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**FINANCIAL INCLUSION THROUGH KISAN CREDIT CARD (KCC)  
SCHEME: A STUDY IN HAIL AKANDI DISTRICT OF ASSAM**

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Recently, the Government of India and Reserve Bank of India has been given much concentration for achieving financial inclusion throughout the country, ensuring high growth rate through the credit flow in the agriculture sector for attaining the targets under Bringing Green Revolution to Eastern India (BGREI) programme as well as Food Security Mission signifies the upgrading of the vulnerable groups of people of the country. A majority of the population, especially the low-income groups, continues to remain excluded from the opportunities and services provided by the financial sectors of the country. In order to formulate a suitable inclusive development strategy through Kisan Credit Card (KCC) scheme for attracting new customers who are vulnerable groups such as weaker sections and low income groups for accelerating the process of ensuring access to timely and adequate credit and financial services at an affordable cost. This paper examines the performance of financial inclusion through bank branch expansion programme in the Hailakandi District. This paper also analyses the performance of the Kisan Credit Card Scheme given to the agriculture sector agency-wise in Hailakandi District during the period from 2008-09 to 2012-13. The study comes to a conclusion that there is a large gap between the target and achievement in the respect of distribution of Kisan Credit Cards through the banking agencies in Hailakandi District. Commercial bank plays an important role in the aspect of issuing Kisan Credit Cards compared to the Regional Rural Banks and State Cooperative banks.

The XIth Five Year Plan (2007-12) of the country defines inclusive growth to be 'a growth process which yields broad-based benefits and ensures equality of opportunity for all' and should be combined with development programmes aimed at overcoming deficiencies in the overall governance in the intervention. The inclusive development includes social and economic inclusion of major segments of our population viz. landless agricultural labourers, small and marginal farmers, scheduled caste, scheduled tribes and other backward classes. Thus, the social sector expenditure by the government should be directed towards bringing these marginalised sections into the mainstream of development.

Financial inclusion may be defined as the process of ensuring access to timely and adequate credit and financial services by vulnerable groups such as weaker sections and low income groups at an affordable cost from mainstream financial service providers. But even after 60 years of independence, a large section of Indian population still

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remains unbanked. Bank nationalization in India during 1969 and directed credit though had weeded out the moneylenders from the Indian rural scenario to a great extent yet they are the second most-preferred source of loan. Obviously this is attributable to the rampant financial exclusion of the rural people involving absence of access to financial services in general and to formal credit in particular. While lack of awareness, low income, poverty and illiteracy among the people precipitate exclusion, distance from bank branch, branch timings, cumbersome documentation and complicated procedures, unsuitable products, alien language, staff attitudes, etc only bolster the trend. Consequently the extreme incompatibility between the service providers and the recipients make the informal credit sources more acceptable. Financial Inclusion Index (FII), the measures of the level of financial inclusion, is based on the three basic dimensions of an inclusive system includes banking penetration, availability of banking services and usage of the banking system.

The "Committee on Financial Inclusion" set up by the Government of India (GoI) under Dr. C. Rangarajan, had, in its Interim Report in 2008, recommended a National Rural Financial Inclusion Plan (NRFIP) which aims to provide comprehensive financial services to 50 percent (55.77 million) of the excluded rural cultivator as well as non-cultivator households by 2012 through rural and semi-urban branches of Commercial Banks and Regional Rural Banks (RRBs). The remaining households are to be covered by 2015. To expedite this process, the Department of Financial Services, Ministry of Finance, Government of India had advised banks to prepare a "Comprehensive Financial Services Plan" for all the districts and states in consultation with RBI, NABARD, and Nodal Officers of Public Sector Insurance Companies. The committee also recommended for the establishment of two funds, namely the "Financial Inclusion Fund (FIF)" for meeting the cost of "Developmental and Promotional Interventions" for ensuring financial inclusion, particularly among weaker sections, low income groups and in backward regions/hitherto unbanked areas and the "Financial Inclusion Technology Fund (FITF)", to meet the cost of technology adoption for promoting financial inclusion, increase the technological absorption capacity of financial service providers/ users and encourage an environment of innovation and cooperation among stakeholders. The Hon'ble Union Minister of Finance, in the Union Budget Speech for 2007-08, announced the constitution of Financial Inclusion Fund (FIF) and the Financial Inclusion Technology Fund (FITF), with an overall corpus of Rs 500 crore each, with initial funding to be contributed by the Government of India (GoI), Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) in a ratio of 40:40:20.

A multi-media campaign, "Swabhimaan" has been launched by Government of India to inform, educate and motivate people to open bank accounts during 2010-11 and extended in 2012-13 to include these left outs in the banking umbrella. In his budget speech in 2012 the union Finance Minister mentioned that "In 2010-11, "Swabhimaan" campaign was launched to extend banking facilities ....to habitations having population in excess of 2000....In 2012-13, I propose to extend the "Swabhimaan" campaign to habitations with population of more than 1000 in North Eastern and hilly States and to other habitations which have crossed population of 2,000 as per Census 2011". In the budget of 2011-12, it was highlighted that the target of providing banking facilities to all the identified 73,000 habitations having a population of over 2000 has to be completed by March 2012.



The essential criteria for inclusive and sustainable economic growth are capital formation through credit and financial services boosting opening of bank accounts considered as an immediate and important intervention. The Government of India along with Reserve Bank of India for promoting financial inclusion in the country have taken various measures like No Frills Account, Core-Banking, E-Banking, Mobile Banking, Kisan Credit Card, Biometric ATM, Micro Finance, Tie up with NGO's, Advertisement for Financial Inclusion, Business Correspondence Model, Financial Literacy and Counselling Centre. The campaign will facilitate branchless banking services through the use of technology and intermediaries. According to the Rural Finance Access Survey (2003) which holds that 59% of the population does not have a deposit account and 79% do not have access to formal credit source.

Agriculture in India is at crossroads today due to deceleration of growth and many new opportunities and possibilities are emerging in recent years. Agriculture is the backbone of the Indian economy and main 'culture' for rural families. Among the total workforce engaged in this primary sector, 79% of rural women are involved in agriculture who is remained "invisible workers". The agriculture sector occupies centre-stage in our country to promote inclusive growth, enhance rural incomes and sustain food security. The better agricultural performance is a result of: a) farmers' response to better prices; b) continued technology gains; and c) appropriate and timely policies coming together. From the inception of Indian economic planning, development of agriculture sector received primary importance. The XIth Five Year Plan (2007-12) reflected an average annual growth of 3.6 percent in GDP from agriculture and allied sector against a target of 4 percent realized agriculture growth has been higher than the average annual growth achieved 2.5% and 2.4% respectively during the IXth and Xth Five Year Plans despite drought and deficient monsoon conditions. Prime Minister Dr. Manmohan Singh has reiterated that unless we achieve 4 percent growth rate in agriculture it is difficult to achieve 9 percent GDP growth rate.

In recent years, the growth rate of agricultural sector in India decelerated because of the declining production efficiency, lack of access to institutional credit, high cost of inputs and unfavourable market conditions. Agricultural credit is considered as one of the most basic input for conducting all agricultural development programmes. So, its timely availability in right quantity at reasonable interest rate is a pre-requisite for improving rural livelihood and accelerating economic development. Broadly, credit in agricultural sector may be divided into short-term loans to meet the input expenses and medium and long-term loans to agriculture sector to facilitate the development of fixed farm Assets such as land. The target of agriculture credit flow for the year 2012-13 was fixed at Rs 5,75,000 crore, against which achievement as of September 2012 was Rs 2,39,629 crore. In Rural Development Budget 2013-14, the Union Finance Minister taking into consideration the importance of the credit for the needy small and marginal farmers, proposed to increase the target to Rs 700,000 crore. Modern agriculture is a costly affair and Indian farmers are unable to save their money for next cropping because their income from farm operations is insufficient to provide minimum necessities of life. Due to financial constraints, most of the poor and small marginal farmers are not capable to manage agricultural practices on commercial basis.

