

Constraints Analysis in the Operation of Kisan Credit Card

Scheme in Haryana

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Abstract

Government of India has taken many major steps to enhance the growth of agriculture sector and strengthen the rural economy. One of these is to launch the KCC scheme in the year 1998-99 to provide the timely credit to the farmers in a hassle free manner for raising agricultural production. Thus keeping the importance of this innovative scheme the present study was made to identify the constraints in the operation of the KCC scheme as perceived by the farmers selected for the study. The study was carried out in two districts of the Haryana state named Sirsa and Karnal. The study is based on the primary data and the required data were collected from a sample of 180 beneficiary and 180 non-beneficiary farmer respondents from the selected area of the study. It was identified that insufficient credit limit, lack of consumption loan, high interest rates and cumbersome process of advancing the credit were the major problems reported by majority of beneficiary farmers in both of the selected districts as well as in Haryana. The study concluded that most of the beneficiary farmer respondents were satisfied with the behaviour of loan officers in the study area. As against this, cumbersome process of advancing credit, easy access to other sources of loan, insufficient credit limit and fear of being a defaulter were found as the major constraints reported by the majority of non-beneficiaries in the study area. The study also suggested that the process of opening a bank account and documentation process should be simplified and more flexible by minimizing the paper work and reducing the time taken in sanctioning the loan so that the more farmers can bring under the scheme.

Key Words: Kisan Credit Card Scheme, Credit, Constraints, KCC beneficiary, Non-KCC beneficiary

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Introduction

The growth of agriculture sector has been growing at a very low rate as compared to the rates of growth of other sectors of Indian economy. Government of India take many effective initiatives to accelerate the growth of this sector so that the growth of Indian economy may also be improve and accelerate as it is the key sector of the economy and majority of the people of our country depends upon it directly and indirectly on it. One of the major initiatives taken by the Indian government was to launch the Kisan credit Card Scheme in the year 1998-99 to provide adequate credit to the farmers to fulfill their needs of crop cultivation. Because, credit is a sub- component of the total investment made in agricultural sector. It's not only plays a crucial role in improving the growth of agricultural production but also helps in improving the standard of living especially of farmer's community. Thus, to achieve these aims the credit is provided through KCC scheme under single window system in a hassle free manner. The scheme is being implemented across the all of the states in the country from the time of its launch, so, there was a need to know the constraints in the operation of KCC scheme as perceived by the farmers to overcome all of these by making required improvements for the same so that the hurdles of the farmer community in accessing the credit through this innovative scheme may be minimized. Thus, the present study entitled "Constraints Analysis in the Operation of Kisan Credit Card Scheme in Haryana" was carried out in the study area to know the problems of the farmers with the following specific objectives:

1. To identify the constraints in the operation of Kisan Credit Card scheme as perceived by beneficiary farmers in Haryana.
2. To find out the constraints in the operation of KCC scheme as perceived by non-beneficiary farmers in Haryana.

Methodology

The present primary data based study was carried out in Haryana State by selecting two districts Sirsa and Karnal on the basis of the maximum area covered by the two major crops in the state. Further, on the basis of same criteria blocks named Sirsa, dabwali and Rania were selected from Sirsa district and Asandh, Nissing and Karnal were selected from Karnal district. For each selected blocks, one bank agency has been chosen as per their ranks in area and KCCs issued i.e. highest area covered block under wheat and paddy taken the bank agency which issued the maximum number of KCCs and so on. Thus, total six bank branches named Bajekan, Ganga, Rania, Padha, Nissing and Kunjpura have been

selected in the study area by selecting PNB bank, Regional Rural bank and co-operative bank agencies for the blocks Sirsa, Dabwali and Rania from Sirsa district and Assandh, Nissing and Karnal from Karnal district, respectively. Thus, from these six selected blocks and six branches of the two districts, a total of 180 KCC beneficiary and 180 non-KCC beneficiary farmers consisting of 90 KCC beneficiaries and 90 KCC non-beneficiaries from each district (including small, medium and large farmers) were selected for collecting primary data related to specific objectives of the study. From the selected respondents data were collected by using pre-structured questionnaire (Schedule Method) for the year 2014-15. Percentage method has been calculated for identifying the constraints in the operation of KCC scheme in Haryana.

