

Access and Impact of Kisan Credit Card Scheme

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Abstract

India is basically an agrarian economy. According to 2011 census, around 53% of working population are engaged in agriculture. Hence agriculture is regarded as the 'back bone of Indian Economy'. Agriculture not only provides a source of sustenance, but it is way of life, a tradition and will continue to be a prime factor that drives socio-economic development of the country. Growth of agriculture is necessary to ensure food security, which is the need of the hour. Apart from ensuring food availability and affordability, it also supports the industrial and service sectors too. Hence concentrating on Agriculture ensures all round development of the economy.

In order to sustain the growth in agriculture, credit plays a crucial role. Though, agricultural credit is treated as priority sector by banks and financial institutions, availability and flow of bank credit to agricultural sector is not problem free. There are difficulties in identifying, accessing and dispensing of credit by the banks. In order to address the problems in purveying credit for agriculture, RBI had set up a one man high level committee headed by sri. R V Gupta in 1997 to suggest measures for improving the delivery systems as well as simplification of procedures for agricultural credit. The committee had submitted its report in April 1998. As suggested by the committee, Kisan Credit Card scheme was announced in budget speech of then the Finance Minister Mr. Yashwant Sinha of NDA Government, in 1998-99. He further stated that NABARD will prepare a detailed guidelines for the issue of Kisan Credit Card to farmers on the basis of their land holdings. Accordingly NABARD prepared a model scheme for the issue of Kisan Credit Card and submitted to Government of India. After much discussion, the guidelines were finalized and finally communicated to commercial banks, Regional Rural Banks and co-operative banks. The Kisan Credit Card allows farmers to have cash credit facilities without going through time-consuming bank credit screening processes repeatedly. It is one of the most innovative, widely accepted, highly appreciated banking product. It is beneficial to farmers as it offers hassle free, adequate and timely credit to the farmers for their short-term credit needs during their cultivation for purchase of agricultural inputs such as seeds, fertilizers, pesticides, etc. and also draw cash for their production needs during the cropping season. Repayment can be rescheduled if there is a bad crop season and extensions are offered for up to four years.

This paper attempts to highlight the functioning of Kisan Credit Card, its features, latest developments like Rupay Kisan Credit Card, the growth of it, problems associated with it and possible solutions to over them.

KEYWORDS: Agricultural Credit, Kisan credit card, NABARD, SPU-KCC (Special Project Unit- Kisan Credit Card), RRB's (Regional Rural Banks).

Introduction:

India is basically an agrarian economy. According to 2011 census, around 53% of working population are engaged in agriculture. Hence agriculture is regarded as the 'back bone of Indian Economy'. Agriculture not only provides a source of sustenance, but it is way of life, a tradition and will continue to be a prime factor that drives socio-economic development of the country. Growth of agriculture is necessary to ensure food security, which is the need of the hour. Apart from ensuring food availability and affordability, it also supports the industrial and service sectors too. Hence concentrating on Agriculture ensures all round development of the economy.

