

Role of Kisan Credit Card in Agriculture Sector in Rajasthan: A Micro Study of Chittorgarh District with Special Reference to Rashmi Gram Panchayat

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1. INTRODUCTION:

Rajasthan is the largest state in India in terms of area where agriculture is not only the backbone of the economy but also the basis of the fabric of socio-economic life. Although the geographical form here has been challenging for agriculture which is also called the gamble of monsoon. Yet agriculture has made a very significant contribution to both the economy of Rajasthan and the Indian economy. Liquidity of capital has always been a major challenge in the agricultural sector as well as in other economic sectors. Kisan Credit Card (KCC) has become a "financial shield." KCC has proved to be a revolutionary step in Indian agriculture. This reduced the dependence of farmers on sources of credit from money lenders, middlemen, middlemen, where interest rates were very high. It was an important initiative taken by the Government of India to financially empower the farmers and to free them from the clutches of interest. The Kisan Credit Card Scheme was launched in August 1998, the framework of which was prepared by NABARD based on the recommendation of the R. V. Gupta Committee. Its main objective is to provide adequate and timely credit to the farmers from the banking systems under a single window for farming related work. It provides loans for short term, post-harvest expenses, maintenance of agricultural assets and contingency expenses to meet the financial needs of farmers.

In states like Rajasthan, where agrarian uncertainty prevails. Chittorgarh, the capital of the Mewar region, is known for high-investment crops (soybean, opium, cotton), because of its' black loamy soil '. The Rashmi block, located in the command area of the Banas river and the Matrikundia dam, is a micro-economic zone where water scarcity and ease of credit have commercialised agriculture. In this study, social and economic aspects have been analyzed.

2 Review of Literature –

Reading the review of the relevant literature is essential to understand the depth of the research:

NABARD (2020) The per hectare demand for KCC loans in the southern districts of Rajasthan is 35% higher than the state average due to opium and cotton cultivation.

Sharema and GUPTA (2018) According to their study, farmers have developed 'financial discipline', which has increased the repayment rate of 15% from the 'Interest Subvention Scheme'.

State Statistics Report (2023) 80% of the credit disbursed through co-operative societies (GSS) in Rashmi block is directly invested in manure-seeds, which is concentrated in Chittorgarh.

Warma (2021) A study on the impact of the 'Raj-Sahakar' portal in Rajasthan pointed out that the role of middlemen has been reduced by 90 per cent, as digitalisation has reduced it.

3 Rajasthan's unique policy landscape:-

The Rajasthan government has implemented a transparent system through the Raj Sahakar Portal to make the KCCs more effective.

Table KCC Interest Structure and Subsidy Model (Rajasthan)

Elements	Normal Rate	Discount for timely payment	Effective Interest Rate
Central Interest Subsidy	9 %	3 % by the central Government	7%
State Interest Subsidy	7 %	4 % by the State Government	0 %
Insurance (PMFBY)	Premium Required	Claim-based	Risk Cover

4. Agro-geographical analysis of Chittorgarh district-

Chittorgarh district is located in the south-eastern part of Rajasthan and is a mix of forested hills and flat plains. The Aravalli hills are spread all over the region. Rivers like Chambal, Banas, Gambhiri, Berch, Jakham etc. provide irrigation possibilities here. The average annual rainfall is 852 mm and the climate is typical of the sub-humid southern plains and the Aravalli hill zone. Here there is a mixture of black and red loamy soil.

The main crops: In kharif, maize, soybean, groundnut and cotton; in rabi, wheat, mustard, gram and opium.

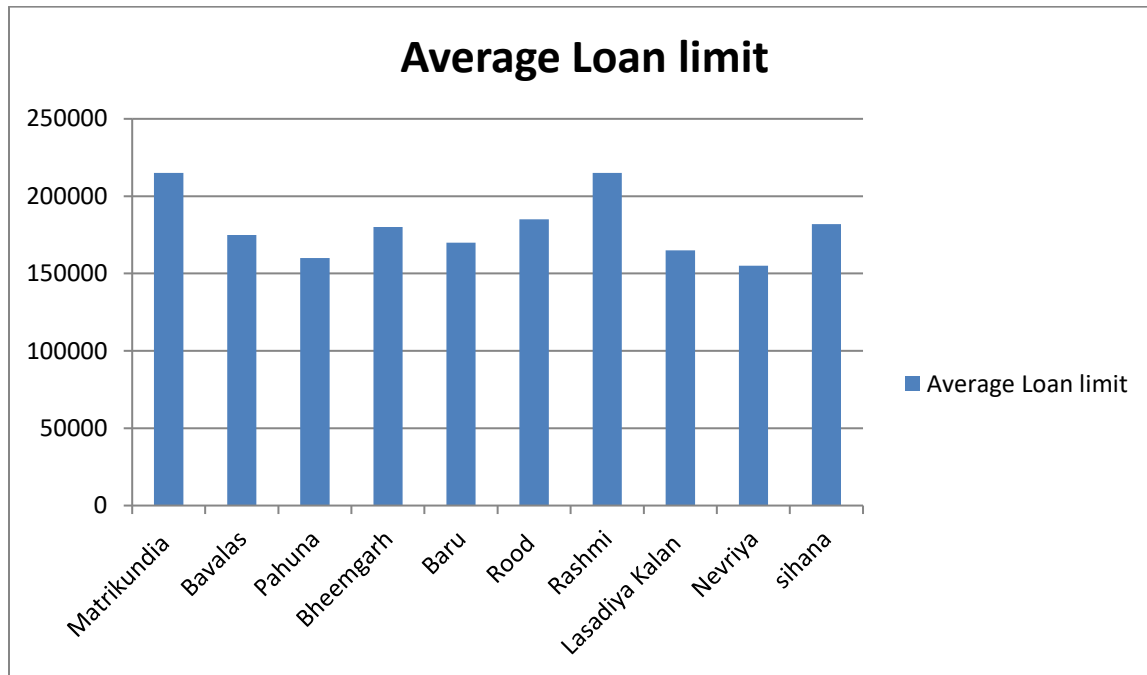
The agricultural sector: The district can be divided into specific economic zones such as Nimbahera (opium belt) and Rashmi (cotton / irrigation belt).

