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The Performance of Kisan Credit Card Scheme in Haryana: A Comparative Analysis of Commercial & Co-operative Banks

Ramdiya[1], Dr. Dara Singh[2]
[1]Research Scholar, Department of Economics, Kurukshetra University, Kurukshetra (India)
[2]Associate Professor, Department of Economics, Kurukshetra University, Kurukshetra (India)

Abstract:

The Kisan Credit Card Scheme was announced by the Indian government in 1998-99 to give farmers with timely and substantial credit support through the official finance system in a dynamic, hassle-free, and gainful method. This method has greatly eased the timely availability of credit and reduced the process for obtaining a bank loan. The scheme has been applied during the country by government service Commercial banks, RRBs, and Cooperative banks since 1998-99. It has evolved as a ground-breaking loan distribution system that satisfies the financing needs of farmers in a fast and simple manner. The resolution of this study is to observe the performance of the Kisan credit card scheme in Haryana as it relates to Kisan credit card issuing through commercial and cooperative banks. This study is based on secondary data regarding Kisan Credit Cards (KCCs) issued by commercial and co-operative banks between 2017-2021. The findings indicate that commercial banks are performing exceptionally well in meeting KCC scheme targets and addressing the crop loan requirements of the state's farmers by issuing these cards; in contrast, the performance of cooperative banks in issuing Kisan Credit Cards has been unsatisfactory.

Keywords: Haryana, Comparative Analysis, Kisan credit cards, Performance, Banks.

Introduction:

According to the 2011 Agricultural census, 61.5 percent of Indians breathing in rural zones and rely on farming for their maintenance. There are around 159.6 million farming households. Despite the fact that agriculture provides a livelihood for a large portion of India's people, its contribution to GDP in 2019-20 was only 15.2 percent. Continually declining agricultural productivity, fast rising production costs, market distortions, and inadequate infrastructure have made rural people's survival more challenging. Low agricultural growth rates, low productivity, crop damage, unemployment, insufficient resources, low implementation of agriculture technology, and the lack of enough finance are the main causes of rural scarcity. In a nation similar India, where a large portion of the population exists in rural regions, agriculture could be a vital element in alleviating rural poverty. As a result, increases in agricultural expansion will not only increase farmer revenue and engagement, but will also diminish poverty and enhancing the standard of life for rural people. Farmers must apply the latest and most inventive strategies for their agriculture activities in order to obtain a higher growth rate in the agriculture sector. However, the majority of Indian farmers are middle-class, making it hard for them to implement new on their own because new technologies need a significant investment. Farmers only get paid after selling their crops, therefore they require credit to cover their agricultural expenses all year. Money is a critical input in farming because farmers can only buy inputs such as technical equipment if they have sufficient funds.

However, farmers do not always have enough cash to cover their agricultural needs, necessitating the use of outside financing. Farmers can implement innovative tools in their agriculture activities if they receive appropriate financing from outside sources on time and at a reasonable cost. Farmers' agricultural credit demands should be met by a well-established economic system in the country. Agriculture financing is required to alleviate poverty and provide jobs in the agricultural sector. As a result, since the commencement of India's planned development region, the government has focused its efforts on developing institutional sources of farm finance, recognizing the sector's importance.

Kisan Credit Card Scheme:

On the approvals of the Sh. R., V., Gupta Committee, the Kisan credit card scheme, was established in 1998. The KCC Scheme is a short-range financing ability designed to offer farmers with easy admittance to loans for both production and feasting. It helps farmers achieve their credit needs for production, consumption, and other similar events during the year and as needed. The Kisan Credit Card Scheme has progressed quickly. Since 6.1 lakh, at the end of March 1999, to 6.95 crore at the end of June 2019, the number of cards has expanded dramatically. According to NABARD's 2015-16 All-India Financial Inclusion Survey (NAFIS), 30.3 percent of all farm families received loans from institutional sources. Since then, the Kisan Credit Card (KCC) guidelines have undergone various revisions.

