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## IMPACT ON KISAN CREDIT CARD SCHEME ON FARMERS IN COIMBATORE DISTRICT

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### ABSTRACT

This abstract examines the empirical effects of the Kisan Credit Card (KCC) Scheme on farmers financial inclusion and means of sustenance in rural India. The study evaluates the plan's effectiveness in providing farmers with timely and sufficient financing access, hence increasing their farming endeavors and aggregate incomes, using a combination of primary survey data and secondary sources. It examines how the KCC Scheme has made it easier for farmers to obtain loans from official lenders, reduced their reliance on unofficial lenders, and improved their ability to deal with unexpected costs and crop failures. The abstract also examines the scheme's impact on agricultural input investment, technological adoption, and farming activity diversification. This study contributes to a better understanding of the program's effects on rural development and poverty reduction efforts by analyzing the socioeconomic outcomes experienced by farmers participating in the KCC program. It also emphasizes key implementation difficulties and development opportunities, as well as policy recommendations to maximize the scheme's positive impact on farmers' livelihoods. Overall, the findings demonstrate the importance of the Kisan Credit Card Scheme in empowering farmers in rural India, promoting long-term agricultural growth, and improving their socioeconomic status.

**Key words:** Agriculture, credit card, farmers

## INTRODUCTION:

The Kisan Credit Card (KCC) scheme was introduced in 1998 to issue Kisan Credit Cards to farmers based on their holdings for uniform adoption by banks, allowing farmers to easily purchase agriculture inputs such as seeds, fertilizers, pesticides, and so on, as well as draw cash for production needs. The KCC Scheme was designed to provide farmers with appropriate and timely loans for their agricultural operations. The government of India offers farmers with a 2% interest subsidy and a 3% prompt repayment incentive, making credit available at a very subsidized rate of 4% per annum. The scheme was expanded in 2004 to cover farmers' investment credit requirements for allied and non-farm activities, and it was revisited in 2012 by a working group chaired by Shri T. M. Bhasin, CMD, Indian Bank, with the goal of simplifying the scheme and facilitating the issuance of Electronic Kisan Credit Cards. The system provides comprehensive recommendations to banks for implementing the KCC scheme. Banks who implement it will be able to tailor it to their institution's or location's specific needs.

## OBJECTIVE OF THE STUDY

- ❖ To understand the socio-economic profile of the respondents.
- ❖ To know the utilization of Kisan credit cards among farmers in Coimbatore district.
- ❖ To access the impact of Kisan credit card scheme on crop productivity and farmers revenue.
- ❖ To examine the challenges faced by Farmers in availing Kisan credit card.
- ❖ To suggest the solutions for the improvement of the scheme.

## SCOPE OF THE STUDY

The scope of the study for the impact of the Kisan Credit Card (KCC) scheme involves evaluating its effectiveness in enhancing financial access and agricultural productivity among farmers. This encompasses analyzing the scheme's reach, usage patterns, credit disbursement mechanisms, repayment rates, and overall economic benefits for farmers. Additionally, the study may delve into the socio-economic implications of the scheme, including its contribution to poverty alleviation, rural development, and empowerment of smallholder farmers. Furthermore, it may explore the challenges encountered in implementing the scheme, such as bureaucratic hurdles, inadequate awareness, and accessibility issues. Recommendations for policy improvements and strategies to maximize the scheme's impact may also be proposed based on the findings.

## LITERATURE REVIEW

**Sheela B & Rajashekar H (2023)<sup>1</sup>** The KCC program is one agricultural credit delivery tool that has many advantages, including raising farmers living standards, encouraging them to switch from subsistence to commercial farming by offering timely credit, and bringing them under the financial inclusion umbrella. The report illustrates the variations in the expansion of Karnataka's operational KCC count and outstanding debt. In terms of the quantity outstanding, commercial banks led the research period from 2017 - 18 to 2021 - 22, whereas cooperative banks led in terms of the number of operational KCCs.

**Rawani S.K(2023)<sup>2</sup>** is concluded that lion's share of the K.C.C recipients have medium to tall level of financial status taken after by medium to moo level in case of K.C.C non - beneficiaries. It was found that recipients and non-beneficiaries both have medium level of information but there are measurably noteworthy contrast between the information levels of both categories. It was too found that legitimate preparing and expansion methodologies are to be taken after for advancement of information level of the recipients as well as to extend farmer's cooperation in profiting the benefits of the conspire. This will too be accommodating in utilizing the K.C.C legitimately driving to the improvement of farming division.

## **RESEARCH METHODOLOGY**

Research methodology is the systematic framework and set of principles used in planning, executing, and evaluating a research study. It involves selecting a suitable research design, identifying research questions or hypotheses, and choosing appropriate methods for data collection and analysis. Researchers utilize specific techniques, tools, and instruments to gather relevant information, ensuring the validity and reliability of their findings. Sampling methods are employed to select a representative subset of the population under study. Ethical considerations guide the responsible conduct of research, addressing issues such as participant consent and confidentiality. A well-defined methodology contributes to the rigor and replicability of the study, enhancing its overall credibility. The research process includes formulating a theoretical framework, interpreting results, and drawing meaningful conclusions. By adhering to a sound methodology, researchers establish a structured and systematic approach, ultimately contributing to the advancement of knowledge within their field.

