Modified Interest Subvention Scheme (MISS)

Prelims: Public policy| Government Initiatives | Current events of national and international importance.

Why in news?

Recently Indian Government approved the continuation of the Modified Interest Subvention Scheme (MISS) for 2025-26.

- **Modified Interest Subvention Scheme (MISS) –** It provoide **short-term credit** at an affordable rate to farmers through **Kisan Credit Card (KCC)**.
- **Launch** - It is a **Central Sector Scheme** launched in **2006-07** by the Government of India.
- **Funding** – **Fully funded** by the central government.
- **Implementation Mechanism –** Implemented by **RBI and NABARD.**
- **Operated through**
  - Public Sector Banks
  - Regional Rural Banks (RRBs)
  - Cooperative Banks
  - Private Sector Banks in rural/semi-urban areas.

Key features

- **Interest subvention –** For Banks the interest subsidy is initially 2%, but later revised to **1.5%**.
- For farmers short-term loans up to **₹3 lakh** at a **7% annual interest**.
- An additional **3% incentive** for **prompt repayment**, lowering effective rate to **4%**.
- As per Union Budget 2025–26, the loan limit is enhanced to **₹5 lakh**.
- **Loan Coverage Extended –** It covers **crop production loans** and working capital for **animal husbandry and fisheries.**
- Interest benefit for these allied sectors is applicable up to **₹2 lakh**.
- **Disaster Relief Component** – In case of **natural calamities**, restructured crop loans receive **2% interest subvention** for the **first year**.
- It supports farmers during recovery and ensures continuity of agricultural activities.

Significance

- It ensures **financial inclusion** of rural farmers.
- It boosts productivity by supporting input needs.
- It protects farmers from **high-interest informal loans**.
- It also **supports rural and cooperative banks** in lending at subsidised rates.
- **Scheme Continuation –** The scheme will continue with the **existing structure** and

1.5% interest subvention rate for **FY 2025-26**.

Reference

The Hindu| Modified Interest Subvention Scheme (MISS)

