



PERFORMANCE OF KISAN CREDIT CARD SCHEME IN HARYANA THROUGH COMMERCIAL AND CO-OPERATIVE BANKS

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Abstract:

Government of India introduced the Kisan Credit Card (KCC) scheme in the year 1998-99 to provide timely and adequate credit support to the farmers from formal banking system in a flexible, hassle-free and cost-effective manner. This scheme has facilitated the availability of credit in time and has simplified the procedure for availing loan from banks to a large extent. From the year 1998-99, the scheme has implemented by public sector commercial banks, RRBs (Regional Rural Banks) and cooperative banks in the country. It has emerged as a revolutionary credit distribution system to meet the credit requirements of the farmers in a timely and easy manner. The present study has been conducted to analyses performance of the Kisan credit card scheme through Commercial and Co-operative banks in Haryana in context of KCCs issuing and amount sanctioning. The present study is based on Secondary data and data have been collected pertaining for the years 2007-08 to 2018-19. The study concludes that Commercial banks are doing quite well in fulfilling the objectives of the scheme, and serving the farmers to fulfill their crop loan demands while the growth performance of Co-operative banks has not been satisfactory in issuing cards and amount sanctioning.

Keywords: KCCs, Credit, Growth, Agriculture.

Introduction:

According to agricultural census 2011 about 61.5 per cent of Indian population lives in rural areas and dependent on agriculture. The number of farming households is about 159.6 million. Since a major part of Indian population dependent on agriculture for their livelihood

but still its contribution to GDP was only 15.2 per cent in 2019-20. Continuous decrease in agricultural productivity, rapidly increase in cost of production, distortions in the market and poor infrastructure have made the survival of farming people more difficult. The main reasons of rural poverty are low growth rate in agriculture, low productivity, damages of crops, unemployment, inadequate resources and low adoption of agriculture technology and non-availability of adequate credit. Agriculture can be the key factor for reducing rural poverty in a country like India where a major part of population lives in rural areas. So enhanced growth rate in agriculture will not only improve the income and employment levels of farmers but also reduce the level of poverty and improve the standard of living of rural people. In order to achieve the higher growth rate in agriculture sector farmers need to use latest and more innovative techniques for their agricultural operations. But most of Indian farmer belong to middle class and it is very difficult for them to adopt latest techniques on their own behalf as adoption of latest techniques involves a huge investment. Farmers get revenue only after selling the crop so they need credit for meeting their agriculture expenses throughout the year. Finance is the major input in agriculture because farmer can purchase input like technical equipment only if they have adequate finance. But farmer don't have always sufficient amount of cash for meeting their agricultural expenses so they need outside finance also. So if farmers got the adequate finance timely from the outside sources at reasonable cost it enables the farmers to adopt latest techniques in their agricultural operations. For this there should be well established financial system in the country for meeting the agricultural credit needs of farmers. The needs of agriculture credit for poverty alleviation and employment generation in agriculture. So by realizing the role of agriculture sector in India, government puts its major attention on development of institutional sources of agriculture finance since the beginning of planned development area in India. Because agriculture not only a business for farmers it's blood of farmers' life.

Kisan Credit Card Scheme:

The Kisan Credit Card Scheme (KCCs) has been started in the year 1998 on the recommendations of Sh. R. V. Gupta Committee. The KCC Scheme is a short-term credit facility in order to provide agriculture credit in hassle free manner for production as well as consumption needs of the farmers. It facilitates in providing financial assistance to the farmers to meet their credit needs in relation to production, consumption as well as other allied activities throughout the year and when required. The KCC Scheme has made a rapid progress. The number of card increased from 6.1 Lakh at the end of March 1999 to 6.95 crore

at the end of June 2019. The All India Financial Inclusion Survey (NAFIS) of 2015-16 by NABARD reported that 30.3 per cent of all agriculture households availed credit from institutional sources. The KCC guidelines have gone through several changes since then. The important evolution in KCC implementation are given below:

