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Utilization Pattern of Kisan Credit Card Scheme in Mansa District of Punjab

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Abstract

Agribusiness is the primary source of income for the majority of people in our nation. Growing the productivity of the agriculture sector has been made possible in large part by institutional finance. In Mansa district, Punjab, from 2010-11 to 2020-2021, a study was conducted to ascertain the credit consumption trend of the Kisan credit card. The information gathered from 60 KCC and 60 Non-KCC holders who were chosen from the study region and interviewed using a pre-tested, well-structured questionnaire for the year 2020-2021 served as the study's foundation. This study's primary goal is to assess the utilization pattern of Kisan credit card of the farmers. According to the findings, of the sixty farmers who received the credit, only 30 per cent fully utilized the credit, 33.33 per cent partially utilized the credit and 36.67 per cent totally misutilized the credit. The primary cause of credit misusage by KCC holders was discovered to be social ceremonies, which accounted for 22.73 per cent of total expenses. To summarize, the majority of the total funds obtained in Punjab under the KCC plan were not utilized for the purposes of crop production and other farming-related needs for which the loan was originally meant.

Keywords

Agribusiness, KCCs, Utilization pattern, Institutional finance.

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1. Introduction

Agriculture is the main industry in India. Agriculture produces the majority of the nation's income. The Indian economy is largely attributed to its farmers. Punjab state, commonly known as Punjab, is a region that lies between the borders of Pakistan and India. The primary source of income for the people of Punjab is agriculture. Farmers in Punjab have benefited from the KCC system from its inception by being able to obtain credit through it to meet their demands for crop production and related activities. The KCC plan was an attempt to make it easier for borrowers from official financial institutions to obtain short-term borrowing. The program was launched in 1998-1999 in response to the Shri R. V.Gupta Committee's recommendations. For Indian farmers, there is a multi-functional credit card program called the Kisan Credit Card (KCC) Scheme. It offers options for crop financing, consumption credit, and term credit (GOI, 2017). Furthermore, it has made obtaining credit for all farmers easier and less complicated. The study made use of primary data on KCC.

2. Review of Literature

Meghana (2018) looked at the credit utilization trends for South Gujarat's KCC plan during 2016-2017. According to the report, 46.25 per cent of Kisan credit card holders used their credit limit only for agricultural purposes, while 17.50 per cent of cardholders used their credit limit for non-agricultural purposes it indicates that they misused the credit. Among all respondents, 17.50 percent gave the following explanations for not using the credit for constructive purposes: Old debts and salt, among other things. The major problems faced by the respondents in use of KCC are lengthy paper work, insufficient credit limit and high interest rate etc.

Verma et al. (2019) attempted to investigate the usage patterns of the Kisan credit card among farmers in the Baghat district of

Uttar Pradesh in the years 2017-2018. It was noted that the respondents had made the most use of the loan with regard to components like increased agricultural produce, which was followed by increased income, crop production activity, use of credit for vegetable production and related activities, and length of credit utilization. Also, it was discovered that the respondents had only minimally used the loan for crop insurance, crop pattern changes, and diversified farming.

3. Objective of Study

The main objective of this study is to analyze the utilization pattern of credit through KCC scheme by the beneficiary farmers in Mansa district of Punjab.

4. Methodology

The primary data for the current study were gathered in 2020-21, and the study is based on a random sample of 120 respondents from the study area. The necessary information was gathered through the creation of an interview schedule and 2010-11 to 2020-21 is the time frame for which we studied. The information was tabulated and analyzed using a variety of statistical techniques, including mean, percentage, and proportion, using Microsoft Excel software.

5. Presentation and Analysis of Data

This article aims to evaluate the credit utilization pattern of the Kisan Credit Cards scheme (KCC) in the Mansa District of Punjab, with respect to the number of cards issued and the amount of loan sanctioned. The tables below display the findings pertaining to the goals that were specified for this study.