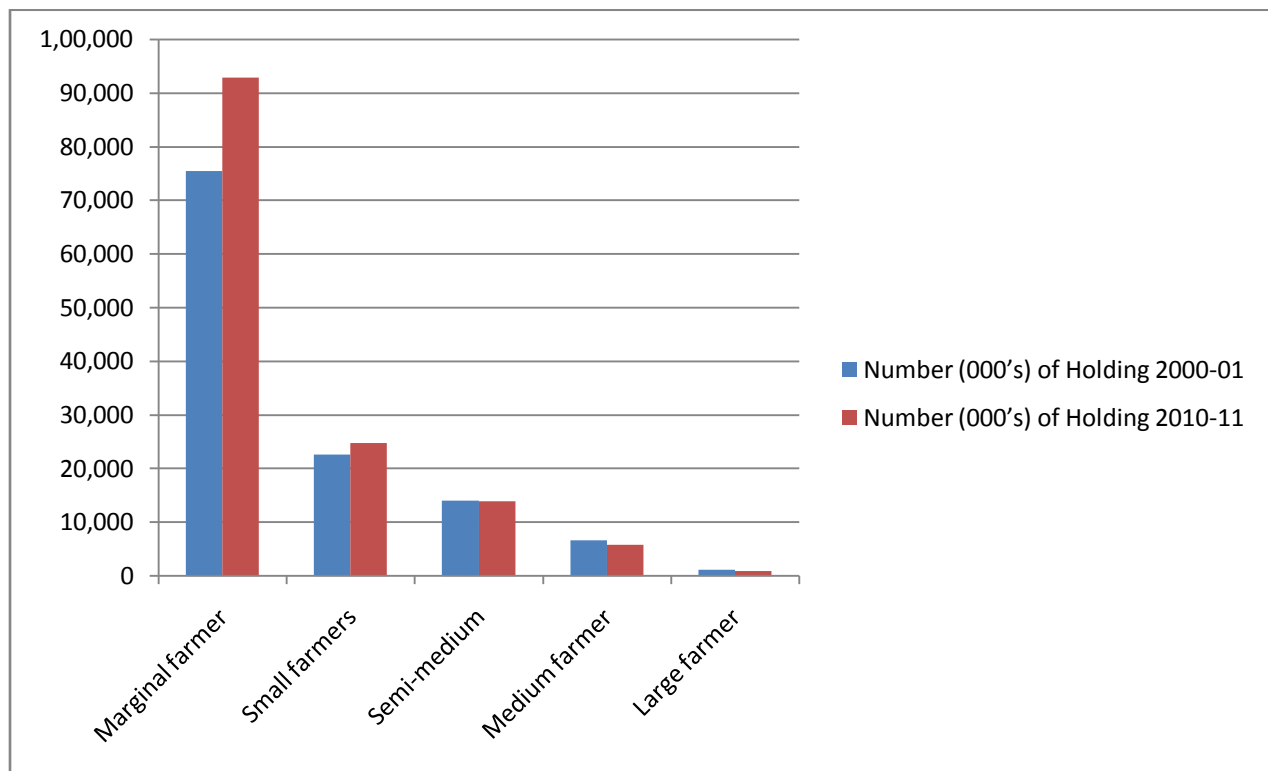
Agriculture contributes a large share in the country's gross domestic product. Its share in total GDP in 1950-51 was around 55%. It has come down to 14 % in 2011-12 (indicated in constant prices). This reduced share indicates that the economy and its non-agricultural sectors are growing, nevertheless share of 14% is an indicator of the fact that in India, the growth of agriculture is still a critical factor in the overall performance of the Indian economy. Hence an insight into Indian agriculture and the state of Indian farmers is needed at this juncture.

On the basis of land holdings, Indian peasants are categorized into five groups. Marginal farmers (who holds less than one hectare), Small Farmers (who holds more than one but less than two hectares), Semi-medium (who hold more than two hectares but less than four hectares), Medium farmers (who hold more than four hectares but less than ten hectares), Large farmers (who hold more than ten hectares and above).

A detailed list of number and area of operational holding by size and group, according to 2010-11 census is indicated as follows:

Category of farmer	Number (000's) of Holding		Area		Average size of Holdings	
	2000-01	2010-11	2000-01	2010-11	2000-01	2010-11
Marginal farmer	75,408	92,826	29,814	35,908	0.40	0.39
Small farmers	22,695	24,779	32,139	35,244	1.42	1.42
Semi-medium	14,021	13,896	38,193	37,705	2.72	2.71
Medium farmer	6,677	5,875	38,217	33,828	5.81	5.76
Large farmer	1,230	973	21,072	16,907	17.12	17.38
All Holdings	1,19,931	1,38,348	1,59,436	1,59,592	1.33	1.15

Foot note: Number of Holding (000's number), Area Operated (000's Hectares), Average size (Hectares). Source: Department of Agriculture and Co-operation (Agriculture Census 2010-11).

Graph showing number of Land Holding by different category of farmers

As it is evident from the above table and graph, that, the number of Marginal farmers have grown substantially from 75,408 in 2000-01 (62.9%) to 92,826 in 2010-11(67.1%). This fact is substantiated, with agricultural production from last six decades. Agricultural production has increased by more than four times. In 1950-51, food grain production was 51 million tones, which has increased to 259 million tones in 2011-12. Due to which, the per capita food grain availability also increased from 395 gram in 1950-51 to 463 grams in 2011. Agricultural productivity has improved from 1380 kilo grams per hectare in 1990-91 to 2059 kilogram per hectare in 2011-12. Area under cultivation has also increased tremendously from 1,59,436 (000's hectare) to 159,592 (000's hectare). The average size of land holding is now 1.55 hectares.

