



Assessment on the Progress of KCC Scheme in India

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ABSTRACT

Financial assistance to agriculture sector is very important as India is an agriculture dominant economy. Government has launched various plans and programmes to boost credit to rural society for supplying requisite quantity of credit to the farmers. Kisan Credit Card scheme was launched in 1998 on recommendations of R.V. Gupta committee. This research paper insights the KCC scheme performance in India since its inception. The main objective was to evaluate the year-wise, agency-wise and region-wise KCCs progress in the country. The period of study was from 1999-00 to 2018-19. The study concludes the growth of Kisan Credit Card scheme both with respect to KCCs issued and sanctioned amount under the scheme during the period 1999-2019. It was also recorded that the performance of Commercial banks was better than the both RRBs and Co-operative banks in implementation of KCC scheme. The study also revealed that inter-region variation in the performance of KCC scheme across the country during 1999-2019.

INTRODUCTION

Agricultural sector's functioning has a prominent out-turn on the development of an economy. The agriculture and allied sector provided 19.90 percent to the GDP in 2020-21. About 50 per cent of population of India depends upon agriculture. At present net cultivated area and gross sown area in India is 140.13 million ha and 198.36 million ha, respectively. India is an agricultural economy, the farmers need credit to enhance productivity and efficiency in agriculture. Credit in agriculture impacts production increment through two main channels. First, increase in formal credit result in greater availability of working capital and more investment in fixed capital. Second, credit also enables consumption smoothing for cultivators (Chavan et al., 2016). Most of the institutions are catching hold of fairly successful farmers and brand them as entrepreneurs and take credit as their own but Central Sector Scheme of financing facility under the Agriculture Infrastructure Fund supports farmers, PACS, FPOs, Agri-entrepreneurs, etc. in building community farming assets and post-harvest agriculture infrastructure (Kademani et al., 2020). The access to subsidy reflected the availability of external capital support as one of the

determining factors for adoption of technology (There is a requirement to include farmers in financial framework to empower rural people as well as women (Kumari & Malik, 2019; Kumari et al., 2020).

Kisan Credit Card scheme was first time proposed in the budget 1998-99 by then Indian finance minister Yaswant Sinha. Kisan Credit Card scheme was introduced in the country on the recommendations of Shri R.V. Gupta committee to extend credit facility to the farming community. Credit under the scheme is available for crop production, as well as for auxiliary and non-farm activities and also for consumption needs. All farmers (individual/joint cultivator, owner, tenant farmer, oral lessee and sharecropper, SHGs, etc.) are eligible within the age group of 18 to 75 years. In the 2018-19 financial year, the government has issued KCC facilities to livestock farmers and fishers to support them in managing their working capital requirements.

The KCC scheme picked up momentum soon after its foundation and have become one of the important instruments to enhance the flow of institutional agricultural credit. As per the RBI, about 7.03 crores operative KCCs have already been issued up to December 10, 2019. This approach has greatly eased the timely

availability of funds and greatly simplified the process for obtaining a loan from a bank. The progress in the execution of KCC scheme has depicted a significant inter-region variation in the country (Kumar et al., 2011). Present paper has insights on the performance of Kisan Credit Card scheme in India.

METHODOLOGY

This research is based on secondary information on Kisan Credit Card scheme. The secondary data for number of Kisan Credit Card issued and sanctioned credit amount under Kisan Credit Card scheme by various institutions in country was collected from different published reports of RBI, NABARD, Govt. of Haryana, Govt. of India, State level bankers' committees and other published sources based on Kisan Credit Card scheme. The data was collected for the financial year 1999-00 to 2018-19. The progress of Kisan Credit Card scheme was assessed year-wise, agency-wise and region-wise with respect to number of Kisan Credit Cards issued and amount sanctioned under the scheme during the period 1999-2019. Agency-wise progress was evaluated by assessing the performance of different institutions with respect to KCC scheme namely commercial banks, co-operative banks and Regional Rural Banks. Region-wise progress of Kisan Credit Card scheme was estimated by evaluating the performance of different financial institution in all five regions of India (Eastern, Western, Northern, Southern and North-eastern regions). The progress of Kisan Credit Card scheme in India has been assessed by using various statistical techniques like mean, coefficient of variation and compound growth rate and presented in the form of tables. The average value of number of Kisan Credit Cards indicated the average performance of Kisan Credit Card scheme per year. Coefficient of variation studied the consistency in the performance of Kisan Credit Card scheme during the study period and expressed in percentage. The higher the value of coefficient of variation, lesser will be the consistency in performance of KCC scheme means more variation during the study period. Compound growth rate indicates the performance of Kisan Credit Card scheme annually and computed by using MS Excel and Statistical Package for Social Sciences (SPSS).

