

Kisan Credit Card: Role, Application, and Utility

Dr Satyapal Yadav

Associate Professor of Commerce
Dronacharya Government College, Gurugram

Abstract: Loans for farmers are a vital component of overall strategy. The kisan credit card was designed to be a convenient and affordable way to provide loans to farmers. The concept allows for credit to be earned for non-crop related tasks together with credit for crop output. All of the country's financial institutions have begun implementing the programme as of the 1998–1999 fiscal year. This research set out to answer several questions about kisan credit cards, including how quickly their user base is expanding, how much it costs to use one, and how well it stacks up against traditional forms of credit. In order to evaluate the success of the Kisan Credit Card (KCC) scheme in India, researchers calculated the program's contribution to the overall amount of loans made available to the agricultural sector. There has been research into the total loan amount, number of members enrolled, and average loan amount per KCC from three distinct types of financial institutions: cooperative banks, regional rural banks, and commercial banks. A breakdown of their results by region shows a significant variation in quality. Case research conducted in Bihar shows a similar pattern, with significant variations in totals, card counts, and average values throughout the state's many districts. It has been established that KCC beneficiary farmers had greater gross returns and, by extension, larger net margins than non-beneficiary farmers. This paper investigates the Role, application, and utility of KCC in various existing research and ultimately try to find the key benefits of KCC.

Keywords: Farmers, Kisan Credit Card (KCC), Loans for farmers.

I. Introduction

For farmers to more easily get agricultural inputs like seeds, fertilisers, insecticides, etc., and draw cash for their production requirements, the Kisan Credit Card (KCC) plan was developed in 1998 for issuing of Kisan Credit Cards to farmers based on their holdings for uniform acceptance by the banks. In 2004, the programme was expanded to accommodate farmers' needs for investment loans in areas other than agriculture. To further streamline the programme and make it easier to issue Electronic Kisan Credit Cards, a working group led by Shri T. M. Bhasin, CMD of Indian Bank, examined the plan in 2012. Generally speaking, the programme gives banks a road map for making the KCC scheme a reality. Banks that want to use this system will be free to tailor it to meet the needs of their particular institution and geographic region.

To those familiar with rural finance in India, the Kisan Credit Card (KCC) initiative should be considered a watershed moment. Credit card mechanisms are one of the most important items produced to help banks contact more customers and streamline the process of extending credit. The Union Finance Minister announced the announcement to implement the Kisan Credit Card system in his budget address for the 1998–1999 fiscal year. It is NABARD's hope that all banks would embrace their Kisan Credit Card system, allowing farmers easy access to credit for the purchase of essential agricultural inputs like seeds, fertiliser, insecticides, etc. In August 1998, the sample programme was disseminated to Commercial Banks, Co-operative Banks, and Regional Rural Banks. As this programme has now been in place for almost a decade, it is time to evaluate its results. Therefore, the current research was designed to examine the expansion of Kisan Credit Card (KCC) use, as well as the affordability and sufficiency of KCC-based credit compared to other forms of credit.

II. Literature Review

Verma et al. (2017), Launched in 1998, the Kisan Finance Card system aimed to simplify the process of providing farmers with the credit they needed to expand their farms' output. Within the previous five years, the number of rural residents using Kisan Credit Cards has increased dramatically. In light of KCC's significance, the purpose of this research was to evaluate the perceived value of KCC among tribal farmers. This study surveyed a representative group of 120 indigenous farmers in the Sidhi area of Madhya Pradesh. According to the results, the respondents' use of the Kisan Credit Card (KCC) was highest in the area of increasing agricultural output, followed by increasing income, crop production activities, using credit for growing vegetables and other related businesses, and using credit for longer periods of time. Utilization of KCC was also found to be rather low in terms of its individual components, such as the use of crop insurance, shifts in cropping patterns, and diversified farming. The research indicates that tribal farmers should be informed of the need for early contingency planning for the occurrence of unfavourable climatic conditions. In order to encourage more tribal farmers to start using modern methods of crop production, it is important to provide them with training and information.

Nargave et al. (2014), Access to credit is crucial for the widespread use of agricultural technology, including the acquisition of cutting-edge inputs and tools, the breeding and feeding of livestock, the procurement of raw materials, and so on. The Umaria district was chosen for this research because it is home to the largest concentration of tribal farmers and Kisan Credit Card members. Most tribal farmers (50.83 percent) made just little use of their available loans, according to the current survey. Therefore, it is necessary to educate the tribal community at large about the Kisan Credit Card via widespread campaigns so that the card may be better used and the advantages can be more widely accessed. Given the barriers they

face, tribal farmers may benefit from receiving education on how to responsibly use and repay loans, and a direct connection between agricultural specialists and those who could put that information to use.

