

CREATION OF HOUSEHOLDS ASSETS UNDER KISAN CREDIT CARD SCHEME IN HIMACHAL PRADESH

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ABSTRACT

Rural moneylenders used to provide loans to the farmers of the village in easy installments for their production and for their consumption. But the loan given by moneylenders to the farmers was also high and the landlord used to give loans to the farmers at high rate of interest. The Kisan Credit Card scheme was introduced by RBI in 1998 to enable farmers to buy seeds, fertilizer, pesticides on the basis of their land holdings, by timely adequate loan at low rate of interest. The purpose of the present study is to study the impact of Kisan Credit Card Scheme on the creation of household's assets in Karsog block of Mandi district in Himachal Pradesh for period 2021-22. Both secondary, as well as primary data have been used in the study. The study shows the impact of Kisan Credit Card Scheme on creation of household's assets among beneficiary's in the study area. Further, study concluded that Kisan Credit Card Scheme has a positive impact on the income and agricultural production of the respondents. As a result, the respondents used their increased income to build assets. Most of the respondents used their increased income to buy land, house, livestock, agricultural implements, electrical appliance and financial assets and transport mean etc.

Keywords: moneylenders, landlord, financial, consumption, household's assets, creation

JEL Code: E59, Q10, Q15, Q16, Q18

1. INTRODUCTION

In the last century money lender was the major source of the finance to the farmer for their production and consumption requirement. Rural moneylenders used to provide loans to the farmers of the village in easy installments for their production and for their consumption. The terms of loan given by Moneylenders to the farmers were also high and the landlord used to give loans to the farmers at high cost of interest. When the farmer's production was not high, Moneylenders used to grab his land. Some kind of protection was definitely done by the adoption of land grab policy by the government but the production could not increase at that pace as compared to the increase in population. That's why in the first attempt, Government provisioned Taccavi loan to help the farmers. These loans were granted during the distress period or for the development purposes. The red tapism attendant on the section of these loans did not give much encouragement to the farmers. Due to the slow tempo of agricultural production, the government had to discuss a lot to increase the production and help the farmers. Thus the cooperative was extended to provide credit to the agriculture sector. It is a matter of time when commercial banks did not give loans to agriculture, only these banks were located in town. The closing year of 19th century was full of famines. The Famine Commission

formed in 1901 threw light on rural finance. To help the farmers, the Madras government sent a senior official to Europe to study the rural finance structure there. His Report in Brief was Fund Replies, which meant for setting up of a surveillance system for unlimited liabilities like Germany. Thus in 1904 the First Cooperative Societies Act was passed. Then on the basis of its initial experience, in 1912, apex institution of non-credit sites and credit sites were established after this, in 1916, the McLaggen Committee reviewed the work of credit societies and suggested that a village should have a cooperative. Cooperation became a state subject on the basis of cooperative of 1919. Bombay State first enacted its own supervised Cooperative Societies Act in 1925. And after this Madras pass its cooperative act in 1932 (Kathuria 1973).

The increase in agricultural production cannot be imagined without new technology, high quality seeds, irrigation of wells and land reforms. So farmers need seeds, fertilizers, pesticides, equipment's, new technology, long-term improvements to the land, season seeds, new tools, new techniques, to modify the land, trample the land, dams to increase rainwater capacity, grain at agricultural sites. For storage, long term credit for soil conservation is required (Ghosal 1966).

The Kisan Credit Card scheme was introduced by RBI in 1998 to enable farmers to buy seeds, fertilizer, pesticides on the basis of their land holdings, by timely adequate loan .This scheme was started to increase the agricultural production of the farmers. In 2004, this scheme was also expanded for investment in allied and non-farm sectors. Later in 2012, again under the chairmanship of Tam Bhasin Chand Indian Bank, this scheme was further simplified and electronic Kisan Credit Cards were issued to the farmers.

