

CHAPTER 2

REVIEW OF LITERATURE

2.1 Introduction

Kisan credit card scheme is a very essential scheme for farmers which disburse the loan at low rate of interest. The growth and progress of this scheme is very essential measure for our agricultural sector. Many scholars have acknowledged the importance of progress of Kisan credit card scheme.

2.2 Empirical Literature

Mehta (2016) this paper focused towards the role of Kisan credit card scheme in providing rural credit in India. This study has taken the secondary data from the NABARD Journal, RBI Reviews and occasional papers. According to this paper Kisan credit card emerged as the most popular credit facility among farmers. This paper also suggested that for the minimisation of brokers role the process of obtaining the loan should be make easy so that sufficient money can be given for the benefits of farmers. Database of the real and needy farmers should be made so that the loan can be given to those farmers who actually needs this loan. The banks should concentrate those areas who have poor performance of Kisan credit card scheme.

Chatterjee (2015) this paper showed the effect of Kisan credit card on outcome of farming. This paper used the panel data to analyse the effect of credit card on farm output. In this paper the analysis was done on the production of wheat, rice, maize and high yield variety seeds. The data for the study was collected by the two main

sources, ICRISAT-VDSA and IHDS (Indian Human Development Survey). District panel data set was collected from ICRISAT-VDSA and household survey data was collected with the help of IHDS.

Reetu (2015) this paper explored the trend and progress of Kisan credit card in India issued by different agencies between the years 1998-99 to 2012-13. The information related to this paper was collected through secondary data. Compound annual growth rate and percentage method was used for analysing the study. According to this paper the largest amount of Kisan credit card issued by the Commercial banks whereas the peak of Cooperative banks was going on decreasing. This research concluded that all the amount of Kisan credit card disbursed by all the three institutions is on increasing. This paper suggested that for the growth of this credit scheme there is a need to educate the farmers and they need to be encouraged to adopt this scheme for betterment.

Marichamy and Ananthi (2014) this paper studied the agency wise performance of Kisan credit card scheme and studied the features of Kisan credit card scheme. According to this research paper 10.09 crore card issued by three banks up to 2011. The numbers of card issued in some states are more than five lacks (Andhra Pradesh, Maharashtra, Rajasthan, Orissa, Karnataka, Gujarat and Utter Pradesh). The performance of KCC in other states is also satisfactory. In the Andhra Pradesh state 2325card issued by the banks. As the end of March 2013, there was 1, 29, 82,000 farmers who have taken the loan under Kisan credit card scheme.

Raja Mohan and Subha (2014) According to this research the KCC scheme is an

easy access to agriculture credit to the farmers from the financial institutions. This scheme was made for the uniform credit delivery, adequate and timely supply of credit to the farmers to fulfil their agricultural requirements. Farmers almost depends upon non institutional sources of credit, the reason behind this is that the frequent needs, inadequate supply of institutional credit, unnecessary delays and improper practices used by the institutional credit lending agencies. The provision of acceptable and timely credit has been one of the big challenges for the credit institutions in India. This study taken the data from 2009 to 2013. The conclusion of the study shows that there is the significant increase in the number of Kisan credit card issued in every year by different agencies. This continuous growth progress in implementation of KCC clearly examines not only the forethought and ability of the Indian banking industry to adopt new concepts but the easy access of the farmers to new thoughts so as achieve financial inclusion. During the study period, 100526 numbers of cards issued due to the development of banking system. During the 2009 to 2012 the Indian bank, Canera bank and Indian overseas banks were not involved in KCC activities but during 2013, all these includes the KCC scheme. This proved the growth and financial inclusion of KCC scheme of bank.

Sarkar and Barman (2014)this paper presents the progress and performance of Kisan Credit Card in Assam state. This paper presented the inter district variation across the Assam during the distribution of KCC. For the collection of primary data, the sample of 80 beneficiaries collected from the Kamrup District of Assam .The secondary data was collected from the Annual Report of NABARD, Economic Survey of Assam and SLBC Meetings Report. This study concluded that the performance of Kisan credit card in Assam district is not so much of impressive. Many obstacles were

faced by the farmers during the disbursement of Kisan credit card. In the Assam state only 20 percent progress achieved by the Kisan credit card scheme.

