

## IMPACT OF KISAN CREDIT CARD ON PERSONAL FINANCIAL HEALTH OF FARMER IN ARVI AT WARDHA DISTRICT

**Adarsh Nandkishor Kadu**

*P.R. Pote Patil College of Enggining and Management, Amravati*  
adarshnkadu@gmail.com

**Prof. Vishal A. Ingle**

*P.R. Pote Patil College of Enggining and Management, Amravati*  
Email - vishalingole80@gmail.com

### Abstracts

*The Kisan Credit Card (KCC) scheme, introduced in 1998 by the Government of India, aims to provide farmers with easy access to credit for agricultural and allied activities. This study examines the impact of KCC on the personal financial health of farmers in Arvi Tahsil, Wardha District. Farmers often face financial instability due to unpredictable weather, fluctuating crop prices, and dependency on informal credit sources. The KCC scheme seeks to address these issues by offering affordable loans and reducing reliance on informal moneylenders. This research employs a descriptive research design, utilizing both primary data (collected through structured questionnaires from 100 farmers) and secondary data (sourced from NABARD reports, government publications, and academic studies). The study evaluates the benefits of KCC in enhancing financial stability, improving agricultural productivity, and addressing challenges such as procedural hurdles and repayment difficulties. Findings suggest that KCC has played a crucial role in improving farmers' access to credit, enabling them to invest in better farming practices, and reducing financial stress. However, challenges such as lack of awareness, bureaucratic delays, and repayment issues persist. The study highlights the need for policy improvements to enhance the effectiveness of the KCC scheme.*

**Keywords:** Kisan Credit Card, Agricultural Finance, Rural Credit, Financial Inclusion, Farmer Welfare

### Introduction

The Kisan Credit Card (KCC) scheme is a credit scheme introduced in August 1998 by Indian public sector organizations to issue kisan credit card to the farmers of India. This model scheme was prepared by the National Organization for Agriculture and Rural Development (NABARD) on the recommendations of the R. V. Gupta Committee to provide advances for agricultural needs. The Kisan Credit Card (KCC) scheme was introduced by the Government of India to provide farmers with easy access to credit for agricultural and related needs. Farmers often face financial challenges due to unpredictable weather, fluctuating crop prices, and limited savings. The KCC aims to address these issues by offering loans at affordable interest rates and reducing the dependence on informal moneylenders. This study will explore how KCC helps farmers manage their finances, improve their income stability, and invest in better agricultural practices. It will also examine whether KCC has reduced financial stress and improved the overall quality of life. The research will analyze the experiences of farmers who use KCC to understand its effectiveness in addressing their financial needs. It will also examine how the timely availability of credit impacts their ability to purchase seeds, fertilizers, and other inputs, ultimately affecting agricultural productivity. The study explores how KCC helps farmers manage their finances, enhances

income stability, and improves their overall quality of life. By analyzing the experiences of farmers who have availed of KCC, the study will evaluate its effectiveness in addressing financial needs, providing timely access to agricultural inputs, and boosting productivity. Additionally, the research will identify the challenges faced by farmers in accessing and utilizing the KCC scheme, including procedural hurdles, repayment issues, and lack of awareness. The findings will provide insights into how the scheme can be improved to better serve the farmers of Arvi Tahsil. The agricultural sector in India, particularly in regions like Vidarbha, faces numerous challenges that impact the financial well-being of farmers (Prakash Behere, 2008). These challenges include fragmented landholdings, rising cultivation costs, and limited access to resources and markets, rendering small-scale agriculture unsustainable (Priti Sharma, 2019). Farmers often grapple with yield, price, credit, income, and weather uncertainties (Mishra, 2006). The intricate interplay of these factors can lead to a precarious financial situation for farmers, underscoring the need for effective interventions. The Kisan Credit Card scheme, introduced in 1998, emerged as a pivotal initiative designed to provide farmers with timely and adequate credit to alleviate financial constraints and foster agricultural development (Das & Patnaik, 2020)

**Objectives of kisan credit card (KCC) scheme:**

1. Easy Access to Credit – Provide farmers with hassle-free, timely, and affordable credit for agricultural needs.
2. Low-Interest Rates & Subsidies – Offer loans at lower interest rates with government subsidies for timely repayment.
3. Promote Rural Financial Inclusion – Integrate farmers into the formal banking system, enabling better financial planning and savings.

