

SCHEME FOR FINANCING MILCH CATTLE UNDER TIE-UP WITH MILKFED PUNJAB

ELIGIBILITY:

- Farmer should be a member of the society for the last 2 years.
- The applicant should be producing and selling at least 1000 litres of milk per year to the society. This condition can be waived at the discretion of the Bank.
- Individual farmers should be below 65 years of age.
- Farmers should own minimum one acre of land for fodder cultivation for every five animals. However, for purchasing upto to 4 animals land holding criteria may be waived to enable marginal farmers and landless labourers to avail the facility.
- Minimum dairy unit to be financed should of two milch animals.

QUANTUM OF LOAN:

Quantum of loan may be worked out based on unit cost of animals, milking machine, cost of shed & chaff cutter as under:-

Cost per animal	:	Rs.25000/-(Unit cost as per NABARD)
Milking machine	:	Rs.40000/-
Cost of shed	:	Rs. 3600/- per animal
Chaff cutter	:	Rs. 5000/- per animal

Milking machine and chaff cutter may be financed in case of dairy unit of 5 animals and above.

Unit cost can be increased by 10% depending on the prevailing local market prices.

Quantum of loan amount will be arrived after taking into account number of animals to be purchased and other items of investment as above less margin to be contributed by the beneficiary.

MARGIN:

Minimum margin on unit cost will be as under:-

For loans upto Rs. 50,000/-	:	Nil
For Loans above Rs. 50,000/-	:	15%

And upto Rs. 2 lacs.

PURCHASE OF ANIMALS

Farmers would be given the option to purchase half number of milch animals to start at the beginning while remaining half number of animals subsequently i.e. after 6 months.

IDENTIFICATION OF BENEFICIARY

The field staff of district level Milk Producers Cooperative Unions will identify the milk producers who are in need of finance for purchase of milch animals and recommend to the Bank for financing such farmers

RATE OF INTEREST:

Applicable rate of interest after concession will be as under:-

For loans upto Rs. 50,000/- : 2.50% below BPLR
(Present effective lending rate will be 8.5% p.a.)
For Loans above Rs. 50,000/- : 2.00% below BPLR
and upto Rs. 2 lacs. (Present effective lending rate will be 9% p.a.)

The rates of interest are subject to change with rise / fall of BPLR from time to time.

SECURITY:

For loans upto Rs. 50,000/- : **Primary:** Hypothecation of moveable assets created
Collateral : Nil

For Loans above Rs. 50,000/- : **Primary:** Hypothecation of move able assets created
and above Rs. 2 lacs **Collateral :** Mortgage of Land

REPAYMENT

The loan will be repayable over a period of 5 years in monthly instalments with maximum start upto period of 6 months

TRIPARTITE AGREEMENT:

A tripartite agreement will entered into between Bank, Milk Societies and the farmers for supply of milk to milk societies and repayment of loan instalments by the society from the sale proceeds of milk supplied by the farmer in case of default by the borrower. The agreement will be executed by the Branch Manager of the concerned branch on behalf of the Bank.