

Awareness of Features and Advantages of Kisan Credit Card among Its Beneficiaries: A Study of Borbaruah Block With Reference To Assam Gramin Vikash Bank

Satyadeo Prasad sah

Research Scholar (Dibrugarh University)

Abstract

The Kisan Credit Card allows the farmer a very minimum interest rate 8.5 % (3% central government+2%state government+3.5 % cardholders). The KCC provide minimum amount of loan Rs 25,000 and no limit for the maximum. As per the Assam Gramin Vikash Bank concern Rs 5 Lakh has given till now. The cardholders has to pay Rs 45 premium under the personal accident insurance policy may be shared between KCC issuing bank and KCC holder in the ratio of 2:1. The present study is to find out the effectiveness of kisan credit card scheme in Dibrugarh district

1.1 INTRODUCTION:

India is agro based country with nearly 70 % of the population of the country directly or indirectly dependent on agriculture. We know that the importance of credit as an input and positive approach has been adopted by the RBI for ensuring adequate credit flow to the agriculture sector i.e. to the farmer .In spite of several initiative taken by the RBI to improve the delivery credit available to the larger number of farmers particularly the small farmers, a big challenges for the Banking industry. Both RBI and NABARD have taken several measures for the simplification on procedure and designing of innovation credit delivery product could not work due to traditional system of procedure, document adopted by the bank. It was a major task for the banking sector to provide adequate timely and Hassel free credit to the farmers.

As we know that Credit acted as a mean to provide control over resources to enable the farmers for acquire the require capital for increasing agricultural production. It enabled the farmer to go for the short term credit to purchase of input and others services and long term credit of investment purpose. The Kisan Credit Card is not a credit card which we swap, it is a scheme which is introduced by NABARD with the objective of enhancing the flow of credit to rural area and to reduce the dependency of farmers to the non institution source of credit .The NABARD introduced the Kisan Credit Card scheme on august 1998 for short term loan to provide adequate credit for their production, timely loan, cost effective and Hassel free credit support to the farmers. The scheme was implemented across the country through the public sector commercial Banks, Private Banks, Regional Rural Bank and Cooperative Bank.

The target group of Kisan Credit Card includes all categories of farmers and also vulnerable groups i.e. default farmer, tenant farmers and other who have been left outside the fold of Kisan credit card scheme for any reasons and also the new farmers. The Kisan Credit Card scheme include production credit ancillary credit requirement related to crop production and personal

accident insurance of Kisan Credit Card holder. The Kisan Credit Card scheme also provides the crop insurance subject to notified crops is covered under National crop insurance scheme. The purpose of the scheme is to protect the interest of farmers against the loss caused by natural calamities i.e. flood, dry and pest attack etc.

1.1.1 Salient features of the Kisan credit card scheme ³

- All eligible farmers to be provide with a Kisan Credit Card and a pass book.
- Revolving cash credit facility involving any number of drawls and repayments within the Limit.
- Limit to be fixed on the basis of operational land holding, cropping pattern and scale of Finance. Entire production credit needs for full year plus ancillary activities related to crop production to be considered while fixing limit.
- Sub-limits to cover short term, medium term as well as term credit are fixed at the Discretion of banks.
- Card valid for 5 years subject to annual review for enhancement /reduction
- Card can be used as cash credit, any drawls and repayment within the limit.
- Each drawls to be repaid within a maximum period of 12 months.
- Conversion/resettlement of loans also permissible in case of damage to crops due to natural calamities.
- Security, margin, rate of interest, etc. as per RBI norms.
- Operations may be through issuing branch (and also PACS in the case of Cooperative Banks) or through other designated branches at the discretion of Bank.
- Withdrawals through slips/cheques accompanied by card and passbook.

1.2 Review of Literatures:-

1.2.1 Uppal and Janeja (2012) made a study on Kisan Credit Card scheme in India-issues and progress. The researchers had taken a period of 2009 to 2011 form Report on trend and progress of Banking in India. The researchers had taken three type of bank namely co-operative Banks, Regional Rural Bank and commercial Bank in his sample design with the objective of analysis agency and state wise performance of Kisan Credit Card. The study revealed that commercial Bank surpassed other two Bank group in issuing of KCC with an average percentage growth rate of 0.38% whereas Regional Rural Bank with a growth of 0.36% and co-operative Banks 0.23%. The study also revealed that the State/UT like Chandigarh, J&K, Mizoram and Andaman & Nikobar Island has done very well.

