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The Major Constraints in the Operation of KCC Scheme in Punjab

Dr. Kavita Devi

ABSTRACT: Almost 75 per cent of the nation's population resides in rural regions that are either directly or indirectly related to agriculture (Salami et al., 2010). The present study was conducted in Mansa district of Punjab state during 2020-21 with main objective to find out the constraints in utilization of KCC by the respondents and to seek the suggestions from the KCC holders, to overcome the constraints faced by them. The total sample for the present study was 120. The Ex-post facto research design was used for conducting the study. The data were collected through semi-structured interview schedule and collected data processed and statistically analyzed by frequency and percentages. The lack of communication between beneficiaries and officers emerges as a pervasive issue, were the main constraints in front of 85 per cent respondents. Another major constraint is the untimely availability of credit, affecting by the kcc beneficiaries. Whereas, the major constraints perceived by non-beneficiary farmers in Mansa District include lengthy paperwork, landholding issues, and lack of knowledge about the KCC scheme. Addressing these concerns should be prioritized to enhance the inclusivity and effectiveness of the scheme in the district. Additionally, tailored strategies are required to alleviate less significant constraints, such as the fear of defaulting and difficulties in opening bank accounts, based on the specific needs of each farmer category.

KEYWORDS: Kcc beneficiaries, non-kcc beneficiaries and bank officials.

INTRODUCTION

Agriculture has also been the primary source of livelihood for around 57.8 per cent of the rural households of the country (NSSO, 2021). In India, the demand for industrial products is fulfilled by agriculture. If the agricultural sector grows at a rate of 3–4 per cent, the industrial sector will grows at a rate of more than 6 per cent (NABARD, 2019). In developing nation like India, agricultural sector contributes towards the growth of industrial sector. The agriculture sector has changed significantly in order to satisfy the needs of a sizable portion of the economy. Agriculture used to produce at a subsistence level, but now it focuses on the market. Additionally, cropping patterns have shifted from traditional crops to high-value commodities and new markets as a result of agriculture's commercialization and diversification (Samantara, 2015). Further funding is needed for technological advancement and commercialization. Credit is essential for meeting capital investment demands, and institutional credit is a critical prerequisite for achieving the necessary rate of development in agriculture (Mohan and Naidu, 2018). Following the green revolution in 1960, the use of chemical fertilizers, irrigation, high-yield variety (HYV) seeds, chemical pesticides, chemical herbicides, and weedicides, among other contemporary farming techniques, led to a sharp rise in the demand for agricultural financing. The farmers can obtain the necessary funds from financial institution to purchase the necessary resources requirement for agricultural sector. Long-term credit is used for investment purposes, whereas short-term credit borides money to the farmers for purchasing supplies and other services (Hussain and Taqi, 2014). The Indian government has periodically launched a number of plans and initiatives to direct funding into the nation's rural areas in order to give farmers access to enough credit (Kaur and Dhaliwal, 2018). The Government of India established the KCC credit in 1998–1999 (Sirisha and Malyadri, 2011). Following the recommendations of the Gupta committee and in cooperation with few large banks, the National Bank for Agriculture and Rural Development (NABARD) created this plan. Beneficiaries covered by the KCC program are given a credit card and passbook, which combines their name, address, and information on their hand borrowing limits and validity. The program is now being implemented in all states and all union territories. The KCC plan has been implemented in India by public sector commercial banks, cooperative banks, and regional rural banks (Mehta et al. 2016).

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METHODOLOGY

The study focuses constraints faced by both beneficiary and non- beneficiary farmers, as well as insights from bank officials, provides a comprehensive understanding of the operational challenges encountered in the implementation of the Kisan Credit Card (KCC) scheme in Punjab. The primary crop rice has been chosen based on the maximum area covered by the crop in the study region area for the year 2019-20.

