



PROGRESS AND PERFORMANCE OF KISAN CREDIT CARD SCHEME IN INDIA

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INTRODUCTION

Agriculture has been the mainstay of Indian economy. It continues to be an important sector of the economy with 14 per cent share in the GDP, provides employment to nearly two-third of the work force in the country. Nonetheless, the importance of agriculture cannot be underestimated for years to come. The Agriculture will continue to be central to all the strategies for socio-economic development of the country. Rapid growth of agriculture will not only ensure continued food security but also aid in growth in industry and the GDP. To sustain the growth in agriculture credit plays a crucial role. While this is quite impressive considering the overall bank credit for priority sector, credit for farm sector is not without its share of problems: viz. problems in accessing credit for the agriculturist and problems in dispensing credit by the bank. In order to address the problems in purveying credit for agriculture, the Reserve Bank of India had set up a one man High Level Committee of Shri R. V. Gupta in December 1997 to suggest measures for improving the delivery systems as well as simplification of procedures for agricultural credit. Agriculture at present has undergone a significant shift from the subsistence level of production to market oriented production. The much needed food security is reflected in the abundant buffer stocks of grains build up out of the surplus production. Diversification and commercialization in agriculture has resulted in shifting of cropping pattern from traditional crops to high-value crops and new markets. Institutional credit, which played a very important role in the development of agricultural sector, was instrumental in development of Indian agriculture.



Objectives of the Study:

1. To study the salient features of Kisan Credit Card in India.
2. To study of agency-wise and period-wise progress of KCC in the county.
3. To analyses the state wise progress of Kisan Credit Card in India

Research Methodology and Database

Present research paper is based on secondary data comprising reports of NABARD, GOI, books and journals. The data during 1998-99 and 2008-09 is used for the present research paper. The collected data are processed with the help of computer by using statistical techniques.

The Kisan Credit Card Scheme:

The scheme was launched in the State in 1998- 1999 with a view to provide adequate and timely credit to meet the comprehensive credit needs of farmers including short-term crop loans and a reasonable component of consumption needs under single window with flexible and simplified procedure. The implementation of KCC since 1998 has been taken up by 27 Public Sector Banks, 382 Co-operative Banks and 196 RRBs throughout the country. The Co-operative Banks accounted for 44 per cent of KCCs issued. The Commercial Banks accounted 42 per cent and RRB's accounted 14 per cent of KCC's issued up to the February 2009. In spite of various measures to rejuvenate farm credit, the flow of credit to agriculture sector remained quantitatively and qualitatively poor. One of the main reasons for this is the complex procedures followed by the institutional agencies and also the inadequacy and untimely supply of credit.

The disbursement under this scheme was confined only to short-term credits till 2005-06, subsequently; long-term loans are sanctioned since 2006-07. The cumulative number of KCCs issued in the State by the end of September, 2010 was 54.06 lakh. During 2010-11 (up to September, 2010), credit sanctioned was Rs.1,289.86 crore. It showed all signs of resilience to natural shocks like droughts and famines. In fact, credit acted as a means to provide control over resources to enable the farmers to acquire the required capital for increasing agricultural production. It enabled the farmer to go for short-term credit for purchase of inputs and other services and the long-term credit for investment purposes. Thus, credit played an important role by facilitating technological up-gradation and commercialization of agriculture. The success of Green Revolution in Indian agriculture to a large extent laid on institutional credit support to agricultural sector in terms of expansion in inputs like fertilizers, irrigation, private capital formation, etc.

Progress of Kisan Credit Card Scheme in India

The Scheme was initiated in the year 1998-99. Only 0.78 million KCC could be issued in the initial year and it progressed consistently in subsequent years. Putting an emphasis on increasing credit flow to the agricultural sector, NABARD advised the banks to identify and

Cover all farmers including defaulters, oral lessees, tenant farmers and share croppers, who were left outside the hold of the KCC scheme for any reason so that all farmers are covered under the scheme by March 31, 2007. Further, banks were advised to issue KCCs in a hassle free manner, extend crop loans only through KCCs and renew them so as to ensure quality in operations. About 8.46 crore Kisan Credit Cards have been issued up to end of 2008-09 by the banks throughout the country.

