To,
1. Chief Secretaries, All State/UT Governments
2. Principal Secretaries of Agriculture of all States/ UT Governments

Subject: Launching a campaign to saturate the farmers with Kisan Credit Cards-reg.'

Sir/Madam

Kisan Credit Card (KCC) Scheme was introduced in the year 1998 to facilitate and make accessible credit availability to the farmers. The scheme was to issue KCC to farmers on the basis of the land holdings so that the farmer can avail credit for purchase of agriculture input such as Seeds, Fertilizers, Pesticides and other production needs. Government of India provides interest subvention of 2% and Prompt Repayment Incentive of 3% to the farmers, thus making the credit available at a very subsidized rate of 4% per annum. The master circular No. RBI/2017-18/04 FIDD.CO.FSD BC.No. 7/05.05.010/2017-18 dated 03.07.2017 on the KCC Scheme was issued by Reserve Bank of India and is available on their website www.rbi.org.in.

2. As per the information available with Govt. of India, there are around 6.95 crore active KCCs. The above coverage had been made possible due to a successful and collaborative efforts made by the State Governments, District administrative machinery and the Financial Institutions. Issuing of KCCs in large numbers have helped in increasing the agriculture credit which has contributed significantly in not only fulfilling the objective of food security for our country but also increasing the farmers income.

3. However, there are still a large number of farmers who do not have access to institutional credit either because they have not been issued a KCC or the KCC issued earlier inactive due to various reasons other than NPA. The reasons for this gap in coverage include levy of various recurring and non-recurring charges related to processing/documentation/ledger folio/inspection by the banks, cumbersome procedure adopted by certain banks for sanctioning the credit limits and perceived difficulty in completing the required documentation.

4. Government has taken a major farmer friendly step of extending the benefits of KCC with interest subvention to the farmers engaged in activities related to Animal Husbandry and Fisheries. Farmers already possessing a KCC and involved in activities...
related to animal husbandry & fisheries can avail an additional sub limit within an overall limit of Rs. three lakh and the interest subvention/prompt repayment incentive will also be applicable within this credit limit. Farmers involved in activities related to animal husbandry & fisheries but not possessing any KCC, will be eligible for issue of a fresh KCC with credit limit upto Rs. two lakhs with applicability of interest subvention/prompt repayment incentive Department of Animal Husbandry, Dairying & Fisheries will shortly be issuing a detailed circular in this regard.

5. The Government has therefore decided to launch a campaign to saturate farmers for financial inclusion under KCC. This campaign will be launched through the Financial Institutions including Commercial Banks, Cooperative Banks and Regional Rural Banks in collaboration with the State Governments.

6. The Department of Financial Services has already issued directives to the Financial Institutions under their purview in this regard. Copy of the circular is enclosed with this letter.

7. The success of this campaign will depend on collaboration and leadership of the State Government and the District Administration. To make this campaign successful, following strategy can be adopted:-

(i) The KCC will be issued in a time bound manner from the branch where the farmer is already having an account. In case the eligible farmer is not having any bank account, the same shall be immediately opened in any of the nearby branch of his/her choice within the block.

(ii) The camps for collection of applications can be organized bank wise or village wise. The District Level Bankers Committee will decide the modalities of the camp and the date wise schedule.

(iii) For village wise camps, the field level development and revenue functionaries would be present on the pre designated dates in the concerned village to facilitate filling up forms and providing the necessary documents related to land records. The filled in application forms so collected will be deposited in the bank branch the very next day. The officials from the concerned branches may also be present during these camps.

(iv) If the camps are organized branch wise, the field level functionaries would bring eligible farmers to the concerned bank branches on the designated dates and will ensure issue of required land related documentation to the farmers. In the branches, dedicated desks will be set up for providing appropriate guidance to the farmers, so as to ensure prompt processing and approvals.

(v) Farmers can avail the option of directly submitting the completed application form with necessary supporting documents to the bank branch for issue of KCC.
(vi) The simplified common application form circulated by Indian Banks Association will be utilized after translation in local language. The IBA' circular no SB/Cir/AGRI/480 dated 09.06.2016 along with a sample copy of the form is being enclosed.

(vii) Indian Banks Association has also issued an advisory guideline to all the banks to waive the processing, documentation, inspection, ledger folio charges and all other service charges for KCC/crop loans up to Rs. three lakhs keeping in view the hardship and financial distress of small and marginal farmers. This will enable farmers avail the KCC facility without any additional financial burden. A copy of these guidelines is also being enclosed with this letter.

(viii) Eligible farmers will be issued KCCs by the concerned banks within two weeks of the submission of completed application forms.

9. Since the credit availed to KCC will be eligible for interest subvention support of Govt. of India, the details of Aadhar Card Number of the applicants shall also be captured.

10. State/UT Governments are requested to take up appropriate action to ensure saturation of farmers to provide Kisan Credit Card to bring them under institutional credit fold and to undertake a detailed review and monitoring of the progress of the campaign as provided in the above said circular of Department of Financial Services.

