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Performance of Kissan Credit Card Scheme in Karnataka A Case Study of Ramanagara district

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Abstract

The study was to look at the impact of Kissan credit card scheme on farmer's income and productivity. There are several hurdles faced by the farmers within the process of acquiring adequate finance from the banks, like long drawn documentation and processing. Complicated practices followed by banks and other financial institutions, delay in processing and also lack of awareness among farmers regarding banking practices and benefits. Most of the farmers rely upon non-financial institution means of credit for his or her immediate needs like buying a deal of seeds, fertilizers, pesticides etc. and this, in turn, affects them negatively since non-institutional credit is considered to be costly and counterproductive. The Kissan credit card scheme intends to remove such complications by offering cost-effective credit to farmers for agricultural and allied purposes in a timely manner, from reliable banking systems. Agriculturists can buy items associated with their farming needs using their Kissan credit cards and also withdraw the required amount for related expenses. The main focus of this study is based on the Performance of KCCS in terms of increasing the level of income and productivity of the farmer and also seeks the reduction in agricultural indebtedness among the farmers in the study area. The present studying throws light on certain operational issues and timelines and adequacy of credit available through KCC and utilization of the KCC by the farmers in the study area. At the outset, it is important to emphasize the first objective of this study was to look at the impact of Kissan Credit card scheme on farmers. The data was obtained through a personal interview method from cardholder farmers in the study area. The sample farmers belonging to cardholder were categorized into small and huge farmers supported landholding criterion, the data collected in the structured questionnaires broadly related to general information of respondents, farm asset position, socio-economic status, household income and expenditure, opinion of the borrowers on Kissan credit card schemes.

Key words: KCC, non-institutional credit, income, productivity, indebtedness

INTRODUCTION

Agriculture is said to be the backbone of the Indian economy, where more than 60 percent of the population depended either directly or indirectly on agriculture and its allied activities for their livelihood. Agriculture is a way of life, a tradition, which for centuries, thus runs the opening sentence of the agriculture policy. Agriculture will continue to be central to all the strategies for socio-economic development of the country.

Rapid growth of agriculture will not only ensure continued food security but also aid in growth in industry and the GDP.

Crop loans constitute a major portion of disbursements for agriculture. Despite the great resilience of Indian agriculture to vagaries of weather, a bad monsoon definitely affects agriculture and in turn the credit for crop loans is influenced. Besides, due to the existence of a number of financial institutions extending crop loans and their varied ways of purveying the same, the subject of crop loan had become very complex. But the fact remains that the farmer needs adequate and timely credit in a cost effective and flexible manner to raise a crop. To take care of his consumption needs, some provision is required to be made. Besides crop cultivation, the farmer may be undertaking some activities allied to agriculture and even some non farm sector activities. Working capital needs of these activities are required to be met from the banking system failing which the farmer may be constrained to borrow from the informal sector the consequences of which are well known. Against the back ground of this committee's report that RBI in 1998 directed all public sector banks, Regional Rural Banks and co-operative banks to introduce Kissan credit card on the line of the model scheme formulated by National Bank of Agriculture and Development and in course of the KCCS was adopted all the directed agencies.

The instrument of Kissan Credit Card 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 the use of credit.

Under the earlier system, disbursal of short term credit to agriculture was mostly through demand loan, but some banks had adopted system similar to that of cash credit, the facilities were, however given for the period of one year or less, which necessitated execution of fresh documents each season. The withdrawals under both the systems were permitted largely through debit vouchers or through withdrawals from the saving accounts where the cash components were credited.

OBJECTIVES OF THE STUDY

The present study involves following objectives

1. To study the cropping pattern and structure adopted by the farmers
2. Examine the extend of utilisation of Kissan credit card in study area
3. To assess the impact of KCC on agriculture productivity and farmers income.

