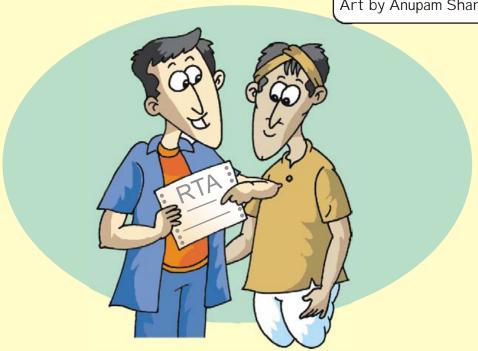






In this booklet, Raju talks about the loan facilities offered by the banks. The saga of Raju's adventures is also available at www.rbi.org.in/financialeducation

Story by Manoj & Shailaja Art by Anupam Sharma



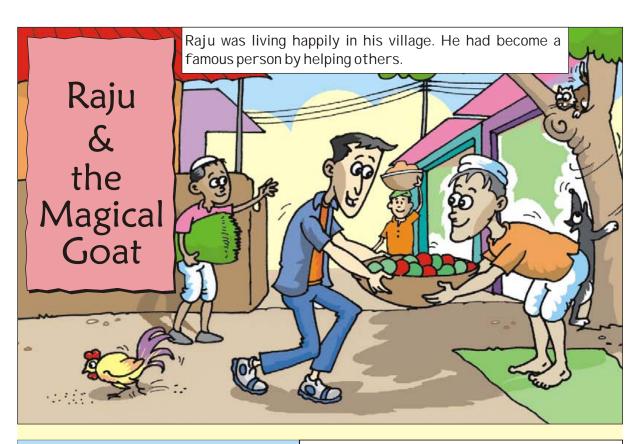
For more information or to get this comic book, you may please write or call:

Reserve Bank of India Financial Literacy Cell 6, Sansad Marg New Delhi-110001

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011-23765234

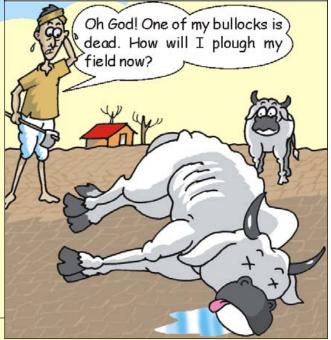
Email id:flcnewdelhi@rbi.org.in



Murli was a poor farmer in the same village who was barely able to make both ends meet even after a day's hard work.



One day when the air was burning with scorching heat and there was no trace of water, one of his bullocks died of exhaustion.



He went home and told his wife Champa about this misfortune. She was also shocked to hear this.



We can't plough our fields with one bullock. Even this one is looking pale and may die anytime. Will we have to starve to death this year?



that they always lend money to people in need.

The two brothers Sunder and .



... Chander also lived in the same village.



They were notorious for cheating the poor.



Sunder and Chander? But I have heard that they are very cunning people and often cheat others.





Murli left in search of Sunder and Chander. He found them in their courtyard. Sunder was sitting smoking a hookah and thinking about some new scheme to get rich. Chander was playing with the dog.

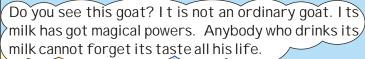








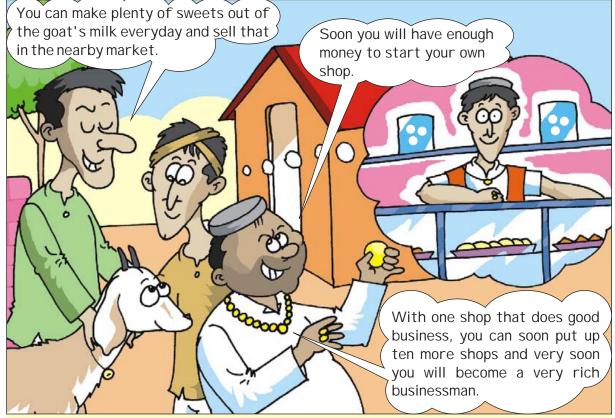








It gives ten buckets of milk everyday and it is so sweet that you do not need to add any sugar.



Yes! Yes! I will become a rich businessman. It sounds so easy. Please give this magical goat to me.



But this goat is precious to us. What will you give in return?

Oh! I really don't have any money.



Don't worry Murli. We really want to help you. You give us your land in exchange for this goat.



That land is in any case useless for you now. And you can repurchase it from us once you become rich.



Oh! I understand. Ok, I will give you my land in exchange for the goat.



