

## Growth and Performance of KCC Scheme in India

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**Abstract:** The primary source of income for the majority of people in rural India is agriculture, both directly and indirectly. The Indian government has occasionally unveiled a variety of programs and strategies to allocate funds to rural areas of the country. The Kisan Credit Card Program is among them. It's a credit which was launched by Govt. of India throughout the year 1998-99. It's an official source of credit that has several uses. The agencies selected for the study are commercial banks, cooperatives and RRBs. The KCCs Scheme's implementation from 2010-11 to 2020-21 in India is an area of the study. With regard to the quantity of cards that were issued and the amount sanctioned. its objective is to evaluate the growth and efficacy of the kisan credit card system in India. There was a tendency of fluctuations in the quantity of cards that were issued and the amount of loans sanctioned under the KCC system in India throughout the time of research. The cumulative annual growth rates for the total number of cards that were issued and the approved loan amount were 26.35 per cent and 21.92 per cent, respectively. The amount of loans sanctioned by cooperative banks and RRBs increased at rates of 29.93 per cent and 29.27 per cent respectively, while the number of cards that were issued by cooperative banks expanded at the fastest rate of 26.79 per cent agency-wise.

**Keywords:** KCCs program, Growth and Performance

### INTRODUCTION

Indian economy is emerging economy. The core of the Indian economy has always been the agriculture sector. More than 60% of Indian persons depend upon agriculture for their living. Credit is essential for maintaining the expansion in the field of agriculture. The KCC (Kisan Credit Card) is a facility in this direction. The role of credit is essential to improve agriculture output and productivity. Since banks were nationalized, India's institutional credit availability for use in agriculture has expanded significantly, but a sizable

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portion of farmers continue to rely on non-institutional sources, where interest rates are extravagant. The KCC is a multi-credit creation system that was introduced to provide farmers with credit through a single point of delivery. For commercialization and technical-up gradation, more capital is required to be invested and Credit has a significant impact in meeting the requirements for capital investments. The KCC is a credit that was introduced by the Indian government through the year 1998-99 (Sirisha and Malyadri, 2011; Godara *et al.*, 2014). It is an official credit source for buying agricultural inputs.

### A REVIEW OF THE WORKS

Singh and Sekhon (2005) examined the functioning of Punjabi KCCs and the Kisan Credit Card program, which is offered by 378 Co-operative Banks, 27 PSBs, and 196 RRBs nationwide during the study period. He noted that co-operative banks issued 65 per cent KCC and the sanctioned amount was 63 per cent while commercial banks issued 35 per cent KCC and the sanctioned amount was 37 per cent. Among all the states in India, the KCC penetration ratio was 118.17 per cent in Punjab, followed by Haryana at 85.75 per cent and Andhra Pradesh at 62.23 per cent. The KCC penetration ratio, in the event that of India was noted as 32.44 per cent. They discovered that the penetration ratio in the Punjab example was greater than 100, suggesting that the state possessed many KCCs for some operational holdings.

**Kamble (2009)** evaluated the Kisan credit card scheme's effectiveness during 1998–1999 and 2000–2001. He revealed Kisan credit cards' features which were launched by commercial, cooperative, and RKIJ banks. With important features, the most cutting-edge, extensively used, highly regarded, and nondiscriminatory financial instrument is the Kisan credit card system. This primary goal of this study was to use commercial and cooperative banks to examine KCC's performance in relation to KCC issuing at both the state and zone levels. According to the study, regional rural banks have outperformed their annual aim, having issued 4.05 lakh cards and attaining 81 per cent of the goal. Commercial and cooperative banks had larger goals than RRBs, although they only succeeded in reaching 56% and 46% of the target, respectively. He noted that RRBs were very effective and according to state-by-state performance data, twelve states had the best RRB performance, with these states seeing RRBs surpass their performance targets. These included the states of Jammu & Kashmir, Arunachal Pradesh, Bihar, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, and Maharashtra, Orissa, Rajasthan, Tripura and Uttar Pradesh. Cooperative banks performed well in some states. These states were Bihar, Haryana, Karnataka, Maharashtra and Uttar Pradesh.

