

A STUDY ON THE FACTORS INFLUENCING FARMERS' DECISIONS TO ADOPT AND UTILIZE KISAN CREDIT CARD SCHEME FACILITIES- A CASE STUDY OF KALABURAGI DISTRICT, KARNATAKA

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Abstract

Agriculture plays an important role in Indian Economy as it provides employment to half of the country's population. Hence it is necessary to study the credit facilities available for the farmers for increased productivity and development of the sector. Kisan Credit Card is one of the nationalized schemes operated at all types of banks all over India, which is introduced to meet the credit requirements of farmers such as agriculture inputs and farm household expenses. The study mainly focuses on the factors influencing the farmers' decision to adopt and utilize kisan credit card scheme facilities in Kalaburagi district, Karnataka. For the study along with demographic details many variables are considered such as awareness of KCC, perspective towards KCC, access to KCC, perceived benefits of KCC, socio-economic Factors, peer influence and social networks. The reliability is checked among the variables, which results in a positive note towards the study.

Keywords: Kisan Credit Card, Agriculture, Awareness, Credit, Banks.

INTRODUCTION

India holds the second largest place to have agriculture land. Agriculture provides livelihood to about half of the population of the current population. Hence the development of the agriculture sector plays an important role in developing a country's economy. Hence it is necessary to consider the credit sources available to the farmers, so that they can adopt new techniques in farming without the fear of financial loss. And farmers can focus on increased productivity with quality of output. The Government of India has come with many financial schemes to farmers to ease the credit requirements of the farmers. One of the schemes considered for the study is Kisan Credit Card (KCC) Scheme. The KCC scheme was introduced in 1998. The model of the scheme is prepared by the National Bank of Agriculture and Rural Development (NABARD) on the recommendation of the R. V. Gupta committee to provide the means to agricultural needs.

Kisan Credit Card scheme is operated by commercial, cooperative and Regional rural banks. The scheme not only provides financial credit for agriculture purpose it also supports allied activities such as fisheries and dairy farming. The study is mainly based on the awareness level of the Kisan credit card scheme among the farmers. Several factors to be considered for the study are awareness, Perspectives, Access to credit, socio-economic factors and perceived benefits of KCC as main variables of the study.

REVIEW OF LITERATURE

- Sheela B (2023) The study focuses on the development of kisan credit card scheme in the state of Karnataka for the duration of 5 years from 2017-2022, analysing agency and period wise performance. During the study it was found that, commercial banks have the highest number of issued KCC and sanctioned amount compared to cooperative and regional banks. It was suggested to focus on the issuance of KCC in all types of banks to balance the compound annual growth rate in satisfactory way.
- Krishna Murari (2022) The study aims at recognizing the determinants of access to kisan credit card scheme and to evaluate its impact on farmers usage in India. It also finds out the farmers financial dependency on KCC for agriculture inputs in Uttar Pradesh, India. During the study it was found that the small and marginal farmers' dependency on money lenders had decreased by 30 percent, whereas the farmers are having strong access to KCC for their agriculture inputs and household farm incomes.
- Udit Malaiya (2021) The study mainly focuses on the number of Kisan credit card issued and the amount sanctioned for the duration of 5 years from 2015 to 2020 with special reference to regional rural bank branches in Damoh district. The study used both primary and secondary data, implementing correlational research design. The study shows that there is a high correlation between the number of KCC issued and amount sanction variables but there is no progressive growth in terms of number of KCC issued and disbursed advances.
- Arindam Chanda (2019) analyzed the factors of KCC offering of all states of India and the districts of Bihar with the effects of KCC Scheme on growth of agriculture and produces. And the study suggested that the states having better approach towards rural credit showed better amounts of KCC borrowing. During the study it was found that there was no such indication of KCC borrowing on state or district level farming efficiency.
- Mehta et al., (2016) examined the performance of KCC scheme and to provide essential recommendations. The study revealed that kisan credit card was considered to be popular rural loaning method for farmers financial requirements in practical means. During the study it was advised to banks to keep the process easy and simple so that every individual farmer can avail he benefits of KCC scheme.
- Patil (2014), evaluated the importance of commercial banks in financial inclusion in India through KCC system, considering the primary objective to analyze issue of credit to holders and issue of KCCs by banks. All the banks have donated considerably for providing financial assistance to poor farmers through the scheme
- Chanda (2012) had evaluated the impact of Kisan Credit card scheme at state level per capita income and agricultural production level. The study was mainly focused on interstate effect of KCC scheme and accomplishment of Bihar compared to other states. During study it was found that the KCC scheme has not increased neither agricultural production level nor land productivity.

