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The Role of Agricultural Credit (Kisan Credit Cards) in Transforming Farming in Tekari

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Abstract
Agricultural credit has been sort of that missing link, between what a farmer wants to do , and the real ability to put money into better seeds, irrigation, and equipment. In Tekari, which is a subdivision of Gaya district in Bihar, India, this gap has looked even more clear, because the area leans heavily on small-scale cereal cultivation, land is broken up into smaller holdings, and informal moneylenders have long held a strong grip. This article looks at how the Kisan Credit Card (KCC) scheme, launched by the Government of India in 1998, has been able to shift farming habits and rural livelihoods in Tekari, a bit in practice not only in plan. Using national material and figures from the Press Information Bureau, NABARD, the Reserve Bank of India, NITI Aayog, the National Sample Survey Office, plus peer-reviewed studies on eastern India's agricultural credit ecosystem, the article walks through the scheme's structure, coverage, and the impacts that have been documented. It also considers how KCC has chipped away at the dependency on moneylenders, encouraged better input use among smallholders, and opened fresh routes toward higher farm output, in a district that the Ministry of Panchayati Raj once placed among India's more economically backward regions. At the same time, the piece doesn't ignore the sticking points, especially financial literacy hurdles, problems with paperwork, and uneven bank outreach, all of which still weaken KCC's overall promise for Tekari and similar semi-rural places.
Keywords: *Kisan Credit Card, Tekari, Bihar, financial inclusion, farm income, agricultural credit, small and marginal farmers, informal moneylenders*

I. Introduction

Think about what it really takes for a farmer in Tekari to start a new cropping season. Seeds have to be bought before the rains turn up. Fertilisers move quick in the local markets . Labour still needs payment upfront, not later. And irrigation too—whether it comes through the Sone canal or from a pump set—costs money before a single grain is harvested. For decades now, the only way many farmers here could gather that kind of money was to walk to the village moneylender.

Tekari itself is a subdivision and nagar panchayat in Gaya district, Bihar, set in a mostly farmed landscape where paddy, wheat, pulses, and potato make up the primary crops. As per the 2011 Census, Tekari subdivision recorded a population of 260,511 across 237 square kilometres, with an overall literacy rate of 68.5% and Scheduled Castes roughly 24.8% of the population. The local economy, much like much of Gaya district, relies heavily on agriculture. Back in 2006, Gaya district was listed among India's 250 most backward districts by the Ministry of Panchayati Raj, and it still receives support through the Backward Regions Grant Fund Programme.

Against this backdrop, the arrival, and then the gradual expansion of the Kisan Credit Card scheme, represents something genuinely significant, not merely as a financial product but more like a structural shift in how farmers are able to reach resources. The amount under operative KCC accounts has more than doubled from ₹4.26 lakh crore in March 2014 to ₹10.05 lakh crore in December 2024 , and it has benefited 7.72 crore farmers across the country. The article basically wrestles with one key question ,how much of this national transformation has truly arrived in the fields, and the farmhouses around Tekari.

II. The Structural Context of Farming in Tekari

2.1 Landholding Patterns and Crop Profile

Tekari's farming landscape is pretty typical of Bihar's agrarian character, and it kind of matches what most national surveys keep saying about the state, over and over. Landholdings are small and fragmented, that familiar pattern. As per India's Agriculture Census 2015–16, 86.1% of Indian farmers are small and marginal, with landholdings smaller than two hectares, and more than half of these farmers live in five states—Uttar Pradesh, Bihar, Madhya Pradesh, Maharashtra and Andhra Pradesh. Bihar's share in this category is disproportionately large though. A farmer in Tekari often works on less than an acre, sometimes spread across two or three non-contiguous plots, like the pieces are never quite in one place.

Small and marginal farmers together make up 86% of India's farming population but only own 47% of the agricultural land. They also account for 51% of India's total agricultural output, according to the FAO. That mismatch, doing more than half the work while holding less than half the land, gives you a clear sense of the productivity pressure these farmers operate under. It's a kind of paradox that you feel in day to day field decisions.

Around Tekari, the main crops move with the kharif-rabi cycle. Paddy goes in during the monsoon season, wheat follows in winter, and then pulses and vegetables fill the gaps in between. The Sone canal system provides some irrigation, but it's uneven. Maintenance gaps mean farmers in the outer blocks of the subdivision sometimes depend entirely on rainfall, or they end up using privately-owned pump sets instead.

