

Scheme of financing directly to custom service units for harvesting and transport of sugarcane

Purpose	Financing directly to Custom Service Units managed by individuals, institutions or organizations who maintain a fleet of tractors, Trucks, lorries, Harvesters, Bullock Cart etc. and undertake Harvesting & Transport of Sugarcane for farmers under tie up with Sugar Mills.
Eligibility	Reputed sugar factories and Custom Service Units having good credit antecedents with satisfactory track record in repayment.
Business Model	Financing directly to individual Custom Service Units as per the list recommended by such Sugar Mills identified through due-diligence process. For meeting the advance to be paid by the Custom Service Units to the group of labourers engaged and Working capital expenses involved in Transportation/delivery of sugarcane to the sugar factory site.
Ceiling on loan/limit	Maximum of Rs. 10 lakhs per Custom Service Units.
Margin	Margin of 25% to be insisted if the Custom service unit is availing loan for the first time under tie up with Sugar Mill. Lower margin (within the band of 15-25%) may be permitted for Custom Service Units availing the loan for II time/above.
Security	Prime: Receivables from Sugar Factory Collateral: Nil Guarantee: Corporate Guarantee of the Sugar mill covering total indebtedness of CSU finance. Tri-Partite agreement between the Bank/Sugar Mill/CSU to be executed for each loan.
Repayment	Principal: Principal shall be liquidated within 8 months from the date of disbursement from receivables of the Mills through direct remittance to respective Borrowers account. Interest: The interest to be debited at half-yearly rest and shall be cleared along with the principal amount.