

Progress of Kisan Credit Card Scheme in India: A State and Zone-wise Analysis

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Abstract

The kisan credit card 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. The main objective of the paper was to study the state-wise and zone-wise progress of Kisan credit card scheme. The period of the study was from the year 2001-02 to the year 2012-13. The secondary data for the study was collected from publications of RBI and analysed by using various statistical tools. It was found that the KCC scheme has made impressive progress in terms of number of cards issued in various states and union territories across the country.

Key Words: *Kisan credit card, agency, progress, state.*

Introduction

The revolutionary evolution of kisan credit card scheme comprehensively covers almost all the incidental and ancillary factors of agriculture credit, whereby timely and fair assistance is provided to the deserving farmers at their doorsteps and at reasonable interest rates with very convenient repayment options. This has led to bring tremendous changes and has boosted up the agriculture reforms in India, which is predominantly an agrarian economy. Simplified terms and conditions, low interest rates as well as easy repayment options in accordance to the harvest of crops

keeping in view the flora and fauna of respective regions as well as the area specific requisitions of the farmers has not only made the farmers financially stable, progressive, but also has led to make the country self sufficient to meet their food requirement.

Review of Literature

Kamble (2009) studied the performance of kisan credit card scheme launched by various commercial banks and co-operative banks in India. Further, the performance was studied at agency, zone and state level. It was found that although Kisan credit card was highly appreciated product in all zones and states of the country but it did not performed that well in southern states. It was observed that this product got popular in farming community in short span by providing easy and timely institutional credit. It was suggested that RBI and NABARD should design policy to facilitate the lending institutions providing finance against non-crop components also.

Mahavir (2010) evaluated kisan credit scheme in Belgaum district of Karnataka and Sangli district of Maharashtra. The main objective of this paper was to study the growth of KCC users, impact of scheme on crop productivity, cost effectiveness of scheme and constraints in the operation of scheme. The compound growth rate of KCC issued in Karnataka and Maharashtra was 28.69 per cent per annum and 24.96 per cent per annum respectively as there was consistent growth in KCC issued. In Belgaum the growth rate was negative for number of accounts issued and amount sanctioned and in Sangli number of accounts was positive and amount sanctioned showed negative growth rate. The main constraints identified were the high interest rates, non availability of credit other than production activities and inadequacy of credit. It was suggested to educate farmers about the scheme to achieve more growth. The KCC scheme should be extended to cover term loans and loans other than crop loans.

Samantra (2010) critically examined the progress of Kisan credit card scheme by conducting a survey in 14 states and 178 bank branches. The main objectives of the study were to find constraints in implementation, to access extent of accelerate institutional credit flow by KCC scheme, to find out the extent of improvement in productivity of KCC holders over non-holders. The study revealed that there were operational issues such as eligibility criteria, levy of charges, interest rates etc. The KCC was found to be not fully cost effective. The crop insurance scheme posed problem of non-coverage of certain crops and experiments in crop cutting. It was suggested that the scope of KCC needs to be

expanded further to create more farmer friendly environment so as to shift more farmers from informal to formal sources.

Annapoorani and Gandhimathi (2011) examined the extent and causes of disparity in use of KCC in the major states of India. The 16 states have been studied for the year 2006-09. It was found that the gross cropped area was the important factor causing disparity in disbursement of credit through KCC scheme among the selected states. However, this disparity was lesser in amount sanctioned by commercial banks as compared to co-operative banks and regional rural banks. It was suggested that banks should create awareness among borrowers to popularize KCC scheme among other states as well to reduce disparity. Further, it was also recommended to increase the term of short term loans up to five years and legal and institutional hurdles should be catered in order to maintain long term viability.

Sajane (2011) evaluated the kisan credit card scheme in order to analyze the growth in the number of kisan credit card users, to analyze cost of credit and the adequacy of credit provided under kisan credit card in comparison with credit without kisan credit card in Belgaum district of Karnataka and Sangli of Maharashtra. The Compound Growth Rate (CGR) analysis was used to analyze the growth in the number of kisan Credit Card users. Belgaum has shown negative growth in terms of Kisan credit cards, while the same was positive in Sangli district. The total cost of credit as percentage of borrowed amount was higher in the non-kisan credit card category (11.06%) as compared to that in the kisan credit card category (4.77 %). It was also evident that the credit given by the banks for food crops (jowar and paddy) was less as compared to that for cash crops (potato, sugar cane and soybean).

