

ROLE OF NABARD AND CENTRAL BANK OF INDIA IN EFFECTIVE OF IMPLEMENTATION OF KCC SCHEME IN VIDARBHA REGION.

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Abstract:

This research paper examines the role of the National Bank for Agriculture and Rural Development (NABARD) and the Central Bank of India in the effective implementation of the Kisan Credit Card (KCC) scheme in the Vidarbha region of Maharashtra, India. The KCC scheme, designed to provide timely and hassle-free credit to farmers, has faced challenges in its implementation. This study analyses the trend of agricultural advances by the Central Bank of India from 2014 to 2024, revealing fluctuations influenced by various factors, including policy changes, economic conditions, and external events like the COVID-19 pandemic. While recent years show positive growth in agricultural credit, the study highlights the need to address persistent challenges faced by farmers in accessing and utilizing KCCs. The research emphasizes the importance of understanding the specific roles of NABARD and the Central Bank of India in policy formulation, fund allocation, credit disbursement, and farmer outreach. By analysing these institutional roles alongside farmer experiences, the study aims to identify key challenges and propose policy recommendations to enhance the KCC scheme's effectiveness, ultimately improving agricultural productivity, financial inclusion, and the economic well-being of farmers in Vidarbha.

1. INTRODUCTION

1.1 KISAN CREDIT CARD:

Kisan Credit Card was introduced to meet short term credit requirements for small and marginal farmers either into farming or animal husbandry. It was basically targeted to provide Post-harvest expenses and as means to marketing loan, to meet consumption requirements of farmers. Their working capital requirement and farming maintenance requirements. This credit card could be produced by all farmers either individually or in joint mode especially owner cultivators, tenant farmers, oral lessees, share croppers and Self Help Groups or Joint Liability Groups of Farmers, Farmers Producer organizations/ Farmers producer Companies. It was a short term revolving credit with a cash credit limit for a period of 5 years. Primarily the security for obtaining this card was Hypothecation of crops/dairy animals/fisheries/poultry birds/other small ruminants and other assets created out of bank's finance with No collateral for limit up to Rs 2 Lakh. (In tie ups-up to Rs.3.00 Lakh- No security required) but for limits above Rs 2.00 Lakh, collateral security is required. The rate of Interest varied from 7% p.a. advances covered under Interest Subvention scheme and advances not covered under Interest Subvention scheme.

1.2 HISTORY OF KISAN CREDIT CARD

The Kisan Credit Card (KCC) is a pioneering financial product introduced by NABARD to support farmers in meeting their credit needs, particularly for production purposes, through organized

financial institutions in a timely and hassle-free manner. Initially launched in 1998 as an innovative credit delivery mechanism, the KCC has undergone multiple revisions over the years. The 2012 revision introduced several additional features beyond crop production financing, including funds for consumption needs, farm asset maintenance, term loans for agriculture and allied activities, and expanded coverage for KCC holders. Subsequent updates have further enhanced the scheme, incorporating benefits such as coverage under the Personal Accident Insurance Scheme (PAIS) and, more recently, inclusion under the Atal Pension Yojana. In the year 2015 the cumulative KCC issued by commercial bank amounted to 717.2 lakh cards as against a total of 1463.98 lakh cards which amounted to nearly 48.9% cards being issued through various commercial banks (NABARD,2015)

1.3 AIM OF THE RESEARCH:

The aim of the research is to identify the role of NABARD and Central Bank of India in effective implementation of KCC in Vidharbha Region. The objective of this study is to analyse the role of NABARD and the Central Bank of India in ensuring the effective implementation of the Kisan Credit Card (KCC) scheme in the Vidarbha region. The research aims to assess the impact of these financial institutions on improving credit accessibility for farmers, streamlining the loan disbursement process, and addressing challenges in scheme execution. Additionally, the study seeks to evaluate policy interventions, institutional support, and the overall effectiveness of the KCC scheme in enhancing agricultural productivity and financial inclusion in the region.

