

Performance Evaluation and Future Trend Analysis of the Kisan Credit Card Scheme in Himachal Pradesh, India

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Abstract

Agriculture is the primary occupation of the people of Himachal, supporting the livelihood of rural people and contributing significantly to employment and state income. In recent years, institutional agricultural finance has gained importance in improving farmers' access to timely credit facilities. Among the major initiatives introduced for this purpose, the Kisan Credit Card (KCC) Scheme has emerged as an effective mechanism for providing short-term agricultural finance to cultivators, especially small and marginal farmers. The proposed study evaluates the performance and future growth trend of the KCCs in Himachal Pradesh from 2020–21 to 2024–25. The study is based entirely on secondary data collected from reports of RBI, SLBC Himachal Pradesh, NABARD, government publications, and banking statistics. Various analytical tools, such as percentage analysis, annual growth rate, CAGR, mean, standard deviation, and trend analysis, have been used to examine the progress of operative KCC accounts and outstanding credit amount. The findings reveal that the Kisan Credit Card (KCC) scheme has shown overall growth in Himachal Pradesh from 2020-21 to 2024-25. The CAGR of beneficiaries was 5.19 per cent, while the CAGR of outstanding amount was 8.37 per cent, showing increasing use of institutional agricultural credit by farmers. The analysis also indicates that the KCC scheme improved farmers' access to formal banking services and reduced dependence on informal borrowing sources. Future trend till 2029-30 also estimates continued growth in both KCC coverage and agricultural credit utilisation in HP. However, limited awareness, procedural complexities, and unequal regional outreach still affect the effective implementation of the scheme. The research study recommends stronger awareness programmes, simplified banking procedures, and improved institutional support to strengthen the overall outcome of the scheme in rural areas.

Keywords: Kisan Credit Cards (KCCs), Agricultural Credit, Institutional Finance, CAGR, Rural Banking, Himachal Pradesh (H.P)

1. Introduction

Agricultural credit plays a significant role in strengthening the rural economy and improving the financial condition of agriculturalists in India. To ensure timely and affordable credit support for agricultural activities, the Government of India, along with NABARD, launched the Kisan Credit Cards in 1998. The KCCs were introduced to simplify the process of providing short-term loans to farmers and to reduce their

dependence on informal sources such as moneylenders. Over the years, the scheme is most important agricultural credit initiatives in the country, particularly for smallholder farmers. [1].

The KCCs offer farmers flexible and easy borrowing facilities for crop cultivation, purchase of cultivation inputs, post-harvest expenses, allied agricultural activities, and maintenance of farm assets. The scheme also supports economic enclosure by connecting rural farmers with formal banking institutions. Various facilities such as interest subvention, flexible repayment options, crop insurance coverage, and digital banking support have further improved the usefulness and reach of the scheme among farming communities. [2].

In the context of Himachal Pradesh, agriculture continues to play an important role in the lives of a large section of the population. Owing to the hilly terrain and fragmented landholdings, most farmers belong to the resource-constrained category. These farmers often require institutional financial support to manage agricultural production and related activities. Therefore, the KCC scheme has turned into an indispensable source of agricultural finance in the state. The increasing expansion of banking networks, government support programmes, and rural credit policies has enhanced the development of KCCs coverage in Himachal Pradesh. [3].

During recent years, the number of farmers availing KCC facilities and the amount of outstanding agricultural credit have shown a noticeable increase in the state. This reflects the growing acceptance of institutional credit among farmers and the strengthening of rural banking services. However, despite the progress achieved under the scheme, several challenges still remain, including a lack of awareness, procedural complexities, regional imbalance in credit distribution, and delays in loan processing. These issues affect the effective implementation and outreach of the scheme, especially in remote rural areas. [4].

Considering the growing importance of agricultural finance and rural credit inclusion, it becomes necessary to measure the effectiveness and growth trends of KCCs in Himachal Pradesh. The research attempts to analyse the year-wise growth in beneficiaries & outstanding credit amount in the state. It also examines future growth trends of the scheme based on past performance indicators. The present problem is expected to offer convenient perceptions for officials, banking institutions, and researchers regarding the role of the KCC system in strengthening development in agriculture and financial integration in Himachal Pradesh.