Sajane et al. (2011) studied the economic impact of kisan credit card scheme on profitability of crops. Primary data relating to production, income, borrowing, repayments etc. were collected using pre tested and well structured schedule. It was found that Kisan credit card scheme had increased net returns from the per unit area.

Objectives of the Study: The main objective was (i) to study the state-wise progress of Kisan credit card scheme (ii) to study the zone-wise progress of Kisan credit card scheme.

Research Methodology

For the purpose of the study, the state-wise and zone-wise progress has been studied. The data has been taken for the financial years of 2001-02 to 2012-13. The progress has been analyzed by using mean, coefficient of variation, Analysis of variations and F-test. The data has been collected from the various publications of RBI. The data analysed has been presented in the form of tables.

Analysis

State-wise Progress of Kisan Credit Card Scheme

Since the inception of KCC scheme in the year 1998-99, it has made a rapid progress throughout the country. However, the growth of KCC scheme was not uniform in all the parts of the country. In order to find out the imbalances in adoption of KCC scheme, an inter-state comparison of total number of KCCs issued and number of KCCs per hectare of cropped area has been made for the year 2000-01 up to 2012-13 in table 1. The cropped area taken here is for the year 2012-13 as per 'Land use Statistics at a glance- state wise', Directorate of Economics and Statistics.

Table 1
State-wise Progress of Kisan Credit Card Scheme in India
 (No. of Cards Issued in 000 and Agriculture Area in 000 hectares)

State or Union Territory/ No. of Cards Issued	2000-01	2005-06	2012-13	Mean	C.V. (%)	EGR (%)	Agriculture area as per 2012-13	No. of KCCs per hectare of Cropped Area
Rajasthan	1849	4141	16884	1298.77	130.62	8	23954	0.70
Uttar Pradesh	1278	11055	51693	3976.38	137.75	6.15	25821	2
Maharashtra	1687	5112	26440	2033.85	138	6.98	21943	1.20
Madhya Pradesh	113	3642	17539	1349.15	137.21	13.35	23130	0.76
Andhra Pradesh	3463	9244	46287	3560.54	144.54	8.57	13650	3.39
Karnataka	583	7078	20379	1567.62	126.38	1.77	11748	1.73
Gujarat	444	1996	9183	706.38	138.62	4.28	12600	0.73
West Bengal	82	2083	10982	844.77	129.65	16.91	9459	1.16
Punjab	362	1649	7220	555.38	142.61	3.83	7870	0.92
Bihar	201	1666	10883	837.15	141.52	14.71	7778	1.40
Haryana	403	1873	7516	578.15	142.53	-0.11	6376	1.18
Tamil Nadu	831	3662	19328	1486.77	134.85	9.36	5140	3.76
Chhattisgarh	67	954	5218	401.38	128.47	15.99	5691	0.92
Orissa	885	3375	16739	1287.62	137.47	7.59	5069	3.30
Assam	3	259	1960	150.77	118.99	35.20	4076	0.48
Kerala	399	1978	10247	788.23	141.53	6.48	2592	3.95
Jharkhand	50	508	3660	281.54	129.82	21.14	1657	2.21
Uttarakhand	62	437	2101	161.62	131.38	9.35	1124	1.87
Jammu and	13	57	494	38.00	165.91	20.48	1162	0.43

