

# **CHAPTER 4**

## **TRENDS, PERFORMANCE AND PROGRESS OF KISAN CREDIT CARDS**

### **4.1 Introduction**

This chapter includes two objectives of study. In this section a detailed analysis of first objective is done i.e. the trends and performance of Kisan Credit Card scheme issued agency-wise in India. In this we will discuss the growth of number and amount issued by three different agencies, these are Cooperative banks, RRBs and a commercial banks. This study has taken only these three banks for the trend because only these banks are those public sector banks who issues Kisan Credit cards. To check the growth rate in no of KCC, we applied Compound Annual Growth Rate (CAGR). The study covers the data between the time periods of 2000-01 to 2012-13. The trends of number of Kisan credit card issued and amount sanctioned is shown by two different tables; table no. 2 and table no. 3.

To show the state wise progress of

Kisan credit card (second objective) this study have taken the fifteen states who contribute the 70-80% of KCC issued and amount sanctioned. These fifteen states are those whose economy are based on agriculture or who have the more land for agriculture purpose. These fifteen states are as follows: Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Karnataka, Kerla, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamilnadu, Utter Pradesh, and West Bengal. All these states represents the major amount of Kisan Credit card issued in India.

## 4.2 Number of KCCs issued Agency wise

Kisan credit cards are issued by three agencies .The number of Kisan credit cards issued by the banks shows the growth and performance of Kisan credit card in India.

The numbers of credit card issued through KCC scheme are given below:

<b>Table:2 Number of KCCs issued Agency wise (in Millions)</b>								
Year	Coop.	G.R.	RRBs	G.R.	Com.	G.R.	Total	G.R.
2000-01	5.61	—	0.65	—	2.39	—	8.65	—
2001-02	5.44	-3.03	0.83	27.69	3.07	28.45	34.00	293.0
2002-03	4.58	-15.81	0.96	15.66	2.7	-12.05	8.09	-76.20
2003-04	4.88	6.55	1.28	33.33	3.09	14.44	49.13	507.0
2004-05	3.56	-27.05	1.73	35.15	4.4	42.39	17.79	-63.78
2005-06	2.6	-26.97	1.25	-27.74	4.17	-5.23	-46.69	-362.3
2006-07	2.29	-11.92	1.41	12.80	4.81	15.35	9.38	-120.1
2007-08	2.09	-8.73	1.77	25.53	4.61	-4.16	25.26	169.1
2008-09	1.34	-35.89	1.41	-20.33	5.83	26.46	-47.64	-288.5
2009-10	1.74	29.85	1.95	38.29	5.31	-8.92	77.14	-261.9
2010-11	2.81	61.49	1.77	-9.23	5.58	5.08	62.42	-19.09
2011-12	2.96	5.34	1.99	12.42	5.12	-8.24	27.83	-55.41
2012-13	2.69	-9.12	2.04	2.51	8.24	60.94	6.36	-77.15
CAGR	-5.4%		11%		10.8%		10.8%	
Coop.=Cooperative banks, Com.= Commercial banks								
Source: NABARD, G.R. means Growth rate								

The above table no. 2 shows the number of Kisan credit cards issued by three agencies; Cooperative banks, RRBs and Commercial banks and also shows the percentage growth rate (G.R.) of these banks. In the year 2000-01 the highest number of KCCs are issued by Cooperative banks (5.6 million) followed by Commercial banks (2.39 million) and RRBs (0.65 million) shows the lowest number of KCCs issued. The Cooperative banks shows the declining performance during 13 years except the period 2010-11, in this year the Cooperative banks shows the highest percentage growth share. In the year 2012-13 the Cooperative banks shows the declining growth rate of -9.12 percent.

