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DK Singh

Scientist, Department of
Agriculture Extension, KVK,
JNKVV, Jabalpur, Madhya
Pradesh, India

Aashish Gole

Research Scholar, Department of
Extension Education, College of
Agriculture, JNKVV, Jabalpur,
Madhya Pradesh, India

Neelu Vishwakarma

Scientist, Department of Home
Science, KVK, JNKVV,
Jabalpur, Madhya Pradesh,
India

Akshata Tomar

Scientist, Department of
Horticulture, KVK, JNKVV,
Jabalpur, Madhya Pradesh,
India

Corresponding Author

DK Singh

Scientist, Department of
Agriculture Extension, KVK,
JNKVV, Jabalpur, Madhya
Pradesh, India

Studies on Kisan credit card issues and their solutions in the district of Jabalpur, Madhya Pradesh

DK Singh, Aashish Gole, Neelu Vishwakarma and Akshata Tomar

Abstract

Kisan Credit Card (KCC) scheme was a step towards facilitating the access to Short Term (ST) credit for the borrowers from the financial institutions. Many financing agencies reported a poor recovery in respect of Kisan Credit Card users due to certain problem faced by the beneficiaries. Study identifies constraints faced by farmers in KCC based on 120 samples selected from Jabalpur district of the region. Study found high cost involved in obtaining credit, lack of credit disbursement in time and inadequacy of loan as major problems faced by the farmers. Farmers opined that ease in recovery process, rate of interest in time and easy banking process may promote institutional credit. Farmers wished that the loan should be provide as per the need of farmers in KCC scheme.

Keywords: Kisan credit card, institutional credit, repayment behaviour

Introduction

Considering the dominant role of agriculture and the importance of credit as an Indian agriculture had been on traditional until first waves of green revaluation gave a sudden boost to the production and productivity of the different crops. With the introduction of green revolution the cost structure and production of agriculture found to positive change but the main problem as it exists today is the transfer of technology, poor economic condition of the farmers. A scheme called Kisan Credit Card (KCC) was introduced in 1998-99 in order to give borrowers from financial institutions access to Short Term Credits (ST). The scheme was conceived as a unique credit delivery mechanism, which aimed at provision of adequate and timely supply of credit to the farmers to meet their crop production requirements. In this program, farmers are allowed to purchase agricultural inputs such as seeds, fertilizers, pesticides, as well as withdrawal some cash for meeting their production requirements. The earlier system of short-term credit to agriculture relied largely on demand loans, but some banks had adopted a system similar to cash credit. The loans, however, were usually granted for a period of one year or less, which necessitated payment of interest. Withdrawals were mainly permitted through debit vouchers or withdrawals from savings accounts where the cash components were credited. As far as the 'kind component' is concerned, payments were made through bankers' cheques. In this way, the farmers usually accumulated withdrawals at the beginning of the year and made repayments at the end, when they could afford it. Many financing agencies reported a poor recovery in respect of Kisan Credit Card users due to certain problem faced by the beneficiaries i.e. high cost involved in obtaining credit, lack of credit in time, supply loan is less than demand and not favorable installment decided by bank etc.

Methodology

The study was confine to Central Narmada valley of Madhya Pradesh. Jabalpur district from the region which comprises 7 blocks namely Sihora, Patan, Majholi, Shopura, Panagar, Kundam and Jabalpur. Panagar block was selected purposively for study due to convenience and easily availability of KCC records of the farmers for help the data collection. The State Bank of India, Panagar branch is the leading in agriculture finance among the all Agriculture Development Branches (ADB) hence, selected for present study. In the Panagar block the SBI covers 185 villages, these villages distributed into 23 service areas. Out of these 185 villages of 23-service area only 12 villages was selected which having maximum number of KCC users issued by SBI. Out of total Kisan Credit Card holders of these villages, 10 KCC holders were select randomly from each village. In this way a total of 120 KCC holders were considered as respondents for collection of data in this study.

Results and Discussion

Repayment behavior of Kisan Credit Card users in study area was most affected by various constraints perceived by them during issuing the card and repayment of loan in respect of regular and schedule time as per the scheme norms. The

profile of Kisan Credit Card users are presented in terms of distribution as low, medium and high (or the term applicable) categories with respect to different attributes under selected profile. The detail of constraints confronted by Kisan Credit Card users was presented in table.

