SEVERITY ANALYSIS OF PROBLEMS FACED BY KISAN CREDIT CARD HOLDERS OF BEED DISTRICT

❒ Dr. Chavan Ashok D*
Ms. Satya Kishan**

ABSTRACT

To boost the agriculture output of the country the government introduced Kisan credit card scheme o KCC. Using KCC the farmers can withdraw a sanctioned amount for agriculture purposes. Lower literacy rate, lack of guidance towards the KCC scheme and low number of branches in the proximity are some of the problems that are associated with Beed district. These problems hinder utilization of KCC scheme by farmers of Beed district. The research work focuses on determining the severity of various problems faced by farmers of Beed district so that suggestions could be provided regarding the resolution of the same and thus increasing the scope of KCC. The research work concludes that unavailability of guidance related to KCC and charges levied by the banks on issuing the KCC are some of the severe problems' farmers face in the district when it comes to the utilization of KCC scheme. The work concludes with suggestions related to the resolution of problems identified.

Keywords : KCC, BEED

Introduction

The State of Maharashtra is predominantly rural in nature and the state's economy is dependent on the state of agriculture in the state. Since, the economy of the Maharashtra region is predominantly dependent on agriculture, the state can be termed as an agrarian state. Cotton, sugarcane, and onions are some of the major agricultural produce of the state and majority of the population living in Maharashtra are such farmers who undertake cultivation and production of these cash crops [1]. As majority of the farmers in Maharashtra are small scale farmers that means they own up land parcel, which is less than 2 acres of size, a change of a fraction in production of crops affects in depth the socio-economic conditions of farmers in the state. Maharashtra is a huge state and most of its population find employment in areas of Agriculture and allied activity. The contribution of agriculture sector in Maharashtra's day to day life is huge. Agriculture sector provides employment to more than 55 percent of rural population as per the census of 2011 [2].

The state has its own major industrial and commercial centres of trade in form of Mumbai, Pune and Nagpur but rest of the Maharashtra is still predominantly rural and dependent on agrarian activities. Due to these three major industrial and commercial centres of trade the state's income through transportation, manufacturing and public administration has increased [3]. The states income through service sector has also gone up in share, indicating that state has a flourishing service sector. As the income from industrial, transport and public administration sector has gone up the agriculture sector has not lost its charm in the state of Maharashtra. The agrarian sector still acts as backbone of the state's economy.

To boost the agriculture output of the country the government introduced Kisan credit card scheme o KCC. The KCC is a short-term credit scheme [4]. The farmers are issued conventional debit/credit card styled credit cards that have a chip and magnetic tape on it. Using it the farmers can withdraw a sanctioned amount for

*Assistant Professor of Commerce, Research Guide, LRW ACS COLLEGE SONPETH, MAHARASTRA
**Research Scholar - School of Commerce and Management Sciences, SRTMU NANDED (MAHARSATRA) Latur-Nanded Highway, Vishnupuri, Nanded

agriculture purposes. The sanctioned amount is decided based on previous crop production, land size and assets owned. This facility provides farmers a credit facility which farmers can use for farmland preparation or maintenance or purchase of milch animals for dairy purposes or drought animals for farmland preparation. To avail this scheme the farmers, must contact the nearby bank branch. Lower literacy rate, lack of guidance towards the KCC scheme and low number of branches in the proximity are some of the problems that are associated with Beed district. Beed district of Maharashtra is a drought prone area. Drought can severely affect production of crop in a season. Thus, rendering farmer with reduced income and low in cash flow to meet the expense related to sowing of next crop. KCC is beneficial for farmers living in such area. This research work thus focuses on determining what problems the farmers of Beed district face regarding utilization of KCC and suggesting ways to overcome it.

