

# KISAN CREDIT CARD

Honorable Union Finance Minister announced in his budget speech for 1998-99 that NABARD would formulate a Model scheme for issue of Kisan Credit Cards to farmers, on the basis of their land holdings, for uniform adoption by banks, so that the farmers may use them to readily purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and also draw cash for their production needs'.

## **Objectives**

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

## **Contents of Credit Card**

Beneficiaries covered under the Scheme are issued with a credit card and a pass book or a credit card cum pass book incorporating the name, address, particulars of land holding, borrowing limit, validity period, a passport size photograph of holder etc., which may serve both as an identity card and facilitate recording of transactions on an ongoing basis.

Borrower is required to produce the card cum pass book whenever he/she operates the account.

## **Salient features of the Kisan Credit Card (KCC) Scheme**

- Eligible farmers to be provided with a Kisan Credit Card and a pass book or card-cum-pass book.
- Revolving cash credit facility involving any number of drawals and repayments within the limit.
- Limit to be fixed on the basis of operational land holding, cropping pattern and scale of finance.
- Entire production credit needs for full year plus ancillary activities related to crop production to be considered while fixing limit.
- Sub-limits may be fixed at the discretion of banks.

- Card valid for 3 years subject to annual review. As incentive for good performance, credit limits could be enhanced to take care of increase in costs, change in cropping pattern, etc.
- Each drawal to be repaid within a maximum period of 12 months.
- Conversion/reschedulement of loans also permissible in case of damage to crops due to natural calamities.
- Security, margin, rate of interest, etc. as per RBI norms.
- Operations may be through issuing branch (and also PACS in the case of Cooperative Banks) through other designated branches at the discretion of bank.
- Withdrawals through slips/cheques accompanied by card and passbook.

### **Advantages of the Kisan Credit Card Scheme**

- Advantages to farmers
- Access to adequate and timely credit to farmers
- 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.
- Flexibility to draw cash and buy inputs.
- Assured availability of credit at any time enabling reduced interest burden for the farmer.
- Sanction of the facility for 3 years subject to annual review and satisfactory operations and provision for enhancement.

Flexibility of drawals from a branch other than the issuing branch at the discretion of the bank.

### **Coverage of Crop Loans disbursed under KCC**

#### **Under the Reshtriya Krishi Bima Yojna (RKBY)**

GIC has agreed that the crop loans disbursed for eligible crops under the Crop Insurance Scheme will be covered under the CCIS, now under Rashtriya Krishi Bima Yojna. However, the banks are expected to maintain all back up records relating to compliance with "RKBY"

and its seasonality discipline, cut-off date for submitting declarations and end use, etc. as in the case of normal crop loans.

#### **Objectives of the Scheme :**

- To provide insurance coverage and financial support to the farmers in the event of failure of crops as a result of natural calamities, pests and diseases.
- To encourage farmers to adopt progressive farming practices, high value inputs and higher technology in agriculture.
- To help stabilise farm incomes, particularly in disaster years.
- To support and stimulate primarily production of food crops and oilseeds.
- **Farmers to be covered :**
- All farmers (both loanee and non-loanee irrespective of their size of holdings) including sharecroppers, tenant farmers growing insurable crops covered.
- **Sum insured :**
- The sum insured extends upto the value of threshold yield of the crop, with an option to cover upto 150% of average yield of the crop on payment of extra premium.

#### **Premium subsidy :**

50% subsidy in premium allowed to Small and Marginal Farmers, to be shared equally by the Government of India and State Government/Union Territory. Premium subsidy to be phased out over a period of 5 years.

### **1. Background**

Bank is financing to farmers for crop cultivation (Production Credit) in the form of Krishi Ganga Kisan Credit Card. Accordingly Bank declares Crop Loan Policy at the beginning of every year.

### **2. OBJECT**

To provide adequate and timely finance to farmers to increase their farm income and thereby repayment of bank loan in time.

### **3. ELIGIBILITY**

All farmers in the service area as well as potential /quality borrowers/farmers out of Service Area easily accessible from Branch having cultivable land with desire to increase their income and to accept to follow "One Bank - One borrower principle" will be eligible.

As a matter of policy, crop loan facilities to new farmers fulfilling all our policy norms be extended in the form of "Krishi Ganga Kisan Credit Card". The KCC scheme is introduced by the bank as per RBI/ NABARD /Govt. of India guidelines.

#### **4. ACCEPTANCE OF LOAN PROPOSALS**

Application forms for Crop Loan in the form of KCC should be accepted at branches alongwith following papers /documents -

- Application Form with Annexure for Crop loan requirement.
- Guarantors information with their acceptance (wherever applicable) at present for loan amount above Rs. 25,000/-
- Land Holding Certificate ( 8 A) alongwith all related 7/12 extracts as per 8A for Applicant as well as Guarantors (wherever applicable)
- Additionally 6-D (mutation entries) of applicant's land be obtained and kept on record for loans above Rs. 50,000/- and title clearance be verified from the mutation entries.
- Non-encumbrance Certificate with Search Report from Advocate on Bank's panel for loans above Rs. 1.00 lakh.
- Plantation Certificate in case of sugarcane crop.
- Authority letter from the borrower to collect the sale proceeds directly from concerned Agency.
- No Dues Certificates of Financing Institutions operating in the area.

