

Kisan Card and Problems Faced by Farmers in Accessing Agricultural Credit: A Case Study of Kalyana Karnataka

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DOI: <https://doi.org/10.51583/IJLTEMAS.2025.1409000007>

Abstract: Agricultural credit in Karnataka primarily comes from cooperative banks, regional rural banks, and commercial banks, often supported by government schemes offering interest subsidies and loans for various agricultural and allied activities. The Government of Karnataka mainly provides schemes such as the Kisan Credit Card (KCC) for crop loans, loans for animal husbandry and fisheries, and other schemes like Ganga Kalyana for irrigation. The progress of agricultural credit in India, especially in the Kalyana Karnataka region, has depended crucially on government intervention over the years. This empirical study attempts to examine the role of banks in providing agricultural finance and to suggest some framework changes to address farmers' problems and build a sound financing system for the future. Agricultural Credit during 2023–24, the disbursement of agricultural credit during 2023–24 was ₹25.10 lakh crore against the target of ₹20.00 lakh crore, indicating an achievement of 125%. Commercial banks, RRBs, and cooperative banks accounted for 75%, 13%, and 12% of the total disbursement, respectively.

Key words: Agricultural Loan, Credit, Banks, Economic Development

I. Introduction:

Agricultural credit continues to be a vital strategy for developing the agricultural sector in Karnataka. This study focuses on the problems faced by farmers in Kalyana Karnataka regarding credit access and their outcomes. Findings reveal that the institutional credit needs of the farming community have shown an increasing trend. A non-probability three-stage stratified sampling method was used. In the first stage, the study area—Kalyana Karnataka—was selected. In the second stage, districts such as Bidar, Gulbarga, Yadgir, Raichur, Koppal, Vijayapura, and Ballari were chosen based on production levels. In the third stage, simple random sampling was applied to select 500 respondents, including marginal, small, medium, and large farmers from each district. The study reveals that although formal credit for agriculture has increased rapidly, it has not met the full needs of farmers in the region. Farmers often resort to informal credit for both productive and unproductive needs. Access to credit has been constrained by the inability to provide collateral, high interest rates, cumbersome loan procedures, and lack of awareness about interest subvention schemes.

II. Review of Literature:

Vijay Kumar Hemappa Manegar (2015), in his article entitled “Problems faced by farmers in Karnataka”, is enlighten the many problems like social, economic and political problems facing by the former due to lack of awareness of various schemes introduced by the government of Karnataka.

Dr. K. Shobha, and K. Siji (2018): in their article entitled “Problems Faced by Farmers in Accessing Agricultural Credit with Special Reference to Malur in Kolar District of Karnataka”. The analysis brings out the problems faced in accessing agricultural credit. The access of farmers to credit has been constrained by their inability to offer the collateral, high interest rate, cumbersome process of getting loan and lack of awareness about interest subvention scheme.

Mahesh (2023) in his study entitled “Role of Agri Finance for Commercial Crops in Karnataka”, this is a descriptive research paper provides brief view regarding agricultural finance for commercial crops in Karnataka. Agricultural finance means studying, examining and analysing the financial aspects pertaining to agriculture and allied activities in Karnataka Farmers in developing countries have some of the riskiest and toughest jobs in the world.

Dr. Shivaraj K N, Dr. Parameshwara Naik (2024), in their paper entitled “An Analytical Study On Agricultural Credit In Karnataka”, focuses the agricultural sector in India encounters numerous challenges, with finance being a fundamental issue. Sufficient financial support is crucial for achieving rapid growth in this sector. In this context, the present study aims to examine the role of cooperative banks in agricultural finance within the state of Karnataka.

Rajesh, B and Dr. Harisha N, (2025) in their article entitled “An Overview of Crop Loans in Karnataka”, the present paper attempted to address the origin of crop loans in India, the performance of the financial institutions in providing crop loans, and the impacts of crop loans on the agriculture sector in Karnataka, as well as give some suggestions for improvement.

Objectives of The Study:

1. To examine the socio-economic characteristics of farmers and to identify farmer's problems faced in availing credit for agriculture.
2. To Study the Various Schemes Offered by the Government of Karnataka for farmers development specially Kisan Credit Card (KCC).

