

# IMPACT OF KCC ON PRODUCTION AND PROFIT OF CROPS IN SELECTED AREAS OF HARYANA

**Sumita Singh**

Research Scholar B.M.U Rohtak

SumitaSingh395@gmail.com

## Abstract

This investigation is endeavoured to know the status of Kisan credit card execution in Sonipat locale of Haryana. A field study was led during March 2019 to February 2020 at various areas of the Haryana locale to discover the usage example of kisan credit cards by the farmers, to dissect the limitations looked by the ranchers while giving of KCC and reimbursement of advance and the procedures to beat these imperatives, to break down the effect of KCC on the upgrade in horticultural creation. Also, to investigate the effect of KCC on the upgrade of associated exercises. Banks, branches and kinds of ranchers (based on various arrangement, for example, age gathering, land holding, level of education, family type and so on), farming are in the towns will be utilized as wellspring of data and it will make three phases of test determination inside the chose locale (Sonipat). Sonipat area was purposively chosen for the examination concentrate because of fluctuated climatic conditions and distinctive harvest developing ranchers were accessible just as having great advancement in executing KCC conspire. The consequences of the examination uncovers that KCC beneficiary respondents have acquired higher production, profitability and net profit when contrasted and KCC non beneficiary farmers.”

**Keywords :** Kisan Credit Card, Sonipat, Bank, production, farmers.

## Introduction

Recognizing the limitations of multi-credit product and multiagency approach, a stronger view emerged among policy makers, particularly since the early nineties, on the need for an ‘integrated credit’ product for accelerating sector/area/activity specific development process. The introduction of a new credit product called ‘Kisan Credit Card’ (KCC) in 1998-99 with three different sub-limits viz. production, assets maintenance and consumption needs is a step in this direction. This brings integration into the multi-credit product system by offering farm entrepreneurs a single line of credit through a single window for multiple purposes. These include acquisition of farm assets, maintenance thereof and meeting families intervening consumption needs. The Kisan Credit Card Scheme was a step towards facilitating the access to short-term credit for the borrowers from the formal financial institutions. The scheme was conceived as a uniform credit delivery mechanism, which aimed at provision of adequate and timely supply of short-term credit to the farmers to meet their crop production requirements. The KCC instrument would allow farmers to purchase agriculture inputs such as seeds, fertilizers, pesticides and also allow them to withdraw some cash for meeting their other crop production related requirements. for all KCC holders against accidental death/ permanent disability. The scheme has become popular both amongst farmers and bankers.

The Government has adopted the Kisan Credit Card Scheme formulated by NABARD which aims at provision of adequate and timely credit support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible and cost effective manner. The scheme is being implemented through the district central cooperative banks and the primary agricultural cooperative banks.

### The salient features of KCC are as under

Each farmer will be sanctioned a revolving cash credit facility for meeting the expenses related to crop cultivation allowing any number of drawals and repayments within the limit. The farmer is provided with a Kisan Credit Card in the form of a passbook or an identity card cum-pass book.

- The KCC is not an electronic credit or debit card.
- KCC may be sanctioned to all eligible farmers. A farmer is considered eligible for KCC if he/she has cultivable land and has a good track record of dealings with banks. Initially, eligibility conditions included a stipulation about ownership or cultivation of three acres. However, the minimum land holding criteria has been withdrawn.
- The limit under KCC will cover (a) entire production credit needs for full year (on the basis of peak crop credit requirement), (b) credit for ancillary activities related to crop production and allied activities, (c) credit needs of non-farm activities, if any and (d) certain percentage of production credit for consumption purposes.
- The production credit limit under KCC to be fixed on the basis of operational land holding, cropping pattern and scales of finance. Other credits will be arrived on a percentage of the production limit.
- Banks may fix the season wise sub-limits, if need be.
- The KCC to be valid for 3 years subject to annual review by the financing bank.
- The KCC holder may make as any number of drawals and repayments in the account as feasible. However each drawal/disbursement to be repaid within 12 months.

- In case of damage to crops due to occurrence of natural calamities, conversion / re-scheduling of loans also permissible. If a farmer cultivates Kharif crop and Rabi crop peak credit requirement will be the sum of the limits essential for the two seasons as the costs of the Rabi crop would have started much before the kharif crops are marketed. If a farmer has Kharif, Rabi and Perennial crop then the peak credit requirement will be arrived on the basis of the projected cash flows from farming operations.
- Security, margin and rate of interest for the loan shall be prescribed as per RBI norms.
- The borrower can operate the KCC through the issuing branch and at the discretion of the bank, also through other designated branches.
- Banks will pay interest as applicable to savings Bank Deposits on the credit balance held by the farmer in the KCC account.
- In addition to the credit limit for three to five years, the eligible KCC farmers to be provided with a Personal Accident Insurance up to Rs.50000. Part of the premium will be met by the bank.
- Notified crops cultivated by the farmer with credit support under KCC shall be covered by crop insurance.
- Banks may issue cheque books. However withdrawals in KCC through slips/cheques if accompanied by card and passbook.
- Banks may make arrangement with vendors to issue input on the basis of the KCC and seek reimbursement from the bank.

