

# Banks launch steps to boost KCC loans

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The scheme will enable farmers buy seeds and fertilisers, and draw cash for their agri needs

Banks have kickstarted a Kisan Credit Card (KCC) saturation campaign under the auspices of the respective State-Level Bankers' Committees (SLBCs) and District-Level Bankers' Committees (DLBCs) for giving Kisan Credit Card (KCC) loans to farmers who have not been given such loans.

The KCC scheme enables farmers purchase agricultural inputs such as seeds, fertilisers, pesticides, and draw cash for their agricultural and consumption needs.

The scheme comes with an ATM-enabled RuPay debit card with facilities for one-time documentation, built-in cost escalation in the limit, and any number of drawals within the limit, among others.

Besides ensuring saturation, banks will also be taking steps to link Aadhaar immediately as no interest subvention will be given if the Aadhaar numbers are not seeded to KCC accounts. According to the Ministry of Agriculture and Farmers' Welfare, currently there are 6.92 crore live KCCs, against 14.5 crore operational landholdings.

## Interest subvention

In order to provide short-term crop loans up to ₹3 lakh to farmers at an interest rate of 7 per cent per annum, lending institutions – PSBs and private sector commercial banks (in respect of loans given by their rural and semi-urban branches only) – are offered interest subvention of 2 per cent by the government.

Further, an additional interest subvention of 3 per cent per annum is provided to those farmers who repay in time. This also implies that farmers repaying promptly get short-term crop loans at 4 per cent per annum.

This benefit would not accrue to those farmers who repay their crop loans after one year of availing such loans. State Bank of India, in a recent circular, said loan applications under KCC have to be disposed off in 14 days maximum.

The circular told the field units that steps need to be taken to avoid multiple financing under KCC.

The recent initiatives for KCC saturation include adding farmers engaged in animal husbandry and fisheries; removal of inspection ledger folio charges and processing fee of loan under KCC; and raising limit of collateral free agriculture loan from ₹ 1 lakh to ₹1.6 lakh.

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