Kashmir								
Himachal Pradesh	25	188	1246	95.85	152.72	13.75	960	1.30
Nagaland	-	11.02	88.02	6.77	130.02	38.34	489	0.18
Tripura	1	36	452	34.77	120.78	42.19	368	1.23
Manipur	0.28	15.76	125.76	9.67	153.23	25.09	309	0.41
Meghalaya	1	30.48	247.48	19.04	133.18	32.83	340	0.73
Arunachal Pradesh	0.12	11.45	68.45	5.27	138.01	27.54	285	0.24
Goa	1	7.83	973.43	74.88	341.20	20.64	163	5.97
Sikkim	0.19	4.4	833.09	64.08	346.02	26.56	144	5.79
Mizoram	-	9	83	6.38	130.19	24.80	116	0.72
New Delhi	1	4.26	137.26	10.56	185.94	40.75	48	2.86
Dadra and Nagar Haveli	0.001	0.016	6.238	0.48	233.39	74.96	24	0.26
Pondicherry	7	26	201	15.46	135.96	18.91	26	7.73
A and N Island	0.54	3.4	20.13	1.55	145.88	14	25	0.81
Lakshadweep	0.024	0.364	3.394	0.28	153.34	42.01	3	1.13
Daman and Diu	-	0.07	4.27	0.33	226.39	2.45	3	1.42
Chandigarh	-	0.937	15.257	1.17	123.14	48.36	2	7.63
Other States	-	0	0.093	0.01	244.91	-4.90	-	-

Table 1 highlights that the mean value of number of cards issued was the highest in Uttar Pradesh (3976.38) followed by Andhra Pradesh (3560.54), Maharashtra (2033.85) and Karnataka (1567.62). The mean value of cards issued was the lowest in Lakshadweep (0.28) followed by Daman and Diu (0.33), Dadra and Nagar Haveli (0.48) Chandigarh (1.17) and A and N Island (1.55). The growth of kisan credit cards was more consistent in Assam (118.99) followed by Tripura (120.78) and Chandigarh (123.14), while Sikkim (346.02), followed by Goa (341.20) and Dadra and Nagar Haveli (233.39) showed lowest consistency regarding the same during the study period. The growth rate was the highest for Dadra and Nagar Haveli (74.96%) followed by Chandigarh (48.36%), Tripura (42.19%) and Lakshadweep (42.01%). The EGR was the lowest in Karnataka (1.77%) followed by Daman and Diu (2.45%), Punjab (3.83%) and the same was negative in Haryana (-0.11%) state. Further, it was found that among the major areas where the number of KCCs issued were less than 1 lac include Nagaland, Arunachal Pradesh, Mizoram, Dadra and Nagar Haveli, A and N Island, Lakshadweep, Daman and Diu and Chandigarh. Among the states where the number of kisan credit cards issued were above 1 lac but less than 50 lac include Assam, Jharkhand, Uttarakhand, Jammu and Kashmir, Himachal Pradesh, Tripura, Manipur, Meghalaya, Goa, Sikkim, New Delhi and Pondicherry. While the KCCs issued were found more than 1 crore in Rajasthan, Uttar Pradesh, Maharashtra, Madhya Pradesh, Andhra Pradesh, Karnataka, West Bengal, Bihar, Tamil Naidu, Orissa and Kerala. In all the remaining states (Gujarat, Punjab, Haryana and Chhattisgarh), the number of KCCs issued were above 50 lac but less than 1 crore. Thus, there was wide disparity as regards to number of KCCs issued in the different parts of the country. Further, the analyses reveals wider deviations on the basis of the number of KCCs issued in different states and union territories to the cropped area in each State/UT. Among the states and union territories where the number of cards issued under KCC scheme was less than 1 card per hectare of cropped area include Rajasthan, Madhya Pradesh, Gujarat, Punjab, Chhattisgarh, Assam, Jammu and Kashmir, Nagaland, Manipur, Meghalaya, Arunachal Pradesh, Mizoram, Dadra and Nagar Haveli, A and N Island. The number of cards issued under KCC scheme more than 1 card per hectare of cropped area but less than 5 cards per hectare was in Uttar Pradesh, Maharashtra, Karnataka, West Bengal, Bihar, Haryana, Tamil Naidu, Kerala, Jharkhand, Utrrakhand, Himachal Pradesh and Tripura. Among the states where the number of KCCs was more than 5 cards per hectare of cropped area include Goa, Sikkim and Pondicherry and Chandigarh. Thus, it has been found that the cropped area covered under KCC scheme was highly disproportionate among all the states and union territories in the country. Further, it was found that 35.61 per cent operational holdings were covered under kisan credit card scheme as on 2014-

15 in the state of Punjab which means that there are 64.09 per cent operational holdings still remained untapped which further extended the scope for banks to make more efforts cover more farmers. It can be concluded that as far as state-wise progress of KCC scheme is concerned, there has been a wide gap in adoption of KCC scheme in different parts of the country.

