



NCC Bank

नेपाल क्रेडिट एण्ड कमर्स बैंक लि.
Nepal Credit & Commerce Bank Ltd.

Product Paper – NCC – Small Agriculture Loan

Introduction

This product has been structured mainly for fulfilling the financing need (Working Capital as well as Fixed Capital) of Nepalese Farmers for agriculture purpose.

Coding

BASEL: E0-Regulatory Retail Portfolio
RWA: 75%
Sector: Productive sector

Type of Loan

- Term Loan and Overdraft Loan

Purpose of the loan

- To meet financial requirement of the farmer for agriculture purpose like agriculture farming, cattle farming (Cow, Goat, and Buffalo), fish farming etc.

Eligibility

- Should be a Nepali Citizen
- Should have owned agriculture land/any other real estate property.

Target Group

- Group /Individual/ firm seeking for agriculture farming for income generation.

Basic Criteria

- Minimum and Maximum age of the applicant to be 16 years and 60 years respectively.
- The landed property provided for lien as collateral should be acceptable and the branch level credit committee should ensure that the property has acceptable value to cover our loan exposure.
- The property should be owned by the borrower and or his/her spouse/one house family members.
- The branch level credit committee to ensure that the overdraft limit is required to meet the agriculture purpose only.
- Joint owners or one of the joint holders of the property may also be allowed loan/limit under the Product Paper.
- Projected agriculture income as per production cycle should be sufficient to meet bank's obligations.
- Wages/ Income of spouse, son and unmarried daughter / joint family members can be taken into consideration for determining income criteria.
- Loan amount is restricted to maximum 70% of the Market Value of the offered property as collateral.

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Loan Amount

- Minimum loan amount NPR 50,000/-
- Maximum loan amount NPR.500,000/-

Pricing

| | |
|----------------|--|
| Interest Rate | As decided by the Bank from time to time |
| Processing Fee | NPR 500 flat for below NPR 100,000.00 and 1% for NPR 100,000.00 and above. |

Pricing may be reviewed periodically by the management within its discretion.

Service Delivery 3 to 5 days

Disbursement

- Installment/ lump sum based on requirement of funds after completion of security documentation and obtaining lien over landed property.

Tenure

- Maximum of 5 years for Term Loan depending upon repayment capacity of the borrower.
- Maximum 1 year for Overdraft (subject to renew/review up on satisfactory past performance).

Repayment

In case of Term Loan:

- The term loan to be repaid in Equated Monthly Installment (EMI) / Quarterly Installment basis (EQI)/and or Half yearly basis depending upon nature and production cycle of agriculture product.
- The first EMI shall start from 1st day of Gregorian month from the next or next to next month of the disbursement.

In case of Overdraft:

- The loan shall be repaid within a period of one year subject to renewed/reviewed on satisfactory past performance.

Moratorium Period

- Maximum 3 to 6 months from the date of disbursement.

Security

- Lien over the first party landed property.
- Demand Promissory Note.
- Personal Guarantee of the borrower and immediate family members.

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Basic Documentation

- Completed application form.
- Completed Know Your Customer (KYC) form.
- Passport size photograph of the borrower and guarantor.
- Copy of Citizenship of the borrower and guarantor.
- Title Deed of offered landed property.
- Consent of undivided family members in presence of the Bank's staff members

Security Documentation

- Accepted copy of our sanction letter.
- Personal guarantee (if any).
- Loan Deed
- Demand Promissory Note.
- Lien over landed property.
- Term Insurance Policy (Any cause of death) of the borrower.
- Insurance Policies of cattle in case of cattle farming.

Security Valuation

- The branch level credit committee will conduct valuation of the securities as per the prevailing market rate. This should be supported by the Panchikrit valuation report (valuation done by five local persons of surrounding areas)
- The branch level credit committee to ensure that valuation as well as verification of immovable properties lien to the Bank is properly done at periodical intervals so as to know the correct position of the assets charged to the Bank.

Credit Approval Discretion (CAD)

- The CAD rests with the Chief Executive Officer until further notice from the Corporate Office.

Loan Recovery Process

- In case the interest/installment is overdue, the borrower shall be communicated immediately.
- If the overdue is within 2 months, a follow up letter would be sent to the borrower.
- If the default is not rectified within 3 months, a legal notice of 35 days would be sent in similar manner and same shall be placed at local VDC.
- If the default is not rectified upon initiation of above processes, legal action to be initiated against the Borrower/ Guarantors and the security held for the loan.
- In case of company, the Borrower/Guarantor shall be released from the bank's obligation after receipt of the overdue amount proportionately as per their ownership percentage/proportion.

System:

- A separate Account Type to be defined in the Pumori system for this product.
- A separate GL code to be used for the purpose.



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Credit Waiver

- The waiver in the terms and conditions of the proposal should specifically approve by Chief Executive Officer under their CAD.

Structure of Branch level credit committee

The branch level credit committee should be formed of at least three staff members of the branch including Branch Manager and Credit Incharge.

उद्देश्य/विषय

अनुमति

दिनांक