TABLE: Important evolution in KCC Scheme implementation

Circular date	Particulars
14 Aug. 1998	Introduction of KCC Scheme and circulation of modal KCC Scheme to banks.
14 Jun 2001	Personal Accident Insurance Scheme (PAIS) for KCC holders introduced.
9 Aug. 2004	(1) Scheme to cover term loan for agriculture and allied activities under KCC Introduced. (2) Validity of Kisan Credit card increased from 3 years to 5 years.
1 Jan. 2006	In response to union finance Minister's budget announcement (2006-07) interest on short term credit to farmer was fixed at 7% up to KCC upper limit of Rs. 3.0 Lakh on principal amount.
31 Oct. 2006	KCC Scheme for the borrowers of long term cooperative credit structure that is, State coop Agri & Rural Development Banks introduced.
29 March 2012	Kisan Credit Card- a comprehensively revised KCC Scheme incorporating many new components (Composite loan, 10% and 20% Provisions for consumption and assets maintenance, year-wise drawing power for five year, etc.) was launched.
9 Nov. 2012	Scheme for issue of KCC in the form of interoperable RuPay Cards.
15 Nov. 2012	In a meeting of Union Finance Minister with Banker, it was decided to convert all old KCCs into ATM-cum –Debit / Rupay Cards.
1 Aug. 2014	Supports for ICT solution through POS/ Micro ATMs and Rupay Kisan Cards under KCC Scheme.
8 Jul. 2015	Coverage of KCC holders under Atal Pension Yojna (APY)

Literature Review:

Chanda (2012) explained the performance of Kisan Credit Card Scheme in Bihar. The main objective of the study was to evaluate the KCC scheme. Period of study was from 2005-06 to 2009-10. One of the objectives of study was also to examine the effect of KCC on per capita income and agricultural productivity. The study was totally based on secondary data which were collected from RBI trend report. To analyze the data ordinary least square method was used. The study revealed that with initially better access to agricultural credit show subsequently greater amount of KCC lending. In Bihar also it has been found that districts with initially greater learning through KCC were continued to grow at a fast speed. So from the study it can be concluded that KCC puts a positive effect on agricultural productivity. But the study does not reveal that whether the loan has been repaid timely or not.

Bista et al. (2012) explained the progress and performance of KCC Scheme. The study was conducted with reference to Bihar. Both primary and secondary data has been used for conducting the research. Period of study was from 2000-01. Performance of various institutions was analyzed by determining the number of KCC issued and amount of loan sanctioned. Data were collected from 60 KCC holders and 60 nonKCC holders to make comparison between earnings of KCC holders and non KCC holders. Cobb-Douglas production function was applied to analyze the data. Findings of the research have shown that the gross return and net margin have been found higher for KCC beneficiary than non-beneficiary farmers. The growth rate for the amount sanctioned was highest for RRBs 22.4 per cent and Commercial Banks 23.5 per cent.

Kaur et al. (2018) explained the performance of Kisan Credit Card Scheme by Regional Rural banks in India. The study was conducted with reference to Punjab. The period of study was from 2003-04 to 2014-15. The main objective of the research was to analyze the performance, growth and effectiveness of the KCC Scheme in Punjab. For the purpose of evaluation, the performance of KCC has been studied in terms of number of cards issued and the amount of loan granted. Data were collected from the various agenda meetings of Punjab State Level Bankers Committee and presented in tabular form and various statistical tools such as mean, median, correlation, and covariance were applied for evaluating the data. Throughout the period of study, it has been found that the average amount disbursed highest by Punjab Gramin Bank (328200 lakh). Followed by Malwa Gramin Bank (9317.42 lakh) and Satluj Gramin Bank (3604.92 lakh). RRBs have successfully implemented the scheme. During the period of study, it is also observed that the performance of RRBs has been

progressive both in terms of number of cards issued and the amount sanctioned under the scheme. The study suggests that banks should issue for KCC in order to achieve higher growth in the agriculture sector.

Sharma et al. (2013) explained the impact of KCC Scheme among the beneficiary farmers. Present study was conducted with reference to Sehore district of Madhya Pradesh. The main objective of this study was to analyze the impact of KCC scheme on KCC holder's financial position. Both primary and secondary data has been used for conducting the research. For collecting the data 120 beneficiaries were randomly selected and data were collected through structured interviews. Finding of the research shown that the yield on crop has been increased due to the availability of credit at right time through KCC Scheme.

Godara et al. (2014) studied the performance of KCC Scheme in Haryana as to see the importance of agricultural loan for farmers. The present study was conducted to evaluate the performance of KCC Scheme through Regional Rural Banks and Co-operative banks in Haryana. Performance was evaluated by determining the number of KCC issued, amount sanctioned and disbursed by various banks through KCC Scheme. For conducting the present study secondary data has been used. The data have been collected for period 1999-00 to 2013-14. The study concludes that Regional Rural Banks are performing quit well in fulfill the objectives of the scheme and serving the farmers to fulfill their credit needs while the performance of co-operative banks has not been satisfactory in terms of both issuing cards and amount sanctioning. But the study fails determine whether the loan has been used for agriculture productivity or not.