As per guidelines, the progress under KCC is to be closely monitored and reviewed at regular intervals. It was being reviewed at block- level in Block Level Bankers Committee (BLBC) meetings. The BLBC is a committee of bankers headed by the Lead Bank Manager (LDM) of the district. The Block Development Officer (BDO) and officers from the line departments also participate in such meetings. At the district level, District Level Review Committee (DLRC), is chaired by the District Collector and attended

By bankers and officials from the line departments in the district, reviews the progress of the KCC scheme as a part of its agenda. Similarly at the State level, State Level Bankers Committee (SLBC), chaired by the Chief Secretary or the Agricultural Production Commissioner, the highest forum to review the banking activities in a state reviews the KCC scheme. In addition, the banks also review the progress in house through reports/ returns and during the conference of branch managers. The Co-

operative banks and RRBs review KCC scheme in their board meetings. Further, progress in implementation of KCC by RRBs is also being reviewed in State Level Coordination Committee (SLCC) Meetings. As far as the Co-operative banks are concerned, the chief executives have been doing the review as also it is being discussed in the DLRC. Further, State Level Monitoring and Review Committee has been constituted under the chairmanship of the Secretary Cooperation of the state for close monitoring and review of the progress in implementation of the scheme by co-operative banks and to sort out the operational problems. The Registrar of Co-operative Societies, Managing Director of the State Co-operative Banks, the Chief Executive of the DCCBs and officer in charge of NABARD are the other member of the committee.

The banks had issued more than 50 lakh KCCs during the year 1999-2000 (almost two and half times of the target fixed at 20 lakhs). During the year 2000-01, banks have issued more than 47 lakh cards and up to December 2000 which accounts for 55% of the target fixed for that year. Co-operative banks have issued the maximum number of KCCs (66%), followed by Commercial Banks (CB) (28%) and RRBs (6%). Up to December 2000, the RRBs had achieved 81.2% of the target set for them while the co-operative banks achieved 56% of the target. The CBs had achieved 46.1% of the target set for them. State wise analysis of the achievement reveals that in states like Bihar, Haryana, Karnataka, Maharashtra, and Uttar Pradesh, the banks had achieved more than 80% of their targets while in the states of Gujarat and AP it was 50% - 80% and in the states of Himachal Pradesh, J&K, Kerala, Madhya Pradesh, N.E. States, Punjab, Rajasthan, Tamil Nadu & West Bengal, it was less than 50%. A classification of the Public Sector Commercial Banks (CB) by number of cards issued revealed that 2 (out of 27 CBs) banks had issued more than 5 lakh KCCs. One bank had issued between 3-5 lakh KCCs, 5 banks had issued between 1-3 lakh KCCs and about 19 banks had issued below 1 lakh KCCs. In the states of AP, Maharashtra, and Rajasthan and UP more than 10 lakh KCCs (in each state) have been issued. 5-10 lakh KCCs have been issued in the states of Karnataka, Orissa and Tamil Nadu. However in the states of Bihar, Assam, Gujarat, Haryana, Himachal Pradesh, J&K, Kerala, Madhya Pradesh, Punjab and West Bengal the number of cards issued was less than one lakh. As regards coverage of farmers under KCC, it was observed that only AP had issued KCCs to more than 50% of the farmers. Moderate performance (covering 25-50% of farmers) was observed in the states of Gujarat, Haryana, Maharashtra, Orissa, Punjab and Rajasthan. Poor performance in this regard (covering less than 25% of the farmers) was observed in the states of Bihar, Delhi, Goa, Himachal Pradesh, J&K, Karnataka, Kerala, Madhya Pradesh, N.E. States, Tamil Nadu, UP and West Bengal.

Conclusion:

The share of commercial banks is significant in the issued of KCCs followed by cooperative banks and share of RRBs has been very negligible in this process. The number of cards issued by cooperative banks, commercial banks and RRBs were 1.55 lakh, 6.22 lakhs and 6000 respectively in 1998. On the other hand the number of issued KCCs by commercial banks and RRBs were increased from 6.22 lakhs to 58.53 lakhs and 0.06 lakhs to 14.14 lakhs respectively during same period. The state wise coverage of number cards issued in 2008-09. The number of cards issued are observed highest by UP (154.23 lakhs) followed by AP (144.32 lakhs) and lesser number of cards issued by Himachal Pradesh (3.25 lakhs) followed by Assam (4.81 lakhs) in the 2008-09. The state Maharashtra has issued the 78.12 lakhs KCCs in the 2008-09. As far as regions are concerned number of cards issued the Southern region has highest numbers of cards (224.64 lakhs) followed by Northern region (203.26 lakhs) and least numbers were observed in North east region followed by Eastern region in the country.

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