

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:742
ANSWERED ON:12.11.2010
KISAN CREDIT CARD
Bhagat Shri Sudarshan

Will the Minister of FINANCE be pleased to state:

- (a) whether there are certain shortcomings in the Kisan Credit Card Scheme;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has received complaints in this regard;
- (d) if so, the details thereof; and
- (e) the steps taken/being taken by the Government to address these shortcomings?

Answer

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

(a) to (e): National Bank for Agriculture and Rural Development (NABARD) has conducted various studies on the implementation of KCC focusing on operation of account, rates of interest charged, the process of revising credit limits, coverage of KCC borrowers under Personal Accident Insurance Scheme (PAIS)/National Agriculture Insurance Scheme (NAIS) and difficulties in settlement of insurance claims.

With a view to making the scheme more effective at ground level and to serve the farmers better, Government of India constituted a Task Force under the chairmanship of Chairman, NABARD which, inter alia, examined and suggested measures for improving the efficiency of KCC Scheme including Revised operational guidelines for distribution and sanction of the KCC limit. The Task Force submitted its report on 30.6.2010. 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.

The Finance Minister has held zonal review meetings across the country with the Chief Ministers of States & the CEOs of Public Sector Banks in June-July, 2010. During these reviews, the FM has directed the banks to increase KCCs by 20% (in number) and 20% (in amount) during the financial year 2010-11. These directions shall ensure improved progress in implementation of the scheme across the country.