

Farmers Opinion Towards Kissan Credit Card

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Abstract:

In Tamil Nadu, agriculture is a dominant sector and 65 percent of the rural population are employed in this sector. For agricultural productivity, credit is a necessary input. India's economy is based mostly on agriculture. The Kisan Credit Card (KCC) seeks to offer farmers with timely and appropriate funds in a flexible and cost-effective manner. Both primary and secondary data have been used for the study. The main objective of the study shows that farmers opinion towards kissan credit card in sivagangai district. The primary data were collected from 514 farmers in sivagangai district. The sampling technique used for the study is proportional random sampling method. The findings of the study shows that KCC helps to purchase seeds, fertilizers at farmers convenience and choice shows the high mean score values.

Keywords:

Kisan credit card, Farmers, Agricultural productivity, Interest Subvention.

1.1 Introduction:

Kisan credit card was introduced in 1998 to provide timely credit to farmers to meet short-term/long-term cultivation requirements, post-harvest expenses and consumption requirements. The KCC was implemented by Commercial banks, Co-operative banks and Regional Rural Banks mainly to provide adequate and timely credit support from the banking system to the farmers to access bank credit for production purposes. The credit delivery mechanism was made simplified with more flexibility in the use of credit. KCC was being introduced as a credit delivery mechanism for crop loans [Parmar 2012]. Farmers are availing short-term KCC loans up to Rs.3.00 lakh at an interest rate of 7% per annum for one year by providing 2% interest subvention. An addition of 3% Prompt Repayment Incentive (PRI) is also given to the farmers for prompt and timely repayment of loans. Thus, the interest rate gets effectively reduced to 4% per annum. Based on the report of Inter-Ministerial Central Team, Interest subvention of

2% and prompt repayment incentive of 3% on restructured crop loan is also given to farmers affected by severe natural calamities for a maximum period of 5 years. The second phase of the KCC saturation drive was initiated by the Department of Agriculture Co-operation and Farmers Welfare in February 2020 in collaboration with the Department of Financial Services to provide universal access to institutional concessional credit to all farmers including Animal Husbandry, Dairy and Fisheries farmers with special focus on coverage of PM-KISAN beneficiaries. Under the “AATMA NIRBHAR BHARAT” campaign government has set a target of issuing additional 2.5crores KCCs by the end of the year 2020. Under this scheme, Rs.6000 per annum in three equal installments will be provided to small and marginal farmers having land ownership of up to 2 hectares (NABARD, Annual Report, 2021).

Table 1.1 Total Number of Kisan Credit Card Issued in Tamil Nadu During 2017-2021

Year	Bank Group- wise KCCs Issued in Tamil Nadu (in Numbers)			Total Number of KCCs users in Tamil Nadu (in ‘000’)
	Commercial Banks (in ‘000’)	RRBs (in ‘000’)	Co-operative Banks (in ‘000’)	
2017	507 (23.9%)	1311 (61.8%)	303 (14.2%)	2,121 (100%)
2018	537 (23.0%)	1364 (58.4%)	432 (18.5%)	2333 (100%)
2019	550 (26.6%)	1479 (71.6%)	35 (1.69%)	2065 (100%)
2020	585 (30.0%)	33 (1.69%)	1330 (68.2%)	1948 (100%)
2021	1566 (52.6%)	34 (1.14%)	1373 (46.1%)	2973 (100%)
Mean	749	844.2	694.6	2288
CAGR	11.93%	-51.83%	16.73%	3.43%

Source: Report on trend and progress of Banking in India, Compiled from 2017 to 2021.

Note: Figures in the parantheses refer to the percentage to the total

The Table 1.1 deals with the number of Kisan credit card issued in Tamil Nadu. There is an increasing trend in the number of Kisan credit card issued by commercial banks in Tamil Nadu. The total number of KCCs has increased from 507 thousand cards in 2017 to 1566 thousand cards in 2021. The growth rate of KCC provided by commercial banks in Tamil Nadu shows a fluctuating trend. The year 2021 registered the higher growth rate of 52.6 percent. The mean and CAGR (Compounded Annual Growth Rate) of commercial banks were registered as 749 and 11.93percent respectively.

