

# Performance of Kisan Credit Card Scheme by Regional Rural Banks in Punjab

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## Abstract

The nationalization of banks in 1969, entry of commercial banks and emergence of Regional Rural Banks in 1975 gave wider reach to short term delivery system in the country. The main objective of the present study is to assess the performance of Kisan Credit Card (KCC) scheme by the regional rural banks in Punjab. The performance has been studied in terms of number of cards; and amount sanctioned, disbursed and outstanding at the end of each year. The period of the study is from 2003-04 to 2014-15. It is found that agency-wise growth of KCC scheme has shown ups and downs throughout the period of study both in terms of number of cards; and amount sanctioned and disbursed.

**Keywords:** Kisan Credit Card, Regional Rural Banks

**JEL classification:** G21

## 1. Introduction

The Narasimham Working Group in 1975 on rural banks recommended the establishment of Regional Rural Banks (RRBs) in order to provide credit to weaker sections of rural community, especially small and marginal farmers, landless labourers, artisans, etc. The Reserve Bank of India has brought RRBs under the ambit of priority sector lending bringing them on par with commercial banks. The RRBs have now become an integral part of the rural banking system and are playing an important role in extending credit and other banking services to the rural areas which traditionally have been ignored by commercial banks in the country. Presently, there are three regional rural banks working within the state of Punjab namely, Malwa Gramin Bank, Punjab Gramin Bank and Satluj Gramin Bank. Along with other financial services, all the three banks are engaged in providing Kisan Credit Card (KCC) scheme to their customers. The KCC scheme is a short term credit facility which provides agricultural credit in a hassle free manner for production

as well as consumption needs of farmers and other allied activities throughout the year. The scheme emerged as a revolutionary tool for farmers in acquiring credit for various agricultural purposes. The present study assesses the sustainability of credit provision through the KCC scheme in Punjab. The main objective of the study is to analyse the progress of KCC scheme Punjab.

The paper is divided in five sections. The introduction is followed by review of existing literature in Section 2. Section 3 briefly discusses the research methodology. Section 4 gives analysis of the results followed by Section 5 which concludes the study.

## 2. Review of Literature

Gulati *et al.*<sup>1</sup> explored the defaults and policy options of institutional credit to agriculture in India. The paper analysed the behavior of deposits, loan outstanding and overdues in co-operatives banks, commercial banks and regional rural banks from 1980 onwards. The study also highlighted the policy and institutional measures

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implemented by several Committees and Task Forces to minimize defaults. It was revealed that deposits and loan outstanding had increased to a great extent in rural areas but at the same time overdues also increased manifold. The factors responsible for overdues were found to be natural calamities, inadequate income generation, high transaction costs, inappropriate financial policies, poor working of the lending institutions, improper follow up of prudential norms and provisioning of non-performing assets. The various measures taken by government for re-capitalisation of regional rural banks including, liberalization of interest rates, and increase in commercial freedom of the banks and credit flows to the rural areas as well as development of local area banks were considered to be effective towards speedy loan delivery and avoidance of defaults. These measures enabled commercial banks and RRBs to rejuvenate their positions. The study also revealed that the self-help group programmes and microfinance were not targeted towards agricultural finance and still were in their initial phase. It was suggested that before launching any scheme, a pilot project in a selected area should be taken to access the operational efficiency of the model.

Nahatkar *et al.*<sup>3</sup> analysed the extent of benefit rendered to farmers through KCC scheme and identified the constraints faced by borrowers and lenders. The study was conducted in Patan tehsil of Jabalpur district of Madhya Pradesh. The data was collected from 55 KCC holders through survey method and to know the constraints of the scheme, the view point of bank officers was considered. Majority of farmers appeared to have benefited from the scheme and did not report any problems in borrowing. However, defaulters seemed to be facing problems in getting loan through the scheme. Bank officers also opined that there were no major constraints in implementing the scheme but some problems related to users' attitude with respect to fixing credit limits and non-submission of bills of purchased inputs and details of credit utilization existed which led to problems in auditing of bank accounts.

Singh and Sekhon<sup>8</sup> analysed the functioning of KCC with the objective of studying the procedure of advancing credit under KCC scheme, adequacy of credit and to evaluate the impact of KCC upon the efficiency of rural credit delivery system. The opinion of KCC holders of Punjab and Sind Bank in Ludhiana and 25 non-KCC holders was analysed by using tabular analysis and rating

scale. It was found that the cropping intensity and returns to fixed farm resources showed positive relationship with the farm size; and credit gap sanctioned was inversely proportional to the farm size. It was revealed that KCC beneficiaries were satisfied with the cost of accessing finance. It was further found that involvement of many intermediaries in obtaining suitable securities and finding guarantors were the major constraints reported by KCC holders. It was suggested that the procedure of extending credit under KCC scheme should be simplified.

