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## KCC – AN INSTRUMENT OF FINANCIAL INCLUSION

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### ABSTRACT

**A**gricultural sector plays very important role in Indian economy. It is a method for subsistence for the more than 58 for every penny individuals. In any case, regardless of its noteworthy part, it has been enduring stagnation and some different issues. The cultivating movement has been confronting low efficiency. Ranchers can't put satisfactory capital in rural area. The low venture brings about low profitability. In this way the endless loop comes in presence. The legislature has executed the approach of multi credit item for horticulture. The multi organization approach was additionally embraced. Yet, both the methodologies have their own particular restrictions. Thus, it was felt that there is key necessity for coordination of credit item to provide force to the advancement procedure. The Kisan Credit Card Scheme was reported in the financial plan of 1998-99. The KCC plan was presented in 1998. The KCC has offered bother free access to credit to the ranchers. The plan has positive effect

on cost of acquiring. The plan has prevailing with regards to liberating the ranchers from the grasp of cash banks. The agriculturists are given the sponsorship and subvention in intrigue. This aides in diminishing the cost of acquiring. Along these lines the plan has helped hugely to the ranchers for the budgetary incorporation. The present research work is an endeavor to highlight the KCC plot as an instrument of money related incorporation of the poor agriculturists.

**KEYWORDS:** KCC scheme, financial inclusion, role of KCC.

### AGRICULTURAL SECTOR IN INDIA

The agricultural sector has very crucial role in Indian economy. It has given exceptionally solid base to national economy. Farming has accounted 14 for each penny of our national pay. As per Census report of 2011, still 58 for every penny individuals rely on horticultural area for their subsistence. Farming part is additionally a wellspring of crude material to the different enterprises. In addition, it gets remote coin for national advancement. In this manner farming area assumes vital part in multifaceted advancement of national economy. In any case, despite its noteworthy part, it has been enduring stagnation and some different issues. The cultivating action has been confronting low profitability. Ranchers can't put sufficient capital in rural division. The low speculation brings about low efficiency. Hence the endless loop comes in presence. Ranchers can't



## Kisan Credit Card

put adequate subsidizes in horticulture as they acquire less pay from cultivating exercises. Instructions to break this endless loop is a basic issue for the agriculturists. The essential and compelling measure which is constantly proposed by the specialists is to furnish the ranchers with simple assets which may increase the aggregate interest in homesteads.

The green upheaval occurred in 1967-68 in India. This insurgency has changed the whole character and nature of rural field. The ranchers received new innovation on huge scale. The utilization of half breed seeds, composts, irrigational offices, pesticides and so forth is the exceptional elements of this upheaval. Per hectare utilization of compound composts expanded quickly. The administration urged to the generation of such manures. The composts even imported each year in order to give them to the ranchers at the financed rates. The generation of establishment seeds likewise expanded. Add up to utilization of bug sprays additionally expanded quickly. This new innovation underlined the importance of capital interest in homesteads. The rich ranchers and proprietors can bear to put enough finances in homesteads yet it is exceptionally troublesome for the little and peripheral ranchers to put sufficient subsidizes in rural area. Since they acquire low wage they are not ready to contribute enough subsidizes. They procure the wage which is scarcely enough to make arrangement of essential needs of life. Accordingly, the poor agriculturists need to rely on different institutional and non-institutional wellsprings of credit. This has encouraged to the development of interest for the credit. In this manner it can be expressed that the interest for rural credit has expanded hugely by virtue of current innovation and green upheaval.

### CREDIT REQUIREMENT OF AGRICULTURAL SECTOR

Most of the poor farmers possess low level surplus savings. They gain salary amid editing season, while they need to meet out different costs consistently. In addition, they need to acquire the costs on different gainful exercises in homesteads. Accordingly the agriculturists have take advances for both utilization and generation purposes. There is specific set up of credit supply in India. The transient credit necessities are by and large meet by business banks, co-agent credit structure and provincial country banks. The LDBs (Land Development Banks) and business banks give long haul credit to the agrarian segment. The National Bank for Agriculture and Rural Development (NABARD) gives renegotiate office to these financing organizations. The renegotiate empowers the banks to give advances to the agriculturists at financed rates.

