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Utilization Pattern of Kisan Credit Card Scheme: A Comparative Study of Punjab and Haryana

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Abstract

Kisan Credit Card (KCC) emerged as an innovative credit delivery mechanism to meet out production credit requirements of the farmers in a timely and adequate manner. The present investigation was carried out during the year 2021-22, in two purposively selected Mansa district of Punjab state and Sirsa district of Haryana state. The results revealed that the share of all categories of farmers in full utilization of loan amount was higher in Punjab as compared to Haryana which indicates that the farmers of Punjab were utilizing their loan amount for the intended purpose. The study showed that 41.99 per cent of loan amount was fully utilized by farmers of Punjab whereas only 37.92 per cent was fully utilized by Haryana farmers. The maximum loan amount was misutilized by the large farmers of Haryana (71.38%) and minimum amount of loan (38.49 per cent) was misutilized by medium farmers of Punjab. Large farmers of Haryana misutilized the share of their loan amount more than farmers of Punjab in majority of the activities namely social ceremonies, settling old debt, capital expenditure, plot purchasing and other expenditures except house construction and non-farm business.

Keywords

Kisan Credit Card, Utilization pattern and Loan amount.

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1. Introduction

In 1998, the National Bank for Agriculture and Rural Development (NABARD) created a model program that served as the foundation for the Kisan Credit Scheme (KCC). By providing financial support to farmers; the program was created to address the different credit needs of the agriculture industry. Maintaining the value of KCC, The purpose of the study was to evaluate the farmers' perceptions of the usefulness of KCC. NABARD and RBI revised the KCC scheme's guidelines in 2012, adding many new components beyond meeting short-term lending requirements for investment finance and crop cultivation. Previously, eligible farmers were given a Kisan Credit Card and a pass book or card-cum-pass book as part of the KCC program. KCCs have been converted into RuPay or smart card-cum-debit cards to facilitate ATM use, and the KCC scheme has been simplified. KCC holders are also covered under the Atal Pension Yojana as of 2015. The updated plan gives banks general instructions on how to operationalize the KCC program. Since its inception, Punjab and Haryana have operated the KCC system, which benefits farmers by providing financing to meet their agricultural production demands and related activities. Thus, by carried out a primary data based study in the study area an attempt has been made to analyze the utilization pattern of credit provided through this scheme which will be helpful in providing a real scenario of credit utilization and requirements of the farmers in study area.

2. Objective of the Study

Objective of the study is to analyze and compare the utilization pattern of credit availed through KCC Scheme in Punjab and Haryana.

3. Methodology

The states of Punjab and Haryana, which are well-known agricultural regions, have been selected as research areas in order to

learn more about the purpose and effectiveness of the Kisan Credit Card Scheme. The farmers provided the primary data related to KCC for the years 2021-2022 that was required according to the objectives of the study.

4. Results and Discussion

In this paper an attempt has been made to evaluate the credit utilization pattern of the KCC scheme in Punjab and Haryana in term of amount sanctioned to them. Simple averages were calculated for this analysis and a comparison has been shown between the utilization pattern and misutilization of credit provided through KCC scheme in Punjab and Haryana.

Table-1: Comparison of Utilization Pattern of Credit Availed through KCC in Punjab and Haryana (By Amount of Credit Utilized)

Utilization of Credit	Punjab		Haryana	
	Number	%	Number	%
Small Farmers				
Fully utilized	2348902.3	41.99	2034279.00	37.92
Totally misutilized	3245678.45	58.01	3329873.42	62.08
Total	5594580.75	100.00	5364152.42	100.00
Medium Farmers				
Fully utilized	6943093.34	61.51	6549321.34	58.33
Totally misutilized	4343782.41	38.49	4678352.56	41.67
Total	11286875.75	100.00	11227673.9	100.00
Large Farmers				
Fully utilized	6245134.66	35.20	5978037.66	28.62
Totally misutilized	11497824.76	64.80	14908796.76	71.38
Total	17742959.42	100.00	20886834.42	100.00

The above table depicts the Comparison of Utilization Pattern of Credit Availed through KCC in Punjab and Haryana (By Amount of Credit Utilized). The share of all categories of farmers in full utilization of loan amount was higher in Punjab as compared to Haryana which indicates that the farmers of Punjab were utilising

their loan amount for the intended purpose. Table shows that 41.99 per cent of loan amount was fully utilized by farmers of Punjab whereas only 37.92 per cent was fully utilized by Haryana farmers. The share of medium and large farmers in full utilization of loan amount in Punjab was 61.51 per cent and 35.20 per cent respectively and it was 58.33 per cent and 28.62 per cent in Haryana respectively. The maximum loan amount was misutilized by the large farmers of Haryana (71.38%) and minimum amount of loan (38.49 per cent) was misutilized by medium farmers of Punjab. The study showed a significant difference between the utilization patterns of credit availed by small, medium and large farmers for fully utilising the loan amount as well as for misutilization the loan amount.