Dwivedi et al. (2015), They looked at how the Kisan Credit Card (KCC) programme in R.S. Pura block of Jammu district affected the output of non-basmati rice. The key data came from in-depth interviews with both current and former Kisan credit cardholders using a standardised questionnaire. The economics of the non-basmati rice harvest were calculated, and the farmers were divided into three groups based on their size. The effect of the KCC system on the production of non-basmati rice was evaluated using two criteria: (1) a comparison between KCC holders and non-holders, and (2) a comparison of data from the same farms before and after the usage of credit borrowed under the KCC plan. Total non-basmati rice cultivation costs were 5.78 percent higher for KCC recipients than for non-KCC recipients. Non-basmati rice production, net profit, farm business revenue, and farm labour income were all greater for KCC recipients than for non-beneficiaries by percentages of 7.97, 2.41, 1.95, and 3.10, respectively. There is a clear disparity between KCC and non-KCC farms in the total cost of non-basmati rice inputs. After taking out and repaying KCC loans, the overall cost of non-basmati rice rose by 25.35 percent, while productivity rose by 10.90 percent and net profit rose by 52.42 percent. Consumption of credit under the KCC programme significantly increased expenditures on input use, yield, and profitability of non-basmati rice.

Dhanabhakym & Malarvizhi (2012), Farmers would be able to use the KCC instrument to buy seeds, fertilizer, and pesticides, as well as take out cash for other needs related to crop production. Researchers wanted to learn more about Kisan credit card holders' familiarity with and opinions on the card. This study's secondary objective is to assess the breadth of Kisan credit card use in the Coimbatore region. Coimbatore city proper is the only area included in the sample frame. The interviews with farmers were conducted according to a schedule designed to elicit responses about the Kisan credit card, the primary source of data collection. Pamphlets, brochures, annual reports, and Canara Bank publications were mined for the study's requisite secondary data. There were 66 participants in the study's sample. Despite the fact that banks provide a number of different types of agricultural lending.

Jyothilinga & Olekar (2018), When it comes to the economy, India relies heavily on agriculture. Agriculture and related industries provide a primary source of income for most rural communities. Nationalizing commercial banks in 1969 was a watershed moment for independent India, allowing the country to reap the benefits of institutional finance across a wider range of economic endeavors. Improvements in agricultural output and investment have been made possible in large part by India's rural credit system. Credit of higher order and more varied type is needed for both production and investment purposes, and the rural credit system must rise to the challenge of facilitating this transition. In August of 1998, the KCC scheme was unveiled. The farmers' need for production credit has led to the development of KCC as a novel credit delivery mechanism. The scheme can be modified by the implementing banks to better meet the needs of their customers in their particular institutions and geographic areas. To ensure that all qualified farmers receive KCC in a timely fashion, it has been recommended that state governments mount a massive campaign at the branch/village level. The current research set out to do two things: examine how well the Kisan credit card scheme had fared in the state of Karnataka, and figure out what role KCCs played in the growth of the agricultural sector there. Secondary data on kisan credit card issuance and amount sanctioned were obtained from NABARD for this study. KCCs in Karnataka were analysed to determine their level of development and success. Here, we use Kar-Pearson Correlation methods to examine the connection between the KCC Scheme and agricultural progress.

Roy (2015), This article argues that the Kisan Credit Card (KCC) is a crucial method of providing financial support to the underprivileged farmers in the North Eastern Region (NER), and in particular in the state of Tripura. In this study, we analyse the KCC scheme's expansion, coverage, and success among NER farmers, with a focus on Tripura, from the point of view of the agricultural loan industry. Also mentioned are the obstacles to the growth of KCC in Tripura. The success of the KCC programme has been measured in several ways, including the amount of credit extended, the percentage of rural land that has been covered, the number of KCCs distributed, and the distribution of KCCs, among other metrics. Tripura's KCC programme was evaluated with that of other NER states to determine its effectiveness.

Patra & Sahu (2012), The purpose of this article is to investigate the Kisan (Farmer) Credit Card (KCC) system in India and its effects on the underlying drivers of credit. In 1998–1999, the KCC was established as a credit product to help farmers get the money they needed and access credit when they really needed it. It offered these benefits while also being convenient, quick, affordable, and easy to use. 76% of the sample size of 300 farmers surveyed said that the KCC was very or very farmer friendly. The holders of KCCs reaped many benefits, including (i) the ability to cover their annual crop-cultivating credit needs, (ii) the ability to access funds whenever they were needed, (iii) the ability to use the funds to purchase inputs from any vendor of their choosing, (iv) a reduction in the total amount of interest paid as a result of this pliability, and (v) a decrease in the cost of credit relative to other financing options. When compared to other factors, such as Consumption Loan (0.1236) and Loan for Non-farm sector (KCC), Cultivation Cost (0.4428) has a far larger impact on the credit required under KCC (0.2241). Credit card issuance by financial institutions peaked in 2000–2001, dropped dramatically in 2002–2003, and then rose gradually until 2010.

