

**CHAPTER - V**

**ANALYSIS OF EFFECTIVENESS OF  
KISAN CREDIT CARD SCHEME IN  
HAILAKANDI DISTRICT**

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## 5.1 INTRODUCTION

One of the important criteria for the development of agriculture in our country has been to enhance the prominent role of institutional sources of finance. To cover a large number of farmers under the fold of institutional credit are considered as a big challenge to the Indian Banking Industry. On this aspect, Kisan Credit Card (KCC) has come into view as an innovative credit delivery mechanism from the banking system for meeting the production and consumption expenses of the farmers in a timely, flexible, cost-effective and hassle free manner. Kisan credit card is a package of services which is positive, productive and thrift creating (Rao, 2006, Pp. 15)<sup>1</sup>.

The proper productive utilization of loans ensures extension of economic activities, which in turn facilitates increased employment opportunities, increased income and improved standard of living. Further, proper utilization of loans is imperative to create necessary resources for their repayment. Diversion of credit can be for productive and unproductive purposes. Unproductive diversion hampers in the creation of assets or income capacity of the borrowers. This results in mounting over dues and defaults and ultimately creates serious blockage in the flow of credit to economy, which impedes the process of development (Bhat and Ahmad, 2005, Pp. 18)<sup>2</sup>. The Task Force was perturbed to note that the KCC scheme was not being operated in accordance with the purpose for which it was first conceived (Report of the Task Force on Credit Related Issues of Farmers, 2010)<sup>3</sup>.

The effectiveness aspect of the Kisan Credit Card (KCC) Scheme can be outlined from the point of perceptions of borrowers' and bankers levels. The benefits of KCC to the borrowers include access to financial transactions, covers credit requirements of crops for the whole year, insurance cover is available at a very low premium rate, transaction costs are reduced, assured availability of timely credit, flexibility of credit accessibility and flexibility in buying inputs from any supplier of his choice, freedom to withdraw, reduction in documentation and reduction in quantum of interest. Banks can also be at advantageous position due to reduction of work load, minimum paper work, and improvement in recovery performance,

simplification of procedures and better banker-client relationship (Rao, 2006, Pp. 15)<sup>4</sup>, (Sarkar and Dodkey, 2002, Pp. 42-47)<sup>5</sup>.

## 5.2 DEPENDENCY ON INFORMAL CREDIT FOR AGRICULTURAL PURPOSE BY THE KCC AND NON-KCC HOLDERS IN HAILAKANDI DISTRICT

The banking agencies of the district in the rural areas need to identify the criteria of marketing as well as credit strategy on which rural people determine their bank selection decision. The following table highlights the dependence on informal credit sources for agriculture cultivation purpose among the KCC holders and Non-KCC holders of the four Development Blocks of the Hailakandi district. There is one striking point is that total 14.0% of the KCC holders have lend credit from informal credit sources for cultivation purpose depicts that production cost limit under KCC scheme credited to them are not sufficient where 35.0% of the Non-KCC holders dependent on informal credit sources. It is clear that there exists a substantial gap between the requirement of credit and supply of agricultural credit through Kisan Credit Card scheme.

**Table No. 5.1: Dependence on informal credit sources for cultivation purpose: Block-wise**

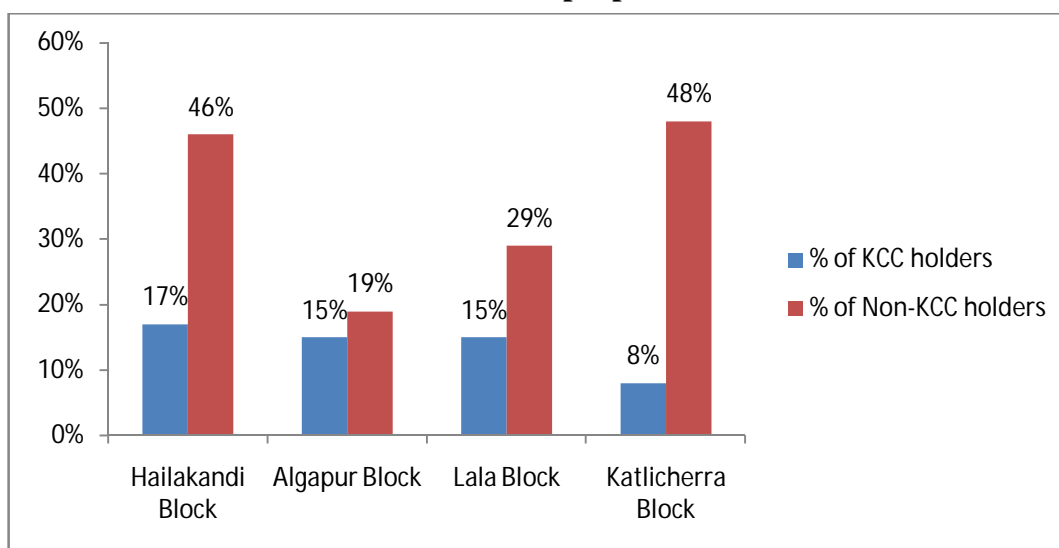
Nature	Yes		No		Total no. of respondents	
	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC
Name of the Blocks						
Hailakandi Block	8 (17.0)	22 (46.0)	40 (83.0)	26 (54.0)	48 (100.0)	48 (100.0)
Algapur Block	7 (15.0)	9 (19.0)	41 (85.0)	39 (81.0)	48 (100.0)	48 (100.0)
Lala Block	7 (15.0)	14 (29.0)	41 (85.0)	34 (71.0)	48 (100.0)	48 (100.0)
Katlicherra Block	4 (8.0)	23 (48.0)	44 (92.0)	25 (52.0)	48 (100.0)	48 (100.0)
Total	26 (14.0)	68 (35.0)	166 (86.0)	124 (65.0)	192 (100.0)	192 (100.0)
Mean	6.5	17	41.5	31	48	48
Std. Deviation	1.732051	6.683313	1.732051	6.683313		
Minimum	4	9	40	25	48	48
Maximum	8	23	44	39	48	48

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

Mean value of KCC holders of four Development Blocks who are advancing informal agricultural credit from different sources is 6.5 lower than mean value of Non-KCC holders, of which a minimum of 4 in Katlicherra Development Block and a maximum of 8 in Hailakandi Development Block. Mean value of Non-KCC holders is 17.0 signifies that cultivators of rural areas are still dependence on informal credit sources for their finance, of which a minimum of 9 in Algapur Development Block and a maximum of 23 in Katlicherra Development Block. The Non-KCC cultivators of Katlicherra Development Block are highly dependent on informal credit for cultivation purpose than other Development Blocks and in Algapur Development Block, the Non-KCC cultivators are less rely on non-institutional credit for agriculture purpose.

**Chart No. 5.1: The percentage of KCC holders and Non-KCC holders of four Development blocks who are dependent on informal credit sources for cultivation purpose**



### **5.3 SOURCES OF INFORMAL CREDIT FOR AGRICULTURAL PURPOSE IN HAILAKANDI DISTRICT:**

Non-institutional agricultural credits are being advanced from different sources. The short term and medium term loan requirements of farmers are met by professional moneylenders, relatives, friends and NGO like Bandhan or Innak which are privately owned finance source. The table 5.2 highlights the sources of informal loan taken for cultivation purpose by the KCC and Non-KCC holders of

the four Development Blocks of Hailakandi district. It can be seen from the following table that in aggregate among all the non-institutional credit sources the contribution of moneylenders is highest and to the extent of 77.0% by KCC holders and 40.0% by Non-KCC holders followed by the contribution of relatives in advancing agricultural credit to the KCC holders (23.0%) and Non-KCC holders (29.0%). Both type of agriculturist are dependent on professional moneylenders as a most prominent informal loan source for cultivation purpose followed by relatives, NGO's and friends. Total contribution of non-institutional sources towards agricultural credit is 49.0% taken by both the KCC holders and Non-KCC holders.

**Table No. 5.2: Borrowing of KCC holders and Non-KCC holders from different sources for cultivation purpose: Block-wise**

Source of loan	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block		Total no. of respondents	
	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC
Professional Money lenders	6 (75.0)	5 (23.0)	5 (71.0)	5 (56.0)	6 (86.0)	5 (36.0)	3 (75.0)	12 (52.0)	20 (77.0)	27 (40.0)
Relatives	2 (25.0)	11 (50.00)	2 (29.0)	3 (33.0)	1 (14.0)	1 (7.0)	1 (25.0)	5 (22.0)	6 (23.0)	20 (29.0)
Friends	0 (0.00)	1 (5.0)	0 (0.00)	0 (0.00)	0 (0.00)	4 (29.0)	0 (0.00)	3 (13.0)	0 (0.00)	8 (12.0)
NGO's (Bandhan/ Innak)	0 (0.00)	5 (22.0)	0 (0.00)	1 (11.0)	0 (0.00)	4 (28.0)	0 (0.00)	3 (13.0)	0 (0.00)	13 (19.0)
Total informal loan taken (A)	8 (17.0)	22 (46.0)	7 (15.0)	9 (19.0)	7 (15.0)	14 (29.0)	4 (8.0)	23 (48.0)	26 (14.0)	68 (35.0)
No informal loan taken (B)	40 (83.0)	26 (54.0)	41 (85.0)	39 (81.0)	41 (85.0)	34 (71.0)	44 (92.0)	25 (52.0)	166 (86.0)	124 (65.0)
Total (A+B)	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	192 (100.0)	48 (100.0)

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

From the very beginning, moneylenders have been contributing a major share of farm credit. These moneylenders are supplying a major portion of agricultural credit in all Development Blocks and indulged into malpractices and charged a very high rate of interest on their loan as a cropped product which is yearly basis or

money which is weekly and monthly basis. The contribution of moneylenders in advancing agricultural credit to the KCC holders is highest in Lala Development Block (86.0%) followed by Hailakandi Development Block (75.0%), Katlicherra Development Block (75.0%) and Algapur Development Block (71.0%) respectively. The contribution of relatives to the Non-KCC holders is highest in Hailakandi Development Block (50.0%) followed by Algapur Development Block (33.0%) and Katlicherra Development Block (22.0%) respectively. The share of NGO in lending agricultural credit to the Non-KCC holders is highest in Lala Development Block (28.0%) followed by Hailakandi Development Block (22.0%), Katlicherra Development Block (13.0%) and Algapur Development Block (11.0%). Non-KCC holders of four Development Blocks thought that taken loan from Professional Moneylenders and Bandhan/ Innak easier than the bank branches still it provides low credit limit and charges high rate of interest than KCC scheme. Due to the factors like lack of harassment, timely provision of loan, small instalment at a weekly basis, easy loan procedure, provision of repeated processing loan proposals and low documentation cost etc. diverted rural people to informal credit sources for their needy purposes.

**Table No. 5.3: Borrowing of KCC holders and Non-KCC holders from different sources for cultivation purpose: Block-wise**

Source of loan	Mean		Std. Deviation		Minimum		Maximum	
	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC
Professional Moneylenders	5	6.75	1.414214	3.5	3	5	6	12
Relatives	1.5	5	0.57735	4.320494	1	1	2	11
Friends	0	2	0	1.825742	0	1	0	4
NGO (Bandhan/ Innak)	0	3.25	0	1.707825	0	1	0	5
Total informal loan taken (A)	6.5	17	1.732051	6.683313	4	9	8	23
No informal loan taken (B)	41.5	31	1.732051	6.683313	40	25	44	39

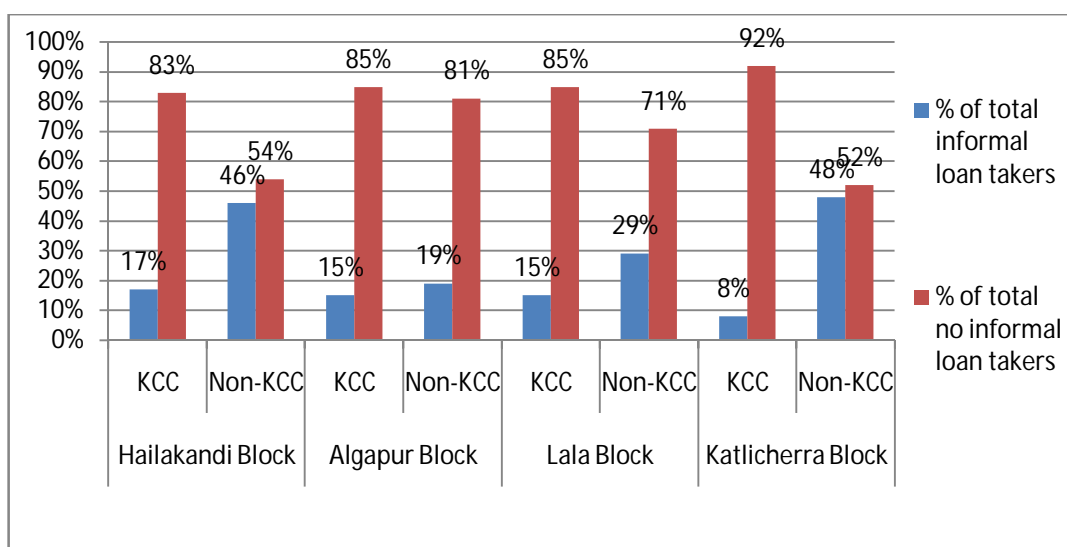
Source: Compiled from Primary data.

