



ISSN (E): 2277- 7695  
ISSN (P): 2349-8242  
NAAS Rating: 5.03  
TPI 2019; 8(11): 385-388  
© 2019 TPI  
[www.thepharmajournal.com](http://www.thepharmajournal.com)  
Received: 09-09-2019  
Accepted: 19-10-2019

#### Laxmi Bagh

Department of Agribusiness and  
Rural Management, CoA, IGKV,  
Raipur, Chhattisgarh, India

#### MR Chandrakar

Department of Agricultural  
Economics, CoA, IGKV, Raipur,  
Chhattisgarh, India

## An identification of different constraints and suggest measures for improvement of kisan credit card scheme

Laxmi Bagh and MR Chandrakar

#### Abstract

The findings of the study revealed that the total coverage of KCC in Chhattisgarh was 50.61 per cent. The aggregate family size was found to be 5.1 in KCC group and 4.8 in non-KCC group. Agriculture was found to be the main occupation at about 43.82 per cent for the farms of KCC and 42.30 per cent for non-KCC. The average input output ratio for KCC and Non-KCC group was 1:1.66 and 1:1.56. Major constraints in the KCC scheme were complex documentation, area approach, less awareness, scheme procedure, keeping pass book by financial institution, credit amount and lack of having financial institution at near to their village. The study suggested that documentation should be easier; procedure should be easier, extension of scheme should be more, area approach should be at smaller level, and credit amount should be increase and also allow for other purposes. Provide some facilities by the financial institution to the farmers.

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

#### Introduction

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. 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 farmers/borrower has to give application for the issue of KCC. The necessary documents that have to be produced by the applicant are the copies of land record, no dues certificate from other financial institutions, latest land tax paid receipt, original copies of title deed and latest agricultural income tax paid receipt.

#### Materials and Methods

The study was conducted in Bilaspur district of Chhattisgarh. Bilaspur district was selected randomly from the top three districts, in the position of KCC coverage in the state of Chhattisgarh with an aggregate coverage of 20.05 per cent of registered farmers lower than the average coverage of 50.61 per cent for the state of Chhattisgarh. Bilaspur district has 7 blocks namely Bilaspur, Belha, Marwahi, Pendra, Kota, Takhatpur and Masturi. Out of these 7 blocks, Belha block is selected purposively in Bilaspur district. Belha block comprises of 201 villages, out of which four villages were selected randomly for the purpose of present study.

#### Results and Discussion

Constraints, opinions and suggestions of KCC beneficiaries for improvement of KCC scheme

##### (i) Constraints

The KCC scheme proved extremely useful to the beneficiaries in terms of timely availability of credit for carrying out various agricultural operations; there were still quite a few shortcomings, in the KCC scheme as determined on the basis of responses of the KCC farmers. The constraints, opinion and suggestion of KCC beneficiaries for the improvement of KCC scheme has been presented in table 4.12, table 4.13 and table 4.14 respectively. By and large (87.50 per cent) of the sampled KCC farmers were satisfied with the scheme policy and only small (14.50 per cent) number of sampled farmers faced problem with the scheme policy.

#### Corresponding Author

##### Laxmi Bagh

Department of Agribusiness and  
Rural Management, CoA, IGKV,  
Raipur, Chhattisgarh, India

Nearly 52.20 per cent farmers did not have any problem with the prevailing cash and kind ratio of 60:40, but a large number of farmers (60 per cent) wanted the ratio to be increased in favor of cash by 70:30. The farmers' need for cash particularly for labour payment and machine hiring was more acute. Looking to this cash and kind ratio may be increased to 70:30. Nearly all (98.00 per cent) the respondents were satisfied with the interest rate of the KCC scheme prevailing at 1 per cent per annum. However, a small percentage (2.00 per cent) of the beneficiaries still wanted a reduced rate of interest on KCC scheme. Most of the KCC farmers (88.00 per cent) were satisfied with the scheme procedure, though, majority (88.00 per cent) of them observed documentation work, area approach at village level, and facility available at financial institution (37.00 per cent) as among the major constraints in the KCC scheme.

