CHAPTER -3

Performance of Kisan Credit Card Holders

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PERFORMANCE OF KISAN CREDIT CARD HOLDERS

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3.1 Introduction:

The Kisan Credit Card is one of the most important scheme in India than any other banking instruments. KCC scheme was introduced in August-1998 by the National Bank for Agriculture and Rural Development (NABARD). This scheme was started on 4th June- 2007 in Kolhapur District Central Cooperative Bank (KDCCBs) through selected Mini Kisan Banks from various Taluka's in Kolhapur district.

The Primary Agricultural Cooperative Societies (PACS) are supplying Kisan Credit Card to their members. They supply credit through various types of loan.

They are as follows.

- 1) Short term credit
- 2) Medium term credit
- 3) Long term credit

Mini Kisan Banks supply crop loan on Kisan Credit Cards to the farmers. The rate of interest of Mini Kisan Banks is 6% and the period of refund of crop loan is one year.

In order to study progress of KCC holders, questionnaire was administrated to Mini Kisan Banks (PACS) and members of the MKBs. As started earlier 10 MKBs and 100 members of MKBs. (i. e. 10 members for each MKBs) were selected.

3.2 Working on Mini Kisan Banks (PACS):

The KCC scheme launched with resolution dated 4-6-2007 and the same was implemented for Khariff season and Rabi season of 2007-2008. The resolution was accepted for 10 banks on experimental basis. The KCC scheme was involved scope, selection of beneficiaries, loan limit, sanction

and its repayment. The eligible member of borrows and repays the loan regularly.

3.2.1 General Information of Selected Mini Kisan Banks:

In order to provide adequate and timely credit support to the farmers, KCC scheme was launched in selected 10 MKBs (PACS) of Kolhapur district. Further procedural delays in getting the credit and sanctioning the loan are removed by adopting such scheme.

The objective was to provide loans to purchase agricultural inputs such as seeds, fertilizers, pesticides and also withdraw some cash meeting their production requirements. Hence, the scheme was adopted in the MKBs.

Table 3.1 shows that, ten MKBs were selected from the Kolhapur district at random. There were 9604 members of which 4737 (49.32 per cent) were KCC members. It means nearly half of the members belong to KCC members. Moreover, MKBs like Kedarling Vividha Karyakari Sahakari Sanstha, Chuye, Janseva Vividha Karyakari Sahakari Sanstha, Padali.Kh, and Rajarshi Shahu Vividha Karyakari Sahakari Sanstha, Padali Bk, the KCC members to the total members was 100 per cent, 79.12 per cent and 72.50 per cent respectively. Whereas, the KCC members of Krishisadhana Vividha Karyakari Sahakari Sanstha, Kurunwad, Bhausaheb Chougale Vividha Karyakri Sahakari Sanstha, Abdul-lat and Amrapur Vividha Karykari Sahakari Sanstha, Abdul-lat and Amrapur Vividha Karykari Sahakari Sanstha, Aurwad was below 35 per cent of the total membership. The average limit of the loan per acre was Rs. 13,750.

Table No. 3.1

General Information of MKBs (PACS)

		·			,			r		,		
Per acre Ioan (In Rs.)	12,000	17,500	13,000	13,000	16,000	12,000	10,000	17,000	15,000	12,000	137500	13750
Total Loan Supply (In Rs.)	.51,34,755	1,00,00,000	65,27,000	1,45,00,000	53,86,821	81,72,890	.78,80,000	44,74,000	30,74,000	82,00,000	65231466	6523146.6
Percentage of KCC Members	25.42	34.06	32.88	50.26	72.50	79.12	100	52.51	53.41	52.21	49.32%	•
Members of KCC (In. No.)	228	640	242	857	451	451	400	480	258	730	4737	473.7
Total Membership (In No's)	897	1879	736	1705	622	570	400	914	483	1398	9604	960.4
Taluka	Shirol	Shirol	Shirol	Shirol	Karveer	Karveer	Karveer	H.Kanangle	Panhala	Gadhinglaj	10	1
Village	Kurundwad	Abdul lat.	Aurwad	Udgaon	Padali Bk.	Padali Kh.	Chuye	Nagaon	Kodoli	Hebbal	10	
Name of MKBs	Krishisadhana Vividha Karyakari Sahakari Sanstha, Kurundwad.	Bhausaheb Chougale Vividha Karyakari Sahakari Sanstha,Abdul-lat	Amarapur Vividha Karyakari Sahakari Sanstha, Aurwad	Udgon Vividha Karyakari Sahakari Sanstha, Udagoan	Ragarshi Shahu Vividha Karyakari Sahakari Sanstha,, Padali Bk.	Janseva Vividha Karyakari Sahakari Sanstha, Padali Kh.	Kedarling Vividha Karyakari Sahakari Sanstha, Chuye	Nagaon Vividha Karyakari Sahakari Sanstha, Nagaon	Matrulbhumi Vividha Karyakari Sahakari Sanstha, Kodoli	Ramling Vividha Karyakari Sahakari Sanstha, Hebbel	Total	Average
Sr. No.	-	2	3	4	က	ဖ	7	ω	တ	10		