Zone-wise Progress of Kisan Credit Card Scheme

The various states and union territories of the country have been clubbed into 6 geographical regions viz., North region comprises of Haryana, Himachal Pradesh, Jammu and Kashmir, New Delhi, Punjab, Rajasthan and Chandigarh, North-eastern region comprises of Assam, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland, Tripura and Sikkim, Western region includes Gujarat, Maharashtra, Goa, Daman and Diu as well as Dadra and Nagar Haveli, Central region comprises of Uttar Pradesh, Uttarakhand, Madhya Pradesh and Chhattisgarh, Southern region includes Karnataka, Kerala, Andhra Pradesh, Tamil Nadu, Lakshadweep and Pondicherry and Eastern region includes Orissa, West Bengal, Andaman and Nicobar Island, Bihar and Jharkhand. The position of kisan credit card scheme in various zones has been examined in the terms of number of cards issued in each region, share of a particular region in total cards issued in the country and number of cards issued per hectare of cropped area in that region. The zone-wise progress for the year 2001-02 to 2012-13 has been shown in table 2.

Table: 2
Zone-wise Progress of Kisan credit card Scheme in India
(No. of Cards in 000 and Area in 000 Hectare)

Year / Region	Northern region		North-eastern region		Western region		Central region		Southern region		Eastern region		Total No. of Cards Issued
	No. of Cards Issued	No. of Cards Issued Per Hectare	No. of Cards Issued	No. of Cards Issued Per Hectare	No. of Cards Issued	No. of Cards Issued Per Hectare	No. of Cards Issued	No. of Cards Issued Per Hectare	No. of Cards Issued	No. of Cards Issued Per Hectare	No. of Cards Issued	No. of Cards Issued Per Hectare	
2001-02	1371 (14.69) ^a	0.04 (37174) ^b	18 (0.19) ^a	311 (5598) ^b	1319 (14.13) ^a	0.04 (31925) ^b	2794 (29.93) ^a	0.05 (51307) ^b	2770 (29.67) ^a	0.09 (30694) ^b	1064 (11.40) ^a	0.04 (28326) ^b	9336
2002-03	800 (9.73) ^a	0.03 (29094) ^b	56 (0.68) ^a	99.55 (5575) ^b	1300 (15.82) ^a	0.04 (31743) ^b	2765 (33.65) ^a	0.06 (49047) ^b	2291 (27.88) ^a	0.08 (28321) ^b	1006 (12.24) ^a	0.04 (27142) ^b	8218
2003-04	1041 (11.26) ^a	0.03 (38063) ^b	82 (0.89) ^a	67.95 (5572) ^b	548 (5.93) ^a	0.02 (33812) ^b	3789 (40.99) ^a	0.07 (52142) ^b	2230 (24.13) ^a	0.08 (29172) ^b	1553 (16.68) ^a	0.06 (27945) ^b	9243
2004-05	1232 (12.73) ^a	0.03 (37521) ^b	124 (1.28) ^a	44.64 (5535) ^b	802 (8.29) ^a	0.02 (33825) ^b	3100 (32.04) ^a	0.06 (52678) ^b	2927 (30.25) ^a	0.09 (31257) ^b	1491 (15.41) ^a	0.05 (27291) ^b	9676
2005-06	824 (10.29) ^a	0.02 (38162) ^b	100 (1.25) ^a	55.86 (5586) ^b	1019 (12.73) ^a	0.03 (34251) ^b	2129 (26.60) ^a	0.04 (51873) ^b	2624 (32.78) ^a	0.08 (32461) ^b	1309 (1635) ^a	0.05 (27419) ^b	8005
2006-07	524 (7.02) ^a	0.01 (37904) ^b	81 (1.08) ^a	66.68 (5401) ^b	1305 (17.47) ^a	0.04 (34581) ^b	1939 (25.96) ^a	0.04 (52470) ^b	2608 (34.92) ^a	0.08 (31131) ^b	1011 (13.54) ^a	0.04 (27977) ^b	7468
2007-08	594 (8.14) ^a	0.02 (38670) ^b	79 (1.08) ^a	69.86 (5519) ^b	1027 (14.08) ^a	0.03 (35065) ^b	2015 (27.62) ^a	0.04 (52671) ^b	2409 (33.02) ^a	0.07 (32313) ^b	1172 (16.06) ^a	0.04 (28224) ^b	8468
2008-09	9763 (11.56) ^a	0.25 (39295) ^b	701 (0.83) ^a	8.17 (5726) ^b	10740 (12.72) ^a	0.31 (34286) ^b	22607 (26.77) ^a	0.43 (53004) ^b	28463 (33.71) ^a	0.89 (32058) ^b	12168 (14.41) ^a	0.43 (28249) ^b	84442
2009-10	10733 (11.48) ^a	0.28 (38102) ^b	900 (0.96) ^a	6.63 (5965) ^b	11716 (12.53) ^a	0.35 (33884) ^b	25221 (26.98) ^a	0.47 (53578) ^b	30937 (33.09) ^a	1.00 (31040) ^b	13978 (14.95) ^a	0.59 (23752) ^b	93485
2010-11	1283 (12.62) ^a	0.03 (42525) ^b	165 (1.62) ^a	37.64 (6211) ^b	971 (9.55) ^a	0.03 (36501) ^b	2320 (22.82) ^a	0.04 (54270) ^b	3687 (36.26) ^a	0.11 (33361) ^b	1742 (17.13) ^a	0.07 (23454) ^b	10168
2011-12	1122 (9.54) ^a	0.03 (41041) ^b	397 (3.38) ^a	15.71 (6238) ^b	1311 (11.15) ^a	0.04 (35289) ^b	3223 (27.41) ^a	0.06 (55251) ^b	3280 (27.89) ^a	0.10 (34400) ^b	2427 (20.64) ^a	0.10 (23412) ^b	11760
2012-13	1586 (12.22) ^a	0.04 (40360) ^b	325 (2.50) ^a	19.22 (62.48) ^b	1499 (11.55) ^a	0.04 (34664) ^b	3140 (24.19) ^a	0.06 (55766) ^b	4278 (32.95) ^a	0.13 (33159) ^b	2154 (16.59) ^a	0.09 (24207) ^b	12982
Mean	2572	0.0675	252.33	66.91	2796.42	0.083	6253.25	0.19	7375.33	0.23	3422.92	0.13	22770.92