2.2 The Moneylender Problem

Before digging into what KCC has managed to do, it also helps to understand what was there before it, kind of what people already had. Informal credit, from moneylenders, traders, and even landlords, has been the default kind of financing for smallholder farmers in Bihar for generations. The rates charged are not gentle, not even close. The Indebtedness Report by NABARD (2021) showed that more than 60% of small farmers tap informal sources for credit, and they end up paying interest rates up to 36%, compared with the 7% subsidised rate that comes through institutional loans.

So, a farmer borrowing ₹30,000 at 36% annual interest to buy seeds and fertiliser faces a crushing repayment load by harvest time, even if things go reasonably well in the field. A bad monsoon, a pest outbreak, or a sudden illness in the family can easily tip a manageable debt into a generational one, and then it just keeps going. This is the cycle that KCC was made to break.

III. The Kisan Credit Card: Design and Mechanics

3.1 How the Scheme Works

The KCC scheme came into being in 1998, it was actually conceived jointly by NABARD, the Reserve Bank of India and the Government of India, as a way to deliver a flexible, timely, and affordable type of working capital to farmers through the formal banking system. The intention is to provide adequate and timely credit support from banks, under a single window. The procedures are supposed to be flexible, and also simplified, covering cultivation needs as well as other related requirements, in one go.

In real life, if a farmer gets approved under KCC they basically get a revolving credit limit linked to their landholding and the crop cycle. They can draw money when it is needed, and then repay after harvest, so they do not have to keep applying for a fresh loan every season. The interest rate setup is where the scheme really becomes a strong pitch. Farmers who hold KCCs can take short-term crop loans at a subsidised interest rate of 7% per year for loans up to ₹3 lakh, and for those who repay on time, the effective rate falls further, roughly around 4%. This happens due to the government's interest subvention plus a prompt repayment incentive.

In 2019, the scheme was widened beyond only crop production, and it started to include allied pursuits too. Now, the KCC scheme covers the working capital requirements for animal husbandry, dairy and fisheries. So farmers who run more than one livelihood can access credit across the full range of what they do. This update mattered a lot for regions like Tekari, because in many households livestock stays alongside crop cultivation, like it is a common routine.

As shown in Figure 1, the KCC credit delivery model maps clearly onto the production and repayment cycle of a seasonal farmer, creating a structure that is far more aligned with agricultural realities than a standard bank loan.

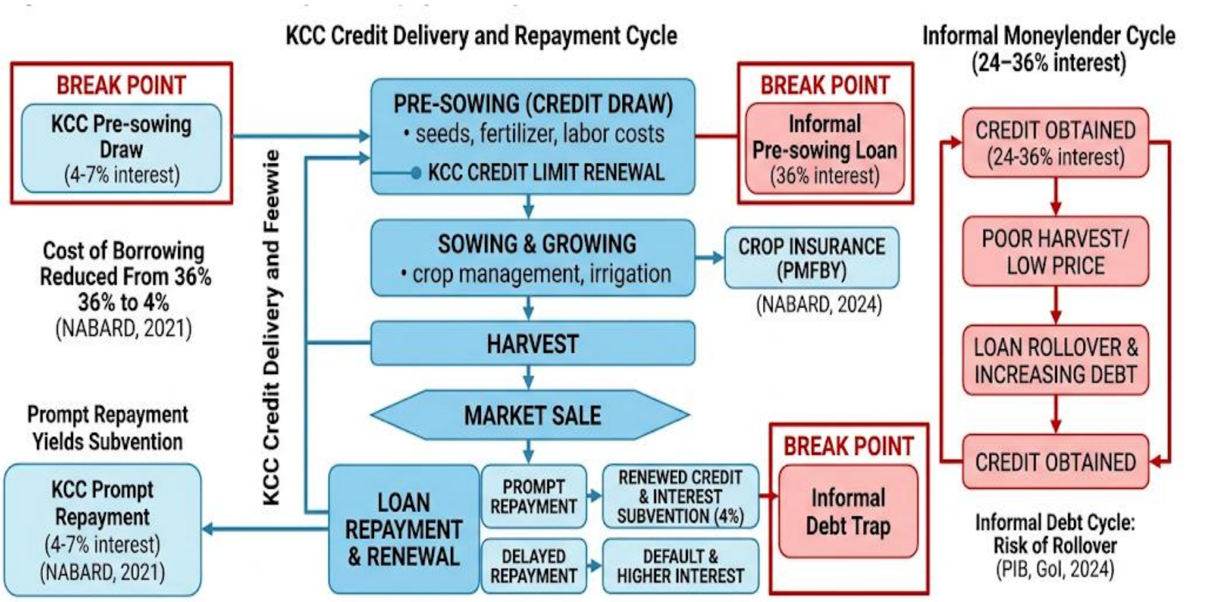

Figure 1: KCC Credit Delivery and Repayment Cycle for a Seasonal Smallholder Farmer in Bihar

