

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:129
ANSWERED ON:04.03.2011
KISAN CREDIT CARDS
Singh Shri Jitender

Will the Minister of FINANCE be pleased to state:

- (a) the details of the targets set and achievements made by the scheduled commercial banks in issuing Kisan Credit Cards (KCCs) to the farmers during the last three years and the current financial year, State-wise and bank-wise;
- (b) whether the issuance of KCCs to the farmers has been on the decline during the said period;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether the Government has increased the credit availability to the said banks with a view to increasing the number of Kisan Credit Card holders;
- (e) if so, the details thereof and if not, the reasons therefor;
- (f) whether the farmers are facing difficulties in raising crop loans from the banks; and
- (g) if so, the details thereof alongwith the remedial measures taken/being taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (g): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (g) of Lok Sab ha Starred Question No. 129 to be answered on 4 March, 2011 regarding Kisan Credit Cards tabled by Shri Jitender Singh Malik, MP.

(a) to (g): The Kisan Credit Card (KCC) Scheme was introduced in 1998-99, as an innovative credit delivery system aiming at adequate and timely credit support from the banking system to the farmers for their cultivation needs in a flexible, convenient and cost effective manner. The Scheme is being implemented by all the District Central Cooperative Banks (DCCBs), Regional Rural Banks (RRBs) and Commercial Banks throughout the country. Efforts are being made to ensure that all farmers are covered under the KCC Scheme.

National Bank for Agriculture & Rural Development (NABARD) has reported that the banking system has issued 936.73 lakh KCCs cumulatively as on 31 March 2010, since inception. An amount of Rs 4,27,748 crore has been sanctioned under KCCs till 31 March 2010, since inception.

As reported by Reserve Bank of India (RBI) and NABARD, the KCCs issued in the last three years by Cooperative Banks, Regional Rural Banks and Commercial Banks are as under:

Year TOTAL

No. of cards issued

2007-2008 84,69,602
2008-2009 85,92,473
2009-2010 90,06,123

As is evident from the aforesaid data, there is an annual increase in the total number of KCCs issued during the last three years. The details of KCCs issued by Public Sector Banks, State-wise and Bank-wise, during the last three years are at Annex-1 & II.

The KCC scheme was simplified in 2004 in consultation with RBI to cover all eligible farmers including small and marginal farmers,

oral lessees, tenant farmers, etc. Further, Banks have been directed to increase Kisan Credit Cards by 20% (in number) and 20% (in amount) for the current financial year, 2010-11.

As regards the flow of credit to agriculture, the Government of India had in 2004 announced a package for doubling the flow of credit to agriculture and allied activities in a period of three years commencing from 2004-05 over the amount disbursed during the year 2003-04. The target was however achieved in two years and has been achieved each year thereafter, by the banking system. The flow of agriculture credit for the last three years vis a vis the target set by the Government is as under:

(Rs. Crore)

| Year | Target | Achievement |
|---------|----------|-------------|
| 2007-08 | 2,25,000 | 2,54,657 |
| 2008-09 | 2,80,000 | 3,01,908 |
| 2009-10 | 3,25,000 | 3,84,514 |
| 2010-11 | 3,75,000 | 2,91,142 |

Source: NABARD

Figures upto 31st Dec, 2010

As is evident from the above table the credit disbursed to the Agriculture sector is growing each year

The Government of India and RBI have taken several measures in order to ensure the proper availability of credit to farmers through banks. These include:

The Government of India, since 2006-07 is providing an Interest Subvention to all Public Sector Banks, Regional Rural Banks and Cooperative Banks for short term crop loans upto Rs 3 lakh, so as to ensure that short term agriculture credit is available at 7% to farmers. In 2010-11, an additional 2% interest subvention is being provided to those farmers, who repay their short term crop loans timely. Thus the short term crop credit is available to prompt payee farmers @ 5% p.a. for loans upto Rs 3 lakh. Similarly, for the year 2011-12 the Interest Subvention Scheme proposes to provide prompt repaying farmers short term crop credit @ 4% p.a.

the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 de-clogged the lines of credit that were clogged due to the debt burden on the farmers;

Banks have been advised to dispense with the requirement of `no due` certificate for small loans up to Rs 50,000 to small and marginal farmers, share-croppers and the like and instead obtain a self-declaration from the borrower;

Banks (including RRBs), have been advised that wherever there are difficulties in getting certification from the local administration/panchayati raj institutions regarding the cultivation of crops, etc., they may accept an affidavit submitted by landless labourers, share croppers and oral lessees giving the occupational status (i.e., details of land tiled/crop grown) for loans up to Rs 50,000.

RBI has advised to banks to waive margin/security requirements for agricultural loans upto Rs 1,00,000.