1.1 Objective of Kisan Credit Card Scheme:

The objective of Kisan Credit Card scheme is to provide the facility of timely and adequate credit to the farmers to meet their cultivation needs. According to guideline 4 of RBI the following objective:

- a. To meet the short term credit requirements for cultivation of crops.
- b. Providing credit facility to farmers for post-harvest expenses.
- c. To provide the facility of product market credit to the farmers.
- d. To arrange credit for meeting the domestic needs of farmers apart from farming.
- e. To provide credit facility for the maintenance of farm assets also.
- f. To meet the credit requirement for investment in agriculture and allied activities ([Reserve Bank of India \(rbi.org.in\)](https://www.rbi.org.in) Master Circular 2017).

In the context of Himachal Pradesh where 89.96 percent of the population lives in rural areas (Indian census 2011). Agriculture, horticulture provides direct employment to about 70 percent of total workers of the state. Agriculture is an important source of state GSDP comes from agriculture and its allied sector. (Economic Survey Government of Himachal Pradesh 2020-21).The area of operational holding is about 9.44 lakh hectare and is operated by 9.97 lakh farmer with an average holding accounting to 2015-16 agriculture census show that 88.86 percent of the total holding belongs to small and marginal farmer about 10.84 percent of holding are owned by semi medium and medium farmer and only 0.30 percent by large farmer (Economic Survey Government of Himachal Pradesh 2020-21).

1.2 KISAN CREDIT CARD SCHEME IN HIMACHAL PRADESH

Kisan Credit Card has been started by the government to provide loans to farmer on time and low interest rate. In Himachal Pradesh too, this scheme has been popular, highly acceptable and non-discriminatory. According to different reports, in the first quarter of 2022 by some lead banks in Himachal Pradesh, 182788.19, 49780.26, 100161.25, 6052.98 crop credits were issued by SBI, PNB, SCB and RRB respectively. (State level Bankers Committee Himachal Pradesh review data- March 2022). The table below shows the credit card amount issued by various banks in Himachal Pradesh.

Table - 1
Progress under Kisan Credit Card Scheme in Himachal Pradesh

Amount in lakhs

Year	Regional Rural Bank	PNB	SCB	SBI
2015	126362.00	103360.49	64094.34	50220.00
2016	190969.00	297730.00	61361.95	46298.61
2017	207738.00	187728.20	106979.2	84982.11
2018	52148.73	153789.63	64095.87	96209.56
2019	58395.68	142997.52	97059.36	119668.08
2020	69555.63	138604.95	104141.28	135972.85
2021	87990.57	184299.58	121776.73	103679.83
2022	93200.03	186310.05	125819.04	118393.25
Total	886,359.61	13,94,820.42	745,327.77	7,55,424.29

Source: (State level bankers Committee Himachal Pradesh, 2015-2022)

Note: Above figure are quarterly.

The progress of Kisan Credit Card Scheme in Himachal Pradesh is shown in the table. The performance in total credit disbursement by the lead bank of Himachal Pradesh on quarterly basis is as follows. Among all lead banks, total credit disbursed by Regional Rural Bank, Punjab National Bank, State Cooperative Bank and State Bank of India was 886,359.61, 13,94,820.42, 745,327.77 and 7,55, 424.29 respectively. In which the credit disbursement by various lead bank in the March quarter of the year 2015 is 126362.00, 103360.49, 64094.34 and 50220.00 lakh in regional Rural Bank, Punjab National Bank, state Cooperative Bank and State Bank of India respectively.

Table shows that the credit disbursement by banks in the March quarter of the year 2016 amounted to 190969.00, 297730.00, 61361.95 and 46298.61 lakh in Regional Rural Bank, Punjab National bank, State Cooperative Bank and State Bank of India respectively.

Table depicted that the credit disbursement by banks in the March quarter of the year 2017 amounted to 207738.000, 187728.20, 106979.2 and 50220.00 lakh in Regional Rural Bank, Punjab National bank, State Cooperative Bank and State Bank of India respectively.

Table reveals that the credit disbursement by banks in the March quarter of the year 2018 amounted to 52148.73, 153789.63, 64095.87 and 46298.61 lakh in Regional Rural Bank, Punjab National bank, State Cooperative Bank and State Bank of India respectively.

