

KISAN CREDIT CARD SCHEME

Prelims: Economics- Agriculture, Subsidy, Marketing

Mains: Issues related to direct and indirect farm subsidies and minimum support prices;

Economics of Animal-Rearing

Why in News?

- ✚ The Government of India has extended the facility of Kisan Credit Card (KCC) to fisheries and animal husbandry farmers to help them meet their working capital needs.

Kisan Credit Card Scheme:

- ✚ The Kisan Credit Card (KCC) scheme was announced in the Budget speech of 1998-99 to fulfil the financial requirements of the farmers at various stages of farming through institutional credit.
- ✚ The model scheme was prepared by the National Bank for Agriculture and Rural Development (NABARD) on the recommendation of V Gupta committee.
- ✚ The KCC scheme is being implemented by the all Co-operative banks, Regional Rural Banks and Public Sector Banks throughout the country.
- ✚ Scheme covers risk of KCC holders against death or permanent disability resulting from accidents.

Objectives:

- ✚ To provide adequate and timely credit support from the banking system to the farmers at the cheap rate of interest.
- ✚ To provide credit at the time of requirement.
- ✚ To support post-harvest expenses.
- ✚ To provide Working capital for maintenance of farm assets and activities allied to agriculture.
- ✚ Investment credit requirement for agriculture and allied activities (land development, pump sets, plantation, drip irrigation etc.)
- ✚ Consumption requirements of farmers.

Salient features of the Scheme:

- ✚ Revolving cash credit facility involving any number of withdrawals and repayments within the limit.

- ✚ Limit to be fixed on the basis of operational land holding, cropping pattern and scale of finance.
- ✚ Card valid for 5 years subject to annual review. As an incentive for good performance, credit limits could be enhanced to take care of increase in costs, change in cropping pattern, etc.
- ✚ Conversion/reschedulement of loans also permissible in case of damage to crops due to natural calamities.
- ✚ Crop loans disbursed under KCC Scheme for notified crops are covered under Crop Insurance Scheme, to protect the interest of the farmers against loss of crop yield caused by natural calamities, pest attacks etc.

