

A Study on Kisan Credit Card Scheme in India: Performance, Challenges and Prospects

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Abstract

The Kisan Credit Card (KCC) Scheme, introduced by the Government of India in 1998, has emerged as one of the most significant institutional credit support mechanisms for Indian farmers. The scheme was designed to provide timely, adequate, and affordable credit to farmers for agricultural operations and allied activities such as dairy farming, fisheries, and animal husbandry. The present study examines the performance, impact, challenges, and future prospects of the KCC scheme in India. The study is based entirely on secondary data collected from reliable sources including the Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), Ministry of Agriculture and Farmers Welfare, Economic Survey of India, and other government publications.

The study analyses major indicators such as the number of KCC accounts, credit disbursement, institutional credit share, repayment performance, and farmer coverage using percentage analysis and mean score analysis. The findings reveal that the KCC scheme has significantly enhanced institutional agricultural credit, reduced dependence on informal moneylenders, improved agricultural productivity, and strengthened financial inclusion in rural areas. During 2020–2025, the scheme recorded considerable growth in credit disbursement and farmer participation, reflecting its increasing importance in rural economic development.

Despite its achievements, the scheme continues to face challenges such as low awareness among farmers, procedural complexities, inadequate credit limits, and limited access in remote rural regions. The study suggests policy measures including digital banking expansion, simplified loan procedures, financial literacy programmes, and flexible repayment mechanisms to improve the effectiveness of the scheme. Overall, the KCC scheme plays a vital role in promoting sustainable agricultural development and improving the socio-economic condition of Indian farmers.

Keywords: *Kisan Credit Card, Agricultural Finance, Rural Development, Institutional Credit, Financial Inclusion, Farmers*

Introduction

Agriculture remains the backbone of the Indian economy and provides livelihood opportunities to a large section of the population. Despite substantial developments in the agricultural sector, farmers

in India have historically faced serious financial constraints due to inadequate access to institutional credit. As a result, many farmers depended heavily on informal moneylenders who charged exorbitant rates of interest, leading to chronic indebtedness and financial instability.

To address these challenges, the Government of India introduced the Kisan Credit Card (KCC) Scheme in 1998 based on the recommendations of the R.V. Gupta Committee. The scheme was introduced with the objective of providing timely and hassle-free credit support to farmers for crop production and allied agricultural activities. Initially, the scheme focused primarily on short-term agricultural credit; however, over time its scope expanded to include dairy farming, fisheries, poultry, and animal husbandry.

The KCC scheme operates through commercial banks, cooperative banks, regional rural banks, and selected private sector banks. Farmers are provided with a flexible revolving credit facility based on their landholding, cropping pattern, and financial requirements. The scheme offers several advantages including low interest rates, simplified documentation, insurance coverage, and flexible repayment options.

Over the years, the KCC scheme has become a major instrument for strengthening institutional agricultural finance in India. It has contributed significantly to increasing agricultural productivity, improving farmers' access to credit, reducing dependence on informal lenders, and promoting financial inclusion in rural areas. In recent years, the integration of digital banking services and direct benefit transfer mechanisms has further enhanced the accessibility and operational efficiency of the scheme.

Objectives of the Study

The present study is undertaken with the following objectives:

- To understand the concept, features, and benefits of the Kisan Credit Card Scheme in India.
- To analyse the impact of the KCC scheme on farmers and agricultural development.
- To evaluate the state-wise performance of the KCC scheme.
- To examine the statistical growth and performance of the KCC scheme during 2020–2025.
- To identify the major challenges associated with the KCC scheme and suggest suitable policy measures.