Meena and Reddy (2013) this paper examined the growth in KCC card issued, pattern of credit adopted by the farmers and its impact on farmers income and the problems faced by kcc holders across the Karauli district in Rajasthan State, India. This study used the primary and secondary data for the research between the periods 2001 to 2011 for examining the objectives. The stratified Random Sampling was used for the selection of samples. The number of farmers selected for study was 120 and data was collected through pre-tested questionnaire. The results showed that the KCC numbers issued from the past ten years was positive and is increasing in Commercial banks and Regional Rural banks whereas Cooperative banks are showing decreasing trend. This paper also concluded that the largest source of credit to the farmers, which sanctioned Rs. 8,156 lakh (77.23%) of the total credit given to the farmers by the banks. The results showed that the income of the KCC holders is 25 to 30% extra than the non-KCC holders. This gap in income is due to the better quality input material in agriculture operations by the KCC holders. However this study also tells that the rate of interest was high in Non-KCC cards. Hence this paper suggests that there is a need to start the new activities related to crop production while fixing the credit limits of KCC.

Prakash (2013) this study is done in the Tamilnadu state regarding the Kisan credit card issue and problems faced by the farmers during the adoption of Kisan credit card scheme. This paper also analysis the impact of this scheme on farm economy of Tamilnadu state. The primary data for study was collected through structured schedule

among the 32 districts of Tamilnadu where the agricultural economy was relatively better than others and yet there was minimum number of Kisan credit card issued. Compound annual growth rate was used for the progress of KCC whereas Binary Logit model was used for knowing the factors which influence the adoption of the scheme. In this study RRBs found to be the highest bank for the Kisan credit card disbursement. The growth rate of Kisan credit card for all three agencies was found to be positive but the performance of KCC scheme was not uniform across the Tamilnadu state.

Sharma, Chaudhary and Swarnakar (2013) according to this paper, for the growth of rural and urban areas of country the Indian government has been introducing many schemes and the KCC is one of them. In this study the impact of KCC scheme among the beneficiary farmers is studied in the Sehore district of M.P. The primary data was collected from the selected 120 respondents through survey method with the help of interview schedule. The impact of KCC scheme was measured in terms of monetary gains among the beneficiaries. Due to the KCC loan the highest increase in yield was with the Wheat crop which is the most important crop of Indian agriculture.

Bista (2012) this paper was studied the performance of Kisan credit card in India by finding the share of KCC in total amount of credit disbursed to agriculture sector. The circulation of credit through scheme has been examined from three types of financial institutions cooperative banks, regional rural banks and commercial banks in terms of total amount, membership enrolment and amount per card. The study was based upon primary and secondary data. The primary data was collected from the 60 beneficiary farmers of Samastipur district of Bihar. To assess the efficiency among the Cobb-

Douglas production function was used. The region wise study has showed that there is huge disparity in the performance of three credit institutions. The study also depicted a same situation in the Bihar districts in terms of amount, number of cards issued and amount per card. The KCC beneficiary have been found higher margin in gross returns as compare to non-beneficiary farmers.

Chanda (2012) this paper presents the evaluation of KCC scheme in Bihar and India. This study has taken the data from 2004-05 to 2009-10. This paper critically examines the determinants which are the cause of the KCC lending in India and Bihar. This study is based upon the secondary data taken from the RBI's Annual Trend and Progress of banking in India. For measuring the outcome, three major indicators had been taken – real state net domestic product per capita, food grain yield and agriculture GDP per worker. This study concludes that there is some relationship between the KCC lending and agriculture sector. In case of Bihar and BIMARU states, the main conclusion is that the degree of KCC adoption mostly depends upon state specific factors which have no correlation to their agriculture sector.

