



Asset Backed Agri Loan (ABAL)

for

Business Associates

Product Features

Target Group

Farmers: Individual and Progressive farmers

Groups: Farmer Producer Organizations (FPOs)

Agripreneurs/ Large Businesses: Corporate

Farmers, Proprietary Concerns, Partnership

firms, directly engaged in Agricultural, Allied and

ancillary activities.



Facility / Repayment

OD-AGRI

**Limit of Rs. 3.00
to Rs 50.00 lacs**

OD-AGRI-ALLIED

**Limit of Rs. 3.00
to Rs 50.00 lacs**

OD AGRI-ALLIED (Dropline OD)

**Limit of Rs. 3.00
to Rs 200.00 lacs**

TL-AGRI

**Limit of Rs. 3.00
to Rs 200.00 lacs**

TL-AGRI_ALLIED

**Limit of Rs. 3.00
to Rs 200.00 lacs**

Purpose

- **To provide hassle free finance to farmers for traditional and modern farm and farm related activities**
- **Emerging and High-Tech Agri activities in meeting the short-term production (Including lease rentals payable to University/Government/Private Institution's lands used for cultivation for a period of at least one year) and investment credit.**
- **Investment Credit**
- **Corporate Farming**
- **Contract Farming**

Assessment of credit limits

Need based assessment

Production Credit :
Based on revised KCC

Investment credit :
Based on project cost of each activity

Margin -15-25 %

Limit Assessment

Limit assessed is subject to the following three parameters and **whichever is less**:

1. Limit Assessment will be purely on crop acreage, cropping pattern and Scale of Finance (SOF) based.
2. 65% of the realizable value of SARFAESI Compliant property being mortgaged.
3. 5 Times of Annual Farm Income and/or Non-Farm Income from all verifiable documentary sources.

INTEREST RATE

- One Year MCLR (floating) + 2.00% p.a. (Present effective – 10.55%) with Yearly Reset.
- For loans below Rs. 50 lakhs - One Year MCLR (floating) + 2.00% p.a. For loans of Rs. 50 lakhs and above - CRA Based pricing.

(Interest Rate Concession - To be as per instructions issued vide CPPD Circular Sl. No.: ADV/125/2022 - 23 dated 24.02.2023.)

Penal Interest:

1% p.a. over and above the rate of interest on the balance outstanding if overdue for more than:

- 1 Crop season from the date of default for all Agri activities.
- 30 days from date of default for Allied and Ancillary activities.

Security

Primary:

- Hypothecation of standing/ future crops and assets created out of bank loan.

Collateral:

- **SARFAESI Compliant** Immovable property, **within a radius of 25 km** from the Branch, **No second Charge** or Pari-Passu charge.
- **Mandatory:** Search Report from CERSAI Portal (www.cersai.org.in)

Negative list of properties - Property Types to be avoided

- **Age of building/collateral should not be > 40 years (constructed properties).**
- **HUF Owned properties**
- **Properties where Owners are minors**
- **Cinema Hall, Hotels.**
- **Function Hall – Pub, Clubs, Restaurants**
- **Properties near Riverbanks**
- **Land-locked Properties**
- **Industrial Property**
- **Hostel/Hospitals/Clinics/School/Educational Institutes**
- **Leisure Township/Properties at Hill Stations**
- **Properties where hazardous chemicals are treated.**
- **Studio apartments.**
- **Properties located in Cantonment areas.**
- **Offices/Shops forming part of mall structures.**
- **Trusts/Religious institutions.**
- **Properties given on lease to Govt. establishments.**



Third Party Guarantee

Personal Guarantee from the Promoters/Directors of the Company/Partners/ Directors/Office Bearers of the FPO.

Personal Guarantee of the owner of the Property offered as collateral and being mortgaged

DOCUMENTATION

Property Mortgage

- ❖ Original Title Deeds and documents mentioned in TIR for creating effective mortgage.
- ❖ Latest House / property tax payment receipts.
- ❖ Title Investigation Report (TIR) from empaneled Advocate
- ❖ Valuation Report from empaneled Valuer.
- ❖ Search Report from CERSAI Site.
- ❖ Extant guidelines issued by CPPD to be meticulously followed.

Other Set of Documents

AB-1, AB-2, SME-5, SME-6, SME-7, SME-8, SME-9

Arrangement Letter

Interest Subvention: Not available.

If applicant is eligible for int. subvention, he/she may avail separate KCC under the **common collateral security.**

No Takeover proposals are to be considered.

End use of Funds - Verification

Upto Rs.10.00 lakh loan limit

Self-declaration from the borrower, **without insisting for the bills /vouchers.** Post disbursement inspection shall be mandatorily conducted **to ensure end use of funds** and document the same.

Above Rs.10.00 lakh loan limit

Self-declaration upto Rs.20% of the loan limit (wherever they are not able to produce bills vouchers due to cash purchases/payment of labour wages etc and the remaining limit,) **branches to ensure endues of funds** by verification of assets and collection of invoices/cash receipts **within one month** from the date of disbursement of the funds.

(Suitable record of inspection and documents is kept and made available during audits)



Valuation

Consider market information

Fresh valuation every 3 years

Undertaking from borrower

One time affidavit from borrower that funds will be utilized for the approved activities and not for speculative purpose.

Inspection

Stipulated at Half yearly intervals.

Immediately if account is irregular.

All proposals should mandatorily be processed at RACCs/Agri CPCs as applicable.

14 days from the date of submission of all required documents/papers.



THANK YOU