2. Review of the Literature

Several researchers have examined the effectiveness and performance of the Kisan Credit Card (KCC) Scheme in different parts of India. Most studies have focused on agricultural credit accessibility, institutional finance, farmer income, and the role of banking agencies in rural development.

Prakash and Kumar [5] organised research in Tamil Nadu to assess the influence of KCCs on agricultural productivity and farm income. Their research compared KCC holders with non-beneficiary farmers and observed that timely institutional credit helped farmers improve cropping patterns, agricultural investment, and income generation. The research highlighted that beneficiary farmers faced lower borrowing costs than other farmers. However, procedural formalities, delayed loan disbursement, and documentation issues were primarily operational constraints.

Chanda [6] analysed the enactment of the KCCs across Indian states with special reference to Bihar. The study explored the relationship between agricultural credit and agricultural development. It was

determined that stronger rural banking systems recorded better KCC penetration and credit utilisation. However, the study found limited direct evidence regarding the influence of KCC borrowing on farming efficiency at the regional level.

H. K. HV [7] examined institutional agricultural credit and its impact on agricultural productivity in India using panel data analysis. The findings revealed that institutional credit flow increased significantly during the past years, particularly after the expansion of commercial banking services in villages. The study further confirmed that institutional agricultural finance positively contributed to agricultural productivity and rural economic development.

Sonia [8] and co-authors studied the development of KCCs in India from 1999 to 2019. Their findings showed continuous growth in both KCC accounts and sanctioned credit amount. Commercial banks contributed the largest share in the expansion of the scheme, whereas cooperative banks recorded comparatively slower progress. The researchers suggested strengthening rural banking outreach and expanding branch networks to improve the coverage of the scheme in underserved regions.

Mulay et al. [9] analysed the contribution of schemes KCC towards financial inclusion among farmers in India. Using secondary data collected from RBI and NABARD reports, the study observed that the KCC scheme improved farmers' access to formal credit and reduced dependence on informal money lenders. The study demonstrated a significant role of RRB, commercial banks and cooperative banks in extending agricultural finance to rural households.

Sheela and Rajashekar [10] evaluated the operational performance of the KCC in Karnataka. Their study indicated that both operative KCC accounts and outstanding credit amounts increased gradually during the study. Cooperative banks emerged as the leading providers of agricultural credit. The researchers emphasised the need to improve outreach and awareness to ensure wider participation of small and marginal farmers.

Agrawal and Sharma [11] examined the role of government institutions and financial agencies in strengthening effectiveness in improving agricultural credit delivery. Their study focused on policy support, banking infrastructure, and institutional coordination in agricultural finance. The researchers concluded that continuous policy intervention and simplified banking procedures are essential for improving credit accessibility among farmers.

Provinder [12] analysed the progress and productivity of the KCC scheme at both the nationwide and in Himachal Pradesh. The findings showed positive growth regarding trends, beneficiaries and sanctioned credit amount. The investigation also depicts that cooperative banks are instrumental in agricultural lending in Himachal Pradesh. However, fluctuations in growth among banking agencies indicated the need for better monitoring and policy coordination.

Overall, the existing literature confirms that the Kisan Credit Card scheme has significantly contributed to agricultural credit expansion, financial inclusion, and rural development in India. At the same time, several operational challenges, such as limited awareness, procedural delays, uneven regional coverage, and institutional inefficiencies, continue to affect the effective implementation of the scheme.

3. Research Gap and Significance of the Present Study

Although several studies have examined the Kisan Credit Card (KCC) scheme at the national level and in major agricultural states, the literature remains largely broad, comparative, and policy-oriented, focusing mainly on overall credit disbursement and institutional performance of banks and other lending agencies. However, inadequate studies on state-specific and time-specific analysis in regions such as Himachal

Pradesh. In particular, there is gap in a detailed period-wise study on the growth of operative KCC accounts and outstanding loan amounts in the state, which restricts understanding of its evolution in a hill-based agricultural economy. Moreover, existing research seldom integrates the growth of KCC accounts with changes in outstanding credit within a unified framework, leaving the dependence between credit expansion and farmers' financial dependence underexplored. In addition, forecasting-based studies on future trends of KCC accounts and credit demand are almost absent, despite their importance for policy planning. The unique agricultural characteristics of Himachal Pradesh, such as small, fragmented landholdings, horticulture dominance, and climatic vulnerability, are also insufficiently addressed in existing literature, creating a clear contextual research gap.