1.4 CONCEPTUAL STATEMENT AND SIGNIFICANCE OF RESEARCH

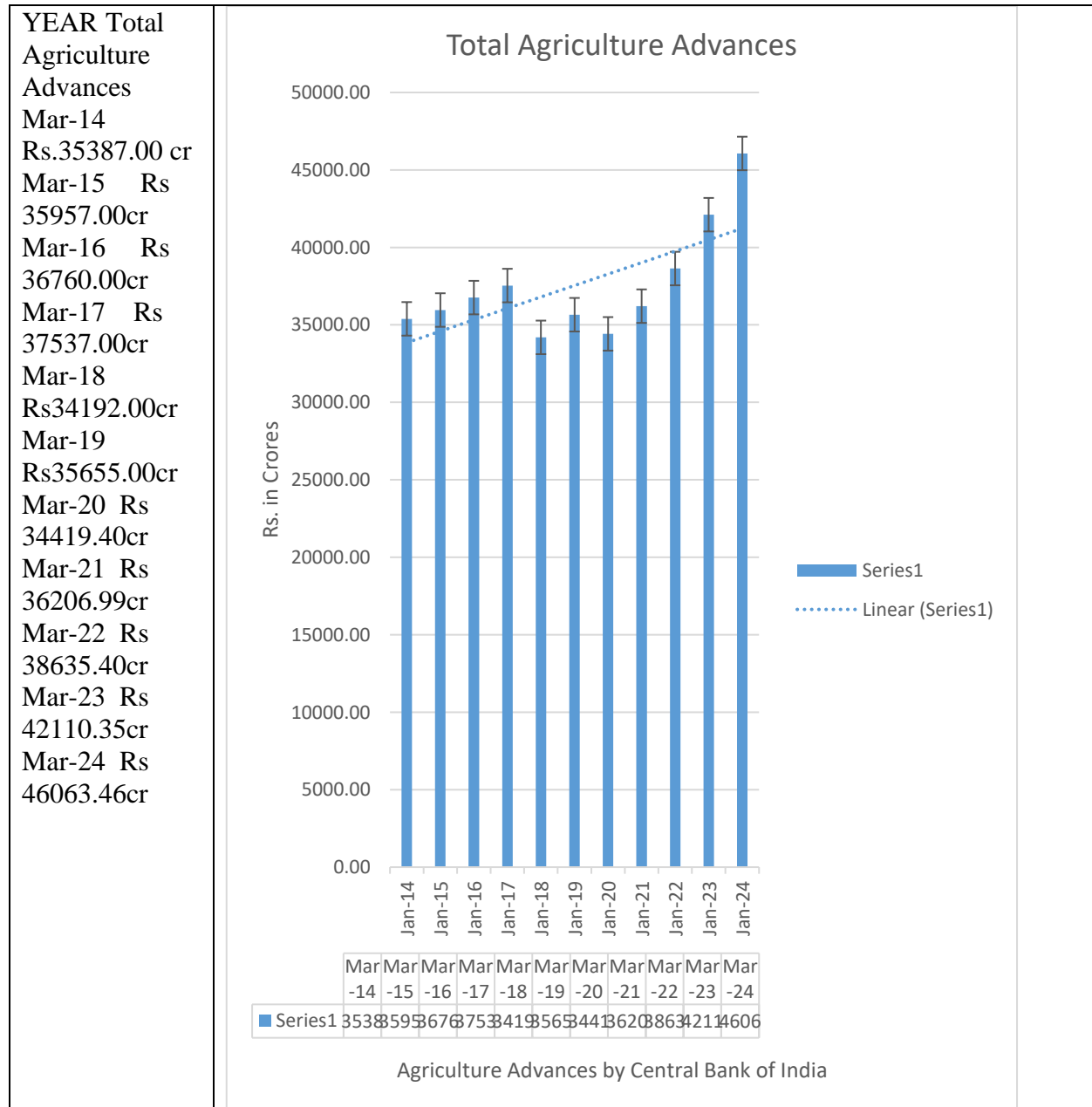
The conceptual framework for this study revolves around understanding the role of NABARD and the Central Bank of India in the effective implementation of the Kisan Credit Card (KCC) scheme in the Vidarbha region. It focuses on the institutional mechanisms, policy Interventions, and financial support provided to farmers through the scheme. The Key components of the research will study the NABARD's role in policy formulation, fund allocation, and monitoring, along with The Central Bank of India's contribution to credit disbursement and farmer outreach. It is also necessary to understand the coordination between financial institutions, government agencies, and local banks. Further the credit accessibility and utilisation by the efficiency of loan disbursement to farmers, Awareness and accessibility of the KCC scheme among beneficiaries. Further the challenges faced by farmers in availing credit under KCC. Impact of KCC on agricultural productivity and financial inclusion of theses farmers through enhancement of farming operations through timely credit will be analysed. A reduction in dependence on informal credit sources. Support for allied agricultural activities, farm asset maintenance, and consumption needs. Subsequently issues related to documentation, interest rates, and loan repayment and steps taken by NABARD and the Central Bank of India to improve scheme effectiveness. Policy recommendations for strengthening KCC implementation in Vidarbha will also be addressed. Thus in conclusion this study aims to provide insights into how financial institutions influence the success of the KCC scheme and suggest measures to enhance its effectiveness for farmers in the Vidarbha region.