Bindage et al. (2014) studied the economic impact of Kisan Credit Card Scheme for sugarcane crop in Kohlapur (Maharashtra). The main objective of the paper was to review the development in the number of Kisan credit card consumers and examine the rate and adequacy of loan under the scheme as compared to loan without KCC. For the purpose of primary survey, data has been collected from 60 KCC users and 60 non KCC beneficiaries selected randomly. The study has been conducted for the year 2010-11. The pre-tested and structured schedule has been used to collect information regarding borrowings, repayment, interest and cost of borrowing etc.

Bhat et al. (2011) explained the economic evaluation of KCC Scheme which was introduced by the Government of India in 1998. Present study was conducted to analyze the popularity of KCC Scheme. KCC popularity was analyzed in terms of growth in number of KCC users. Another objective of this scheme was to analyze the cost of credit provided under KCC in

comparison with cost of loan taken from other sources. Secondary data has been used to determine the number of cards issued. Primary data relating to borrowing, interest and cost of credit has been collected from 60 KCC holders and 60 Non-KCC holders. Purposive sampling method has been used for selecting the sample. The study found negative growth number of card issued and loan sanctioned by various institutions. But cost of loan taken under KCC was found less in comparison to cost of loan taken from other sources. But the study fails to determine whether the adequate amount of loan has been received or not.

Kamble B. (2009) explained the role of KCC Scheme in the benefit of small farmers. The main objective of the research was to study the features, agency wise and state wise performance evaluation of various commercial and cooperative banks in terms of loan issued through KCC Scheme. Secondary data has been used for conducting the research. Finding of the research has shown that in some states there has been a large number of KCC holders while in some other states KCC holders were found very minimum. In state wise performance of RRBs, 12 states shows excellent performance and achieved the target more than 80 per cent. Throughout the study period it has been observed that cost of loan taken through KCC was less than the cost of loan taken through other than KCC. During the study it has been observed also that the productivity and net return of KCC beneficiaries were more than the non KCC beneficiaries. From the study it can be said that KCC in a very short span of time has established itself as an innovative instrument of credit.

Sekhon et al. (2005) explained the cash- inbenefits of the Kisan Credit Card Scheme for farmers. The loan granted under KCC Scheme is revolving cash credit in nature that is farmers can borrow or repay the amount any number of times within prescribed limits. This feature of KCC would provide the flexibility in borrowing and repayment of loan. The present study was conducted to analyze the functioning and implementation of the KCC Scheme and to evaluate the impact of KCC upon the efficiency of rural credit delivery system. The study was conducted with reference to Punjab. Primary data has been used for conducting the research. Three types of respondents have been interviewed namely KCC Holders, Non-KCC Holders and bank managers of Punjab and Sind bank. Out of 28 rural branches of Punjab and Sind banks in Ludhiana zone, five branches were selected. Selected members were personally interviewed. The tabular analysis was applied to work out short term credit requirements, credit availability and credit gap. Finding of the research reveals that credit granted to small farmers through the scheme was more than large farmers. From the study, it has been observed that small farmers were getting loan timely in cash by

which they were able to take advantage of cash discount on purchase of seeds and other fertilizers. So the KCC Scheme has been reported to be quite efficient in Punjab. But the study fails to address the problems of NPA which still poses a barrier in the implementation of the scheme.

Gupta et al. (1998) observed that beneficiary farmers received a sum of Rs 50206.00 as loan mainly for paddy crop. The net profit per hectare for paddy on the beneficiary farm came to Rs 5258.00 against Rs 4574.00 on the non-beneficiary farms. It was concluded that the beneficiary farmers had utilized not only the loan amount but also earned a significantly higher profit per hectare than those of non-beneficiary farms for all the crops for which the loan was obtained from the co-operative banks.

Atibudhi and Singh (1994) reported that the flow of rural credit to different categories of farmers in District Cuttack (Odisha). The data were collected from a random sample of 99 farmers from two blocks of the district during the year 1992-93. A comparative picture of credit distribution according to farmers characteristics indicated that the marginal farms constituted 44.44 per cent of the total sample and owned 20.75 per cent of the land. The small and large size farmers constituted nearly 34 and 21 per cent of the total sample farmers and owned 38.67 and 40.58 per cent of the total land held by the farmers of sample farms respectively. The marginal, small and large farmers accounted for 19.26, 38.51 and 42.23 per cent respectively of the total credit advanced.

Objective of the study:

- (1) To analyze the performance of Commercial banks in terms of issuing of KCCs and amount sanctioned.
- (2) To examine work performance of Co-operative banks in context of issuing KCCs and amount sanctioned.