Results and discussion

The Kisan Credit Card (KCC) scheme has been in effective in India since its inception. It involves three types of agencies, commercial banks, Regional Rural Banks (RRBs) and co-operative banks that aim to provide timely credit support to farmers for their production needs. Despite the numerous advantages of the scheme, some constraints have emerged in recent years hindering its successful implementation. These constraints affect both the farmers and the implementing agencies. Therefore to achieve the objective of the KCC scheme and extend its benefits to the maximum number of farmers, it is crucial to identify and address the various constraints that hinder its operation. With this perspective, the paper endeavors to pinpoint the constraints faced by beneficiaries, non-beneficiaries and bank officials in the district of Punjab.

This segment focuses on the constraints perceived by beneficiary farmers in effectively implementing the Kisan Credit Card (KCC) scheme in Punjab.

Table-1: Constraints in Operation of KCC Scheme as Perceived by Beneficiary Farmers in Mansa District (Punjab)

Constraints	**Categories of Beneficiaries**							
	Small		**Medium**		**Large**		**Total**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Untimely available of credit	15	75.00	18	90.00	10	50.00	43	71.67
Too many intermediaries	14	70.00	11	55.00	10	50.00	35	58.33
Lack of proper management for with drawls on KCC	17	85.00	16	80.00	15	75.00	48	80.00
Lack of support of the bank manager	17	85.00	15	75.00	8	40.00	40	66.67
Lack of awareness about the benefits of scheme	18	90.00	17	85.00	15	75.00	50	83.33
Illiteracy of farmers	11	55.00	10	50.00	8	40.00	29	48.33
lack of communication between beneficiaries and officers	18	90.00	16	80.00	17	85.00	51	85.00
High rate of interest on loan	17	85.00	17	85.00	14	70.00	48	80.00
Lack of obtaining suitable securities and finding of guarantor	17	85.00	15	75.00	11	55.00	43	71.67
Location difficulty	15	75.00	16	80.00	15	75.00	46	76.67

Source: Field Survey

The respondents, who are beneficiary farmers, identified significant challenges hindering the successful operation of the KCC scheme in Punjab.

The table 1 outline reveals several major constraints stand out across all categories. Firstly, the lack of communication between beneficiaries and officers emerges as a pervasive issue, with 85% of small farmers, 80% of medium farmers, and 85% of large farmers expressing concern. This signifies a critical need for improved communication channels to enhance the efficiency of the KCC scheme. Another major constraint is the untimely availability of credit, affecting 75.% of small farmers, 90% of medium farmers, and 50% of large farmers. This discrepancy highlights a substantial challenge in ensuring timely credit access, particularly for medium-sized farmers who face the highest impact.

On the other hand, certain constraints exhibit varying degrees of importance across farmer categories. Lack of support from the bank manager, for instance, is identified as a significant issue for small (85%) and medium (75%) farmers but is less pronounced among large farmers (40%). This implies a need for targeted interventions to enhance bank manager support, particularly for small and medium farmers.

The table 2 illustrates the perceived constraints hindering the effective implementation of the Kisan Credit Card (KCC) scheme among non-beneficiary farmers in Mansa District.

Table-2: Constraints in Operation of KCC Scheme as Perceived by Non-Beneficiary Farmers in Mansa District (Punjab)

Constraints	Categories of Non-Beneficiaries							
	Small		Medium		Large		Total	
	No.	%	No.	%	No.	%	No.	%
Lengthy paper work	15	75.00	17	85.00	15	75.00	47	78.33
The problem of land holding	16	80.00	16	80.00	11	55.00	43	71.67
Lack of knowledge and awareness about the benefits of the scheme	17	85.00	16	80.00	12	60.00	45	75.00
Difficult in opening a bank account	16	80.00	15	75.00	10	50.00	41	68.33
Location Difficulty	18	90.00	17	85.00	12	60.00	47	78.33
Timely unavailable of loan	17	85.00	17	85.00	13	65.00	47	78.33
Fear of being a defaulter	16	80.00	14	70.00	9	45.00	39	65.00
Credit limit is not sufficient	11	55.00	15	75.00	15	75.00	41	68.33
Too many intermediaries	17	85.00	15	75.00	11	55.00	43	71.67
High interest Rate on loan	17	85.00	16	80.00	11	55.00	44	73.33
Lack of Motivation from official	16	80.00	16	80.00	10	50.00	42	70.00

Source: Field Survey

Several key constraints emerge, shedding light on the challenges faced by farmers of different categories. Lengthy paperwork stands out as a significant hurdle, affecting 75.00% of small farmers, 85.00% of medium farmers, and 75.00% of large farmers, thereby indicating a widespread administrative challenge that needs streamlining to facilitate broader participation in the KCC scheme.