Mean value of KCC holders of four Development Blocks who are advancing informal agricultural credit from professional moneylenders sources is 5 lower than

mean value of Non-KCC holders, of which a minimum of 3 in Katlicherra Development Block and a maximum of 6 in both the Hailakandi Development Block and Lala Development Block. Mean value of Non-KCC holders is 6.75, of which a minimum of 5 in all Development Blocks except Katlicherra Development Block where exists a maximum of 12. The above table signifies that both KCC and Non-KCC cultivators of rural areas are highly dependent and accept reliable informal credit sources on professional moneylenders' than other informal sources which exists in the market.

The following chart displaying the aggregate percentages of informal loan takers and no informal loan takers of KCC and Non-KCC holders of four Development Blocks of Hailakandi District. The following graph highlights that both types of farmers are still dependence on informal credit sources which should be cut down and involved them under the fold of institutional credit sources through proper implementation of the KCC scheme and by extending the production cost limit under the KCC scheme.

**Chart 5.2: The aggregate percentages of informal loan takers and no informal loan takers of KCC and Non-KCC holders: Block-wise**



Source: Compiled from Primary data.

The above chart indicates that the percentages of informal loan takers of Non-KCC holders are higher than KCC holders of all four Development Blocks and particularly in Katlicherra Development Block, the percentage of informal loan



takers among Non-KCC holders (48.0%) are greater than other three Development Blocks followed by Hailakandi Development Block (46.0%), Lala Development Block (29.0%) and Algapur Development Block (19.0%). Another significant factor is that credit also lending from informal credit sources by KCC holders of all four Development Blocks. In Hailakandi Development Block, the percentage of KCC holders (17.0%) who have taken informal loan for cultivation purpose is high than other three Development Blocks followed by Algapur Development Block (15.0%), Lala Development Block (15.0%) and Katlicherra Development Block (8.0%).

#### **5.4 EFFECTIVENESS OF INFORMAL LOAN WHICH IS TAKEN FOR AGRICULTURAL PURPOSE BY THE KCC AND NON-KCC HOLDERS:**

The following table indicates the effectiveness of informal loan which is taken for agricultural purpose by the KCC and Non-KCC holders, it highlights that out of 26 KCC holders, 22 KCC respondents (85.0%) have used their informal loan for productive purposes where out of 68 Non-KCC holders, 48 Non-KCC respondents (71.0%) have effectively used their informal loan for productive purposes. Mean value of KCC holders of four Development Blocks who are advancing informal agricultural credit and use it for productive purpose is 5.5 lower than mean value of Non-KCC holders, of which a minimum of 3 in Katlicherra Development Block and a maximum of 7 in Algapur Development Block. Mean value of Non-KCC holders who are lending informal agricultural credit and effectively use for productive purpose is 12, of which a minimum of 7 in Algapur Development Block and a maximum of 17 in Katlicherra Development Block. A low portion of KCC holders possess 15.0 per cent than Non-KCC holders possess 29.0 per cent have used their informal credit for the both productive and non-productive purposes reflects that in aggregate KCC holders are more effective to use their informal credit for production purposes than Non-KCC holders.

**Table No. 5.4: Purpose of informal agricultural loan taken by the KCC and Non-KCC holders: Block-wise**

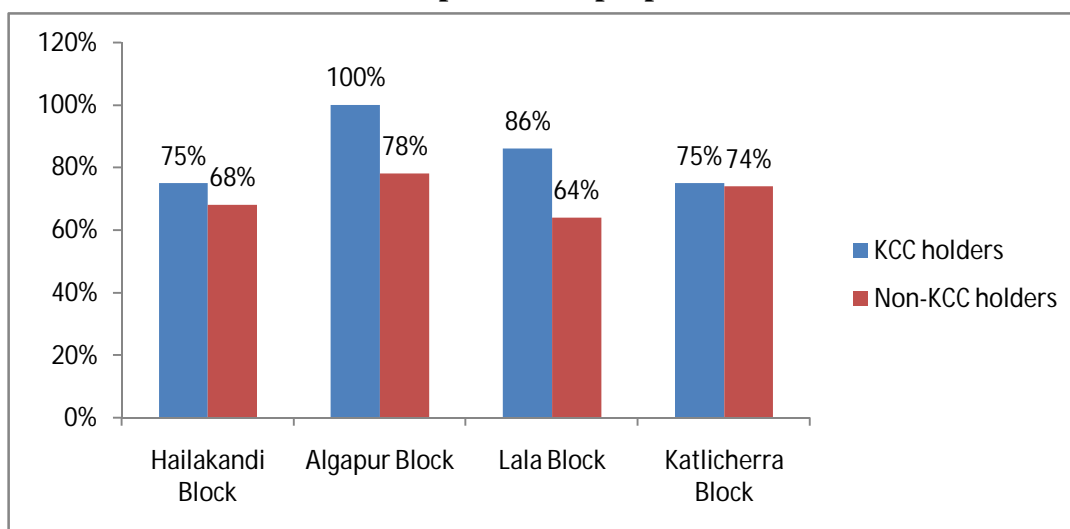
Purpose of loan	Productive		Non-productive		Both purpose		Total	
	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC
Name of the Blocks								
Hailakandi Block	6 (75.0)	15 (68.0)	0 (0.00)	0 (0.00)	2 (25.0)	7 (32.0)	8 (100.0)	22 (100.0)
Algapur Block	7 (100.0)	7 (78.0)	0 (0.00)	0 (0.00)	0 (0.00)	2 (22.0)	7 (100.0)	9 (100.0)
Lala Block	6 (86.0)	9 (64.0)	0 (0.00)	0 (0.00)	1 (14.0)	5 (36.0)	7 (100.0)	14 (100.0)
Katlicherra Block	3 (75.0)	17 (74.0)	0 (0.00)	0 (0.00)	1 (25.0)	6 (26.0)	4 (100.0)	23 (100.0)
Total	22 (85.0)	48 (71.0)	0 (0.00)	0 (0.00)	4 (15.0)	20 (29.0)	26 (100.0)	68 (100.0)
Mean	5.5	12	0	0	1	5	6.5	17
Std. Deviation	1.732051	4.760952	0	0	0.816497	2.160247	1.732051	6.683313
Minimum	3	7	0	0	1	2	4	9
Maximum	7	17	0	0	2	7	8	23

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

Following graph shows that percentages of spending of informal loan for productive purposes by the KCC holders of four Development Blocks are more effective than Non-KCC holders.

**Chart 5.3: The percentages of both KCC and Non-KCC holders spending of informal loan for productive purposes: Block-wise**



Source: Compiled from Primary data.

In Algapur Development Block, 100 per cent of KCC holders has used informal loan for productive purposes followed by Lala Development Block (86.0%) where 78.0 percent of Non-KCC holders of Algapur Development Block has used informal loan for productive purposes followed by Katlicherra Development Block (74.0%).

### **5.5 AWARENESS OF THE AGRICULTURAL SCHEME LIKE KISAN CREDIT CARD SCHEME AMONG THE NON-KCC HOLDERS IN HAILAKANDI DISTRICT:**

The following table presents the awareness of the agricultural scheme like Kisan Credit Card among the sample size of Non-KCC holders in four Development Blocks of Hailakandi District of Assam. Out of the 192 Non-KCC holders of four Development Blocks, 67 (35.0%) are aware of the agricultural scheme like Kisan Credit Card followed by 47 (24.0%) who are not fully aware. It has been noticed that most of the Non-KCC holders (41.0%) of four Development Blocks are not aware of the agricultural scheme provided through the banking agencies for increasing the growth and productivity of the agriculture sector.

**Table No. 5.5: Awareness of the agricultural scheme like Kisan Credit Card scheme among the Non-KCC holders**

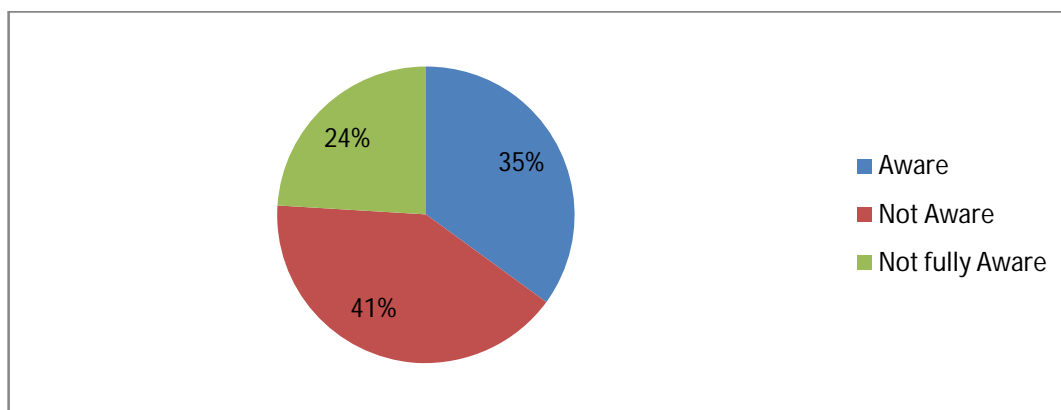
Nature of Awareness	Hailak-andi Block	Algapur Block	Lala Block	Katlich-erra Block	Total	Mean	Std. Dev-iation	Min	Max
Aware	17 (35.0)	19 (40.0)	14 (29.0)	17 (36.0)	67 (35.0)	16.75	2.061553	14	19
Not aware	18 (38.0)	16 (33.0)	28 (58.0)	16 (33.0)	78 (41.0)	19.5	5.744563	16	28
Not fully Aware	13 (27.0)	13 (27.0)	6 (13.0)	15 (31.0)	47 (24.0)	11.75	3.947573	6	15
Total	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	192 (100.0)	48	-	48	48

Source: Compiled from Primary data.  
Figures in the parenthesis indicate percentage.

Mean value of Non-KCC holders have awareness about the agricultural scheme is 16.75, of which a minimum of 14 in Lala Development Block and a maximum of

19 in Algapur Development Block with the standard deviation of 2.061553 where highest mean value on the aspect of lack of awareness about the Kisan Credit Card Scheme among the Non-KCC holders is 19.5, of which a minimum of 16 in Algapur Development Block and a maximum of 28 in Lala Development Block with the standard deviation of 5.744563 followed the mean value of not fully awareness among the Non-KCC holders is 11.75, of which a minimum of 6 in Lala Development Block and a maximum of 15 in Katlicherra Development Block with the standard deviation of 3.947573. It is clear that in Lala Development Block, the knowledge of agricultural scheme among the Non-KCC holders is worse than the other Development Blocks. The awareness camping about the Government sponsoring agricultural scheme should be given most priority in all Development Blocks of Hailakandi district so that farmers will able to take the fruits from the basket of Kisan Credit Card scheme which is considered as a most effective.

**Chart 5.4: The aggregate percentages of Non-KCC holders of four development blocks about the awareness of the agricultural scheme like Kisan Credit Card scheme**



Source: Compiled from Primary data.

### **5.6 REASONS FOR NOT-TAKING INSTITUTIONAL LOAN FOR AGRICULTURE PURPOSES BY THE NON-KCC HOUSEHOLDS IN HAILAKANDI DISTRICT:**

The Government of India have been taken so many initiatives for the farmers to access institutional credit for the agricultural development. In this regard, many financial schemes have been introduced for the farmers so that they can easily and

timely access the credit and do not go in the trap of moneylenders. But still, due to existence of some bottlenecks in the processing of getting institutional credit from the Public Sector Banks which led the farmers not interested to taking institutional credit. It is highlights that 15 reasons have been included on the statement of “Reasons for non-taking institutional advance for agricultural purposes” to understand the overall attitude of the Non-KCC holders and to identify the reliable reasons which influenced rural peoples for not to take the facility of advance from the institutional sources.

**Chart 5.5: The statements regarded to identify the Non-KCC holders’ overall attitude towards reasons for non-taking institutional loan for agricultural purposes**

<b>Reasons for non-taking Institutional Loan for Agricultural purposes</b>
1. Lack of awareness about the Bank loan
2. Lack of Security
3. Fear of paper works
4. Illiteracy
5. Harassment by the Bank officials
6. Self contemn/ lethargy
7. Restricted Banking hours lending to lower accessibility
8. Have Sufficient money
9. Expenditure cost for lending money
10. Presence of bribe taken by Block Members/G.S/Bank staff's/Middlemen/FC's
11. Presence of middlemen
12. Discourage by seeing others
13. Low capability to return
14. Lack of timely provision of loan
15. Low production cost limit

The respondents were asked to respond to each of these statements in five degree of agreement and disagreement viz., (I) Strongly Agree, (II) Agree, (III) Neutral, (IV) Disagree and (V) Strongly Disagree. Each of these degrees carries a score.

Responses indicating the least favourable attitude towards reasons for non-taking institutional loan for agricultural purposes are given the least score (i.e., 1) and the most favourable attitude towards reasons for non-taking institutional loan for agricultural purposes are given the highest score (i.e., 5). The responses on each of the above mentioned statements that were considered in order to assess the overall attitude of Non-KCC Respondents of four Development Blocks towards reluctance for taking institutional loan for agricultural purposes have been highlighted in the following section with their respective total score and mean score.