Chander brings out a paper on which he writes that Murli has given them his piece of land in exchange for the goat. Murli puts his thumb impression on the paper.



Congratulations Murli. This magical

goat is now yours.

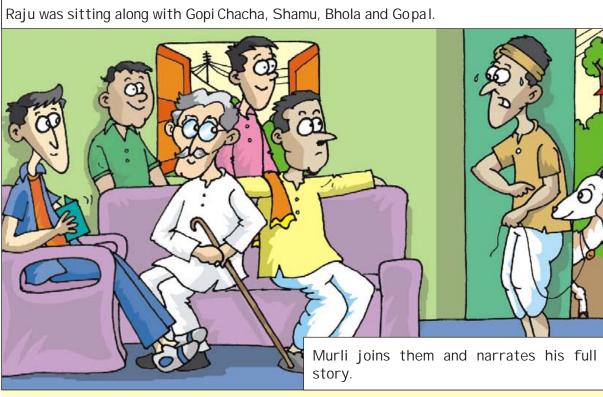
Champa is shocked to hear that he exchanged their land for the goat.

How could you believe whatever they told you? If becoming rich had been so easy they would have never given this magical goat to you.









Oh I see! Sunder and Chander have tricked you. Anyway, don't worry. Let's see what we can do to get your land back. And then get you a new bullock.



But it will cost a lot of money. Where will I get the money from?

Well, you can take a loan from the bank and purchase the bullock.

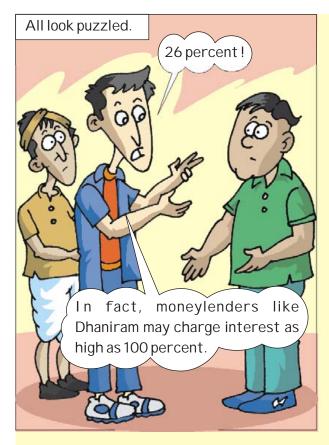
And you can repay your loan with the money you earn later by selling your produce.

But Raju, will the bank give loan to Murli Chacha for a bullock? He has nothing left with him now.

Why not Gopal. Banks give loans

for a variety of purposes.











You mean I can actually save money at the end of one year if I take a loan from the bank? And I will also not be bonded to it for my lifetime?



Oh my God! I can't believe it. How foolish we were to run to Dhaniram and sign a blank paper to get a loan from him!



And we never listened to the bank manager who kept telling us to take loan from him. In future, we will take loan only from a bank.



Yes. No doubt, banks have some formalities and paperwork but that is in your interest.



Also, remember, banks give loans only for genuine needs and productive activities and not for activities like gambling and drinking.

Only if you earn, you will be able to repay your loan, right?

Raju, I want my daughter Tara to become a doctor when she grows up. Will the bank give loan for her study?



In fact they give loans for studies within the country as well as abroad.



All you will have to do is to submit documents like mark sheet of the qualifying exam, admission proof, estimate of fees, hostel expenses, etc., as provided by the college/university.



In other words, once Tara completes her studies and starts earning, she can herself pay back the loan.



Raju, we regularly need loans for purchasing seeds and fertilisers. It will be a problem if for each loan we have to follow the entire process of application. Is there a way out?

Oh yes! Banks have a scheme called the Kisan Credit Card (KCC) for the farming community.



It is very convenient. First the bank will assess all your farming and consumption requirements and sanction an overall loan limit.

This will be given in the form of a credit card, called Kisan Credit Card (KCC).



with this card, the farmer can draw money forhis short term needs of seeds, fertilisers, consumption, etc., and pay back as soon as he can. He can also draw money under this credit card to digwells, buy tractors, bullocks, implements, etc.

Then how do I keep track of my repayments?



You need to repay the amount withdrawn within a year. KCC is available for any productive activity.



Under GCC, banks do not insist on security and the purpose or enduse of the credit. The limit will be periodically reviewed and revised/cancelled depending on your track record as an account holder and the repaying capacity.



They will also tell you how to apply for the loan. Repayment of loan can be made on a monthly, quarterly or half-yearly basis. The repayment periods may be from one year to nine years depending upon the amount of loan and your



Will the bank ask me to mortgage my land for this loan?



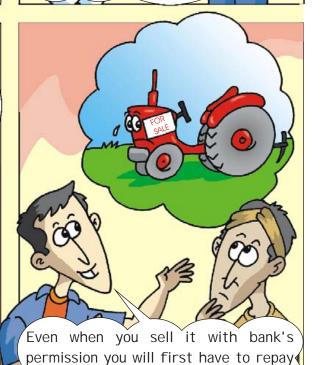
Yes, the bank will ask for some security against the loan. But it will accept as security the tractor or the house that it has financed. The tractor will be hypothecated to the bank and the house will be mortgaged to the bank.