Objectives of the Study

1. To analyse the period-wise growth dynamics of the Kisan Credit Card in Himachal Pradesh with reference to the operative KCC accounts and the outstanding loan amount.
2. To analyse and forecast the future trajectory and growth trend of KCCs in Himachal Pradesh based on historical trends and performance indicators.

4. Hypotheses of the Study

H₀₁ (Null Hypothesis): No significant period-wise growth was observed in the number of operative KCC accounts and outstanding loan amount under the KCC scheme in Himachal Pradesh.

H₁₁ (Alternative Hypothesis): There is a significant period-wise growth in the number of operative KCC accounts and outstanding loan amount under the KCC scheme in Himachal Pradesh.

H₀₂ (Null Hypothesis): There is no notable upward trend or predictable growth pattern observed in the future performance of KCCs in Himachal Pradesh.

H₁₂ (Alternative Hypothesis): There is a significant and positive future growth trend in the outcome of the KCCs in Himachal Pradesh.

5. Methodology

The study mainly relies on secondary data to examine the performance and growth pattern of the Kisan Credit Card (KCC) Scheme in Himachal Pradesh. The analysis covers five years from 2020–21 to 2024–25. Information related to KCC beneficiaries, operative accounts, and outstanding credit amount was gathered from reliable reports by the Reserve Bank of India, State Level Bankers' Committee (SLBC) HP and National Bank for Agriculture and Rural Development (NABARD). Additional support was taken from government publications, banking reports, research articles, and academic journals related to finance in the field of agriculture and rural credit. For analysing the data, various statistical techniques such as percentage analysis, annual growth rate, mean, standard deviation, and Compound Annual Growth Rate (CAGR) were applied. Trend analysis was also used to understand the likely future movement of KCC beneficiaries and outstanding loan amounts in the state. These methods helped in identifying the overall growth pattern of the scheme and assessing the contribution of institutional agricultural credit towards rural financial development in Himachal Pradesh.

6. RESULTS AND DISCUSSION

6.1 Exploratory analysis for Growth of beneficiaries and amount outstanding in KCCs.

Exploratory analysis helps in identifying trends, fluctuations, and overall performance of the KCC scheme. The analysis shows that both the no. of beneficiaries and the amount outstanding highlight the increasing

role of institutional agricultural credit in supporting farmers in the state

6.1.1 Year-wise growth in No. of KCCs beneficiaries

This section analyses the annual growth of KCC beneficiaries in Himachal Pradesh from 2020 to 2025. This helps in understanding how the scheme has expanded over the period and shows increasing involvement of farmers in KCC.

Table 1: Growth in Number of KCC Beneficiaries in Himachal Pradesh (2020-2025)

Year	No. of KCCs beneficiaries	Growth Rate	Growth in Percentage
2020-2021	4,69,765	-	-
2021-2022	4,36,231	-33,534	-7.68
2022-2023	4,71,017	34,786	7.38
2023-2024	5,62,515	91,498	16.26
2024-2025	6,04,991	42,476	7.02

Source: SLBC reports w.e.f. 2020 to 2025.

Table 1 describes that the highest growth rate of KCCs beneficiaries in the year 2023-24 is 91,498, and the percentage growth is 16.26, and the lowest growth marked in the year 2021-22, which is negative 33,534, and the percentage growth is (-7.68). There is steady growth from 2020-21 to 2023-24. Although the growth rate slowed compared to the previous year in 2024-25, the scheme still recorded positive growth of 42,476 beneficiaries with a growth percentage of 7.02%. Overall, the above data depict the positive growth.

6.1.2 Year-wise growth in amount outstanding

This section presents the year-wise growth of the outstanding amount under the Kisan Credit Card (KCC) scheme in HP. Understanding the increasing utilisation of institutional agricultural credit by farmers, along with the growth of banking support in the agricultural sector over the years, is important for analysing the growth rate.

