

F.No.3/29/2019-AC  
Government of India  
Ministry of Finance  
Department of Financial Services

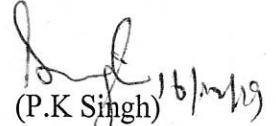
Jeevan Deep Building, Parliament Street  
New Delhi – 110 001,  
Dated: 16.12.2019

1. CGM, FIDD, Reserve Bank of India, Head office, Mumbai
2. CGM, CPD, NABARD, Head Office, Mumbai

**Subject: Reimbursement of Interest Subvention (IS) and Prompt Repayment Incentive (PRI) for short term crop loans only through KCC accounts -reg**

The undersigned is directed to forward herewith a copy of D/o Agriculture, Cooperation and Farmers Welfare (DAC&FW) OM No.1-20/2018-Credit-I dated 07.10.2019 on above cited subject. It is requested to issue suitable instructions to Scheduled Commercial Banks (SCBs) and Regional Rural Banks & Cooperative Banks in the matter under intimation to DAC&FW and this Department.

Yours faithfully,

  
(P.K Singh)

Under Secretary to the Government of India  
e-mail : acsec-bkg@nic.in  
Tel No. 23748762

Encl: As above

Copy to:

1. Dr Ashish Kumar Bhutani, Joint Secretary(Credit), D/o Agriculture Cooperation and Farmers Welfare, Krishi Bhawan, New Delhi.
2. MDs/ CMDs of all PSBs for information and with request to inform concerned RRBs.

1-20/2018-Credit-I  
Government of India  
Ministry of Agriculture & Farmers Welfare  
Department of Agriculture, Cooperation & Farmers Welfare  
(Credit Division)  
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Krishi Bhawan, New Delhi,  
Dated 7th October, 2019.

OFFICE MEMORANDUM

**Subject: Providing reimbursement of interest subvention only against KCC accounts and stopping such benefits against other accounts including agri gold loan – regarding.**

I am directed to refer to this Department's OM of even no dated 2.7.19 seeking the comments of DFS on making Kisan Credit Card (KCC) a prerequisite for claiming Interest Subvention (ISS) and Prompt Repayment Incentive (PRI) by the farmers with a view to curb the existing practice of giving agri loans to ineligible beneficiaries by certain banks specially in Southern States.


The issue was also deliberated in the video conference held on **31.07.2019** in the Department of Financial Services (DFS) under the Co-Chairmanship of Finance Secretary and Secretary, DAC & FW. In the VC, it was decided to stop providing ISS and PRI benefit to non-KCC accounts including agri gold loan accounts from 1.10.2019 and insist on providing KCC to all such eligible persons through KCC Saturation drive and ensure Short Term Agri Credit only through the KCC with effect from 1.10.2019.

However, DFS vide its OM dated 2.07.2019 informed that banks need sufficient time for smooth transition of other agri loan accounts including agri gold loan accounts to KCC accounts and hence requested that effective date for making KCC mandatory for claiming interest subvention may be considered with effect from 1.04.2020. The matter was further discussed in a meeting held between Secretary, DAC & FW and Secretary, DFS on 04.10.2019. In view of the above, it is proposed that the interest subvention shall be allowed on short term agri-credit and agri gold loans to farmers only against KCC w.e.f. 01.10.2019. However, banks which requested for extension of cut-off date for providing interest subvention of such accounts to 31.3.2020 may be allowed to do so provided all such short term crop loans through agri gold loan accounts or short term agri credit are converted to KCC accounts by 01.04.2020 to be eligible for interest subvention. Those accounts which are not converted to KCC accounts by 1.4.2020 shall not be eligible for interest subvention and PRI.

Since the proposals for reimbursements of interest subvention for the year 2019-20 shall be sent by banks only after 30.09.2020, this department shall consider only those cases of short term crop loan or agri-gold loans advanced between 1.10.2019 and 31.3.2020 for reimbursement of interest subvention which have been converted to KCC by 01.04.2020. A certificate shall be provided by the concerned banks in all such cases of request for reimbursement for interest subvention against such loans given between 01.10.2019 and 31.03.2020 that all such accounts have been converted to KCC account on or before 01.04.2020.

No proposal for reimbursement of interest subvention for short term crop loans through non-KCC accounts including agri gold loans shall be considered beyond 31.3.2020.

It is requested that all bank may kindly be advised by Department of Financial Services accordingly.

  
(S. Rukmani)  
Director (Credit)  
Ph: 23073102

To

Shri Suchindra Misra, Joint Secretary, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi.

Copy for information to: PPS to JS (Credit) & CEO (PMFBY), DAC & FW, Krishi Bhawan, New Delhi.