

**AWARENESS AND UTILIZATION BEHAVIOR OF BENEFICIARY
FARMERS TOWARDS KISAN CREDIT CARD IN SABARKANTHA
DISTRICT OF GUJARAT**

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SARDARKRUSHINAGAR DANTIWADA AGRICULTURAL UNIVERSITY
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BY

**SAGAR NIMESHKUMAR KIRITKUMAR
B.Tech. (R.E. & E.E)**



**COLLEGE OF AGRIBUSINESS MANAGEMENT
SARDARKRUSHINAGAR DANTIWADA AGRICULTURAL UNIVERSITY
SARDARKRUSHINAGAR – 385 506 [GUJARAT]**

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Name of Student

SAGAR NIMESHKUMAR K.

Major Advisor

Er. Bhanupriya Choyal

**COLLEGE OF AGRIBUSINESS MANAGEMENT
SARDARKRUSHINAGAR DANTIWADA AGRICULTURAL UNIVERSITY
SARDARKRUSHINAGAR – 385 506**

ABSTRACT

Credit is an important input of agricultural production. Kisan Credit Card (KCC) scheme is an important effort of banking sector for promoting agricultural credit flow and achieving financial inclusion by meeting short term credit need of farmers in a flexible, hassle free and cost-effective manner. The implementation of the scheme has resulted in an increase in the flow of credit to the agriculture sector and a substantial reduction in borrowing from the informal sector for short-term needs. However, the sanctioning of lower credit limits, low awareness level about insurance features and the tendency to treat the card as a term loan facility rather than as a cash credit facility still remain areas of concern.

The study entitled “Kisan Credit Card: Awareness and Utilization Behavior of Beneficiary Farmers towards KCC in Sabarkantha District of Gujarat” was a project undertaken in the partial fulfillment of the P.G. Degree MBA (Agribusiness). It was taken up with the basic objectives of studying the socio-economic characteristics of beneficiary farmers; farmers awareness on features and utility of KCC scheme; perception of beneficiary farmers towards KCC scheme; and constraints and issues faced by farmers related to Kisan Credit cards in the Sabarkantha district of Gujarat. The study area consisted 3 talukas and 12 villages in Sabarkantha district. Multistage random sampling method was employed for selection of talukas and villages. Further, 10 farmers from each village were selected randomly. Thus, a total of 120 farmers were selected randomly. Primary data were collected with the help of interview schedule.

In the surveyed region of Sabarkantha district of Gujarat, nearly 58.01 per cent of the farmers were found in the age group of 41 to 60 years and around 31.54 per cent of the

farmers attained higher secondary level education. As regards of income, about 55.61 per cent of the respondents had annual income of Rs. 2,00,001 to 5,00,000. The pattern of land holding of the sample farmers indicated that about 52.29 per cent of KCC holders were marginal and small farmers and around 40.69 per cent KCC holders were semi-medium & medium farmers in the study area. Generally, banks do not lend or set minimal cash credit limit for marginal farmers to avoid risk of increasing NPA (Non-performing assets) and degradation of asset quality. Interestingly, almost all the farmers were aware about the credit facility provided by banks for crop production against the mortgage of agricultural land, but farmers were not aware about the modalities, utilities/benefits of KCC like revolving cash credit facility (RCCF) involving any number of withdrawals. As regards of purpose of using KCC, around 34.17 per cent farmers were aware that they could get the KCC for meeting the credit requirements for consumption purpose also as well as for post-harvest expenses, produce marketing loan, working capital for maintenance of farm assets and activities allied to agriculture and investment credit requirement for agriculture and allied activities. Further, about 74.27 per cent of beneficiary farmers were aware about the terms of repayment as to repay the loan amount within a year or 31st of July; whichever is earlier.

Moreover, study revealed that about 81.34 per cent of the beneficiary farmers withdrew the limit through the cheque book and rest 18.66 per cent withdrew the cash credit (CC) limit through withdrawal slip at bank branches itself. As regards of interest subvention, around 44.82 per cent of the farmers knew that it was 3 per cent for the limit less than Rs. 3,00,000 and about 42.33 per cent beneficiary farmers were aware about 10 per cent annual increment in the CC limit.

Surprisingly, only 32.37 per cent of the KCC holders were partially aware about the insurance cover under Personal Accident Insurance Scheme (PAIS) and none of them had ever utilized this insurance coverage under KCC scheme. Further, KCC holders were not aware about the voluntary crop insurance cover under Pradhan Mantri Fasal Bima Yojana with KCC. Only 11.62 per cent beneficiary farmers knew about this scheme.

About 96.28 per cent of the beneficiary farmers viewed KCC as a truly hassle-free card as they had experienced flexibility and simplicity in availing credit. However, about 74.70 per cent KCC holders felt that the credit limit sanctioned under KCC was not adequate and tenant farmers were not able to get the benefits of the KCC scheme as banks felt that acceptance of oral lease could result in double financing as both the owner and the lessee would avail bank credit.

The KCC scheme has been in effect now for around twenty three years and over this period it has become the main vehicle of short-term credit to agriculture and source of investment in the agriculture. However, policy makers should address the issue of ignorance of marginal farmers (as banks set less cash credit limit to marginal farmers) as well as tenant farmers by banks through making some changes such as mandatory lending to these groups along with some interest subsidy to the banks too for deepening the reach of KCC to these niche pockets. Introduction of biometric cards, deployment of Banking Correspondence (BCs), simplification of procedure, financing through Joint Liability Groups (JLGs) mode may go a long way in providing more relief to the distressed farmers. At this juncture, there is a need for more proactive initiatives by the commercial banks, state governments in promotion of JLGs, SHG and innovative insurance products etc.

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LIST OF ABBREVIATIONS

ACDS	Agricultural Credit Delivery System
ATM	Automatic Teller Machine
BDO	Block Development Officer
BC	Banking Correspondence
CC	Cash Credit
CBs	Commercial Banks
CEOs	Chief Executive Officers
DCCB	District Central Cooperative Bank
DLTC	District Level Technical Committee
FTTF	Farmers' Technology Transfer Fund
FD	Fixed Deposit
GDP	Gross Domestic Product
GOI	Government of India
ICDM	Innovative Credit Delivery Mechanism
ICIs	Innovative Credit Interventions
JLGs	Joint Liability Groups
KCC	Kisan Credit Card
NABARD	National Bank for Agriculture and Rural Development
NDA	National Democratic Alliance
NAFSCOB	National Federation of State Cooperative Banks
NFS	Non-Farm Sector
NCPI	National Payment Corporation of India
NPAs	Non Performing Assets
PMFBY	Pradhan Mantri Fasal Bima Yojana
PACS	Primary Agricultural Cooperative Society
PAIS	Personal Accident Insurance Scheme
PCD	Production Credit Department
RBI	Reserve Bank of India
RCCF	Revolving Cash Credit Facility
RKBY	Rashtriya Krishi Bima Yojana
RRB	Regional Rural Bank

SPU	Special Project Unit
SCB	State Cooperative Bank
SHGs	Self Help Groups
SLBC	State Level Bankers Committee
SLCC	State Level Technical Committee
WCIS	Weather-based Crop Insurance Scheme

1 INTRODUCTION

1.1 KISAN CREDIT CARD (KCC)

In order to address the problems in purveying credit for agriculture, RBI had set up a five-man high level committee headed by Shri. R. V. Gupta in 1997 to suggest measures for improving the delivery system as well as simplification of procedure for agricultural credit. The committee had submitted its report in April 1998. As suggested by the committee, Kisan Credit Card (KCC) scheme was announced in budget speech by then Finance Minister Mr. Yashwant Sinha of National Democratic Alliance (NDA) Government in 1998-99. Accordingly, the National Bank for Agriculture and Rural Development (NABARD) prepared model scheme guidelines for the issue of Kisan Credit Card to farmers on the basis of their land holdings and submitted to Government of India. After much discussion, the guidelines were finalized and finally communicated to commercial banks, Regional Rural Banks (RRB) and Co-operative Banks.

The Kisan Credit Card scheme proved beneficial to farmers as it offers hassle free, adequate and timely credit to the farmers for their short-term credit needs during their cultivation practices, for purchase of agricultural inputs such as seeds, fertilizers, pesticides etc. and also draw cash for their production needs during the cropping season. Repayment can be rescheduled if there is a bad crop season and extensions are offered upto four years. Kisan Credit Card scheme covers,

- (i) Production credit
- (ii) Working capital requirements for allied activities
- (iii) Ancillary credit requirements related to crop production
- (iv) Contingent needs
- (v) Accidental insurance of Kisan Credit Card borrowers.