**Table 1.1**  
**Agency-wise ground-level credit flow**  
(Rupees in crore)

Agency	2010-11	2011-12	2012-13	2013-14	2014-15 (Provisional)
Cooperative banks	78,121 (17)	87,963 (17)	1,11,203.30 (18)	1,19,963.79 (17)	1,38,469.51 (17)
RRBs	44,293 (9)	54,540 (11)	63,681.39 (11)	82,652.72 (12)	1,02,482.91 (12)
Commercial banks	3,45,877 (74)	3,68,616 (72)	4,32,490.93 (71)	5,09,004.96 (71)	5,99,690.77 (71)
Total	4,68,291 (100)	5,11,029 (71)	6,07,375.62 (100)	7,11,621.47 (100)	8,40,643.19 (100)

Source: 1) Annual Report of NABARD (2014-15)

2) Report of Indian Banks Association (2014-15)

The above table uncovers the organization savvy share of credit supply to the cultivating

segment. The table demonstrates that business banks have assumed exceptionally vital part in the arrangement of the credit took after by co-agent banks and provincial country banks.

### KISAN CREDIT CARD SCHEME

The administration has executed the strategy of multi credit item for farming. The multi organization approach was additionally embraced. Be that as it may, both the methodologies have their own particular constraints. Consequently, it was felt that there is essential necessity for mix of credit item to provide impulse to the improvement procedure. The Kisan Credit Card Scheme was declared in the financial plan of 1998-99. The duty of detailing of the plan was given to the NABARD. It was called attention to by the legislature that agriculturists would get simple and bother free access to the credit which will empower them to buy different data sources like compound manures, half breed seeds, pesticides and so on. Besides, this plan will likewise help the ranchers to meet out their prerequisites of money sum. The fundamental target of this plan is to make satisfactory and opportune credit supply. This plan additionally empowers the ranchers to buy different contributions to adaptable way.

The KCC plan was presented in 1998. Through this plan ranchers get reserves by means of a solitary window. The assets might be used for numerous reasons. The agriculturists get transient back from different keeping money offices under the plan. The plan underscores satisfactory and bother free credit supply to the agriculturalists for meeting out their yield generation necessities. Ranchers can use the advance in as far as possible. They can buy quality and enhanced seeds, synthetic composts and pesticides. Agriculturists are additionally permitted to make the money withdrawal for meeting out different costs.

It is watched that ranchers by and large lift the whole authorized sum under the plan and make the reimbursement toward the end of the season. After the collecting season and advertising of items, agriculturists procure wage. The uncommon criticalness of the KCC plan is that it has allowed the agriculturists to have credit access in a condition when it required most. The adaptability in process, convenient credit supply, lessening in cost of obtaining and bother free get to are other critical components of the plan.

The KCC plan is being executed through different institutional credit organizations. The nationalized banks and provincial country banks are driving in the credit supply. The co-agent social orders are additionally loaning agriculturists through this plan.

### SALIENT FEATURES OF KCC SCHEME

**The major characteristics of Kisan Credit Scheme are as below.**

- 1.The banks issue Kisan Credit Card to the qualified borrowers. By and large a pass book or charge card is issued to the agriculturists.
- 2.The money credit office is given to the borrowers. The borrowers can pull back the credit sum and reimburse the advance according to their benefit.
- 3.The operational land holding is considered while the assurance of credit cutoff. The size of back and trimming example are likewise considered.
- 4.The credit requirements for the whole year are considered at the season of obsession of credit breaking point.
- 5.Bank may utilize its caution in settling as far as possible for covering the short, medium and term credit needs.
- 6.The legitimacy of card is for the most part run between 3-5 years. A yearly survey is likewise taken by the bank. A motivator like augmentation of credit cutoff is given to the borrowers who demonstrate great execution.
- 7.Once the advance authorized, the borrower lift the sum as per his credit necessity. In any case, he needs to reimburse the credit inside one year.
- 8.The credits might be rescheduled in occasion of blazed or harmed crops as a result of characteristic

cataclysms.

9. Banks stick to the standards of RBI in regard of rate of premium, security and edge.

10. The agriculturists may work the card at the issuing branch. Now and again bank may offer the withdrawal office at other assigned branch.