Results and Discussion

Table 1 shows the constraints faced by the beneficiary farmers in operation of KCC scheme in Sirsa district and it is clearly observed from the table that the beneficiary farmers reported various constraints like insufficient credit limit, lack of consumption loan, high interest rate, cumbersome process of advancing credit, inflexibility in use of branch, locational difficulty, loan not available on time, too many intermediaries, low educational level of the farmer borrower and non-cooperative behaviour of loan officer. Out of these, insufficient credit limit to be identified as a major problem as 83.33 per cent of the total beneficiary farmers in Sirsa district responded affirmative response for this. As far as categories of farmers are concerned 86.67, 83.33 and 80 per cent of farmers reported the same problem in small, medium and large farmers' category. Lack of consumption loan and High interest rate were found as next major problems which were reported by more than 50 per cent beneficiary farmers in Sirsa district. 50 per cent of farmer respondents in the district felt that the process of advancing credit under KCC scheme is cumbersome as it includes legal procedures and lengthy paper work. It has also been observed that percentage of farmers reported various problems have been more of the small farmer's category as compared to medium and large categories of farmers. Behaviour of loan officers has been satisfactory as compared to other problems as a minimum percentage (11.11) of the farmer responded affirmative response for non-cooperative behaviour of loan officer. Most of these constraints were also observed by Bista *et al.* (2012) and Sarkar and Barman (2014).

Table 1
Constraints in the Operation of KCC Scheme as Perceived by Beneficiary Farmers in Sirsa District

Constraints	Categories of Beneficiary Farmers			Total
	Small	Medium	Large	
Insufficient credit limit	26 (86.67)	25 (83.33)	24 (80.00)	75 (83.33)
Lack of consumption loan	23 (76.67)	22 (73.33)	19 (63.33)	64 (71.11)
High interest rate	17 (56.67)	15 (50.00)	17 (56.67)	49 (54.44)
Cumbersome process of advancing credit	15 (50.00)	18 (60.00)	12 (40.00)	45 (50.00)
Inflexibility in use of branch	16 (53.33)	13 (43.33)	10 (33.33)	39 (43.33)
Locational difficulty	15 (50.00)	12 (40.00)	10 (33.33)	37 (41.11)
Loan not available on time	14 (46.67)	8 (26.67)	10 (33.33)	32 (35.55)
Too many intermediaries	9 (30.00)	7 (23.33)	4 (13.33)	20 (22.22)
Low educational level of the borrower	7 (23.33)	6 (20.00)	4 (13.33)	17 (18.89)
Non-cooperative behaviour of loan officers	5 (16.67)	3 (10.00)	2 (6.67)	10 (11.11)

Source: Field Survey

Note: Figures within the parentheses are percentages to the total

Table 2 reveals the constraints identified by the beneficiary farmers in Karnal district and it is noticeable from the table that the major problems of these farmers were Also same as the problem of insufficient credit limit and lack of consumption loan like Sirsa district. The farmers reported that the credit limit was insufficient to cover the total costs of cultivation for the crops. The other major problem has been perceived by the farmer's was a cumbersome process of advancing credit under KCC. The rate of interest was found to be a major problem in small (70 per cent) farmers followed by medium (43.33 per cent) and large (40 per cent) farmers. Besides, locational difficulty, inflexibility in use of branches, loan not available on time, too many intermediaries and low educational level of the farmers were also other constraints as reported by 47.78, 43.33, 30.00, 16.67 and 14.44 per cent of the total beneficiary farmers. They also revealed that due to lengthy paper work and for completing formalities of availing credit much time is taken by officials as a result loan is not sanctioned on time.