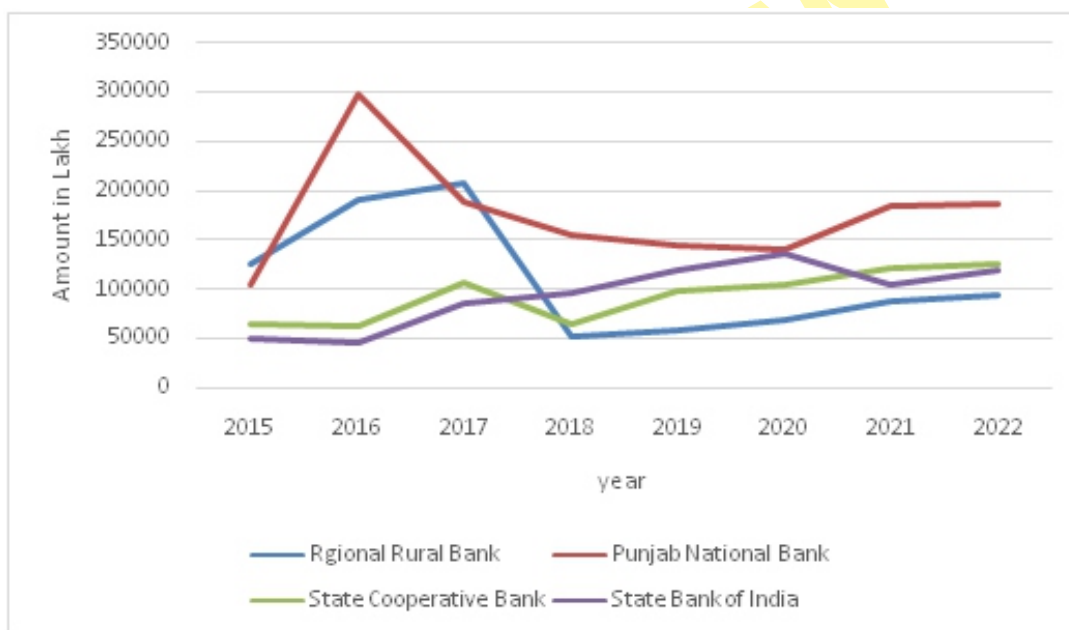
Table shows that the credit disbursement by banks in the March quarter of the year 2019 amounted to 58395.68, 142997.52, 97059.36 and 84982.11 lakh in Regional Rural Bank, Punjab National bank, State Cooperative Bank and State Bank of India respectively.

Table depicted that the credit disbursement by banks in the March quarter of the year 2020 amounted to 69555.63, 138604.95, 104141.28 and 96209.56 lakh in Regional Rural Bank, Punjab National bank, State Cooperative Bank and State Bank of India respectively.

Table shows that the credit disbursement by banks in the March quarter of the year 2021 amounted to 87990.57, 184299.58, 121776.73 and 119668.08 lakh in Regional Rural Bank, Punjab National bank, State Cooperative Bank and State Bank of India respectively.

Table also reveals that the credit disbursement by banks in the March quarter of the year 2022 amounted to 93200.03, 186310.05, 125819.04 and 135972.85 lakh in Regional Rural Bank, Punjab National bank, State Cooperative Bank and State Bank of India respectively.

Fig. 1 Progress under Kisan Credit Card Scheme in Himachal Pradesh



1.3 KISAN CREDIT CARD SCHEME IN DISTRICT MANDI

The importance of Kisan Credit Card Scheme increases even more due to the favorable agricultural condition of the district recession. Both cash and subsistence crops are grown in the district Mandi. As a result, farmer needs a lot of cash to grow the crops, which is accomplished by the Kisan Credit Card scheme. According to the reports of various banks, an amount of 53936.28 lakh was issued in March 2022 quarter under Kisan Credit Card Scheme. The total amount issued by various bank in district Mandi is shown in the table below.