**Table No. 5.6: The aggregate responses of Non-KCC holders on the statement of “reasons for non-taking institutional loan for agricultural purposes”:  
Block-wise**

Name of the Blocks	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block		Std. Deviation
	Total score	Mean score	Total score	Mean score	Total score	Mean score	Total score	Mean score	
Lack of awareness about the Bank loan	117	2.44	113	2.35	136	2.83	133	2.77	11.44188
Lack of Security	93	1.94	115	2.40	127	2.65	131	2.73	17.07825
Fear of paper works	89	1.85	95	1.98	108	2.25	126	2.62	16.38088
Illiteracy	73	1.52	69	1.44	64	1.33	94	1.96	13.19091
Harassment by the Bank officials	200	4.17	205	4.27	195	4.06	199	4.15	4.112988
Self contemn/lethargy	98	2.04	113	2.35	120	2.5	100	2.08	10.5317
Restricted Banking hours lending to lower accessibility	65	1.35	76	1.58	74	1.54	84	1.75	7.804913
Have Sufficient money	110	2.29	112	2.33	106	2.21	91	1.90	9.5
Expenditure cost for lending money	159	3.31	153	3.19	167	3.48	163	3.40	5.972158
Presence of bribe taken by Block Members/G.S/Bank staff's/Middlemen/FC	193	4.02	195	4.06	193	4.02	205	4.27	5.744563
Presence of middlemen	223	4.65	217	4.52	206	4.29	230	4.79	10.1653
Discourage by seeing others	162	3.38	93	1.94	148	3.08	155	3.23	31.52248
Low capability to return	75	1.56	72	1.5	62	1.29	71	1.48	5.597619
Lack of timely provision of loan	144	3.00	153	3.19	145	3.02	141	2.94	5.123475
Low production cost limit	89	1.85	90	1.88	93	1.94	91	1.90	1.707825

Source: Compiled from Primary data.

The following table displays the rank-wise responses of Non-KCC holders of Hailakandi district on the statement of “reasons for non-taking institutional loan for agricultural purposes”: Block-wise

**Table No. 5.7: The rank-wise responses of Non-KCC holders on the statement of “reasons for non-taking institutional loan for agricultural purposes”:  
Block-wise**

Name of the Blocks	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block	
	Mean score	Rank	Mean score	Rank	Mean score	Rank	Mean score	Rank
Lack of awareness about the Bank loan	2.44	7 <sup>th</sup>	2.35	6 <sup>th</sup>	2.83	7 <sup>th</sup>	2.77	7 <sup>th</sup>
Lack of Security	1.94	10 <sup>th</sup>	2.40	5 <sup>th</sup>	2.65	8 <sup>th</sup>	2.73	8 <sup>th</sup>
Fear of paper works	1.85	11 <sup>th</sup>	1.98	8 <sup>th</sup>	2.25	10 <sup>th</sup>	2.62	9 <sup>th</sup>
Illiteracy	1.52	13 <sup>th</sup>	1.44	13 <sup>th</sup>	1.33	14 <sup>th</sup>	1.96	11 <sup>th</sup>
Harassment by the Bank officials	4.17	2 <sup>nd</sup>	4.27	2 <sup>nd</sup>	4.06	2 <sup>nd</sup>	4.15	3 <sup>rd</sup>
Self contemn/ lethargy	2.04	9 <sup>th</sup>	2.35	6 <sup>th</sup>	2.5	9 <sup>th</sup>	2.08	10 <sup>th</sup>
Restricted Banking hours lending to lower accessibility	1.35	14 <sup>th</sup>	1.58	11 <sup>th</sup>	1.54	13 <sup>th</sup>	1.75	13 <sup>th</sup>
Have Sufficient money	2.29	8 <sup>th</sup>	2.33	7 <sup>th</sup>	2.21	11 <sup>th</sup>	1.90	12 <sup>th</sup>
Expenditure cost for lending money	3.31	5 <sup>th</sup>	3.19	4 <sup>th</sup>	3.48	4 <sup>th</sup>	3.40	4 <sup>th</sup>
Presence of bribe taken by Block Members/G.S/Bank staff's/Middlemen/FC	4.02	3 <sup>rd</sup>	4.06	3 <sup>rd</sup>	4.02	3 <sup>rd</sup>	4.27	2 <sup>nd</sup>
Presence of middlemen	4.65	1 <sup>st</sup>	4.52	1 <sup>st</sup>	4.29	1 <sup>st</sup>	4.79	1 <sup>st</sup>
Discourage by seeing others	3.38	4 <sup>th</sup>	1.94	9 <sup>th</sup>	3.08	5 <sup>th</sup>	3.23	5 <sup>th</sup>
Low capability to return	1.56	12 <sup>th</sup>	1.5	12 <sup>th</sup>	1.29	15 <sup>th</sup>	1.48	14 <sup>th</sup>
Lack of timely provision of loan	3.00	6 <sup>th</sup>	3.19	4 <sup>th</sup>	3.02	6 <sup>th</sup>	2.94	6 <sup>th</sup>
Low production cost limit	1.85	11 <sup>th</sup>	1.88	10 <sup>th</sup>	1.94	12 <sup>th</sup>	1.90	12 <sup>th</sup>

Source: Compiled from Primary data.

From the above table, it is found that due to the presence of middlemen, presence of bribe demanded by Block-Members, Gram Sevek, Bank staff's, middlemen and also Farmers Club, harassment by the bank officials, lack of timely provision of agricultural loan and high expenditure cost required for lending the KCC loan from the Public sector banks are some most influential factors which influences Non-KCC holders not to go to institutional credit sources for cultivation purposes and forced to go in the trap of moneylenders. Moreover, lack of awareness or proper

understanding about the agricultural scheme like KCC scheme provided by the Public sector banks is also another influencing factor considered by Non-KCC holders of all four Development Blocks of Hailakandi district.

**Table No. 5.8: The aggregate responses of Non-KCC holders on the statement of “reasons for non-taking institutional loan for agricultural purposes”**

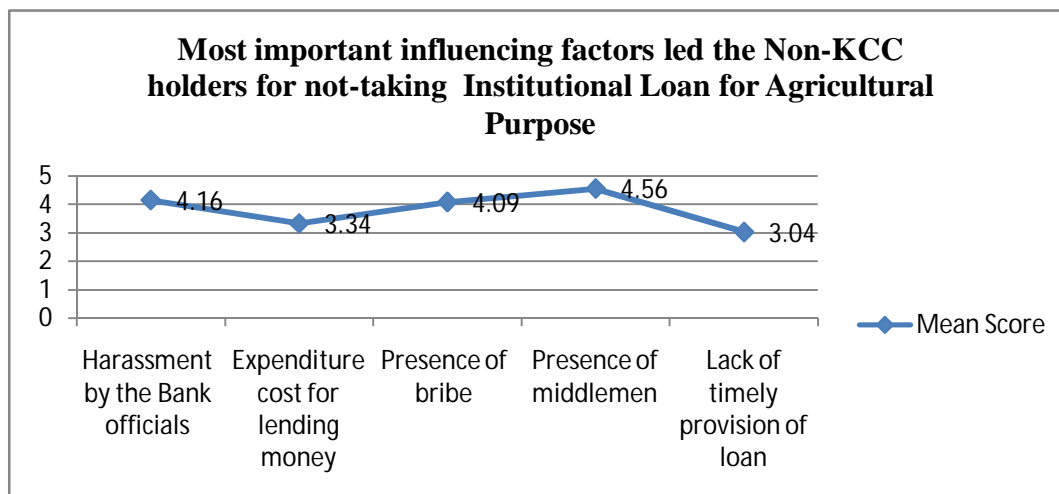
Reasons for non-taking Institutional Loan for Agricultural purposes	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Total score	Mean Score	Rank	Std. Deviation	Covariance %
Non-KCC=192										
Lack of awareness about the Bank loan	48	19	29	0	96	499	2.60	7 <sup>th</sup>	36.57	1406.54
Lack of Security	43	15	18	21	95	466	2.43	8 <sup>th</sup>	33.51	1379.01
Fear of paper works	27	27	9	19	110	418	2.18	10 <sup>th</sup>	40.71	1867.43
Illiteracy	13	14	7	0	158	300	1.56	12 <sup>th</sup>	67.09	4300.64
Harassment by the Bank officials	96	53	25	14	4	799	4.16	2 <sup>nd</sup>	37.05	890.63
Self contemn/ lethargy	32	18	17	23	102	431	2.25	9 <sup>th</sup>	36.05	1602.22
Restricted Banking hours lending to lower accessibility	8	11	12	18	143	299	1.56	12 <sup>th</sup>	58.59	3755.77
Have Sufficient money	36	13	13	18	112	419	2.18	10 <sup>th</sup>	42.22	1936.70
Expenditure cost for lending money	64	38	33	14	43	642	3.34	4 <sup>th</sup>	18.04	540.12
Presence of bribe taken by G.S/ Bank staffs/ Middlemen/ FC's	100	33	41	13	5	786	4.09	3 <sup>rd</sup>	37.39	914.18
Presence of middlemen	140	29	14	9	0	876	4.56	1 <sup>st</sup>	57.77	1266.89
Discourage by seeing others	52	31	28	9	72	558	2.90	6 <sup>th</sup>	24.19	834.14
Low capability to return	4	9	11	23	145	280	1.46	13 <sup>th</sup>	60.00	4109.59
Lack of timely provision of loan	21	24	95	45	7	583	3.04	5 <sup>th</sup>	34.44	1132.90
Low production cost limit	13	18	25	15	121	363	1.89	11 <sup>th</sup>	46.40	2455.03

Source: Compiled from Primary data.

The above table can be classified into two categories namely most important influencing factors and least important influencing factors on the basis of mean score of Non-KCC holders on the statement of “Reasons for non-taking institutional advance for agricultural purposes”.



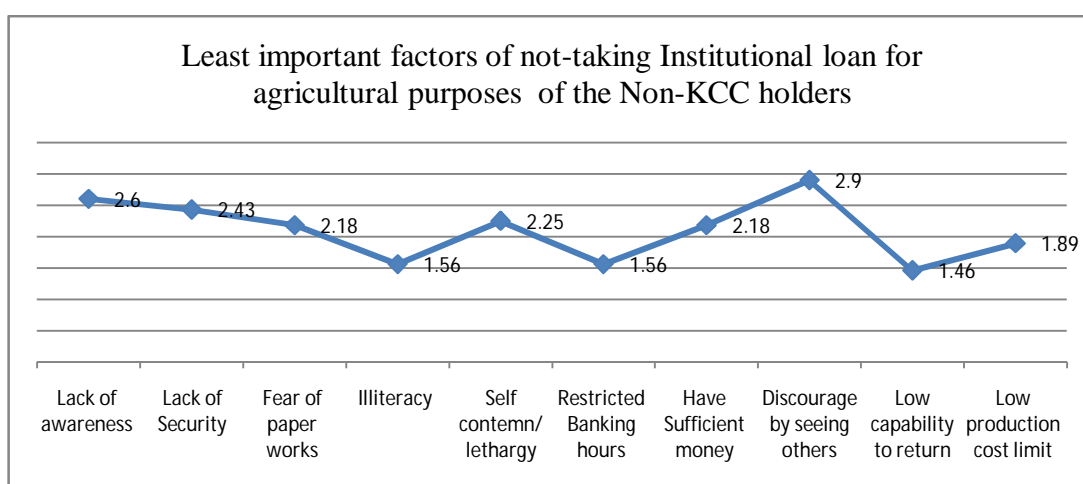
**Chart 5.6: The most important reasons responses by Non-KCC holders which influenced them for not-taking institutional advance for agricultural purposes**



Source: Compiled from Primary data.

The reasons which are most important influencing factors identified by Non-KCC holders towards for non-taking institutional loan for agricultural purposes namely Presence of middlemen, Harassment by the Bank officials, Presence of bribe taken by G.S/ Bank staffs/ Middlemen/ FC's, Expenditure cost for lending money and Lack of timely provision of loan respectively.

**Chart 5.7: The least important reasons responses by Non-KCC holders which influenced them for not-taking institutional advance for agricultural purposes**



Source: Compiled from Primary data.

The reasons like Discourage by seeing others, Lack of awareness about the Bank loan, Lack of Security, Self contemn/ lethargy, Fear of paper works, Have

Sufficient money and Low production cost limit etc. are least important influencing factors which influenced them for not-taking institutional advance for agricultural purposes.

The following table assessed the responses of the Non-KCC holders who applied for Kisan Credit Card in the different public sector banks exists in the Hailakandi district. Out of 192 Non-KCC holders, only 34 (18.0%) respondents have applied for KCC loan but failed to take this facility. Highest number of Non-KCC holders of Algapur Development Block (21.0%) applied for Kisan Credit Card scheme followed by Katlicherra Development Block (19.0%), Hailakandi Development Block (17.0%) and Lala Development Block (15.0%) respectively. Mean value of KCC applicants is 8.5, of which a minimum of 7 in Lala Development Block and a maximum of 10 in Algapur Development Block with the standard deviation of 1.290994.