RESULTS AND DISCUSSION

Period-wise progress of kisan credit card scheme in India

The average value of cards issued from all banks in the country was 103.64 lakh and the mean value of amount sanctioned was Rs. 69,868 crores for the year 1999-00 to 2018-19. The period-wise advancement of KCC scheme in India for the year 1999-00 to 2018-19 is given in Table 1.

KCC picked up the momentum since its inception, between 1999 and 2019, the total of KCCs issued increased at a growth rate of 4.01 per cent per annum. The tremendous increase in amount sanctioned was reported in recent decade (Rs. 100957 crores) was nearly double in 2018-19 over 2008-09 with 13.58 per cent growth rate per annum during 1999-2019.

Coefficient of variation was 25.00 per cent with respect to total number of cards issued and 63.00 per cent for amount sanctioned under the KCC programme. With respect to total number of cards issued and the amount advanced under the Kisan Credit

Table 1. Progress of Kisan Credit Card scheme in India: 1999-2019

Year	No. of Cards Issued (No. of cards in Lakh)	Amount sanctioned (Rs. in Crore)
1999-00	51.34	7248
2000-01	86.52	16427
2001-02	93.41	25858
2002-03	82.43	26277
2003-04	92.45	21785
2004-05	96.80	34186
2005-06	80.12	47601
2006-07	85.14	46729
2007-08	84.70	49987
2008-09	85.92	46669
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
Mean	103.64	69868.40
C.V. (%)	25.00	63.00
CGR (%)	4.01	13.58
Total cultivators (Lakh)	1464.50	1464.50
Per thousand cultivators	1415	7.54

Source: RBI (various issues) and NABARD (various issues)

Card scheme, the scheme exhibited immense growth from 1999 to 2019. In India, 1415 KCCs were given per 1000 cultivators, and the total credit sanctioned under the KCC programme was Rs. 7.54 crores per 1000 growers. The reason for higher growth rate per annum was that the credit amount permitted under Kisan Credit Card scheme per unit of land increased during the period 1999-2019 which further helped to fulfill the financial requirements of farmers. The findings are supported by Bista et al., (2012) in their study on Progress and Performance of Kisan Credit Card Scheme with a Case Study of Bihar divulged that the growth rate was 13.7 per cent annually during 2000-11. Similarly, Gupta et al., (2018) in their study on An Economic Evaluation of Kisan Credit Card observed that the growth for the period 2001-12 was 10.30 per cent per annum.

Progress of KCC scheme with respect to number of cards issued in India

The progress of all the financial institutions *i.e.*, RRBs, commercial banks and co-operative banks throughout the country in regard to Kisan Credit Card scheme with respect to number of cards issued for 1999-2019 is given in Table 2. During the period 1999-2019, the average value of total number of Kisan Credit Cards issued was highest by commercial banks *i.e.* 56.70 lakh. The average value of total of KCCs issued by cooperative banks (31.80 lakh) was more than RRBs (15.05 lakh). The annual rate of growth was found highest in case of commercial banks (8.83%), followed by RRBs (6.78%) and negative in case of co-operative banks (-1.78%).