Loganathan<sup>2</sup> also analysed the KCC scheme issued by co-operatives, RRBs and commercial banks in different years up to 2002-03. The scheme was found to be actively functioning in the initial years and after that there was some lethargy in the year 2002-03. However, the scheme made rapid progress with banking system and Rs. 82731.57 crores had been sanctioned under the scheme up to the year 2003. The Government introduced KCCs to provide loan facilities to small and marginal farmers in India in 1998. The study revealed that under the scheme more than three crore farmers benefited and it was suggested that the scheme could be extended to other farmers in coming years.

Satyasai<sup>4</sup> examined structural constraints in the rural credit delivery system in India. It was found that the multiagency system providing wide range of products turned out to be ineffective due to deficiencies in design and architecture. The credit delivery system was hampered by inherent rigidity of co-operatives, backtracked RRBs and low involvement of commercial banks. The paper further discussed the measures taken to overcome these constraints. The revival package for co-operative banks was introduced on the recommendations of Vaidyanathan committee. The RRBs were amalgamated according to commercial sponsor bank. Another initiative was the introduction of KCC in 1998, to provide timely and easy loans for agriculture. Farm credit packages were started for doubling the flow of agriculture credit. The self-help group linkage and microfinance programme were introduced across the country for those groups of society which had no access to institutional credit. It was suggested that the rural credit system needs to be restructured for the revitalization of agriculture.

Sidhu *et al.*<sup>7</sup> examined the contribution of institutional credit towards agriculture growth and estimated the demand for production credit and examined whether indebtedness was associated with lack of adequate

availability of institutional funds or its over-supply in the state of Punjab for the period 1981-82 to 2003-04. The usual diagnostic tests of multicollinearity and autocorrelation were carried out to test the validity of the simultaneous equation model which was used to estimate the contribution of institutional credit towards use of production inputs, private investments and agricultural growth. It was found that there was no growth in the production and investment institutional credit during 1984-85 to 1993-94. On the other hand, supply of production credit more than doubled during 2000-01 to 2003-04, while that of investment credit increased by about 50 percent only. The association of variable inputs with production credit disbursement was found to be very high and significant. Due to the current policy of enhancing flow of agricultural credit in recent years, the demand-supply gap in the institutional agricultural credit had changed. In 1995-96 the demand exceeded supply by 49 percent but in the year 2005-06 the supply was found to exceed demand by 122 percent. It was suggested that in each region demand for agricultural credit is different due to varied crop patterns, current inputs and capital requirements. So, before designing a policy framework, the agricultural credit demands should be assessed instead of increasing the credit supply uniformly in all the states of the country.

Singh *et al.*<sup>2</sup> examined inadequacies of institutional agricultural credit system in Punjab with the objective to find the gap between the farmer's requirement and credit by institutions, the cost of obtaining credit, problems faced by the farmers in obtaining loans and reasons of farmers' preference for getting non-institutional loans. A sample of 600 operational holdings was selected through structured and pre-tested schedule by survey method during the period 2005-06. It was found that though institutional credit had increased in the recent years in Punjab, however, it failed to fulfill the productive and unproductive requirements of farmers. Further, the cost of obtaining credit was also high ranging from 1.2 percent to 5 percent of the total loan by various agencies under study. Prevailing institutional malpractices also made it difficult for the farmers to obtain loans. It was recommended that the application forms should be simplified and banks should spare a day in a week to help farmers to fill applications for loans. Further, it was suggested that computerisation of land records would be helpful in the maintenance of relevant information and

banks should reduce the time lag between applying and disbursing loans.

Shipra<sup>6</sup> examined the role of KCC scheme in agricultural development in Allahabad district. It was found that income and employment of the farm household increased with the increase in investment in the scheme. Sirisha *et al.*<sup>10</sup> explored about the KCC issued by different agencies and its achievements in terms of financial inclusion. Compound and annual growth rates were used to analyse data. It was found that commercial Banks had performed relatively better than the co-operative banks and RRBs which were lacking in infrastructure facilities and remained behind in augmenting credit. The discussion with bankers brought out KCC as a satisfactory financial device from rural credit point of view.

Seena<sup>5</sup> analysed the management of agriculture credit and the impact of various banking sector reforms on agriculture in India. The objective of the study was to analyse the measures and schemes announced by RBI for increasing the credit flow. It was revealed that though the institutional flow of agriculture credit had increased manifold over the last few years, lacunas such as inadequate credit to small and marginal farmers, heavy dependency on non-institutional borrowing and low deposit mobilization, continued to exist. Further the fixing prudential norms- reduced SLR and CRR, bank diversification, training to borrowers' etc. were found to be significant factors in increasing the credit flow. It was suggested that banks and the government should reevaluate the commercial opportunities for agriculture and rural credit and enlarge the scope of KCC to cover term loans for agriculture and allied activities.

### 3. Research Methodology

For the purpose of the study, the performance of KCC is examined in terms of cards; and amount sanctioned, and disbursed under the scheme, and thereafter number of cards and amount outstanding at the end of each year. The data has been collected from the various agenda meetings of Punjab State Level Bankers Committee for the years 2003-04 to 2014-15. The data has been presented in the form of tables and examined using various statistical measures including mean, correlation, Coefficient of Variation (CV), and Exponential Growth Rate (EGR). Further, the annual percentage change and proportionate share of each bank in the total has also been calculated.

