

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 1027

ANSWERED ON TUESDAY, 9 DECEMBER, 2025/ 18 AGRAHAYANA, 1947 (SAKA)

RATE OF INTEREST ON LOANS THROUGH KCC

1027 SHRI ANIL KUMAR YADAV MANDADI:

Will the Minister of *Finance* be pleased to state:

- (a) whether Government has any proposal to reduce the existing interest rates on loans taken by farmers using the Kisan Credit Cards (KCC);
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (c): Under the Modified Interest Subvention Scheme (MISS), the Government of India provides an Interest Subvention (IS) of 1.5% to lending financial institutions for extending short-term working capital loans up to ₹3 lakh (upto ₹2 lakh in case of allied activities) through the Kisan Credit Card (KCC) at a concessional rate of 7% per annum. Additionally, a Prompt Repayment Incentive (PRI) of 3% is also offered to farmers on timely repayment, effectively reducing the interest rate to 4% per annum for farmers. Department of Agriculture and Farmers' Welfare has informed that interest subvention is provided to lending institutions based on the benchmark rate derived from the cost of lending as calculated by the respective financial institutions.
