



Financial Inclusion through Kisan Credit Card

¹Rawani S.K. ²Dr. Sinha B.N.

¹Research Scholar, ²Associate Prof:

^{1,2}Dept. of commerce and management of B.B.M.K. University Dhanbad, 826004, Jharkhand

Email id- ¹Shanbhu1990@gmail.com ²bholanathsinhadhn01@gmail.com

Abstract: Agriculture is the backbone of our nation." So, naturally, farming is everyone's primary vocation. Producing agricultural goods and tending to the land isn't without its challenges for farmers. Financial aid has been made available by the government in an effort to alleviate farmers' hardships. Following the advice of the R.V. Gupta Committee, former Union Finance Minister Yashwant Sinha established the Kisan Credit Card (KCC) Scheme in 1998 as a means of providing credit and financial aid to producers of agricultural goods. A short-term source of funding for farmers to improve their land, grow crops, and engage in other related agricultural pursuits is the KCC plan. The government has launched a new programme starting on February 10, 2020, to issue Kisan Credit Cards (KCCs) to all recipients of the PM-KISAN programme. The programme allows farmers to borrow money for short periods of time with interest rates no more than 4% when paid back on time for use in farming and livestock and seafood production. Statistical data from 2018–2019 and 2019–2020 on the Kisan Credit Card (KCC). The number of operational KCC rose to 23.87 million in India from 23.63 million in 2018–19. Of all the states, the highest number of active Kisan Credit Cards (KCC) is in Uttar Pradesh with 22, 25039, followed by Maharashtra with 76, 9822. However, the majority of India's states are pleased with the forward momentum. In this study, we will primarily look at how the KCC plan has helped the Indian economy's agricultural sector grow by increasing access to credit.

Key Words: Financial inclusion, agricultural, Kisan credit card, farmers.

1. INTRODUCTION:

1.1 Agricultural credit in India:

Credit is an important component that expedites the growth of both the agricultural and non-agricultural sectors of the economy, as well as other parts of the economy. Farmers must have easy access to loans if they want to raise their income and harvest more crops. The necessity of transitioning from traditional agriculture to modern agriculture is given as credit. Both official and unofficial entities are responsible for awarding credit. In years gone by, informal institutions were in the forefront when it came to being the primary providers of credit. These unofficial institutions demanded an exorbitantly high interest rate for the loans they provided and took advantage of the people. For the purpose of meeting the needs of the agricultural industry, the formal banks offer credit in sufficient amounts at reasonable interest rates. When discussing the state of the Indian economy, one cannot ignore the significance of farm loans. It gives farmers the ability to acquire inputs and other components that are necessary for production. According to Eswaram and Kotwal (1990), the conventional reason for the supply of farm loan is that more money can be temporarily employed to improve the level of productive capital. The lack of available money is a problem for all sizes of farmers in the agricultural industry, including small, big, and marginal farmers. The agricultural industry saw significant transformations as a direct result of the green revaluation. This industry recently seen the introduction of novel technologies and methods. Credit for business investments in the agricultural industry was required in order to make the purchase of these cutting-edge technology. The information demonstrates a pattern over the specified time period in the distribution of agricultural loans.

1.2 Overview of Kisan Credit Card scheme:

It is required to increase the output of agricultural land during the Rabi and Kharif seasons in order to supply the necessary credits. This may be accomplished by increasing crop yields. The Kisan financing approach was first used by the Ministry of Finance in the 1998/99 fiscal year. The provision of much-required financial assistance to the farmer's



at the most opportune time was the fundamental objective of this initiative. The strategy that was developed by the KCC is an essential part of the larger initiative that is being undertaken to increase the quantity of agricultural products. If a registered farmer is in need of credit and participates in this programme, they will have the opportunity to acquire loan from a bank at a rate of interest that is lower than the standard rate. This project has integrated certain changes to the rules that were developed by the Reserve Bank of India in order to improve the lot of the growers. This was done in order to enhance the lot of the producers. The Ministry of Finance has implemented a number of new reforms, one of which is the authorization of credit card loans for employees working in fisheries and livestock breeding through the use of the Kisan credit card. These measures are intended to safeguard farmers from issues relating to credit. The Ministry of Finance expects that by implementing these changes, they would be able to hasten the expansion of the agricultural sector while simultaneously improving the farmers' standard of life.

