

Government of India  
Ministry of Finance  
Department of Financial Services

**RAJYA SABHA**

Unstarred Question No. 203  
Answered on Tuesday, December 05, 2023/Agrahayana 14, 1945 (Saka)

**LOAN FOR FARMERS UNDER KCC SCHEME**

203. SHRI PRABHAKAR REDDY VEMIREDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that farmers and public representatives have been demanding for increasing the collateral-free loan for farmers under Kisan Credit Card (KCC) scheme from ₹ 1.6 lakhs to ₹ 4 lakhs;
- (b) whether it is also a fact that loan taken under KCC is charged at 7 per cent;
- (c) if so, whether the Ministry would consider increasing the collateral-free loan under KCC to ₹ 4 lakhs and decreasing interest from 7 per cent to 5 per cent while retaining prompt repayment incentive of 3 per cent; and
- (d) if not, the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(DR. BHAGWAT KARAD)

(a): Such representation has not been received by this department.

(b): As per RBI Circular No. FIDD.CO.FSD.BC.No. 13/05.02.001/2022-23 dated 23 November 2022, the applicable lending rate by Banks to farmers under Kisan Credit Card (KCC) is 7% per annum upto an overall limit of Rs. 3 lakh.

(c) & (d): As of now, no such proposal is under consideration. Concessional interest rates are offered to farmers for loans up to ₹3 lakh for short-term crop and allied activity through KCC. The applicable lending rate to farmers and the rate of interest subvention for the financial years 2022-23 and 2023-24 is 7% and 1.5% per annum respectively. Additional 3% prompt repayment incentive (PRI) is also given to the farmers for prompt and timely repayment of loans; thus, reducing the effective rate of interest to 4% per annum, subject to a maximum period of one year from the date of disbursement.

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