Table 2: Growth in outstanding KCC amount in Himachal Pradesh (2020-2025)

Year	Outstanding Amount (in Crores)	Growth Rate (in Crores)	Growth in Percentage
2020-2021	7425.9	-	-
2021-2022	7779.19	353.29	4.54
2022-2023	8401	621.81	7.40
2023-2024	10098	1697	16.80
2024-2025	11102	1004	9.04

Source: Reports on Trends and Progress of Banking in India, published by RBI and NABARD w.e.f. 2020 to 2025.

Table 2 shows the growth in the amount outstanding of Kisan Credit Cards from 2020-21 to 2024-25. The

study shows the highest growth of 1697 crore in the year 2023-24 and the lowest growth of 353.29 crore as negative growth in no of KCC beneficiaries during 2021-22. The table also shows percentage-wise the highest growth in the year 2023-24, which is 16.80% and the lowest in 4.54% in the year 2021-22.

6.2 Descriptive Analysis

Descriptive analysis is used to understand the overall trend and variation in the data. The statistical tools like SD, mean, range, CAGR etc., measure the central tendency and measure of dispersion for providing the performance & growth over the mentioned period.

Table 3: Descriptive statistics of KCC beneficiaries and outstanding amount

Sr. No	Particular	No. of KCCs beneficiaries	Amount outstanding
1	N	5	5
2	Minimum	4,36,231	7,425.9
3	Maximum	6,04,991	11,102
4	Range	1,68,780	1,03,676
5	Mean	508903.8	8,961.218
6	SD	71336.35453	1,576.662349
7	CAGR	0.051898054	0.083753281
8	CAGR in %	5.189%	8.37%

Source: Data compiled from secondary resources

Table 3 represents the descriptive statistics of beneficiaries & amount outstanding of KCCs in HP over the last five years. The no of observation years (N) is 5. The lowest amount was 7,425.9 crores in the year 2020-21, while the highest or maximum reached 11,102 crores, which shows that the amount has increased over time. The beneficiaries were minimum in 2022-23, which is 4,36,231 & maximum 6,04,991 in the year 2024-25. The average mean of the outstanding amount was 8,961.218 crores, which suggests a relatively high level of credit utilisation by farmers in the last five years. The standard deviation was 1,576.662349 for the outstanding amount and 71336.35453 for beneficiaries, both of which indicate a moderate to high variation. Furthermore, the CAGR of 8.37% (for outstanding amount) and 5.189% (for beneficiaries) shows a strong and consistent annual growth in the outstanding amount and beneficiaries over the five years.

6.3 Exploratory Analysis for the future trend of KCCs beneficiaries and the amount outstanding

This section analyses the future trend of KCC beneficiaries and outstanding amount in Himachal Pradesh based on past growth patterns. The analysis helps in understanding the expected expansion of the scheme in HP.

Table 4: Future Trend KCCs beneficiaries in Himachal Pradesh

Year	No. of KCCs beneficiaries	Growth Rate	Growth in Percentage
2020-2021	4,69,765	-	-
2021-2022	4,36,231	-33,534	-7.68
2022-2023	4,71,017	34,786	7.38
2023-2024	5,62,515	91,498	16.26
2024-2025	6,04,991	42,476	7.02

2025-2026	6,27,925	22934	3.65
2026-2027	6,95,744	67819	9.75
2027-2028	7,46,897	51153	6.89
2028-2029	7,85,470	38573	4.91
2029-2030	8,36,185	50515	6.06

Source: SLBC reports.