Dhanabhakym and Malarvizhi (2012) according to this paper Kisan credit card starts with three sub limits production, consumption and assets management needs. In this paper the study was done about the awareness of Kisan credit card among Kisan credit card holders and their attitude towards KCC with practical problems. In this paper the extent of utilisation was studied in Coimbatore district. The primary data was used with 66 respondents as sample size. This study concluded that agriculturists in Coimbatore area ware well aware of Kisan credit card and utilising this loan in an efficient manner.

Sajane (2011) in this paper the objective was to examine the cost of credit and growth in numbers of KCC users. This study also checked the fairness of credit provided under KCC in comparison to non-KCC. The study used the secondary data for card issued and amount sanctioned. The primary data was used for the study of borrowing, cost of borrowing and interest with a sample size of 120 farmers among which 60 farmers have KCC and 60 farmers have non-KCC credit. The study concludes that the growth of KCC was negative (-393.38%) in Belgaum district and was positive in Sangali district (36.18%). The total cost of credit was higher in non-KCC category (11.06%) as compared to KCC (4.77%). It was also concluded that the credit given by the banks for cash crops was more than for food crops.

Sirisha and Malpadri (2011) their study examined the KCC issued by different agencies and their attainment in financial inclusion. The study was based upon secondary data collected from the publications of RBI (Report on Trend and Progress in banking in India, 2009-2010). In the research methodology they have used the compound average growth rate and percentage method for analysis. The study showed that 936.72 lakhs KCC were issued till the end of March 2010, the highest percentage have been issued by the commercial banks. The share of commercial banks was maximum (45.22%) in total KCC issued, cooperative banks 40.45% and RRB 14.33% during the study period. This study found that the bad financial position of cooperative banks and RRBs is lack of infrastructure was the obstacles in the way of credit facilities.

Kumar, Singh and Sinha (2010) "Institutional Credit to Agriculture Sector in India: Status, Performance and Determinants" said in his paper that the highest

intensity in distribution of KCCs was observed in Punjab (2.02). The distribution of KCCs was more than two-times the number of operating households in Punjab. Some other states which have distributed more number of KCCs than the number of farming households are: Haryana (1.44), Andhra Pradesh (1.06) and Orissa (1.04). The performance of states like Assam, Bihar, Himachal Pradesh and Jammu & Kashmir in distribution of KCCs has been dismal. For instance, only 5 per cent of the farming households in Jammu & Kashmir and 13 per cent in Assam have obtained KCCs. In Bihar and Himachal Pradesh, only about one-fourth of the farming households have received KCCs. The density of KCCs in terms of operational area varied from 0.07 / ha in Jammu & Kashmir to 1.76 / ha in Kerala.

Barik (2010) in his study “Kisan credit card scheme – a dynamic intervention for reduction in rural poverty” opined that realising the importance of enhancement of flow of credit to the rural sector and reduction of the dependence of farmers on non-institutional sources of credit. Impact upon the efficiency of rural credit delivery system

Chandra (2010) "Part Of Farmers' Club As A Model Micro Finance Institution For Rural Areas: A Case Study Of Some Selected Farmers' Club Operating In Assam, India" he concentrated on that The clubs are assuming acknowledgment from the financiers chiefly as KCC (Kishan Credit Card) plan took after by GCC (General Cash Credit) and the KCC is more well known for its straightforwardness in getting the card by them. The little business people began taking credit by utilizing KCC to fund their transient necessity and with the end goal of effortlessness and motivating forces connected to it.

Roy and Jena (2010) in their study on "Kisan Credit Card a Bailout from Hassle of Agricultural Credit: An Evaluation of working of KCC Scheme in Orissa through Cooperatives" said that following the commencement of the KCC Scheme the Cooperative banks in Orissa have issued an aggregate number of 29,17,307 KCCs to rancher individuals up to walk 2008. The offer of Cooperative banks if there should arise an occurrence of issue of KCCs is 78.90% which is much higher in contrast with business banks (11.61%) and RRBs (9.49%).

Samantara (2010) this study reviewed the progress of KCC scheme in India. For the analysis the data has been taken from both primary and secondary sources. The survey was conducted in 14 states of India. 178 bank branches were selected for sample. OLS method was used for the analysis.

