

**CIRCULAR NO. 32 /2020**

**DATE : 19.02.2020**

**TO,  
ALL MEMBERS**

**CAMPAIGN FOR SATURATION OF ALL PM-KISAN BENEFICIARIES WITH KISAN CREDIT CARDS (KCC):  
ISSUES CONFRONTING BANKERS**

We reproduce hereunder the text of the AISBOF circular No. 32 dated 19.02.2020 , the contents of which are self-explicit.

With warm greetings

**(Ajit Kumar Mishra)  
GENERAL SECRETARY**

OUR UNITY : ZINDABAD-ZINDABAD  
S.B.I.O.A : ZINDABAD-ZINDABAD

**TEXT**

**CAMPAIGN FOR SATURATION OF ALL PM-KISAN BENEFICIARIES WITH KISAN CREDIT CARDS (KCC):  
ISSUES CONFRONTING BANKERS**

We reproduce hereunder the text of AIBOC Circular No.2020/18 dated 19/02/2020 contents of which are self-explanatory for information of the members.



**(Soumya Datta)  
General Secretary**

**CAMPAIGN FOR SATURATION OF ALL PM-KISAN BENEFICIARIES WITH KISAN CREDIT CARDS (KCC):  
ISSUES CONFRONTING BANKERS**

We reproduce below text of the joint letter dated 19.02.2020 addressed to the chairman IBA on the captioned subject.

With greetings,

Sd/-

**(Soumya Datta)  
General Secretary**

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**ALL INDIA BANK OFFICERS' CONFEDERATION (AIBOC)  
ALL INDIA BANK OFFICERS' ASSOCIATION (AIBOA)  
INDIAN NATIONAL BANK OFFICERS' CONGRESS (INBOC)  
NATIONAL ORGANIZATION OF BANK OFFICERS (NOBO)**

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Date: 19.02.2020

The Chairman  
Indian Banks' Association  
World Trade Centre Complex  
Cuff Parade  
Mumbai

Dear Sir,

**CAMPAIGN FOR SATURATION OF ALL PM-KISAN BENEFICIARIES WITH KISAN CREDIT CARDS (KCC): 9<sup>th</sup> FEB 2020 TO 24<sup>th</sup> FEB 2020**  
**ISSUES CONFRONTING BANKERS**

With a view to augmenting the income of the Small and Marginal Farmers (SMFs), the Government has launched a new Central Sector Scheme, namely, “**Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)**” in the financial year 2018-19. The **PM-KISAN** scheme aims to supplement the needs of the SMFs in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income at the end of the each crop cycle.

02. PSBs played a crucial role in the development of agricultural sector be it a white revolution, blue revolution, horticulture and other agricultural allied activities that have taken place in the last 50 years. Many schemes introduced by the bank are in the interest of the national economy as well as alienating the farmers from the clutches of money lenders for meeting their expenses and ensure their continuance in the farming activities.

03. The features of the scheme which is effective from 01.12.2018 is “the SMFs landholder farmer family is defined as “a family comprising of husband, wife and minor children who collectively own cultivable land up to 2 hectares as per land records of the concerned State/UT”. The projected number of holding of SMFs landholder farmer families for FY 2018-19 is 13.15 crore. Due to likely exclusion of certain categories of beneficiaries of higher economic strata, the total number of eligible beneficiaries has been taken as 12.50 crore. The existing land-ownership system will be used for identification of beneficiaries for calculation of financial benefit under the scheme.

04. It is reported that approximately 8.91 cr beneficiaries have been identified and Govt. of India also directed all Public sector Banks to launch special drive in campaign mode with an objective to saturate the farmers for financial inclusion under KCC from 9<sup>th</sup> Feb 2020 to 24<sup>th</sup> Feb 2020. In the context, DAC & FW is separately requesting state governments to organize camps village wise and bank branch wise to facilitate farmers in completing application forms with supporting documents including land records and hand the same over to respective Bank branches. SLBC, DLBC, LDM and District Administrative Authorities are also coordinating the camps. We understand that the Department of Financial Services (DFS) has issued a circular to Chairman/ MD & CEOs of all public and private Sector Banks including SBI to extend KCC loan facilities to all PM KISAN beneficiaries vide letter No.F.3/7 /2019-AC dated 25th June 2019 to saturate farmers under KCC.