Hypo...what??

Hypothecation and mortgage means that the tractor and the house you have purchased with bank loan will be in your name and possession and you can use them. But the bank will recover the amount from the sale of tractor/house if you fail to repay the loan.

Only the bank's name will be registered in the books of the Road Transport Authority as 'Hypothecated to' to indicate that the bank has taken the tractor as security for the loan and you cannot sell it without asking the bank.





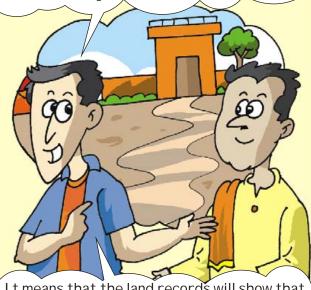
the bank loan from the money you get by

selling the tractor.

But why would I sell the tractor when I need it to plough my land? In fact, I would also want some more money for my house.



The bank will give you the housing loan in the same way. You will have to mortgage the house for the housing loan.



It means that the land records will show that the bank has interest in the house and you cannot sell it or give it as security for another loan without informing the bank.

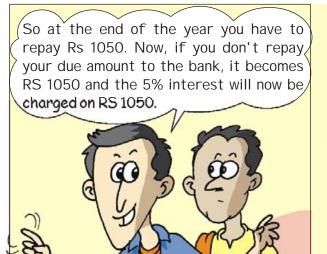
The land ownership documents will be held in the custody of the bank till the loan is repaid.



Always remember. Repaying a loan in time is as important as taking the loan. If you do not repay in time you will be charged interest on interest and the loan will become a burden on you.



interest amount.



So you will have to pay more interest next year and so on.

Also, unless you repay, the bank will not be able to provide loan to another needy person. Repaying loans is a responsibility you owe not only to the bank but also to the society.



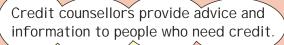
We should remember that when we repay, the money goes as loan to another person and he too prospers.



In fact, some banks have the facility of a credit counsellor whom you can meet before taking a loan.



UII



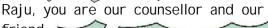


take, how much and also how to make the best use of these facilities.

They will tell you which loan you should,

Be it for study, house or any other personal need, you can approach the credit counsellor of your bank and he will guide you about it.







to get back his land.



I have a plan. But it can work only if all of you co-operate.



. What's your plan Gopi Chacha?



Next day, Sunder was sitting on his easy chair (enjoying his hookah) thinking about a new plan and Chander was playing with the dog.







Shamu leaves before Sunder and Chander could ask any question.

Shamu must be crazy. How could anyone become young by drinking a goat's milk?

That was just an ordinary goat.

We had fooled Murli by telling him that it gives ten buckets of sweet milk every day.



After sometime Gopal came rushing from the other side.



I will not let anybody else buy that goat....That goat is mine...That goat is mine...

Gopal didn't even stop to talk to Sunder and Chander.

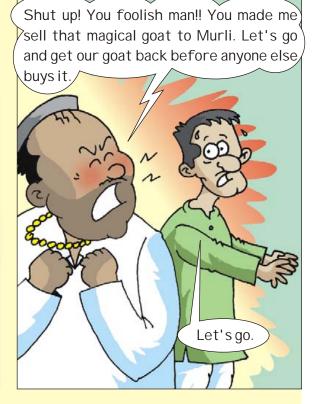


After some time Bhola, Raju, Tara, all came running from another direction.

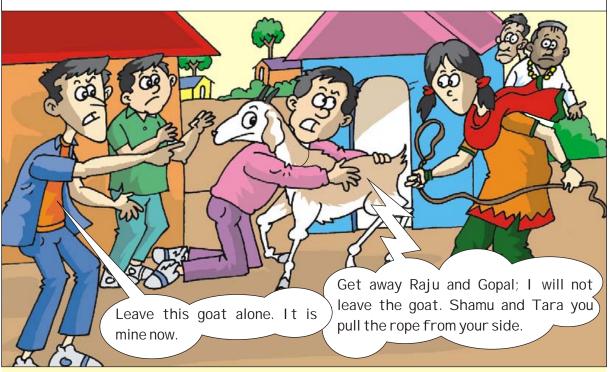


Raju was also talking about the magical goat. It seems that goat must have some magical powers otherwise an intelligent person like Raju would not be running for it.

Did we make a mistake in giving it away to Murli?