NEED FOR THE STUDY

There are many hurdles long-faced by the farmers within the method of deed a adequate finance from the banks, like long make noise documentation and process. Difficult practices followed by banks and alternative monetary establishments, delay in process and additionally lack of awareness among farmers relating to banking practices and advantages. Most of the farmers rely on non-financial establishment means that of credit for his or her immediate desires like purchase of seeds, fertilizers, pesticides etc., and this successively affects them negatively since non- institutional credit is taken into account to be expensive and harmful. The Kissan master card theme intends to get rid of such complications by giving value effective credit to farmers for agricultural and allied functions in a very timely manner, from reliable banking systems. Agriculturists can buy things associated with their farming desires mistreatment their Kissan credit cards and additionally withdraw the desired quantity for connected expenses.

The study aims on the Impact of Kissan Credit Cards on farmers, with special respect to Ramanagara district. As within the Ramanagara district awareness relating to Kissan master card is relatively less and also the quantity sanctioned within the previous few years is claimed to be low, that indicates the shortage of interest either on the a part of farmers or on the components of bankers.

The main focus of the study relies on the performance of KCC in Ramanagara district. The study throws light-weight on bound operational problems and timelines and adequacy of credit on the market throw KCC and utilization of the KCC by the farmers within the study space of Ramanagara. Additionally to the present, the study can establish the rise the financial gain level of the farmers and awareness cropping pattern productivity.

REVIEW OF LITERATURE

M.S Kallur(2005), the study emphasis on “ Impact of Kissan Credit Card on flow of credit and repayment rate in a Backward region- A case study on Agricultural Development Bank of Shorapur taluk, Gulbarga District, Karnataka State” explained the working of Kissan credit scheme. The study further showed that amount of finance of Kisan credit card holders vary depending upon the crops raised by them and their size of land holdings. This in turn would enhance the percentage of repayment.

S.M Jainuddin, G.M Hiremath and Suresh S. Patil this study provides timely and adequate credit to the farmers in a cost effective and flexible manner, the Kissan Credit Card(KCC) scheme was introduced in 1998-99. The present study has analysed the efficiency of KCC scheme in the Bellary District of Karnataka among the designated financial institutions. The efficiency of KCC scheme has been estimated by two approaches. 1) cost of credit approach and ii) number of KCC cards renewed. The study has revealed that the cost as percentage of loan amount was higher in borrowing from commercial banks than from co-operative banks. There is not much difference in the number of KCCs renewed and the percentage of recovered amount in both the financial institutions.

Nagavani M. Devegowda and H.P singh this study is attempted to know the status of kisan credit card performance in Chikkaballapur district of Karnataka” study analysed effect of credit system, capital system, capital adequacy on major four crops tomato, maize, potato and groundnut between KCC holders and Non KCC holders. The total cost incurred for growing all four by the KCC beneficiaries marginally high compared to non KCC beneficiaries but the net returns realised from cultivation of KCC beneficiaries higher than that for non KCC beneficiaries.

Archana Singh, Dr Sangeeta Guota, Dr Mithilesh Varma (2018) “ Impact of Kissan Credit Card scheme on farm economy” was carried in two blocks of Fatehpur district to access the role of Kissan credit card for enhancing the agriculture production of farmers. Thus selected total number of 150 respondents in which 75 respondents for the study purpose were selected from each block from Fatehpur district. In the study 40 percent of the respondents were having 5 acres and above land. Impact of Kissan credit card scheme on farm economy, in the other way that KCC helps to increase in farm production by the Agriculture productivity

RESEARCH GAP

The study has made an analysis based on the reviews collected through various sources in different scenario, where the reviews states the benefits rendered in terms of quantitative and qualitative by identifying certain constraints towards Kissan Credit Cards. On the other hand some reviews states the scale of adoption by various financial institutions and also made an emphasized on the role of micro financing in enhancing the income of the farmers

The study focused on the cropping pattern and its structure, the awareness of the farmers towards KCC and also examines the utilisation of KCC in the study area, these aspects considered to be the research gap for the study.

