

## MICRO FINANCE THROUGH KISAN CREDIT CARD FOR RURAL DEVELOPMENT IN SANGLI DISTRICT

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### ABSTRACT

**Purpose:** Agricultural micro finance is buzz word in rural finance. Agriculture is major sector of Indian economy. Finance or credit is basic input for agricultural development. But there is difference between finance and credit. Day by day farmer economics condition is deteriorating and farmer's distress is increasing. The present study is related to investigation of availability and flow and disbursement of micro credit for rural development -a case study of Kisan Credit Card (KCC) in Sangli District. Kisan Credit Card is part of micro finance and the study is related to need of micro credit to farmer's which is most important part of rural agriculture economy for rural development.

**Design of research and methodology:** In this paper, secondary data related to micro credit (KCC) in Maharashtra state is reviewed and studied regarding flow of agricultural credit. Coefficient of variation technique is used in this study.

**Finding Part:** Public and Cooperative banks as traditional source of agricultural finance fulfilling the need of crop loan. They have selected this source of agriculture finance for low interest charged with public sector and Cooperatives sector, private sector banks are also coming into this agricultural finance sector. Private sector banks are providing loan to agricultural equipment and machinery. Small finance bank are entered into this sector but less proportion.

**Practical Applicability:** This study is important to policy maker who are engaged and doing rural policy. Even though Bankers seek information regarding to agricultural finance state as banking sector is expanding in rural area.

**Keywords:** Micro Finance, Kisan Credit Card, Rural Development.

**Introduction:** Agricultural micro finance is buzz word in rural finance. Specially in agricultural finance. Agriculture is major sector of Indian economy. Finance or credit is basic input for agricultural development. Micro credit is part of micro finance. But there is difference between finance and credit. In micro finance, micro saving, micro insurance, micro credit all these term are included. It means that micro finance is broader term comparatively with credit. As a part of institutional economics, for development of rural economics bottom up approach is considered. And we know, day by day farmer economics condition is deteriorating and farmer's distress is increasing. So that, the present study is related to investigation of availability and flow and disbursement of micro credit for rural development as a result of farmer development. Kisan Credit Card is part of micro finance and the study is related to need of micro credit to farmer's which is most important part of rural agriculture economy for rural development. It is a case study of Kisan Credit Card (KCC) in Sangli District in Maharashtra State.

### Objective of Study:

1. To know status of institutional and not institutional sources in sangli district.
2. To know the difference of micro finance and micro credit.
3. To study the flow and disbursement of Kisan credit Card in Sangli district.

**Design of research and methodology:** In this paper, secondary data related to Kisan Credit Card (KCC) in sangli district of Maharashtra state is reviewed and studied regarding flow of agricultural credit. For that coefficient of variation technique is used in this study. Beside this primary data is investigated by taking interview.

**Present defects of institutional and not institutional sources:** Institutional sources and non-institutional sources these are the main sources in rural financing. Agriculture is major business in rural economy. In sangli districts, Public sector banks, Cooperative banks and private sector banks come under institutional sources and money lenders, friend and relatives etc. these sources come in non-institutional sources. Out of all public sector banks only 2 or 3 major bank which are providing loan in Sangli district in which first

numbers is bank of India which is lead bank in Sangli district then State bank of India. Private sector banking also operated specially irrigated area like Miraj and Walawa and some portion of Tasgaon Taluka. But Non-Institutional sector e.g Money lenders doing their business in dry area where the need of finance is very high.

Public sector banks if nationalized in year 19 July 1969 by holding objective to give loan to farmer and other marginal income group. They are non fully utilizing because of their own problems. Theirs branches are only places where small and marginal farmers are not entertained.

Private sector bank transaction cost is very high which is not affordable to small farmers Cooperative institutions are playing a good role in rural area but their problems is the political problem and they are non-covering the small farmers. Small farmers are facing some restriction to becoming the members of these Cooperative institutions. So for mitigating the gap between demand and supply of credit the Kisan Credit Card is new innovation of NABARD in year 1997 is studied in this paper.