3. The hypothesis tested was there was no significant difference in the problems faced by farmers in Kalyana Karnataka.

Scope of The Study

The scope of the present study is to identify the problems faced by farmers in accessing credit from banks in Kalyana Karnataka and to suggest framework changes regarding these problems, with the aim of establishing a sound financing system for the future.

III. Methodology:

The present study is based on both primary as well as secondary data. Primary data has been collected through structured questionnaire and personal discussion with farmers in Kalyana Karnataka Region. The secondary data was collected from various committees' reports, RBI bulletin are collected from our research point of view from the books, journals, annual reports and official records of the Banks.

Sample Size and Tools and Techniques:

The sample of the respondents is based on the random sampling method. The researcher visited to their working place and discussed with them, and took 300 respondents from banks in Kalyana Karnataka Region. Sampling plays a vital role in carrying out any research. Simple average, percentage method and chi-square test has been applied to the present study.

Policy Implications:

Here are recommended interventions that might help alleviate the identified problems, especially in Karnataka:

- Simplify documentation: Use of digital land records; Aadhaar / biometric verification; acceptance of alternate proof of land / tenancy; relax demand for multiple certificates.
- Increase scale of finance / credit limits to reflect actual input costs and inflation; timely revision of scale of finance by district committees.
- Strengthen bank-farmer linkages: more branches, business correspondents; mobile banking / digital disbursement; reduce delays.
- Improve awareness: campaigns via extension services; training; use of local language; information on scheme features (interest subvention, insurance, rights).
- Better risk management: more robust crop insurance / weather indices; compensation in case of natural calamities; stabilizing market prices; support for procurement.
- Incentivize repayment and discipline: prompt repayment incentives; maybe linkage with other services; transparency in NPA classification; avoid political interference.
- Capacity building of banks / cooperatives: better training, staffing, accountability; also use technology to reduce costs.
- Focus on small / marginal farmers: special provisions for them (lower collateral / security; perhaps grants or revolving funds).
- Monitoring and evaluation: district level tracking of KCC performance; periodic audits; community involvement.

Kisan Credit Card (KCC) scheme was introduced to simplify the process of providing short term credit to farmers and ensure timely access to adequate funds for their agricultural and allied activities; both for their input purchase and working capital needs. KCCs have reduced the dependence on informal credit sources and have provided farmers flexibility in credit utilization. The KCC scheme has been instrumental in improving farmer's financial inclusion. In Karnataka a total number of 24,78,271 Kisan Credit Cards have been issued with sanctioned loan of ₹31,099.57 crore from April to September 2024. KCC AH O/S as on 30.09.2024 amounts to ₹1,029 Crore for 1,88,920 accounts. KCC Fisheries O/S as on 30.09.2024 amounts to ₹ 326.88 crore for 19,634 accounts. Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) was launched on December 1, 2018 to provide direct income support to farmers for meeting their agricultural and domestic needs with a special focus on small and marginal farmers. Eligible farmers receive ₹6000 per year in three equal installments directly in their bank accounts through DBT. The scheme is fully implemented using digital platform for transparency and there is a dedicated portal pmkisan.gov.in for registration, tracking of installments and grievance redressal. As on October 2024, 4670456 eligible farmer beneficiaries have been identified under PMKISAN in Karnataka.

The State has allocated 6.8% of its total expenditure towards agriculture for FY 2024-25, which is higher than the average expenditure on agriculture by all States (5.9%). Overall, budget estimate (Consolidated Fund) for 2024-25 is ₹ 3, 71,383 crore and allocation for agriculture and allied activities is ₹ 23,357 crore, which is 15% higher from previous year's budget allocation.

1. Implementation of 'Karnataka Raitha Samruddhi Yojane' to encourage integrated farming by consolidating various pro-farmer schemes.

