

## Progress of Kisan Credit Card Scheme in India

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**Abstract:** Since the implementation of the financial reforms, India's agricultural sector has received much more funding. In order to direct funding to rural parts of the nation so that farmers may get enough credit, the government and RBI have launched a number of plans and programmes. Its primary goal was to establish the Kisan Financing Card Scheme by drawing attention to the need for innovative financial tools to assist farmers. In 1998, following the committee's suggestions, the Shri R.V. Gupta initiative have underway. In order to facilitate the production and consumption of agricultural goods and services, the Kisan credit card system was established as a short-term loan program for farmers. It makes it easier to provide farmers the money they need to satisfy their credit requirements for production, consumption, and other related activities at any time of the year. This report examines the evolution of the Kisan credit card programme in the nation from its launch. Examining the improvement by agency and era was the primary goal. The research included the years 2009–10 through 2018–19. To evaluate the scheme's success, the quantity of cards gave and the sum authorized under the KCC plan were utilized. We used statistical tools like mean, coefficient of variation, and exponential growth rate to look at how far along the plan was. Over the course of the research period, the data revealed that the scheme's authorization and card issuance numbers had grown. Further research revealed that commercial banks fared better than cooperative banks and regional rural banks as far as the amount of cards gave and the sum permitted under the KCC plan.

**Key Words:** kisan credit card, cost of credit, logit model, adequacy of credit.

### 1. INTRODUCTION :

#### 1.1 AGRICULTURE IN INDIA

Agriculture is a major sector of the Indian economy, accounting for around 16% of GDP and over 50% of employment. There are few commodities that India produces more than spices, pulses, milk, tea, cashews, and jute. Aside from grains, fruits, vegetables, sugarcane, cotton, and oilseeds, it ranks second in crop production. Crops such as rice, wheat, coarse cereals, legumes, oilseeds, cotton, jute, tea, sugarcane, and potatoes are principally cultivated. At more than 40% of the total arable land, rice stands as the most significant crop. India produces more rice than any other country in the world, second only in value to China. Secondly, wheat, which is mostly cultivated in northern regions, is very significant. Producing more wheat than any other country except China, India ranks second. In addition to its many other fruits, India is a major producer of mangoes, bananas, citrus fruits, and guavas. Once China is considered the biggest banana and mango grower, it follows closely behind. Despite agriculture being a major sector, productivity per unit area and farmer incomes remain low compared to other countries. Issues include small landholdings, lack of irrigation, poor quality seeds, lack of modern farming techniques. Utilisation of fertilisers, irrigation, and high-yielding seed types were all part of the Green Revolution, which began in the 1960s and contributed to increased agricultural yields. However, there are concerns that the overuse of chemicals has degraded soil quality over time. The government has many agricultural support programs and subsidies in place such as minimum support prices, loan waivers, crop insurance etc. However, reforms are needed to make agriculture more competitive and profitable.

#### 1.2 KISAN CREDI CARD IN INDIA

It is a credit scheme introduced in 1998 by the Government of India for farmers. The goal is to make sure that farmers can afford the loans they need for their crops and other necessities. Cooperatives, commercial banks, and rural regional banks all issue the card. Farmers are given a credit limit that is determined by the amount of land they own and the crops they cultivate. The credit limit can be used for purposes like purchase of seeds, fertilizers, pesticides, hiring labour, irrigation needs, etc. It can also be used to meet consumption needs of farmers. The interest rate on KCC is subsidized by the government and is generally between 4-7%. Farmers are provided with collateral free loans up to ₹ 1.6 lakhs. Loans above this limit require collateral security. The repayment period varies from 3-5 years and varies based on the purpose of loan. To get a KCC, farmers need to submit ID proof, address proof, land records and other documents to the bank. Annual renewals are needed to continue the card. As of 2022, over 7 crore Kisan Credit Cards have been issued with total credit limits of over ₹ 10 lakh crore. The programme has helped a lot of small and marginal farmers who were previously reliant on moneylenders get access to institutional loans. However, implementation gaps exist in some areas. As of my last update in January 2022, the Kisan Credit Card (KCC) scheme in India has been a significant initiative by the government to provide affordable credit to farmers. The program has made great strides, and millions of farmers all around the nation are reaping the rewards. However, specific updates beyond January 2022 would require real-time information from official sources or recent news articles.