Table 1: Profile of Kisan Credit Card users n = 120

Profile	Categories	Frequency (No.)	Percentage (%)
Age	Young (21 to 35 years)	33	27.50
	Middle (36 to 55 years)	48	40.00
	Old (Above 55 years)	39	32.50
Literacy	Illiterate	44	36.67
	Primary + Middle	41	34.17
	H.S.S.C and above	35	29.16
Economic status	Poor	37	30.83
	Medium	40	33.33
	Rich	43	35.84
Family Type	Nuclear family	65	54.17
	Joint family	55	45.83
Size of land holding	Small (1 to 2 ha)	39	32.50
	Medium (2.1 to 4 ha)	44	36.67
	Large (Above 4 ha)	37	30.83
Annual family income	Low (Upto Rs.50,000)	37	30.83
	Medium (Rs.50,001 to 1,00,000)	44	36.67
	High (above Rs.1,00,000)	39	32.50
Social participation	Low (up to 2 organization)	33	27.50
	Medium (3 -4 organization)	52	43.33
	High (more than 4 organization)	35	29.17
Contact with extension agencies	Low (up to 5 score)	45	37.50
	Medium (6 – 10 score)	39	32.50
	High (above 10 score)	36	30.00
Extension participation	Low (up to 6 score)	34	28.33
	Medium (7 – 12 score)	40	33.33
	High (above 12 score)	46	38.33
Information source	Low (up to 10 score)	41	34.17
	Medium (11 – 20 score)	40	33.33
	High (above 20 score)	39	32.50
Attitude towards KCC scheme	Low (up to 10 score)	35	29.17
	Medium (11 – 20 score)	43	35.83
	High (above 20 score)	42	35.00

The data presented in table 1 showed that majority of the respondent 40.00 per cent were of middle age group followed by old age group 32.50 per cent and young age group 27.50 per cent respectively. Thus, it can be concluded that in study area, higher percentage of respondents were in middle age group followed by old and young. Education was considered as the standard of education acquired by the respondent, which may affect the decision making process and development of agriculture as a business. Thus, it can be concluded that majority of the respondent 36.67 per cent were of illiterate group followed by primary + middle education group 34.17 per cent and H.S.S.C and above education group 29.16 per cent respectively.

According to their family background was presented in table that majority of the respondent 35.84 per cent were living in rich family background group followed by medium family background group 33.33 per cent and poor family background group 30.83 per cent respectively.

Type of family refers to the number of generation in a family living together under one roof and having common mode of cooking and eating. The data presented in table 1 showed that majority of the respondent 54.17 per cent found to nuclear family group followed by joint family group 45.83 per cent respectively. Thus, it can be concluded that in study area, higher percentage of respondents were found to nuclear

family group followed by joint family group.

The respondents according to their size of land holding was presented in table showed that majority of the respondent 36.67 per cent have medium size of land holding followed by small size of land holding 32.50 per cent and large size of land holding group 30.83 per cent respectively. Thus, it can be concluded that in study area, higher percentage of respondents were have medium size of land holding.

The economic status from various resources and inputs of respondent as well as annual income in rupees from all the sources. were showed that majority of the respondent 36.67 per cent were of medium annual income group followed by high annual income group 32.50 per cent and low annual income group 30.83 per cent respectively.

The level of social participation or involvement in society reflected that majority of the respondent 43.33 per cent found to medium social participation group followed by high social participation group 29.17 per cent and low social participation group 27.50 per cent respectively.

The data presented in table 1 Extension contact may be considered as instrument to motivating the human being towards innovation and adoption of new technology and practices showed that majority of the respondent 37.50 per cent found to low extension contact with extension agencies group followed by medium extension contact with extension

agencies group 32.50 per cent and high extension contact with extension agencies group 30.00 per cent respectively. Thus, it can be concluded that higher percentage of respondents were found to low extension contact with extension agencies group. The Extension participation is giving vital idea to the farmers in respect of adoption of needed technology which required high decision making power majority of the respondent 38.33 per cent were found to high extension participation group followed by medium extension participation group 33.33 per cent and low extension participation group 28.33 per cent respectively.

The detail distribution of respondent according to their

information source was presented in table 1 showed that majority of the respondent 34.17 per cent found to low information source group followed by medium information source group 33.33 per cent and high information source group 32.50 per cent respectively.

Attitude in this study refers to the feeling and reaction of the farmers towards the Kisan Credit Card. The data presented in table 1 showed that majority of the respondent 35.83 per cent found to medium attitude towards KCC scheme group followed by high attitude towards KCC scheme group 35.00 per cent and low attitude towards KCC scheme group 29.17 per cent respectively.