METHODOLOGY

The study relies on primary still as secondary knowledge. The secondary info has been collected from varied revealed and unpublished sources of NABARD, SLBC dominant banks and sample branches implementing the theme. These knowledge has been wont to examine progress created below the theme since its origination, loans advanced, coverage of beneficiaries and distribution of cards to settle on proportional sample size, keeping visible the unfold and coverage.

The primary data involved the method of questionnaire where it has collected from the borrowers which are a multistage stratified sampling design on the lines delineated. The survey of the borrowers was carried out in Ramanagara Taluk. On the basic of total number of cards issued 2019. Following the frame work discussed above farmers selected from the Ramanagara Taluk.

The type of data collected with these questionnaires included information on the following variables.

Household questionnaire- social groups, household size, sources of income, details of area owned and operated, household assets, cropping pattern, allied agriculture activities, cost of purchase and other inputs used at the farm, consumption expenditure, pattern of borrowings, sources of borrowings, issues related with KCC, credit limits, operational difficulties associated with the use of KCC and suggestions for further improvement of the scheme.

ANALYTICAL TECHNIQUES

For analysing the performance of the Kissan Credit Card in the study area on various variables considered for the study, simple analytical techniques average, percentage and percentage change were used.

RESULTS AND DISCUSSION

The major difficulty in conducting research in managing time and most importantly pandemic situation COVID- 19 existed all over the world, hence the study has restricted to only limited for Kissan Credit card scheme holders cost with respect to the primary data. Due to COVID- 19 pandemic, unable to contact more farmers to collect the information about Kissan Credit card scheme and co-operative bank and RRB employees refuse to give information about Kissan credit card holders. D.C office Ramanagara make the process of giving permission slow to take information from bankers. As lockdown has been imposed nation wide there was lack of transport facility, due to all these seasons. I'm unable to collect full information selected to the Kissan Credit Card scheme.

1. As most of the farmers grows paddy and cocoons it must requires irrigation land, from the data 70 percent respondents have irrigation land.
2. As most of the farmers owns the irrigation land they require separate water resource because of the drying up of lake, as impact 70 percent respondents have tube well as a source of irrigation.
3. As Kissan credit card holders owns a land their priority is agriculture. 88 percent respondents occupation is agriculture
4. As the government announces their schemes through media and other sources farmers are much aware about the various schemes of the government 72 percent respondents are aware about scheme of agriculture.
5. 60 percent respondents taken loan from co-operative societies as it is near to the respondent address and because of low interest rate compare to money lenders
6. The interest rate is more from money lenders, they expect more rate of interest from the respondents as they give quick loan and lending money is their business. 96 percent respondents interest rate is 12-18percent.
7. 68 percent respondents doesn't take due to timelessness because loan from banks takes a long time to sanction loan amount.
8. The selected sample farmers have Kisan Credit Card due to which 98 percent respondents wells about Kisan Credit Card.

9. 58 percent respondents with the help of KCC have taken to buy agriculture equipment as modern technology helps in reducing of time in cultivating land
10. 52 percent respondents sanctioned amount is adequate because they have minimum land for 48 percent respondents the amount is inadequate because they have large no of land they have to cultivate whole land.
11. KCC scheme has increased the income of the respondents but not up to the mark, government needs to aware more about KCC and they should sanction more amount. 76 percent respondents income has been increased due to kisan credit card
12. Most of the respondents have brought agricultural equipment under KCC scheme as government sanction loan for buying equipment has it require for the purpose of agriculture. 82 percent respondents have bought agriculture equipment
13. Government gives subsidy to the farmers for loan repayment during crop damage, when there is no proper price for the crops grown. 88 percent respondents says that subsidies are given for KCC loan repayment
14. The loan sanctioned under KCC scheme is to provide financial support for the farmers, so the interest rate will be very less, all the 50 respondents say that interest rate is between 3-5 percent
15. KCC loan is given for all the type of crop yielding, the 60 respondents take loan for vegetables growing as they give more income to the farmers
16. Problems are usual while taking a loan under KCC as banks slowly sanctions amount, they take more time in verification of documents and they check whether the farmers are capable of repayment loan. 76 percent respondents says that bank slowly sanctions amount
17. As fertilisers are most important in crop growing they are most purchased by farmers i.e., 58 percent respondents purchase fertilisers
18. Most of the farmers are aware about subsidies given by government from various sources such as media, circulation from the co-oeprative societies. 80 respondents are aware about subsidies for agricultural inputs
19. Many of the farmers haven taken subsidies as they are beneficial, 74 percent respondents have taken subsidies
20. Most of the farmers grow commercial crop under KCC loan as they as more profitable all the 50 respondents grow commercial crop

