

The Implementation Aspects Of Kisan Credit Card Scheme : Manager's Perception

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ABSTRACT :

Kisan credit card scheme is an agriculture credit facility for the farmers where credit has been provided for consumption and production purposes under a single window system. The main objective of the paper was to assess the perception of the managers of the selected banks. For the purpose of the study, primary survey has been conducted to collect data from the managers. The data has been analysed by using various suitable statistical tools. The majority of the respondents have given consent to the various opinion statements. The bank-wise distribution of the managers of selected banks showed agreement regarding the opinion statements.

Key Words : Perception, credit, Kisan, card, farmers.

INTRODUCTION :

The kisan credit card scheme came into existence in the year 1998-99 as a credit product which aims to provide timely and hassle free credit to the farmers for their production needs. The model scheme was formulated by NABARAD which was uniformly adopted by almost all the commercial banks, regional rural banks and state co-operative banks. The kisan credit card is valid for the period of five years, subject to annual review by the concerned bank. During the review, the credit limit of the card can be enhanced, reduced or even discontinued depending upon the cropping pattern, scales of finance, change in assets, schedule of repayment etc. and other relevant factors. This facility can be utilized numerous times during its validity period. However, later on various impediments were felt by implementing banks, farmers and policy makers and therefore, after conducting various studies in the year 2012 on the recommendation of a working group, some changes were made to original scheme and revised guidelines have been issued by Reserve Bank of India. The kisan credit card scheme which was introduced in August 1998 was designed to cover investment requirements of farmers, allied and non-farm activities, but it remained

outside the ambit of the scheme since 2004 and resultantly, the farmers had to separately approach the banks to avail credit for their additional requirements which consumed extra time, cost and procedural formalities. RBI revised its model scheme and referred it as 'Scheme to cover term loans for agriculture and allied activities under the Kisan Credit Card Scheme'. It was provided that term loan will also be covered as working capital for agriculture and allied activities. The quantum of loan will be fixed by banks on the basis of unit cost of the asset, allied activities already taken up by the farmer, the bank's judgment on his repayment capacity and loan burden developing by the farmer. The short-term credit and working capital credit could be provided by single card and the current pass book would be divided in to three separate portions i.e. short-term credit/crop loans, working capital for activities allied to agriculture and term credit. The borrowers will have the flexibility of using credit as per their requirement. The term credit limit can be used to acquire one or more assets and in one or more installments as per the credit need and the end use will be monitored by the bank. The banks will follow security, margin, rate of interest and prudential norms as per RBI/NABARD stipulations. The repayment period for short term credit/crop loan and working capital credit will be 12 months and term credit will be payable within 5 years depending upon the nature of activity as per existing guidelines. The validity of the term loan facility under the KCC scheme has been extended from 3 years to 5 years.

The short term credit limit will be in the form of revolving cash credit and the same can be withdrawn without any restriction on number of debits and credits. Kisan credit card can be now operated through branch, cheque facility, ATM/debit cards, business correspondents and ultra thin branches, PoS available in sugar mills/contract farming companies, input dealers and mobile based transactions. The KCC holders can avail the option of crop insurance, health insurance and personal accident insurance. The premium will be paid through the KCC account in the agreed ratio between the bank and the insurance company. In the light of the above facts, it has become necessary to study the implementation of the scheme by the banks providing the same.

REVIEW OF LITERATURE :

Ram et al. (1990) conducted study in Andhra Pradesh in the area of Bapatla, district Guntur regarding the performance of Primary Co-operative Agricultural Development Bank. The main objective of the paper was to study the trends of selected growth indicators and to identify the factors influencing the profits obtained by PCADB. The Index analysis and compound growth rates were used for assessing the trends of growth indicators for the period from 1966-67 to 1985-86. The multiple linear regression was used to assess the influence of various factors on profits. It was revealed that the selected PCADB achieved

impressive progress in terms of membership, paid up share capital, borrowings made, amount of loans and borrowings repaid by PCADB. It was found that some problems like mounting over dues, stagnation in business, increasing administrative and management costs posed a threat to the existence of co-operatives. It was suggested that there was need to find out the forces which affect the profitability of co-operatives.