11. The borrowers are secured under the National Agricultural Insurance Scheme. Ranchers are secured against the loss of harvest yield as a consequence of normal calamities or comparative fiasco.

### Progress of KCC Scheme in India

The progress of KCC scheme is shown below.

**Table 1.3**  
**Agency-wise operative/live KCCS amount outstanding**  
(Rupees crore)

Agency	2012-13	2013-14	2014-15
Cooperative banks	11,174 (26,90,547)	10,825.24 (26,88,762)	7,321.87 (17,32,489)
RRBs	12,836 (20,48,166)	20,688.55 (21,34,585)	24,248.18 (24,96,346)
Cumulative as on 31 March since inception (Cooperatives+RRBs)	1,19,090 (4,53,08,418)	1,55,451.22 (4,89,16,395)	1,73,080.65 (5,10,75,499)

Note: Figures in parentheses refer to number of cards issued

Source: 1) Annual Report of NABARD (2014-15)

2) Report of Indian Banks Association (2014-15)

The role of regional rural banks is very crucial in respect of operative or live Kisan Credit Cards. The regional rural banks have larger share in KCC loan in comparison to co-operative banks.

The state-wise coverage of KCC Scheme is shown in the table 1.6.

**Table 1.6**  
**State-wise coverage of KCC (2010)**  
(Rupees in Lakhs)

States	No. of operational holdings (in lakh)	No. of cards issued (in lakh)	Percent operational holdings covered under KCC	Active KCC after adjusting for errors (in lakh)	Estimated operational holdings covered under Active KCC (%)
Orrisa	40.67	49.34	121.32	24.87	61.15
West Bengal	67.90	31.08	45.77	27.09	39.90
<b>Eastern Region</b>	108.57	80.42	74.07	51.96	47.86
Maharashtra	121.04	78.12	64.54	70.34	58.11
Gujrat	42.39	28.01	66.08	20.54	48.45
<b>Western Region</b>	163.43	106.13	64.94	90.88	55.61
Rajasthan	58.19	47.57	81.75	37.77	64.91
Madhya Pradesh	73.56	50.68	68.90	42.57	57.87
<b>Central Region</b>	131.75	98.25	74.57	80.34	60.98
Punjab	9.97	22.30	223.67	7.73	77.53
Haryana	15.28	23.48	153.66	11.34	74.21
Uttar Pradesh	216.68	154.23	71.18	76.89	35.49

Himachal Pradesh	9.14	3.25	35.56	2.64	28.88
<b>Northern Region</b>	<b>251.07</b>	<b>203.26</b>	<b>80.96</b>	<b>98.60</b>	<b>39.27</b>
Andhra Pradesh	115.32	144.32	125.15	74.26	64.39
Karnataka	70.65	49.78	70.46	44.56	63.07
Kerala	65.75	30.54	46.45	28.44	43.25
<b>Southern Region</b>	<b>251.72</b>	<b>224.64</b>	<b>89.24</b>	<b>147.26</b>	<b>58.50</b>
Assam	27.12	4.81	17.74	3.64	13.42
<b>North-eastern Region</b>	<b>27.12</b>	<b>4.81</b>	<b>17.74</b>	<b>3.64</b>	<b>13.42</b>
<b>Total</b>	<b>933.66</b>	<b>717.51</b>	<b>76.85</b>	<b>472.68</b>	<b>50.63</b>

Source: "Kisan Credit Card- A Study", NABARD, 2010

The table demonstrates that most noteworthy quantities of cards were given in southern locale. The southern district is additionally driving in regard of rate operational holding which are secured under Kisan Credit Card conspire. In 2010, 717.51 lakh KCC were given to the ranchers.

### ROLE OF KCC SCHEME IN FINANCIAL INCLUSION

The KCC has diminished the cost of obtaining. The borrower are endorsed the credit sum after effective accommodation of advance application and other essential reports. The business banks, territorial provincial banks and co-agent social orders are prevailing with regards to diminishing the cost of obtaining. A large portion of the banks takes no charges for issuance of card, administration charges and so on. Thus, the genuine cost of credit stays at low level. As the agriculturists get simple access to advance under KCC plot, they don't have to go to the limit of cash loan specialists. They are not required to obtain the advance at over the top rate of enthusiasm from land rulers and cash loan specialists. Along these lines this plan has assumed extremely huge part in liberating the ranchers from the grip of cash banks. The KCC plan is additionally turned out to be valuable in diminishing the cost of reestablishment of advance record. The advance reestablishment method is extremely basic and rancher well disposed.

