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**ASSESSMENT OF IMPACT OF KCC ON SOCIOECONOMIC
STATUS OF FARMERS USING DIMENSION INDEX**

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**ASSESSMENT OF IMPACT OF KCC ON SOCIOECONOMIC STATUS
OF FARMERS USING DIMENSION INDEX**

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ABSTRACT

The Beed district of Maharashtra state is draught prone area. Draught renders the farmers with unavailability of liquid cash. This affects their next sowing season and reduces the subsequent profit. Through KCC the problem of cash liquidity is reduced. This results in on time farm activities which translates into increased profit and positively affecting their socioeconomic status. The work examines whether the use of KCC by farmers has resulted in rise of their socioeconomic stratum or not through utilization of dimension index and chisquare test.

Keywords : Maharashtra, Beed, KCC

Introduction

Maharashtra, it is one of the largest states of the country. The state is so large or rather gigantic that it nearly dwarfs the size of United Kingdom. The population of the state is also high. It is so high that the population of the state easily surpasses the population of many European countries. For feeding such a large population it is mandatory to have a strong local agriculture. The local agriculture not only needs to be strong it needs to be vibrant as well. The need of strong agriculture can be justified by the need by of strong industrial and manufacturing units in the state. The manufacturing and industrial units in the state provides employment in terms of daily wagers and white collared human resources. These human resources can only perform up to the mark in industrial estates only if they have a sound physical and mental health and for that proper feed is required which is supplied by agriculture sector of the state. The discussion depicts the importance of agriculture in our country. Agriculture sector plays a major role in deciding the economy of our country. India is a nation that has agriculture as its backbone of economy. The country is not only biggest consumer of the

agro produced goods due to its large population, but the country is also one of the largest agro produce exporter in the world. The state of Maharashtra is a significant contributor in the same. The state of Maharashtra is one of the largest states of India. It accounts for nearly 15 percent agro produce of India. Sugarcane, peanuts, cotton, sweet sorghum, and Jawari is some of the important crops cultivated in Maharashtra. The state is also rich in natural resources. Majority of the state is filled with lush green forests and receives plenty of rainfall. Due to this the Maharashtra state is ideal for any type of agriculture practice. The state of Maharashtra due to its vivid agricultural practices is heavily dependent upon the state's agricultural sectors contribution to the states GSDP. The state's GSDP is dependent upon the GDDP and the GDDP is dependent upon the districts agriculture sector contribution towards its district domestic product. This signifies that the economy of the state is widely affected by the performance of each district. Some of the districts of Maharashtra are prone to drought. The districts of Marathawad region are heavily prone to drought and drought like conditions which affects the crops drastically. The district of Latur, Parbani,

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Osmanabad, and Beed are some of the worst drought hit areas in recent time. When such act of god occurs the agriculture sector of the district suffers and thus the whole economy of the state suffers. When such incidents happen agriculture sector in the district takes a back seat because every farmer do not have a crop insurance and even if the insurance amount is provided on a blanket basis it is not enough to cover the cost incurred for land preparation, fertilizer, and seed purchase. This renders the farmer with low cash flow and almost incapable of making preparation for the next crop. Farmer when short of cash opt for non-instructional high risk, high interest rate in formal loan from sahuakars due to its timely availability and almost no paperwork. In case of consecutive crop failure, the farmer gets devoid of the land due to inability to pay the dues of the sahuakar who mortgaged the land for the credit. KCC comes as boon to such farmers. KCC provides short-term low interest collateral free seasonal and yearly crop loans or farm credits to boost the farm level productivity and thus increasing the rural infrastructure through it. KCC is a flagship scheme for NABARD, RBI, and Central government. It's been more than two decades since its inception and the time is enough for a scheme to show its effect on the income level and farm productivity. The research work will thus study the changes brought in by the KCC in socio-economic status of the farmers.

Research Method

For the research work the farmers from Beed district of Maharashtra state were selected. The selection of farmers was done using Cochran method of sample selection. The sampling technique utilized for selection of farmers for participating in the survey was convenience sampling method. The equation for sample size selection based on Cochran methodology has been presented below.