Though the above statics appears to be attractive and rosy, the ground reality is not so. As per the Tendulkar Committee Report, the national poverty line at 2004-05 prices was a monthly consumption expenditure of Rs. 446.68 in rural and Rs. 579 in Urban areas in 2004-05. The Planning commission has updated the poverty lines and poverty ratios for the year 2009-10 as per the recommendations of Tendulkar Committee using NSSO 66th round (2009-10) data from the household consumer expenditure survey. It has estimated the poverty lines at all India level as an monthly per capita expenditure (MPCE) of Rs. 673 for rural area and Rs. 860 for urban areas in 2009-10. Based on these cut offs, the percentage

of people below poverty line is 29.8% in 2009-10. Rural it is 33.8%, where as Urban it is 20.9%. This represents dismal picture of rural livelihood and agriculture. Since poverty line is defined on the basis of minimum calorie consumption, increasing the consumption level is the way out of poverty. Hence sustaining agricultural growth is very much important.

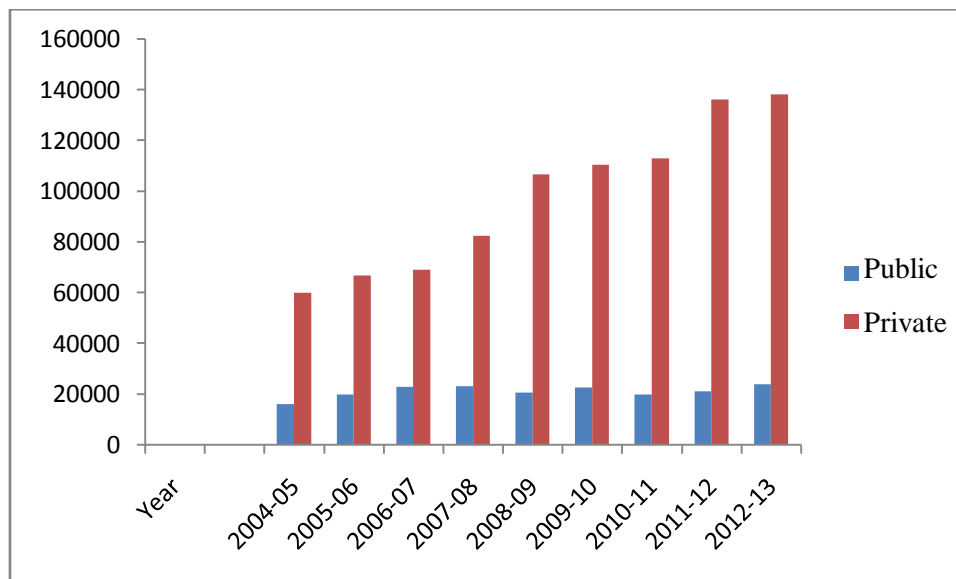
The stagnation in agricultural productivity, limitation of usage of technology in agriculture, lack of availability work force, increasing cost of production, market imperfection, poor infrastructure, non availability of fertilizers and sowing seeds, high cost of capital, low productivity have made the livelihood of farming population more difficult. Large number of farming households, especially Marginal farmers and small and semi medium farmers makes their living from a mix of subsistence activities like animal husbandry, wage labours, horticulture, plantations, logging etc., These situations have made rural poor farmers condition to go from bad to worse. Hence, sustained agricultural growth is the panacea for rural poverty. If Indian economy wants to achieve the dream growth of double digit, it must concentrate on agricultural growth. Enhanced growth rate in agriculture will not only improve the income and employment levels of farm households but also reduce the level of poverty, address the problem of malnutrition, hunger and promotes food security, rural prosperity and mitigate rural distress and agony.