05. We have had the experience of the disbursement of Mudra Loans sanctioned at various banks, where the management exerted pressure to achieve targets, whereby many of the functionaries were forced to disburse without adequate assessment, which ended up in quick mortality. Further,

disciplinary actions have been initiated against many officials for 'lapses' committed during the campaign.

06. We came to understand that

- i) To promote and facilitate immediate sanction, all the banks are allowed to sanction new KCCs (even though they are attached to centralised sanction cell) to eligible PMKY beneficiaries having no KCC facility, up to their delegated powers (subject to maximum of Rs.3 lakh) upto 29.02.2020, as a special case.
- ii) The beneficiary applicants are being encouraged to give consent for coverage under the PMSBY and PMJJBY, as this would provide the much-needed social security cover to the beneficiary customer, besides the facility of KCC.
- iii) Banks are being instructed to ensure that eligible beneficiaries of PM-KISAN are issued KCC within the shortest possible time and in any case within a maximum period of two weeks from the date of completed application forms. Progress in this regard is being updated by the branches in PMFBY portal on daily basis.

07. As a progressive partner in the development of the national economy, our members are always willing to contribute for the economic progress of the nation. However, we are deeply concerned about its implementation at various banks as enumerated below:

- a. On an average each RUSU bank branch has to sanction minimum of 1000 accounts during the campaign period. Thus, it is well nigh impossible to conduct pre and post sanction inspection for all the KCC accounts.
- b. The proposed campaign period is scheduled in the off season for crop cultivation in major areas. Therefore, the branches are forced to sanction KCC without standing crop, which leads to diversion of fund and it is difficult to ensure the end use of funds by the branches.
- c. Since the KCC accounts are being sanctioned in the off-crop season, the KCC accounts are not eligible for crop insurance coverage under PMFBY scheme in majority of area.
- d. As the PM KISAN beneficiaries are being identified based on the ownership of the land holding, the actual cultivator may be different from the owner of the land in some cases. Under the circumstances, hypothecation of standing crops may lead to dispute.
- e. Fragmented land holding is a major drawback. Most of the farmers who apply for KCC loans from the banks are either tenant farmer or share cropper or lessee. They cannot produce relevant land documents for availing a higher loan limit.
- f. Many KCC borrowers do not utilise their loan in productive purposes and at the time of repayment, they fail to arrange for money to repay their loans.
- g. A single farmer may approach a number of bank branches by producing different land documents which may lead to double financing.
- h. Most of the RUSU branches are manned by one or two officers with two or even one clerical staff. Due to shortage of staff and officers, it is extremely difficult to manage even the day to day operations of the branches having huge number of clientele base. So, maintaining a dedicated desk for KCC loan borrowers and sanction of loans to all the eligible borrowers as per terms of the scheme will pose serious challenges to the branches.
- i. Completion of loan documents, conducting pre and post sanction inspection of hundreds of borrowers, opening of Savings Bank account wherein compliance of KYC norms is mandatory will be a major problem to the branches due to staff shortage.

- j. Most of the branches are likely to face hundreds of KCC loan applicants in a very short span of time - maximum two weeks. There will be intense pressure on the branch functionaries from the local administration as well as from politicians to sanction loans to each and every applicant irrespective of their eligibility. There could well be a possibility of our officers getting abused and assaulted.

08. In view of the foregoing, we would request your good office to issue suitable instructions to all the banks to sanction KCC loans as per capacity of the respective branches based on their staff strength and not as per the numbers set by the Govt Authorities. Further, the safety and security of our members will have to be ensured by the administration to enable us to perform the duty.

With regards,

Yours sincerely,

Sd/-  
**(Soumya Datta)**  
**General Secretary**  
**AIBOC**

Sd/-  
**(Nagarajan S)**  
**General Secretary**  
**AIBOA**

Sd/-  
**(Prem Kumar Makker)**  
**General Secretary**  
**INBOC**

Sd/-  
**(Viraj Tikekar)**  
**General Secretary**  
**NOBO**