From the above table, it is inferred that there is a decreasing trend in the number of Kisan credit card issued by Regional Rural banks in Tamil Nadu. The total number of KCCs has decreased from 1311 cards in 2017 to 34 thousand cards in 2021. The growth rate of KCC provided by commercial banks in Tamil Nadu shows a fluctuating trend. The year 2017 registered the higher growth rate of 61.8 percent. The mean and CAGR of commercial banks were registered as 844.2 and (-) 51.83 percent respectively.

From the Table, it is inferred that there is an increasing trend in the number of Kisan credit card issued by Co-operative banks in Tamil Nadu. The total number of KCCs has increased from 303 thousand cards in 2017 to 1373 thousand cards in 2021. The growth rate of KCC provided by Co-operative banks in Tamil Nadu shows a fluctuating trend. The year 2017 registered the higher growth rate of 61.8 percent. The mean and CAGR of KCCs issued by the commercial bank, RRBs and Co-operative banks were registered as 11.937%, (-)51.83% and 16.73% respectively.

1.2 Interest Subvention Scheme:

The Interest Subvention Scheme (ISS) was launched in the year 2006-07 to provide concessional short term crop loans including loan availed through Kisan Credit Card (KCC) to the farmers. ISS is available for farmers availing short-term agri loans up to Rs.3.00 lakh at an interest rate of 7% per annum for one year. The short-term agri loans includes Crop Husbandry, Animal Husbandry, Dairy and Fisheries. An additional 3% subvention is also given to farmers for prompt and timely repayment of loans; the same gets reduced to 4% per annum. The benefits of ISS can also be availed by farmers in allied activities like Animal husbandry and fisheries and those farmers who already possess KCC within the overall limit of Rs.3.00 lakh. New KCC can be issued to animal husbandry and fisheries farmers with the provision of the benefit of interest subvention scheme and prompt repayment incentive for loan amount up to Rs.2.00 lakh per annum. Interest subvention of 2% and prompt repayment incentive of 3% on restructured crop loans are given to farmers affected by severe natural calamities for a maximum period of 5 years on the basis of the report of Inter-Ministerial Central Team (IMCT). Further interest subvention of 2% is available to Small and Marginal Farmers (SMFs) having Kisan Credit Card (KCC) on post-harvest loans against negotiable warehouse receipts at the same rates as applicable to crop loans for a period up to six months post-harvest.

1.3 Review of Literature:

Sangappa (2019) in his study pointed out that the share of agricultural credit as a proportion of agricultural gross domestic product has been rising continuously since the 1950s until 1980s after which it has been stagnant. The researcher concluded that imparting training to borrowers regarding procedural formalities of financial institutions could be helpful in increasing their access to institutional credit. The option of Kisan

credit card should be adopted and streamlined to alleviate the plight of the marginal, small and tribal farmers.

Arvind Sharma et.al (2013) analyzed the Impact of Kisan credit card scheme among the beneficiary farmers in Sehore district of Madhya Pradesh. For the selection of respondents, a list of all the beneficiaries who benefited under the KCC scheme was obtained from the State Bank of India, Ashta. The beneficiaries were assisted in respect of short-term crop loans. After getting a list of beneficiaries, out of 3750, only 120 beneficiaries were selected randomly for the research study. From the findings related to crop-wise distribution of income per hectare with respect to before and after getting a loan under the Kisan Credit card scheme, it was revealed that beneficiaries get more income per hectare after borrowing loans in the cultivation of soybean, arhar, wheat and gram crops. The magnitude of increase in income was 39.14%, 46.75%, 75.28% and 68.78% respectively. This might be due to the availability of high-quality input and facilities after borrowing. **Seena (2015)** in her study highlighted the management of agricultural credit and the impact of Indian banking sector reforms on agriculture. The main purpose of her study was to analyze the measures announced by RBI for increasing the flow of credit to agriculture. The target for ground level credit has increased from Rs. 7 lakh crores to Rs.13.50 lakh crores from 2013 -14 to 2019-20. During these years agriculture credit disbursements have surpassed the overall targets. Finally, the researcher concluded that in the changed scenario, strong and viable agricultural financial institutions are needed to cater to the necessity of finance in building up the necessary institutional infrastructure. Co-operative banks and RRBs should enlarge the scope of the Kisan Credit Card scheme to cover term loans for agriculture and allied activities.

