International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

Awareness on Kisan Credit Card Scheme Utilization on Famers in Madurai District

Dr. V. Balakrishnan

Assistant Professor, Department of Commerce, Thiagarajar College, Madurai, Tamil Nadu.

Abstract

Indian economy is predominantly a green economy, all 80 percent of the farmers are belong to rural areas. Indian agriculture is also the largest private sector enterprise in the country of over 110 million farmers. India inherited a stagnant agriculture at the time of independence growing at the rate of about 1 percent per annum during the fifty years before Independence, Due to the planned Government policies, technological support provided by agricultural scientists and hard work put in by the farmers, Indian agriculture has achieved has grown at the rate of about 2.6 percent per annum in the post-Independence era. The agricultural scientists for developing based on technologies and heads off to the hardworking Indian farmers for their receptiveness to ideas, willingness to adopt and also adoption of new and improved scientific knowledge, appropriate policy planning and project execution at all levels by the government provided platform for such a massive achievement. The Kisan credit card helpful to farmers and easy to get KCCs, the basis of their holdings for uniform adopted by the banks. So that farmer KCC use for them to purchase agriculture seed fertilizer pesticides etc. To success of agriculture credit contributing is one of the vital inputs.

Keywords: Scheme, KCC, Loan, Timely Credit Support etc.

Introduction

The Kisan Credit Card (KCC) scheme was introduced in 1998 for issue of Kisan Credit Cards to farmers on the basis of their holdings for uniform adoption by the banks so that farmers may use them to readily purchase agriculture inputs such as seeds, fertilizers, pesticides etc. and draw cash for their production needs. The scheme was further extended for the investment credit requirement of farmers viz. allied and non-farm activities in the year 2004. The scheme was further revisited in 2012 by a working Group under the Chairmanship of Shri T. M. Bhasin, CMD, Indian Bank with a view to simplify the scheme and facilitate issue of Electronic Kisan Credit Cards. The scheme provides broad guidelines to banks for operationalizing the KCC scheme. Implementing banks will have the discretion to adopt the same to suit institution and location specific requirements. On 18 December, 2022, Prime Minister Narendra Modi launched Revised Scheme to Kisan Credit Card (KCC) which aims at providing adequate and timely credit support from the banking system under a single window to the farmers for their cultivation and other needs.

In India government there is a finance institutional credit system to agriculture sector to farmers. The majority of our country population depends upon agriculture area in villages. The programs agriculture credit through five year plan and Agriculture credit is one of the vital inputs contributing to success of agriculture. In India there is a well settled institutional credit system to finance agriculture sector to

farmers. India lives in villages the majority of our country population depends upon agriculture. Agriculture credit through five years plans and programs and policies and agriculture growth by providing adequate and timely credit from the formal banking institutions thereby achieving the second green revolution across the different parts of the country has come to occupy an important content of the development agenda of the new century for industry like agriculture. Rural farmers are financially weak they were unable to fulfill the basic inputs to Agricultural production most of the farmers are dependent on the non - institutional finance and they provide loan with high-rate interest. The problem being faced by farmers in having access to credit facilities. Agriculture Credit department. It is an expert staff advising on agricultural credit functions to the central government, state governments, state cooperative banks, and other banks by cooperation of RBI. Section 17 of the Indian Reserve Bank Act 1935 empowers agricultural credit provision through state cooperative banks to engage in agricultural credit business. The Reserve Bank of India far ensuring credit flow to the sectors. Both RBI and National bank of agriculture and rural development have taken several initiatives for implication for system procedures and designing of the innovative credit delivery.

Review

Chanda Areendam (2020) examined on "Evaluating the Kisan Credit Card Scheme: Some Results for Bihar and India". The researcher investigated that the states had better access to agricultural credit at first and subsequently showed a substantial amount of loans. In Bihar and BIMARU states shows faster adoption rates but that cannot be explained with 2009-2010 accelerated growth. In Bihar district initially continue to pull a greater lending in KCC in terms of account holders in a convergent manner and research may not be found evidence of Kisan Credit Card lending by state or district level agricultural productivity.

