



Progress and Performance of Kisan Credit Card Scheme in Jammu and Kashmir

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Abstract

Institutional credit has played a very important role in the development of the agricultural sector. In fact, credit acted as a means to provide control over resources to enable the farmers to acquire the required capital for increasing agricultural production. The major success of green revolution in Indian agriculture to a large extent is the impact of institutional credit support to the agricultural sector in terms of expansion in inputs like fertilizers, irrigation, private capital formation, etc. The introduction of a new credit product called 'Kisan Credit Card' (KCC) in 1998-99 with three different sub-limits viz. production, asset maintenance and consumption needs are a step in this direction. Since inception of the scheme up to March 2012, banking system has issued 124365 numbers of KCCs in the Jammu and Kashmir state. The corresponding number of cards issued at all India level as on October, 2011 has been 1078.36 lakh. In the number of KCCs the share of commercial banks is maximum i.e. 51.32%, this is followed by 45.97% share of RRBs and only 2.71% is contributed by the co-operative banks. The total bank branches in financial year 2010-2011 were 1302 whereas it was 1449 in the financial year 2011-12. Progress in issuance of KCCs by banks in J&K for the financial year 2010-2011 the target was ₹ 27466.36 lakh and achievement was only 14.23%. In Jammu region total coverage was 37.53% in different districts whereas in Jammu district the coverage was 39.75%. Highest number of farmer's coverage under KCC in Jammu region made in Samba district (85.22%).

Keywords: Institutional credit, commercial banks, cooperatives, regional rural banks

Credit played an important role by facilitating technological up gradation and commercialization of agriculture. The major success of green revolution in Indian agriculture to a large extent is the impact of institutional credit support to the agricultural sector in terms of expansion in inputs like fertilizers, irrigation, private capital formation, etc. Recognizing the limitations of multi-credit product and multi-agency approach, a stronger view emerged among policy makers, particularly since the early nineties, on the need for an 'integrated credit' product for the accelerating sector/area/activity specific development process. The introduction of a new credit product called 'Kisan Credit

Card' (KCC) in 1998-99 with three different sub-limits viz. production, asset maintenance and consumption needs are a step in this direction. This brings integrated into the multi-credit product system by offering farm entrepreneurs a single line of credit through a single window for multiple purposes (Thakur and Barman 2013). The KCC instrument would allow farmers to purchase agriculture inputs such as seeds, fertilizers, pesticides and also allow them to withdraw some cash for meeting their other crop production related requirements (Samantara, 2010).

Since inception of the scheme up to March 2012, banking system has issued 124365 numbers of KCCs in

the state. The corresponding number of cards issued at all India level as on October, 2011 has been 1078.36 lakh. In the number of KCCs the share of commercial banks is maximum i.e. 51.32%, this is followed by 45.97% share of RRBs and only 2.71% is contributed by the co-operative banks. The relative share of KCCs at all India is 45.56% (commercial banks) 39.37 % (Co-operative banks) and 15.07% (RRBs). The total sanctioned credit limit involved has been Rs. 960.46 crore as on March 2012 as compared to ₹ 527052 crore in India. The share of commercial banks stood at 62.94% of total credit followed by RRBs at 35.87% and cooperative banks at 1.19%. The corresponding figures at all India are 56.21% (commercial banks), 30.13 % (Co-operative banks) and 13.66% (RRBs).

Keeping in view the importance of Kisan Credit Card scheme, which is the major source tool to supply the agricultural finance, the present study has been conducted in Jammu division at macro-level and Jammu district at micro level. To find out the features of Kisan Credit Card Scheme and progress and impact of this scheme on farm economy in Jammu region.

Materials and Methods

The study is based on the secondary data compiled from diverse sources. The data on group – wise number of different types of banks branches in J&K were collected from the Economic Survey published by Ministry of Finance, Govt. of Jammu and Kashmir. The data on Progress in issuance of new KCCs by banks in J&K were collated from the Jammu and Kashmir State Level Bankers Committee.

Data pertaining to Agency wise KCC issued and amount sanctioned in financial year 2011 – 2012 were

compiled from the Report of NABARD 2013, and data on Progress made in implementation of 100% coverage of farmers under kisan credit card scheme were collected from NABARD- Regional office of Jammu.

The performance of agricultural credit system has been assessed in terms of different indicators. Temporal changes in the composition of agricultural credit flow were assessed to examine the structural changes in the sources of agricultural credit. The growth of agricultural credit in real terms was estimated to measure the real growth in the institutional agricultural credit flow.

Area wise number of different types of bank branches in J&K

The Table 1 shows that population group wise number of different types of bank branches in J&K state.

The total bank branches in financial year 2010-2011 were 1302 whereas it was 1449 in the financial year 2011-12. The average growth of branches during this period was 11.29%. Out of total bank branches highest share of branches in rural areas in both years (53.37% in 2010-11 and 54.17% in 2011-12), and growth per cent of rural was 12.95%.