The following are significant developments in Kisan Credit Card (KCC) implementation:

Table: (A) - Significant progress in KCC Scheme implementation

Circular Date	Details
14 Aug., 1998	KCC Scheme is being introduced and an average KCC Scheme is being distributed to banks.,
14 Jun, 2001	KCCs containers are now enclosed underneath the Personal Accident Insurance Scheme (PAIS).
9 Aug. 2004	(1) Under the KCCs, there would be a scheme to protection term mortgages for farming and related enterprises. Introduced. (2) Kisan Credit Cards validity has been extended from three to five years.
1 Jan. 2006	Interest, on short range lending to farmers was set at 7 percent up to the KCCs upper limit of Rs. 3.0 lakh on primary volume in response to the Union, Finance Minister's economical declaration (2006 - 07).,
31 Oct. 2006	Introduced the KCC Scheme for long-standing helpful loan borrowers, namely State Cooperative Agri and Rural Development Banks.
29 March 2012	Kisan Credit Cards a redesigned KCC scheme with numerous new features (compound loan 10 percent, and 20 percent supplies for feeding, and asset conservation, year-by-year illustration power for five years, and so on) was thrown.
9 Nov. 2012	KCCs will be issued as interoperable RuPay Cards under this scheme.
15 Nov. 2012	It was resolved at a meeting between the Union Finance Minister and a banker to upgrade all ancient KCCs hooked on ATM/Debit/Rupay Cards.
1 Aug. 2014	Under the KCC Scheme, "it provides care for ICT resolutions via POS/ Micro ATMs and Rupay Kisan Cards."
8 Jul. 2015	The Atal Pension Yojana covers KCCs holders (APY)

Literature Review:

Kaur, H., et al. (2018) described the presentation of India's Kisan Credit Card Scheme, which is run by 'Regional Rural Banks'. The research was carried out through Punjab as a case study. The study took place from 2003-04 to 2014-15. The study's major goalmouth was to observe the KCC Scheme's performance, growth, and efficacy in Punjab. The presentation of KCC has been studied in standings of the quantity of cards distributed and the quantity of loan provided for the purpose of evaluation. Data was collected from the Punjab State Level Bankers Committee's numerous agenda meetings and provided in tabular form, with various statistical techniques including as mean, median, correlation, and covariance used to evaluate the data. Throughout the research period, it was shown that Punjab Gramin Bank distributed the most money on average (328200 lakh). Malwa Gramin Bank (9317.42 lakh) and Satluj Gramin Bank (9317.42 lakh) came in second and third, respectively (3604.92 lakh). The strategy has been executed effectively by RRBs. During the research period, RRB's performance was also noted to be improving, together in rapports of the quantity of cards issued and the amounts approved under the program. According to the report, banks should provide KCC in direction to boost the farm sector's growth.

Patel, et al, (2014) The commercial effect of the Kisan Credit Cards, Scheme on the sugarcane production in Kolhapur was investigated (Maharashtra). The major goal of the research was to look at the growth in the quantity of Kisan credit cards users, and compare the amount and appropriateness of advances obtained via the scheme to loans obtained without it. Data was obtained from 60 KCCs, beneficiaries and 60 non-KCCs, recipients at random for the main survey. The research was carried out in the academic year 2010-11. The pre-tested and planned timetable was used to gather data on borrowings, refund, interest, and deriving costs, among other things.

Sharma, A., et al. (2013) described the effect of the KCC Scheme on the agriculturalists who benefited from it. The current research was approved out in the Madhya Pradesh district of Sehore. The major goal of this research was to look into the financial impact of the KCC plan on KCC holders. The research was conducted using both primary and secondary data. 120 recipients were chosen at random for data collection, and data was obtained through structured interviews. According to the findings of the study, agricultural output has grown as a result of the access to credit at the proper time through the KCC Scheme.

Bista, D. R. et al. (2012) KCC Scheme's progress and performance were explained. The research was focused on the state of Bihar. The research was conducted using both prime and secondary data. The study was place between the years of 2000 and 2001. The sum of KCCs distributed and the quantity of loan sanctioned were used to evaluate the performance of numerous institutions. To compare the earnings of KCC holders with non-KCC holders, information was collected, from 60 KCCs containers and 60 non KCCs containers. The, data was investigated using the 'Cobb-Douglas Production Function'. According to the conclusions of the study, KCCs beneficiaries had a larger gross return and net margin than non-beneficiary farmers. RRBs had the highest growth rate (22.4%) and Commercial Banks had the highest growth rate (23.5%) in terms of amount sanctioned.