1.1. OBJECTIVE OF THE STUDY:

The study's overarching goal is to learn how the Kisan Credit Cards programme in India is doing throughout various states and union territories the country

2. METHODOLOGY:

The paper's fundamental research topic is grounded on secondary sources.

2.1. REVIEW OF LITERATURE:

We all know that creating a literature review is an essential part of producing a thesis, research paper, or summary. The past works in a certain area serve as a map for the present and a springboard for future research potential, as does the history of that subject.

According to the findings of Kaur and Dhaliwal (2018), the quantity of financial aid provided to agriculture in India has significantly grown since the implementation of the financial reforms. During the time period covered by this study, the Kisan Credit Card Scheme experienced expansion in both the number of cards distributed and the total amount of credit that was made available through the scheme. Financial institutions of all stripes contributed to the Kisan Credit Card Scheme, but commercial banks came out on top, with regional rural banks and cooperative banks coming in a close second and third, respectively.

Prakash, P., & Kumar, P. (2016): The purpose of this research is to analyse how the Kisan Credit Card (KCC) Scheme in the Krishnagiri district of Tamil Nadu has affected the agricultural industry. To get the essential information, we interviewed 120 farmers and utilised the Logit and Garrett Ranking Technique manufacturing functions for Cobb-Douglas. It was shown that recipient farmers had a higher rate than non-beneficiary farmers. The cost of farming paddy, sugarcane, or groundnut, as well as the net revenue per hectare, suggested that there needed to be a significant number of bank branches in rural areas. To address the difficulties encountered by recipient farmers, the Kisan Credit Card system might be enhanced in a variety of practical ways. These include reducing paperwork, increasing the crop credit ceiling, making ATMs more versatile in terms of bank branches, withdrawal numbers, and repayment amounts, and so on.

Ganaie, N. A., & Rupavath, R. (2017): The study gathered primary and secondary data from Shopian, Pulwama, Baramulla, Bandipory, and Kulgam in the state of Jammu and Kashmir over the course of fourteen months to examine the impact of the Kisan Credit Card on consumers' socioeconomic lives. As a means of delving into the research paper, a questionnaire was developed with a set of questions designed to address the chosen objective. The survey was sent out to 336 participants, and their answers were analysed using SPSS software. The results showed a direct correlation between financial inclusion and the Kisan Credit Card. Ninety-three percent of recipients have seen improvements in their socioeconomic status, and many have offered suggestions, such as making recipients more aware of the interest rates they'll be charged, improving the process by which they can access bank counselling services, and facilitating the release of credit to recipients.

Gupta, B. V., Singh, B., & Ranjan, R. (2018): In Bhabua, Bihar district, India, the economic assessment of the Kisan Credit Card was examined. Kisan Credit Card (KCC) issuance and funds collected from Lead Bank District were the subjects of primary and secondary data analysis in this research. The results show that the percentage of Kisan credit cards (KCC) issued grew by 393.38% and the percentage of authorised amounts climbed by 250 percent when comparing primary development data, earnings, loans, pay-backs, interest, and borrowing expenses of 60 KCC cardholders and 60 Non-KCC cardholders. In comparison to the Kisan credit card, the average credit cost for the other categories was greater. The credit gap in Kisan Credit Card was smaller than that of a non-Kisan card class. In addition,



the Kisan credit card system should cover all farmers who help cover the costs of the credit and receive the credit correctly.

Nagaveni, M., & Devegowda, S. R. (2019): The purpose of this research is to assess the current functionality of the Kisan Credit Card (KCC) in the CHIKKABALLAPUR district of Karnataka. Using data from both the Kisan and non-Kisan credit card holders, this study compares and contrasts the impact of the credit system and capital adequacy on four important crops: tomatoes, mizuna, potatoes, and groundnuts. It also examines the differences in operating costs, material costs, loan adequacy, and credit. The sufficiency of the other three crops similarly yields good results when comparing the credit card holders who have Kisan and those who have not.