Crop loans disbursed under Kisan Credit Card scheme for notified crops are covered under National Agricultural Insurance Scheme (NAIS). The purpose of the scheme is to protect the interest of farmers against crop loss caused by natural calamities, pest attacks etc. The card is valid for five years and subject to annual renewal. Withdrawals are made using slips, cards, and a passbook. All farmers, owner cultivators, tenant cultivators, share croppers and individual farmers having agreement with institution are eligible for the card. Most banks in India that offer agricultural finance offer the Kisan Credit Card.

1.2 Features of Kisan Credit Card

1. Short term credit limit is fixed for the first year depending upon the crops cultivated as per proposed cropping pattern & scale of finance.
2. For every successive year (2nd, 3rd, 4th and 5th year) the limit will be stepped up at the rate of 10 per cent per annum.
3. Investment credit requirement of small value in the nature of farm implements/equipments like sprayer, plough etc. and repayable within a period of one year will be included while fixing KCC limit.
4. KCC borrowers are being issued an ATM cum debit card to enable them to withdraw from KCC accounts from ATMs.
5. Processing charges are waived for KCC limit up to Rs.3 lacs.
6. KCC accounts should be renewed annually, well before the due dates every year to continue the limit during the KCC validity period of 5 years.
7. For the purpose of renewal, branches obtain a simple declaration as per the guidelines (about crops raised/proposed to rise) from the borrowers.
8. Eligible crops shall be covered under Crop Insurance Scheme – Pradhan Mantri Fasal Bima Yojana (PMFBY).

1.3 REPAYMENT TERM

1. Kharif crop (mono): (1st April to 30thSeptember) - 31st Jan
2. Rabi crop (mono): (1st October to 31st March) - 31st July
3. Double /Multiple crops: (kharif & Rabi seasons) - 31st July
4. Long term crops: (All round the year) - 12 months (from the date of first disbursement)
Borrowers are required to route their farm proceeds or other credits into the KCC account, with a minimum of loan amount plus interest and other charges, if any, within the repayment due date.

Source: <https://www.rbi.org.in/commonman/English/Scripts/Notification.aspx?Id=2311>

1.4 INSURANCE UNDER KCC SCHEME

Kisan Credit Card holders are covered by a personal accident insurance. This cover is available when the person enters the scheme. The cover is as follows:

- Death: 50,000
- Disability: 25,000
- The banker and the farmer share the premium in a ratio of 2:1 and a premium of Rs.15 is paid for the purpose by the farmer.

The crop loan disbursed under KCC issued by the District Co-operative Central Bank (DCCB) is covered under National Agriculture Insurance Scheme (NAIS). For insurance of paddy a premium of 2.5 per cent is collected from farmers with land holding up to 1 ha and at 4.3 per cent is collected from farmers with more than 1 ha of land.

1.5 INTEREST AND OTHER CHARGES ON KCC

The interest rates on Kisan Credit Cards vary from bank to bank and also on borrowing limits. Generally, 7 per cent per annum interest rate is charged for KCC borrowing limit up to Rs. 3 Lakh. However, central government provides interest subvention to the financing institutions. If the track record of the card holder is good; a further 3 per cent interest subsidy is provided. After three years sound track record, a card holder can also get the credit limit enhanced. Apart from that there are some overhead costs for borrowing under KCC.

1.6 PROGRESS OF KISAN CREDIT CARD SCHEME IN INDIA

The scheme was initiated in the year 1998-99. Only 0.78 million KCC could be issued in the initial year and it progressed consistently in subsequent years. Putting an emphasis on increasing credit flow to the agricultural sector, NABARD advised the banks to identify and cover all farmers including defaulters, oral lessees, tenant farmers and share croppers, who were left outside the hold of the KCC scheme for any reason so that all farmers were covered under the scheme. In March 2021, the government had said that 2.5 crore farmers, including fishermen and those involved in animal husbandry, would get Rs 2 lakh crore of concessional credit through Kisan Credit Cards. About 1.22 crore Kisan Credit Cards had been issued up to end of 2020-2021 by the banks throughout the country (Table 1.2).

Agency-wise break-up of the total KCCs issued showed that Commercial Banks issued maximum number of KCCs at 48.99 per cent of total followed by Co-operative Banks and Regional Rural Banks (RRB) at 35.82 per cent and 14.96 per cent respectively (Table 1.1). In terms of total loan disbursed to card holders, the share of Commercial Banks was 75.81 per cent, followed by 12.56 per cent for RRBs and 11.60 per cent for Co-operative Banks.

Table 1.1: Coverage of KCCs - Agency-wise (in per cent)

Agency	No. of KCCs accounts	Amount disbursed under KCC
Commercial banks	48.99	75.81
Regional Rural Banks	14.96	12.56
Co-operative banks	35.82	11.60

(Source: Report on Trend and Progress of Banking in India from 2019-2020)

Table 1.2: Agency-wise and period-wise progress of KCC (No. in Lakh)

Year	Co-operative Banks		Regional Rural Banks		Commercial Banks		Total	
	No. of KCCs Issued	Per cent	No. of KCCs Issued	Per cent	No. of KCCs Issued	Per cent	Total No. of KCCs Issued	Per cent
1998-99	01.55	19.88	00.06	00.78	06.22	79.74	07.80	100
1999-00	35.95	70.02	01.73	03.37	13.66	26.61	51.34	100
2000-01	56.14	64.89	06.48	07.49	23.90	27.62	86.52	100
2001-02	54.36	58.20	08.34	08.92	30.71	32.88	93.41	100
2002-03	45.79	55.55	09.64	11.69	27.00	32.75	82.43	100
2003-04	48.78	52.75	12.74	13.78	30.94	33.46	92.47	100
2004-05	35.56	36.74	17.29	17.86	43.96	45.40	96.80	100
2005-06	25.98	32.43	12.49	15.59	41.65	51.98	80.12	100
2006-07	22.98	27.00	14.06	16.52	48.08	56.49	85.11	100
2007-08	20.91	24.69	17.72	20.92	46.06	54.38	84.70	100
2008-09	13.44	15.64	14.14	16.46	58.34	67.90	85.92	100
2009-10	17.43	19.35	19.49	21.64	53.13	58.99	90.06	100
2010-11	28.12	27.65	17.74	17.45	55.82	54.89	101.69	100
2011-12	26.61	22.63	19.95	16.96	68.04	57.86	117.60	100
2012-13	26.91	20.73	20.48	15.78	82.43	63.49	129.82	100
TOTAL	460.51	35.82	192.35	14.96	629.94	48.99	1285.79	100

(Source: Report on Trend and Progress of Banking in India from 2003-04 to 2012-2013)

1.7 PROGRESS OF KISAN CREDIT CARD SCHEME IN GUJARAT

The number of outstanding KCCs in the State has increased from 27,75,301 as of march, 2020 to 26,46,067 as of March, 2021 showing net decrease of (-)1,29,234 KCCs during the quarter ended March., 2021. The bank group wise break up is: Public Sector Banks – 9,32,516, State Bank of India – 3,30,939, RRBs – 3,80,753, Private Sector Banks – 1,56,177 and DCCBs -9,24,277.

Table 1.3: Position of KCC in Gujarat for the period ended

	March 2020	March 2021	Growth Over March 2020
Accounts	27,75,301	26,46,067	(-)1,29,234
Amounts(Lakh)	51,188	54,208	3,020

(Source- State Level Bankers Committee (SLBC)-Gujarat, report on banking at a glance in Gujarat state March 2020)

The bank group (Tab. 1.3) wise break up is: Public Sector Banks – 9,32,516, State Bank of India – 3,30,939, RRBs – 3,80,753, Private Sector Banks –1,56,177 and DCCBs -9,24,277.

Table 1.4: The bank group wise break up of KCC accounts in Gujarat (March, 2021)

Sr. No.	Bank group	No. of KCC Holders
1	Nationalized Banks	9,32,516
2	State Bank Group	3,30,939
3	Regional Rural Banks (RRBs)	3,80,753
4	Private Sector Banks	1,56,177
5	District Central Co-Operative Banks (DCCBs)	9,24,277

(Source- State Level Bankers Committee (SLBC), Gujarat, report on banking at a glance in Gujarat state – March 2021)

As per the information provided by State Level Bankers Committee's (SLBC) member banks, the state has 27,24,662 outstanding KCCs covering 39,36,273 land holders at the end of March, 2021 against the total landholding of 46.61 Lakh, *i.e.* 84.44 per cent coverage of total landholdings.

1.8 RECENT DEVELOPMENT IN KCC SCHEME

National Bank for Agriculture and Rural Development (NABARD) in January, 2013 set up Special Project Unit- Kisan Credit Card (SPU-KCC) with a mandate for encouraging Co-operative Banks and Regional Rural Banks across the country to issue RuPay KCC cum debit cards. The core objective of the unit is to facilitate issuance of cards by these banks through guidance, co-ordination with National Payment Corporation of India (NPCI), interaction with sponsor banks of RRBs and Co-operative Banks.

