

Vol 3 Issue 7 Aug 2013

Impact Factor : 0.2105

ISSN No : 2230-7850

Monthly Multidisciplinary
Research Journal

*Indian Streams
Research Journal*

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RNI MAHMUL/2011/38595

ISSN No.2230-7850

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AN EVALUATION OF KISAN CREDIT CARD SCHEME IN INDIA AND KARNATAKA – (A CASE STUDY OF GULBARGA DISTRICT)

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Abstract: Indian economy addresses the issues of hunger, malnutrition and promotes the rural prosperity by mitigation of rural distress, in order to achieve the higher growth rate in agriculture. The government promotes adoption of new agricultural technology packages and practices for higher productivity. This can be done depending on the agriculture sector, so it can be said that agriculture is the back bone of Indian economy. Growth in agriculture sector improve the income and employment level of farmers and reduce the level of poverty, Hence it implemented across the country by public sector commercial banks and RRBs with the assistance of commercial banks credit realizing the importance of enhancement of flow of credit to the rural sector and reduction of the dependence of formers on non institutional sources of credits NABARD introduced KCCs in August, 1998 for short term loans production on credit with the objectives of providing adequate, timely without any delay cost effective and hassle free credit support to farmers. Further the Cooperative Banks were given an extended KCCs term loans for the agriculture and allied activities and reasonable component for consumption.

Keyword: Agricultural credit, Farmer, Kisan Credit Card.

INTRODUCTION:

Agriculture is the back bone of Indian economy with nearly 67 percent of the population of the country directly or indirectly depends on agriculture for their live hood considering the dominant role of the sector and the importance of credit card as an inputs a multi agency approach has been adopted by the reserve bank of India for ensuring credit flow to the sector, in spite of several improvements in delivery system that have been undertaken over time. Making institutional credit available to the large number of farmers particularly small and marginal farmers financing for agriculture has been gigantic task for banks given the enormity of the credit requirements on the one hands vagaries of nature on the other both RBI and commercial bank for agricultural and Rural development (NABARD) have taken several initiatives for the implication of system and procedures and designation of the innovative credit delivery products in dispensation of agricultural credit the KISAN CREDIT CARD scheme (KCCs) is a land mark in the history of rural credit in India the mechanism of the credit cards has been one of the key product development to expand out reach of banks and simplifying the credit delivery system the announcement relating to the introduction of kisan credit card scheme was made by the union finance minister during the budget speech for the year 1998-99 NABARD formulated a (KCCs) for union adoption by the banks so. That formers may use the card the really adoption by the banks readily purchase agricultural inputs such as seeds, fertilizers, pesticides and draw cash for their production needs modern scheme was circulated to commercial banks cooperative banks and regional rural banks

BACKGROUNDS OF STUDY

It has been ten year since the inception of the KCCs and present its implementation has been taken up by 27 public sector banks and 196 regional rural banks throughout India the 42 percent of the KCCs issued by cooperatives banks 42% of KCCs issued by commercial banks, 14% of KCCs issued by regional rural banks up to Feb 2009. In spite of various measures relevance program on credit card the flow of credit to agricultural sector remained qualitatively and quantitatively poor.

OBJECTIVES OF THE STUDY

To analyze the growth in numbers of KCCs users
To evaluate the impact of KCCs profitability of crops
To study impact of KCCs on farmers income and production

METHODOLOGY

The study is based on primary data collected through questionnaire and secondary data collected from thesis, journal, research papers, www.govt.finance ministry.

SELECTION OF STUDY AREA

The study was conducted in Gulbarga district in two Taluk Chitapur and Jewargi were purposively selected as they are issued lower number of issued KCCs. The study was based on the information obtained from randomly selected 50 KCC holders and 50 non KCC holders spread across in one Taluk 25 KCC holders and 25 non KCC holders.