**Micro finance and micro credit.** To bridge the gap between demand and supply of credit, there was need to calling upon non-governmental developing agencies or professionals in rural area working with institutional sources. The beginning of micro finance was made by NABARD as pilot project in year 1991-92 in Karnataka linking self help group with financial banks mediated through the NGO Mysore resettlement and development agency. Micro credit is part of micro finance. But there is difference between finance and credit. In micro finance, micro saving, micro insurance, micro credit all these term are included. It means that micro finance is broader term comparatively with credit. Whereas micro credit is narrow term. Kisan Credit Card is innovative model or part of micro finance which is implemented by NABARD in year 1997.

**Flow and disbursement of Kisan credit Card.** The following table shows the kisan Credit Card in flow and disbursement in Sangli district.

Sr .	Year	Number of Kisan Credit Card Issued	YoY Growth (%)	Loan Sanctioned/Disbursed on Kisan Credit Card (KCC) Rs.Lakh	YoY Growth (%)
1	2011-12	714		50027.8	
2	2012-13	251	-64.85	50027.8	0.00
3	2013-14	923	267.73	51831.2	3.60
4	2014-15	516	-44.10	65320.7	26.03
5	2015-16	588	13.95	82177.8	25.81
6	2016-17	870	47.96	94117.36	14.53
7	2017-18	155467	17769.77	82056.6	-12.81
8	2018-19	156753	0.83	97456	18.77
9	2019-20	160169	2.18	74618.81	-23.43
	Total	476251		647634.07	
	CGR	136.86		8.48	
	CV(%)	160.56		141.20	

SOURCE National Federation of Cooperative Banks Reports 2011-12 to 2019-20

The table 1 shows the Kisan Credit Card (KCC) and the loan sanctioned and disbursed on Kisan Credit Card (KCC) in Sangli district. The table reveals the data from the year 2011-12 to 2019-20 regarding number of Kisan Credit Card issued and lending activity done through Kisan Credit Card by Cooperative bank in Sangli district. Number of Kisan Credit Card issued to farmer was 714 lakh and amount of loan disbursed through these Kisan Credit Cards was Rs. 50028 lakh in year 2011-12 but 160159 lakh number of Kisan Credit Card is issued to farmer in 2019-20. The amount of loan disbursed through these Kisan Credit Card was Rs.74619 lakh

It is interpreted from the table that the number of Kisan Credit Card issued to the farmer is increased within this year 2017-18 to 2019-20. The finance disbursed through this Kisan Credit Card is remained stable in beginning years. Since 2014-15 to 2016-17 in this duration Kisan Credit Card amount of loan disbursed is increasing and last three years of this study the amount loan disbursed remained constant.

**Finding Part:** We studied the respondents who are 50 percent whose age is more than 45 years. It means young farmers are not interested in doing agriculture business. Public and Cooperative banks as traditional source of agricultural finance fulfilling the need of crop loan only. They have selected this source of agriculture finance for low interest charged with public sector and Cooperatives sector, Private sector banks are also coming into this agricultural finance sector. But their business is only in irrigated area. Private sector banks are providing loan to agricultural equipment and machinery. Small finance bank are entered into this sector but less proportion. Micro finance is new emergence in rural area in which Self Help Group, SHG Linkage with Bank Model covering all kinds of micro finances services like Micro insurance, Micro saving, Micro credit etc. Kisan Credit Card is Innovation Part in all that financial development. In this study it seems that 2011 to 2016-17 there is constant growth in Kisan Credit Card distribution and disbursement but after 2016-17 there is numbers of Kisan Credit Card issued in more proportion and the fund which is disbursed by through this card is remained constant. One more important finding of this study is Kisan credit Card is used for only crops loan given by Cooperative banks and it is given for Cash crop loan like sugar-cane, Farmers in non irrigated area or food grain cultivator are outside this Kisan Credit Card Scheme.

**Discussion and conclusion:** This study is important to policy maker who are engaged and doing rural policy for rural development. Even though Government, bankers seek information regarding to agricultural credit state in rural area. Kisan credit Card is useful product for cash crop loan like sugar care in irrigated area therefore it is useful to private sector who are doing their business in rural area. There is further need to study how to cover all farmers under this umbrella.

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