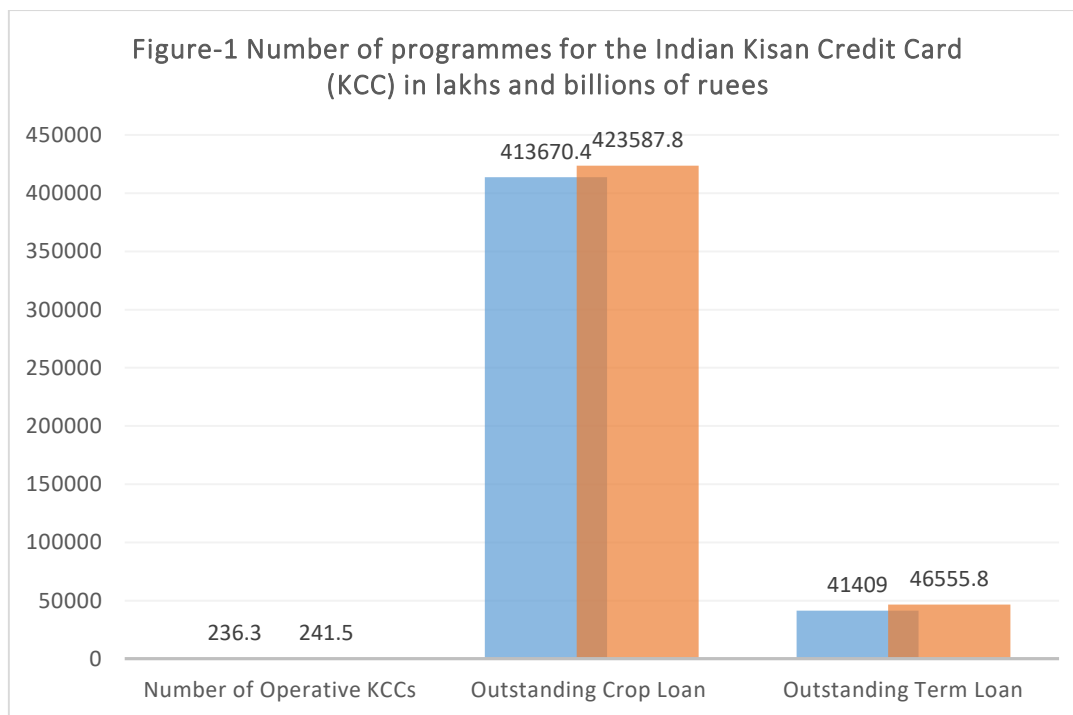
3. ANALYSIS AND INTERPRETATIONS:

The following statistics show the number of qualified farmers in each Indian state or union territory who have been issued a Kisan Credit Card, a means of financial inclusion.

Table 5.1: Number of Programmes for the Indian Kisan Credit Card (KCC) in lakhs and billions of rupees

Year	Number of Operative KCCs	Outstanding Crop Loan	Outstanding Term Loan
2018-19	236.3	413670.4	41409.0
2019-20	241.5	423587.8	46555.8

Source:-Report RBI 2020



Source:-Report RBI 2020

According to data collected from both public and private sector banks in India, the Kisan Credit Card (KCC) had a positive financial impact in 2018–2019 and 2019–2020, as shown in table no. 1. With a growth to 24.15 million in India, the total number of operational KCC was 23.63 million in 2018–19. The figures from KCC show that the outstanding capacity for agriculture loans is also rising, reaching Rs. 42.35 billion. Similarly, by 2020, the total amount of the outstanding term loan has increased to Rs.46.55 billion. In addition to meeting the demand for operating cash, farmers who engage in animal husbandry and fishing also profit from this.