## 4. Analysis

The performance of KCC scheme by regional rural banks in Punjab from 2003-04 to 2014-15 is presented in Table 1.

From Table 1 we observe that the mean value of number of cards issued by Punjab Gramin Bank (15337.17) was higher than that of Malwa Gramin Bank (7338.83) and Satluj Gramin Bank (1430.33). The number of cards

**Table 1. Progress of Kisan Credit Card Scheme by Regional Rural Banks in Punjab (Number in Units, Amount in Rs Lakhs)**

Year	RRBs	Sanctioned		Disbursed		Disbursement as percentage to Sanctioned	
		Number	Amount	Number	Amount	Number	Amount
2003-04	Satluj	666 (9.60) <sup>d</sup>	521 (7.23) <sup>d</sup>	666 (9.60) <sup>d</sup>	521 (7.23) <sup>d</sup>	100	100
	Punjab	5658 (81.56) <sup>d</sup>	6374 (88.43) <sup>d</sup>	5658 (81.56) <sup>d</sup>	6374 (88.43) <sup>d</sup>	100	100
	Malwa	613 (8.84) <sup>d</sup>	313 (4.51) <sup>d</sup>	613 (8.84) <sup>d</sup>	313 (4.51) <sup>d</sup>	100	100
2004-05	Satluj	909 (36.49) <sup>a</sup> (7.84) <sup>d</sup>	1038 (99.23) <sup>a</sup> (8.60) <sup>d</sup>	909 (36.49) <sup>a</sup> (7.84) <sup>d</sup>	1038 (99.23) <sup>a</sup> (8.78) <sup>d</sup>	100	100
	Punjab	9118 (61.15) <sup>b</sup> (78.65) <sup>d</sup>	10151 (59.26) <sup>b</sup> (87.56) <sup>d</sup>	9118 (61.15) <sup>b</sup> (78.65) <sup>d</sup>	10151 (59.26) <sup>b</sup> (85.86) <sup>d</sup>	100	100
	Malwa	1566 (155.46) <sup>c</sup> (13.51) <sup>d</sup>	885 (182.75) <sup>c</sup> (7.33) <sup>d</sup>	1566 (155.46) <sup>c</sup> (13.51) <sup>d</sup>	634 (102.56) <sup>c</sup> (5.36) <sup>d</sup>	100	71.64
2005-06	Satluj	869 (-4.40) <sup>a</sup> (5.51) <sup>d</sup>	1060 (2.12) <sup>a</sup> (6.38) <sup>d</sup>	869 (-4.40) <sup>a</sup> (5.21) <sup>d</sup>	1060 (2.12) <sup>a</sup> (6.38) <sup>d</sup>	100	100
	Punjab	12729 (39.60) <sup>b</sup> (80.73) <sup>d</sup>	14350 (41.37) <sup>b</sup> (86.31) <sup>d</sup>	12729 (39.60) <sup>b</sup> (80.73) <sup>d</sup>	14350 (41.37) <sup>b</sup> (86.33) <sup>d</sup>	100	100
	Malwa	2169 (38.51) <sup>c</sup> (13.76) <sup>d</sup>	1217 (37.51) <sup>c</sup> (7.32) <sup>d</sup>	2169 (38.51) <sup>c</sup> (13.76) <sup>d</sup>	1213 (91.32) <sup>c</sup> (7.30) <sup>d</sup>	100	99.67
2006-07	Satluj	688 (-20.83) <sup>a</sup> (4.06) <sup>d</sup>	789 (-25.57) <sup>a</sup> (4.87) <sup>d</sup>	688 (-20.83) <sup>a</sup> (4.06) <sup>d</sup>	789 (-25.57) <sup>a</sup> (4.87) <sup>d</sup>	100	100
	Punjab	12864 (1.06) <sup>b</sup> (77.98) <sup>d</sup>	13416 (-6.51) <sup>b</sup> (82.84) <sup>d</sup>	12864 (0) <sup>b</sup> (77.98) <sup>d</sup>	13416 (-6.51) <sup>b</sup> (82.84) <sup>d</sup>	100	100
	Malwa	2945 (35.78) <sup>c</sup> (17.85) <sup>d</sup>	1990 (63.52) <sup>c</sup> (12.29) <sup>d</sup>	2945 (0) <sup>c</sup> (17.85) <sup>d</sup>	1990 (64.06) <sup>c</sup> (12.29) <sup>d</sup>	100	100
2007-08	Satluj	603 (-12.35) <sup>a</sup> (2.92) <sup>d</sup>	752 (-4.69) <sup>a</sup> (3.08) <sup>d</sup>	603 (-12.35) <sup>a</sup> (2.92) <sup>d</sup>	752 (-4.69) <sup>a</sup> (3.07) <sup>d</sup>	100	100
	Punjab	16357 (27.15) <sup>b</sup> (79.22) <sup>d</sup>	20299 (51.30) <sup>b</sup> (83.13) <sup>d</sup>	16357 (27.15) <sup>b</sup> (79.22) <sup>d</sup>	20399 (52.05) <sup>b</sup> (83.20) <sup>d</sup>	100	100.49
	Malwa	3687 (25.20) <sup>c</sup> (17.86) <sup>d</sup>	3368 (69.25) <sup>c</sup> (13.79) <sup>d</sup>	3687 (25.20) <sup>c</sup> (17.86) <sup>d</sup>	3368 (69.25) <sup>c</sup> (13.74) <sup>d</sup>	100	100