One of the important criteria for the development of agricultural in our country has been to enhance the prominent role of institutional sources of finance. Farmers are the nerve centre of the rural economy in India and they constitute major portions of the total population who are considered as vulnerable groups such as weaker sections and



low income groups of the society. To coverage a large number of farmers under the fold of institutional credit are considered as a big challenge to the Indian Banking Industry. On this aspect, Kisan Credit Card (KCC) has come into view as an innovative credit delivery mechanism from the banking system in 1998-99 for meeting the production and consumption expenses of the farmers in a timely, flexible, cost-effective and hassle free manner. Kisan credit card is a package of services which is positive, productive and thrift creating.

Honourable Union Finance Minister announced in his budget speech for 1998-99 that NABARD would formulate a Model Scheme for issue of Kisan Credit Cards to farmers, on the basis of their land holdings. As a pioneering credit delivery innovation, Kisan Credit Card Scheme aims at provision of adequate and timely support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible and cost effective manner. The Kisan Credit Cards (KCCs) scheme is an innovative mechanism for facilitating short-term credit to farmers. In accordance with the announcement in the GOI Budget 2001-02, Personal Accident Insurance Scheme (PAIS) has been introduced as a 'add-on benefit' and Personal insurance cover for accidental death or permanent disability for KCC holders has also been finalized. The non-farmer workers and tenant farmers were kept outside the KCC scheme. In August, 2003, credit card scheme even for the artisans, weavers and fisherman were announced.

The KCC scheme, which was operationalised during the year 1998-99, is a landmark in the history of rural credit delivery system in India. The model scheme was circulated by the RBI to commercial banks and by the NABARD to co-operative banks and RRBs in August, 1998. The finance extended under the KCC scheme is in the nature of a revolving cash credit and provides for any number of drawals and repayments within the limit. The credit limit under the card is fixed on the basis of the operational land holding, cropping pattern and scale of finance, as recommended by the District Level Technical Committee/State Level Technical Committee as per established procedures.

Financial inclusion has become a vibrant channel to promote and attract the kisan credit cards to the rural population. In pursuance to the announcement made by Finance Minister in his Budget Speech 2012-13, NABARD has issued guidelines for modifying KCC Schemes inter-alia to make KCC a smart card which could be used at ATMs/Mobile Handsets. For accelerating the banking services, the financial inclusion account and the KCC account has been merged into a single saving-cum-overdraft account.

#### **Objectives of the Study**

- To examine the performance of financial inclusion through bank branch expansion programme in Hailakandi District.
- To analyse the performance of the Kisan Credit Card Scheme given to the agriculture sector agency-wise in Hailakandi District during the period from 2008-09 to 2012-13.

#### **Data Source and Methodology**

The universe of the study is the Hailakandi District of Assam. The study is based on the secondary data collected from the Lead Bank Office, Hailakandi District and the Office of the District Development Manager, NABARD, Hailakandi District. The data has been collected and analysed for a period of 5 years i.e. 2008-09 to 2012-13.



### District Profile

Hailakandi is very backward district of Assam and development of agriculture is directly affecting the socio-economic condition of the poor and marginal farmers. Agriculture and its allied activities are the predominant income generating activities of the district. Around 76% of the total population is engaged in agriculture activity. There are 83,011 farm families consisting of 88,488 farmers (land holding) practising agriculture. Around 76% of the farmers are marginal and small farmers with an average operational land holding of about 0.50 hactre. Flood is a recurring feature of the district which causes extensive damage almost every year. The damage to the standing crop is a regular feature, especially during Kharif season. In fact, sixty per cent of the low lying area remains water logged during the monsoon. So, agricultural finance should be concerned for the development of small farmers and increased agricultural productivity. Most of the rural and poor marginal farmers are under covered from the fold of institutional finance. The banking scenario of the district is that there are 28 numbers of bank branches of which 16 branches of scheduled banks, 8 branches of Regional Rural Banks i.e. Assam Grameen Vikash Bank, 2 branches of the Assam State Co-operative Apex Bank Ltd and 2 private banks also facilitating banking services. The Lead bank of the district is United Bank of India and it formulates the Annual Credit Plan for the scheduled banks operating in the district.

### Result and Discussion

#### A. Financial Inclusion Through Branch Expansion Programme

Inclusive growth is basically known as 'broad based growth, shared growth and pro poor growth' achieved through financial inclusion of the vulnerable groups in the society where financial inclusion is a new pillar of economic growth. Banks and other services players are largely expected to mitigate the supply side processes that prevent poor and disadvantaged social groups from gaining access to the financial system. Expansion of the banking network was therefore crucial and hence a nationwide programme "Swabhimaan" was launched in February, 2011. "Swabhimaan" a path-breaking initiative by the Government and the Indian Banks' Association tries to extend the reach of banks, bridge urban rural divide and strives towards some sort of egalitarianism.

In March 2012, there are 26 bank branches in the district with a population of 6.59 lakh (as per Census 2001) and per branch average population is 25356. The following table 1.1 represented the growth of bank branch expansion programme in Hailakandi district of Assam.

**Table 1.1:**  
**Bank-Wise Number of Bank Branches Operating in District of Hailakandi**

S.No.	Name of Bank	2008-09	2012-13
1	United Bank of India	4	4
2	State Bank of India	3	4
3	Union Bank of India	2	3
4	Central Bank of India	1	2
5	Punjab National Bank	1	1
6	UCO Bank	1	1
7	Canara Bank	1	Nil
8	Assam Gramin Vikash Bank	8	8
9	Assam Co. Op. Apex Bank Ltd.	2	2
10	Bank of Boroda	Nil	1



11	ICICI	Nil	1
12	AXIS Bank	Nil	1
	<b>Total</b>	<b>23</b>	<b>28</b>
	<b>CAGR (%)</b>		<b>4.01%</b>

Source: District Financial Services Plan, 2008-09 and Lead Bank Office, Hailakandi District.

From the above table it is clear that the growth of branch expansion programme in the district is unsatisfactory. During the study period from 2008-09 to 2012-13, the number of bank branches increases from 23 to 28 reflected annual compound growth rate is only 4.01 percent.

There are 5 Development Blocks and all blocks are covered with bank branches. Two blocks namely South Hailakandi and Katlicherra blocks are under banked. Among the 5 Development Blocks in the Hailakandi district, the Hailakandi Dev. Block and Lala Dev. Block are influencing to the more involvement of the farmer's with the formal credit due to the presence of more bank branch facilities. The following table 1.2 represents the block-wise distribution of banks branches in the district of Hailakandi.

**Table 1.2**  
**Block-wise Distribution of Bank Branches in District of Hailakandi**

S. No.	Name of Dev. Block	2008-09*	2012-13
		No. Of Bank Branches	No. Of Bank Branches
1.	Hailakandi Dev. Block	7	12
2.	Lala Dev. Block	7	8
3.	Algapur Dev. Block	7**	4
4.	Katlicherra Dev. Block	2	2
5.	South Hailakandi Dev. Block	3	2
6.	TOTAL	23	28

Source: District Financial Services Plan 2018-09 and Lead Bank Office, Hailakandi District.