**Sajaneet *et al.* (2010)** evaluated the KCC scheme's economic feasibility in Karnataka and Maharashtra. The main objectives included analyzing the rise of KCC users additionally assessing the price and appropriateness of the credit provided by the KCC program. This study's time frame was from 1998–1999 to 2008–2009. We collected primary data from 60 KCC holders and 60 non-KCC holders, sample farmers and Secondary information on the quantity sanctioned under the KCC plan and the number of cards that were issued was acquired from the district lead banks on basis of annual. An examination of compound growth rates was used to evaluate the increase in KCC users. According to their findings, KCC user growth was good in Sangli area and negative in Balgum district. Because of the larger percentage of borrowed funds and given that banks provided more credit for cash crops than food crops, non-KCC users' overall cost of credit was 11.06 percent higher. He observed that a total of 808 lakh cards were issued under this scheme in India, of them, 358.63, 336.74, and 112.63 lakh cards were issued by commercial banks, cooperative banks, and regional rural banks, respectively. In 1998-99 various agencies issued only 7.84 lakh cards and the quantity of cards that are issued increased from 1998-99 to 2005. The proportion of banks that are cooperative and commercial was 70 and 26.61 per cent respectively in 1999-2000 but in 2004-05 Cooperative bank shares dropped to 36.73 percent, while commercial bank shares increased to 45.40 per cent. In relation to KCC issued RRBs have a strong compound growth rate at 43.25 percent annually, compared to 2.78 percent for co-operative and 14.53 percent annually for commercial banks. They found that the quantity of KCC increased in both Karnataka and Maharashtra states from 1.41 lakh in 1999-2000 to 43.28 lakh in Karnataka and from 4.09 lakh to 72.87 lakh in Maharashtra. The respective compound growth rates for Karnataka and Maharashtra were 28.69 and 24.96 percent.

**Bista *et al.* (2012)** examined the evolution of the KCC program in India, with a focus on Bihar, during 2001–2002 to 2010-11. They also examined the credit flow for the agricultural sector through kcc from three different kinds of financial institutions—regional rural banks, commercial banks and cooperatives banks. The findings showed that the KCC's percentage in agriculture increased in the first few years, from 31.7% in 2000–01 to 41.7% in 2001–02, and that each agency's percentage fell after 2001–02. The growth of RRBs (22.4 per cent) and regarding the sanctioned amount, commercial banks' percentage of 23.5 per cent was positive. Regarding cards issued in India during 2001–2002 and 2010–2011, the growth rate was 3.3%, with the North-East Karnataka region experiencing the highest rate of increase for the overall quantity of cards issued (16 per cent) and sanctioned amount (34.4 per cent) during this time. Regarding the quantity of cards issued (9.7

per cent) and amount sanctioned (19.7 per cent). The institution's performance shown that regional rural banks' growth rate was greatest in India and the cooperative bank growth rate was the highest in the North-Eastern region. Commercial banks' performance was better in the North-East region. They observed that the KCC's performance varied across regions of the country. RRBs across all of India showed the highest growth rate, while the Northeastern regions have the highest growth rates for cooperative and Commercial banks. Excellent results were achieved by the KCC initiative in Bihar, and under this scheme, the amount advanced per account by commercial banks and RRBs increased at a positive rate adversely affecting banks that cooperate.

### METHODOLOGY

The study was taken from India and the study analyzed secondary sources of data. From 2010–11 to 2020–21, secondary data about the cards that were issued and the amount of loan sanctioned by Indian banking institutions were gathered. Data were gathered from several reports of RBI and NABARD. Compound growth rate analysis was employed. To analyze the growth, we employed the compound growth rate method.

### DATA ANALYSIS

This study's first display of the KCC's performance throughout all of India includes the total loan amount approved and number of cards that were issued throughout an 11-year period, from 2010–11 to 2020–2021.