Figure 1: Future Trend of KCCS Beneficiaries in HP

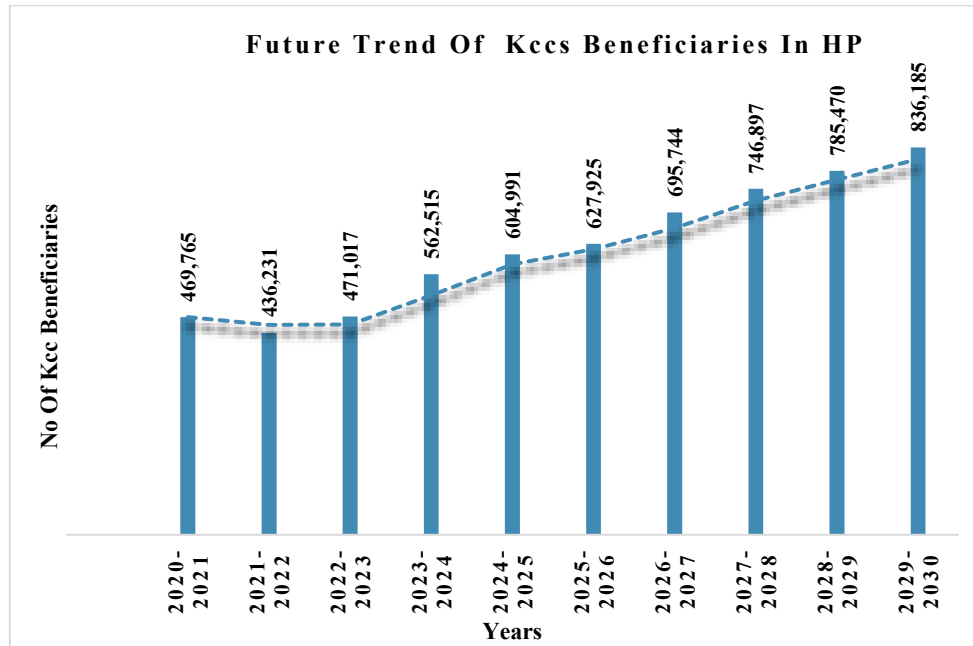


Table 4 and Figure 1 show that the Kisan Credit Card (KCC) Scheme has experienced steady growth in Himachal Pradesh. Although there has been a slight decrease in beneficiaries in 2021-22. The scheme showed continuous improvement from 2022-23 onwards. The number of beneficiaries gradually increases every year and is expected to reach 8,36,185 by 2029-30. The significant growth specifies that farmers are becoming connected with institutional credit facilities through the KCC scheme. The growth rates given in the table also show that the expansion of the scheme is likely to continue in the coming years. A noticeable rise is projected during 2026-27, which may be due to increasing awareness among farmers, simplified banking procedures, and government efforts to strengthen agricultural credit support. The upward trend shown in the graph further confirms the increase in KCC among the farming community. Overall, KCC plays a vital role in improving farmers' access to timely and affordable credit in Himachal Pradesh. The continuous increase in beneficiaries reflects the growing importance of institutional finance in agriculture and suggests that the scheme will continue to support agricultural development and the rural economy in the state in the future.

Table 5: Future Growth Trend of Amount Outstanding in Himachal Pradesh

Year	Outstanding Amount (in Crores)	Growth Rate (in Crores)	Growth in Percentage
2020-2021	7425.9	-	-

2021-2022	7779.19	353.29	4.54
2022-2023	8401.00	621.81	7.40
2023-2024	10098.00	1697	16.80
2024-2025	11102.00	1004	9.04
2025-2026	11498.07	396.07	3.44
2026-2027	12808.63	1310.56	10.23
2027-2028	13836.24	1027.61	7.42
2028-2029	14618.35	782.11	5.35
2029-2030	15586.31	967.96	6.21

