

Role Of Kisan Credit Card Scheme for Agriculture and Financial Development

1. KAMLESH KHATIK

2.Dr. MINI AMIT ARRAWATIA

1. Research Scholar (PhD Commerce), Dept. Of Commerce & Management , Jayoti Vidyapeeth Women's University , Jaipur, Rajasthan, India,

Email ID- kamleshkhatikps2015@gmail.com

2. Research Supervisor & Professor , Dept. Of Commerce & Management , Jayoti Vidyapeeth Women's University , Jaipur, Rajasthan, India, Email ID-registrar@jvwu.ac.in

1. Abstract:- KCC is a crucial tool for farmers' social and economic advancement as well as the general development of rural areas. This allows farmers to get financing for agricultural and crop-related projects. It was created by NABARD based on the committee R V Gupta's advice, which was carried out in a number of financial institutions between 1998 and 1999.

Through this study, KCC will be assessed, and it will be shown what needs to be improved as well as how the loans obtained through KCC helped the farmers. In this, the researcher will examine Rajasthan State's regional and rural cooperative banks. These two banks' loans to farmers have been the subject of both qualitative and quantitative research.

This study demonstrates that KCC beneficiary farmers have a larger margin than non-beneficiary farmers. We investigate the effectiveness and ineffectiveness of KCC on the literature through this study work. This study explains how KCC helped farmers' standards of living and considers whether any adjustments should be made to it to support the growth of both farmers and the rural sector as a whole. This program has helped advance agricultural technology by meeting farmers' credit-related demands.

2. Keywords:- KCC, Agriculture, Rural development, Rural economy, Farmers, Bank, Agricultural technology etc.

3. Introduction- It was created by NABARD based on the committee R V Gupta's advice, which was carried out in a number of financial institutions between 1998 and 1999. Introduced in 1998, the Kisan Credit Card (KCC) scheme aims to provide farmers with credit cards based on their holdings, which will be uniformly adopted by banks. This will allow farmers to easily buy agricultural inputs, such as pesticides, fertilizers, and seeds, and to obtain cash for their production needs.

In 2004, the program was expanded to include allied and non-farm industries that farmers needed investment credit for. A working group led by Shri T. M. Bhasin, CMD of Indian Bank, reexamined the program in 2012 in an effort to streamline it and make it easier to issue Electronic Kisan Credit Cards. The plan gives banks extensive instructions on how to operationalize the KCC plan. Implementing banks will have the freedom to use the same in accordance with institution- or location-specific needs.

All Indian banks, as well as co-ops and regional rural banks, carry the KCC. Term loans and agricultural credit have short-term credit limits under the KCC program. Personal accidental insurance covers farmers with KCC credit. But in order to receive this benefit, farmers must apply to the KCC and provide a few required documents. In order to apply, a farmer must go to the closest co-op, commercial, or regional rural bank and ask an official for the KCC form. Following accurate completion of the form, the farmer applicant must affix officially certified documents attesting to their address verification and proof of identity.

Aadhar cards, voter ID cards, driver's licenses, PAN cards, passports, and other officially authorized documents are among them.

4. Object/purpose of KCC-

1. This study's primary goal is to evaluate KCC's performance.
2. Evaluating the suitability of loans made under the KCC.
3. To research how this program will affect rural development and agriculture.
4. To assess how much the Kisan Credit Card Scheme has contributed to farmers' decreased levels of agricultural debt.
5. Examining the Kisan Credit Card's usage trends and performance in terms of payback.

5. Advantage of KCC Scheme –

The Kisan Credit Card plan intends to give farmers flexible and streamlined access to sufficient and timely credit support from the banking system through a single window for their farming needs, among other things as listed below:

1. The farmers' requirement for a short-term borrowing facility is satisfied by this.
2. In this case, farmers receive their expenses following harvest.
3. Farmers can readily obtain affordable and simple credit facilities through KCC.
4. The farming family's consumption-related demands can also be conveniently satisfied with KCC.
5. KCC provides farmers with easy access to working money for the upkeep of farm equipment and related activities.
6. KCC loans make it simple for farmers to obtain seeds, fertilizer, and other

farming supplies.

