



An Analytic Study of Kisan Credit Card Scheme in Himachal Pradesh

Yogmaya, Researcher scholar, Department of Economics Himachal Pradesh University Shimla-5

Prof. Pratibha Tiwari, Professor (Economics), Department of Evening Studies, Himachal Pradesh University, Shimla- 171001.

1. Abstract: Kisan Credit Card Scheme is an instrument of short-term credit in India. It was introduced by the National Bank for Agriculture and Rural Development (NABARD), on the recommendation of the R.V Gupta Committee in 1998. This paper attempted to estimate the analytic study of Kisan Credit Card (KCC) in Himachal Pradesh by using of secondary data published by the Central Bank (RBI) and NABARD. For identify annual growth rate, a compound annual growth rate has been used, variability has been checked by using coefficient of variation by applying mean and standard deviation. The main objective of the study is to find the number of beneficiaries of KCC in Himachal Pradesh, the amount of credit sanctioned under the KCC scheme, and suggestions to improve the KCC scheme in the state.

Keywords: Kisan Credit Card, Agriculture credit, NABARD, Compound Annual Growth.

2. Introduction

Agriculture plays a significant role in the development of the Indian economy. Most of the country's population lives in villages and agriculture is their main source of income. During 2020-21, the share of agriculture and allied sector in Gross Value Added (GVA) at current prices was 17.8 percent. 54.6 percent of the total workforce was dependent upon this sector (Govt. annual report, 2020-21). The government has provided various schemes to the farmers for the development of agriculture, Kisan Credit Card (KCC) is one of the important steps which has been taken by the government. Reserve Bank of India (RBI) set up a committee called R. V Gupta Committee. After the recommendation of this committee National Bank for Agriculture and Rural Development (NABARD) launched the Kisan Credit card Scheme in 1998. It was established with the help of three financial institutions, commercial banks, regional rural banks, and cooperative banks (Jainuddin et. al., 2015). It provides short-term credit to fulfil the farmer's needs such as buying fertilizers, seeds, implements, tools, and machinery, etc. Kisan Credit Card aims to provide basic requirements of the farmers such as finance to farmers for agriculture, providing harvesting facilities, enhancing market loan, fulfilling households' requirements, maintaining farms assets, and for the

investment in agriculture equipment such as tools and machinery. During 1998-99, Indian issued 7.84 lacks Kisan Credit Cards, and Rs 2310 crores was sectioned. During 2012-13, 129.82 lacks Kisan Credit Cards were issued and Rs 126280 crores were sectioned under the scheme. (Kaur and Dhaliwal 2018). On 31 March 2013 Uttar Pradesh has become the first state to issue 4225532 KCCs and Daman and Diu issued the lowest number of KCCs were 391, Total number of KCC Issued in India were 23528133 during the same year (GOI, 2018). In 2014-15 number of KCCs issued was 14.64 crores and the number of operative KCCs remained 7.41 on 31 march 2015 (NABARD, 2016).

3. Methodology

The present study aims to analyze the scenario of the Kisan Credit Card Scheme in Himachal Pradesh. The study is based on the secondary source of data which is published by RBI, NABARD, Research Journals, various government reports, and economic surveys. The number of KCCs issued and Amount sectioned estimated by using Mean, Standard Deviation, and Coefficient of Variance, Compound Annual Growth Rate, and Time Series Analysis.

I. Compound Annual Growth Rate

Were,

$$CAGR = \left(\frac{EV}{BV} \right)^{1/n} - 1$$

EA= Ending Value

BA = Beginning Value

n = Number of Years

II. Coefficient of variance

The Coefficient of Variance is a measure of dispersion. If the C.V. is greater, it is said to be more variability or it can be called less homogeneous. And if C.V. is less, it is said to be less variability or it can be called more homogeneous.

To check the variability of issued KCCs and the amount sentenced under it, the Coefficient of Variance will be checked in the study.

$$C.V = \frac{S.D}{Mean} \times 100$$

C.V= Coefficient of Variation

S. D= Standard Deviation

4. Result and Discussions

a) The situation of KCC in India

Number of KCCs operating and amount outstanding under operative KCCs in India during 2017-20

Agriculture in India is majorly labour-intensive and most of its population depends upon this sector. The use of capital is increasing with the growth of technology, to fulfil the needs of farmers, the government of India introduced the Kisan Credit Card scheme. Table 1, showing the agency-wise progress of Kisan Credit Card during 2017-20.