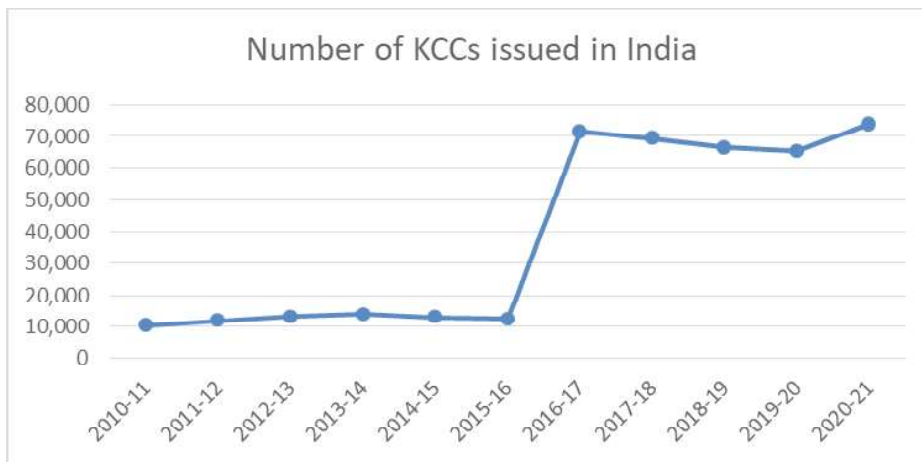
**Table 1: Period-wise Growth and Performance of KCCs scheme in India**

<i>Period</i>	<i>Quantity of KCCs issued ('000)</i>	<i>Amount sanctioned (Bn)</i>
2010-11	10,169	726.25
2011-12	11,760	916.8
2012-13	12,982	1,262.80
2013-14	13,904	1357.51
2014-15	12,934	1262.76
2015-16	12,185	1419.81
2016-17	71,474	3,727.40
2017-18	69,210	6,683.22
2018-19	66,300	7,095.87
2019-20	65,279	7,435.73
2020-21	73,770	7,531.33
Mean	38,179	3,583.59
CAGR	21.92%	26.35%

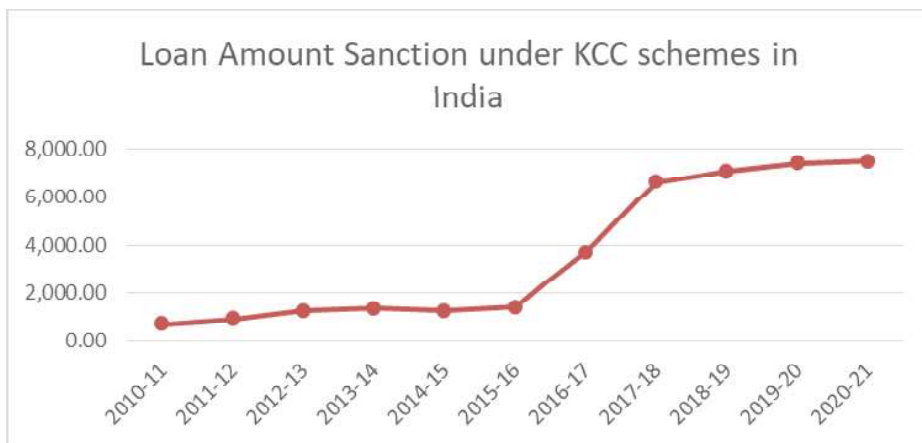
*Source:* RBI, Reports on Trends and Progress of Banking in India

Subsequently, a GAGR analysis was carried out to determine the total amount of loans approved and the quantity of cards issued in India. This research has been separated in to two sections. The KCC Scheme’s growth and performance in India by Period was covered in Section 1<sup>st</sup> and The KCC Scheme’s growth and performance by institution in India were covered in section 2.

**Section 1<sup>st</sup>:** This section deals with the period-wise the KCC Scheme’s growth and performance in India, which is shown here.