Table 2: Constraints as perceived by Kisan Credit Card users N = 120

S. No.	Statements	Frequency	% to total	Rank
1.	Complicated loaning procedure	73	60.83	VII
2.	Lack of credit in time	91	75.83	II
3.	Supply loan is less than demand	89	74.17	III
4.	Not favourable instalment decided by bank	85	70.83	IV
5.	EMI value is high	78	65.00	VI
6.	High cost involved in obtaining credit.	94	78.33	I
7.	Lack of proper knowledge about loan	70	58.33	IX
8.	High rate of interest on loan amount	81	67.50	V
9.	Low saving for repayment of loan	67	55.83	X
10	Other socio economic problems	71	59.17	VIII

The Kisan Credit Card users confronted that the major constraint as it expressed by the majority of the respondents (78.33%) was high cost involved in obtaining credit followed by (75.83%) respondents expressed lack of credit in time, (74.17%) respondents expressed supply loan is less than demand, (70.83%) respondents expressed not favourable instalment decided by bank, (67.50%) respondents expressed high rate of interest on loan amount, (65.00%) respondents expressed by EMI value is high, (60.83%) respondents expressed complicated loaning procedure, (59.17%) respondents expressed other socio economic problems, (58.33%) respondents expressed by lack of proper knowledge about loan and (55.83%) respondents expressed low saving for repayment of loan. Bista *et al.* (2012) [7] in their study in the state of Bihar also reported lengthy paper work,

insufficient credit limit, high interest rate, loan not available on time, difficulty in opening bank account were top four constraints in top four constraints faced by farmers in utilizing KCC. Similarly, inadequacy of loan amount was also observed by Parwate and Sharma (2018) [4]. Constraints were also reported by the earlier researchers like Virk and Hansara (2003) [6], Dhanabhakyaam and Malarvizhi (2012) [1], Thakur and Barman (2013) [5], Godara, *et al.* (2014) [2] and Nerella (2015) [3].

Thus, it is concluded that the high intensity problems faced by Kisan Credit Card users were high cost involved in obtaining credit Rank - I followed by lack of credit in time Rank-II, supply loan is less than demand Rank - III and not favourable instalment decided by bank Rank - IV respectively.

Table 3: Suggestions confronted by Kisan Credit Card users to overcome the Constraints N=120

S. No.	Statements	Frequency	Percentage (%)	Rank
1.	The loan should be available at low rate of interest in time by easy process	60	50.00	II
2.	The training campus should be organized regarding knowledge of KCC scheme	54	45.00	IV
3.	The proper guidance should be given through organization personnel regarding KCC	49	40.83	V
4.	The recovery process should be easy due to lack of capital with farmers	66	55.00	I
5.	The motivation should be given to adopt KCC scheme	43	35.83	VI
6.	There should be easy process for bank account	39	32.50	VII
7.	The loan should be provide as per the need of farmers in KCC scheme	58	48.33	III

The study revealed that maximum respondents (55.00%) suggested that the recovery process should be easy due to lack of capital with farmers followed by (50.00%) suggested the loan should be available at low rate of interest in time by easy process, (48.33%) suggested the loan should be provide as per the need of farmers in KCC scheme, (45.00%) suggested the training campus should be organized regarding knowledge of KCC scheme, (40.83%) suggested the training campus should be organized regarding knowledge of KCC scheme, (35.83%) suggested the motivation should be given to adopt KCC scheme and (32.50%) suggested there should be easy process for bank account respectively.

Thus, it is concluded that the high intensity suggestions regarding over come to problems given by Kisan Credit Card users were the recovery process should be easy due to lack of capital with farmers followed by the loan should be available at low rate of interest in time by easy process and the loan should be provide as per the need of farmers in KCC scheme respectively.

Conclusion

It is concluded that the high intensity problems faced by Kisan Credit Card users were high cost involved in obtaining credit Rank - I followed by lack of credit in time Rank-II,

supply loan is less than demand Rank - III and not favourable instalment decided by bank Rank - IV respectively, regarding over come to problems given by Kisan Credit Card users were the recovery process should be easy due to lack of capital with farmers available of loan should be low, rate of interest in time, easy banking process and the loan should be provide as per the need of farmers in KCC scheme. Age, education, family background, family type, size of land holding, annual income, extension participation, information source and attitude towards KCC scheme of the Kisan Credit Card users as showed a positive effect on repayment behaviour. Therefore, stress should lay on creating opportunities for generating these attributes for proper repayment of loan.

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