2008-09	Satluj	1316 (118.24) <sup>a</sup> (7.16) <sup>d</sup>	2671 (255.19) <sup>a</sup> (7.91) <sup>d</sup>	1316 (118.24) <sup>a</sup> (7.16) <sup>d</sup>	2671 (255.19) <sup>a</sup> (8.01) <sup>d</sup>	100	100
	Punjab	11823 (-24.72) <sup>b</sup> (64.33) <sup>d</sup>	24195 (19.19) <sup>b</sup> (71.70) <sup>d</sup>	11823 (-27.72) <sup>b</sup> (64.33) <sup>d</sup>	24195 (18.61) <sup>b</sup> (72.60) <sup>d</sup>	100	100
	Malwa	5241 (42.15) <sup>c</sup> (28.51) <sup>d</sup>	6881 (104.31) <sup>c</sup> (20.39) <sup>d</sup>	5241 (42.15) <sup>c</sup> (28.51) <sup>d</sup>	6460 (91.81) <sup>c</sup> (19.38) <sup>d</sup>	100	93.88
2009-10	Satluj	1106 (15.96) <sup>a</sup> (6.09) <sup>d</sup>	2330 (-12.77) <sup>a</sup> (4.52) <sup>d</sup>	1106 (-15.96) <sup>a</sup> (6.09) <sup>d</sup>	2330 (-12.77) <sup>a</sup> (4.55) <sup>d</sup>	100	100
	Punjab	15486 (30.98) <sup>b</sup> (85.23) <sup>d</sup>	42298 (74.82) <sup>b</sup> (82) <sup>d</sup>	15486 (30.98) <sup>b</sup> (85.23) <sup>d</sup>	42298 (74.82) <sup>b</sup> (82.61) <sup>d</sup>	100	100
	Malwa	5488 (4.71) <sup>c</sup> (30.20) <sup>d</sup>	6954 (1.06) <sup>c</sup> (13.48) <sup>d</sup>	5488 (4.71) <sup>c</sup> (30.20) <sup>d</sup>	6577 (1.81) <sup>c</sup> (12.84) <sup>d</sup>	100	94.58
2010-11	Satluj	4525 (309.13) <sup>a</sup> (7.52) <sup>d</sup>	10615 (355.58) <sup>a</sup> (13.39) <sup>d</sup>	4525 (309.13) <sup>a</sup> (7.52) <sup>d</sup>	10615 (355.58) <sup>a</sup> (13.54) <sup>d</sup>	100	100
	Punjab	16999 (9.77) <sup>b</sup> (28.26) <sup>d</sup>	38393 (-9.23) <sup>b</sup> (48.43) <sup>d</sup>	17019 (9.90) <sup>b</sup> (28.28) <sup>d</sup>	38393 (-9.23) <sup>b</sup> (48.98) <sup>d</sup>	100.12	100
	Malwa	38628 (603.86) <sup>c</sup> (64.22) <sup>d</sup>	30260 (335.15) <sup>c</sup> (38.17) <sup>d</sup>	38628 (603.86) <sup>c</sup> (64.20) <sup>d</sup>	29385 (346.78) <sup>c</sup> (37.48) <sup>d</sup>	100	97.11
2011-12	Satluj	1311 (-71.03) <sup>a</sup> (5.15) <sup>d</sup>	3086 (-70.93) <sup>a</sup> (5.86) <sup>d</sup>	1311 (-71.03) <sup>a</sup> (5.15) <sup>d</sup>	3086 (-70.93) <sup>a</sup> (5.86) <sup>d</sup>	100	100
	Punjab	18844 (10.85) <sup>b</sup> (74.03) <sup>d</sup>	40486 (5.45) <sup>b</sup> (76.90) <sup>d</sup>	18824 (10.61) <sup>b</sup> (74.01) <sup>d</sup>	40486 (5.45) <sup>b</sup> (76.89) <sup>d</sup>	99.89	100
	Malwa	5298 (-86.28) <sup>c</sup> (20.81) <sup>d</sup>	9079 (-70.00) <sup>c</sup> (17.24) <sup>d</sup>	5298 (-86.28) <sup>c</sup> (20.83) <sup>d</sup>	9080 (-69.10) <sup>c</sup> (17.25) <sup>d</sup>	100	100.01
2012-13	Satluj	1092 (-16.70) <sup>a</sup> (3.53) <sup>d</sup>	2433 (-21.16) <sup>a</sup> (2.87) <sup>d</sup>	1092 (-16.70) <sup>a</sup> (3.53) <sup>d</sup>	2433 (-21.16) <sup>a</sup> (2.87) <sup>d</sup>	100	100
	Punjab	23516 (24.79) <sup>b</sup> (76.11) <sup>d</sup>	68057 (68.10) <sup>b</sup> (80.30) <sup>d</sup>	23516 (24.93) <sup>b</sup> (76.11) <sup>d</sup>	68057 (68.10) <sup>b</sup> (80.30) <sup>d</sup>	100	100
	Malwa	6290 (18.72) <sup>c</sup> (20.36) <sup>d</sup>	14267 (57.14) <sup>c</sup> (16.83) <sup>d</sup>	6290 (18.72) <sup>c</sup> (20.36) <sup>d</sup>	14267 (57.13) <sup>c</sup> (16.83) <sup>d</sup>	100	100
2013-14	Satluj	2044 (87.18) <sup>a</sup> (6.66) <sup>d</sup>	10407 (327.74) <sup>a</sup> (7.87) <sup>d</sup>	2044 (87.18) <sup>a</sup> (7.72) <sup>d</sup>	10407 (327.74) <sup>a</sup> (7.87) <sup>d</sup>	100	100
	Punjab	22392 (-4.78) <sup>b</sup> (72.98) <sup>d</sup>	104664 (53.79) <sup>b</sup> (79.18) <sup>d</sup>	18192 (-22.64) <sup>b</sup> (68.82) <sup>d</sup>	104664 (53.79) <sup>b</sup> (79.18) <sup>d</sup>	81.24	100