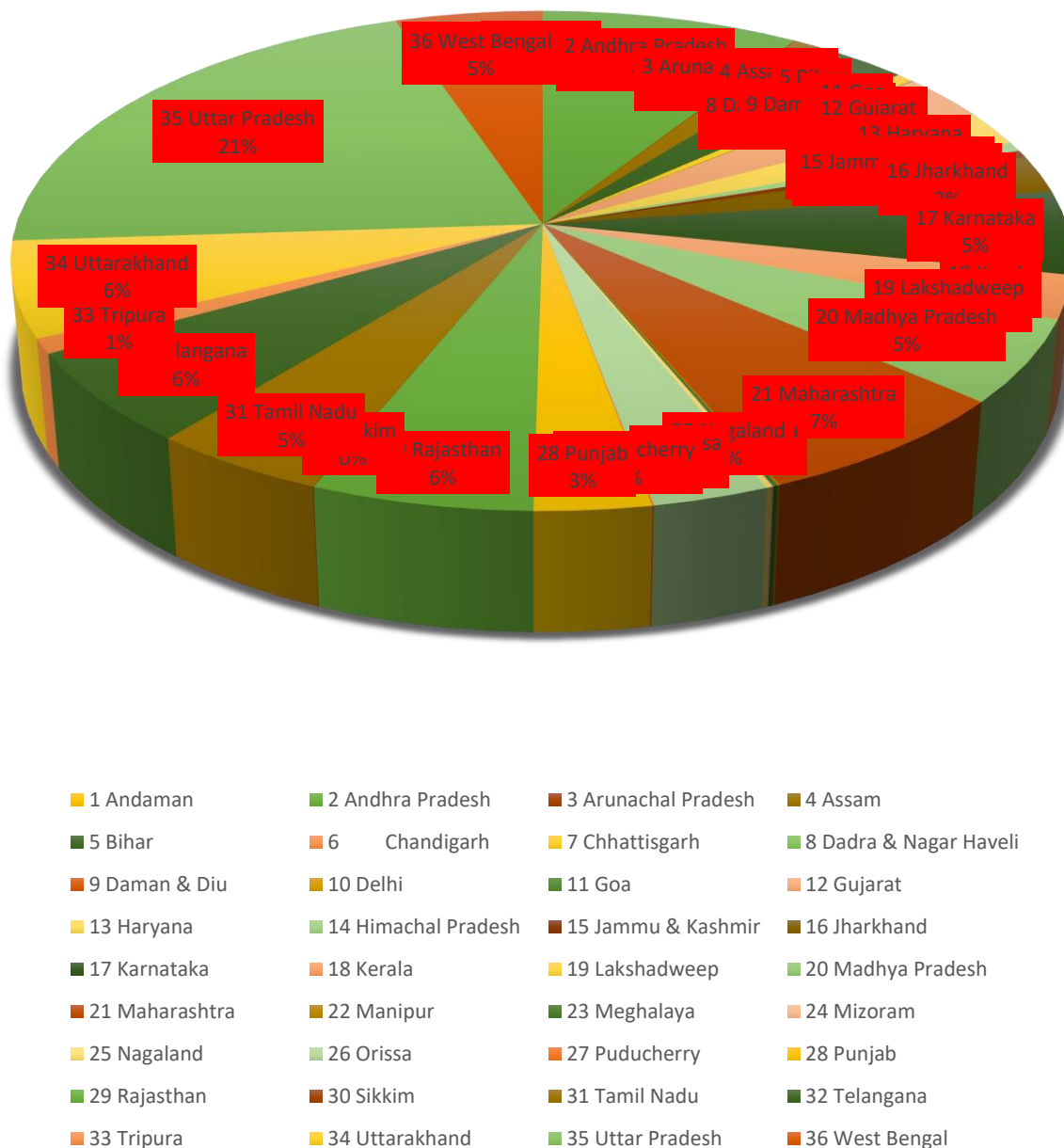
Table 5.2. Kisan Credit Card Numbers in Use for the 2018-19 and 2019-20 Fiscal Year