Mangalam R and Nagarajan I (2019) studied on "Awareness and Utilization of Kisan Credit Card Scheme – a Study with reference to Primary Agriculture Credit Cooperative Societies in Madurai District". In this study the majority of the farmers prefer KCC because under this scheme farmers are availing interest free crop loan, so this can be avoiding to borrow loan with high rate of interest for medium-term, long-term, consumption and contingency loans. The farmers who had a dry and wet land may plant double crop and getting complete year credit facilities. The member of Joint Liability Group with good recorded small and marginal farmers could obtain collateral free credit from Co-operative Society. It is also found the majority of the farmers not avail crop insurance. Majority of farmers are having aware and effectively use the debit slip and cheque while borrowing. In the area due to lack of computer system, Internet facility in the Co-operative society and illiteracy of the farmers are the reasons for the minimal use of ATM card and mobile-based transfer. The awareness level is positively correlated to the utilization pattern of KCC loan. The independent variable such as knowledge, operation, and benefits fetches effective utilization of loan by the farmers.

Reena Kumari (2019) conducted study on "Performance of Kisan Credit Card Scheme in Andhra Pradesh". In this study the author has observed that by collecting 10 years secondary data and they have conducted study and analysed performance of KCC Scheme. The study concluded that the Co-operative banks are performing better in this scheme, while the growth rate and performance of Commercial Banks are found to be satisfactory but RRBs performance is not up to mark extended in the context of Issuance of Kisan Credit Card s and amount sanctioned in the Andhra Pradesh.

K D Sharma, Divya Sharma, Mahima Ghabru (2018) "A Study on Acquisition, Use and Repayment Pattern of Kisan Credit Card Scheme in Himachal Pradesh in Himachal Pradesh the It is based on primary data collected from 50 Kisan Credit Card (KCC) beneficiary farmers (24 small, 13 medium and 13 large) and 30 non-KCC farmers from eight district villages in Kangra. The Kisan Credit Card (KCC) scheme was initiated to simplify the process for farmers to acquire and use credit, and is expected to transform the rural credit structure and delivery mechanism.

Shweta Sharma(2017) "Miss-utilization Of Agricultural Credit In Punjab" the study reveals that the farmers in the study area do not utilize the loan properly for the purpose for which the loan has been raised for purchasing of inputs for crop production or for investment for purchase of tractor, equipment, implements, installation of tube wells etc… There are various reasons for not utilizing the loan for production; those are age of farmers, marital status, education, other occupations, farming experience, member of cooperative societies, training in agriculture etc… This Miss-utilization can be control by taking necessary measures. For that the banks have inspects the reports i.e. pre-sanction visit report, post sanction visit report and post disbursement visit report.

Agarwal et al. (2016) "A study on the effect of KCC on Uttarakhand's crop profitability in Udhum Singh nagar" stated that the credit available to the beneficiaries was used to purchase quality inputs. The average cumulative cost and net return of the KCC beneficiaries is 10.3 and 16.6 per cent higher than the non-beneficiaries of wheat crops and 6.2 and 7.5percent Higher than non-beneficiaries for paddy crops, which indicates greater competitiveness for recipients in spending funds on input purchases due to the availability of KCC loans.

Statement of the Problem

The Madurai is a significantly developed district in Tamil Nadu but it is distressed and less developed in the agriculture. The population of district lives equally among rural and urban areas whereas both of them directly or indirectly depend on agriculture and its ancillary. There are required credit for agricultural inputs and other to fulfill other credit requirements. The farmers are dependent economically on the money lenders for their credit requirements of their area. They give credit at high interest rate and push them under the vicious circle of indebtedness and poverty. Their deteriorating socio-economic condition makes them unable to oppose the atrocities committed on them by money lenders. Keeping the above factors in view, how can Kisan Credit Card Scheme be useful for raise their income level, agricultural productivity and minimizing the problem of indebtedness in the study area, there far, its needs and empirical research. The cooperative credit institutions like Madurai District Central Co-operative Society, Tamil Nadu Rural Bank, Commercial banks have failed to cover the entire rural farmers of the district. Ultimately the farmers to depend more on constantly non-institutional sources of credit facilities.

