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An analysis of compound growth rate of Kisan credit card users in Bilaspur District, Chhattisgarh

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Abstract

An evaluation is presented of a Comparative Study of Kisan Credit Card Scheme among KCC and Non-KCC Users in Bilaspur District of Chhattisgarh. The specific objectives of the study were to work out the compound growth rate of Kisan Credit Cards users in Bilaspur district. Bilha block was selected purposively for study. In Bilha block, four villages were selected randomly and 5 farmers each comprising of KCC users and non-KCC users respectively was selected to form a total sample size of 40 respondents. The findings of the study revealed that the total coverage of KCC in Chhattisgarh was 50.61 per cent. Balod district covered highest 95.50 per cent and Jaspur district covered lowest 6.76 per cent. Bilaspur district covered 20.40 per cent. At the start of KCC scheme in 1998-99 interest rate was 13.5 per cent which decreased to 1 per cent in 2014-15. Cash and kind ratio was 40:60 per cent in 1998-99 which changed to 60:40 per cent in 2014-15. The loan amount for paddy increased from Rs. 8525 to 25000 per hectare in 2014-15. The, maximum credit limit changed from Rs. 1 lakh to 5 lakh. The compound growth rate for issuing KCC was found to be 41.02 per cent and for loan distribution was 39.26 per cent in Bilaspur district from 2004-2005 to 2013-14.

Keywords: Kisan credit card, Cost of cultivation, Production economics, Input output ratio, Primary agricultural cooperative societies

Introduction

Agriculture is an important sector of the Indian economy, accounting for 14% of the nation's Gross Domestic Product (GDP), Provides employment to nearly 2/3rd of the work force in the country (Samir Samantara, 2010). Agriculture at present has undergone a significant shift from the subsistence level of production to market oriented production. Diversification and commercialization in agriculture have resulted in shifting of cropping pattern from traditional crops to high-value crops and new markets. Credit acted as a means to provide control over resources to enable the farmers to acquire the required capital for increasing agricultural production. At present, Primary Agriculture Co-operative Societies, Land Development Banks, Commercial Banks and Regional Rural Banks are financing agriculture.

Kisan Credit Card is a simple card-cum-passbook. The beneficiaries under the scheme are issued a credit card cum passbook incorporating the name, address, particulars of land holding, borrowing limit, validity period, etc.

Table 1: General profile of Chhattisgarh and Bilaspur district

S. No.	Particulars	Chhattisgarh	Bilaspurs
1	Geographical Area	13519100	637700 (4.71)
2	Latitude	17°46' to 24°50'	21°47' to 23°8'
3	Longitude	80°15' to 84°20'	81°14' to 83.15'
4	No. of Tehsils	149	7 (4.69)
5	Populated Villages	20378	1635 (8.02)
6	Forest village	210	28 (13.33)
7	No. of Gram Panchayats	9820	898 (9.14)
8	No. of Janpad Panchayats	146	8 (5.47)
9	Total Population	25540196	2663629 (10.42)
10	Total Male Population	12830161	1312055 (10.22)
11	Total Female Population	12710035	1351574 (10.63)
12	Sex Ratio	991	971
13	Total Literates (%)	71.04	72.89
14	Total Male Literates (%)	80.27	59.71
15	Total Female Literates (%)	60.24	81.54

Source: Department of Agriculture and Statistics, Bilaspur, 2014.

Note: Figure in parenthesis indicate percentages to the total

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Which serves both as an identity card as well as transactions on an ongoing basis. Farmers may approach the nearest branch of any Bank or Primary Agricultural Co-operative Societies (PACS) for it

The findings of this study will be able to provide a systematic feedback to the financing institutions for boosting up their operational network about KCC. This investigation, which was carried out in the Bilaspur district, shall enable the policy makers, economist and the extension workers to develop sound rural development programmes. Further, it will help to the financing agencies to find solution to maximize utilization of KCC by the beneficiaries and highlight the problems faced by the beneficiaries at the time of KCC utilization. Looking to the importance of KCC a comparative study of KCC scheme among KCC and Non-KCC users in Bilaspur district of Chhattisgarh the study was under taken with following objectives.

-To work out the compound growth rate of Kisan Credit Card users in Bilaspur district.