### R. V. Gupta Committee

The non-institutional sources were mainly approached by the farmers due to lack of security assets with them, frequent needs, inadequate supply of institutional credit, undue delays, sophisticated procedure and malpractices adopted by institutional lending agencies. But non-institutional sources were also inadequate and highly expensive and exploited.

With a view to inquire into the reasons for the tailbacks of the farm credit and suggest measures for improving the delivery system as well as simplification of the procedures for farm credit, the Reserve Bank of India (RBI) had set up a one man High Level Committee of Shri R. V. Gupta in December 1997. The committee submitted its report in April 1998.

R. V. Gupta Committee sought to simplify the procedure in commercial banks for smooth and adequate credit flow to the agriculture sector. Recommendations of the Committee are also equally valid for RRBs and to some extent for co-operative banks in so far as they relate to loans for agriculture. Crop loans constitute a major portion of disbursements for agriculture. Despite the great resilience of Indian agriculture to vagaries of weather, a bad monsoon definitely affects agriculture and in turn the credit for crop loans is influenced. Besides, due to the existence of a number of financial institutions extending crop loans and their varied ways of purveying the same, the subject of crop loan had become very complex. But the fact remains that the farmer needs adequate and timely credit in a cost effective and flexible manner to raise a crop.

## 2. Related works

Mehta et al. (2016) analysed the role of kisan credit card scheme in the rural India. The primary motive of the study was to analyse the role of Kisan credit card scheme and provide suggestions thereof. It was observed that Kisan credit card was very effective popular tool of rural credit to finance the requirements of farmers in judicious manner. It was suggested that banks must make the process easy so that the farmers in poor performing zones can also get benefit from the scheme as well.

Gandhimathi and Sumaiya (2015) evaluated the role of kisan credit card system in the distribution of agricultural credit in the country. It was found that among the selected variables, rural branches of commercial banks, aggregate deposits, agriculture production, borrowing of commercial banks from Reserve Bank of India and the introduction of KCC scheme were significant to determine financial inclusion. Further, it was observed that the regression analysis and logit analysis proved that KCC improved the financial inclusion in the agriculture sector.

Maurya (2015) studied the role of co-operative banks in agriculture in district Mohali (Punjab) with the purpose to assess the impact of agriculture credit provided by co-operative banks in the study area. Further, it also studied the attitude of borrowers and lending agents towards farmers and assessed the impact of credit on assets, level of income, employment, savings etc. The study was based on primary sample survey conducted on 120 beneficiary farmers. The parameters used were utilization of land, amount of irrigation, cropping strength, output model, cultural practices, input arrangement, farm incomes, employment model, saving guide. It was found that almost all the parameters under the study had significant impact on co-operative banks lending in one way or the other. But banks failed to go long way to fulfill the credit requirements of the rural farmers. Further, it was also found that there was increase and decrease in the rural farm credit by institutional and non institutional agencies during the last five decades but the lending institutions faced many problems such as over dues and defaults. It was recommended that instead of giving cheaper credit, banks should also try to inculcate saving habit and monitoring arrangements and controls should be tightened.

Bindage et al. (2014) studied the economic impact of kisan credit card scheme for sugarcane crop in Kohlapur (Maharashtra). The main objective of the paper was to review the development in the number of Kisan credit card consumers and examine the rate and adequacy of loan under the scheme as compared to loan without KCC. For

the purpose of primary survey, data has been collected from 60 KCC users and 60 non KCC beneficiaries selected randomly. The study has been conducted for the year 2010-11. The pre-tested and structured schedule has been used to collect information regarding borrowings, repayment, interest and cost of borrowing etc. Growth rate and tabular analyses had been employed in order to study the growth of KCC users and compare cost and adequacy of credit covered with KCC and those not covered with KCC. It was found that KCC users grew over the study period but it faced a slowdown in last few years of the study. The cost of credit was higher for credit not covered with KCC scheme. Further, the credit was found to be inadequate in both cases credit under KCC scheme and credit not covered with KCC. It was recommended that the banks should make efforts to encourage and educate the farmers about the benefits of KCC scheme as well as maximize their reach to cover all the farmers.

