

District-Level Analysis of Kisan Credit Cards on Regional Disparities in Agricultural Credit Distribution In Himachal Pradesh

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Abstract—Agricultural credit plays an important role in improving farm productivity and supporting rural development in India. To fulfil the financial needs of farmers, the GOI introduced the Kisan Credit Card (KCC) scheme, which provides adequate and timely credit for agricultural and allied activities. Although the scheme has expanded significantly over the years, but there is still unequal distribution of agricultural credit across different regions. The major causes of unequal distribution of kisan credit cards in Himachal Pradesh is geographical, infrastructural, and socio-economic differences. The study focuses on examining regional disparities in the distribution of KCCs across the distt of Himachal Pradesh. The analysis is based on district-wise data related to KCCs holders and outstanding credit amount for the financial year 2024-2025. The study is analytical and descriptive in nature and relies on secondary source of data collected from State level banker's committee (SLBC) official banking and financial reports. Various statistical tools such as percentage analysis, comparative analysis and ranking techniques, have been used to examine district-level differences in KCC outreach and credit utilization. The result of the study indicates noticeable disparities among districts in both the number of KCC beneficiaries and the amount of outstanding credit. Districts such as Kangra, Mandi, and Shimla reported comparatively higher levels of credit distribution, reflecting better access to institutional agricultural finance. In contrast, geographically remote and tribal districts like Lahaul & Spiti and Kinnaur showed lower levels of coverage and credit accessibility. The study emphasizes the need for balanced agricultural credit distribution and stronger banking outreach in underserved regions to promote inclusive agricultural and rural development in Himachal Pradesh.

Index Terms—Kisan Credit Card, Agricultural Credit, Regional Disparities, Financial Inclusion, Himachal Pradesh, Rural Banking, GOI (Government of India).

I. INTRODUCTION

Agriculture continues to be one of the most important sectors of the Indian economy, particularly in rural and hilly states such as Himachal Pradesh. Availability of timely and affordable institutional credit is essential for increasing agricultural productivity, purchasing agricultural inputs, and reducing farmers' dependence on informal sources of finance. To address the credit needs and availability of credit to farmers, the Government introduced the Kisan Credit Card (KCC) Scheme in 1998. To make credit affordable, the government in 2006-07 introduced the Modified Interest Subvention Scheme (MISS), offering concessional interest rates and support during natural calamities. The Revised KCC (2020) provides integrated, single-window credit through a RuPay-enabled card with digital payments and flexible withdrawals via commercial, regional rural, and cooperative banks.[1]

The KCC limit was raised from Rs 3 lakh to Rs 5 lakh in crop loan, with the fisheries and allied activities credit limit increased to Rs 5 lakh. The collateral-free loan limit was enhanced to Rs 2 lakh per borrower, while short-term crop loans up to Rs 3 lakh are available at 7% interest with a 3% subvention (under MISS), reducing the effective rate to 4%. It offers flexible revolving credit for up to 5 years, allowing farmers to withdraw funds as needed, along with interest relief during natural calamities (no interest for up to 1 year, extendable to 5 years in severe disasters [2] Despite its importance, the distribution of KCC credit is not uniform across regions. Differences in geographical conditions, banking infrastructure, agricultural intensity, literacy, and economic development often create disparities in credit

distribution. Himachal Pradesh is characterized by mountainous terrain, scattered settlements, and varying agricultural practices across districts. These regional differences significantly influence the accessibility and utilization of institutional agricultural credit. Therefore, it becomes important to examine the district-wise distribution of KCC beneficiaries and outstanding credit amount to understand the extent of regional disparities in agricultural credit distribution in the state. The present study attempts to analyse district-wide disparities in KCC credit distribution in Himachal Pradesh using secondary data for one financial year.[4]

II. REVIEW OF LITERATURE.

Agricultural credit has been recognized as an essential factor in promoting agricultural growth and rural development. Several studies conducted in past years have examined the effectiveness of the KCC scheme and the distribution of institutional agricultural credit across different regions of India.

Sharma and Singh⁵ (2019) investigated the progress and performance of the KCC scheme in India. Their study shows that scheme has substantially enhanced farmers' access to formal sources of agricultural finance.

However, the authors observed that the distribution of Kisan Credit Cards accounts and credit was not uniform across regions. More developed agricultural areas received a larger share of institutional credit, while less developed regions remained relatively underserved. The result highlighted the significant contribution of Cooperative Banks and (RRBs) Regional Rural Banks in providing credit facilities to small farmers and marginal farmers.

Chanda⁶ (2020) examined the pattern of KCC lending across various states and districts of India. The findings indicated that regions possessing stronger banking infrastructure and higher levels of agricultural productivity attracted a greater volume of institutional credit.