Note: Parenthesis 'a' shows the proportion in total and parenthesis 'b' shows the total cropped area

Table 2 highlights that the mean value of number of cards issued was the highest in Southern region (7375.33) was the highest in number of cards issued followed by Central region (6253.25), Eastern region (3422.92), Western region (2796.42), Northern region (2572) and North-eastern region (252.33). Further, it was found that the value of number of cards issued per hectare of cropped area in each zone was the highest in North-eastern region (66.91), followed by Southern region (0.23), Central region (0.19), Eastern region (0.13), Western region (0.083) and Northern region (0.0675). It was observed that number of cards issued per hectare of cropped area was less than 1 card per hectare in all regions throughout the period of study except North-eastern region. The Analysis of Variations (Anova) and F-test have shown that there was a significant difference in various zones as well as within a zone in adopting KCC scheme in the country.

Conclusion

Thus, the KCC scheme has made impressive progress in terms of number of cards issued in various states and union territories across the country. Maharashtra, Uttar Pradesh and Andhra Pradesh are among the states where highest number of cards has been issued during the period of study and Lakshadweep, Daman Diu and Dadra and Nagar Haveli are the states where the lowest number of cards was issued. Further, it has been found that the cropped area covered under KCC scheme was highly disproportionate among all the states and union territories in the country. Thus, the state-wise progress of KCC scheme has showed a wide gap in adoption of KCC scheme in different parts of the country. The zone-wise analysis revealed that the number of cards issued per hectare of cropped area was the highest in North-eastern region, followed by Southern region, Central region, Eastern region, Western region and Northern region.

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