

EFFECTIVENESS OF KISAN CREDIT CARD SCHEME IN DIBRUGARH DISTRICT WITH SPECIAL REFERENCES TO ASSAM GRAMIN VIKASH BANK

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Abstract

The Kisan Credit Card is a scheme which gives the farmer to adequate and timely Credit. The NABARD has taken the initiative with objective of enhancing the flow of Credit to the rural area and reduced the dependency of farmer to Non institutional sources. The KCC provide the loan to the farmer a low interest rate 8.5 % (3 % central Government +2 % State Government + 3.5 % cardholders). There are many features and advantages of KCC which include Revolving Cash Credit facility, 5 year validity of card subject to annual review, freedom of repayment, timely and adequate Credit, crop insurance and personal accident insurance. The cardholders do not aware about most features and advantage. This is the main reason that cardholders do not able to utilize the card properly. The present study has taken to find out the awareness of features and advantages of Kisan Credit Card among its beneficiaries. The basic objectives of the study are to find out the awareness of cardholders regarding features and advantages of Kisan Credit Card and problem faced by the cardholders while utilizing the card.

Keywords: Kisan credit card, NABARD

1.1 INTRODUCTION:

Agriculture credit played a very important role in development of agriculture production. Agriculture credit dispensation system for agriculture in India has only a brief history starting with setting up of co-operative credit society in 1904 almost entire credit requirement of the farming community was met by informal money lending sources till 1950s. The recommendation of All India Rural Credit survey Committee (1951-54) has laid the foundation of the institutional framework which include rebuilding of co-operatives at all level, co-operative marketing and multipurpose societies at larger level etc. in 1969 the nationalization of commercial Banks and emergence of Regional Rural Banks in 1975 gave a wider reach to the short –term credit delivery system in the country. In 1982 the government of India set up NABARD with the objectives of providing credit for promotion of agriculture. It is played a central role in providing financial assistance facilitating institutional development encouraging promotional efforts in area of rural credit. In 1998, R. V. Gupta committee recommended for rural credit delivery system to strengthen the productivity and efficiency. In his Budget Speech for the year 1998-99, the Union Minister of Finance had announced the scheme for issuing Kisan Credit Cards (KCC) to farmers by the banks on the basis of their land holdings so that the farmers may use them readily to purchase agricultural inputs such as seeds, fertilizers, pesticides etc. and also to draw cash for their production needs including the credit requirements for the ancillary activities related to crop production such as maintenance of agricultural machinery/implements, electricity charges etc.

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.

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.

As per the report published in potential credit linked plan, 1104, 2569, 3017, 3423, 2906, 3505, 3760, 13,163 & 13,910 number of card were issued by the various Bank branches during the year 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 respectively against the total 1,51,342 from families in Dibrugarh district. In the financial year 2012-13 the Assam Gramin Vikash Bank has the target of 4300 cardholders whereas they have sponsored 3530 cardholders. Among them 2159 cardholders has sanctioned the amount of Rs 607.39 crore.

1.2 Review of Literatures:-

1.2.1 Balaji (2010) made a study on role of Kisan Credit Cards in the benefit of small farmers with the objective of analysis of state wise performance of co- operative and commercial Bank in term of issuing Kisan Credit Card .The researcher revealed that only Andhra Pradesh has covered more than 50% of its farmers. The performance of the state like Gujrat, Haryana, Orissa, Maharastra, Rajasthan and Punjab may be regarded as moderate. The study also revealed that the RRB had issued 4.05 Lakh card and achieving 81.2% of the annual target whereas the commercial and co-operative Banks targets was very high compared to RRB respectively 56%,46.1%.

1.2.2 Diwas et al (2012) made a case study on Progress and Performance of Kisan Credit Card scheme in Bihar with the objective of progress and impact of KCC scheme on the farm economy .The researcher collected 60 KCC beneficiaries and 60 Non-beneficiaries farmers in Samastipur.The study resulted that the Performance in Bihar has been good as is revealed from the growth rate for number of card issued 11.4% and amount advanced 31.7% and amount per KCC account has increased by more than four times from Rs 12,917 Lakh in Rs 58,060 Lakh.

