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**Abhishek Shrivastav**  
PG Student, Department of  
Agricultural Extension, CoA,  
IGKV, Raipur, Chhattisgarh,  
India

**Dr. Prashant Kumar Pandey**  
Assistant Professor, Department  
of Agricultural Extension, CoA,  
IGKV, Raipur, Chhattisgarh,  
India

**Dr. Mohammad Akram Khan**  
Professor, Department of  
Agricultural Extension, CoA,  
IGKV, Raipur, Chhattisgarh,  
India

## Constraints faced by tribal farmers during utilization of Kisan credit card and suggestions to enhance the efficacy of Kisan credit card scheme in Chhattisgarh

**Abhishek Shrivastav, Dr. Prashant Kumar Pandey and Dr. Mohammad Akram Khan**

### Abstract

Kisan Credit Card is nothing but a simple card-cum-passbook, which consist of a pass book or a credit card cum passbook incorporating the name, address, particulars of land holding, borrowing limit, validity period, etc. The Kisan Credit Card (KCC) scheme is a credit scheme introduced in August 1998 by Indian banks. The scheme has short term credit limits for crops, and term loans. In this research the constraints faced by Kisan Credit Card Beneficiaries during utilization of Kisan Credit Card discussed with, the given suggestions by KCC beneficiaries to enhance the efficacy of Kisan Credit Card Scheme. The study was conducted in the Mahasamund and Gariyaband, districts of Chhattisgarh state. Total 120 KCC beneficiaries from two tribal dominated blocks namely, Pithora from Mahasamund and Mainpur from Gariyaband district were selected for study purpose. It was found that nearly fifty percent of the tribal farmers were facing problems related to insufficient credit limit, insufficient knowledge about the scheme, and lack of proper information about operation & utility of Kisan Credit Card. Approximately fifty percent of the KCC beneficiaries suggested, to increase in the credit limit and, for flexibility in repayment and recovery provision.

**Keywords:** Constraints, utilization of Kisan credit card (KCC), suggestions, tribal farmers

### Introduction

The performance of agriculture sector has a significant effect on the growth of Indian economy. The agriculture and allied sectors accounting for 14.1 per cent of gross domestic product (GDP at constant price) and 52 per cent of employment (Government of India, 2011-12). In the sustained growth of agriculture sector, credit is essential for the development of agriculture in India. Considering the problems being faced by the farmers in having access to credit, the Government of India launched Kisan Credit Card (KCC) Scheme in 1998-99 to enhance the access to credit by the farmers. The scheme has facilitated the availability of credit in time and simplified the procedure for advancing loan by banks. The timely availability of crop loan has helped the farmers in realizing higher returns from farming. The flexibility in operation has resulted in improved loan repayment. The awareness among the farmers regarding the benefits of KCC is quite high. The factors like age, gender, household size, farm size, education level, etc., positively influence the decision to adopt KCC card (Bista *et al.*, 2012) <sup>[3]</sup>. The KCC scheme despite its much desired popularity needs simplification of procedure, lesser paper work, lowering of interest rate, flexibility in instalment payment especially in times of hardship/crop failure, and of enhancing the existing credit limits (NABARD, 2008) <sup>[2]</sup>.

The Indian government has taken a number of steps to increase the flow of credit to the agricultural and allied sectors from formal sources, including nationalizing fourteen major banks in 1969 and adding six more in 1980, forming RRBs in 1975, establishing NABARD in 1982, and establishing a series of reform committees since 1991. (Anonymous, 2007-08. NABARD, Annual Report. Pp.26-27.) <sup>[2]</sup>. Through Chhattisgarh Kisan Credit Card the Chhattisgarh government is providing insurance to marginal and small farmers with loans up to Rs. 2 lakh. The farmer can take advantage of the loan when any kind of accident happens to the farmer in the future. Low bank interest rates averaging around 9% and the maximum Credit limit of the Kisan Credit Cards Rs 3 lakh. Issue of passbook for withdrawal of cash from the bank and also a check book issued with a credit limit of Rs 25,000. Farmer can buy seeds, fertilizers, agricultural equipment with the loan amount.