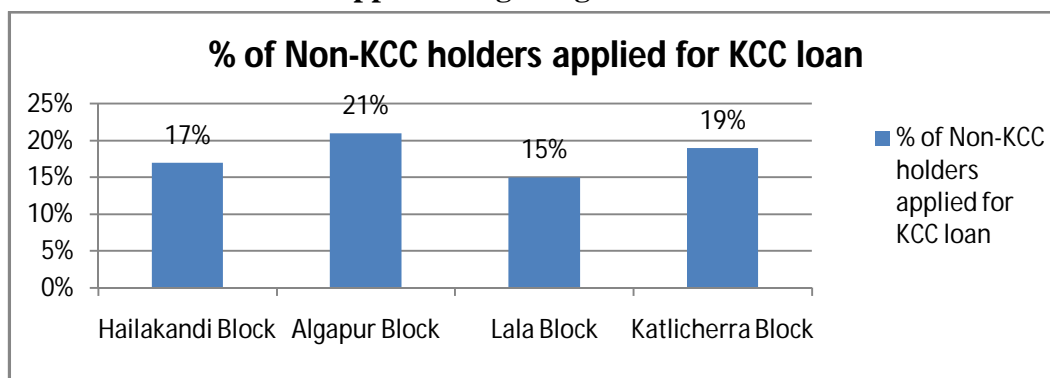
**Table No. 5.9: Applied for Kisan Credit Card (KCC) by Non-KCC holders**

Type	Hailakandi Block	Algapur Block	Lala Block	Katlicherra Block	Total	Mean	Minimum	Maximum
Yes	8 (17.0)	10 (21.0)	7 (15.0)	9 (19.0)	34 (18.0)	8.5	7	10
No	40 (83.0)	38 (79.0)	41 (85.0)	39 (81.0)	158 (82.0)	39.5	38	41
Total no. of respondents	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	192 (100.0)	48	48	48

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

**Chart 5.8: Percentages of applicants among Non-KCC holders who applied for getting KCC loan**



Source: Compiled from Primary data.

The following table identified the number of Non-KCC holders who applied for the KCC loan acknowledged with the reasons of rejection of their KCC loan proposal.

Out of 34 applicants of four Development Blocks, 27 (79.0%) Non-KCC holders knows the reasons for which their KCC loan proposal have been rejected.

**Table No. 5.10: Reasons known about rejection of KCC loan proposal of Non-KCC holders**

Type	Hailakandi Block	Algapur Block	Lala Block	Katlicherra Block	Total	Mean	Minimum	Maximum
Yes	4 (50.0)	9 (90.0)	6 (86.0)	8 (89.0)	27 (79.0)	6.75	4	9
No	4 (50.0)	1 (10.0)	1 (14.0)	1 (11.0)	7 (21.0)	1.75	1	4
Total no. of respondents	8 (24.0)	10 (29.0)	7 (21.0)	9 (26.0)	34 (100.0)	8.5	7	10

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

KCC applicants of four Development Blocks tried to acknowledge the reasons of not getting KCC loan from the different banks. More than 86% of the KCC applicants of all the Development Blocks except Hailakandi Development Block (50%) acknowledged with the reasons about KCC loan proposal rejection.

The following table highlights the reasons of rejection of KCC loan proposal by the Non-KCC holders who applied for KCC Loan. Most of the KCC applicants of Non-KCC holders (56.0%) mentioned other reasons where different excuses by the bank officials play as a main factor followed by demanding bribe through middlemen (30.0%).

**Table No. 5.11: Reasons of rejection of KCC loan proposal by Non-KCC holders who applied for KCC loan**

Reasons for Rejection	Hailakandi Block	Algapur Block	Lala Block	Katlicherra Block	Total
Wrong documentation	0	0	0	0	0 (0.00)
Delay of submitting the proposal	0	0	1	1	2 (7.0)
Lack of required particulars.	1	0	1	0	2 (7.0)
Demand bribe by middlemen	2	3	1	2	8 (30.0)
Other reasons.	1	6	3	5	15 (56.0)
Total	4 (15.0)	9 (33.0)	6 (22.0)	8 (30.0)	27 (100.0)

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

Interesting fact is that, some Non-KCC holders are willing to provide bribe at a rate of 30% to 40% out of the sanctioned credit limit under KCC scheme still they

demand KCC loan. Due to ignorance, lack of knowledge about the KCC scheme or lack of banking habit, some Non-KCC holders has given their signature in a stamp paper or withdrawal form, but they did not get loan. Sometimes bank branch officials directly or indirectly demand bribe against their loan proposal according to the credit limit and excuses different reasons so that people are forced to go to take help from middlemen.

The following table displays the aggregate responses from KCC respondents of four Development Blocks of Hailakandi district about the information sources from where they acquainted with the Kisan Credit Card Scheme provided through Public Sector Banks for agricultural purposes.

**Table No. 5.12: Source of getting information about the loan's schemes like KCC for agricultural purposes: Block-wise**

Name of the Blocks/ Source	Bank branches	Agriculture Department	Farmer's Club	Personal contact	Others	Total
Hailakandi Block	3 (6.0)	7 (15.0)	20 (42.0)	12 (25.0)	6 (12.0)	48 (100.0)
Algapur Block	4 (8.0)	11 (23.0)	5 (11.0)	26 (54.0)	2 (4.0)	48 (100.0)
Lala Block	3 (6.0)	6 (13.0)	4 (8.0)	35 (73.0)	0 (0.00)	48 (100.0)
Katlicherra Block	4 (8.0)	9 (19.0)	0 (0.0)	25 (52.0)	10 (21.0)	48 (100.0)
Total	14 (7.0)	33 (17.0)	29 (15.0)	98 (51.0)	18 (10.0)	192 (100.0)
Mean	3.5	8.25	7.25	24.5	4.5	48
Std. Deviation	0.57735	2.217356	8.770215	9.469248	4.434712	-
Minimum	3	6	4	12	2	48
Maximum	4	11	20	35	10	48

Source: Compiled from Primary data.

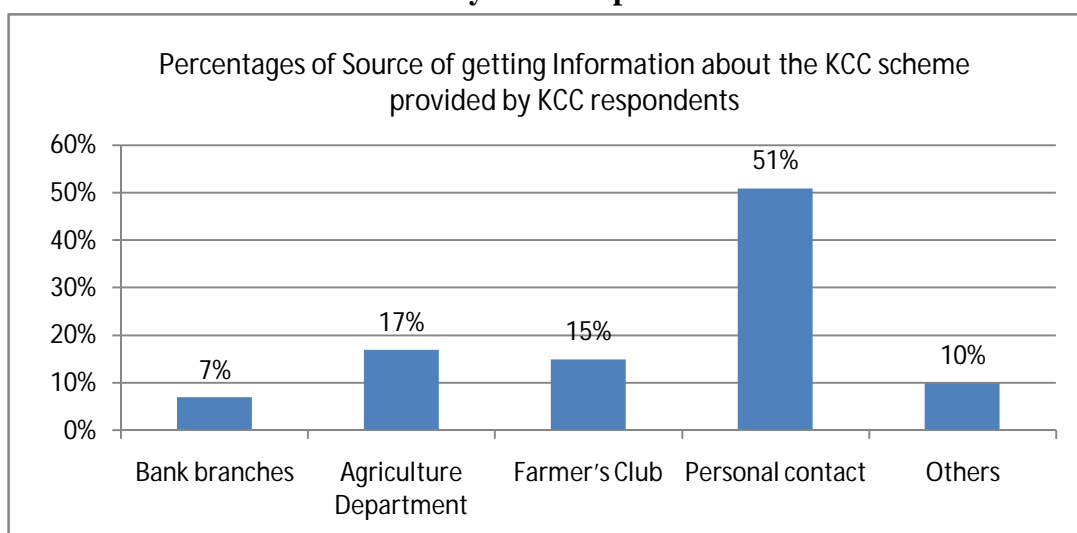
Figures in the parenthesis indicate percentage.

From the following table it is clear that personal contact is one of the very important active sources of rural farmers through which they were getting the information of KCC Scheme in four Development Blocks. 51.0 percent of KCC respondents of four Development Blocks acquainted with the Kisan Credit Card Scheme through their personal contact where 17.0 percent of KCC respondents acknowledged with the KCC scheme through District Agriculture Department.

District Agriculture Officer and others staffs, VLEW in all Development Blocks at the grass root level plays an important part for providing informations to the rural farmers. Existence of Farmer’s Club identified as a vital medium for the rural farmers to getting any type of facility for the agricultural purposes. 15.0 percent of KCC respondents of four Development Blocks informed about the KCC Scheme through the Farmer’s Club. Other source includes electronic media of communication like T.V, magazines, newspaper, radio etc. which play an important source of information and 10.0% of KCC respondents took this facility of electronic media followed by Bank branches (7.0%). Public Sector Banks also through organising the camping/ advertising can give the information about financial facility of agricultural scheme like KCC.

The following chart highlights the percentages of source of getting information about the KCC scheme by KCC respondents of Hailakandi district reflects that personal contact plays a significant role as a major source within the rural farmers in getting information.

**Chart 5.9: The percentages of source of getting information about the KCC scheme by KCC respondents**



Source: Compiled from Primary data.

Rural people are not so acquainted or habituated with the banking transaction; easily not understand the rules and regulations provided through banks for lack of education. In that case, middlemen take that opportunity for fill up the form or can

talk with the Branch Manager or other bank staffs for solving any problem which created hindrance in sanctioning the KCC loan. So, middlemen in between the loanee and the bank play an active role to getting KCC loan. In some areas, secretary or president of Farmers' Club plays an important role as a middleman. Both types of categories namely middlemen and Farmers' Club demanded a percent against the sanctioned credit from the KCC holder.

The following table assess the existence of middlemen or Farmers' Club in between the loanee and the bank. The existences of middlemen or Farmers' Club in between the loanee and the bank are highest in Hailakandi Development Block (79.0%) followed by Algapur Development Block (65.0%), Lala Development Block (52.0%) and Katlicherra Development Block (46.0%) respectively.

**Table No. 5.13: Percentage of existence of middlemen or farmers' club in between the loanee and the bank: Block-wise**

Name of the Blocks	YES	NO	Total
Hailakandi Block	38 (79.0)	10 (21.0)	48 (100.0)
Algapur Block	31 (65.0)	17 (35.0)	48 (100.0)
Lala Block	25 (52.0)	23 (48.0)	48 (100.0)
Katlicherra Block	22 (46.0)	26 (54.0)	48 (100.0)
Total	116 (60.0)	76 (40.0)	192 (100.0)
Mean	29	19	48
Std. Deviation	7.071068	7.071068	
Minimum	22	10	48
Maximum	38	26	48

Source: Compiled from Primary data.  
Figures in the parenthesis indicate percentage.

## **5.7 PROBLEMS FACED IN OBTAINING THE KCC LOAN BY THE KCC HOLDERS**

KCC holders of four Development Blocks of Hailakandi district faced difficulties in obtaining the KCC loan from the Public Sector Banks. In this section, an attempt has been taken to identify the influencing problems according to responses from the KCC respondents in getting the KCC loan from the Public Sector Banks.

**Chart 5.10: The statements regarded to identify the KCC holders' overall attitude towards the problems were faced in obtaining the KCC loan for agricultural purposes**

<b>Problems were faced in obtaining the KCC Loan</b>
1. Lack of Security
2. Complex procedure
3. Difficulties in collecting the documents
4. Lack of co-operation from the bank officials
5. Restricted banking hours
6. Illiteracy
7. Expenditure cost for lending KCC loan

The respondents were asked to respond to each of these statements in five degree of agreement and disagreement viz., (I) Strongly Agree, (II) Agree, (III) Neutral, (IV) Disagree and (V) Strongly Disagree. Each of these degrees carries a score. Responses indicating the least favourable attitude towards problems were faced in obtaining the loan are given the least score (i.e., 1) and the most favourable attitude towards problems were faced in obtaining the loan are given the highest score (i.e., 5). The responses on each of the above mentioned statements that were considered in order to assess the overall attitude of KCC Respondents towards problems were faced in obtaining the KCC loan from the Public Sector Banks have been highlighted in the following section in the following section with their respective total score and mean score.

**Table No. 5.14: The aggregate responses of KCC holders on the statement of “difficulties faced in obtaining the KCC loan for agricultural purposes from the Public sector banks”: Block-wise**

Name of the Blocks	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block		Std. Devia- tion
	Total score	Mean score	Total score	Mean score	Total score	Mean score	Total score	Mean score	
Lack of security	63	1.31	77	1.60	98	2.04	69	1.44	15.28343
Complex procedure	68	1.42	72	1.5	106	2.21	73	1.52	17.63283
Difficulties in collecting the documents	149	3.10	131	2.73	150	3.13	108	2.25	19.70618
Lack of co-operation from the bank officials	140	2.92	155	3.23	145	3.02	99	2.06	24.63568
Restricted banking hours	102	2.13	107	2.23	130	2.71	101	2.10	13.58921
Illiteracy	97	2.02	78	1.63	86	1.79	119	2.48	17.79513
Expenditure cost for lending KCC loan	218	4.54	204	4.25	196	4.08	192	4	11.47461

Source: Compiled from Primary data.