Chanda, A. (2012) detailed the Kisan Credit Card Scheme's performance in Bihar. The study's foremost area was to assess the KCC system. The research took place from 2005-06 to 2009-10. One of the study's goals was to see how KCCs affected per capita income and food production. The research was entirely constructed on secondary data obtained from the RBI's tendency report. The data was investigated using the ordinary least square method. According to the findings, having easier access to agricultural loans leads to more KCC loaning. In Bihar, it was discovered that regions with higher KCC knowledge levels grew at a faster rate. So, according to the findings of the study, KCC has a good impact on cultivated efficiency. However, the report does not show whether the finance was refunded on time or not.

Bhat A. R., et al. (2011) The financial appraisal of the KCC Scheme, which was launched by the Indian Government in 1998, was discussed. The purpose of this research was to see how popular the KCC Scheme is. The rise in the number of KCC customers was used to assess KCC popularity. Another goal of this programmed was to compare the cost of credit supplied through KCC to the cost of credit obtained through other means. The number of cards issued was calculated using secondary information. A total of 60 KCCs owners and 60 non-KCC owners provided primary data on borrowing, interest, and cost of credit. The sample was chosen using a procedure known as purposeful sampling. According to the report, the number of cards issued and loans approved by various banks has decreased. However, when compared to loans obtained from other sources, the cost of a loan obtained via KCCs was determined to be lower. However, the study is unable to identify whether or not the appropriate loan amount was obtained.

Kamble, B., (2009), clarified the importance of the KCCs, Scheme to small farms. The study's major area was to appearance at the characteristics, agency-by-agency and state-by-state performance evaluations of different commercial and cooperative banks on the basis of loans given via the KCC Scheme. The investigation was carried out using secondary data. The findings of the study revealed that there were a considerable number of KCC members in certain states, while KCC holders were discovered in extremely small numbers in others. In terms of RRB performance by state, 12 states outperform the national average, achieving more than 80 percent of the objective. During the research period, it was discovered that the charge of a loan obtained finished KCC was lower than the charge of a mortgage obtained from a source other than Kisan Credit Card. During the research, it was also discovered that KCC recipients had higher productivity and net returns than non-KCC beneficiaries. According to the research, The Kisan Credit Card has defined itself as an inventive praise instrument in a relatively short period of time.

Singh H., et al. (2005) discussed the Kisan Credit Card Scheme's cash-in benefits for agriculturalists. The finance provided under the KCC Scheme is a turning cash recognition, which means farmers can borrow and repay the money as many times as they want within certain restrictions. This KCC feature would allow for loan borrowing and repayment flexibility. The purpose of this, study was to examine how the KCC Scheme works and how it is implemented, as well as to assess how it affects the effectiveness of the rural praise distribution system. The research was carried out utilizing Punjab as a case study. The investigation was carried out using primary data. Three groups of respondents were interviewed: KCCs holders, non-KCC containers and Punjab and Sind bank managers. Five rural Punjab, and Sind banks branches in the Ludhiana region were chosen from a total of 28. Personal interviews were conducted with a few members. Short-range credit supplies, credit accessibility, and credit break were calculated using tabular analysis. According to the findings of the study, small farmers were given more credit under the plan than large farms. According to the findings, small farmers were obtaining loans on schedule and in cash, allowing them to take benefit of cash discounts on seed and fertilizer purchases. In Punjab, the KCC Scheme has been considered to be highly effective. However, the report fails to solve the NPA issues, which continue to be a roadblock to the scheme's implementation.

Objective of the study:

1. To investigate the performance of Commercial banks in terms of issue of Kisan credit cards.
2. To observes work presentation of Co-operative banks in context of distributing Kisan credit cards.
3. A comparative analysis of the performance of Commercial & Co-operative banks w.r.t. Kisan credit cards issued through Kisan credit card Scheme in Haryana.