In order to sustain the growth in agriculture, credit plays a crucial role. Adoption of agricultural technology for higher productivity, intensive use of inputs demands availability of easy flow of money to rural peasants. Though, agricultural credit is treated as priority sector by banks and financial institutions, availability and flow of bank credit to agricultural sector is not problem free. There are difficulties in identifying, accessing and dispensing of credit by the banks. Important national programmes of the government such as National Food Security Mission (launched in 2007-08), Accelerated pulses Production Programme, Rashtriya Krishi Vikas Yojana, FASAL, ERFs, National Mission for Sustainable Agriculture (launched in 2011-12) will be ineffective, unless, proper credit and backed by much needed financial facility to farmers. This stimulates public and private investment in agriculture and substantial increase in the requirement of production and investment credit. The Public and private investment in agriculture and allied sector have increased 1.5, 1.82 times respectively (at 2004-05 prices) from 2004-05 to 2009-10. But the percentage share of public investment to total investment has decreased, while the percentage share of private investment increased over the years.

The following table lists, Public and Private investment in Agriculture and Allied sector at 2004-05 prices

Year	Investment in Agriculture and Allied Sectors (Rupees in crores)		
	Public	Private	Total
2004-05	16,187	59,909	76,096
2005-06	19,940	66,664	86,604
2006-07	22,987	69,070	92,057
2007-08	23,257	82,484	1,05,741
2008-09	20,572	1,06,555	1,27,127
2009-10	22,693	1,10,469	1,33,162
2010-11	19,854	1,12,880	1,32,734
2011-12	21,184	1,35,988	1,57,172
2012-13	23,886	1,38,197	1,62,083

Source: Central Statistical Organisation, New Delhi.



It is quite evident that Indian agriculture is basically private initiative. Though the flow of institutional credit to agriculture and allied activities has increased over past fifteen years, there is a huge mismatch between the demand and supply of agricultural credit.

Review of Literature

Mishra (2006) in research report states that there are evidences to suggest a close link of debt to distress and suicides in farmers as indicated in higher suicide mortality rate (SMR - suicide death for 100,000 persons). SMR for male farmers in India was much higher at 17.5 than non-farmers at 14.2 during 2001-05 period. The most common risk factors for farmer suicides are – ‘indebtedness’ (87% of suicides) and ‘economic decline’ (74%).

Reserve Bank of India (2006) also reported that one common factor that can be seen across all regions is that manifestation of economic distress is primarily through indebtedness. This systemic distress may be due to production losses in two consecutive years due to natural calamities and consequent inability to repay loans resulting in increased indebtedness.

Government of India, (2006) states that inadequacy of credit outreach by the formal banking system was highlighted by the findings of the 59th round of National Sample Survey Organization (NSSO) survey of 2003 on ‘Indebtedness of Farmer Households’. According to the Survey, of the 89.35 million farmer households forming 60.4 per cent of the total rural households, only 43.42 million households (48.6 per cent) availed financial services especially loans. Thus, 51.4 per cent of farmer households have either not availed loans or have been denied loans (NSSO, 2005). In this context it is pertinent to mention that the Planning Commission of India in the Approach Paper to 11th Five Year Plan 2007-2012 observed that ‘there is evidence that farm debt is increasing much faster than farm incomes’.

Satish (2006) reviewed the distress in agriculture in Punjab. He observed that since the nationalisation of banks and the green revolution, institutional credit for agriculture has grown in Punjab. But the growth had not been uniform and in line with the demand for such credit. Indebtedness has also increased in the state, but a large part of the debt has been for non-productive purposes. The incidence of suicides in Punjab has not been higher than the all India average and studies reveal that while indebtedness is indeed one of the major causes of suicides, it is neither the only cause nor the main one. There is thus no direct causal relationship between institutional credit, indebtedness and suicides in rural Punjab.

Gulab and Reddy (2007) states that the situation was quite disturbing in Maharashtra, Karnataka, Andhra Pradesh, Kerala and even in the agriculturally most progressive state of Punjab (Reddy et.al, 1998; Vasavu, 1999; Deshpande, 2002; Sainath, 2005; Mishra, 2005). In a study of indebtedness of farmers in Andhra Pradesh it was reported that 70% of the farmer households were dependent on informal sources (mainly money lenders) for their credit needs.

