

Illustration II

Assessment of KCC LIMIT

1. Marginal farmer cultivating single crop in a year

1. Assumptions :

1. Land holding : 1 acre
2. Crops grown : Paddy (Scale of finance plus crop insurance per acre : ₹ 11,000)
3. There is no change in Cropping Pattern for 5 years
4. Allied Activities to be financed - One Non-Descript Milch Animal (Unit Cost Rs : 15,000)

2. Assessment of Card Limit :

(i) Crop loan Component

(Cost of cultivation for 1 acre of Paddy)	:	₹ 11,000
Add : 10% towards post-harvest / household expense / consumption	:	₹ 1,100
Add : 20% towards farm maintenance	:	₹ 2,200

Total Crop Loan limit for 1st year (A1) : ₹ 14,300

(ii) Term Loan Component

Cost of One Milch Animal(B)	:	₹ 15,000
1st Year Composite KCC Limit :	(A1) + (B)	:	₹ 29,300

2nd Year :

Crop loan component :

A1 plus 10% of crop loan limit (A1) towards cost escalation / increase in scale of finance [14,300+(10% of 14300 = 1430)](A2)	:	₹ 15,730
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2nd Year Composite KCC Limit : A2+B (15730 + 15000) ₹ 30,730

3rd Year :

Crop loan component :

A2 plus 10% of crop loan limit (A2) towards cost escalation / increase in scale of finance [15,730+(10% of 15730 = 1570)](A3)	:	₹ 17,300
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3rd Year Composite KCC Limit : A3+B (17,300 + 15,000) ₹ 32,300

4th Year :

Crop loan component :

A3 plus 10% of crop loan limit (A3) towards cost escalation / increase in scale of finance [17,300+(10%	:	₹ 19,030
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of 17300 = 1730](A4)	
4th Year Composite KCC Limit : A4+B (19,030 + 15,000)		₹ 34,030
5th Year :		
Crop loan component :		
A4 plus 10% of crop loan limit (A4) towards cost	:	₹ 20,930
escalation / increase in scale of finance [19,030+(10% of 19,030 = 1,900)](A5)	
5th Year Composite KCC Limit : A5+B (20,930 + 15,000)		₹35,930

Maximum Permissible Limit /

Composite KCC Limit : Rs.36,000
Say

Note: All the above costs estimated are illustrative in nature. The recommended scale of finance / unit costs may be taken into account while finalising the credit limit.