This flowchart kind of shows the full annual rhythm of KCC credit usage for a usual small farmer, and it starts way back at pre-sowing credit draw, for seeds plus fertiliser. Then it goes on to sowing, crop growth, harvest, and later market sale, and finally ends at loan repayment followed by renewal of the credit limit. Alongside that, the diagram also compares it with the informal moneylender cycle, where borrowing at about 24–36% interest (as per the NABARD Indebtedness Report, 2021) can very often end up turning into rollover debt. It points to the main break spots, where KCC steps in and brings the cost of borrowing down from something like 36% (informal) to only 4% (KCC if the farmer repays on time). The data here comes from NABARD (2021, 2024) and from PIB, Government of India (2024).

3.2 Bihar Government's KCC Push

In recent years, the state government seems to have taken a more active role, in the KCC expansion kind of effort. Bihar, for example, announced it would distribute KCC loans to 90,000 farmers in 2024–25 and yes, this was an increase from the target set in the previous year, with ₹270 crore planned under the scheme. At the same time, the government said it wants to reach 500,000 farmers by 2027–28. Also, late 2023 it announced a 90% interest waiver on cooperative loans for 2 lakh farmers, so in practice those farmers would only repay 10% of the interest on their existing loans.

For Tekari, these kinds of state decisions really turn into day-to-day change. When cooperative banks, and regional rural banks, organize KCC camps in block headquarters, or when bank correspondents go into panchayats with application forms, the scheme actually lands with the farmer, not just on paper. The remaining problem is to make that outreach steady, and geographically more complete, everywhere.

IV. KCC's Impact on Farming Practices in Tekari and Comparable Regions

4.1 Input Usage and Crop Productivity

One of the most consistently documented impacts of KCC access is how it improves farmers' input spending, like pretty plainly. Once formal credit is on the table at 4–7% , a farmer starts thinking in a different way about whether to buy certified seeds or stick with saved seed from last year. And it doesnt stop there, the same reasoning shows up in fertiliser timing , pesticide use , and even when hiring extra labour for transplanting.

Research from eastern India is especially telling in this case. A study that looked at farmers across Bihar, Uttar Pradesh, Jharkhand, Odisha, and West Bengal found that KCC access boosts input usage and at the same time reduces how much farmers rely on moneylenders. It also notes that when farmers join agricultural training and other development programmes, KCC adoption goes even higher. The researchers used data from 2018 and 2023, so there's a longitudinal angle there, and it really helps capture behavioural change that's not just a one-off story.

KCC beneficiaries in Bihar have also been reported to use more inputs per hectare for the major crops. In Bihar, KCC beneficiaries borrow money to buy inputs and then apply those inputs in larger quantities than non-beneficiaries, per hectare, for paddy, maize, wheat, and potato, which are the region's four main crops. This higher input application then feeds into higher yields, and that's basically the link in the chain. It's the reason agricultural credit becomes so transformative when it actually lands in the farmer's hands rather than somewhere along the way.

4.2 Reducing Moneylender Dependency

The shift from informal to formal credit is not really only a financial thing, it also makes the power game inside the village economy move around. A farmer who borrows from the nearby moneylender is often pushed into selling their produce back to the same person at prices under the market range, which just goes on to quietly choke farm income. KCC access breaks that double hold, in a way.

The share of institutional credit in India's agricultural space has climbed to more than 75%, so dependence on informal moneylenders falls, and overall agri credit is reported to have jumped from ₹7.3 lakh crore to ₹25.49 lakh crore between 2014 and 2024. Nationally, the change is pretty substantial. In Tekari and similar semi-rural areas in Gaya district, the pace is slower, but it is still visible. Farmers who have used KCC for a while usually say they spend less time dealing with private moneylenders for crop related costs, and this drop in informal borrowing is one of the most noticeable quality of life gains linked to the scheme.

4.3 Expanding Access to Allied Livelihoods

Tekari's farming households are not just purely crop farmers. Many keep cattle, goats and poultry along side their field crops, like a diversification move that spreads risk, and gives some income in between harvests. As of 31 March 2024 44.40 lakh KCC accounts had been issued specifically for animal husbandry activities and 1.24 lakh for fisheries, so it shows how the scheme has really grown into allied livelihoods beyond just crop cultivation.

This diversification really matters a lot in a district where the Ministry of Panchayati Raj's own review once said the development deficit was severe. A farmer in Tekari who uses a KCC to fund both wheat cultivation and a small poultry unit tends to have a steadier income profile, compared with someone who relies only on the monsoon and the paddy price. Also, the capacity to get credit for more than one livelihood activity under a single umbrella product is something that informal lenders simply cannot provide, on comparable terms.