The table further reveals that semi-urban area shows lowest share of bank branches in both years (20.66% and 21.05% respectively), but the growth was highest of this group in case of number of branches (13.38%). In case of urban area the growth of this group was lowest (6.21%) but the share percentage of branches was higher than semi urban areas in both the years (25.96% and 24.77%) respectively. In the state growth in bank branches was satisfactory in rural areas but it was very low in the urban areas.

Table 1. Area wise (population group) number of different types of banks branches in J&K.

Population group	No. of branches		
	2010-11	2011-12	Growth in No.
Rural	695 (53.37)	785 (54.17)	90 (12.95)
Semi urban	269 (20.66)	305 (21.05)	36 (13.38)
Urban	338 (25.96)	359 (24.77)	21 (6.21)
Total	1302 (100.00)	1449 (100.00)	147 (11.29)

Note: Figures in parenthesis indicate percentage to total.

Table 2. Progress in issuance of new KCCs by banks in J&K

(₹ in lakh)

Year	Target		Achievement		Percentage of Achievement
	No. of cards	Amount	No. of cards	Amount	
2006-07	66799.00	12047.96	4599.00	2375.02	19.71
2007-08	46648.00	17843.72	3725.00	2025.13	11.34
2008-09	34524.00	10470.10	2734.00	1606.85	15.35
2009-10	35005.00	8647.27	6707.00	3246.96	37.54
2010-11	49870.00	27466.36	8659.00	3910.31	14.23

Source: JKSLBC (through NABARD).

Progress in issuance of new KCCs by banks in J&K

The Table 2 presents progress in issuance of KCCs by banks in J&K for the financial year 2006-2007 to 2010-2011. In 2006-07 target was ₹ 12047.96 lakh, whereas the achievement was 19.17% of this amount. The highest achievement during the year 2009-10, comes to 37.54% of ₹ 8647.27 lakh targeted amount. In the year 2010-2011 the target was ₹ 27466.36 lakh and achievement was only 14.23%.

Agency wise KCC issued and amount sanctioned in financial year 2011 -2012

Agency wise position of KCCs issued and amount sanctioned under this scheme regarding J&K viz-a-viz all India has been given in Table 3. Since inception of the scheme up to March 2012, banking system had issued 124365 numbers of KCCs in the state. The corresponding number of cards issued at all India level as on October, 2011 has been 1078.36 lakh. The share of commercial banks was maximum i.e. 51.32%, in terms of number of KCCs followed by 45.97% share goes to RRBs and only 2.71% is contributed by the co-operative banks. The

relative share of KCCs at all India is 45.56% (commercial banks) 39.37% (Co-operative banks) and 15.07% (RRBs). The total sanctioned credit limit involved has been 960.46 crore as on March 2012 in Jammu and Kashmir as compared to 527052 crore in India. The share of commercial banks in Jammu and Kashmir stood at 62.94% of total credit followed by RRBs at 35.87% and cooperative banks at 1.19%. The corresponding figures at all India are 56.21% (commercial banks), 30.13% (Co-operative banks) and 13.66% (RRBs). This trend of achieving the target was really discouraging. Thus it is suggested to the state authorities to improve the system for better achievement.

Progress made in implementation of 100% coverage of farmers under kisan credit card (KCC)

The Table 4 shows the progress made in implementation of 100% coverage of farmers under KCC. In Jammu region total coverage was 37.53% in different districts whereas in Jammu district the coverage was 39.75%. The highest coverage in Jammu region was noticed in Samba district (85.22%). In case of Kashmir

Table 3 Agency wise KCC issued and amount sanctioned in financial year 2011 – 2012

(₹ in crore)

Agency	J&K		India	
	KCC issued (no.)	Amount	KCC issued (lakh)	Amount
Co-operative	3376 (2.70)	11.47 (1.19)	424.57 (39.37)	158775 (30.13)
Regional rural banks	57165 (45.97)	344.49 (35.87)	162.53 (15.07)	71998 (13.66)
Commercials	63824 (51.32)	604.50 (62.94)	491.26 (45.56)	296279 (56.21)
Total	124365 (100.00)	960.46 (100.00)	1078.36 (100.00)	527052 (100.00)

Note: Figures in parenthesis indicate percentage to total.

