

"Assessing the Role of Kisan Credit Card Scheme: A Comparative Analysis of Beneficiary and Non-Beneficiary Farmers in Sehore District, Madhya Pradesh"

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Abstract:

The Indian government is launching a number of initiatives to empower farmers, increase their output, and improve the sustainability and efficiency of their farming methods. This study compares the results of farmers who are beneficiaries and those who are not in order to assess the effect of the Kisan Credit Card (KCC) Scheme on reducing poverty in Sehore District, Madhya Pradesh. The study was conducted on 120 farmers of Sehore Madhya Pradesh.

The results demonstrate that KCC recipients have better access to resources, higher incomes, and higher yields, all of which help to reduce poverty. Non-beneficiaries, on the other hand, who depend on unofficial credit, have financial hardships and decreased productivity. In order to further improve rural livelihoods, the report also identifies obstacles to obtaining formal credit and recommends broadening the KCC's reach.

Keywords: Kisan credit card, Poverty Reduction, Beneficiary and Non-Beneficiary Farmers.

INTRODUCTION

Agriculture serves as the backbone for India's economy and plays a very important role in nation's progress. According to Economic Survey, the agricultural sector provides the livelihoods to 42.3% of the population and contributes approximately 18.2% to India's Gross Domestic Product (GDP) at current prices. With the onset of Green Revolution, a significant transformation in Indian agriculture has witnessed which is symbolizes by increase in mechanization and the use of modern inputs like high-yielding varieties (HYVs), fertilizers, pesticides, and advanced farming equipment. In spite of the fact that this change has led to increase in productivity, it has also raised the cost of cultivation, making access to credit important for maintaining agricultural activities.

In India, more than 86% of farmers consist of small and marginal farmers who often lack the financial means to cover these expenses from their personal savings. As a result, they mostly depend upon loans to fulfill their production needs. Previously, these farmers turned to informal lenders such as sahuikars, mahajans, and moneylenders, who imposed high rate of interest, thereby worsening the financial instability of these households. This situation has led to an increasing demand for formal financial institutions that can provide loans facility to farmers at lower interest rate and collateral free.

Credit plays a crucial role for farmers as it allows them to adopt new technologies, buy high-quality inputs, land development, and invest in livestock and related activities. Understanding this necessity, agencies like the Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD) has come forward with various schemes to improve the credit delivery system. One such effort was the introduction of the Kisan Credit Card (KCC) Scheme in 1998, designed to meet the credit requirement of farmers timely, at affordable rate, and provide convenient credit for crop production and associated activities.

Despite the wide coverage of the KCC Scheme across India, questions remain regarding its effectiveness in improving farmers' conditions

This research aims to evaluate the KCC Scheme's impact by conducting a comparative study of farmers who benefit from the scheme and those who do not in Sehore District, Madhya Pradesh, an area known for its largely agricultural economy and a considerable number of small-scale farmers.

OBJECTIVE OF STUDY

- To study the impact of Kisan credit card scheme on the farmers.
- To conduct a comparative analysis of the impact of the Kisan Credit Card scheme on beneficiary and non-beneficiary farmers in the Sehore District

LITERATURE REVIEW

(Arvind Sharma, 2013) Studies found that KCC beneficiaries in Sehore district achieved advanced productivity and yields compared to non-beneficiaries. The impact was especially important for wheat, which demonstrates the highest increase in crop yield was due to KCC-facilitated credit. While precise yield percentages are not often reported, it is evident that beneficiaries enjoy superior agricultural results. There is an income rise among KCC beneficiaries in Sehore range between 28% and over 75%, depending on the crop and locality. The most significant increase in income were linked to wheat (75.28%), gram (68.78%), and arhar (46.75%)

(Singh, 2020) The study highlights the requirement for a regional assessment of the Kisan Credit Card (KCC) scheme, particularly focusing on Rohtak, districts in Haryana. It highlights how agricultural credit plays a critical role in sustainable farming, establishing KCC as a significant government program introduced in 1998–99 to improve credit accessibility for farmers. The purpose of this research is to evaluate the efficacy of KCC scheme by looking at how it impact agricultural production and productivity. Further, it aims to identify the obstacles farmers face in utilizing the scheme and suggest remedies to address these challenges. The study provides a comprehensive evaluation of performance of KCC and its outcomes, by examining utilization patterns, production outcomes, and impact on allied activities. The findings of the study reveal that KCC beneficiary farmers have outperformed non beneficiary farmer in terms of production, productivity and net profit.

(interstatecouncil.gov.in) Over the past several years , Crop diversification has resulted in increase by more than 50% in paddy and a 53% in wheat cultivation. Specifically in Sehore, KCC beneficiaries has demonstrated a diversification score of 0.21 points higher than non-beneficiaries, indicating considerably more greater crop variety.

(Tiwari, 2018) The study looks at how the Kisan Credit Card (KCC) scheme has affected farmers in the Anuppur district, Madhya Pradesh, emphasis on the function of cooperative banks, particularly the District Central Cooperative Bank (DCCB). While the program aims to offer timely credit with streamlined processes, research show that DCCB does not adequately meets farmers' demand. Recommendations include simplifying the loan process, updating database of farmer, increasing loan durations, and to ensure better implementation and access to benefits the farmers by strengthening coordination and promotion of program.