Objectives

1. To examine the problem faced by the Kisan Credit Card (KCC) Holders.
2. To know the opinion of farmers towards the Kisan Credit Card (KCC) Scheme.
3. To examine the performance of Kisan Credit Card (KCC) Scheme in Madurai District.
4. To know the factors influencing the adoption of (KCC) Kisan Credit Card Scheme

Scope of the study

The present study takes into account six blocks in Madurai District. This study covers the KCC card holders in Madurai District. The study restricted to the evaluate the impact of Kisan Credit Card, which is an initiative by the government of India to ensure farmers of the country have across to credit at an affordable rate. This scheme launched in 1998 based on the recommendation of special committee. Farmers heavily rely on non-institutional credit sources for farming activities. However, the informal or unorganized lending market exploited farmers. Hence Kisan Credit Card scheme was launch to guarantee availability of sufficient, Timely and cost-effective funds to farmers. The scope has been to study the measures the level of satisfaction of farmers towards Kisan Credit Card Scheme in Madurai District.

Hypothesis

1. There is no significance difference between factors inducing the Impact of Kisan Credit Card Scheme.
2. There is no significance difference between age of the respondent and the satisfaction of the respondent regarding KCC scheme
3. There is no association between socio-economic factors and mode of withdrawal
4. There is no significance between socio-economic factors and mode of applications preferred by the respondent.

Research Methodology

Both primary and secondary data are used in the study. A well-structured interview schedule was prepared to collect primary data from sample farmers in Madurai District. The primary data were collected through interview schedule among 90 sample farmers of Primary Agriculture Cooperative societies, Commercial banks and Regional rural banks in Madurai East Block by adopting simple random technique.

The present study is based on both the primary and secondary data. The secondary data required for the present study were collected and compiled from both the published and unpublished sources which include annual report of agricoop, agricultural statistics at a glance report, Co-operative and Regional rural Banks in the study area. The other sources include Books, Journals, Newspapers, Magazines, Periodicals, Research reports, related websites and the like.

Sampling Design

Simple Random Sampling is adopted for designing the sample frame of the study. The same procedure is adopted for selecting the samples of Farmers. The Madurai district is divided into 13 Blocks of districts in the, the geographical location is sub divided into areas and the probability samples are selected on a simple random sample basis in the case of farmers. The respondents are selected on the basis of formula of calculating sample size from the population of 6845 members holding Kisan Credit Card in Madurai East Block.

Formula to calculate sample size is given below:

Formula $= n \; N * \frac{\frac{z^2 * p * (1-p)}{e^2}}{\left[N - 1 + \frac{z^2 * p * (1-p)}{e^2}\right]}$

Types of Study	Analytical and Descriptive Study
Study Area	Madurai District – East Block
Selection of Block	1 block out of 13 blocks
Type of Universe	Overall Kisan Credit Card holders in the selected area
Sample Unit	Kisan Credit Card holders in study area
Sampling Element	KCC holders who are availed loan from Commercial banks, Regional rural banks, Co-operative banks in particular area or block
Population Size	6845 KCC holders
Sample Size	90 Respondents
Data collection instruments	Questionnaire and Interview schedules
Statistical Tools used	One way ANOVA, One sample t-test, Chi – Square test, Percentage analysis and Garratt's Rank

Socio Economic Profile

The primary data is presented in the form of Table and analyzed with the help of statistical tools. In this context, an analysis interpretation and analysis impact of Kisan Credit Card on farmers in socio economics agriculture activities and source of awareness to get Kisan Credit Card. It is explained below.

Table No.1

Socio Economic Profile of the Respondents

S.No	**Age**	**No of respondents**	**Percentage**
1	30 and Blow	8	8.9
2	31-40	21	23.3
3	41-50	31	34.4
4	51 – above	30	33.3
Total		**90**	**100**
S.No	**Gender**	**No of respondents**	**Percentage**
1	Male	58	64.4
2	Female	32	35.6
Total		**90**	**100**
S.No	**Educational Qualification**	**No of respondents**	**Percentage**
1	Illiterate	56	62.2
2	School level	18	20.0
3	Under graduate	10	11.1
4	Post graduate	06	6.7
Total		**90**	**100**
S.No.	**Awareness**	**No of respondents**	**Percentage**
1	Friends or relatives	42	46.7
2	Tv/Radio or other media	10	11.1
3	Newspaper	6	6.7
4	Rural Leaders	8	8.9

5	Bankers	24	26.7
Total		**90**	**100**
S.No.	**Institution**	**No of respondents**	**Percentage**
1	Commercial Bank	42	46.7
2	Regional Rural Bank	09	10.0
3	Co-operative Bank	39	43.3
	Total	**90**	**100**