Kale (2011), in a study conducted in Maharashtra, found that low productivity, low annual income, existence of income liability gap, indebtedness and availing of non-institutional credit were proved as important causes of suicide in Maharashtra.

Objectives of the study

The study attempts to understand

1. The need and the growth of Kisan Credit cards.
2. The performance of Kisan credit cards in reducing rural poverty.
3. To suggest measure to improve its effectiveness.

Introduction of Kisan Credit Cards

In order to address the problems in purveying credit for agriculture, RBI had set up a one man high level committee headed by sri. R V Gupta in 1997 to suggest measures for improving the delivery systems as well as simplification of procedures for agricultural credit. The committee had submitted its report in April 1998. As suggested by the committee, Kisan Credit Card scheme was announced in budget speech of then the Finance Minister Mr. Yashwant Sinha of NDA Government, in 1998-99. He further stated that NABARD will prepare a detailed guidelines for the issue of Kisan Credit Card to farmers on the basis of their land holdings. Accordingly NABARD prepared a model scheme for the issue of Kisan Credit Card and submitted to Government of India. After much discussion, the guidelines were finalized and finally communicated to commercial banks, Regional Rural Banks and co-operative banks.

The Kisan Credit Card allows farmers to have cash credit facilities without going through time-consuming bank credit screening processes repeatedly. It is one of the most innovative, widely accepted, highly appreciated banking product. It is beneficial to farmers as it offers hassle free, adequate and timely credit to the farmers for their short-term credit needs during their cultivation for purchase of agricultural inputs such as seeds, fertilizers, pesticides, etc. and also draw cash for their production needs during the cropping season. Repayment can be rescheduled if there is a bad crop season and extensions are offered for up to four years.

Kisan Credit Card scheme covers (i) Production credit (ii) working capital requirements for allied activities (iii) ancillary credit requirements related to crop production (iv) contingent needs (v) accidental insurance of Kisan Credit Card borrowers.

Crop loans disbursed under Kisan Credit Card scheme for notified crops are covered under National Crop Insurance scheme. The purpose of the scheme is to protect the interest of farmers against crop loss

caused by natural calamities, pest attacks. Etc., The card is valid for three years and subject to annual renewals. Withdrawals are made using slips, cards, and a passbook

All farmers, owner cultivators, tenant cultivators, share croppers and individual farmers having agreement with institution are eligible for the card. Most banks in India that offer agricultural finance offer the Kisan Credit Card.

Features of Kisan Credit Card

- Short term credit limit is fixed for the first year depending upon the crops cultivated as per proposed cropping pattern & scale of finance.
- For every successive years (2nd, 3rd, 4th, and 5th year), the limit will be stepped up @10%.
- Investment credit requirement of small value in the nature of farm implements/ equipments etc (like sprayer, plough etc.,) and repayable within a period of one year will be included while fixing KCC limit (This portion of the credit will not be included for automatic step up during 2nd year to 5th year but credit requirement for this portion in each year will be reckoned for arriving at the maximum drawal limit for the respective year).
- KCC borrowers shall be issued an ATM cum Debit card, to enable them to withdraw from KCC accounts from ATMs and PoS terminals.
- KCC will be in the nature of revolving account. Credit balance in the account, if any, to fetch interest at Savings bank rate.
- Processing charges waived for KCC limit up to Rs.3 lacs.
- Collateral security is waived for
 - a. limit of up to Rs.1 lac
 - b. limit up to Rs.3 lacs for loans with tie-up arrangement for recovery.
- KCC accounts should be renewed annually, well before the above due dates, every year to continue the limit during the KCC validity period of 5 years. Branches shall, therefore, ensure to obtain revival letters before expiry of 3 years wherever applicable, as per the Limitation Act.
- For the purpose of renewal, branches should obtain a simple declaration as per the extant guidelines (about crops raised/ proposed to raise) from the borrowers. The assessment of revised MDL requirement of the KCC borrower will be made based on proposed cropping pattern and area declared by him.
- Eligible crops shall be covered under Crop Insurance Scheme - National Agricultural Insurance Scheme (NAIS)

Repayment

- Kharif (mono): (1st April to 30th September) - 31st Jan
- Rabi crop (mono): (1st October to 31st March) - 31st July
- Double /Multiple Crops: (Kharif & Rabi seasons) - 31st July

Long term Crops

- (All round the year) - 12 months (from the date of first disbursement)
- Borrowers are required to route their farm proceeds or other credits into the KCC account, with a minimum of loan amount plus interest and other charges, if any, within the repayment due date.

