Perception of Farmers about Kisan Credit Card Scheme

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Abstract

In order to ensure a hassle-free system in dispensing credit to farmers, the concept of Kisan Credit Card (KCC) was introduced in 1998 and operated at the grass root level. This study was conducted with 60 KCC holders of Adat Farmer's Service Co-Operative Bank (AFSCB) in Adat village of Thrissur district. Eighty seven percent of KCC holders have agriculture as the mainstay of livelihood. Majority of the respondents opined that the interest rate and present credit limit of KCC was at a moderate level. Two-thirds of the respondents expressed that procedural formalities were moderate for getting KCC and also to get credit in time. The Scheme was perceived as good by a majority of respondents.

Introduction

Agriculture will continue to be central to all the strategies for socio-economic development of the country. To sustain growth in agriculture, credit plays a crucial role. Considering the dominant role of the sector and the importance of credit as an input, a multi-agency approach has been adopted by the RBI for ensuring credit flow to the sector. As per 2001 Census, 73 per cent of the total workers in rural India are involved in agriculture either as cultivators or as agricultural labour. Credit delivery to the farm sector should therefore address the smooth flow of credit to this section of the population. In practice, however, it has been noticed that the small and marginal farmers are often in a deprived position. Illiteracy and lack of awareness about the process and procedures of bank loan make them shy of the formal banking system. In order to ensure a hassle-free system in dispensing credit to farmers, the concept of KCCs was introduced in 1998 to expand the outreach of banks and simplify the credit delivery system. Over 14 million cards have been issued across India (Jamunarani, 2009). The scheme has been implemented in all the States and Union Territories by 27 Public Sector Banks (PSBs), 373 District Central Cooperative Banks (DCCBs) and 196 Regional Rural Banks (RRBs). Nevertheless the diffusion rate of KCCS among the targeted

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population is not very encouraging. In order to understand the slow rate of spread, it is necessary to know the level of perception of farmers on the use of KCCs. In this backdrop, an attempt was made to assess the perception level of farmers on the use of KCC.

Methodology

This study was conducted in Adat village of Thrisssur district, Kerala. The Adat Farmer's Service Co-operative Bank (AFSCB) Ltd No. 689 was purposely selected with a sample size of 60 KCC holders. For this purpose, the list of total number of card holders were collected from the KCC Ledger of AFSCB and a sampling frame was prepared. Sixty KCC holders were selected from the sampling frame by adopting simple random sampling method. Primary data were collected through a pre-tested structured schedule to examine their opinion about Kisan Credit Card Scheme (KCCS). Data collected were analyzed using simple percentages.

Findings and Discussion

A study of socio economic profile of KCC holders is a pre- requisite for examining their behaviour towards the scheme and the results are presented in Table 1.

Table 1. Profile of selected KCC holders

Sl.No	Profile	Frequency	Percentage
I	Age of Respondents		
1	Below 20 years	0	0
2	21-40 years	5	8
3	41-60 years	34	57
4	Above 60 years	21	35
	Total	60	100
II	Sex of Respondents		
1	Male	48	80
2	Female	12	20
	Total	60	100
III	Educational Qualification		
1	Illiterate	16	27
2	Lower Primary Level	0	0

3	Upper Primary Level	0	0
4	Matriculation	41	68
5	Graduation	3	5
6	Post Graduation	0	0
	Total	60	100
IV	Occupation		
1	Agriculture as main	52	87
2	Agriculture as subsidiary	8	13
	Total	60	100
V	**Income Level**		
1	Below 5000	26	43
2	5000-10000	22	37
3	10000-25000	7	12
4	25000-50000	3	5
5	Above 50000	2	3
	Total	60	100
VI	Size of Land		
1	Below 1 acre	10	17
2	1-2 acre	32	53
3	2-4 acre	9	15
4	4-6 acre	5	8
5	Above 6 acre	2	3
	Total	60	100
VII	Limit of Card		
1	Below 5000	9	15
2	5000-10000	14	23
3	10000-25000	23	38
4	25000-50000	4	7
	Above 50000	10	17
	Total	60	100

Source: compiled from the survey

Age wise segmentation of the farmers revealed that age group of 21-40 was very less (8 per cent) and engaged in agriculture. Nearly two-third of farmers (57 per cent) belong to the age group of 41-60 years. Educational qualifications of the farmers surveyed, showed that two-third of the respondents (68 per cent) were S.S.L.C holders, and others (27 per cent) were illiterate.

Regarding occupation, a high majority (87 per cent) of farmers have agriculture as the mainstay of livelihood and the rest (13 percent) undertake agriculture as a subsidiary source of income. Thirteen per cent of the farmers constitute either working persons or retired employees. Based on the income level, it was revealed that 43 per cent of respondents were in the income slab of below Rs. 5000 and the least (3 percent) were above Rs. 50000.

On the basis of credit limit, nearly one-third (38 percent) of farmers fell under the limit of Rs.10000-25000.

Perception of the Customers

The main aim of KCCS was to provide timely and adequate credit in a flexible and cost effective manner. The perception regarding interest rate, procedural formalities, credit limit, and timeliness of credit, yield improvement, employee behaviour and opinion about the scheme were collected and are presented in the following tables.

Perception of Respondents about the Interest Rate

The rate of interest charged to the ultimate borrowers by the co-operatives has been in the range of 12 to 14 per cent and 11 to 13 per cent to the states having three-tier and two tier system respectively.

