



Cabinet

Cabinet approves extension of repayment date for short term loans for agriculture and allied activities by banks which have become due or shall become due between 1st March, 2020 and 31st August, 2020

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The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has given its approval to extend repayment date upto 31.08.2020 for Standard Short-Term loans upto Rs.3 lakh advanced for agriculture and allied activities by banks, which have become due or shall become due between 1st March, 2020 and 31st August, 2020 with continued benefit of 2% Interest Subvention (IS) to Banks and 3% Prompt Repayment Incentive (PRI) to farmers.

Benefit:

Extension of repayment date upto 31.08.2020 for Standard Short-Term loans upto Rs.3 lakh for agriculture and allied activities by banks falling due between 1st March, 2020 and 31st August, 2020 with continued benefit of 2% IS to Banks and 3% PRI to farmers, shall help the farmers to repay/renew such loans upto the extended repayment date of 31.08.2020 at 4% p.a., interest without attracting any penalty and thus help them in avoiding travelling to banks for such renewal during this COVID pandemic period.

Background

Govt. is providing concessional Standard Short-Term Agri-loans to farmers through banks with 2% p.a, interest subvention to banks and 3% additional benefit on timely repayment to farmers thus providing loans upto Rs,3 lakh at 4% p.a. interest on timely repayment.

In the wake of lockdown due to ongoing Covid 19 pandemic, there have been restrictions imposed on movement of people. Many farmers are not able to travel to bank branches for payment of their short term crop loan dues. Moreover, due to restrictions on movement of people, difficulty in timely sale, receipt of payment of their produce and the necessity of adhering to social distancing norms, farmers are finding it difficult to arrange the amount to be deposited for renewal and are unable to visit the banks to deposit and draw fresh loans.

VRRK/SH

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