Benefits of Kisan Credit Card Scheme

- Simplifies disbursement procedures
- Removes rigidity regarding cash and kind
- No need to apply for a loan for every crop
- Assured availability of credit at any time enabling reduced interest burden for the farmer.
- Helps buy seeds, fertilizers at farmer's convenience and choice
- Helps buy on cash-avail discount from dealers
- Credit facility for 3 years—no need for seasonal appraisal Maximum credit limit based on agriculture income
- Any number of withdrawals subject to credit limit.
- Repayment only after harvest.
- Rate of interest as applicable to agriculture advance Security, margin and documentation norms as applicable to agricultural advance
- Access to adequate and timely credit to farmers
- Full year's credit requirement of the borrower taken care of.
- Minimum paper work and simplification of documentation for drawal of funds from the bank. Flexibility to draw cash and buy inputs.
- Assured availability of credit at any time enabling reduced interest burden for the farmer.
- Flexibility of drawals from a branch other than the issuing branch at the discretion of the bank.

Benefits to the Banker

- (a) Work load of rural branches is considerably reduced as there is no need for repeated appraisal and processing of loan papers.
- (b) Simplification of documentation and disbursement procedure.
- (c) Improvement in recycling of funds and better recovery of loans.
- (d) Reduction in transaction cost to the banks.
- (e) Better Banker - Client relationships

Latest Development

The Kisan Credit Card (KCC) scheme introduced in August 1998 has emerged as an innovative credit delivery mechanism to meet the production credit requirements of the farmers in a timely and hassle-free manner. The scheme is under implementation in the entire country by the vast institutional credit framework involving Commercial Banks, RRBs and Cooperatives and has received wide acceptability amongst bankers and farmers. However, during the last 15 years of implementation, many impediments were encountered by policy makers, implementing banks and the farmers in the implementation of the scheme. It was, therefore, felt necessary to revisit the existing KCC Scheme to make it truly simple and hassle free for both the farmers and bankers. Accordingly, Ministry of Finance, Dept of Financial services, Government of India had constituted a Working Group under the Chairmanship of Shri T. M. Bhasin, CMD of Indian Bank to review the Kisan Credit Card to suggest changes to be made in the KCC scheme to make it a Smart Card cum Debit Card.

On acceptance of the recommendations of the Working Group by Govt. of India, revised operational guidelines on KCC were issued by NABARD to Cooperative Banks, RRBs and by RBI to Commercial Banks in the year 2012. Banks were advised to devise suitable strategies to implement the scheme in a time bound manner.

Improvements in the guidelines over the earlier KCC scheme are as under:

1. Paper card (pass book) to Plastic card - KCC in the form of ATM enabled Debit card
2. Wider delivery channels: Operations through Branch/Cheque facility/BCs/ATM (debit card)/POS/Mobile handsets
3. More clarity in assessing credit needs (inclusion of post harvest / household/consumption needs up to 10% + maintenance expenses up to 20%)

4. Cost escalation built in for assessing the limit – Notional hike of 10% for fixing credit limit from second year onwards
5. More activities covered under Term Loan
6. Emphasis on financing Joint Liability Groups
7. One time documentation at first avilment and thereafter simple declaration from second year
8. Moving towards accessing online land record and Creation of charge.

NABARD, in January, 2013 set up Special Project Unit- Kisan Credit Card (SPU-KCC) with a mandate for encouraging cooperative banks and Regional Rural Banks across the country to issue Rupay KCC debit cards. The core objective of the unit is to facilitate issuance of cards by these banks through guidance, co-ordination with National Payment Corporation of India (NPCI), interaction with sponsor banks of RRBs and cooperative banks. The overall goal is to develop cash-less eco system by enabling the farming community to avail all new banking facilities at par with urban area of the country. The SPU undertakes policy formulation, capacity building and networking with the various stake holders to achieve the above objectives.