	Malwa	6252 (-0.60) <sup>c</sup> (20.38) <sup>d</sup>	17113 (19.95) <sup>c</sup> (12.95) <sup>d</sup>	6252 (-0.60) <sup>c</sup> (23.60) <sup>d</sup>	17113 (19.25) <sup>c</sup> (12.95) <sup>d</sup>	100	100
2014-15	Satluj	2035 (-0.44) <sup>a</sup> (6.63) <sup>d</sup>	7557 (-27.39) <sup>a</sup> (7.35) <sup>d</sup>	2035 (-0.44) <sup>a</sup> (6.63) <sup>d</sup>	7557 (-27.39) <sup>a</sup> (7.35) <sup>d</sup>	100	100
	Punjab	18260 (-18.45) <sup>b</sup> (59.50) <sup>d</sup>	75726 (-27.65) <sup>b</sup> (73.69) <sup>d</sup>	18260 (0.37) <sup>b</sup> (59.50) <sup>d</sup>	75726 (-27.65) <sup>b</sup> (73.69) <sup>d</sup>	100	100
	Malwa	9889 (58.17) <sup>c</sup> (32.22) <sup>d</sup>	19482 (13.84) <sup>c</sup> (19.31) <sup>d</sup>	9889 (58.17) <sup>c</sup> (32.22) <sup>d</sup>	19482 (13.84) <sup>c</sup> (19.31) <sup>d</sup>	100	100
MEAN	Satluj	1430.33	3604.92	1430.33	3604.92	100	100
	Punjab	15337.17	38200.75	14987.17	38209.08	98.53	100.04
	Malwa	7338.83	9317.42	7338.83	9156.83	102.98	96.41
CV	Satluj	75.92	103.73	75.92	103.73	-	-
	Punjab	33.92	79.86	32.18	79.83	-	-
	Malwa	138.58	99.51	138.58	99.76	-	-
EGR	Satluj	11.17	28.00	11.17	28.00	-	-
	Punjab	10.12	26.45	9.40	26.44	-	-
	Malwa	23.57	43.61	23.57	45.10	-	-
ANOVAs		F=13.307*	F=12.013*	F=13.007*	F=12.097*		

**Note:** Figures given in parentheses 'a', 'b' & 'c' show the annual change in percentage- 'a' stands for Satluj Gramin Bank, 'b' for Punjab Gramin Bank and 'c' for Malwa Gramin Bank, and 'd' shows the share of respective agency in total.

\*Significant at 5 percent level of significance.

issued by Satluj Gramin Bank was 666 in the year 2003-04 and grew to 2035 in the year 2014-15, registering a growth rate of 11.17 percent during the study period. The annual growth rate of Satluj Gramin Bank was the highest (309.13 percent) in the year 2010-11. The number of cards issued by Malwa Gramin Bank was 613 in the year 2003-04 which increased to 9889 in the year 2014-15 and registered a growth of 23.57 percent during the period. The annual growth rate of Malwa Gramin Bank was the highest (603.86 percent) in the year 2010-11. The number of cards issued by Punjab Gramin Bank was 5658 in the year 2003-04 which grew to 18260 in the year 2014-15 and registered a growth of 10.12 percent. The annual growth rate of number of cards issued by Punjab Gramin Bank was the highest (61.15 percent) in the year 2004-05. The share of Punjab Gramin Bank in number of cards issued was the highest followed by Malwa Gramin and Satluj Gramin Bank. The coefficient of variation (for issue of KCC) was the highest for Malwa Gramin Bank

(138.58) followed by Satluj Gramin Bank (75.92) and Punjab Gramin Bank (33.92).