- Three branches, viz, UBI Hailakandi, Union Bank Katlicherra and SBI Hailakandi have been operating in two Development Blocks each under the Service Area Approach.
- including one branch of SBI for non-target group of borrowers only in the service area of one branch of AGVB.

The following table 1.3 represents the deposits outstanding of the banking agencies in the Hailakandi district of Assam. It is clear that compound annual growth rate of the three banking agencies in the Hailakandi district during the study period is nearly same and the total compound annual growth rate is only 12.61 percent during the study period.

**Table 1.3**  
**Deposits Outstanding: Agency-Wise in District of Hailakandi**

Agency	Amount of Deposit (Rs.'000)					CAGR (%)
	2008-09	2009-10	2010-11	2011-12	2012-13	
Commercial banks	2975066	3200935	4117367	4485200	5486832	13.02
Regional rural banks	709048	959889	1103734	1135600	1214134	11.36
Cooperative banks	170477	204981	231880	251300	277625	10.24
All agencies	3854591	4365805	5452981	5872100	6978591	12.61

Source: Potential Linked Credit Plan, from 2011-12 to 2013-14, NABARD and Lead Bank Office, Hailakandi District.



The following table 1.4 represents the loan and advances outstanding of the banking agencies in the Hailakandi district of Assam. It is clear that total compound annual growth rate of the banking agencies in the Hailakandi district during the study period is 8.62 percent. The compound annual growth rate of the Commercial banks is only 8.00 percent where RRBs followed 14.89 percent of growth rate is higher than the commercial banks and the co-operative banks whereas co-operative banks annual growth rate has declined to -13.07 percent.

Table-1.4

**Loan and Advances Outstanding: Agency-Wise in District of Hailakandi**

Amount of Loan (Rs.'000)

Agency	2008-09	2009-10	2010-11	2011-12	2012-13	CAGR (%)
Commercial banks	1354896	1508657	1473461	1713400	1991078	8.00
Regional rural banks	255877	407909	399758	449200	512195	14.89
Cooperative banks	67018	54158	78890	36500	33265	-13.07
All agencies	1677791	1970724	1952109	2199100	2536538	8.62

Source: Potential Linked Credit Plan, from 2011-12 to 2013-14, NABARD and Lead Bank Office, Hailakandi District.

According to the "Swabhimaan" guidelines to Commercial Banks and RRBs/ SCBs to ensure the provision of banking services through the use of technology and intermediaries in every village with population of over 2000 by March 2012. On this aspect, there are 85 villages in the district with population of over 2000, out of which 8 villages are covered by the financial institutions and 77 villages are covered by Banking Correspondence (BCs) namely Ultra Small Branch (USB) or Customer Service Point (CSP).

Name of the RRB	Total No. of villages allotted in the district	No. of villages covered as on 2011-12	No. of villages covered by Branch	No. of villages covered by BCs
RRB (AGVB)	36	36	2	34
CBs	49	49	6	43
TOTAL	85	85	8	77

Source: Potential Linked Credit Plan, 2013-14, NABARD, Hailakandi District.

Most of the banks are utilising Farmer's Club as Business Facilitators due to the deficiency of bank branch facilities. In order to achieve the objectives of financial inclusion, it has been decided to support RRBs who engage Farmers Club (FC) as Business Facilitator (BF) for extending the financial services to rural poor. However, no Farmers' Club in the district has been identified as Business Facilitator. According to the report of Dr. C. Rangarajan's Committee on Financial Inclusion, the Advisory Board of Financial Inclusion Fund (FIF) decided to support Lead Banks in 256 financially excluded districts and 10 disturb districts for setting up of Financial Literacy and Credit Counselling Centres (FLCCS). There are 19 districts in the state of Assam which are eligible for assistance under Financial Inclusion Fund (FIF) to set up the Financial Literacy and Credit Counselling Centres (FLCCS). The Lead Bank Office is actively pursuing with the Hailakandi Districts Administration for establishing Financial Literacy and Credit Counselling Centres (FLCCS).

During the year 2010-11, in view of implementation of the MGNREGS programme in the district 98,435 SB Accounts were opened against job card issued by the



District Rural Development Agency (DRDA) of which banks have opened 73,576 SB Accounts whereas remaining 24,859 accounts by Post Office. As a result, it is expected that the number of 'No Frills Account' will increase in the coming days and which is not normal expansion of bank account.

#### B. Position of Kisan Credit Card Scheme in Hailakandi District

The Kisan Credit Card (KCC) Scheme introduced in 1998-99 for timely and hassle-free short term loans has been extended to borrowers for term credit and consumption loans. For promoting Financial Inclusion for Inclusive Growth, it is pre-requisite criteria of the Commercial Banks in Hailakandi district to cover all the rural and poor marginal farmers in the shade of banking facilities. To usher the financial inclusion more and more, the banking network must endeavour to popularise hassle free credit to rural and poor marginal farmers who are identified as 'vulnerable groups' of the society through issuing Kisan Credit Card in Hailakandi District by the expansion of bank branch facilities.

The Table No. 2.1 reflects the performance of the achievement of Kisan Credit Card by the Commercial Banks in the Hailakandi district during the study period i.e. from 2008-09 to 2012-13. The above table makes it clear that the percentage of achievement in issuing KCCs has been decreasing gradually during the last five years under study. The highest amount of loan of Rs. 734.86 lakh was disbursed against the target of Rs. 632 lakh in 2010;11 depicting the highest percentage of achievement was 116.28 percent during the period of the study. Though the Annual Credit Plan prepared by the Lead Bank has been increasing the physical and financial target of the Kisan Credit Card scheme year after year keeping in mind the vast potentiality of the agriculture and allied activities, traditional skill, availability, market infrastructure, extension support etc. as well as the general investment climate in the district, but the performance of the Commercial banks is still unsatisfactory.

Table 2.1

Performance of Kisan Credit Card by the Commercial Banks in Hailakandi District of Assam

(Rs. Lakh)

YEAR	TARGET		ACHIEVEMENT			
	Phy.	Fin	Phy.	Fin	% of Phy. achievement	% of Fin achievement
2008-09	3242	490.07	2045	401.90	63.08	82.00
2009-10	4655	954.75	2890	593.69	62.08	62.18
2010-11	4925	632.00	2546	734.86	51.70	116.28
2011-12	8123	2054.00	5039	1230.50	62.03	59.91
2012-13	8100	6448.01	5991	2271.00	73.96	35.22
CAGR (%)	20.10	67.43	23.98	41.39		

Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District.

Figures in the parenthesis indicate percentage achievement.

It gives a clear picture that comparatively the Commercial banks plays a vital role in the aspect of Kisan Credit Card scheme than the Regional Rural Banks and State Cooperative banks. Commercial banks issues 63.73 percent of total numbers of Kisan credit cards and also occupies 49.46 percent of total amount of lending among the beneficiaries during the study period. During the period 2012-13, commercial banks issued 18511 KCC's and disbursed Rs. 5231.95 lakh respectively which is higher than last four years.



The following Table No. 2.2 highlights the poor performance of the Kisan Credit Card scheme by the Regional Rural Banks in the Hailakandi district during the study period i.e. from 2008-09 to 2012-13. In the year 2012-13, total number of KCCs had been issued was 2825 against the target of 4000 and the achievement in disbursement of finance was Rs. 978.25 lakh against the target of Rs. 1050 lakh higher than previous last four years. The percentage of achievement of issuing KCCs as well as disbursement of loan is increasing year by year. Regional Rural Banks issues 50.17 percent of total numbers of Kisan credit cards and also occupies 63.15 percent of total amount of lending among the beneficiaries during the study period.