Table 2
Constraints in the Operation of KCC Scheme as Perceived by Beneficiary Farmers in Karnal district

Constraints	Categories of Beneficiary Farmers			Total
	Small	Medium	Large	
Insufficient credit limit	23 (76.67)	24 (80)	20 (66.67)	67 (74.44)
Lack of consumption loan	19 (63.33)	17 (56.67)	14 (46.67)	50 (55.55)
Cumbersome process of advancing credit	17 (56.67)	15 (50.00)	15 (50.00)	47 (52.22)
High interest rate	21 (70.00)	13 (43.33)	12 (40.00)	46 (51.11)
Locational difficulty	16 (53.33)	14 (46.67)	13 (43.33)	43 (47.78)
Inflexibility in use of branch	13 (43.33)	11 (36.67)	15 (50.00)	39 (43.33)
Loan not available on time	12 (40.00)	9 (30.00)	6 (20.00)	27 (30.00)
Too many intermediaries	6 (20.00)	6 (20.00)	3 (10.00)	15 (16.67)
Low educational level of the borrower	6 (20.00)	4 (13.33)	3 (10.00)	13 (14.44)
Non-cooperative behaviour of loan officers	3 (10.00)	1 (3.33)	0 (0.00)	4 (4.44)

Source: Field Survey

Note: Figures within the parentheses are percentages to the total.

The behaviour of loan officers has been found quite satisfactory in Karnal district as about 95 per cent farmers were satisfied with the behaviour of loan officers. In case of large farmers all sampled farmers responded that behaviour of loan officers was cooperative. Similar findings related to the behaviour of loan officers were observed by Singh and Sekhon (2005).

Table 3 depicts the constraints in the operation of the KCC scheme as identified by the beneficiary farmers in Haryana and it has been found that various constraints has been reported by farmers, out of which credit limit insufficiency found as a major problem followed by lack of consumption loan and high interest rate as 78.89, 63.33 and 52.78 per cent beneficiary farmers faced during the process of availing credit in the study area. Cumbersome process of advancing credit was the next major problem in the study area as more than 50 per cent farmers reported this problem which includes tough procedure of advancing credit due to lack of proper documents and legal procedures. It has also been noticed that percentage of farmers reported this problem have been more of medium farmer's category (55 per cent) as compared to small (53.33 per cent) and large categories

of farmers (45 per cent). Besides this, locational difficulty, inflexibility in use of branches, loan not available on time, too many intermediaries and low educational level of the borrower were also identified with 44.44, 43.33, 32.78, 19.44 and 16.67 per cent of farmers, respectively. It has also been observed that small farmers reported more problems as compared to medium and large farmers for the most of the constraints identified in the study area due to not having the influential powers as the large farmers had. The behaviour of loan officers was satisfactory in the study area as only 7.78 per cent farmer's responded affirmative response for their non-cooperation, which shows a lower percentage of farmers reporting this problem as compared to others. Similar constraints were identified by Bista *et al.* (2012) and Sirisha (2014) in their studies.

Table 3
Constraints in the Operation of KCC Scheme as Perceived by Beneficiary Farmers in Haryana

Constraints	Categories of Beneficiary Farmers			Total
	Small	Medium	Large	
Insufficient credit limit	49 (81.67)	49 (81.67)	44 (73.33)	142 (78.89)
Lack of consumption loan	42 (70.00)	39 (65.00)	33 (55.00)	114 (63.33)
High interest rate	38 (63.33)	28 (46.67)	29 (48.33)	95 (52.78)
Cumbersome process of advancing credit	32 (53.33)	33 (55.00)	27 (45.00)	92 (51.11)
Locational difficulty	31 (51.67)	26 (43.33)	23 (38.33)	80 (44.44)
Inflexibility in use of branch	29 (48.33)	24 (40.00)	25 (41.67)	78 (43.33)
Loan not available on time	26 (43.33)	17 (28.33)	16 (26.67)	59 (32.78)
Too many intermediaries	15 (25.00)	13 (21.67)	7 (11.67)	35 (19.44)
Low educational level of the borrower	13 (21.67)	10 (16.67)	7 (11.67)	30 (16.67)
Non-cooperative behaviour of loan officers	8 (13.33)	4 (6.67)	2 (3.33)	14 (7.78)

Source: Field Survey

Note: Figures within the parentheses are percentages to the total.

Table 4 presents the results related to constraints in the operation of KCC scheme as perceived by non-beneficiary farmers in Sirsa district and it has been observed from the table that there are various constraints reported by the non-beneficiary farmers. Out of these constraints, cumbersome process of advancing credit has been reported as major problem in study area as 72.22 per cent non-beneficiary farmers reported this problem

followed by insufficient credit limit and easy access to other sources of loan as 62.22 per cent and 60 per cent. Fear of being a defaulter due to non repayment of credit on time was also an issue as 54.44 per cent admitted that they avoid KCC loan due to the insecurity of repayment. In Sirsa, lack of awareness about the benefits of the KCC scheme, worst experience of peer groups and lack of motivation from officials were also identified as constraint which hindrance the better performance of KCC scheme.