The goal of the Kisan finance Card programme is to help farmers avoid predatory and unregulated lending practices by providing them with access to affordable, timely finance for their farming requirements. It provides farmers with a convenient and flexible credit facility to purchase agricultural inputs, meet crop production expenses, and other ancillary activities. However, if you want to stay up-to-date on the Kisan Credit Card plan or any other Indian financial scheme, my recommendation is to visit the Ministry of Agriculture & Farmers' Welfare's official website, the Reserve Bank of India's (RBI) website, or read reliable news sources. Additionally, contacting a local bank or agricultural cooperative may also provide you with the latest details on the Kisan Credit Card scheme.

#### Key features and benefits of the KCC scheme include:

- **Credit Access:** This programme makes it simple for farmers to get the short-term loans they need to cover their planting and harvesting costs.
- **Flexibility:** Farmers can withdraw funds as per their requirements within the sanctioned credit limit. The interest is charged only on the amount utilized.
- **Low Interest Rates:** Interest rates on Kisan Credit Cards are relatively low compared to traditional sources of credit, making it affordable for farmers.
- **Insurance Coverage:** Many KCC schemes also come with insurance coverage against crop failure, accidents, and other unforeseen events, providing financial security to farmers.
- **Subsidized Rates:** In many cases, the government provides subsidies on interest rates to make credit even more affordable for farmers.
- **Digitalization:** Efforts have been made to digitize the KCC application process, making it easier and faster for farmers to apply and receive their cards.

## 2. REVIEWS OF LITERATURE :

**Mehta et al. (2016):** investigated the role of the kisan credit card scheme in rural India. Finding out how the Kisan credit card system worked and what improvements might be made was the main reason for doing the research. Researchers found that the Kisan charge card was a powerful apparatus for country finance, allowing farmers to sensibly cover their expenses. According to the recommendation, banks should make the cycle more straightforward so ranchers in zones with horrible showing may likewise profit from the deal.

**Gandhimathi and Sumaiya (2015):** assessed the job of the kisan Mastercard program in scattering credits for rural purposes all through the country. Among the factors that were considered, the establishment of KCC plan, total deposits, agricultural output, commercial banks' borrowing from the Reserve Bank of India, and rural branches of commercial banks were determined to have a substantial impact on financial inclusion. The results of the regression and logistic analyses also showed that KCC increased access to credit for farmers.

**Maurya (2015):** assessed the effect of co-operative bank loans for agricultural purposes in the Mohali district of Punjab by studying the function of these banks in the agricultural sector. In addition, the study evaluated the effects of credit on farmers' assets, income, employment, savings, and the attitudes of lending agents and borrowers towards them. A main sample survey of 120 farmers who might benefit from the programme formed the basis of the research. Agricultural revenues, land utilisation, irrigation amounts, cropping strengths, input arrangements, employment models, savings guides, and cultural practices were all included in the final model. The study's findings showed that almost every variable significantly affected the lending practices of cooperative banks. However, financial institutions fell short in meeting the extensive lending needs of farmers in rural areas. In addition, research over the last half-century revealed both an uptick and a dip in rural agricultural loans from both institutional and non-institutional sources, with the latter experiencing a number of issues such as overdue payments and defaults. Banks should not only strive to foster saving habits by offering cheaper loans, but they should also improve monitoring mechanisms and regulations.

**Shinde (2013):** examined the influences on the acceptance of the Kisan credit card programme, the limitations experienced by farmers, and the effects on the agricultural economy. Percentages and averages were used for the analysis of the secondary data. To evaluate the efficacy of the utilisation of resources, the Cobb Douglas production function was used as a statistical instrument. We used a binary logistic regression model to identify the factors influencing the adoption of the Kisan credit card program, and we used Garrett's ranking approach to determine the order of importance for the problems that customers faced. A wide range of social and economic variables affected the number of states that made kisan credit cards available to farmers, and the number of states that actually printed the cards varied greatly. In order to get better results, it was recommended that borrowers receive training on how to apply for a Kisan credit card.