**Table 2.2**  
**Performance of Kisan Credit Card by the Regional Rural Banks in Hailakandi District of Assam**

(Rs. Lakh)

YEAR	TARGET		ACHIEVEMENT			
	Phy.	Fin	Phy.	Fin	% of Phy. Achievement	% of Fin achievement
2008-09	1825	277.52	620	135.6	33.97	48.86
2009-10	2500	410.15	870	170.2	34.80	41.50
2010-11	2700	332.90	1060	186.15	39.26	55.92
2011-12	4600	1062.26	2464	508.09	53.57	47.83
2012-13	4000	1050.00	2825	978.25	70.63	93.17
CAGR (%)	16.99	30.49	35.43	48.47		

Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District.

Figures in the parenthesis indicate percentage achievement.

The Table No. 2.3 clearly depicts a very poor performance of the achievement of Kisan Credit Card by the State Co-operative Banks in the Hailakandi district during the study period i.e. from 2008-09 to 2012-13. In the regard of issued KCCs and disbursement of credit, the percentage of achievement was 55.5 percent and 71.15 percent respectively during the year 2011-12 which was the highest percentage of achievement during the period of the study. The achievement in disbursement of finance was Rs. 138.75 lakh against the target of Rs. 195 lakh during the year 2011-12. In the year 2010-11, the physical and financial performance of the Kisan Credit Cards scheme was negligible.

**Table 2.3**  
**Performance of Kisan Credit Card by the State Co-operative Banks in Hailakandi District of Assam**

(Rs. Lakh)

YEAR	TARGET		ACHIEVEMENT			
	Phy.	Fin	Phy.	Fin	% of Phy. achievement	% of Fin achiev..
2008-09	375	60.30	95	7.5	25.33	12.44
2009-10	500	125	130	8.2	26.00	6.56
2010-11	400	45	0	0	0.00	0.00
2011-12	1000	195	555	138.75	55.5	71.15
2012-13	1000	150.00	329	25.40	32.9	16.93
CAGR (%)	21.67	19.99	28.20	27.63		

Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District. Figures in the parenthesis indicate percentage achievement.



**Table 2.4:**  
**Total Performance of Kisan Credit Card scheme in Hailakandi District of Assam**  
 (Rs. Lakh)

YEAR	TARGET		ACHIEVEMENT			
	Phy.	Fin	Phy.	Fin	% of Phy. achievement	% of Fin achievement
2008-09	5442	827.89	2760	545.00	50.72	65.83
2009-10	7655	1489.9	3890	772.09	50.82	51.82
2010-11	8025	1009.9	3606	921.01	44.93	91.20
2011-12	13723	3311.26	8058	1877.34	58.72	56.70
2012-13	13100	7648.01	9145	3274.65	69.81	42.82
CAGR (%)	19.21	56.00	27.07	43.14		

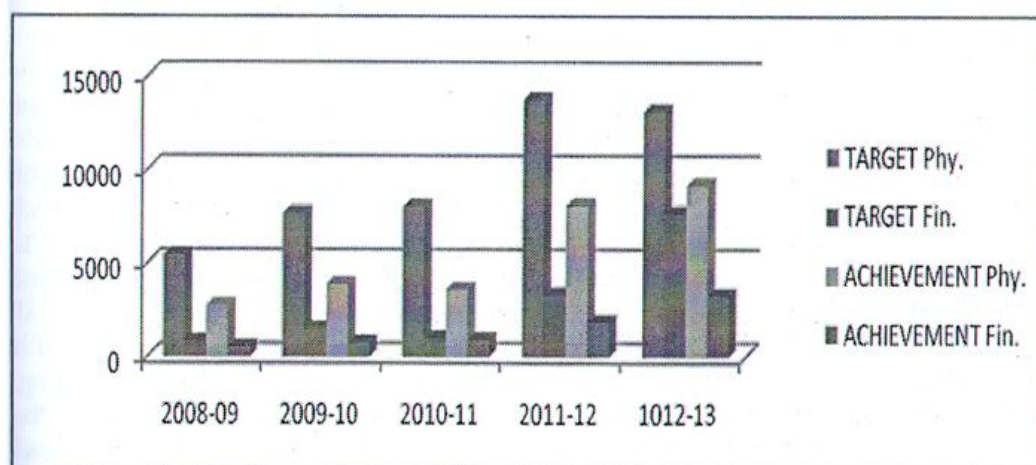
Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District.

Figures in the parenthesis indicate percentage achievement.

The Table No. 2.4 reflects the percentage of the physical and financial achievement through the banking sector in the foregoing study area was 50.72 percent and 65.83 percent respectively in the year of 2008-09. The total number of issuing KCCs as well as disbursement of loan is increasing year after year but in the year of 2012-13, the percentage of the physical and financial achievement through the banking sector was 69.81 percent and 42.82 percent respectively. During 2008-09 to 2012-13, total number KCC's had been issued was 27459 against the target of 47945 through the banking agencies in Hailakandi District and the achievement in disbursement of total finance was Rs. 7390.09 lakh against the target of Rs. 14286.96 lakh. The following chart-1 reflects the total physical and financial growth of the Kisan Credit Card scheme in Hailakandi district during the study period i.e. from 2008-09 to 2012-13. There is a large gap between the target and achievement of lending institutional finance in the respect of distribution of Kisan Credit Cards through the banking agencies in the Hailakandi district during the study period. It is clear from the following chart-2 that the total target as well as achievement in the respect of issuing KCC's and disbursement of loan is increasing.

**Chart-1:**

**Total Performance of Kisan Credit Card scheme in Hailakandi District of Assam**





The Table No. 2.5 highlights the agency-wise achievement of Kisan Credit Card scheme Hailakandi district during the study period i.e. from 2007-08 to 2011-12. It is clear from this table that the performance of the Commercial banks under the KCC scheme is satisfactory rather than the Co-operative bank and Regional Rural Bank. From the year 2007-08 to 2011-12, the percentage of issuing KCC's as well as lending credit is increasing through the Commercial bank.

**Table 2.5**  
**Agency-wise Achievement of Kisan Credit Card Scheme in Hailakandi**  
**District of Assam**

(Rs. Lakh)

Year	Co-operative Bank		Regional Rural Bank		Commercial Bank		Total	
	Phy.	Fin	Phy.	Fin	Phy.	Fin	Phy.	Fin
2008-09	95 (8.57)	7.5 (4.17)	620 (7.91)	135.6 (6.85)	2045 (11.05)	401.90 (7.68)	2760 (10.05)	545.00 (7.37)
2009-10	130 (11.72)	8.2 (4.56)	870 (11.09)	170.2 (8.60)	2890 (15.61)	593.69 (11.35)	3890 (14.17)	772.09 (10.45)
2010-11	0.00 (0.00)	0.00 (0.00)	1060 (13.52)	186.15 (9.42)	2546 (13.75)	734.86 (14.05)	3606 (13.14)	921.01 (12.46)
2011-12	555 (50.05)	138.75 (77.15)	2464 (31.43)	508.09 (25.68)	5039 (27.22)	1230.50 (23.52)	8058 (29.34)	1877.34 (25.40)
2012-13	329 (29.66)	25.40 (14.12)	2825 (36.05)	978.25 (49.45)	5991 (32.37)	2271.00 (43.40)	9145 (33.30)	3274.65 (44.32)
Total	1109 (100.00)	179.85 (100.00)	7839 (100.00)	1978.29 (100.00)	18511 (100.00)	5231.95 (100.00)	27459 (100.00)	7390.09 (100.00)
CAGR (%)	28.20	27.63	35.43	48.47	23.98	41.39	27.07	43.14

Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District.

Figures in the parenthesis indicate percentage achievement.