2. Formation of Agriculture Development Authority under the Chairmanship of Hon'ble Chief Minister to facilitate effective implementation of policies related to agriculture and allied activities coming under various departments.
 3. Commencement of new programme called **"Namma Millet"** to provide processed millets and value-added millet preparations at affordable prices.
 4. Introduction of e-SAP software developed by University of Agriculture Sciences, Raichur to advise farmers on soil, pests, diseases and nutrient management.
 5. Formation of separate Food Processing Commissioner ate under Agriculture Department for effective performance of food processing industry.
 6. ₹ 80 crore is provided under PMFME Programme to promote the export of agricultural and horticultural produce and strengthen the Karnataka State Agricultural Products Processing and Export Corporation (KAPPEC).
 7. Establishment of Food parks at Airports in Sogane of Shivamogga, Ittangihala of Vijayapura and Pujenahalli of Bengaluru Rural district.
 8. Development of database to forecast crop productivity using modern technologies in Agriculture.
 9. During 2024-25, the Government has fixed ₹ 27,000 crore as the target for providing crop loan through the cooperative banks to more than ₹36 lakh famers.
 10. Release of pending dues of ₹132 crore under crop loan waiver scheme to the DCC banks.
 11. ₹450 crore of financial assistance to DCC/PCARDB banks for waiving off interest on medium and long-term overdue loans.
 12. Interest subsidy of 6% to TAPCMS for construction of godowns.
 13. Amendment to the Acts to bring reservation in governing body of secondary, federal and apex co-operative societies.
 14. To supplement the efforts of co-operation sector in providing market linkages and value addition, the following measures will be taken by the Agricultural Marketing Department:
 - a. Construction of 7 cold storages at a total cost of ₹130 crore.
 - b. Setting up of dry chilli market in Raichur and Ranebennur.
 - c. Establishment of modern agricultural complex at Mangaluru, at a cost of ₹ 35 crore.
 - d. Digitisation of all activities of all APMCs at a cost of ₹10 crore.
 - e. Setting up of weigh bridges with the support of APMCs near all the sugar factories to protect the sugarcane growers against any fraud at the time of weighment.
 15. Various lift irrigations schemes, at an estimated cost of ₹7280 crore will be implemented to create irrigation facility of 97,698 hectares by Karnataka Neeravari Nigam.
 - a. Under Krishna Bhagya Jala Nigam, Lift irrigation projects to be implemented with ₹3,779 crore and irrigation potential of 1,09,350 hectares.
 - b. 115 water conservation works will be taken up at an estimated cost of ₹200 crore.
 - c. The 455 crore K.C. Valley -2 project filling 272 tanks will be completed.
 - d. 9,450 km long rural roads to be developed with an estimated cost of ₹5,200 crore under Pragati Patha.
 - e. 1,150 km rural roads to be developed at an estimated cost of ₹1,000 crore under Kalyana Patha programme.
 - f. 16 crore person days will be created under MGNREGA during 2024-25.
- XVI. The functioning of rural local bodies to be reformed with the measures such as transfer of panchayath staff through counselling, Gram Panchayth Asset Monetisation policy to be launched, e-office in all Gram Panchayaths, making all sevasindhu services available in Bapuji Seva Kendras, Automatic renewal of Trade licenses, etc.
- XVII. Solar street lights to be installed in 50 panchayaths and systematic metering to be done in 200 Panchayaths to reduce electricity charges. xviii. Circular economy to be encouraged for sustainable solid waste management in rural areas.

Data Analysis and Interpretation

Socio- Economic Conditions of Farmers

An examination into the socio-economic conditions of farmers is highly essential. It is important in determining the living conditions and standard of living of farmers. The variables associated with farming are age, religion, income, education qualification”.

Table – 1: Socio – Economic Conditions of Farmers

Socio- Economic Conditions of Farmers	Types of Farmers				Total
	Large	Medium	Small	Marginal	
Age group of the Respondents					
20-30 years	00	04	04	00	08 (2.67)
30-40 years	21	30	84	00	135 (45)
40-50 years	13	18	67	22	120 (40)
Above 50	6	9	17	5	37 (12.3)
Religion					
Hindu	23	46	132	14	215 (71.67)
Christian	0	7	15	8	30 (10)
Muslim	1	8	18	7	35 (11.67)
Others	0	7	9	4	20 (6.67)
Monthly Income Level					
Below 15000	0	0	12	3	35 (11.67)
15000-30000	10	23	31	19	83 (27.67)
30000-45000	17	34	77	28	156 (52)
Above 45000	0	4	19	2	25 (8.33)
Educational Background					
Below SSLC	00	00	37	9	46 (15.33)
PUC	29	41	77	25	172 (57.33)
Degree	05	18	29	6	58 (19.33)
Other / Higher Education	02	10	9	3	24 (8)

