GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 2301
ANSWERED ON MONDAY, AUGUST 03, 2026/SHRAVANA 12, 1948 (SAKA)

Kisan Credit Card Loans

†2301. SHRI NEERAJ MAURYA:

SHRI HARENDRA SINGH MALIK:

MS IQRA CHOUDHARY:

SHRI LALJI VERMA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that small farmers in the rural areas of Uttar Pradesh are being deprived of Kisan Credit Card loans carrying an effective interest rate of 4 per cent due to the stringent conditions relating to Credit Information Bureau India Limited (CIBIL) score and no-dues certificates imposed by banks thereby forcing them into the debt trap of private moneylenders, if so, the details thereof;

(b) whether there is an inordinate delay by the banks in the renewal of existing loans thereby increasing the cost of farming despite the announcement in the Budget 2026-27 to increase the Kisan Credit Card loan limit from Rs. 3 lakh to Rs. 5 lakh, if so, the details thereof;

(c) whether farmers who repay their loans on time are facing technical hurdles in availing the benefit of the 3 per cent prompt repayment incentive due to slow data feeding on the Kisan Loan Portal, if so, the details thereof; and

(d) whether the Government proposes to take punitive action against the banks which forcibly impose an insurance policy or any other financial product while sanctioning crop loans and if so, the details thereof ?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) In a deregulated credit environment, lenders take credit decisions as per their Board approved policies and the applicable regulatory guidelines. Moreover, banks and financial institutions obtain credit information reports of borrowers from one or more credit information companies (CICs) so that credit decisions may be taken on the basis of information available in the system. Such reports are primarily used for due diligence, particularly to assess the repayment history and any existing defaults of borrowers with other lending institutions.

However, RBI has not indicated any minimum credit score requirement from borrowers for sanctioning of loans including through Kisan Credit Cards.

Further, in terms of RBI's circular dated 28 January 2015, Scheduled Commercial Banks (including Regional Rural Banks) have been advised to dispense with obtaining 'No Due Certificate' from the individual borrowers (including SHGs & JLGs) in rural and semi-urban areas for all types of loans including loans under Government Sponsored Schemes, irrespective of the amount involved unless the Government Sponsored Scheme itself provides for obtaining of 'No Due Certificate'.

(b) The review of loan limit provided through Kisan Credit Card is contingent upon the repayment made by the borrower and credit policy of the bank framed under the applicable regulatory guidelines. Moreover, SLBC Uttar Pradesh has informed that in order to provide uninterrupted crop finance to farmers, banks have been regularly advised to ensure timely renewal and review of KCC accounts in accordance with the extant guidelines.

(c) Government has launched Kisan Rin Portal (KRP) in September 2023, enabling Aadhaar-based beneficiary authentication and faster digital claim settlements under the Modified Interest Subvention Scheme (MISS) for loans availed through KCC. The said portal has significantly enhanced transparency, accountability and operational efficiency in the administration of Interest Subvention (IS) and Prompt Repayment Incentive (PRI) claims.

(d) In terms of Master Direction on Responsible Business Conduct Second Amendment Directions, 2026 issued by Reserve Bank of India, which is applicable from 01 January 2027, banks have been prohibited from compulsory bundling of another product/service with sale of the requested product/service by the customer. It stipulates the need for explicit customer consent while issuing insurance policy. Further, as per the said direction, in cases where mis-selling of a financial product / service is established based on customer complaint, banks shall refund the entire amount paid by the customer for purchase of the financial product / service and also intimate the customer about cancellation of the sale, wherever applicable. Bank shall also compensate the customer, for any loss arising due to mis-selling, as per its approved policy.

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