**Table No. 5.15: The rank-wise responses of KCC holders on the statement of “difficulties faced in obtaining the KCC loan for agricultural purposes from the Public sector banks”: Block-wise**

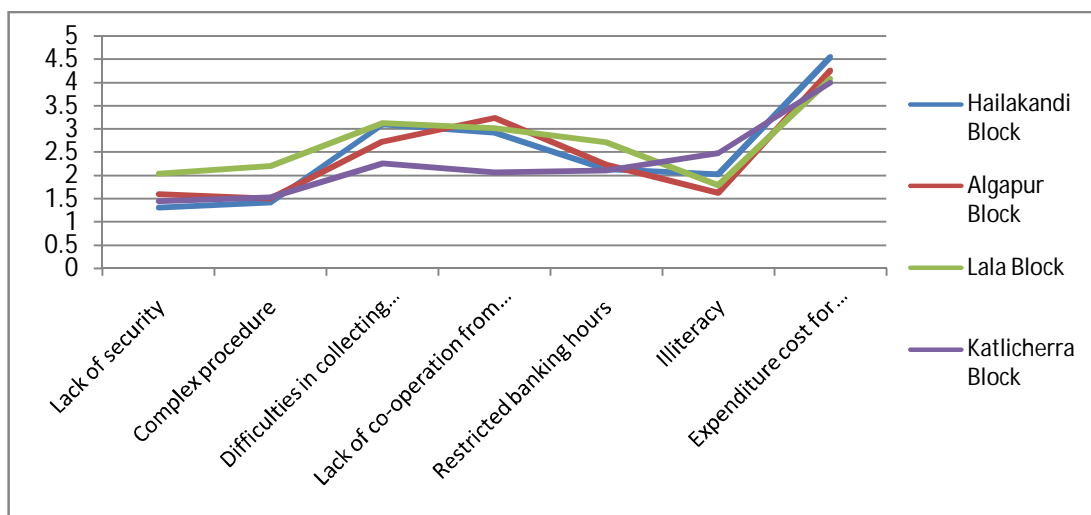
Name of the Blocks	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block	
	Mean score	Rank	Mean score	Rank	Mean score	Rank	Mean score	Rank
Lack of security	1.31	7 <sup>th</sup>	1.60	6 <sup>th</sup>	2.04	6 <sup>th</sup>	1.44	7 <sup>th</sup>
Complex procedure	1.42	6 <sup>th</sup>	1.5	7 <sup>th</sup>	2.21	5 <sup>th</sup>	1.52	6 <sup>th</sup>
Difficulties in collecting the documents	3.10	2 <sup>nd</sup>	2.73	3 <sup>rd</sup>	3.13	2 <sup>nd</sup>	2.25	3 <sup>rd</sup>
Lack of co-operation from the bank officials	2.92	3 <sup>rd</sup>	3.23	2 <sup>nd</sup>	3.02	3 <sup>rd</sup>	2.06	5 <sup>th</sup>
Restricted banking hours	2.13	4 <sup>th</sup>	2.23	4 <sup>th</sup>	2.71	4 <sup>th</sup>	2.10	4 <sup>th</sup>
Illiteracy	2.02	5 <sup>th</sup>	1.63	5 <sup>th</sup>	1.79	7 <sup>th</sup>	2.48	2 <sup>nd</sup>
Expenditure cost for lending KCC loan	4.54	1 <sup>st</sup>	4.25	1 <sup>st</sup>	4.08	1 <sup>st</sup>	4	1 <sup>st</sup>

Source: Compiled from Primary data.



From the above table, it is found that high expenditure cost required for lending the KCC loan from the Public sector banks is one of the most important problem faced by most of KCC holders of all four Development Blocks of Hailakandi district. Facing difficulties in collecting the necessary documents for KCC loan proposal as a main problem identified by the KCC holders of Hailakandi Development Block and Lala Development Block where as KCC holders of Algapur Development Block insisted that there is a lack of co-operation from the Bank officials. Illiteracy is one of the important problems faced by the KCC holders of Katlicherra Development Block.

**Chart 5.11: The mean score of KCC holders on the statement of “difficulties faced in obtaining the KCC loan for agricultural purposes from the Public sector banks” of four development blocks**



Source: Compiled from Primary data.

The following table displays the aggregate responses of KCC holders of Hailakandi district on the statement of “difficulties faced in obtaining the KCC loan for agricultural purposes from the public sector banks”

**Table No. 5.16: Aggregate responses of KCC holders on the statement of “difficulties faced in obtaining the KCC loan for agricultural purposes from the public sector banks”**

Difficulties faced in obtaining the KCC Loan for Agricultural purposes	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Total score	Mean Score	Rank	Std. Deviation	Covariance %
KCC=192										
Lack of security	19	13	0	0	160	307	1.60	7 <sup>th</sup>	68.47846	4279.90
Complex procedure	15	13	11	6	147	319	1.66	6 <sup>th</sup>	60.80132	3662.73
Difficulties in collecting the documents	45	35	26	9	77	538	2.80	3 <sup>rd</sup>	25.31403	904.07
Lack of co-operation from the bank officials	42	41	23	10	76	539	2.81	2 <sup>nd</sup>	24.88574	885.61
Restricted Banking hours	15	31	33	29	84	440	2.29	4 <sup>th</sup>	26.45373	1155.18
Illiteracy	30	12	10	12	128	380	1.98	5 <sup>th</sup>	50.74249	2562.75
Expenditure cost for lending KCC loan	114	33	24	15	6	810	4.22	1 <sup>st</sup>	43.44307	1029.46

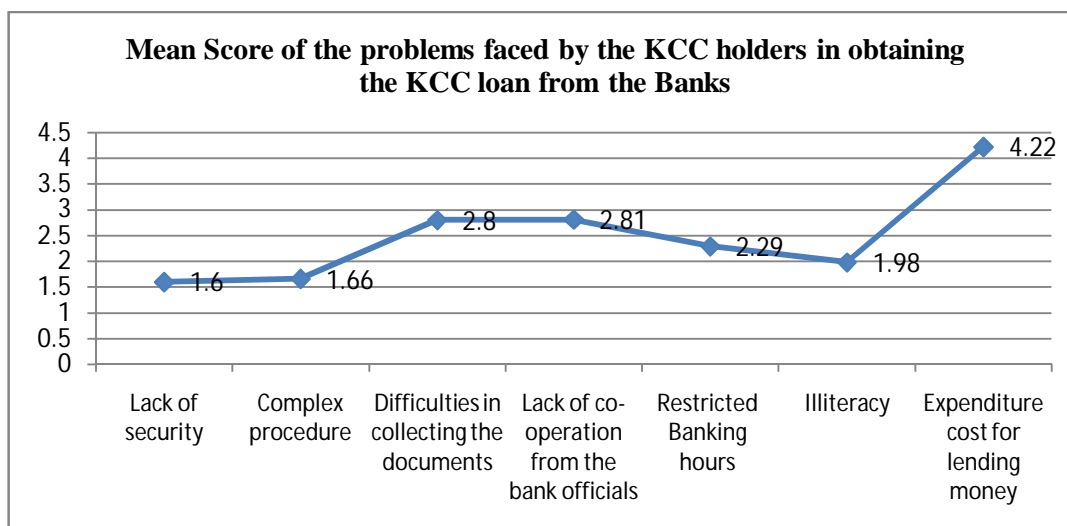
Source: Compiled from Primary data.

The above table can be classified into two categories namely most important influencing factors and least important influencing factors on the basis of mean score of KCC holders on the statement of “difficulties faced in obtaining the KCC loan for agricultural purposes from the Public Sector Banks”. It is clear that seven problems have been included on the statement of “Difficulties faced in obtaining the KCC loan for agricultural purposes” to understand the overall attitude of KCC holders and to identify the reliable problems which rural peoples are faced in obtaining KCC loan for agricultural purposes from the Public Sector Banks .

The important fact which is drawn from the above table is that there is only one most important influencing factor namely expenditure cost for lending money

responded by the KCC holders which hindered them for obtaining the KCC loan for agricultural purposes from the Public Sector Banks.

**Chart 5.12: The important problems faced by KCC holders in obtaining the KCC loan for agricultural purposes from the Public sector banks**



Source: Compiled from Primary data.

On the basis of mean score of the problems faced by the KCC holders in obtaining the KCC loan from the Public Sector Banks, it is reflects that high expenditure cost for lending money is an important problem faced by KCC holders in obtaining KCC loan from the banks followed the other problems namely lack of co-operation from the bank officials and faced difficulties in collecting the documents like bank account form for opening bank account, land possession certificate, no objection certificate from the others bank branch, stamp paper, voter list certificate etc., and restricted banking hours.

## **5.8 AGRICULTURAL PRODUCTIVITY OF KCC AND NON-KCC HOLDERS: BLOCK-WISE**

Improving the productivity of agriculture and income of farmers is important to achieve sustainable and equitable growth. Agricultural productivity plays a significant role in the economic development of a country. Agriculture plays a very crucial role in the life and economy of Hailakandi district. Agriculture is the primary source of income of the people of Hailakandi district. Industrialization is very low in Hailakandi district. As a result the majority of the people depend upon

agriculture for their livelihood. Rice is the major agricultural crop and more than 80 per cent of area under cultivation in Hailakandi district is covered with rice. The productivity of rice in Hailakandi district is not at all satisfactory as compared to the all India level. Therefore, the district today stands far behind the all India standard in terms of use of improved agricultural practices and also in agricultural productivity.

Productivity= Total Production/ Total Cultivated Area

The following table displays the total production and productivity between the KCC holders and Non-KCC holders.

**Table No. 5.17: Total production and productivity between the KCC holders and Non-KCC holders**

Name of the Blocks	Total Cultivated Area (Bigha)		Total Production (Quintal)		Productivity	
	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC
Hailakandi Block	194.9	329.5	1211.15	2006.75	6.21	6.09
Algapur Block	214.5	215	1818.75	1356	8.48	6.31
Lala Block	198.0	297.4	1303.5	2045.35	6.58	6.88
Katlicherra Block	170.5	191.6	718.5	1054.35	4.21	5.50
Total	777.9	1033.5	5051.9	6462.45	6.49	6.25

Source: Compiled from primary data records.

The following table displays the total cost, sale and profit between the KCC holders and Non-KCC holders.

**Table No. 5.18: Total cost, sale and profit between the KCC holders and Non-KCC holders**

Name of the Blocks	Total cost (in Rs./ Per Bigha)		Total Sale (in Rs./ Per Bigha)		Total Profit (in Rs./ Per Bigha)	
	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC
Hailakandi Block	182445	184550	306600	307800	124155	123250
Algapur Block	318895	285913	405400	327000	86505	41087
Lala Block	233940	198820	334200	330600	100260	131780
Katlicherra Block	193850	205575	196400	328200	2550	122625
Total	929130	874858	1242600	1293600	313470	418742

Source: Compiled from primary data.

### 5.8.1 INFLUENCE OF KCC LOAN TO INCREASE FARMING PRODUCTIVITY OF KCC HOLDERS

The following table represents that whether KCC loan influence to improved/ increased farming productivity of KCC beneficiaries of all cropped land sizes. Out of 192 KCC beneficiaries, 23.0 per cent of KCC beneficiaries of all cropped land sizes reported that their farming productivity have increased after getting KCC loan. Highest percentage of KCC beneficiaries of all cropped land sizes of Hailakandi Development Block (42.0%) supported that after availing the facility of KCC loan, their farm productivity has raised followed by Algapur Development Block (25.0%), Lala Development Block (17.0%) and Katlicherra Development Block (8.0%).

**Table No. 5.19: Whether farming productivity improved/ increased of KCC beneficiaries by taking the facility of KCC loan of all cropped land sizes: Block-wise**

Sl. No.	Name of the Blocks Size of the farmers	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block		Total no. of respondents	
		YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
1.	Landless farmers	6	16	4	13	2	19	0	21	12 (27.0)	69 (47.0)
2.	Marginal farmers	7	9	4	19	3	13	3	18	17 (39.0)	59 (40.0)
3.	Small farmers	6	2	2	3	2	6	1	4	11 (25.0)	15 (10.0)
4.	Large farmers	1	1	2	1	1	2	0	1	4 (9.0)	5 (3.0)
5.	Total farmers	20 (42.0)	28 (58.0)	12 (25.0)	36 (75.0)	8 (17.0)	40 (83.0)	4 (8.0)	44 (92.0)	44 (23.0)	148 (77.0)
6.	Total of YES & NO	48 (100.00)		48 (100.00)		48 (100.00)		48 (100.00)		192 (100.0)	

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

### 5.8.2 INFLUENCE OF INFORMAL LOAN TO INCREASE FARMING PRODUCTIVITY OF NON-KCC HOLDERS

The following table represents that whether informal loan influence to improved/ increased farming productivity of Non-KCC beneficiaries of all cropped land sizes. Out of 192 Non-KCC beneficiaries, 68 Non-KCC holders have taken informal loan

for agricultural purposes. 84.0 percent of Non-KCC beneficiaries of all cropped land sizes supported that informal loan has influenced to extent their farming productivity where 16.0 percent of Non-KCC beneficiaries of all cropped land sizes argued about no change of farming productivity after taking informal loan. 91.0 percent of Non-KCC beneficiaries of all cropped land sizes of Hailakandi Development Block agreed that their farm productivity has increased after taking informal loan from different sources followed by 87.0 percent of Non-KCC beneficiaries from Katlicherra Development Block, 78.0 percent of Non-KCC beneficiaries from Algapur Development Block and 71.0 percent of Non-KCC beneficiaries of all cropped land sizes from Lala Development Block.

