

Illustrations

Illustrative examples for assessment of Kisan Credit Card limit

Illustration 1 – Short duration crops (1 Crop Season = 12 months)

(A) Working capital for crop cultivation

I. Assumptions:

- i) Land Holding: 2 acres
- ii) Cropping Pattern

SI No	Crop	Season	Cropped area (in acre)
a	Paddy	Kharif	2
b	Wheat	Rabi	2

- iii) Scale of Finance (SoF) notified by State Level Technical Committee (per acre)

Crop season	1	2	3	4	5	6
Paddy	₹15,000	₹16,000	₹17,000	₹18,000	₹20,000	₹21,500
Wheat	₹20,000	₹21,000	₹22,000	₹24,000	₹27,000	₹29,000

- iv) Cost of insurance

Crop season	1	2	3	4	5	6
Actual cost	₹2,000	₹2,100	₹2,200	₹2,350	₹2,650	₹2,850

II. Assessment of drawing limit:

Crop to be grown	Land Holding (in acres)	Season	Scale of Finance per acre	Eligible loan amount
(a)	(b)	(c)	(d)	(e) = (b) X (d)
Paddy	2	Kharif	15,000	₹30,000
Wheat	2	Rabi	20,000	₹40,000
Sub-total (A)				₹70,000

ii	Add: Towards post-harvest and consumption requirements of farmer household (10 per cent of the total limit)	₹7,000
iii	Add: Towards repairs and maintenance expenses of farm assets, expenses for technological interventions involved in crop cultivation and organic/good agricultural practices certification (20 per cent of the total limit)	₹14,000
iv	Add: Cost of insurance, if any.	₹2,000
Sub-total (B)		₹ 23,000

III. Maximum Permissible Limit (for documentation purpose)

Crop season	Calculation	Loan limit
1	Crop Loan Limit – 1st Season [Sub-total (A) + (B)]	₹93,000
2	Add: 10% of the previous season's limit towards cost escalation	₹1,02,300
3	Add: 10% of the previous season's limit towards cost escalation	₹1,12,530
4	Add: 10% of the previous season's limit towards cost escalation	₹1,23,783
5	Add: 10% of the previous season's limit towards cost escalation	₹1,36,161*
6	Add: 10% of the previous season's limit towards cost escalation	₹1,49,777*

*amount rounded off

IV. Drawing limit for subsequent seasons

Crop Season	Calculation	Drawing limit
1	Drawing Limit- 1st Season [Sub-total (A) + (B)]	₹93,000
2	= 74,000 (2 acre × 16,000 + 2 acre × 21,000) + 10% + 20% + 2,100 (Cost of insurance)	₹98,300
3	= 78,000 (2 acre × 17,000 + 2 acre × 22,000) + 10% + 20% + 2,200 (Cost of insurance)	₹1,03,600
4	= 84,000 (2 acre × 18,000 + 2 acre × 24,000) + 10% + 20% + 2,350 (Cost of insurance)	₹1,11,550
5	= 94,000 (2 acre × 20,000 + 2 acre × 27,000) + 10% + 20% + 2,650 (Cost of insurance)	₹1,24,850
6	= 1,01,000 (2 acre × 21,500 + 2 acre × 29,000) + 10% + 20% + 2,850 (Cost of insurance)	₹1,34,150

(B) Working capital for allied activities

I. Assumptions:

(i) Proposed activity: Dairy

Livestock owned	No. of units	Scale of Finance per unit
a	b	c
Cross Breed Cow	1+1=2	₹7,000

- The above assessment is an illustration. The assessment of the KCC limit for allied activities will vary depending on the type of activity undertaken. Banks shall refer to the Scale of Finance approved by the State Level Technical Committee for determining the KCC limit.

(ii) Scale of Finance notified by State Level Technical Committee

Year	1	2	3	4	5	6
SoF	₹7,000	₹7,500	₹8,000	₹8,600	₹9,500	₹10,200

(iii) Cost of insurance

Year	1	2	3	4	5	6
Cost	₹400	₹450	₹500	₹550	₹600	₹650

II. Assessment of drawing limit

Livestock owned	No. of units	Scale of Finance per unit	Eligible loan amount
a	b	c	d = bXc
Cross Breed Cow	1+1=2	₹7,000	₹14,000
Sub-total (A)			₹14,000

ii	Add: Towards post-production and consumption requirements* of farmer household (10 per cent of the total limit)	₹1,400
iii	Add: Towards repairs and maintenance expenses for related assets, expenses for technological interventions as applicable in and organic or such other relevant certification, if any (20 per cent of the total limit)	₹2,800
iv	Add: Cost of insurance, if any#	₹400
Sub-total (B)		₹4,600

*If a borrower avails KCC loan for both agriculture and allied activities, consumption requirements shall be covered only in any one category and not both.