Source- Annual Report of MKBs 2007-2008

3.3 Classification of Loan Sanctioned Under the Size of Land:

Land resource is the most crucial natural wealth of the country. Its proper utilization is a matter of concern to the people. The utilization of the land according to its use ensures that this resource is utilized for the best advantage. Basically, MKBs have sanctioned loans on the basis size of land and its fertility. It is illustrated in Table 3.2.

Table No. 3.2

Distribution of Loan Sanctioned Under the Size of Land
(1 to 10 Hectares)

Sr. No.	Sanctioned Ioan (In Rs.)	No. of MKBs	Percentage
1	25,000 – 50,000	5	50.0
2	50,000 – 75,000	2	20.0
3	75,000 – 1 Lakh	1	10.0
4	1 Lakh – 1.25 Lakh	1	10.0
5	1.25 Lakh - 1.50 Lakh	1	10.0
	Total	10	100.0

Source: Field work

Table 3.2 indicates that loan sanctioned by MKBs. Out of 10, (50 per cent) MKBs sanctioned the loan in the range of Rs. 25000 - Rs.50000. Whereas, remaining MKBs sanctioned the loan of Rs. 50,000 and above. Owners of large size of the holding received larger amount as compare to small farmers.

3.4 Criteria of Mini Kisan Banks for KCC Holders:

In this case member should be a land holder. But it is necessary to give more preference to good track record for the last two years and maximum preference to member should have a land holder.

Table No. 3.3
Criteria of MKBs for KCC Holders.

Sr. No.	Particulars	No. of MKBs. (N=10)	Percentage
1	Regular membership	8	80.0
2	Good track recorded	5	50.0
3	Member should be a land holder	10	100.0

Note- Multiple choice was permitted.

N= No. of total MKBs

Table 3.3 indicates that, 8 MKBs were followed the criteria of regular membership (80 per cent), 5 MKBs the criteria of the good track record from last two years (50 per cent), 10 MKBs used the criteria of land holding (100 per cent).

3.5 Effects of KCC Scheme on MKBs:

There were many positive effects observed in the process of loan distribution and loan recovery. The respondents were classified into seven groups. Multiple choice was permitted. At the time of installation of KCC, the PACS were disinterested in such schemes. Since recovery and loan access was not suitable to the MKBs. However, operational doubts were removed in the corresponding mechanisms. The responses are classified in Table 3.4

Table 3.4 indicates that, effects of KCC scheme on MKBs. Out of total MKBs,50 per cent MKBs expressed the simplicity in the working process, 60 per cent expressed suitability to the limit of sanctioned loan, 30 per cent MKBs feel accessible to land size and loan distribution. Only 1 MKBs (10 Per cent) responded that the net profits can be increased.

Table No. 3.4
Effects of KCC Scheme on MKBs

Sr. No.	Particulars	No. of MKBs (N=10)	Percentage
1	Easy to loan recovery	4	40.0
2	Simplify the loan distribution	5	50.0
3	Possible to distribute the loan on land according to size wise	3	30.0
4	Simplify the working process	5	50.0
5	Increases the net profits	1	10.0
6	Suitable to limit of the sanctioned loan	6	60.0
7	Easy and accessible for loan	5	50.0

Note - Multiple choice was permitted.

N = No. of total MKBs.

3.6 Problems Faced by Mini Kisan Banks:

There are many operational problems faced by MKBs like inadequate capital, difficult processing and problems of loan recovery. The problems are classified in Table 3.5

Table No. 3.5

Problems of MKBs

Sr. No.	Particulars	No. of MKBs N=10	Percentage
1	Inadequate Capital	8	80.0
2	Difficult processes	3	30.0
3	Problems of loan recovery	10	100.0

Note – Multiple choices permitted.