The new KCC guidelines specify that all KCC customers should have the facility of withdrawal through ATM / Debit cards. NABARD, with a view to facilitate early action in this direction, has already floated schemes providing financial support to RRBs and cooperative banks for issuing these cards.

Advantages of RuPay KCC:

1. Unlike Visa and MasterCard networks, RuPay does not charge an entry fee.
2. RuPay is well equipped to handle both the single message and dual messaging systems.
3. RuPay is a PIN based product so it provides enhanced security.
4. It offers complete web based architecture, so member banks will not have to develop a separate file based interface.
5. RuPay provides advanced features such as processing of adjustment file to enable Tip and Surcharge processing on the SMS platform too.
6. Administration costs & quarterly charges are very low when compared to current international schemes.

7. Unlike normal KCC which serves only as an identity card and facilitate recording of transactions on an ongoing basis, RuPay KCC is actually a smart card that can be used at the nearest ATM/Point of sale for withdrawing cash. It removes the necessity of going to bank branch to operate the account.

Upto 31st January 2015, a total financial assistance of Rs. 6,147.48 Lakh has been sanctioned to 42 RRBs and 21 Cooperative Banks for issuance of 103 Lakh RuPay Kisan Cards and installation of 17,061 PoS/Micro ATMs. Also, a grant assistance of Rs. 260.00 Lakh has been sanction to 14 RRBs and 12 DCCB for mobile van for demonstrating the usage of RuPay Kisan Card on ATMs and PoS machines.

Upto 31st March 2014, 10.10 crore Kisan Credit Cards have been issued. Andhra Pradesh, has the record of issuing highest number of Kisan Credit cards (1,66,86,592), followed by Uttar pradesh, with 1,56,11,421 cards. Upto 31st March 2014, Co-operative banks have issued 3.57 crore Kisan credit cards, where as RRB's and Commercial Banks have issued 1.05 crore and 5.47 crore Kisan Credit Cards respectively.

Performance of Kisan Credit Cards

NABARD, study revealed that the role of credit under KCC scheme in influencing fertilizer consumption and crop yield was quite positive and significant and also scale neutral. The study also highlighted that the average productivity of paddy growth by KCC farmers was 13.3% higher than non-KCC farmers and also the per hectare yield of KCC farmers was 18 to 34 quintals in comparision to 14 to 26 quintals of non KCC farmers. The main reasons of higher yield was due to increased used of inputs like fertilizer, manure, pesticide, labour, irrigation etc., by Kisan Credit Card Holding farmers.

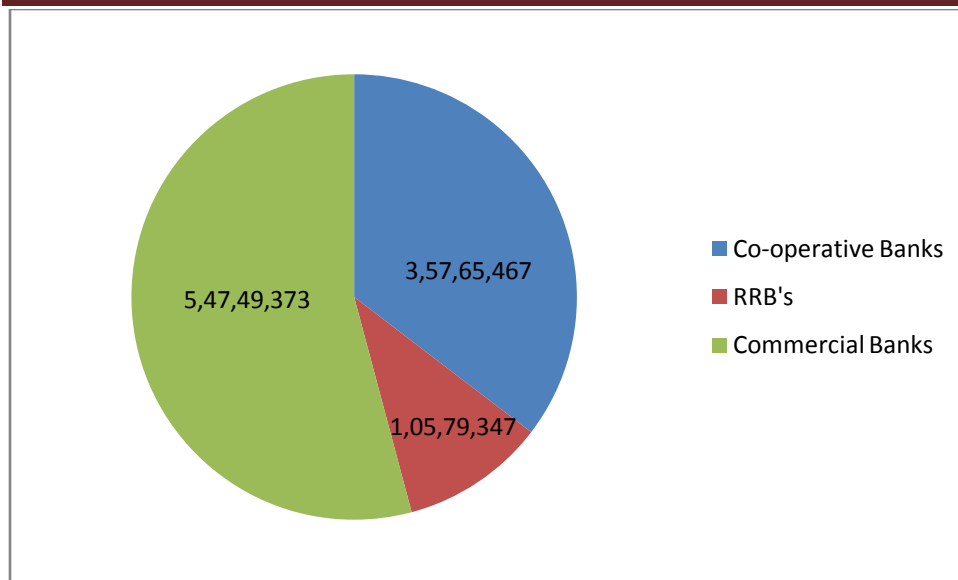
The results of several studies have indicated the share of non-institutional sources of credit has come down due to availability of Kisan Credit Card. As per the recent survey by NABARD, the share of moneylenders has reduced to 27% now.

