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Progress and Performance of Kisan Credit Card Scheme in Assam: A Case Study in Kamrup District

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Abstract:

Agriculture has been the mainstay of the state's economy and more than 60 per cent of our people depend upon agriculture for their livelihood. The study attempts to analyse the progress and performance of Kisan Credit Card Scheme in Assam. Kisan credit card is an innovative credit delivery mechanisms introduced in 1998-99 to promote financial inclusion in the country. The objective of the study are-1.To examine the inter-district variations in the disbursement of KCC across the states .2.To find out the reasons for slow progress of KCC scheme in the state and 3. To provide suggestions for the proper implementations of the scheme. The study is based on both primary and secondary data. The secondary data necessary for the study have been collected from Annual Reports of NABARD ,Economic survey of Assam, SLBC Meetings report and from published and unpublished papers. The primary data was collected from 80 KCC beneficiary from the Chamoria Block of Kamrup District of Assam through a Pre-structured questionnaire .The study have found that the performance of KCC scheme in Assam is not so impressive due to various constraints faced by the farmers as well as by the banking official. Only 20 per cent progress has been achieved in the state by introducing the KCC Scheme. Thus, Initiative should be taken by the Government as well as by the financial institutions by simplifying the documentations procedure for attracting more farmers, towards this scheme.

Key words: Agriculture, Credit, Farmers, Kisan credit card scheme, Progress

1. Introduction

Agriculture has been the mainstay of our economy and more than 60 per cent of our people depend upon agriculture for their livelihood even though the contribution of agriculture to GDP is less than 26 per cent. Yet the importance of agriculture cannot be underestimated for years to come (kamble,2009).

Institutional credit has played a very significant role in the development of agriculture sector. The overall development of rural sector is difficult to be accelerated unless adequate credit is made available on time. Therefore, the provision of credit must have a high priority in any scheme of rural development in India. It is essential that credit for inputs be available to the agriculturists at a reasonable interest rate and at proper time. In fact, credit acted as a means to provide control over resources to enable farmers to acquire the required capital for increasing agricultural production. The process of financial reforms emphasized on the need of evolving some novel credit interventions from the financial institutions to support the farmers. In this backdrop, launching of Kisan credit card (KCC's) in 1998-99 was one of the innovative credit delivery mechanism introduced in the country to promote financial inclusion. The KCC's have become one of the instruments to enhance the flow of institutional agricultural credit.

2. Objectives

The study is based on the following objectives-

- To examine the inter-district variations in the disbursement of KCC across the states.
- To find out the reasons for slow progress of KCC scheme in the state.
- To provide suggestions for the proper implementation of the scheme.

3. Literature Review

As per the NABARD study conducted on kisan credit card (Samantara,2010) it was reported that the progress of implementing the KCC scheme was tardy in the states of Goa, Himachal Pradesh, Jammu & Kashmir and North-Eastern States of India. Though KCC is a good source of credit instruments for farmers, but its disbursement was not encouraging in Assam. Likewise, the recoveries of loan provided through KCC were also not effective (Thakur & Barman, 2013). (Bhatt, 2012) has highlighted KCC as an instrument of financial inclusion and also raised different constraint related to the scheme. (Bista et. al 2012) depicted a vast disparity across different districts of the state in terms of no. of cards and amount per card. The performance of KCC has also been observed to vary across states. Glaring inter- state variations have been observed in the spread and availing of Kisan credit card scheme (Kumar et .al 2007,10). (Patra and sahu , 2012) found that cost of cultivation as a whole influence significantly the

credit requirements under KCC compared to other variables such as consumption loan and loan for Non- farm sector. (Bhaskaran,2012) found that the larger goal of making available, cheaper , timely and hassle free credit required by farmers is only partially achieved .Though there are several studies on KCC scheme, yet the systematic and empirical studies addressing such crucial issues to make this instrument of financial innovation more effective and efficient are lacking. Assam's economy is agrarian and majority of the population live in rural areas and depend upon agriculture for their livelihood, but the performance of the KCC Scheme is not satisfactory. Hence, no systematic study has been made in this regard.