Table 2. Numbers of cards issued by different financial institutions in India: 1999-2019

Year	No. of Kisan Credit Card Issued (in lakh)						Total
	Commercial Banks	Proportion in total (%)	RRBs	Proportion in total (%)	Co-operative Banks	Proportion in total (%)	
1999-00	13.66	26.61	1.73	3.37	35.95	70.02	51.34
2000-01	23.90	27.62	6.48	7.49	56.14	64.89	86.52
2001-02	30.71	32.88	8.34	8.93	54.36	58.20	93.41
2002-03	27.00	32.76	9.64	11.69	45.79	55.55	82.43
2003-04	30.94	33.46	12.73	13.77	48.78	52.75	92.47
2004-05	43.96	45.41	17.29	17.86	35.56	36.74	96.80
2005-06	41.65	51.98	12.49	15.59	25.98	32.43	80.12
2006-07	48.08	56.49	14.09	16.56	22.97	27.00	85.11
2007-08	46.06	54.38	17.73	20.93	20.91	24.69	84.70
2008-09	58.34	67.90	14.14	16.46	13.44	15.64	85.92
2009-10	53.13	59.00	19.49	21.64	17.43	19.36	90.05
2010-11	55.83	54.90	17.74	17.45	28.12	27.65	101.69
2011-12	68.04	57.86	19.95	16.96	29.61	25.18	117.60
2012-13	82.43	63.50	20.48	15.78	26.91	20.73	129.82
2013-14	85.49	61.49	21.79	15.67	31.76	22.84	139.04
2014-15	83.24	61.96	15.49	11.53	30.61	22.78	129.34
2015-16	84.29	69.17	22.37	18.36	15.19	12.47	121.85
2016-17	87.20	64.22	17.71	13.04	30.88	22.74	135.79
2017-18	85.21	63.76	14.93	11.18	33.49	25.06	133.63
2018-19	86.32	63.88	16.53	12.23	32.27	23.89	135.12
Mean	56.77	-	15.06	-	31.81	-	103.64
C.V. (%)	44	-	35	-	34	-	25
CGR (%)	8.83	-	6.78	-	-1.78	-	4.01

Source: RBI (various issues) and NABARD (various issues)

However, the coefficient of variation for KCCs issued was 44 per cent in commercial banks which was highest followed by RRBs with variation 35 per cent and co-operative banks with variation 34 per cent over the period 1999-2019. Commercial banks showed largest variation in case of KCCs issued as higher target fixed over years owing vast network of branches in the country and to cover large number of farm holdings within short span of time.

Kaur & Dahliwal (2018) in their study on Progress of Kisan Credit Card Scheme in India also reported significant growth rate with respect to total cards issued in India by commercial banks (14.27%), regional rural banks (22.84%) and co-operative banks (-2.67%) during time period 1998-2013. Parkash and Kumar (2016) in their research on Performance of Kisan Credit Card Scheme in Tamil Nadu reported negative growth rate for co-operative banks (-1.50%) and high growth rate for commercial banks (22.40%) during 2000-11. Mehta et al., (2016) in their study on Indian Kisan Credit Card Scheme found similar results about compound growth rates in their study during 2004-14. Prakash et al., (2022) also found similar results.

Progress of KCC scheme with respect to amount sanctioned in India

The sanctioned amount under KCC programme by different financial institutions during study period is presented in Table 3. Average sanctioned amount under KCC scheme was highest in commercial banks (Rs. 48294 crores) followed by co-operative banks (Rs. 13244 crores) and RRBs (Rs. 8329 crores) over the period 1999-2019. The growth of commercial banks was found highest *i.e.* 19.75 per cent per annum during 1999-2019.