1.2.3 Thakur and Barman (2013) made a study on Reason for poor performance of disbursement of KCC and recovery of loan under the scheme in Assam. They collected 25 KCC beneficiaries and 25 Non-beneficiaries randomly in three District Jorhat, Sibsagar and Golaghat.The study revealed that most of the farmers who apply for KCC loans from the bank are either tenant farmers or sharecropper or lessee. They cannot produce relevant document for availing a higher loan amount. The study also found that due to recovery of disbursement of KCC loan many banks avoid to disburse fresh KCC loans. Due to avoid the paper works and formalities of banks and to get the credit at the time of need, many farmers in rural areas depend upon the money lenders irrespective of their higher interest charge.

1.2.4 Areendam (2012) in his study Evaluating the kisan credit card in Bihar and India.They had taken a period of 2005-06 to 2009-10 from Reserve Bank of India annual trend and progress of Banking in India.The study revealed that the growth rate in GDP is considerable variation ranging from 3.3% (Jammu and Kashmir) to 11.8% (Uttarakhand). Bihar has average growth during this period is half a percentage

point higher than India. However, the state like Maharastra grew at 10% while Bihar, it seems that the growth miracle happened despite of zero agriculture growth.

1.3 Objectives of the Study:-

The study was conducted with the following objectives

- a) To study about awareness of features and advantages of Kisan Credit Card among its beneficiaries.
- b) To study about the practical problem faced while utilization of Kisan Credit Card holder.

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

MEDIUM OF AWARENESS ABOUT KISAN CREDIT CARD

SL.NO	MEDIUM	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENT
1	Friends	03	4 %
2	Relatives	05	7 %
3	Agriculture Officer	NIL	NIL
4	Bank Employee	65	89 %
5	Television	NIL	NIL
6	Radio	NIL	NIL
7	Others	NIL	NIL

(Source: - field survey)

Interpretation: From the above table 2 it is found that 89 % come to know about the KCC by Bank employee, 4% respondents know from friends and 7% respondents know about the KCC though relatives. No respondents know thorough agriculture officer, television, Radio and other medium of communication. It shows that most of the respondents know through Bank employee but agriculture department has not taken effective initiative regarding awareness of KCC.

TABLE: - 3

AWARENESS OF KISAN CREDIT CARD

FACTORS	YES	% of respondents	NO	% of respondent
revolving credit facility	06	8%	67	92%
issuing KCC for 5 years	73	100%	NIL	NIL
provides crop insurance	05	7%	68	93%
personal accident insurance	73	100%	NIL	NIL

(Source: - field survey)

Interpretation: From the above table 3 it is found that 8% of the respondents aware about the Revolving Credit facility but 92 % does not aware about the features. all the respondents aware that the Kisan Credit Card issue for 5 years. 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. % respondents know the personal accident insurance.

TABLE: - 4

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 4 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: - 5

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 5 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 that 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 that 89 % come to know about the KCC by Bank employee, 4% respondents know from friends and 7% respondents know about the KCC through relatives. No respondents know thorough agriculture officer, television, Radio and other medium of communication. Most of the respondents know through Bank employee but agriculture department has not taken effective initiative regarding awareness of KCC.
- It is observed from table that 8% of the respondents aware about the Revolving Credit facility but 92 % does not aware about the features. Only few respondents used 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.
- It is observed that all the respondents aware that the Kisan Credit Card issue for 5 years. The respondents know this feature and it will help the respondents to apply the next loan with their past performances of repayment of loan.
- It is observed from that only 7 % of the respondents know the crop insurance and 97 % of respondent does not know about the features. Most of the respondents have not known about the feature because it is not mandatory in the card and only one crop notified in Dibrugarh.
- It is observed that the 100 % respondents know the personal accident insurance. All the respondents are aware about this features and it will help them to cover against the accident death if anything happened in future their family will get the accident insurance benefit.
- It is observed that 85 % of the respondents got the loan timely and rest 15 % did not get loan timely. 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.

1.7 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. 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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