4. Data and Methodology

The study is based on both primary and secondary data. The secondary information was collected from various published and unpublished sources. The secondary data on the number of KCC issued, amount of loan sanctioned were collected from Director of Agriculture, Assam, Report from State Level Banker's Committee (SLBC) meeting, Economic Survey of Assam, various issues of NABARD's Annual Report. The primary data were collected from 80 KCC beneficiaries from Chamoria Block of Kamrup district of Assam. The survey was carried out on the basis of total number of cards issued up to March 2012. Multi-stage random sampling technique was used. Hence, the primary data were collected by using pre-structured schedule on such aspects as perception of farmers about the KCC scheme, documentation process, assets generation etc. Simple statistical tools such as percentage were used.

5. Results and Discussion

The introduction of a new credit product called ' Kisan Credit Card (KCC) in 1998- 99 with three different sub-limits viz. production , assets maintenance and consumption needs is a steps towards integrating the multi-credit product and multi-agency approach (Samantara , 2010).The KCC allowed farmers the required financial liquidity and avail credit when it was absolutely needed providing in the process flexibility ,timeliness ,cost-effectiveness and hassle free services to the farmers . The scheme has progressed consistently and about 94 million KCC's have been issued till 2009 -10 by different banks throughout the country.

6. Inter- district trend

The progress in the implementation of KCC scheme has depicted a significant inter-district variation. Hence, there was also inter- state variations across the country. Across states Uttar Pradesh accounted for the maximum share followed by Andhra Pradesh. Assam's share in total KCC issued is only 0.52 and only 17.90 per cent operational holding is covered by KCC, whereas the national figure in 78 per cent in 2009-10.

Sl . No.	Name of District	Total KCC issued from 2001 to 2011 - 12	Total target from 2001 to 2010 - 11	Percentage of achievement.
1.	Goalpara	46545	74756	62.26
2.	Dhubri	61521	85808	71.69
3.	Bongaigaon	38538	47093	81.83
4.	kokrajhar	33830	60996	55.46
5.	Barpeta	41683	66282	62.89
6.	Nalbari	45494	66594	68.31
7.	Kamrup	80194	126510	63.38
8.	Darrang	43665	78488	55.63
9.	Sonitpur	61765	106994	57.72
10.	Morigaon	42949	75259	57.06
11.	Nagaon	89623	137685	65.09
12.	Golaghat	52149	84497	61.71
13.	Sivsagar	38549	74399	51.81
14.	Jorhat	49945	97739	51.10
15.	Lakimpur	43590	59716	72.99
16.	Dhemaji	32030	50713	63.15
17.	Tinsukia	34778	49593	70.12
18.	Dibrugarh	67826	66638	101.78
19.	Cacher	42184	88265	47.79
20.	Hailakandi	28733	44956	63.91
21.	Karimganj	30348	68577	44.25
22.	K.Anlong	24273	61203	39.65
23.	N.C Hills	8229	24028	34.96
24.	Udalguri	11449	23483	48.75
25.	Baksa	8922	17125	52.09
26.	Chirang	5562	12603	44.13
	Total	10,64,362	17,50,000	60.82

Table 1 : District- wise number of KCC issued from 2001 -2012

Source: Directorate of Agriculture , Assam

The above table reveals that Dibrugarh district's percentage of achievement is highest (101.78) and N.C. Hill's percentage of achievement is lowest. There is regional disparities among the districts in disbursement of KCC cards. Hence, the target could not be achieved. So, there were gap between KCC issued and the target of KCC to be achieved.

Year	No. of KCC'S issued in (lakh)	Credit provided (Rs. In Crore)
2001 - 02	8,041	
2002 - 03	43,977	58.09
2003 - 04	51,815	40.02
2004 - 05	88,732	88.02
2005 - 06	63,853	79.05
2006 - 07	50,130	60.75
2007 - 08	44,621	69.19
2008 - 09	26,881	51.89
2009 - 10	149,822	435.56
2010 - 11	1,63,063	504.96
2011 - 12	1,24,586	386.20
(as on 30-09-2011)		

Table 2: Year-Wise KCC's issued and Financing
Source: Reports from SLBC Meeting

Table 2 reveals that the progress of KCC Scheme in Assam is not impressive. From 2001- 02 to 2004- 05 number of KCC's issued have increased and again a declining trend starts from 2005-06 to 2008 -09. Similarly, the amount of credit provided has also shown a declining trend from 2005-06 to 2008- 09. It depicted the picture of poor performance of KCC Scheme in the area.