1.2.2 Sudhakar and Kabita (2012) in his paper entitled an econometric study of determinants of credit under Kisan Credit Card in Cuttack district of Odisha State. The researchers has in his study had taken 300 sample by using simple random sampling taking 10 farmer of each branch of cuttack district. The study revealed that the KCC provides hassle free access to institutional loans to farmers effectively which resulted in increasing productivity of Paddy crop 13.3% compared to yield of Non-KCC holder. About 17% of the loan under KCC was being used for Non –production purposes. The study also revealed that the Agency wise, sample KCC holder from co-Operative Bank had utilized about 6% of their average loan disbursed for consumption purposes as against 18and 20% in case of both commercial Bank and Regional Rural Bank respectively.

1.2.3. Rao and Sahu (2005) made a study on Kisan Credit Card scheme and IT initiative of Orissa State Co-Operative Bank. The study was conducted through visits to the Head Office Orissa state co-operative Bank at Bhuvneswar and to one District central Co-Operative Bank and two PACS. The study revealed that the prevailing KCC scheme has not envisaged any reward for regular payment. The KCC scheme has ensure timely availability of institutional credit but it has not taken care of the security need of the member. The credit requirement of the farmers for consumption purposes were not address by the Bank. Following a strict time schedule for timely disbursal of loans for production credit is the district features of KCC scheme introduced by the OSCB Offering the cheque facility to the farmers for withdrawing cash has been very successful and needs to be emulated by other Banks.

1.2.4 Ramesh (2012) made a study on effectiveness of Kisan Credit Card scheme in Karnataka state with the objective of assess the impact of KCC and cost of credit. The researcher has taken 50 KCC holder from the DCC. The study revealed that 72% of the crop loan is issued in the form of KCC meeting the credit requirement of the KCC holder to a great extent but not adequate. The study also revealed that the cost and time spent by the borrower. The result indicated that borrowers in PACS spent most time but minimum money for completing sanctions formalities Rs 84.

1.2.5. Anil and Harjinder (2012) made a study on role of co-operative Bank in Agriculture credit. A study based on Chhattisgarh with the objective of performance of Co-Operative banking in respect of agriculture credit and rural development. The study has taken the period of 2009-2010 to 2011-2012. The study revealed that Co-Operative Bank for short term and medium term loan to provide adequate and timely credit support from the banking system in a flexible manner. The cash and good ratio of the scheme is 60:40 maximum limit of KCC is rupee five lakhs 13, 66,514 KCC issued since the scheme introduced.

1.3 Objectives of the Study:-

To study about effectiveness of kisan credit card scheme in dibrugarh district

1.4 Statement of the Problem:-

The Kisan Credit Card is introduced with the objective of adequate and timely credit to rural area and reduced the involvement of Non-institution sources. The card has launched to enhance the farmer production but it has not brought out the positive result due awareness problem. The farmer does not know the usefulness/benefit of the Kisan Credit Card. Due to lack of awareness about features advantages of KCC include Revolving cash credit facility involving any number of drawl and repayment within limit, crop insurance (Notified crop by National Agriculture Insurance Company of India LTD), benefit of personal accident insurance scheme, they are not able to utilized the card properly.

1.5 Research Methodology:-

1.5.1 For the Research Methodology, the researcher has taken both primary data and secondary data. The primary data include list of 79 Kisan Credit Cardholder which has collected from the Assam Gramin Vikash Bank because the Braches comes under the Borbaruah Block and direct personal interview of the Cardholder with the help of schedule. The secondary data has collected

from various Research journals, Books, internet etc. The field survey has been done during the month of September and October 2018.

1.5.2 Sample Design:-

Convenience sampling method is used for the survey of this project. It is very difficult to search every respondent by the list which collected by the Bank because the address of the cardholder in the list collected is resides in remote villages. So the researcher has seen his convenience by using the village which nearest to them. However, the researcher has been careful to ensure that sample covers the entire area of the study.

1.5.3 Area of the Study:-

The researcher has taken the Borbaruah Block of Dibrugarh District for the study which includes both the branches AGVB chowkidingee and Borbaruah. It comprises gaon like Harok Pathar, konwar kherani gaon, kamakhya gaon, Khanikar Gaon, Lakai gaon, Mohmari village Bogibill, Behating Tinali, Kapow Gaon, mattock Gaon, Patra gaon.

1.5.4 Sample Size:-

The researcher has taken 73 respondents out of 730 cardholders who are residing in Borbaruah Block of Dibrugarh District. Due to time and economic constraint it couldn't possible for the researcher to go further.

TABLE: - 1

NUMBER OF KCC HOLDER

SL.NO	GENDER	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENT
1	Male	71	97 %
2	Female	02	03 %

(Source: - field survey)

Interpretation: From the above table 1 it is found that the total number of male cardholders is 97% and female cardholders is 3 %. It shows that the female cardholders are very low as compare to male cardholders as per the list given by the Bank.