**Table No. 5.20: Whether farming productivity improved/ increased of Non-KCC beneficiaries who have taken informal loan for agricultural purposes of all cropped land sizes: Block-wise**

Sl. No.	Name of the Blocks	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block		Total no. of respondents	
		YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
1.	Landless farmers	7	2	4	0	7	0	11	3	29 (51.0)	5 (46.0)
2.	Marginal farmers	10	0	3	0	1	3	4	0	18 (32.0)	3 (27.0)
3.	Small farmers	2	0	0	0	1	1	4	0	7 (12.0)	1 (9.0)
4.	Large farmers	1	0	0	2	1	0	1	0	3 (5.0)	2 (18.0)
5.	Total farmers	20 (91.0)	2 (9.0)	7 (78.0)	2 (22.0)	10 (71.0)	4 (29.0)	20 (87.0)	3 (13.0)	57 (84.0)	11 (16.0)
6.	Total of YES and NO	22 (100.0)		9 (100.0)		14 (100.0)		23 (100.0)		68 (100.0)	

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

The table highlights that 44 KCC beneficiaries (23.0%) of all cropped land sizes supported that KCC scheme have influenced to extent their farming productivity where 148 KCC beneficiaries (77.0%) of all cropped land sizes argued about no change of farming productivity due to getting KCC loan. 27.0 percent of KCC beneficiaries who are in the group of landless farmers influenced by the KCC loan where 39.0 percent of marginal farmers responded that their farming productivity

have increased after availing KCC loan. A small proportion of small farmers (25.0%) and large farmers (9.0%) agreed with this view that due to getting the facility of KCC loan, their farming productivity has increased. The table also highlights that 57 Non-KCC beneficiaries (84.0%) of all cropped land sizes supported that informal loan have influenced to extent their farming productivity where 11 Non-KCC beneficiaries (16.0%) of all cropped land sizes argued about no change of farming productivity after taking informal loan. 51.0 percent Non-KCC beneficiaries who are in the group of landless farmers influenced by the informal loan where 32.0 percent of marginal farmers responded that their farming productivity have increased after availing informal loan. A small proportion of small farmers (12.0%) and large farmers (5.0%) agree with this view that after taking informal loan, their farming productivity has increased.

**Table No. 5.21: An aggregate comparative study of whether farming productivity improved/ increased of KCC beneficiaries and Non-KCC beneficiaries of all cropped land sizes**

Sl. No.	Name of the Blocks Size of the farmers	Total no. KCC respondents		Total no. Non-KCC respondents	
		YES	NO	YES	NO
1.	Landless farmers	12 (27.0)	69 (47.0)	29 (51.0)	5 (46.0)
2.	Marginal farmers	17 (39.0)	59 (40.0)	18 (32.0)	3 (27.0)
3.	Small farmers	11 (25.0)	15 (10.0)	7 (12.0)	1 (9.0)
4.	Large farmers	4 (9.0)	5 (3.0)	3 (5.0)	2 (18.0)
5.	Total farmers	44 (23.0)	148 (77.0)	57 (84.0)	11 (16.0)
6.	Total of Yes and No	192 (100.0)		68 (100.0)	
7.	Mean	11	37	14.25	2.75
8.	Std. Deviation	5.354126	31.70699	11.70114	1.707825
9.	Minimum	4	5	3	1
10.	Maximum	17	69	29	5

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

The following table represents Block-wise comparative analysis of whether farming productivity improved/ increased of KCC beneficiaries and Non-KCC holders by taking the KCC and informal loan for agricultural purpose respectively. So, it is clear that the utilisation of informal loan by the Non-KCC holders for agriculture purposes are more effective than KCC beneficiaries who have availing the facility of KCC scheme provided by the Public Sector Banks of Hailakandi district.

**Table No. 5.22: An aggregate comparative study of whether farming productivity improved/ increased of KCC beneficiaries through KCC loan and Non-KCC holders through informal loan for agricultural purposes: Block-wise**

Type	YES		NO		Total	
	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC
Hailakandi Block	20 (42.0)	20 (91.0)	28 (58.0)	2 (9.0)	48 (25.0)	22 (32.0)
Algapur Block	12 (25.0)	7 (78.0)	36 (75.0)	2 (22.0)	48 (25.0)	9 (13.0)
Lala Block	8 (17.0)	10 (71.0)	40 (83.0)	4 (29.0)	48 (25.0)	14 (21.0)
Katlicherra Block	4 (8.0)	20 (87.0)	44 (92.0)	3 (13.0)	48 (25.0)	23 (34.0)
Total	44 (23.0)	57 (84.0)	148 (77.0)	11 (16.0)	192 (100.0)	68 (100.00)
Mean	11	14.25	37	2.75	48	17

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

## **5.9 INFLUENCE OF KCC LOAN TO INCREASE INCOME OF KCC HOLDERS**

Creation of employment opportunities and generation of adequate income for the beneficiaries is the theme of all social banking programmes. This part is devoted to the analysis of the impact of bank credit on the income level of the beneficiaries, and to gauge the extent to which financing under KCC scheme were successful in fulfilling the objectives laid-down before the banking industry. The increase in income level and thereby improvement in the economic conditions of the beneficiaries, after the bank loans, was possible due to the favourable changes in the arrangements for procurement of inputs. The bank loan enabled them to



become independent and to realize higher profit margin for their product (Sivachithappa and Thimmaiya, 2010, Pp. 149)<sup>6</sup>.

### **5.9.1 BLOCK-WISE PRE AND POST INCOME STATUS FROM AGRICULTURE SECTOR OF KCC BENEFICIARIES**

The following table highlights the Block-wise pre and post income status from agriculture sector of sample KCC beneficiaries of the Public Sector Banks in Hailakandi district of Assam. In Algapur Development Block, a significant change occurred after taking the KCC loan amongst the KCC beneficiaries led that in the category of the total annual income Rs. 00-10,000, the annual income of 41 KCC beneficiaries out of 48 KCC beneficiaries has decreased to 36 KCC beneficiaries. There is a decrease of 11.0 percent from 86.0 percent to 75.0 percent. It seems that the income of 11.0 percent KCC beneficiaries has increased in the said slab. In the same way, after taking the KCC loan from the public sector banks, the income of 3 KCC beneficiaries out of 48 KCC beneficiaries has increased to the slab of 10001-15000 which has an increase of 6.0 percent in Algapur Development Block and in Lala Development Block, the number of KCC beneficiaries has decreased from 3 to 1 has an decrease of 4.0 percent from 6.0 percent to 2.0 percent. In other words the income of 4.0 percent of KCC beneficiaries of Lala Development Block has increased in the said slab. The income of 4.0 percent of KCC beneficiaries of Algapur Development Block has increased in the slab of Rs. 15001-20000. In the income group of 20001-25000, it has found that after getting KCC loan the number of KCC beneficiaries has increased from 1 to 4 out of 48 KCC beneficiaries in Lala Development Block which has an increase of 7.0 percent from 2.0 percent to 9.0 percent.

**Table No. 5.23: Comparative study of income status from agriculture sector of KCC beneficiaries of Public sector banks (pre and post): Block-wise**

Sl. No	Name of the Blocks Yearly Income (Rs.) from Agril. sector	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block		Total no. of respondents	
		Pre-loan period	Post-loan period	Pre-loan period	Post-loan period	Pre-loan period	Post-loan period	Pre-loan period	Post-loan period	Pre-loan period	Post-loan period
1.	00-10000	43 (90.0)	41 (86.0)	41 (86.0)	36 (75.0)	39 (81.0)	39 (81.0)	43 (90.0)	41 (86.0)	166 (87.0)	157 (82.0)
2.	10001-15000	2 (4.0)	1 (2.0)	0 (0.0)	3 (6.0)	3 (6.0)	1 (2.0)	1 (2.0)	2 (4.0)	6 (3.0)	7 (4.0)
3.	15001-20000	1 (2.0)	2 (4.0)	1 (2.0)	3 (6.0)	2 (4.0)	1 (2.0)	1 (2.0)	2 (4.0)	5 (2.0)	8 (4.0)
4.	20001-25000	0 (0.0)	0 (0.0)	1 (2.0)	0 (0.0)	1 (2.0)	4 (9.0)	0 (0.0)	0 (0.0)	2 (1.0)	4 (2.0)
5.	25001 and above	2 (4.0)	4 (8.0)	5 (10.0)	6 (13.0)	3 (7.0)	3 (6.0)	3 (6.0)	3 (6.0)	13 (7.0)	16 (8.0)
6.	Total farmers	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	192 (100.0)	192 (100.0)

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

In the Hailakandi Development Block and Algapur Development Block, the number of KCC beneficiaries has increased from 2 to 4 and 5 to 6 respectively after availing the loan facility under the slab of Rs. 25001 and above. But there is no change of income status of KCC beneficiaries of Lala Development Block and Katlicherra Development Block in the said slab. So, it is evident from the above analysis that KCC beneficiaries of Algapur Development Block utilise their KCC loan in the agriculture sector to upgrade their income than the other three Development Blocks which is good but not satisfactory. Therefore, proper utilisation of loan can extend income slab as well as standard of living.

### **5.9.2 AGGREGATE ANALYSIS OF INCOME STATUS OF KCC BENEFICIARIES**

The following table displays an aggregate analysis of income status of KCC beneficiaries of Public Sector Banks from agriculture sector of four Development Blocks in Hailakandi district of Assam. The table depicts that after taking loan from the Public Sector Banks, the economic conditions of the borrowers has not achieved remarkable success. The annual income 166 KCC beneficiaries out of 192

KCC beneficiaries were Rs. upto 10,000. But after taking the KCC loan from the bank the number of KCC beneficiaries has decreased from 166 to 157 resulted 5.0 percent decrease. It seems that the income 5.0 percent of KCC beneficiaries has increased. In the same way, before taking the KCC loan from the public sector banks, the income of 5 KCC beneficiaries was in the slab of 15001-20000 which has increased to 8 KCC beneficiaries and has an increase of 2.0 percent from 2.0 percent to 4.0 percent. In the income group of 20001-25000, the number has increased from 2 to 4 signifies that the income of 1.0 percent KCC beneficiaries has increased. Before taking the KCC loan, the annual income of 13 KCC beneficiaries was in the slab of Rs. 25,000 and above, which has increased to 16 after availing the facility of KCC loan from the Public Sector Banks and has an increase of 1.0 percent from 7.0 percent to 8.0 percent. It shows a positive correlation among the KCC beneficiaries from the public sector banks during the years 2003-04 to 2012-13.

**Table No. 5.24: An aggregate comparative study of income status from agriculture sector of KCC beneficiaries of Public sector banks (pre and post)**

Yearly income (Rs.)	Pre Income status		Post Income status	
	No. of KCC Beneficiaries	Percentage of Total	No. of KCC Beneficiaries	Percentage of Total
00-10000	166	87.0	157	82.0
10001-15000	6	3.0	7	4.0
15001-20000	5	2.0	8	4.0
20001-25000	2	1.0	4	2.0
25001-above	13	7.0	16	8.0
Total	192	100	192	100

Source: Compiled from Primary data.  
 Figures in the parenthesis indicate percentage.

### **5.9.3 COMPARATIVE STUDY OF INCOME STATUS OF KCC HOLDERS AND NON-KCC HOLDERS: BLOCK-WISE**

The following table represents the response from the KCC beneficiaries of Public Sector Banks and Non-KCC beneficiaries who have taken informal loan for agriculture purposes. After taking the facility of KCC loan by KCC beneficiaries

and informal loan by Non-KCC beneficiaries it is very need to justify whether their income upgrade or not. Out of 192 KCC beneficiaries of four Development Blocks only 37 (19.0%) KCC beneficiaries have benefitted after availing the facility of KCC loan. From the table it is also reflects that out of 192 Non-KCC holders of four Development Blocks namely Hailakandi Development Block, Algapur Development block, Lala development block and Katlicherra development block, only 68 (35.0%) Non-KCC holders have taken informal loan from different sources for cultivation purposes where only 10 (15.0%) Non-KCC respondents respond that their slab of income have extended due to taking informal credit for agricultural purposes. 85.0 percent of Non-KCC respondents argued that their slab of income have not changed by taking informal loan for agricultural purposes.

**Table No. 5.25: Comparative study of income status of KCC beneficiaries of Public sector banks and Non-KCC holders have taken loan from informal sources for agricultural purposes: Block-wise**

Type	YES		NO		Total	
	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC
Name of the Blocks						
Hailakandi Block	14	2	34	20	48	22
Algapur Block	11	0	37	9	48	9
Lala Block	8	1	40	13	48	14
Katlicherra Block	4	7	44	16	48	23
Total	37 (19.0)	10 (15.0)	155 (81.0)	58 (85.0)	192 (100.0)	68 (100.0)
Mean	9.25	2.5	38.75	14.5	48	17
Minimum	4	1	34	9	48	9
Maximum	14	7	44	20	48	23

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

#### **5.9.4 INFLUENCE OF INFORMAL LOAN TO INCREASE INCOME OF NON-KCC HOLDERS**

The following table highlights the Block-wise pre and post income status from agriculture sector of Non-KCC beneficiaries of Hailakandi district of Assam. In Hailakandi Development Block, after taking the informal loan amongst the Non-KCC beneficiaries led that in the category of the total annual income Rs. 00-10,000, the annual income of 20 Non-KCC beneficiaries out of 22 Non-KCC

beneficiaries has decreased to 18 Non- KCC beneficiaries. There is a decrease of 9.0 percent from 91.0 percent to 82.0 percent in Hailakandi Development Block. In Katlicherra Development Block also there is a decrease of 18.0 percent from 74.0 percent to 56.0 percent. It seems that the income of 9.0 percent of Non-KCC beneficiaries of Hailakandi Development Block and 18.0 percent of Non-KCC beneficiaries of Katlicherra Development Block has increased in the said slab. In the same way, after taking the informal loan from the different sources, the income of Non-KCC beneficiaries has increased to the slab of 10001-15000. The income of 11.0 percent of Non-KCC beneficiaries of Algapur Development Block has increased in the slab of Rs. 15001-20000 followed by Katlicherra Development Block (5.0%). In the income group of 20001-25000, it has seen that after getting informal loan the number of Non-KCC beneficiaries has increased from 0 to 1 out of 14 Non-KCC beneficiaries in Lala Development Block which has an increase of 7.0 percent followed by Katlicherra Development Block where 4.0 percent increase from 9.0 percent to 13.0 percent. In the Katlicherra Development Block, the number of Non-KCC beneficiaries has increased from 1 to 3 after taking the informal loan under the slab of Rs. 25001 and above where in all other Development Blocks, there is only 1.

