



**ROLE OF PRIMARY AGRICULTURE COOPERATIVES IN
CREATING AWARENESS TOWARDS KCC SCHEME AT MADURAI
DISTRICT IN TAMILNADU**

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ABSTRACT

This paper makes an attempt to study the role of Primary Agriculture Cooperative societies in creating and sustaining awareness of farmers towards KCCs in Madurai District in Tamilnadu. It is based mainly on primary data collected from the 105 Kisan Credit holders issued by Primary Agriculture Cooperative society of Madurai District through proportionate random sampling method. The results show that the majority farmers aware of the benefits of KCC but not the procedure of KCC, its operation, and its purpose. Low literacy, lack of interest, work pressure, lethargy, unwillingness and ignorance of farmers are the major factors that restrict the effective reaching of KCC to the ultimate farmers in spite of the efforts taken by the cooperative societies in creating awareness about the scheme. Most of the respondents express that the authorities in the respective concentrates more on providing information on the linkage between the KCC and crop cultivation without bothering to enlighten the farmers on other related issues, particularly the utilisation of KCC. Some of the sample farmers suggest that there should be transparency of credit limit, subsidies, rate of interest, period, scale of finance, and waiver details of KCC loan.

Key words: Kisan Credit Card (KCC), Financial Inclusion, Inclusive Growth, Financial Exclusion

Introduction

Across the world cooperative organisations play a key role in agricultural development thereby contributing significantly to the growth of economy. This organisational form has sustainably enabled small farmers to access to affordable finance, adoption of sustainable production techniques, investments in rural infrastructure, irrigation and strengthened marketing mechanism. The Primary Agricultural Credit Societies stabilised under the Cooperative Societies Act of 1904 at village level are perceived as the appropriate agencies to promote habit of thrift, self-help and mutual help among members. Rural credit cooperatives were primarily envisaged as intermediaries to mobilise savings from rural households of small means and provide them access to credit. According to National Federation of State Cooperative Bank Ltd as on 31 March 2015, India has 92,789 primary agriculture cooperative societies with a mammoth membership of more than 13.01 crore. There are 370 national level and 20624 state level cooperative organisations.

Credit is the crucial input of the agricultural output. Though the Government of India has taken necessary steps to uplift the standard of living of farmers by providing innovative financial assistance schemes, priority sector lending, subsidies and short term interest free loans through financial institutions and agencies, there are still issues to be immediately addressed the chief of which is to ensure timely and adequate credit for farmers. It is no doubt, a Hercules task for the financial institutions to serve the farming community in the best possible manner. To bridge the gap, is introduced Kisan credit card scheme as one of the useful and innovative products in 1998 under the direction and guidance of RBI, GOI, NABARD. At present, there are more than 520.36 lakh Kisan Credit Cards issued by Cooperative Society since its inception 1998.

In India it is a known fact that Cooperative societies are farmers friendly which strive hard day in day out for the upliftment of farmers. They play a significant role in disbursing agriculture credit to rural farmers in village. But even after two decades of introduction and implementation of KCC schemes a large number of farmers, particularly in villages, are totally ignorant of the facilities or benefits extended by a scheme which exclusively meant for

them. Though there are 181 Primary Agricultural Credit Societies under Madurai District Central Cooperative Bank in Madurai in the field of short-term agricultural finance, no attempt has so far been made to assess its role in creating awareness by the Primary Agriculture Credit Societies on borrowers in the district. Hence the study explores the role of Primary Agricultural Co-operative society in creating awareness of farmers towards implementation about the Kisan Credit Card scheme to farmers.

Objectives: To evaluate the awareness level sample of farmers towards implementation of Kisan Credit Scheme in Madurai District.