N= No. of total MKBs

Table 3.5 shows that, out of total MKBs. 10 MKBs were having problem of loan recovery (100 per cent). Whereas 8 MKBs facing inadequate capital on the loan distribution. It was major problem to the MKBs, 30 per cent Mini Kisan Banks were facing the problem of difficulty in processing the loan application.

3.7 Performance of KCC Holders:

Kisan Credit Card Scheme plays a very vital role in providing crop loan to the farmers. The scheme provides timely and adequate credit facility to the farmers. These loans help the formers in purchasing seeds, pesticides, fertilizers etc. and further it leads to increase in the production of the farmers. Minimum documents are required to gain the benefits of this loan. MKBs provide 60 per cent loan in cash and 40 per cent loan in kind. In brief, we can say that, the scheme is very useful for the farmers, but more efforts should be made by the Government and Banks in implementing the scheme.

Following section deals with general information of farmers as well as how they use the credit card; because the farmers can purchase seeds, fertilizers, pesticides etc. through KCC. The explanation is given in following tables from Table 3.6 to Table 3.15.

3.7.1 Taluka wise Classification of KCC Holders:

The Kolhapur District Central Cooperative Banks is implementing the scheme. The economic condition of the KCC holders is improving. Taluka wise performance data is given in Table 3.6

Table No.3.6
Taluka wise Distribution of KCC Holders

Sr. No.	Name of Taluka	No. of Farmers	Percentage
1	Shirol	40	40.0
2	Karveer	30	30.0
3	Hatkanangle	10	10.0
4	Panhala	10	10.0
5	Gadhinglaj	10	10.0
	Total	100	100.0

Taluka wise Classification of KCC Holders

Gadhinglaj Shirol 40%

Hatkanangle 10%

Hatkanangle Panhala Gadhinglaj Shirol Gadhinglaj

Chart No.3.1

Table 3.6 and pie Chart reveals that, out of total 100 KCC samples; 40 farmers were from Shirol taluka (40 per cent), 30 from Karveer taluka (30 per cent), and 10 per cent farmers belongs to Hatkanangle, Panhala and Gadhinglaj talukas respectively. Larger benefits were received by the farmers of Shirol talula (40 per cent). It means the spread of KCC is not uniform.

3.7.2 Age wise Classification of KCC Holders:

Age is the most important parameter which plays vital role in the occupation. Hence, the KCC holders were classified on the basis of age and are presented as follows

Table No. 3.7

Age wise Classification of KCC Respondents

Sr. No.	Age group	No. of Farmers	Percentage
1	25 to 35 years	10	10.0
2	36 to 45 years	27	27.0
. 3	46 to 55 years	28	28.0
4	56 to 65 years	23	23.0
5	Above 66 years	12	12.0
	Total	100	100.0

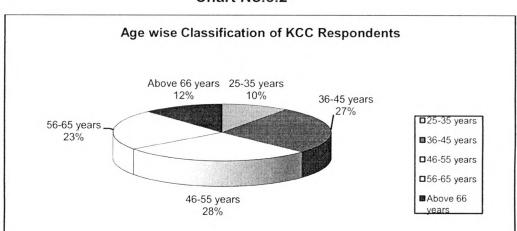


Chart No.3.2

Table 3.7 and pie chart 3.2 indicates that, 10 farmers were in the age group of 25 to 35 years (10 per cent), 27 were in 36 to 45 years of age group (27 per cent), 28 farmers were in the age group of 46 to 55 years (28 per cent), 23 KCC holders belong to in the age group of 56 to 65 years, and only 12 per cent KCC holders were in the age group of above 66 years, Most of the KCC holders belongs to 36 to 45 years and 46 to 55 years of age group.

3.7.3 Education Level of KCC Holders:

Education is most significant parameters in human life, which can change the human life. The level of education is grouped in various categories like1-7th (Primary school), 8-10th (High-School), 11-12th (Higher-secondary) and graduation. The response of KCC holders is indicated below.