**Figure 1.1: Performance of quantity of KCCs issued in India**



**Figure 1.2: Performance of loan Amount Sanction under KCC schemes in India**

Table 1 shows the development of the KCC plan initiatives in India over an 11-year period. Throughout the research period, the quantity of card that were issued and the loan amount sanction under KCC schemes in India

showed a fluctuating trend (shown in figure 1.1 and 1.2). At the time of the study, the compound annual growth rate (CAGR) of the total number of KCCs granted in India was 21.92 per cent, while the CAGR of the loan amounts sanctioned under KCC schemes in India was 26.35 per cent. From 2010-11 to 2013-14, the quantity of Kisan credit cards issued increased from 10,169 thousand to 13,904 thousand in India. Afterwards number of kisan credit card decreased to 12185 thousand in 2015-16. The table witnessed a sharp upliftment of KCCs in 2016-17 (71474 thousand) which further decreased to 65279 thousand in 2019-20 and rise to 73770 thousand in 2020-21. Similarly, the sanction of loan amount under Indian KCC schemes has shown a growing pattern from 726.25 bn to 1357.51 bn from 2010-11 to 2013-14 (shown in figure 1.2). In 2014-15 it declined to 1262.76 bn. After that, the amount of loans sanctioned under Indian KCC schemes shown an increasing pattern and increased manifolds from 1419.81 bn (2015-16) to 7,531.33 bn (2020-21).

**Section 2<sup>nd</sup>:** This section discusses the performance and extension of the KCC scheme in India, broken down by institutions. The results are shown as follows.

**Table 2.1: Agency-wise Distribution of Number of kisan credit card issued in India**

Year	Co-operative Banks	Proportion	Regional Rural Banks	Proportion	Commercial Banks	Proportion	Total
2010-11	2,812	27.65	1,774	17.45	5,582	54.89	10,169
2011-12	2,961	25.18	1,995	16.96	6,804	57.86	11,760
2012-13	2,691	20.73	2,048	15.78	8,243	63.50	12,982
2013-14	3,176	22.84	2,179	15.67	8,549	61.49	13,904
2014-15	3,061	23.67	1,549	11.98	8,324	64.36	12,934
2015-16	1,519	12.47	2,237	18.36	8,429	69.18	12,185
2016-17	35,883	50.20	12,271	17.17	23,320	32.63	71,474
2017-18	33,495	48.40	12,193	17.62	23,521	33.98	69,210
2018-19	30,414	45.87	12,253	18.48	23,632	35.64	66,300
2019-20	28,938	44.33	12,197	18.68	24,144	36.99	65,279
2020-21	30,183	40.92	12,891	17.47	30,696	41.61	73,770
Mean	15,921	41.70	6,690	17.52	15,568	40.78	38,179
CAGR	26.79%		21.94%		18.58%		21.92%

Source: RBI, Reports on Trends and Progress of Banking in India

The Agency Wise Distribution of KCCs issued in India is seen in Table 2.1. From the table, as has been mentioned, KCCs issued by cooperative banks, RRBs and commercial banks showed fluctuating trends. The quantity of issued KCCs by co-operative banks increased from 2812 thousand in 2010-11 to 2961 thousand in 2011-12, declined to 2691 thousand in 2012-13 and

again increased to 3176 thousand in 2013-14. It further declined to 1519 thousand in 2015-16. In 2016-17, the quantity of issued KCCs by co-operative banks showed a drastic change and increased upto 35883 thousand. Afterwards it showed declining trend and decreased up to 28938 thousand till 2019-20 and further raised to 30183 thousand in 2020-21. The quantity of issued KCCs by RRBs increased from 1774 thousand in 2010-11 to 2179 thousand in 2013-14, declined to 1549 thousand in 2014-15. Further it varied from 2237 thousand to 12,891 thousand. However, the quantity of KCCs that commercial banks have issued increased from 5582 thousand in 2010-11 to 8549 thousand in 2013-14, declined to 8324 thousand in 2014-15. Further it grew from 8429 thousand (2015-16) to 30696 thousand (2020-21).