Compound growth rate of KCC

Sajane, *et al.* (2011) studied with specific objectives to analyze the growth in the number of kisan credit card users, to analyze cost of credit and the adequacy of credit provided under kisan credit card in comparison with credit without kisan credit card. The study used secondary data on kisan credit card issued and amount sanctioned which was collected from District Lead Banks along with primary data relating to borrowing, interest and cost of borrowing etc. from randomly selected 60 kisan credit card and 60 non- kisan credit card sample farmers. The data pertained to the crop year 2008-09. The growth of kisan credit card users in the Belgaum district was negative (-393.38%) and on the other hand, in Sangli district, the growth was positive (36.18%). The total cost of credit as percentage of borrowed amount was higher in the non- kisan credit card category (11.06%) as compared to that in the kisan credit card (4.77%).

Patel (2012) ^[10] studied with The specific objectives of the study were (i) to study the salient features and status of Kisan Credit Card scheme in Mahasamund district and Chhattisgarh stat (ii) to work out the compound growth rate of Kisan Credit Cards users in Mahasamund district (iii) to compare the economics of crop production between KCC and non-KCC users (iv) to identify different constraints and suggest measures for improvement of Kisan Credit Card scheme. From selected randomly and 10 farmers each comprising of KCC users and non-KCC users respectively was selected to form a total sample size of 80 respondents. Respondents were further categorized into marginal, small, medium and large farmers based on holding size for both KCC and non-KCC users. The findings of the study revealed that the total coverage of KCC in Chhattisgarh was 32.05 per cent. Mahasamund district covered 37.05 per cent. In Mahasamund district coverage of District Central Co-operative Bank was highest at 92.74 per cent for issuing KCCs. The compound growth rate for issuing KCC was found to be 36.32 per cent and for loan distribution was 35.48 per cent in Mahasamund

district from 1999-2000 to 2009-10.

Research Method

Compound Growth Rate

The compound growth rate was calculated by fitting the exponential function of the following form.

$$Y_t = ab^T$$

Where,

Y_t = value of the variable in t period,

T = time period in years and

$b = (1+g)$ and

g = growth rate.

The equation can be rewritten in the logarithmic form as follows

$$\log Y_t = \log a + t \log b + \log U_t$$

Thus, the compound growth rate (r) was calculated as under:

$$CGR (r) = (\text{Antilog of } \log b - 1) \times 100$$

Where, r = Compound growth rate in per cent / annum.

Results and Discussion

General features of sampled farmers

The data as shown in table 2 is reveal that general characteristics of the sample households. It is clear from the table that the number of total households was 40 which was divided into two groups of KCC farmers and non-KCC farmers. 20 farmers each were divided into both the group.

In aggregate family, the male and female percentages were found to be 54.90 and 45.09 in KCC group and were 49.48 per cent and 50.51 per cent in Non- KCC group respectively. The average family size for the KCC group was 5.1 and 4.8 for non-KCC members. In this category total family members were 102 and in non-KCC group, total family members were 97.

According to the table, sampled farmers divided into four sub groups which were scheduled tribes, scheduled caste, other backward class and general categories. In KCC farmers 10 per cent were scheduled tribes, 30 per cent were scheduled caste, 40 per cent other backward class while the general category consisted 20 per cent. Same as in Non-KCC belonged to group 15, 25, 35 and 25 per cent for scheduled tribes, scheduled caste, other backward class and general, respectively.

The family members were divided into four groups according to their education. In KCC farmers group 13.72 per cent were illiterate and the rest were in literate group of primary, high school / higher secondary and graduation / post graduation. The literacy per cent for KCC was found to be 86.26 per cent while in non-KCC group the illiterates were more than KCC farmers with 16.5 per cent and literacy per cent was quite high at 83.48 per cent.