### Conclusion

The banking agencies of the district in the rural areas need to identify the criteria of marketing as well as credit strategy on which rural people determine their bank selection decision. Banks may engage the services of Business Facilitator to address the issue of 'last mile post'. Financial literacy camp may be organised by banks to educate rural folks about advantages of banking. In spite of expansion of formal credit networking system, the volume of institutional credit through KCC scheme is still unsatisfactory rather raising the prices of agricultural inputs. Inadequate branch expansion programme resulted in wastage of time and money, forced the farmers to borrow the loan from informal credit sources at a high rate of interest. Due to large time gap between the credit requirement and disbursement in the agriculture sector, the small and marginal farmers misutilised their granted loans for unproductive purposes. So, it is very important to identify the constraints relating to complex procedures of lending, infrastructure and other support services that are hindering the flow of credit to the agriculture sector and designed the policies requirement of the district for balanced development and developing inclusive growth. Banks should ensure to provide KCC to



all the eligible farmers in their area of operation for achieving hundred percent of financial inclusion. In short, we can conclude that if the banks fully implemented the Kisan Credit Card scheme and also if the farmers utilise their finance for productive purposes which will influence to improve their economic conditions and hence it will be possible to attain inclusive growth as well as financial inclusion.

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## **Performance of Institutional Agricultural Credit in Hailakandi District of Assam with Special Reference to Kisan Credit Card Scheme**

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**Abstract:** *In recent years, the Growth rate of agricultural sector in India decelerated because of the declining production efficiency, lack of access to institutional credit, high cost of inputs and unfavourable market conditions. Modern agriculture is a costly affair and to manage agricultural practices on commercial basis, Kisan Credit Card (KCC) scheme is one of the key products developed to improve the farmer's accessibility to bank credit, simplify credit delivery mechanism and provide more flexibility in use of credit. The study has been conducted in Hailakandi District of Assam with the prime objective to make an analysis on the performance of institutional agricultural credit for the development of agriculture and allied activities in the district. This paper also highlights the physical and financial performance of Kisan Credit Card scheme in Hailakandi District of Assam. The study indicates that despite continuous efforts for mobilisation of finance to this sector, there exist a substantial gap between the requirement of credit and supply of agricultural credit. The study comes to a conclusion that in spite of the expansion of formal credit networking system, the volume of institutional credit through KCC scheme is unsatisfactory as the increase in cost of inputs inclusive of labour has raised cost of cultivation, which is higher than the net income from farming. So, it is very important to identify the constraints relating to complex procedures of lending, infrastructure and other support services that are hindering the flow of ground level credit and designed the policies requirement for balanced development and developing inclusive growth. To usher the financial inclusion more and more, Commercial Banks must endeavour to popularize hassle free credit to rural and poor marginal farmers through Kisan Credit Card scheme in Hailakandi District.*

**Keywords:** *Institutional agricultural finance, Kisan Credit Card, Financial inclusion, Inclusive growth.*

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### **I. Introduction**

Agriculture is the art and science of raising plant life from the soil. Agriculture is one of the oldest activities of humankind and today it includes not only cultivation of crops but also domestication of animals. Agriculture is the most basic resource not only supports human beings for their subsistence but also helps a large number of industries. Farmers are the nerve centre of the rural economy in India and they constitute major portions of the total population. Thus the development of rural areas should receive top priority and it requires development of agriculture (Dhar,1999)<sup>1</sup>. The contribution of agriculture sector to the Gross Domestic Product was 14.2 per cent during 2010-11, a marginal decline of 0.2 per cent as compared to 2009-10 (RBI,2011)<sup>2</sup>. In India, the agriculture sector plays an important role in respect of contribution to GDP, employment and income and its slow growth rate will have an adverse impact on the overall growth of the economy. Investment in the agriculture sector requires to be highly accelerated to attain the satisfactory level of growth. Therefore, high rate of investment in the primary sector needs to be well appropriately structured, timed and well implemented with maximum effectiveness to achieve the desired level of growth. In present time, agriculture activities are a costly affair. After the inception of green revolution, the need for credit has greatly increased in our country to purchase HYV technology. Agricultural credit is considered as one of the most basic input for conducting all agricultural development programmes. So, its timely availability in right quantity at reasonable interest rate is a pre-requisite for improving rural livelihood and accelerating economic development (Singh,2009)<sup>3</sup>. Broadly, credit in agricultural sector may be divided into short-term loans to meet the input expenses and medium and long-term loans to agriculture sector to facilitate the development of fixed farm Assets such as land. From the inception of economic planning in India, improvement of agriculture sector has been receiving special attention. NABARD has been constantly endeavouring to facilitate smooth credit flow through innovating new product like Kisan Credit Card, promotional interventions to enhance credit absorption capacities through SHGs, Joint Liability Groups, promotion of Farmers' Clubs, etc. (NABARD, 2011)<sup>4</sup>.

In this regard, Honourable Union Finance Minister announced in his budget speech for 1998-99 that NABARD would formulate a Model Scheme for issue of Kisan Credit Cards to farmers on the basis of their land holdings. As a pioneering credit delivery innovation, Kisan Credit Card Scheme aims at provision of adequate and timely support from the banking system to the farmers for their cultivation needs including



purchase of inputs in a flexible and cost effective manner. The instrument of Kisan Credit Card (KCC) is one of the key products developed to improve the farmer's accessibility to bank credit, simplify credit delivery mechanism and provide more flexibility in use of credit. In accordance with the announcement in the GOI Budget 2001-02, Personal Accident Insurance Scheme (PAIS) has been introduced as a 'add-on benefit' and Personal insurance cover for accidental death or permanent disability for KCC holders has also been finalized. The non-farmer workers and tenant farmers were kept outside the KCC scheme. In August, 2003, credit card scheme even for the artisans, weavers and fisherman were announced.

The importance of credit as one of the critical inputs of development is under serious considerations to facilitate hassle free access to institutional credit to each and every rural family to meet their genuine credit requirements. Inadequacy of remunerative return from farming on sustainable basis led rural farm men and women seeking employment in other activities. Increase in cost of inputs inclusive of labour has raised cost of cultivation, which is higher than the net income from farming. In this regard, the Kisan Credit Card (KCC) Scheme introduced in 1998-99 for timely and hassle-free short term loans has been extended to borrowers for term credit and consumption loans. For promoting Financial Inclusion for Inclusive Growth, it is pre-requisite criteria of the Commercial Banks in Hailakandi district to cover all the rural and poor marginal farmers in the shade of banking facilities. To usher in financial inclusion more and more, Commercial Banks must endeavour to popularise hassle free credit to rural and poor marginal farmers through Kisan Credit Card scheme in Hailakandi District by the expansion of bank branch facilities.

## **II. Objectives Of The Study**

1. To analysis the performance of institutional agricultural credit for the development of agriculture and allied activities in Hailakandi District of Assam during the period from 2007-08 to 2011-12.
2. To examine the status of the Kisan Credit Card Scheme given to the agriculture sector agency-wise in the district during the period under study.

## **III. Data Source And Methodology**

The universe of the study is the Hailakandi District of Assam. The study is based on the secondary data collected from the Lead Bank Office, Hailakandi District and the Office of the District Development Manager, NABARD, Hailakandi District. The data has been collected and analysed for a period of 5 years i.e. 2007-08 to 2011-12.

