Evaluation of the Kisan Credit Card Scheme in Balh Valley, District Mandi, Himachal Pradesh

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Abstract—**Agriculture remains a critical pillar of the Indian economy, especially in rural areas where a majority of the population depends on it for livelihood. Access to timely and affordable institutional credit is vital for improving agricultural productivity and reducing dependency on informal lending. The Kisan Credit Card (KCC) scheme, launched in 1998-99, aims to provide short-term credit to farmers at subsidized interest rates. This study evaluates the implementation and effectiveness of the KCC scheme in Balh Valley of District Mandi, Himachal Pradesh—an agriculturally significant region known for its fertile land and high concentration of small and medium farmers. Using a descriptive research design and primary data collected from 100 farmers, the study examines awareness levels, satisfaction, challenges, and socio-economic characteristics of KCC users. The results show that most beneficiaries are moderately educated, medium-scale farmers with limited commercialization of agricultural output. While mass media plays a dominant role in disseminating information about the scheme, a majority of farmers exhibit only partial awareness of its benefits. Overall satisfaction with the scheme is positive, particularly regarding credit availability and cost reduction. However, procedural complexity, insufficient credit limits, delays in disbursement, and concerns about collateral requirements remain key barriers. The study recommends enhancing awareness through localized campaigns, simplifying application processes, revising credit limits, and integrating technology for improved accessibility and transparency. Addressing these issues could significantly enhance the scheme's reach and impact, promoting more sustainable and market-oriented agricultural practices in the region.**

Keywords— **Kisan Credit Card (KCC) Scheme, Agricultural Credit, Balh Valley, Farmer Awareness, Rural Finance.**

I. INTRODUCTION

Agriculture forms the bedrock of the Indian economy, sustaining a significant portion of the population and contributing substantially to the nation's Gross Domestic Product (GDP). In a country where a substantial majority of the populace resides in rural areas, primarily dependent on agriculture for their livelihood, the sector's health directly impacts the socio-economic well-being of millions. However, the sector is often plagued by challenges, including limited access to timely and affordable credit, which hinders farmers' ability to adopt modern agricultural practices and improve productivity (World Bank, 2020). The scheme allows farmers to access short-term credit at lower interest rates, ensuring they can procure necessary inputs without financial strain. Over the years, the scheme has evolved, incorporating various technological advancements such as smart cards and debit cards in 2012, thereby promoting cashless transactions and improving ease of access (RBI, 2019). In the Indian context, where a significant portion of the population relies on agriculture, the availability of credit directly influences farmers' ability to invest in inputs, adopt modern technologies, and manage risks (Demirguc-Kunt & Levine, 2009). The provision of interest subvention, which allows farmers to avail of loans at subsidized rates (as low as 4% per annum on prompt repayment), has been instrumental in reducing financial burdens and enhancing credit utilization (NABARD, 2020). Awareness initiatives associated with the scheme educate farmers about loan repayment structures, interest subsidies, insurance benefits, and responsible financial management (Sharma, Roy, & Gulati, 2018). The KCC scheme's implementation is not without challenges. Issues such as limited outreach, procedural bottlenecks, and inadequate monitoring mechanisms persist, hindering the scheme's full potential (Nagaraj & Varma, 2017). A large proportion of India's population relies on agriculture for their livelihood, with the sector encompassing activities such as crop cultivation, livestock rearing, forestry, and fisheries

(Reddy, 2010). The Kisan Credit Card (KCC) scheme was introduced in the financial year 1998-99 by the Government of India with the objective of providing short-term credit to farmers to meet their immediate financial needs during the crop season (Kumar et al., 2007). Like many rural agricultural communities, farmers in Balh Valley face challenges such as limited access to credit, high dependency on informal lenders, fluctuating market conditions, and inadequate financial literacy (Anshika, 2017). Empirical studies indicate that a significant proportion of farmers are either unaware of the KCC scheme or do not fully understand its benefits (Chanda, 2012). As the government continues to expand the reach of institutional credit, it is imperative to assess the ground-level implementation of schemes like KCC to ensure that financial assistance reaches the intended beneficiaries in a timely and efficient manner (GOI, 2019).