However, RRBs was exhibiting growth rate of 14.27 per cent

annually during 1999-2019. The fraction of co-operative banks in total amount sanctioned by various institutions under KCC was 47.77 per cent in 1999-00 came down to 12.62 per cent in 2018-19 divulging steep decline over the years with growth rate 2.06 per cent during whole study period. It indicates financial health of co-operative banks in the country is worsening over the years. The coefficient of variation was highest in commercial banks *i.e.* 82.00 per cent with respect to amount sanctioned followed by RRBs and co-operative banks *i.e.* 54.00 and 32.00 per cent, respectively during time period 1999-2019. The results were supported by research work done by Sajane et al., (2011) Economic evaluation of Kisan Credit Card scheme reported compound growth rates for co-operative banks, RRBs and commercial banks 2.78, 43.25 and 14.53 per cent per annum during time period 1998-2009. Similarly Rajmohan and Subha (2014) on Kisan Credit Card Scheme in India revealed similar rate of growth for the sanctioned credit amount under the scheme during 2009-13.

Region-wise progress of kisan credit card scheme in India

The progress of different regions throughout the country in regard to KCC scheme with respect to total of KCCs issued and credit amount sanctioned for the year 1999-2019 is presented in Table 4. Total Kisan credit cards issued in India recorded a growth rate of 4.00 per cent per annum while amount sanctioned had a rate of growth of 13.50 per cent per annum over the time period 1999-2019. The performance of Kisan Credit Card scheme varied from region to region.

With respect to number of cards issued, North-eastern region comprising states namely Assam, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland, Tripura and Sikkim showed highest

Table 3. Progress of KCC scheme in terms of amount sanctioned in India: 1999-2019

Year	Amount sanctioned (Rs. in crore)						Total
	Commercial Banks	Proportion in total (%)	RRBs	Proportion in total (%)	Co-operative Banks	Proportion in total (%)	
1999-00	3537	46.86	405	5.37	3306	47.77	7268
2000-01	5615	34.18	1400	8.52	9412	57.30	16427
2001-02	7524	29.10	2382	9.21	15952	61.69	25858
2002-03	7481	28.47	2955	11.25	15841	60.28	26277
2003-04	9331	42.83	2599	11.93	9855	45.24	21785
2004-05	14756	43.16	3833	11.21	15597	45.62	34186
2005-06	18779	39.45	8483	17.82	20339	42.78	47601
2006-07	26215	56.10	7373	15.78	13141	28.12	46729
2007-08	20421	40.85	9074	18.15	20492	40.99	49987
2008-09	25865	55.42	7632	16.35	13172	28.22	46669
2009-10	39940	69.25	10132	17.57	7606	13.19	57678
2010-11	50438	69.45	11468	15.79	10719	14.76	72625
2011-12	69510	75.82	11520	12.57	10640	11.61	91680
2012-13	101090	80.05	13260	10.50	11920	9.44	126280
2013-14	103710	76.40	15846	11.67	16195	11.93	135751
2014-15	104496	82.75	10812	8.56	10968	8.69	126276
2015-16	111528	78.55	12128	8.54	18325	12.91	141981
2016-17	88100	76.90	11242	9.81	15220	13.29	114562
2017-18	82047	76.80	11336	10.61	13448	12.59	106831
2018-19	75507	74.79	12707	12.59	12743	12.62	100957
Mean	48294.5	-	8329.4	-	13244.55	-	69868
C.V. (%)	82	-	54	-	32	-	63
CGR (%)	19.75	-	14.27	-	2.06	-	13.58

Source: RBI (various issues) and NABARD (various issues)

Table 4. Total of KCCs issued, sanctioned amount under KCC scheme by various institutions in different regions of India
(Number in lakh and amount in billion Rs.)