Table-2: Comparison of Misutilization Pattern of Credit Availed through KCC in Punjab and Haryana (By Amount of Credit Utilized)

Utilization of Credit	Punjab		Haryana	
	Number	%	Number	%
Small Farmers				
Social ceremonies	1876422.38	33.54	1083540.81	32.54
House construction	1127308.02	20.15	709596.03	21.31
Settling old debt	906881.54	16.21	499814.00	15.01
Capital expenditure	440293.51	7.87	248075.57	7.45
Non-farm business	451482.67	8.07	298689.65	8.97
Plot purchasing	—	—	—	—
Other expenditures	792192.63	14.16	490157.37	14.72
Total	5594580.75	100.00	3329873.42	100.00
Medium Farmers				
Social ceremonies	1630953.55	14.45	1302921.19	27.85
House construction	1981975.38	17.56	0.00	0.00
Settling old debt	1690773.99	14.98	752279.09	16.08
Capital expenditure	2863480.38	25.37	1381517.51	29.53
Non-farm business	—	—	—	—
Plot purchasing	—	—	—	—
Other expenditures	3119692.46	27.64	1241634.77	26.54
Total	11286875.75	100.00	4678352.56	100.00

Large Farmers				
Social ceremonies	5225301.55	29.45	4658998.99	31.25
House construction	2012051.60	11.34	1590768.61	10.67
Settling old debt	1554283.25	8.76	1353718.75	9.08
Capital expenditure	1873656.51	10.56	1717493.39	11.52
Non-farm business	1362659.28	7.68	—	—
Plot purchasing	3667469.71	20.67	3718253.91	24.94
Other expenditures	2047537.52	11.54	1869563.11	12.54
Total	17742959.42	100.00	14908796.76	100.00

The above table-2 shows the comparison of misutilization pattern of credit availed through KCC in Punjab and Haryana (By Amount of Credit Utilized). Small farmers of Punjab had misutilized higher share of loan amount sanctioned to them for social ceremonies (33.54%), Settling old debts (16.21%) and capital expenditure (7.87%) as compared to the farmers of Haryana. The small farmers of Haryana had misutilized higher share of their loan amount for house construction (21.31%), non-farm business (8.97%) and other expenditures (14.72%). On the other hand, medium farmers of Haryana had misutilized higher share of their loan amount as compared to farmers of Punjab for activities like social ceremonies (27.85%), settling old debts (16.08%) and capital expenditure (29.53%) while share of medium farmers of Punjab remained higher than farmers of Haryana in house construction (17.56%) and other expenditures (27.64%). Apart from this, the table also shows the misutilization pattern of large farmers as well. Large farmers of Haryana misutilized the share of their loan amount more than farmers of Punjab in majority of the activities namely social ceremonies, settling old debt, capital expenditure, plot purchasing and other expenditures except house construction and non-farm business.

5. Conclusion

Overall study found that the share of small, medium and large farmers in full utilization of loan amount in Punjab was 41.99 per cent, 61.51 per cent and 35.20 per cent respectively and it was 37.92 per cent, 58.33 per cent and 28.62 per cent in Haryana respectively. The maximum loan amount was misutilized by the small, medium and large farmers of Punjab was 58.01 per cent, 38.49 per cent and

64.80 per cent respectively and it was 62.08 per cent, 41.67 per cent and 71.38 per cent in Haryana respectively. The utilization percentage of total loan amount of all categories of farmers was higher in Punjab as compared to Haryana which indicates that the farmers of Punjab were utilizing their loan amount for the intended purpose. Further it has been found that large farmers of Haryana misutilized the share of their loan amount more than farmers of Punjab in majority of the activities namely social ceremonies, settling old debt, capital expenditure, plot purchasing and other expenditures except house construction and non-farm business.

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