Table No. 3.8

Education wise Distribution of KCC Beneficiaries

Sr. No.	Education group	No. of Farmers	Percentage
1	1–7 th (Primary)	28	28.0
2	8-10 th (High-School)	30	30.0
3	11-12(Higher secondary)	21 ·	21.0
4	Graduate	21	21.0
	Total	100	100.0

Chart No.3.3

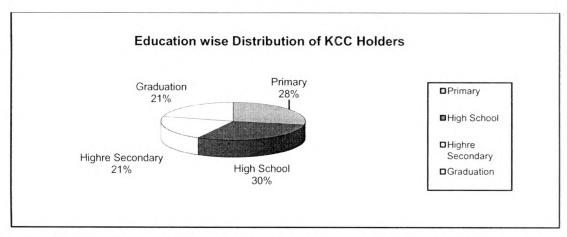


Table 3.8 and pie chart 3.3 reveals that, out of total sample, there were 28 KCC holders having primary education (28 per cent), 30 KCC holders were studied up to high-school (30per cent), 21 farmers have completed secondary education, and 21 per cent KCC holders belongs to graduate group. Among the classification, majority of KCC holders were in the education group of high-school level followed by primary and higher secondary education.

3.7.4 MKBs Loans to KCC Holders:

The Kisan Credit Card holders were borrowing the loans for cultivation of crops and for purchase of various inputs like seeds, pesticides, and fertilizers etc, which are essential for agricultural development. So Mini Kisan Banks give loans to the farmers by recording the double on 7-12 extract form. Following table shows loan categories of KCC holders.

Table No. 3.9

MKBs Loans of KCC Holders

Sr. No.	Particulars (In-Rs)	No. of Farmers	Percentage
1	Less than 10,000	6	6.0
2	10,000 – 25,000	47	47.0
3	25,000 - 50,000	30 .	30.0
4	50,000 - 75,000	12	12.0
5	75,000 – 1 Lakh	5	5.0
	Total	100	100.0

Chart No.3.4

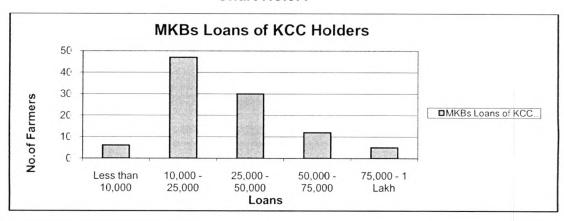


Table 3.9 indicates that, 47 KCC holders were in the loan category of Rs. 10,000 to Rs. 25,000 (47 per cent). 30 were from group of Rs. 25,000 to Rs. 50,000 (30 per cent), 12 were in the range of Rs.50,000 to 75,000 (12 per cent), 6 per cent KCC holders were in the loan group of less than Rs. 10,000 and 5 per cent belongs to loan category of Rs. 75,000 to 1 lakh.

3.7.5 Use of 60 per cent Loan in terms of Cash by KCC Holders:

The share of 60 per cent loan sanctioned was in cash and 40 per cent loan in kind. It was used for cultivation of crops for increasing the agricultural yield.

Table No. 3.10
Cash Utilization of the Respondents

Sr. No.	Particulars	No. of farmers	Percentage (N=100)
1	Used for land cultivation	100	100.0
2	Used for water charges	99	99.0
3	Purchase of seeds	96	96.00
4	Purchase of pesticides	60	60.00
5	Purchase of Chemical. Fertilizers	11	11.00
6	Used for org. Fertilizers	92	92.00
7	Used for domestic purpose	00	0.00
8	Refunded of old loan	00	0.00
9	Other purpose	00	0.00

Note- Multiple choice was permitted.

N= No. of total farmers.

Table 3.10 shows that, out of the total respondents; equal importance was given to first three purpose; 99 respondents were using the loan for paying water charges, (99 per cent), 100 respondents were used for land cultivation, 96 per cent were purchased the seeds. Rest of the respondents utilised the loan for pesticides, organic fertilizers etc. From this it is noticed that, farmers are not misutilised the funds.

3.7.6 Use of 40 percent Loan in terms of Goods by KCC Holders:

Kisan Credit Card holders are using 40 per cent loan for the purchase of seeds, chemical fertilizers, pesticides and other purposes. Multiple choices permitted in Table3.11

Table No. 3.11
Utilization of 40 per cent Loan by KCC Holders

Sr. No	Particulars	No. of Farmers	Percentage (N=100)
INO		ranners	(N=100)
1	Purchase of seeds	52	52.0
2	Purchase of chemical fertilizers	100	100.0
3	Purchase of pesticides	71	[•] 71.00
4	Oils	00	0.0
5	Other purpose	00	0.0

Note- Multiple choice was permitted.

N= No. of total farmers.

Table 3.11 indicates that, the use of 100 per cent loan was used for the purchase of chemical fertilizers, 71 were for purchase of pesticides (71 per cent). Remaining 52 respondents used the loan for the purchase of seeds (52 per cent).

