



Press Information Bureau
Government of India



Ministry of Agriculture & Farmers Welfare

Kisan Credit Card (KCC)

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(Ministry of Agriculture & Farmers Welfare)

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1. Introduction

The Kisan Credit Card (KCC)[1] scheme was introduced in 1998 for issue of Kisan Credit Cards to farmers on the basis of their holdings for uniform adoption by the banks so that farmers may use them to readily purchase agriculture inputs such as seeds, fertilizers, pesticides etc. and draw cash for their production needs. The scheme was further extended for the investment credit requirement of farmers viz. allied and non-farm activities in the year 2004.

On 18 December, 2020[2], Prime Minister Narendra Modi launched Revised Scheme to Kisan Credit Card[3] (KCC) which aims at providing adequate and timely credit support from the banking system under a single window to the farmers for their cultivation and other needs.

2. Objectives/ Purpose

Kisan Credit Card (KCC) scheme meets the financial requirements of farmers at various stages of farming. The scheme aims at providing adequate and timely credit support from the banking system under a single window[4] with flexible and simplified procedure to the farmers for their cultivation and other needs as indicated below:

- To meet the short-term credit requirements for cultivation of crops;
- Post-harvest expenses;
- Produce marketing loan;
- Consumption requirements of farmer household;
- Working capital for maintenance of farm assets and activities allied to agriculture;[5]
- Investment credit requirement for agriculture and allied activities.

3. Eligibility

- All Farmers – Individuals / Joint borrowers who are owner cultivators[6]
- Tenant Farmers, Oral Lessees & Share Croppers[7]

- Self Help Groups (SHGs) or Joint Liability Groups of Farmers including tenant farmers, share croppers etc.

4. Beneficiaries:

The farmers eligible under the KCC scheme include small farmers, marginal farmers, share croppers, oral lessee and tenant farmers. The Self Help Groups (SHGs) or Joint Liability Groups (JLGs) are also eligible for availing benefits under the said scheme.

Steps taken to ensure ease of application:

- Simple one-page form has been developed such that the basic data would be obtained from the bank's record under PM KISAN and only a copy of the land record along with details of crop sown would need to be filled in.
- The one-page form shall be available along with an advertisement being published in all leading newspapers across the country and the same can be cut and filled by the beneficiaries.
- The form can also be downloaded from websites of all Scheduled Commercial Banks (SCBs) as well as website of Department of Agriculture, Cooperation & Farmers Welfare, Govt. of India (www.agricoop.gov.in) and PM-KISAN portal (www.pmkisan.gov.in).
- Common Service Centres (CSC) have also been authorized to fill up the form and transmit the same to the concerned bank branches.

5. Salient Features of Kisan Credit Card Scheme

- The KCC scheme provides the facility of ATM enabled RuPay Card, one-time documentation, built-in cost escalation in the limit and any number of drawals within the limit.^[8]
- RuPay is an Indian domestic card scheme conceived and launched^[9] by the National Payments Corporation of India (NPCI). It was created to fulfil the Reserve Bank of India's desire to have a domestic, open loop, and multilateral system of payments in India. RuPay facilitates electronic payment at all Indian banks and financial institutions.
- The scheme was further extended for the investment credit requirement of farmers viz. allied and non-farm activities in the year 2004.
- KCC covers post-harvest expenses, produce marketing loan, consumption requirements of farmer household, working capital for maintenance of farm assets and activities allied to agriculture, investment credit requirement for agriculture and allied activities.
- The Kisan Credit Card Scheme is implemented by Commercial Banks, RRBs, Small Finance Banks and Cooperatives.
- (Loan Application Form For Agricultural Credit Form For KCC^[10])

The credit limit under the Kisan Credit Card may be fixed as under:

All farmers other than marginal farmers^[11]:

- **The short term limit to be arrived for the first year (For cultivating single crop in a year):**

Scale of finance for the crop (as decided by District Level Technical Committee) x Extent of area cultivated + 10 per cent of limit towards post-harvest/household/ consumption requirements + 20 per cent of limit towards repairs and maintenance expenses of farm assets + crop insurance and/or accident insurance including PAIS, health insurance & asset insurance.