The problem of landholding is another prominent constraint, with 80.00% of small and medium farmers and 55.00% of large farmers expressing concern. In especially for larger farmers, this highlights the need for customized measures addressing land-related challenges to guarantee equitable access to the advantages of the KCC program. Lack of knowledge and awareness about the benefits of the scheme is reported by 85.00% of small farmers, 80.00% of medium farmers, and 60.00% of large farmers. Among the least impactful constraints, the fear of being a defaulter is reported by 80.00% of small farmers, 70.00% of medium farmers, and 45.00% of large farmers. Similarly, difficulties in opening a bank account affect 80.00% of small farmers, 75.00% of medium farmers, and 50.00% of large farmers. These constraints, while still significant, indicate that for larger farmers, concerns about defaulting and bank account accessibility are relatively less pronounced.

The table 3 elucidates the constraints perceived by bank officials in Mansa District concerning the operation of the Kisan Credit Card (KCC) scheme. The data indicates the number of bank managers and the corresponding percentages associated with each constraint.

Table-3 Constraints in Operation of KCC Scheme as Perceived by Bank officials in Mansa District (Punjab)

Constraints	No. of bank managers	Percentage
Defaulter	4	66.67
Non- submission of purchase bills	4	66.67
Unsatisfactory recovery position	5	83.33
Delay in repayment	4	66.67
Pressure of recovery	3	50.00

Source: Field Survey

A noteworthy challenge highlighted by bank officials in Mansa District is the issue of an unsatisfactory recovery position, with 83.33% of bank managers expressing concern. This underscores the critical importance of maintaining a robust and effective recovery system to ensure the financial stability of the KCC scheme. A suboptimal recovery position can lead to financial risks and impact the overall success of the program.

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Both defaulters and non-submission of purchase bills are identified as significant constraints, with 66.67% of bank managers reporting these issues. Managing defaulters is a complex task that requires time and resources, while the non-submission of purchase bills may hinder transparency and accountability in fund utilization. These challenges collectively highlight the need for improved monitoring and enforcement mechanisms within the KCC scheme. The delay in repayment is recognized as a moderately impactful constraint, with 66.67% of bank managers identifying this issue. While not as prevalent as other challenges, delays in repayment can still affect the smooth operation of the scheme and necessitate attention for timely resolution.

The pressure of recovery is perceived as a relatively less impactful constraint, with 50.00% of bank managers expressing concern. While still relevant, it is considered a comparatively lesser challenge in the context of the overall operation of the KCC scheme in Mansa District.

CONCLUSION

The results of this study found that the lack of communication and untimely credit availability represent major hurdles for all beneficiary farmer categories, indicating the critical nature of addressing these issues for successful KCC scheme implementation. Tailored strategies are required to alleviate concerns related to bank manager support, whereas efforts to mitigate illiteracy appear to have made strides, particularly among larger farmers. The nuanced understanding of these constraints offers valuable insights for policymakers and stakeholders to formulate targeted interventions and support mechanisms in the Mansa district of Punjab. The major constraints perceived by non-beneficiary farmers in Mansa District include lengthy paperwork, landholding issues, and lack of knowledge about the KCC scheme. Addressing these concerns should be prioritized to enhance the inclusivity and effectiveness of the scheme in the district. Additionally, tailored strategies are required to alleviate less significant constraints, such as the fear of defaulting and difficulties in opening bank accounts, based on the specific needs of each farmer category. An unsatisfactory recovery position, defaulters, and non-submission of purchase bills are major constraints perceived by bank officials in Mansa District. The delay in repayment is a moderate concern, and the pressure of recovery is considered a relatively less impactful constraint. This nuanced understanding of constraints is essential for implementing targeted strategies to address issues and enhance the operational efficiency of the KCC scheme in the district.

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