Region	1999-00		2018-19		CAGR (1999-00 to 2018-19)	
	No. of cards	Amount sanctioned	No. of cards	Amount sanctioned	No. of cards	Amount sanctioned
Commercial Banks						
East	1.5	2.4	11.2	64.2	12.4	17.8
West	1.8	8.1	23.4	216.8	14.8	12.5
North	4.5	13.8	18.3	196.4	18.2	24.7
South	5.5	10.8	22.7	246.6	23.1	33.0
North-East	0.3	0.3	11.7	31.1	29.0	45.2
India	13.6	35.4	86.3	755.1	8.8	19.7
Regional Rural Banks						
East	0.0	0.0	4.8	28.4	24.3	41.0
West	0.2	0.2	2.2	30.7	14.5	27.7
North	1.2	2.9	4.3	38.8	4.1	34.5
South	0.3	1.0	4.7	24.9	3.6	33.8
North-East	0.0	0.0	0.6	4.3	18.2	5.3
India	1.7	4.1	16.5	127.1	6.8	14.3
Co-operative Banks						
East	5.0	4.6	4.8	13.5	-3.7	4.0
West	11.0	14.1	10.3	65.3	-4.7	-1.8
North	12.3	11.2	5.2	16.9	-18.5	-23.2
South	7.6	3.2	10.4	30.2	-2.8	-3.2
North-East	0.0	0.0	1.5	1.5	2.1	2.1
India	35.9	33.1	32.2	127.4	-1.78	2.1
All Banks						
East	6.5	7.0	20.8	106.1	16.9	12.8
West	13.0	22.4	35.9	312.8	3.9	3.6
North	18.0	27.9	24.7	252.1	8.4	31.2
South	13.4	15	37.8	301.7	3.0	35.5
North-East	0.3	0.3	13.8	36.9	17.7	45.8
India	51.3	72.6	135.1	1009.5	4.0	13.5

Source: Various issues of RBI and NABARD

annual growth rate *i.e.* 17.70 per cent followed by Eastern region (16.90%) states including Odisha, West Bengal, Andaman and Nicobar island, Bihar, Jharkhand, Chattisgarh and Madhya Pradesh, Northern region (8.40%) having states Haryana, Himachal Pradesh, Jammu and Kashmir, New Delhi, Punjab, Rajasthan, Chandigarh, Uttarakhand and Uttar Pradesh, Western region (3.90%) comprising Gujarat, Maharashtra, Goa, Daman and Diu, Dadar and Nagar Haveli and Southern region showed lowest growth rate (3.00%) including Karnataka, Kerala, Andhra Pradesh, Tamil Nadu, Telangana, Lakshadweep and Pondicherry for the study period 1999-2019.

With respect to sanctioned credit amount under KCC scheme, the annual rate of growth found highest in North-eastern region (45.80%) followed by Southern region (35.50%), Northern region (31.20%), Eastern region (12.80%) and Western region (3.6%) during 1999-2019. The annual rate of growth was found more in Eastern region because of more numbers of branches and increasing awareness in the recent years. Bista et al., (2012) also reported positive rate of growth for KCC scheme in all the regions of India and North-Eastern region had highest growing rate during time period 2000-2011 in their study on progress and performance of Kisan Credit Card scheme with a case study of Bihar. Kamble (2009) in his research Role of Kisan Credit Cards in the benefit of small farmers also observed that the performance KCC in Southern states found poor and in Northern region was quite good.

CONCLUSION

The number of KCCs and amount sanctioned showed growth during 1999-2019 in India. At all India level, the growth rates with respect to total cards issued and sanctioned credit amount were found positive for time period 1999-2019. The compound growth rates with respect to total number of cards issued and sanctioned credit amount under KCC scheme were 4.01 and 13.58 per cent per annum. Among various agencies, at all India level, commercial banks revealed maximum progress while co-operative banks indicated least for KCC scheme during 1999-2019. The compound growth rate of commercial banks, RRBs and co-operative banks for number of cards issued were 8.83, 6.78, -1.78 per cent per annum, respectively. The compound growth rate for sanctioned credit amount under KCC scheme by commercial banks, RRBs and co-operative banks were 19.75, 14.27 and 2.06 per cent per annum, respectively. Among the regions, North-Eastern region (17.7%) showed the highest rate of growth with respect to total number of Kisan Credit Cards issued and sanctioned credit amount under KCC scheme during the study period. Commercial banks showed maximum progress in all regions of India over the study period. More number of bank branches should be opened for uniform growth of KCC scheme in different

regions of India to cover large number of households under KCC scheme. Co-operative banks must be strengthened in the states across the country to participate actively and to cover large number of villages for extending KCC scheme.

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