The overall goal is to develop cash-less eco system by enabling the farming community to avail all new banking facilities at par with urban area of the country. The SPU undertakes policy formulation, capacity building and networking with the various stake holders to achieve its objectives.

1.9 TITLE OF STUDY

“Awareness and Utilization Behavior of Beneficiary Farmers towards Kisan Credit Card in Sabarkantha District of Gujarat”

1.10 OBJECTIVES OF THE STUDY

1. To study the socio-economic characteristics of KCC beneficiary farmers
2. To study the beneficiary farmers awareness on features and utility of KCC scheme
3. To study the KCC holder’s perception towards KCC scheme
4. To examine the issues faced by farmers related to KCC scheme

2 REVIEW OF LITERATURE

A brief review of literature of earlier work done in India in the areas of Kisan Credit Card (KCC) scheme is presented under the following heads.

- 2.1 Socio-economic characteristics of KCC beneficiary farmers
- 2.2 Beneficiary farmers awareness on features and utility of KCC scheme
- 2.3 KCC holder's perception towards KCC scheme
- 2.4 Constraints & issues faced by farmers related to KCC scheme

2.1 SOCIO-ECONOMIC CHARACTERISTICS OF KCC BENEFICIARY FARMERS

Samal (2002) conducted a study on institutional credit flow to agriculture in the district of North 24 Parganas of West Bengal. The study based on field survey of 120 sample farmers belonging to 4 different blocks had revealed that most of the farmers in West Bengal had poor resource, less assets and lacked credit worthiness. Their lands were highly fragmented result into average size of land holdings was small to take up viable investment activities. In view of high transaction cost, mounting overdue/non-performing assets and default risks, banks were found hesitant to take lending decisions.

Suresh (2008) analyzed the impact of micro finance on empowerment of rural women in tank management project in north Karnataka. He found that nearly 50 per cent of the respondents were from middle age group, 50 per cent illiterate and only 3.33 per cent had completed their college. Nearly 93.33 per cent of them were married, 43.3 per cent of the respondents were found from general category. Majority of the beneficiaries were practicing agriculture as main occupation. The percentage change in income of the beneficiaries from before and after dairying in the study area was 41.12 per cent and 94.90 per cent respectively.

Sajane (2011) in Karnataka conducted study on socio-economic difference between KCC and non-KCC holders and found that the average age of borrowers under KCC was 46.73 years while it was 44.88 years under non KCC category. The average family size for KCC holders was 5.6 whereas for non KCC, it was about 5.15. None of the farmers under KCC category was illiterate but in the case of non KCC farmers about 6.67 per cent of them were illiterate. The per cent of farmers completed their secondary and college education was found to be higher in KCC category (55 per cent and 38.33 per cent respectively) as against non KCC category (50 per cent and 33 per cent respectively). Under the KCC category, the average land holding for small, medium and large farmers was 0.82 ha, 2.30 ha and 5.08 ha

respectively while for non KCC category it was 0.95 ha, 2.57 ha and 4.48 ha respectively. The proportion of irrigated land under KCC category was 76.19 per cent of total land holding as against 73.31 per cent under non KCC farmer's category. The major crops grown by the sample farmers were paddy, sugarcane, potato, wheat, gram, jowar, soybean and ground nut. The gross cropped area under KCC category was 3.97 ha while in the case of non KCC it was 4.31 ha. Thus in terms of socio economic features of sample farmers, there was no much difference between KCC and non-KCC holders.

Kumar *et al.* (2011) in their work on financial innovation in Indian agricultural credit market: progress and performance of kisan credit card; observed that Kisan Credit Card (KCC) as a financial product is becoming very popular and successful. The study has identified the socio-economic factors that affect the farmer's access to KCC scheme. The effect of education has indicated the need for capacity building of the farmers. Imparting training to borrowers regarding procedural formalities of financial institutions could be helpful in increasing their access to KCC scheme. However, the bias and prejudice on the basis of land-holding size and social castes should be addressed on a priority basis. The purpose behind launching of this innovative product is to facilitate adequate and hassle-free credit to all the farmers in times of need. Therefore, concerted efforts would be made at different levels to further popularize the KCC scheme.

Chanda (2012) had evaluated the KCC scheme on state level per capita incomes and agricultural productivity. He also focused on inter-state effect of the KCC scheme and the achievement of Bihar relative to other states. The study found that the KCC scheme had not increased either agricultural labour productivity or land productivity.

Chavai (2000) in his study found that 74.32 per cent of the TRYSEM beneficiaries had medium social participation, while 14.87 per cent and 10.81 per cent had high and low participation, respectively.

Shashidhara (2003) in his study revealed that 42.44 per cent of the respondents belonged to medium level of income (Rs. 1-2 lakh) and in low income category 30.00 per cent of respondents were noticed, whereas 27.70 per cent of the farmers belonged to high income group.

Sandesh (2004) reported that majority (51.67 per cent) of the respondents belonged to medium level of economic motivation. Whereas, 28.33 per cent and 20.00 per cent of the respondents belonged to high and low level of economic motivation categories, respectively.

Bevinahalli (2005) reported that majority of the respondents of SGSY (70.33 per cent) were middle aged while 28.33 per cent were of young age remaining (1.33 per cent) were old.

Rai Rajesh and Rai j. (2012) revealed that the beneficiaries have some better education as compared to non beneficiaries due to credit facilities with better return. Overall 56.7 per cent respondents from all size groups were found with better socio-economic status through credit facilities provided by lead bank as compared to non beneficiaries.

2.2 BENEFICIARY FARMER'S AWARENESS ON FEATURES & UTILITY OF KCC SCHEME

BIRD (2001) conducted a study to review the progress of the KCC scheme particularly from the angle of its geographical spreads, bank-wise progress and coverage of different categories of farmers. It also tried to assess the overall impact on flow of ground level credit. The study found that regarding coverage of farmers under KCC only Andhra Pradesh had issued KCC's to more than 50 per cent of the farmers and states like Bihar, Kerala , Madhya Pradesh , North-east states, Tamil Nadu, Uttar Pradesh and West Bengal had shown poor performance by covering only 25 per cent of the farmers. The study also suggested that creation of awareness and capacity building was essential conditions for speedy implementation of KCC.

Dubey (2006) focused on the adoption of KCC in Uttar Pradesh among different regions and social classes. He found that since there was uneven development of different regions and social classes, the access to one of the most important innovation (KCC) was not even throughout the state. Only land and household size had positive relationship with probability of a person of being a KCC holder. He suggested that, if the waste land was made cultivable to weaker section of society then there might be considerable improvement with respect to even distribution of KCC in the state.

Samantara (2010) made a study on progress of Kisan Credit Card Scheme in India taking a sample of 1876 KCC holders from 14 states. The study found that KCC had provided hassle free access to institutional credit to the farmers resulting increasing productivity of paddy crop. However, with the expansion of KCC's several hindrances have also arisen. It was observed that most of the KCC holders were not aware of the modalities and benefits of KCC Scheme.

Dhanabhakyaam & Malarvizhi (2012) studied on the awareness of KCC scheme and concluded that the agriculturalists in Coimbatore district were well aware about the Kisan credit card scheme. Most of them were utilizing this loan in efficient manner.

Godara *et al.* (2014) studied in the region of Haryana and found that about 58 per cent of small farmers, 79 per cent of marginal farmers and 96 per cent of large farmers had access to formal credit. The reasons were joint land holdings, small size of land holdings; continue declining of profitability of agriculture sector, procedural formalities and negative attitude of banking sectors towards farming communities. It was seen that 83 per cent of small farmers, 78 per cent of medium farmers and 87 per cent of large farmers were dependent on informal credit (i.e. moneylenders, commission agents etc.). The major reasons were no access to agriculture credit and inadequate agriculture credit, low prices of crops, inefficient agriculture marketing system and crops failure.

Hirwe *et al.* (2016) in their research studied the impact of Kisan Credit Card scheme among the beneficiary farmers in Maheshwar block, Khargone district of Madhya Pradesh and observed the knowledge about KCC scheme among 150 respondents. About 41.33 per cent respondents were found to have medium knowledge about KCC scheme followed by high knowledge about KCC scheme was 32.00 per cent and low knowledge about KCC scheme was 26.67 per cent. Thus, it can be concluded that in study area, higher percentage of beneficiaries were found to have moderate knowledge about KCC scheme.