Source: Computed from Primary Data

From the above Table No.1 it is to identify that the age of the farmers in the study region. According to them about, 34.4 % of the farmers have taken the KCC in the age group of 41-50 have more participative in agricultural activity. Regarding reveals that the gender of the farmers in 64 % of the KCC holder are males and the remaining 36 % are women. Most of the farmers in educational qualification are Illiterates that is 62.2 %. The information is clearly provided about the knowledge known by famers and source of awareness, shows that 46.7 % of them known with the knowledge from friends and relatives. It is most important to study the institution preferred by the respondents to get Kisan credit card. 46.7% of the respondents in region mostly prefer Commercial Bank and then 43.3 % of them prefer Co-operative Banks and 10 % of them prefer Regional Rural Bank.

Purpose of Usage in KCC Loan for Garratt ranking

With the KCC scheme, farmers are given credit for meetings their financial requirements in agriculture activities. It is also provided for agriculture requirements like as below Table.

Table No.2

Purpose of usage in KCC Loan

S.No.	Purpose	Total score	Mean score	Rank
1	Cultivation of Crops	5293	58.81%	I
2	Post harvest expenses	4436	49.32%	IV
3	Purchase of seeds	5086	56.51%	II
4	Development of Land	4497	49/97%	III
5	Human labor/other requirement (machinery etc.)	4063	45.14%	V
6	Other expenditures	3622	40.24%	VI

Source: Primary data

From the above Table No.2 it was derived that "Cultivation of crops" was given first rank with total score of 5293, "Purchase of seeds" was given second rank with total score of 5086, "Development of Land" was given third rank with total score of 4497, "Post-harvest expenses" was given fourth rank with total score of 4439, "Human labor / other requirements (machinery etc.)" was given fifth rank with total score of 4063, "Other expenditures" was given sixth rank with total score of 3622.

Impact of KCC Scheme

HO (Null Hypothesis) = There is no significant difference between factors inducing the Impact of Kisan

credit card respondents

Or

Factors inducing the Impact of Kisan credit card scheme among the respondents are same

Table No.3
IMPACT OF KCC SCHEME

One-Sample Test				
	Test Value = 3			
	T	**Df**	**Sig. (2-tailed)**	**Mean Difference**
KCC scheme has improved my economic condition	11.227	89	.000	1.167
KCC scheme has improved living standard of my family	11.363	89	.000	1.211
KCC scheme has improved my purchasing power of machinery	10.282	89	.000	1.033
Crop production has improved due to help of KCC scheme	6.858	89	.000	.733
Due to loan under KCC scheme the capacity of output has increased	6.106	89	.000	.656
KCC scheme gave confidence for my future farming planning	7.451	89	.000	.733
Personal accident insurance under KCC is helpful for my family	2.197	89	.031	.278

Source: computed from primary data

The P value of all the variables from the above given Table No.3 are less than 0.05 % at a 5 % significance level. Hence null hypothesis is rejected. It concludes that there is significance difference in the factors inducing Impact of KCC scheme.

Level of Satisfaction in KCC Scheme of the Respondents

An One Way ANOVA Test between Age of the Respondents and Satisfaction of Holders of Kisan Credit Card Scheme on Various Statements.

HO (Null Hypothesis) = There is no significant difference between Age of the Respondents and the satisfaction of the respondent regarding Kisan Credit Card Scheme.

Or

Age does not influence the Satisfaction of the Kisan Credit Card Holders.

Table No.4

ANOVA						
		Sum of squares	**Df**	**Mean square**	**F**	**Sig.**
Validity of KCC loan is only for 5 years	Between Groups	2.119	3	.706	.615	.607
	Within Groups	98.781	86	1.149		
	Total	10.900	89			
Maximum loan amount is upto 3 lakh	Between Groups	1.882	3	.627	.504	.680
	Within Groups	107.707	86	1.244		
	Total	108.889	89			
Reasonable processing and service charges for maintaining account	Between Groups	1.387	3	.462	.506	.679
	Within Groups	78.613	86	.914		
	Total	80.000	89			
Low interest rate on credit under KCC scheme	Between Groups	1.562	3	.521	.572	.635
	Within Groups	78.260	86	.910		
	Total	79.822	89			
KCC account balance statement checking service is appropriate	Between Groups	3.004	3	1.001	.983	.405
	Within Groups	87.618	86	1.019		
	Total	90.622	89			
Grievance redressal process for KCC scheme is quick and simple	Between Groups	.459	3	.153	.134	.939
	Within Groups	97.996	86	1.139		
	Total	98.456	89			
KCC renewal process is simple	Between Groups	3.101	3	1.034	.783	.507
	Within Groups	113.521	86	1.320		
	Total	116.622	89			
Less paper work and documentation process for KCC scheme	Between Groups	4.602	3	1.534	1.241	.300
	Within	106.298	86	1.236		

