

## KISHAN CREDIT CARD SCHEME

### The Genesis:

Given the enormity of the credit requirements on one hand and the vagaries of the nature on the other, financing agriculture has been a gigantic task for banks in India. Ensuring timeliness and adequacy of credit to farmers have posed the most serious challenges to banks engaged in financing agriculture. Financial sector reforms, ushered in as a part of the liberalization of the Indian economy in the beginning of nineties, has infused a spirit of competitiveness and enterprise among the banks in their endeavor for serving their customers in the best possible manner. NABARD has been playing a proactive and catalytic role in guiding the banks to meet the emerging challenges. Towards this end, several innovative strategies have been evolved by NABARD. The instrument of Kishan Credit Card (KCC) is one of the key products developed to improve the farmer's accessibility to bank credit, simplify credit delivery mechanism and provide more flexibility in use of credit. Model scheme of Kishan Credit Card formulated by NABARD in 1998-99 is being implemented in all the States and Union territories. About 1.94 crore Kishan Credit Cards have been issued upto 31 October 2001 by the banks throughout the country. It is envisaged that every eligible agricultural farmer would be provided with a Kishan Credit Card by 31<sup>st</sup> March, 2004. In accordance with the announcement in the GOI budget 2001-02, Personal Accident Insurance Scheme (PAIS) has been introduced as a 'add-on benefit' and all the Kishan Credit Card holders would be insured for Rs. 50,000 at a nominal premium of Rs. 15/- per annum as agreed to by General Insurance (Public Sector) Association.

### Growth in refinance support for SAO sanctioned by NABARD

(Rs. Crore)

Agency	1982-83	1987-88	1992-93	1997-98	2000-01
SCBs/ DCCBs	1120	2000	3316	5210	6508
RRBs	227	308	385	881	1116
Total	1347	2308	3701	6091	7624

**SCBs** : State Cooperative Banks

**DCCBs** : District Central Cooperative Banks

**RRBs** : Regional Rural Banks

**SAO** : Seasonal Agricultural Operations

### The Objectives :

As a pioneering credit delivery innovation, Kishan Credit Card Scheme aims at providing adequate and timely credit support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible, hassle free and cost effective manner.

### Kishan Credit Card Scheme – Salient features

- Eligible farmer will be provided a Kishan Credit Card and a Pass Book or a Card-cum-Passbook.
- Revolving cash credit facility allowing any number of drawals and repayments within the limit.
- Entire production credit needs for full year plus ancillary activities related to crop production to be considered while fixing limit. In due course, allied activities and non farm short term credit needs may also be covered.
- Limit to be fixed on the basis of operational land holding, cropping pattern and scales of finance.
- Seasonal sub limits may be fixed at the discretion of banks.

- Limit of valid for 3 years subject to annual review.
- Conversion /reschedulement of loans also permissible in case of damage to crops due to natural calamities.
- As incentive for good performance, credit limits could be enhanced to take cares of increase in costs, changing in cropping pattern etc.
- Security, margin and rate of interest as per RBI norms.
- Operations may be through issuing branch / PACS or through other designated branches at the discretion of bank.
- Withdrawals through slips /cheques accompanies by card and passbook.
- Personal Accident Insurance of Rs. 50,000 for death and permanent disability and Rs. 25,000/- for partial disability available to Kishan Credit Card holder at an annual premia of Rs. 15/- per annum.

### **Advantages of the KCC Scheme**

- Full year's credit requirement of the borrower taken care of.
- Minimum paper work and simplification of documentation for drawal of funds from the bank.
- Access to adequate and timely credit to farmer.
- Assured availability of credit for 3 years and avoidance of uncertainly involved in accessing credit on a year to year basis.
- Annual review of limit and provision for enhancement subject to satisfactory operations.
- Flexibility in use of credit and saving in interest burden.
- Flexibility of drawing cash from a branch other than the issuing branch at the discretion of the bank.
- Availability of the life cover/ disability insurance at very low premium in case the farmers meets with accident.

### **Progress of Kishan Credit Card Scheme upto 31<sup>st</sup> October, 2001**

Year	No of Cards issued by			
	Cooperative Banks	Regional Rural Banks	Commercial Banks	Total
1998-1999	155353	6421	445451	607225
1999-2000	3594869	173301	1365911	5134081
2000-2001	5614445	648324	2389588	8652367
2001-2002	3625606	463732	946940	5036278
<b>Total</b>	<b>12990273</b>	<b>1291778</b>	<b>5147890</b>	<b>19429941</b>

\* upto 31<sup>st</sup> August, 2001

**FORMAL OF KISAN CREDIT CARD CUM PASSBOOK**

<b>KISHAN CREDIT CARD</b>	
Issuing Bank	:
Valid upto	:
Valid for operation at _____ Branch/(es)/PACS _____	
Name of the Card Holder	:
Father's /Husband's Name	:
Name of the Nominee for Insurance	:
Name of PACS	:
(in case of coops)	:
Address	:
Name of Village	:
Block	:
P.O.	:
Signature/ Left Hand Thumb Impression of the Card Holder	<div style="border: 1px solid black; width: 100px; height: 100px; margin: 0 auto;"></div>
	Signature of Issuing Authority with seal

Serial No.	:		
Operational	:	Irrigated	Unirrigated
Land holding (in hectares)	:		
Owned	:		
Leased in	:		
Total	:		
Less : Leased out	:		
Net Total	:		
C.C. A/c No.	:		
Ledger Folio	:		
Limits sanctioned	:		
Sub limits if any	:		
Operative Period	:		
Signagure of issuing Authority with seal		Signature of Secretary of PACS (in case of Cooperatives)	

<b>PASS BOOK</b>					
<b>PARTICULAR OF TRANSACTIONS</b>					
Date	Particular (Rs.)	Debit (Rs.)	Credit (Rs.)	Balance	Signature of Bank/ PACS official

**NABARD – Mandate**

Set up in 1982, the National Bank for Agriculture and Rural Development (NABARD) is the Apex Bank for financing and promoting development of agriculture, small scale industries, cottage and village industries, handicrafts and other crafts and other allied activities in rural areas.

In accordance with its mission, NABARD has been extending refinance support in a big way to cooperative and Regional Rural Banks for financing seasonal agricultural operations of the farming community in our country.

The refinance support extended by NABARD for seasonal agricultural operations has shown a manifold increase since its inception. The liberal refinance support from NABARD has enabled the credit institutions to reach a level of Rs. 20850 crore of ground level disbursement during 2000-02.

**Mission**

*“To promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institutional development and other innovative initiatives.”*

**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT**

**Plot. No. C-24, 'G' Block**

**Bandra-Kurla Complex**

**P.B. No. 8121**

**Bandra (E), Mumbai-400 051**

**Tele. 6539899**

**Website : [www.nabard .org](http://www.nabard.org)**