Methodology

To meet the desired objective of the study that is to determine what all problems are faced by farmers when it comes to utilization of Kisan Credit Card quantitative analytical methods were used. The quantitative method used for this research work uses Henry Garret Rank Analysis Method. The method utilizes primary data. That means the data needs to be collected through survey specifically centred around the study. For this research work the farmers were considered as sample elements or the survey participants. The sample size for the study was determined using Cochran's Method of Sample Size estimation. The equation for the same 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 or 5% 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 were selected from the Beed district of Maharashtra state. The farmers were so selected that they must compulsorily have availed the KCC services from Bank.

The farmers were asked questions about the problems they face while utilizing the KCC services. They were requested to rank the problems indicated in the questionnaire as per their liking. Before the farmers were asked to rank the problems, they were instructed that they must rank the problems on grounds of the difficulty they mostly face while utilization of KCC services. The most severe problem should be raked first while the least severe problem should be ranked last and subsequently others should be ranked.

The ranked responses collected from the farmers were needed to be analysed to determine which problem as per the farmer is the most severe one while which problem is the least severe one and subsequently others.

The ranked responses were first converted as frequency distribution. After that percent position associated with each rank was calculated using the equation

$$PP_i = 100 (Rank_i - 0.5)/16 \quad \dots (2)$$

Here, $Rank_i = 1,2,3,4 \dots 16$

For each calculated percent position associated Garret Value was determined. The Garret Values were determined using Garret look up table. Garret Value associated with each rank was multiplied with frequency data associated with each rank. The values so obtained were added for each rank. The sum so obtained was divided by number of respondents that was 400 in this case. The so obtained values were ranked as per decreasing strength. The problem with highest strength was the most severe one while the problem with lowest strength was the least severe one associated with Kisan Credit Card.

The list of problems presented to the farmers in the survey question is as mentioned below.

1 Time availability
2 Interest rate
3 Easy Access
4 Easy Repayment
5 Red Tape
6 Fulfilling complete criteria for issue for CC

7	Services offered by bank
8	Insurance Coverage for Crops
9	Ease of Withdrawals
10	Proximity of Branches
11	Guidance
12	Maximum loan ceiling
13	Period of Loan
14	Subsidies Offered
15	Friendly atmosphere
16	Charges levied by bank

Analysis and Results

The following section presents step by step analysis of the collected rank responses to meet the set objective of this research work. The first step of the analysis was to convert the primary data into frequency distribution data as per ranks obtained. Table 1 presents the frequency distribution table constructed as per rank obtained from farmers.

Table 1 Frequency Distribution of Ranks provided by Farmers to the Problems associated with KCC

Problems	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	13th	14th	15th	16th
Time availability	8	19	31	27	18	33	23	12	22	51	36	44	14	32	17	13
Interest rate	37	33	22	20	35	9	30	38	43	13	23	22	25	12	20	18
Easy Access	20	25	13	20	30	32	28	42	27	6	10	29	40	34	14	30
Easy Repayment	19	29	23	33	31	44	10	7	2	15	24	27	30	23	41	42
Red Tape	19	20	28	22	8	40	46	15	20	39	25	31	14	30	12	31
Fulfilling complete criteria for issue for CC	41	19	20	12	25	40	22	33	22	19	17	17	15	31	33	34
Services offered by bank	34	25	25	14	32	18	25	13	25	19	42	9	39	18	31	31
Insurance Coverage for Crops	1	16	34	13	20	23	28	37	26	30	40	31	25	39	24	13
Ease of Withdrawals	42	14	10	30	37	25	17	39	14	29	48	16	25	31	11	12
Proximity of Branches	1	23	33	34	40	11	18	44	23	36	43	38	7	23	19	7
Unavailability of Guidance	32	55	18	31	44	11	47	20	32	13	25	16	27	17	4	8
Maximum loan ceiling	27	15	27	47	22	31	24	25	33	21	6	23	35	16	14	34
Period of Loan	37	16	29	30	12	21	21	10	25	45	20	10	16	21	43	44
Subsidies Offered	2	44	25	19	9	12	14	30	36	12	8	23	26	39	67	34
Friendly atmosphere	34	27	26	23	12	23	24	24	21	31	18	19	31	25	25	37
Charges levied by bank	46	20	36	25	25	27	23	11	29	21	15	45	31	9	25	12

The second step of the process involved calculation of percent position. The calculation of percent position was performed using equation 2. The table shown below presents the calculated percent position for each rank.