In view of this it may be suggested that there is a need to simplify the documentation work by the banks. This may be done by appointing a bank nodal officer at village level itself. Who should complete all paper work formalities for issuance of KCC to the farmers at village only in a single window clearance system for KCC users instead of making the farmers run around to banks branches at blocks or tehsil level away from the villages. This would also reduce the cost of credit for farmers, besides ensuring facilities of the financial institutions to the farmers directly. Brining the area approach for KCC scheme at village level would also address the satisfaction of majority of the beneficiaries (65.00 per cent). 27.50 per cent of the KCC farmers were not satisfied with the maximum credit limit and wanted the same to increase. Keeping in mind the raise in cost of cultivation of crops, the maximum credit limit may be increase. Nearly all (85.00 per cent) of the farmers did not find any problem with the repayment procedure of the KCC scheme. In spite of the great efforts made by the government, there is still a large number of farmers with a problem of lack of awareness about KCC scheme. Therefore massive awareness campaign is needed to educate farmers about KCC scheme right from the village level. Nearly all (85.00 per cent) of the farmers were not satisfied with the keeping pass book by the financial institutions.

**Table 1:** Constraints of the KCC scheme given by the beneficiaries

| S. No. | Particulars                                 | Sampled KCC users |        |
|--------|---|-------------------|--------|
|        |   | Yes (%)           | No (%) |
| 1      | Cash and kind ratio                         | 47.5              | 52.5   |
| 2      | Interest rate                               | 2                 | 98     |
| 3      | Scheme procedure                            | 12                | 88     |
| 4      | Facility available at financial institution | 37                | 63     |
| 5      | Documentation                               | 85                | 15     |
| 6      | Area approach at village level              | 65                | 35     |
| 7      | Maximum credit limit                        | 72.5              | 27.5   |

*Source:* field survey

### (ii) Opinion of sampled KCC farmers on KCC scheme

Nearly 94.5 per cent farmers believed that they could do agricultural operations better due to KCC scheme. It was much helpful for doing agriculture operation on time. 80 per cent of the farmers said that the scheme helped to improve their economic condition while 20 per cent said no. 85 per cent KCC holders accepted that risk bearing capability of

farmers increased due to the scheme while 15 per cent farmers said that the scheme did not increase the risk bearing operation. 80 per cent farmers opined that the scheme allowed them to do unlimited withdrawals from the account as per their need. 78.50 per cent farmers agreed that the KCC scheme was hassle free for getting loans, while 21.50 per cent farmers faced some problem for getting the crop loan. 65 per cent farmers were of the view that they could easily repay in case of poor production while 35 per cent said that they were not able to repay in cash of poor production. 60 per cent farmers said that they got the loan under the KCC scheme in proper time while 40 per cent were said that they didn't get the loan in proper time. May be the reason behind is lack of number of banks and Co-operative branches in area and at the peak season the work load is high and the bankers couldn't perform as efficient as needed.

**Table 2:** Opinion of the KCC beneficiaries on the KCC scheme

| S. No. | Particulars   | Sampled KCC users |        |
|--------|---|-------------------|--------|
|        |   | Yes (%)           | No (%) |
| 1      | KCC scheme helps farmer for doing agriculture operations better | 94.5              | 5.5    |
| 2      | Economic condition of farmer improve due to KCC scheme          | 80                | 20     |
| 3      | Risk bearing ability enhanced                                   | 85                | 15     |
| 4      | Unlimited withdrawals from the account                          | 80                | 20     |
| 5      | Hassle free method of getting loan                              | 78.5              | 21.5   |
| 6      | Farmers can easily repay in the case of poor production         | 65                | 35     |
| 7      | Getting the loan in proper time                                 | 60                | 40     |
| 8      | KCC Scheme is more flexible then others                         | 98.5              | 1.5    |
| 9      | Transaction of money in this scheme is easy and timely          | 70                | 30     |
| 10     | KCC scheme is best for taking credit in agriculture             | 93                | 7      |
| 11     | All main crops are covered under KCC scheme                     | 89                | 11     |

*Source:* field survey

70 per cent farmers told that transaction of money in this scheme was easy while 30 per cent farmers said it wasn't. Unsatisfied farmers told that some shop owners did not accept cheques from KCC account because of delay in getting the cash. There is a need to simplify the transaction under the KCC scheme. It may be suggested that the KCC scheme should allow ATM cards for easy transaction of money. 93 per cent farmers said that KCC scheme was the best for agriculture while 7 per cent said this scheme was not as proper for agriculture. In sampled farmers 89 per cent were satisfied with the crop coverage under the KCC scheme while 11 per cent were not satisfied. The unsatisfied farmers said that commercial banks allowed loan only for main crops and not for the partial crops.