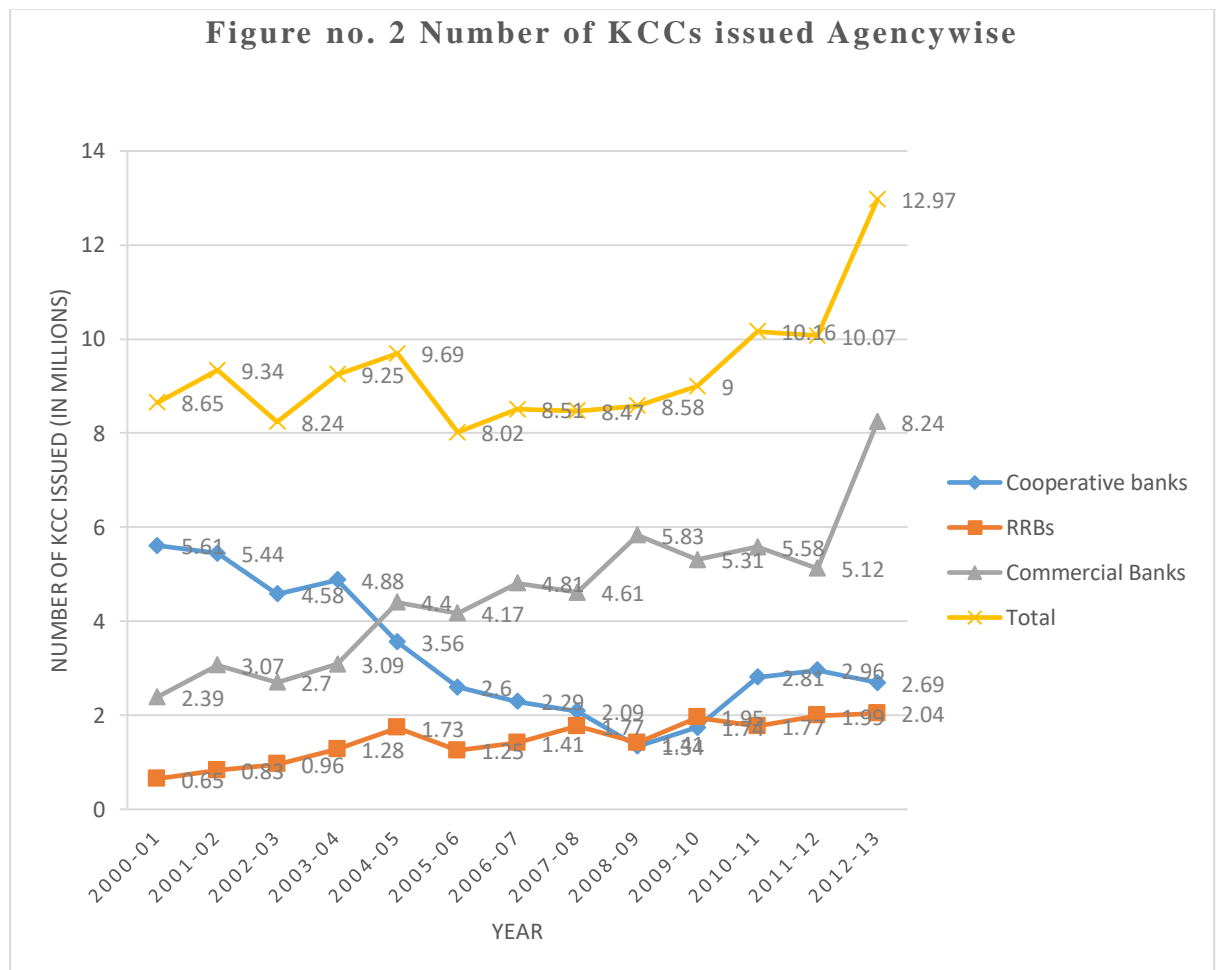
In case of RRBs, year to year these banks are performing well in case to KCCs issuance. During the year 2005-06 (-27.74%), 2008-09 (-20.33%) and 2010-11(-9.23%) the RRBs shows the declining growth in KCCs issuance. The highest percentage growth rate of 38.29% is shown during the period 2009-10 by the RRBs.

In the case of Commercial banks their performance in KCCs issuance was not good at the starting periods but with time these banks are come as the biggest agency for KCCs issuance. In the year 2012-13, the highest number of KCCs (8.24 million) are issued by Commercial banks and also it shows the highest percentage growth of 60.94%. During the year 2003-04 the highest percentage growth rate (507%) is shown by these three agencies, the reason behind this growth is that in this year the fresh crop loans are issued by the banks with the support of NABARD.

In the graph 2 we can see that RRBs and Cooperative banks are showing increasing trends whereas the Commercial banks are showing declining trends. In the year 2002-03 the number of Kisan credit cards issued are declining, the reason behind this is that in this year certain states faced through natural calamities and after that in the year

2003-04 the NABARD support the farmers to enable them to take fresh loans. In the year 2004-05, the Commercial banks and RRBs are showing increasing number of KCCs issued due to the introduction of SACP (Special Agricultural Credit Plans ) made by public sector banks. After the year 2010-11, all these banks are showing increasing trends due to the introduction of Rupay Kisan Credit Card Scheme in 2012. Overall all these agencies are showing increasing trends and performance except few years.