Methodology

This paper is based on the both the primary and secondary data. The primary data were collected from the farmer respondents in the study area directly by using a well-designed interview schedule in December 2017 and the secondary data from Annual Credit Plan of Canara Bank which is the Lead Bank and Credit details of Madurai District Central Cooperative Bank at Madurai District. The interview schedule was designed on the basis of objectives, through survey of the locality and by the insight obtained through informal interviews. In order to collect primary data from the KCC holders in the study area, a pilot study was carried out with 20 respondents. After the pilot study, the questionnaire was updated with suitable modifications. Adequate precaution and care was taken to formulate the questions so that it would be well understood by the respondents. The collected data were put into critical statistical examination with the help of scientific and statistical tools such as Percentile Analysis, Mean scores, Standard Deviation, Chi-square test and three point scaling technique.

Sampling Design

A three stage random sampling design was used for the selection of blocks, Primary Agriculture Cooperative Society and KCC holders. There are 13 blocks in Madurai District, out of which two blocks namely Melur and Vadipatti Block were selected on the basis of number of Kisan Credit Cards issued. Though various financial institutions have issued KCCs to the farmers in the study area, the present study has taken into consideration only the farmers who hold KCCs issued by the Madurai District Co-operative Bank. Out of two blocks, two societies from each block namely A.Vallalapatti and Kidaripatti Co-operative Societies in Melur Block and Thenkarai and Sholavandan societies in Vadipatti Block have been selected on the basis of maximum number of KCC holders. Out of total Kisan Credit

Card holders from each selected Society, 105KCC holders were selected by adopting proportionate random sampling method for collection of data in this study. The details of blocks along with the Society and number of selected card holders are presented in Table 1

Table 1-Sample Size

S.No	Name of the Block	Name of the PACS	Number of card holders	No.of sample respondents
1.	Melur Block	A.Vallalapatti	125	38
		Kidaripatti	48	16
2.	Vadipatti Block	Thenkarai	91	28
		Solavandan	9	28
		Total	340	105

Source: Madurai District Central Cooperative Bank Ltd-2017

Socio-economic Profile of the Sample Farmers

Table 2 presents the details regarding the socio-economic profile of the sample farmers in the study area

Table 2- Socio-Economic Profile of the sample farmers

Variables Categories	Categories	Number of Respondents	Percent
Age	Below 25yrs	2	1.91
	25to 50yrs	39	37.14
	Above 50yrs	64	60.95
	Total	105	100
Gender	Male	92	87.61
	Female	13	12.39
	Total	105	100
Marital status	Married	105	100
	Single	-	-
	Total	105	100
Community	FC	1	0.95
	BC	81	77.14
	MBC	17	16.19
	SC&ST	6	5.71
	Total	105	100
Educational Qualification	Illiterate	15	14.28
	Upto school level	64	60.96
	College level	26	24.76
	Total	105	100
Type of family	Nuclear	46	43.81
	Joint family	59	56.19

	Total	105	100
Size of the family	1-3 members	38	36.19
	4-6 members	52	49.52
	Above 6 members	15	14.29
	Total	105	100
Experience in Agriculture	Below 10 years	7	6.67
	10-20 years	28	26.67
	21-30 years	18	17.14
	Above 30 years	52	49.52
	Total	105	100
No. of family members engaged in agriculture	Less than 2	29	27.62
	2 to 4	69	65.71
	Above 4	7	6.67
	Total	105	100
Size of farming	Small farmers	17	16.19
	Medium farmers	46	43.81
	Large farmers	42	40
	Total	105	100

Source : Primary data

Table 2 shows that a vast majority of the sample farmers in the study area are males and that nearly two of them are above 50 years. It is found that most of them belong to backward community. All the respondents are married. A majority of the sample farmers have completed only school level of education. . Out of 105 respondents, 15 farmers are illiterate. 46respondents live in a nuclear family while the remaining 59 live in a joint family. Further, it is understood that nearly half of the sample farmers have a rich experience of more than 30 years in agricultural operations. It is observed that most of the sample farmers in the study area belong to medium and large farmers' category.