### (iii) Suggestions

The farmer of KCC group suggested some measures to improve the KCC scheme and make it better for agriculture and farmers also which is presented in table 3. According to the table, 91.50 per cent farmers wanted that documentation procedure should be made easier so that they could easily open their KCC account for agricultural purposes.

**Table 3:** Suggestions of the beneficiaries to improve the KCC scheme

| S. No. | Particulars  | Sampled KCC users |        |
|--------|--|-------------------|--------|
|        |  | Yes (%)           | No (%) |
| 1      | Documentation procedure should be easier   | 91.5              | 8.5    |
| 2      | Timely availability of crop loan should be ensured                                 | 99                | 2      |
| 3      | Banking procedure should be more flexible and easy to operate                      | 95                | 5      |
| 4      | Coverage of KCC scheme should be more in lower levels                              | 97                | 3      |
| 5      | All commercial and Co-operative banks should cover KCC scheme                      | 100               | -      |
| 6      | KCC scheme should be improvised according to short term credit need of farmer      | 98                | 2      |
| 7      | KCC scheme also cover farmer credit need for purposes other than raising the crops | 100               | -      |
| 8      | According to farmer, what should change they want in the KCC scheme                |                   |        |
| (i)    | Crop loan amount should be increased   | 100               | -      |
| (ii)   | Cash and kind ratio should be increased to 70:30                                   | 60                | 40     |
| (iii)  | Maximum credit limit amount should be increased                                    | 90                | 10     |

*Source:* field survey

All farmers (99 per cent) expected and wanted that timely availability of crop loan under the KCC scheme should be ensured. 95 per cent of farmers suggested that banking procedure should be easy to understand and also more flexible to operate. 97 per cent farmers suggested that coverage of KCC scheme should be more in lower levels as more number of farmers would be benefited with this scheme. All farmers (100 per cent) suggested that all commercial and co-operative banks should cover this scheme to benefit even more number of farmers. 98 per cent farmers suggested that the scheme should be improvised according to the short term credit need of farmers. Farmers (100 per cent) wanted that KCC should allow credit for other than raising the crops so that they could use it in other allied agricultural businesses and they could improve their economic condition. 100 per cent farmers wanted that crop loan amount for should be increased. 60 per cent of the beneficiaries wanted the cash kind ratio to be revised to 70:30 respectively. 90 per cent farmers wanted the maximum credit limit to be increased under the KCC scheme. Thus, based on the analysis of the responses of the beneficiaries, for the improvement of KCC scheme, it is suggested that documentation procedure should be made easier, timely availability of crop loan should be ensured, banking procedure should be more flexible and easy to operate, coverage of KCC scheme should be more in lower levels, all commercial and co-operative bank should cover the KCC scheme, the scheme should be improvised as per the credit need of the farmers, and should also cover the credit need for non agricultural purposes, both the crop loan amount and maximum credit should be increase and the cash-kind ratio should be 70:30.

#### A. Reason or constraints for not having Kisan Credit Card according to non-KCC farmers

Constraints according to non-KCC farmers are presented in table 4.15. According to the table 40 per cent non-KCC farmers answered that they were not aware of the KCC scheme while 60 per cent farmers were aware about the scheme. Given, a large number of unaware farmers, there is a need to create strong awareness about the KCC scheme in the region by the field staff of the department of agriculture,

banks and extension agencies. It was quite surprising to find that majority of farmers (80 per cent) did not have requirement for agricultural loan, still were not cover by KCC scheme.

The reason could be Non involving in agriculture, strong economical condition or having leased out their land. 42 per cent farmers didn't have adequate knowledge of facility given by the KCC scheme while 58 per cent were aware of it. Proper awareness, advertisement and knowledge should be given to the farmers at village level about the KCC scheme. 38 per cent of the farmers held the view told that there was inadequate publicity of the KCC scheme. Accordingly, publicity of the scheme should be increased and extension worker should spread the scheme knowledge in farmers evenly. 75 per cent farmers said that due to not having bank at the nearest place they were not taking the KCC scheme or not been able to take the scheme. Therefore, it is urgently suggested that at least one branch of co-operative or commercial bank should be opened in at least a village population of 1000 and above in order to cover most of farmers under the KCC scheme at village level. 58 per cent farmers wanted the complex documentation to be made easier so that they could easily understand the process while 42 per cent farmers were not much affected with complex documentation of the KCC scheme.