The graphical representation of KCCs issued is shown below:



There is many variations in the number of Kisan credit card issued so in this chapter to find out the overall trend of these banks in KCC issuance CAGR method is used for the growth of three institutions. After applying CAGR method the study has found

that the Cooperative banks have negative growth from 5.4%. RRBs shows the overall growth of 11.00%. The Commercial banks shows the growth of 10.8%.The total growth showed by these three agencies from 2000-01 to 2012-13 through CAGR is 10.8%.

#### 4.3 Amount of KCCs sanctioned Agency wise

The total amount of credit sanctioned by the KCC scheme shows the performance of KCC scheme in India. Amount of Kisan credit card issued by three agencies is given in table 3.

Year	Coop.	G.R.	RRBs	G.R.	Com.	G.R.	Total	G.R.
2000-01	9412	—	1400	—	5615	—	16427	—
2001-02	15952	69.49	2382	70.14	7524	34.00	25858	57.41
2002-03	15841	-0.70	2955	24.06	7481	-0.57	26277	1.62
2003-04	9855	-37.79	2599	-12.05	9331	24.73	21785	-17.09
2004-05	15597	58.26	3833	47.48	14756	58.14	34186	56.92
2005-06	20339	30.40	8483	121.31	18779	27.26	47601	39.24
2006-07	13141	-35.39	7373	-13.08	26215	39.60	46729	-1.83
2007-08	19991	52.13	8743	18.58	59530	127.08	88264	88.88
2008-09	8428	-57.84	5648	-35.40	39009	-34.47	53085	-39.86
2009-10	7606	-9.75	10132	79.39	39940	2.39	57678	8.65
2010-11	10719	40.93	11468	13.19	50438	26.28	72625	25.91
2011-12	10643	-0.71	11523	0.48	69514	37.82	91680	26.24
2012-13	11930	12.09	13260	15.07	101090	45.42	126280	37.74
CAGR (%)	1.9		20.6		27.2		18.5	

Coop. = Cooperative banks, Com. = Commercial banks
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Source: NABARD Publications
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The table no. 3 shows the amount of KCCs sanctioned by Cooperative banks, RRBs and Commercial banks. In the year 2000-01, the highest amount is sanctioned by Cooperative banks (9412 crore) followed by Commercial banks (5615 crore) and lowest amount is sanctioned by RRBs (1400 crore). The total amount sanctioned by these banks in this year is Rs. 16427 crore. In the year 2001-02 the highest percentage growth rate is shown by the RRBs (70.14%) followed by Cooperative banks (69.49%) and then Commercial banks (34.00%). But after this the Cooperative banks shows declining trend in amount sanctioned except few years. In the year 2012-13, the Cooperative banks sanctioned Rs. 11930 crore and shows 12.09% growth rate.

