

Dt._____.

To
The _____,

_____.

Sirs,

Sub: Sanction of Loan of Rs._____ (Rupees _____ only) to establish CHC for purchase of Assets (Equipment/Machinery) - Submission of Documents - Regarding.

Ref: 1. Your Request letter dt._____.
2. Recommendation/permit of the ADA,_____.
dt._____.

With reference to your request 1st cited, we are to inform that loan amount of Rs._____ (Rupees _____ only), is sanctioned to establish CHC by your Group/PACS/FPO for purchase of Assets (Equipment/Machinery) mentioned in the Quotation enclosed to the letter, on the following terms and conditions:

1. That the Loan sanctioned is repayable in 48 months, in 8 half yearly installments and interest @ 8.30% chargeable at half yearly rests, which shall be paid before 10th of the succeeding month. The repayment of the principal installment will commence from _____, 2020.
2. A penal interest @ 2% over and above the normal rate of interest is chargeable on the overdue amount of installment(s) and/or interest.
3. The loan sanctioned will be released to the suppliers of the Assets (Equipment/Machinery) along with 10% margin money remitted by the group.
4. The Assets (Equipment/Machinery) purchased should be hypothecated, jointly in the names of the Bank and Government in respect of the loan availed.
5. The Assets (Equipment/Machinery) purchased should be insured for the full value, till the loan amount is fully repaid and the original Insurance policy to be lodged with the Bank.
6. The Loan will not be allowed for foreclosure and release of hypothecation of Assets, within 3 years from the release of loan.
7. The Bank reserves the right to appropriate the collections first to charges if any, penal interest, interest, and then to the principal.

8. If the Borrowers fail to pay the instalment amount together with interest due, within 30 days from the due date, the Bank shall have the right for seizure of Equipment/Machinery from the Borrower, in addition to demanding payment of the entire Loan Amount outstanding. Further, after three (3) months of the due date of the 1st Instalment which is not repaid, the Bank in consultation with the Department Officers, shall take steps for sale of the Assets (Equipment/Machinery) in order to recover the loan amount, besides taking legal action, for recovery of entire loan amount outstanding.
9. The Bank shall be at liberty to inspect the records and books of the Borrowers, at any time during the currency of the loan at its convenience.
10. The borrower should always display boards/plates on the equipment/machinery, indicating that they are financed by the DCCB and are under hypothecation to the DCCB & Government.
11. For release of the Loan, the following documents need to be submitted:
 - a) Acceptance of the terms and conditions by signing on the copy of this sanction letter.
 - b) Demand Promissory Note for the sanctioned limit.
 - c) Loan Agreement.
 - d) Deed of Hypothecation of the Assets purchased.
 - e) Lodging of Original invoices
 - f) 2nd Set of keys of Machinery to be lodged with the Bank
 - g) Insurance Policy
 - h) Inter-se Agreement
 - i) Letter of undertaking
 - j) Admission as Nominal member of the Bank.

Yours faithfully,

BRANCH MANAGER

Copy to:

1. The Mandal Agriculture Officer.
2. Agriculture Assistant , RBK (concerned)
3. CEO, _____ DCCB Ltd.,
4. Jt. Director of Agriculture, _____ District.