



# NEW ERA AGRICULTURE MAGAZINE

## KISAN CREDIT CARD: A SCHEME FOR SHORT-TERM CREDIT FOR CROPS AND TERM LOAN

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### Introduction:

The Kisan Credit Card scheme is a multipurpose credit card program for Indian farmers, which has provisions for crop loans, consumption credit, and term credit. The KCC scheme was introduced in 1998 to provide a single-window system of credit to the agricultural sector and to ensure that farmers have access to timely, hassle-free credit. The program also considerably reduces the amount of paperwork required to access credit. Once sanctioned, the credit card is valid for up to three to five years, subject to revision by banks. The credit limit of KCC is decided based on the cropping pattern and scale of finance as recommended by District Level Technical Committee. Kisan Credit Card is formed by means to make it easier for beneficiaries to obtain enough credit facility. It will help out farmers in buying farming resource like seed, fertilisers, pesticides, tools so on. It also covers harvesting expenses, usage needs, and credit needs of agricultural, allied activities. Profit-making banks, financial banks, cooperative carry out this KCC.

Moreover, with the help of KCC, farmers are exempt from the high interest rates of the regular loans offered by banks as the interest rate for KCC starts as low as 2% and averages at 4%. With the help of this scheme, farmers can repay their loans depending on the harvesting period of their crop for which the loan was given.

### Objective of kisan credit card:

- 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;
- f) Investment credit requirement for agriculture and allied activities.

### Aim of KCC:

According to the Reserve Bank of India's (RBI), 2019 Report of the Internal Working Group to Review Agricultural Credit,

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the card aims to “provide adequate and timely credit support from the banking system under a single window” for farmers’ “overall credit requirements such as the cultivation of crops, post-harvest expenses, marketing of produce, maintenance of farm assets, activities allied to agriculture and also consumption requirements of farmer households.

### Features:

- The scheme comes with an atm-enabled rupay debit card with facilities for one-time documentation, built-in cost escalation in the limit, and any number of drawals within the limit.
- Besides ensuring saturation, banks will also be taking steps to link aadhaar immediately as no interest subvention will be given if the aadhaar numbers are not seeded to kcc accounts.
- Also, the government has taken several initiatives for kcc saturation which include adding farmers engaged in animal husbandry and fisheries, no of processing fee of loan under kcc and raising the limit of collateral free agriculture loan from rs. 1 lakh to rs.1.6 lakh.
- The kcc facility will help fisheries and animal husbandry farmers to meet their short-term credit requirements of rearing of animals, poultry birds, fish, shrimp,

other aquatic organisms and capture of fish.

### Achievements of KCC:

- As of June 2020, around 25 lakh applications have been sanctioned for Nationwide Fishery KCC.
- As part of the Atmanirbhar Bharat Package, 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 efforts, a major milestone target of covering more than 1.5 crore farmers under KCC, with a sanctioned credit limit of Rs. 1.35 lakh crore has been achieved.

### Implementing Agencies:

- a) Commercial Banks
- b) Regional Rural Banks (RRBs)
- c) Small Finance Banks
- d) Cooperatives

### Financial Provisions:

1. To ensure availability of agricultural credit at a reasonable cost of 7% per annum to formers:
2. Government of India implements an interest subvention scheme of 2%

for short term crop loans up to Rs. 3 lakh.

3. In addition, the GOI provides interest subvention of 2% and prompt repayment incentive of 3% to the farmers.

### Eligibility:

1. Farmers - individual/joint borrowers who are owner cultivators;
2. Tenant farmers, oral lessees & share croppers;
3. Self Help Groups (SHGs) or Joint Liability Groups (JLGs) of farmers including tenant farmers, share croppers etc.

### Documents Required to Apply for KCC

#### Loan Scheme:

- Duly filled-in and signed-in application form.
- Copy of identity proof such as Aadhaar card, PAN card, Voter ID, driving licence, etc.
- Copy of address proof document such as Aadhaar card, PAN card, Voter ID, driving licence. The proof should have the applicant's current address to become valid.
- Land documents.
- A passport size photograph of the applicant.

- Other documents such as security PDC as requested by the issuing bank

### Application Process for the Kisan Credit Card:

The application process for the Kisan credit card can be done online, as well as, offline.

#### Online:

- Visit the website of the bank you wish to apply for the kisan credit card scheme.
- From the list of options, choose the Kisan Credit Card.
- On clicking the option of 'Apply', the website will redirect you to the application page.
- Fill the form with the required details and click on 'Submit'.
- On doing so, an application reference number will be sent.
- If you are eligible, the bank will get back to you for the further process within 3-4 working days.

#### Offline:

Offline applications can be done by visiting the branch of the bank of your choice or by downloading the application form from the website of the bank as well. The applicant can visit the branch and begin the application process with the help of the

bank representative. Once the formalities are done, the bank's loan officer can help with the loan amount for the farmer.

**Conclusion:**

Thus, the kisan credit card scheme has shown growth during the period of study in terms of number of cards issued and amount sanctioned under the scheme. As far as agency-wise progress of Kisan credit card scheme is concerned in terms of number of cards issued and amount sanctioned, the commercial banks were ahead of co-operative banks and RRBs during the period of study.

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