

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2113
ANSWERED ON:06.08.2010
KISAN CREDIT CARD
Ramkishun Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to increase the limit of Kisan Credit Card (KCCs) provided to the farmers keeping in view the price rise;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government proposes to reduce the rate of interest being charged on KCCs;
- (d) if so, the details thereof; and
- (e) the steps taken/being taken by the Government in this direction?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The National Bank for Agriculture and Rural Development (NABARD) has reported that the credit limit under KCC is determined on the basis of the area under cultivation by the farmer, scale of finance prescribed by the District Level Technical Committee for the particular crop cultivated and also some amount towards consumption needs of the farmer. Further, if the farmer avails a term loan for agricultural and allied activities, such amount also can be included in the limit sanctioned under KCC. NABARD has not prescribed any upper or lower limit for the sanction of credit limit under KCC.

(c), (d) & (e): The Government of India has since 2006-07 been subsidizing short term crop loans to farmers in order to ensure the availability of crop loans to farmers for loans up to Rs.3.00 lakh, at 7% p.a. In 2009-10, an additional 1% incentive subvention was given to farmers who repay timely. This additional interest subvention has been raised to 2% in the year 2010-11. Thus, the short term crop credit will be available to prompt paying farmers @ 5% p.a. for loans upto Rs 3 lakh in 2010-11.