V. Challenges and Persistent Barriers

5.1 Financial Literacy Gaps

Access to KCC is only transformative if farmers know how to use it well… but here in Tekari, like in much of rural Bihar, financial literacy stays a big constraint , kind of persistent. A lot of farmers do not realize that their KCC covers more than just crop purchases it can also pay for repairs to farm equipment, the expenses around post-harvest storage, or other related work. It's been observed that roughly 68% of Bihar farmers are not aware that the KCC covers non-crop spend, like storage, which points to a major awareness gap that actually restricts the scheme's full potential.

And then there is the language problem too. Bank messages, loan application forms, and even the interest calculations are usually in English or very technical Hindi, not the Magahi-tilted everyday language that many Tekari villagers speak. So, simplifying communication , using local bank correspondents properly, and bringing KCC awareness into the agricultural extension programmes , these are steps that need to keep happening steadily , not just as one-off burst-mode campaign drives.

5.2 Documentation and Eligibility Constraints

Getting a KCC takes a level of paperwork that can feel kinda formidable for a marginal farmer, especially if they've never had any prior banking relationship. Land records need to be both clear and up to date, but in real life that's not always simple. Then there are collateral requirements, even when you're talking about the ₹1.60 lakh mark for collateral-free loans, which can end up being confusing in their own way. As per NITI Aayog (2024), only 45% of tenant farmers actually have KCCs because of documentation problems, so people who farm on leased land, which is common in semi-feudal agrarian setups, get pushed out of the scheme's formal reach.

In Tekari, where tenancy arrangements are pretty common and land records have, historically been poorly maintained, this exclusion isn't some minor technicality, it's a big deal that hits a substantial part of working farmers. A farmer who cultivates another person's land on an informal agreement doesn't really have a paper trail to show the bank, even if they have been working that plot consistently, season after season, cropping it for years.

5.3 Banking Infrastructure and Disbursement Delays

Even when farmers clear the paperwork stuff, delays in getting the loan actually can end up basically negating the whole idea of formal credit. Like, if a farmer applies for a KCC in March, and the money comes only in June, then the pre sowing window for kharif is already gone. Loan disbursals in places such as Uttar Pradesh and Odisha have been observed to stretch 30–60 days, while Punjab is around 14 days, so the regional processing efficiency gap looks pretty real. Bihar also faces similar problems, linked to bank branch density and staffing, especially in the semi-rural blocks.

NABARD has tried to tackle parts of it, via saturation drives and the Kisan Rin Portal. From FY25 onward, claim processing under the Modified Interest Subvention Scheme has been digitised through the Kisan Rin Portal, to enable faster and more efficient capturing, plus settlement of MISS claims. By December 2024, more than 1 lakh crore claims were processed. Sure, digitisation helps on the backend, but the first mile still matters, the farmer walking into a bank branch in Tekari town and being served, without getting bounced back for some missing paperwork. That part still needs a lot of human infrastructure investment.

VI. The Broader Financial Inclusion Picture

6.1 KCC within the PM-KISAN and MISS Framework

KCC doesn't really exist in isolation. In Tekari, as across Bihar, it sits alongside the PM-KISAN Samman Nidhi income support programme, crop insurance under PMFBY, and the Modified Interest Subvention Scheme (MISS) that essentially funds the low interest rates farmers get. In practice these schemes kind of reinforce each other, like a chain of arrangements. For example, if a farmer already has a PM-KISAN account then there's usually a banking link in place, and that makes KCC applications much smoother.

Right now, about 5.9 crore farmers who are benefiting under the MISS-KCC scheme have been mapped through the Kisan Rin Portal. This points toward more transparency and accountability in credit delivery, and more importantly a clearer view of who is receiving what. Then the Union Budget 2025–26 came with a policy upgrade that matters. The finance minister announced an increase in the loan limit under the Modified Interest Subvention Scheme, from ₹3 lakh to ₹5 lakh. That change should extend the subsidy benefit to a broader set of farmers, especially those running more capital-heavy operations. For farmers in Tekari, who work bigger plots or put money into mechanisation, this revised ceiling should mean more usable credit access than what the older limit allowed.

As shown in Figure 2, the national trajectory of KCC growth offers a useful benchmark for understanding how Bihar's current expansion targets compare to where the country was a decade ago.