Data and Methodology:

This study is based on secondary statistics. The secondary statistics have been composed from the numerous issues like-, RBI, NABARD etc., through the period 2017 - 2021. The proper technique has been used for statistics analysis such as- Bar Graph or bar diagram. In this research, two categories of bank groups have been reserved for the study which is providing Kisan credit cards to the agriculturalists in Haryana. These bank groups are as follows: -

(1) Commercial Banks

(2) Co-operative Banks

Compound Annual Growth Rate (CAGR) = [(EV/BV) ^1/n -1] *100

EV= Ending Value, *BV*= Beginning Value, n = Number of years

Results: -

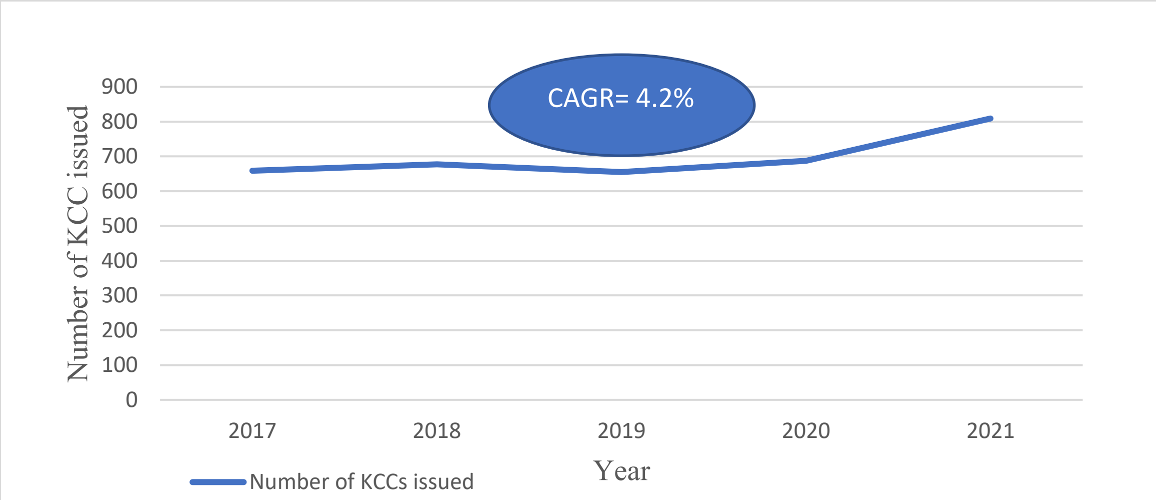
The results connected to evolution and performance of Kisan Credit Card Scheme in Haryana through Commercial banks and Co-operative banks are accessible as follows: -

Table- 1. Performance of Kisan Credit Card Scheme in Respect of Issue Kisan credit cards (KCC) through Commercial Banks in Haryana.

Year (As at end - March)	Number of KCCs issued (In thousands)
2017	659
2018	677
2019	655
2020	687
2021	809
CAGR (%)	**4.2%**