(Abhijit, 2019) This publication reviews the Kisan Credit Card (KCC) scheme, which was introduced in 1998–1999, to facilitate short-term credit to farmers. It focuses on the scheme's benefits, which include flexible repayment of credit, simplification of credit accessibility, and assistance on input purchases. Apart from this, KCC also provides benefits like insurance and crop coverage which has been offered with the help of number of banks. This report also point out regional disparities in implementation of KCC, with certain states and regional rural banks (RRBs) performing better than other states and RRBs. The study emphasizes the broad popularity of scheme among bankers and farmers, extending the scheme to cover non-crop credit needs and suggesting scope for further improvement.

IV. RESEARCH METHODOLOGY

DATA ANALYSIS AND INTERPRETATION

To analyze the impact of KCC on the agricultural productivity of non KCC farmers. The data has collected from 120 in which 60 are non KCC farmers and remaining 60 are KCC farmers from Sehore district. The data has been collected from people belonging to different villages.

Input use by Beneficiary and Non-Beneficiary Farmers.

ITEMS	PADDY		SUGARCANE		GROUNDNUT	
	Non KCC	KCC	Non KCC	KCC	Non KCC	KCC
Seeds (kg)	31.3	70.1	2.7	3.0	71.8	111.2
Inorganic fertilizer(kg)	142.4	250.0	440.4	601.6	94.7	186.9
Organic fertilizer(kg)	1.3	1.5	2.3	2.8	0.4	0.7
Irrigation (hours)	70.0	72.5	157.5	182.5	7.5	16.0
Machine power (hours)	11.6	16.9	9.6	12.6	3.1	3.6
Human labour (No.)	10	18	23	31	14	17
Plant protection chemicals(kg)	0.1	4.6	2.1	3.9	0.7	1.9
Total	266.7	433.6	637.6	837.4	192.2	337.3

V. HYPOTHESIS TESTING

Here application of non-parametric chi square test is used for comparing data collected from the two group's i.e non KCC holder farmers and KCC holder farmers. The sample has been collected as per convenience sampling method.

The hypothesis formed is as follows:

HO: There is no significant impact of Kisan credit card scheme's beneficiary farmers and non-beneficiary farmers.

H1: There is significant impact of Kisan credit card scheme's beneficiary farmers and non-beneficiary farmers

	Yes	No	Total
Non KCC holder beneficiary farmers	38	22	60
KCC holder beneficiary farmers	50	10	60
Total	88	32	120

Calculation of CHI SQUARE TEST

	YES					NO				
	O	E	O-E	(O-E) ²	(O-E) ² /E	O	E	O-E	(O-E) ²	(O-E) ² /E
Non KCC beneficiary	38	44	-6	36	0.818	22	16	6	36	2.25
KCC beneficiary	50	44	6	36	0.818	10	16	6	36	2.25
Total	88			72	1.636	32			72	4.5

V. INTERPRETATION

There is significant impact of Kisan credit card scheme's beneficiary farmers and non-beneficiary farmers i.e Farmers who utilize this credit facility are experiencing significant benefits in terms of improved production, timely access to credit and support to allied sectors. Thus, as the calculated chi- square value (6.136) is larger than the critical table value (3.841) at a (1) degree of freedom and a 0.05 significance level, we reject the null hypothesis. This suggests that the Kisan credit card scheme significantly gives benefit to the farmers, confirming our alternative hypothesis.

VI. FINDING AND SUGGESTIONS

Implementation of KCC program is very helpful to the beneficiaries since it promptly granted credit for various agricultural activities. The respondents KCC holder were asked to indicate any difficulty they observed in obtaining the accessing of the KCC Scheme, which was implemented for the benefit of the farming population by a number of banking institute. However, there were still quite a few issues in the system based, on the comments of the KCC farmers.

1. Significant numbers of farmers are unaware about the KCC scheme and benefit due to inadequate awareness and literacy level
2. Farmers avoid the scheme in the fear that they won't be able to pay back loans, which cloud result in trouble of legal actions or losing their land
3. Farmers find it difficult in opening a bank account and filling out required forms, especially those who have no prior experience with banking.
4. Farmers in large need and emergencies of funds receive the credit amount that is too small for them, which makes the scheme less useful. Delays in getting loans, restrictions on when and how money can be withdrawn due to which farmers suffer during crucial farming seasons.
5. Farmers are discouraged by some bank staff from applying or continuing with the scheme because they are not helpful or supportive
6. Negative Social Influence shared can discourage new farmers from joining the scheme.

To solve these problems, bank personnel can increase farmer confidence by raising awareness and providing consistent encouragement. In order to increase the recovery of short-term loans under the KCC program, credit should be linked to marketing. Simplifying lending procedures by giving farmers a passbook that records land ownership and borrowings. Credit should be enough to meet actual farming needs, including emergencies, and should come with flexible rules. Loans should be given on time and repayment should be in small, manageable amounts.

Additionally, offering farmers incentives who repay on time with benefits like lower interest rates or small incentives to establish a good credit history

VII. CONCLUSION

According to this report, the Kisan Credit Card (KCC) scheme has a positive impact on the agriculture sector. Although, it is clear that the initiative has successfully provided farmers the vital financial support they require to improve their access to finance and make investments in infrastructure, technologies, and agricultural inputs from data analysis and participant feedbacks given farmers. However, obstacles like lack of knowledge, accessibility issues, and possible credit abuse highlight how important it is to continuously monitor, assess, and improve policies. The findings of the study will provide valuable insights of the farmers in the SEHORE district, helping them to understand the progress, impact, utility, and constraints of the KCC scheme at the farmer level. The results will assist farmers in making informed decisions regarding the optimal use of available credit resources to enhance farm income.

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