**Table No. 5.26: Comparative study of income status of Non-KCC beneficiaries who have taken informal loan for agriculture purpose (pre and post):  
Block-wise**

Name of the Blocks	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block		Total no. of respondents	
	Pre-loan period	Post-loan period	Pre-loan period	Post-loan period	Pre-loan period	Post-loan period	Pre-loan period	Post-loan period	Pre-loan period	Post-loan period
00-10000	20 (91.0)	18 (82.0)	7 (78.0)	4 (45.0)	11 (79.0)	10 (72.0)	17 (74.0)	13 (56.0)	55 (81.0)	45 (66.0)
10001-15000	1 (4.0)	2 (9.0)	1 (11.0)	2 (22.0)	1 (7.0)	0 (0.0)	2 (9.0)	2 (9.0)	5 (7.0)	6 (9.0)
15001-20000	1 (5.0)	1 (4.0)	0 (0.0)	1 (11.0)	1 (7.0)	1 (7.0)	1 (4.0)	2 (9.0)	3 (5.0)	5 (7.0)
20001-25000	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	1 (7.0)	2 (9.0)	3 (13.0)	2 (3.0)	4 (6.0)
25001 and above	0 (0.0)	1 (5.0)	1 (11.0)	2 (22.0)	1 (7.0)	2 (14.0)	1 (4.0)	3 (13.0)	3 (4.0)	8 (12.0)
Total farmers	22 (100.0)	22 (100.0)	9 (100.0)	9 (100.0)	14 (100.0)	14 (100.0)	23 (100.0)	23 (100.0)	68 (100.0)	68 (100.0)

Source: Compiled from Primary data.  
Figures in the parenthesis indicate percentage.

In aggregate, after taking the informal loan amongst the Non-KCC beneficiaries led that in the category of the total annual income Rs. 00-10,000, the annual income of 55 Non-KCC beneficiaries out of 68 Non-KCC beneficiaries has decreased to 45 Non-KCC beneficiaries. It seems that the income of 15.0 percent of Non-KCC beneficiaries has increased in the said slab. In the same way, the income of 2.0 percent of Non-KCC beneficiaries has increased to the slab of 10001-15000 and 15001-20000 respectively. In the income group of 20001-25000, the number of Non-KCC beneficiaries has increased from 2 to 4 i.e., the income of 3.0 percent of Non-KCC beneficiaries has increased in the said slab. Again, in the income group of 25001 and above, the number of Non-KCC beneficiaries has increased from 3 to 8 i.e., the income of 8.0 percent of Non-KCC beneficiaries has increased in the said slab. So, it depicts from the above analysis that Non-KCC beneficiaries of Katlicherra Development Block utilise the borrowed amount in the agriculture sector for extending their income status but not satisfactory followed by other three Development Blocks.

#### **5.10 CROPPING PATTERN**

Farmers often face risk basically from two types of sources, viz, price risk and production risk. The latter assumes special significance in Assam because floods are a regular phenomenon in the state causing great havoc to agriculture every year. Winter or Sali paddy that has traditionally occupied a major share in the total cropped area is very vulnerable to frequent floods. The attitude towards risk has an important influence on the cropping pattern choice of the farmers. A diversified cropping pattern is suggested as an important strategy to cope with risk and uncertainty associated with agriculture due to climate and biological vagaries. Farmers, thus, try to minimise risk from various sources in their own way, often by adjusting the cropping pattern and/or cropping season. A choice of correct combinations of crops or cropping patterns can be used as a useful tool to minimise the possible devastations and damages from droughts and floods. The cropping pattern of Assam is largely dominated by paddy. The paddy grown in Assam is categorised into three types, viz, winter, autumn and summer paddy on the basis of their harvesting periods. Among the entire seasonal varieties, winter paddy is the

most popular one among the farmers owing to higher rainfall precipitation during the period of its cultivation. However, it is highly prone to risk because of the fact that floods take the most devastating form during this part of the year. Many farmers in the state have adopted a risk-averse strategy as a result of which there has been a decline in the acreage share of kharif food grains and an increase in rabi food grains and vegetables (Mandal, 2010, Pp. 78-80)<sup>7</sup>.

The nature of product-mix of a region depends on its cropping pattern. It can be safely assumed that marginal and small farmers are likely to grow relatively more of foodgrain crops to meet the consumption needs of their families. The big and large farmers are likely to grow more of non-food crops (Singh, 2000, Pp. 184)<sup>8</sup>. The cropping pattern is one of the most important factors that determine the level of income and employment on farms. The level of irrigation, size of holding and level of investment influences the cropping pattern (Bhat and Ahmad, 2005, Pp. 21)<sup>9</sup>.

The cropping pattern of KCC holders and Non-KCC holders on the different cropped land holding of different categories of four Development Blocks of Hailakandi district is shown in the table given below:

**Table No. 5.27: Cropping pattern of KCC holders and Non-KCC holders on different cropped land size**

Particulars	Landless		Marginal		Small		Large		Total	
	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC	KCC	Non-KCC
Summer / Boro*	2	1	7	7	0	5	0	0	9	13
Autumn / Ahu*	6	4	3	16	3	2	0	3	12	25
Winter / Sali*	59	71	70	63	24	29	9	13	162	176
Rabi food grains / Vegetables*	20	17	26	19	13	8	6	6	65	50
Total	81 (42.0)	73 (38.0)	76 (40.0)	75 (39.0)	26 (13.0)	29 (15.0)	9 (5.0)	15 (8.0)	192 (100.0)	192 (100.0)

Note: \* indicates farmer's responded more than one option.

Source: Compiled from Primary data.

The figures in the parenthesis indicate the percentage of farmers to total farmers.

## 5.11 CROPPING INTENSITY

There are only two ways to satisfy the increasing food and other demands of the country's rising population—either expanding the net area under cultivation or intensifying cropping over the existing area. Cropping intensity refers to raising of a number of crops from the same field during one agricultural year; it can be expressed through a formula.

$$\text{Cropping Intensity} = \text{Gross Cropped Area} / \text{Net Sown Area} \times 100$$

Thus, higher cropping intensity means that a higher proportion of the net sown area is being cropped more than once during one agricultural year. This also implies higher productivity per unit of arable land during one agricultural year.

Cropping intensity is an indicator of how intensively the land is being used. The manifestation of development and modernization of agriculture is reflected by cropping intensity. The cropping intensity decreases with the increase in the size of land holding (Singh, 2000, Pp. 185 to 188)<sup>10</sup>. The total cropping intensity of Hailakandi district is 150 percent in the year of 2012-13 as compared to 131 percent in the year of 2003-04.

Total estimated cropping intensity is 118.11 percent on KCC holders, it comes to 143.61 percent in the case of Non-KCC holders. The cropping intensity of KCC holders is the highest in 129.67 percent in Hailakandi Development Block and the lowest in 112.63 percent in Katlicherra Development Block where the cropping intensity of Non-KCC holders is the highest in 154.17 percent in Algapur Development Block and the lowest in 136.20 percent in Katlicherra Development Block. Across the different land holding categories under KCC and Non-KCC holders of four Development Blocks in Hailakandi district, variations in the cropping intensity are not very striking. In general, cropping intensity has an inverse relationship with the size of land holding in the entire Development Blocks of Hailakandi district.

The intensity of cropping for KCC holders and Non-KCC holders of four Development Blocks of Hailakandi district has been worked out in the table:



**Table No. 5.28: Cropping intensity on KCC and Non-KCC holders: Block-wise**

Name of the Blocks	Area in Hectares under KCC holders			Area in Hectares under Non-KCC holders		
	Gross Cropped Area	Net sown area	Cropping Intensity in %age	Gross Cropped Area	Net sown area	Cropping Intensity in %age
Hailakandi Block	33.7	25.99	129.67	62.5	43.93	142.27
Algapur Block	32.8	28.6	114.67	44.2	28.67	154.17
Lala Block	30.4	26.4	115.15	56.4	39.65	142.24
Katlicherra Block	25.6	22.73	112.63	34.8	25.55	136.20
Total	122.5	103.72	118.11	197.9	137.8	143.61

Source: Compiled from primary data records.

The table reveals that the cropping intensity was higher being 143.61 percent on non-beneficiary farms as compared to 118.11 percent on beneficiary farms. The higher intensity of cropping on non-beneficiary farms was associated with higher use of water, finance, men power, fertilizer, and other modern inputs used in the process of agricultural cultivation by the Non-KCC holders compared to KCC holders. It may thus be inferred that the Non-KCC holders of four Development Blocks made higher investment on fixed capital, had higher irrigation facilities and made higher investment on modern inputs which resulted in higher intensity of cropping on these farms as compared to KCC holders. The loaning by Public Sector Banks can help the non-beneficiary farms in acquiring higher assets resulting in better agriculture and better income.

#### **5.12 CRITERIA OF VALIDATION OF CLAIMS BY THE KCC HOLDERS IN HAILAKANDI DISTRICT DUE TO KCC**

The following table highlights the criteria of validation of claims by the KCC holders of four Developmental Blocks of Hailakandi district.

**Table No. 5.29: Criteria of validation of claims by the sample KCC respondents due to KCC**

(In Figure)

Name of the Blocks	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block		Total no. of respondents	
	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
Criteria of Claims due to KCC KCC holder=192										
Timely credit	29	19	25	23	27	21	31	17	112	80
Adequacy of credit	22	26	20	28	15	33	19	29	76	116
Simplified loan procedures	37	11	28	20	28	20	29	19	122	70
Estimation of repeated processing loan proposals	21	27	18	30	23	25	11	37	73	119
Low interest rate	36	12	33	15	31	17	26	22	126	66
High frequency of withdrawals and repayment	4	44	7	41	8	40	3	45	22	170
Symbol of prestige	7	41	9	39	5	43	16	32	37	155
Assured availability of loan	4	44	11	37	7	41	10	38	32	160
Benefits of crop insurance	5	43	7	41	3	45	2	46	17	175
Access to financial transactions	13	35	9	39	11	37	8	40	41	151
Benefit of early repayment of loan in a financial year	25	23	28	20	26	22	22	26	101	91
Revolving nature of credit availability	18	30	14	34	16	32	15	33	63	129
Flexibility of cash credit accessibility	48	0	48	0	48	0	48	0	192	0
Flexibility to withdraw cash credit from their designated branches of the district	0	48	0	48	0	48	0	48	0	192
Economising the time limit and superfluous transaction costs	46	2	39	9	41	7	37	11	163	29

Source: Compiled from primary data records.

The following Table highlights the validation of claims by the sample farmers due to KCC. The claims of KCC like timely credit, simplified loan procedures, low interest rate, benefit of early repayment of loan in a financial year, flexibility of cash credit accessibility and economising the time limit and superfluous transaction costs have been endorsed by majority of the sample units. The claim of adequacy of credit, assured availability of loan, revolving nature of credit availability and access to financial transactions have been endorsed only by the small percentage of sample units. Flexibility to withdraw cash credit from their designated branches of the district, benefits of crop insurance, high frequency of withdrawals and repayment are not greatly supported by the farmers.

**Table No. 5.30: Criteria of validation of claims by the sample KCC respondents due to KCC**

Sl. No.	Name of the Blocks	Hailakandi Block	Algapur Block	Lala Block	Katlicherra Block	Total no. of respondents
	Criteria of Claims due to KCC Total KCC holder =192 Each Block KCC holder = 48	Validity by % of sample farmers	Validity by % of sample farmers	Validity by % of sample farmers	Validity by % of sample farmers	Validity by % of sample farmers
1.	Timely credit	60.42	52.08	56.25	64.58	58.33
2.	Adequacy of credit	45.83	41.67	31.25	39.58	39.58
3.	Simplified loan procedures	77.08	58.33	58.33	60.42	63.54
4.	Estimation of repeated processing loan proposals	43.75	37.5	47.92	22.92	38.02
5.	Low interest rate	75	68.75	64.58	54.17	65.63
6.	High frequency of withdrawals and repayment	8.33	14.58	16.67	6.25	11.46
7.	Symbol of prestige	14.58	18.75	10.42	33.33	19.27
8.	Assured availability of loan	8.33	22.92	14.58	20.83	66.67
9.	Benefits of crop insurance	10.42	14.58	6.25	4.17	8.85
10.	Access to financial transactions	27.08	18.75	22.92	16.67	21.35
11.	Benefit of early repayment of loan in a financial year	52.08	58.33	54.17	45.83	52.60
12.	Revolving nature of credit availability	37.5	29.17	33.33	31.25	32.81
13.	Flexibility of cash credit accessibility	100.0	100.0	100.0	100.0	100.0
14.	Flexibility to withdraw cash credit from their designated branches of the district	0.00	0.00	0.00	0.00	0.00
15.	Economising the time limit and superfluous transaction costs	95.83	81.25	85.42	77.08	84.90

Source: Compiled from primary data records.

### 5.12.1 INADEQUACY OF BANK LOAN

Inadequate amount of loan affects its proper utilization to a great extent. This inadequacy often either leads to unproductive spending and in the long run, may turn out to be counter-productive and defeating the very objective of financing or compels the farmers to knock at the door of the professional money lenders. To save the weaker sections (poor farmers) from falling into the clutches of the private

moneylenders, it would be necessary for the banks to provide adequate amount of loan (Sivachithappa and Thimmaiya, 2010, Pp. 143)<sup>11</sup>.

