

FINANCING TO CUSTOM HIRING/ SERVICE UNITS

- **PURPOSE:** Financing for setting up of custom hiring/ service units that maintain a fleet of tractors, bulldozers, well- boring equipment, threshers, combines, harvesters, etc. and undertake work for farmers on contract.
- **ELIGIBILITY:** All individuals, organizations, institutions eligible to be covered under Agriculture credit as per extant guidelines issued from time to time.
- **NATURE OF FACILITY:**
 - a. Term loan
 - b. Working Capital
- **EXTENT OF LOAN:**
 - a. Term Loan – Need based.
 - b. Working Capital – Need based. Subject to max. 50% of the projected receipts with a maximum of 66% of realizable value of mortgaged IP.
- **MARGIN:** Term loan – 25%
(However, in case the entrepreneur owns unencumbered other farm machineries like sugarcane harvester/ planter/ seeder/ mulcher etc., the same will be treated as margin contribution. Value of such existing machineries to be arrived at by charging depreciation @15% (7 years' life) and 20% (5 years' life) of the machinery).
- **REPAYMENT:**
 - a. Term Loan – Maximum 7 years repayment period including gestation period (max. 1 year)
 - b. Working Capital shall be sanctioned for a period of one year and shall be subject to renewal/ review annually.