Godara et al. (2014) analysed the KCC scheme in the state of Haryana. The banks so selected were state regional rural banks and state co-operative banks. The main objective was to study the kisan credit card issued, sanctioned and disbursed by RRBs and state co-operative banks. The compound annual growth rate was calculated to examine the performance. It was found that the performance of regional rural banks was satisfactory as compared to co-operative banks. Further, it was suggested to educate farmers about the scheme, banks should open more branches and attention should be given to low performing regions and effective steps should be taken by government to improve the performance of KCC scheme.

Patil (2014) evaluated the function of commercial banks in financial inclusion through KCC scheme in India with the objective to analyse the bank group wise disbursement of kisan credit cards and credit to holders. It was observed that all the bank groups had made good contribution in financing poor farmers through Kisan credit card scheme. However, role of commercial banks was more significant than other two groups. It was observed that co-operative banks were facing problems due to political interference and wrong management. It was suggested that the cooperative banks should be taken care of by reducing political interference in order to motivate cooperative sector.

Laxyapathi (2013) evaluated the kisan credit card scheme in India and Karnataka in order to analyse the development rate of Kisan credit card users and study the impact of Kisan credit card on the production of the crops and income of the farmers. The respondents were randomly selected and information was obtained by way of questionnaire. It was observed that there was growth in the number of Kisan credit card users as new farmers were adopting this scheme every year. Further, there was significant rise in the production of crops and as a result, increasing yield leads towards increase in the income of farmers. It was suggested that introduction of biometric cards, weather based crop insurance schemes, simplification of procedure to obtain loan, initiatives by commercial banks as well as state governments, innovative insurance products can make Kisan credit card scheme more farmer friendly and efficient instrument of credit delivery.

**Method of study**

The following stepwise procedure has been done to carry our research Study of background information of the location Banks, branches and types of farmers(on the basis of different classification such as age group, education, total land, type of family etc., agriculture are in the villages will be used as source of information and it will make three stages of sample selection within the selected district (Sonipat). Sonipat district was purposively selected for the research study due to varied climatic conditions and different crop growing farmers were available as well as having good progress in implementing KCC scheme. The problem of the area regarding KCC Selection of samples :

**Primary Data**

The basic information regarding the KCC's collected through in-depth interview from the by the help of Branch Manager and credit manager.

**Secondary Data**

NABARD and other bank's financial reports of last three years & Circulars of RBI.

Variables used in study: the following mentioned variables will be studied for easy classification and understanding the cause of the constraints of the KCC.

1. Age
2. Education
3. Background of family
4. Type of Family
5. Land Area
6. Annual income
7. Attitude towards KCC`
8. Knowledge about KCC

**Sampling design:**

Multistage sampling design will be used for selection of sample for study. The data will be collected with the help of pre-tested questionnaires.

**Statistical tool:** Mean, mode, percentage, standard deviation, range, percentage share and growth rate.

**Results and Discussion**

From the table 1, portrayed above, it was obviously discovered that ranchers who had benefited KCC gotten higher gross return, family work pay and eventually net return altogether the harvests. Additionally in the second table profitability of the yields for KCC holders ranchers was discovered higher when contrasted with non KCC ranchers for all classifications of ranchers for example small(<1 hectare), medium(1-2 hectare) and huge ranchers (>2 hectares). In table 3 additionally the comparative pattern was noticed. Here we have joined our testing perceptions on all classifications of ranchers for both KCC and non KCC ranchers.

Table 1 : Returns over costs for KCC beneficiary and non KCC farmers in Sonipat.

Category	Small	Medium	Large	Total no. of farmers
<b>Beneficiary Farmers</b>				
Population	100	100	100	300
Productivity	20.51	20.97	21.6	21.02
<b>Non-beneficiary Farmers</b>				
Population	100	100	100	300
Productivity	18.8	19.16	20.4	20.82
<b>Percentage changing in productivity</b>	<b>10.61</b>	<b>10.97</b>	<b>7.19</b>	<b>9.59</b>

Table 2 : Impact of KCC scheme on Production and Productivity of Crops in Rohtak

Particulars	Maize		Paddy		Potato		Wheat	
	Beneficiary	Non-Beneficiary	Beneficiary	Non-Beneficiary	Beneficiary	Non-Beneficiary	Beneficiary	Non-Beneficiary
<b>Gross Income</b>	24030	21054	21546	19376	21996	18886	56070	44846
<b>Income of Family labour</b>	7526	6219	6251	5688	7254	5698	28243	15948
<b>Net Income</b>	<b>8430</b>	<b>7168</b>	<b>6689</b>	<b>6298</b>	<b>7221</b>	<b>4228</b>	<b>26122</b>	<b>16532</b>

