International Journal of Economic Plants 2015, 2(2): 067-069

SECTION : SHORT NOTE

Impact of Kisan Credit Card Scheme on Agriculture Production: A Case Study of Kathua District

Neetu Andotra and Pooja Gupta*

Dept. of Commerce, University of Jammu, Jammu & Kashmir (180 009), India

Article History

Manuscript No. IJEP36
Received in 25th May 2015
Received in revised form 12th April 2015
Accepted in final form 16th May 2015

Correspondence to

**E-mail*: pooja2611987@gmail.com

Keywords

Kisan credit card, agriculture production, KCC beneficiaries

Abstract

Present study was conducted to measure the before and after effects of KCC usage on agriculture production. Census method was used in collecting primary data. Self-structured schedules were used to elicit information from 252 KCC holders during the months of August to November, 2014. Findings revealed that with the introduction of KCC usage, the average yields (q ha^{-1}) of wheat, paddy, maize, blackgram, vegetable crops and mustard were increased when compared to the yields realized before the usage of KCC, initiation of pre-sowing & post-sowing activities, more of the land was getting irrigated and qualitative progress was seen in the usage of agricultural inputs. The study is restricted to Hiranagar zone only, bank managers of the area were found to be hesitant in sharing factual financial and detailed information of KCC holders, the respondents seem to be unwilling due to lack of interest, negligence and communication problem. The element of subjectivity in interpretation cannot be ruled out in eliciting requisite information.

1. Introduction

Agriculture plays an important role in the economic development of India by ensuring food security, conservation of vital natural resources for the survival of well-being and poverty alleviation. As on 2011, India's arable land area of 159.7 mha is the second largest in the world after U.S.A. and its gross irrigated crop area of 82.6 mha is the largest in the world. In 2015, the food grain production has reached a total of 300 mt with a growth rate of 2–5% $year^{-1}$. The development of agriculture depends on the adoption of new technologies and the adoption of new technology demands agricultural credit (Aroutselvam and Zeaudeen, 2000). Finance is not only a critical input in agriculture but also an effective means of economic transformation of rural areas. Increasing commercialisation, diversification and capitalisation through the use of modern technologies, driven largely by the forces of globalisation, ipso facto, have increasingly enhanced the credit needs of the peasants (Gadgil, 1994; Khan, Tewari and Shukla, 2007). The growing tendency among the farmers to replace the traditional farm practices with scientific and modern practices, which is reflected by the inputs i.e. use of high yielding varieties of seeds, use of chemical fertilisers, plant protection chemicals, irrigation, farm machinery and equipments etc. require heavy financial investment, which the majority of farmers cannot afford from their own savings. Therefore, they have to depend on borrowed funds. The Kisan Credit Card (KCC) has emerged as an innovative credit delivery mechanism to meet the production credit requirements of the farmers under a single window in a timely and hassle free manner for their cultivation and other needs. The scheme was conceived during 1998–99 and now is implemented in the whole country by the entire institutional credit framework involving commercial banks, RRBs and co-operatives and is widely acceptable amongst bankers and farmers. As per revenue records 2012–13, the district Kathua (which has been recognized as Food Security District by Govt. of India) has a reporting area of 2.65 lakh ha, out of which 0.45 lakh ha is under agricultural use. Major crops of the district Kathua are wheat, paddy & maize covering 52493 ha, 31861 hectares and 19620 ha of area, respectively and minor crops of the district are blackgram, vegetable crops and mustard. Therefore, the present study aims to assess the impact of KCC on agriculture production by comparing the average yields of all the major and minor crops grown *vis-a-vis* the usage of various agricultural inputs before and after availing credit under KCC in the district.

2. Materials and Methods

The primary data were collected using self-structured questionnaire, distributed to 252 KCC holders residing in the agriculture zone Hiranagar falling under agricultural sub-division Dayalachak (district Kathua). The study covered 55 villages of 15 panchayats. The names of the 15 panchayats included in the study are Bhaiya, Bobiya, Chak bhagwana, Chan khatrian, Garah, Gurha mundian, Hiranagar, Jandi, Kattal brahmna, Kunthal, Ladhwal, Mela, Pathwal, Satoora & Subachak. The sub division was selected as it has been identified as Food Security Zone by the Govt. of India and is having maximum distribution of KCC beneficiaries. For contacting KCC holders of the zone, a list of farmers, who were issued KCC in the year 2010–11, was obtained from the Office of Chief Agriculture, Kathua. To assess the impact of KCC, pre KCC period was identified as 2008–2011 and 2011–14 was identified as post KCC period. Pre-testing was conducted on a sample of 30 KCC beneficiaries using convenience sampling method and after analysis of the data so collected, the instrument was revised and refined before the final survey. Census method was used to contact the KCC beneficiaries. The total number of KCCs issued in the year 2010–2011 is 255; however, the actual response was received from 252 respondents. Various statistical techniques like frequencies, percentages, bar graphs, mean, averages etc. were used to analyse the data and draw meaningful conclusions.