Mahal (1990) revealed that the recovery of the branch in case of short term loan was very impressive. The percentage of recovery to discount varies between 79.98 per cent to 95.26 per cent. During the drought year 1985-86, the recovery percentage was up to 79.98. The case of surcharge and coercive action were very less hence the cost of recovery cannot be compared with amount of surcharge.

Yadav and Singh (1996) concluded that the borrower farmers adopted intensive cultivation with improved inputs, which in terms increased the investment, income and employment as compared to non-borrowers farm. It was due to availability of credit from various credit institutions working in the study area.

Singh (1996) studied emerging problems of agricultural credit overdues in himachal pradesh. The study revealed that the problem of overdues was due to higher risk and uncertainty in hill agriculture, misutilization of borrowed money for other than agricultural purposes.

Devdasan (2000) while studying the appraisal of primary services Co-operative Banks in calicut found that, poverty is the main reason for irregular repayment.

2.3 KCC HOLDER'S PERCEPTION TOWARDS KCC SCHEME

Anjankumar (2007) assessed the performance of rural credit flow in India and identified the choice of credit outlet and the possession of Kisan Credit Card by rural households. Using NSS data for the years 1991- 92 and 2002- 03, it was revealed that access and distribution of rural credit, in general, increased but was skewed in favor of most developed states and within these towards better-off households. The poorer households were more dependent on non-institutional source of finance. The use of Kisan Credit Card was encouraging and distribution was less skewed. Age, male-headed household, household size, farm size, level of education in self employment in agriculture appeared as significant variables positively determine the choice of institutional sources of credit and possession of Kisan Credit Cards.

Kumar *et al.* (2007) assessed the performance of rural credit flow in India and identified the factors that influenced the choice of credit and possession of KCC's by rural households. The study revealed that access and distribution of rural credit in general increased but was skewed in favor of more developed states and better households. The poorer households were more dependent on non-institutional sources of finance. Age, sex, level of education and self-employment in agriculture appeared as significant variables positively determining the choice of institutional sources of credit and possession of Kisan Credit Cards.

Sirish and Malpadri (2011) elaborated that the access to institutional credit for a large number of farmers particularly small and marginal farmers continued to be a challenge. With regard to adequacy of credit large number of farmers under KCC opined that the credit was adequate (55 per cent) but under non KCC they opined that it was inadequate (61.67 per cent). About the timeliness 81.67 per cent farmers under KCC felt that the credit provided was timely as against this 86.67 per cent of the farmers under non KCC scheme opined that credit provided was untimely. The large number of the farmers in both the categories opined that the rate of interest was high (61.67 per cent in KCC and 93.33 per cent in non KCC). Is concerned as regards to repayment was concerned , majority of the farmers in both the categories felt that it was easy (98.33 per cent in KCC and 51.67 per cent in non KCC). Majority of the farmers expressed easy accessibility of the bank credit and it was within their reach.

Patra and Sahu (2012) analyzed the determinants of credit under KCC scheme in India. The study found that 70 per cent of total sample farmers felt KCC very much farmer friendly. The KCC holders derive various benefits such as reduction in quantum of interest

due to withdrawal flexibility, and availability of credit whenever it is needed. Credit requirement depends upon cost of cultivation, consumption and loan for a non-farm sector.

Godara *et al.* (2014) studied on the basis of secondary data as well as primary data from the 90 beneficiaries of six banks of three districts namely Jind, Sirsa and Bhiwani of Haryana state by using convenient sampling method and concluded that 74 per cent of small farmers, 62 per cent of medium farmers and 69 per cent of large farmers assume that the cost incurred as transportation cost, commission charges and time spent in getting loan from formal agencies is unjustified. 78 per cent large farmers, 59 per cent medium farmers and 23 per cent small farmers assume high rate of interest due to penalty. They feel that they have to pay 12 per cent to 20 per cent even on KCCs in case of penalty due to non-payment on time which is unjustified.

Patra and Sahu (2012) analyzed the determinants of credit under KCC scheme in India. The study found that 70 per cent of total sample farmers felt KCC very much farmer friendly. The KCC holders derive various benefits such as reduction in quantum of interest due to withdrawal flexibility, and availability of credit whenever it is needed. Credit requirement depends upon cost of cultivation, consumption and loan for a non-farm sector.

2.4 CONSTRAINTS AND ISSUES FACED BY FARMERS RELATED TO KCC SCHEME

Barman (2003) in her study had examined the impact of the institutional credit on the socio-economic status of the rural people at micro level. The field survey covered 300 beneficiaries which were selected with simple random sampling technique. The study found that the procedure for receiving loan was not simple and credit-deposit ratio of the sample banks of the Rangia sub-division was very low. The scholar had suggested that the flow of credit needs to be doubled to mitigate the gap between demand and supply of funds to the agricultural sector.

Mohan (2006) reviewed the status and issues of agricultural credit in India and concluded that though overall flow of agricultural credit in India had increased over the years but there were several gaps in the system like inadequate provision of credit to small and marginal farmers, paucity of medium and long term lending and limited deposit mobilization.

Singh (2006) in his study revealed that Indian farmers had been facing serious crisis. Not only profitability had declined but they were highly indebted. The intensity of

indebtedness was rising because of declining access to institutional credit and increasing dependence on non- institutional agencies for their credit needs.

Mahavir (2010) analyzed the cost of credit and adequacy of credit provided under KCC scheme for production of crops. The study found that total cost of credit as percentage of borrowed amount was higher in the non-KCC category as compared to that of in the KCC.

Bhaskaran (2012) had emphasized on the improvement of the credit delivery process and increase the outreach of credit, particularly among small and marginal farmers. But the field study findings pointed out that the outreach of KCC to small and marginal farmers and small loans under KCC is less than satisfactory. Banks were willing to consider larger loan amounts if there was adequate security. Hence, access to KCC seemed to be easier for the big farmers. The study concluded that KCC was more freely extended to those farmers who offer good collateral security such as surety mortgage.

Singh and Sekhon (2005) focused their attention to study the existing procedures for advancing credit under KCC and also evaluate the impact of KCC on the efficiency of rural credit delivery system. The study observed that some farmers had used the amount taken under KCC for purposes other than agriculture and normally the financing was in favor of big farmers.

3 METHODOLOGY

Methodology is defined as the detailed action plan of investigation. This chapter deals with the methods and procedures of investigation to be used during the entire course of study.

3.1 Location of study

3.2 Selection of Study Area

3.3 Sampling design

3.4 Collection of data

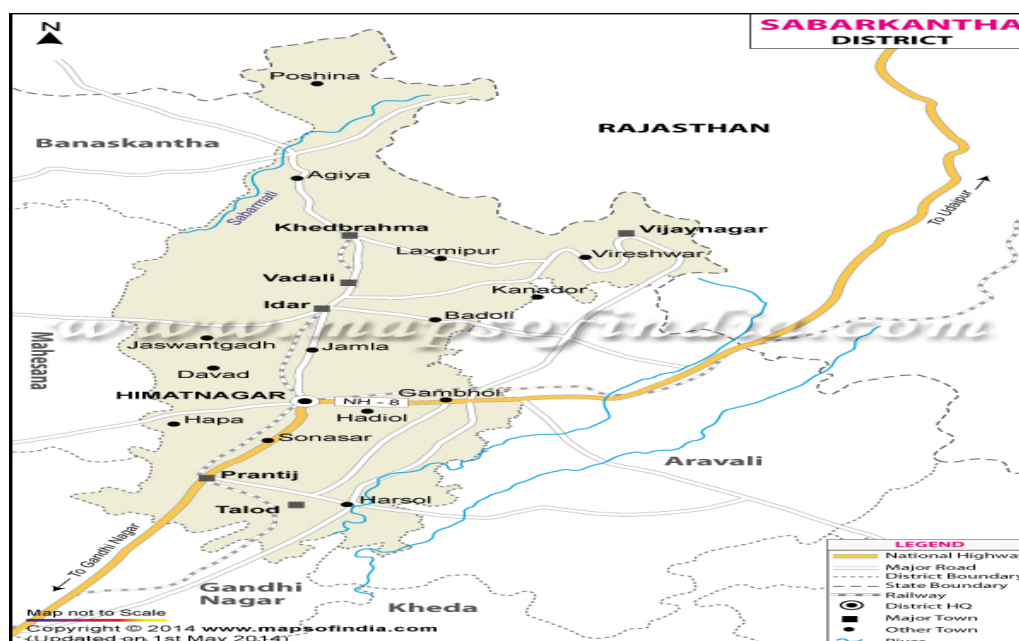
3.5 Data Analysis

3.6 Limitations of the study

3.1 LOCATION OF STUDY

Sabarkantha District is situated in North Eastern part of Gujarat State. The administrative headquarters of the district is Himatnagar, about 80 km from Ahmedabad. Sabarkantha District is surrounded by Rajasthan state to the northeast, Banaskantha and Mehsana districts to the west, Gandhinagar to the south and Aravalli District to the South – East.