- Mahavir (2010) analyzed the appropriateness of credit and cost of credit provided under KCC. During the study it was found that the cost of credit as percentage of borrowed in amount in non KCC category was more compared to that under KCC category. Therefore, the credit facility given for cash crops was more compared to food crops.

Scope of the study:

Agriculture holds an important place in the development of the country. Hence the financial support for the field of agriculture plays a crucial role in helping farmers community for improved productivity.

Hence the KCC scheme is chosen for the study as it's one of the schemes introduced for agricultural activities. To study about KCC scheme its primary thing to study the factors influencing farmers to adopt KCC to evaluate further thing. Hence by considering topic of the study we can evaluate the awareness level, perception of farmers and socio-economic factors influencing farmers.

Objectives of the study:

1. To study the details of Kisan Credit Card scheme
2. To study the factors influencing farmers decision to adopt and utilize KCC scheme

RESEARCH METHODOLOGY

Data collection: The primary data is collected from systematically prepared questionnaires for the farmers. And the Secondary data is collected from the published research papers, websites of RBI and NABARD.

Sample size: The sample size used for the study includes the sample of 35 respondents from the Kalaburagi district itself.

Methodology: Once the data is collected the next step is to analyze the data, here the data is analyzed using SPSS 2.0 and the Cronbach alpha method as its suitable for crosschecking the reliability of the considered variables and the inter dependency of them.

Data analysis and interpretation:

The collected data is analyzed below into two parts whereas Part A includes demographic details of the respondents, and Part B includes the different variables considered to evaluate the factors influencing farmer's decision to adopt and utilize Kisan Credit Card Scheme benefits. Let us study the important factors considered under study as follows:

In part A, the demographic details are considered such as gender, age, marital status, educational qualifications, annual income, land owned by the beneficiary for agriculture purposes, duration of usage of KCC, average amount sanctioned under KCC, frequency of repayment of loan and satisfaction level of KCC holder against usage of the card.

Whereas the level of satisfaction by respondents is 51 percent of considered sample size are satisfied, 29 percent people have given neutral response and 20 percent of people expressed as they are dissatisfied.

In Part B, the factors influencing farmers decisions to adopt and utilize KCC facilities is studied by considering the variables such as awareness of KCC, perspective towards KCC, access to KCC, perceived benefits to KCC, socio economic factors and peer influence and social networks.

1. Awareness of KCC

The reliability for awareness of KCC is calculated considering the variables such as knowledge and understanding about scheme, application process, benefits offered by scheme, eligibility criteria, interest rate and repayment terms of KCC. The reliability is calculated with the help of Cronbach alpha method, the value of alpha is 0.903. Which is highly reliable among the variables.

Whereas the other statistical scales such as value of mean is 17.857, variance is 8.185 and value of standard deviation is 2.861.

Table 1: Awareness of KCC scheme

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I am aware of the existence of the Kisan Credit Card (KCC) scheme.	14.0000	5.765	.713	.891
I have knowledge about the benefits offered by the KCC scheme.	14.3429	4.879	.781	.879
I understand the eligibility criteria required to apply for a KCC.	14.4286	5.252	.764	.880
I am familiar with the application process for obtaining a KCC.	14.1714	5.793	.732	.888
I know where to obtain information about KCC facilities.	14.4857	5.139	.822	.867

2. Perspective Towards KCC

The reliability of perspective towards the KCC are considered measured by considering the factors such as KCC facilities are beneficial for agriculture activities, KCC as convenient source of credit, reliability of KCC compared to other credit sources, positive attitude towards adopting KCC and willingness to opt for KCC.

The reliability of Perspective towards KCC is calculated with the help of Cronbach alpha method. The value of alpha is 0.855 which indicates higher reliability among the variables. Other statistical scales are also measured such the value of mean is 17, the variance is 8.353 and the value of standard deviation is 2.890.

Table 2: Perspective towards KCC

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I believe that KCC facilities are beneficial for agricultural activities.	13.4000	5.424	.646	.832
I perceive KCC as a convenient source of credit for farming needs.	13.4571	4.667	.804	.787
I trust the reliability of KCC compared to other credit options.	13.9429	7.055	.416	.879
I have a positive attitude towards adopting KCC facilities.	13.6286	5.064	.778	.795
I am willing to consider using KCC for my farming operations.	13.5714	5.487	.727	.811

3. Access to Credit

The reliability test is done from Cronbach alpha method to analyze the access to agricultural credit through KCC. The variables considered under this are, farmers are having easy access to credit facilities through KCC, sufficient collateral to obtain the loan, confidence towards the ability to repay the loans through KCC and considering KCC as viable option to fulfil the credit requirements of a farmer. The result shows the value of alpha is .818 which is highly reliable among the variables considered. Other statistical tools are also calculated such as the value of mean is 13.543, variance is 5.314 and the value of standard deviation is 2.305.