Table-1 Presents the study's findings on the utilization pattern of credit obtained through the KCC scheme (categorized by the number of KCC beneficiaries) in Mansa district of Punjab. The table shows that out of the 60 beneficiary farmers, only 18 (30.00%) fully utilized the credit, 20 (33.33%) partially utilized the credit, and 22 (36.67%) totally misutilized the credit. Among 20 small farmers, only 6 (30%) fully utilized and partially utilized the credit, whereas 8 (40%) totally misutilized the credit. Whereas, medium farmers (20), 7 (35%) fully utilized and partially utilized the credit, and 6 (30%)

totally misutilized the credit. However, only 5 (25%) fully utilized the credit, 7 (35%) partially utilized the credit, and 8 (40%) totally misutilized the credit out of the 20 large farmers.

Table-1 : Utilization Pattern of Credit Availed through KCC in Mansa District of Punjab

(By Number of Beneficiary Farmers)

Utilization of Credit	Categories of Beneficiary Farmers			Total
	Small	Medium	Large	
Fully utilized	6 (30.00)	7 (35.00)	5 (25.00)	18 (30.00)
Partially utilized	6 (30.00)	7 (35.00)	7 (35.00)	20 (33.33)
Totally misutilized	8 (40.00)	6 (30.00)	8 (40.00)	22 (36.67)
Total	20 (33.33)	20 (33.33)	20 (33.33)	60 (100.00)

Source : Field Survey

Note : Figures within the parentheses are percentages to the total.

The large farmers had the highest percentage of mis-utilization and the lowest percentage of full utilization of the credit. The small farmers also had the highest percentage of total misutilization. The medium farmers had a balanced distribution of utilization levels, with equal percentages of full utilization and partial utilization of the credit. This table provides insights into the utilization patterns of credit availed through KCC in Mansa District among different categories of beneficiary farmers. It shows that a significant proportion of the total sample partially or totally misutilized the credit, which could have implications for agricultural productivity and financial outcomes in the region.

Table-2 presents the study's findings on the utilization pattern of credit obtained through the KCC scheme (categorized by the amount of credit) in Mansa district of Punjab. In alignment with the observations in Haryana, it is noted that a significant portion of the availed credit (55.13% of the total amount) was used for activities other than its intended purpose, although to a lesser extent than in Haryana.

**Table-2 : Utilization Pattern of Credit Availed through KCC in
Mansa District of Punjab**

(By Amount of Credit Utilized)

Utilization of Credit	Categories of Beneficiary Farmers			Total
	Small	Medium	Large	
Fully utilized	2348902.3 (41.99)	6943093.34 (61.51)	6245134.66 (35.20)	15537130.3 (44.87)
Totally misutilized	3245678.45 (58.01)	4343782.41 (38.49)	11497824.76 (64.80)	19087285.62 (55.13)
Total	5594580.75 (33.33)	11286875.75 (33.33)	17742959.42 (33.33)	34624415.92 (100.00)

Source : Field Survey

Note : Figures within the parentheses are percentages to the total.

It is evidently clear that only 44.87 per cent of the credit was directed towards the intended purpose under the KCC scheme. Analyzing different farmer groups, the highest proper utilization was observed among medium KCC beneficiaries (61.51%), followed by small beneficiary farmers (41.99%) and large beneficiary farmers (35.20%). Conversely, misutilization was most pronounced among large farmers at 64.80% and least prevalent among medium farmers at 38.49 per cent. In summary, a significant portion of the total amount borrowed through the KCC scheme in Punjab was not employed for the cultivation of crops and other farming-related necessities for which the loan was originally intended.

Table-3 displays the findings on the misutilization pattern of credit through the KCC scheme in Mansa district of Punjab, categorized by the number of farmers. Mirroring the trends observed in Haryana, social ceremonies emerged as the primary reason for credit misutilization, accounting for 22.73 per cent. Other notable reasons included capital expenditures and other expenditures, each at 18.18 per cent. Moreover, 13.64 per cent of farmers in the district misused the loan amount for house construction and settling old debts. Non-farm business and plot purchasing were reported as reasons for misuse by 9.09 per cent and 4.55 per cent of farmers, respectively. Examining different farmer categories, social ceremonies and other expenditures were the main reasons for misutilization among small farmers, while capital expenditure was the primary reason for medium farmers. For large farmers, social

ceremonies remained the predominant reason for misutilization of the loan amount.