N = Sample Size for the study

$$N = Z^2 pq / e^2 \quad \dots (1)$$

Here,

$$Z = 1.96$$

$$p = 0.5$$

$$q = 1 - p$$

$$e = 0.05 \text{ or } 5\% \text{ error in sample size determination}$$

Substituting these values result in $N = 396$ which was rounded off to nearest 100th Place. Hence, sample size was fixed as 400 Farmers.

The farmers selected compulsorily possessed KCC of either a nationalised bank or a rural bank.

For determination of change in socioeconomic status of farmers brought about by the utilization of KCC UNDP dimension index was used. The dimension index was calculated using a psychometric scale of measurement. The use of KCC allows farmer to access low interest short term credit quickly. Through KCC the farmers are now free from the clutches of market lenders. Now they can avail the credit for farming activities without mortgage of land and resources. In other words, KCC reduces the problem of shortage of cash liquidity for farming activities. When liquidity of cash is not a concerned problem for the farmers sowing and harvesting activities can be performed in the right time. Thus, maximising the chances of increased profits. The increased profit translates into better quality of life and living status. This elevated quality of life and living status increases the stratum of socioeconomics for the farmers.

The farmers were asked to rate their socioeconomic conditions based on self-valuation before and after the use of KCC. For this they were asked to use a five-point scale. On this scale a rating of 1 meant low socioeconomic condition while 5 meant high socioeconomic conditions. A rating of 3 meant optimum socioeconomic condition. Using the ratings dimension index was calculated.

$$\text{Dimension Index} = (\text{actual value} - \text{minimum value}) / (\text{maximum value} - \text{minimum value})$$

After the calculation of dimension index for each of the farmers cumulative frequency was calculated for segregating farmers into low, optimum, and high socioeconomic stratum. Dimension index of 0 and 0.25 was considered as low socioeconomic status, 0.5 as optimum, and 0.75 and 1 as high socioeconomic conditions.

For evaluating significant difference if any in the socioeconomic condition of farmers before and after utilization of KCC chisquare test was utilized. The analysis was performed in SPSS software.

Research Analytics

The table 1 shown below presents the segregated

number of farmers belonging to socioeconomic stratum based on the calculated dimension index.

Table 1 Segregation of farmers based on Dimension Index

Socioeconomic Stratum	Before using KCC	After using KCC	Change in number
LOW	283	173	110
OPTIMUM	91	197	-106
HIGH	26	30	-4
p-value		0.00249	

Source - Calculated

From the table presented above it is evident that, 70.75 percent farmers belonged to low socioeconomic stratum, 22.75 percent belonged to optimum socioeconomic stratum, 6.5 percent belonged to high socioeconomic stratum before the use of KCC. From the table presented above it is also evident that, 43.25 percent farmers belonged to low socioeconomic stratum, 49.25 percent belonged to optimum socioeconomic stratum, 7.5 percent belonged to high socioeconomic stratum before the use of KCC. It is indicated in the table that maximum number of the farmers found their socioeconomic raised to optimum after the utilization of KCC for on farm activities. Calculation of p-value was done using Chisquare test. The value was obtained as 0.00249. The value is less than 1% significance level.

Results and Conclusion

From the analysis presented above it is evident that there is significant change in the socioeconomic status of the farmers before and after using the KCC. The deterministic analysis indicates that the condition of farmers has improved as maximum number of farmers migrated from lower stratum of socioeconomics to optimum stratum of socioeconomics. The obtained p-value is less than 0.01 which inferentially indicates that conditions of farmers has changed significantly after the implementation and utilization of KCC by them. Maharashtra is a big state and agriculture is its backbone till date. Beed is a draught prone area of the state and in

case of draught agriculture suffers severely in the district thus affecting the economy of the state. In case of draught farmers are left with little to no income from the crops. This renders them unable to proceed for next sowing season on time. A delay in sowing will further result in loss of profits in the next cropping season as well. KCC reduces the problem associated with this unavailability of liquid cash for farm activities. Thus, helping the farmers for on farm activities in time. This timely availability of cash and availability of resources on time translates in to raising of socioeconomic stratum of farmers.

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