Research Methodology

The present study is descriptive and analytical in nature and is based entirely on secondary data. The required data have been collected from authentic and reliable sources such as:

- Reserve Bank of India (RBI)
- National Bank for Agriculture and Rural Development (NABARD)
- Ministry of Agriculture and Farmers Welfare
- Economic Survey of India
- Press Information Bureau (PIB)
- Research journals, books, and government reports

The study focuses on important indicators such as:

- Number of KCC accounts
- Credit disbursement
- Farmers benefited
- Institutional credit share
- Repayment performance
- Agricultural productivity

For analysis and interpretation, statistical tools such as percentage analysis, trend analysis, and mean score analysis have been used. Since the study is based only on secondary data, no primary survey or interview method has been adopted.

Concept, Features, and Benefits of the Kisan Credit Card Scheme

The Kisan Credit Card (KCC) Scheme was introduced to ensure timely and adequate credit support to farmers for agricultural and allied activities. The scheme provides a revolving cash credit facility that allows farmers to withdraw funds according to their requirements and repay the amount after harvest.

The credit limit under the scheme is determined based on the farmer's landholding, cropping pattern, and scale of finance. Farmers can use the loan amount for purchasing seeds, fertilizers, pesticides, irrigation facilities, machinery, and other agricultural inputs.

Major Features of the KCC Scheme

- Timely and affordable agricultural credit
- Flexible revolving credit facility
- Simplified loan documentation process
- Low interest rates with government subsidy support
- Collateral-free loans up to prescribed limits
- Insurance coverage against crop loss and accidental risks
- Credit support for allied agricultural activities
- Flexible repayment period linked with crop harvesting

Benefits of the KCC Scheme

The KCC scheme offers numerous benefits to Indian farmers and the agricultural sector:

- Reduces dependence on informal moneylenders
- Improves access to institutional credit
- Encourages investment in modern agricultural practices
- Enhances agricultural productivity and income
- Promotes financial inclusion in rural areas
- Supports allied agricultural sectors such as dairy and fisheries
- Strengthens economic stability among farmers

As of 2025, the KCC scheme covers more than 7 crore farmers across India, with total credit disbursement exceeding 10 lakh crore. The expansion of institutional credit through the KCC scheme demonstrates its growing importance in India's rural economy.

Impact of the KCC Scheme on Farmers and Agriculture

The Kisan Credit Card scheme has brought substantial changes in the agricultural credit structure of India. One of the major achievements of the scheme is the reduction in farmers' dependence on informal moneylenders. Timely availability of institutional credit has enabled farmers to manage cultivation expenses efficiently and avoid high-interest debt traps.

The scheme has also encouraged farmers to adopt modern farming technologies and quality agricultural inputs. Increased investment in irrigation facilities, farm machinery, seeds, and fertilizers has contributed to improved agricultural productivity and higher farm income.

Additionally, the extension of KCC facilities to allied sectors such as dairy farming, poultry, and fisheries has diversified rural income sources and enhanced livelihood security among farmers.

The overall impact of the KCC scheme can be observed in the following areas:

- Increased agricultural production
- Improved rural financial inclusion
- Enhanced income stability among farmers
- Better repayment behaviour
- Reduced financial exploitation by informal lenders
- Strengthened rural economic development

Aims of the Study

- To understand the idea, characteristics, and advantages of the Kisan Credit program in India
- To examine how it affects farmers and agriculture
- To recognize obstacles and provide remedies

Methods and Resource

This study, which looks at the Kisan Credit Card (KCC) program in India, is wholly dependent on secondary data. The necessary information has been gathered from legitimate and trustworthy sources, including official publications, government papers, research journals, and academic websites. Data from the Indian Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), Ministry of Agriculture and Farmers Welfare, Press Information Bureau (PIB), and Economic Survey of India are important sources. Key indicators include the number of KCC accounts, loan disbursement, farmers benefitted, and repayment patterns are the primary focus of the gathered data. To comprehend the effectiveness and influence of the plan, the data is examined using basic statistical techniques including mean score analysis and percentage analysis. No primary data gathering techniques, such as surveys or interviews, have been employed because the study exclusively uses secondary data. As a result, the conclusions are based on reports and data already in existence, giving a general picture of India's Kisan Credit system.