**Table 4:** Reasons for not having KCC Card

| S. No. | Particulars                                     | Sampled KCC users |        |
|--------|---|-------------------|--------|
|        |   | Yes (%)           | No (%) |
| 1      | Not aware of Kisan Credit Card Scheme           | 40                | 60     |
| 2      | No need of agriculture loan                     | 20                | 80     |
| 3      | Small size of agriculture land                  | 3                 | 97     |
| 4      | Not aware of the facility available             | 42                | 58     |
| 5      | Not satisfied with crops covered                | 5                 | 95     |
| 6      | Not satisfied with KCC scheme                   | 4                 | 96     |
| 7      | Inadequate publicity of the scheme              | 38                | 62     |
| 8      | Nearest bank at the distance                    | 75                | 25     |
| 9      | Complex documentation                           | 58                | 42     |
| 10     | Lack of service/Co-operation from the bank      | 29                | 71     |
| 11     | Have no faith in scheme/agency                  | 32                | 68     |
| 12     | Delay in getting loan                           | 12                | 88     |
| 13     | Not satisfied with loan against crop            | 18                | 82     |
| 14     | Lack of documentation to opening a bank account | 40                | 60     |
| 15     | Loan has taken from sources other than banks    | 35                | 65     |

*Source:* field survey

#### B. Suggestion for improvising KCC scheme by non-KCC farmers

The data as shows in table 4.16 is reveals that all non-KCC farmers (100 per cent) wanted that short term loan should be available in time. They all wanted loan in time whenever they needed. 68 per cent farmers suggested that crop loan was not sufficient in comparison to the agricultural credit needs. It was suggested that the crop loan should be at least adequate or should sanctioned according to the farmers' needs. 98 per cent of the farmers suggested that in the KCC scheme, credit should be given for the other purposes than agriculture as well. It should be given for medium and long term also. So that they could do other businesses or agricultural allied businesses or activities. 85 per cent of the farmers wanted flexibility in transaction of money by banks in the KCC scheme. Allowing ATM cards for KCC accounts would make it easier for the KCC holders.

**Table 5:** Suggestions for improvement in KCC scheme by Non-KCC farmers

| S. No. | Particulars   | Sampled KCC users |        |
|--------|---|-------------------|--------|
|        |   | Yes (%)           | No (%) |
| 1      | Short term loan should be available in time                         | 100               | -      |
| 2      | Crop loan is not sufficient as compare the agricultural need        | 68                | 32     |
| 3      | KCC scheme should cover other agricultural needs than raising crops | 98                | 2      |
| 4      | KCC scheme should be more flexible in transaction by banks          | 85                | 15     |

*Source:* field survey

### References

1. Kaur H, Dhaliwal NK. Progress of Kisan Credit Card Scheme in India. *Amity Journal of Agribusiness*. 2018;3(1):26-36.
2. Mishra PK. Crop insurance and crop credit: impact of the comprehensive crop insurance scheme on co-operative credit in Gujarat. *J International Development*. 1994;6(5):529-568.
3. Nahatkar SB, Mishra PK, Raghuvanshi NK, Beohar BB. An evaluation of Kisan Credit Card scheme: a case study of Patan tahsil of Jabalpur district of Madhya Pradesh. *Indian J Agricultural Economics*. 2002, 57(3).
4. Namboodiri NV. Agricultural credit and indebtedness. *Indian J Agricultural Economics*. 2005;60(3):544-560.
5. Patel SS. Performance of kisan credit card scheme in Mahasamund district of chhattisgarh: an Economic evaluation. M.Sc. Thesis, Indira Gandhi Krishi Vishwavidyalay, Raipur, 2012, 9-13.
6. Patiramji PP, Sharma ML. A study on knowledge and utilization pattern of Kisan Credit Card (KCC) among the farmers in Raipur district of Chhattisgarh. *Int. J Agronomy and Plant Production*. 2009;3(2):54-58.
7. Prakash P, Kumar P. Performance of Kisan Credit Card Scheme in Tamil Nadu. *Indian Journal of Agri. Econ*. 2016, 71(2).
8. Pradeep U. Kisan Credit Card- a ray of hope to farmers. *Agril. Extn. Review*, 2003.