



## **An Overviews on Kisan Credit Card in India**



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(Received: September 19, 2024; Accepted: October 22, 2024; Published Online: October 30, 2024)

### **Abstract:**

*For Agriculture Productivity, credit is a necessary input. India is an agricultural based economy. The Kisan Credit Card seeks to farmers with timely and offer appropriate funds in a flexible and cost effective manner. The inauguration of the Kisan Finance Card Scheme is a watershed movement in Indian agricultural credit history. Kisan Credit Card which was first introduced in 1998-99, allows farmers to purchases agricultural supplies such as seeds, fertilizers and insecticides as well as withdraws cash to meet their production related needs. The Kisan Credit Card Scheme was designed to make it easier for borrower to obtain short-term credit from formal Financial Institutions. Secondary data was collected and evaluated in this research project to examine the growth and variations of the Kisan Credit Card in terms of number and amount sanctioned from 2017 to 2022. The data was analyzed and a conclusion was reached.*

**Keywords:** Kisan Credit Card, Variations, Agricultural need, input credit financial, institution Growth.

**Background on the Kisan Credit Card:**

The Kisan Credit Card (KCC) was introduced in 1998-99 the scheme centre around a revolving credit line facility, it is not a while really a credit card in the traditional since. The key features that a supposed to make the Scheme user friendly Include No. collateral requirement less stringent monitoring of actual use of loans. Easy renewal after three years for borrower is good standing. We expand on these briefly. One of the key advantages is to make credit available without burdensome requirements. In keeping with this farmers do not need to provide a security deposited to qualify for loan. They can qualify for the minimum amount up on producing to documentation of Land possession. The amount varies from Bank to Bank and also depends on the scale of Finance. A formula based on the crop and sign of landholding. Nevertheless, for commercial bank, the amount usually stands at INR Rs. 5,00,000/- Co-operative Banks and regional rural Banks will usually Land at lower amounts. Borrowers are eligible to borrow is free to borrow up to the maximum amount at an annual interest rate currently at 7% fixed by RBI. However family repayment is rewarded by lowering the interest rate by 2% points.

Even through there is not compulsion to borrow the entire amount Lump Sum notes that it is the norms. Once the money is borrowed there is no monitoring of the actual use. This is a major difference between Kisan Credit Card Scheme and all other previous Corp. loans where farmers had to produce receipts to farmers actually get the loans and the Bank make payments directly to the supplier instead. Nevertheless it opens up the possibility of using the future funds for purly consumption purpose and also for arbitrage gains, indeed, discussion with bank office indicate. There is an executed evidence that this is the case. The low interest rate create ample opportunity for such about. If this were indeed the case, then one should not bank have become less importance over time and tend to tend lower amounts.

**Overview:**

In the economic growth the role of financial intermediation has been at centre stage. Well functioning financial markets by lowering cost of conductions transactions ensure that capital is allocated to projects that yield the highest return

and therefore enhancing growth rates. In the context of new growth history, early contributions such as have laid down the theoretical foundation of the role of credit market imperfections on growth via various system. The empirical importance of financial markets in economics growth was further qualified in a series of articles including but not limit to this articles examine the impact of one importance of financial policy interventions aimed not addressing this problems. The Kisan Credit Card (KCC) scheme in state level per capita income and agricultural productivity. The KCC scheme was introduced by the Government of India in the 1998-99 budgets to displace a tangled web of other short-term agricultural credit schemes. That but had become increasingly burdensome and inadequate notes that the earlier system was characterized by a multiple products multiple Agent system. That varied based on the Patliputra crop, input needs season, sign of borrowing and so on. What may have seemed like an array of choices essentially involves a farmer having to make multiple loans application for make away from the same of inefficiency towards a more consolidated system. Where the borrowers were subject to fewer parameters and given more freedom of demand loans. By 2004, the Reserve Bank of India (RBI), noting the increasing popularity of the KCC scheme, expanded its ambit to cover loans. The KCC scheme has show now been around for more than a decade and has become a core element of the Government of India's recent push for financial Inclusion, especially in rural areas. By March 2019, cumulatively more then a 100 million KCC amount had been issued indeed, annual forgets my commercial, rural ends Co-operative banks are set. So that eventually 100 percent of eligible farmers are covered by the scheme given the dominate role that this scheme has come to play it make sense to ask whether this has and any article was to use can inter state effects of the KCC Scheme. This Part of the study can be divided into two parts.

- (i) An examination of the determination of KCC adoption rules across states and
- (ii) The effects on state-level agricultural productivity, food grain yield and also overall state GDP per capita. We undertake both ordinary least squares to gauge the medium term effects and fixed affects to estimate more short from effects.

Table - 1

Year	Number of Operative KCC (in '000)	Amount outstanding under Operative KCC (in Bn.)
2017	71,522	6,496.2
2018	69,210	6,68,322.6
2019	66,323	6,68,256.3
2020	65,280	6,97,017.6

*Source: NABARD and RBI*

The above table-1 shows the progress of KCC Scheme has been brought in the Indian budget speech by the FINANCE MINISTER OF INDIA for the year 1998-99 and implemented the same for the benefits of Indian farmers. Since then the scheme has made rapid progress in terms of number of operative and amount outstanding under Kisan Credit Card. The period wise data related to number of operative and amount outstanding under Kisan Credit Card has been reviewed and analyzed in India for the Year 2017-18 to 2019-20 and the same has been presented in above Table No.- 1.

Before describing the data and our finding, we first discuss the KCC Scheme details in a Little bit more details and the relevant literature. We also briefly Survey the already large literature on financial development and economic growth in India other than broad based trends in credit, one also needs to be aware of other major credit intervention during this time period. Our reading of Agriculture and rural Credit Policy suggests that there might be at least two other interventions that might confound the effects of KCC. One involves the bank credit linkage programme the Self Help Group (SHG). As the name suggests this is a Micro Finance based initiative which involves nationalized Banks. Technically this is not a programme for the agricultural sector, but since it is rural in scope. It can conceivably have important general equilibrium effects. However, in terms of magnitude, it is far less than KCC in the year 2019-20. KCC lending was at ground 550 Bn. However, this scheme too is of a much smaller magnitude recording a cumulative credit of 1200 Bn until 2019-20.

**Conclusion:**

The Kisan Credit Card Scheme was adopted in the budget session 1998-99 and has shown growth during the period of study from 2017-18 to 2019-20 in terms of number of card issued and amount sanctioned on Kisan Credit Card. It is observed that there is sharp decline in number of Card but multiple folds increased in amount sanctioned on Kisan Credit Card. Among all KCC issuing agency, Commercial Bank and Regional Rural Bank during the period of study in terms of number and amount sanctioned. The number of lands and amount sanctioned were very high in Southern Region by Co-operative Banks and in Central Region by Regional Rural Banks and Commercial Banks participate is very satisfactory.

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