



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

RBI/FIDD/2026-27/405

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**Reserve Bank of India [Rural Co-operative Banks - Kisan Credit Card (KCC)  
Scheme] Directions, 2026**

**Table of Contents**

|   |                  |
|---|------------------|
| <b><u>Chapter I: Preliminary.....</u></b>                                   | <b><u>2</u></b>  |
| <b><u>Chapter II: Credit - Purpose, Tenure and Limit.....</u></b>           | <b><u>4</u></b>  |
| <b><u>Chapter III: General Instructions.....</u></b>                        | <b><u>9</u></b>  |
| <b><u>Chapter IV: Disclosure, Exemptions and other Provisions .....</u></b> | <b><u>12</u></b> |
| <b><u>Annex I - Illustrations.....</u></b>                                  | <b><u>13</u></b> |



In exercise of the powers conferred under Section 21 and Section 35A read with section 56 of the Banking Regulation Act, 1949, and of all the powers enabling it in this behalf, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest and in the interest of banking policy to do so, hereby, issues the Directions hereinafter specified.

## **Chapter I: Preliminary**

### **A. Short Title and Commencement**

1. These Directions shall be called the Reserve Bank of India [Rural Co-operative Banks -Kisan Credit Card (KCC) Scheme] Directions, 2026.
2. The Directions shall be applicable to loans sanctioned under the KCC Scheme with effect from January 01, 2027. Loans sanctioned prior to the said date shall continue to be governed by the extant guidelines till maturity / next renewal.

### **B. Objective**

3. These Directions are issued with a view to laying down the framework for adequate and timely credit support from the banking system to be provided under the KCC Scheme to meet the working capital and investment credit needs of borrowers engaged in agriculture and allied activities, through a composite facility, requiring simple and standard procedure.

### **C. Applicability**

4. These Directions shall be applicable to Rural Co-operative Banks (RCBs), (hereinafter collectively referred to as 'banks' and individually as a 'bank')

*In this context, 'Rural Co-operative Banks' shall mean State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs), as defined in the National Bank for Agriculture and Rural Development Act, 1981.*

### **D. Definitions/Clarifications**

5. For the purpose of these Directions, unless the context or subject otherwise requires, the terms herein shall bear the meanings assigned to them as given below:

(1) "Crop season" means the period up to harvesting and marketing of the crops raised.



(2) “Short duration crops” shall mean crops with anticipated duration from sowing to marketing up to twelve months.

(3) “Long duration” crops mean crops which are not short duration crops. The crop season for long duration crops i.e., anticipated period from sowing to marketing is more than twelve months and up to eighteen months.

(4) For the purpose of the KCC Scheme, crop seasons shall be standardized at twelve months for short duration crops and eighteen months for long duration crops.

(5) “Marginal farmer” means a farmer with landholding of up to one hectare.

(6) “Small farmer” means a farmer with landholding of more than one hectare and up to two hectares.

6. Words and expressions used herein and not defined in these Directions, but defined in the Reserve Bank of India Act, 1934, or the Banking Regulation Act, 1949, shall have the meanings assigned to them in those Acts.



## Chapter II: Credit - Purpose, Tenure and Limit

### E. Purpose and Tenure

7. Under the KCC Scheme, banks shall extend credit to eligible borrowers for their farming and other needs as indicated below in the form of a composite facility with a tenure of six years:

(1) Short term credit requirements for cultivation of crops;

(2) Short term credit requirements for allied activities, an indicative list of which is provided in the table below:

| S.No  | Allied activity         | Purpose  |
|-------|-------------------------|--|
| (i)   | Animal Husbandry        | Rearing of dairy animals / poultry birds / small ruminants; illustratively, cattle, buffalo, camel, yak, mithun, goat, sheep, pig, rabbit, etc.  |
| (ii)  | Fisheries & Aquaculture | Rearing and capturing of fish / shrimp / other aquatic organisms; illustratively, fish culture, composite / integrated fish culture, polyculture, raceways fish culture, sea cage culture, cage / pen culture in reservoir, wetland fisheries, ornamental fish farming, fish angling, fish seed rearing, saline water aquaculture (shrimp / fish), shrimp culture, prawn culture, pearl culture, crab culture, seaweed cultivation, aquaponics, bio-floc fish farming, bivalve culture and brackish water culture, etc., and other production related activities concerned with inland / marine fisheries and aquaculture. |
| (iii) | Other allied activities | Production related activities concerned with sericulture, lac culture, beekeeping, and similar other allied activities.  |

(3) Post-harvest / post- production expenses;

(4) Consumption requirements of farmer household;

(5) Expenses for maintenance of assets related to agriculture and allied activities, soil testing, real time weather forecasts / other technological support services and organic / good agricultural practices or similar relevant certification;



- (6) Crop insurance, accident insurance, health insurance and asset insurance;
- (7) Produce marketing loans; and
- (8) Investment requirements for agriculture and allied activities.

