

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. 858
Answered on Monday, February 7, 2022/Magha 18, 1943 (Saka)

KCC Holders in Rajasthan

858. SHRI SUMEDHANAND SARASWATI:
SHRIMATI RANJEETA KOLI:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the loans provided to Kisan Credit Card (KCC) holders in Rajasthan during each of the last three years;
- (b) whether, considering the increase in expenses of farmers, the limit of loan amount for the said holders has been enhanced and if so, the details thereof;
- (c) whether farmers have the option to pay only the interest component at the time of payment of outstanding amount on KCC in banks;
- (d) if not, whether the Government proposes to introduce the system in this regard and if so, the details thereof; and
- (e) whether the Government believes that the said system is likely to allow the farmers to make timely payment of outstanding amount on KCC and protect them from the clutches of moneylenders and if so, the details thereof?

Answer

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

(a): As per the information furnished by RBI, Public Sector Banks (PSBs) and NABARD, the number of Kisan Credit Cards (KCCs) issued in Rajasthan during the last three financial years is as below:

| State | 2018-19 | 2019-20 | 2020-21 |
|-----------|----------|-----------|-----------|
| Rajasthan | 6,27,370 | 10,30,272 | 17,97,496 |

(b): Banks extend crop loans through KCC as per the guidelines issued in terms of RBI's Master Circular on Kisan Credit Card Scheme dated July 04, 2018. The scheme aims at providing adequate and timely credit support to farmers to meet the short term credit requirements for cultivation of crops and related activities. Further RBI vide its circular dated February 04, 2019 has extended KCC facility to Animal Husbandry farmers and Fisheries for their working capital requirements. Also, the limit for collateral-free agricultural loans has been raised from Rs. 1 lakh to Rs. 1.6 lakh vide RBI's circular dated February 7, 2019.

The credit limit/ loan amount under KCCs is fixed by Banks as per guidelines prescribed in the Master Circular dated July 4, 2018 issued by RBI. The short term credit limit under KCC for the first year is determined based on Scale of Finance for the crop (as decided by District Level Technical Committee) x Extent of area cultivated + 10% of limit towards post-harvest/household/ consumption requirements + 20% of limit towards repairs and maintenance expenses of farm assets + crop insurance and/or accident insurance including personal accidental insurance scheme (PAIS), health insurance & asset insurance. The limit for second and subsequent years (3rd, 4th and 5th year) is arrived based on first year limit for crop cultivation purpose plus 10% of the limit towards cost escalation / increase in scale of finance and estimated term loan component for the tenure of KCC, i.e., five years.

The short term loan limit arrived for the 5th year plus the estimated long term loan requirement will be the Maximum Permissible Limit (MPL) and is to be treated as the Kisan Credit Card limit.

(c) to (e): With a view to ensure availability of agriculture credit at a reduced interest rate of 7% per annum to farmers, the Government in the Department of Agriculture, Cooperation & Farmers' Welfare (DAC&FW) is implementing an Interest Subvention Scheme (ISS) for short term crop loans up to Rs.3.00 lakh. Under the ISS, an interest subvention of 2% for short term crop loans upto Rs. 3 lakh is provided with additional benefit of 3% on prompt repayment of loans by farmers, thereby, reducing the effective rate of interest to 4%. The benefits of ISS have also been extended to Animal Husbandry farmers and fishermen for loans upto Rs. 2 lakh. The additional facility of Prompt Repayment Incentive (PRI) under the scheme implies that the farmers paying promptly should get short term agriculture loans @ 4% per annum.

As per the extant RBI guidelines, farmers have to pay both interest and principal at the time of renewal of KCC. Upon timely repayment of both interest and principal on or before due/renewal date, farmers will be eligible for prompt repayment incentive of 3%, as mentioned above.

RBI reviews the guidelines under the KCC scheme from time to time and all the representations / suggestions related to introducing flexibility in credit disbursal and repayment mechanisms are being taken into consideration by RBI.
