

F. No. 03/27/2011-AC
Government of India
Ministry of Finance
Department of Financial Services
(AC Section)

Jeevan Deep Building, Parliament Street,

New Delhi, dated 11th October, 2012

To

The Chief Executives of all Public Sector Banks

Subject: Master Circular on Guidelines for modifications of the Kisan Credit Cards (KCCs).

Dear Sir,

As you are aware that NABARD/RBI have issued instructions for the implementation of the revised Kisan Credit Card (KCC) Scheme. The Government of India has also issued guidelines/instructions to banks on Kisan Credit Cards (KCCs). In order to enable the banks and the other entities concerned to have these guidelines/instructions at one place, a Master Circular incorporating the existing guidelines/instructions issued by the Government on the subject has been consolidated and enclosed.

2. All Public Sector Banks are requested to ensure compliance in the PSBs and their Regional Rural Banks (RRBs) of the above guidelines.
3. This issues with the approval of Secretary(FS).

Yours faithfully

(Mohammad Mustafa)
Director (AC)

Encl: As above

Copy to : Chairman, NABARD for information and necessary action

Master circular on revised KCC scheme.

NABARD vide its letter no. NB.PCD.KCC.1/2011-12 dated 28.03.2012 has issued revised guidelines on Kisan Credit Cards(KCCs). Further, RBI vide its Circular No. RPCD.FSD.BL.No.77/05/05/09/ 2011-12 dated 11th May, 2012 and 7th August, 2012 has advised to all the Scheduled Commercial Banks for the implementation of the revised KCC scheme. The Government of India has also issued guidelines/instructions to banks on Kisan Credit Cards (KCCs). These are as under:

1 All PSBs are advised to immediately take up the issuance of KCC as per the new scheme. While adopting the revised KCC scheme, the banks may consider the following:

- (i) The validity period of KCC may be kept at 5 years.
- (ii) For crop loans, no separate margin need be insisted as the margin is inbuilt while fixing the scales of finance.
- (iii) For term loan component the margin may be decided by the banks keeping in view the guidelines of RBI issued from time to time.
- (iv) There should be no processing fee upto a card limit of Rs. 3 lakh.
- (v) Farmers may be provided with KCC Short-Term sub-limit cum SB account so as to allow credit balance in KCC-cum-SB accounts to fetch interest at savings bank rate. A separate account needs to be maintained for the long term sub-limit. Where possible a common debit card can be issued for both the accounts.
- (vi) Some banks require the farmers to produce copies of documents related to land title at the stage of annual renewal of KCC even when the land is already hypothecated to the bank by virtue of a charge created against a previous loan. Since a charge in favour of the bank has already been created, no change in the

land ownership is possible, and there should be no need of asking the farmer to produce another copy of land title.

(vii) The scheme provides fixation of scale of finance for the first year and subsequent increase for every successive year. Therefore documentation will be done by the bank only for maximum limit so that there is no need of fresh documentation during the validity of account. Within the sanctioned limits the withdrawal limit may be fixed each year as per the scale of finance.

(viii) Where the validity period of KCC is 5 years there might be a legal requirement to renew the account by taking a fresh letter from the farmers after every 3 years. However no other documents be obtained from the farmer. Banks are requested to fulfill this requirement during the validity of account as per the convenience of farmers/ banks.

(ix) Annual cost revision of rate be done by April of each year for all the crops and be implemented automatically by all branches in the State/ Districts.

2 Since the KCCs is to be enabled to be used at i) ATMs, ii) Point of Sale (POS) Terminals at Merchant Establishments and iii) Micro-ATMs with Business Correspondents and has to be an online card, it has been decided that at present the magnetic stripe based KCC should meet the above requirements. However banks should capture bio-metric details of the customers also so as to have a second level identification in the times to come. The bio-metrics capture, storage and retrieval should be as per the ISO standards and be kept at the bank's core banking system.

3 New KCCs issued by banks should necessarily be plastic cards as per the above scheme. The existing passbook based KCCs may be replaced with plastic KCCs when they come up for renewal. Banks should also draw up a plan to issue these ATM enabled KCCs to existing KCC account holders in a time bound manner.

4. It needs to be ensured that all new KCC accounts and those due for annual renewal this year are issued KCC as per this scheme. SLBCs may select a few districts,(say2-4) in every State where every eligible household should be issued a KCC as per the new scheme by June, 2012. Banks were advised that this must be expanded to cover remaining districts latest by September, 2012.

5 Banks are also requested to take immediate action to issue ATM/Debit Cards to the farmers as per the new KCC scheme in July, 2012. An action taken report in this regard may also be sent to this Department, at acsec-bkg@nic.in with a copy to md.mustafa@nic.in.

List of Circulars/Letters consolidated by the Master Circular

Sr. No.	Circular/Letter No.	Date	Subject
1.	F. N. 3/27/2011-AC	12.04.2012	Guidelines for modifications of Kisan Credit Cards (KCCs)
2.	F. N. 3/27/2011-AC	30.05.2012	Revised KCC scheme
3.	F. N. 3/27/2011-AC	22.06.2012	Revised scheme for Kisan Credit Card (KCC)
4.	F. N. 3/27/2011-AC	28.06.2012	Issued of ATM/Debit Cards to KCC holders.