7. In this case, farmers receive loans at extremely cheap interest rates, with further savings available for timely payments.
8. In this case, the farmer can apply for another loan as soon as he pays back the first one.
9. As a result, farmers are emancipated from landlords and moneylenders and are no longer required to take out loans from them.
10. As a result, banks give their customers free debit cards.

6. Eligibility

1. Farmers - individual/joint borrowers who are owner cultivators;
2. Tenant farmers, oral lessees & share croppers;
3. Self Help Groups (SHGs) or Joint Liability Groups (JLGs) of farmers including tenant farmers, share croppers etc.

7. problem and its solution-

The majority of people living in Rajasthan state's rural areas are underdeveloped and rely on agriculture and related industries for a living, both directly and indirectly. They rely on moneylenders because they require loans to cover their other demands as well as those related to purchasing agricultural inputs. they offer them expensive loans. As a result, they are caught in a never-ending cycle of debt and poverty. With the aforementioned issue in mind, the KCC program has been crucial to the growth of agriculture and rural areas as well as to farmers' income levels, productivity, and socioeconomic standing. It has also helped farmers break free from the cycle of debt.

8. Research Methodology:-

For the sake of the study, this research paper describes how KCC helped farmers live better and discusses whether any adjustments to the organization are necessary to support agriculture and sustainable rural development. The information was gathered from a variety of NABARD reports and Reserve Bank of India publications.

This study illustrates how the KCC program affects farm income, productivity, debt levels, and farm performance. The study identifies the main issues with the KCC scheme and offers improved recommendations for its implementation. The study will be especially helpful for agriculture and rural development since it will assist policy makers and bankers in making critical decisions and enhancing their performance. Scholars and researchers will find this work useful for future research in this area.

9. Review of literature

The review of literature for the study on Kisan Credit Card has been taken from Various journals, books, periodicals and govt reports.

(I.)Gandhimathi & Sumaiya (2015)

evaluated how the nation's agricultural loan distribution system uses the Kisan credit card system. Among the parameters examined, it was discovered that the establishment of the KCC scheme, total deposits, agricultural output, commercial bank borrowing from the Reserve Bank of India, and rural branches of commercial banks all had a substantial impact on financial inclusion. Additionally, logit and regression analysis showed that KCC improved financial inclusion in the agriculture industry.

(II.) Patil (2014)

analysed the issuance of kisan credit cards and credit to holders by bank group, with the aim of examining the role played by commercial banks in financial inclusion in India through the KCC system. It was found that under the Kisan credit card scheme, all bank groups had made a substantial financial contribution to the financing of low-income farmers.

(III.)Rangarajan

This study looked at how terrible India's credit condition is. How can those in need assist themselves? In order to boost financial flow and enable the poor to receive loans, numerous initiatives were started. However, at the time, it was unable to be implemented successfully because of the onerous lending procedures followed by banks and in part because bank staff were taking too long to handle the rural bank.

(IV.) Patel 2019

The research that was presented led to the conclusion that low-level and middle-level farmers in India both require KCC. The study suggested that the Bank Committees at the State and Block levels should not only keep an eye on the KCC holders on a quarterly basis, but also investigate whether or not the use of the authorized amount directly affects farmers' yield.

(V.) Longathan 2016

The KCCs that were issued in a variety of industries between 2010 and 2015 by commercial banks, cooperative societies, and RRBs have been examined. The Central Government launched the KCC initiative to give small and marginal farmers access to credit facilities for the advancement of agriculture in India. It initially participated actively, but after that it was unable to receive the full benefits of this program.

10. Conclusions:-

In general, India is an agricultural nation. Its population is primarily reliant on agriculture. The Indian farmer, however, is virtually never debt-free. Farmers who are unable to obtain agricultural financing are forced to turn to the unorganized sector, including moneylenders, in order to obtain loans. Because of this, farmers incur significant debt when they are unable to make the installment payments. The government devised numerous lending programs to address these issues; KCC is one of these programs. The RV Gupta Committee's suggestion led to the scheme's implementation, and NABARD had produced the model. As KCC loans have increased steadily since the program's inception, it can be concluded that the program is significantly helping farmers meet their financial demands. In fact, this program has satisfied the farmers' credit requirements for things like irrigation costs, machinery purchases, and other necessary agricultural

equipment. Because of this, the program has truly been crucial to agriculture, Financial and sustainable rural development, enabling farmers to meet their needs, break free from a cycle of debt, and advance their own lives.

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