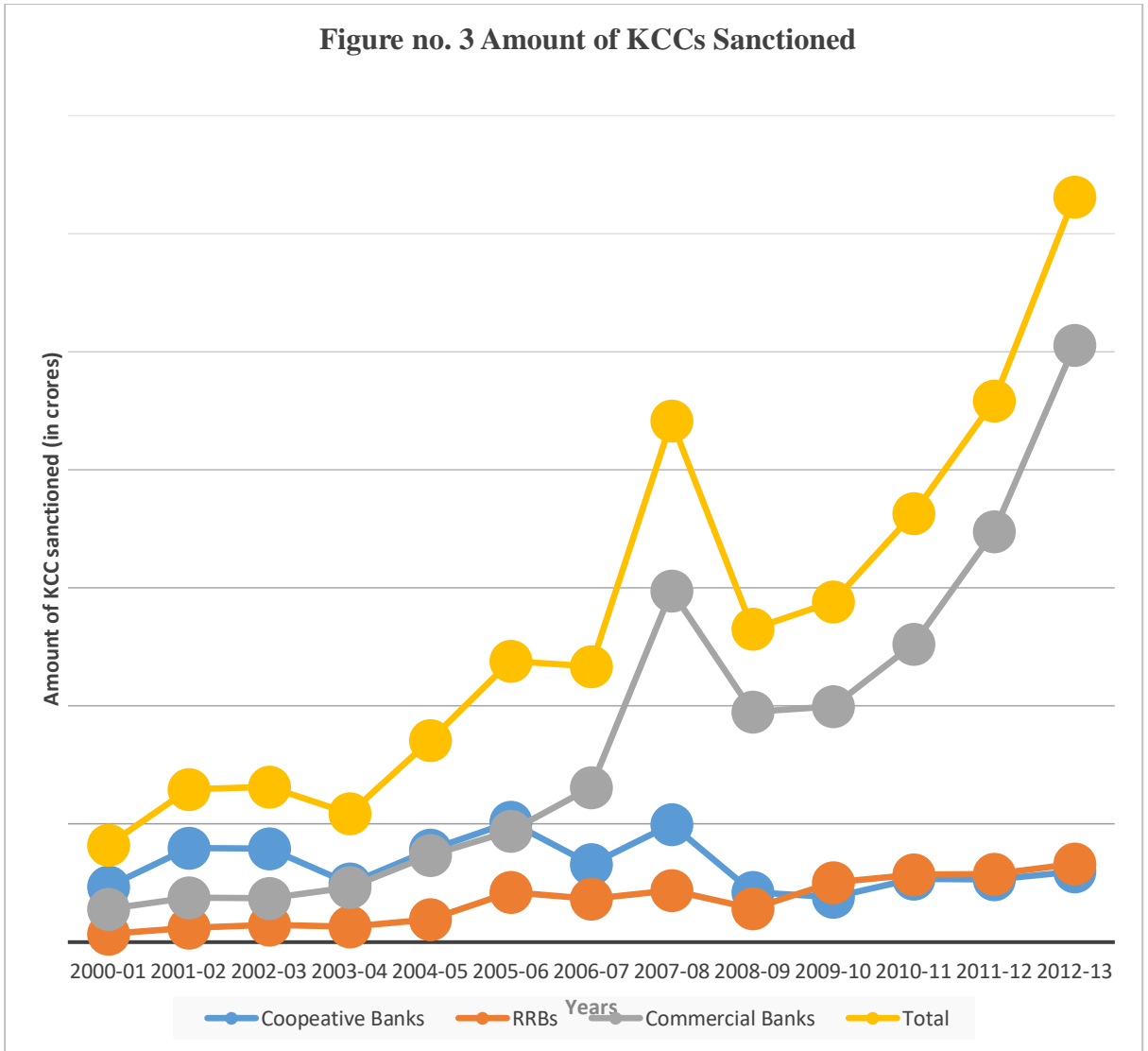
In case of RRBs, the highest amount of KCCs sanctioned in year 2012-13 (13260 crore) and lowest amount of KCCs sanctioned in year 2000-01. This means that RRBs are showing increasing trends and performance in the amount sanctioned by the KCC scheme. Due the some reasons the RRBs shows the negative growth during few periods (2003-04, 2006-07 and 2008-09). During the period from 2004-05 to 2007-08, the Commercial banks shows the good performance in amount sanctioning. The reason behind this is that during this period the NABARD has started the new programme for growth of agriculture credit named by doubling of agriculture credit programme. Except the two periods (2002-03 and 2008-09), the performance of Commercial banks are good .During the year 2012-13, among all these agencies the Commercial banks sanctioned the highest amount of KCCs(101090 crore). The total

amount sanctioned in 2012-13 is Rs. 126280 crore and total highest percentage shown during the year 2007-08 (88.88%).

The figure 3 shows that the trends and performance regarding to the amount of KCCs sanctioned by the Cooperative banks, RRBs and Commercial banks. During the year 2003-04 the KCCs amount sanctioned declined due to the certain natural calamities in some states. The highest increase in amount of KCCs is shown during the year 2007-08. After this in year 2008-09, there is suddenly decrease in amount sanctioned by KCC scheme because in this year the banks have given the new responsibility called as Financial Inclusion as a new Mantra for rural sector and thereby opening the 'No Frill Accounts'. This scheme benefited the farmers and due to which borrowers under KCC scheme has declined. The performance of all the banks are good during these 13 years but the Commercial banks are showing declining trends due to the poor infrastructure and lack of technology up gradation. After the year 2011-12 the total amount of KCC sanctioned is on increasing due to the introduction of Rupay Kisan Credit Card scheme in 2012 which facilitate the farmer by providing credit without any delay.

The graphical representation of amount sanctioned in KCC scheme by three agencies are represented below:

Figure no. 3 Amount of KCCs Sanctioned



After applying the CAGR (Compound Annual Growth Rate) method for the compound growth over the years the Commercial banks shows the highest growth rate of 27.2% followed by RRBs (20.6%) and then Cooperative banks shows the lowest growth rate over the periods of only 1.9%.



