

The Manager,

\_\_\_\_\_ *Bank Limited*  
 \_\_\_\_\_ *Branch*  
 \_\_\_\_\_

*Draft  
specimen*

AFFIX ADHESIVE STAMP (Prescribed value)
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Dear Sir,

**AGRICULTURAL PRODUCTION/DEVELOPMENT FINANCE**  
**(Demand/Running Finance / Revolving Credit)**

I/We confirm having purchased from you agricultural input / equipment on deferred payment basis on the following terms.

**SECTION 1**  
**PAYMENT -**

- 1.1. I/We (the Customer) agree to sell to the Bank for a period commencing on \_\_\_\_\_ and ending on \_\_\_\_\_ Agricultural inputs/equipments up to a total of Rs. \_\_\_\_\_ (Rupees in words) \_\_\_\_\_ to be paid by the Bank to me/us (hereinafter referred to as the "Sale Price"). The sale to the Bank shall be deemed to have been effected at the time the Sale Price is paid by the Bank to me/us. For avoidance of doubt, all withdrawals by us and all amounts debited to our account shall amount to the disbursement of the Sale Price by the Bank to me/us
- 1.2. Immediately upon payment of the Sale Price by the Bank on every such sale by us to the Bank mentioned in clause 1.1 of this Agreement, I/we shall purchase and shall be deemed to have purchased the Goods for a sum equal to Rs. \_\_\_\_\_ (Rupees in words) \_\_\_\_\_ ("Purchase Price"). Such purchase by the Customer shall be deemed to have been effected immediately after the corresponding sale to the Bank.
- 1.3. We, the Customer, shall ensure that the Purchase Price is paid in lump sum / installments, on the due date(s) as may be advised by the Bank to us, the Customer, in due course. In the event that we, the Customer, are unable to pay the purchase price in accordance with the Bank's requirements we, the Customer, shall not be able to continue to avail the facility for the remainder of the period as stated in clause 1.1
- 1.4. In the event of the Customer paying the Purchase Price before the date(s) referred to above the Bank may allow me/us (the customer) rebate at such rate as it may from time to time prescribe.
- 1.5. I/We authorize you to debit my/our account for making payment to the suppliers of inputs/tractor/tube well/agriculture machinery etc., and/or for payment of insurance premium(s) and any other charges, expenses, costs, amounts etc. as deemed fit and appropriate by Bank.
- 1.6. I/We agree and undertake to abide by all such further terms and conditions as you may from time to time prescribe.

**SECTION 2**  
**COVENANTS**

- 2.1. I/We confirm having taken delivery of the items purchased from you under this Agreement and am/are satisfied that the same are in perfect condition and according to our requirements.
- 2.2. I/We hereby release and discharge you from any liability whatsoever in respect of the items so supplied.
- 2.3. I/We undertake that I/we shall not avail any loan/finance/mark-up in future without prior written permission from you for so long as your dues under this agreement remain outstanding.
- 2.4. The sums owing to you by me/us shall be such as may be certified by a duly authorized officer of the Bank and I/we do hereby agree to accept the same as conclusive and waive my/our right if any to challenge the same.
- 2.5. I/We confirm that the statements/information provided by me/us in the application for this facility are true and correct and the same be treated as part of this agreement.
- 2.6. Notwithstanding anything contained hereinabove. it is hereby agreed that the Bank shall at all times, be at liberty and shall have the right to cancel the facilities under this agreement, and demand immediate payment of the buy-back price without assigning any reason therefore. The purchaser undertakes in such event to pay the same within seven days of such demand. In default of such payment the purchaser further agrees and undertakes to pay to the Bank liquidated damages at 20% of the amount demanded by the Bank and not paid by the purchaser.
- 2.7. As security for payment of the buy-back price, the purchaser UNDERTAKES to give the following security(ies), the terms and conditions of which shall be such as the Bank may determine:
  - a) Hypothecation
  - b) Pledge
  - c) Mortgage
  - d) Lien on deposits/DSC/SSC/Regular Certificates/TFC/Shares.
  - e) Personal guarantee / third party guarantee /gold & gold ornaments / silver & silver ornaments. and such other securities as the Bank may at any time require.
- 2.8. That the terms 'the Bank' and 'Purchaser' wherever the context so permits shall mean and include as its/their respective successors-in-interest and assigns. '
- 2.9. In the event that we/I fail to make payments to the bank on the due dates for the correct amount as advised by the Bank we/I shall be in default of the finance facility and thereafter the bank may demand immediate payment of the entire balance of the purchase price and the said finance facility will no longer be extended or renewed to us /me.

**SECTION 3**  
**UNDERTAKING**

- 3. 1. I/We do hereby confirm that I/we am/are the sole and exclusive owner/cultivator of agricultural land measuring \_\_\_\_\_ acres bearing Survey No. \_\_\_\_\_ Khasra No. \_\_\_\_\_ situated in Deh \_\_\_\_\_ Union Council / Taluka \_\_\_\_\_ Town / District \_\_\_\_\_ and my/our total holding does not exceed \_\_\_\_\_ acres.
- 3. 2. I/We confirm that the equipment supplied by you will remain hypothecated/charged to you for buy back price and I/we undertake that for **as long as the price or any part thereof remains unpaid to you, I/we will keep deposited with you the title deeds of such equipment , where practicable and shall keep the said equipment** in good order and shall not transfer, sell charge or in any other manner part with possession of the same without your prior approval in writing. I/we also undertake to keep the same insured by an insurance company duly approved by you in the joint names of the Bank and myself/ourselves, and shall assign the insurance policy in your favour

.WITNESSES : -

- 1. \_\_\_\_\_  
\_\_\_\_\_
- 2. \_\_\_\_\_

**PURCHASER (S)**

**SECTION 4**  
**GUARANTEE-**

- 4. 1. In consideration of your having agreed to sell the items covered by this agreement to the purchaser on deferred payment basis, I/we do hereby jointly and severally undertake and guarantee payment to you by the purchaser(s) of the buy-back price as provided in this agreement and in the event of default by the purchaser(s) in payment or fulfilling any other terms of this agreement or such further terms and conditions as may be prescribed from time to time, I/we do hereby jointly and severally agree and undertake to pay to you all sums which the purchaser(s) is/are liable to pay to you under this agreement or otherwise.
- 4. 2. I/We do hereby jointly and severally agree that this guarantee shall be a continuing guarantee on recurring and revolving basis to cover all future arrangements as will and shall be extended to cover the ultimate balance in the account of the purchaser(s) at any time.
- 4. 3. I/We do hereby agree that you may at any time at your sole discretion and without reference to me/us grant to the purchaser(s) at any time, other indulgence or make or accept any arrangement or composition with him/them in respect of any indebtedness hereby guaranteed and also vary, renew, release, realize or in any way deal with any securities or rights now held or to be hereafter held by you in respect of such *outstandings*.
- 4. 4. This guarantee shall not be discharged or prejudiced by any partial payment or settlement of account or the existence of credit balance in the account of the purchaser(s) at any time or by discharge of the purchaser(s) by operation of law or for any other reason.
- 4. 5. I/We do hereby jointly and severally authorise you to debit our account or the account of any of us with any of your branches to reimburse yourselves for any amount due from me/us to you hereunder or otherwise.
- 4. 6. I/We do hereby jointly and severally undertake that our liability hereunder shall be that of principal purchaser (s) and we shall pay all sums demanded by you within seven days from your demand without reference to the purchaser(s) or anyone else.

WITNESSES

- 1. \_\_\_\_\_  
\_\_\_\_\_
- 2. \_\_\_\_\_

**GUARANTOR (S)**