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IMPACT AND CONSTRAINTS FACED BY THE BENEFICIARIES OF KISAN CREDIT CARD SCHEME IN DIMAPUR DISTRICT OF NAGALAND, INDIA

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ABSTRACT

A research investigation was carried out during the year 2017-2018 for the present study in the first stage of sampling two (2) block viz.; Medziphema and Chumukdima were selected, total 85 respondents were interviewed, out of that 80 respondents were selected on both category viz.; 40 KCC beneficiaries, 40 Non-beneficiaries and 5 numbers of banking personals for their opinions and problem faced in providing the KCC loan. The present study highlights the impact of the investment range of the selected variables viz; saving, time, hassle, reduced, operational, adequacy in the future against the inputs selected to get better profit through three potential variables as an returns and also the constraints faced by the bankers, beneficiaries of Kisan Credit Card and further policy recommendation through maximum benefit through under KCC scheme; so to fulfil the objective the Garrett's Ranking Technique was adopted. The foremost constraints faced by the KCC beneficiaries is reported the problem of finding the guarantor, followed by obtaining suitable security and involvement of too many intermediaries in marketing channels; whereas, the bankers also faced the recovery percentage of loan as biggest challenge under the constraints.

Keywords: KCC, beneficiaries, non-beneficiaries, constraints

Introduction

Agriculture is the backbone of the Indian economy. Most of the leading countries in the world are economically stable because their agricultural sectors are well developed and equipped with the latest technology ever made available to mankind (Kamble, 2009). In order to guarantee a stable economy, our farmers must be made aware of the various support provided by the government, the benefit of which will not only insure the farmers future but also boost the country's economy to a great extent (Anon, 2018). KCC Scheme has been implemented to facilitate the access of short term credit for the farmers from the financial institutions to meet their crop requirements. It was first proposed in the budget 1998-99 by then Finance Minister Sh. Yashwant Sinha. Consequent to this, NABARD prepared a Model Kisan Credit Card Scheme in consultation with the major banks on the basis of R.V. Gupta Committee. The factors like age, gender, household size, farm size, education level, etc. positively influence the decision of adoption of KCCs (Kumar *et al.*, 2007). Eligible farmer to be provided with a kisan credit card and a pass book or card-cum pass book. KCC has gain popularity but there are also growing concern among farmers about this program, these include: (i). It should involve less paper work, (ii). Interest should be lower, (iii). There should be flexibility in instalment payment or some rebate in time of crop failure, (iv). Should have higher credit limit than the existing one and (v). Simplification of procedure. (NABARD, 2009; NABARD, 2010).

In Nagaland 11,000 (up to end of March, 2012) KCC was issued and all efforts were made by the commercial banks (NABARD, 2016). Except the commercial banks, no other banks could able to make a single issue, which means there is a gap between the beneficiary and the banks. Among the 11 districts of Nagaland, Dimapur district is one of the major agriculture belts and majority of the farmers were poverty stricken. Dimapur district is one of the major agriculture based and majority of the farmers were poverty stricken. So there is a need of credit support from various agencies. Therefore the present study was has been planned to undertake with the objective of to find out the constraints faced by the bankers and beneficiary and to suggest the suitable measures to overcome.

Dimapur is the 8th district of Nagaland established on December 1997 and lies between 25°48' and 26°00' North latitude and 93° 30' and 93° 54' East longitude, the district is bounded by Assam on its north and west, Kohima on the east and Peren district in the south. The total geographical area of Dimapur district is 927 square kilometer. Dimapur district fall under humid Sub-tropical agro climate zone (ACZ) in summer, it is hot and humid and cold 18 °C in winter. The maximum temperature is 26 °C and minimum temperature is 21°C.

Materials and Methods

The present study is conducted in Dimapur district of Nagaland was purposively selected for the research purpose during agriculture calendar year 2017-2018 due to varied

climate conditions and different crop growing farmers are available under KCC scheme enquiries were made with the help of pre-test and pre-designed structure schedules. The total geographical area of Dimapur district is 927 square kilometer. The dimapur district based on the highest sector lending from bank and coving under Agricultural Development Branch of State Bank of India, Medziphema. The total geographical area of Dimapur district is 927 square kilometer. Dimapur district fall under humid subtropical agro climate zone (ACZ) in summer, it is hot and humid and cold in winter. The maximum temperature is 26 °C and minimum temperature is 21 °C. Medziphema and Chumukedima block were selected from the dimapur district based on the highest sector lending from bank and coving under Agricultural Development Branch of State Bank of India, Medziphema, so

four (4) villages viz., Medziphema, Molvom, Seithekema and Tenyiphe-1, were selected randomly from each block 20 numbers of banking personals for their opinions and constraints faced in providing the KCC loan were selected (Bhattacharjee, 2018).