1.5 STATEMENT OF PROBLEM

undoubtedly the introduction of the Kisan Credit Card (KCC) scheme to provide hassle-free and timely credit to farmers, but its effective implementation remains a challenge, particularly in the Vidarbha region. It has been observed in many cases that Farmers continue to face difficulties in accessing institutional credit due to procedural complexities, lack of awareness, inadequate banking infrastructure, and delays in loan disbursement. Additionally, issues such as high indebtedness, improper utilization of funds, and repayment challenges further hinder the scheme's impact.

As a premier institution NABARD and the Central Bank of India play a crucial role in facilitating the KCC scheme, yet gaps in policy execution, financial inclusion, and institutional support need to be addressed. This research aims to examine the effectiveness of these institutions in implementing the KCC scheme in Vidarbha, identifying key challenges, and proposing measures for enhancing its reach and efficiency.

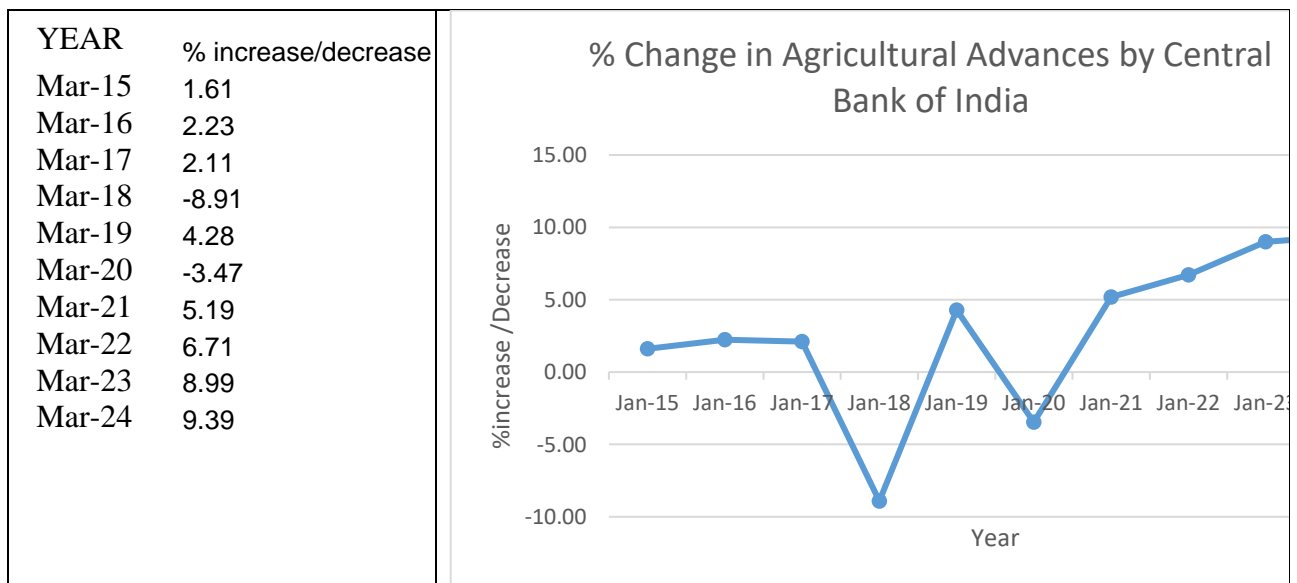
2. DISCUSSION



Ref: Annul Reports Central Bank of India
Analysis of Total Agricultural Advances made by Central Bank of India

Priority Sector Performance of Central Bank of India with respect to Total Agriculture Advance from the year 2014 to 2024. The bank's performance across different segments of the priority sector is outlined in the table below (amount in crore). The data reflects fluctuations in agricultural advances over the decade, with an overall increasing trend from ₹35,387 crores in March 2014 to ₹46,063.46

