

What is a Loan Against Agricultural Land?

If a farmer has a piece of land in his/her name, that can be used as a collateral to obtain a loan from a bank or a financial institution. When a borrower pledges an agricultural land for money it is called as "Loan Against Agricultural Land" or "Agriculture Loan".

Features of Loan On Agricultural Land

- Loan Against Agricultural Land is specially designed for people who cultivate crops like farmers, planters, or Horticulturists. It cannot be availed by a businessman or a professional.
- Usually, the farmer does not have to furnish Income Tax Returns to apply for this type of loan.
- It requires minimum documentation.
- The loan tenure goes up to 20 years with many banks.
- There are no hidden charges on Agriculture Loans.
- The lender usually works out a flexible repayment plan considering the farmer's situation.
- The turnaround time is fast and the banks are sensitive to the harvest season.
- The borrower can use the funds for agricultural purposes like food processing, buy an agricultural equipment, set up dairy units/fisheries/rice mills, or for micro- irrigation.
- They can also use the funds to set up a greenhouse, cold storage, or a horticulture center.
- To buy agriculture insurance to protect from crop losses.
- You can use the funds to buy livestock or cover your marketing and operating expenses.

Eligibility Criteria for Loan Against Agricultural Land

- Farmers, Dairy Owners, Horticulturists, and any Orchard owners are eligible to apply for loan.
- Most lenders prefer the age of the applicant to be within 24 to 65 years of age. However, there are few banks who offer loans to applicants are 18 years of age. The eligibility differs from one bank to another.
- If the land is owned by two people, co-applicant is mandatory.
- Agricultural land is pledged as a collateral. The borrower should have clear titles to the land.
- Usually, lenders prefer borrowers to have residence stability of 2 years.
- Most banks offer loans based on the size of the land pledged. They usually mention the minimum acres of land a farmer should have to apply for a loan.

List Of Documents For Agricultural Loan

1. Common requirements:

- a. KYC documents for identification.
- b. Stamp size/Passport size photographs of the borrowers in duplicate.
- c. Cropping pattern.
- d. Copies of land records regarding lands owned/leased as certified by revenue authorities.
- e. Latest land tax paid receipts are to be produced for verification.
- f. Original/certified copies of the title deeds and other required documents to satisfy that the applicant is the true and legal owner of the land whenever landed property is offered as security/where developments are proposed and that it is free from encumbrance.
- g. Project report to be produced wherever applicable.
- h. Proforma invoice / invoice should be submitted wherever applicable.

2. Other specific requirements:

(i) Farm development loan:

- a. Whenever construction is involved estimates, layout plan approvals are to be submitted.
- b. Valuation certificate of the land from a competent authority/approved valuer.

(ii).Crop /plantation loan for Coffee/Cardamom

- a. Original Coffee/Cardamom Registration Certificate (CRC/CDRC.)

(iii).Plantation/horticulture loan:

- a. Latest Agricultural Income Tax and Wealth Tax Assessment Order/returns filed.
- b. Audited Balance sheets for three years and latest ITAO/WTAO if loan is above Rs.10 lakhs

(iv).Pump set loan

- a. Feasibility certificate from the electricity board wherever applicable.
- b. Water rights certificate from competent authority in case of public source of water.
- c. Proforma invoice / invoice showing the prices separately for each item.
- d. Water yield certificate from Dept. of Mines & Geology, Ground Water Directorate in respect of bore well drilled.

(v).Farm machinery loan-Tractors/Power tillers/Combine harvesters

- a. Proforma invoice for the farm machinery proposed to be purchased in duplicate.

(vi). ALLHV

- a. Proforma invoice in duplicate
- b. Valid permit to run the vehicle in respect of heavy vehicles

(a) Medium & heavy vehicle-valid permit to run the vehicle in respect of heavy vehicles.

(viii). Drip/Sprinkler irrigation loan:

- a. Proforma invoice with Technical report containing layout plan from the dealer

(ix). Loan for sheep/goat farming:

- a. Certificate from Dept of Animal Husbandry/Forest Department recommends goat rearing.

(x).Marine Fisheries loan:

- a. Copy of license/inspection certificate issued by port authority of the area.
- b. Copy of Registration certificate issued by Marine Products Export Development Authority (MPEDA) and from Fisheries Department.
- c. Proforma invoice/Estimate of the Boat to be purchased/constructed

(xi). Deep sea fishing Vessel loan

- a. Estimates/quotation of the vessel to be acquired.
- b. Design of the vessel.
- c. Project report giving full details of description of vessel, method of fishing, assumptions made while working out the economics etc.
- d. Necessary permission from appropriate authorities whenever vessels are to be imported. In respect of fishing vessels of above 20 meters in length, letter of permission from ministry of agriculture should be submitted. In other cases, necessary permission from appropriate authorities to be submitted.