3. Results and Discussion

3.1. Yield enhancement and improved access to agricultural inputs

The KCC scheme has played a significant role in the farm operations of the agricultural zone Hiranagar. The availability of crop loan has helped in realizing higher per ha gross returns for the KCC beneficiaries for all the crops under study. The average yield of wheat, paddy, maize, blackgram, vegetable crop and mustard was found to be 28.81 q ha^{-1}, 40.12 q ha^{-1}, 5.75 q ha^{-1}, 2.49 q ha^{-1}, 14.77 q ha^{-1} and 1.62 q ha^{-1}, respectively before implementation of KCC scheme (Table 1). These had increased to 33.82 q ha^{-1}, 46.51 q ha^{-1}, 10.21 q ha^{-1}, 4.87 q ha^{-1}, 17.17 q ha^{-1} and 2.91 q ha^{-1}, respectively after KCC. Thus, the average yield was reported to be increased for all the agriculture crops under study and it has observed to be increased by 4.96 q $ha^{-1}$for wheat, 5.05 q ha^{-1} for paddy, 4.47 q ha^{-1} for maize, 2.38 q ha^{-1} for blackgram, 2.39 q ha^{-1} for vegetable crops and 1.29 q ha^{-1} for mustard (Figure 1). The study also revealed that KCC scheme has helped in the improvement of pre-sowing and post-sowing crop activities, more of the land has been getting under assured irrigation. Moreover, qualitative progress has seen in terms of establishment and improved access of cold storage facility, improved cropping intensity, land tenancy system, utilization of seeds, fertilizers, herbicides, pesticides, fungicides, agricultural implements and sources of irrigation.

3.2. Possible limitations of the study

All efforts were made to maintain objectivity, reliability and validity of the study, yet certain

limitations could not be ignored. These limitations are discussed as under:

- The study is restricted to Hiranagar zone of agriculture under sub-division Dayalachak of district Kathua.
- Due to privacy, bank managers of the area are found to be hesitant in sharing factual financial & detailed information of KCC holders. Judgment has been used to elicit the required information.
- The farmers who have availed KCC for the year 2010–11 are contacted only. Loanees prior to that session are excluded.
- The respondents seemed to be unwilling due to lack of interest, negligence and communication problem. The element of subjectivity in interpretation cannot be ruled out in eliciting requisite information.
- Due to the element of subjectivity, respondents were unable to

Table 1: Comparative statement of average yield of agriculture crops (q ha^{-1})*

Crops	Before KCC average yield (in q ha^{-1})	After KCC average yield (in q ha^{-1})	Difference (in q ha^{-1})
Wheat	28.81	33.82	+4.96
Paddy	40.12	46.51	+5.05
Maize	5.75	10.21	+4.47
Blackgram	2.49	4.87	+2.38
Vegetable	14.77	17.17	+2.39
Mustard	1.62	2.91	+1.29

*Source: Survey

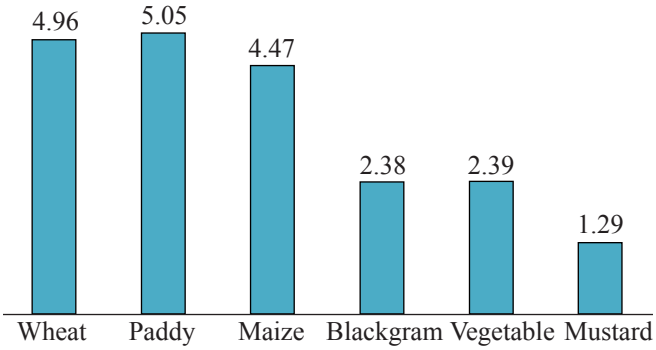

Figure 1: Graphical representation of the increase in the average yields of major and minor crops after availing KCC scheme

specify the exact increase or decrease in agriculture and allied production so the tentative estimates are taken.

• Respondents were reluctant in revealing the appropriate amount of loan taken, outstanding amount, income earned and assets increased, so the near estimates were taken.

3.3. Future research needs

• The study can be replicated in some other agriculture zones, districts etc.

• The cash crops like potato, sugarcane, turmeric etc. could also be covered.

• A comparative study of KCC beneficiaries and control farmers in terms of agriculture production could be conducted.

4. Conclusion

A momentous role was found to be played by the KCC scheme in agriculture sector of the agriculture zone Hiranagar of district Kathua. The availability of loan under KCC has helped in realizing higher production of agriculture sector. The production level of all crops grown by beneficiaries registered an increase after borrowing through KCC. This is due to improved availability of high quality inputs and facilities like improved farm machinery and agricultural implements after borrowing. To extend the ambit of KCC scheme, the simplification of procedure, deployment of banking correspondence, introduction of biometric cards, financing through joint liability group mode, weather-based crop insurance scheme with cyclic credit are needed. To evolve KCC into a truly multipurpose card, there is a need to expand other loans such as consumption loan, term loan and occasional investment loan in the ratio of 4:2:1. KCC should be made a proficient farmers' friendly instrument for credit delivery system which could be made possible with the help of more concrete initiatives by the commercial banks, state governments in promotion of self help groups, farmers clubs and innovative insurance products, etc. and adoption of mission mode approach. Moreover, if the training is provided to the borrowers regarding the procedural formalities and proper usage of KCC, a positive impact could be seen in agriculture production and allied sectors.

5. References

Aroutselvam, C., Zeaudeen, P., 2000. Agricultural credit – A study in Villianur block, Pondicherry region. Financing Agriculture 32(3), 17–18.

Gadgil, M.V., 1994. Formal agricultural credit system in India: Shape of things to come. Indian Journal of Agricultural Economics 49(3), 470–490.

Khan, A.R., Tewari, S.K., Shukla, A.N., 2007. Effect of liberalization on institutional agricultural credit flow and its relationship with average cost of cultivation in Indian agriculture. Agricultural Economics Research Review 20, 227–234.