**Parwate et al. (2012):** investigated if farmers in Raipur, Chhattisgarh, make use of the Kisan Credit Card. An interview-based data collection process was used to compile information from 120 randomly chosen farmers from 12 different communities. In order to examine the data, a four-point scale was used. For crop insurance, 95.66 percent of farmers used their Kisan credit card advantages; 85.33 percent used their whole credit limit; and 40 percent used the lending offices under their Kisan Visa during the whole editing season. A more widespread use of the Kisan credit card was suggested as a means of boosting sustainable development productivity.

**Patra et al. (2012):** researched the effects and factors that influence the kisan credit card programme in India. Using the total number of cards issued as a metric, researchers in India's Orissa state looked at the Cuttack district. A random selection of farmers was made based on the size of their land holdings. Ways like weighted average, percentage share, standard deviation, growth rate, etc. were used to analyse the data statistically. The number of farmers receiving loans under the Kisan Credit Card Scheme increased annually because it served as a conduit for institutional lending. The leading factor in determining the need for loan was determined to be the cost of cultivation. Additionally, it was proposed that banks should work towards promoting self-help organisations, farmers clubs, and novel insurance products. They should also pursue a more productive strategy to ensure that the Kisan credit card is an efficient and farmer-friendly tool for delivering credit.

**Gupta, B. V., Singh, B., & Ranjan, R. (2018):** The economic assessment of the Kisan Credit Card in Bhabua, Bihar district, India, was the subject of the research. Data on Kisan Credit Cards (KCCs) and the amounts collected from Lead Bank District were culled from primary and secondary sources for the research. Results from a survey that included 60 people with kisan credit cards and 60 people without reveal that the approved amounts increased by 250 percent and that the kisan credit card number (KCC) was awarded 393.38% based on major development data, incomes, loans, pay-backs, interest, and borrowing expenditures. The Kisan credit card has a lower average credit expenditure % compared to the other classes. Compared to a non-Kisan card class, the credit gap in the Kisan Credit Card class was less. Also, all farmers who contribute to the credit's cost and who get the credit appropriately should be covered by the Kisan credit card system.

**Nagaveni, M., & Devegowda, S. R. (2019):** In the CHIKKABALLAPUR district of Karnataka, this study aims to evaluate the present status of the Kisan Credit Card (KCC) program. Two sets of credit card users, one from Kisan and one from outside the province, are compared and contrasted in this research with respect to operational expenses, material costs, loan adequacy, and credit difference. Tomatoes, mirabelles, potatoes, and groundnuts are the four main crops studied, along with their impacts on the credit system and capital adequacy. Positive results are also achieved when comparing the amplexness of the other three yields between the non-Kisan credit cardholder and the Kisan cardholder.

**Suryavanshi, A. G. (2020):** This paper concentrates primarily on the contribution by financial incorporation in the Indian Kisan Credit Card (KCC) scheme. In Indian economy the development of agriculture Indian farmers need financial support to cultivate the land and provide agriculture product towards nation. According to RBI, the interest rate and credit limit is set by the bank. The interest rate may be in the range from 9-14 percent p.a. it is also provided a personal accident insurance with a cover ₹50000 on death and ₹25000 for disability by accident. This article relies only on secondary sources for its findings, which state that the Kisan Credit Card (KCC) is the most effective means of reaching rural India's impoverished and vulnerable farmers. Recently the Government of India has initiated new scheme as PM-KCC from February 2020 The families will earn short loans on crop and livestock, and fish rearing on timely repayment will have a maximum interest of 4 percent.

**3. OBJECTIVES OF THE STUDY :**

To progress year wise Kisan Credit Card scheme.