II. METHODOLOGY

The present study follows a descriptive research design to explore the patterns of social media usage among farmers in the Solan district of Himachal Pradesh. This design is appropriate for understanding the extent, nature, and purpose of social media usage in agriculture, as well as examining the relationships between socio-economic characteristics and social media utilization. The present study is undertaken in Balh Valley, located in the Mandi district of Himachal Pradesh. Balh Valley is considered one of the most fertile and agriculturally productive regions in the district, often referred to as the "Granary of Mandi." The valley primarily lies in the Sunder Nagar and Balh blocks, with a substantial number of small and marginal farmers engaged in the cultivation of cereals, vegetables, and fruits. Irrigation facilities are relatively better in Balh as compared to other parts of the district, making it suitable for intensive agriculture. The study targeted a total sample size of 100 farmers.

The Primary data is the information collected directly by a researcher for a specific purpose or project. It is first-hand data that has not been previously recorded or published. Common methods of collecting primary data include surveys, interviews, observations, and experiments. This type of data is highly accurate and specifically tailored to the researcher's needs, making it very useful for original research. The Mathematical tools used for data analysis is percentage analysis.

III. RESULT AND DISCUSSION

Table No.1

Profile	Variable	Number	Percentage (%)
Gender	Male	68	68
	Female	32	32
Family size	Small	7	7
	Medium	79	79
	Large	14	14
Age	18-28 years	31	31
	29-38 years	55	55
	39-48 years	12	12
	49 years above	2	2
Qualification	Up to Primary	7	7
	Up to Senior Secondary	13	13
	Up to Graduation	21	21
	Post-Graduation and above	59	59
Land Holding (in ha)	Marginal (below 1.0 ha)	9	9.1
	Small (1.0-2.0 ha)	9	9.1
	Medium (4.0-10.0 ha)	74	74.7
	Large (above 10.0 ha)	7	7.1
Agricultural Activities	Self-consumption	88	90.7
	Commercialization	9	9.3

Occupation	Agriculture and Government Service	8	8.2
	Agriculture and Private Job	12	12.2
	Only Agriculture	18	18.4
	Agriculture and Business	60	61.2
Annual Family Income	Up to ₹1,50,000	42	42
	₹1,50,000 – ₹3,00,000	33	33
	₹3,00,000 – ₹4,50,000	22	22
	₹4,50,000 and above	3	3

The Table No.1 demographic and socio-economic profile of the respondents indicates a diverse yet specific group of individuals engaging with the KCC scheme. In terms of gender, the majority are male (68%), with females constituting 32% of the sample. Most families fall under the medium size category (79%), with smaller proportions in small (7%) and large (14%) families. The age distribution reveals that the highest proportion of respondents (55%) fall in the 29–38 years age group, followed by 18–28 years (31%), showing that the scheme is largely accessed by young to middle-aged farmers. Regarding educational qualifications, a large majority (59%) have attained post-graduation or higher education, while smaller proportions have education up to graduation (21%), senior secondary (13%), and primary levels (7%). In terms of landholding size, the dominant group is medium farmers (74.7%), followed by marginal (9.1%), small (9.1%), and large farmers (7.1%), indicating that the scheme appeals most to those with moderate land resources. A striking majority (90.7%) engage in agriculture primarily for self-consumption, with only 9.3% focusing on commercial agriculture, suggesting a subsistence-oriented farming base. As for occupation, a large share (61.2%) are involved in both agriculture and business, while smaller groups combine agriculture with private jobs (12.2%), government service (8.2%), or depend solely on agriculture (18.4%). The annual family income profile shows that most families earn up to ₹1,50,000 (42%), with 33% earning ₹1,50,000–₹3,00,000, and fewer in higher income brackets. Overall, the data indicates that the KCC scheme is primarily accessed by moderately educated, medium-scale farmers, often engaged in mixed occupations, with limited commercialization of their agricultural output and modest income levels. This profile can help policymakers better tailor interventions and communication strategies for wider and more effective adoption of the KCC scheme.