#### 4.4 State wise Number of KCCs Issued

The progress of KCC scheme is shown by the number of Kisan credit cards issued by fifteen states who contributes major number of KCCs issued. The progress of these states regarding to numbers of KCCs issues are shown below:

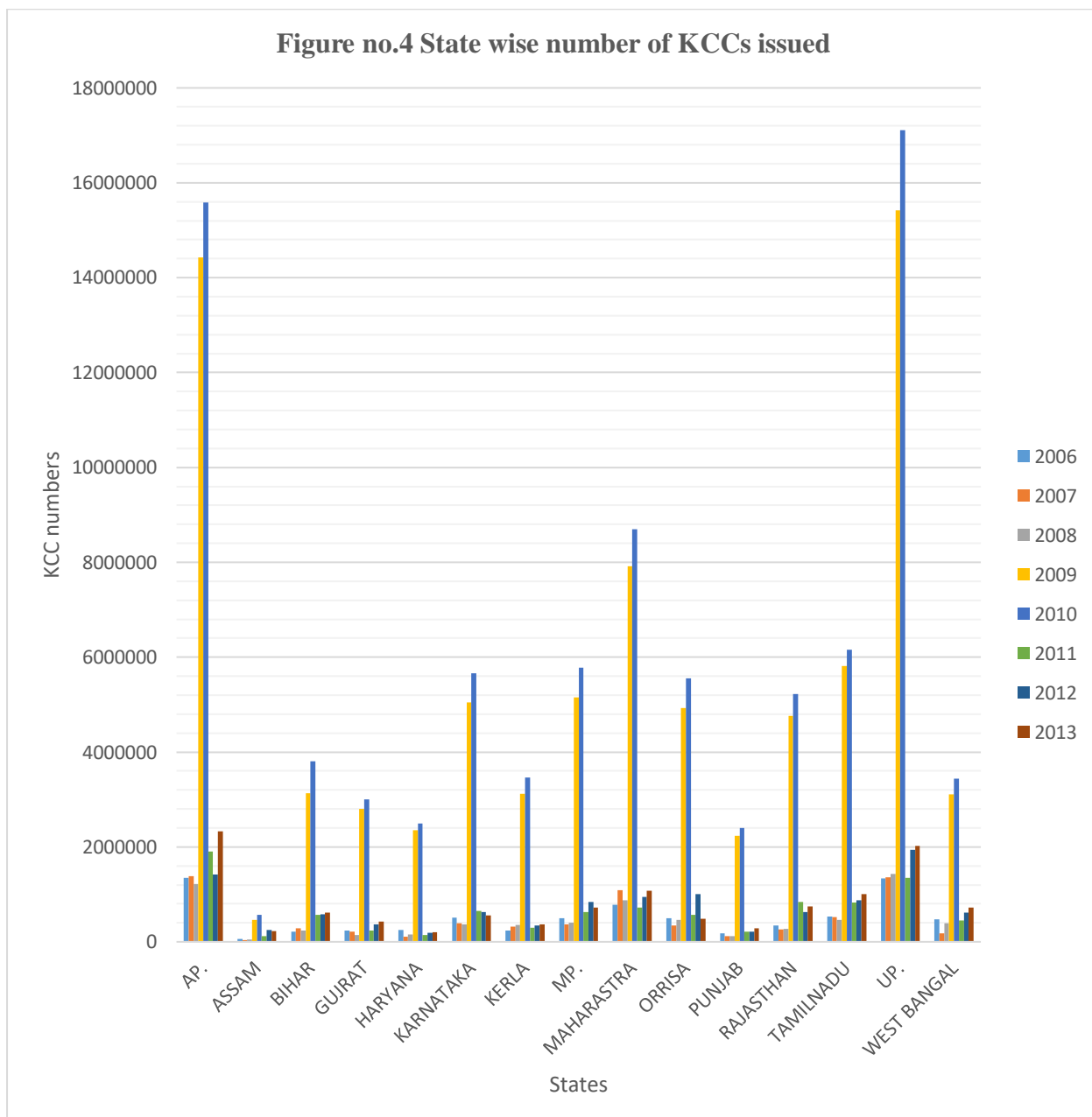
<b>Table no. 4 Number of KCCs issued by state wise (in lakhs)</b>									
	2006	2007	2008	2009	2010	2011	2012	2013	CAGR(%)
AP	13.5	13.78	12.14	144.3	155.8	18.98	14.14	23.25	8.1
Assam	0.65	0.34	0.48	4.63	5.68	1.17	2.51	2.21	19.1
Bihar	2.09	2.79	2.39	31.28	38.05	5.67	5.84	6.14	16.6
Gujarat	2.38	2.16	1.45	28.01	29.97	2.43	3.63	4.22	8.4
Haryana	2.53	1.10	1.54	23.48	24.92	1.48	1.91	2.00	-3.3
Karnatk	5.05	3.86	3.70	50.41	56.65	6.50	6.29	5.59	1.5
Kerala	2.40	3.17	3.53	31.24	34.66	3.01	3.42	3.66	6.2
MP.	4.97	3.73	4.03	51.51	57.77	6.27	8.41	7.24	5.5
Maharas.	7.78	10.87	8.81	79.19	86.97	7.26	9.46	10.71	4.6
Orissa	4.93	3.48	4.62	49.34	55.53	5.71	10.08	4.88	0
Punjab	1.79	1.14	1.20	22.30	23.98	2.13	2.14	2.82	6.7
Raj.	3.46	2.64	2.77	47.57	52.20	8.43	6.33	7.49	11.6
Tamil.	5.27	5.18	4.66	58.09	61.56	8.28	8.81	10.08	9.6
UP	1.33	13.58	14.26	154.2	171.1	13.48	19.43	20.27	6.1
W.B.	4.79	1.81	3.86	31.08	34.45	4.49	6.11	7.18	5.9
Total	74.9 4	69.70	69.50	806.6 80	889.3 4	95.29	108.5 1	117.8 1	6.6
Source: Indiatat.									
Karnatk = Karnataka, Maharas. = Maharashtra, Raj= Rajasthan,									
W.B.= West Bengal, Tamil.= Tamilnadu									

