

International Journal of Agriculture Extension and Social Development

Volume 7; SP-Issue 10; October 2024; Page No. 120-124

Received: 22-08-2024
Accepted: 26-09-2024

Indexed Journal
Peer Reviewed Journal

Utilization pattern of Kisan Credit Card (KCC) among the farmers of Prayagraj district of Uttar Pradesh (U.P.)

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DOI: <https://doi.org/10.33545/26180723.2024.v7.i10Sb.1260>

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Abstract

The rural credit system in India has been instrumental in enhancing production and stimulating investment in agriculture. The rural credit system has to play an important role in this transformation phase and has to face the challenges of supporting the credit requirement of higher order and diverse type for both production and investment purpose. The instrument of Kisan Credit Card (KCC) is one of the key products to improve farmers' accessibility to bank credit, simplify credit delivery mechanism and provide more flexibility in the use of credit. Hence, the present study was conducted in Prayagraj district of state of Uttar Pradesh to understand the perceived utility of Kisan Credit Card scheme among the farmers. Prayagraj District was selected purposively and a total of 121 respondents were selected for the present study from Jasra block of Prayagraj. The study inferred that majority of respondents belong to various socio-economic profiles. Most of the respondents fall within age of 36-55 years (52.06%) having highest male respondents (90.08%) belongs to general category (45.45%), have family size above 5 member (57.85%), having joint family type (57.85%), have education (77.69%), exclusively engaged in only farming (74.38%), having income upto 2-3 lakh (52.23%). and (40.49%) of the respondents come under the low category followed by medium category (23.14%). Majority of the respondents (65.28%) belong to medium category followed by 18.18 percent of the respondents who belong under low category as for as utility of the KCC is concerned. Variables namely Annual income, social participation, Economic orientation and Risk orientation are found to have significant correlation at 0.5 percent level of significance.

Keywords: Utilization, Kisan Credit Card and farmers

Introduction

Agriculture sector is the mainstream of Indian economy and the most important sector of the Indian Economy. Over a period of time share of agriculture in Indian economy has decrease but still it contributes around 17.7 percent at current price in year 2024. The Economic Survey 2023- 24 states that the agriculture sector provides livelihood support to about 42.3% of the population. The current growth rate in agriculture in year 2023-2024 is around 1.4 percent which is sharp drop from the 4.7 percent growth rate in year 2022-23. Therefore; the sustainable development of agriculture is the most important for acceleration in the Indian economy (Ahlawat and Singh 2020) ^[1]. For ensuring sustainable growth in agriculture adequate and timely supply of credit facilities to farmers is of utmost important besides others factors such ensuring good quality seeds, irrigation facilities, plant protection measures and efficient extension and advisory services. The Kisan Credit Card scheme introduced in the year 1998 with the objective of fulfillment of agriculture the credit requirement of the farmers in a timely and hassle-free manner for raising agricultural

production. Agricultural credit has a direct relationship with income level, farm productivity, and agriculture development. With better credit facilities, farmers can invest more in acquiring better quality inputs like seeds, fertilizers, advanced farm machinery like laser land levelers, solar pumps, etc. Better qualities of inputs and advanced technologies with adequate facilities of credit in turn result in an increase in farmers' income and the country's prosperity (Sonia *et al.* 2022) ^[7]. The scheme is being implemented in the entire country by the credit institutional bank involving Commercial Banks, Rural Regional banks and Co-operative bank and has received wide acceptability amongst bankers and farmers (Nishad *et al.* 2018) ^[5]. Kisan Credit Card is a simple card-cum-passbook. The beneficiaries under the scheme are issued a credit card and a pass book or a credit card cum passbook incorporating the name, address, particulars of land holding, borrowing limit, validity period, etc. which serves both as an identity card as well as facilitate recording of the transactions on an ongoing basis (Parwate *et al.* 2012) ^[6].