Table 4: Progress made in implementation of 100% coverage of farmers under kisan credit card

Name of district	No. of operational holdings (2005-06)	Area operated ha. (2005-06)	Number of farmer families in the district	Cases sponsored through agrl. department	KCC cases sanctioned		Cases disbursed/ utilized		Cases rejected/ returned	Cases pending for sanction	% KCC sanctioned to no. of farmer families in the district	
					A/C	Amount	A/C	Amount				
Kashmir region												
Srinagar	38742	11459	9442	6545	3369	1669.20	2116	834.09	1103	2073	35.68	
Ganderbal	40981	16770	47434	22153	18389	3758.05	13142	22703.8	2125	1639	38.77	
Baramulla	130149	67005	52274	51909	41847	17288.60	16590	87090.00	6265	3797	45.35	
Bandipora	43661	21072	63929	9923	5832	4861.00	4089	41550.00	1031	3130	9.12	
Anantnag	112242	46984	67654	59823	51160	18373.71	27222	83740.8	7059	1604	75.62	
Kulgam	64610	23650	48128	14781	12021	6208.40	10662	49023.7	2183	577	24.98	
Pulwama	76800	42795	60301	22988	19578	15663.86	14307	12353.82	1637	1773	32.47	
Shopian	38853	18902	29503	8894	7930	63156.56	6724	62755.6	434	530	26.88	
Budgam	79885	44573	88275	32325	16736	11675.69	9730	83010.7	10108	5481	18.96	
Kupwara	97682	44834	87912	36607	24529	7950.12	9253	52156.7	9712	2366	27.90	
Sub-total Kashmir	723605	338064	594852	266018	201391	150605.90	113835	61391.00	41657	22970	33.86	
Jammu region												
Poonch	47829	41999	47829	18701	15632	2671.27	9063	544.21	2706	363	32.68	
Rajouri	72113	79767	72113	38965	33149	6576.52	16167	16194.2	5266	550	45.97	
Jammu	126389	98891	126389	64043	50242	13981.45	30573	64690.4	8423	5378	39.75	
Samba	30058	30752	33068	29535	28182	8612.00	14698	15070.00	1346	7	85.22	
Udhampur	65264	63361	65264	29300	27280	4371.02	25255	27234.1	884	1136	41.80	
Reasi	48209	66612	48200	13179	10656	1733.00	9859	859.00	2038	485	22.11	
Kathua	83011	87946	83011	32931	28234	9353.00	21764	50130.00	3744	953	34.01	
Doda	55950	41516	55950	21312	11840	1882.55	10298	1234.50	7686	1786	21.16	
Ramban	31878	21034	31878	27290	21648	1850.82	17954	778.56	3522	2120	67.91	
Kishtwar	44755	21532	44755	1961	1489	832.00	1417	699.00	294	178	3.33	
Sub-total Jammu region	608456	553410	608457	277217	228352	51904.00	157048	20447.00	35909	12956	37.53	
Ladakh region												
Leh	24921	17904	16909	3881	3407	3098.00	3218	2994.00	24	450	20.15	
Kargil	20826	13141	16505	11045	8132	3533.00	6406	3012.00	1604	1309	49.37	
Sub-total Ladakh	45747	31045	33414	14926	11539	6631.00	9624	6006.00	1628	1759	34.53	
Total	1377808	922519	1236723	558161	441282	209140.00	280507	87844.00	79194	37685	35.68	
Direct finance by banks	—	—	—	—	256627	155980.15	221547	142292.70	—	—	—	
Grand total	—	—	—	—	697909	365119.76	502054	230136.98	—	—	35.69	

region it was low as compare to Jammu region (33.86%), and highest coverage under Anantnag district was 75.62%. In Kargil district of Ladakh region it was high (49.37%) as compare to Leh district (20.15%). Overall average coverage made in J&K state was 35.69%. The overall average coverage made in J&K state was 35.69%, which cannot called encouraging and there is need of positive affords for bringing the maximum farmers under the umbrella of KCC scheme. This trend of achieving the target was really discouraging. Thus it is suggested to the state authorities to improve the system for better achievement.

Conclusion

The average growth of branches during this period was 11.29%. Out of total bank branches highest share of branches in rural areas in both years (53.37% in 2010-11 and 54.17% in 2011-12), and growth per cent of rural was 12.95%. Out of total bank branches highest share of branches in rural areas in both years (53.37% in 2010-11 and 54.17% in 2011-12), and growth per cent of rural was 12.95%. In 2006-07 target of sanctioning of credit was ₹ 12047.96 lakh, whereas the achievement was 19.17% of this amount. The highest achievement during the year 2009-10, comes to 37.54% of ₹ 8647.27 lakh targeted amount. In the year 2010-2011 the target was ₹ 27466.36 lakh and achievement was only 14.23%. Since inception of the scheme up to March 2012, banking system had issued 124365 numbers of KCCs in the state. The corresponding number of cards issued at all India level as on October, 2011 has been 1078.36 lakh. The total sanctioned credit limit involved has been 960.46 crore as on March 2012 in Jammu and Kashmir as compared to 527052 crore in India. The share of commercial banks in Jammu and Kashmir stood at 62.94% of total credit followed by RRBs at 35.87% and

cooperative banks at 1.19%. The corresponding figures at all India are 56.21% (commercial banks), 30.13% (Co-operative banks) and 13.66% (RRBs). In Jammu region total coverage was 37.53% in different districts whereas in Jammu district the coverage was 39.75%. The highest coverage to bring the farmers under KCC scheme in Jammu region Sambha district stands first with 85.22% coverage. Overall average coverage made in J&K state was 35.69%.

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