## **RESEARCH DESIGN**

In my study, descriptive research design was employed as the research methodology. Researchers that focus on characterizing the traits of a certain person or group are known as descriptive researchers; these studies aid executives in making decisions about their options. The goal of a descriptive study is to provide a thorough and accurate account of a situation.

## **DATA COLLECTION**

Primary data is collected from farmers through the interview schedule. Secondary data collected from various sources including libraries, journals, magazines, newspapers and websites.

## **SAMPLE METHOD**

In the study convenient sampling is used for data collection.

## **AREA OF THE STUDY**

The study is conducted in the Coimbatore district.

## SAMPLE SIZE

The sample size which is taken for the study is 120 respondents.

## TOOLS USED FOR ANALYSIS

The following statistical tools are applied in accordance with the objective of the study

- Simple percentage analysis
- Ranking analysis

## LIMITATIONS OF THE STUDY

- The respondents may vary over a time period.
- The farmers may not give the relevant answers to the questions.
- The samples are restricted to Coimbatore district only.
- The study may lack qualitative perspectives from farmers.
- The study may not thoroughly assess the risk of loan defaults and its implications on farmers.
- The study excludes Non - KCC farmers.

## ANALYSIS AND INTERPRETATION

### SIMPLE PERCENTAGE ANALYSIS

Simple percentage analysis in research refers to a method of data analysis where percentages are calculated to represent the distribution or relationship of variables within a dataset. It involves expressing parts of the data as proportions of the whole, often to compare different groups or to understand the prevalence of certain characteristics within the population being studied.

### Formula

$$\text{Percentage analysis} = \frac{\text{Number of respondents}}{\text{Total number of respondents}} \times 100$$

S.NO	VARIABLES	CATEGORIES	NO.OF RESPONDENTS	PERCENTAGE
01	Gender	Male	97	80.8%
		female	23	19.2%
02	Age	21 to 35 years	19	15.8%
		36 to 55 years	76	63.3%
		Above 55 years	25	20.8%
03	Annual income	Up to Rs 50,000	27	22.5%
		Rs 50,001-1,00,000	53	44.2%
		Rs 1,00,001-1,50,000	32	26.7%
		Above 1,50,000	8	6.7%
05	Family type	Joint family	35	29.2%
		Nuclear family	85	70.8%
06	Area of residence	Urban	26	32.5%
		Rural	54	67.5%
07	Source of information about the scheme	Through government outreach programs	27	22.5%
		From local banking institutions	49	40.8%
		Through community or farmer groups	44	36.7%
08		Yes	93	77.5%

	Improved access to credit	No	27	22.5%
09	KCC benefited agricultural activities	Increased access to credit for inputs	19	15.8%
		Improved crop yield or livestock production	50	41.7%
		Enabled timely investment in farming activities	51	42.5%
10	KCC contributed to sustainable farming practices	Adoption of modern agricultural techniques	40	33.3%
		Enhanced crop diversification	55	45.8%
		Better management of resources (water, soil)	25	20.8%
11	Repayment on Kisan credit card loan	Monthly	23	19.2%
		Quarterly	57	47.5%
		semi annually	33	27.5%
		Annually	7	5.8%
12	Utilize the credit	Purchasing seeds/fertilizers	23	19.2%

	obtained through Kcc	Investment in machinery/tools	45	37.5%
		Other agricultural expenses	40	33.3%
		Non-agricultural purposes	12	10%
13	Benefit offered by the Kcc	Interest subsidy	18	15%
		Flexible repayment terms	51	42.5%
		Access to timely credit	39	32.5%
		Insurance coverage	16	10%
14	Role of Kcc in mitigating financial risks	Provides insurance coverage for crops.	17	14.2%
		Offers subsidies on agricultural equipment.	43	35.8%
		Facilitates timely access to credit during emergencies.	47	39.2%
		No impact on financial risks.	13	10.8%
15	Primary advantage of Kcc	Reduced dependence on informal sources of credit.	25	20.8%

		Improved agricultural productivity	44	36.7%
		Empower farmers	35	29.2%
		Continuous credit availability	16	13.3%
16	Kcc imparted in overall financial well being	Improved financial stability	18	15%
		Better management of agricultural expenses	50	41.7%
		Increased income generation	35	29.2%
		Enhanced ability to repay loans	17	14.1%
17	Difficulties in availing benefits of Kcc	Document requirements	42	15%
		Eligibility criteria	28	41.7%
		Credit history	35	29.2%
		Lack awareness	15	14.1%
18	Improvements suggested for Kcc	Simplification of the application process	17	14.2%
		Timely availability of credit	42	35%
		Lower interest rates	33	27.5%
		Increased loan amount	28	23.3%



19	Kind of impact have witnessed in using Kcc	Positive impact	85	70.8%
		Negative impact	35	29.2%

(Source: Primary data)