- **Limit for second & subsequent year**

First year limit for crop cultivation purpose arrived at as above plus 10 per cent of the limit towards cost escalation / increase in scale of finance for every successive year (2nd, 3rd, 4th and 5th year) and estimated term loan component for the tenure of Kisan Credit Card, i.e., five years. (Illustration I)

- **For cultivating more than one crop in a year**

The limit is to be fixed as above depending upon the crops cultivated as per proposed cropping pattern for the first year plus an additional 10 per cent of the limit towards cost escalation / increase in scale of finance for every successive year (2nd, 3rd, 4th and 5th year). It is assumed that the farmer adopts the same cropping pattern for the succeeding four years. In case the cropping pattern adopted by the farmer is changed in the subsequent year, the limit may be reworked. (Illustration I)

- **Term loan for investment**

The term loan for investment is to be made towards land development, minor irrigation, purchase of farm equipment and allied agricultural activities. The banks may fix the quantum of credit for term and working capital limit for agricultural and allied activities, etc., based on the unit cost of the asset/s proposed to be acquired by the farmer, the allied activities already being undertaken on the farm, the bank's judgment on repayment capacity vis-a-vis total loan burden devolving on the farmer, including existing loan obligations.

The long term loan limit should be based on the proposed investment(s) during the five-year period and the bank's perception on the repaying capacity of the farmer.

- **Maximum Permissible Limit**

The short-term loan limit arrived for the 5th year plus the estimated long-term loan requirement will be the Maximum Permissible Limit (MPL) and is to be treated as the Kisan Credit Card limit.

- **Fixation of Sub-limits**

- Short-term loans and term loans are governed by different interest rates. At present, short term crop loans up to ₹ 3 lakh are covered under Interest Subvention Scheme/Prompt Repayment Incentive scheme of the Government of India. Further, repayment schedule and norms are different for short term and term loans. Hence, in order to have operational and accounting convenience, the card limit is to be bifurcated into separate sub-limits for short term cash credit limit cum savings account and term loans.

- Drawing limit for short term cash credit should be fixed based on the cropping pattern. The amount(s) for crop production, repair and maintenance of farm assets and consumption may be allowed to be drawn as per the convenience of the farmer.
- For term loans, installments may be allowed to be withdrawn based on the nature of investment and repayment schedule drawn as per the economic life of the proposed investments.

• **For Marginal Farmers**

A flexible limit of ₹ 10,000 to ₹ 50,000 may be provided (as Flexi KCC) based on the land holding and crops grown including post-harvest warehouse storage related credit needs and other farm expenses, consumption needs, etc., plus small term loan investment(s) like purchase of farm equipment(s), establishing mini dairy/backyard poultry as per assessment of the Branch Manager without relating it to the value of land. The composite KCC limit is to be fixed for a period of five years on this basis. (Illustration II)

6. Achievements

- As part of the Atmanirbhar Bharat Package[12], the Government has announced to cover 2.5 crore farmers under the Kisan Credit Card (KCC) scheme with a credit boost of Rs. 2 lakh crores through a special saturation drive.
- As a result of concerted and sustained efforts by the banks and other stakeholders in the direction of providing access to concessional credit by the farmers, including Fishermen and Dairy farmers, a major milestone target of covering more than 1.5 crore farmers under KCC, with sanctioned credit limit of Rs.1.35 lakh crore has been achieved.
- Under the Kisan Credit Card (KCC) Scheme, a flexible limit of Rs 10,000 to Rs 50,000 has been provided to marginal farmers[13] (as Flexi KCC) based on the land holding and crops grown including post-harvest warehouse storage related credit needs and other farm expenses, consumption needs, etc., plus small term loan investments without relating it to the value of land.

Click here[14]to see the State-wise progress of Kisan Credit Card Scheme.

7. Validity/Renewal

- Banks may determine the validity period of KCC[15] and its periodic review.
- The review may result in continuation of the facility, enhancement of limit or cancellation of the limit/withdrawal of the facility depending upon increase in cropping area/pattern and performance of the borrower.

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