In the table no. 4 the total number of KCCs issued by the states are shown. In the year 2006, the highest number of KCCs are issued by Andhra Pradesh (1345804) and lowest numbers are issued by Assam (64963). In the year 2007, again Andhra Pradesh (1378365) is issued the highest number of KCCs and lowest numbers are issued by Assam (34117). During the next year 2008, U.P. (Utter Pradesh) is issued the 1426461 KCCs which are the highest in this year and lowest are issued by again Assam state (47638). In 2009 and 2010 again U.P. is issued the highest numbers of cards (15423000 and (17113000) and lowest are again issued by the Assam state (463000 and 568000). During the year 2011, Andhra Pradesh (1898000) takes the top position in number of KCCs issued and Assam is issued the lowest KCCs (117123). In the year 2012 U.P. (1943000) is issued the highest numbers of KCCs and lowest position is taken by Haryana (191000). During 2013, A.P. is issued 2325098 numbers of cards which are highest in this year and again Haryana is at lowest position in KCCs issuance with 200329 numbers of cards.

By doing the analysis through CAGR (Compound Annual Growth Rate), the study analysed that the highest compound annual growth rate is achieved by Assam (19.1%) followed by Bihar (16.6%), Rajasthan (11.6%), Tamilnadu (9.6%), Gujarat (8.4%) and A.P. (8.1%). The average growth rate is shown by Punjab (6.7%), Kerala (6.2%), U.P. (6.1%), West Bengal (5.9%), M.P. (5.5%) and Maharashtra (4.6%). The lowest growth rate is shown by Haryana (-3.3%) followed by Orissa (0%) and Karnataka (1.5%).

The graphical representation of number of KCCs issued by states are given below:

The figure number 4 shows the number of Kisan credit card issued by 15 states of India. The graph represents that U.P., A.P. and Maharashtra are the biggest states in number of KCCs issuance and Assam, Punjab and Haryana are showing the poorest situation in KCCs issuance. The graph shows that during the periods of 2009 and 2010, the highest numbers of KCCs are issued by all states. The reason behind this increase is that in the year 2008-09, Debt Relief scheme has stressed on need of making KCC technologically enabled which also includes the conversion of KCC into Smart cards. During the other periods the progress of KCC scheme is on an average.