The study emphasized that disparities in agricultural credit distribution are often associated with differences in economic development and financial infrastructure, resulting in persistent regional imbalances in credit availability.

Singh, and Prakash⁷ (2023) assessed the adequacy of credit provided under the KCC scheme in Uttar Pradesh. The authors reported that the scheme generally met the credit requirements of farmers for agricultural operations. Nevertheless, variations in access to credit were evident among different categories of farmers. These differences suggested that the benefits of institutional credit are not equally distributed across farming communities and regions. Focusing specifically on Himachal Pradesh,

Kumar and Thakur⁸ (2023) analyzed the dynamics of agricultural credit flow through different banking institutions, including Commercial Banks, Cooperative Banks, Regional Rural Banks, and Private Sector Banks. Their findings revealed considerable variation in credit disbursement among these institutions and across different parts of the state. The study pointed out that geographical challenges, difficult terrain, and limited accessibility significantly affect the outreach of agricultural credit in the hilly regions of Himachal Pradesh.

Devi et al (2024) examined the utilization of KCC loans among farmers in Himachal Pradesh. The study found that KCC credit was predominantly utilized for purchasing agricultural inputs such as seeds, fertilizers, pesticides, and farm equipment. The authors observed that while the scheme contributed positively to agricultural production, differences in the pattern of utilization existed among beneficiaries, reflecting regional variations in credit accessibility and farming requirements.

Pavithra and Singh¹⁰ (2025) The study evaluated the role of credit cards scheme in promoting financial inclusion among farmers. The analysis shows significant regional differences in the coverage and utilization of KCC facilities. Factors such as farm size, educational attainment, banking infrastructure, and institutional outreach were found to influence farmers' access to credit. The study concluded that regional inequality remains a major obstacle to achieving inclusive agricultural finance in India.

Deepika et al¹¹ (2026) conducted a systematic review of agricultural credit accessibility in India. The review identified several barriers that restrict equitable access to institutional finance, including procedural

complexities, inadequate financial literacy, socio-economic disadvantages, and geographical constraints. The authors emphasized that small and marginal farmers residing in remote and hilly regions continue to face significant challenges despite various policy initiatives aimed at improving credit accessibility.

Similarly,

Yadav¹² (2019). examined regional disparities in agricultural credit distribution across India and found considerable differences in distribution of institutional credit among states and regions. The research concluded that factors such as banking penetration, infrastructure development, agricultural commercialization, and overall economic progress significantly influence the allocation of agricultural credit. Regions with better economic and institutional support systems tend to receive a larger share of agricultural finance compared to less developed areas. Overall, the reviewed studies indicate that while the KCC scheme has improved farmers' access to institutional credit, substantial disparities continue to exist across regions. Differences in banking infrastructure, geographical conditions, socio-economic development, and institutional outreach remain important determinants of agricultural credit distribution.

These findings highlight the need for district-level investigations to understand the extent of regional disparities in agricultural credit distribution, particularly in geographically diverse states such as Himachal Pradesh.

III. OBJECTIVES OF THE STUDY.

1. To analyse district-wise distribution of KCC beneficiaries in Himachal Pradesh.
2. To examine regional disparities in outstanding KCC credit amount across districts.
3. To compare the level of agricultural credit distribution among districts and identify districts with high and low concentration of KCC credit.

IV. HYPOTHESES OF THE STUDY

Null Hypothesis (H_0): There is no significant regional disparity in Kisan Credit Card credit distribution among districts of Himachal Pradesh.

Alternative Hypothesis (H_1): There is significant regional disparity in Kisan Credit Card credit distribution among districts of Himachal Pradesh.

V. RESEARCH METHODOLOGY

Nature of Study

The present study is descriptive and analytical in nature. It aims to examine the extent of regional disparities in the distribution of agricultural credit through the Kisan Credit Card (KCC) scheme across the districts of Himachal Pradesh. The study evaluates the spatial distribution of KCC beneficiaries and outstanding credit amount to identify variations in institutional agricultural credit outreach

Source of Data

The study is based entirely on secondary data. Relevant information has been collected from the State Level Bankers' Committee (SLBC), National Bank for Agriculture and Rural Development (NABARD), Reserve Bank of India (RBI), Economic Survey of Himachal Pradesh, and various banking reports related to agricultural credit and Kisan Credit Card schemes.

Area of Study

The geographical scope of the study covers all twelve districts of Himachal Pradesh, namely Bilaspur, Chamba, Hamirpur, Kangra, Kinnaur, Kullu, Lahaul and Spiti, Mandi, Shimla, Sirmaur, Solan, and Una.