Bista et al. (2012), In order to evaluate the success of the Kisan Credit Card (KCC) scheme in India, researchers calculated the program's contribution to the overall amount of loans made available to the agricultural sector. KCCs have been studied in terms of the total loan amount, the number of members enrolled, and the average loan amount per card issued by cooperative banks, regional rural banks, and commercial banks. A breakdown of their results by region shows a significant

variation in quality. Case research conducted in Bihar shows a similar pattern, with significant variations in totals, card counts, and average values throughout the state's many districts. It has been established that KCC beneficiary farmers had greater gross returns and, by extension, larger net margins than non-beneficiary farmers. Farmers' perceived barriers and influencing factors for KCC scheme adoption have been identified. In order to get more farmers interested in the programme, certain methods have been proposed.

Parwate et al. (2012), The Kisan Credit Card (KCC) is a new method of providing farmers with the funds they need to meet their production credit obligations on time and in full. Farmers can use their Kisan Credit Cards to quickly and easily buy agricultural inputs like seeds, fertilizer, pesticides, etc., and draw cash for their production needs at participating banks that have recognised the card's potential for streamlining loan procedures and reducing the burden of cumbersome documentations. This study was conducted in 2009 in two randomly chosen blocks of the Raipur district in Chhattisgarh state, where a total of 120 KCC holders were interviewed. As can be seen from the data, the vast majority of respondents made use of the KCC loan facilities throughout the entire cropping season (40.00%), obtained loans up to the maximum allowed limit (93.66%), used the entire amount of loans for the purpose for which they were drawn/85.33%. The percentage of respondents who actually used KCC, however, was a whopping 69.60 percent.

Mehta et al. (2016), The Kisan Finance Card (KCC) is widely recognised as the only source of rapid credit for farmers at now. The Finance Minister announced the Kisan Credit Card (KCC) plan in his budget address for 1998–1999. Public sector commercial banks, RRBs (Regional Rural Banks), and cooperative banks in the country began implementing the scheme in 1998–1999. It has become a novel credit distribution mechanism that can easily and quickly satisfy farmers' production finance needs. The purpose of this paper is to investigate the Kisan Credit Card's function as a credit-building tool in India's rural areas.

Kaur & Dhaliwal (2018), Since the monetary reforms, the amount of money given to India's farmers has increased dramatically. In order to ensure that rural communities have access to adequate credit, the government and the RBI have developed a number of programmes and programmes. It also highlighted the need for innovative financial instruments to help farmers, which resulted in the development of the Kisan Credit Card Scheme. Based on their findings, the Shri R.V. Gupta committee recommended implementing the plan in 1998, and it has been running successfully since. Farmers' production and consumption demands may be met using the Kisan credit card system, a short-term credit facility. It makes it easier to lend money to farmers whenever they need it, whether it's for production, consumption, or ancillary operations. This article looks back at how far the Kisan credit card programme has come in the nation since its beginnings. The primary goal was to analyse the development over time and across different organisations. Dates used for the analysis ranged from the 1998–1999 school year through the 2012–2013 school year. The expansion of the KCC system was assessed by counting the number of cards distributed and the total amount approved for distribution. The scheme's development was examined using statistical methods such as mean, coefficient of variation, and exponential growth rate. The analysis demonstrated the scheme's expansion during the study period, both in terms of the total number of cards issued and the total amount sanctioned. When comparing the number of cards issued and the total amount sanctioned under the KCC programme, commercial banks were found to be superior than cooperative banks and regional rural banks.

III. Benefits of Kisan Credit Card Yojana

Standard credit card interest rates do not apply to the Kisan Credit Card Yojana. The cardholder is eligible for interest rates anywhere from 2% to 7%. As an added bonus, farmers can schedule loan payments around when they can actually sell the crops that the money was used to buy. The following are some of the many advantages of using a Kisan credit card.

- The banks offer ATM cum credit cards that they can also use to withdraw funds from ATMs and acquire funds on credit.
- The card offers a convenient repayment period of up to 12 months to easily pay off the loan amount.
- Based on the repayment history, the credit limits can also be increased. Farmers with decent repayment records can apply for a higher credit limit to cope with the inflating and farming expenses.
- The scheme allows farmers to reschedule their repayments if their crops are damaged due to unforeseen events and natural calamities. In such cases, they get the flexibility to repay their loans only after successful harvesting.
- The credit card is valid for three years without any requirements of annual fee or membership charges.
- As a Kisan Credit Card holder, you also get insurance benefits of up to ₹50,000 due to accidental death, permanent disabilities, and other financial losses arising from accidents.
- In addition to the benefits mentioned above, the Kisan Credit Card is easy to obtain with a streamlined application and approval process.

IV. Conclusion

Based on the data presented above, we may infer that the Kisan Credit Card was helpful in terms of increasing revenue, crop production activities, using credit for vegetable production and associated activities, and extending the time during which credit was being used. Utilization of KCC was also found to be rather low in terms of its individual components, such as the use of crop insurance, shifts in cropping patterns, and diversified farming. The research indicates that tribal farmers should be informed of the need for early contingency planning for the

occurrence of unfavourable climatic conditions. In order to encourage more tribal farmers to start using modern methods of agricultural production, it is important to provide them with training and information.

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