	Groups					
	Total	110.900	89			
Credit repayment procedure is easy	Between Groups	9.923	3	3.308	2.416	.042
	Within Groups	117.732	86	1.369		
	Total	127.656	89			

Source: Computed from Primary Data

The P value from Table No.4 shows the various variables except for the variable "Credit repayment procedure is easy" are more than 0.05, at the 5 % level of significance. Hence null hypothesis for the variable are accepted. It concludes that there is no significance between these variables and Age of the respondents. Except that the P value of variable "Credit repayment procedure is easy" is less than 0.05, at the 5 % level of significance. Hence here null hypothesis for the variable is not accepted. Which concludes that there is a significance between the Credit repayment procedure and age of the respondents.

Chi – Square Tests of Age of the Respondents with reference to Mode of Withdrawal

HO (Null Hypothesis) = There is no association between Age of the Respondents and the mode preferred by respondent for withdrawal of credit

OR

Mode preferred by the respondents for withdrawal of credit is not dependent on age of the respondent.

Table No.5

Chi – Square Tests of Age of the Respondents with reference to Mode of Withdrawal			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	17.14	9	.046
Likelihood Ratio	14.33	9	.111
Linear-by-Linear Association	3.22	1	.073
N of Valid Cases	90		

Source: Computed Data

It is understood that Pearson Chi – Square value of the above Table No.5 is 0.046 for 5% level of significance. As P value is less than 0.05, the mode of withdrawal of credit is found to be significant to the age of respondent and hence null hypothesis is rejected. It concludes that Mode preferred by the respondent for credit withdrawal is dependent on age of the respondent.

Chi – Square Tests of Age of the Respondents with reference to Mode of Application

HO (Null Hypothesis) = There is no association between Age of the Respondents and the mode of application for KCC scheme.

Or

Mode preferred by the respondents for application of KCC scheme is not dependent on age of the respondent.

Table No.6

CHI-SQUARE TESTS FOR AGE OF RESPONDENT MODE OF APPLICATION			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	11.66	3	.009
Likelihood Ratio	7.79	3	.050
Linear-by-Linear Association	6.96	1	.008
N of Valid Cases	90		

Source: Computed Data

It is understood that Pearson Chi – Square value significance of the above Table No.6 is 0.009 for 5% level of significance. As P value is less than 0.05, the mode of application of KCC scheme are found to be significant to the age of respondent and hence null hypothesis is rejected. It concludes that Mode preferred by the respondent for application of KCC scheme is dependent on age of the respondent.

Suggestion

- The participation of females in agriculture activities comparatively less than male. It is very important part of government to encourage females to bring gender-equality in agriculture activities through KCC scheme
- There is a need to conduct some awareness programme by the Institution or banker about the new and modern technology and KCC Scheme, in order to bring more knowledge among illiterate people.
- The banks should have attract the 30 and below age group people towards farming activities by conducting the EDP programmes and there is a need to provide skill development training to the young farmers in order to make farming profitable and to increase the alternate income.
- It is need to cover more bank branches by the regional rural banks. Because it is very useful to the banking agencies to cover more areas and issuing more KCC to the farmers.
- The limit of disbursed loan amount per holders should have to be raised to attract the more farmers.

Conclusion

This study looks into the analysis of various agricultural credit facilities which has been offered by various banks. In India the institutional credit to agriculture and allied activities has been increased. It is an effective step to promote the growth of agriculture sector, because it helps the farmers in various ways. This research it is cleared that Kisan Credit Card Scheme has been playing a pivotal role in increasing the agricultural production and this scheme is made a huge impact on the share of agriculture in the economic growth of the country. With a Kisan Credit Card scheme, they can meet the short-term as well as medium-term financial needs at low rates of interest.

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