#### 4.5 Amount of Kisan Credit Cards Sanctioned State Wise

The amount sanctioned by KCC scheme in India is represented by 15 states who shows the 70-80% of total amount of KCCs sanctioned by the institutions. This amount sanctioned by the states are given below:

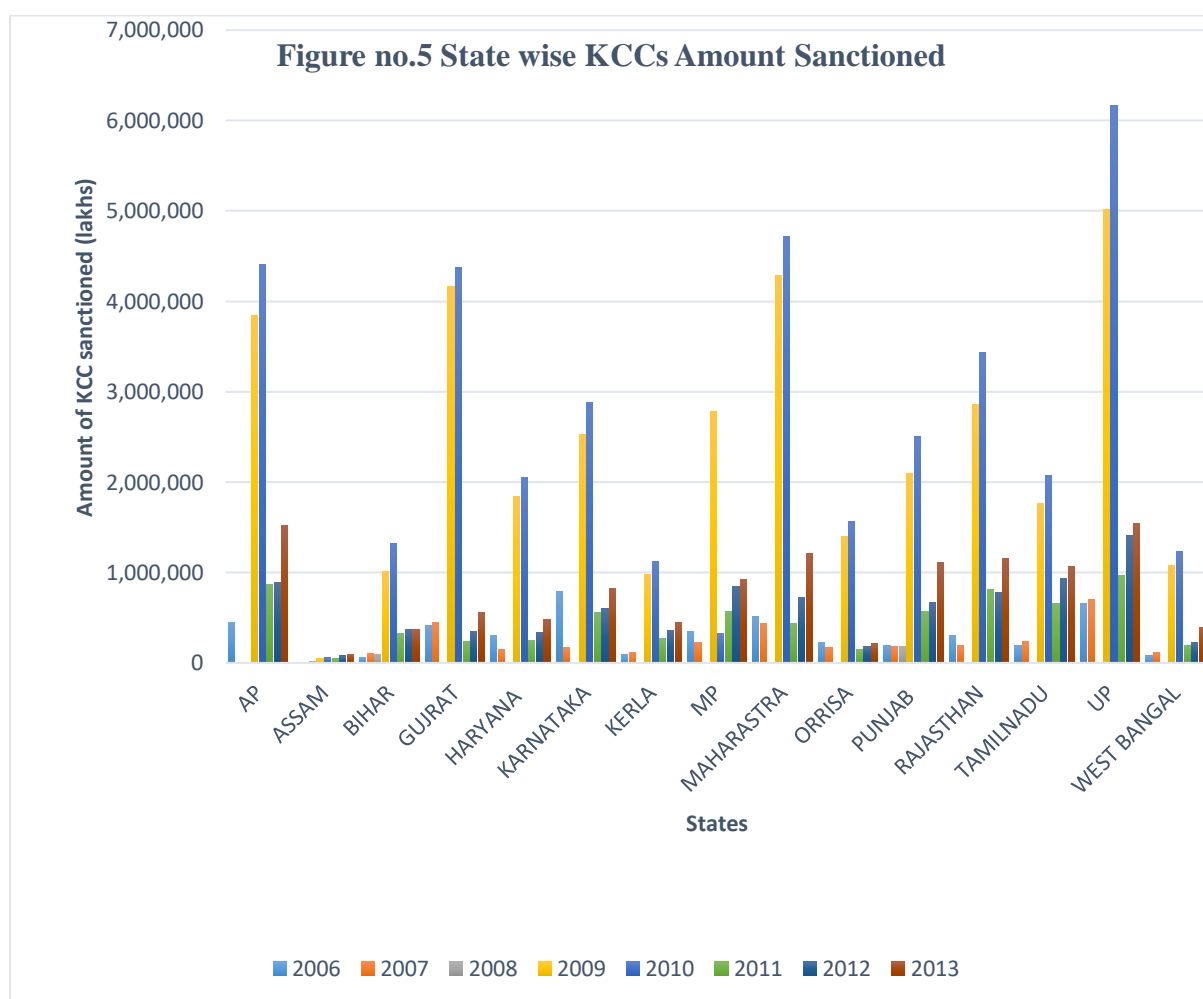
**Table no. 5 Amount of Kisan credit cards issued by state wise (in crores )**