## **IV. District Profile**

Agriculture and its allied activities are the predominant income generating activities of the district. Around 76% of the total population is engaged in agriculture activity. There are 83,011 farm families consisting of 88,488 farmers (land holding) practising agriculture. Around 76% of the farmers are marginal and small farmers with an average operational land holding of about 0.50 hectre. However, average farm size/ holdings in the district stands at 0.63 hectre (NABARD, 2012)<sup>5</sup>. Flood is a recurring feature of the district which causes extensive damage almost every year. The damage to the standing crop is a regular feature, especially during Kharif season. In fact, sixty per cent of the low lying area remains water logged during the monsoon. So, agricultural finance should be concerned for the development of small farmers and increased agricultural productivity. A large majority of the cultivators cultivate their field by using primitive method of cultivation which has hindered the desired growth in agricultural production (Rajkonwar and Neog,2008)<sup>6</sup>. The banking scenario of the district is that there are 26 numbers of bank branches of which 16 branches of scheduled banks, 8 branches of Regional Rural Banks i.e. Assam Grameen Vikash Bank and 2 branches of the Assam State Co-operative Apex Bank Ltd. The Lead bank of the district is United Bank of India and it formulates the Annual Credit Plan for the scheduled banks operating in the district.

## **V. Findings Of The Study**

### **A. Position Of Institutional Agricultural Credit In The Hailakandi District Of Assam:**

The Potential Linked Credit Plan for the year 2011-12, estimates Rs.9142.44 lakh as credit potential for the Hailakandi district. Projected credit potential for crop production and activities allied to agriculture stand at Rs.2111.26 lakh and Rs.3580.86 lakh respectively. Non- Farm Sector and Other Priority Sector credit projections are estimated at Rs.731.13 lakh and Rs.2720.00 lakh respectively. The Potential Linked Credit Plan for the year 2012-13, identifies Rs.12928.39 lakh as finance potential for the district where planned loan potential for agriculture crop production and allied activities stand at Rs.4139.11 lakh and Rs.4241.52 lakh respectively. Non Farm Sector and Other Priority Sector credit projections are estimated at Rs. 1992.67 lakh and Rs. 2555.10 lakh respectively.

The following **Table No. 1.1** represents the Annual Credit Plan target given to the scheduled banks operating in the district for disbursement of loan to the Agricultural sector flow by the way of agency-wise



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during the period 2007-08 to 2011-12 which was increasing gradually. The agriculture sector has two agencies headed by the Crop loan (crop production, maintenance and marketing) and Term loan (term investment for agriculture and allied activities) under which the institutional credit flows through the banking agencies.

**Table 1.1: Agency-wise and Sector-wise Institutional Agricultural Credit Flow in Hailakandi District of Assam**

Agency	2007-08		2008-09		2009-10		2010-11		2011-12	
	Tar	Ach.	Tar	Ach.	Tar	Ach.	Tar	Ach.	Tar	Ach.
<b>Crop Loan</b>										
CBs	398.86	171.00	470.96	238.24	934.75	586.44	632.00	734.86	2054.00	1230.50
SCB	19.48	5.00	27.46	0.35	125.00	8.20	45.00	0.00	185	92.32
RRB	253.90	176.00	310.36	93.41	410.15	170.20	332.00	186.15	1062.26	508.09
Sub-Total (A)	672.24	352.00	808.78	332.00	1469.90	764.84	1009.90	921.01	3301.26	1830.91
% of Achievement against the Total Crop Loan Credit Target		52.36		41.05		52.03		91.20		55.46
<b>Term Loan (MT+LT)</b>										
CBs	647.82	166.00	690.38	487.34	1470.25	1007.20	393.80	826.52	757.05	193.68
SCB	19.83	19.00	20.43	65.25	115.00	47.53	20.50	0.00	0.00	0.00
RRB	375.56	123.00	375.96	185.11	425.50	290.45	16.88	287.47	83.89	117.19
Sub-Total (B)	1043.21	308.00	1086.77	737.70	2010.75	1345.18	431.18	1113.99	840.94	310.87
% of Achievement against the Total Term Loan Credit Target		29.52		67.88		66.90		258.36		36.97
<b>Total Agri. Credit</b>										
CBs	1046.68	337.00	1161.34	725.58	2405.00	1593.64	1025.80	1561.38	2811.05	1424.18
SCB	39.31	24.00	47.89	65.60	240.00	55.73	65.60	0.00	185	92.32
RRB	629.46	299.00	686.32	278.52	835.65	460.55	349.78	473.62	1146.15	625.28
Sub-Total: A+B=C	1715.45	660.00	1895.55	1069.70	3480.65	2110.02	1441.08	2035.00	4141.20	2141.78
% of Achievement against the Total Agri. Credit Target		38.47		56.43		60.62		141.21		51.72

Source: Compiled from different Potential Linked Credit Plan, Hailakandi District, Assam.

In the above table, the total target given to all scheduled banks for financing to the agriculture sector was Rs. 1715.45 lakh and the achievement in disbursement of loans was Rs. 660.00 lakh during the year 2007-08 followed the percentage of achievement by 38.47. In the year 2008-09, total disbursement of agriculture credit was Rs. 1069.70 lakh against the target of Rs. 1895.55 lakh pursued the percentage of achievement by 56.43. Total agricultural credit disbursed Rs. 2110.02 lakh against the target of Rs. 3480.65 in 2009-10, followed the percentage of achievement against the total agricultural credit target by 60.62. In the year 2010-11, total disbursement of agricultural credit was Rs. 2035.00 lakh against the target of Rs. 4141.08 lakh and the percentage of lending has been reached at the highest peak to 141.21 percent. In the last year of the study period that is 2011-12, total disbursement of agricultural credit by the banking agencies was Rs. 2141.78 lakh against the target of Rs. 4141.20 followed the percentage of achievement against the total agricultural credit target by 51.72. The percentage of disbursement of loan against the target was the minimum of 38.47 percent in 2007-08, but in the subsequent years, the percentage of disbursement has been gradually increasing and finally in the last year of the study period, the percentage has increased to 51.72 percent at the end of 2011-12.

The **Table No. 1.2** highlights the financial growth of institutional credit through sector-wise in Hailakandi District of Assam from the period 2007-08 to 2011-12.

**Table 1.2: Sector-wise Institutional Credit Flow in Hailakandi District of Assam ..(Rs. lakh)**

Type of Loan	2007-08		2008-09		2009-10		2010-11		2011-12	
	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.
Total Agriculture and allied activities	1715.45 (41.22)	660.00 (30.57)	1895.55 (39.77)	1069.70 (49.37)	3480.65 (52.87)	2110.02 (50.27)	1441.08 (36.48)	2035.00 (44.93)	4142.20 (61.69)	2141.78 (56.16)
Other Priority sector	2133.55 (51.26)	1113.0 (51.55)	2443.18 (51.26)	1025.63 (47.33)	2108.70 (32.03)	1352.32 (32.22)	846.25 (21.42)	1706.31 (37.68)	1127.30 (16.79)	1044.63 (27.39)
Total Priority Sector	3849.00 (92.48)	1773.00 (82.12)	4338.73 (91.03)	2095.33 (96.70)	5589.35 (84.90)	3462.34 (82.49)	2287.33 (57.90)	3741.31 (82.61)	5269.50 (78.48)	3186.41 (83.55)
Non Farm sector	313.00 (7.52)	386.00 (17.88)	427.68 (8.97)	71.45 (3.30)	994.40 (15.10)	734.70 (17.51)	1662.55 (42.10)	787.68 (17.39)	1444.55 (21.52)	627.25 (16.45)
Total	4162.00 (100.00)	2159.0 (100.00)	4766.41 (100.00)	2166.78 (100.00)	6583.75 (100.00)	4197.04 (100.00)	3949.88 (100.00)	4528.99 (100.00)	6714.05 (100.00)	3813.66 (100.00)

Source: Compiled from different Potential Linked Credit Plan, Hailakandi District, Assam.