#If a borrower avails KCC loan for both agriculture and allied activities, distinct forms of insurance coverage are to be reckoned only once each.

III. Maximum Permissible Limit (for documentation purpose)

Year	Calculation	Limit
1	Loan limit for 1st year	₹18,600
2	Add: 10% of the previous year limit towards cost escalation	₹20,460
3	Add: 10% of the previous year limit towards cost escalation	₹22,506
4	Add: 10% of the previous year limit towards cost escalation	₹24,757*
5	Add: 10% of the previous year limit towards cost escalation	₹27,233*
6	Add: 10% of the previous year limit towards cost escalation	₹29,956*

*amount rounded off

IV. Drawing limit for subsequent seasons

Year	Calculation	Drawing Limit
1	Drawing Limit – 1st Cycle [(A) + (B)]	₹18,600
2	= ₹15,000 (SoF notified by SLTC × 2 units involved) + 10% + 20% + ₹450 (Cost of insurance)	₹19,950
3	= ₹16,000 (SoF notified by SLTC × 2 units involved) + 10% + 20% + ₹500 (Cost of insurance)	₹21,300
4	= ₹17,200 (SoF notified by SLTC × 2 units involved) + 10% + 20% + ₹550 (Cost of insurance)	₹22,910
5	= ₹19,000 (SoF notified by SLTC × 2 units involved) + 10% + 20% + ₹600 (Cost of insurance)	₹25,300
6	= ₹20,400 (SoF notified by SLTC × 2 units involved) + 10% + 20% + ₹650 (Cost of insurance)	₹27,170

(C) Investment credit for Agriculture and Allied Activities

I. Assumptions:

- Replacement of Pump set in 2nd year (Unit cost ₹50,000)
- Establishment of 1+1 Dairy Unit in 3rd year (Unit cost ₹50,000 per animal)

II. Disbursement

Year	Particulars	No of units	Cost per Unit	Total Cost
2 nd Year	Replacement of Pump set	1	₹50,000	₹50,000
3 rd Year	Cost of 1+1 Dairy Unit	1+1=2	₹50,000	₹1,00,000
Total term loan Component				₹1,50,000

III. Maximum permissible limit: ₹1,50,000

(D) Composite Maximum permissible KCC limit for 6th year (for documentation purpose)

A	Working capital for crop cultivation [A (III)]	₹1,49,777
B	Working capital for allied activities [B (III)]	₹29,956
C	Investment credit (Term loan) [C (III)]	₹1,50,000
	Composite KCC Limit	₹3,29,733

Illustration 2 – Long duration crops (1 crop season = 18 months)

(A) Working capital for crop cultivation

I. Assumptions:

- i. Land Holding: 2 acres
- ii. Cropping Pattern

Sr. No.	Crop	Cropped area (in Acre)	Scale of Finance per acre
a	Sugarcane	2	₹50,000

iii. SoF notified by State Level Technical Committee

(per acre)

Crop season	1	2	3	4
Sugarcane	₹50,000	₹52,000	₹55,000	₹60,500

iv. Cost of insurance

Crop season	1	2	3	4
Actual cost	₹3,000	₹3,500	₹4,000	₹4,500

II. Assessment of drawing limit

Crop to be grown	Land Holding (in acres)	Scale of Finance per acre	Eligible loan amount
(a)	(b)	(c)	(d) = (b) X (c)
Sugarcane	2	₹50,000	₹1,00,000
Sub-total (A)			₹1,00,000

ii	Add: Towards post-harvest and consumption requirements of farmer household (10 per cent of the total limit)	₹10,000
iii	Add: Towards repairs and maintenance expenses of farm assets, expenses for technological interventions involved in crop cultivation and organic/good agricultural practices certification (20 per cent of the total limit)	₹20,000
iv	Add: Cost of insurance, if any.	₹3,000
	Sub-total (B)	₹33,000
Drawing Limit – 1st Crop Season [(A) + (B)]		₹1,33,000

III. Maximum Permissible Limit (for documentation purpose)

Crop Season	Calculation	Loan limit
1	Crop Loan Limit – 1 st Cropping Season [Sub-total (A) + (B)]	₹1,33,000
2	Add: 10% of the previous season's limit towards cost escalation	₹1,46,300
3	Add: 10% of the previous season's limit towards cost escalation	₹1,60,930
4	Add: 10% of the previous season's limit towards cost escalation	₹1,77,023