**Review of Literature:**

Researchers have extensively studied the impact of agricultural financing and Kisan Credit Cards (KCCs) on farmers' financial health and agricultural productivity (Shubham Pratap Singh, 2024). that access to appropriate credit sources has been instrumental in reducing poverty and enhancing rural households' income. Recognizing the importance of the rural sector in the national economy, the government of India has taken several initiatives to strengthen the rural credit system (Anjani Kumar, 2020). n. The study suggests that in order to improve the performance of the scheme, banks should take measures to control their outstanding credit. On the other hand, the banks should also endeavour to issue more Kisan Credit Cards under the KCC scheme in order to achieve higher agricultural growth rate in Punjab (Dhaliwal, 2019) The Kisan Credit Card (KCC) scheme is an innovative step to help Indian farmers for fulfilment of country's agricultural production needs by accessing the short term credit from the nationalized financial institutions the study also says The KCC enables the farmers to purchase various agriculture products like seeds, pesticides, fertilizers and also facilitates for cash withdrawal to enhance the access to finance for the farmers and Financial Inclusion (FI) in India. (Chaudhary, 2022)

**Research problem**

This study assesses the impact of the Kisan Credit Card (KCC) scheme on farmers' financial health in Arvi Tahsil, Wardha District. It evaluates whether KCC provides effective financial support, enabling timely investments, managing expenses, and reducing reliance on informal credit. The study examines KCC's role in improving financial stability, reducing debt burden, and enhancing agricultural productivity. It explores how structured loans help in better income management and financial security while minimizing liquidity constraints. Additionally, it analyzes whether KCC loans reduce dependence on high-interest loans and promote long-term financial sustainability. The research also assesses the impact of KCC on timely investments in farm inputs, crop yield, and modern

farming practices, contributing to better resource management and sustainable agriculture.

**Objectives of the study**

- To examine the Kisan Credit Card scheme and the financial services it provides to farmers.
- To identify farmers' challenges in accessing and utilizing agricultural credit.
- To assess the influence of kisan credit card on personal financial stability and overall economic well-being of farmers.

**Research Methodology****Research design**

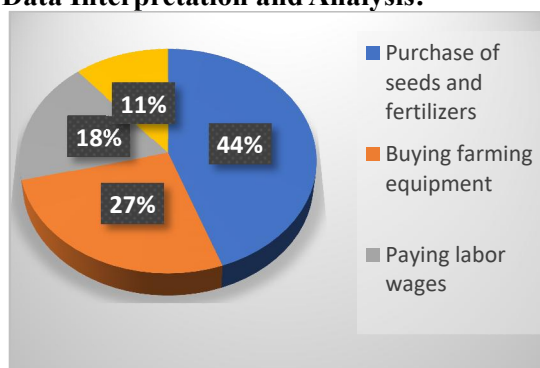
This study employs a descriptive research design to examine the impact of the Kisan Credit Card (KCC) scheme on the personal financial health of farmers in the Amravati district. It focuses on understanding farmers' experiences with the KCC scheme, including its benefits, challenges, and overall effectiveness in improving financial stability and agricultural productivity

**Sampling Design**

1. **Universe:** The universe consists of all farmers in Arvi Tahsil, Wardha District who are eligible for and use the KCC scheme.
2. **Population:** Farmers in Arvi Tahsil, Wardha District actively engaged in agricultural and allied activities and who have availed themselves of the KCC scheme.
3. **Sample unit:** Individual farmers holding a KCC.
4. **Sample Size:** A representative sample of approximately 100 farmers from various regions within Arvi Tahsil, Wardha District will be selected to ensure diversity in the dataset.
5. **Sampling Technique:** A stratified random sampling method will be employed, ensuring representation across different farm sizes.

**Data Collection Methods**

1. **Primary Data:** o Structured questionnaires will be administered to farmers to gather information about their financial practices, credit usage, challenges, and outcomes associated with the KCC scheme.
2. **Secondary Data:** official website of NABARD and the Ministry of Agriculture on KCC scheme performance. Academic papers, and studies on KCC and rural credit in India.