Sabarmati River flows on western border of Sabarkantha district. The district is situated between 23.03 N latitude and 24.30 N latitude & 74.43 E longitudes to 73.39 E longitudes. The “Tropic of Cancer” passes through Sabarkantha district. The total area of the district is 5390 Sq.km. North – Eastern part of the district is covered by the rows of “Aravalli” hills. Sabarmati, Meshwo, Vatrak, Hathmati, Mazum, Vaidi, Harnav, Khari are main rivers in the district. District has a population of 14,73,673 as per last census 2011. District is divided in 4 Revenue Sub-Divisions & 8 Talukas. There are 6 Municipalities in the District. Poshina, Khedbrahma & Vijaynagar Talukas are mainly tribal Talukas. These Talukas are hilly and forest areas. Remaining Talukas are mainly flat areas. Patel’s & Darbar’s are major groups of communities in the district. However, Dungari garasiya is the dominant community among tribal’s.



(Source :mapsofindia.com/maps/gujarat/districts/sabarkantha.htm.)

Figure 3.1: Map of sabarkatha districts

3.2 SAMPLING DESIGN

3.2.1 Sampling procedure

To evaluate the objectives of the study a multistage random sampling method was adopted. In the first stage, 3 talukas out of 8 talukas were selected randomly. Further, in the second stage, 4 villages from each taluka were selected randomly; and in the third stage, 10 farmers from each village were selected randomly. Together, a total of 120 beneficiary farmers were selected for the study.

Table 3.1: Location of study

District	Taluka	Villages	Total
Sabarkantha	Idar	Badoli, Barvav, Darmali, Goral	10 farmers from each village; i.e., 40 farmers from each taluka were selected as sample
	Vadali	Badol, Chulla, Chorivad, Gota	
	Khedbrama	Songadh, Kotda, Dantiya, Vartol	
Total	40*3	10*12	120

3.2.2 Sample size

A sample of 120 farmers was selected.

3.3 COLLECTION OF DATA

Both secondary and primary data on KCC were collected.

3.3.1 Primary data

The primary data necessary for the purpose were collected from the farmers having Kisan credit card in Sabarkantha district with the help of interview schedule for the FY 2020-21.

3.3.2 Secondary data

The secondary data necessary for the study have been collected through pamphlets, brochures, annual reports, NABARD website, RBI portal and action plan of department of agriculture of Sabarkantha district, Sabarkantha district panchayat portal, journals, magazines, library thesis and published research papers.

3.4 DATA ANALYSIS

The data collected from different sources through various schedules were subjected to statistical analysis for evaluating the objectives of the study. The analysis were carried out through descriptive analysis, tabular and graphical analysis and frequency distribution etc.

3.5 LIMITATIONS OF THE STUDY

- The study was confined to Sabarkantha district of the Gujarat state; hence the results may not be generalized.
- Since, most of the data and information were based on the verbal responses of the respondents. Therefore, the chance of bias response might be there.

4 RESULT AND DISCUSSION

The empirical results of the study are presented in this chapter. Keeping the objectives in view, the results were presented under the following headings:

- 4.1 Socio-economic characteristics of KCC beneficiary farmers
- 4.2 Beneficiary farmer's awareness on features & utility of KCC scheme
- 4.3 Kisan Credit Card holder's perception towards KCC scheme
- 4.4 Constraints & issues faced by farmers related to KCC scheme

4.1 SOCIO-ECONOMIC CHARACTERISTICS OF KCC BENEFICIARY FARMERS

The data in following tables determine the information regarding socio-economic profile of Kisan Credit Card holders. The profile of Kisan Credit Card holders are presented in terms of different categories with respect to different attributes under selected profile. Basic statistical values of these selected attributes are briefly discussed for clarity of understanding.

4.1.1 Age group of the respondents

The distribution of respondents according to their age has been presented in Table 4.1.

Table 4.1: Distribution of farmers on the basis of age

(n= 120)

Sr. No.	Age groups (Year)	Frequency	Percentage (%)
1	18 – 40	42	34.86
2	41- 60	70	58.01
3	Above 60 years	08	6.64
	Total	120	100

The data presented in Table 4.1 showed that about 58.01 per cent of the respondents were of 41 - 60 age group followed by 18 – 40 age group (34.86 %) and some 6.64 per cent KCC holders belonged to the age group of above 60 years. Thus, it could be concluded that higher percentage of beneficiaries were of 41-60 age group in the study area.

4.1.2 Educational qualification of respondents

Education was considered as the standard of education acquired by the respondent, which may affect the decision making process and development of agriculture as a business. The detail of distribution of respondents according to their educational qualification has been presented in Table 4.2.

Table 4.2: Distribution of farmers on the basis of educational qualification

(n= 120)

Sr. No.	Educational Qualification	Frequency	Percentage (%)
1	Illiterate	10	8.30
2	Below metric	18	14.94
3	Metric	35	29.05
4	Higher secondary	38	31.54
5	Graduation and above	19	15.77
	Total	120	100

Data presented in Table 4.2 revealed that about 14.94 per cent respondents were below metric, followed by metric qualified and higher secondary qualified with around 29.05 per cent and 31.54 per cent respectively. However, 15.77 per cent respondents were graduates and some 8.30 per cent respondent did not have any formal education.

Thus, it could be concluded that higher percentage of beneficiaries had attained either higher secondary or metric level education

4.1.3 Size of land holding

It is the area of land possessed by an individual respondent. The detailed distribution of respondents according to their size of land holding has been presented in Table 4.3.

Table 4.3: Classification of farmers on the basis of land holding

(n= 120)

Sr. No.	Size of land holding	Frequency	Percentage (%)
1	Marginal (Less than 1 ha.)	27	22.41
2	Small (1 to 2 ha.)	36	29.88
3	Semi-medium (2 to 4 ha.)	30	24.09
4	Medium (4 to 10 ha.)	20	16.60
5	Large (More than 10 ha.)	07	5.81
	Total	120	100

The data presented in Table 4.3 showed that about 29.88 per cent of the respondents were small farmers followed by semi-medium farmers (24.09 per cent), around 16.60 per cent of the respondents were medium farmers. Further, marginal farmers and large farmers were 22.41 per cent and 5.81 per cent respectively. Thus, it could be concluded that about 52.29 per cent of KCC holders were marginal and small farmers and around 40.69 per cent KCC holders were semi-medium & medium farmers in the study area.

4.1.4 Income level of respondents

Income level of the farmers in the area surveyed was generally more than 1 lakh per annum. The several sources were taken into consideration to determine the income level of the farmers. These were agriculture allied fields i.e. dairy, poultry services etc. The detailed distribution of farmers according to their annual income has been presented in Table 4.4.

Table 4.4: Distribution of farmers on the basis of annual income

(n= 120)

Sr. No.	Annual income level	Frequency	Percentage (%)
1	Up to Rs.2,00,000	33	27.39
2	Rs.2,00,001 to 5,00,000	67	55.61
3	above Rs.5,00,000	20	16.60
	Total	120	100

The data presented in the Table 4.4 showed that about 55.61 per cent of the respondents had holders annual income of Rs. 2,00,001 to 5,00,000 followed by 27.39 per cent KCC holders had annual income less than Rs. 2,00,000. Further, Some 16.60 per cent KCC holders their annual income more than Rs. 5,00,000.

4.2 FARMER'S AWARENESS ON FEATURES AND UTILITY OF KCC SCHEME

For examining the awareness of sampled farmers about features and utility, total 120 farmers who had KCC were selected. Almost all the farmers were aware about the credit facility provided by banks for crop production against the mortgage of agricultural land. Though, farmers had been issued KCC and sanctioned limits under KCC but some of them did not know its name as Kisan Credit Card but used to call "Pak Dhiran" in vernacular language or the "Crop Loan". Further, majority of the farmers were not aware about the modalities, utility/benefits of KCC, like revolving cash credit facility (RCCF) involving any number of withdrawals and repayments, credit limits for full year including ancillary

activities related to crop production and other NFS activities, sub limit for consumption purposes, etc.