Table- 2
Kisan Credit Card Scheme in District Mandi
 (Rs in Crore)

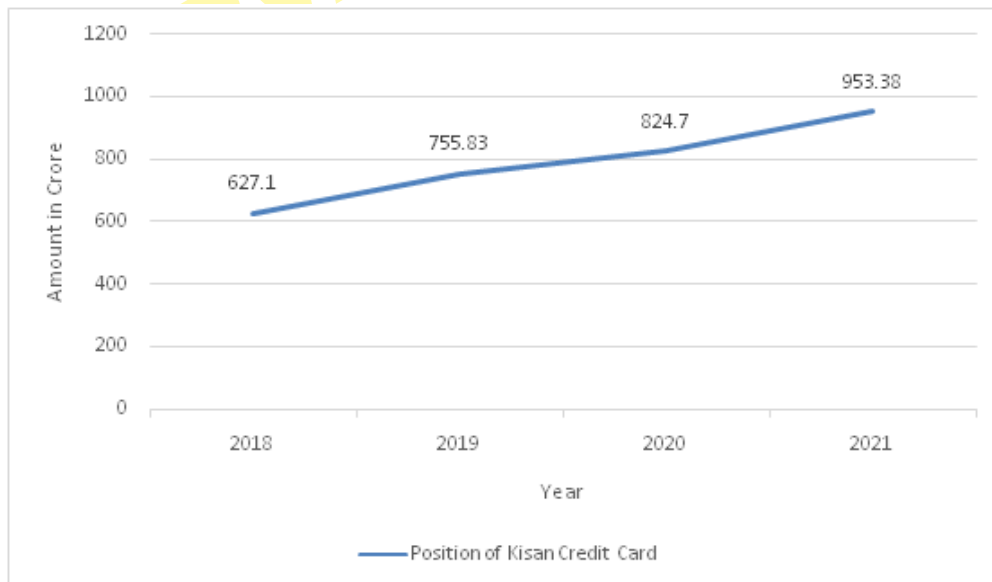
Year	Position of KCC outstanding with bank branches.
2018	627.10
2019	755.83
2020	824.70
2021	953.38
Total	3161 .01

Position of KCC outstanding with bank branches as of 31.03.2021.

Source: (State level bankers Committee Himachal Pradesh 2021-22)

The table shows that from the year 2018 to 21, a total amount of 3161.01 crore was disbursed by the banks under Kisan Credit Card in the District Mandi in the march Quarter. In which credit of 627.10 crore was distributed in the year 2018. In the year 2019, the credit of 755.83 crore was disbursed. In the year 2020, the credit of 824.70 crore was disbursed and followed by year 2021, the credit of 953.38 crore was disbursed. The table clarifies that the distribution of credit under Kisan Credit Card Scheme in District Mandi is increasing rate year after year. Therefore, it can be said that this scheme is very beneficial, non-discriminatory and very popular among people in District Mandi.

Fig. 2 Kisan Credit Card in District Mandi



Due to the favorable geographical condition of Mandi district, various types of agricultural activities can be carried out here. As a result, the importance of credit to run the agriculture sector also increases. Thus secondary sources reveal that the rate of taking Kisan Credit Card is increasing in the entire Mandi district with increasing order and in Karsog Block respectively.

2. OBJECTIVES OF THE STUDY

The present study proposed to the impact of Kisan Credit Card Scheme in Karsog block of Mandi district in Himachal Pradesh:

1. to Study the Distribution Pattern of Households Assets among the Sample Households.
2. to study the Impact of Kisan Credit Card Scheme on the creations of household's assets in the study area.