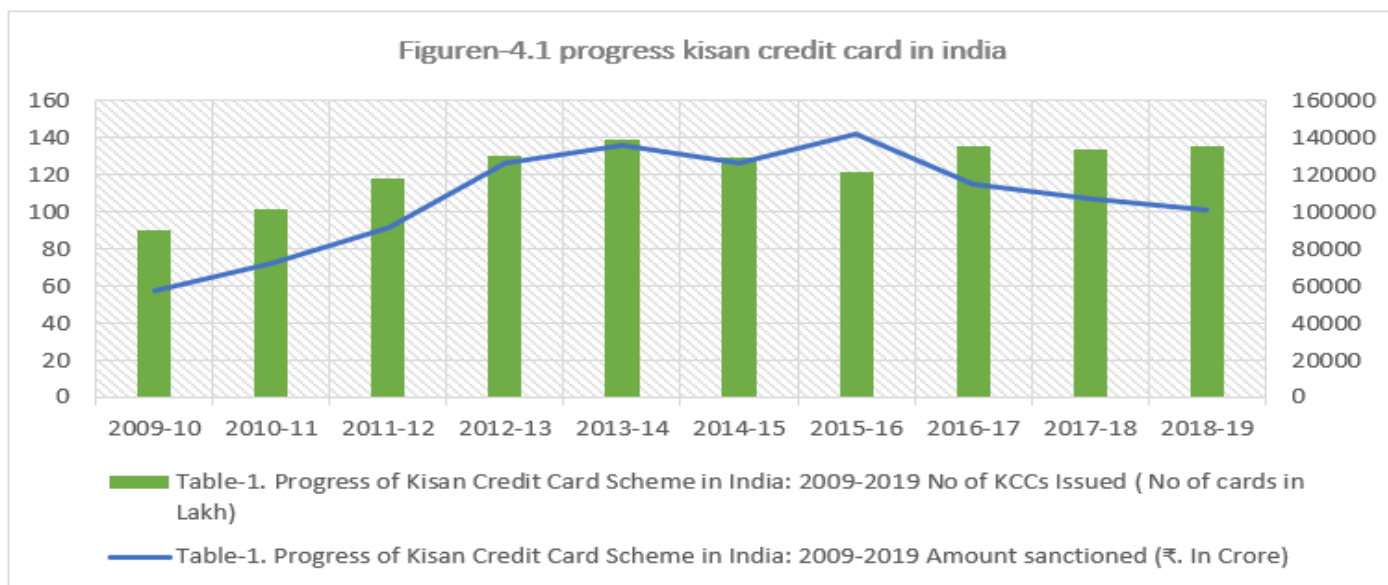
To progress agency wise Kisan Credit Card scheme.

**4. RESEARCH METHODOLOGY :**

The objective of the research was to examine the development both in terms of time and of agencies. For the fiscal years 2009–10 through 2018–19, the data was collected. Results are shown in tables based on calculations that use mean, coefficient of variation, and exponential growth rate. Information is based on a variety of sources, including reports from NABARD and publications from the Reserve Bank of India. All commercial banks, rural regional banks, and cooperative banks that participated in the Kisan credit card programme over the time period were individually analysed.

Figure 4.1: The Kisan Credit Card Scheme in India from 2009 to 2019

Years	No of KCCs Issued ( No of cards in Lakh)	Amount sanctioned (₹. In Crore)
2009-10	90.05	57678
2010-11	101.69	72625
2011-12	117.60	91670
2012-13	129.82	126270
2013-14	139.04	135751
2014-15	129.34	126276
2015-16	121.85	141981
2016-17	135.79	114562
2017-18	133.63	106831
2018-19	135.12	100957





As shown in Figure 4.1 and Table 4.1, the Kisan Credit Card (KCC) programme in India made great strides between 2009 and 2019. A total of 135.12 lakh KCCs were distributed in 2018–19, up from 90.05 lakh in 2009–10. Thus, the total number of KCCs granted has been rising steadily over the last decade. A significant rise was seen in the amount sanctioned under the KCC plan, which went from ₹57,678 crore in 2009-10 to ₹1, 26,270 crore in 2012-13. After that it declined to ₹1, 00,957 crore in 2018-19. The highest number of KCCs issued was in 2013-14 at 139.04 lakh cards. The highest amount sanctioned was in 2012-13 at ₹1, 26,270 crore. In 2014–2015, the quantity of KCCs allowed and the sum authorized both expanded. After that the number of KCCs has remained largely stable around 135 lakh per year. The amount sanctioned peaked in 2012-13 and has seen a declining trend since then, coming down to ₹1, and 00,957 crore in 2018-19. Overall, the KCC scheme has seen good progress, with increasing coverage of farmers. But the amount sanctioned has not kept pace in recent years, pointing to limitations in credit availability/utilization under the scheme.