Farmers' Awareness about the KCC Scheme

The level of awareness of the sample farmers towards KCC Scheme has been assessed as classified into fully aware, partially aware and not aware for analytical purpose. The score value $\geq (X+SD)$ and the score value $\leq (X-SD)$ have been considered as high and low levels of awareness respectively and the score value between $(X=SD)$ and $(X-SD)$ has been considered as medium level of awareness. The arithmetic mean and the standard deviation calculated from the score values of 105 respondents.

$X+SD(41.30+6.56) =47.86$ Fully Aware

$X-SD(41.30 - 6.56) =34.74$ Not Aware

$X-SD$ to $X+SD(47.86$ to $34.74)$ Partially Aware

Table 3. Level of Awareness about KCC Scheme

S.No	Level of Awareness	Number of Respondents	Percent
1	Fully aware	20	19.0
2	Partially aware	72	68.6
3	Not aware	13	12.4
	Total	105	100

Source: Primary Data

Table 3 reveals that out of the 105 sample farmers, 20 (19 percent) were fully aware of various dimensions of KCC Scheme while 13 (12.4%) were unaware of the scheme and it is inferred that 72(68.6%) of the farmers in the study area have a partial awareness of the scheme. Low literacy, lack of interest ,pressure of work, unwillingness ,lethargy , reluctance to get information are the major reasons behind the unawareness of the farmers about the schemes beneficial to them. These are the reasons have forced them to negate the sincere and genuine efforts of the authorities concerned to educate them on these issues.

Awareness of Various Dimensions of KCC Scheme

It is well known that adequate knowledge of the KCCs would certainly ensure up liftment of their economic status, which in turn, would boost their societal standing. The level of awareness of the farmers about various dimensions of the KCC scheme is measured by score values calculated with the help of 20 statements. In order to measure the level of awareness, they were grouped into 4 dimensions such as Knowledge about KCCs, Purpose of KCCs, Operation of KCCs and Benefits of KCCs. In order to evaluate the awareness level of the respondents, three points scaling technique is employed and mean score was ascertained. The results are presented in Table 4.

Table 4 - Awareness of Various Dimensions of KCC Scheme

S.No	Particulars	Not aware	Partially aware	Fully aware	Total score	Mean Score	Rank of Dimensions
Dimension I Knowledge about KCC							
1	Procedure for account opening	67	12	26	169	1.609	
2	Basis for Credit limit	63	17	25	172	1.638	
3	Interest charged on KCC loan	52	27	26	154	1.466	
4	Mode of operating KCC account.	56	15	34	188	1.790	
5	Revolving cash credit facility	46	31	28	192	1.828	
						8.331	III

Dimension II Purpose							
6	KCC is to meet short term credit requirements for crop cultivation.	13	-	92	289	2.752	
7	To meet out Post-harvest expenses.	88	-	17	145	1.380	
8	Consumption requirements of farmers' household.	96	2	7	115	1.065	
9	Working capital for maintenance of farm Assets to agriculture	99	2	4	115	1.180	
10	Investment credit requirement for agriculture and allied activities like pump sets, sprayers.	86	2	17	124	1.90	
						8.277	1V
Dimension III Operation							
11	Transaction can be carried on either through issuing branch or through other designated branches.	44	27	34	200	1.90	
12	Amount can be withdrawn either through card or pass book.	18	17	70	262	2.49	
13	Repayment schedule for each withdrawal within 6/12 months.	105	-	-	315	3	
14	The loan amount is to be repaid only after the harvest.	-	2	103	313	2.980	
15	Rate of insurance premium is shared by issuing branch and farmers at 2:1	37	42	26	199	1.895	
						12.265	II
Dimension IV Benefits							
16	Leased farmers can also avail crop loan	28	33	44	226	2.152	
17	Interest fetched (SB) on the credit balance of the KCC account.	2	7	96	294	2.8	
18	Interest subsidy by the Government on prompt payment.	2	-	103	311	2.961	
19	Interest is charged on the withdrawal not on permissible credit limit.	4	5	96	302	2.876	
20	Crop insurance facility and risk coverage is available to all KCC holders up to the age of 70 years.	45	24	36	201	1.914	
						12.703	I

Source: Compiled from the Primary Data.