Source : Author perception

Table 3 : Comparison between productivity and income before and after taking KCC

Particulars	Before KCC	After KCC
<b>Marginal farmers (up to 2.5 acres)</b>		
Productivity (quintal/hac.)	50	<b>53.50</b>
Gross income (Rs./hac.)	61450.50	78120.40
Net income (Rs./hac.)	17405	25900
<b>Small farmers (up to 2.5-5 acres)</b>		
Productivity (quintal/hac.)	50.30	53.80
Gross income (Rs./hac.)	52810	69545.28
Net income (Rs./hac.)	17492.48	25875.24
<b>Big farmers (&gt;5 acres)</b>		
Productivity (quintal/hac.)	50.92	45.68
Gross income (Rs./hac.)	53496.36	69803.46
Net income (Rs./hac.)	17646.34	26196.16

**Conclusion**

The aftereffects of the investigation would be helpful to the ranchers of Sonipat specifically and of Haryana by and large, distinguishing the KCC plot progress, sway, utility, imperatives at the rancher level. The discoveries would be useful to the ranchers for settling on suitable choices and how best the accessible credit assets could be sensibly used for expanded homestead pay. This examination would be helpful for monetary foundations to survey the monetary necessities of the ranchers and their requirements in benefiting advances. At the miniature level this investigation additionally controls the ranchers to rely on monetary wellsprings of credits instead of non institutional sources and supportive to the organizers, managers and examination laborers for better arranging and execution. From

this exploration the noticed information could be used to know the different limitations liable for the achievement of the KCC. At last this exploration will be useful in the improvement of the ranchers as a unit and country overall.

## References:

1. Bindage, A.B., Patel, R.R., Makani, R. M., Sante, P.R., & Raut, V.P. (2014). Economic Evaluation of Kisan Credit Card Scheme for Sugarcane Crop in Kohlapur District of Maharashtra. *Karnataka Journal of Agricultural Sciences*, 27(3), 360-362.
2. Gandhimathi, S., Sumaiya, M. (2015). Role of Kisan Credit Card System in the Distribution of Agricultural Credit in India. *International Journal in Management and Social Science*, 3(2), 464-472.
3. Godara, A. Singh, Sihag, Sukuntla, Dhanju, K. (2014). Performance of Kisan Credit Card Scheme in Haryana Through Regional Rural and Cooperative Banks. *Abhinav International Monthly Refereed Journal of Research in Management and Technology*, 3(9), 47-54.
4. Hooda, V.S. (2011). Kisan Credit Card Scheme: A Success Story. *Kurukshetra*. 59(8): 19 - 22.
5. Kallur, M.S. (2005), "Impact of Kisan Credit Card on Flow of Credit and Repayment Rate in a Backward Region : A case of Agricultural Development Bank of ShorapurTaluka, Gulbarga District, Karnataka State,?" *Indian Journal of Agricultural Economics*. 60(3): 396.
6. Laxyapati, E.T. (2013). An Evaluation of Kisan Credit Card Scheme in India and Karnataka. A Case Study of Gulburaga District . *Indian Streams Research Journal*, 3(7), 1-4.
7. Maurya, H. (2015). Role of Co-Operative Bank in Agriculture: A Case Study of District Mohali, Punjab. *International Journal of Scientific Research and management*, 3(1), 1922-1930.
8. Mehta, D., Trivedi, H., Mehta, N.K. (2016). Indian Kisan Credit Card Scheme: An Analytical Study. *Brand, Broad research in Accounting, Negotiation and Distribution*, 6(1), 23-27.
9. Nahatkar, S.B., Mishra, P.K., Raghuwanshi, N.K. and Beohar, B.B. (2002) An evaluation of Kisan Credit Card scheme: A case study of Patan tehsil of Jabalpur district of Madhya Pradesh, *Indian Journal of Agricultural Economics*, 57(3): 578.
10. Parmar, S.K. (2008). A study on repayment behaviour of beneficiaries of Kisan Credit Card scheme in Sehore block of Sehore district of Madhya Pradesh. M.Sc. (Ag) Thesis submitted to J.N.K.V.V. Jabalpur.
11. Patil, R. D. (2014). Role of Commercial Banks in Financial Inclusion through Kisan Credit Card Scheme in India. *International Journal of Multidisciplinary Educational Research*, 3(5)(4), 31-46.