The cost of borrowing credit has decreased. These points clearly indicates that Kisan Credit cards have played an important role in reducing the rural poverty, of Indian farmers in particular.

A detailed list of state wise and Union Territory wise, number of Kisan Credit Cards issued by various financial institutions upto 31st March 2014 is as follows.

State /UT	Co-operative banks	Regional Rural Banks	Commercial banks	Total.
Andhra Pradesh	29,67,956	14,92,080	1,22,26,556	1,66,86,592
Assam	21,544	3,31,891	6,37,839	9,91,274
Arunachal Pradesh	221	3,194	28,327	31,742
Bihar	6,61,639	11,23,603	25,12,033	42,97,275
Gujarat	14,64,068	2,46,828	19,13,446	36,24,342
Goa	6,194	0	14,854	21,048
Haryana	13,18,567	1,92,028	10,77,370	25,87,965
Himachal Pradesh	79,276	33,673	3,19,334	4,32,283
Jammu and Kashmir	29,147	13,946	26,401	69,494
Karnataka	21,17,709	7,67,873	33,40,405	62,25,987
Kerala	7,25,770	1,47,989	18,51,893	27,25,652
Madhya Pradesh	46,26,521	4,96,988	23,41,665	74,65,174
Maharashtra	45,89,383	2,52,795	42,66,307	91,08,485
Meghalaya	22,029	13,082	70,047	1,05,158
Mizoram	616	6586	23,688	30,890
Manipura	77	3284	33,212	36,573
Nagaland	2,071	860	36465	39396
Odisha	31,16,980	4,`7,857	16,83,610	52,18,447
Punjab	9,68,717	1,00,938	16,77,144	27,46,799
Rajasthan	39,45,005	4,88,944	24,88,603	69,22,552
Sikkim	6,118	0	10,963	17,081
Tamil Nadu	11,97,669	2,59,029	54,99,502	69,56,200
Tripura	42,301	97,156	1,05,838	2,45,295
Uttar Pradesh	40,73,179	29,27,172	86,11,070	1,56,11,421
West Bengal	17,75,106	5,02,309	20,61,493	43,38,908
Andaman and Nicobar	5,827	0	4,037	9,864
Chandigarh	0	0	9,294	9,294
Diu and Daman	0	0	1,790	1,790
New Delhi	289	0	28,688	28,977
Dadra & Nagar Haveli	0	0	3,429	3,429
Lakshadweep	0	0	1,384	1,384
Pondicherry	5,785	929	81,819	88,533
Jharkhand	18,545	3,66,892	7,49,345	11,34,782
Chattisgarh	16,30,051	2,45,806	3,91,954	22,67,811
Uttaranchal	3,47,107	45,615	4,31,516	8,24,238
Others			47	47
Total	3,57,65,467	1,05,79,347	5,47,49,373	10,10,94,187

Source: Credit division, Ministry of Agriculture, New Delhi



Most of the systems brings lot of merits and advantages. But also would have few shortcomings. On the same lines, even Kisan Credit Card also has few drawbacks, which can be effectively arrested with some steps.

Some of the suggestions for its improvements are:

1. The Credit limit should be fixed by taking the average of high value crop and low value crops.
2. To effectively bridge the gap between, demand and supply of credit, i.e., credit gap, KCC should cover even non credit requirements of the farmers.
3. Financial literacy relating to repayment discipline should also be imparted by the agencies to the existing and prospective borrowers of KCC in order to deal with the problem of mis utilization of credit.
4. Flexibility to withdraw cash from any bank should be given to the card holder.
5. Some of the vulnerable groups like tenant farmers, share croppers, defaulter farmers, agricultural labourers must be brought under the umbrella of KCC.
6. Credit delivery system to be more transparent and farmers friendly.
7. Possibly a cheque book facility also could be extended.

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