TABLE: - 2
MONTHLY INCOMES OF CARDHOLDERS

SL.NO	MONTHLY INCOMES	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENT
1	Rs 0- Rs 5000	54	74 %
2	Rs 5001-Rs 10000	19	26 %
3	Rs 10001-Rs 150001	NIL	NIL
4	Above Rs 15001	NIL	NIL

(Source: - field survey)

Interpretation: From the above table 2 it is found that 74 % of the respondents are income in between Rs 0- Rs 5000 and 26 % of the respondents in between Rs 5001-Rs 10000. No respondent found in between Rs 10001-Rs 15001 and above Rs 15001 category. It shows that the KCC holder have taken the loan because most of cardholders does not have enough income.

TABLE: - 3
DRAWAL OF KCC FROM A BRANCH OTHER THAN ISSUING BRANCH

SL.NO	AWARENESS	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENT
1	Yes	04	5 %
2	No	69	95 %

(Source: - field survey)

Interpretation: From the above table 3, it is found that only 5 % respondents aware about the feature and 95 % do not know about this feature. It shows that most of the respondents do not know about the feature which is related to fully utilization of card. It means that they are not using the properly as per their convenience.

TABLE: - 4

AWARENESS OF REVOLVING CREDIT FACILITY

SL.NO	AWARENESS	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENT
1	Yes	06	8 %
2	No	67	92 %

(Source: - field survey)

Interpretation: From the above table 4 it is found that 8% of the respondents aware about the Revolving Credit facility but 92 % does not aware about the features. It shows that a few respondents use the feature properly but a large number of respondents do not know about the important feature. It means that the respondents not used the card as per their requirement of credit.

TABLE: - 5

AWARENESS OF KCC PROVIDES CROP INSURANCE

SL.NO	AWARENESS	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENT
1	Yes	05	7 %
2	No	68	93 %

(Source: - field survey)

Interpretation: From the above table 5 it is found that only 7 % of the respondents know the crop insurance and 97 % of respondents do not know about the features. It shows that most of the respondents have not known about the feature because only one crop notified in Dibrugarh.

TABLE: - 6

GETTING ADEQUATE CREDIT FROM BANK

SL.NO	ADEQUATE CREDIT	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENT
1	Yes	61	84 %
2	No	12	16 %

(Source: - field survey)

Interpretation: From the above table 6 it is found that 84% of the respondent got the adequate Credit by Bank and 16 % respondent did not get the adequate credit. It shows that most of them got their capital adequately but some of them did not get the adequate credit because the middlemen involved in the KCC loan.

TABLE: - 7

GETTING TIMELY CREDIT FROM BANK

SL.NO	TIMELY CREDIT	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENT
1	Yes	62	85 %
2	No	11	15 %

(Source: - field survey)

Interpretation: From the above table number 7 it is found that 85 % of the respondents got the loan timely and rest 15 % did not get loan timely. It shows that most of them got their capital timely but some of them did not get the timely credit because management of liquidity is poor in the Bank and middlemen involved in the KCC loan.

1.6 Findings of the Study:-

- It is observed from table 1 the total number of male cardholder is 97% and female cardholder is 3 %. It means that the female cardholder is very low as compare to male cardholder as per the list given by the Bank.
- It is observed from table 2 that 74 % of the respondents are income in between Rs 0- Rs 5000 and 26 % of the respondents in between Rs 5001-Rs 10000. No respondent found in between Rs 10001-Rs 15001 and above Rs 15001 category. It shows that the KCC holder have taken the loan because most of cardholders does not have enough income.
- It is observed from table 3 that only 5 % respondents aware about the feature and 95 % do not know about this feature. It shows that most of the respondents do not know about the feature which is related to fully utilization of card. It means that they are not using the properly as per their convenience.

- It is observed from table 4 that only 7 % of the respondents know the crop insurance and 97 % of respondents do not know about the features. It shows that most of the respondents have not known about the feature because only one crop notified in Dibrugarh
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1.7 Conclusion:-

The Kisan Credit Card is an important initiative taken by the Government of India and NABARD to provide the financial support. The aim of the KCC is to reduce the Non-institutional sources. The card provides the KCC holder to a low interest loan for their cultivation. The KCC play an important role to provide adequate and timely credit to the farmer. It is concluded that the farmer of the Borbaruah block have not aware about the important features of the Kisan Credit Card and scheme showing less effectiveness in Dibrugarh District. They are not able to utilize the Kisan Credit Card properly due to lack of awareness. If the Bank effectively implements the financial literacy program then the problem of awareness can be minimized.

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