**Corresponding Author:**  
**Abhishek Shrivastav**  
PG Student, Department of  
Agricultural Extension, CoA,  
IGKV, Raipur, Chhattisgarh,  
India

This Kisan credit card is generally valid for five years. Which should be renewed annually? Loans to be repaid after harvesting and sale of crops. Plus a credit period of 12 months. Failure of the harvest season means a possible extension of the loan amount by four years or more.

### Methodology

The study was conducted in Mahasamund and Gariyaband districts, of Chhattisgarh state. From each selected District, One block was selected on the basis of having highest Schedule Tribe population. Two tribal dominated blocks namely, Pithora from Mahasamund, and Mainpur from Gariyaband district were selected and from these selected blocks, 6 villages were chosen at random from each, making a total of twelve villages. Ten respondents from each village

were selected randomly, thus total of 120 KCC beneficiaries selected from all twelve villages.

### Result and Discussion

#### Constraints faced during Utilization of Kisan Credit Card (KCC)

The data presented in Table 1 revealed that majority of tribal farmers faced constraints related to, 'Insufficient credit limit' (54.17%), followed by constraints related to 'Lack of sufficient knowledge about the scheme' (47.50), 'Lack of proper information about operation & utility of K.C.C.' (43.34%), 'Point of sale are not available with input dealers' (30.00%), 'High interest rate in delay repayment of credit' (25.84%).

**Table 1:** Distribution of respondents according to the constraints faced during utilization of Kisan Credit Card

Sl. No.	Constraints	No. of beneficiaries	Percentage	Rank
1	Lack of sufficient knowledge about the scheme.	57	47.50	II
2	Lack of proper information about operations & utility of K.C.C	52	43.34	III
3	Point of sale are not available with input dealers	36	30.00	IV
4	Insufficient credit limit	65	54.17	I
5	High interest rate in delay repayment of credit.	31	25.84	V

\*Data are based on multiple response

#### Suggestions for betterment of operation and utility of Kisan Credit Card

In the presented study the beneficiaries of Kisan Credit Card were asked to suggest the ways/means for betterment of operation and utility of Kisan Credit Card. The suggestions offered by the beneficiaries were presented with ranking order in Table 2. The result indicates that the important suggestions

reported by the tribal farmers for betterment of operation and utility of Kisan Credit Card were as their 'Credit limit should be increased' (56.67), followed by 'Repayment and recovery provision should be flexible' (48.34), 'Interest of repayment should be minimum' (47.50), 'Awareness Programme Should be conducted by agencies for proper utilization of KCC' (37.50).

**Table 2:** Distribution of KCC beneficiaries according to suggestions given by them

Sl. No.	Suggestion	No. of beneficiaries	Percentage	Rank
1	Repayment and recovery provision should be flexible	58	48.34	II
2	Credit limit should be increase	68	56.67	I
3	Interest of repayment should be minimum	57	47.50	III
4	Awareness Programme Should be conducted by agencies for proper utilization of KCC	45	37.50	IV

\*Data are based on multiple response

### Conclusion

The presented study concluded nearly fifty percent of the tribal farmers were facing problems related to insufficient credit limit, insufficient knowledge about the scheme, and lack of proper information about operation & utility of Kisan Credit Card. Approximately fifty percent of the KCC beneficiaries suggested, to increase in the credit limit and, for flexibility in repayment and recovery provision. For expansion of activities related to agriculture and allied sectors acquisition and utilization of credit plays a important role. Proper utilization of credit will not only increase farm household's income and employment levels, but will also lower the level of priority, address hunger and malnutrition, boost rural wealth, and alleviate rural suffering. To attain a greater rate of agricultural growth, the government encourages the adoption of innovative agricultural technologies like Kisan Credit Card to increase productivity and per capita income. The use of contemporary technology such as Kisan Credit Card in the agricultural sector has resulted in more intense use of input and a package of methods, leading in a significant increase in the demand for production credit.

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