1.3 Objective of the study:

The main objective of the study is to analyze the farmers' opinion towards kisan credit card in sivagangai district.

1.4 Research Methodology:

The main purpose of the study is to analyze the farmers' opinion towards kisan credit card in sivagangai districts. The primary data were collected from farmers of sivagangai district. The data were collected from sivagangai district. The district were chosen based on the higher quantum of agriculture credit provided by bankers to farmers. For collecting the data the researcher selected all the three categories of banks namely Commercial banks, Regional Rural Banks (Tamil Nadu Grama Bank) and Primary Agriculture Co-operative banks. The researcher selected top five commercial banks which have more number of bank

branches in Tamil Nadu. The commercial banks chosen for the study are Indian Bank, Indian overseas bank, State bank of India, Canara bank and HDFC Bank. During the study period there are two RRBs in Tamil Nadu namely Pandiyan Grama Bank and Pallavan Grama Bank; both the banks were considered for the study. In co-operative banks, the researcher has selected only the Primary Agriculture Co-operative credit bank (PACS) as it plays a major role in providing agricultural credit to the farmers.

The secondary data were collected from the reports of agriculture credit given by various financial institutions in Tamil Nadu during the five year period (2011 to 2021). The data were collected from Journals, Magazines, Books and RBI Reports, Agriculture co-operation and farmers' welfare, Statistical Handbook of India, Government of India; NABARD and State level bankers committee in Tamil Nadu.

1.4.1 Sample Size:

Sample size refers to the number of elements to be included in the study. Sample size refers to the number of elements to be included in the study. The total population of the farmers are 27,06,192. Based on this, by using the given formula the sample size was derived as 384. But for the purpose of sampling adequacy of the results of the study and for offering the error free result, 30 percentage of samples, that is 130 were considered. The total sample size of the farmers is 514. To estimate the sample size (n) for agricultural loan borrowers the following formula was considered in the research study.

$$\text{Sample Size (n)} = \frac{Z^2 * P * Q * N}{E^2 (N-1) + Z^2 * P * Q}$$

n= the sample size

N= Total Agricultural loan borrowers

p = "sample proportion"

q= 1-p

e= the acceptable error

z = the value of standard variation at a given confidence interval, which means the z-score is 1.96

Here n denotes the sample size; p means the percentage of the population, desired margin of error at 5 percent and z is the confidence interval assumed 95 per cent confidence interval, which means the z-score is 1.96.

1.4.2 Sampling Technique:

The sampling method adopted for the data collection is probability method. In that proportionate stratified random sampling method was adopted in the study.

1.5 Data Analysis and Interpretation:

1.5.1 Farmers' opinion regarding Kisan credit card – Rank Analysis:

Kisan credit card is one of the key products developed to improve the farmers' accessibility to bank credit, which simplifies the credit delivery mechanism and provides more flexibility in the use of credit. Descriptive statistics were used to analyze the farmers' opinion regarding Kisan Credit Card.

Table 1.2 Farmers' opinion regarding Kisan credit card

Opinion	Mean	Standard Deviation	Rank
KCC scheme is friendly in nature	4.743	0.476	2
KCC helps to purchase seeds, fertilizers at farmers' convenience and choice	4.876	0.672	1
Removes rigidity regarding cash and kinds	4.272	0.685	6
Repayment only after harvest	4.552	0.721	3
Assured availability of credit at any time enables reduced interest burden for the farmers.	4.165	0.524	5
Simplifies disbursement procedures	4.541	0.742	4
If Crop failed farmers could get an extension up to four years.	3.541	0.656	7

Source: Primary Data

It is inferred from the above Table that, farmers are preferring Kisan credit card to other traditional credit delivery mechanism as this seems to be a feasible method. While considering various reviews of farmers, the variable 'KCC helps to purchase seeds, fertilizers at farmers convenience and choice' stands at the first rank with a mean value of 4.876, 'KCC scheme is friendly in nature' stands at the second rank with a mean value of 4.743, Repayment only after harvest is in the third position with a mean value of 4.552. The mean value of the remaining variables are having the mean values of less than 4.5. So it denotes that the variables like assured availability of credit at any time enables reduced interest burden for the farmers, removes rigidity regarding cash and kinds and if crop failed farmers could get an extension up to four years are considered less important variables for the farmers towards Kisan Credit Card scheme.

