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Abhishek Garg
MBA (ABM), Department of
Agri-Business and Rural
Management, College of
Agriculture, IGKV, Raipur,
Chhattisgarh, India

Dr. Hulas Pathak
Associate Professor, Department
of Agri-Business and Rural
Management, College of
Agriculture, IGKV, Raipur,
Chhattisgarh, India

A study on farmers' banking preferences for Kisan credit card (KCC) scheme in Bilaspur district, Chhattisgarh, India

Abhishek Garg and Dr. Hulas Pathak

Abstract

Kisan credit card scheme is a major source for the farmers to avail crop loan. On the basis of land holdings of the farmers Kisan credit card provide institutional short term cash credit to the farmers. The present study is made an attempt to find out the farmers' banking preference for availing KCC loan. The study was carried out in Bilaspur district of Chhattisgarh. Takhatpur and Bilha block of Bilaspur district were selected for the study purpose and out of total 12 selected villages 10 respondents from each village were selected randomly for the study purpose. In study area majority of sample KCC beneficiaries approx. 86 percent prefer co-operative banks for availing KCC credit and 11.67 percent sample KCC beneficiaries prefer commercial banks and 2.50 percent sample KCC beneficiaries prefer Regional rural Banks (RRBs) for availing KCC credit. Co-operative banks were maximum preferred by the farmers because of the low interest rate and also because it provides cash credit and kind support both.

Keywords: Kisan credit card, preference

Introduction

Chhattisgarh state is an agriculturally based state where total 37.46 farmers family lived. The majority approx. 76 percent farmers belong to marginal and small farm size categories. (Anonymous, 2020-21)^[2]. The kisan credit card is a card-cum-passbook which main aim is to provide adequate and timely short term advance institutional credit to the farmers. During 9th five-year plan on the recommendation of R. V. Gupta committee, National Bank for Agriculture and Rural Development (NABARD) in consultation with Reserve Bank of India (RBI) develops the model of Kisan Credit Card Scheme. On August 1998 govt. of India launched the Kisan Credit Card Scheme. On the basis land holdings of farmers all the banks that are present in India will have to provide short term advance cash credit to the farmers for readily purchasing of agricultural inputs like seeds, manures & fertilizers, plant protection chemicals etc. and for carrying out related farm activities.

The scale of finance for different crops under Kisan Credit Card Scheme are fixed by State Level Technical Committee (SLTC) or District Level Technical Committee (DLTC). The beneficiaries receive the Rupay ATM credit card, passbook, card-cum-passbook by the banks which include Name, Address, Kisan Credit Card number, land holdings, credit limit, validity period etc. of the beneficiaries. Kisan Credit Card issued to farmers has validity period of five years and credit limit is depends on the land holdings and crop grown by the beneficiaries. The interest rate under Kisan credit card scheme is 7 percent per annum for credit amount up to 3 lakh Rs. And there is interest subvention of 3 percent on timely repayment of loan amount. The repayment period of loan amount must be made within the period of 12 months or before the end of the borrowed financial year.

In the few years, the tendency of farmers' toward choosing banks for availing KCC loan have been more toward commercial banks than that of Co-operative & Regional Rural Banks (Hardarshan Kaur and Navkiranjit Kaur Dhaliwal 2018). In allover India, the cumulative numbers of KCC (in 2020-21) issued by all agencies is 737.70 lakh cards out of which Co-operative bank issued 301.83 lakh card (40.91%), Commercial banks issued 306.96 cards (41.62%), and Regional Rural Banks (RRBs) issued 128.91 lakh cards (17.47%). (Anonymous, 2020-21)^[2]

However, In Chhattisgarh state, the cumulative numbers of KCC (in 2020-21) issued by all agencies is 17.66 lakh out of which Co-operative bank issued 13.44 lakh cards (76.2%), Commercial banks issued 2.88 lakh cards (16.4%), and Regional Rural Banks (RRBs) issued 1.34 lakh cards (17.47%). (Anonymous, 2020-21)^[2] Here opposite to Indian context Chhattisgarh state highest numbers of KCC holders in Co-operative Banks than that of

Corresponding Author:
Abhishek Garg
MBA (ABM), Department of
Agri-Business and Rural
Management, College of
Agriculture, IGKV, Raipur,
Chhattisgarh, India

Commercial Banks and least by the Regional Rural Banks. The specific objective of the study was: to find out the farmers' banking preferences for availing KCC loan.