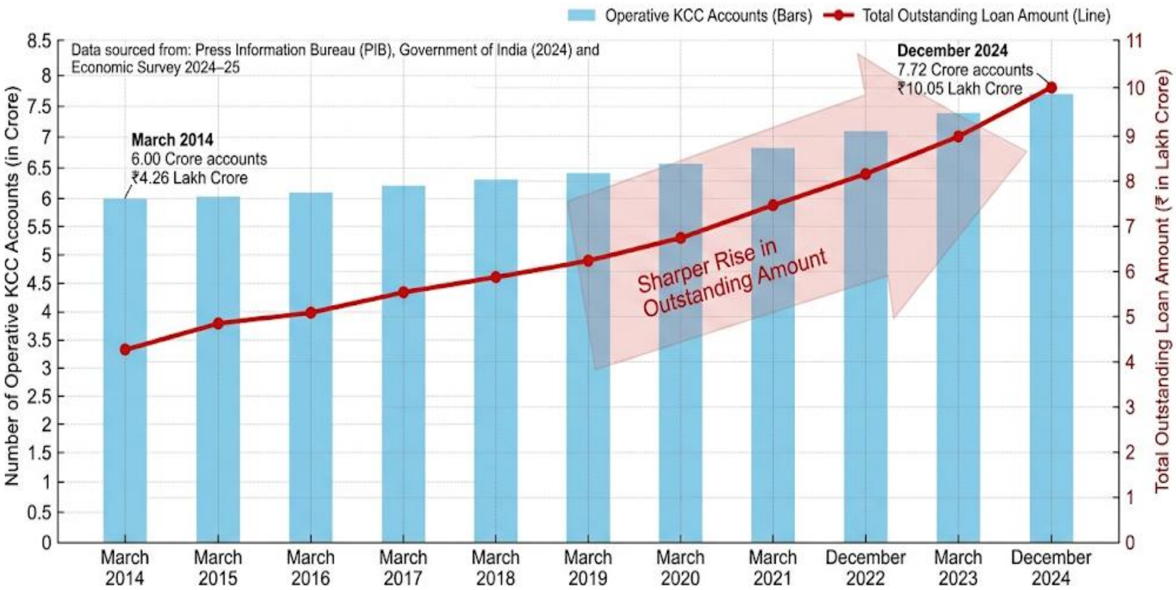

Figure 2: Growth in Operative KCC Accounts and Total Outstanding Amount in India (2014–2024)

This bar-and-line mashup chart kind of illustrates how Kisan Credit Card accounts moved upward across India, from March 2014 up to December 2024. The left side axis (the bars) shows the count of operative KCC accounts, going from around 6 crores back in 2014, then climbing to about 7.72 crore by December 2024. On the other hand, the right axis, the line part, represents the total amount of outstanding loans. That figure increases from roughly ₹4.26 lakh crore in 2014 to nearly ₹10.05 lakh crore by December 2024, so it more or less more than doubles during the decade. What stands out is how the outstanding loan amounts rise faster than the number of accounts, suggesting credit limit boosts plus inflation adjusted surges in input costs. Data pulled from Press Information Bureau (PIB), Government of India (2024) and Economic Survey 2024–25.

VII. Conclusion

For a farmer in Tekari who kinda grew up seeing his parents borrow from the local seth at punishing rates, paying a 4% effective interest on a KCC is not only a financial upgrade, it's also a different kind of tying with the future. It helps make planning possible, it makes investment conceivable. That psychological turn, hard to pin down with numbers but still deeply real, is part of why the KCC is one of the more consequential agricultural policy tools independent India has used.

Across the country, the figures talk pretty plainly. Credit flowing through KCC has more than doubled over a decade, and the share of institutional credit in the agricultural sector has risen to above 75%, which trims reliance on informal moneylenders quite a bit. In Tekari, and around Gaya district more broadly, this change is happening, but it isn't fully done yet, and the speed of it really matters.

Bihar aiming for 5 lakh KCC farmers by 2027–28 is pretty ambitious and also achievable, yet only if the state and district machinery, along with banks and NABARD, work together on those ground-level bottlenecks like documents getting too heavy, disbursal taking too long, and then the need for solid financial literacy pushes in Magahi and Hindi. Also, there should be clear outreach to women farmers and tenant cultivators. When the budget announced raising the MISS loan limit up to ₹5 lakh, that kind of expansion does widen the scheme's reach, but the real advantage will reach only those farmers who can actually get into it in the first place.

Tekari isn't Bihar's most discussed district. It doesn't show up as much in agricultural policy talks the way Punjab or Andhra Pradesh tends to. But still, it mirrors millions of farming households across eastern India who deserve a genuine opportunity for formal credit, not later, not in five years, and not even tied to the next census cycle, but now, before the next sowing season begins.

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