*amount rounded off

IV. Drawing limit for subsequent seasons

Crop season	Calculation	Drawing limit
1.	Drawing Limit – 1 st Crop Season [(A) + (B)]	₹1,33,000
2	= ₹1,04,000 (2 acre × ₹52,000) + 10% + 20% + ₹3,500 (Cost of insurance)	₹1,38,700
3	= ₹1,10,000 (2 acre × ₹55,000) + 10% + 20% + ₹4,000 (Cost of insurance)	₹1,47,000
4	= ₹1,21,000 (2 acre × ₹60,500) + 10% + 20% + ₹4,500 (Cost of insurance)	₹1,61,800

(B) Working capital for allied activities

I. Assumptions:

- (i) Proposed activity: Fish culture (in ponds)

Asset owned	No. of units (acre)	Scale of Finance per acre
a	b	c
Pond (1 acre)	1 acre	₹2,00,000

- The above assessment is an illustration. The assessment of the KCC limit for allied activities will vary depending on the type of activity undertaken. Banks shall refer to the Scale of Finance approved by the State Level Technical Committee for determining the KCC limit.
- Scale of Finance notified by State Level Technical Committee per unit to cover recurring expenses illustratively seed, feed, labour, and maintenance etc.

Year	1	2	3	4	5	6
SoF	₹2,00,000	₹2,08,000	₹2,20,000	₹2,35,000	₹2,50,000	₹2,60,000

(iii) Cost of Insurance

Year	1	2	3	4	5	6
Cost	₹4,500	₹4,800	₹5,200	₹5,600	₹6,100	₹6,600

II. Assessment of drawing limit

Asset owned	No. of units	Scale of Finance per unit (acre)	Eligible loan amount
a	b	c	d = b X c
Pond	1 acre	₹2,00,000	₹2,00,000
Sub-total (A)			₹2,00,000

ii	Add: Towards post-production and consumption requirements* of farmer household (10 per cent of the total limit)	₹20,000
iii	Add: Towards repairs and maintenance expenses for related assets, expenses for technological interventions as applicable and organic or such other relevant certification, if any (20 per cent of the total limit)	₹40,000
iv	Add: Cost of insurance, if any#	₹4,500
Sub-total (B)		₹64,500

*If a borrower avails KCC loan for both agriculture and allied activities, consumption requirements shall be covered only in any one category and not both.

#If a borrower avails KCC loan for both agriculture and allied activities, distinct forms of insurance coverage are to be reckoned only once each.

III. Maximum Permissible Limit (for documentation purpose)

Year	Calculation	Limit
1	Loan limit for 1st year	₹2,64,500
2	Add: 10% of the previous year limit towards cost escalation	₹2,90,950
3	Add: 10% of the previous year limit towards cost escalation	₹3,20,045
4	Add: 10% of the previous year limit towards cost escalation	₹3,52,050*
5	Add: 10% of the previous year limit towards cost escalation	₹3,87,255
6	Add: 10% of the previous year limit towards cost escalation	₹4,25,981*

*amount rounded off

IV. Drawing limit for subsequent seasons

Year	Calculation	Drawing Limit
1	Drawing Limit – 1st Cycle [(A) + (B)]	₹2,64,500
2	= ₹2,08,000 (SoF notified by SLTC × 1 unit involved) + 10% + 20% + ₹4,800 (Cost of insurance)	₹2,75,200
3	= ₹2,20,000 (SoF notified by SLTC × 1 unit involved) + 10% + 20% + ₹5,200 (Cost of insurance)	₹2,91,200
4	= ₹2,35,000 (SoF notified by SLTC × 1 unit involved) + 10% + 20% + ₹5,600 (Cost of insurance)	₹3,11,100
5	= ₹2,50,000 (SoF notified by SLTC × 1 unit involved) + 10% + 20% + ₹6,100 (Cost of insurance)	₹3,31,100
6	= ₹2,60,000 (SoF notified by SLTC × 1 unit involved) + 10% + 20% + ₹6,600 (Cost of insurance)	₹3,44,600

(C) Investment credit for Agriculture and Allied Activities

I. Assumptions

a) Purchase of Harvester in 2nd year (cost ₹1,50,000)

b) Renovation of pond in 3rd year (cost ₹50,000)

II. Disbursement

Year	Particulars	Total Cost
2 nd Year	Purchase of Harvester	₹1,50,000
3 rd Year	Renovation of pond	₹50,000
Total term loan Component		₹2,00,000

III. Maximum permissible limit: ₹2,00,000

(D) Composite Maximum permissible KCC limit for 6th year (for documentation purpose)

A	Working capital for crop cultivation [A (III)]	₹1,77,023
B	Working capital for allied activities [B (III)]	₹4,25,981
C	Investment credit (term loan) [C (III)]	₹2,00,000
Composite KCC Limit		₹8,03,004