Saranghi, Umesh(2010) "Report of the Task Force on Credit Related Issues of Farmers" in his report said that Internal district reports of NABARD also bring out the weaknesses in the implementation of the scheme in terms of not providing cheque book withdrawal facility to KCC-holders, restrictions on number of transactions, fixing low credit limit by some bank branches and significant differences in service as well as inspection charges levied by banks. Such weaknesses in implementation arise from a lack of understanding of the spirit of the scheme by the bank branch officials.

Kamble (2009) this paper presents the role of Kisan credit card scheme in the benefit of small farmers. The objective of the paper was to study the features of KCC launched by three banks and to study agency wise and state wise performance of KCC

.this paper concluded that Kisan credit card have the best features of credit product like most innovative, highly appreciated and widely accepted banking product. This paper studied that RRBs had issued 4.05 lakh cards and achieving 81.2 percent of the annual target. Commercial banks and Cooperative banks target was very high compared to RRBs. This study told that 12 states was excellent in the performance regarding to Kisan credit card. This paper also suggest that the banks should concentrate more on the zones which have poor performance regarding the Kisan credit card coverage.

Karmakar (2008) “Agriculture and Rural Development in North-eastern India: The role of NABARD” he studied that the scheme made tardy progress during the initial period of its implementation in the NER. The compound annual growth rate of number of cards issued in the region during the period 2002- 03 to 2006-07 was 54.3 per cent as against the national average of 20.1 per cent. The amount sanctioned during this period for the NER (North-Eastern Region) grew at 64.5 per cent per annum as against 29.9 per cent for the country as a whole. Testimony to the increasing popularity of this credit product innovation in the region

Satyasai(2008) in the paper “Rural Credit Delivery in India: Structural Constraints and Some Corrective Measures” tells that the Kisan Credit Card changed the farmer’s accessibility to bank credit. However, some areas of concern remain to be addressed like low level of awareness among farmers which reference to the right use of KCC, inoperative accounts, etc.

Singh, Gangwar and Singh (2008) in their paper entitled “Economics of Sugarcane-

based farming system in Western Uttar Pradesh” said that the marginal and small farmers were more dependent on non-institutional agencies for credit. It can be interpreted that large farmers were sounder financially than other farm categories. It was also observed that about 79 per cent farmers were not having Kisan Credit Cards (KCC), i.e. only about 21 per cent farmers were holders

Anjanikumar et al. (2007) assessed the execution of provincial credit stream in India, and distinguished the variables that impacted the decision of credit outlet and the ownership of Kisan Credit Cards by rustic family units. Utilizing NSS information for the years 1991-92 and 2002-03, it was uncovered that get to and circulation of country credit, when all is said in done, expanded however was skewed for more created states and inside these towards better-off family units. The poorer family units were more subject to non-institutional wellsprings of fund. The utilization of Kisan Credit Card was empowering and its appropriation was less skewed. Age, male-headed family units, family unit size, ranch size, level of instruction, and independent work in horticulture showed up as huge variables decidedly deciding the decision of institutional wellsprings of credit and ownership of Kisan Credit Cards.

Golait, Ramesh (2007) “Current Issues in Agriculture Credit in India: An Assessment” said in his paper that The KCCS has emerged as the most effective mode of credit delivery to agriculture in terms of the timeliness, hassle free operations as also adequacy of credit with minimum of transaction costs and documentation.

Kainth, Singh (2007) in this paper entitled "Advancement in Rural monetary framework" said that plan has been stretched out to cover sharecropper, oral tenants,

ranchers to recover obligation from casual sources, other than giving long haul and additionally utilization credit amid the period from 2001-02 to 2005-06 banks gave 59,093,000 Kisan Credit Cards to agriculturists to encourage them to buy ranch inputs and different prerequisites. Offer of business banks was 37% as against co-agents and RRBs at 5 percent and 12 percent separately.

Khan, Mahmood and Ali (2007) this paper was to analyse the impact of short term credit scheme of ZariTarraqiati Bank Limited on farm production. The study was conducted in four villages of district Karak in year 2005-06. The objective of this paper was to know the distribution of short term credit of ZTBC in district Karak and its effect on farm production. This study was based on primary data collected through questionnaire method. This paper concludes that the short term credit has increased the production per unit area. However the amount which was given to the farmers that was not enough to fulfil all requirements of the farmers.