The results for the examining the awareness of sampled farmers about features and utility of KCC are presented in table 4.5 and under the following heads:

Table 4.5: FARMER'S AWARENESS ON FEATURES AND UTILITY OF KCC SCHEME

Features	(n=120)			
	KCC holder's response			
	Yes		No	
	No.	Percentage (%)	No.	Percentage (%)
Eligibility norms	71	59.16	49	40.84
Charges for acquiring KCC	17	14.11	103	85.89
Purpose of KCC (apart from loan for crop production): <ul style="list-style-type: none"> • Post-harvest expenses • Produce marketing loan • Consumption requirements of farmer household • Working capital for maintenance of farm assets and activities allied to agriculture • Investment credit requirement for agriculture and allied activities 	41	34.17	79	65.83
Terms of repayment (repayment of the loan amount within a year or 31st of July; whichever is earlier)	89	74.27	31	25.73
Withdrawal mode and operational frequency	98	81.39	03	02.89
Interest subvention	54	44.82	66	54.78
Annual 10 % increment in CC limit	51	42.33	69	57.67
Personal Accident Insurance Cover (PAIS) under KCC	39	32.37	81	67.63
Crop insurance cover in KCC under (PMFBY)	14	11.62	106	88.38

4.2.1 Eligibility norms

According to RBI/NABARD guidelines, eligibility criteria is to cover all types of farmers and advised to all banks that Kisan Credit Card to be issued to all the farmers (including owner, cultivators and tenant farmers and JLG groups) for availing production credit compulsorily. In surveyed region, generally farmers satisfying the following eligibility norms would be eligible to get a KCC

- i. She/He should be a member of the bank for past two years.
- ii. She/He should have availed short term loan from the bank at least for a period of two years.
- iii. She/He should have default-free status of one year or more.
- iv. She/He should have repaid at least the dues of *Kharif* or *Rabi* in cash.

In selected study area, around 59.16 per cent of KCC holders (71 respondent) were aware that on the basis of land holding, proposed cropping pattern, documentary proofs of land owned they would get the KCC and around 40.64 per cent of KCC holders knew that on the basis of only land holding KCC limit was decided by Bank. During survey it seems that standard eligibility norms are not strictly followed by bank to issue KCC like two year membership of bank, default free status of farmer, past two year loan borrower etc.

4.2.2 Charges for acquiring KCC

There were some charges for borrowing under KCC. These included transaction cost, charges on land mortgage deed, passport photo charges, insurance premium etc. Farmers had to bear transaction cost on legal documentation, commission agent fee, travel cost on visits to the bank etc.

In surveyed region, all farmers were aware about documentation charges, commission agent fee, visit charges of the bank official etc. because they paid it in form of cash from own pocket. Only 14.11 per cent of beneficiaries had idea about the processing charges, transaction cost, insurance premium, inspection charges, service charges, follow-up charges etc.

4.2.3 Purpose of KCC

Kisan Credit Card scheme covers (i) production credit (ii) working capital requirements for allied activities (iii) ancillary credit requirements related to crop production (iv) contingent needs (v) accidental insurance of Kisan Credit Card borrowers. Under the

KCC scheme, CC limit was given for crop production, personal consumption purposes (25 per cent of production credit), for buying of agricultural equipments (30 per cent of production credit) used for agriculture. As per KCC guidelines banks had followed a flexible/liberal approach regarding the monitoring the end use like not insisting on documentary proofs of purchase of inputs, so farmers were not bothered in using the CC limit for purposes other than the crop production.

In surveyed region all the farmers were aware that they could get the KCC loan for meeting the credit requirement for raising the crops. About 41 farmers forming 34.17 per cent were also aware that they can get loan for ancillary credit requirements, personal consumption like marriage, education, storage of produce etc. About 38 beneficiary farmers forming 31.54 per cent were aware about the term loan under KCC scheme.

4.2.4 Terms of repayment

In case of KCC cash credit each withdrawal is to be repaid within a maximum period of 12 months or 31st July whichever is earlier. About 89 respondents forming 74.27 per cent of beneficiary farmers were aware about the terms of repayment as to repay the loan amount within a year or 31st of July; whichever is earlier. To get the interest subvention through government subsidy (loan amount of < Rs. 3, 00,000) on loan advanced, farmers are required to route their farm proceeds or other credits into the KCC account with a minimum of loan amount plus interest and other charges, if any, within the repayment due date. Beneficiary farmers in surveyed region were aware that if the loan not repaid within due date, banks will charge their normal interest rate which is quite higher than interest on KCC credit limit along with the penal interest.

4.2.5 Withdrawal mode and operational frequency

KCC scheme provide flexibility to borrowers in terms of issuing cheque books, ATM cards for withdrawal of loan amount. KCC holders can draw cash from branches other than the card issuing branch. Revolving cash credit facility involving any number of withdrawals and repayments within the limit.

However, study revealed that about 81.34 per cent of the beneficiary farmers withdrew the limit through the cheque book and rest 18.66 per cent (22 KCC holders) withdrew the cash credit (CC) limit through withdrawal slip at bank branches itself. Further, study revealed that only 7.47 per cent of the beneficiary farmers (9 KCC holders) were aware about the withdrawal of CC limit through ATMs.

4.2.6 Interest subvention

About all the KCC holders were aware about the interest subvention given by government on CC limit of less than Rs. 3, 00,000. Some farmers did not know the exact figures of interest subsidy but 44.82 per cent of the sample farmers knew that it was 3 per cent from central government for the limit less than Rs. 3,00,000 and above it, there was no interest subvention and bank charged their normal interest rate.

Some of the farmers revealed that generally banks provide Rs. 50,000 to Rs. 60,000 per acre as CC limit. Therefore, farmers who had land more than 5 acres, distributed the land among brothers or sons to get more KCC in one family and to get the credit at 7 per cent only.

4.2.7 Annual 10 % increment in CC limit

Regarding awareness on annual increment in CC limit under KCC scheme majority of the KCC holders noticed the increment in the CC limit but they did not know the exact figures of annual increment. Further, 42.33 per cent beneficiary farmers were aware about 10 per cent annual increment in the CC limit.

4.2.8 Personal Accident Insurance Scheme (PAIS) under KCC

The additional feature available under KCC is that all the KCC holder under the age of seventy years are covered under personnel insurance against death, permanent disability and partial disability. A Personal Accident Insurance Scheme (PAIS) is attached with KCC which covers risk of KCC holders against accidental death or permanent disability upto a maximum amount of Rs. 50,000 and Rs. 25,000 respectively, resulting from accidents caused by external, violent and visible means. The insurance premium payable on personal accident insurance coverage to KCC holders will be Rs. 15 for a one year policy and Rs. 45 for three years policy. The premium payable to the insurance company is shared between the KCC issuing bank and the KCC holder in the ratio of 2:1.

Only 32.37 per cent of the KCC holders were partially aware about this insurance cover and none of them has ever utilized this insurance coverage under KCC scheme. According to KCC holders, bank personnel never told them about the accidental insurance coverage, deduction of premium amount from the account and that was the reason of not utilizing it and farmers did not notice the deduction of premium charges.

4.2.9 Crop insurance scheme (PMFBY)

Crop insurance is voluntary for the entire KCC borrower growing the notified crops in the area. Rate of insurance premium is different for different crop and different seasons also. Insurance of crops is voluntary under the Pradhan Mantri Fasal Bima Yojana (PMFBY). The

bank deducts the premium amount for identified crops by debiting the loan accounts of members on the strength of the agreement entered into by the borrower with the bank. The KCC holders were not aware about this insurance cover and none of them have ever utilized this insurance coverage under KCC scheme. This is due to bank personnel never told them about the crop insurance coverage. Only 11.62 per cent beneficiary farmers knew about this scheme.

4.3 KCC HOLDER'S PERCEPTION TOWARDS KCC SCHEME

Perception has been defined as the awareness, comprehension or an understanding of something. Perception in this study refers to the feeling and reaction of the farmers towards the Kisan Credit Card.

The perception of KCC holders on the utility of the KCC credit limit was ascertained from the respondents. Majority of respondents were of the opinion that the KCC was extremely useful in regards to reduced cost of accessing credit.

4.6: KCC holder's perception towards KCC scheme

(n= 120)

Sr. No.	Particulars	Farmers' response	Frequency	Percentage (%)
1	Hassle free card	Yes	116	96.28
2	Adequacy of credit	Inadequate	90	74.70
3	Rate of interest	Low	112	92.96
4	Repayment term	Easy	80	66.40
5	Accessibility	Easy	84	69.72
6	Security against KCC loan	Relatively easy norms than other loans	92	76.36

4.3.1 Perception on KCC as hassle free card

Sample KCC holders were asked about their perceptions on KCC as a hassle free card. About 116 farmers forming 96.28 per cent of the beneficiary farmers responded that KCC was truly a hassle free card (Table 4.6). During the interaction with the farmers it was gathered that KCC holders got some relief in terms of sanctioning credit limit once in five years and drawing the limit once in a year. They had experienced flexibility and simplicity in availing credit, utilizing the same in their own way they liked and repaying the KCC limit sanctioned under KCC.