3.7.7 Purchase of Inputs:

The 40 per cent credit is provided in the form of goods (Kind). The KCC holders purchased the inputs from Farmers Cooperative Marketing Society, Cooperative Fertilizers Product and Distribution Society or other forms of Cooperatives Societies.

Table No. 3.12
Purchase of Inputs by KCC Holders

Sr. No.	Particulars	No. of Farmers	Percentage
1	Cooperative Marketing Society	61	61.0
2	Cooperative Fertilizers Product and Distribution Society	20	20.0
3	Other Cooperative Societies	19	19.0
	Total	100	100.0

Source: Field work

Out of total samples, 61 KCC holders have purchased the inputs like seeds, fertilizers, pesticides etc. from Cooperative Marketing Society, whereas 20 farmers made their purchased, in Cooperative Fertilizer Product and Distribution Society. Remaining 19 KCC farmers purchased their inputs from Other Cooperative Societies (19 per cent).

3.7.8 Information about Crop Insurance Scheme to KCC Holders:

Crop Insurance Scheme can also be taken for the crops for which credit is provided under KCC scheme. Farmers avoid the risk by taking crop insurance i.e. insurance minimised risk of the farmers.

Table No. 3.13
Crop Insurance Scheme to KCC Holders.

Sr. No.	Particulars	No. of Farmers	Percentage
1	Yes	28	28.0
2	No	72	72.0
	Total	100	100.0

Source: Field work

Table 3.13 shows the information about crop insurance scheme to KCC holders; 72 KCC holders don't have information about crop insurance scheme (72 per cent), whereas, 28 were having information about crop insurance scheme. Majority of the farmers did not know about scheme.

3.7.9 Crop loan Simplification to KCC Holders:

KCC scheme is very important for the farmers. The scheme helps the farmers for the availability of credit. It provides credit to the farmers timely and adequate. It is not required to collect more documents to get the loans.

Table No. 3.14

Crop loan Simplification to KCC Respondents

Sr. No.	Particulars	No. of Farmers	Percentage (N=100)
1	Adequate credit supply	63	63.0
2	Timely credit supply	88	88.0
3	Simplify documentation	98	98.0
4	Information of crop insurance scheme	28	28.0

Note- Multiple choice was permitted.

N= No. of total farmers.

Table 3.14 depicts that, 63 KCC holders were getting benefits of adequate credit supply (63 per cent), whereas, 88 were getting timely credit supply (88 per cent), 98 per cent farmers were taking benefits due to simplification of documentation procedures, only 28 per cent respondents came to know the facilities available to KCC members was to information supplied by MKBs.

3.7.10 Problems Faced by KCC Holders:

There were many problems faced by the KCC holders. Some problems have created the difficulties for the cultivation land. The responses to this were classified in nine groups. Multiple choice was permitted.

Table No. 3.15
Problems of KCC Holders

Sr. No.	Particulars	No. of Farmers	Percentage (N=100)
1	Less credit supply	52	52.0
2	More rate of interest	33	33.0
3	High rate of in kind	33	33.0
4	Problems of loan pending	31	31.0
5	Uncertainty of income	37	37.0
6	Problems of nature disaster	25	25.0
7	Problems of refunded	26	26.0
8	Problems of high production cost	0	0.0
9	Lack of information about crop insurance scheme	9	9.0

Note - Multiple choices permitted.

N= No. of total farmers

Table 3.15 shows that, 52 per cent of KCC holders were having problem of less credits supply, whereas 33 per cent faced the problem of more rate of interest, high rate of inputs respectively, 31 farmers faced the problem of loan delay and 37 per cent were having problem of uncertainty of in agricultural income. Remaining KCC holders faced the problem of natural disaster, repayments and lack of information about Corp Insurance Scheme.

3.8 Concluding Remarks:

KCC is very useful for both banks and the farmers. It helped to increase agricultural production. Input supply was timely and the recovery of loan was regular. The MKBs were facing the problem of inadequate capital supply. In the case of farmers, it was found that, maximum farmers were taking benefits in Shirol taluka. Further the study show that, 60 per cent cash loans was properly not used. It was diverted to other uses. It also observed that maximum farmers were not having information about Crop Insurance Scheme. The highest number of KCC holders was non-working population in the age group of 46 to 65 years. The MKBs is working quite satisfactory in proceeding loans to the farmers.