The average value of amount sanctioned under the scheme was the highest for Punjab Gramin Bank (Rs. 38200.75 lakhs) followed by Malwa Gramin Bank (Rs. 9317.42 lakhs) and Satluj Gramin Bank (Rs. 3604.92 lakhs). The amount sanctioned by Satluj Gramin Bank was Rs. 521 lakhs in the year 2003-04 which increased to Rs. 7557 lakhs in the year 2014-15 and registered a growth rate of 28 percent during the period of study. The annual growth rate of amount sanctioned by Satluj Gramin Bank was the highest (355.58 percent) in the year 2010-11. The amount sanctioned by Punjab Gramin Bank was Rs. 6374 lakhs in the year 2003-04 which increased to Rs. 75726 lakhs in the year 2014-15 and registered a growth of 26.45 percent during the period of the study. The annual growth rate of amount sanctioned by Punjab Gramin Bank was the highest (74.82 percent) in the year 2009-10. The amount sanctioned by Malwa Gramin Bank

grew from Rs. 313 lakhs in the year 2003-04 to Rs. 19482 lakhs in the year 2014-15 and registered a growth rate of 43.61 percent. The annual growth rate of Malwa Gramin Bank was the highest (335.15 percent) in the year 2010-11. The share of Punjab Gramin Bank was the highest followed by the Malwa Gramin Bank and the Satluj Gramin Bank in amount sanctioned under the scheme. Overall, the amount sanctioned by the Punjab Gramin Bank (79.86 percent) had the least dispersion over the years as compared to that of Malwa Gramin Bank (99.51 percent) and Satluj Gramin Bank (103.73 percent).

The disbursal of number of cards and amount sanctioned in Satluj Gramin Bank was 100 percent throughout the study period. There was 100 percent disbursal of cards issued by Punjab Gramin Bank also except in the years 2011-12 and 2013-14, but the disbursement of the amount was 100 percent of the sanctioned amount during the period under study. In case of Malwa Gramin Bank, disbursement of cards was 100 percent but the amount was not fully disbursed during the years 2004-05, 2008-09, 2009-10 and 2010-11. Further, there existed a perfectly positive

and statistically significant correlation between number of cards and amount sanctioned and disbursed by all the regional rural banks during the period. It can be concluded that agency-wise growth of KCC scheme has shown ups and downs throughout the period of study both in terms in number of cards; and amount sanctioned and disbursed. Further, there exists a significant difference in growth rates among all the RRB in terms of number of cards; and amount sanctioned and disbursed during the period.

#### 4.1 Outstanding of Regional Rural Banks

Outstanding of regional rural banks stands for the total amount outstanding under the scheme, whereas the number of cards outstanding implies the number of cards against which the amount is currently outstanding. Further, the analysis has been carried out for three regional rural banks; Satluj, Malwa and Punjab Gramin Bank. The total outstanding of regional rural banks in terms of number of cards issued and amount sanctioned has been presented in Table 2.

**Table 2. Total Outstanding of Kisan Credit Card by Regional Rural Banks in Punjab (Number in Units, Amount in Rs Lakhs)**

Year	RRBs	Outstanding		
		Number	Amount	Amount Per Card
2003-04	Satluj	666 (9.60) <sup>d</sup>	521 (7.25) <sup>d</sup>	0.78
	Punjab	5658 (81.56) <sup>d</sup>	6360 (88.44) <sup>d</sup>	1.12
	Malwa	613 (8.84) <sup>d</sup>	310 (4.31) <sup>d</sup>	0.51
2004-05	Satluj	909 (36.49) <sup>a</sup> (7.89) <sup>d</sup>	1038 (99.23) <sup>a</sup> (8.79) <sup>d</sup>	1.14
	Punjab	9118 (61.15) <sup>b</sup> (79.14) <sup>d</sup>	10144 (59.50) <sup>b</sup> (85.88) <sup>d</sup>	1.11
	Malwa	1495 (143.88) <sup>c</sup> (12.98) <sup>d</sup>	630 (103.23) <sup>c</sup> (5.33) <sup>d</sup>	0.42
2005-06	Satluj	869 (4.40) <sup>a</sup> (5.51) <sup>d</sup>	1060 (2.12) <sup>a</sup> (6.38) <sup>d</sup>	1.22
	Punjab	12729 (39.60) <sup>b</sup> (80.73) <sup>d</sup>	14350 (41.46) <sup>b</sup> (86.33) <sup>d</sup>	1.13