It is found from table 4 that awareness on the dimensions namely benefits through KCC Scheme is ranked I with the highest mean score of 12.703 closely followed by the dimension called the operation of KCC. Awareness on knowledge about KCC is ranked third with the mean score of 8.311 and awareness of purpose of using KCC loan ranks the last(IV). Hence it is concluded that one side of the picture is bright which shows the awareness of farmers on the benefits of the KCC scheme while the other side is dark which reveals the ignorance of farmers about the procedure, operation and objective of KCC.

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Testing hypotheses between Socio-economic factors and Awareness of KCC Scheme

In this section, chi-square test has been employed to examine the association if any, between socio-economic factors like age, gender, marital status, education, family type, experience, occupation income from agriculture, occupation other than agriculture and awareness of farmers about KCC Scheme. The computed results are presented in Table 5.

Table 5. Socio-economic factors and Awareness of KCC Scheme

	Chi-square value	P values	Significance
Age	2.090 ^a	.719	Not significant
Gender	2.406 ^a	.300	Not significant
Marital status	15.113 ^a	.001	Significant
Education	3.023 ^a	.554	Not significant
Type of Family	5.639 ^a	.060	Significant
Experience	9.137 ^a	.166	Not significant
Occupation other than agriculture	27.208 ^a	.002	Significant
Activities other than agriculture	9.516 ^a	.009	Significant
Income from Agriculture	6.243 ^a	.397	Not significant
Income from other sources	12.971 ^a	.043	Significant

Source: Compiled from the Primary Data.

From Table 5, it is inferred that there is association between marital status, family type, occupation other than agriculture, allied activities such as poultry farming cattle rearing etc., and income from other sources and their level of awareness at 5 percent level of significance. It is further found that Age, gender, education, experience and income from agriculture do not have any relationship with the awareness level of farmers about KCC Scheme.

Findings and Suggestions

The results show that the nearly two third of farmers are aware 72(68.6%) of KCC Scheme. There is no significant association between farmers' age, gender, education, experience and income from agriculture and their level of awareness about KCC Scheme. It is the humanitarianism and selfless service mindedness of certain authorities concerns in the co-operative societies that give a long rope to the farmers to enjoy the credit with less interest on KCC loans. For the illiterates and less educated among the farmers, necessary assistance is

extended by the society's staff in this opening and operating of bank account. Hence awareness on benefits of KCC Scheme tops the list with the highest mean score of 12.703 closely followed by the operation of KCC, Awareness on knowledge about KCC is ranked third with the mean score of 8.331 and awareness of purpose of using KCC loan is given IV rank among four dimensions. Most of the respondents strongly express that though the society staff are helpful in certain matters but they have miserably failed in making the awareness of farmers as they never took pains to enlighten the farmers on this various purposes of KCC loan as a result of which most of the farmers are still under the impression that the loan is granted just to meet expenses related to crop cultivation and not for anything else such as consumption, investment and working capital requirements. Some of the sample farmers suggest that there should be periodical meetings to pass on the full information about credit limit, subsidy details, rate of interest, period, and scale of finance, and waiver of loan. Such information may air through visual and social media too. A notice board to display the details of society's proceedings and Government's welfare measures for the farmers introduced and implemented from time to time would be much assistance in this regard. Hence a scheme should be evolved which would give a proper forum of a healthy interaction between the officials and beneficiaries.

Conclusion

The assessment and analysis of the farmers' level of awareness of KCC Scheme show that out of the 105 farmers, 20 (19 %) are totally aware of various dimensions of the KCC Scheme. Low literacy, lack of interest, work burden, unwillingness and lethargy adversely affect the interest of the farmers without allowing them to earn a full knowledge about the scheme. Hence the society members should also inform the rural farmers all details related to KCC Scheme. Imparting knowledge to beneficiaries regarding procedural formalities and its proper utilization could be helpful in increasing their level of awareness of KCC scheme.

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