**Data Interpretation and Analysis:**

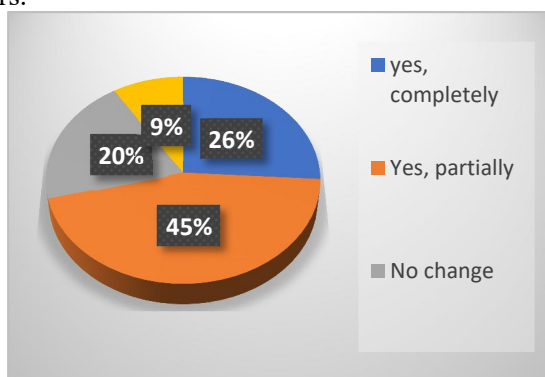
Primary use of your Kisan credit card

primary use of loan	No. of respondent	Percentage
Purchase of seeds fertilizers	44	44%
Buying farming equipment	27	27%
Paying labor wages	18	18%
Other expenses	11	11%

Figure 1. Chart and diagram

**Primary use of loan:**

The primary uses of Kisan Credit Card (KCC) loans, with most farmers utilizing them for purchasing seeds and fertilizers (44%), followed by farming equipment (27%), labor wages (18%), and other expenses (11%). This data highlights the essential role of KCC in supporting agricultural productivity, mechanization, and labor needs. The findings emphasize the importance of credit accessibility in enhancing farm operations and guide policymakers in refining financial support for farmers.



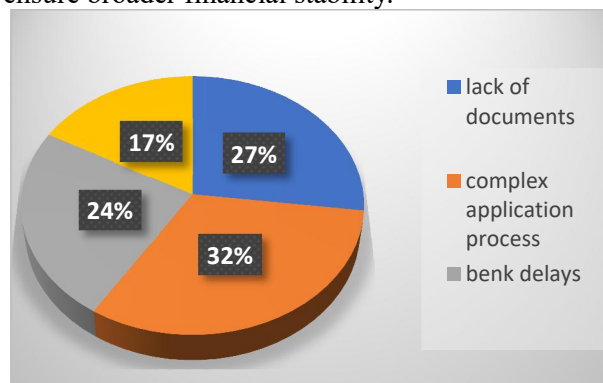
Kisan Credit Card (KCC) impacted your financial stability

Financial Stability	No of Respondent	Percentage
Improved significantly	52	52%
Improved slightly	26	26%
No change	22	22%
Deteriorated	0	0%
Total	100	100%

Figure 2. Chart and diagram

**Financial Stability**

The survey results reveal that 78% of respondents experienced an improvement in financial stability, with 52% reporting significant improvement and 26% seeing slight progress, while 22% noted no change. Notably, none reported a deterioration, suggesting overall positive financial trends. These findings indicate that economic conditions or financial strategies have been beneficial, though some individuals may not have experienced the same level of improvement. This highlights the need for continued financial support initiatives to ensure broader financial stability.



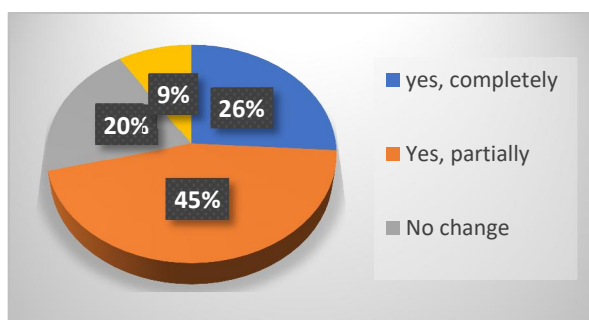
Challenges faced in obtaining a kisan credit card

Challenges faced	No. of respondent	percentage
Lack of document	27	27%
Complex application process	32	32%
Bank delays	24	24%
Lack of awareness	17	17%

Figure 3.chart and diagram

**Challenges faced**

The challenges faced by farmers in obtaining a Kisan Credit Card (KCC). The most significant issue is the complex application process (32%), which suggests that bureaucratic hurdles and lengthy procedures make it difficult for farmers to access credit. Lack of documents (27%) is another major barrier, indicating that many farmers struggle with meeting documentation requirements. Bank delays (24%) show inefficiencies in processing applications, causing financial uncertainty. Lastly, lack of awareness (17%) reflects a knowledge gap among farmers about the benefits and procedures of the KCC scheme.