The structure of agriculture credit in India comprises commercial banks, regional rural banks and cooperative banks. The scheme Kisan credit card was conceptualized and started in order to provide timely and hassle free credit for the production requirements of the farmers. The main purpose of the scheme was to meet the production as well as consumption needs of the farmers. It facilitates in providing financial assistance to the farmers to meet their credit needs in relation to production, consumption as well as other allied activities throughout the year as and when required. (Kaur *et al.* 2023) ^[2]. Co-operative banks play a significant role in the development of agriculture sector because their national objective was to eliminate exploitations of the farmers by the money lenders by providing agricultural credit at cheaper rates of interest. (Tiwari 2018) ^[9] The Kisan Credit Card has been further simplified and converted into Automated Teller Machine (ATM) enabled debit card, with, inter alia, facilities of one-time documentation, built-in cost escalation in the limit, any number of draws within the limit, etc. From the year 2018-19, GoI introduced KCC scheme for Animal Husbandry and Fisheries to provide short-term working capital loans to Animal Husbandry and Fish farmers. There are approximately 7.34 Crores operative KCC holders with outstanding amount of 8.85 Lakh Crores as on 31.3.2023. The Government of India launched the "Ghar Ghar KCC Abhiyan" campaign from October 1, 2023 to December 31, 2023 to provide KCCs to eligible non-KCC holder PM-KISAN beneficiaries. Agriculture is the most important aspect of Uttar Pradesh's Economy. Uttar Pradesh is known as one of the top producers of goods and services all over the Country. Agriculture is the primary contributor to Uttar Pradesh's economy, accounting for 24% of the state's primary sector. Uttar Pradesh is major producer of rice, wheat, sugarcane, potato and largest producer of vegetables in country. Despite this average income from the farming remains low because of the prevalence of small and marginal farmers and relatively low productivity. Improvement in the issuance of credit facilities has contributed significantly in ensuring high growth rate in agriculture 10 percent in 2022-23 at current price. In financial year 2022, over 10 million credit cards were operative under the Kisan Credit Card Scheme in the Indian state of Uttar Pradesh. It was followed by Maharashtra and Andhra Pradesh with 6.9 million and 6.2 million cards respectively. Keeping all this in mind a study was planned to study various aspects of the Kisan Credit Card (KCC) scheme and its utilization pattern among the farmers of Prayagraj district of state of Uttar Pradesh.

Research Methodology

The present study was conducted in Prayagraj district of Uttar Pradesh. Prayagraj district was selected purposively since district is dominated by agriculture and majority of the

farmers used agriculture credit particularly KCC. Jasra Blcok were selected from the Prayagraj district purposively for the present study. Seven village were selected purposively as maximum farmers were using kisan credit card. Proportionate random sample were used to select the respondents and the total sample size was 121. To measure utility of Kisan Credit Card a schedule was developed. The respondents were asked to express their level of agreement about the statement on a 3 point continuum *i.e* agree, undecided and disagree used with the scoring of 3,2,1 respectively. Utility were grouped into three categories as low, medium and high using mean and standard deviation as measure of check. Other aspects of utilization pattern such amount used by the farmers under KCC, Purposes for credit utilization were also measured.

Objectives

- 1) To assess the socio-economic profile of the respondents.
- 2) To determine utilization of Kisan Credit Card (KCC) among the respondents.

Results and Discussion

Data presented in the Table 1 revealed that majority of the respondents (52.06%) belong to middle age group followed by the young respondent (28.09%) and old age group (19.83%). The study also reports that 90.08 percent respondents were male while 9.08 were female. Around 37 percent of the respondent comes under high category as for credit utilization is concerned. Around 45 percent of the respondent belongs to general community followed by 32.23 percent who belong to other back ward community (OBC). Around 57.85 percent respondents belong to joint family followed by 45.15 percent nuclear family. Around 25 percent of the respondents have high school education followed by 11.57 percent respondent intermediate followed by five percent respondent who had graduation. Majority of the respondents 66.12 percent belongs to small farmer category followed by medium (26.45%) and large farming category (7.43%). Around 44 percent of the respondents found to have no social participation followed by 39 percent who had participated in one social organization.