Table 1: Kisan Credit Card Scheme: Agency-wise Progress

(Numbers in thousand and amount in crores)

Years	Cooperative Banks		Regional Rural Bank		Commercial Banks		Total	
	Number of Operative KCCs	Amount outstanding under Operative KCCs	Number of Operative KCCs	Amount outstanding under Operative KCCs	Number of Operative KCCs	Amount outstanding under Operative KCCs	Number of Operative KCCs	Amount outstanding under Operative KCCs
2017	35883	112200.0	12271	102420.0	23368	435000.0	71522	649620.0
2018	33495	124484.8	12193	113363.9	23521	430473.9	69209	668322.6
2019	30414	127436.0	12253	127071.8	23632	413670.4	66299	668178.2
2020	28938	136734.7	12197	136695.1	24145	423587.8	65280	697017.6
Mean	32182.5	125213.9	12228.5	119887.7	23666.5	425683.0	68077.5	670784.6
SD	3112.9	10125.2	39.4	15075.2	336.9	9281.7	2836.3	19570.1
CV (%)	9.67	8.09	0.32	12.57	1.42	2.18	4.17	2.92
CAGR (%)	-6.92	6.81	-0.20	10.10	1.10	-0.88	-3.00	2.38

Source: Kisan Credit Card Scheme: State-wise Progress 2017-21.

In 2017, Cooperative Banks issued 35883 thousand KCCs and 112200.0 crores were sanctioned, Regional Rural Bank was issued 12271 thousand KCCs and 102420.0 crores were sanctioned to the farmers, and Commercial Banks issued 23368 thousand KCCs and the amount sanctioned under the scheme was 435000.0 crores. The aggregate number of operative KCCs was 71522 thousand and the amount outstanding under operative KCCs was 649620.0 crores. During 2018, the total number of operative KCCs was 69209 thousand, and the amount sanctioned under operative KCCs was 668322.6 crores, cooperative banks' share in the number of issued KCCs was 33495 thousand and 124484.8 crores amount was sanctioned by the banks. 121993 thousand number of KCCs were issued by regional rural banks and 113363.9 crores were sanctioned and commercial banks were issued 23521 thousand KCCs and 430473.9 crores was sanctioned. These figures of operative KCCs and amount sectioned by the three financial institutions were increased in 2019, the number of operative KCCs was 30414 thousand and amount sanctioned under operative KCCs was 127436.3 crores by the cooperative banks, regional rural banks were issued 12253 thousand KCCs and 127071.8 crores was sanctioned, and commercial banks were issued 23632 thousand of KCCs and 413670.4

crores were sanctioned under the scheme. The aggregate KCCs were section 66299 thousand and 668178.2 crores of the total amount sanctioned thought the year.

In the financial year 2020-21, India faced demand and supply shocks due to covid-19, which affected the government schemes. In 2020 cooperative banks were issued 28938 thousand KCCs and 136734.7 crores were sanctioned, regional rural banks issued 12197 thousand KCCs and 136695.1 crores were sectioned. The number of operative KCCs under commercial banks was 65280 thousand and 697017.6 crores were sanctioned. The aggregation number of operative KCCs was 65280 thousand and 697017.6 crores were the total amount outstanding under operative KCCS during the year.

The compound annual growth rate is calculated institution-wise during 2017-20, the CAGR value of the number of operative KCCs and amount sanctioned by cooperative banks was -6.92 percent and 6.81 percent respectively. The CAGR value was increased and the number of operative KCCs was -0.20 percent and the amount sanctioned was 10.10 percent by regional rural banks. CAGR value of operative KCCs and amount sanctioned by commercial banks was 1.10 percent and -0.88 percent respectively. The CAGR value of the aggregate number of KCCs operative and amount issued was -3.00 percent and 2.38 percent respectively.