Kumar (2007) in the article "Kisan Credit Cards becoming increasingly popular with farmer" stated that The RBI report also stated that Andhra Pradesh, Karnataka, Maharashtra, Madhya Pradesh, Rajasthan, Orissa, Uttar Pradesh and Tamil Nadu showed better implementation of the scheme and accounted for more than 75 percent of the total credit cards issued by the banks. Goa, Jammu and Kashmir, Himachal Pradesh, Sikkim and other North Eastern states showed a relatively sluggish growth.

Pandey in his book "Provincial Development" said that the scope of little and minor ranchers has been acceptable. The scope of scope is from 33% to penny percent. Along these lines on the off chance that this specimen is taken as a 12 illustrative of

national scene, it is entirely fulfilling to note that little and minimal agriculturists have been enough secured under Kisan Credit card plan by banks.

Radhakrishana (2007) “Report of the Expert Group on Agricultural Indebtedness” said his report that the share of agriculture in total bank credit of the scheduled commercial banks fell below the 18 per cent target. In recent years, in response to the agrarian crisis, there have been a number of initiatives to expand credit to agriculture such as the doubling of credit within three years, the issue of Kisan Credit Cards (KCCs), the introduction of institutional agencies such as agency banking and extension of the model of Self-Help Groups (SHGs) to farmers, the revitalization of the cooperative credit structure and the Government’s acceptance of the principle of inclusive banking.

Ram Kumar and Chavan (2007) this paper examined the credit given by different banks. This paper also finds the role of credit in agriculture sector. This study found that in 2004 it was only the beginning of credit revival whereas the actual revival started after 2000. This increase in credit covered the farm lending by increasing the share of indirect finance. According to this paper the sharp increase in financing increased the share of large size agribusiness enterprises rather than the small farmers

Dubey (2006) concentrated on the reception of KCC in Uttar Pradesh among various areas and social classes. He found that subsequent to there was uneven improvement of various districts and social classes, the entrance to a standout amongst the most essential advancement (KCC) was not even all through the state. Just land and 11 family unit size had constructive association with likelihood of a man of being a KCC holder. He recommended that, if the waste area was made cultivable to weaker

segment of society then there may be significant change regarding even circulation of KCC in the state.

Fayaz, Mohammad et al. (2006) concludes that ZTBL credit scheme had positive effect on crop production and income of growers and it is likely to be an effective tool for development of agriculture provided the distribution of credit is made with justice and the procedures are made easy.

Trivedi (2006) inspected the status of KCC in Madhya Pradesh and presumed that lone 40 for every penny of aggregate 65 lakh agriculturists have been circulated KCCs in the state against focus of covering every one of the ranchers by March 31, 2004. But bank of Rajasthan no private bank had issued any KCC to the agriculturists. Out of 4, 17,314 cards issued, business banks issued 1, 80,745 cards, RRBs issued 63,002 cards and co-agent banks issued 1, 73,567 cards.

Sidhu and Gill (2006) analysed issues of agricultural credit and indebtedness in India. They concluded that farmer suicides were reported from those states which are relatively more advanced forerunners in commercial agriculture like Andhra Pradesh, Karnataka, Kerala, Maharashtra and Punjab. In Karnataka, farmer's dependence on informal sources of credit was quite high (31.10 %). In majority of the cases, the suicide victim farmers had used loan for investment in agriculture and belonged to the category of small and marginal farmers. This indicated breakdown of community sense and social support mechanism in the area of highly commercialized and competitive agriculture.

Kallur (2005) Conducted a study on “Impact of Kisan Credit Card on flow of credit and Repayment Rate in a Backward Region” the study showed that the actual loan amount varied from minimum amount of Rs.5000/- to maximum of 3 lakhs. Consumption needs, to the extent of 20 percent, are also considered in the scheme it was observed that though the amount of loan was sanctioned to every farmer immediately there was no prompt repayment involved.