Data Used

The current study is based on district-wise data relating to the total number of KCCs beneficiaries and the outstanding amount under scheme in Himachal Pradesh. The number of beneficiaries farmers serve as an indicator of the outreach and penetration of institutional agricultural credit, whereas the outstanding amount reflects the magnitude of credit availed and utilized by farmers. Together, these variables provide a comprehensive understanding of the distribution and utilization of agricultural credit across districts and facilitate the assessment of regional disparities in KCC credit flow within the state.

Statistical Tools Used

- Percentage analysis
- Ranking method
- Comparative analysis

- Average analysis
- Tabular presentation

VI. DATA ANALYSIS AND INTERPRETATION

Table 1: District-wise Distribution of KCC Beneficiaries and Outstanding amount in Himachal Pradesh

District	Total KCC Beneficiaries	Outstanding Amount
Bilaspur	30,303	35,342.25
Chamba	32,000	38,833.02
Hamirpur	39,789	36,294.82
Kangra	90,492	106,042.67
Kinnaur	12,652	35,389.51
Kullu	39,775	111,292.27
Lahaul & Spiti	4,804	12,853.45
Mandi	83,597	151,172.14
Shimla	93,745	330,412.68
Sirmaur	32,431	66,023.24
Solan	34,526	73,928.62
Una	35,065	47,749.54
Total	5,29,179	1,045,334.21

Table 1 shows the district-wise distribution of KCC beneficiaries and outstanding amounts reveals significant regional disparities in agricultural credit utilization across Himachal Pradesh. It can be seen that Shimla, Kangra, and Mandi contribute to the largest share of beneficiaries, which is a reflection of greater outreach of the credit card scheme in these districts. The highest outstanding amount is also seen in Shimla district, reflecting higher credit requirements, particularly for horticultural activities. In contrast, districts such as Lahaul & Spiti and Kinnaur have relatively low beneficiary coverage due to geographical and demographic constraints. Overall, the findings suggest that agricultural credit utilization is closely linked to the scale of agricultural and horticultural activities in different districts. Shimla has the largest number of KCC beneficiaries (93,745), closely followed by Kangra (90,492) and Mandi (83,597).

These districts account for a substantial share of the total KCC coverage in the state, indicating a greater dependence on institutional agricultural credit and wider adoption of the KCC scheme. In contrast, the tribal districts of Lahaul & Spiti (4,804) and Kinnaur (12,652) have the lowest number of beneficiaries, which may be attributed to their sparse population, difficult terrain, and limited cultivable land. The table also shows Shimla has the highest outstanding amount of ₹330,412.68 lakh, followed by Mandi (₹151,172.14 lakh), Kullu (₹111,292.27 lakh), and Kangra (₹106,042.67 lakh). The exceptionally high

outstanding amount in Shimla, despite having a beneficiary base comparable to Kangra, suggests a higher average credit utilization per farmer, possibly due to the prevalence of high-value horticultural activities such as apple cultivation. Likewise, Kullu also exhibits a high outstanding amount relative to its number of beneficiaries, indicating greater credit requirements for horticulture and allied agricultural activities.

District-wise Distribution, Share and Ranking of KCC Beneficiaries and Outstanding Amount in Himachal Pradesh.

This section presents a district-wise analysis of Kisan Credit Card (KCC) beneficiaries and the corresponding outstanding credit amount in Himachal Pradesh. It compares the share and ranking of different districts while also examining the average outstanding credit per beneficiary to assess the extent of credit utilization. The analysis provides a clearer understanding of how agricultural credit is distributed across the state and highlights variations in credit access and usage among districts.

Average Outstanding Amount per KCC Beneficiary.

The average outstanding amount per KCC beneficiary can be calculated using the following formula:

$$\text{Average Outstanding per KCC} = \frac{\text{Outstanding Amount}}{\text{Total KCC Beneficiaries}}$$

This indicator helps in understanding district-wise intensity of agricultural credit utilization.

Districts with higher average outstanding per beneficiary indicate

greater credit utilization and larger agricultural investment requirements.

