

Loan Repayment Pattern of Kisan Credit Card (KCC) holders in Baraut Block of Baghpat district (U.P.)

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ABSTRACT

The Kisan Credit Card scheme introduced in the year 1998 with the objective of fulfilment of credit requirement of the farmers in a hassle-free manner for raising agricultural production. There has been tremendous increase in number of Kisan Credit Cards in the rural areas during the last five years. Keeping the importance of KCC, the present study was an attempt to Loan Repayment Pattern of KCC as perceived by the farmers. The present investigation was carried out in Baraut Block of Baghpat district (U.P.) with a sample of 48 KCC holders. The average loan sanctioned by the banks to KCC holders in the study area came to ₹145370.37 per KCC holders in a financial year. Repayment pattern of KCC holders shows that 16.67 percent of KCC holders repay their loan within 6th months, while 83.33 percent of KCC holders repay their loan in between 6th to 12th month. Utility of Kisan Credit Card has been affected by various kinds of problems as perceived by the KCC holders in the present study. The major problem faced by the KCC holders that lake of co-operation and guidance, lack of sufficient knowledge about scheme, Due to complicate loaning procedure in the study area. The KCC holders were feeling that the procedure for loan recovery is not good.

Keywords: Kisan Credit Card (KCC) Scheme, Loan Repayment Pattern and Rural area.

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INTRODUCTION

A Kisan Credit card has been specially designed to provide farmers of the country financial support. The scheme which was launched in 1998 aims to tackle the comprehensive financial needs of the agricultural sector by offering term loans. The model was developed by the National Bank for Agriculture and Rural Development. Various commercial banks, state co-operative banks, and regional rural banks are the participatory members who provide the card. A Kisan credit card will help the farmer to secure timely credit at reasonable rates of interest in a hassle-free manner. The farmer won't be required to appear for the continuous screening process which is undertaken by the banks for giving term loans. A farmer can take maximum advantage of a Kisan credit card. He will be provided with a passbook which will have his name, credit limit, photograph, validity, and details of his landholding. The card is issued based on certain factors like a timely payment of the past loans and land holdings one has in his name. The basic idea behind the card is to ensure that farmers in the country are given adequate credit under one single window.

Objectives:

- Loan Repayment Pattern of Kisan Credit Card holders in the study area.
- Problems faced by KCC users related to Kisan Credit Card Scheme in the study area.

MATERIAL AND METHODS

The present study pertained to the Baghpat district of Uttar Pradesh state. The Selection of Baraut block of Baghpat district is purposely selected for this study because this district mainly has an agricultural-based economy. A maximum number of farmers in the district and Baraut Block has access to KCC. While the sample KCC holders are selected through random sampling, from the Separate three lists of Kisan credit card holders from selected villages according to Land size viz. marginal, small and the medium was prepared and from these lists, 12 Kisan credit card holder from each village was selected By using stratified random sampling with proportional allocation. Finally, the total sample consisted of 48 Kisan Credit Cardholders. Data collected for study of the period 2018-19. Primary data was collected from selected Kisan Credit Card holders through personal interview method with the help of schedules. The data will be analyzed by using simple statistical tools such as 'averages' and 'percentages'.

RESULTS AND DISCUSSION

Extent of Loan Repayment of Kisan Credit Card of the KCC holders

With a view to assess the extent of Loan Repayment of Kisan Credit Card (KCC) by the KCC holders, selected various aspects of KCC Loan Repayment Pattern. Table No. 1 revealed that the maximum numbers of Kisan credit cards issued to Selected KCC holders by the Syndicate bank i.e. 79.17 percent of the total of Selected KCC cardholders. The reason for issuing maximum KCC by syndicate bank because this bank is a lead bank of the study area. Regional Rural Bank came to the second position in issuing KCC to the farmers, State Bank of India came to the third position and Corporation Bank came to the fourth position in issuing KCC in the study area.

Table No. 1 Distribution of KCC holders according to issuing bank

| Sr. No. | Category (Size of landholding) | Numbers of Selected KCC Holders | Numbers of Kisan Credit Cards Issued | | | |
|---------|--------------------------------|---------------------------------|--------------------------------------|------------------|---------------------|---------------------|
| | | | Syndicate Bank | Corporation Bank | State Bank of India | Regional Rural Bank |
| 1. | Marginal | 33 | 28 (58.33) | 00 (00.00) | 00 (00.00) | 05 (10.42) |
| 2. | Small | 09 | 06 (12.50) | 02 (4.16) | 01 (2.08) | 00 (00.00) |
| 3. | Medium | 06 | 04 (8.33) | 00 (00.00) | 02 (4.16) | 00 (00.00) |
| | Overall | 48 | 38 (79.17) | 02 (4.16) | 03 (6.25) | 05 (10.42) |

#FIGURES IN PARENTHESIS INDICATE PERCENTAGE

Table No. 2 revealed that the average loan sanctioned by the banks to the selected KCC holders came to Rs 145370.37 in the year 2018-19. The loan against KCC is increasing with the increase in the size of landholding.