### INTERPRETATION:

The above table shows that majority 80.8% of the respondents are collected from male. Majority 63.3% of the respondents are in the age group is 36 - 55 years. Mostly 44.2% of the respondents annual income ranges between Rs 50,000 – 1,00,000. Majority 70.8% of the respondents are in nuclear family. Majority 67.5% of the respondents are in rural area. Mostly 40.8% of the respondents came to know about the scheme from local banking institutions. Majority 77.5% of the respondents has improved access to credit through this scheme. Mostly 42.5% of the respondents having enabled timely investment in farming activities through this scheme. Mostly for 45.8% of the respondents KCC contributed for enhanced crop diversification. Mostly 47.5% of the respondents prefer repayment for Kisan credit card Quarterly. Mostly 37.5% of the respondents utilize KCC for investment in machinery/tools. Mostly 42.5% of the respondents have benefited in flexible repayment terms by the KCC. Majority 39.2% of the respondents financial risk is mitigated by facilitating timely access to credit during emergencies. Mostly 36.7% of the respondents primary advantage is higher interest rates on loan. Mostly 41.7% of the respondents have better management of agricultural expenses. Mostly 35% of the respondents have faced difficulties in availing KCC through document requirements. Mostly 35% of the respondents suggested improvements in timely availability of credit. Majority 70.8% of the respondents have witnessed a positive impact in using the Kisan credit card.

### RANKING ANALYSIS

Ranking refers to the process of systematically arranging items or entities based on their relative importance, performance, or preference according to specific criteria or attributes. Ranking can involve assigning numerical ranks, such as 1st, 2nd, 3rd, etc., or using other methods like scoring or rating systems to quantify the relative positions of items within a dataset.

Ranking analysis is commonly used to prioritize factors, understand preferences, or make informed decisions in various research contexts. This method helps to gain insights into the relationships and significance of different variables within their research context.

### Formula

Average Rank=  $\frac{\sum \text{Rank of Item}}{\text{Number of Respondents}}$

**RANKING BASED IN THE FACTORS INFLUENCING THE KCC**

S.NO	FACTORS	TOTAL	PERCENTAGE	RANK
1	Government support	548	16.24%	<b>I</b>
2	Bank outreach	513	15.20%	<b>II</b>
3	Farmers participation	459	13.60%	<b>V</b>
4	Flexible repayment options	419	12.42%	<b>VII</b>
5	Ease access to credit	505	14.97%	<b>III</b>
6	Interest rates	480	14.23%	<b>IV</b>
7	Timely availability of credit	450	13.34%	<b>VI</b>

(Source: Primary data)

**INTERPRETATION**

From the above analysis, it shows the factors influencing the KCC scheme and the rank is marked as rank I for the government support, the rank is marked as rank II for the bank outreach, the rank is marked as rank III for the ease access to credit, the rank is marked as rank IV for the interest rates, the rank is marked as rank V for the farmers participation, the rank is marked as rank VI for the timely availability of credit, the rank is marked as rank VII for the flexible repayment options.

**FINDINGS**

- Majority 80.8% of the respondents are collected from male.
- Majority 63.3% of the respondents are in the age group is 36 - 55 years.
- Mostly 44.2% of the respondents annual income ranges between Rs 50,000 – 1,00,000.
- Majority 70.8% of the respondents are in nuclear family.
- Majority 67.5% of the respondents are in rural area.
- Mostly 40.8% of the respondents came to know about the scheme from local banking institutions.
- Majority 77.5% of the respondents has improved access to credit through this scheme.
- Mostly 42.5% of the respondents having enabled timely investment in farming activities through this scheme.
- Mostly for 45.8% of the respondents KCC contributed for enhanced crop diversification.
- Mostly 47.5% of the respondents prefer repayment for Kisan credit card Quarterly.
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- Majority 39.2% of the respondents financial risk is mitigated by facilitating timely access to credit during emergencies.
- Mostly 36.7% of the respondents primary advantage is higher interest rates on loan.
- Mostly 41.7% of the respondents have better management of agricultural expenses.
- Mostly 35% of the respondents have faced difficulties in availing KCC through document requirements.
- Mostly 35% of the respondents suggested improvements in timely availability of credit.
- Majority 70.8% of the respondents have witnessed a positive impact in using the Kisan credit card.

## SUGGESTIONS

The application and approval process to make it more accessible to small and marginal farmers. Providing financial literacy programs to educate farmers on responsible credit usage and investment practices credit empower them to make informal financial decisions. Furthermore, offering incentives or subsidies farmers to utilize the KCC effectively and build a positive credit history. Introduce incentives for farmers who repay their loans on time

## CONCLUSION

The research project has revealed the significant positive impact of the Kisan Credit Card (KCC) scheme on the agricultural sector. Through comprehensive data analysis and participant feedback, it is evident that the scheme has successfully provided crucial financial support to farmers, enhancing their access to credit and enabling them to invest in agricultural inputs, technologies, and infrastructure. Moreover, the scheme has contributed to improving agricultural productivity, income levels, and overall socio-economic development in rural areas. However, challenges such as limited awareness, accessibility issues, and potential misuse of credit underscore the importance of continuous monitoring, evaluation, and policy refinement.

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## E RESOURCES

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