Source of Information about KCC Scheme

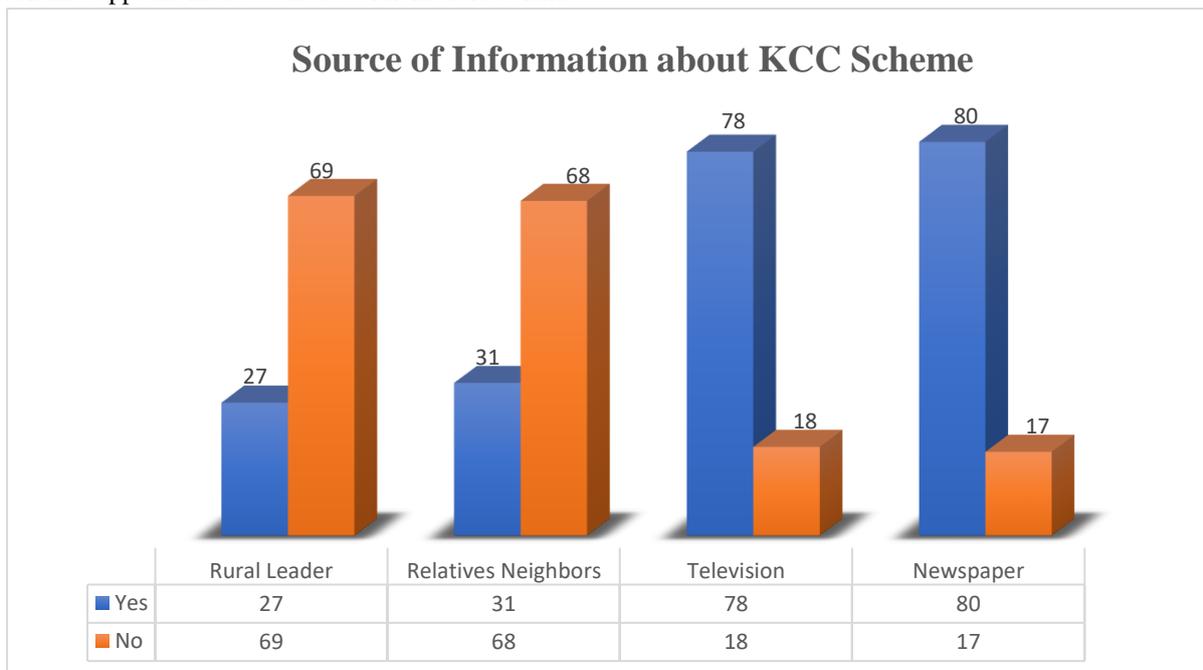|	Rural Leader	Relatives Neighbors	Television	Newspaper
Yes	27	31	78	80
No	69	68	18	17

Figure No.1

The Figure No.1 data indicates that among the various sources of information about the Kisan Credit Card (KCC) scheme, newspapers and television are the most influential. A majority of

respondents, 80 and 78 respectively, reported receiving information through these mass media channels. This highlights the significant role that mass communication plays in spreading awareness about government schemes in rural areas. In contrast, personal sources such as rural leaders and relatives or neighbors were reported by far fewer respondents—only 27 and 31 respectively— suggesting that interpersonal communication has a limited role in disseminating such information. The high number of "No" responses in these categories further supports this observation. These findings suggest that to enhance awareness and access to schemes like KCC, government agencies and policymakers should prioritize the use of mass media, while also working to strengthen local-level information channels through community engagement and education.

Aware about KCC scheme

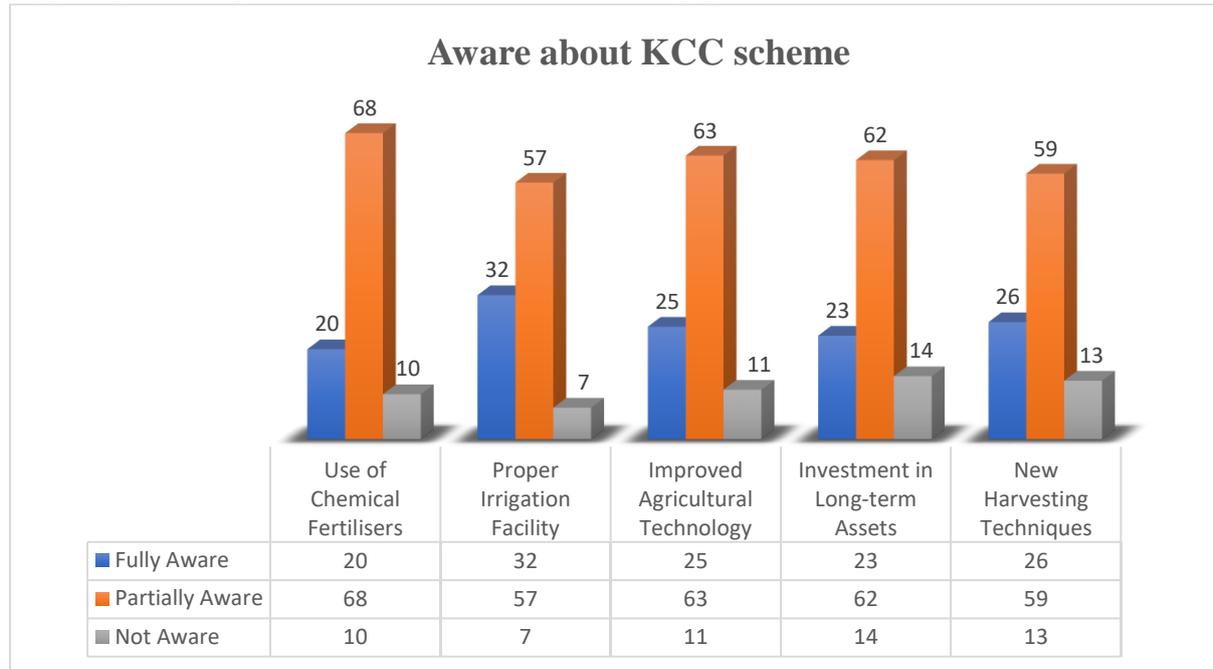|	Use of Chemical Fertilisers	Proper Irrigation Facility	Improved Agricultural Technology	Investment in Long-term Assets	New Harvesting Techniques
Fully Aware	20	32	25	23	26
Partially Aware	68	57	63	62	59
Not Aware	10	7	11	14	13

