

## Produce loans

(Updated till 30.04.2022)

<b>Purpose</b>	Produce loans are granted to farmers to keep their produce in an approved godown or warehouse or in farmer's residence so as to enable them to sell the produce for a better price at a later date.	
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Farmers, Individually and Jointly (including Self Help Groups, Joint Liability Groups, Proprietorship and Partnership firms, Companies, Societies undertaking Agricultural activities who have either availed credit limits with the Bank or otherwise)</li> <li>• The intending borrower under Produce loans should not be having any agricultural loan with other Banks/Financial institutions</li> <li>• Produce Loans to be sanctioned only to farmers under the scheme. But Financing for Traders is not permitted.</li> <li>• Branches are empowered to sanction Loans to only to those borrowers who have availed crop production loans (such as KCC, Krishi Mitra card loans, JLGs of tenant farmers, etc.). However Produce Loan also can be sanctioned to the borrowers who have not availed Crop loan but enjoying other agriculture loan with us on case to case basis selectively.</li> </ul>	
<b>Quantum of limit</b>	Loans up to Rs 75 lakh against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months against NWRs/eNWRs and up to Rs 50 lakh against warehouse receipts other than NWRs/eNWRs	
<b>Margin</b>	<p><b>Margin as per Model 1 to Model 7 - 25% to 40%</b></p> <p>The limit shall be strictly assessed based on the land holding of the farmers, production level and value of the produce.</p> <p>Eligible loan amount = Land holding in acres X Yield per Acre in KGs X Value of produce per KG LESS margin as applicable under respective model.</p>	
<b>Security</b>	<b>Loan Amount</b>	<b>Security</b>
	Upto Rs.1.60.00 lacs	<ul style="list-style-type: none"> <li>a. Hypothecation of the stock.</li> <li>b. However, continuation of Collateral Security of land by way of mortgage, if already available for the existing crop production loans to be obtained.</li> </ul>
	>Rs.1.60.00 lacs	<ul style="list-style-type: none"> <li>a. Hypothecation of the stock.</li> <li>b. Mortgage of landed property at least equivalent to loan amount.</li> </ul>
<b>Repayment Period</b>	Within the balance shelf life of the produce stored with a maximum of 1 year. The shelf life shall be noted in the warehouse receipt (WHR)/ the branch has to ascertain in other cases the approximate shelf life	

<b>Financing Models</b>	<p><b><u>Models of financing</u></b></p> <ol style="list-style-type: none"> <li>1. Loans against Produce kept in own premises/own warehouse/leased warehouse facility</li> <li>2. Produce loans against the Warehouse Receipts (WHR) issued by the Central Warehousing Corporations (CWCs) / State Warehousing Corporations (SWCs)</li> <li>3. Loans against the WHR issued by the Empanelled Private warehousing units (Rural Godowns (RGs) and Cold Storages (CSs)</li> <li>4. Loans against the WHR issued by the Collateral Management Companies</li> <li>5. Loans to farmers against the Negotiable Warehouse Receipts</li> <li>6. Working capital Limit to Empanelled Private warehousing units(Rural Godowns (RGs) and Cold Storages (CSs)] against the Book Debts /Receivables (arising from amount advanced to farmers )</li> <li>7. Limit to Empanelled Private warehousing units (Rural Godowns (RGs) and Cold Storages (CS)] as an INTERMEDIARY for on-lending to farmers</li> </ol>