A perusal of data from table 2 indicated that 4.13 percent of the farmers were taking credit for up to 3 month duration while around fifteen percent of the people were taking credit for duration ranging from 3 to 6 months. 33.05 percent of the respondents were using credit for duration of one to two year. Around 10.74 percent of the farmers were taking credit for duration up to 3 years while 16.52 percent of the farmers were using credit for duration of 2 to 3 years. Similar findings is also reported by Sharma and Saini (2013) ^[10].

Table 1: Socio-economic profile of the respondents. (N=121)

S. No	Variable	Frequency	Percentage
1	Age		
	Young (Up to 35)	34	28.09
	Middle (36-55)	63	52.06
	Old (>55)	24	19.83
2.	Gender		
	Male	109	90.08
	Female	12	9.92
3	Caste		
	General	55	45.45
	Other Backward (OBC)	39	32.23
	Scheduled Caste (SC)	27	22.32
4	Types of Family		
	Joint family	70	57.85
	Nuclear family	51	42.15
5	Size of Family		
	Up to 5 members	50	41.33
	Above 5 members	71	58.67
6	Housing Type		
	Hut	02	1.65
	Semi Cemented	21	17.35
	Cemented	98	80.99
7	Education		
	Illiterate	27	22.31
	Primary	44	36.36
	High School	30	24.79
	Intermediate	14	11.57
	UG	5	4.13
8	Size of Land Holding		
	Small (1 to 2 ha.)	80	66.12
	Medium (2 to 4 ha.)	32	26.45
	Large (4 ha. & above)	9	7.43
9	Occupation		
	Only farming	90	74.38
	Farming +business	13	10.74
	Farming +Services	04	3.31
	Farming + Others	14	11.57
10	Annual Income		
	Up to 1.0 lakh	16	13.22
	1 to 2 lakh	20	16.52
	2-3 lakh	62	52.23
	Above 3 lakh	23	19.00
11	Social Participation		
	No participation	53	43.80
	Participation in one organization	48	39.66
	Participation in two organization	17	14.04
	Participation in more than two organization	03	2.48
12	Economic Orientation		
	Low (< 11.20)	22	18.18
	Medium (11.20-15.20)	78	64.46
	High (>15.20)	21	17.35
13.	Risk Orientation		
	Low (<11.09)	31	25.61
	Medium (11.09-15.21)	75	61.98
	High (>15.21)	11	9.09

Table 2: Distribution of respondents according to duration for which credit utilized through Kisan Credit Card. (N=121)

S. No	Category	Frequency	Percentage
1	Up to 3 Month	05	4.13
2	3 to 6 Month	18	14.87
3	One year	24	19.83
4	1 to 2 years	40	33.05
5	2 to 3 years	20	16.52
6	> 3 years	13	10.74
Total		121	100.00

Table 3: Distribution of respondents according to purposes for which credit is utilized under Kisan Credit Card (KCC). (N=121)

S. No	Category	Frequency	Percentage
1.	Preparation of field & Land development	22	18.18
2.	Purchase of seeds	35	28.92
3.	Purchases of fertilizer and plant protection measures	18	14.87
4.	Hiring of labour for field operations	17	14.04
5.	Domestic & family expenditure	13	10.74
6.	Marketing and transportations of crop produce to market	09	7.43
7.	Repair and maintenance of farm equipments & tools	07	5.78
	Total	121	100.00

An analysis of data from table 3 suggested that 18.18 percent of the people were using credit amount for the purpose of preparation of agricultural field & land development while 28.92 percent of the farmers used credit for the purpose of purchase of good quality of seeds for different crops. Approximately 15 percent of the respondents used credited amount under Kisan Credit Card

(KCC) for the purpose of purchasing of fertilizers and other plant protection measures such as pesticides and herbicides. Around fourteen percent of the farmers from study area suggested to use credited amount for the purpose of hiring labour for agricultural operations. Similar results observed by Singh *et al.* (2020) ^[8].

