

F.No. M-01007/5/2020-Admin-1/KCC

**Government of India**  
**Ministry of Fisheries, Animal Husbandry & Dairying**  
**Department of Animal Husbandry & Dairying**

New Delhi.

Dated: 28<sup>th</sup> May, 2020

To  
**The Chief Secretaries/ Administrators of all States/UTs.**

Subject:- **Special Drive from 1st June- 31<sup>st</sup> July 2020 ,for providing all dairy farmers of Milk Cooperatives and Milk Producer Companies with Kisan Credit Cards (KCC) .**

Sir/Madam,

As you are aware, under the Prime minister's package for Farmers, Hon'ble Finance Minister on 15 May 2020 has announced to cover 2.5 Crore new farmers under Kisan Credit Scheme (KCC) scheme, which will provide an additional liquidity of Rs.5 lakh crore in the hands of these farmers, suffering from the recent downturn of economy . Dairy is among the fastest growing sectors of the economy with a CAGR of above 6% in the last 5 years. Providing short term credit to dairy farmers for meeting their requirements for working capital, marketing etc. will boost their productivity tremendously. Under the dairy cooperative movement, approximately 1.7 crore farmers are associated with 230 Milk Unions in the country and it is proposed to provide KCC to 1.5 crore dairy farmers belonging to Milk Unions and Milk producing Companies within the next two months (1st June- 31<sup>st</sup> July 2020) under a special drive.

2. In this connection, you may recall that RBI vide its circular no. RBI/2018-19/112 dated 4th February, 2020, had allowed coverage of all animal husbandry farmers including dairy, poultry and small ruminants' farmers under KCC. Consequently RBI issued another circular RBI/2019-20/48 dated 26 August 2019, through which interest subvention of 2% and prompt payment additional interest subvention of 3% was extended to these farmers. However till date only 37.62 lakh AHD farmers have been provided with KCC loans. Dairy is the biggest sector under AHD and covers approximately 8.12 Crore farmers, with more than 75% of the output.

3. In the present campaign, in the first phase the target is to cover all farmers who are members of dairy cooperative societies and are associated with different Milk

Unions and who do not have KCC. If these farmers already have KCC based on their land ownership, they can get their KCC credit limit enhanced, however interest subvention shall be available only to the extent of Rs 3 lakhs . Although the general limit for KCC credit without collateral remains Rs. 1.6 lakh, but the case of farmers whose milk is procured by Milk Unions falls under tie up arrangements between the producers and processing units without any intermediaries and hence the credit limits without Collateral can be upto Rs. 3 lakh. Hence the focus on dairy farmers belonging to Milk Unions would make more credit available to farmers, while assuring banks of repayment of loans.

4. State/UTs are requested to initiate the following mentioned steps to ensure maximum coverage of farmers in the drive which will start from 1st June , 2020 and continued till 31<sup>st</sup> July, 2020.

(i) Milk Unions will need to get the KCC forms printed, and get them filled by the farmers by utilising the services of Dairy Cooperative society (DCS) Secretaries or Bank Mitras under SRLM. They will certify that the farmer whose details are given below has specific numbers of cattle and has been supplying milk to the Milk Union and that their milk payment is being done through DBT in the account no. mentioned in the form. The filling of KCC forms for all farmer members should be completed within 15 days by the Milk Unions and submitted to the Bank branches to give the banks time to complete issue of KCC in time. The regular KCC forms for this campaign has been slightly modified to accommodate the details to be provided by the Milk Union, where the farmer is a member and sells his milk.

(ii) In case the farmer is agreeable, the Milk Union can enter into a general Tri partite agreement with the Bank and farmer , and assure payment of KCC dues to the bank , in case of a default. In such a case , the bank may make use of the RBI guidelines to extend credit limit without collateral up to Rs. 3 lakh , as the farmer already has a tie up arrangements with the processing cum marketing Unit ( Milk Union) without any intermediaries. The Milk Union can also enter into a no cost service agreement with the bank to pay the bank dues timely so that the farmer can avail of the additional 3% interest subvention payable in case of prompt repayment as well as the enhanced collateral free credit limit.

(iii) A special meeting of DLCC of every district should be called and the Milk Union MD should be requested to attend as a special invitee in the meeting. The Milk Union should provide a list of farmers associated with the Milk Union Bankwise, branchwise to the DLCC in the first meeting itself. Thereafter it should weekly provide a list of applications submitted to different branches electronically to the LDM with a copy to DLCC and the Banks. NABARD has informed that the Scale of Finance for Allied activities has already been approved for all Districts by DLTC. This should be circulated by the DLCC to all the Bank branches.

(iv) DLCC should review the progress of the Campaign every week by constituting a Special Committee for the purpose and also review of the progress of different BLBCs. BLBCs should be activated to get better results. Many a time sanction of KCC cards to farmers is delayed in case of verification of Land records. As DLCC is headed by the Collector, who also heads land revenue administration, the Special Committee of DLCC should also review the progress of providing certified copy of land records to expedite issue of KCC.

(v) The Scheme will be reviewed on a weekly basis by a Committee chaired by Secretary DAHD, with representatives from DFS and implementing banks. Final report of issue of KCC should be provided by SLBCs and the banks to DFS and DAHD latest by 7<sup>th</sup> of August, so that the progress of the campaign may be shared with the Nation by 15<sup>th</sup> August 2020.

(vi) Further instructions to Banks shall be issued separately by Department of Financial Services, Ministry of Finance.

*M. Singh*  
28/5/2020

Mihir Kumar Singh

Joint Secretary

Department of Animal Husbandry & Dairying.

Enclosed : as above.

**Copy for Information:-**

1. Principal Secretary to the Prime Minister, PMO, South Block, New Delhi.
2. Cabinet Secretary, Government of India
3. Secretary, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi with a request to direct the banks for the special drive.
4. Principal Secretaries, Finance Department of all States .
5. Principal Secretaries, Animal Husbandry Department of all States.
6. Additional Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
7. All Joint Secretaries, (D/o Animal Husbandry and Dairying), Govt. of India
8. Chairman, NABARD, Mumbai
9. CGM, FIDD, Reserve Bank of India, Mumbai