3. METHODOLOGY

In the present study, Mandi district has been selected purposely for conducting the empirical study on the impact of Kisan Credit Card. There are thirteen blocks in Mandi district viz. Balh, Balichowki, Chauntra, Dhanotu, Dharampur, Drang, Gohar, Gopalpur, Karsog, Mandi Sadar, Nihri, Seraj and Sunder Nagar. Therefore, the present study has been confined in Karsog block of Mandi district in Himachal Pradesh. At the first stage all the Panchayats has been arranged on ascending order on the basis of their respective population and four Panchayats has been selected randomly. At the second stage a list of villages has been arranged an ascending order on the basis of their respective population and three villages has been selected randomly from each selected Panchayats. Thus total 12 villages have been selected randomly. At the last stage a list of the beneficiaries households has been prepared in each of the selected villages and all the beneficiaries households in all selected villages has been arranged on the basis of their respective size of holding viz marginal (0-1 hectare) Small (1-2 hectare) and Medium (2-4 hectare) an about 60 beneficiaries households has been selected randomly for collecting the required first-hand information.

Both secondary as well as primary data have been used in the study. The selected information has been collected from different publication as well as various administrative machinery. The required primary data has been collected with the help of pre-tested scheduled from 60 beneficiaries' households over 12 villages.

The primary data collected has been tabulated by classifying into homogeneous category and the appropriate tools and technique has been applied to work at the result in order to achieve the objectives of the present study.

- (a) **Income generation rate** : The pre and post assistants' comparison method has been adopted to estimate the income generating income effect of Kisan Credit Card. The different between pre-assistance income and post assistance income take as the income generation has been computed as follows (Kaushik, 1993).

$$(Yg = Yt - Yr / Yr \times 100)$$

When, Yg = Income generation rate

Yt = Post assistant income

Yr = Pre assistance income.

4. RESULT AND DISCUSSION

4.1. Distribution pattern of all households assets among the sample households

The main assets of the people in the rural area are land and livestock which are their main means of livelihood. Table 3 shows the productive assets and the durable assets of the of the sample households. All holdings hold 24.75 per cent of the land assets under the productive assets. In which marginal, small and medium holdings have 23.95, 24.16 and 26.00 per cent respectively. Whereas all holdings holds 11.76 per cent of the live-stock assets. In which marginal, small and medium holdings have 18.40, 11.42 and 6.25 per cent respectively.

The table also shows that all holdings hold 9.39 per cent of agricultural implements assets. In which marginal, small and medium holdings have 4.16, 9.35 and 14.04 per cent respectively. Whereas all holdings holds 10.57 per cent of the other assets. In which marginal, small and medium holdings have 10.93, 11.28 and 9.58 per cent respectively.

All holdings accounted for 56.47 per cent of the total productive assets including land, live-stock, agriculture implements and other assets etc. In which marginal, small and medium holdings have 57.44, 56.21 and 55.87 per cent respectively.

Table-3 Distribution Pattern of Households Assets among the Sample Households

(value in Rs.)