	2006	2007	2008	2009	2010	2011	2012	2013	CA GR %
AP	4504	63157	4169	38476	44036	8685	8890	15253	19.0
Assam	91	60	194	463	568	451	780	962	40.0
Bihar	642	992	984	10058	13256	3292	3710	3712	28.4
Gujarat	4152	4454	1606	41679	43723	2329	3430	5584	4.3
Haryana	3045	1531	2116	18358	20516	2456	3370	4849	6.8
Karnataka	7907	1707	1591	25260	28808	5615	5980	8256	0.00
Kerala	918	1103	1567	9831	11241	2647	3540	4488	25
MP	3460	2309	7564	27769	3220	5740	8440	9212	15.1
Maharas.	5101	4391	9786	42852	47197	4362	7280	12143	13.1
Orissa	2206	1663	2090	14011	15649	1497	1790	2115	0.00
Punjab	1964	1816	1816	21004	25068	5727	6720	11070	28
Rajasthan	3002	1873	1678	28556	34298	8176	7770	11498	21
Tamilnadu	1903	2363	1930	17594	20748	6573	9290	10688	28
Up	6537	6963	6419	50153	61629	9694	14040	15402	13
West Bengal	786	1144	3327	10816	12352	1940	2220	3926	26
India	46225	38693	46846	356887	382309	69184	87250	119158	14
Source: India stat.									

The table no. 5 shows the amount sanctioned by A.P., Assam, Bihar, Gujarat, Haryana, Karnataka, Kerala, M.P., Maharashtra, Orissa, Punjab, Rajasthan, Tamilnadu, U.P., West Bengal. During the year 2006, the largest amount is sanctioned by U.P. (653768 lakhs) and smallest amount is sanctioned by Assam (9109 lakhs). In the year 2007, A.P. shows the largest amount sanctioned which is Rs. 6317714 lakhs and smallest is sanctioned by Assam. During the year 2008, Maharashtra (978695 lakhs) shows the largest amount sanctioned and Assam sanctioned Rs. 19448 lakhs. In the year 2009, U.P. sanctioned Rs. 5015330lakhs which is the largest amount sanctioned during this year and lowest amount is again sanctioned by Assam (46300 lakhs). During the period from 2010 to 2013 the largest amount are sanctioned by Utter Pradesh (616290 lakhs, 969400 lakhs, 1404000 lakhs and 1540200 lakhs) and smallest amount is sanctioned by Assam state (56800 lakhs, 45100 lakhs, 78000 lakhs and 96200 lakhs).

By analysing through CAGR method, this study examines that the highest growth is achieved by Assam (40.03%) followed by Bihar (28.46%) Punjab (28%), Tamilnadu (28%), West Bengal (26%), Kerla (25%) and Rajasthan (21%). The average growth is shown by A.P. (19.03%), M.P. (15.1%), Maharashtra (13.1%) and U.P. (13%). The lowest growth is shown by Orissa (0%), Karnataka (0%), Gujarat (4.3%) and Haryana (6.8%).

The graphical representation is given below:



In the figure 5, state wise amount sanctioned through KCC scheme is shown. All the states are showing the well progress in amount sanctioning except some states. Uttar Pradesh, Andhra Pradesh, Maharashtra and Gujarat are representing the best progress regarding the amount sanction through KCC scheme. During the year 2009 and 2010 the highest growth rate is achieved by all states due to a scheme introduction according to which there is given debt relief to the farmers and they are facilitated by

providing the new credit cards for the development of rural credit. Overall the progress of KCC scheme is satisfactory.

#### **4.6 Conclusion**

From the above analysis, it concludes that in terms of total credit card issued and total amount sanctioned in India by the three agencies, there is an impressive increase in Kisan credit card scheme till now which is very good for our economy. Overall the Commercial banks are at the top in the number of Kisan credit cards issuing and amount sanctioning. The Regional Rural banks performance is also satisfactory but the Cooperative banks are showing decline trends and performance. Some fluctuations are shown in the trends and performance of KCC scheme in India due to some reasons like the natural calamities, debt repayment and emergence of MFI (Micro Finance Sector) and other Self-help groups. Beyond all these problems the KCC scheme is showing increasing trends and performance. This chapter concluded that the progress of Kisan Credit Card scheme among these 15 states are good. In the case of number of cards the two states, Andhra Pradesh and Utter Pradesh are more above from other states and Assam is far below as comparison to other states but if we look towards the growth rate Assam growth rate is the highest among all the states and Haryana is at bottom with negative growth rate. In the case of amount sanction through KCC scheme, Utter Pradesh is sanctioned the highest amount and Assam is sanctioned lowest amount but in this also Assam shows the highest annual compound growth rate whereas Karnataka and Orissa shows zero growth rate. From this, it concluded that the highest KCCs are issued among those states who have the largest agriculture land. The progress of KCC scheme is not good in Haryana the reason

behind this may be the unawareness and debt repayment. Overall the progress of KCC scheme among all states is impressive.