Table 4
Constraints in the Operation of KCC Scheme as Perceived by Non-beneficiary Farmers in Sirsa district

Constraints	Categories of Non-Beneficiary Farmers			Total
	Small	Medium	Large	
Cumbersome process of advancing credit	25 (83.33)	21 (70.00)	19 (63.33)	65 (72.22)
Insufficient credit limit	21 (70.00)	17 (56.67)	18 (60.00)	56 (62.22)
Easy access to other sources of loan	16 (53.33)	18 (60.00)	20 (66.67)	54 (60.00)
Fear of being a defaulter	17 (56.67)	17 (56.67)	15 (50.00)	49 (54.44)
Lack of awareness about the benefits of the scheme	10 (33.33)	8 (26.67)	7 (23.33)	25 (27.78)
Worst experience of peer groups	13 (43.33)	4 (13.33)	7 (23.33)	24 (26.67)
Lack of motivation from officials	9 (30.00)	6 (20.00)	4 (13.33)	19 (21.11)

Source: Field Survey

Note: Figures within the parentheses are percentages to the total.

Category wise analysis of constraints reported by the non-beneficiaries revealed that in small and large farmers category of non-beneficiaries, cumbersome process of advancing credit was most pressing problem as maximum number of farmers as 83.33 and 70 per cent of the total in these categories, respectively, were reported it as major constraint while the largest percentage of the large farmers as 66.67 per cent of the total have not adopted the KCC scheme due to easy access of other sources of loan. The similar constraints were also reported by Singh and Sekhon (2005) in their study.

Table 5 shows the constraints reported in the operation of the KCC scheme in Karnal district by the non-beneficiary farmers. They reported that cumbersome process of advancing credit was a major constraint in the district, which was encountered for 70 per cent of the total beneficiaries, 80 per cent of small, 63.33 per cent of medium and 66.67 per cent of large farmers reported this problem because of the problem of finding guarantor and lengthy documentation procedure. They were also having the opinion that the easy

access to other sources of loan was the other major constraint in the district as 64.44 per cent non-beneficiary farmers accepted that it was also a reason for not taking the loan through KCC. In Karnal district, 56.67 per cent non-beneficiaries farmers have a fear to take a loan under the KCC scheme as they felt that if they are not able to pay it in time they will be declared as a defaulter and the bank will take them to court and other legal actions against them.

Table 5
Constraints in Operation of KCC Scheme as Perceived by Non-beneficiary Farmers in Karnal district

Constraints	Categories of Non-Beneficiary Farmers			Total
	Small	Medium	Large	
Cumbersome process of advancing credit	24 (80.00)	19 (63.33)	20 (66.67)	63 (70.00)
Easy access to other sources of loan	21 (70.00)	17 (56.67)	20 (66.67)	58 (64.44)
Fear of being a defaulter	20 (66.67)	17 (56.67)	14 (46.67)	51 (56.67)
Insufficient credit limit	16 (53.33)	15 (50.00)	18 (60.00)	49 (54.44)
Lack of motivation from officials	15 (50.00)	13 (43.33)	9 (30.00)	37 (41.11)
Worst experience of peer groups	17 (56.67)	9 (30.00)	6 (20.00)	32 (35.56)
Lack of awareness about the benefits of the scheme	8 (26.67)	6 (20.00)	3 (10.00)	17 (18.89)

Source: Field Survey

Note: Figures within the parentheses are percentages to the total.

It was revealed by the results that that insufficient credit limit was also found the main problem in the study area as reported by more than 50 per cent farmers. The constraint lack of motivation from officials were marked by more than 40 per cent farmers while 35.56 per cent farmers admitted that they are avoiding credit due to the worst experience of peer groups as many of the farmers in their villages have been declared defaulters and high rate of interest being charged due to non-repayment of the loan on time. 18.89 per cent said that they are not aware about the benefits of the KCC scheme and that's why not approaching this scheme. Across the categories of farmers, small farmers were facing the problems more as compared to other categories of farmers as more than 50 percent farmers in almost all of the listed problems remaining the one as lack of awareness about the benefits of the KCC scheme reported affirmative response. Almost similar types of constraints were also observed by Thakur and Barman (2013) for poor disbursement of KCC scheme.