KCC scheme covers

1 production credit

- 2 working capital requirements
- 3 concilliary credit requirements related to crop production
- 4 contingent needs
- 5 accidental insurance of KCC borrowers

DATAANALYSIS

Table – 1
Agency wise status of KCC issued in India

Year	Co-Operative banks	RRB's	Commercial banks	Total (in lacks)
1999	1.56	0.06	6.22	7.84
2000	36.0	1.73	13.7	51.3
2001	56.1	6.34	23.9	86.5
2002	54.4	8.34	23.9	93.4
2003	45.8	9.64	27.0	82.4
2004	48.8	12.7	27.0	92.5
2005	35.6	17.3	30.9	96.8
2006	26.0	12.5	44.0	80.1
2007	26.0	14.1	41.7	85.1
2008	20.9	17.7	48.1	84.7
2009	10.6	12.1	24.6	47.3
Total	362	112	311	808

(Source: economic survey: Govt. of India 2008-2009)

Above table shows that the agency wise status of kisan credit card issued in India the secondary data was collected analyzed and presented in table up to end of February 2009. Total kcc issued in India were 808 lakh. Which were 7.84 lakh in the year 1998-99. Out of the total kcc issued. The co-operative banks were issued 358.63 lakh 44.38 percent where as the commercial banks and regional rural banks were issued 336.74 lakh and 112.63 lakh 41.67 percent respectively. For the co-operative banks and commercial banks lot of variations has been seen in issuing kcc on the other hand the regional rural banks have shown a study growth in issuing kcc. the compound growth rate for total kcc issued in India was 10.30 percent pr annum .the co-operative banks showed 2.78 percent annual compound growth rate where as the regional rural banks and commercial banks registered 43.25 percent and 14.67 percent (both significant at 1 percent) annual compound growth rate.

Table – 2
Status of KCC Karnataka

Year	Karnataka
1999	1.41
2000	5.83
2001	7.25
2002	4.31
2003	5.56
2004	4.06
2005	5.05
2006	4.35
2007	38.4
2008	43.3
Total	120
CGR % pa	28.69

(Source: www.indiastat.com)

The above table indicated status of kcc in Karnataka state. In the first five year (1999-2000) implementation of kcc scheme. The Karnataka state had issued 1.41 lakh. The total kcc issued up to the end of June 2009 in Karnataka state were 119.51 lakh. As the central government has made compulsory for any type of crop loan there was high growth in issuing of kcc in recent years. The annual compound growth rate of kcc issued in the Karnataka state was higher (28.69).

Regarding growth in the issue of kcc in the study area the secondary data are collected from the district lead banks that is Krishna grameena banks and state bank of India and its branches.

Table – 3
Who incited to take benefits of KCC of respondents?

INCITED BY	NUMBER OF PEOPLE	PERCENTAGE
Self decision	98	98
Bank workers	0	0
Family	2	2
Friends and neighbors	0	0
Total	100	100

(Source: field work)

Table 3 revealed that who incited to take scheme of farmers 98 percent of farmers have taken the self decision to avail the benefit of kisan credit card scheme 2 percent of farmers were incited by family members to take benefit of kisan credit card scheme

Table - 4
Land inventory of respondents

Particular	Number of people	Percentage
Irrigated land area in acres	20	20
Dry land area in acres	80	80
Total	100	100

(Source: field work)

From the above table it was drawn that 20 percent of the farmers are having irrigated land and 80 percent of farmers are having the dry land. In most parts of district of Karnataka state are not having irrigation facilities like rivers, dams, canal, and wells. Growing rate of crop is bit of lower then irrigated land area of chitapur but jewelries having irrigation facilities like river, dams, canal, and wells. Production rate is high compare to chitapur taluka.

Table - 5
Details about irrigation of farmers

Sources of irrigation	Numbers of People	Sources of funding	Percentage
Tank and canal	60	bank	60
River	00	0	00
Bore well	00	0	00
Pump set	40	bank	40
Total	100		100

(Source: field work)

Table 5 shows that the details of irrigation facilities of farmers Gulbarga district in chitapur taluka covered non

irrigated land jewargi taluka covered irrigated land 60 percent of farmers are using tank and canal water full fund is supported by banks Remains of 40 percent of farmers are using water through pump sets.

