

## FINANCING TO FARMER'S PRODUCER ORGANIZATION

(Updated till 30.04.2022)

Purpose	<p>To meet the financial needs of the <b>Farmers Producers Organisation</b> by way of Term Loan or Working Capital as per the requirement.</p> <p>To improve the income and reduce the poverty of the small and marginal farmers and making their livelihood sustainable through agribusiness ventures.</p>
Eligibility	<p>1. Economically viable, democratic and self governing Farmer Producers Organisations.</p> <p>2. Members and stake holder of the FPOs are to be only Farmers and the company should be owned by them.</p> <p>3. FPOs to be a registered company.</p> <p>Board of the company should be from Farmer members. In exceptional cases they may engage professional Directors/Nomine Directors for smooth functioning till the farmer members are acquainted and self sufficient to run the company.</p>
Margin	10% of the project cost
Quantum of finance	<p><b>a). Term Loan:</b></p> <p>▫ As per the prevailing guidelines based on the purpose - 90% of the project cost to be financed subject to compliance of other lending norms / guidelines.</p> <p><b>b). Working Capital:</b></p> <p>1. As per Scale of Finance (SoF) for cultivable area, if working capital is extended for meeting cultivation expenses of member farmers.</p> <p>2. 50% of value of farm produce stored if finance is extended for procurement of agricultural produce of member farmers or finance is made against NWR as per the extant guidelines of the Bank</p> <p>3. Two months projected operative expense of the FPO, if working capital is extended to meet storage/warehousing expenses/ transportation expense/other routine expenses.</p> <p>4. As applicable to SME loans, if working capital is requested for value addition/processing.</p> <p>5. Maximum loan quantum to the FPO (excluding TL for creation of immovable assets) should not exceed 10 times of its NOF/TNW for the working capital limit beyond Rs 3 Crores.</p>
Security	<p><b>a). Prime Security:</b></p> <p>▫ Assets created out of the finance made by Bank.</p> <p><b>b). Collateral Security:</b></p> <p>No collateral security shall be obtained except in case of the following.</p> <p>▫ If the FPO creates collaterals from their operations, the same shall be offered as collateral security to the loans availed.</p> <p>▫ Where the working capital limit exceeds Rs 3 Crores, 10 times Net Owned Funds (NOF) will be applicable for eligible quantum or as per assessment, whichever is less. Wherever the FPO cannot satisfy 10 times NOF norm, collateral security by way of mortgage of land and building to be obtained for loans over and above 10 times of NOF.</p> <p><b>c). Third Party Guarantee:</b></p> <p>Personal Guarantee of shareholder directors, if any shall be obtained.</p>
Repayment	<p><b>a) Term Loan:</b> To be repaid within a period of maximum 5 to 7 years based on the income generation.</p> <p><b>b) Short Term Loan:</b> Repayable within period of maximum 36 months.</p> <p><b>c) Loans sanctioned against NWR or for procurement of produce of member farmers shall be cleared with 12 months or on sale of the produce whichever is earlier.</b></p> <p><b>d) Working Capital:</b> Running limit tenable for a period of 12 months.</p>