

## 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
<b>Total Crop Loan limit for 1st year</b>	<b>....(A1)</b>	<b>₹ 14,300</b>

###### (ii) Term Loan Component

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

###### 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)]	<b>....(A2)</b>	₹ 15,730
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<b>2nd Year Composite KCC Limit : A2+B (15730 + 15000)</b>	:	<b>₹ 30,730</b>
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###### 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)]	<b>....(A3)</b>	₹ 17,300
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<b>3rd Year Composite KCC Limit : A3+B (17,300 + 15,000)</b>	:	<b>₹ 32,300</b>
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###### 4th Year :

###### Crop loan component :

A3 plus 10% of crop loan limit (A3) towards cost escalation / increase in scale of finance [17,300+(10% of 17300 = 1730)]	<b>....(A4)</b>	₹ 19,030
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<b>4th Year Composite KCC Limit : A4+B (19,030 + 15,000)</b>	:	<b>₹ 34,030</b>
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###### 5th Year :

###### Crop loan component :

A4 plus 10% of crop loan limit (A4) towards cost escalation /  
increase in scale of finance [19,030+(10% of 19,030 = 1,900)]  
....(A5) : ₹ 20,930

**5th Year Composite KCC Limit : A5+B (20,930 + 15,000) ₹ 35,930**

**Maximum Permissible Limit /**

**Composite KCC Limit Say : ₹ 36,000**

**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.