Kumar and Balishter (1984) attempted to study the various sources of finance and magnitude of finance by different institutional agencies in Sansi block of Aligarh district in Uttar Pradesh. For the purpose of the study, data was collected through survey method from 41 farmers consisting 21 small, 14 medium and 6 large farmers of selected villages for the year 1977-78. It was revealed in the study that moneylenders were the most important among all the sources of finance for small farmers, co-operative banks for medium farmers and commercial banks for large farmers. The institutional agencies met 74 per cent of credit needs of the farmers and for rest they had to depend on non- institutional sources. In case of small farmers institutional agencies met 57 per cent of credit needs and rest 43 per cent were met by non-institutional sources. It was found that because of inadequate availability of credit and complicated procedure in getting loan from institutional agencies the small farmers had to be on the mercy of moneylenders.

Singh and Tyagi (1995) examined the impact of co-operative finance on agricultural development in Basti district of eastern Uttar Pradesh. For the purpose of the research, a sample of 40 borrowers and 40 non borrowers was taken from marginal and small size group of farmers. It was revealed in the study that co-operative finance had a favorable impact on agriculture development by providing timely and adequate credit. It was suggested that the impact of co-operative finance on agriculture would be significantly raised by expanding services of co-operatives and by increasing their operational efficiency. Dhaliwal and Arora (2008) studied the various aspects of Kisan credit card scheme and evaluated the progress of the scheme. The progress of the scheme had been examined year-wise and agency-wise in terms of number and amount. The study covered the period from 1998-99 to 2006-07. The share of KCC in ground level credit had been analyzed and suggestions were made to make the scheme more effective. It was found that there had been regional disparities in the adoption of the scheme by the banks in different states and union territories in the country. The study revealed that high service charges and insistence on land mortgage for small loans were the factors which impeded the progress of the scheme. It was suggested in the study that banks should adopt a time bound plan in order to give the benefit of the scheme to every farmer.

OBJECTIVE OF THE STUDY:

The main objective of the study is to assess the perception of the managers of the selected banks.

RESEARCH METHODOLOGY :

The objective of the research was to study the implementation aspects of the scheme, where primary data has also been collected from the managers of the selected banks. The banks so selected were State Bank of Patiala, Punjab National Bank, HDFC, Cooperative bank and regional rural bank. For the collection of data, 50 managers have been interviewed with the help of pre-tested questionnaire at their workplace taking 10 managers from each of the selected banks. The managers were chosen on the basis of convenient sampling. The data has been analysed by using various statistical tools.

Manager's Preception About the Implementation Aspects of Kisan Credit Card Scheme

The analysis of opinion survey of the managers on a five point rating scale regarding the implementation aspects of the kisan credit card scheme which include short-term credit for cultivation of crops, credit for post harvest expenses, credit for marketing of produce, household consumption expenses, credit for investment credit, expenses for maintenance of farm assets, expenses for raising crops, adequacy of credit, timeliness of credit, accessibility of credit, interest rates, documentation process, modes of operation, educate farmers about aspects of scheme, employee training, utilization of credit, purpose of grant, repayment of limit, incentives on prompt repayment and overall perception regarding KCC scheme is depicted in table 1.

Table : 1
Distribution of Respondents' Consent Regarding Opinion Statements Relating to the Implementation Aspects of Kisan Credit Card Scheme

Particulars	Strongly Agreed	Agreed	Neither Agreed Nor Disagreed	Disagreed	Strongly Disagreed	AWS
Under the KCC scheme, the bank provides short-term credit for cultivation of crops	7(14)	43(86)	0	0	0	4.14
It provides credit for post harvest expenses of the farmers	4(8)	19(38)	27(54)	0	0	3.54
It provides credit for the marketing of produce	2(4)	38(76)	10(20)	0	0	3.84
It provides credit for the consumption required for household expenses	12(24)	28(56)	10(20)	0	0	4.04

