

Impact of Kisan credit card scheme among the beneficiary farmers in Maheshwar block, Khargone district of M.P.

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Abstract

To provide adequate and timely credit support from the banking system to the farmers for their cultivation needs and to improve farmers' accessibility to bank credit for production purposes, the credit delivery mechanism is being simplified and more flexibility in the use of credit. Kisan Credit Card (KCC) is being introduced for the above purpose has its own importance. KCC scheme was introduced in 1998-99 as a credit delivery mechanism for crop loans. It is now being enlarged to include term loans for agriculture and allied activities including a reasonable component to meet consumption needs. The present study was conducted in Maheshwar block of Khargone district of M.P. Proportionate random sampling method adopted in 150 KCC users of 10 villages were selected. Overall impact on agriculture development dimensions and production", the higher number of beneficiaries realized medium impact of KCC confronted by 42.00 per cent followed by 34.00 per cent beneficiaries realized high impact of KCC and 24.00 per cent beneficiaries realized low impact of KCC.

Keywords: Kisan Credit Card (KCC), Agriculture development

Introduction

'Agriculture, like any other economic activity, needs external assistance or credit for its survival'. This becomes all the more important in the light of production rigidities, high dependence on natural or climatic factors, inelastic demand for agricultural products, perishability of produce and poverty stricken farming community. Capital has always been required to finance agriculture, though at subsistence level. It was mainly for consumption purposes or repayment of old debts and source of finance was mainly non-institutional. With the addition of market-oriented dimensions to agriculture in the light of 'new strategy', borrowing as well as lending is now aimed at 'production motives'. Institutions have become an important part of agricultural credit. But capital would only be forthcoming if properly recompensated. Hence, the debtor must be compelled to repay capital with interest.

To provide adequate and timely credit support from the banking system to the farmers for their cultivation needs and to improve farmers' accessibility to bank credit for production purposes, the credit delivery mechanism is being simplified and more flexibility in the use of credit. Kisan Credit Card (KCC) is being introduced for the above purpose has its own importance. KCC scheme was introduced in 1998-99 as a credit delivery mechanism for crop loans. It is now being enlarged to include term loans for agriculture and allied activities including a reasonable component to meet consumption needs.

In the present situation low production and productivity of agriculture is more serious problem due to poor socio-economic endowed of farmers which causes more serious than technological constraints. At one stage, the credit delivery system had collapsed in rural India. Another problem is most farmers are unaware of the economic gain of credit, particularly, in the case of KCC scheme which is recently

introduced for the benefit of farmers. The Kisan Credit Card has played an important role in response to this situation. Every farmer should have the card, which should also be linked to health and crop insurance. Productivity will increase if improved credit system provides timely support, and awareness is increased. Hence, this study may be very fruitful for farmers and bankers also.

Objective

To know the impact of KCC on enhancement in agriculture production of beneficiaries farmer.

Review Literature

Bhukta (2003) ^[1] revealed the financial sector reforms since 1969. The share of agriculture in the total bank credit was found to be declining after 1990s. In post reform era public investment in agriculture also showed a steadily declining trend. Thus agricultural production has also started declining from 3.4 per cent to 2.2 per cent in the post reform period. This will have an adverse impact on income, employment, price level and similar macro-economic variables.

Ruston Ali Ahmed (2004) ^[4] conducted a study on impact of financing by Rajshahi Krishi Unnayan Bank on agricultural development of Bangladesh which revealed that variations in farm and off farm production, income from agro-based trade, intensity of cropping, amount of cultivated area of uncommon crops, total and per capita consumption expenditure of the borrowers are found statistically significant higher than the non-borrowers. On the other hand, insignificant relations of working capital investment for farming and use of inputs with demand of bank credit are observed in case of small and large farms, but those are found significant in case of medium farmers credit delivery procedures and services of the sample bank do not satisfy the expectations of the borrowers. The

study embodies that, the major problems associated with the bank financing are diversion of the borrowed fund, poor recovery of loans and high default rate, which are attributed to both the borrowers and the bankers.