crore in March 2024. However, there are periods of both growth and decline within these years. 2014–2017: A consistent increase in agricultural advances, rising from ₹35,387 crores in 2014 to ₹37,537 crore in 2017, indicating a steady focus on agricultural financing. In 2018–2020: A decline is observed in March 2018 (₹34,192 crore) and March 2020 (₹34,419.40 crore), suggesting possible disruptions due to economic or policy changes. During the year 2021–2024: A strong recovery is evident from 2021 onwards, with advances increasing from ₹36,206.99 crores in 2021 to ₹46,063.46 crore in 2024, reflecting renewed investment in the agricultural sector. A Dip in 2018 & 2020 can be attributed to the decline in agricultural advances in 2018 and 2020 may be linked to policy shifts, changes in priority sector lending targets, or external factors such as market fluctuations and the impact of economic conditions on credit availability. A Sharp Increase in 2022–2024 from ₹38,635.40 crores in 2022 to ₹46,063.46 crore in 2024 indicates a strong push for agricultural financing, possibly influenced by government initiatives, increased credit demand, or policy enhancements in the sector. A graph plotting these figures would likely show a general upward trajectory with minor dips in 2018 and 2020, followed by significant growth post-2021. It can be interpreted that the increasing agricultural credit highlights the banking sector’s continued commitment to rural and farm-based lending. The fluctuations suggest periodic challenges that need further investigation, such as policy impacts, credit repayment issues, or shifts in financial strategies. The recent surge in 2023 and 2024 indicates improved access to credit, likely driven by better financial inclusion policies and increased rural economic activity.



Ref: Annul Report Central Bank of India

Analysis of Percentage Increase/Decrease in Agricultural Advances (2015–2024) made by Central Bank of India

The data showcases fluctuations in the growth rate of total agricultural advances over the years. While most years exhibit positive growth, there are notable declines in 2018 (-8.91%) and 2020 (-3.47%). There is a steady growth from the year 2015 to 2017. The percentage increase remained stable between 1.61% and 2.23%, indicating consistent but moderate expansion in agricultural lending. A Sharp Decline in 2018 (-8.91%), which was the most significant drop in agricultural advances during the period. Potential reasons could include policy changes, a slowdown in credit demand, or financial constraints in the banking sector. A Recovery in 2019 (4.28%) & Dip in 2020 (-3.47%) can be noticed but after the 2018 decline, there was a recovery in 2019, but another drop in 2020, possibly due to economic disruptions such as the COVID-19 pandemic affecting credit disbursement. Consistent

Growth from 2021 Onwards, starting from 2021 (5.19%), agricultural advances experienced strong growth, peaking at 9.39% in 2024, indicating increased financial support for the sector. On conducting a trend analysis, it can be interpreted that there is a moderate upward trend from 2015 to 2017 followed by a steep decline in 2018. A recovery followed by another dip in 2020. There is a strong positive growth from 2021 to 2024, suggesting enhanced agricultural credit flow. The possible factors influencing this trend can be attributed to major policy change in agricultural lending or debt waivers might have impacted growth, particularly in 2018. The COVID-19 pandemic in 2020 likely contributed to the decline in agricultural credit. Government Initiatives has been steadily rising in recent years could be attributed to schemes promoting financial inclusion, increased credit limits, and improved accessibility of Kisan Credit Cards (KCC). Implications of this trend suggests improved financial inclusion and government focus on rural credit. It also indicates external factors affecting credit flow, such as economic downturns or policy changes. The sharp growth in 2023 and 2024 signifies increased credit demand and potential expansion in agricultural activities.

3. CONCLUSION

This research investigated the role of NABARD and the Central Bank of India in the effective implementation of the Kisan Credit Card (KCC) scheme in the Vidarbha region. The analysis of Central Bank of India's agricultural advances from 2014 to 2024 reveals a fluctuating yet overall positive trend, reflecting the dynamic nature of agricultural financing. While the period from 2014 to 2017 showed steady growth, a significant decline in 2018, followed by a partial recovery and another dip in 2020, underscores the influence of external factors like policy changes, economic conditions, and potentially the COVID-19 pandemic. The subsequent strong growth from 2021 to 2024, culminating in a 9.39% increase in 2024, suggests a renewed focus on agricultural credit, possibly driven by government initiatives, increased demand, and improved financial inclusion.

These fluctuations highlight the complexities of ensuring consistent and effective KCC implementation. While the increasing trend in recent years is a positive sign, it is crucial to address the underlying reasons for the periodic dips. Further research is needed to delve deeper into the specific challenges faced by farmers in accessing and utilizing KCCs in Vidarbha, including issues related to awareness, documentation, loan disbursement processes, and repayment capacities. Understanding these challenges, alongside an analysis of NABARD's specific contributions to policy formulation, fund allocation, and monitoring, as well as the Central Bank of India's role in credit disbursement and farmer outreach, will be crucial for formulating targeted policy recommendations. Such recommendations should aim to streamline the KCC scheme, enhance its accessibility, and ultimately maximize its positive impact on agricultural productivity, financial inclusion, and the overall economic well-being of farmers in the Vidarbha region. Only through a comprehensive understanding of the interplay between institutional roles, policy interventions, and farmer experiences can the full potential of the KCC scheme be realized.

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