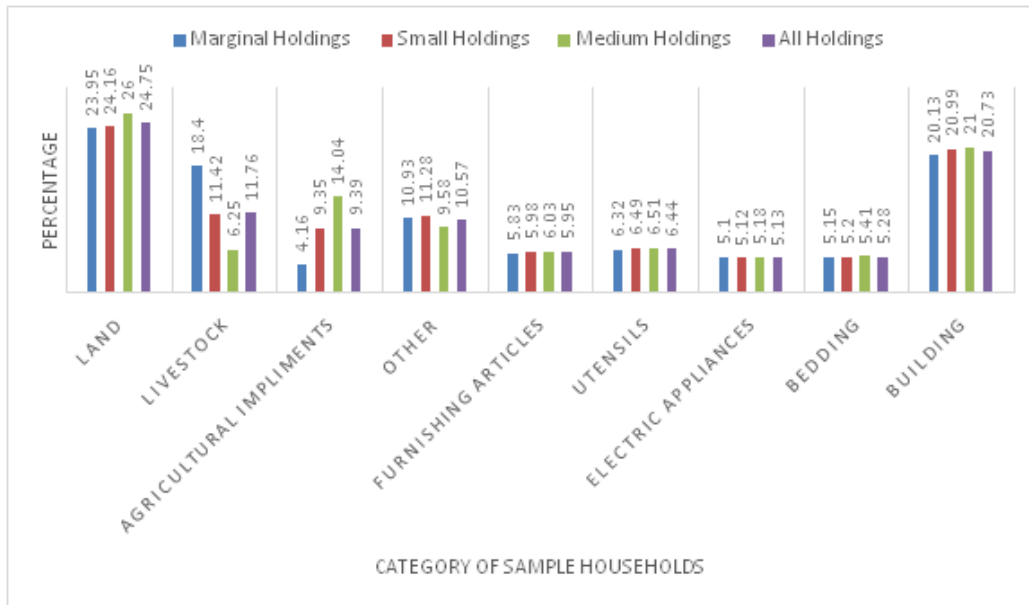
Sr. No	Assets	Marginal Holding	Small Holding	Medium holding	All Holding
1.	Productive Assets				
i)	Land	396320 (23.95)	426234 (24.16)	491880 (26.00)	1314434 (24.75)
ii)	Livestock	304610 (18.40)	201543 (11.42)	118104 (6.25)	624257 (11.76)
iii)	Agriculture Implements	68835 (4.16)	164819 (9.35)	265409 (14.04)	499063 (9.39)
iv)	Other*	180835 (10.93)	198835 (11.28)	181294 (9.58)	560964 (10.57)
.A	Sub Total of Productive Assets	950600 (57.44)	991431 (56.21)	1056687 (55.87)	2998718 (56.47)
2.	Households Durable				
i)	Furnishing articles	96542 (5.83)	105542 (5.98)	114122 (6.03)	316206 (5.95)
ii)	Utensils	104583 (6.32)	114589 (6.49)	122964 (6.51)	342136 (6.44)
iii)	Electrical appliances	84548 (5.10)	90255 (5.12)	97964 (5.18)	272767 (5.13)
(iv)	Beddings	85345 (5.15)	91745 (5.20)	102238 (5.41)	279328 (5.28)
B)	Sub Total of Durable	371018 (22.43)	402131 (22.80)	437288 (23.13)	1210437 (22.80)
C)	Building	333060 (20.13)	370189 (20.99)	397288 (21.00)	1100537 (20.73)
D)	Grand Total (A+B+C)	1654678 (100.00)	1763751 (100.00)	1891263 (100.00)	5309692 (100.00)

Source: Field Survey (2022)

Note: Figures in parentheses indicate percentage.

*Other productive assets include the transport equipment used for common purposes etc.

Fig.3 : Distribution Pattern of All Households assets



The table also clearly reveals that all holdings hold 5.95 per cent of the furnishing articles assets under the households' durable assets. In which marginal, small and medium holdings have 5.83, 5.98 and 6.03 per cent respectively. Whereas all holdings hold 6.44 per cent of the utensils asset. In which marginal, small and medium holdings have 6.32, 6.49 and 6.51 per cent respectively.

The table shows that all holdings hold 5.13 per cent of electrical appliances assets. In which marginal, small and medium holdings have 5.10, 5.12 and 5.18 per cent respectively. Whereas all holdings hold 5.28 per cent of bedding assets. In which marginal, small and medium holdings have 5.15, 5.20 and 5.41 per cent respectively.

All holdings accounted for 22.80 per cent of the total durable assets including furnishing articles, utensils, and electrical appliances and bedding assets etc. In which marginal, small and medium holdings have 22.43, 22.80 and 23.13 per cent respectively. Whereas all holdings hold 20.73 per cent in building assets. In which marginal, small and medium holdings have 20.13, 20.99 and 21.00 per cent respectively. Thus, all households' assets (i.e. both productive assets and households durable) show an increasing tendency with an increase in the size of land holdings.

