A study on utilization pattern of Kisan Credit Card by the farmers in Guntur district of Andhra Pradesh

KJV KUMARI SIRISHA and G RAGHUNADHA REDDY

Department of Agricultural Economics
Agricultural College (Acharya NG Ranga Agricultural University)
Bapatla 522101 Andhra Pradesh, India
Email for correspondence: kumarisirisha38@gmail.com

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ABSTRACT

The present study was carried out during the year 2013-14 in three selected Mandals based on the highest priority sector lending from different banks in Guntur district with 80 Kisan Credit Card (KCC) holders. The results revealed that 81.25 per cent of the respondents were sharing high level utilization of the KCC as accessing reduced cost credit followed by 73.75 per cent as crop insurance, 53.75 per cent for timely availability of credit, 33.75 per cent for obtaining loan amount up to maximum allotted limit, 28.75 per cent for the purpose it was drawn/obtained, 15 per cent for loan facilities under KCC for all the crop seasons and 2.5 per cent as a cash credit.

Keywords: KCC; credit; utilization pattern, farmers

INTRODUCTION

Enhancing the rural credit can boost the production and investment in agriculture. Financing for agriculture has been a gigantic task for banks in India. Ensuring timeliness and adequacy of credit to farmers have posed the most serious challenging task for banks while financing the agricultural sector. NABARD has been playing a proactive and catalytic role in assisting the banks to meet emerging challenges.

To provide adequate and timely credit support from the banking system to the farmers, to improve their accessibility to bank credit, to make the credit delivery mechanism simple and to bring more flexibility Kisan Credit Card (KCC) scheme has been introduced for crop loans. It was also introduced to reduce the dependence of Indian farmers on the informal banking sector like moneylenders. The scheme has facilitated the availability of credit in time and simplified the procedure for availing the loan from banks (Nahatkar et al 2002). The KCC holders are covered under the personal accident insurance scheme (PAIS) introduced as an add-on benefit during 2001-02. This scheme covers the accidental death as well as permanent disability (Lakshete 2011).

METHODOLOGY

Operationalization of dependent variable and its measurement

To assess the extent of utilization of Kisan Credit Card (KCC) by the farmers seven statements were framed on various aspects of KCC utilization. The responses of farmers were recorded in four point continuum scale viz 'fully utilized', 'partiallly utilized', 'least utilized' and 'not utilized' with the scores of 3, 2, 1 and 0 respectively. The extent of utilization of KCC by each respondent was calculated by using the following formula (Parwate et al 2012):

$$EUKCC = \frac{O}{S} \times 100$$

where EUKCC= Extent of utilization of Kisan Credit Card, O= Total score obtained by the farmers, S= Total obtainable score

Test of significance

Student 't' test was conducted to know the significant difference of utilization of KCC by the small, medium and large groups of farmers.

Two sample‘t’ test with un equal variance

$$t = \frac{\left|\bar{x} - \bar{y}\right|}{\sqrt{S^2\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}}$$

$$S^2 = \frac{(n_1 - 1\ s_1^2\ \ (n_2 - 1\ s_2^2}{n_1\ \ n_2 - 2}$$

$$S_1^2 = \overline{\frac{1}{n_1 - 1}\ \sum x_i^2 - \frac{\sum x_i^2}{n_1}}$$

where

$$S_2^2 = \overline{\frac{1}{n_2 - 1}\ \sum y_i^2 - \frac{\sum y_i^2}{n_2}}$$

S^2 = Pooled variance

X= First sample mean, = Second sample mean, n_1= First sample, n_2= Second sample

RESULTS and DISCUSSION

Extent of utilization of Kisan Credit Card by the farmers

It is evident from Table 1 that under high level of utilization maximum respondents (81.25%) used the KCC as reducing cost of accessing credit followed by 73.75 per cent for the benefit as crop insurance and 53.75 per cent for timely availability of credit. Under medium level of utilization more than half (53.75%) of the respondents used it to obtain loan up to maximum limit followed by 47.5 per cent for loan facility for all crops and 43.75 per cent for crop purpose. On the other hand in case of low level of utilization 100.00 per cent of the respondents used KCC as identity card followed by 92.5 per cent as cash credit.

Extent of utilization and utilization gap among different categories of farmers about various aspects of Kisan Credit Card

Data given Table 2 depict that in case of small farmers maximum utilization of KCC (82.22%) was noted in timely availability of credit whereas no utilization was observed in full use of it for identification purpose. The overall utilization of the card on various aspects was 47.91 per cent. The maximum utilization gap (100%) was observed in the use of KCC for identification purpose followed by as cash credit (97.77%). The overall utilization gap was observed to

Table 1. Distribution of respondents according to utilization of Kisan Credit Card (n= 80)

Component	Level of utilization					
	Low (up to 33%)		Medium (34-66%)		High (67-100%)	
	Number	%	Number	%	Number	%
Timely availability of credit	5	6.25	32	40	43	53.75
Obtained the loan amount up to maximum allotted limit	10	12.5	43	53.75	27	33.75
Utilized the loan facilities under KCC for all the crop seasons	30	37.5	38	47.5	12	15
Utilized the loan amount for crop purpose	22	27.5	35	43.75	23	28.75
KCC as identity card	80	100	0	0	0	0
Benefit as crop insurance	21	26.25	0	0	59	73.75
Utilizing the KCC as a cash credit	74	92.5	4	5	2	2.5
Reducing cost of accessing credit	13	16.25	21	26.25	65	81.25