8. The aggregate of components at **(1) to (7)** above shall form the short-term credit limit portion of the composite facility and the component at **(8)** shall constitute the long-term credit limit portion of the facility.

9. The short-term credit limit fixed for the sixth year together with the estimated long-term credit limit shall be the Composite Maximum Permissible Limit (CMPL) and is to be treated as the KCC limit.

Note: Refer D of illustrations 1 and 2 given in the Annex I.

10. The short-term component of the KCC limit for the purposes of crop cultivation and allied activities shall be in the nature of revolving cash credit facility. There shall be no restriction on the number of debits and credits.

## **F. Working capital for cultivation of crops**

### **11. Eligibility**

The following shall be eligible to avail credit for working capital requirements for cultivation of crops:

- (1) Farmers (individual / joint borrowers), who are owner cultivators;
- (2) Tenant farmers, oral lessees, and sharecroppers; and
- (3) Self-Help Groups (SHGs) and Joint Liability Groups (JLGs) of farmers / cultivators including tenant farmers, oral lessees, and sharecroppers.

### **12. Fixation of Drawing Limit**

- (1) The drawing limit for each crop season shall be the sum total of the following:
  - (i) Scale of Finance (SoF) [as notified by State Level Technical Committee (SLTC) / District Level Technical Committee (DLTC)] for the respective crop/s for the current crop season multiplied by extent of area of cultivation



- (ii) 10 per cent of (i) above towards post-harvest expenses and consumption requirements of household
- (iii) 20 per cent of (i) above towards repairs and maintenance of farm assets, soil testing, weather advisory and agri-extension service subscriptions, software and digital advisory platforms fees, drone-based crop health surveys and spraying services, remote sensing and satellite-based crop monitoring services, other technological support services, organic / good agricultural practices certification and similar other services, in the nature of working capital expenses.
- (iv) Premium for crop insurance, accident insurance, health insurance and asset insurance, if any.

(2) In case the cropping pattern adopted by the farmer changes for any subsequent season, the drawing limit shall be reworked by taking into consideration the crops proposed to be grown.

(3) In situations where the SoF has not been notified by SLTC for a particular crop season, at the time of the farmer availing the loan, the bank shall consider applying a 10 per cent notional hike over the SoF applicable for the previous season and determine the drawable limit for the ensuing season. However, in cases where the SoF has been notified but not revised, banks shall adopt the existing SoF.

(4) In respect of crops not covered in the SoF finalised by the SLTC / DLTC of the respective State, loans extended shall be outside the KCC framework. However, efforts must be made to get the SoF of such crops notified by the SLTC / DLTC.

(5) The KCC credit limit shall be rounded off to the nearest ₹1,000.

(6) At the time of sanction, the maximum permissible limit (MPL) for the short-term crop loan shall be arrived at on a notional basis by adding 10 per cent to the limit of the previous crop season, from the second crop season onwards. In case the drawing limit exceeds the MPL in any crop season / year, the MPL shall be reassessed at the time of review.

Note: Refer A (I), (II), (III) and (IV) of Illustrations 1 and 2 given in the Annex I.

(7) Marginal farmers shall also be eligible for a flexible credit limit of ₹10,000 to ₹50,000 (as Flexi KCC) as per assessment of the bank without relating it to the value of the land. The credit limit shall be based on crops grown, post-harvest warehouse



storage related credit needs, other farm expenses, consumption needs and investment requirements for agriculture and allied activities. The composite KCC limit is to be fixed for a period of six years on this basis. Wherever higher limit is required due to change in cropping pattern and / or SoF, the limit may be arrived at as per the estimation indicated at paragraphs 12(1) to 12(6).

### **13. Repayment Period**

Banks shall fix the repayment period as per the crop season applicable.

### **G. Working Capital for Allied Activities**

#### **14. Eligibility**

The following borrowers shall be eligible to avail credit for working capital requirements for allied activities:

- (1) Animal husbandry farmers, fishers, fish farmers and farmers (including tenant farmers and sharecroppers), undertaking allied activities as per para 7(2) as individual / joint borrowers; and
- (2) SHGs / JLGs of individuals as above.