Figures in the parenthesis indicate percentage of target and achievement.

It is reflected from the table that the total agricultural and allied activities credit achieved was Rs. 2141.78 lakh against the target of Rs. 4142.20 lakh in the period of 2011-12. The above table clearly shows that the total amount of disbursement of crop loan and term loan is increasing year after year and in the year 2010-11 of the study period. The financial status of achievement is more than the targets set to be achieved by the Scheduled Banks. The achievement in disbursement of crop loan was Rs. 1830.91 lakh against the target of Rs. 3301.26 lakh which was the highest achievement during the period of the study. There is a large gap between the target and achievement under the institutional credit flow in the district.

**B. Position Of Kisan Credit Card (Kcc) Scheme In Hailakandi District:**

The Ministry of Agriculture categorised Assam among the ‘Highest Ranked State’ for production of food grains and Assam also bagged the Krishi Karman Award for record production of pulses. One of the important criteria for the development of agricultural in our country has been to enhance the prominent role of institutional sources of finance. To coverage a large number of farmers under the fold of institutional credit are considered as a big challenge to the Indian Banking Industry. On this aspect, Kisan Credit Card (KCC) has come into view as an innovative credit delivery mechanism from the banking system in 1998-99 for meeting the production and consumption expenses of the farmers in a timely, flexible, cost-effective and hassle free manner. Kisan credit card is a package of services which is positive, productive and thrift creating (Rao,2006)<sup>7</sup>.

The KCC scheme, which was operationalised during the year 1998-99, is a landmark in the history of rural credit delivery system in India. The model scheme was circulated by the RBI to commercial banks and by the NABARD to co-operative banks and RRBs in August, 1998. The finance extended under the KCC scheme is in the nature of a revolving cash credit and provides for any number of drawals and repayments within the limit. The credit limit under the card is fixed on the basis of the operational land holding, cropping pattern and scale of finance, as recommended by the District Level Technical Committee/ State Level Technical Committee as per established procedures (Sarkar and Dodkey,2002)<sup>8</sup>. Financial inclusion has become a vibrant channel to promote and attract the kisan credit cards to the rural population (Paramasivan and Subramanian,2010)<sup>9</sup>.

The Table No. 2.1 reflects the performance of the achievement of Kisan Credit Card by the Commercial Banks in the Hailakandi district during the study period i.e. from 2007-08 to 2011-12. The above table makes it clear that the percentage of achievement in issuing KCCs has been decreasing gradually during the last four years under study. The highest amount of loan of Rs. 734.86 lakh was disbursed against the target of Rs. 632 lakh in 2010-11 depicting the highest percentage of achievement was 116.28 percent during the period of the study. Though the Annual Credit Plan prepared by the Lead Bank has been increasing the physical and financial target of the Kisan Credit Card scheme year after year keeping in mind the vast potentiality of the agriculture and allied activities, traditional skill, availability, market infrastructure, extension support etc. as well as the general investment climate in the district, but the performance of the Commercial banks is still unsatisfactory.

**Table 2.1: Performance of Kisan Credit Card by the Commercial Banks in Hailakandi District of Assam (Rs. Lakh)**

YEAR	TARGET		ACHIEVEMENT			
	Phy.	Fin	Phy.	Fin	% of Phy. achievement	% of Fin achievement
2007-08	2717	398.86	1986	329.42	73.10	82.59
2008-09	3242	490.07	2045	401.90	63.08	82.00
2009-10	4655	954.75	2890	593.69	62.08	62.18
2010-11	4925	632.00	2546	734.86	51.70	116.28
2011-12	8123	2054.00	5039	1230.50	62.03	59.91
Total	23662	4529.68	14506	3290.37	61.31	72.64

Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District.

**Figures in the parenthesis indicate percentage achievement.**

It gives a clear picture that comparatively the Commercial banks plays a vital role in the aspect of Kisan Credit Card scheme than the Regional Rural Banks and State Cooperative banks. Commercial banks issues 61.31 percent of total numbers of Kisan credit cards and also occupies 72.64 percent of total amount of lending among the beneficiaries during the study period. During the period 2011-12, commercial banks issued 5039 KCC's and disbursed Rs. 1230.5 lakh respectively.

The following Table No. 2.2 highlights the poor performance of the Kisan Credit Card scheme by the Regional Rural Banks in the Hailakandi district during the study period i.e. from 2007-08 to 2011-12. In the year 2011-12, total number of KCCs had been issued was 2464 against the target of 4600 and the achievement in disbursement of finance was Rs. 508.09 lakh against the target of Rs. 1062.26 lakh. The percentage of achievement of issuing KCCs as well as disbursement of loan is increasing day by day. Regional Rural Banks



issues 41.45 percent of total numbers of Kisan credit cards and also occupies 47.29 percent of total amount of lending among the beneficiaries during the study period.

**Table 2.2: Performance of Kisan Credit Card by the Regional Rural Banks in Hailakandi District of Assam (Rs. Lakh)**

YEAR	TARGET		ACHIEVEMENT			
	Phy.	Fin	Phy.	Fin	% of Phy. achievement	% of Fin achievement
2007-08	1650	253.90	489	105.0	29.64	41.35
2008-09	1825	277.52	620	135.6	33.97	48.86
2009-10	2500	410.15	870	170.2	34.80	41.50
2010-11	2700	332.90	1060	186.15	39.26	55.92
2011-12	4600	1062.26	2464	508.09	53.57	47.83
Total	13275	2336.73	5503	1105.04	41.45	47.29

Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District.

Figures in the parenthesis indicate percentage achievement.

The Table No. 2.3 clearly depicts a very poor performance of the achievement of Kisan Credit Card by the State Co-operative Banks in the Hailakandi district during the study period i.e. from 2007-08 to 2011-12. In the regard of issued of KCCs, the percentage of achievement was 64.10 percent during the year 2007-08 which was the highest percentage of achievement during the period of the study. The achievement in disbursement of finance was Rs. 138.75 lakh against the target of Rs. 195 lakh and the percentage of achievement was 71.15 percent during the year 2011-12 which was the highest percentage of achievement during the period of the study. In the year 2010-11, the physical and financial performance of the Kisan Credit Cards scheme was negligible.

**Table 2.3: Performance of Kisan Credit Card by the Co-operative Banks in Hailakandi District of Assam (Rs. Lakh)**

YEAR	TARGET		ACHIEVEMENT			
	Phy.	Fin	Phy.	Fin	% of Phy. achievement	% of Fin achievement
2007-08	117	19.48	75	5.6	64.10	28.75
2008-09	375	60.30	95	7.5	25.33	12.44
2009-10	500	125	130	8.2	26.00	6.56
2010-11	400	45	0	0	0.00	0.00
2011-12	1000	195	555	138.75	55.5	71.15
Total	2392	444.78	855	160.05	35.74	35.98

Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District.

Figures in the parenthesis indicate percentage achievement.

**Table 2.4: Total Performance of Kisan Credit Card scheme in Hailakandi District of Assam (Rs. Lakh)**

YEAR	TARGET		ACHIEVEMENT			
	Phy.	Fin	Phy.	Fin	% of Phy. achievement	% of Fin achievement
2007-08	4484	672.24	2550	440.02	56.87	65.46
2008-09	5442	827.89	2760	545.00	50.72	65.83
2009-10	7655	1489.9	3890	772.09	50.82	51.82
2010-11	8025	1009.9	3606	921.01	44.93	91.20
2011-12	13723	3311.26	8058	1877.34	58.72	56.70

Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District.