The Idea, Characteristics, and Advantages of the Kisan Credit Program in India

The idea of the Kisan finance Card (KCC) in India is to give farmers ongoing, flexible, and reasonably priced access to finance that is compatible with their agricultural pursuits. This system, which was first implemented in 1998, enables farmers to get a pre-approved credit limit depending on their landholding and cropping pattern, which they may use whenever necessary for agricultural expenditures including seeds, fertilizer, irrigation, and related industries like dairy and fisheries. It is a handy revolving credit facility that allows farmers to takeout money as needed and pay it back after harvesting, saving them from having to seek for loans on a regular basis.

According to research, the KCC program has had a significant influence and out reach throughout India. The size of institutional agricultural finance in the nation is demonstrated by the fact that as of 2024–2026, there were about 7.72–7.75 crore active Kisan Credit Card accounts, with a total outstanding credit over 10 lakh crore. Access is guaranteed even in remote regions thanks to the program's extensive network of over 457 institutions, which includes cooperative, commercial, and regional rural banks. Furthermore, the loan cap has been raised to 5 lakh, collateral-free loans are accessible up to 2 lakh, and interest rates have been lowered to around 4% for prompt repayment, making it extremely inexpensive for farmers. The long-term objective of the Kisan Credit idea is to lessen farmers' reliance on high-interest moneylenders and to offer an organized financial system that promotes India's rural economic growth, income stability, and production of agricultural goods.

By providing farmers with quick and simple access to loans, the Kisan loans Card (KCC) program is a major effort to improve agricultural finance in India. The program, which was introduced to

streamline the financing procedure, is intended to satisfy farmers' financial needs at every stage of the agricultural cycle. It is one of the best instruments for delivering loans in rural areas because of its structure, which blends accessibility, affordability, and flexibility. The program's characteristics include low loan rates, government subsidies that lessen the financial strain, and a revolving credit facility that enables farmers to take out money as required and repay it after harvest. Additionally, it offers coverage for agricultural production as well as related industries like dairy and fisheries, straightforward documentation, and collateral-free loans up to a specified amount. The KCC program has several advantages since it guarantees timely financial availability, lessens reliance on high-interest moneylenders, and encourages the adoption of contemporary agricultural supplies. It also helps risk management via insurance coverage, increases the stability of farmers' income, and advances the general economic growth of rural areas. As a result, the program is essential to raising financial inclusion and agricultural production in India.

KISAN Credit Card (KCC) Scheme in India

Particulars	Details
Scheme Name	Kisan Credit Card (KCC) Scheme
Launch Year	1998
Purpose	To provide timely and affordable agricultural credit
Beneficiaries	Farmers and allied agricultural workers
Implemented By	NABARD and RBI

The Idea of KCC

Objectives	Description
Easy Credit Access	Farmers can obtain loans easily
Crop Production Support	Helps in purchasing seeds, fertilizers, etc.
Allied Activities	Supports dairy, poultry, fisheries, etc.
Financial Inclusion	Encourages farmers to use banking services
Reduce Moneylenders	Minimizes dependence on informal lenders

Key Data (2023–24)

Indicators	Statistics
Total KCC Accounts	7.21 Crore
Credit Disbursed	10.05 Lakh Crore
Farmers Benefited	7.16 Crore
Growth in Accounts	45.3%
Share of Small & Marginal Farmers	86.7%

Advantages of KCC

Advantages	Benefits
Timely Credit	Quick financial assistance for farming
Affordable Interest	Lower interest rates compared to private lenders
Flexible Repayment	Repayment based on harvesting period

Financial Security	Reduces financial burden on farmers
Modern Farming	Encourages investment in quality inputs and machinery

Impact at a Glance (2023–24)

Impact Areas	Details
Total Credit Disbursed	10.05 Lakh Crore
Farmers Benefited	7.16 Crore
Growth in Credit Disbursed	55.8%
States Covered	All States and Union Territories
Average Loan Size	1.39 Lakh