1.5.2 Association between Gender and Farmers opinion towards Kisan Credit Card- Independent sample t-test:

The Independent sample t-test evaluates the mean difference between the two independent or unrelated groups. It is useful to evaluate whether the mean of two independent groups significantly differ from each

other or not. With an independent – sample test, each response must have options on two attributes and it is called the grouping (independent) variable and the test variable is called (dependent) variable. The grouping variable divides cases into two mutually exclusive groups or categories such as gender and farmers' opinion towards Kisan credit card scheme. There are two hypotheses framed. One for Levene's test for homogeneity of variance and the other one is to interpret the independent sample t test. Levene's test is to assess homogeneity of variance between the two groups such as gender and farmers' opinion towards agriculture credit. The null hypothesis is that variance between the two groups are equal.

Levene's test is useful for measuring the homogeneity of the variances. If the P value of the Levene's test is above the value of 0.05 and the homogeneity of the variance between the two groups are equal that means no variance. So in the test of significance, between the two values of P, equal variance assumed P value has been considered to intercept the t test results. Likewise, if the P value of the Levene's test of homogeneity is below 0.05, homogeneity of the variance conditions is not fulfilled; so in the t test two values of P in the line of equal variance not assumed have been considered for interpreting the results.

Ho: There is no significant association between gender and farmers opinion towards Kisan Credit Card.

Table 1.3 Association between Gender and Farmers opinion towards Kisan Credit Card- Independent sample t-test

Independent Samples Test										
		Levene's Test for Equality of Variances		T-test for Equality of Means						
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Friendly in nature	Equal variances assumed	.000	.983	-1.838	512	.067	3.542	.080	-.304	.010
KCC helps to Purchases seeds	Equal variances assumed	.690	.407	-3.365	512	.717	4.035	.095	-.222	.152
	Equal variances not assumed			-3.362	397.132			.096	-.224	.154
Removes rigidity regarding cash and kinds	Equal variances assumed	3.150	.077	-4.769	512	.432	3.089	.116	-.316	.138
	Equal variances not assumed			-4.786	436.689			.113	-.311	.133
Repayment only after harvest	Equal variances assumed	.263	.608	-4.471	512	.641	3.033	.071	-.173	.106
	Equal variances not assumed			-4.467	398.527			.071	-.174	.107
Reduced interest burden for the farmers.	Equal variances assumed	2.334	.127	-3.396	512	.688	4.035	.089	-.209	.139
	Equal variances not assumed			-3.402	427.331			.087	-.207	.137
Simplifies disbursement procedures	Equal variances assumed	.073	.787	4.181	512	.854	3.009	.050	-.089	.107
	Equal variances not assumed			4.184	427.349			.049	-.088	.106
If Crop failed farmer could get an extension of up to four years.	Equal variances assumed	.097	.755	4.777	512	.438	4.072	.093	-.110	.255
	Equal variances not assumed			4.777	406.611			.093	-.111	.255

Source: Primary data

The Table 1.3 portrays Levene's test with the significant values of .983, .407, .077, .608, .127, .787 and .755 for the variables such as friendly in nature, KCC helps to Purchase seeds, Removes rigidity regarding cash and kinds, Repayment only after harvest, Reduced interest burden for the farmers, Simplifies disbursement procedures and if Crop failed farmers could get an extension of up to four years respectively are more than the standardized benchmark of P value of 0.05. It means the null hypothesis is accepted and variance between the two groups is equal. Hence, it is concluded that there is no significant association between gender and farmers' opinion towards Kisan Credit Card.

1.6 Conclusion:

India remains predominantly an agrarian economy despite tremendous progress made in the field of Industry and services, agriculture continues to play a pivotal role in Indian economy. Besides being the main source of livelihood and food security for a large majority of Indian population, agriculture remains a key contributor to India's economic development not only by its share of the Gross Domestic Product, but also a driver of industrial growth by producing critical raw materials and by funneling savings and consumption behaviour on which the sale of many industrial product depends. Hence, the researcher concluded from the findings KCC helps to purchase seeds, fertilizers at farmers convenience and choice shows the high mean score values. KCC is a boom for the farmers to meet out their requirements to cultivate without undergoing any difficulties or hurdles in the process of cultivation.

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