Table 2 Percent position calculated for each rank and associate Garret Value

Rank	Formula	Calculated Percent Position	Garret Value determined using Lookup table
1st	100(1-0.5)/16	3.125	86
2nd	100(2-0.5)/16	9.375	76
3rd	100(3-0.5)/16	15.625	70
4th	100(4-0.5)/16	21.875	66
5th	100(5-0.5)/16	28.125	61
6th	100(6-0.5)/16	34.375	58
7th	100(7-0.5)/16	40.625	55
8th	100(8-0.5)/16	46.875	52
9th	100(9-0.5)/16	53.125	48
10th	100(10-0.5)/16	59.375	45
11th	100(11-0.5)/16	65.625	42
12th	100(12-0.5)/16	71.875	39
13th	100(13-0.5)/16	78.125	35
14th	100(14-0.5)/16	84.375	30
15th	100(15-0.5)/16	90.625	24
16th	100(16-0.5)/16	96.875	16

The third step of the process involved multiplication of Garret values associated with each rank with the frequency distribution table 1.

Table 3 Multiplication of Garret values with entries of Table 1

Problems	1st x 98	2nd x 76	3rd x 70	4th x 99	5th x 91	6th x 85	7th x 55	8th x 52	9th x 84	10th x 45	11th x 42	12th x 39	13th x 35	14th x 30	15th x 24	16th x 16	Total	Total/400
Time availability	688	1444	2170	1782	1098	1914	1265	624	1056	2295	1512	1716	490	960	408	208	19630	49.075
Interest rate	3182	2508	1540	1320	2135	522	1650	1976	2064	585	966	858	875	360	480	288	21309	53.2725
Easy Access	1720	1900	910	1320	1830	1856	1540	2184	1296	270	420	1131	1400	1020	336	480	19613	49.0325

Easy Repayment	Red Tape	Fulfilling complete criteria for issue for CC	Services offered by bank	Insurance Coverage for Crops	Ease of Withdrawals	Proximity of Branches	Unavailability of Guidance	Maximum loan ceiling	Period of Loan	Subsidies Offered
48.0275	49.58	50.03	49.65	47.185	52.26	50.6475	56.6475	51.1925	48.535	44.57
19211	19832	20012	19860	18874	20904	20259	22659	20477	19414	17828
672	496	544	496	208	192	112	128	544	704	544
984	288	792	744	576	264	456	96	336	1032	1608
690	900	930	540	1170	930	690	510	480	630	1170
1050	490	525	1365	875	875	245	945	1225	560	910
1053	1209	663	351	1209	624	1482	624	897	390	897
1008	1050	714	1764	1680	2016	1806	1050	252	840	336
675	1755	855	855	1350	1305	1620	585	945	2025	540
96	960	1056	1200	1248	672	1104	1536	1584	1200	1728
364	780	1716	676	1924	2028	2288	1040	1300	520	1560
550	2530	1210	1375	1540	935	990	2585	1320	1155	770
2552	2320	2320	1044	1334	1450	638	638	1798	1218	696
1891	488	1525	1952	1220	2257	2440	2684	1342	732	549
2178	1452	792	924	858	1980	2244	2046	3102	1980	1254
1610	1960	1400	1750	2380	700	2310	1260	1890	2030	1750
2204	1520	1444	1900	1216	1064	1748	4180	1140	1216	3344
1634	1634	3526	2924	86	3612	86	2752	2322	3182	172

Friendly atmosphere	2924	2052	1820	1518	732	1334	1320	1248	1008	1395	756	741	1085	750	600	592	19875	49.6875
Charges levied by bank	3956	1520	2520	1650	1525	1566	1265	572	1392	945	630	1755	1085	270	600	192	21443	53.6075

The total value for each problem was divided by number of respondents. The so obtained sum was ranked as per decreasing order. The table 4 shows the severity of problems associated with KCC determined by ranking the obtained sum as per decreasing order.