b) The situation of KCC in Himachal Pradesh

Number of Kisan Credit Card operatives in Himachal Pradesh during 2017-20

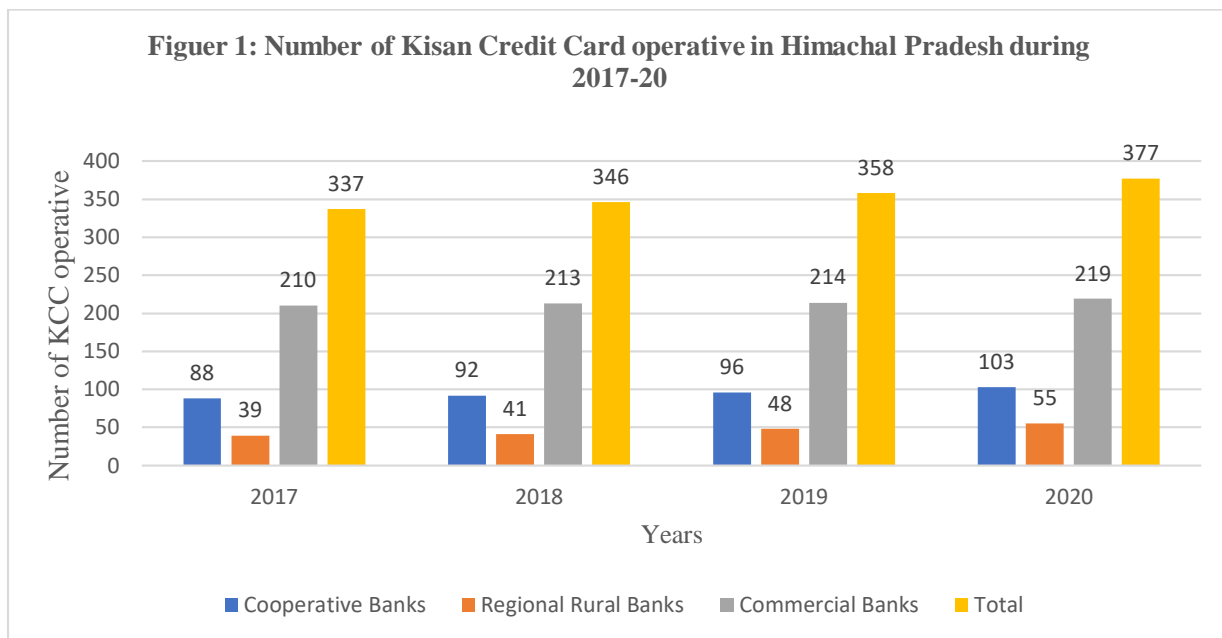
Himachal Pradesh is an agriculture-intensive economy, approximately 63 percent of its population engaged in this sector for their livelihood. Hance, agriculture in Himachal Pradesh needs a financial base for development.

Table 2: Number of Kisan Credit Card operative in Himachal Pradesh

(Numbers in thousand)

Years	Cooperative Banks	Regional Rural Banks	Commercial Banks	Total
2017	88	39	210	337
2018	92	41	213	346
2019	96	48	214	358
2020	103	55	219	377
Mean	94.75	45.75	214	354.5
SD	6.39	7.27	3.74	17.29
CV (%)	6.75	15.90	1.74	4.87
CAGR (%)	5.39	12.14	1.41	3.81

Source: Kisan Credit Card Scheme: State-wise Progress 2017-21.



Number of Kisan Credit Card operatives in Himachal Pradesh during 2017-20 showing with the help of table 2 and figure 1. During 2017 cooperative banks, regional rural banks, and commercial banks jointly issued 337 thousand KCCs, and each share in operative KCCs was 88 thousand, 39 thousand, and 210 thousand respectively in the year. The total number of operative KCCs during 2018 was 346 thousand, in which cooperative bank's share was 92 thousand, regional rural bank's share was 41 thousand and commercial bank's share was 213 thousand. During 2019 cooperative banks issued 96 thousand KCCs regional rural banks issued 48 thousand KCCs and commercial Banks issued 214 thousand of KCCs, and the aggregated issued KCCs was 358 thousand, during the year. The total number of Kisan Credit Cards operative during 2020 was 377 thousand, under which cooperative bank's share was 103 thousand, the regional rural bank's share was 55 thousand and commercial bank's share was 219 thousand. The compound annual growth rate was calculated institution-wise so, the CAGR value of operative KCCs by cooperative banks was 5.39 percent, by regional rural banks it was 12.14 percent, by commercial banks it was 1.14 percent and total CAGR by all the institutions was 3.81 during 2017-20.

Amount Sanctioned under Kisan Credit Card operative in Himachal Pradesh during 2017-20

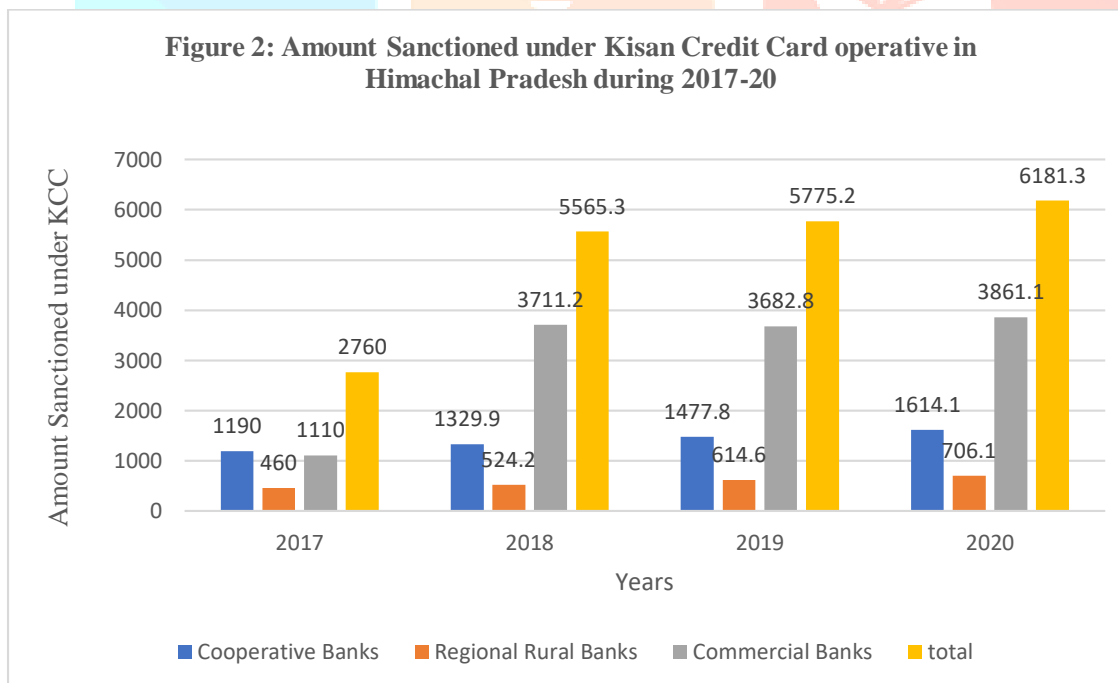
Amount Sanctioned under Kisan Credit Card operative by the different financial institutions in Himachal Pradesh during 2017-20 is represented by table 3 and figure 2.