Source: SLBC reports

Figure 2: Future Trends of Amount Outstanding KCCs in HP

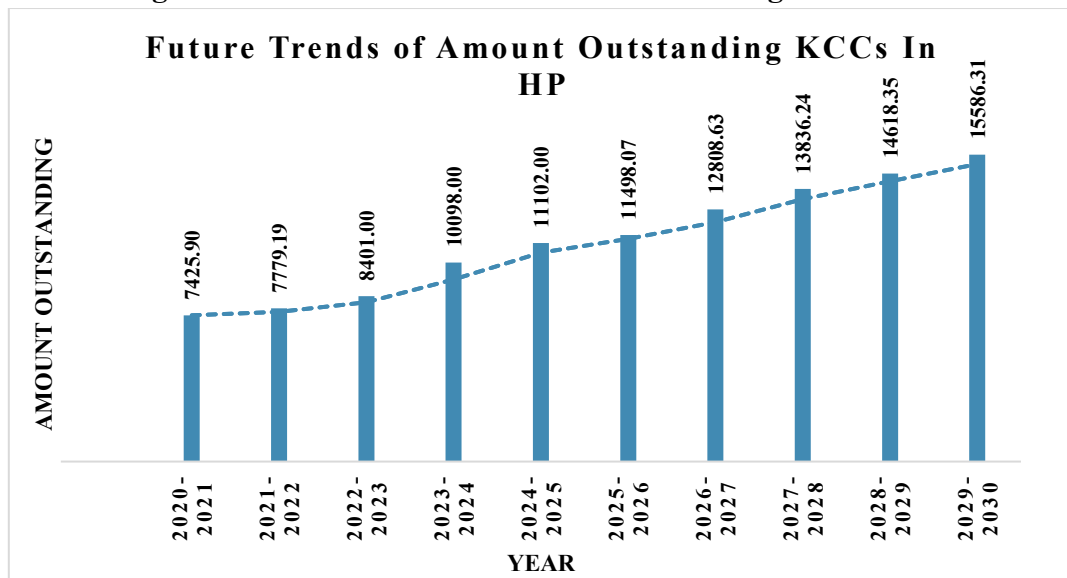


Table 5 and the corresponding graph clearly show a continuous increase in the amount outstanding under the Kisan Credit Card (KCC) Scheme in Himachal Pradesh during the study and projected period. The outstanding amount increased from ₹7,425.9 crore in 2020-21 to an expected ₹15,586.31 crore by 2029-30, indicating a significant rise in institutional agricultural credit by farmers. The table reveals that growth in outstanding amounts remained positive throughout the period, although the rate of growth varied from year to year. A major increase was recorded in 2023-24, when the outstanding amount rose by ₹1,697 crore with a growth rate of 16.80 per cent, reflecting higher credit utilisation and expansion of banking support in the agricultural sector. The graph also supports this trend by presenting a steady upward movement in

the outstanding amount over the years. After moderate growth during the initial years, the amount outstanding increased consistently from 2023-24 onwards and is projected to continue rising in the future. The projected figures for 2026-27 to 2029-30 further indicate that farmers are likely to depend more on institutional credit facilities for agricultural activities and related needs. Overall, both the table and graph suggest scheme under KCC strengthened its financial reach in Himachal Pradesh. It continues to play an important role in supporting agricultural development, improving farmers' access to credit and promoting the state's rural economy.

7. FINDINGS

The findings reveal that the Kisan Credit Card (KCC) Scheme has shown overall growth in Himachal Pradesh from 2020-21 to 2024-25. The beneficiaries increased from 4,69,765 in 2020-21 to 6,04,991 in 2024-25, although a negative growth of 7.68 per cent was recorded in 2021-22. The highest increase in beneficiaries was observed in 2023-24 with an expansion of 16.26 per cent. The future trend analysis suggests that beneficiaries may reach 8,36,185 by 2029-30. Similarly, the outstanding amount under the KCC Scheme increased continuously from ₹7,425.90 crore in 2020-21 to ₹11,102 crore in 2024-25 and is projected to reach ₹15,586.31 crore by 2029-30. The CAGR of beneficiaries was 5.19 per cent, while the CAGR of outstanding amount was 8.37 per cent, showing increasing use of institutional agricultural credit by farmers. Overall, the study reveals that the KCC scheme has strengthened agricultural finance and better access to credit for farmers in Himachal Pradesh.

8. SUGGESTIONS

The research suggests that awareness regarding the KCC Scheme should be increased among farmers, especially in rural and remote areas of Himachal Pradesh. Banks should simplify loan procedures and documentation to improve accessibility for small and marginal farmers. Financial literacy programmes may help farmers understand proper utilisation and repayment of credit. The government should strengthen banking outreach in hilly regions and promote digital banking services for easy access to KCC facilities. Timely revision of credit limits and continued policy support are also necessary to encourage greater use of KCC.

9. Conclusion

The study reveals that the Kisan Credit Card (KCC) Scheme has played an important role in strengthening agricultural credit infrastructure in Himachal Pradesh. Between 2020-21 and 2024-25, there was a consistent rise in both the number of beneficiaries and the volume of institutional credit disbursed, indicating greater inclusion of farmers within the formal financial system. The scheme has enabled cultivators to access credit promptly for agricultural operations, thereby decreasing their dependence on informal sources of finance such as moneylenders. Future projections also suggest continued growth and wider adoption of the scheme in the coming years. However, challenges including inadequate awareness, delays in processing, and limited accessibility in remote areas still restrict its benefits for certain sections of farmers. Expanding banking services, streamlining loan procedures, and enhancing awareness campaigns could significantly improve the efficiency and outreach of the scheme.

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