

Financing to Producers Organisations

1.1 Loan Product

Financial assistance to Producers Organisations (Farm & off farm sector) and their federations.

1.2 Eligible Institutions

- Producer Organisation in off-farm and farm sector – however, preference is given to POs engaged in off farm sector activities;
- Federations/societies of beneficiaries producing off-farm products or marketing off-farm, agriculture and allied products;
- Product Specific Federations/societies;
- Any other registered organisation or legal entity of similar kind not listed above.

1.3 Eligibility Criteria

- PO should have been incorporated at least for two years prior to submission of application;
- should have at least one balance sheet as on the date of application;
- should have a minimum subscribed share capital of Rs.2 lakh (audited or as per ROC);
- should have a regular CEO/MD/Chairman in place;

1.4 Eligible activities

- Working Capital Term Loans for procurement of raw material, work in process, finished goods, and financing receivables, payables to creditors (members);
- For creation of common infrastructure like production facilities, storage godown for raw material and finished products, design centre, transport vehicle, marketing outlet, other infrastructure requirement of PO, etc;
- Bulk loans to Producers' Organisations for lending for asset creation at member level for any MSME activity;
- Any other business/ services activity which is helping the PO and its members to generate income.

1.5 Specifications

1.5.1 Quantum of finance and margin

Maximum eligible amount may be upto 6 times of Net Worth. Quantum of financial assistance to be maximum 85% of the total project cost. Financial assistance and margin requirement will be linked to the rating of the PO.

1.5.2 Rate of Interest

As applicable from time to time based on rating, collateral, etc. Penal interest of 2% p.a. over and above the normal rate of interest on the defaulted amount.

1.5.3 Security

The assistance will be secured by:

- Primary Security: Hypothecation of assets;
- Guarantee Coverage: Coverage under NABARD Credit Guarantee Scheme/ any other guarantee mechanism;
- POs not covered under any credit guarantee scheme to offer at least 15% liquid collateral.

1.5.4 Processing Fee

0.25% to 1% of loan amount (plus taxes).

0.50% for the top up/renewal of facility.

1.5.5 Insurance

All immovable assets, capital items, stocks financed by NABSAMRUDDHI to be insured.

1.5.6 Repayment Period

Term Loan : Maximum of 7 years, including moratorium period.

Working Capital Term Loan : Maximum of 3 years, including moratorium period.

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