#### **15. Fixation of Drawing Limit**

(1) Banks shall fix the drawing limits for allied activities based on the SoF [as notified by SLTC / DLTC] for the respective activities and number of units (acre / unit / animal / bird, etc.) by adopting the method analogous to that of working capital loans for cultivation of crops as indicated at paragraph 12 above.

(2) In respect of allied activities not covered in the SoF finalised by the SLTC / DLTC of the respective State, loans extended shall be outside the KCC framework. However, efforts must be made to get the SoF of such allied activities notified by the SLTC / DLTC.

(3) In cases where a borrower avails credit for both crop cultivation and allied activities under the KCC framework, the additional component towards consumption requirements (10 per cent) shall be considered only once and shall not be reckoned separately for each activity.

Note: Refer B (I), (II), (III) and (IV) of Illustrations 1 and 2 given in the Annex I.



(4) The drawing power for the working capital limit for allied activities shall be determined based on the SoF / latest valuation of stocks / receivables / cash flows as per terms of sanction.

## **16. Repayment Period**

Banks shall fix the repayment period as per the cash flow/income generation pattern of the activity undertaken by the borrower.

## **H. Investment Credit for Agriculture and Allied Activities**

### **17. Eligibility**

Beneficiaries specified in paragraph 11 and 14 above shall be eligible to avail investment credit for purposes related to agriculture and allied activities, illustratively:

- (1) land development
- (2) minor irrigation
- (3) purchase of farm / fishing, etc., equipment
- (4) construction of animal / bird shed
- (5) purchase of livestock
- (6) purchase of equipment related to allied activities, and
- (7) similar other purposes

### **18. Fixation of Limit**

(1) The term loan limit shall be based on the proposed investment(s) during the tenure of the KCC facility and the bank's assessment of the repaying capacity of the borrower.

Note: Refer C (I), (II) and (III) of Illustrations 1 and 2 given in the Annex I.

(2) The draw down of instalments shall be allowed based on the nature of investment.

### **19. Repayment Period**

The term-loan component shall be repayable within a period of six years depending on the type of activity / investment, as per the bank's credit policy applicable for investment credit. If the nature of investment involves a tenure longer than six years, the term loan may be treated as a separate facility outside the KCC framework.



## Chapter III: General Instructions

### I. Rate of Interest

20. The rate of interest shall be as stipulated in [Reserve Bank of India \(Rural Co-operative Banks - Interest Rates on Advances\) Directions, 2025 dated November 28, 2025](#), as amended from time to time and as per other relevant guidelines issued in respect of charging interest on agricultural advances.

### J. Collateral Security and Margin

21. Banks shall waive collateral security and margin requirements for agricultural loans including loans for allied activities up to ₹2 lakh per borrower. However, voluntary pledge of gold and silver as collateral for agriculture loans up to the collateral-free limit will not be considered as a violation of the guidelines on collateral-free lending to the agriculture sector. Banks shall obtain and retain explicit declaration from the borrower in such cases. RBI guidelines on collateral free limit pertain only to secondary collateral and not primary security or assets financed by the loan.

22. Banks shall decide the collateral security and margin requirements for loans above ₹2 lakh as per their credit policy and in adherence with RBI guidelines issued from time to time.

23. In case of KCC loans against hypothecation of crops / stock and involving tie-up arrangements for recovery, banks may waive collateral security for loans up to a limit of ₹3 lakh.

### K. Segregation of Limits

24. Considering the different interest rates and repayment schedules applicable to various types of credit provided under KCC, the facility may be divided into sub-limits for short-term cash credit limit-cum-savings accounts for crop cultivation and allied activities separately, and long-term loan for agriculture and allied activities. For operational convenience, these sub-limits shall be maintained as separate loan accounts under the composite KCC facility.



#### **L. Monitoring of End Utilization**

25. Banks shall ensure ongoing monitoring of the end use of the credit facility by the borrower as per the terms of sanction through field inspections and / or other means, as per their credit policy.

#### **M. Review and Renewal**

26. Banks shall undertake review and renewal of the short-term limits for crop cultivation and allied activities as per their credit policy.

#### **N. Other instructions**

27. Banks shall obtain a one-time documentation including land record / tenancy certificate / equivalent certificate as per their credit policy at the time of application for fresh loan. During the tenure of the facility, at the time of each review, the bank shall obtain declaration from the borrower(s) regarding proposed activity / activities.