4.3.2 Perception on adequacy of credit under KCC

The institutional finance must be adequate enough to provide loans to the farmers, particularly to small farmers at cheaper rate. The expansion of credit alone does not bring about an adequate increase in agricultural production. As per guidelines, the KCC holder need to be ensured that he gets adequate credit to meet all of his short term needs through the single window of KCC. However, the study revealed that as many as 90 sample KCC holders, forming 74.70 per cent of the total farmers covered during field visit, felt that the credit limits sanctioned to them under KCC were inadequate (Table 4.6). Scales of finance for different crops fixed by District Level Technical Committee (DLTC), in which Co-Operative Banks had a major say, were on lower side. The DLTC is the body having representatives from all major banks including Co-Operative Banks and government departments at the district level.

About 30 respondents forming 25 per cent farmers revealed that they were taking other loans along with the KCC either from cooperatives or from relatives or moneylenders for meeting the balanced credit need for the purpose of consumption or for agricultural purposes.

4.3.3 Perception on rate of interest

The rate of interest forms a major cost of borrowing loans. The knowledge of the same is important for the farmers to take informed decision of the amount of the loan to be taken and the institution from which to take loan. Under KCC scheme the rate of interest for cash credit limit upto Rs. 3,00,000 was 7 per cent p.a. and above Rs. 3,00,000 bank rates were applicable.

It is revealed from above information (table 4.6) that about 112 beneficiaries forming 92.96 per cent opined that the rate of interest under KCC is low. In surveyed region KCC beneficiary farmers opined that the net rate of interest is lowest in case of timely repayment as 3 per cent interest subvention is given by central government. However, to get an incentive for timely repayment of the loan, the interest rate chargeable in the event of delay was 7 per cent. This scheme generated awareness among the farmers and had led to timely repayment of the loan.

4.3.4 Perception on repayment term

In KCC scheme cash credit or crop loans as well as working capital for agriculture and allied activities to be provided as revolving cash credit limit repayable in 12 months. In Sabarkantha region, bank officials informed farmers about due date of repayment at the time of lending of KCC loan. It helped farmers to prevent himself from interest burden by

repaying loan within due date. The repayment of loan mostly depended on additional return from enterprise due to loan, but was also depended on behavioural aspects of the farmers as well as purpose for which loan was utilized.

However, the study revealed that as many as 80 sample KCC holders forming 66.40 per cent during field survey felt that the credit limits sanctioned to them under KCC were easy to repay (Table 4.6). The farmers who felt difficulties in repayment were mainly due to non-availability of repayable loan amount at single time before due date to get benefit of interest subvention. Farmers opined that there could be facility of EMI to repay loan amount or with payment of interest with other charges, if the KCC limit could be rolled over.

4.3.5 Perception on accessibility

Regarding perception on accessibility the study revealed that as many as 84 KCC holders forming 69.72 per cent of the total respondent covered during survey felt that the accessibility of credit under KCC scheme was easy (Table 4.6). In the past, there were several hurdles faced by farmers in the process of acquiring adequate finance against warehouses receipts from banks such as long drawn-out documentation and processing, complicated practices followed by banks and other financial institutions, delay in processing and also lack of awareness among farmers regarding banking practices and benefits. Some 19.92 per cent farmers depended on non-institutional means of credit (apart from KCC) for their immediate needs such as purchase of seeds, fertilizers, pesticides as well as for their personal consumption; and this in turn affected them negatively since non-institutional credit was costly (@2-3% interest per month).

However, farmers opined that KCC loan was provided at easy by banks at low interest rate and with easy processing and quick delivery.

4.3.6 Perception on Security against KCC loan

In terms of RBI instructions, no separate security is required for crop loans upto Rs. 1 Lakh. However, beyond Rs. 1 Lakh the security is decided by the individual bank in terms of RBI guidelines as is hypothecation of standing crop and collateral security is mortgage or creation of charge on land along with third party guarantee or any other security. Crop loans beyond Rs. 3 Lakh are being disbursed by the banks at the rate of interest as per RBI and other conditions as approved by their board of directors.

In respect of security for advance, 92 respondents forming 76.36 per cent of the respondents under KCC felt that it was considerable comparing with norms for CC limit for businesses or other loans (Table 4.6). Respondents experienced in past days that bank insisted for guarantors and other collateral securities for release of loan.

4.4 CONSTRAINTS & ISSUES FACED BY FARMERS RELATED TO KCC SCHEME

Table 4.7: Constraints and issues faced by beneficiary farmers

(n= 120)				
Sr. No.	Constraints	Farmers response	Frequency	Percentage (%)
1	Lack of knowledge regarding ancillary benefits associated with KCC apart from crop loan	Yes	79	65.83
2	Cost of credit	High	27	22.50
3	Repayment term	Difficult	31	25.73
4	Inadequate credit limit	Yes	45	37.50
5	Credit unavailable to the tenant farmers	Yes	06	4.98

Opinion survey of farmer beneficiaries was carried to find out timeliness, knowledge regarding ancillary benefits associated with KCC, cost of credit, repayment term, adequacy of credit limit and credit availability to the tenant farmers and other issues related to KCC and the results are summarized in Table 4.7.

The study revealed that, as many as 79 KCC holders, forming 65.83 per cent were unaware of ancillary benefits associated with KCC apart from crop loan. With regard to cost of credit, 27 farmers forming 22.50 per cent opined that the cost of credit was high in case of repayment after due date. Credit interest forms major part of cost of credit. The farmers were concerned as if they fail to repay the loan amount before due date they would not get benefited with interest subsidy therefore cost of credit would be high. (As regard to repayment term, 31 farmers forming 25.73 per cent felt that repayment term of credit was difficult for them) as they got delayed in repayment of their KCC. With regard to inadequate credit limit, 45 sample KCC holders forming 37.50 per cent of the total beneficiaries, felt that advance under KCC was not adequate as they had taken loan from non-institutional sources of finance on money leaders in their village to meet their credit requirements for consumption purpose and some of them taken loan to repay the KCC itself.

Though, KCC being more flexible and used as a Cash Credit (CC) facility, it appeared that most of the beneficiaries used it as one shot of operation. The study revealed that the farmers were apprehensive of repaying instalments as if, they might not be allowed to draw for the next crop and many of the times, branch manager also discourages number of withdrawal and payment as the banks transaction cost goes up. So it needs to be popularised among KCC holders that the scheme allows frequent draws, the sanction will not cease on

the repayment of annual limit/sub limits needs and credit balance in the accounts will earn savings bank rate of interest. Majority of the farmers (mainly large) reported that though KCC scheme was beneficial to them but still sanctioned CC limit was not adequate enough for meeting out all the expenditures as cost of inputs was too high for cultivating at least two crops a year. Consequently, borrowers were forced to meet their balance requirements from informal sources as money lenders at higher interest rate *i.e.* 2 to 3 per cent per month.

Further, some of the farmers reported that the cost of acquiring KCC was high as they would have to pay charges to the banks along with charges to be paid to other officials like agricultural officer, talathi for preparing various documents and banks generally financed the crops as potato, groundnut, guar, bajra etc.

The credit limit is fixed only for owned land of the borrower, but as per the provision in the scheme the credit limit should also be fixed taking into account the extent of land leased in. But due to unavailability of authentic records of leased - in land by the borrowers, it is difficult to fixed the credit limit taking into account.

5 SUMMARY AND CONCLUSION

This chapter deals with the summary and conclusion of the study in a nut shell manner along with some specific suggestions made for future research in the specific field.

5.1 SUMMARY

Kisan Credit Card (KCC) emerged as an innovative credit delivery mechanism to meet the production credit requirements of the farmers in a timely and hassle free manner. The Kisan Credit Card scheme is a landmark in the history of rural credit in India. The Kisan Credit Card scheme is beneficial to farmers as it offer adequate and timely credit to the farmers for their short-term credit needs during crop cultivation and purchase of agricultural inputs such as seeds, fertilizers, pesticides, etc. The card is valid for five years and subject to annual renewal. Withdrawals are made using slips, cards, and a passbook. All farmers, owner cultivators, tenant cultivators, share croppers and individual farmers having agreement with institution are eligible for the card. Most banks in India that offer agricultural finance offer the Kisan Credit Card.

In view of above the study entitled “**Awareness and Utilization Behavior of Beneficiary Farmers towards Kisan Credit Card in Sabarkantha District of Gujarat**” had been proposed with following objectives.