S.no	STATE/UT Name	Actual no. of Operative KCCs FY 2018-19	Actual no. of Operative KCCs FY 2019-20
1	Andaman	578	269
2	Andhra Pradesh	962120	988893
3	Arunachal Pradesh	6476	2199
4	Assam	161095	278619
5	Bihar	288451	230398
6	Chandigarh	503	765
7	Chhattisgarh	62991	311321
8	Dadra & Nagar Haveli	50	79
9	Daman & Diu	18	22
10	Delhi	3093	1498
11	Goa	3533	2784
12	Gujarat	324955	338716
13	Haryana	240903	230385
14	Himachal Pradesh	67691	69856
15	Jammu & Kashmir	52023	367826
16	Jharkhand	255452	203222
17	Karnataka	577979	808694
18	Kerala	297111	357131
19	Lakshadweep	1919	58
20	Madhya Pradesh	571509	557059
21	Maharashtra	769822	695628
22	Manipur	6237	2964
23	Meghalaya	13540	12244
24	Mizoram	4653	4719
25	Nagaland	15519	8312
26	Orissa	329739	314733
27	Puducherry	4120	1699
28	Punjab	329208	282310
29	Rajasthan	627370	1030272
30	Sikkim	2271	1743
31	Tamil Nadu	500219	381302
32	Telangana	635628	661450
33	Tripura	101777	95687
34	Uttarakhand	657552	100556
35	Uttar Pradesh	2225039	2025254
36	West Bengal	550297	522877
	Total	10079177	10891545

Source: Reserve Bank of India, 2019-20



Figure-2. Number of Operative Kisan Credit Cards FY 2018-19 and 2019-20 Actual no. of Operative KCCs FY 2018-19



The second figure indicates the actual number of active Kisan Credit Cards (KCCs) throughout the state as of 31 March 2019 for Scheduled Commercial Banks, according to the Reserve Bank of India (RBI). As of March 31, 2020, 1.08 out of a total of 1.00 crores of KCC operators are really in use. There are 36 states in all, with the majority being Andhra Pradesh, Gujarat, Kerala, and Karnataka. States like as Andaman, Dadra Div Daman Haveli, Lakshadweep, etc., exhibit a lesser percentage of the real functioning of KCC, but states like Rajasthan, Uttarakhand, Bihar, Maharashtra, Telangana, and Uttarakhand make up the majority. Progress in it is being followed by states like Orissa, Tamil Nadu, Punjab, Tripura, J&K, and many more. Of all the states, the highest number of active Kisan Credit Cards (KCC) is in Uttar Pradesh with 22, 25039, followed by Maharashtra with 76, 9822. However, the majority of India's states are pleased with the forward momentum.



4. CONCLUSION:-

It's great to hear about initiatives like the Pradhan Mantri Kisan Credit Card (PM-KCC) that aim to support farmers in rural India. The Kisan Credit Card (KCC) has indeed been an important financial tool for farmers, providing them with access to credit for various agricultural activities. The PM-KCC scheme appears to be an extension of this program with additional benefits such as a maximum interest rate of 4% on timely repayment and support for diverse agricultural activities including crop cultivation, animal farming, and fish rearing. The success of these programmes depends on the participation of several types of financial institutions, including cooperative banks, commercial banks, private sector banks, NABARD, regional rural banks, and others. Their participation ensures that the benefits of financial inclusion and credit access reach a wider audience of farmers.

REFERENCES

1. Prakash, P., & Kumar, P. (2016). Performance of Kisan Credit Card scheme in Tamil Nadu. *Indian Journal of Agricultural Economics*, 71(2), 191-211.
2. Ganaie, N. A., & Rupavath, R. (2017). Impact of Kissan Credit Cards on the Socio-Economic Life of People in Jammu and Kashmir. *International Journal of Modern Social Sciences*, 6(1), 1-21.
3. Gupta, B. V., Singh, B., & Ranjan, R. (2018). An Economic Evaluation of Kisan Credit Card in Bhabua District of Bihar, India.
4. Nagaveni, M., & Devegowda, S. R. (2019). Performance of Kisan credit card scheme in Chikkaballapur district of Karnataka. *IJCS*, 7(3), 1365-1374.
5. Kaur, H., & Dhaliwal, N. K. (2018). Progress of kisan credit card scheme in India. *Amity Journal of Agribusiness*, 3(1), 26-36.

Web Reference:

- <https://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/0RBIAR201920DA64F97C6E7B48848E6DEA06D531BADF.PDF>
- <https://sansad.in/getFile/annex/253/AU1658.pdf?source=pqars>