



Interest Subvention Scheme

Why in News?

In the sequence of the decision taken by the Madhya Pradesh State Council of Ministers on 11 May 2023, the Cooperative Department has issued instructions to waive off the interest of the defaulter farmers under the Interest Waiver Scheme on the outstanding overdue crop loans.

Key Points:

- According to the instructions issued, the interest reimbursement of such farmers of Primary Credit Cooperative Societies (PACS) affiliated to District Cooperative Central Banks of the state, whose total liabilities (original interest) as on 31 March is up to Rs 2 lakh and are defaulters, will be reimbursed by the government.
- Short term and medium term converted debt will be included in the calculation of total liabilities.
- According to the available information, as on 31 March 2023, there are 11 lakh 19 thousand defaulter farmers in the state, on whom the waivable interest amount is about Rs 2 thousand 123 crore.
- For transparency in the implementation of this scheme, the name of the farmer along with the unique number (simple number) in the list of defaulter farmers, the principal outstanding and the interest amount to be waived off, will be made public through the utility portal at the bank level.
- The amount of share capital given by the state government will be used by all the concerned institutions first to waive off the interest of the farmers. The paid-up share capital shall not be refundable. The last date of the scheme for the farmers has been kept as 30 November, 2023.
- Farmers benefited from the scheme will be given the special facility to provide fertilizers for agricultural work, that the farmers will be able to get fertilizers from the committee in the form of loan up to the amount deposited in cash in their loan account.
- A committee has been constituted under the chairmanship of the Chief Secretary to take decision to amend/change the number of defaulter farmers and the amount of interest etc. in the scheme as per the requirement.
- Additional Chief Secretary Finance, Additional Chief Secretary Farmers-Welfare and Agriculture Development, Secretary Cooperative, Commissioner Cooperative and Registrar Cooperative Societies are members of the committee and Managing Director State Cooperative Bank is the convenor member.
- Significantly, in the year 2019, the Congress government had implemented the loan waiver off scheme for farmers up to Rs 2 lakh. Due to this farmers stopped loan repayment. The scheme was discontinued after the fall of the Congress government in March 2020, at the very beginning of the second phase of loan waiver up to Rs 1 lakh.
- In order to give farmers the benefit of loan waiver again, Chief Minister Shivraj Singh Chouhan had announced interest waiver in a new form. The state government has made a provision of Rs 350 crore for this in the budget of the year 2023-24.