Table: 4. Distribution of respondents according to their perceived utility of KCC. (N=121)

S. No	Utility	FU		PU		NU	
		f	%	f	%	f	%
1.	Utilized the loan facilities under KCC For all the cropping season.	79	65.28	37	30.57	5	4.13
2.	Full use of KCC for identification Purpose as an identity card.	14	11.57	19	15.70	88	72.72
3.	Utilization the KCC benefits for crop Insurance.	19	15.70	61	50.41	41	33.88
4.	Operation of various agriculture allied activities.	31	25.61	49	40.49	41	33.88
5.	Utilized whole amount of loan in the Purpose for which it was drawn/obtain.	102	84.29	17	14.04	02	1.65
6.	Duration of utilizing credit	120	99.17	1	0.82	00.00	00
7.	Utilized to save in interest.	96	79.33	21	17.35	4	3.30
8.	Utilization of crop production activities	91	75.20	7	5.78	21	17.35
9.	Increase in saving through Kisan Credit Card	96	79.33	5	4.13	20	16.52
10.	Increase in income through Kisan Credit Card	102	84.29	4	3.30	15	12.39
11.	The extent utilized amount as credit.	91	75.20	25	20.66	5	4.13
12.	Purchasing of fodder	10	8.26	16	13.22	95	78.51
13.	Family consumption	4	3.30	16	13.22	101	83.47
14.	Have you full utilized for the purpose	51	42.14	49	40.49	21	17.35

Table 5: Utility of Kisan Credit Card (KCC) by Farmers. (N=121)

S. No.	Level of Utility	Frequency	Percentage
1.	Low (<23.40)	22	18.18
2	Medium (23.40-33.20)	79	65.28
3.	High (>33.20)	20	16.52
	Total	121	100.00

As for as utility of Kisan Credit Card was concerned results from the table 5 stated that majority of the respondents (65.28%) belong to medium category followed by 18.18 percent of the respondents who belong under low category. Around seventeen percent (16.52%) respondents belong to high category as for as utility of KCC were concerned. Similar findings is also reported by Kumar and Singh (2015) ^[11].

Table 6: Association between selected independent variables utility of Kisan Credit Card (KCC). (N=121)

S. No.	Variables	Pearson Correlation coefficient
1.	Age	0.106
2.	Gender	-0.163
3.	Caste	-0.044
4	Family size	0.368**
5	Family type	0.450**
6.	Education	0.138
7.	Occupation	0.149
8.	House type	0.060
9.	Size of land holding	0.057
10.	Annual income	0.234*
11.	Social Participation	0.154*
12.	Economic motivation	0.586*
13.	Risk orientation	0.194*

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The findings from the table 6 shows the relation of the socio-economic and psychological variables with the utility of the Kisan Credit Card (KCC) among farmers, based on Pearson correlation coefficients, aligns with similar findings from past research in rural credit utilization, farm economics, and agricultural development. Variables namely Annual income, social participation, Economic orientation and Risk orientation are found to have significant correlation at 0.5 percent level of significance while family type and family size found to be significantly co-related at 0.1 level of significance. Similar finding were also reported in study on KCC by Boora *et al.* (2023)^[2].

Conclusion

It is concluded that majority (52.06%) of the respondents belong to middle age group followed by young age group (28.09%) while most of the respondents (90.08%) were male as for gender is concerned. In terms of social background of the respondents 45.45 percent were belong to general community followed by 32 percent of the other back word community. Around 66 percent of the KCC holders belong to small farming community and only about 7 percent belong to large farming family. Thirty three percent of the respondents were using credit for duration of one to two year. Around 10.74 percent of the farmers were taking credit for duration up to 3 years. It was also found that 40.49 percent of the respondents come under the low category followed by medium category (23.14%). Majority of the respondents (65.28%) belong to medium category followed by 18.18 percent of the respondents who belong under low category as for as utility of the KCC is concerned. Variables namely annual income, social participation, economic orientation and risk orientation are found to have significant correlation at 0.5 percent level of significance.

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