Table - 6
Form asset position of farmers

Items	No. of formers	Sources of funding	Percentage
Tractors	24	Bank	24
Bullock cart	12	Bank	12
Pump set	6	Bank	06
Plough	15	Own	15
Cultivator	2	Own	2
Seed drill	18	Own	18
Sprayer	15	Bank	15
Duster and others	08	Bank	08
Total	100		100

(Source: field work)

The above revealed that 24 percent of farmers are having the tractors, 30 percent of non kcc holders and 70 percent of kcc holders are taken a loan from bank to purchase of tractors.12 percent of farmers taken a loan from bank to purchase bullockcart.and some time banks are provided to bullockcart's from subsidy. And 6 percent of farmers a taken the loan from the bank to purchase of pump sets. 15 percent of farmers are having plough for their own sources of funding 2 percent of farmers are having cultivators for their own sources of funding 18 percent of farmers are having seeds drill's for their own sources of funding. 15 percent of farmers are having the sprayers, with the help of bank loan 8 percent of farmers having the duster and others this is also purchased through help of bank loan on this figure the 62 percent of the farmers are kcc holders 38 percent of the farmers are belongs to non kcc holders. Through the kcc scheme the Krishna grameena bank, state bank of India, state bank of Hyderabad, and canara bank is providing the tractor loan and the bullockcart, sprayers, duster loan to farmers. So 62 percent of farmers are utilized this facilities. In rural area wise Krishna bank play a very important role to provide the kcc loan to farmers.

Table – 7
Cropping Pattern of Farmers

Season	Crop and variety	No. of formers	Percentage
Kharif	Tur	65	00
	Cotton	04	72
	Sunflower	03	00
Rabi	Jawar	19	00
	wheat	02	21
Summer	Grounds	21	00
	Sugarcane	07	07
Total		100	100

(Source: field work)

Above table show the cropping pattern of sample farmers study area in kharif season, the major crop grow by the sample farmers were tur cotton. Sunflower and grains. in Rabi season the major crops grow were sugarcane, and ground nuts. The kharif season in 72 percent and 65 percent

of farmers are grow the Tur crop, and 4 percent of farmers are grow the cotton and 3 percent of farmers are grow sunflower Tur is the main crop in Gulbarga district. 21 percent of Rabi crop 19 percent of farmers are grow the Jawar crop and 2 percent of farmers grow the wheat. Sugarcane is the main crop grows in the summer season at 7 percent by some parts of study area and remaining is no so because of lack of irrigated land. The average area under tur crop in the kharif season was 80 percent in kcc category where as in non kcc category 20 percent of farmers.

Table - 8
According to their annual income distribution of beneficiaries of KCCS

Categories	KCC beneficiaries no=50	
	Farmers	Percentages
Up to 30000	13	26
Rs.30000 to 45000	09	18
Rs.45000 to 60000	06	12
Rs.60000 to 75000	18	36
Rs.75000 to 90000	01	02
Rs.90000 to 105000	03	06
Rs.105000 to 120000	00	00
Total	50	100

(Source: field work)

From the above table investigated that out of total beneficiary 36 percent of annual income range of 60000 to 75000 26 percent have Rs up to Rs.30000. 18 percent had between Rs. 30 crore to 45000. 12 percent had between Rs. 45000 to 60000. 6 percent had between Rs.90000 to 105000 and 2 percent had between Rs. 75000 to 90000. Thus it may be concluded that out of total beneficiaries highest 36 percent having annual income in the range of Rs.60000 to Rs.75000.

