

CAB Training Cards



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Kisan Credit Card (KCC) Scheme

The Kisan Credit Card (KCC) scheme was introduced to extend credit to farmers for their short term & long term credit requirements in a timely and hassle free manner.

1. Applicability of the Scheme

The Kisan Credit Card Scheme is to be implemented by Commercial Banks, RRBs, Small Finance Banks and Cooperative Banks.

2. Objective

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

3. Eligibility

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

4. Fixation of credit limit / Loan amount

For Marginal Farmers

A flexible limit of ₹ 10, 000 to ₹ 50, 000 may be provided based on the land holding and crops grown including post-harvest expenses, consumption needs, etc., plus small term loan

investment(s). The composite KCC limit is to be fixed for a period of five years on this basis.

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

Limit for second and the subsequent years is to be arrived at limit for the first year plus 10% of the limit towards cost escalation. The term loan for investment is to be made towards land development, minor irrigation, purchase of farm equipment and allied agricultural activities. 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.

5. Security

Security requirement may be as under:

- a. Hypothecation of crops: For KCC limit up to ₹ 1.00 lakh, banks have to waive margin/security requirements. Collateral security may be obtained at the discretion of Bank for loan limits above ₹ 1.00 lakh.
- b. With tie-up for recovery: Banks may consider sanctioning loans on hypothecation of crops up to card limit of ₹3.00 lakh without insisting on collateral security.
- c. In states where banks have the facility of on-line creation of charge on the land records, the same shall be ensured.

6. Classification of account as NPA

A loan granted will be treated as NPA, if the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops and overdue for one crop season for long duration crops.

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