Review Literature

D Mehta *et al.* conducted an analytical study on Kisan Credit Card scheme and observe that RRBs had issued 4.05 lakh cards and achieving 81.2 percent of the annual target. Commercial banks achieved 56 percent annual target and co-operatives banks achieved a target a of 46.1 percent. Commercial banks had issued 35.7 lakhs cards sanction amount of Rs 9148.4 crores to different categories of farmers. Patel (2010) [5] conducted a study in Mahasamund district of Chhattisgarh with the objective to identify the status of kisan credit card scheme in Mahasamund and to analyze the compound growth rate of Kisan credit card in Mahasamund district. The result of the study revealed that the state co-operative bank has maximum coverage 92.74 percent in terms of total issued cards. The compound growth rate for issuing kisan credit card in Mahasamund district was found to be 36.32 percent and for loan disbursement compound growth rate was 35.48 percent during period from 1999-2000 to 2009-10.

Kshama *et al.* (2018) [4] makes an attempt to analyze the performance of kisan credit card in India with special reference to Kerala. She the performance of commercial banks in terms of numbers of card issued and amount sanctioned with annual CAGR of 6.25 percent and co-operative banks have annual CAGR of -1.4 percent which shows the negative growth rate. As compared to national level amount sanction in per card is found to be higher in Kerala.

Methodology

The was conducted in Bilaspur district of Chhattisgarh, because Bilaspur district ranked 3rd in terms of operational land holdings. There are 4 blocks in Bilaspur district, out of which 2 blocks Takhatpur and Bilha block was selected. 6 villages selected from each block and total 12 villages are selected for the study. Out of total KCC holders present in village randomly 10 KCC holders was selected from each village for the study purpose. In this way total sample size for study purpose was 120 KCC holders. The data was collected through the scheduled pre-tested questionnaire and analyzed with the help of appropriate descriptive statistical tools.

Result and Discussion

General Characteristics of Sample KCC Holders

Table 1 indicate that out of the 120 sample KCC holders, 2.50 percent belongs to the scheduled tribes (ST), 10 percent respondents belong to the scheduled caste (SC), 80.83 percent respondents belong to the other backward caste (OBC), and 6.67 percent respondents belongs to the general caste. More than 80 percent of the respondents were belongs to the other backward caste.

The land holding of sample KCC holders, the majority of respondents had an area less than 2 hectare, 39.17 respondents were marginal farmers having land holdings less than 1 hectare and 27.50 respondents belongs to the small groups of farmers having land holdings between 1 to 2 hectares. Thus, out of total 100 percent of respondents marginal and small farmers together constitute the 66.67 percent of the respondent groups.

In context of education level of sample KCC holders, 8.33 percent sample KCC holders were found to be illiterate, 10.83

percent sample KCC holders were found to be educated up to primary level, 20.83 percent sample KCC holders were found to be educated up to middle level, 22.50 percent sample KCC holders were found to be educated up to higher secondary education level and 37.50 percent sample KCC holders were found to be educated above higher secondary education level. The family size of sample KCC holders clear that, 73.33 percent sample KCC holders belongs to the small size of family group, 17.50 percent sample KCC holders belong to the medium size of family group, and only 9.17 percent sample KCC holders belong to the large size of family group. The majority of respondents had agriculture as their primary occupation and 28.33 percent of respondents were involved in farming and off farm activities both as their occupation 9.17 percent respondents were engaged in service and 5.83 percent respondents engaged in business.