The table also showed that CAGR of quantity of issued KCCs by co-operative banks was 26.79 percent. The quantity of KCCs issued by RRBs was 21.94 per cent at CAGR, while the commercial bank was 18.58 per cent. The table depicts the proportion of co-operative banks, RRBs and commercial banks for the quantity of KCCs issued. The proportion of cooperative banks to all KCCs that have been issued varied from 12.47 per cent (2015-16) to 48.40 per cent (2017-18). The proportion of RRBs to all KCCs issued varied from 11.98 per cent (2014-15) to 18.68 per cent (2019.20). The proportion of commercial banks to all KCCs issued fell from 54.89 % (2010-11) to 41.61 % (2020-21). On average, the proportions of commercial banks were 40.78 percent, RRBs were 17.52 percent, and cooperative banks were 41.70 percent.

**Table 2.2** presents the Agency Wise loan amount approved under KCC schemes in India. It is clear the table showed that there were numerous fluctuations in amount sanctioned by different financial institutions.

**Table 2.2: Amount sanctioned by financial institutions under KCC Schemes in India**

Year	Co-operative Banks	Proportion	Regional Rural Banks	Proportion	Commercial Banks	Proportion	Total
2010-11	107.19	14.76	114.68	15.79	504.38	69.45	726.25
2011-12	106.4	11.61	115.2	12.57	695.1	75.82	916.8
2012-13	119.2	9.44	132.6	10.50	1,010.90	80.05	1,262.80
2013-14	161.95	11.93	158.46	11.67	1037.1	76.40	1357.51
2014-15	109.68	8.69	108.12	8.56	1044.96	82.75	1262.76
2015-16	183.25	12.91	121.28	8.54	1115.28	78.55	1419.81
2016-17	1,522.00	40.83	1,024.20	27.48	1,581.10	42.42	3,727.40
2017-18	1,244.85	18.63	1,133.64	16.96	4,304.74	64.41	6,683.22
2018-19	1,274.36	17.96	1,270.72	17.91	4,550.79	64.13	7,095.87
2019-20	1,367.35	18.39	1,366.95	18.38	4,701.43	63.23	7,435.73
2020-21	1,469.81	19.52	1,494.16	19.84	4,567.36	60.64	7,531.33
Mean	696.91	19.45	640.00	17.86	2283.01	63.71	3583.59
CAGR	29.93%		29.27%		24.65%		26.35%

Source: RBI, Reports on Trends and progress of banking in India

The amount of loan approved by co-operative banks declined from 107.19 bn in 2010-11 to 106.40 bn in 2011-12, then raised to 161.95 bn in 2013-14. In 2014-15 it decreased to 109.68 bn and then enhanced to 1522.00 bn in 2016-17. It further decreased to 1244.85 bn (2017-18) and again increased to 1469.81 bn (2020-21). The loan amount approved by RRBs increased from 114.68 bn to 158.46 bn in 2013-14, than it decreased to 108.12 bn in 2014-15. In next study period it only went on rising manifolds from 121.68 bn in 2015-16 to 1494.16 bn in 2020-21. The table depicts that major proportion of amount of loan approved under KCC schemes was by commercial banks. It varied from 42.42 per cent to 82.75 per cent. The proportion of amount of loan approved under KCC schemes of RRBs ranged from 8.54% to 27.58%. In the same way the proportion of amount of loan approved under KCC schemes of Co-operative banks varied from 8.69 per cent to 40.83 per cent over the research. In general Commercial banks sanctioned a large portion of the loan (63.71 per cent), followed by cooperative banks (19.45 per cent) and RRBs (17.86 per cent).

## CONCLUSION

Over the study, there has been an increase in both the number of cards that were issued and amount of loan sanctioned under the KCC Scheme. The results showed that the cumulative CAGR of KCCs issued by all Indian banks was 21.92 percent, while the CAGR of amount of loan was sanctioned under the KCC scheme in India was 26.35 per cent during the study's duration. On the basis of the agency-wise distribution of the number of Kisan credit card issued in India, cooperative banks had a CAGR of 26.79 percent while RRBs and commercial banks had CAGRs of 21.94 percent and 18.58 percent, respectively. The results can be drawn from this study that cooperative banks performed better than commercial and RRB banks in KCCs issuing and amount sanctioning as the compound growth rates recorded as 26.79 and 29.93 respectively.

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