(xii). Inland fisheries loan:

- a. Estimate/invoice of the works to be done

(xiii). Agri Clinic and Agri Business Scheme:

- a. Valuation certificate of the land from competent authority/approved valuer.
- b. Wherever construction is involved, estimates, layout plan approvals (wherever necessary) are to be submitted.
- c. Proforma invoice for machinery / equipment / vehicles to be purchased.
- d. Copy of Degree Certificate / marks card as a proof of being a graduate in Agricultural Science
- e. Copy of the project report.

(xiv). Krishi Mitra Card:

- a. Crops cultivated /proposed to be cultivated by the tenant farmer and nature of tenancy etc., to be submitted by the farmer.

(xv). Land purchase Scheme

- a. Documents of title and other relevant documents in respect of presently held landed property as well as lands to be purchased.
- b. Copy of sale agreement if entered into or offer letter by the vendor.

(xvi). Loan for Poultry, Duck rearing:

- a. Proforma invoice for purchase of Equipment's, cages, birds.
- b. Plan and Estimate for construction of building

(xvii). Bio gas plant loan:

- a. Technical feasibility report from KVIC/KVIB/BDO/Dept. of Agriculture
- b. Quotation for gas holder from approved fabricator/supplier

(xviii). Estate Purchase loan/ Purchase of land for Agricultural purpose

- a. Documents of title and other relevant documents in respect of presently held landed property as well as lands to be purchased.
- b. Copy of sale agreement if entered into.
- c. The valuation reports from the panel valuer / technical consultant for both estate to be purchased and collateral security of existing immovable's offered.
- d. Crop history of the estate to be purchased as well as existing estates.
- e. If the repayment of loan is to be made out of the other sources of income, supporting documentary proof of the same is to be furnished.
- f. Tax assessment orders and copies of the tax returns filed indicating financial position.
- g. Audited Balance Sheet for the last 3 years.
- h. Original registration certificate in respect of coffee/tea/rubber /cardamom Estates.

(xix) Scheme for redemption of debts of farmers from non-institutional sources-

- a. A declaration indicating the source (name and address), amount of debt, date of creation of debt and other relevant details certified by Gram Panchayat Member / reputed existing customer of the Branch/ President or Secretary of a reputed NGO operating in the Block / office bearers of the Farmers' Clubs promoted by the branch.
- b. An undertaking that no borrowing would be made from Non institutional sources during the pendency of loan, in case loan is permitted.
- c. In cases where the land is not mortgaged, copy of available title deeds in duplicate to be submitted.

(xx) SHG loans:

- a. Credit plan
- b. Resolution of the group members (Annexure 45)

Eligibility

- ▶ Individuals who meet the following requirements can get a Kisan Credit Card:
- ▶ All Farmers - Individuals / Joint borrowers who are owner cultivators
- ▶ Minimum age - 18 years
- ▶ Maximum age - 75 years at the end of loan tenure
- ▶ For borrowers above the age of 60, co-borrower less than 60 years old is mandatory.
- ▶ Such a co-borrower should be legal heir/immediate family member
- ▶ Joint holding (single or multiple locations) upto 5 persons is permitted

Required Documents

- ▶ Duly filled in application form
- ▶ Identity proof- Voter ID card/PAN card/Passport/ Aadhaar card,/Driving License etc
- ▶ Address proof: Voter ID card/Passport/Aadhaar card/Driving license etc
- ▶ Land ownership records
- ▶ Records of crops grown
- ▶ Coloured passport size photograph
- ▶ Signature verification of applicants and guarantor
- ▶ Details of existing loans and repayment track records
- ▶ Any other document required by the bank

**** Important Points To For All Applicants****

- 1. Please Note, If There Are Existing Loans, Submit Payment Track Record And Sanction Letter To Respective Loan Provider For Finalizing Loan Amount Eligibility.**
- 2. Credit Score Plays An Important Role In Finalizing Loan Amount & ROI****
- 3. Timely Payment Of EMI Helps In Maintaining A Good & Healthy Credit Score.**
- 4. Please Keep Sufficient Amount In Account Before ECS Hitting Date.**
- 5. Wisely Usage Of Money Is Highly Required For Financial Planning.**
- 6. Don't Miss To Pay Any EMI Amount , Neither Get Delayed On Due Dates.**
- 7. There Can We Change In Loan Documentation Requirements From Time To Time And My Vary In Banks, NBFC & Private Lenders. Will Update , If There Will Be Some Changes In Documentations.**