Table 3: Access to credit

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I have easy access to credit facilities for agricultural purposes.	9.8571	2.714	.696	.749
I have sufficient collateral to obtain loans through KCC.	10.4000	3.541	.497	.834
I am confident in my ability to repay loans availed through KCC.	10.2286	3.476	.690	.761
I perceive KCC as a viable option to fulfil my credit needs.	10.1429	2.950	.722	.732

4. Perceived Benefits of KCC

Under the perceived benefits of KCC many variables are considered such as KCC offers low interest rate compared to other credit sources, KCC provides timely and adequate credit for farming activities, it has flexible repayment procedure, KCC helps in improving agriculture production and income and KCC is perceived as means to access financial services beyond credit facility. The reliability among the variables is measured by Cronbach alpha method. The value of alpha is 0.678 which is acceptable among the

variables. Other statistical scales are also calculated whereas the value of mean is 15.429. The value of variance 3.782 and the value of standard deviation is 1.945.

Table 4: Perceived benefits of KCC

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I believe that KCC offers lower interest rates compared to other credit options	12.4286	3.370	.234	.696
I perceive KCC as providing timely and adequate credit support for farming.	12.0286	1.852	.526	.605
I consider KCC to be flexible in terms of loan repayment options.	12.3143	2.634	.504	.600
I believe that KCC helps in improving agricultural productivity and income.	12.4571	2.550	.431	.628
I see KCC as a means to access various financial services beyond credit	12.4857	2.669	.560	.585

5. Socio-Economic Factors

The Socio-economic factors considered that influence the farmers decision to adopt KCC such as level of education, income level of individual, landholding size of farmers, household size of farmers and the location of the beneficiary whether its rural or urban. The reliability of the mentioned variables is measured with Cronbach alpha method, whereas the value of alpha is 0.766 which is reliable among the variables. Some of the related statistical scales are also calculated the value of mean is 14.257 and variance is 4.432 and the value of standard deviation is 2.105.

Table 5: Socio economic factors

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
My level of education influences my decision to adopt KCC facilities.	11.5429	3.020	.368	.798
My income level affects my ability to utilize KCC for farming activities	11.3429	2.585	.748	.642
My landholding size is a factor in considering KCC adoption.	11.2571	3.020	.593	.706
My household size impacts my need for credit facilities like KCC.	11.4000	3.424	.419	.760
My location (rural/urban) influences my access to KCC and its utilization.	11.4857	2.963	.621	.696

6. Peer Influence and Social Networks

The reliability of the variables considered under peer influenced and social network is measured using Cronbach alpha method. The variables considered under this are the factors from which the farmers are influenced to opt for KCC such as farmer is influenced by other KCC holder, recommendations from friends and family, by participating in farmer groups and cooperatives, information through informal networks in the community and peer pressure and influence made to opt for KCC. The result for this is the value of alpha is .363 which is unacceptable, hence the necessary changes to be made among the considered variables or it can be eliminated. Some of the statistical scales are also calculated such the value of mean is 15.8, variance is 2.047 and the value of standard deviation is 1.431.

Table 6: Peer influence and social network

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I am influenced by the experiences of other farmers who have adopted KCC	12.3714	1.534	.095	.393
. Recommendations from friends or family members influence my decision to use KCC.	12.5714	1.723	.065	.395
Participation in farmer groups or cooperatives encourages me to adopt KCC.	12.5143	1.434	.152	.342
I receive information about KCC through informal networks in my community	12.7429	1.373	.392	.149
Peer pressure plays a role in my decision to adopt KCC facilities.	13.0000	1.529	.252	.262

FINDINGS

The factors influencing farmers decision to adopt KCC in terms of growth and usage, it was found that the level of awareness is high among the people who are using KCC. The access to credit is made easy through KCC compared to other credit sources. The beneficiaries are aware about the benefits availed through KCC.

SUGGESTIONS

The factors considered under the peer influence and social network are found to be not reliable with the variables considered, hence the factor can be improved by adding or deleting the additional variables or else it can be eliminated.

CONCLUSION

A study on the factors influencing farmers decisions to adopt and utilize Kisan Credit Card scheme Facilities- A case study of Kalaburagi district. In the study the main variables

considered are awareness of KCC, perspective towards KCC, access to KCC, perceived benefits of KCC, socio-economic Factors, peer influence and social networks. The reliability of the variables is tested by using the Cronbach Alpha method. As a result, the first 5 variables are reliable and give positive response towards the study while the last variable is not reliable towards the variables considered. The study is done for the Kalaburagi district and the study gives a positive note among the variables considered.

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