Table 2: District-wise Distribution, Share and Ranking of KCC Beneficiaries and Outstanding Amount in Himachal Pradesh

District	KCC Beneficiaries	% Share of Beneficiaries	Rank	Outstanding Amount	% Share of Outstanding Amount	Rank (O A)	Average Outstanding per Beneficiary
Bilaspur	30,303	5.73	10	35,342.25	3.38	11	1.17
Chamba	32,000	6.05	9	38,833.02	3.71	8	1.21
Hamirpur	39,789	7.52	4	36,294.82	3.47	9	0.91
Kangra	90,492	17.10	2	106,042.67	10.14	4	1.17
Kinnaur	12,652	2.39	11	35,389.51	3.39	10	2.80
Kullu	39,775	7.52	5	111,292.27	10.65	3	2.80
Lahaul & Spiti	4,804	0.91	12	12,853.45	1.23	12	2.68
Mandi	83,597	15.80	3	151,172.14	14.46	2	1.81
Shimla	93,745	17.72	1	330,412.68	31.61	1	3.52
Sirmaur	32,431	6.13	8	66,023.24	6.32	6	2.04
Solan	34,526	6.52	7	73,928.62	7.07	5	2.14
Una	35,065	6.63	6	47,749.54	4.57	7	1.36
Total	529,179	100.00	—	1,045,334.21	100.00	—	—

Table 2 explains the percentage analysis and ranking methodology. The table shows that Shimla (17.72%) and Kangra (17.10%) have the highest number of KCC beneficiaries in Himachal Pradesh, followed by Mandi (15.80%). In terms of outstanding loan amount, Shimla alone accounts for 31.61% of the total, indicating a significant increase in the use of agricultural loans compared to other districts. Mandi (14.46%) and Kullu (10.65%) also have a significant share of the total outstanding loans. The ranking analysis also confirms that Shimla leads in both the number of KCC beneficiaries and the total outstanding loan amount, while Lahaul and Spiti ranks last—reflecting limited access and use of institutional agricultural loans. The average outstanding loan per beneficiary is highest in Shimla (3.52), followed by Kullu (2.80) and Kinnaur (2.80), indicating higher loan intensity in these districts. Overall, this table clearly shows the regional variation in the distribution of KCC loans across different districts of Himachal Pradesh.

VII. FINDINGS OF THE STUDY

The study clearly indicates that the existence of considerable regional disparities in the distribution of KCCs credit across the districts of Himachal Pradesh. A significant variation observed in both the number of

beneficiaries and the amount of credit outstanding under the scheme. Among all districts, Shimla recorded the highest outstanding amount, suggesting a greater level of agricultural and horticultural investment as well as higher utilization of institutional credit. Kangra and Mandi emerged as the leading districts in terms of the number of KCC beneficiaries, reflecting a broader reach of formal agricultural finance among farmers in these areas. In contrast, tribal and geographically remote districts such as Lahaul and Spiti and Kinnaur reported relatively low numbers of beneficiaries and lower credit distribution. These differences may be attributed to factors such as difficult terrain, dispersed population, limited cultivable land, and inadequate banking infrastructure. The analysis further reveals that districts with better banking networks, stronger agricultural and horticultural activities, and greater economic development tend to attract larger volumes of institutional credit. On the other hand, geographical barriers and infrastructural limitations continue to restrict access to agricultural finance in remote regions. Overall, the uneven distribution of KCC credit highlights the presence of regional imbalances in financial inclusion and agricultural development within the state. The observed differences among districts provide sufficient evidence to reject the null hypothesis and accept the alternative hypothesis,

confirming that significant regional disparities exist in the distribution of KCC credit across the districts of Himachal Pradesh.

VIII. SUGGESTIONS.

1. To improve farmers access to institutional credit, it is necessary that banks increase their reach in remote and tribal districts.
2. Financial literacy and extension programs assist in increasing awareness and access towards the KCC scheme.
3. Simplify documentation & application procedures to facilitate easier credit access.
4. There is need of digital banking services to overcome geographical barriers in hilly regions.
5. District-specific credit policies should be developed on the basis local agricultural and horticultural requirements.
6. To ensure balanced credit distribution there is need to improve banking infrastructure in underserved areas.
7. Provide greater support to small and marginal farmers through targeted credit initiatives.
8. Regularly monitor district-wise credit flow to identify and address regional imbalances.
9. Promote horticulture and allied agricultural activities through adequate and timely credit support.
10. Encourage coordinated efforts among banks, government agencies, and NABARD to enhance financial inclusion across all districts.

IX. CONCLUSION

The research concludes that considerable regional disparities exist in the distribution of Kisan Credit Card credit across districts of Himachal Pradesh. Districts with better agricultural infrastructure and banking facilities receive higher credit support, whereas remote and tribal districts remain relatively under-served. The unequal distribution of agricultural credit may affect balanced rural development and financial inclusion in the state. Therefore, policymakers and institutions should adopt region-specific strategies to ensure justifiable access to agricultural credit under the KCC scheme. Strengthening institutional outreach in backward and geographically difficult regions can contribute

significantly to inclusive agricultural growth in Himachal Pradesh.

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