Table-3 : Misutilization Pattern of Credit Availed through KCC in Mansa District of Punjab

(By Number of Beneficiary Farmers)

Reasons for Misutilization	Categories of Beneficiary Farmers			Total
	Small	Medium	Large	
Social ceremonies	2 (25.00)	1 (16.67)	2 (25.00)	5 (22.73)
House construction	1 (12.50)	1 (16.67)	1 (12.50)	3 (13.64)
Settling old debt	1 (12.50)	1 (16.67)	1 (12.50)	3 (13.64)
Capital expenditure	1 (12.50)	2 (33.33)	1 (12.50)	4 (18.18)
Non-farm business	1 (12.50)	—	1 (12.50)	2 (9.09)
Plot purchasing	—	—	1 (12.50)	1 (4.55)
Other expenditures*	2 (25.00)	1 (16.67)	1 (12.50)	4 (18.18)
Total	8 (100.00)	6 (100.00)	8 (100.00)	22 (100.00)

Source : Field Survey

Note : Figures within the parentheses are percentages to the total.

Table-4 illustrates the findings on the misutilization pattern of credit obtained through the KCC scheme in Mansa district of Punjab, categorized by credit amount on next page. Data contained in this table indicates that social ceremonies were the main reason for credit misutilization, accounting for a 25.22 per cent share. Other important reasons for misutilization included other expenditures and capital expenditures, with shares of 17.21 per cent and 14.95 per cent respectively.

The total misutilized amount for social ceremonies in Mansa district was reported to be ₹8,732,677.48, followed by other expenditure and capital expenditure activities with ₹5,959,422.61 and ₹5,177,430.40, respectively. The loan amount used for house construction was reported to be ₹5,121,335.00, while for settling old

debt it was ₹4,151,938.77, and for plot purchasing it was ₹3,667,469.71. It is observed that the least amount was used for non-farm business, i.e., ₹1,814,141.95.

Table-4 : Misutilization Pattern of Credit Availed through KCC in Mansa District of Punjab

(By Amount of Credit Utilized)

Reasons for Misutilization	Categories of Beneficiary Farmers			Total
	Small	Medium	Large	
Social ceremonies	1876422.38 (33.54)	1630953.55 (14.45)	5225301.55 (29.45)	8732677.48 (25.22)
House construction	1127308.02 (20.15)	1981975.38 (17.56)	2012051.60 (11.34)	5121335.00 (14.79)
Settling old debt	906881.54 (16.21)	1690773.99 (14.98)	1554283.25 (8.76)	4151938.77 (11.99)
Capital expenditure	440293.51 (7.87)	2863480.38 (25.37)	1873656.51 (10.56)	5177430.40 (14.95)
Non-farm business	451482.67 (8.07)	—	1362659.28 (7.68)	1814141.95 (5.24)
Plot purchasing	—	—	3667469.71 (20.67)	3667469.71 (10.59)
Other expenditures*	792192.63 (14.16)	3119692.46 (27.64)	2047537.52 (11.54)	5959422.61 (17.21)
Total	5594580.75 (100.00)	11286875.75 (100.00)	17742959.42 (100.00)	34624415.92 (100.00)

Source : Field Survey

Note : Figures within the parentheses are percentages to the total.

Data depicted in the table also reveal that among small and large categories of farmers, social ceremonies were identified as the main reason for misutilization of the loan. For medium farmers, other expenditures emerged as the primary reason, with the largest percentage of farmers (27.64%) utilizing the credit for this purpose. In the case of small and medium farmers, no part of the misutilized amount was used for plot purchasing, whereas among large beneficiary farmers, 20.67 per cent of the total misutilized amount was utilized for plot purchasing, and 7.68 per cent was used for non-farm business, making them the only category to misuse the loan amount for this purpose.

6. Conclusion

It may be concluded from the above finding that most of the part of credit provided through kcc scheme were misutilized in the study area. The results revealed that out of the 60 beneficiary farmers only 30 per cent utilized the credit, 33.33 per cent partially utilized and 36.67 per cent totally misutilized the credit. The activities for which maximum part of loan was misutilized were notes as social ceremonies, house construction, old debt setting, capital expenditure non-farm business and plot purchasing etc. out of these activities social ceremonies were found to be the main reason for misutilization of credit with 22.73 per cent (in terms of number of farmers) and 25.22 per cent share (in terms of credit amount). The other important reasons for misutilization of credit were house construction and settling of old debts. The limit of the loan amount per acre provided through kcc scheme to be extended for including more farmers under this scheme.

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