Source-www.rbi.org.in

Figure: - 1. Number of KCC issued through Commercial Banks in Haryana



Source - www. rbi.org.in

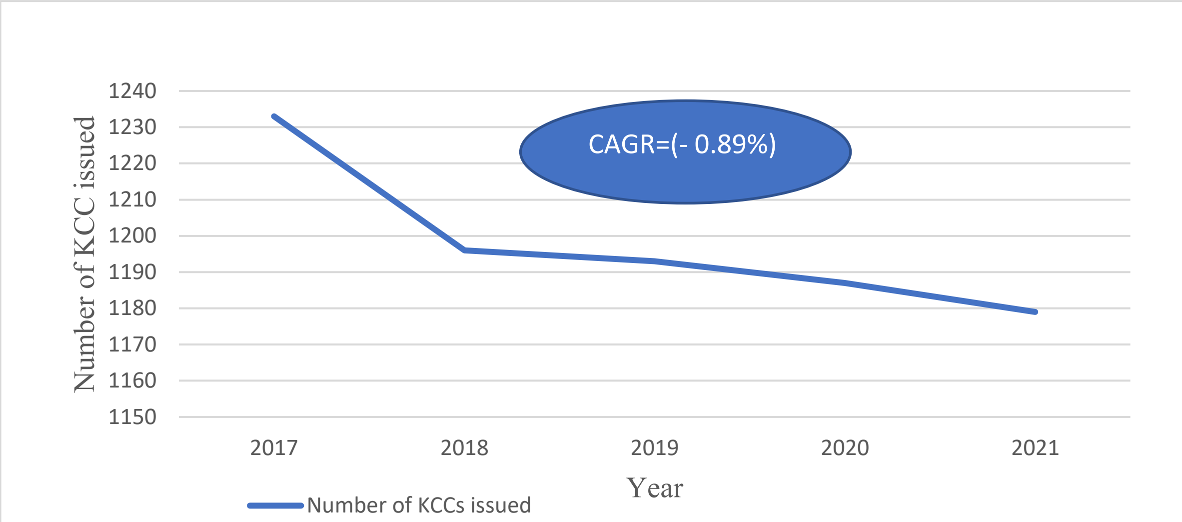
The results correlated to the quantity of Kisan credit cards distributed of the same during the years starting from 2017 to 2021 in, Haryana are obtainable concluded figure-1. The cards under the scheme have been distributed at growing rate. As for as, the complete period in measured, 2021 has been observed as the year in which 809 thousand Kisan credit cards have been issued to agriculturalists who has been the supreme when compared to other years. Whereas 2019 has been observed as the year in which the kisan credit cards has delivered in lowest numbers.

Table- 2. Performance of Kisan Credit Card Scheme in Respect of Issued Kisan credit cards (KCC) through Co-operative banks in Haryana

Year (As at end - March)	Number of KCCs issued (In thousands)
2017	1233
2018	1196
2019	1193
2020	1187
2021	1179
CAGR (%)	**-0.89%**

Source=www.rbi.org.in

Figure: - 2. Number of KCC issued through Co-operative Banks in Haryana



Source= www.rbi.org.in

Figure- 2 correlated to the figure of Kisan credit cards distributed of during the time starting from 2017 to 2021 through Co-operative banks in Haryana. Figure- 2 shows that kisan credit cards under the KCC scheme have been distributed at diminishing rate from 2017-2021 through Co-operative banks in Haryana.

Table-3. Performance of Commercial & Co-operative Banks w.r.t. Kisan credit cards issued through KCC Scheme in Haryana during the year 2017-21.

Bank Group	**(CAGR) of KCC Issued (%)**
Commercial Banks	4.2%
Co-operative Banks	-0.89%

The findings linked to a through comparison analysis of both bank group's presentation in relation to one other. Table -3 shows that Commercial banks have performed well in issuing Kisan Credit Cards, recording a compound growth rate of 4.2 percent. As far as Co-operative bank performance is concerned, the compound growth rate of Co-operative banks in issuing KCCs has been experimenting in negative (-0.89 percent).

Main Findings & Conclusion:

The data above indicates that Commercial banks have performed well in issuing Kisan Credit Cards, recording a compound growth rate of 4.2 percent. In contrast, the compound growth rate for Kisan Credit Cards issued by Co-operative banks stood at -0.89 percent, revealing a significant decline in the growth rate of the number of cards issued by them. The commercial banks have done a good job of meeting agriculturalist's loan requests. As far as Co-operative bank performance is concerned, the growth rate of co-operative banks in issuing KCCs has been experimenting in negative. In conclusion, it can be said that while commercial banks have performed well in issuing Kisan Credit Cards, the performance of cooperative banks has been unsatisfactory.

Suggestions:

Based on the study's findings, it is suggested that banks should focus more on underperforming regions to enhance the performance and progress of the KCC scheme. Additionally, the Government and all banking groups should launch awareness programs to inform farmers about the benefits of the KCC scheme and encourage their participation. Furthermore, the maximum loan amount provided to farmers for agricultural purposes under the KCC scheme should be increased annually. To ensure the KCC scheme's success, there is a need to open more cooperative bank branches in rural areas, and these banks should improve their performance by issuing a higher number of Kisan Credit Cards to farmers in Haryana each year. Ultimately, the operational base of all banking groups must be strengthened, and both the central and Haryana governments need to take significant steps to further improve the implementation of the Kisan Credit Card scheme.

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