



NCC Bank

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

Product Paper – NCC – Krishi and Laghu Uddyami Karja

Introduction

This product has been structured mainly for fulfilling the financing need (Working Capital as well as Fixed Capital) of Nepalese people for agriculture, animal, fisheries, Livestock, Bee farming, Cold Storage, Micro Hydropower Project, Solar Home System, and other prioritized small agriculture related businesses as prescribed by NRB in agriculture sector lending.

Type of Loan

Agro Term Loan, Agro Overdraft Loan and Agro Working Capital Loan

Purpose of the loan

- To meet financial requirement of the people who are involved in agriculture, small business and cottage industries with low/ moderately income generating activities.

Eligibility

- Should be a Nepali Citizen.
- Should have owned agriculture land/Any other real estate property.
- Experience in related field.
- Firms/ Company registered in Nepal.
- 'D' Class Financial Institute (for indirect lending upto 10 million).
- Small farmers Cooperative / Community Cooperatives specific for group Agro related lending (For Indirect Lending upto 10 million).

Basic Criteria

(For Individual borrower/firm /company):

- Minimum and Maximum age of the applicant to be 16 years and 60 years respectively. However, age to be 21 to 45 years for the purpose of "Youth Commercial Agriculture Loan" under interest subsidy scheme as per NRB Provision.
- The facility extended in this product to be fulfilled all the criteria of Deprived sector lending as per NRB Directives.
- Agriculture farming to be operated in village and semi urban areas.
- Proper utilization of fund to be ensured by the branch through business inspection report in quarterly, half yearly or crops cycle basis.
- The landed cultivated property having no motorable access based on the NRB directives, (however, access to the land must be there) provided for lien as collateral for the loan upto 10 lacs should be acceptable. Further, the branch level credit committee should ensure that the property has adequate value to cover up loan exposure as per CPG.
- The property should be owned by the borrower and or his/her spouse/one house family members.
- Joint owners or one of the joint holders of the property may also be allowed loan/limit under the Product Paper.
- Projected agriculture / business income should be adequate to meet bank's obligations.
- Wages of active workforce/Income of spouse, son and unmarried daughter/joint family members can be taken into consideration for determining income criteria.
- Consent of undivided family members in presence of the Bank's staff members.

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Basic Criteria

(For Small farmers Community/Cooperatives):

- The institution must be in operation with profit continuously in 3 consecutive years.
- The financial statements must have been audited as per the requirement of prevailing law.
- Three years period must have been elapsed if the action had been taken by the Regulatory Authority.
- Must be operated in the Rural and Semi Urban Area.

Loan Amount

(For Individual Borrower)

- Minimum amount of the loan shall be NPR 100,000
- Maximum amount of the loan shall be NPR.10,000,000

(For Cooperatives based on the NRB Directives)

- Maximum amount of the loan shall be NPR.10,000,000
- In genuine cases, need based finance beyond the limit may be allowed on merit of the proposal.

Pricing

Interest Rate	As decided by the Bank from time to time/subsidy interest rate as determined by NRB.
Processing Fee	NPR 500 flat for below NPR 100,000 and 0.5% for NPR 100,000 and above or as per directive of NRB for specific sector of loans.

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

Service Delivery 3 to 5 working days

Disbursement

- Installment/ lump sum based on requirement of fund 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 Agro Overdraft and Agro Working Capital (subject to renew/review up on satisfactory past performance).

Repayment

a) In case of Agro Term Loan:

- The term loan to be repaid in Equated Monthly Installment (EMI) / Quarterly Installment basis (EQI)/and or lump sum depending upon nature and production cycle of agriculture product.

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Signature

Signature



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- The first EMI shall start from 1st day of Gregorian month from the next or next to next month of the disbursement.

b) In case of Agro Overdraft Loan and Agro Working Capital Loan:

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

Interest Calculation for Agro OD and Agro Working Capital

- Quarterly, Half Yearly or Crops Cycle Basis

Security

- Lien over the first party real estate property.
- Person / Group guarantee/Corporate Guarantee.
- Demand Promissory Note.
- Personal Guarantee of the borrower and immediate family members.

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 member.
- Documents as required for Indirect Lending.

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 policy of stock as per nature of business.

Security Valuation

- Valuation of proposed collateral to be done by Bank's approved valuers, which should be verified by the Branch Manager/ Credit In charge during collateral inspection.
- The branch level credit committee will conduct valuation of the securities as per prevailing market rate. This should be supported by the Panchikrit valuation report (valuation done by five local person of surrounding area).
- 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.
- In case of Agriculture Land only the branch level credit committee will conduct valuation of land on the basis of the information to be provided by the office of Village Development Committee and Panchikrit valuation report.

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Credit Approval Discretion (CAD)

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

Loan Recovery Process

- In case of default of any loan for more than 1 month, a follow up letter would be sent to the borrower immediately
- If the default is not rectified within 2 months from the date of the follow up letter a legal notice of 35 days would be sent in similar manner.
- 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.

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.

Credit Waiver

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

Special Condition

If the facility extended through this PPG is qualified for any subsidy scheme/ refinancing scheme as per NRB provision, the same shall be entertained by the bank as per request of the borrower.

Structure of Branch Level Credit Committee

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

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