

**SCHEME FOR FINANCING TO FARMER PRODUCER COMPANIES (FPCs) & FARMER
PRODUCER ORGANISATIONS (FPOs)**

I. SCHEME FOR FINANCING TO FARMER PRODUCER COMPANIES UNDER EQUITY GRANT & CREDIT GUARANTEE FUND SCHEME.

- **PURPOSE:** To meet the Financial needs of the Farmer Producer Companies (FPCs) by way of Working Capital and/ or Term Loan as per the requirement.
- **TARGET GROUP:** FPCs registered with Registrar of Companies and engaged in agriculture and allied activity.
- **ELIGIBILITY:** FPCs fulfilling following criteria will be eligible for Credit Guarantee coverage from SFAC for Loan up to Rs. 1 Crore without any Collateral Security / Third Party guarantee.
 - a. It is a duly registered FPC as per section IXA of the Indian Companies Act.
 - b. It has raised equity from its Members as laid down in its Articles of Association/Bye Laws.
 - c. The number of its individual shareholders shall not be lower than 500.
 - d. Minimum 33% of its shareholders are small, marginal and landless tenant farmers.
 - e. Maximum shareholding by any one member other than an Institutional member is not more than 5% of total equity of the FPC.
 - f. It has a duly elected/nominated Board with a minimum of five members and having adequate representation from farmers and minimum one woman member.
 - g. It has a duly elected management Committee.
 - h. It has a business plan and budget for 18 months
- **NATURE OF FACILITY:** Term Loan and /or Working Capital
- **EXTENT OF LOAN:** Need Based.
- **SECURITY: Primary Security:** Hypothecation of assets created out of Bank loan/ crop.
Collateral:
 - 1. No Collateral Security / Third party guarantee for loans upto Rs. 100 Lakh and to be covered under Credit Guarantee Fund.
 - 2. For loans above Rs. 100 Lakh—As per extant Bank guidelines
- **FEE PAYABLE TO SFAC:**
 - 1. Guarantee Fees*: Onetime Guarantee Fee calculated @0.85% of the sanctioned Credit Facility, subject to a maximum of Rs. 85,000/- (Rs. Eighty Five Thousand only)**.
 - 2. Annual Service Fee*: In addition to one time Guarantee Fee, an Annual Service Fee of 0.25% of sanctioned limit per annum is to be paid.

*To be borne by FPCs.

**The fee shall be paid upfront to SFAC and payment shall be made within 30 days from date of approval of guarantee or such date as specified by SFAC.
- **REPAYMENT:**
 - 1. **Term Loans:** As per extant guidelines based on the purpose and income generation pattern of the activity.
 - 2. Loans sanctioned against Negotiable Warehouse Receipt (NWR) or for procurement of produce of member farmers shall be cleared within 12 months or on sale of the produce whichever is earlier.
 - 3. **Working Capital:** For a period of 12 months subject to annual renewal / review.
 - 4. **KCC:** As per extant bank guidelines.

II. SCHEME FOR FINANCING TO REGISTERED FARMER PRODUCER ORGANIZATIONS.

- **PURPOSE:** To meet the Financial needs of the Farmers Producers Organizations by way of Working Capital or Term Loan as per the requirement.
- **TARGET GROUP:** FPOs registered under any Statute of Law.
- **NATURE OF FACILITY:** Term Loan and /or Working Capital.
- **EXTENT OF LOAN:** Need Based
- **REPAYMENT:**
 1. **Term Loans:** As per extant guidelines based on the purpose and income generation pattern of the activity.
 2. Loans sanctioned against Negotiable Warehouse Receipt (NWR) or for procurement of produce of member farmers shall be cleared within 12 months or on sale of the produce whichever is earlier.
 3. **Working Capital:** For a period of 12 months subject to annual renewal / review.
 4. **KCC:** As per extant bank guidelines.