crores. This reflects a 270 % growth in low-cost credit investment, underscoring its role in enhancing ensuring affordable credit for farmers and overall growth of agriculture sector and rural areas.