Figure No.2

The Figure No.2 data reveals varying levels of awareness about the Kisan Credit Card (KCC) scheme among farmers engaged in different agricultural activities. In all categories, a majority of farmers are only partially aware of the scheme. For instance, when it comes to the use of chemical fertilizers, 68 farmers are partially aware, compared to only 20 who are fully aware and 10 who are not aware at all. A similar pattern is observed with regard to proper irrigation facilities, where 57 are partially aware, 32 fully aware, and only 7 not aware. Likewise, for improved agricultural technology, 63 farmers are partially aware, 25 fully aware, and 11 not aware. Investment in long-term assets also reflects this trend, with 62 farmers being partially aware, 23 fully aware, and 14 unaware. Finally, in the case of new harvesting techniques, 59 farmers are partially aware, 26 fully aware, and 13 not aware.

This consistent trend of partial awareness suggests that while many farmers have heard of the KCC scheme, there may be a lack of in-depth understanding of its benefits and application across various aspects of agriculture. The relatively low numbers of fully aware individuals point to a need for more comprehensive awareness campaigns and educational initiatives. Enhancing full awareness could lead to better utilization of the scheme for modernizing farming practices and improving agricultural productivity.

Satisfaction with KCC Scheme

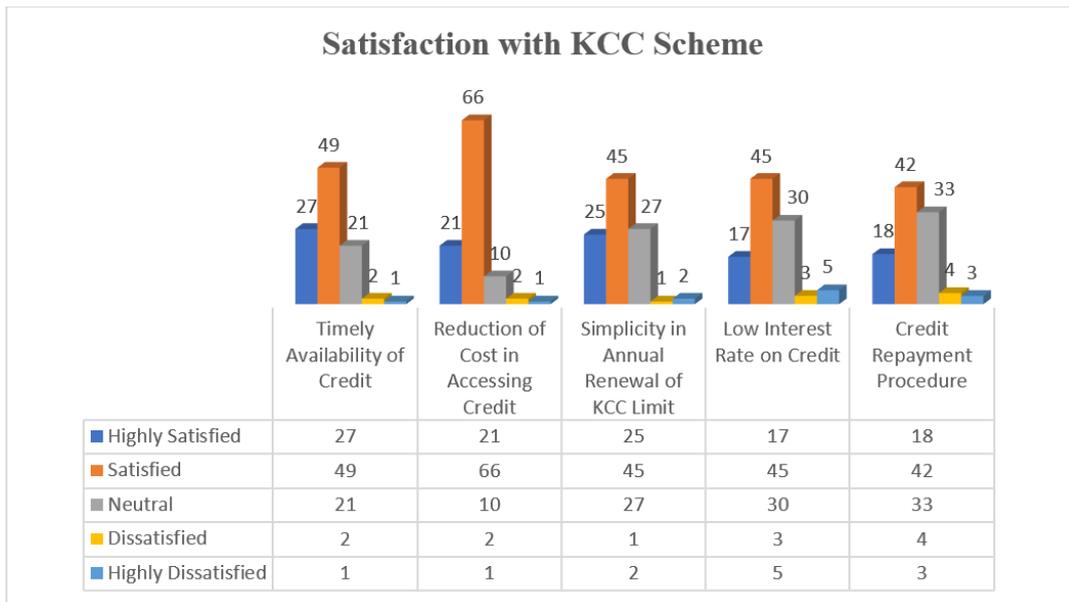|	Timely Availability of Credit	Reduction of Cost in Accessing Credit	Simplicity in Annual Renewal of KCC Limit	Low Interest Rate on Credit	Credit Repayment Procedure
■ Highly Satisfied	27	21	25	17	18
■ Satisfied	49	66	45	45	42
▪ Neutral	21	10	27	30	33
▪ Dissatisfied	2	2	1	3	4
■ Highly Dissatisfied	1	1	2	5	3