The sampled farmers were divided according to their occupation also. In KCC group of farmers 43.82 per cent are doing agriculture, 29.21 per cent were agricultural labors, 10.11 per cent were engaged with service sector and 16.85 per cent were doing business. Likewise in non-KCC group

Table 2: General characteristics of sampled farmers

S. No.	Particulars	KCC farmers	Non-KCC farmers
1	Total no. of Household	20(50.00)	20(50.00)
2	Total Family Member	102(100.0)	97(100.0)
	a. Male	56(54.90)	48(49.48)
	b. Female	46(45.09)	49(50.51)
	Average family size	5.1	4.8
3	Social Groups		
	a. Scheduled tribes	2(10)	3(15)
	b. Scheduled Caste	6(30)	5(25)
	c. Other backward class	8(40)	7(35)
	d. General	4(20)	5(25)
	Total	20(100)	20(100)
4	Education		
	a. Illiterate	14(13.72)	16(16.5)
	b. Primary School	29(28.43)	30(30.92)
	c. High School	35(34.31)	31(31.95)
	d. Graduation/P.G.	24(23.52)	20(20.61)
	Literacy percent	86.26	83.48
5	Occupation		
	a. Agriculture	39(43.82)	33(42.30)
	b. Agriculture labour	26(29.21)	23(29.48)
	c. Service	9(10.11)	5(6.41)
	d. Business	15(16.85)	17(21.79)
	Total Working Members	89(100)	78(100)

Note: Figures in parenthesis indicate percentages of households of farmers 42.30 per cent are doing agriculture, 29.48 per cent were agricultural labors, 6.41 per cent were doing service and 21.79 per cent were engaged with business.

Compound growth rate of KCC users: The data as shown in table 3 is revealing that compound growth rate of KCC scheme. The data shown in the table is year wise progress of Kisan Credit Cards issued and loan distributed by the KCC scheme in Bilaspur district of Chhattisgarh. Data in the table on coverage of KCC scheme is for 10 years from 2004 to 2014. According to the table, the KCC issued in 2004-2005 was 3034 and loan distribution was Rs. 2171.12 lakh by the Co-operative bank in Bilaspur district. The highest growth in KCC scheme was recorded in the year of 2006-07. The issued Kisan Credit Card in 2006-07 was 45386 which were 316 per cent more than the previous year issued KCCs and loan

distributed was Rs. 4852.06 lakh which was 33.57 per cent more than the previous year. The reason behind phenomenal growth in 2006-07 was due to the fact that this type of scheme was new in agriculture sector which was made keeping the farmers credit needs in mind and after a year more and more number of farmers became aware about the scheme. The compound growth rate was recorded at 41.02 per cent for issued Kisan Credit Cards and 39.26 per cent for loan distribution through KCC scheme by the Co-operative bank in Bilaspur district, which was significant 5 per cent probability level.

Table 3: Compound growth rate of KCC users in Bilaspur district

S. No.	Year	KCC Issued	% change over	Loan distributed (Rs. lakh)	% change over
1	2004-05	3034	-	2171.12	-
2	2005-06	10892	259.00%	3632.73	67.32%
3	2006-07	45386	316.69%	4852.06	33.57%
4	2007-08	55645	22.69%	9362.38	92.96%
5	2008-09	61254	10.08%	15845.62	69.25%
6	2009-10	69834	14.01%	21146.2	33.45%
7	2010-11	73527	5.29%	32543.6	53.90%
8	2011-12	79120	7.61%	45162.3	38.77%
9	2012-13	89271	12.83%	51384.37	13.78%
10	2013-14	94372	5.72%	59546	15.88%
	CGR		41.02*		39.26*

Note: Figures in the parenthesis indicate percentages to change over in growth.

Denotes the significant level at 5% of probability level at t distribution.

Source: District central Co-operative bank, Bilaspur, 2014

The growth has been seen in KCC in the year 2006-07, 2007-08 and 2009-10 due to modification of the scheme which was much in favor of farmers. In 2007-08 the interest rate was reduced from 316 to 22 per cent (table 3). Due to the cost for taking credit was reduced. The increased growth was seen in 2009-10 due to change in interest rate from 7 to 3 per cent (table 3) allowing farmers to get credit in less cost. Now interest is only 1 per cent in 2014-15. It is clear that the policy

of the government when formulated in favour of the borrower, it resulted in significant growth in the number of KCC beneficiaries and the amount distributed for loan. This is expected to have multiplier effect on the agriculture economy general and crop production and productivity in particular. Accordingly it is suggested that the policy in favor of farming community should be adopted, sustained and improved from time to time to enhance farm income and productivity.

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