Table 1: General Characteristics of Sample KCC Holder

S. No.	Particular	No. of Respondents	Percentage to the Total
1	Caste		
a)	Scheduled Tribes (ST)	3	2.50
b)	Scheduled Caste (SC)	12	10.00
c)	Other Backward Caste	97	80.83
d)	General	8	6.67
2	Land Holdings		
a)	Marginal (<1 ha.)	47	39.17
b)	Small (1-2 ha.)	33	27.50
c)	Medium (2-4 ha.)	23	19.17
d)	Large (> 4 ha)	17	14.17
3	Education Level		
a)	Illiterate	10	8.33
b)	Primary	13	10.83
c)	Middle	25	20.83
d)	Hr. Secondary	27	22.50
e)	above Hr. Secondary	45	37.50
4	Family Size		
a)	Small (1-4 person)	88	73.33
b)	Medium (4-6 person)	21	17.50
c)	Large (> 6 person)	11	9.17
5	Occupation		
a)	Farming	68	56.67
b)	Farming + Working class	34	28.33
c)	Job	11	9.17
d)	Business	7	5.83

Farmer Preferences for choosing banks for availing KCC loan

Table 2 indicates the farmers preferences for choosing banks for availing KCC loan. The preference of farmers is sizeable in Co-operative banks which may be quite obvious as majority of sample KCC holders had chosen Co-operative banks for availing the KCC loan. 85.83 percent sample KCC holders prefer Co-operative banks for availing the KCC loan followed by commercial bank 11.66 percent and regional rural banks (RRBs) were least chosen by the farmer i.e., 2.5 percent.

Table 2: Farmer Preferences for choosing banks for availing KCC loan

S. No.	Banks	Numbers of Respondents	Percentage
1	Commercial banks	14	11.67
2	Co-operative Banks	103	85.83
3	Regional Rural Banks (RRBs)	3	2.50
	Total	120	100

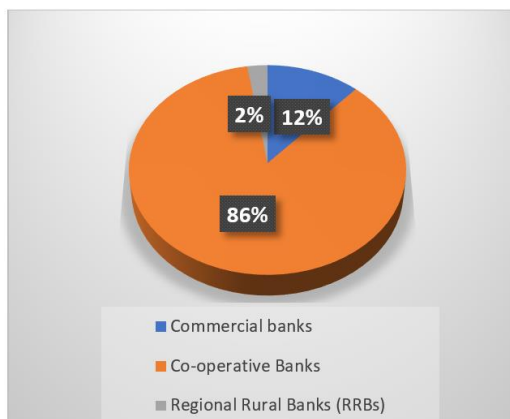


Fig 1: Banking preference of sample KCC holders for availing KCC loan

Reasons for Preferring Particular Bank

As we have seen in table 2 that out of total sample KCC

holders 85.83 percent sample KCC holders prefer Co-operative banks for availing the KCC loan followed by commercial bank 11.66 percent and 2.25 percent prefer regional rural banks (RRBs). Table 3 revealed that 12.50 percent of sample KCC holders preferred commercial banks and Regional Rural Banks (RRBs) because of higher loan amount sanctioned. Out of total 85.83 percent co-operative banks preferred respondents, 40.83 percent of respondents were preferred co-operative banks because of low interest rate and 27.50 respondents were preferred co-operative banks because of availability of manures and fertilizers to the KCC holder by the banks.

The key reason for farmers to choose commercial banks is because of their high loan amount sanction. While the lowest interest rate on credit amount and seed & fertilizer they provide to the farmer as kind support by the government of Chhattisgarh is main reasons for preferring co-operative banks. RRBs where preferred because of their high loan amount sanction.

Table 3: Reasons for Preferring Particular Bank

S. No.	Reasons for Choosing Particular Banks	Banks			Percentage
		Commercial banks	Co-operative Banks	RRBs	
1.	Amount Sanctioned	12	0	3	12.5
2.	Low Interest Rate	0	49	0	40.83
3.	Easy documentation Process	0	4	0	3.33
4.	Simplicity in Procurement / Repayment	1	7	0	6.67
5.	Location of the Bank	0	9	0	7.5
6.	Availability of Fertilizers/PGRs	0	33	0	27.5
7.	Influence of Other	1	1	0	1.67
	Total Respondent	14	103	3	100

Conclusion

The preference of farmers for availing KCC loan was found to be higher for co-operative banks and Regional rural Banks (RRBs) were less preferred by the farmers. The key reason for farmers to choose Co-operative banks is because of Chhattisgarh state co-operative bank provide credit amount at zero percent interest rate and seed, fertilizer & plant protection chemicals also provided to the farmer as kind support. Hence based on the findings of the study it is suggested that the commercial banks and regional rural banks should also be provide kind support with the cash credit under kisan credit card scheme.

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