Table 4 Determined Severity of Problems associated with KCC

Problem	Rank Determined
Time availability	11th
Interest rate	3rd
Easy Access	12th
Easy Repayment	15th
Red Tape	10th
Fulfilling complete criteria for issue for CC	7th
Services offered by bank	9th
Insurance Coverage for Crops	14th
Ease of Withdrawals	4th
Proximity of Branches	6th
Unavailability of Guidance	1st
Maximum loan ceiling	5th
Period of Loan	13th
Subsidies Offered	16th
Friendly atmosphere	8th
Charges levied by bank	2nd

Conclusion

From the table 4 shown in the above section it was evident that unavailability of guidance related to KCC was the most severe problem faced by the farmers. The farmers in the region complained frequently about the lack of guidance they get from government administration related to KCC. The Beed district of Maharashtra is a region were the literacy rate is down. Hence, the farmers despite being in possession of smartphones and communication technology do not known were to search for the scheme and how to avail it. Those, who have already availed it are not competent enough to explain the scheme to the farmers who have not availed KCC as they themselves are not having clear concept of KCC. It is being suggested that field agents should be deployed in the district by banks and government administration who should guide farmers and animal husbandry practitioners about KCC, its benefits and how they can avail it. The farmers indicated that charges levied by the banks for issuing KCC is the second most severe problem. The banks lay charges of up to 4000 rupees for issuing kisan credit card. These charges include inspection and valuation report generation fees. Recently, some banks have agreed to waive of the charges related to issue of KCC to farmers but wide scale implementation of same is yet to be

materialized. The farmers indicated that interest charged on the amount withdrawn is high for them. Banks charge 7 percent interest rate on the amount borrowed using KCC. The interest rate is high when the socio-economic strata of farmers using KCC and interest rate is equated. It is being suggested that the government should focus on low interest loans. This will not only facilitate the recovery of loan amount but will also help governments to start such schemes instead of waiving loan of farmers every 5 years. The farmers indicated that the ease of withdrawal is the fourth severe problem associated with KCC. The research investigation revealed that the farmers still opt for slip-based withdrawal instead of card-based withdrawal. Slip-based withdrawals are lengthy process and waiting time is high as rural branches that generally issue such KCC have high customer traffic volumes. Due to this farmer at time face inconvenience in form of high wait period. It is being suggested that farmers should be educated how to use chip-based cards allotted to them to withdraw sanctioned amounts from ATM. From the research work it can be said that KCC is an extremely healthy scheme for the farmers, but problems indicated in this research work holds the farmers back from utilizing the scheme properly and gain desired outcome. Based on research results it is further suggested that number of bank branches should be increased. At present there exists one or two bank branches for 100 to 200 villages. Meagre number of bank branches increases the traffic in the branch which increases the inconvenience to the farmers. This also increases the workload on bank staff thus affecting their working efficiency. Increasing the branch number will decrease the traffic on a branch. The employees will also get an opportunity to relax in between their hectic work schedule which will boost their working efficiency. A relaxed employee will thus be better able to guide farmers about the KCC and will be able to explain every aspect associated to KCC to farmers in detail so that the gap arising between farmers and KCC scheme in form of such problems could be minimised.

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Dr. Chavan Ashok D
Assistant Professor of Commerce
Research Guide
LRW ACS COLLEGE SONPETH, MAHARASTRA

Ms. Satya Kishan
Research Scholar
School of Commerce and Management Sciences
SRTMU NANDED (MAHARSATRA) Latur-Nanded Highway, Vishnupuri, Nanded

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