

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3319  
ANSWERED ON:13.08.2010  
KCCS  
Badal Harsimrat Kaur

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has conducted any study regarding Kisan Credit Cards; and
- (b) if so, the details thereof alongwith the main recommendations of the study and if not, the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): Government of India, Ministry of Agriculture, had constituted a Task Force under the Chairmanship of Chairman, National Bank for Agriculture and Rural Development (NABARD) to look into the issue of a large number of farmers, who had taken loan from private money lenders, not being covered under the Agricultural Debt Waiver and Debt Relief Scheme, 2008. The Terms of Reference of the Task Force, inter alia, proposes to suggest measures for covering all categories of farmers more particularly small and marginal farmers, tenant farmers, share croppers and oral lessees within the institutional credit fold to meet their credit requirements in order to reduce their dependence on informal sources and examine and suggest measures for improving effectiveness of Kisan Credit Card (KCC) Scheme. The Task Force has submitted its Report to the Ministry of Agriculture on 30-06-2010. The main recommendations of the Task Force on Kisan Credit Card are as under:

- (a) financial literacy and counseling campaigns be undertaken to increase awareness among farmers on KCC;
- (b) banks be encouraged to educate their rural branch staff about the KCC;
- (c) the KCC be technology enabled, including the conversion to a smart card with withdrawals and remittances enabled at ATMs, points of sale, and through hand held machines – banks need to have Core Banking Solutions in place at the earliest, to enable technology to benefit the farmer;
- (d) the KCC limit be fixed for five year, based on the bankers assessment of total credit needs of the farmer for a full year, and that the limit be operated by the borrower as and when needed, with no sub limits for kharif and rabi, or for stages of cultivation;
- (e) each withdrawal under KCC be allowed to be liquidated in twelve months without the need to bring the debt balances in the account to zero at any point of time;
- (f) there be automatic renewal and annual increase on credit limit linked to inflation rate;
- (g) an increase in limit at farmer request be based on bank review for which the presence of the farmer may be sought;
- (h) once issued, banks will review only for the purpose of cancellation of the card;
- (i) credit balances in KCC accounts earn interest;
- (j) Management Information System (MIS) on KCC be redesigned to reflect ground level reality and to provide disaggregated data on new and old clients, on women clients and on small and marginal farmers.