

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO. 3206
TO BE ANSWERED ON 22ND MARCH, 2022

KISAN CREDIT CARD SCHEME

3206. SHRI SUNIL KUMAR PINTU:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether the Government is considering any proposal to simplify the Kisan Credit Card (KCC) Scheme on the line of credit cards of general banks;
- (b) if so, the extent to which the KCC Scheme is cheaper or dearer in comparison to the interest levied on car and home loans;
- (c) whether efforts are being made by the Government to connect more farmers with the KCC Scheme through camps in villages and if so, the details thereof;
- (d) whether the Government will provide relief in the interest on big loan amounts under KCC Scheme;
- (e) if so, the details thereof; and?
- (f) if not, the reasons therefor?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE
कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) & (b): The Reserve Bank of India has issued Master Circular on Kisan Credit Card Scheme vide circular FIDD.CO.FSD.BC.No.6/05.05.010/2018-19 dated July 04,2018. The scheme aims at providing adequate and timely credit support from the banking system under a single window with flexible and simplified procedure to the farmers individual/joint borrowers who are owner cultivators, tenant farmers, oral lessees & share croppers, Self Help Groups (SHGs) or Joint Liability Groups (JLGs) of farmers including tenant farmers, share croppers etc. for their cultivation and other needs as indicated below:

- (i) To meet the short term credit requirements for cultivation of crops;
- (ii) Post-harvest expenses;

- (iii) Produce marketing loan;
- (iv) Consumption requirements of farmer household;
- (v) Working capital for maintenance of farm assets and activities allied to agriculture;
- (vi) Investment credit requirement for agriculture and allied activities.

Further, Reserve Bank of India vide circular FIDD.CO.FSD. BC.12/05.05.010/2018-19 dated February 04, 2019 has extended KCC facility to farmers engaged in Animal Husbandry and Fisheries for their working capital requirements.

Government of India is also implementing Interest Subvention Scheme under which interest subvention (IS) of 2% and Prompt Repayment Incentive (PRI) of 3% is given to farmers on Short Term Agri Loan upto 3 lakh which makes the effective rate of interest on such loans at 4%.

(c) to (f): The following steps have been taken to bring the maximum number of farmers under KCC in order to provide easy access to concessional institutional credit and simplify the process to avail KCC:-

- All the charges including processing fee, inspection, ledger folio charges, service charges for loans upto Rs.3.00 lakh were waived off.
- Collateral free loan limit for short term agri-credit has been raised from Rs.1.00 lakh to Rs.1.60 lakh by RBI.
- State Governments have been advised to hold bank-wise and village wise camps to collect KCC application forms from eligible farmers and the applications collected therein to be submitted to the Bank's branch.
- KCC is to be issued within 14 days from the receipt of completed application.
- A simple one-page special application form was also designed and shared with banks.
- The KCC has been extended to the farmers doing allied activities including Animal Husbandry, dairying and fisheries.

From February, 2020 Government of India is running KCC Saturation drive in collaboration with DFS and other stakeholders in order to increase coverage under Kisan Credit Card Scheme. As a result, 2.92 crore KCC has been issued with sanctioned credit limit of Rs. 3.20 lakh crore as on 25th February, 2022.

The Government of India also implements the Interest Subvention Scheme with a view to provide short term Agri-loans to the farmers at concessional rate of interest. Under the scheme, short term crop loan upto Rs. 3.00 lakh is available to farmers engaged in Agriculture and other allied activities at benchmark rate of 9%. Government of India provides 2% Interest Subvention on the benchmark rate. Additional 3% subvention is also given to the farmers for prompt and timely repayment of loans; thus the effective rate of interest comes down to 4% per annum.