	Malwa	2169 (45.08) <sup>c</sup> (13.76) <sup>d</sup>	1213 (92.54) <sup>c</sup> (7.30) <sup>d</sup>	0.56
2006-07	Satluj	688 (-20.83) <sup>a</sup> (4.17) <sup>d</sup>	789 (-25.57) <sup>a</sup> (4.99) <sup>d</sup>	1.15
	Punjab	12864 (1.06) <sup>b</sup> (77.98) <sup>d</sup>	13112 (-8.63) <sup>b</sup> (82.94) <sup>d</sup>	1.02
	Malwa	2945 (35.78) <sup>c</sup> (17.85) <sup>d</sup>	1908 (57.30) <sup>c</sup> (12.07) <sup>d</sup>	0.65
2007-08	Satluj	603 (-12.35) <sup>a</sup> (2.92) <sup>d</sup>	752 (-4.9) <sup>a</sup> (3.10) <sup>d</sup>	1.25
	Punjab	16357 (27.15) <sup>b</sup> (79.22) <sup>d</sup>	20399 (55.58) <sup>b</sup> (83.99) <sup>d</sup>	1.25
	Malwa	3687 (25.20) <sup>c</sup> (17.86) <sup>d</sup>	3136 (64.36) <sup>c</sup> (13.12) <sup>d</sup>	0.85
2008-09	-			
2009-10	Satluj	1106 (5.01) <sup>d</sup>	2330 (4.55) <sup>d</sup>	2.11
	Punjab	15477 (70.12) <sup>d</sup>	42269 (82.62) <sup>d</sup>	2.73
	Malwa	5488 (24.87) <sup>d</sup>	6562 (12.83) <sup>d</sup>	1.20
2010-11	Satluj	1439 (30.11) <sup>a</sup> (3.26) <sup>d</sup>	3393 (45.62) <sup>a</sup> (6.94) <sup>d</sup>	2.36
	Punjab	6207 (-59.90) <sup>b</sup> (14.08) <sup>d</sup>	19562 (-53.72) <sup>b</sup> (48) <sup>d</sup>	3.15
	Malwa	36430 (563.81) <sup>c</sup> (82.65) <sup>d</sup>	25939 (295.29) <sup>c</sup> (53.05) <sup>d</sup>	0.71
2011-12	Satluj	7170 (398.26) <sup>a</sup> (23.13) <sup>d</sup>	12418 (265.99) <sup>a</sup> (20.25) <sup>d</sup>	1.73
	Punjab	18531 (198.55) <sup>b</sup> (59.78) <sup>d</sup>	39813 (103.52) <sup>b</sup> (64.94) <sup>d</sup>	2.15
	Malwa	5298 (-85.46) <sup>c</sup> (17.09) <sup>d</sup>	9080 (-64.99) <sup>c</sup> (14.81) <sup>d</sup>	1.71
2012-13	Satluj	1091 (-84.78) <sup>a</sup> (6.02) <sup>d</sup>	2400 (-80.67) <sup>a</sup> (4.76) <sup>d</sup>	2.20

	Punjab	10739 (-42.05) <sup>b</sup> (59.27) <sup>d</sup>	33726 (-15.29) <sup>b</sup> (66.93) <sup>d</sup>	3.14
	Malwa	6290 (18.72) <sup>c</sup> (34.71) <sup>d</sup>	14267 (57.13) <sup>c</sup> (28.31) <sup>d</sup>	2.27
2013-14	Satluj	2044 (87.35) <sup>a</sup> (9.50) <sup>d</sup>	10407 (333.63) <sup>a</sup> (14.02) <sup>d</sup>	5.09
	Punjab	14621 (36.15) <sup>b</sup> (67.97) <sup>d</sup>	50740 (50.45) <sup>b</sup> (68.38) <sup>d</sup>	3.47
	Malwa	4846 (-22.96) <sup>c</sup> (22.53) <sup>d</sup>	13058 (-8.47) <sup>c</sup> (17.60) <sup>d</sup>	2.69
2014-15	Satluj	8427 (312.28) <sup>a</sup> (25.66) <sup>d</sup>	19121 (83.73) <sup>a</sup> (16.87) <sup>d</sup>	2.27
	Punjab	18260 (24.89) <sup>b</sup> (55.60) <sup>d</sup>	75726 (49.24) <sup>b</sup> (66.80) <sup>d</sup>	4.15
	Malwa	6159 (27.09) <sup>c</sup> (18.75) <sup>d</sup>	18510 (41.75) <sup>c</sup> (16.33) <sup>d</sup>	3.01
MEAN	Satluj	2084.33	4519.08	1.94
	Punjab	11713.42	25683.42	2.22
	Malwa	6285	8445.18	1.33
CV (%)	Satluj	130.84	135	-
	Punjab	48	89.73	-
	Malwa	154.85	107.09	-
EGR (%)	Satluj	22.54	38.02	-
	Punjab	8.95	21.72	-
	Malwa	24.14	48.17	-
ANOVAs		F=6.272*	F= 9.162*	

**Note:** Figures given in parentheses 'a', 'b' & 'c' shows the annual change in percentage-'a' stands for Satluj Gramin Bank, 'b' for Punjab Gramin Bank and 'c' for Malwa Gramin Bank, and 'd' shows the share of respective agency in total.