Kissan Credit Card Scheme is a land mark in the history of rural credit in India. The mechanism of credit cards has been one of the key products developed to expand the outreach of banks and simplify credit delivery system. The announcement relating to the introduction of a credit card scheme by the union finance minister during his budget speech for the year 1998-99 summed up as NABARD would be formulating a Kissan credit card scheme for uniform adoption by the banks so that the farmers may use them to readily purchase agricultural inputs such as seeds, fertilisers, pesticides etc. and draw cash for their production need

The study has mainly stressed on certain criteria that has explained in terms of various variables. The study observed the overall cropping pattern and its structure of the farmers in the study area which has considered being one of the major element or key element to the entire research.

Awareness of the farmers towards the KCC have observed in order to know the implementation or utilisation of the benefits that has involved in this particular scheme

When we see the utilisation of the KCC in the study area by the farmers the study has put towards the positive level of satisfaction

The agricultural productivity and the income of the farmers have increased because of the scheme implementation in terms of their productivity or cultivation or savings pattern as the ultimate aim is to enhance economic standard of the farmers in the rural area

KCC scheme not only help in increasing the productivity and income of the people but also helps in decreasing in indebtedness of the farmers in the study area

SUGGESTION FOR IMPROVEMENT

Kissan Credit card scheme is an innovative product of institutional credit delivery mechanism introduced by NABARD to increase the flow of agriculture credit. But KCC scheme has to face a number of operational constraints in objectives. Therefore, in this study, we have made an attempt to provide some suggestions for its proper implementation in the ground level.

- One of the important causes of slow progress of KCC scheme is the lengthy paper works and documentation process followed by the banks for which man farmers do not come forward to take the opportunity of KCC scheme, documentation procedure should be simplified for the farmers.
- Due to credit gap i.e., difference between requirement and achievement, the farmers have to depend on informal sources of credit. Thus, for the success of the KCC scheme, the loan amount should be adequate or sufficient for the farmers to meet their cultivation needs. For this purpose, scale of finance should be modified by the financial institutions. Majority of the farmers reported that they did not get the loan the time i.e., during the cropping season as they have to wait for a long time to avail the loan. Thus, for the proper implementation of the KCC scheme the loan should be available during cropping season.
- For effective utilisation of the KCC scheme, there should be proper monitoring system after the KCC loan is disbursed to see whether the loan is utilised for the productive purpose or not by the farmers. Due to lack of monitoring facilities, the farmers generally mutualize the credit.

One of the important reasons of farmers not availing the facility of cash credit is the transaction cost, such as transport, loss of wages and also the availability of branch manager. Thus, emphasis should be given on branch expansion especially in the remote areas. The farmers of rural areas will find comfortable to withdraw the money from nearest bank

branches which will reduce their transaction costs. Moreover, introduction of smart card or low cost ATM card can reduce the transaction costs for both the bankers/ farmers.

Coverage of farmers under the KCC scheme should be expanded. Since, in our sample study area, still more emphasis should be given on inclusive

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