

Kisan Credit Card (KCC)

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Why KCC?

- The Kisan Credit Card Scheme aims to provide timely and adequate credit to farmers to meet their needs at the time of crop production (cultivation expenses) and meeting contingency expenses.
- It also covers expenses related to ancillary activities through simplified procedures in obtaining loans as and when needed.

Expansion to allied and non-farm activities:

- The scheme was further extended for the investment credit requirement of farmers viz. allied and non-farm activities in the year 2004.

Who can issue a Kisan Credit Card?

- Commercial Banks, RRBs, Small Finance Banks and Cooperatives.

Features of KCC

- KCC borrowers shall be issued an ATM-cum -Debit card to enable them to withdraw money from KCC accounts through ATMs and make payments through PoS terminals.
- The KCC will be in the nature of a revolving account. Credit balance in the account, if any, will fetch interest at the savings bank rate.

Who can avail the Kisan Credit Card Scheme

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

- Household consumption limit: While 10 percent of the short-term limit under KCC can be used for household consumption purposes, it is advisable not to divert more funds for consumption expenditure.

Updates: Interest Subvention Scheme

- With a view to ensuring availability of agriculture credit {including loans taken against Kisan Credit Card (KCC)} at a reasonable cost/at a reduced rate of 7% per annum to farmers, the Government of India, is implementing an interest subvention scheme of 2% for short term crop loans up to Rs.3.00 lakh.
- Currently, besides 2% interest subvention, the farmers, on prompt repayment of crop loans on or before the due date, are also provided 3% additional interest subvention.
- Thus, in case of prompt payee farmers the short term crop loans are provided at an effective interest rate of 4% per annum.
- The benefit of interest subvention is extended for a period of up to six months (post-harvest) to small and marginal farmers having KCC on loan against negotiable warehouse receipts with the purpose of preventing distress sale of produce