Results and Discussion

Table 1 reveals that the utilization pattern of KCC holders for the overall maximum borrower (47.50 per cent) partially utilized the amount of loan for the activity it was taken. Whereas, 32.50 per cent of the borrower fully utilized the loan for the purpose it was sanctioned, only 20.00 per cent of the borrower had least utilized the loan. Similar studies was carried out by Sharma (2002).

Table 1 : Distribution of borrower according to loan utilization pattern (n = 40)

S. N.	Loan utilization	Numbers of respondent	Percentage of total
1.	Least utilized	8	20.00
2.	Partially utilized	9	47.50
3.	Fully utilized	13	32.50
Total		40	100.00

The constraint faced by the bankers and beneficiary of KCC, so to capture comprehensively the Garrett's Ranking Technique was used. Some major prevailing constraints were highlighted during preliminary survey and the order of the merit given in ascending order was converted into ranks by using the formula. Accordingly these ranks were converted to scores by referring to Garrets table.

Table 2 : Constraints faced by the bankers and KCC beneficiaries for the credit facilities (n = 40)

S. N.	Items	Average score	Rank
1.	Finding guarantor	78.175	I
2.	Obtaining suitable security	65.8	II
3.	To many intermediaries	64.9	III
4.	Insufficient credit	58.225	IV
5.	High interest rate	54.15	V
6.	Attitude of loan officer	46.975	VI
7.	Lengthy paper work	45.95	VII
8.	Illiteracy of borrower	39.525	VIII
9.	In obtaining no due certificate	28.175	IX
10.	Bribery charge	25.375	X

Table 2 reveals the constraints faced by beneficiaries that the most important constraint viewed by the KCC beneficiary was finding guarantor (Rank I) to avail the credit under KCC followed by the obtaining suitable security (Rank II) and involvement of too many intermediaries (Rank III), insufficient credit (Rank IV), high rate of interest (Rank V) attitude of loan officer (Rank VI) and lengthy paper work (Rank VII) followed by illiteracy of borrower (Rank VIII), in obtaining no due certificate (Rank IX) and bribery charge (Rank X). This finding was in line with earlier observations made by (Sharma, 2014; Vangeto and Sharma, 2018).

Table 3 : Logit model impact of KCC beneficiaries (n = 40)

SN	Parameters (a)	B	S. E.	Wald	df	Sig.	Exp(B)	95% CI for Exp (B)	
								Lower	Upper
1.	Saving	1.469	0.514	8.177	1	0.004***	4.347	1.588	11.901
2.	Time	1.641	0.788	4.338	1	0.037**	5.160	1.102	24.170
3.	Hassel	1.711	0.879	3.791	1	0.052*	5.534	0.989	30.972
4.	Reduced	0.578	0.720	0.645	1	0.422	1.783	0.435	7.314
5.	Operational	1.066	0.992	1.156	1	0.282	2.905	0.416	20.304
6.	Adequacy	0.756	0.911	0.688	1	0.407	2.130	0.357	12.706
7.	Constant	-9.730	2.175	20.00	1	0.000***	0.000	-	-

a. Variable(s) entered on step 1: Saving, Time, Hassel, Reduced, Operational, Adequacy. (***, ** & * Significant at 1, 5 and 10 per cent level of significant)

Table 3 reveals that overall there will be an positive impact on output specially the variables selected viz.; Saving, Time, Hassle, Reduced, Operational, Adequacy. However, out of all the selected variable, saving was found having positive impact on the output for the KCC beneficiaries at 1 per cent level of probability, time showed an positive impact on the output for the KCC beneficiaries which was found significant at 5 per cent level of significant and Hassel showed an positive impact on the output for the KCC beneficiaries at 10 per cent level of significant. While other selected inputs were found of have contributed towards the output but found to be non-significant. While CI indicated investment range of the selected variables in the future against the inputs selected to get better profit / returns. The above mentioned findings are in line with earlier observations made by (Sharma, 2014; Vengoto and Sharma, 2018).

Conclusion

It can be concluded that majority of the KCC beneficiaries were partially utilized the amount sanctioned for the purpose. The KCC is a credit product that allowed the farmers for their financial / liquidity requirement and avail credit when it was absolutely needed. To provide adequate and timely credit support from the banking system to the farmers for their cultivation needs. While CI indicated investment range of the selected variables in the future against the inputs selected to get better profit or better returns

Policy implication

The below mentioned policy implication to be adopted for the betterment and increase the efficiency too:

- Since crop insurance under KCC scheme is not available in Nagaland, effort should be made to introduce this to the farmers and educate them about it.
- Reduce the interest rate of loan in KCC scheme.
- There is need to adopt measures to reduce the paper work and also reduce the time in sanctioning crop loan under KCC scheme.
- Bank officers should render advisory services to the farmer-borrower.
- The process of opening bank account should be simplified to bring more farmers under the KCC-scheme.

- To create awareness among the farmers about KCC, its functioning so, proper training facilities should be provided
- The limit of the loan amount per account should be raised to attract more farmers.
- More publicity of the scheme is needed through mass communication media, so that needy farmers can approach to the financial institution for obtaining the loan.

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