Figure No.3

The Figure No.3 satisfaction levels with various components of the Kisan Credit Card (KCC) scheme show a generally positive trend, with most respondents falling into the "satisfied" or "highly satisfied" categories. Regarding the timely availability of credit, 49 respondents reported being satisfied and 27 highly satisfied, indicating that the scheme performs well in delivering credit when needed. Similarly, the reduction in the cost of accessing credit received strong approval, with 66 satisfied and 21 highly satisfied respondents, suggesting that the KCC scheme has been effective in lowering financial barriers for farmers.

In terms of the simplicity of annual renewal of the KCC limit, satisfaction remains high, with 45 satisfied and 25 highly satisfied, though a notable number (27) expressed neutrality, possibly indicating areas for clarity or improvement in the renewal process. Low interest rates on credit received a slightly more mixed response, with 45 satisfied but only 17 highly satisfied, and 30 respondents remaining neutral, indicating room for better communication or further reduction in rates. The credit repayment procedure also saw generally positive feedback, with 42 satisfied and 18 highly satisfied, though 33 respondents were neutral and a small number expressed dissatisfaction.

Overall, the data reflects a broadly positive perception of the KCC scheme, especially regarding credit availability and cost reduction. However, the relatively high number of neutral responses in some categories highlights opportunities for improvement, particularly in enhancing user experience and simplifying procedures further.

Problems Faced During Adoption of KCC Scheme

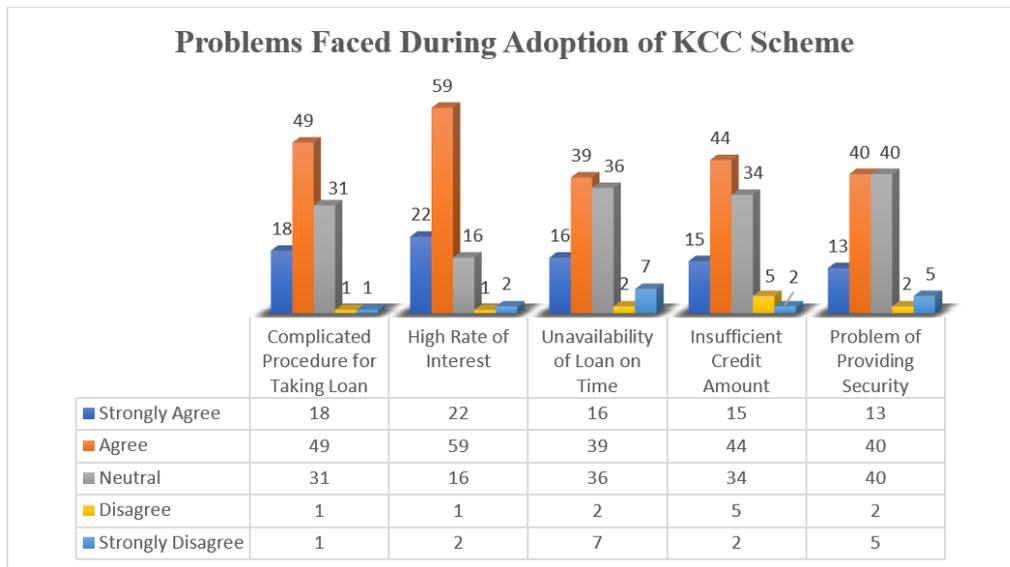|	Complicated Procedure for Taking Loan	High Rate of Interest	Unavailability of Loan on Time	Insufficient Credit Amount	Problem of Providing Security
■ Strongly Agree	18	22	16	15	13
■ Agree	49	59	39	44	40
▪ Neutral	31	16	36	34	40
▪ Disagree	1	1	2	5	2
■ Strongly Disagree	1	2	7	2	5

Figure No.4

The Figure No.4 data highlights several challenges perceived by farmers while adopting the KCC scheme. A notable concern is the complicated loan procedure, with 49 respondents agreeing and 18 strongly agreeing that the process is complex. This suggests that despite the scheme's intent to simplify credit access, procedural hurdles remain a significant barrier. Similarly, a high rate of interest is another major issue, as 59 agreed and 22 strongly agreed with this statement, indicating that many farmers still perceive the borrowing cost as burdensome, even though the scheme is designed to offer lower rates.