Table 3: Amount Sanctioned under Kisan Credit Card operative in Himachal Pradesh

(Amount in crores)

Years	Cooperative Banks	Regional Rural Banks	Commercial Banks	Total
2017	1190.0	460.0	1110.0	2760.0
2018	1329.9	524.2	3711.2	5565.3
2019	1477.8	614.6	3682.8	5775.2
2020	1614.1	706.1	3861.1	6181.3
Mean	1402.95	576.22	3091.27	5070.45
SD	183.36	107.32	1323.16	1561.37
CV (%)	13.07	18.62	42.80	30.79
CAGR (%)	10.69	15.35	51.52	30.83

Source: Kisan Credit Card Scheme: State-wise Progress 2017-21.



Through the table and figure, it is shown that the total amount sanctioned under KCCs operative in Himachal Pradesh during 2017-20 was 2760 crores, in which cooperative bank's share was 1190 crores, regional rural bank's share was 460 crores and commercial bank's share was 2760 crores. During 2018 share of each institute was changed, the cooperative bank's share in amount sanction under KCCs was 1329.9 crores, the regional rural bank's share was 524.4 crores, commercial bank's share was 3711.2 and the aggregate share of all intuitions was 5565.3 crores. In 2019 the aggregate amount sectioned by all institutions was 5775.2 crores, cooperative bank's share was 1477.8 crores, regional rural bank's share was 614.6 crores and commercial bank's share was 3682.8 crores. The total amount sanctioned by

all the institutions in 2020 was 6181.3 crores in which cooperative bank's share was 1614.1 crores, regional rural bank's share was 706.1 crores and commercial bank's share was 3861.1 crores. The compound annual growth rate was calculated by share of institutions during 2017-20, the CAGR value of cooperative banks was 10.69 percent, CAGR value of regional rural banks was 15.35 percent, CAGR value of commercial banks was 51.52 percent and aggregate CAGR value was 30.83 percent.

5. Conclusion And Suggestions

The total number of KCCs operative in Himachal Pradesh is 377 thousand and the amount sanctioned under the scheme is 6181.3 crores, which is much less as compared to other hilly states and national level. The highest percentage share in the number of operative KCC and amount sanctioned is commercial banks and the lowest share is regional rural banks in Himachal Pradesh. Due to the unawareness of government policies, farmers can't able to access credit facilities, so the government should take into consideration Tribble Areas of the state. secondly, the government should organize open village-level campaigns that include information regarding Kisan Credit Card and its benefits. Thirdly, the government should reduce the interest charged under the KCC scheme.

6. References

1. Annual Report 2020-21, *Department of Agriculture, Cooperation & Farmers' Welfare* Ministry of Agriculture & Farmers' Welfare Government of India Krishi Bhawan, New Delhi-110 001.s
2. S.M. Jainuddin, G.M. Hiremath, Suresh S. Patil and Ravindra Chawan (2015), *Department of Agricultural Economics, ANGRAU, Rajendranagar, Hyderabad-30, India. 2,3,4 and Department of Agricultural Economics, UAS, Raichur, Karnataka-584104, India, Paper No. 199.*
3. Hardarshan Kaur & Navkiranjit Kaur Dhaliwal (2018) "Progress of Kisan Credit Card Scheme in India" *Amity Journal of Agribusiness* 3 (1), (26-36).
4. Issue of Kisan Credit Card (2018), *Press Information Bureau, Government of India, Ministry of Finance.*
5. Study of the implementation of Kisan Credit Card scheme (2016), *Department of Economic Analysis and Research, NABARD, Head Office Mumbai.*
6. Report on Trend and Progress of Banking in India 2016-20, Reserve Bank of India.