Table 4
Category wise creation of households Assets under Kisan Credit Card Scheme among the Sample households

(Value in Rs)

Sr.n	Assets	Marginal holdings			Small holdings			Medium holdings			all holdings		
		Yes	No	Value	Yes	No	Value	Yes	No	Value	Yes	No	Value
1	Land	0 (0.00)	35 (100.00)	0.00	0 (0.00)	20 (100.00)	0.00	1 (20.00)	4 (80.00)	120000	1 (11.67)	59	120000
2	House	16 (45.72)	19 (54.28)	349238	8 (40.00)	12 (60.00)	15687	4 (80.00)	1 (20.00)	366542	28 (46.67)	32 (53.33)	731467
3	Live Stock	21 (60.00)	14 (40.00)	23568	11 (55.00)	9 (45.00)	11268	2 (40.00)	3 (60.00)	9566	34 (56.66)	26 (43.34)	44402
4	Agriculture implements*	19 (54.28)	16 (45.72)	78953	14 (70.00)	6 (30.00)	145682	4 (80.00)	1 (20.00)	76265	37 (61.67)	23 (38.33)	300900
5	Electrical appliance**	30 (85.71)	5 (14.29)	26759	20 (100.00)	0 (0.00)	26265	5 (100.00)	0 (0.00)	9856	55 (91.67)	5 (8.33)	62880
6	Financial Assets***	14 (40.00)	21 (60.00)	26523	10 (50.00)	10 (50.00)	19563	3 (60.00)	2 (40.00)	8000	27 (45.00)	33 (55.00)	54086
7	Transport means****	16 (45.71)	19 (54.29)	33268	10 (50.00)	10 (50.00)	26500	3 (60.00)	2 (40.00)	420263	29 (48.33)	31 (51.67)	480031

Note: Figure in parentheses indicate percentage to total

Source: Field Survey.

*Agriculture implements include: both humane drawn implements and bullock drawn implements.

**Consumer assets include: Radio, Tv Fan Furniture, Gas, Stove, Mobile phone etc.

***financial assets (share, bonds, hundis etc.

****transport equipment (include cycle scooter, Car, Jeep etc.

Fig: 4 Category wise Creations of Households Assets under Kisan Credit Card Scheme among the Sample Households

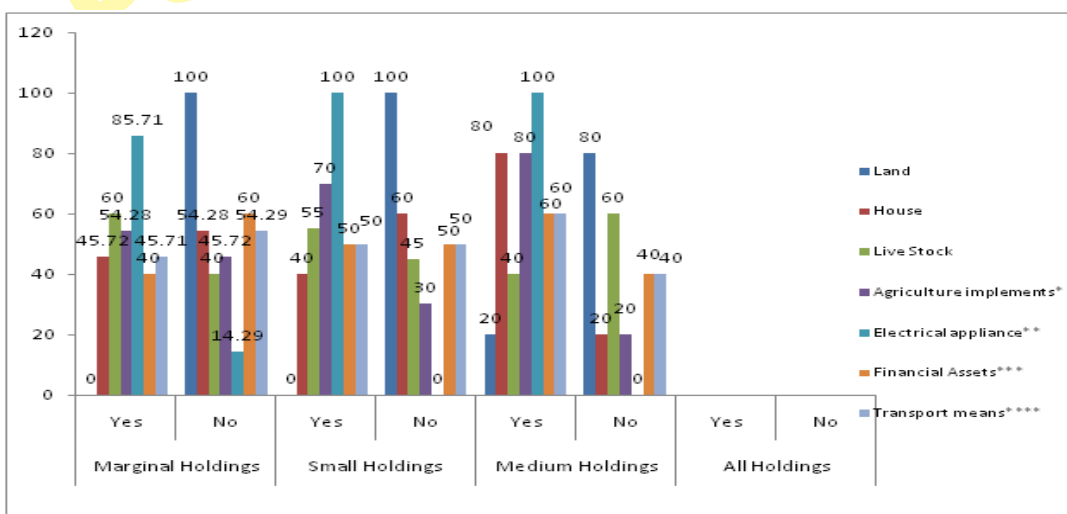


Table 4 shows that after taking Kisan Credit Card the percentage of respondents who created land assets were 0.00, 0.00 and 20.00 per cent and those who did not create land assets, 100.00, 100.00 and 80.00 per cent are in marginal, small and medium holdings respectively. The increase in the value of land assets came out to Rs. 0.00, 0.00 and Rs. 1, 20,000 in marginal, small and medium holdings respectively. Among all the holdings together this value came out as Rs.1, 20,000.