**Table No. 5.31: Distribution of opinions about adequacy of credit due to KCC**

Name of the Blocks	Hailakandi Block		Algapur Block		Lala Block		Katlicherra Block		Total no. of respondents	
	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
Landless farmers	8 (36.0)	14 (54.0)	8 (40.0)	9 (32.0)	10 (67.0)	11 (33.0)	7 (37.0)	14 (48.0)	33 (43.0)	48 (42.0)
Marginal farmers	11 (50.0)	5 (19.0)	10 (50.0)	13 (46.0)	3 (20.0)	13 (40.0)	10 (53.0)	11 (38.0)	34 (45.0)	42 (36.0)
Small farmers	2 (9.0)	6 (23.0)	2 (10.0)	3 (11.0)	1 (7.0)	7 (21.0)	2 (10.0)	3 (10.0)	7 (9.0)	19 (16.0)
Large farmers	1 (5.0)	1 (4.0)	0 (0.00)	3 (11.0)	1 (6.0)	2 (6.0)	0 (0.00)	1 (4.0)	2 (3.0)	7 (6.0)
Total farmers	22 (46.0)	26 (54.0)	20 (42.0)	28 (58.0)	15 (31.0)	33 (69.0)	19 (40.0)	29 (60.0)	76 (40.0)	116 (60.0)
Total of Yes and No	48 (100.0)		48 (100.0)		48 (100.0)		48 (100.0)		192 (100.0)	
Mean	5.5	6.5	5	7	3.75	8.25	4.75	7.25	19	29
Std. Deviation	4.795 832	5.446 712	4.760 952	4.898 979	4.272 002	4.856 267	4.573 474	6.238 322	16.87 207	19.27 001
Minimum	1	1	2	3	1	2	2	1	2	7
Maximum	11	14	10	13	10	13	10	14	34	48

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

The analysis of adequacy of credit with reference to size of the farmers, it is found that in aggregate 60.0 per cent of farmers were not satisfied with the claim of KCC that it provides adequate credit to the farmers. Only 40.0 per cent of farmers were happy with the magnitude of the credit endorsed by KCC scheme. 42.0 per cent of landless farmers' category, 36.0 per cent of marginal farmers' category, 16.0 per cent of small farmers' category and 6.0 per cent of large farmers category farmers are not satisfied with the quantum credit provided by KCC scheme. In other words, most of the farmers of all land sizes of four Development Blocks are not happy and do not subscribe to the claim by KCC that it ensures adequate credit to all the size of farmers. Table depicts that opinion is usually opined by landless and marginal farmers, this amount is enough to maintain their activity. But in the case of small and large farmers or those who are intends to go for develop the land and purchasing bullock costs this amount is not adequate.

### 5.12.2 DIVERSION OF KCC LOAN

Kisan Credit Card Scheme aims at adequate and timely support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible and cost effective manner under the scheme (Mishra, 2002, Pp. 22)<sup>12</sup>. But in real practice, KCC loan is mis-utilized by the KCC holders from the different grounds. The following table highlights the reasons which led sample KCC holders to divert or mis-utilized their KCC loan.

**Table No. 5.32: Reasons for diversion of KCC loan by KCC respondents**

Sl. No	Reasons	Respondents	Per cent
1	Amount spent on private consumption	48	25.0
2	Repayment of old debts	35	18.0
3	Inadequate loan amount	13	7.0
4	Delay in disbursement of loan	12	6.0
5	Amount used in better manner	28	14.0
6	Other reasons	5	3.0
7	No diversion	51	27.0
8	Total	192	100.0

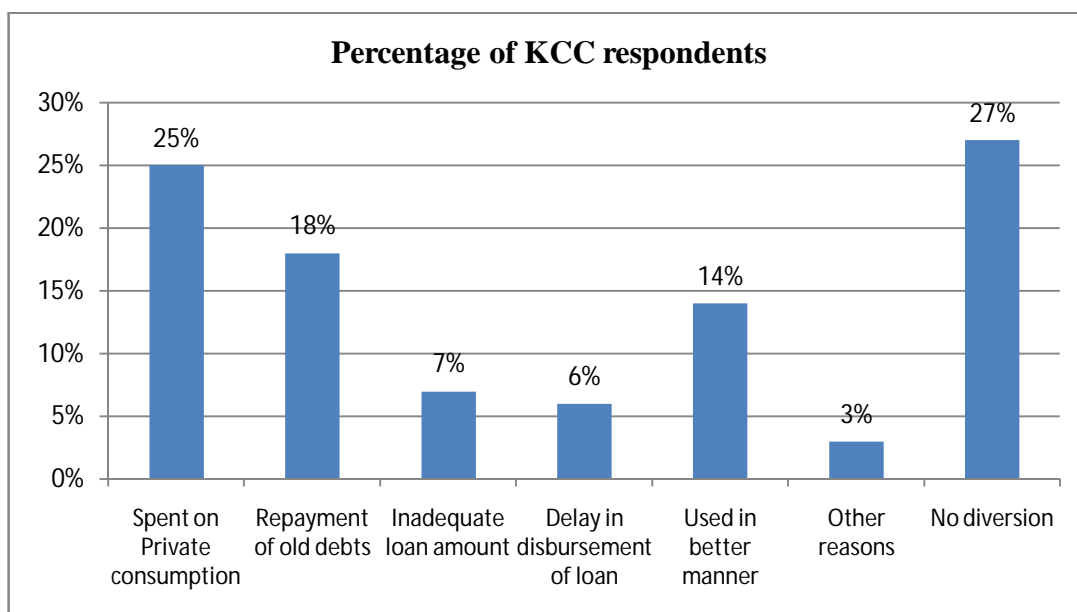
Source: Compiled from Primary data.

Table analyses data concerning diversion of loan amount by the sample KCC respondents. Out of 192 KCC respondents, in aggregate 27.0 per cent of loaners have used the KCC loan amount for the purpose it was borrowed, but the remaining 73.0 per cent of loaners have used the amount of loan for a purpose other than that for which it was provided. The analysis of the reasons for diversion of loan makes it clear that 25 per cent of loaners diverted the loan amount towards private consumption; 14.0 per cent of loaners used the loan amount in a better manner; 18.0 per cent of loaners made the diversion of loan for repayment of old debt; 6.0 per cent of loaners identified delay in disbursement of loan resulted in diversion of loan; in 7.0 per cent of loaners owing to inadequacy of loan amount; and in 3.0 per cent of loaners cases diversion was due to other reasons.

It is found that the most important reasons for diversion of KCC loan are spending on private consumption and repayment of old debt. The analysis brings to light that the pressing need of private consumption is one of the main reasons for diversion

of loan. Therefore, it is clear that whatever the amount provided as a consumption loan in addition to productive loans under KCC scheme is not adequate. Moreover, inadequacy of loan amount and require due attention of the agencies involved in poverty alleviation programme (Sivachithappa and Thimmaiya, 2010, Pp. 147)<sup>13</sup>.

**Chart 5.13: Percentages of KCC respondents responded different reasons for diversion of KCC loan**



Source: Compiled from Primary data.

### **5.12.3 REASONS FOR DIVERSION OF KCC LOAN BY KCC RESPONDENTS: BLOCK-WISE**

The following table highlights the reasons which led KCC holders of four Development Blocks of Hailakandi district to divert or mis-utilized their KCC loan.

In Hailakandi Development Block, 31.0 percent of KCC holders spent their KCC loan on private consumption and 15.0 percent used their KCC loan for repayment of old debts where 27.0 percent of KCC holders made no diversion and 13.0 percent of KCC holders used in better manner of their loan respectively. In Algapur Development Block, 33.0 percent of KCC holders made no diversion and 21.0 percent of KCC holders spent their KCC loan on private consumption. 17.0 percent used their KCC loan for repayment of old debts where 11.0 percent used their loan in a better manner. In Lala Development Block, 25 percent of KCC holders spent

their KCC loan on private consumption and 25 percent of KCC holders made no diversion. 21.0 percent used their KCC loan for repayment of old debts where 17.0 percent of KCC holders identified inadequate amount of KCC loan as a main reasons for mis-utilisation of their loan. In Katlicherra Development Block, 29.0 percent of KCC holders used their loan in a better manner and 23.0 percent of KCC holders spent their KCC loan on private consumption. 21.0 percent used their KCC loan for repayment of old debts where 21.0 percent of KCC holders made no diversion.

**Table No. 5.33: Reasons for diversion of KCC loan by KCC respondents:**

**Block-wise**

Sl. No	Reasons	Hailakandi Block	Algapur Block	Lala Block	Katlicherra Block	Total
1	Amount spent on private consumption	15 (31.0)	10 (21.0)	12 (25.0)	11 (23.0)	48 (25.0)
2	Repayment of old debts	7 (15.0)	8 (17.0)	10 (21.0)	10 (21.0)	35 (18.0)
3	Inadequate loan amount	2 (4.0)	3 (6.0)	8 (17.0)	0 (0.00)	13 (7.0)
4	Delay in disbursement of loan	4 (8.0)	3 (6.0)	3 (6.0)	2 (4.0)	12 (6.0)
5	Amount used in better manner	6 (13.0)	5 (11.0)	3(6.0)	14 (29.0)	28 (14.0)
6	Other reasons	1 (2.0)	3 (6.0)	0 (0.00)	1 (2.0)	5 (3.0)
7	No diversion	13 (27.0)	16 (33.0)	12 (25.0)	10 (21.0)	51 (27.0)
8	Total	48 (100.0)	48 (100.0)	48 (100.0)	48 (100.0)	192 (100.0)

Source: Compiled from Primary data.

Figures in the parenthesis indicate percentage.

**HYPOTHESIS NUMBER TWO:**

$H_0 =$  THERE IS NO SIGNIFICANT DIFFERENCE IN THE PRODUCTIVITY BETWEEN THE KCC HOLDERS AND NON-KCC HOLDERS.

Out of the 192 Non-KCC beneficiaries, 68 Non-KCC holders have taken informal loan for agricultural purposes where all 192 KCC beneficiaries have taken KCC loan from different Public Sector Banks.

	Changes in farming productivity		TOTAL
	Productivity increased holders	Productivity decreased holders	
KCC	44	148	192
NON-KCC	57	11	68
TOTAL	101	159	260

Source: Compiled from primary data records.

On the basis of this hypothesis, the expected frequency corresponding to the number of KCC holders and number of productivity increased holders would be

$$\text{Expectation of (AB)} = (A)X(B)/N = 192 \times 101 / 260 = 74.585$$

Now using the expectation of (AB), the table of expected values as follows:

	Productivity increased holders: B	Productivity decreased holders: b	TOTAL
KCC:A	AB= 74.585	Ab:= 117.415	192
NON-KCC:a	aB= 26.415	ab= 41.585	68
TOTAL	101	159	260

### Calculation of Chi-Square

Groups	Observed frequency	Expected frequency	$(O_{ij}-E_{ij})$	$(O_{ij}-E_{ij})^2$	$(O_{ij}-E_{ij})^2/E_{ij}$
AB	44	74.585	-30.585	935.442	12.542
Ab	148	117.415	30.585	935.442	7.967
aB	57	26.415	30.585	935.442	35.413
ab	11	41.585	-30.585	935.442	22.495

$$\chi^2 = \sum (O_{ij}-E_{ij})^2/E_{ij} = 78.417$$

Therefore, Degrees of freedom in this case= (r-1) (c-1) = (2-1) (2-1) =1.

The table value of  $\chi^2$  for 1 degree of freedom at 5 percent level of significance is 3.841. The calculated value 78.417 is much higher than table value and hence the result of the experiment does not support the hypothesis. It is significant. This means that there is significant difference in the productivity between KCC holders and Non-KCC holders.

### HYPOTHESIS NUMBER THREE:

H<sub>0</sub> =THERE IS NO SIGNIFICANT DIFFERENCE IN THE PROFIT BETWEEN THE KCC HOLDERS AND NON-KCC HOLDERS.

	Profit holders	Non-Profit holders	TOTAL
KCC	131	61	192
NON-KCC	158	34	192
TOTAL	289	95	384

Source: Compiled from primary data records.



On the basis of this hypothesis, the expected frequency corresponding to the number of KCC holders and number of profit holders would be

$$\text{Expectation of (AB)} = (A)X(B)/N = 192 \times 289 / 384 = 144.5$$

Now using the expectation of (AB), the table of expected values as follows:

	Profit holders: B	Non-Profit holders: b	TOTAL
KCC:A	AB= 144.5	Ab= 47.5	192
NON-KCC:a	aB=144.5	ab= 47.5	192
TOTAL	289	95	384

### Calculation of Chi-Square

Groups	Observed frequency	Expected frequency	$(O_{ij}-E_{ij})$	$(O_{ij}-E_{ij})^2$	$(O_{ij}-E_{ij})^2/E_{ij}$
AB	131	144.5	-13.5	182.25	1.261
Ab	61	47.5	13.5	182.25	3.837
aB	158	144.5	13.5	182.25	1.261
ab	34	47.5	-13.5	182.25	3.837

$$\chi^2 = \sum (o_{ij}-E_{ij})^2/E_{ij} = 10.196$$

Therefore, Degrees of freedom in this case= (r-1) (c-1) = (2-1) (2-1) =1.

The table value of  $\chi^2$  for 1 degree of freedom at 5 percent level of significance is 3.841. The calculated value 10.196 is much higher than table value and hence the result of the experiment does not support the hypothesis. It is significant. This means that there is significant difference in the profit between KCC holders and Non-KCC holders.