28. In case of loans to sharecroppers and oral lessees, banks shall accept certificates provided by local administration / panchayati raj institutions regarding the cultivation of crops by such borrowers. Where there are difficulties in getting certification regarding identity and occupational status of sharecroppers and oral lessees, banks shall accept an affidavit submitted by such borrowers giving their occupational status (i.e., details of land tilled / crops grown), for loans up to ₹50,000.

29. Processing fees, inspection charges and other charges shall be as per the bank's policy on applicable charges and applicable regulatory guidelines, if any.

30. The KCC holder will have the option to avail any type of crop insurance, asset insurance, accident insurance (including Personal Accident Insurance Scheme) or health insurance and may pay the premium through the KCC account. Beneficiaries shall be made aware of the insurance covers available. Their explicit consent shall be obtained, at the application stage itself if the premium is to be paid through the KCC account.

31. In case insurance (crop insurance, asset insurance and personal accident insurance) is funded under the KCC facility, the same shall be assigned in favour of the lending bank.



32. Draw down of the limit shall be allowed as per the convenience of the farmer using any of the following delivery channels:

- (1) operation through banking outlet / part-time banking outlet (as defined in the [\(Rural Co-operative Banks - Branch Authorisation Directions, 2025 dated December 04, 2025\)](#) as amended from time to time) and business correspondents
- (2) operation through ATMs / micro-ATMs / PoS terminals, etc. in an interoperable manner
- (3) mobile based transactions at agricultural input dealers and mandis
- (4) operation through any other permitted digital delivery channel

33. Banks shall enable operations in KCC accounts through Unified Payments Interface (for working capital credit), debit cards (as stipulated in [Reserve Bank of India \(Rural Co-operative Banks – Debit Cards: Issuance and Conduct\) Directions, 2025 dated November 28, 2025](#), as amended from time to time), mobile banking, internet banking, National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), Central Bank Digital Currency (CBDC) or any other regulated digital delivery channel, after obtaining explicit consent of the account holder.

34. In case the farmer applies for loan against the warehouse receipt of the produce, the bank shall consider such request as per established procedure and guidelines. The loan extended to the farmer in such case shall be linked with the related short-term KCC loan, if any, and the outstanding amount in such loan shall be adjusted at the time of disbursement of the loan secured by warehouse receipt.

35. Banks shall adhere to the instructions regarding interest subvention and prompt repayment incentive on KCC loans, as applicable from time to time.

36. Prudential norms on income recognition, asset-classification and provisioning as stipulated in [Reserve Bank of India \(Rural Co-operative Banks – Income Recognition, Asset Classification and Provisioning\) Directions, 2025 dated November 28, 2025 \(updated as on February 13, 2026\)](#), as amended from time to time, shall apply to loans granted under the KCC Scheme.



## **Chapter IV: Disclosure, Exemptions and other Provisions**

### **O. Data Reporting**

37. Banks shall submit data on KCC loans to NABARD as per the prescribed reporting format.

### **P. Exemptions**

38. The Reserve Bank may, if it considers necessary for avoiding any hardship or for any other just and sufficient reason, grant extension of time to comply with or exempt any regulated entity, from all or any of the provisions of these Directions either generally or for any specified period, subject to such conditions as the Reserve Bank may impose.

### **Q. Application of other laws not barred**

39. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations or Directions, for the time being in force.

### **R. Interpretations**

40. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the Reserve Bank may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the Reserve Bank shall be final and binding.

(Nisha Nambiar)  
Chief General Manager-in-Charge



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              |
| <b>Sub-total (A)</b> |                         |        |                           | <b>₹70,000</b>       |

|                      |   |                 |
|----------------------|---|-----------------|
| ii                   | <b>Add:</b> Towards post-harvest and consumption requirements of farmer household (10 per cent of the total limit)  | ₹7,000          |
| iii                  | <b>Add:</b> 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                   | <b>Add:</b> Cost of insurance, if any.  | ₹2,000          |
| <b>Sub-total (B)</b> |   | <b>₹ 23,000</b> |



### III. Maximum Permissible Limit (for documentation purpose)

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

# Drawing limit may be rounded off to the nearest ₹1,000

### (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              |
| <b>Sub-total (A)</b> |              |                           | ₹14,000              |

|                      |  |               |
|----------------------|--|---------------|
| ii                   | <b>Add:</b> Towards post-production and consumption requirements* of farmer household (10 per cent of the total limit)   | ₹1,400        |
| iii                  | <b>Add:</b> 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                   | <b>Add:</b> Cost of insurance, if any#   | ₹400          |
| <b>Sub-total (B)</b> |  | <b>₹4,600</b> |