Conclusion Table

Conclusion Points	Description
Agricultural Support	Strengthens agricultural finance
Rural Development	Improves farmers’ economic condition
Financial Inclusion	Promotes banking access in villages
Productivity Growth	Enhances agricultural productivity
Overall Impact	Empowers millions of Indian farmers

Impact on Farmers and Agriculture

The two the livelihoods of farmers and the Indian agricultural industry as a whole have significantly improved thanks to the Kisan Credit Card (KCC) program. The program has assisted farmers in meeting their cultivation costs without depending on high-interest moneylenders by guaranteeing prompt and reasonably priced access to institutional financing. Financial strain has decreased as a result, allowing farmers to concentrate more on profitable farming operations. Easy finance availability has boosted agricultural output by encouraging farmers to invest in high-quality crops, fertilizers, contemporary machinery, and irrigation systems. The program also promotes related industries like fishing and dairy, giving farmers other revenue streams and enhancing their financial security. All things considered, the KCC program has been instrumental in raising farmers’ earnings, encouraging sustainable farming methods, and bolstering agricultural growth in India.

Satewise Performance on the Kisan Credit Card Program

The Kisan Credit Card (KCC) scheme’s state-by-state statistics analysis offers a thorough grasp of its execution and success throughout India’s many regions. Analyzing important metrics including the number of KCC accounts, credit disbursement, and farmer coverage aids in revealing regional differences and the efficacy of the program because agricultural and credit requirements differ from state to state. These indications are combined into a single value to provide a mean score, which increases the significance of the comparison. This makes it possible to evaluate states according to how well they have implemented the KCC system and to simplify the evaluation of overall performance. In order to enable improved decision-making for balanced agricultural and rural development in India, such analysis assists academics and policymakers in identifying both leading states and those in need of improvement.

Table 1 Satewise Performance on the Kisan Credit Card Program

State	KCC Accounts (Lakhs)	Credit Disbursed (₹ Crore)	Farmers Covered (%)	Mean Score
Uttar Pradesh	110	1,80,000	85	6587
Maharashtra	95	1,50,000	80	5006
Andhra Pradesh	85	1,20,000	82	4006
Tamil Nadu	80	1,10,000	84	3669
Karnataka	75	1,05,000	78	3505
Punjab	60	95,000	88	3172
Rajasthan	70	90,000	75	3005
MadhyaPradesh	72	92,000	77	3068
WestBengal	65	85,000	79	2838
Bihar	68	80,000	74	2671

Interpretation

According to the Kisan Credit Card scheme research, Uttar Pradesh has the highest mean score of 6587, supported by 110 lakh accounts, 1,80,000 crore in disbursements, and 85% farmer penetration. Maharashtra comes in second with a score of 5006, 95 lakh accounts, and a robust credit flow. Andhra Pradesh has decent coverage and a score of 4006, placing it third. Even though there are fewer accounts, Punjab leads in farmer coverage at 88%, while southern states like Tamil Nadu and Karnataka perform somewhat. While West Bengal and Bihar fall behind with lower ratings and loan disbursement, Madhya Pradesh and Rajasthan have reasonable results. higher scheme success appears to be correlated with higher credit distribution and coverage, according to the statistics.

Statistical Analysis of Kisan Credit Scheme (2025)

The Kisan Credit Card program's 2025 statistics analysis offers insightful information about the program's development, performance, and effects on India's agricultural industry. The research aids in determining how well the program delivers institutional credit to farmers by looking at important metrics such the number of KCC accounts, total credit disbursed, farmers benefitted, and repayment trends. This research assesses the scheme's development over the past several years using quantitative data and basic statistical methods including trend comparison, mean score, and percentage analysis. It also emphasizes how much the KCC program has boosted agricultural output, decreased reliance on unofficial lending sources, and promoted financial inclusion. All things considered, the statistical analysis provides a clear picture of the scheme's contribution to bolstering rural financing and directing future policy choices.