- Do you feel KCC has reduced your dependency on informal money lenders

Reduced Dependency	No of Respondent	Percentage
yes, completely	26	26%
Yes, partially	45	45%
No change	20	20%
No, dependency has increased	9	9%
Total	100	100%

Figure 4. Chart and diagram

#### Farmer dependency on money lenders:

The Kisan Credit Card (KCC) has helped reduce financial dependency for many farmers, with 26% completely and 45% partially relying less on informal credit. However, 20% saw no change, possibly due to credit limits or accessibility issues. Notably, 9% reported increased dependency, indicating rising costs or repayment challenges. While KCC benefits many, improvements are needed for better financial stability.

#### Finding:

The survey findings indicate that 78% of respondents experienced improved financial stability, with 52% reporting significant improvement and 26% seeing slight progress. Notably, none of the respondents reported financial deterioration, suggesting that economic conditions, financial policies, or personal financial strategies have been largely effective in fostering stability. However, 22% of respondents saw no change in their financial situation, highlighting that while the overall trend is positive, some individuals may face barriers to financial growth, such as limited access to opportunities or external economic challenges. These results emphasize the importance of continued financial support, targeted economic policies, and financial literacy programs to ensure broader financial stability and inclusivity across different demographic groups.

**Conclusion:** This study, focused on farmers in Arvi Tahsil, Wardha District, highlights the benefits of KCC in enabling timely investments in agricultural inputs, enhancing productivity, and reducing reliance on informal moneylenders. The

findings indicate that a majority of farmers use KCC loans for purchasing seeds, fertilizers, and farming equipment, which directly contributes to better farm management and income generation. The study also identifies key challenges that hinder the effective utilization of the scheme. These include a complex application process, lack of necessary documentation, delays in loan processing by banks, and low awareness among farmers. Addressing these challenges through policy interventions, simplified procedures, and awareness programs can significantly improve the reach and effectiveness of the KCC scheme.

#### References

1. Anjani Kumar, A. K. (2020). Access to Credit and Economic Well-Being of Rural household. *Journal of Agricultural and Resource Economics*, 145-160.
2. Chaudhary, J. M. (2022). Kisan Credit Card and its Impact on Financial Inclusion in India. *International Journal of Scientific and Management Research*, 80-86.
3. Chaudhary, J. M. (2022). Kisan Credit Card and its Impact on Financial Inclusion in India. *International Journal of Scientific and Management Research*, 80-86. doi: <http://doi.org/10.37502/IJSMR.2022.5206>
4. Das, A., & Patnaik, N. M. (2020). Innovations in Agricultural Credit Disbursement and Payment Systems for Financial Inclusion in Rural India. *Int.J.Curr.Microbiol.App.Sci*, 11-18.
5. Dhaliwal, H. K. (2019). Performance of Kisan Credit Card Scheme by Regional Rural Banks in Punjab. *Journal of Business Thought*.
6. Mishra, S. (2006). Farmers' Suicides in Maharashtra. *Economic and Political Weekly*, 1538-1545.
7. Prakash Behere, P. B. (2008). Farmers' suicide in Vidarbha region of Maharashtra state: A myth or reality? *Indian Journal of Psychiatry*, 124-128.
8. Priti Sharma, H. U. (2019). Role of Government, Private and Cooperative Stakeholders in Development and promotion of Financial Products: A Study of Farmers Producers Organisations (FPOs). *International Journal of Innovative Technology and Exploring Engineering*, 19-28. doi: 10.35940/ijitee.L1004.10812S319
9. Shubham Pratap Singh, V. P. (2024). Agricultural Credit's Impact On Cultivation Of Crops: A Study Of Kisan Credit Card Scheme. *Academy of Marketing Studies Journal*, 1-8.