



Illustration:

Loan Amount (P) = 1,200,000 Rate of interest = 10.50% p.a. Tenure (in months) = 12

Months	Equated Principal Amortisation Schedule					EMI Based Limit Reduction Schedule				
	Opening Drawing Power (A)	Drawing Power Reduction (Rs 12 lacs/12) (B)	Closing Drawing Power C=A-B	Interest Applicable @10.50% p.a. D= (A x 10.50%/12)	Total =B+D	Opening Drawing Power (A)	Drawing Power Reduction (B)	Closing Drawing Power C=A-B	Interest Applicable @10.50% p.a. D= (A x 10.50%/12)	Total (EMI) =B+D
1	12,00,000	1,00,000	11,00,000	10,500	1,10,500	12,00,000	95,278	11,04,722	10,500	1,05,778
2	11,00,000	1,00,000	10,00,000	9,625	1,09,625	11,04,722	96,112	10,08,610	9,666	1,05,778
3	10,00,000	1,00,000	9,00,000	8,750	1,08,750	10,08,610	96,953	9,11,657	8,825	1,05,778
4	9,00,000	1,00,000	8,00,000	7,875	1,07,875	9,11,657	97,801	8,13,856	7,977	1,05,778
5	8,00,000	1,00,000	7,00,000	7,000	1,07,000	8,13,855	98,657	7,15,198	7,121	1,05,778
6	7,00,000	1,00,000	6,00,000	6,125	1,06,125	7,15,198	99,520	6,15,678	6,258	1,05,778
7	6,00,000	1,00,000	5,00,000	5,250	1,05,250	6,15,678	1,00,391	5,15,287	5,387	1,05,778
8	5,00,000	1,00,000	4,00,000	4,375	1,04,375	5,15,287	1,01,270	4,14,017	4,509	1,05,778
9	4,00,000	1,00,000	3,00,000	3,500	1,03,500	4,14,017	1,02,156	3,11,861	3,623	1,05,778
10	3,00,000	1,00,000	2,00,000	2,625	1,02,625	3,11,862	1,03,050	2,08,812	2,729	1,05,778
11	2,00,000	1,00,000	1,00,000	1,750	1,01,750	2,08,812	1,03,951	1,04,861	1,827	1,05,778
12	1,00,000	1,00,000	0	875	1,00,875	1,04,861	1,04,861	0	918	1,05,778

In the above example, under Equated Principal Amortisation, the **Limit reduction Amount** remains constant (is equal) whereas under the **EMI Based Limit Reduction**, the EMI (Principal + Interest) is equal during the loan tenure.

The above calculation are illustrative assuming no excess funds are parked in the account.