#### **5. ASSESSMENT OF CREDIT LIMIT**

On receipt of loan proposals along with related documents, proper scrutiny and need based credit limit be assessed for present as well as proposed cropping pattern keeping in view the following aspects -

- Cultivable land holding.
- Availability as well as adequate source of irrigation in case of finance to irrigated crops.
- Requirement of ancillary maintenance of Agriculture machinery/ implements, electricity/irrigation charges wherever applicable.
- Pre-sanction-cum-Appraisal Report of assessment of credit limit based on need based finance and above guidelines be kept on record for all loan accounts.
- Scale of Finance recommended by District Level Technical Committee (DLTC) of the concerned District.

## 6. SECURITY and DOCUMENTS

### For SF/MF

<b>Loan Limit</b>	<b>Security</b>	<b>Documents</b>
Upto Rs. 50,000/-	Hypothecation of standing crops and movable assets.	<ul style="list-style-type: none"> <li>- Application RF -45</li> <li>- Receipt F-260</li> <li>- DP Note.</li> <li>- Hypothecation agreement of standing crops and movable property.</li> <li>- Agreement of KCC.</li> </ul>
For loan accounts above Rs. 50,000/-	<p>Hypothecation of standing crops and movable assets.</p> <p>Registered simple mortgage of Agril land or Creation of charge on 7/12 extract by way of declaration before Sub-Registrar.</p> <p>Guarantee agreement signed by two guarantors having worth more than loan amount and acceptable to Bank.</p>	<ul style="list-style-type: none"> <li>- Application RF -45</li> <li>- Receipt F-260</li> <li>- DP Note.</li> <li>- Hypothecation agreement of standing crops and movable property.</li> <li>- Agreement for KCC.</li> <li>- Guarantee agreement signed by two Guarantors acceptable to Bank.</li> <li>- Registered Simple mortgage of Agril land or charge on 7/12 extracts by way of declaration before Sub-Registrar.</li> </ul>

### For OSF / MF

<b>Loan Limit</b>	<b>Security</b>	<b>Documents</b>
For loan accounts upto Rs. 25,000/-	Hypothecation of standing crops and movable assets.	<ul style="list-style-type: none"> <li>- Application RF -45</li> <li>- Receipt F-260</li> <li>- DP Note.</li> <li>- Hypothecation agreement of standing crops and movable property.</li> <li>- Agreement of KCC.</li> </ul>
For loan accounts above Rs. 25,000/-	<p>Hypothecation of standing crops and movable assets.</p> <p>Registered simple mortgage of Agril land or Creation of charge on 7/12 extract by way of declaration before Sub-Registrar.</p> <p>Guarantee agreement</p>	<ul style="list-style-type: none"> <li>- Application RF -45</li> <li>- Receipt F-260</li> <li>- DP Note.</li> <li>- Hypothecation agreement of standing crops and movable property.</li> <li>- Agreement for KCC.</li> <li>- Guarantee agreement signed by Two Guarantors acceptable to Bank.</li> <li>- Registered Simple mortgage of Agril land</li> </ul>

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**7. RATE OF INTEREST**

Rate of interest for KCC is applicable as per interest rate structure on advances in conformity with the directives of Board from time to time.

The interest will be charged once in the year i.e. on 31<sup>st</sup> March.

**8. SEASONALITY IN LOANING & RECOVERY**

Sr. No	Crops	Disbursement period	Due date for Recovery
1.	Kharif Crops	1 <sup>st</sup> April to 31 <sup>th</sup> Aug.	31 <sup>st</sup> March
2.	Rabbi Crops	1st Sept. to 30th Nov.	31 <sup>st</sup> May
3.	Summer groundnut	January, February	30 <sup>th</sup> June
4.	Sugarcane Adsali	June, July	18 Months/Dec.
5.	Sugarcane Preseason	October	15 Months/March
6.	Sugarcane Suru	November to March	15 Months/ May
7.	Sugarcane Ratoon	November to April	15 Months/May
8.	Banana	May to July	18 Months/Dec.
9.	Chilly/ Turmeric/Ginger	May to July	30 <sup>th</sup> June of next year

**09. OTHER CONDITIONS**

All crop loan sanctions are covered under Kisan Credit Card Scheme so as to enable the farmers to get adequate and timely credit for their cultivation needs including purchase of inputs in flexible and cost effective manner.

All KCC holders covered under PAIS as per NABARD guidelines.

**10. ISSUANCE OF KCC PASSBOOK**

On execution of documents the KCC Pass Book duly filled in particulars like - Name of the Farmer, Land holding, Village, Name of issuing Branch, Limits sanctioned with sub-limits should be issued with Cheque Book.

**11. PROCESSING CHARGES.**

Processing charges be levied as per instructions from time to time.

Processing charges be recovered from all eligible KCC accounts at the time of every annual review/renewal.

**12. CROP INSURANCE**

All eligible crops as per the notified area under National Agricultural Insurance Scheme from time to time will be covered as per NAIS policy.

### **13. RENEWAL/ VALIDITY**

Krishiganga Kisan Credit Card Facility shall be valid for 3 years subject to annual review.

The review may result in proper assessment of the facility/ limit i.e. enhancement of the limit or reduction of the limit / or withdrawal of the facility depending upon the performance of the borrower/cropping pattern followed.

For renewal of facility the aggregate credits into the account during the 12 months period should at least be equal to the maximum outstanding in the account.

At the time of renewal of facility every year, acknowledgement of debt & security [B2 & G2] will be obtained and necessary additional documents in case of enhancement of limit will also be obtained.

\* for latest details please contact our nearest branch