7. Causes of Slow Progress of KCC Scheme

During the time of field survey, opinions were taken from the KCC holders and from the bank officials, regarding the slow progress of KCC Scheme in Assam. Some of the major causes are –

- Small size of land Holding
Fragmented land holding is a major drawback in the farming scenario of Assam. Most of the farmers are marginal and small farmers.
- Documentation procedure is not simple
Most of the farmers find it difficult to work with lengthy paper work.
- Lack of training facilities
There is no provision of training facilities in KCC Scheme. 86per cent farmers opined that they have not derived any training regarding the use of KCC.
- Repayment is not regular
Due to low income and higher family consumption most of the farmers are unable to repay the loan regularly. 30 percent of the farmers unable to pay the loan due to low income.
- Inadequacy of loan
Most of the farmers opined that credit limits provided to them are not adequate. During, field survey, it is found that for 56 per cent farmers the KCC loan was adequate and for 44 per cent the loan was not adequate. So, they have to depend on money lenders.
- Non Co-operative attitude of the bank official
The farmers do not derive motivation as well as proper co-operation from the bank official.
- Loan not Available at the time
Most of the farmers opined that due to bank formalities, KCC loan are not released on time. During the cropping season, farmers do not get the loan.
- Natural calamity
Natural calamity and disaster plays a crucial role in poor recovery of KCC loan in Assam. Every year flood / drought etc. damages the crop fields of many farmers. Due to crop failure the KCC holder fails to repay their dues in time.
- Poor Recovery of loan
It is a major reason for poor disbursement of KCC loan. Due to poor recovery, many banks avoid to disburse fresh KCC loan.

Types	No. of Respondents	Percentage
Simple	22	28
Very simple	3	3
Difficult	36	45
Very difficult	19	24
Total	80	100

Table 3: Respondents view on Documentation Process.
Source: Field Survey.

From field survey it has been clear that 45 per cent KCC holders are in the opinion that documentation process was difficult and 28 per cent viewed it simple. Only 3 per cent said it was very simple and 24 per cent KCC beneficiary considered it very difficult.

Cause	No. of Respondents	Percentage
Paucity of bank staff	9	11
Non-Co-operative attitude	26	32
Unnecessary queries	34	43
Others	11	14
Total	80	100

Table 4: Delay in Disbursement of Loan
Source: Field Survey

Due to delay in disbursement of KCC loan, the farmers sometimes unable to use the loan for cropping purpose. For this, 43 per cent beneficiaries were in the opinion that they have to face unnecessary queries from banking agencies. 32 per cent KCC holders said that the bank officials generally did not show co-operation with the farmers.

8. Suggestions for proper Implementation

In order to bring rapid progress in the state where the performance of KCC Scheme is not impressive the following suggestions are provided:

- Creation of Awareness:
To create awareness among the farmers about KCC, its functioning, proper training facilities should be provided.
- Simple Documentation Procedure:
For the effective utilization of KCC scheme the documentation process should be easy and simple.

9. Introduction of Electronic Card / Smart card

It may reduce the transaction cost for bankers / farmers.

Coverage of small and marginal farmers under KCC Scheme should increase.

- Provision of Cheque Facility:
There should be flexibility in terms of issuing cheque books , ATM cards specially for KCC limit, so that KCC holders can draw cash from branches other than the issuing branch.

10. Conclusion

The performance of the KCC scheme has been found to vary across different districts of the state as well as across different states within the country. The Eastern and North- Eastern region continue to be under performers with respect to KCC scheme. The flow of credit through KCC in the state of Assam has not been impressive due to small size of land -holdings and most of the farmers are small and marginal farmers. The achievement of KCC Scheme in Assam is only 20 per cent and average amount of loan provided per KCC is Rs.31000/.Since, the amount per account advanced in Assam is much lower which probably discourage the farmers to adopt the KCC scheme. Most of the farmers have found the documentation process difficult. Again due to low income of the KCC-holders, the repayment position is also dismal in the state. The KCC scheme has played a significant role in the institutional credit scenario by providing credit facilities to the farmers in a hassle free manner. It has reduced the dependence of farmers on professional money lender who charges a high rate of interest. Imparting training to borrower regarding procedural formalities and its proper utilization could be helpful in increasing their access to KCC scheme. Coverage of farmers under KCC scheme should be increased in the state.

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