Dashawant (2007) [2] reported in his study “Impact of Karnataka Vikas Grameena Bank on agriculture development of beneficiary farmers” that in the agriculture development, the dimensions like annual income (48.70% before and 58.30% after), asset acquisition (72.30% before and 22.30% after), consumption pattern (41.70% before and 13.90% after), cropping pattern (62.50% before and 64.60% after), employment generation (50.00% before and 55.60% after) and land productivity for groundnut (61.20% before and 51.40% after) and for cotton (61.20% before and 51.40% after) had positive and significant impact on the agriculture development of beneficiaries.

Thamilsaran (2009) [5] studied the impact of institutional credit on employment, income, occupation and assets of the borrowers. He found that the employment generation increased by 44.61 per cent over a pre loan period, average income increased by Rs. 577.84 per house. He recommended that there should be a mechanism to monitor proper utilization of credit in order to increase employment generation. Also retail trade in consumer durables might be encouraged in rural areas to improve their living conditions.

Material & Methods

The present study has been conducted in Khargone districts of Madhya Pradesh. Among the 9 blocks in the district, the “Maheshwar” block was selected purposively for present study since maximum beneficiaries available in this block. A list of villages covered by Lead Bank branch was taken from the bank. In this list 30 villages were included. Out of these villages, 10 villages were selected randomly. Out of total Kisan Credit Card holders of selected villages, 15 KCC holders were selected randomly from each village. In this way total number of 150 KCC holders was selected as respondents for collection of data for study.

Quantification of variables (Agriculture development dimensions)

The data pertaining to the different agriculture production due to use of Kisan Credit Card (KCC) borrowing the loan from bank was collected from the borrowers. Pertaining to different level of impact, the borrowers were divided into 3 categories as low, medium and high or the term may be used as impact of KCC on their agriculture production. The impact refers to the level of increased agriculture production considered in study after getting benefit under KCC scheme. This was operationalized as an assessment by borrowers view during the interview. The weightage of 3 for high impact 2 for medium impact and 1 for low impact of each answer of respective statement were assigned. The average score obtained by the respondent from all the statements regarding individual agriculture production was taken into consideration for the overall impact of KCC.

The research instrument

An interview schedule was used as the research instrument in order to collect relevant information from the beneficiaries.

The data was collected in the year of 2014-15.

Result and Discussion

Knowledge about KCC scheme

Knowledge is essential element to run an enterprise or business. It is like a body of understanding information possessed by an individual or by a culture. It plays key role in production process. The detail distribution of respondent according to their knowledge about KCC scheme has been presented in Table;

Table 1: Distribution of respondents according to their knowledge about KCC scheme

| S. No. | Categories | Frequency | Percentage |
|--------|------------|-----------|------------|
| 1. | Low | 40 | 26.67 |
| 2. | Medium | 62 | 41.33 |
| 3. | High | 48 | 32.00 |
| | Total | 150 | 100.00 |

The data presented in Table 4.10 showed that some of the respondent 41.33 % was found to have medium knowledge about KCC scheme group followed by high knowledge about KCC scheme group 32.00 % and low knowledge about KCC scheme group 26.67 % respectively.

Thus, it can be concluded that in study area, higher percentage of beneficiaries were found to have medium knowledge about KCC scheme group followed by high and low knowledge about KCC scheme group.

Impact of Kisan Credit Card on enhancement in agriculture production

This is common process that use of higher and justified yield attributing inputs which was adopted by availability of capital consequent results of borrowed credit through KCC scheme, affect positively towards enhancement of different agriculture development dimensions. Originally, it was a term “impact” used only by economists to explain the intricacies of a nation’s economy. However, it is now quite widely used to cover a range of productive activities by people in the community. Agriculture production generation simply means gaining or increasing various aspects of agricultural production. In present study “agriculture production” was included KCC as beneficial scheme, availability of credit at due time, credit availability for yield attributing inputs, increase in production and credit for other agricultural allied activities. The statement of beneficiary’s borrowers of KCC regarding level of impact realized by them “low, medium and high impact” on different agriculture production which was caused by credit obtained through KCC was denoted in the form of frequency and their percentage.