5.1.1 OBJECTIVES OF THE STUDY

1. To study the socio-economic characteristics of KCC beneficiary farmers
2. To study the beneficiary farmer’s awareness on features and utility of KCC scheme
3. To study the KCC holder’s perception towards KCC scheme
4. To examine the constraints and issues faced by farmers related to KCC scheme

5.1.2 METHODOLOGY

In Sabarkatha district, the study area consisted of 3 talukas and 12 villages. Multistage sampling method was employed for selection of talukas, villages and respondents. Both primary as well as secondary data were used to achieve the stipulated objectives of the study. Primary data were collected with the help of pretested structured schedule while secondary data were collected from the relevant publications apart from the records maintained by the organizations like NABARD.

5.2 MAJOR FINDINGS

- In the surveyed region of Sabarkatha district of Gujarat, nearly 58.01 per cent of the farmers were found in the age group (41 to 60 years) followed by age group (18 to 40 years) 34.86 per cent and age group (above 60 years) 6.64 per cent respectively.
- In terms of education level, about 14.94 per cent of the farmers attained below metric level education, 29.05 per cent and 31.54 per cent of the farmers attained metric level and higher secondary level education respectively. Around 8.30 per cent of the farmers did not have any formal education.
- **Income of the farmers in the area surveyed was more than 2 lakh per annum on an average.** As regard of pattern of land holding of the sample farmers indicated that around 29.88 per cent of the total farmers were small farmers, 16.60 per cent were medium farmers, 24.09 per cent of the total farmers were semi medium farmers and around 22.41 per cent and 5.81 per cent farmers was marginal and large farmer respectively. About 71 per cent of farmers were small, semi medium and medium farmers.
- In Sabarkantha region all beneficiary farmers were aware that on the basis of land holding, proposed cropping pattern and documentary proofs of land owned they would get the KCC.
- In surveyed region all farmers were aware about documentation charges, commission agent fee, travel cost on visits to the bank etc. Only 14.11 per cent of them have idea about the processing charges, transaction cost, insurance premium, inspection charges, service charges, follow-up charges etc.
- It is revealed that about 41 farmers forming 34.17 per cent were aware that they can get loan for ancillary credit requirements, personal consumption like marriage, education, storage of produce etc. About 38 beneficiary farmers forming 32 per cent were also knew that they could get term loan under KCC scheme.
- As many as 89 farmers forming 74.27 per cent of the beneficiary farmers were aware about the terms of repayment as to repay the loan amount within a year or before 31st of July; whichever is earlier; to get the interest subvention of 5 per cent (loan amount of <Rs. 3, 00,000).
- However, study revealed that as many as 98 farmers forming 81.39 per cent of beneficiary farmers in surveyed region withdrw KCC limit through the withdrawal slip at bank branches itself and only two farmers withdrew money through cheque.

All beneficiary farmers had withdrawn the limit in single drawl instead of multiple withdrawals.

- It is revealed that all KCC holders were aware about the interest subvention given by government on CC limit upto 3,00,000 but they did not know the exact figure of interest subvention. However, 44.82 per cent of the sample farmers knew that it was 3 per cent subsidy for the limit less than Rs. 3,00,000 and above it, there was no interest subvention.
- About awareness on annual increment in CC limit under KCC scheme, majority of the KCC holders were noticed the increment in the CC limit but they did not know the exact figures of annual increment. Further, 42.33 per cent beneficiary farmers knew that about 10 per cent annual increment in the CC limit in each successive year.
- As regards of PAIS only 32.37 per cent of the KCC holders were partially aware about the insurance cover and none of them ever had utilized this insurance coverage under KCC scheme.
- As regards of perception on KCC as a hassle free card about 116 farmers forming 96.28 per cent of the beneficiary farmers responded that KCC was truly a hassle free card.
- The study revealed that as many as 90 KCC holders forming 74.70 per cent of the total farmers covered during field visit felt that the credit limit sanctioned under KCC was adequate. About 30 respondents forming 25 per cent farmers revealed that they were taking other loans along with the KCC either from relatives or moneylenders for meeting the balanced credit need for the purpose of consumption or for agricultural purposes.
- It is revealed from the study that about 112 beneficiaries forming 92.96 per cent opinioned that the rate of interest under KCC is low. In surveyed region KCC beneficiary farmers opinioned that the net rate of interest is lower in case of timely repayment as 3 per cent. This scheme had generated awareness among the farmers and led to timely repayment of loan.
- Further, 80 KCC holders forming about 66.40 per cent of the total farmers covered during field visit felt that the credit limit sanctioned to them under KCC were easy to repayment.
- The study revealed that as many as 92 sample KCC holders forming 76.36 per cent of the total farmers covered during field visit, felt that the security for credit under KCC were relatively easy norms them other loans.

- The study revealed that as many as 79 sample KCC holders forming 65.57 per cent of the total KCC holders covered during field visit felt that there is lack of knowledge regarding ancillary benefits associated with KCC scheme in study area. With regard to cost of credit, 27 number of farmers forming 22.50 per cent opinioned that the cost of credit was high. As regard to repayment terms, 31 farmers forming 25.73 per cent felt that repayment term of credit is looks like difficult for them. With regard to adequacy of credit, 45 sample KCC holders forming 37.35 per cent of the total beneficiaries felt that advance under KCC were not adequate.
- Farmers are not generally prepared the KCC well in advance and approach to the banks for preparations KCC when they needed loan. This, some time causes delay in advancing the loan to the borrowers. Some of the borrower did not abide by the rules and regulations of the KCC scheme.

5.3 CONCLUSION

The KCC scheme has been in effect now for around twenty three years. Over this period it has become not only the vehicle of short term credit to agriculture but also increasingly as a source of investment and fulfilling consumption needs of farmers.

However, policy makers should address the issue of ignorance of small and marginal farmers as well as tenant farmers by banks through making some changes such as mandatory lending to these groups along with some interest subsidy to the banks too for deepening the reach of KCC to these niche pockets. Introduction of biometric cards, deployment of Banking Correspondence (BCs), simplification of procedure, financing through Joint Liability Groups (JLGs) mode, Weather-based Crop Insurance Scheme with cyclical credit may go a long way in providing more relief to the distressed farmers. At this juncture, there is a need for more proactive initiatives by the commercial banks, state governments in promotion of JLGs, SHGs, farmers' club and innovative insurance products, etc., and adoption on "Mission Mode" approach to make KCC into a farmers' friendly efficient instrument for credit delivery system accompanied by appropriate institutional mechanism.

5.4 Policy Implications

- Organizing village campaigns for awareness and issuance of cards.
- KCC scheme was beneficial to farmers but still sanctioned cash credit (CC) limit should extend to adequate enough to satisfied farmers consumption need.

- It needs to be popularised among KCC holders that the scheme allows frequent withdrawals, the sanction will not cease on the repayment of annual limit/sub limits needs and credit balance in the accounts will earn savings bank rate of interest.

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APPENDICES

INTERVIEW SCHEDULE FOR FARMER

1] SOCIO-ECONOMIC CHARACTERISTICS OF BENEFICIARY FARMERS

1. Name of Farmer:
2. Village:
3. Tehsil:
4. Age of the farmer (years):
5. Education:
6. Mobile No:
7. Size of land holding (in ha.):
8. Year of the Kisan credit card acquisition:
9. Sources of credit for 2019-20:

2] BENEFICIARY FARMERS AWARENESS ON FEATURES & UTILITY OF KCC

1. From where you got the information about KCC?

2. What do you know about following features and utility of KCC, give your inputs:
 - a) Eligibility Norms

 - b) Bank charges for acquiring KCC

 - c) Purpose of KCC

 - d) Terms of repayment

 - e) Withdrawal mode and operational frequency

 - f) Interest subvention

g) Annual 10% increment in CC limit

h) Personal Accident Insurance Scheme under KCC

i) Crop Insurance Scheme (PMFBY)

3] KCC HOLDER'S PERCEPTION TOWARDS KCC SCHEME

1. Hassle free card [Yes/No]
2. Adequacy of cash credit limit [Sufficient / Insufficient]
3. Rate of interest [High / Low]
4. Repayment term [Easy / Difficult]
5. Accessibility [Easy / Difficult]
6. Security against KCC loan [Relatively at ease / Rigid]

4] CONSTRAINTS & ISSUES FACED BY FARMERS RELATED TO KCC SCHEME

1. Knowledge regarding ancillary benefits associated with KCC apart from crop loan [Yes/No]
2. Cost of Credit [High/Moderate]
3. Repayment term [Difficult/Easy]
4. Credit limit [Inadequate/Adequate]
5. Credit unavailable to the tenant farmers[Yes/No]

CERTIFICATE

This is to certify that, I have no objection for supplying to any scientist only one copy or any part of this thesis at a time through reprographic process, if necessary for rendering reference service in a library or documentation center.

Place : Sardarkrushinagar
Date : October, 2022

(SAGAR KIRITKUMAR K.)