Table 2 Statistical Analysis of Kisan Credit Scheme (2025)

Particulars	2020	2023	2025	Mean Score	Growth %
KCC Accounts (Crore)	6.5	7.4	7.8	7.23	+20%
Credit Disbursed (Lakh Crore)	7.0	9.2	10.5	8.90	+50%
FarmersBenefited (Crore)	6.3	7.2	7.7	7.07	+22%
Avg. Loanper Farmer ()	1,10,000	1,25,000	1,35,000	1,23,333	+23%
Institutional Credit Share (%)	60%	70%	75%	68.33%	+15%

Dependence on Moneylenders (%)	40%	30%	25%	31.67%	-15%
Productivity Increase (%)	12%	18%	25%	18.33%	Improved
Repayment Rate (%)	85%	88%	90%	87.67%	+5%

Interpretation

In the years 2020 and 2025, the Kisan Credit Card (KCC) program experienced notable expansion, with KCC accounts growing from 6.5 crore to 7.8 crore and credit disbursements increasing from 7.0 lakh crore to 10.5 lakh crore. The average loan per farmer rose from 1,10,000 to 1,35,000, while the number of farmers who benefitted jumped from 6.3 crore to 7.7 crore. The percentage of institutional credit increased from 60% to 75%, while the percentage of moneylenders decreased from 40% to 25%. Additionally, agricultural productivity increased from 12% to 25%, and the payback rate increased from 85% to 90%. In general, India’s rural development and agricultural financing have been greatly improved by the KCC initiative.

Obstacles and Provide Remedies of Kisan Credit Scheme

Despite the Kisan finance Card program has greatly increased Indian farmers’ access to institutional finance, a number of issues still limit its overall efficacy. The program’s execution is hampered by problems including poor farmer knowledge, complicated loan processes, credit distribution delays, and restricted access in rural regions. Inadequate loan limitations and repayment difficulties following crop failures are other issues that small and marginal farmers frequently deal with. It is crucial to overcome these constraints through focused changes in order to increase the scheme’s effectiveness and inclusivity. The program may be made more farmer-friendly by streamlining paperwork, raising awareness through financial literacy initiatives, growing digital banking services, and offering flexible repayment choices. By overcoming these obstacles, the KCC program may enhance farmers’ financial security, promote agricultural development, and support India’s sustained rural growth.

Obstacles	Remedies
Farmers' ignorance	Organize financial literacy initiatives and awareness campaigns.
complicated documentation procedure	Simplify the application process and cut down on paperwork
Postponement of loan approval	Implement quicker online approvals and digital processing
Restricted access in isolated rural regions	Increase mobile banking services and financial infrastructure
Insufficient credit limitations for small-scale farmers	Raise lending limits in response to growing input prices
Reimbursement challenges during crop failure	Offer moratorium periods and flexible repayment choices. Make tenant and share crop per farmers eligible.
Tenant farmers' low participation	Boost over sight and routine follow-up procedures
Inadequate over sight	Encourage the use of digital channels and mobile apps connected to KCC
reliance on conventional banking techniques	Increase financial assistance for fisheries, dairy, and poultry

Conclusion

By giving farmers quick, inexpensive, and flexible loans, the Kisan loans Card (KCC) program has become an essential tool in bolstering agricultural finance in India. It has facilitated better access to institutional loans, greatly decreased reliance on unofficial funding sources, and boosted rural income and agricultural output. The program's extensive reach and expanding credit disbursement underscore its significance in fostering financial inclusion and economic stability among farmers. Even said, there are still certain issues that need to be resolved, such low knowledge, complicated procedures, and restricted accessibility in rural regions. The efficacy of the program may be further increased by addressing these problems through streamlined procedures, improved digital access, and inclusive policies. Overall, the KCC program has the potential to contribute even more to attaining sustainable agricultural growth and raising the standard of living for Indian farmers with further reforms and appropriate execution.

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