The unavailability of loans on time also emerged as a concern, with 39 agreeing and 16 strongly agreeing, though a considerable number (36) remained neutral—possibly reflecting inconsistent experiences among farmers. In terms of the credit amount being insufficient, 44 agreed and 15 strongly agreed, indicating dissatisfaction with the credit limits offered, which may not adequately meet their agricultural needs. Lastly, the problem of providing security was reported by 40 respondents as an issue, with 13 strongly agreeing. A significant number (40) remained neutral on this point, suggesting either a lack of awareness about collateral requirements or variability in how security is demanded across institutions.

Overall, the responses point to procedural complexity, perceived high interest rates, and credit inadequacy as the most commonly experienced problems, which may be limiting the full adoption and effective use of the KCC scheme by farmers. Addressing these issues through better communication, simplified processes, and flexible lending terms could enhance the scheme's impact and accessibility.

IV. FINDINGS

The study reveals that the Kisan Credit Card (KCC) scheme predominantly attracts moderately educated, medium-scale farmers, mostly male (68%) and aged between 29–38 years (55%). Most respondents engage in subsistence agriculture (90.7%) with mixed occupations, indicating reliance on agriculture supplemented by business or jobs. Awareness levels about the scheme are generally partial across various agricultural practices, with few farmers fully aware of its benefits. Satisfaction with the scheme is positive overall, particularly regarding credit availability and cost reduction. However, neutral responses around renewal procedures, interest rates,

and repayment hint at areas needing attention. Major challenges identified include the complexity of loan procedures, perceived high interest rates, insufficient credit amounts, delays in loan availability, and issues with security requirements. These barriers suggest that despite its potential; the scheme faces obstacles in delivering seamless credit access and adequate support to farmers.

V. RECOMMENDATIONS

To maximize the scheme's impact, awareness campaigns should be intensified and tailored to improve farmers' comprehensive understanding of KCC benefits, focusing on full rather than partial awareness. Simplifying loan application and renewal procedures can reduce bureaucratic hurdles, encouraging higher uptake and satisfaction. Efforts to further lower interest rates or clearly communicate existing benefits could address concerns around borrowing costs. Expanding credit limits to better meet farmers' needs, along with timely disbursement of loans, will enhance trust and usability. Additionally, flexible and transparent security requirements should be introduced to ease access for small and marginal farmers. Integrating technology-driven platforms for application and repayment might streamline processes and improve user experience.

VI. CONCLUSION

The Kisan Credit Card (KCC) scheme serves as a vital financial instrument for a significant segment of India's farming community, primarily medium-scale, moderately educated farmers engaged in mixed occupations. While it effectively improves credit access and affordability, limitations in procedural simplicity, awareness depth, and credit adequacy hinder its full potential. Addressing these challenges through targeted interventions and policy adjustments can enhance the scheme's reach and efficacy, empowering farmers to adopt modern agricultural practices and improve their livelihoods.

Furthermore, the dominance of partial awareness across various components of the scheme suggests that current outreach methods may not be sufficiently effective in conveying the full scope and advantages of KCC. Enhanced training, localized information dissemination, and active involvement of extension services and financial institutions can bridge this knowledge gap. Similarly, the dissatisfaction

regarding credit limits and interest rates calls for a reassessment of existing credit norms to ensure they align better with the dynamic needs of farmers, especially in the context of rising input costs and climate-related uncertainties.

The high proportion of respondents relying on agriculture for self-consumption also indicates a largely subsistence-oriented farming model. With improved credit access and awareness, farmers could be encouraged to transition toward more market-oriented and productive agricultural practices, contributing to rural income growth and food security. In sum, while the KCC scheme is on the right track, its transformative potential can only be fully realized through inclusive policy design, streamlined execution, and a farmer-centric approach in delivery mechanisms.

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