Table-4.2 Progress Agency Wise Issued No of Kisan Credit Card in India: 2009-2019

Years	No of Kisan Credit Cards issued (in Lakh)		
	Public Sector Bank	RRB	Co-operative Bank
2009-10	53.13	19.49	17.43
2010-11	55.83	17.74	28.12
2011-12	68.04	19.95	29.61
2012-13	82.43	20.48	26.91
2013-14	85.49	21.79	31.76
2014-15	83.24	15.49	30.61
2015-16	84.29	22.37	15.19
2016-17	87.20	17.71	30.88
2017-18	85.21	14.93	33.49
2018-19	86.32	16.53	32.27

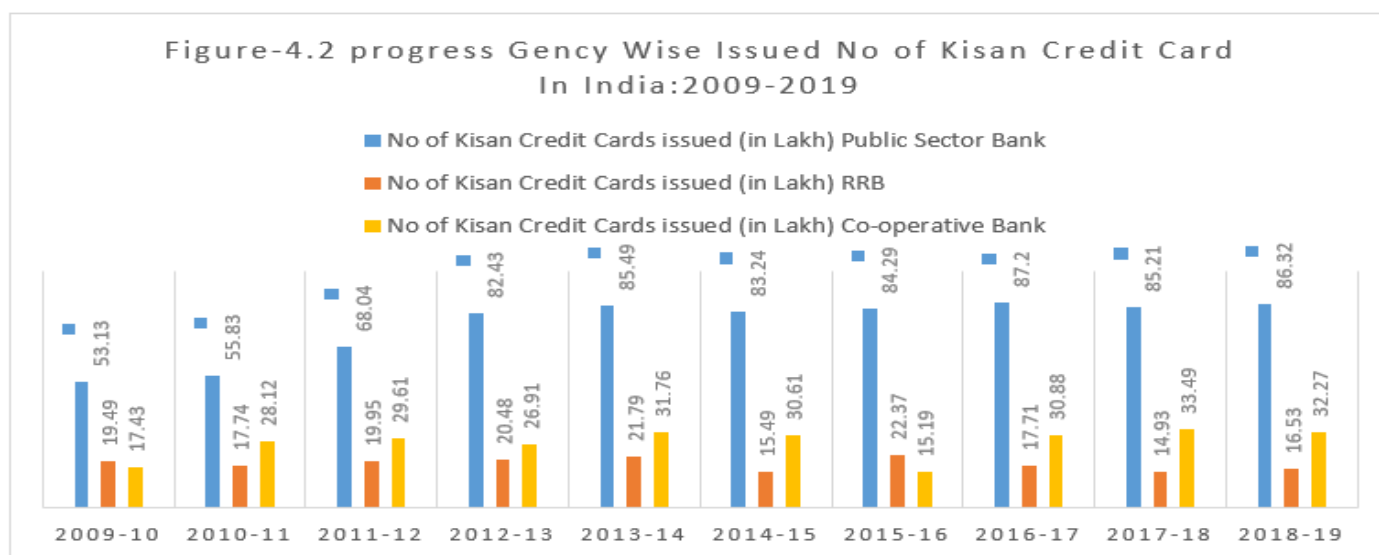


Figure 4.2 and table 4.2 show the development of Kisan Credit Cards (KCC) issued by different Indian banks from 2009–10 to 2018–19. Cooperative Banks, Regional Rural Banks (RRBs), and Public Sector Banks are the entities that issue KCCs. Over the years, the number of KCCs granted has generally been on the rise. Starting at 53.13 lakh in 2009–10 and rising to 86.32 lakh in 2018–19, the largest number of KCCs have been granted by public sector banks. RRBs issued between 14.93 lakh to 22.37 lakh KCCs during this period. Cooperative Banks have seen fluctuating numbers, issuing between 15.19 lakh to 33.49 lakh KCCs. The highest year-on-year growth for Public Sector Banks was from 2011-12 to 2012-13 when KCCs increased from 68.04 lakh to 82.43 lakh. The attached chart visually depicts the trends for each bank type over the years. Public Sector Banks show a steady upward trend, RRBs fluctuate, and Cooperative Banks show a decline after 2016-17. In summary, the table and chart showcase the increasing KCC penetration in India over the past decade, led predominantly by Public Sector Banks. But growth has been inconsistent across different bank groups