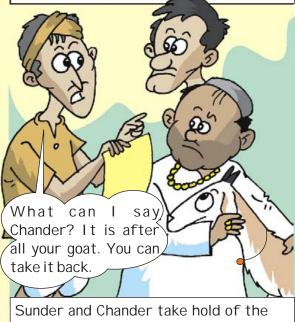


Sunder & Chander reach Murli's house. Outside everybody is trying to get hold of the goat.





Murli takes back the paper that he had signed and happily tears it off.



Sunder and Chander, you can take the goat back. But let me drink its milk at least once.



In the meantime Gopi Chacha who was hiding inside the house comes out. Sunder and Chander were surprised to see that he was still the same old man.





Now, tell me....

Q.1.	Banks do not give loans for the following activity.		Markaging the house implies
(i)	for buying tractor, fertilizers & seeds.		Mortgaging the house implies
		(i) house.	Land records will show that the bank has interest in the
(ii)	for buying a house	(ii)	You can sell it or give it as security for another loan without
(iii)	for education and higher studies		informing the bank.
(iv)	for gambling and drinking	(iii)	The land ownership documents will be held in the custody
(a) (i)&(ii) (b) (i)&(iii) (c) (i),(ii)&(iii) (d) (iv)			of the bank till the loan is repaid.
Q.2.	You need to submit following documents to avail of education loan	(iv)	He/She can use the land/house he/she has purchased with the bank loan.
(i)	mark sheet of the qualifying exam	(a) (i)&(ii)	(b) (ii)&(iii) (c) (i),(iii)&(iv) (d) (i),(iii)&(iv)
(ii)	admission proof	Q.7.	Credit counsellors are not responsible for the following activities:
(iii)	estimate of fees and hostel expenses, etc.	(i)	Providing advice and information to people who need credit;
(iv)	identitiyproof	(ii)	Guiding the borrowers which loan to take, how much to take
(a) (i)&(ii)	(b) (ii)&(iii) (c) (i),(ii)&(iii) (d) (ii)&(iv) (e) none of the above		and how to make the best use of the loan;
Q.3.	Under Kisan Credit Card, the farmer can draw money :	(iii)	Helping in completing the formalities of the bank for availing the loan;
(i)	to buy seeds, fertilisers and consumption expenses	(iv)	Serving as recovery agents of the banks.
(ii)	to dig wells	(a) (i)&(ii)	(b) (ii)&(iii) (c) (i),(ii)&(iii) (d) (iv) only
(iii)	to buy tractors, bullocks, implements etc.	Q.B.	General credit card (GCC) can be held by
(iv)	to construct a house	(a)	a farmer
(a) (i)&(ii) (b) (ii)&(iii) (c) (i),(ii)&(iii) (d) (iv)			a self-employed
Q.4.	Choose the right one:	(b)	
(a)	Tractor is mortgaged	(c)	astudent
(b)	Land is hypothecated	(d)	anybody having a savings bank account
(c)	Scooter is hypothecated and house is mortgaged	Q.9.	Kisan credit card (KCC) can be held by
Q.5.	Choose which is incorrect	(a)	a farmer
	Hypothecation of the tractor means :	(b)	a self-employed
(i)	The tractor one has purchased with the bank loan will be in	(c)	a student
(1)	his/her name and possession.	(d)	anybody having a savings bank account
(ii)	He/She can use the tractor purchased with the bank loan,	Q.10.	Raju advised Murli Chacha to go to a bank to avail of loans to buy a land for following reasons:
(iii)	The bank has the right to recover the amount from the sale of tractor if he/she fails to repay the loan.	5 0	Cheaperrate of interest;
(iv)	Only the bank's name will be registered in the books of the	(ii)	He need not sign a blank document;
	Road Transport Authority as 'Hypothecated to'.	(iii)	Not bonded for life to a bank ;
(v)	He/she can not sell the tractor against which he/she has availed the loan without asking the bank.	(iv)	formalities and paper work in the interest of the customer;
(vi)	If he/she sells the tractor with bank's permission he/she con	(v)	all of the above.
	use it to meet his expenses and then repay the bank loan. (a) (i) (ii) (ii) (ii) (iii) (c) (i), (iii) (iv) (d) (v)		(b) (i),(ii)&(iii) (c) (i),(iii)&(iv) (d) (v)
(a) (i)&(ii) (b) (i),(ii)&(iii) (c) (iv)&(vi) (d) (iv),(v)&(vi) (e) (vi) only			

Q.6. Tick (?) the correct option.

(b).01 (s).8 (b).8 (b).7 (c).8 (e).6 (c).2 (c).2 (b).1 :ereward



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