Loganathan and Ashokan(2005) n their paper "Kisan Credit Cards Boon for Small Farmers" analysed the advancement of Kisan Credit Cards issued by different banks. That the banks Co-agents hold the main position and issued 2.08 crores cards. Rs.48982.51 crores advance was dispensed to the ranchers and per capita credit per Kisan ascertained to Rs.23049.28 in RRBs, 0.29 crores of Kisan Card advances issued to the agriculturists and Rs.8440.07 crores of advance sum dispensed. The per capita credit per Kisan card computed as Rs.29103.69 which is the most elevated per capita advance per Kisan card among the banks. If there should be an occurrence of Commercial banks 0.99 crores of Kisan Credit Cards issued and Rs.25309.99 crores of advance sums dispensed. The per capita credit per Kisan card ascertained as Rs.25565.66 which holds the second position, so far the banks issued 3.36 crores advance dispensed Rs.82731.57 crores. The normal per capita acknowledge Kisan card computed as Rs.24622.49.

Radhakrishna, Panda and Manoj (2005) in this study “Macroeconomics of Poverty Reduction; India Case study” showed that KCC scheme is a new step towards the progress of rural credit. An average of about 90 lakh KCCs has been issued during the past five years 2001-01 to 2004-05, taking the aggregate to 511 lakh. Hitherto, KCCs

were only for crop loans but in 2004-05, their scope was expanded to cover term loans. Hence, Commercial banks have replaced Cooperatives as the maximum issuers of KCCs.

Rao and Sahu (2005) there is a gap between the amount required and sanctioned for crop production and other activities. A number of farmers have diverted loan amount towards purposes other than for which it was taken.

Singh and Sekhon (2005) made a study on cash in benefits of the Kisan Credit Card scheme. The results revealed that major sources of the farm credit in the case of all the farm classes, was co-operative credit almost all these respondents were in the practice of availing of credit in kind in the form of fertilizer and also in pesticides. The average amount availed by per borrower showed increasing trend with increase in the farm size. But the number of medium farm KCC beneficiaries was comparatively lower at 65.75 per cent. Besides accessing co-operative credit 30.77 per cent of the small and 28.95 per cent of the medium KCC beneficiaries were observed to be still in the grip of money lenders.

Rao (2003) felt that the Kisan Credit Card Scheme went for giving sufficient and convenient backing to the agriculturists in an adaptable and practical way had not succeeded in its actual soul in light of different stipulations and limitations. Its operations appeared to be constrained to just buy of composts from altered 14 shops. A more rancher well-disposed MasterCard framework should be worked in order to understand the goals of the plan.

Subbiah, A. also, Selvakumar, M. (2005) in article "Territorial Rural Bank and agrarian Credit" Economic advancement of our nation can be accomplished just through inspire of the town society comprising of ranchers, farming works, artisans and so forth. Money being the soul of each business wander, accessibility of satisfactory assets at sensible term is an unquestionable requirement to safeguard quickly monetary advancement of a town. Among the different institutional offices occupied with country fund, territorial provincial bank assumes a critical part in monetary the objective gatherings in rustic area.

Jaya Sheela&Bindar (2000) in their study "Rural Finance" examined the problems of over dues and the reason for non-repayment of loan disbursed under different schemes from the RRBs in Karnataka. The study revealed that about 65 per cent of the beneficiaries had deliberately postponed the repayment of loans with the expectation that the Government would waive their loans in future. They observed that borrowers did not get credit in time and this led to misuse of credit. Owing to cumbersome procedures followed by the RRBs in sanctioning loans needy borrowers were forced to go to the private moneylenders than to the bank. Further, the borrowers had not been persistently asked to repay the loan.

2.3 Research Gap

Various studies in literatures have found which lead towards the progress and performance of Kisan Credit Cards and agricultural credit. In these literatures the performance of credit cards found to be good. But in reality the Kisan credit cards are not utilised by the farmers. So there is a need to know the performance of Kisan credit cards in India. This research paper will examine the performance of Kisan credit cards

among different states and will regress the impact of KCC scheme on agricultural productivity.