

Kisan Credit Card Scheme

The Kisan Credit Scheme (KCC) was introduced in 1998 based on a model scheme prepared by the National Bank for Agriculture and Rural Development (NABARD).

The scheme was introduced to meet the various credit requirements of the agriculture sector by giving financial assistance to farmers.

This article will give details about the Kisan Credit Card Scheme within the IAS Exam.

Overview of the Kisan Credit Card Scheme

The Kisan Credit Card scheme was brought about with the aim of simplifying the procedure for farmers in getting adequate and timely credit. This would help farmers in the purchases of agriculture inputs such as seeds, fertilizers, pesticides etc.

The KCC also covers post-harvest expenses, consumption requirements, investment in credit requirements for agricultural and allied activities. The scheme is implemented by Commercial Banks, Small finance banks and cooperatives

Through the KCC scheme, farmers are exempted from the high interest rates of the loans offered by regular banks. The interest rates for KCC is between 2%-4%. This low interest rate helps farmers in repaying loans better, of course taking into account the harvesting period of the crop and the date at which the loan was granted.

Benefits and Eligibility Criteria for the KCC Scheme

The features of the Kisan Credit Card Scheme is as follows:

- Farmers will meet their financial requirements along with any expenses incurred during the post-harvest season
- A loan of Rs.3 lakh can be sanctioned and produce marketing loans can be obtained
- The farmers eligible for the KCC scheme will issued a savings account with affordable interest rates
- The KCC scheme will facilitate a hassle free disbursement procedure and a flexible repayment loans
- No collateral will be required for loans that amount up to Rs. 1.6 lakh

- For a period of 3 years, credit will be available and repayment can be made post the harvest season.
- There are certain subsidies and schemes offered by the government regarding interest rate. Availing these subsidies is dependent on the repayment history and general credit history of the cardholder.
- Fees and other such as processing fees, land mortgage deed charges etc would be at the discretion of the issuing bank.
- Limit to be fixed on the basis of operational land holding, cropping pattern and scale of finance.
- The Card has a validity of 5 years post which it will be subject to an annual review. In case of a good credit score, the card limit would be further extended to include rising costs, incidental expenses or change in cropping pattern etc
- Rescheduling of loans and conversions will be permitted in case of any damage to crops due to an unforeseen event like natural calamity etc.

Eligibility Criteria is as follows for the Kisan Credit Card Scheme:

- Individual farmers who are owners/cultivators
- Sharecroppers, tenant farmers
- Self-Help Groups of sharecroppers, farmers, tenant farmers etc
- Farmers involved in the production of crops or activities such as animal husbandry
- Fish farmers, fishers, SHGs, JLGs, and women groups
- Fishermen who own a registered boat or any other type of fishing vessel and possess the necessary license or permissions for fishing in estuaries or the sea.
- Poultry farmers and even those who raise sheep, rabbits goats pigs etc.
- Dairy: Farmers, dairy farmers, SHGs, JLGs, and tenant farmers who own, lease, or rent sheds.

Frequently Asked Questions Related to Kisan Credit Scheme?

What are some of the advantages of the Kisan Credit Scheme?

The following are some of the advantages of the Kisan Credit Scheme:

- Simplifies disbursement procedures
- Removes rigidity regarding cash and kind
- No need to apply for a loan for every crop
- Assured availability of credit at any time enabling reduced interest burden for the farmer.
- Helps buy seeds, fertilizers at farmer's convenience and choice

What will be the repayment period of a loan acquired through the KCC?

The term loan component will be normally repayable within a period of 5 years depending on the type of activity / investment as per the existing guidelines applicable for investment credit.

How many Kisan Credit Card Schemes have been issued?

As per the Finance Ministry, about 1.8 Kisan Credit Cards with a credit limit of Rs 1.68 lakh crore have been sanctioned as of January 8 2021.