

2005-06

Kisan Credit Card Scheme: A Study in Andhra Pradesh

Credit is an important component in agriculture with crop loans constituting a major portion of disbursements. The farmer needs adequate and timely credit in a cost effective and flexible manner to raise a crop and undertake nonfarm activities besides making a provision for consumption needs. Working capital needs are required to be met from the banking system failing which the farmer may be constrained to borrow from the informal sector with adverse consequences and debt trap which are well known.

Against this background the Kisan Credit Card (KCC) scheme was introduced in 1998. Within a short span of time Kisan Credit Card has established itself as a popular financial product among the farmers. The implementation of the scheme was expected to help all categories of farmers in terms of easy and convenient access to institutional credit.

A study was undertaken to evaluate the impact of the scheme in Andhra Pradesh. The objectives of the study were to examine the different socio-economic variables that affect the success of the scheme; assess its effectiveness from the angle of geographic spread, agency wise progress, coverage of different categories of farmers; awareness about the Kisan Credit Cards; insurance coverage among the target groups and identify the areas for improvement for more effective implementation of the scheme. The survey was conducted in Telangana, Rayalaseema and Coastal Andhra regions of Andhra Pradesh.

The study indicated that Kisan Credit Card has been widely accepted both by the farmer as well as by issuing financial institutions. The study brought out some issues relating to policy and operational efficiencies of the scheme.