Table – 9
Frequency distribution of beneficiaries according to their amount of loan

Categories	KCC Beneficiaries No.=50	
	Farmers	Percentage
Up to 30000	07	14
Rs.30000 to50000	14	28
Rs.50000 to 100000	21	42
Rs.100000 to 150000	04	08
Rs.150000 to 200000	02	04
Rs.200000 to 250000	01	02
Rs.250000 to350000	01	02
Total	50	100

(Source: Field work)

The above table revealed that out of total beneficiaries 42 percent had borrowed in range of Rs.50000 to 100000. 28 percent borrowed Rs.30000 to Rs.50000. 14 percent borrowed Rs.300000. 8 percent borrowed Rs. 100000 to Rs. 150000. 4 percent borrowed between Rs.150000 to Rs.200000. whole only 2 percent out of them had borroweed beten 200000 to 250000 and 2 percent had borrowed between 250000 to 300000.impact of kcc scheme

in terms of income generated among the beneficiaries under kisan credit card scheme. The impact of kcc is measured in terms of monetary gains among the beneficiaries, as they invested the borrowed amount under this scheme for enhancing their production through strengthening their technology, resources, and risk bearing ability the distribution of beneficiaries according to their income generation through kisan credit card scheme has been presented in following manner.

Table – 10
Distribution of beneficiaries according to their income generated before and after borrowing due to Kisan Credit Card Scheme.

Categories	KCC beneficiaries no=50			
	Before		After	
	No	Percentage	No	Percentage
Low income Rs.45000	21	42	10	20
Medium income Rs.90000	12	24	28	56
High income Rs.90000	07	14	12	24
Total	50	100	50	100

(Source: field work)

The above table indicate that before implementation of kcc program most of the beneficiaries (42 percent) belongs to low income group (Rs.45000) followed by 12 percent of them belongs to medium income group (Rs.45000 to 90000) and only 7 percent of them belongs to high level income group (90000) beneficiaries. Where as after utilization the credit or loan under the kisan credit card scheme. A higher percentage of the beneficiaries (56 percent) were come to medium income group (45000 to 90000) 24 percent were in the high income group (90000) and 20 percent (45000). Thus it is cleared from above table that the impact of credit or loan on land development in respect of income to the beneficiaries. As the kcc provided credit facilities to the farmers of the area for purchasing inputs for scientific agriculture, which significantly influence the income of borrower through increase in yield. The impact of KCC is measured in terms of monetary gains among beneficiaries, as they invested the borrowed amount under this scheme for enhancing their production through strengthening their technology, resources, and risk bearing ability. The distribution of beneficiaries according to their income generation through Kisan credit card scheme has been present in following manner.

CONCLUSION

It is observed that credit card provides hassle free access to institutional loans to farmers effectively which resulted in increasing productivity of Tur (Red Gram) crop compared to the corresponding yield of non KCC holders. However, the yield was partly attributed to the credit access through KCC. The adequate application of comparatively higher dosage of inputs like fertilizer, manure, pesticide, labor, irrigation water, etc. by KCC farmers are contributing factors for improvements of yield level quite number of findings reflecting few areas of concern. It can also be deducted that quite a significant number of new borrowers had been demanding KCC every year due to its flexibility in

usage and other utilities like flexibility withdrawals, flexibility in repayment pattern, coverage under NAIS/PAIS, minimum margin/security norms, etc. 62% of farmers are utilized this KCC facilities for their agriculture purpose. Agency wise, majority of KCC holders from commercial banks (42%) viewed that KCC was hassle free followed by RRBs (14%) and co-operative bank (44%). During the interaction with the farmers it was gathered that KCC holders got some relief in terms of sanctioning credit limit once in three years and drawing the limit a year. Cost of cultivation is the most significant determinant of credit requirement under Kisan Credit Card Scheme. It is suggested that introduction of biometric cards, deployment of banking correspondence, simplification of procedure, financing through joint liability group mode, weather-based crop insurance scheme with cyclic credit may go a long way in providing more relief to the distressed farmers. The add on features on KCC could be further improving in terms of expending other loan such as consumption loan, term loan and occasional investment loans in the ratio of 4:2:1 and evolve the KCC into a truly multipurpose card. There is a need for more proactive initiatives by the commercial banks, state governments in promotion of self help groups, Farmers Club and Innovative Insurance Products, etc. and adoption of Mission Mode approach to make KCC into a farmers' friendly efficient instrument for credit delivery system.

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