Encl.: As above

(Dr. Ashish Kumar Bhutani)
Joint Secretary to Government of India
Tele: 011-23389208

Copy for information to:
1. Principal Secretary to the Prime Minister, PMO, South Block, New Delhi.
2. Shri Giridhar Armane, Additional Secretary, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi.
3. Sr PPS to Cabinet Secretary
4. Secretary, Department of Financial Services, Jeevan Deep Building Parliament Street, New Delhi.
5. Chairman, NABARD, Mumbai.
6. CGM, FIDD, Reserve Bank of India, Mumbai.
To
1. Chairman / MDs & CEOs of all Public Sector Banks and Private Sector Banks
2. Chairman NABARD

Subject: Campaign to achieve saturation under the Kisan Credit Cards (KCC) -reg

Sir/ Madam

1. The Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW), Government of India has decided to launch a special drive in campaign mode with an objective to saturate the farmers under the KCC Scheme.

2. In this context, the DAC&FW is separately requesting state governments to organize camps village-wise or bank branch-wise to facilitate farmers in completing KCC application forms with supporting documents including land records and hand them over to respective Bank branches. It is requested that Banks may extend all support to the State/ District administration and field level development & revenue functionaries in this campaign.

3. Keeping in view the importance of the campaign to saturate farmers under KCC, the following may please be ensured:
   a. State Level Bankers Committee (SLBC) Conveners and Lead District Managers of banks should actively associate with the state/ district administration and coordinate with various SCBs, RRBs and Cooperative Banks in organising the village-wise or bank branch-wise camps. The District Level Bankers Committee (DLBC) will decide the modalities of the camps and the date wise schedule, accordingly. Officials from the concerned banks may actively associate during these camps.
   b. In the branches, dedicated desks may be set up for receiving the forms and providing appropriate guidance to the farmers, so as to ensure prompt processing and approvals.
   c. In case of eligible farmers who have an existing bank account but not a KCC, the KCC should preferably be issued by the bank in which he or she has an account. In case the eligible farmer does not have a bank account, then the same may be opened by the farmer in any branch as per his/her choice.
   d. The simplified common application form circulated by Indian Banks Association vide their circular no SB/Cir/AGRI/480 dated 09.06.2016 should be utilized and widely disseminated in local language.
   e. In all cases, it needs to be ensured that eligible farmers are issued KCCs within two weeks of the submission of completed application forms.
   f. The Indian Banks Association, vide letter no SB/Cir/KCC/2018-19/6778 dated 04.02.2019 (copy enclosed), has issued an advisory guideline to all the banks to waive the processing, documentation, inspection, ledger folio charges and all other service charges for KCC/crop loans upto Rs three lakh, keeping in view the hardship and financial distress of small and marginal farmers. These directions may be followed while processing the applications for issue of KCC.
4. Suitable instructions may therefore please be issued to all concerned, including to the sponsored RRBs, to ensure the success of this campaign. Further, the timely issue of KCCs under this drive may be closely monitored at the level of an Executive Director to be nominated as Nodal Officer.

Yours faithfully

(A.K. Das)
Deputy Secretary

Copy to:
1. SLBC conveners of all States.
2. Chairmen RRBs
Dear Sir / Madam,

Waiver of processing fee, inspection, ledger folio charges and all other service charges for crop loans including those under the Kisan Credit Card (KCC) Scheme.

The Kisan Credit Card scheme aims at providing adequate and timely credit support from the banking system under a single window with flexible and simplified procedure to the farmers to meet the short term credit requirements for cultivation of crops, investment credit requirement for agriculture and allied activities and other needs.

2. In India, Land holding pattern is dominated by Small and Marginal farmers (SMF) category. Roughly 85 per cent of the total operational holdings in the country (about 43 per cent of the gross cropped area) are in the SMF category. There are around 21.6 crore Small and Marginal farmers (or 4.3 crore families). Providing timely and affordable credit to this resource constrained group is the key to attaining inclusive growth. The Small and Marginal farmers are the most affected during times of floods, droughts, and other natural calamities. As per parliamentary Standing Committee on Agriculture the losses due to climate change account for overall GDP loss of 1.5% of agriculture economy. The instability in income of the farmers due to various types of risks involved in production, low bargaining power, etc. add more distress to the already affected farmers.

3. In this context, it is learnt that some of scheduled commercial banks are collecting a nominal amount of service charges towards processing, documentation, inspection, etc. for agriculture loans. However, some of the banks are collecting service charges which are a bit higher. There is no uniformity amongst banks in this regard. It is also observed that, service charge is to be paid irrespective of whether the loan is sanctioned or not. This often acts as a deterrent for the farmers to approach the banks for loans.

4. The aforesaid matter was examined by IBA Managing Committee at its meeting on 28-12-2018. The Managing Committee was of the view that IBA to issue advisory guidelines on the captioned subject. Hence, the banks are requested to waive the processing, documentation, inspection, ledger folio charges and all other service charges for KCC/crop loans upto ₹ 3 Lakhs, keeping in view of the hardship and financial distress of Small and Marginal farmers.

Yours faithfully,

[
(S) Raj Kumar
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By, Chief Executive