4.1 Rashmi Block : In-depth study of cotton and irrigation

Rashmi is called the 'white gold' area of Chittorgarh. Cotton cultivation requires high capital investment from seed to harvest. KCC is the only reliable source of working capital for the farmers here.

Gram panchayat	KCC Holder	Average Loan limit	Main uses
Matrikundia	200	215000	Irrigation and improved seeds Fertilizers and pesticides Crop harvest and labor Payment
Bavalas	100	175000	
Pahuna	150	160000	
Bheemgarh	300	180000	
Baru	180	170000	
Rood	190	185000	
Rashmi	210	215000	
Lasadiya Kalan	140	165000	
Nevriya	155	155000	
Sihana	185	182000	

Average Loan chart of Various Gram pamchayat



Rashmi block is the northern part of the district. The agriculture here is dependent on Matrikundia dam and Banas river. Rashmi block is the most fertile area of the district as it is in the command area of Banas river and Matrikundia dam.

The Economics of Cotton: The duration of cotton crop is 180-210 days. It needs high quality pesticides and seeds for which KCC is the main source of working capital.

The irrigation system: Farmers here have used the KCC loan to build drip irrigation and sprinkler systems, which have improved both water conservation and yields.

Crop Loan Framework- Paddy is mainly grown in Rajasthan. Cotton crop is long and requires spraying of pesticides three to four times. Here farmers mainly use KCC for these input expenses.

Farmers here have used the 'Investment Credit' section of KCC to invest on irrigation equipment, which has improved water conservation and productivity.

4. Structural and Digital Challenges -

The following micro-level problems emerged in the in-depth study:

Doubts about the portal: The Girdawari data on the Raj-Sahakar portal should not be linked to

the bank server in real time.

Access to marginal and small farmers: Small farmers still take an inordinate amount of time to get loans due to collateral and paperwork.

Shortage of KCC in Animal Husbandry: Despite the high level of milk production in Rashmi, only 12% of farmers have separate animal husbandry KCC available.

5. policy suggestions-

'Special Scale of Finance' for future path and policy suggestions for the zodiac sign: Loan limit per hectare for costly crops like cotton, horticulture crops and chilli should be increased by 15% more.

The digital literacy campaign: Work should be done on 'camp mode' to rectify biometric errors through Gram Panchayats.

Co-operative Marketing: KCC loans should be linked to 'Mandi Bhaw' and 'Warehouse Receipt Financing' should be encouraged in the ration.

6 Rajasthan's Special Agricultural Loan Policies -

The Government of Rajasthan has made several efforts to make the KCC scheme very effective in the state:

Zero interest crop loan scheme: If the farmer repays the loan within 12 months, he gets full rebate on 7% interest (3% Central and 4% State).

Government Cooperation Portal: Digitization of the entire application process.

Co-operative Insurance: KCC holders get accident insurance of up to Rs 5 lakh.

7. Positive Impacts of KCC Scheme

The end of the financing: Now the 24-36% annual interest charged by moneylenders in villages has been abolished.

Insurance cover: KCC holders get automatic benefit from Pradhan Mantri Fasal Bima Yojana (PMFBY).

Mixed Farming: Farmers of Rashmi have also started dairy and vegetable production besides maize using KCC loan.

8. Final Conclusion of Research

Chittorgarh's Rashmi block is a 'success model' in the agro-financial scenario of Rajasthan. Here, KCC has not only given loans to farmers but has also motivated them to buy better breed animals and new technology (chiselling).

The main recommendations:

Clusters of cotton on the zodiac: The 'size finance' earmarked specifically for the cotton crop should be increased by 20%.

Digital e-Mitra platform: Each Gram Panchayat has a specific banking associate who helps elderly farmers in net renewal.

Soil health and financial status: To save farmers from buying unnecessary fertilizers, the credit limit will be linked to the Soil Health Card.

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