Source: Field survey

Table 2. Extent of utilization and utilization gap among different categories of farmers about various aspects of Kisan Credit Card

KCC utilization	Small (30)				Medium (26)				Large (24)			
	MOS	OS	EU (%)	UG (%)	MOS	OS	EU (%)	UG (%)	MOS	OS	EU (%)	UG (%)
Timely availability of credit	90	74	82.22	17.77	78	64	82.05	17.94	72	60	83.33	16.66
Obtained the loan amount up to maximum allotted limit	90	63	70	30	78	59	75.64	24.35	72	56	77.77	22.22
Utilized the loan facilities under KCC for all the crop seasons	90	50	55.55	44.44	78	41	52.56	47.43	72	46	63.88	36.11
Utilized the loan amount for crop purpose	90	40	44.44	55.55	78	56	71.79	28.20	72	62	86.11	13.88
KCC as identity card	90	0	0	100	78	0	0	100	72	0	0	100
Benefit as crop insurance	90	55	61.11	38.88	78	57	73.07	26.92	72	66	91.66	8.33
Utilizing the KCC as a cash credit	90	2	2.22	97.77	78	7	8.97	91.02	72	7	9.722	90.27
Reducing cost of accessing credit	90	61	67.77	32.22	78	68	87.17	12.82	72	64	88.88	11.11
Overall	720	345	47.91	52.08	624	352	56.41	43.58	576	361	62.67	37.32

Source: Field survey data

MOS= Maximum obtainable score, OS= Obtained score, EU= Extent of utilization, UG= Utilization gap
Tabulated t-value= Approximately 2; Calculated t-value: Small and medium= 2.56, Medium and large= 2.08, Large and small= 4.75

be 52.08 per cent. Udaykumar and Thattil (2001) reported that the total credit requirement of small and medium farmers ought to be the cornerstone of micro-credit delivery system.

In case of medium farmers maximum utilization of KCC (87.17%) was noted in reducing cost of accessing credit followed by timely availability of credit (82.05) whereas no utilization was observed in full use of it for identification purpose. The overall percentage of utilization on various aspects was 56.41 per cent. The maximum utilization gap (100%) was observed in use of KCC for identification purpose followed by utilizing it as cash credit (91.02%). The overall utilization gap for different aspects was 43.58 per cent.

In case of large farmers maximum utilization of KCC (91.66%) was noted as crop insurance followed by reducing cost of accessing credit (88.88%) and utilizing the loan amount for crop purpose (86.11%). In this case also no utilization was observed in full use of KCC for identification purpose. The overall percentage of utilization on various aspects of KCC was 62.67 per cent. The maximum utilization gap (100%) was observed in use of KCC for identification purpose followed by as cash credit (90.27%). The overall utilization gap for different aspects was 37.32 per cent.

To assess whether there were any significant differences among the different categories of the farmers the ‘t’ test was applied and results showed that there were significant differences in utilization level of KCC between small and medium farmers (2.56), medium and large farmers (2.08) and large and small farmers (4.75) at 5 per cent level of probability. There was higher significant difference between large and small farmers and lower significant difference between medium and large farmers. It shows that the Kisan Credit Card was utilized more by medium and large categories of farmers as compared to small farmers.

Extent of overall utilization of Kisan Credit Card by the respondents

On the overall basis maximum percentage of utilization (81.66%) was noted for timely availability of credit followed by reducing cost of accessing credit (80.33%) (Table 3). Singh and Sekhon (2005) reported that 73 per cent of the KCC beneficiaries were satisfied with the present cost of accessing the KCC limit. Whereas minimum percentage of utilization (0%) was

Table 3. Extent of overall utilization of Kisan Credit Card by the farmers

Utilization	MOMS (mean)	OMS (mean)	EU (%)	UG (%)	Rank
Timely availability of credit	3	2.45	81.66	18.33	1
Obtained the loan amount up to maximum allotted limit	3	2.21	73.66	26.33	4
Utilized the loan facilities under KCC for all the crop seasons	3	1.71	57	43	6
Utilized the loan amount for crop purpose	3	1.97	65.66	34.33	5
KCC as identity card	3	0	0	100	8
Benefit as crop insurance	3	2.22	74	26	3
Utilized KCC as a cash credit	3	0.2	6.66	93.33	7
Reducing cost of accessing credit	3	2.41	80.33	19.66	2
Overall	15	13.17	87.8	12.2	

Source: Field survey data

MOMS= Maximum obtainable mean score, OMS= Obtained mean score, EU= Extent of utilization, UG= Utilization gap

observed for full use of KCC for identification purpose followed by utilizing it as a cash credit (6.66%).

The overall percentage of utilization of various aspects about Kisan Credit Card was noted to be 87.8 per cent. The highest percentage of utilization gap (100%) was noted for full use of KCC for identification purposes as an identity card followed by utilizing it as a cash credit (6.66%). The overall utilization gap for different aspects about KCC was observed to be 12.22 per cent.

CONCLUSION

The overall percentage of utilization on various aspects about KCC was recorded to be 87.8 per cent among the respondents. For increasing the utilization of KCC among the farmers focus should be given on educated farmers for increasing the social participation, economic motivation and level of satisfaction about Kisan Credit Card. On the basis of entire finding and observation it can be concluded that KCCs are not only meeting out the credit demand of the farmers but have also been found as a beacon of light for the overall upliftment of the farmers in the study area. Parwate et al (2012) recommended that efforts should be made to popularize the KCC among various categories of the farmers for judicious use of low interest credit in agriculture for increasing the productivity for sustainable development.

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