The borrowers are charged low rate of intrigue. The rate of intrigue stands 7 for each penny for every annum. Notwithstanding, the ranchers don't have to pay the whole intrigue. The intrigue sum is secured through Punjabrao Deshmukh sponsorship and subvention by the focal and state governments. Subsequently, the powerful rate of intrigue, which is really to be paid by the borrowers stand completely zero. Notwithstanding, the condition is that the borrower ought to make the reimbursement before the end of stipulated period, i.e., twelve months. For a few harvests the reimbursement time frame is stretched out for 3 to 6 months by the bank. Along these lines ranchers acquire the advance at only zero percent of intrigue. Ranchers can't meet out their different credit needs through this advance.

It is likewise watched that the Kisan Credit Card plot has additionally advanced the ranchers for improvement of efficiency. The bother free access to the advance under this plan helps the borrowers to buy different contributions at the focused costs. They can buy seeds, composts and bug sprays from the merchant who charges the most minimal rates. As the borrower convey trade out hand, he can consult with the merchant and get quality sources of info and that excessively aggressive costs.

Once the credit endorsed, the ranchers are allowed to lift the sum at any circumstances. When, twice, thrice or any number of times they may pull back the sum. As and when they get their pay, they are required to make the reimbursement. Really borrowers ought not hold up till the end of the money related year or finishing of time of one year, i.e., stipulated time. They ought to reimburse the credit as

and when they get surplus assets. Along these lines they are relied upon to use the credit sum when they require the most. In case of surplus assets they ought not convey the weight of intrigue and they should reimburse the advance. This empowers ranchers to decrease the cost of acquiring. Obviously, if the circumstance request more supports the borrower is allowed to life the advance sum once more. The sum might be pulled back in the endorsed credit restrict under the plan.

Subsequently the plan helps tremendously to ranchers to fulfill their credit prerequisites effortlessly and at lower cost. The monetary consideration strategy visualizes the conveyance of budgetary administrations to the borrowers at the moderate rates. Particularly the defenseless area of the general public is relied upon to be the recipients. The legislature has taken different activities for money related incorporation. The opening of no nonsense records, unwinding in the standards of KYC, opening of branches in country and unbanked focuses, Pradhan Mantri Jan Dhan Yojana and so on measures have been taken by the legislature. The Kisan Credit Card plan is additionally an instrument of budgetary incorporation of impeded segments of the general public. The above part of KCC plan substantiate to this announcement. The plan has helped hugely to the little and minor ranchers who don't have enough capital with them. As per their size of land holding, editing example and size of back, they are given advance under the plan at lower rate..

### Epilogue

The KCC has offered bother free access to credit to the ranchers. The plan has positive effect on cost of acquiring. The plan has prevailing with regards to liberating the agriculturists from the grasp of cash moneylenders. The agriculturists are given the endowment and subvention in intrigue. This aides in diminishing the cost of getting. The agriculturists can use the credit sum as and when it is required. Subsequently this plan has encouraged to meet out different credit prerequisites for the entire year. The operational adaptability in credit administrations is agreeable to borrowers. Ranchers could buy different horticultural contributions at focused rate because of simple access to credit. The ranchers could appreciate the advantages of ease of credit. The adaptability in withdrawal of advance sum and its reimbursement has likewise helped in cutting down the intrigue sum on the advance. Be that as it may, it is watched that the credit gave under this plan is not satisfactory. It is likewise found that the vast majority of the agriculturists don't practice the operational adaptability appropriately. The banks too don't permit the cardholders to pull back the credit sum from other branch of the bank. As the banks are terrified of expansion to the common workload and loss of premium add up to be accumulated on advance, they don't elevate the borrowers to work their advance record regularly. The review recommends a few measures for compelling execution of the plan. The home loan condition ought to be expelled. The state of stamp obligation ought to likewise be deferred. So as to get more straightforwardness the execution of the plan agriculturists ought to be urged to use the charge cards. Ranchers ought to be made very much familiar with the money credit advancing nature of the plan.

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