Table-4.3 Progress Agency Wise Kisan Credit Card Scheme in Term of (₹) Amount Sanctioned in India: 2009-2019

years	Amount sanctioned (₹ in crore)		
	Public Sector Bank ₹	RRB ₹	Co-operative Bank ₹
2009-10	39940	10132	7606
2010-11	50438	11468	10719
2011-12	69510	11520	10640
2012-13	101090	13260	11920
2013-14	103710	15846	16195
2014-15	104496	10812	10968
2015-16	111528	12128	18325
2016-17	88100	11242	15220
2017-18	82047	11336	13448
2018-19	75507	12707	12743

Figure - 4.3 Amount sanctioned (₹ in crore) ( Public Sector Bank)

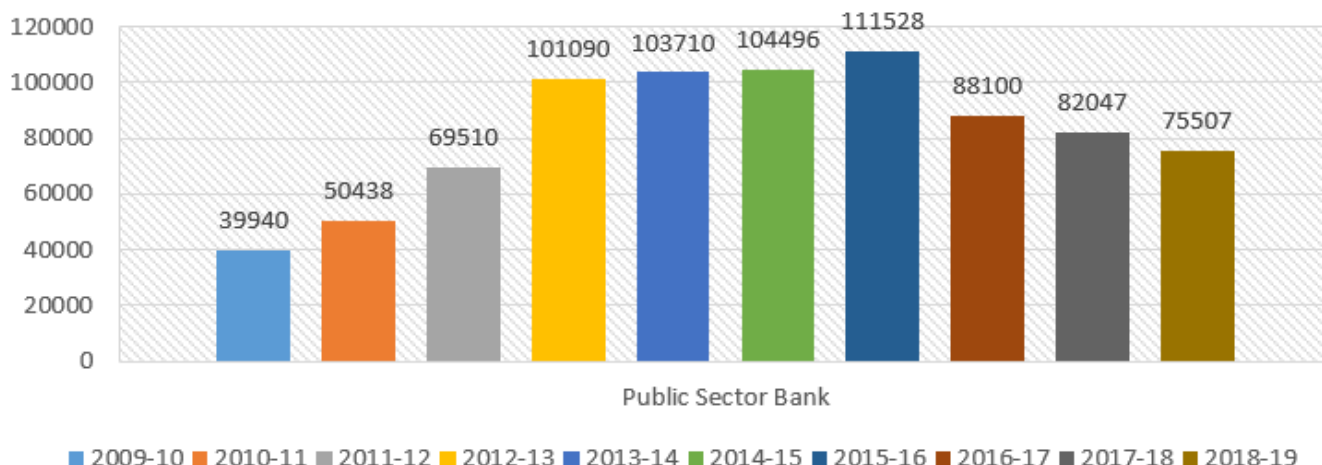


Figure - 4.4 Amount sanctioned (₹ in crore) (RRB)