After taking Kisan Credit Card the percentage of respondents who created house assets are 45.72, 40.00 and 80.00 per cent and those who did not create house assets, 54.28, 60.00 and 20.00 per cent are in marginal, small and medium holdings respectively. The increase in the value of house assets came out to Rs. 349238, 15687 and Rs. 366543 in marginal, small and medium holdings respectively. Among all the holdings together this value came out as Rs. 731467.

Table reveals that after taking Kisan Credit Card the percentage of respondents who created livestock assets are 60.00, 55.00 and 40.00 per cent and those who did not create livestock assets, 40.00, 45.00 and 60.00 per cent are in marginal, small and medium holdings respectively. The increase in the value of livestock assets came out to Rs. 23568, Rs. 11268 and Rs. 9566 in marginal, small and medium holdings respectively. Among all the holdings together this value came out as Rs. 44402.

After taking Kisan Credit Card the percentage of respondents who created agricultural implements assets are 54.28, 70.00 and 80.00 per cent and those who did not create agricultural implements assets, 45.72, 30.00 and 20.00 per cent are in marginal, small and medium holdings respectively. The increase in the value of agricultural implements assets came out to Rs. 78953, Rs. 145682 and Rs. 76265 in marginal, small and medium holdings respectively. Among all the holdings together this value came out as Rs. 300900.

After taking Kisan Credit Card the percentage of respondents who created electrical appliance assets are 85.71, 100.00 and 100.00 per cent and those who did not create electrical appliance assets, 14.29, 0.00 and 0.00 per cent are in marginal, small and medium holdings respectively. The increase in the value of electrical appliance assets came out to Rs. 26759, Rs. 26265 and Rs. 9856 in marginal, small and medium holdings respectively. Among all the holdings together this value came out as Rs. 62880.

Table also shows that after taking Kisan Credit Card the percentage of respondents who created financial assets are 40.00, 50.00 and 60.00 per cent and those who did not create financial assets, 60.00, 50.00 and 40.00 per cent are in marginal, small and medium holdings respectively. The increase in the value of financial assets came out to Rs. 26523, Rs. 19563 and Rs. 8000 in marginal, small and medium holdings respectively. Among all the holdings together this value came out as Rs. 54086.

Table also reveals that after taking Kisan Credit Card the percentage of respondents who created transport means assets are 45.71, 50.00 and 60.00 per cent and those who did not create transport means assets, 54.29, 50.00 and 40.00 per cent are in marginal, small and medium holdings respectively. The increase in the value of transport means assets came out to Rs. 33268, 26500 and Rs. 420263 in marginal, small and medium holdings respectively. Among all the holdings together this value came out as Rs. 480031.

Therefore, it can be said that Kisan Credit Card has a positive impact on the income and agricultural production of the respondents. As a result, the respondents used their increased income to

build assets. Most of the respondents used their increased income to buy land, house, livestock, agricultural implements, electrical appliance, financial assets and transport mean etc.

5. CONCLUSION

The study shows the positive impact of Kisan Credit Card Scheme among beneficiary's in the study area. Further, study concluded that Kisan Credit Card Scheme has a positive impact on the income and agricultural production of the respondents. As a result, the respondents used their increased income to build assets. Most of the respondents used their increased income to buy land, house, livestock, agricultural implements, electrical appliance, and financial assets and transport mean etc.

Therefore, Kisan Credit Card is one of the most innovative, widely acceptable, highly appreciated and non-discriminatory banking credit products. But it should reach each and every farmer for the productive purpose. There is a need for educating the farmer and close supervision also required. Banking employee should be a counselor as well as controller of the finance. There is huge gap between the policy and actual utilization. This gap can be removed through two method one is minimizing the minimum criteria and another is educating for utilization of this card. This study tries to help farmer as well as banker for better utilization of their loan and its timely recovery. Constant monitoring and thrust given by NABARD has substantially enabled the progress.

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