The impact of KCC was measured in terms of agriculture production enhancement among the beneficiaries, as they invested the borrowed amount under this scheme for enhancing their production and other economic gain through strengthening their technology, resources and risk bearing ability. The distribution of beneficiaries according to their statement regarding realization of enhancement in agriculture production and agriculture production through Kisan Credit Card Scheme (KCC) has been presented in Table 4.11.

Table 2: Distribution of beneficiaries based on their statement they perceived different level of impact on agriculture production (n=150)

| S. No. | Aspect of agriculture production | Level of impact realized | | |
|--------|---|--------------------------|------------|------------|
| | | Low | Medium | High |
| 1. | KCC as beneficial scheme | 30 (20.00) | 69 (46.00) | 51 (34.00) |
| 2. | Availability of credit at due time | 38 (25.33) | 59 (39.33) | 53 (35.33) |
| 3. | Credit availability for different yield attributing inputs | 40 (26.67) | 58 (38.67) | 52 (34.67) |
| 4. | Increase in production | 38 (25.33) | 59 (39.33) | 53 (35.33) |
| 5. | Credit for other agricultural allied activities | 36 (24.00) | 68 (45.33) | 46 (30.67) |
| 6. | Overall impact on agriculture development dimensions and production | 36 (24.00) | 63 (42.00) | 51 (34.00) |

Figure in parentheses shows percentage to total

The data presented in the Table 4.11 indicates the statement of beneficiaries under KCC scheme that they realized the level of impact of KCC on different agriculture production used to show the enhancement of production. The data also revealed the information about the contribution of individual agriculture production confronted by beneficiaries.

The statement of beneficiaries regarding “KCC as beneficial scheme”, the higher number of beneficiaries realized medium impact of KCC confronted by 46.00 per cent followed by 34.00 per cent beneficiaries realized high impact of KCC and 20.00 per cent beneficiaries realized low impact of KCC.

The statement of beneficiaries regarding “availability of credit at due time”, the higher number of beneficiaries realized medium impact of KCC confronted by 39.33 per cent followed by 35.33 per cent beneficiaries realized high impact of KCC and 25.33 per cent beneficiaries realized low impact of KCC.

The statement of beneficiaries regarding “credit availability for different yield attributing inputs”, the higher number of beneficiaries realized medium impact of KCC confronted by 38.67 per cent followed by 34.67 per cent beneficiaries realized high impact of KCC and 26.67 per cent beneficiaries realized low impact of KCC.

The statement of beneficiaries regarding “increase in production”, the higher number of beneficiaries realized medium impact of KCC confronted by 39.33 per cent followed by 35.33 per cent beneficiaries realized high impact of KCC and 25.33 per cent beneficiaries realized low impact of KCC.

The statement of beneficiaries regarding “credit for other agricultural allied activities”, the higher number of beneficiaries realized medium impact of KCC confronted by 45.33 per cent followed by 30.67 per cent beneficiaries realized high impact of KCC and 24.00 per cent beneficiaries realized low impact of KCC.

The statement of beneficiaries regarding “overall impact on agriculture production”, the higher number of beneficiaries realized medium impact of KCC confronted by 42.00 per cent followed by 34.00 per cent beneficiaries realized high impact of KCC and 24.00 per cent beneficiaries realized low impact of KCC.

The agriculture enterprise being a biological process their development is slow and continuous, which may take long time. This attributed medium realization of the impact. This finding is in conformity with the findings as reported by Kumar and Simon (2001), Bhukta (2003) ^[1], Dashawant (2007) ^[2] and Thamilsaran (2009) ^[5].

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