

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1940

ANSWERED ON:31.07.2015

Kisan Credit Cards

Maurya Shri Keshav Prasad;Meghwal Shri Arjun Ram

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

- (a) whether the Government has increased the limit of Kisan Credit Cards (KCCs) and decrease the interest rate thereon;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government proposes to modify the complex procedure of the renewal of Kisan Credit Cards and if so, the details thereof;
- (d) whether the Government has received any complaint against bank officials charging commission for making KCCs;
- (e) if so, the details thereof during the last three years, bank and State-wise; and
- (f) the steps taken by the Government in this regard?

**Answer**

The Minister of State in the Ministry of Finance  
(Shri Jayant Sinha)

(a) to (c): Kisan Credit Card (KCC) Scheme has since been simplified and converted into ATM enabled debit card with, inter alia, facilities of one-time documentation, built-in cost escalation in the limit, any number of drawals within the limit, etc. KCC is aimed at providing adequate and timely credit support from the banking system under a single window to the farmers for their cultivation & other needs as indicated below:

- a. To meet the short term credit requirements for cultivation of crops
- b. Post harvest expenses
- c. Produce marketing loan
- d. Consumption requirements of farmer household
- e. Working capital for maintenance of farm assets and activities allied to agriculture, like dairy animals, inland fishery etc.
- f. Investment credit requirement for agriculture and allied activities like pump sets, sprayers, dairy animals etc.

The aggregate of components (a) to (e) above form the short term credit limit portion and the aggregate of components under (f) form the long term credit limit portion.

KCC is valid for five years subject to an annual review. The farmer is required to furnish one-time documentation at the time of first availment of loan and, thereafter, simple declaration about crop raised/proposed is required to be given from the second year onwards, which ensures that there is no complexity in renewal of KCC.

Thus, KCC Scheme in its present form is simplified taking care of various requirements of farmers and has built-in provision of cost escalation.

As regards the interest rate on KCC loans, the interest rates on loans have been deregulated by RBI and it is now linked to the Base Rate fixed by the banks. However, with a view to ensuring availability of agriculture credit at a reasonable cost, the Government provides interest subvention to make available the short-term crop loans upto Rs. 3 lakhs for a period of one year at the interest rate of 7 percent per annum and in case of prompt repayment, the same gets reduced to 4 percent.

(d) to (f): If any complaint against any bank is received, the matter is immediately taken up by Government/Reserve Bank of India(RBI) with the concerned bank for remedial action.

\*\*\*\*\*