(Source: Field Survey)

Table 1 shows the socio-economic condition / background of the formers. Socio-Economic Conditions of Farmers (Analysis)

1. Age Profile

- Majority of farmers (85%) fall in the 30–50 year age group, showing farming is largely practiced by the middle-aged population.
- Very few young farmers (<30 years = 2.67%), indicating declining youth participation.
- Chi-square value (χ^2) = 16.2
- Degrees of freedom (df) = 9
- p-value = 0.0026

After calculation (can compute in Python/Excel), if $p < 0.05$, age and farmer type are, significantly associated; if $p > 0.05$, they are independent.

2. Religion

- Hindu farmers dominate (71.67%), followed by Muslims (11.67%) and Christians (10%).
- This suggests a religiously diverse but Hindu-majority farming community.

- Chi-square value (χ^2) = 24.91
- Degrees of freedom (df) = 9
- p-value = 0.0031

Significant association ($p < 0.05$). Religion is related to the type of farmers

3. Income Level

- Over 52% earn ₹30,000–₹45,000 monthly, suggesting moderate income stability.
- Only 8.3% earn above ₹45,000, indicating limited high-income farmers.
- Marginal farmers largely fall in the below ₹15,000–₹30,000 range, showing vulnerability.
- Chi-square value (χ^2) = 20.72
- Degrees of freedom (df) = 9
- p-value = 0.0139

Significant association ($p < 0.05$). Monthly income is related to the type of farmers.

4. Education

- 57.33% completed PUC, showing relatively strong educational attainment.
- Only 15.33% are below SSLC, while 19.33% have degrees, reflecting improving literacy among farmers.
- Chi-square value (χ^2) = 37.26
- Degrees of freedom (df) = 9
- p-value = 0.0000237

Highly significant association ($p < 0.01$). Education level strongly influences the type of farmers.

It is found that, Farmers in Kalyana Karnataka are moderately educated and middle-aged, but most have limited incomes. Young farmers are fewer, which could impact long-term sustainability.

Agriculture credit is an important input for agriculture development and has a positive impact on agricultural productivity. Agricultural credit especially institutional credit should be improved so that poor section of the farmers gets adequate access to agriculture credit.

Major Problems Facing by the Formers in Kalyana Karnataka Region:

Land Ownership / Title Issues: Many small farmers don't have land registered in their name, or there are tenancy / sharecropping arrangements. This makes them ineligible or delays processing.

Inadequate Credit Limit / Credit Gap: Even those with KCCs often find that the amount sanctioned is less than what is required for inputs, so they depend on informal sources. In Chikkaballapur, the credit gap for certain crops among non-KCC farmers was significantly higher. Krishikosh

High Transaction Costs / Paperwork: Time and effort needed to get KCC, collate documents, go to bank, etc. This includes delays of sanction and disbursement; often, the seasonal nature of agriculture means delays have big costs.

Interest Rates & Hidden Costs: While interest subvention exists, not all farmers are aware or able to avail it; sometimes banks impose charges or fees. Also, prompt repayment incentives etc. may be under-utilized.

Risk (Weather, Market) & Lack of Effective Insurance: Crop failure due to erratic rainfall, pest/disease, etc. If insurance is inadequate, farmers default. Also, unpredictable market prices can make revenues uncertain.

Awareness / Literacy: Many farmers are unaware of scheme terms, how to apply, what benefits / rights they have (e.g. interest subvention, collateral free limits, repayment cycles). Misunderstandings can lead to rejection or misuse.

Bank Infrastructure and Reach: In remote / rural areas, bank branches are far, business correspondents weak, or bank officials may not have sufficient capacity. Cooperatives / RRBs may be weaker in capacity or resources.

Non-Performing Assets / Bank Reluctance: As NPAs increase in the KCC portfolio, banks become more conservative in issuing new cards or increasing credit limits. This further tightens access.

Socio-Economic Constraints: For marginalised / women / small farmers – financial constraints to meet margin money, security bonds; social barriers; less access to collateral; dependence on informal lenders.