Table 2 depicts the opinion regarding interest rate on KCCS. A high majority (85 per cent) of respondents opined that the interest rate of KCCS was moderate, 7 per cent opined that interest was low and 8 per cent of respondents had no opinion about the rate of interest of the scheme, because this per cent of respondents were covered under the 'KCC-3'scheme. As per the scheme of the bank, loans were issued without interest. Hence they had no opinion on interest rate of KCCS.

Table 2. Perception of Respondents about the Interest Rate

Rate of Interest	Frequency	Percentage
Very high	0	0
High	0	0
Moderate	51	85
Low	4	7
Very low	0	0
No opinion	5	8
Total	**60**	**100**

Source: compiled from the survey

3. Perception of Respondents about Procedural Formalities

Kisan Credit Cards were introduced with simplified procedures to get credit. Farmer's opinion regarding procedural formalities was collected to analyse their perception towards it.

Table 3 shows the opinion of respondents about procedural formalities for getting KCC. This table reveals that two-third (60 per cent) of the respondents opined that procedural formalities were moderate for getting KCC and one-third (35 per cent) of respondents expressed that the procedure was simple to get the kisan credit card. From this it is very clear that majority of farmers felt that procedures to avail KCCs were moderately easy.

Table 3. Perception of Respondents about Procedural Formalities

Procedural formalities	Frequency	Percentage
Very simple	3	5
Simple	21	35
Moderate	36	60
Difficult	0	0
Total	**60**	**100**

Source: compiled from the survey

4. Perception about the Credit Limit and Timeliness of Credit

On the basis of land held by a farmer, KCC's credit limit fixed may vary from farmer to farmer. Hence the farmers may have difference of opinion regarding credit limit. In order to analyse it, the farmer's perception towards credit limit and timeliness of credit was collected and may be seen in Table 4.

Table 4. Perception of Respondents about the present Credit Limit and Timeliness of Credit

Perception	Present credit limit		Timeliness of credit	
	Frequency	Percentage	Frequency	Percentage
Very high	0	0	11	18
High	6	10	40	67
Moderate	54	90	9	15
Low	0	0	0	0
Very low	0	0	0	0
Total	**60**	**100**	**60**	**100**

Source: compiled from the survey

Table 4 shows that a high majority (90 per cent) of the respondents felt that the present credit limit was moderate while 10 per cent of respondents remarked that the limit was high. Timely availability of credit was also as important as the quantum of credit. It can be noticed that 67 per cent opined that the timeliness of credit through KCC was high and 18 percent opined that timeliness was very high. It is relevant to note that, timeliness of credit by KCC prevailed and helped the farmers during needy times.

5. Perception of Farmers on the Extent of Benefits realized by the Farmers utilizing KCCS

Term loan was sanctioned under KCCS, to purchase agricultural implements, plant and machinery and for land developing activities including construction of different types of storage facilities. The KCCS can also facilitate improvement in the yield by adopting improved techniques of agriculture. Farmer's opinion regarding benefits of KCCS was collected and is exhibited in table 5.

Table 5. Opinion of Respondents about Benefits realized by the Farmers utilizing KCC

Benefits realized	**Frequency**	**Percentage**
High	15	25
Moderate	45	75
Less	0	0
Total	**60**	**100**

Source: compiled from the survey

Table 5 reveals the opinion of respondents about the benefits of KCCS. Of the farmers surveyed, majority (75 per cent) opined that they had realized moderate level of benefits, whereas one- fourth of the farmers (25 per cent) had benefited to the highest level.

6. Overall Perceptions about Kisan Credit Card Scheme of AFSCB

Analysis of the farmer's opinion about KCCS will help to understand the farmer borrower's perception about various attributes of the scheme like, interest rate, procedural formalities, credit limit, timeliness and improvement of yield. It would be of great help to the bank for proper implementation and modification of the scheme, based on the opinion collected.

Table 6 Overall Perception of Respondents about the KCCS

Perception on KCCS	Frequency	Percentage
Very good	10	17
Good	42	70
Moderate	8	13
Bad	0	0
Total	**60**	**100**

Source: compiled from the survey

It can be seen from table 6, that majority (70 per cent) expressed good opinion, whereas another 17 per cent of respondents rated that the Kisan Credit Card Scheme was very good and the remaining 13 per cent said that the scheme was moderately good.

7. Perception of Respondents on Employee Behaviour

Employee behaviour is one factor, which attracts customers to an organisation.

Table 7 Opinion of Respondents about the Behaviour of Employees in AFSCB

Employee behaviour	Frequency	Percentage
Very good	0	0
Good	42	70
Moderate	18	30
Bad	0	0
Total	**60**	**100**

Source: compiled from the survey

Table 7 depicts the customer's opinion regarding the behaviour of the bank employees. A majority (70 per cent) of respondents said that the behaviour of employees of the bank was good and 30 per cent opined that employee behaviour was moderately good. No one opined bad behaviour of employees. From the analysis it can be concluded that a good relationship exists between customers and employees. Since a majority of the employees are living in the area of operation of the bank, they have good relations with the customers. Customer's opinion regarding employee behaviour can help the bank authorities and employees to change or bring about further improvement in their behaviour.

Conclusion

The Kisan Credit Card Scheme helped the farmers in more than one way and reduced the number of farmers depending on money lenders who exploit them by charging high interest rates. It envisages the farmers to avail timely credit which can be repaid at any time to reduce their interest burden.

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