Table No. 2 Total Loan Sanction of Selected KCC holders

| Sr. No. | Category (Size of landholding) | Numbers of Selected KCC Holders | Total Loan Sanction (In Rs.) | Average Loan Sanction (In Rs.) |
|---------|--------------------------------|---------------------------------|------------------------------|--------------------------------|
| 1. | Marginal | 33 | 27,50,000 | 83,333.33 |
| 2. | Small | 09 | 11,38,000 | 1,26,444.44 |
| 3. | Medium | 06 | 13,58,000 | 2,26,333.33 |
| | Average | 48 | 17,48,666.67 | 1,45,370.37 |

As per policy of the banks, all the KCC holders have to repay their loan in the same financial year and they can available of this facility in the next financial year. The Table No.3 shows that only 16.67 percent of KCC holders repay their loan within the 6th months, while 83.33 percent of KCC holders repay their loan between the 6th and 12th months.

Table No. 3 Repayment of Loan by Selected KCC Holders

| S. No. | Category (Size of landholding) | Numbers of Selected KCC Holders | Average Loan Sanction (In Rs.) | Repayment with in | |
|--------|--------------------------------------|---------------------------------------|--------------------------------------|-----------------------|-------------------|
| | | | | 6 month | 12 month |
| 1. | Marginal | 33 | 83,333.33 | 03 (6.25) | 30 (62.50) |
| 2. | Small | 09 | 1,26,444.44 | 03 (6.25) | 06 (12.50) |
| 3. | Medium | 06 | 2,26,333.33 | 02 (4.17) | 04 (08.33) |
| | Overall | 48 | 1,45,370.37 | 08 (16.67) | 40 (83.33) |

#FIGURES IN PARENTHESIS INDICATE PERCENTAGEA

Problems faced by KCC Holders for Kisan Credit Card

Utility of Kisan Credit Card has been affected by various kinds of problems as perceived by the KCC holders in the present study. Simple ranking technique was applied to measure the problems faced by the KCC holders in Loan Repayment of Kisan Credit Card. It was presented on the basis of frequency and percentage in table 4.

Table No. 4 Problems faced by KCC Holders for Kisan Credit Card (N=48)

| Sr. No. | Problems | No. of beneficiaries | Percentage | Rank |
|---------|--|----------------------|------------|------|
| 1. | Lack of sufficient knowledge about the scheme. | 26 | 54.17 | II |
| 2. | Lack of Timely availability of credit | 26 | 54.17 | III |
| 3. | Simple process of opening bank account | 25 | 52.08 | IV |
| 4. | Lack of co-operation & guidance from concerning bank officers. | 28 | 58.33 | I |
| 5. | Complicated loaning procedure. | 22 | 45.83 | V |
| 6. | Recovery procedure is stringent | 20 | 41.67 | VII |
| 7. | High interest rate in delay repayment of credit. | 21 | 43.75 | VI |

Table No. 4 shows the problems faced by the KCC holders to get KCC. The major problem faced by the farmers that lake of co-operation and guidance from the bank staff, out of total KCC holder 58.33 percent farmers faced this problem. The other major problems faced by the farmer was lack of sufficient knowledge about scheme, out of the total selected KCC holders 54.17 percent faced this problem. KCC holders also faced problem due to lack of timely availability of credit, due to this factor out the total selected KCC holders 54.17 percent faced this problem. Due to complicate loaning procedure, out of total selected KCC holders 45.83 percent farmers were faced this problem. High-interest rate is also a key issue for the KCC holders, due to this factor out of total selected KCC holders 43.75 percent were faced this problem. Out of the total KCC holders, 41.67 percent felt that the procedure for loan recovery is not good.

CONCLUSION

It may be concluded that the present study was the utility of Kisan Credit Card Adoption behaviour of loan sanction amount and loan repayment pattern. It was found that the few the Kisan Credit Card (KCC) holders pay their loan in the 6th months whereas most of the KCC holders were paying their loan end of year. The KCC holders felt that the procedure for loan recovery is not good. This shows that the attitude of KCC holders was satisfactory towards KCC scheme.

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