\*Significant at 5 percent level of significance.

Table 2 shows that the average number of cards outstanding was the highest in Punjab Gramin Bank (11713.42) followed by Malwa Gramin Bank (6285) and Satluj Gramin Bank (2084.33). The outstanding of number of cards by Satluj Gramin Bank was 666 in the year 2003-04 and increased to 8427 in the year 2014-15 registered a growth rate of 22.54 percent. The annual growth rate of Satluj Gramin Bank was the highest (312.28 percent) in the year 2014-15. The outstanding of number of cards

by Punjab Gramin Bank increased from 5658 in the year 2003-04 to 18260 in the year 2014-15 and registering a growth rate of 8.95 percent. The annual growth rate of Punjab Gramin Bank was the highest (198.55 percent) in the year 2011-12. The outstanding of number of cards of Malwa Gramin Bank increased from 613 in the year 2003-04 to 6159 in the year 2014-15 and registered a growth rate of 24.14 percent. The coefficient of variation of number of cards outstanding was higher in Malwa

Gramin Bank (154.85) as compared to that of Satluj Gramin Bank (130.84) and Punjab Gramin Bank (48).

The average value of outstanding amount was the highest in Punjab Gramin Bank (Rs. 25683.42 lakhs) followed by Malwa Gramin Bank (Rs. 8445.18 lakhs) and Satluj Gramin Bank (Rs. 4519.08 lakhs). The outstanding amount of Satluj Gramin Bank increased from Rs. 521 lakhs in the year 2003-04 to Rs. 19121 lakhs in the year 2014-15 and registered a growth rate of 38.02 percent. The annual growth of Satluj Gramin Bank was the highest (333.63 percent) in the year 2013-14. The outstanding amount of Punjab Gramin Bank increased from Rs. 6360 lakhs in the year 2003-04 to Rs. 75726 lakhs in the year 2014-15 and registered a growth rate of 21.72 percent. The annual growth rate was the highest (103.52 percent) in the year 2011-12. The outstanding amount of Malwa Gramin Bank was Rs. 310 lakhs in the year 2003-04 which increased to Rs. 18510 lakhs in the year 2014-15 registering a growth rate of 48.17 percent. The annual growth rate of amount outstanding of the Malwa Gramin Bank was the highest (295.29 percent) in the year 2010-11.

The amount per card by Satluj Gramin Bank was Rs. 0.78 lakhs in the year 2003-04 and increased to Rs. 2.27 lakhs in the year 2014-15. Whereas, the amount per card by Punjab Gramin Bank increased from Rs. 1.12 lakhs in the year 2003-04 to Rs. 4.15 lakhs in the year 2014-15. The amount per card by Malwa Gramin Bank also increased from Rs. 0.51 lakhs in the year 2003-04 to Rs. 3.01 lakhs in the year 2014-15. The share of Punjab Gramin Bank was the highest in total outstanding by regional rural banks followed by the Malwa Gramin Bank and the Satluj Gramin Bank throughout the study period. It can be concluded from the above analysis that the highest number of KCC and amount thereof has been outstanding for Punjab Gramin Bank. However, it has been observed that the outstanding of Malwa Gramin Bank as well as Satluj Gramin Bank has also been growing during the period. There exists a strongly positive and statistically significant correlation in cards and amount outstanding among all the three regional rural banks. Further, there exists a significant difference among regional rural banks in terms of growth number of cards and amount outstanding during the study period.

## 5. Conclusion

Thus, to conclude it can be said that RRB's have emerged as an important financial institution for rural areas where

other institutions are not accessible. The RRBs have given a platform to weaker sections, especially marginal and small farmers to acquire credit at their door steps. The RRBs have been successful in implementing and disbursing KCC scheme to the farmers. Further, it is observed that during the study period, the performance has been progressive both in terms of number of cards issued and amount sanctioned under the scheme by various RRBs in Punjab. Agency-wise growth of KCC scheme has shown ups and downs throughout the period of study both in terms of number of cards as well as amount sanctioned and disbursed. Further, there also exists a significant difference in growth among all the RRBs. The persistent growth in the performance of the RRBs leads to the conclusion that the end user of the scheme is availing desired benefits from the scheme and also that the adaptability of the KCC scheme is increasing with time. The highest number of KCC and amount outstanding is for Punjab Gramin Bank. However, it has also been observed that the outstanding of Malwa Gramin Bank as well as Satluj Gramin Bank has also grown during the period under observation. The study suggests that in order to improve the performance of the scheme, banks should take measures to control their outstanding credit. On the other hand, the banks should also endeavor to issue more Kisan Credit Cards under the KCC scheme in order to achieve higher agricultural growth rate in Punjab.

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