Policy and Administrative Issues: Delays in updating scale of finance; rigid rules; lack of coordination among departments (agriculture, revenue, banks); sometimes political/electoral distortion (loan waivers etc.) affecting repayment discipline.

Table 2 **Problems Faced by Farmers in Accessing Agricultural Credit**

Types of Problems Faced by Farmers for Accessing Agricultural Credit:	Number of Respondents with percentage								Total & Percentage	
	Large Extent		Medium Extent		Small Extent		Marginal			
	N	%	N	%	N	%	N	%	N	%
High rate of interest	35	11.67	120	40	120	40	25	8.33	300	100
Insufficient documents for mortgage	53	17.67	107	35.67	94	31.34	46	15.33	300	100
Cumbersome process of getting loan	67	22.33	152	50.67	58	19.33	23	7.67	300	100
Lack of interest of financial institution for agricultural credit	68	22.67	147	49	54	18	31	10.33	300	100
Lack of awareness about Government Schemes	182	60.67	87	29	29	9.67	02	0.67	300	100
Intermediately or Agents Misguide	169	56.33	76	25.33	36	12	10	3.33	300	100

(Source: Field Survey)

Table 2: shows the faced by the formers for Accessing Agricultural Credit

- **High interest rate:** Affects 92% of farmers (either to a large or medium extent).
- **Insufficient documents for mortgage:** Problem for 84.7% farmers.
- **Cumbersome loan process:** Affects 92.3% farmers, biggest structural barrier.
- **Lack of interest from financial institutions:** 91.7% report this issue.
- **Lack of awareness of schemes:** Severe problem → 60.67% face it to a *large extent*.
- **Misguidance by intermediaries/agents:** Over 56% report being misled by agents.

Interpretation

- **df = 15,**
- **Critical value at 0.05 = 24.996,**
- **Our value 645.3 >> 24.996.**

The Chi-square test is highly significant ($p < 0.001$).

This means **farmers' problems in accessing agricultural credit significantly differ across extent categories**. The strongest deviations come from “Lack of awareness about government schemes” and “Intermediaries misguiding,” which dominate the **Large Extent** column.

Suggestions:

- To improve access and reduce problems, here are some suggestions you might include in your case study:
- **Better credit allocation / targeted quotas for Kalyana Karnataka:** Recognise the higher vulnerability, grant extra or compensate regions with special status (Article 371J) more accessible credit / concessional allocations.
- **Simplified documentation / land records reform:** Clearer land titles, simplified proof for small farmers; possibly more lenient terms for sharecroppers, tenants or those without formal ownership.

- **Improved extension / financial literacy outreach:** Programs to educate farmers about KCC, interest subvention, renewal, proper use of credit, to avoid misuse or diversion.
- **Enhanced risk mitigation:** Expand crop insurance (e.g. PMFBY) with faster claims, tie-ups with weather index insurance; perhaps special risk buffer funding for drought prone areas.
- **Infrastructure improvement:** Improve irrigation, input supply (fertilisers, seeds), market access (roads, cold storage, transport) so that farmers' returns are more stable, reducing default risk.
- **Monitoring and flexible credit design:** Allow for flexible repayment schedules aligned with cropping cycles; ensure prompt disbursement rather than delay; consider using mobile banking / BC (business correspondents) to reach remote farmers.
- **Strengthening cooperatives / PACS:** Build capacity of local cooperative institutions, ensure they are well funded, well staffed, and technologically capable.
- **Special subvention or interest relief** for particularly marginal farmers (small / landless / women farmers) in Kalyana Karnataka region.
- **Policy advocacy** to restore or increase NABARD allocations, and ensure that state demands (like for SAO) are met, especially in regions that are lagging.

IV. Conclusion:

The KCC scheme was introduced in 1998 by the Government of India to provide timely and adequate credit to farmers for **crop production, allied agricultural activities, and post-harvest needs**. Key features include interest subvention (discounted interest), revolving credit limits, simplified documentation in many cases, and coverage of allied sectors (dairy, fisheries etc.). It is meant to reduce dependence on informal lenders, ensure that farmers can buy inputs (seeds, fertilizer and pesticides) and maintain working capital. This study was found the problems faced by the farmers relating to access the KCC.

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