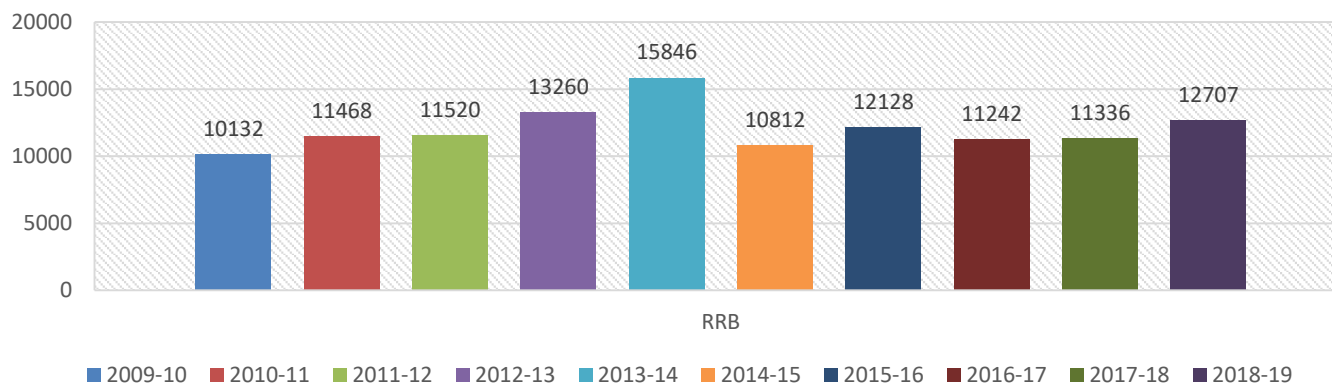
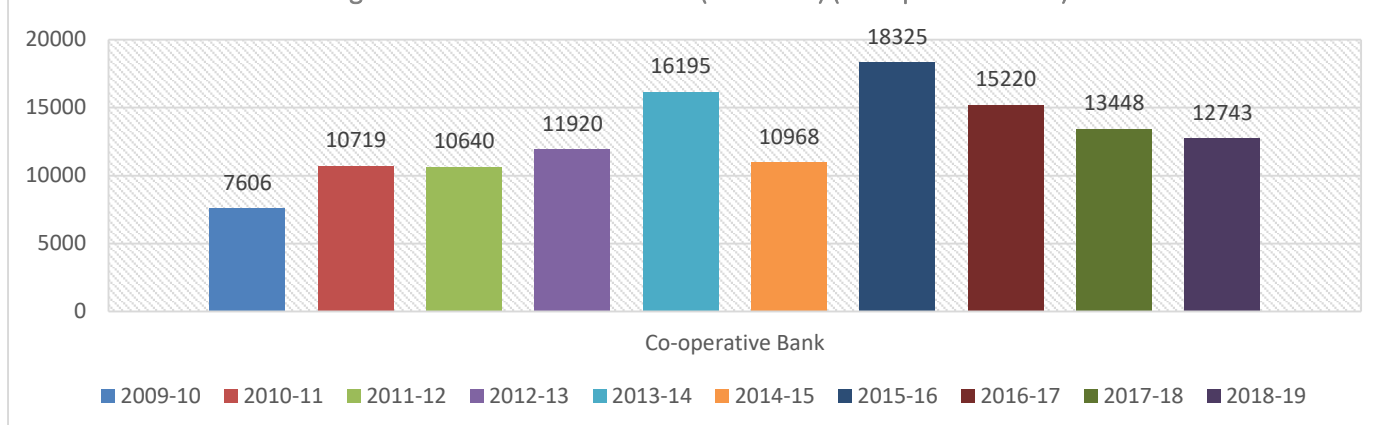


Figure - 4.5 Amount sanctioned (₹ in crore) ( Co-operative Bank)



The table 4.3 and figure 4.3 , 4.4, and 4.5 indicated that the progress of the Kisan Credit Card (KCC) scheme in terms of the amount sanctioned by various banks in India from 2009-10 to 2018-19. Banks in the public sector, rural cooperatives, and cooperative banks all have a hand in classifying the sum as a punishment. The overall sanctioned amount increased from 2009-10 to 2015-16, reaching a peak of ₹111,528 crore by Public Sector Banks in 2015-16. After 2015-16, the sanctioned amounts started declining, dropping to ₹75,507 crore by Public Sector Banks in 2018-19. Public Sector Banks had the highest share of sanctions, followed by Cooperative Banks and RRBs. The chart shows the trends for each bank type clearly - rising from 2009-2015, then declining post 2015-16. The peak sanctions were in the period 2012-13 to 2015-16 across all three bank types. The analysis shows the rapid growth in KCC sanctions in the early 2010s, but a slowdown after 2015-16 possibly due to factors like farm loan waivers, NPA issues, etc. The government's financial inclusion initiatives drove growth earlier.

## 5. CONCLUSION:

The outcome indicates that the Kisan Credit Card Scheme has seen an increase in the amount sanctioned and the number of cards issued during the research period. Comparing the Kisan Credit Card Scheme's agency-wise performance throughout the research period, commercial banks were the clear winners with more cards issued and more funds sanctioned than either cooperative banks or RRBs.

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