\*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    | <b>Loan limit for 1<sup>st</sup> year</b>                          | ₹18,600  |
| 2    | <b>Add:</b> 10% of the previous year limit towards cost escalation | ₹20,460  |
| 3    | <b>Add:</b> 10% of the previous year limit towards cost escalation | ₹22,506  |
| 4    | <b>Add:</b> 10% of the previous year limit towards cost escalation | ₹24,757* |
| 5    | <b>Add:</b> 10% of the previous year limit towards cost escalation | ₹27,233* |
| 6    | <b>Add:</b> 10% of the previous year limit towards cost escalation | ₹29,956* |

\*amount rounded off



#### IV. Drawing limit for subsequent seasons

| Year | Calculation  | Drawing Limit <sup>#</sup> |
|------|--|----------------------------|
| 1    | <b>Drawing Limit – 1<sup>st</sup> Cycle [(A) + (B)]</b>                                    | <b>₹18,600</b>             |
| 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                    |

# Drawing limit may be rounded off to the nearest ₹1,000

#### (C) Investment credit for Agriculture and Allied Activities

##### I. Assumptions:

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

##### II. Disbursement

| Year                      | Particulars             | No of units | Cost per Unit | Total Cost |
|---------------------------|-------------------------|-------------|---------------|------------|
| 2 <sup>nd</sup> Year      | Replacement of Pump set | 1           | ₹50,000       | ₹50,000    |
| 3 <sup>rd</sup> 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 6<sup>th</sup> year (for documentation purpose)

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



## 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            |
| <b>Sub-total (A)</b> |                         |                           | <b>₹1,00,000</b>     |

|   |   |                  |
|---|---|------------------|
| ii  | <b>Add:</b> Towards post-harvest and consumption requirements of farmer household (10 per cent of the total limit)  | ₹10,000          |
| iii   | <b>Add:</b> 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  | <b>Add:</b> Cost of insurance, if any.  | ₹3,000           |
| <b>Sub-total (B)</b>  |   | <b>₹33,000</b>   |
| <b>Drawing Limit – 1<sup>st</sup> Crop Season [(A) + (B)]</b> |   | <b>₹1,33,000</b> |



### III. Maximum Permissible Limit (for documentation purpose)

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

# Drawing limit may be rounded off to the nearest ₹1,000

### (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.



- (ii) 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         |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>SoF</b> | ₹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      |
|-------------|--------|--------|--------|--------|--------|--------|
| <b>Cost</b> | ₹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            |
| <b>Sub-total (A)</b> |              |                                  | ₹2,00,000            |

|                      |   |                |
|----------------------|---|----------------|
| ii                   | <b>Add:</b> Towards post-production and consumption requirements* of farmer household (10 per cent of the total limit)  | ₹20,000        |
| iii                  | <b>Add:</b> 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                   | <b>Add:</b> Cost of insurance, if any#  | ₹4,500         |
| <b>Sub-total (B)</b> |   | <b>₹64,500</b> |

\*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    | <b>Loan limit for 1<sup>st</sup> year</b>                          | ₹2,64,500  |
| 2    | <b>Add:</b> 10% of the previous year limit towards cost escalation | ₹2,90,950  |
| 3    | <b>Add:</b> 10% of the previous year limit towards cost escalation | ₹3,20,045  |
| 4    | <b>Add:</b> 10% of the previous year limit towards cost escalation | ₹3,52,050* |
| 5    | <b>Add:</b> 10% of the previous year limit towards cost escalation | ₹3,87,255  |
| 6    | <b>Add:</b> 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 <sup>#</sup> |
|------|---|----------------------------|
| 1    | <b>Drawing Limit – 1<sup>st</sup> Cycle [(A) + (B)]</b>                                       | <b>₹2,64,500</b>           |
| 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                  |

# Drawing limit may be rounded off to the nearest ₹1,000

#### (C) Investment credit for Agriculture and Allied Activities

##### I. Assumptions

- a) Purchase of Harvester in 2<sup>nd</sup> year (cost ₹1,50,000)
- b) Renovation of pond in 3<sup>rd</sup> year (cost ₹50,000)

##### II. Disbursement

| Year                      | Particulars           | Total Cost |
|---------------------------|-----------------------|------------|
| 2 <sup>nd</sup> Year      | Purchase of Harvester | ₹1,50,000  |
| 3 <sup>rd</sup> 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 6<sup>th</sup> year (for documentation purpose)

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