Data and Methodology:

The present study is based on secondary source of data. The secondary data have been used in this study. The secondary data have been collected from the various issues like- RBI, NABARD etc. during the period 2007-08 to 2018-19. The appropriate method has been used for data analysis. In the present study, two types of bank groups have been taken for the study which is providing KCCs to the farmers in Haryana and these bank groups are as follows:-

- (1) Commercial banks
- (2) Co-operative banks

$$\text{Compound Growth rate} = (EV/BV)^{1/n} - 1$$

Where:-

EV=Ending Value

BV=Beginning Value n = Number of years

RESULTS :-

The results related to progress and performance of Kisan Credit Card Scheme in Haryana through commercial banks and co-operative banks are presented as follows:

Table 1. Year- wise Performance of Kisan Credit Card Scheme in Respect of Issuing KCCs and amount sanctioned through Commercial Banks in Haryana.

Years	No. of KCCs issued	Amount Sanctioned (in crore)
2007-08	53544	828.72
2008-09	76870	7719.2
2009-10	86150	9319
2010-11	98520	1875
2011-12	11840	2570
2012-13	20648	4850
2013-14	25464	8360
2014-15	31508	15540
2015-16	50318	22470.5
2016-17	65960	26840
2017-18	66032	27171.7
2018-19	65525	27635.0
Compound growth rate	1.7%	33.94%

Source – www. rbi.org.in

The results related to the number of KCCs issued and amount sanctioned of the same during the years starting from 2007-08 to 2018-19 in Haryana are presented through table-1. The card under the scheme has been issued at increasing rate. As for as, the absolute term in considered, 2010-11 has been remarked as the year during which 98,520 KCCs has been

issued to farmers who hasbeen the maximum when compared to other years. While 2011-12 has been noticed as the year in which the KCCs has issued in minimum numbers.

Table- 2Year- wise Performance of Kisan Credit Card Scheme in Respect of Issued KCCs and amount sanctioned through Co-operative banks in Haryana

Year	No. of KCCs issued	Amount sanctioned (in crore)
2007-08	34701	11527.4
2008-09	12440	7732.1
2009-10	12590	7833
2010-11	14883	910
2011-12	13454	180
2012-13	15782	120
2013-14	2700	2130
2014-15	2440	3840
2015-16	1530	6820
2016-17	1233	8710
2017-18	1196	9335.4
2018-19	1193	10014.4
Compound growth rate	-24.48%	- 1.16%

Source-

www.rbi.org.in

Table-2 related to the number of KCCs issued and amount sanctioned of during the years starting from 2007-08 to 2018-19 through Co-operative banks in Haryana. The KCCs under the scheme has been issued at decreasing rate.

Table-3 Performance of Commercial and Co-operative Banks w.r.t. KCCs issued and amountsanctioned through KCC Scheme in Haryana during the year 2007-08 to 2018-19

Bank group	Compound growth rate of KCCs issued	Compound growth rate of Amount sanctioned
Commercial banks	1.7%	33.94%
Co-operative banks	-24.48%	-1.16%

The results related to reflecting a comparative analysis of performance of both bank groups w.r.t. KCCs issued, amount sanctioned through KCC Scheme in Haryana are presented in table -3. The table shows that the performance of Commercial Banks has been quite well in fulfilling the demands crop credit by the farmers. As for as the performance of Co-operative banks is considered growth rate of Co-operative banks in issuing KCCs and amount sanctioning has been observed in negative figures which shows declining work performance of this bank group. It may be concluded that the overall performance of Co-operative bank is not satisfactory to fulfill the farmers agricultural needs.

Conclusion and Suggestion:

The results can be drawn from the above that the performance of Commercial Bank has been quite well in KCCs issuing and amount sanctioning as the compound growth rates recorded as 1.7% and 33.94% respectively. In respect of KCCs issued through Commercial Banks has been maximum during the year 2011-12 and for the amount sanctioned has been maximum during the year 2018-2019. As for as the performance is considered of co-operative Bank's compound growth rates estimated for number of KCCs issued and amount sanctioned has been -24.48% and -1.16% respectively which shows that growth rate of issued number of cards and amount sanctioned has been declined of this bank. Overall analysis shows that the performance of Commercial Banks has been satisfactory in respect of KCCs issued and amount sanctioned while performance of Co-operative Banks is not satisfying. Thus on the basis of the results of the study drawn it may be suggested that to improve progress and performance of KCC scheme, the attention of the banks should be more on poor performing regions, the government and bank groups should launch awareness generation programmes among the farmers about the benefits of this scheme and to attract the farmers. The limit of the crop loan should be increased. More branches of the Co-operative banks should be opened in the rural areas to enhance the scheme performance. There is need to strengthen the base of bank groups to work properly and government should take effective steps to improve the performance of Kisan Credit Card scheme.

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