It provides credit for the investment purpose of farmers	4(8)	35(70)	11(22)	0	0	3.86
It provides credit to meet all the expenses on the maintenance of farm assets	6(12)	27(54)	17(34)	0	0	3.78
The credit covers all the expenses required for raising the crops	5(10)	8(16)	25(50)	12(24)	0	3.12
The credit provided under the scheme is adequate as per the needs of the farmers	5 (10)	24(48)	12(24)	9(18)	0	3.48
It provides timely credit for agriculture	7(14)	12(24)	15(30)	16(32)	0	3.20
The credit under the scheme easily accessible to the farmers	7(14)	13(26)	20(40)	10(20)	0	3.34
The interest charged by the banks for credit under the Kisan credit card scheme is reasonable	3(6)	11(22)	18(36)	18(36)	0	3.0
The documentation process of kisan credit card scheme is simple to understand to the farmer	5(10)	15(30)	13(26)	17(34)	0	3.24
Whether bank is providing various the channels for operating Kisan credit card	3(6)	7(14)	13(26)	25(50)	2(4)	2.48
It educates the farmers about the various features of the scheme	4(8)	16(32)	20(40)	10(20)	0	3.28
The employees are trained to make scheme understand to the farmers	3(6)	7(14)	15(30)	22(44)	3(6)	2.70
It monitors the utilization of the credit periodically	3(6)	7(14)	18(36)	14(28)	8(16)	2.66
The farmers use the credit for the purpose it is meant for	3(6)	6(12)	9(18)	7(14)	25(50)	2.10
The farmers make timely repayment of the limit sanctioned under the scheme	1(2)	9(18)	7(14)	12(24)	21(42)	2.14
It pays incentives on prompt repayment of credit limit	14(28)	16(32)	20(40)	0	0	3.88

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Overall satisfaction regarding Kisan credit card	11(22)	19(38)	20(40)	0	0	3.82
Mean of Average Weighted Score= 3.28						

Table 1 reveals that majority of the respondents have given their consent with regard to the opinion statements, 'Bank provide short-term credit for cultivation of crops'(AWS=4.14), 'Bank provides credit for post harvest expenses of the farmers' (AWS=3.54), 'It provides credit for the marketing of produce'(AWS=3.84), 'It provides credit for the consumption required for household expenses' (AWS=4.04), 'It provides credit for the investment purpose of farmers' (AWS=3.86), 'It provides credit to meet all the expenses on the maintenance of farm assets' (AWS=3.78), 'The credit covers all the expenses required for raising the crops' (AWS=3.12), 'The credit provided under the scheme is adequate as per the needs of the farmers'(AWS=3.48), 'It provides timely credit for agriculture'(AWS=3.20), 'The credit under the scheme easily accessible to the farmers' (AWS=3.34), 'The interest charged by the banks for credit under the kisan credit card scheme is reasonable' (AWS=3.0), 'The documentation process of kisan credit card scheme is easy to understand the farmers' (AWS=3.24), 'Whether bank is providing various channels for operating kisan credit card' (AWS=2.48), 'It educates the farmers about the various features of the scheme' (AWS=3.28), 'The employees are trained to make scheme understand to the farmers' (AWS=2.70), 'It monitors the utilization of the credit' (AWS=2.66), 'The farmers use the credit for the purpose for which it is meant' (AWS=2.10), 'The farmers make timely repayment of the limit sanctioned under the scheme' (AWS=2.14), 'It pays incentives on prompt repayment of credit limit' (AWS=3.88), 'Overall satisfaction regarding kisan credit card'(AWS=3.82). The mean value of average weighted scores corresponding to the agreement level of the respondents regarding various opinion statements relating to the implementation aspects of kisan credit card scheme is 3.28.

Thus, the respondents have given their consent with the all opinion statements regarding implementation aspects of kisan credit card scheme. So, the study found agreement among the managers for all the opinion statements.

The bank-wise analysis of the opinion of the managers regarding the implementing KCC scheme is presented in the table 2.

Table : 2
Bank-wise Distribution of Respondents' Consent Regarding Opinion Statements
Relating to the Implementation Aspects of Kisan Credit Card Scheme

Particulars	SBOP	PNB	HDFC	RRBs	Co-operative Banks	Kruskall Wallis
Average Weighted Score						
Under the KCC scheme, the bank provides short-term credit for cultivation of crops	4.1	4.1	4.5	4.0	4.0	14.000*
It provides credit for post harvest expenses of the farmers	3.6	3.6	3.8	3.4	3.3	3.003
It provides credit for the marketing of produce	4.1	4.0	4.1	3.7	3.3	22.295*
It provides credit for the consumption required for household expenses	4.3	4.4	4.5	3.6	3.4	22.432*
It provides credit for the investment purpose of farmers	4.0	3.9	4.1	3.7	3.6	5.006
It provides credit to meet all the expenses on the maintenance of farm assets	3.8	3.7	4.1	3.7	3.6	3.764
The credit covers all the expenses required for raising the crops	3.3	3.0	3.5	2.9	2.9	2.997
The credit provided under the scheme is adequate as per the needs of the farmers	3.8	3.5	3.6	3.3	3.3	2.253
It provides timely credit for agriculture	3.1	3.3	3.3	3.3	3.0	0.709
The credit under the scheme easily accessible to the farmers	3.3	3.6	3.8	3.0	3.0	5.504
The interest charged by the banks for credit under the kisan credit card scheme is reasonable	3.2	2.9	3.4	2.6	2.9	5.065
The documentation process of kisan credit card scheme is simple to understand to the farmer	3.4	3.3	3.3	3.0	3.2	0.808*
Whether bank is providing various the channels for operating kisan credit card	2.2	2.8	3.6	2.0	1.8	30.280*