Figures in the parenthesis indicate percentage achievement.

The Table No. 2.4 reflect the percentage of the physical and financial achievement through the banking sector in the foregoing study area was 56.87 percent and 65.46 percent respectively in the year of 2007-08. The total number of issuing KCCs as well as disbursement of loan is increasing year after year but in the year of 2011-12, the percentage of the physical and financial achievement through the banking sector was 58.72 percent and 56.70 percent respectively. In this particular period, total number KCC's had been disbursed was 8058 against the target of 13723 through the banking agencies in Hailakandi District and the achievement in disbursement of total finance was Rs. 1877.34 lakh against the target of Rs. 3311.26 lakh.

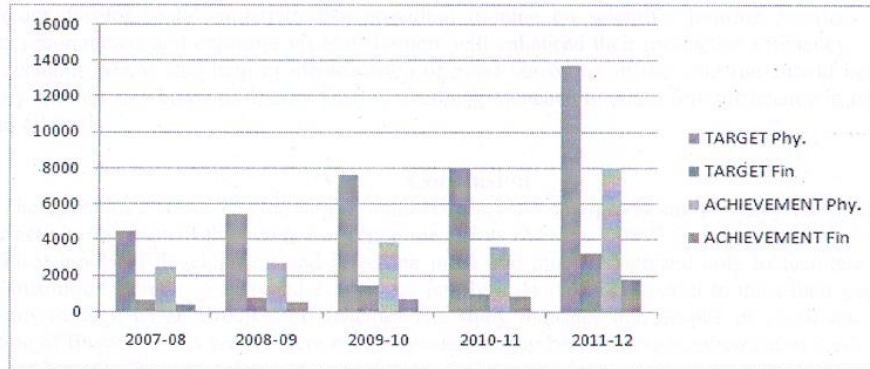
The following chart-I reflect the total physical and financial growth of the Kisan Credit Card scheme in Hailakandi district during the study period i.e. from 2007-08 to 2011-12. There is a large gap between the target and achievement of lending institutional finance in the respect of distribution of Kisan Credit Cards



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through the banking agencies in the Hailakandi District during the study period. It is clear from the following chart-1 that the total target as well as achievement in the respect of issuing KCC's and disbursement of loan is increasing.

**Chart-1: Total Performance of Kisan Credit Card scheme in Hailakandi District of Assam**



The **Table No. 2.5** highlights the agency-wise achievement of Kisan Credit Card scheme Hailakandi district during the study period i.e. from 2007-08 to 2011-12. It is clear from this table that the performance of the Commercial banks under the KCC scheme is satisfactory rather than the Co-operative bank and Regional Rural Bank. From the year 2007-08 to 2011-12, the percentage of issuing KCC's as well as lending credit is increasing through the Commercial bank.

**Table 2.5: Agency-wise Achievement of Kisan Credit Card scheme in Hailakandi District of Assam**

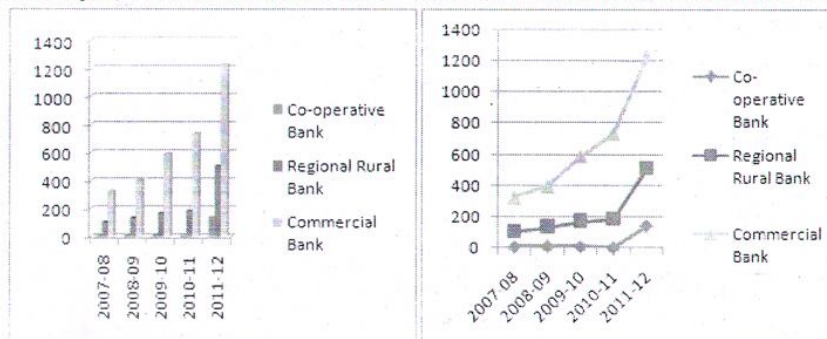
(Rs. Lakh)

YEAR	Co-operative Bank		Regional Rural Bank		Commercial Bank		Total	
	Phy.	Fin	Phy.	Fin	Phy.	Fin	Phy.	Fin
2007-08	75 (8.77)	5.6 (3.50)	489 (8.89)	105.0 (9.50)	1986 (13.69)	329.42 (10.02)	2550 (12.22)	440.02 (9.66)
2008-09	95 (11.11)	7.5 (4.69)	620 (11.27)	135.6 (12.27)	2045 (14.10)	401.90 (12.21)	2760 (13.23)	545.00 (11.96)
2009-10	130 (15.20)	8.2 (5.12)	870 (15.81)	170.2 (15.40)	2890 (19.92)	593.69 (18.04)	3890 (18.64)	772.09 (16.95)
2010-11	0.00 (0.00)	0.00 (0.00)	1060 (19.26)	186.15 (16.85)	2546 (17.55)	734.86 (22.33)	3606 (17.28)	921.01 (20.22)
2011-12	555 (64.92)	138.75 (86.69)	2464 (44.77)	508.09 (45.98)	5039 (34.74)	1230.50 (37.40)	8058 (38.63)	1877.34 (41.21)
Total	855 (100.00)	160.05 (100.00)	5503 (100.00)	1105.04 (100.00)	14506 (100.00)	3290.37 (100.00)	20864 (100.00)	4555.46 (100.00)

Source: Compiled from Different Potential Linked Credit Plan and Lead Bank Office, Hailakandi District.

Figures in the parenthesis indicate percentage achievement.

**Chart2: Physical achievement under KCC**      **Chart3: Financial achievement under KCC (Rs. Lakh)**





## **VI. Prospects**

NABARD has been constantly endeavouring to facilitate smooth credit flow through refinement in policies, promotional interventions to enhance credit absorption capacities through capacity building of rural entrepreneurs, skill development, marketing support, providing loans to State Government for creating basic infrastructure facilities, organising rural people into SHGs, Joint Liability Groups, promotion of Farmers' Clubs, etc. Different developmental initiatives like providing training on scientific farming practices to farmers, awareness programmes, and exposure visits of farmers will enhanced their production efficiency. Opening of no frills accounts would also help in identification of good borrowers in the long run should be seen as an opportunity and not as a burden. Mission Double Cropping launched to attain self-sufficiency in production of pulses and oil seeds.

## **VII. Conclusion**

The agriculture sector has the largest number of private enterprises and probably the most privatized economic activity in terms of the number of economic agents (Mishra,2008)<sup>10</sup>. The importance of credit is one of the critical inputs of development and is getting more and more recognized only to facilitate hassle free access to institutional credit to each and every rural family in Hailakandi District to meet their genuine credit requirements through Kisan Credit Card scheme. The study indicates that despite of continuous efforts for mobilisation of finance to this sector, there exist a substantial gap between the requirement of credit and supply of agricultural credit. The study comes to a conclusion that in spite of the expansion of formal credit networking system, the volume of institutional credit through KCC scheme is unsatisfactory as the increase in cost of inputs inclusive of labour has raised cost of cultivation not equally same with the net income from farming. So, it is very important to identify the constraints relating to complex procedures of lending, infrastructure and other support services that are hindering the flow of ground level credit and designed the policies requirement for balanced development and developing inclusive growth. To usher the financial inclusion more and more, Commercial Banks must endeavour to popularise hassle free credit to rural and poor marginal farmers through Kisan Credit Card scheme in Hailakandi District. Banks should ensure to provide KCC to all the eligible farmers in their area of operation. In short, we can conclude that if the banks fully implemented the Kisan Credit Card scheme and also if the farmers utilise their finance for productive purposes which will influence to improvise their economic conditions and hence it will be possible to attain rural development.

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