Table 6 depicts the perception of the non-KCC beneficiary farmers regarding constraints in the operation of the KCC scheme in Haryana. The most pressing problem as reported by 71.11 per cent of the overall non-beneficiary farmers was cumbersome process of advancing credit, i.e. lengthy documentation procedures in availing credit and problem of finding a guarantor. While for the same problem as per the categories of small, medium and large has been 81.67, 66.67 and 65 per cent shown their response, respectively. Similarly, easy access to other sources of loan was found as a second major issue for not adopting the scheme because which was reported by 62.22 per cent of non-beneficiary farmers.

Table 6
Constraints in Operation of KCC Scheme as Perceived by Non-beneficiary Farmers in Haryana

Constraints	Categories of Non-Beneficiary Farmers			Total
	Small	Medium	Large	
Cumbersome process of advancing credit	49 (81.67)	40 (66.67)	39 (65.00)	128 (71.11)
Easy access to other sources of loan	37 (61.67)	35 (58.33)	40 (66.67)	112 (62.22)
Insufficient credit limit	37 (61.67)	32 (53.33)	36 (60.00)	105 (58.33)
Fear of being a defaulter	37 (61.67)	34 (56.67)	29 (48.33)	100 (55.56)
Worst experience of peer groups	30 (50.00)	13 (21.67)	13 (21.67)	56 (31.11)
Lack of motivation from officials	24 (40.00)	19 (31.67)	13 (21.67)	56 (31.11)
Lack of awareness about the benefits of the scheme	18 (30.00)	14 (23.33)	10 (16.67)	42 (23.33)

Source: Field Survey

Note: Figures within the parentheses are percentages to the total.

The results also indicated that the existing credit limit needs to be reviewed and should be increased to meet crop cultivation requirements. Fear of being a defaulter due to non-timely payment of loan was also found an important constraint in Haryana which was responsible for not adopting the scheme and the same was perceived by 55.56 per cent farmers in the state. Worst experience of peer groups and lack of motivation from officials were found also some other constraints in the operation of the KCC scheme, reported by 31.11 per cent of non-beneficiary farmers. The results also showed that more than 75 per cent of the farmers in the state were aware about the benefits of the KCC scheme, only 23.33 per cent responded that they have just avoided the KCC loan due to lack of awareness about the benefits of the KCC scheme. It has also been noticed that the major constraints found in the operation of KCC Scheme were reported more by small farmers as

compared to medium and large farmers in Haryana. The results of the study related to the constraints in operation of KCC scheme faced by non-beneficiary farmers matched with the findings of Bista *et al.* (2012).

Conclusion

The present study identified and discussed the various constraints reported by the selected beneficiary and non-beneficiary farmers in the operation of KCC scheme. On the basis of the findings of the study it may be concluded that insufficient credit limit, lack of consumption loan, high interest rates and cumbersome process of advancing the credit were the major problems which were reported by more than 50 per cent of beneficiary farmers in both of the selected districts as well as in Haryana. Most of the beneficiary farmers were satisfied with the behaviour of loan officers in the study area. The major constraints reported by the majority of non-beneficiary farmers were cumbersome process of advancing credit, easy access to other sources of loan, insufficient credit limit and fear of being a defaulter. The results of the study also highlighted that in both beneficiary and non-beneficiary farmers, small farmers faced more problems as compared to medium and large farmers in Haryana. Documentation process should be simplified and more flexible by minimizing the paper work and reducing the time taken in sanctioning the loan due to documents verification process. The process should be made easy to opening a bank account so that the more farmers' can brought under the scheme. The scope of KCC should more broadened as well as add on features on KCC could be further improved in terms of extending other loans e.g. adequate consumption loan to evolve the KCC into a truly multipurpose card. Farmers have the fear of being defaulter, for removing this problem some flexibility should be declared to repay the amount by bankers.

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