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It educates the farmers about the various features of the scheme	3.7	3.7	3.9	2.6	2.5	23.942*
The employees are trained to make scheme understand to the farmers	3.3	3.0	3.5	1.9	1.8	31.404*
It monitors the utilization of the credit periodically	2.5	2.5	3.9	1.8	2.6	18345*
The farmers use the credit for the purpose it is meant for	2.2	1.7	2.3	1.3	3.0	10.277*
The farmers make timely repayment of the limit sanctioned under the scheme	2.2	1.7	2.4	2.1	2.3	1.383
It pays incentives on prompt repayment of credit limit	4.0	3.9	4.3	3.6	3.6	5.467
Overall satisfaction regarding kisan credit card	3.9	3.8	3.7	3.8	3.9	0.508
MEAN	3.4	3.32	3.68	2.96	3.05	

The Kendall's coefficient of Concordance (W) =0.526, Chi-square value =552.642, df =21, Significant at 5 per cent level of significance.

The table 2 provides that the majority of respondents of all the selected banks have given their consent with the opinion statements 'bank provides short-term credit for cultivation of crops', 'provides credit post harvest expenses of the farmers', provides credit for marketing of produce', 'provides credit for consumption requirement of the household expenses', 'provides credit for the investment purpose of the farmers', 'provides credit to meet all the expenses on the maintenance of farm assets', 'credit provided under the scheme is adequate as per the needs of the farmers', 'timely credit for agriculture', 'credit under the scheme easily accessible to the farmers', 'documentation process of kisan credit card scheme is simple to understand to the farmer', and 'incentives on prompt repayment of credit limit' and 'overall satisfaction of kisan credit card'.

Further, the significant difference of opinion has been found among the respondents of various banks regarding 'bank provides short-term credit for cultivation of crops', 'provides credit for marketing of produce', 'provides credit for consumption requirement of the household expenses', 'bank is providing various the channels for operating kisan credit card', 'educates the farmers about the various features of the scheme', 'employees are trained to make scheme understand to the farmers', 'monitors the utilization of credit periodically' and 'farmers use the credit for the purpose it is meant for'.

The large number of the respondents of SBOP has favored all the opinion statements except 'bank is providing various the channels for operating kisan credit card', 'monitors the utilization of the credit periodically', 'farmers use the credit for the purpose it is meant for' and 'farmers make timely repayment of the limit sanctioned under the scheme'. The respondents of PNB favored all the opinion statements except 'interest charged by the banks for credit under the kisan credit card scheme is reasonable', 'bank is providing various the channels for operating kisan credit card', 'monitors the utilization of the credit periodically', 'farmers use the credit for the purpose it is meant for' and 'farmers make timely repayment of the limit sanctioned under the scheme'. The respondents of HDFC bank all the opinion statements except 'farmers use the credit for the purpose it is meant for' and 'farmers make timely repayment of the limit sanctioned under the scheme'.

The respondents of RRBs and the co-operative banks favored the opinion statements 'bank provides short-term credit for cultivation of crops', 'provides credit post harvest expenses of the farmers', 'provides credit for marketing of produce', 'provides credit for consumption requirement of the household expenses', 'provides credit to meet all the expenses on the maintenance of farm assets', 'credit provided under the scheme is adequate as per the needs of the farmers', 'timely credit for agriculture', 'credit under the scheme easily accessible to the farmers', 'documentation process of kisan credit card scheme is simple to understand to the farmer', 'incentives on prompt repayment of credit limit' and overall satisfaction of kisan credit card'.

Further, the mean value of average weighted score corresponding to all the opinion statements regarding the implementation of the scheme is the highest in HDFC bank (3.68), followed by the SBOP (3.4), the PNB (3.32), the co-operative banks (3.05) and the RRBs (2.96). The Kendall's coefficient of concordance shows that there exists significant concurrence of rankings ($w=0.526$) among the managers of different banks with regard to the opinion statements relating to the implementation aspects of kisan credit card scheme.

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