

# FINANCING FARMER PRODUCER COMPANIES (FPCs)



State Bank of India  
Local Head Office  
Bangalore

# OPPORTUNITIES



<b>Agro Processing / value addition</b>	<b>Fruit / Spice/ Dairy / Meat processing</b>
Infrastructure	Rural Godown, Cold Storage,
Cold Chain	Refrigerated vans, Bulk Milk coolers
Farm Mechanization (Hiring purpose)	Tractors, Trailers, Transplanters, combine harvesters, Sugarcane harvester
Irrigation	Community based Lift irrigation
Feed units	Poultry Feed, Cattle feed
Contract Farming (tie-up with companies)	Fruits & Vegetables, Gherkin, Seed Production, Milk production, Maize production etc.

# ADVANTAGE OF FPCS OVER INDIVIDUAL FARMERS



Particulars	Individual	FPC
Bargaining power	Less	More
Access to Bank / Department / companies	Minimal	Easy
Distance Marketing	Difficult	Easy
Price for the commodity	Less	More
Input cost	More	Less
Investment in big projects	Difficult	Easy

# ELIGIBILITY



- ✓ Incorporated as a Farmer Producer Company **registered** with R.O.C
- ✓ Minimum **member base of 500**
- ✓ Minimum 33% of FPC shareholders (numbers) should be small, marginal, landless or tenant farmers.
- ✓ Min one lady director
- ✓ **Full time CEO**
- ✓ **Minimum Rs.5 lacs equity**
- ✓ In operation for **at least 2 years**
- ✓ **No accumulated losses** in previous years
- ✓ Preference to FPCs having **complete value chain** and assured forward linkage for sale of produce

# LOAN FACILITY



## Cash Credit:

- ✓ Crop loan for production activities –Company & group members
  - ✓ Based on the Scale of Finance
- ✓ Post-harvest management – Grading / sorting / aggregation / marketing / value addition
- ✓ Working capital
- ✓ Export of produce
- ✓ Trading activity for input supply

## Demand Loan:

- ✓ Produce Marketing Loan
- ✓ Gold Loan

# LOAN FACILITY



## Term Loan for

- All investment needs for creation of production / primary processing facilities
- Creation of infrastructure, Rural Godown,
- Purchase of machines for grading sorting, packing & transport
- Infrastructure for dairy/poultry, fishing.
- Chilling machines, reefer vans, cold storages
- Processing units
- Infrastructure for testing and certification

**FPCs which have not completed two years of operation, are eligible for:**

- a. Produce Marketing Loans against the pledge of Warehouse Receipts.
- b. Loan against gold ornaments / time deposit receipts of the bank.

## LOAN FACILITY Contd.



Purpose	Production, Harvesting, Procurement, Grading, Marketing, Selling in the field of Agri & Allied Agri Activities viz. Dairy / Poultry/ Fisheries/ seed production
Loan facility	Agriculture Term Loan/ Agriculture Cash Credit /Demand Loan, and Overdraft
Margin	20 % of the project cost
Loan Amount	<b>Minimum:</b> No ceiling; <b>Maximum:</b> No ceiling Based on the requirement of the FPC
Interest Rate	8.50 % to 12.60 % (depending on activity and internal rating ) <b>Interest concession: 0.50%</b> if Credit Guarantee from SFAC is available <b>1%</b> if the FPC has tie-up arrangements for marketing of the produce Max. concession: 1%
Processing Fee	0.30 % of the loan amount + GST
Guarantee fee	0.85% of the loan amount (Max. 85,000/-)
Security	<b>Primary:</b> Hypothecation of assets created out of bank finance. <b>Collateral:</b> 1. No collateral upto Rs 1 Cr if credit guarantee from SFAC is available 2. Personal guarantee of key director /adequate security if Guarantee cover from SFAC is not available.
Repayment	Depending on the activity for which loan is sanctioned (Max 10 years)

## LOAN FACILITY Contd.



- ✓ Signed MoU with SFAC
- ✓ SFAC provides Credit Guarantee Fund (CGF) cover of 85% of loans without collateral, up to a maximum of Rs.1.00 Cr
- ✓ Credit guarantee fee @ 0.85% Max. 85,000/-
- ✓ Credit guarantee available for **Maximum 2 times in 5 years**



## CENTRAL SECTOR SCHEME – AGRI INFRASTRUCTURE FUND

- ✓ **Implementation period of the scheme:** 2020-21 to 2029-30
- ✓ Fund allotted: Rs.1,00,000 crore for funding Agriculture Infrastructure Projects
- ✓ Rs.4525 Cr allocated to Karnataka
- ✓ Eligible entities: SHGs, JLGs, PACS, **FPOs**, Agriculture Entrepreneurs & Start-ups etc.
- ✓ **Eligible projects:**
  - ✓ Warehouses, Silos
  - ✓ Pack House
  - ✓ Assaying Units
  - ✓ Sorting & Grading Units
  - ✓ Cold Chains
  - ✓ Primary Processing Centres
  - ✓ Ripening Chambers
- ✓ **Interest Subvention:** 3% for loans up to Rs. 2 Cr
- ✓ **Period:** 7 years
- ✓ **Credit guarantee:** loans up to Rs.2 Crs (Fee will be paid by the government)

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### **Eligible projects:**

#### **Post Harvest Management Projects:**

- ✓ Warehouses, Silos
- ✓ Pack House
- ✓ Assaying Units
- ✓ Sorting & Grading Units
- ✓ Cold Chains
- ✓ Primary Processing Centres
- ✓ Ripening Chambers

#### **Community Farming Assets:**

- ✓ Organic inputs productions
- ✓ Bio stimulant production
- ✓ Infrastructure for smart and precision agriculture
- ✓ Supply chain infrastructure for cluster of crops including export clusters.

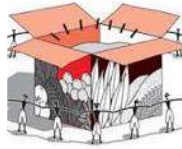


# AGRICULTURE MARKETING INFRASTRUCTURE SCHEME



## Farmers' Consumer Market

- Rural Primary Market
- Village Haats
- GrAMs



## Common Facilitation Centre

- FPO/FPCs
- Common Facilities
- Ancillary & supporting infrastructure



## Marketing Infrastructure

- Common facilities
- Functional infrastructure
- Direct Marketing infrastructure
- Mobile infrastructure
- Storage infrastructure
- Cold Storage
- Integrated Value Chain



# AMI- SUBSIDY PATTERN



SR NO	CATEGORY	Rate of Subsidy (%)	Subsidy Amount	Max Subsidy (Rs Lakh)
1	INFRASTRUCTURE PROJECTS OTHER THAN STORAGE	33.33		30
2	STORAGE INFRASTRUCTURE PROJECTS 50-1000 MT 1001-10000 MT	33.33	Rs. 1166.55/MT Rs.1000/MT	100
3	FARMERS CONSUMER MARKETS	33.33		30
4	COMMON FACILITATION CENTRE	33.33		30

- ✓ Loans sanctioned upto 31.03.2021
- ✓ If more than one subsidy - max. subsidy will be Rs.75 lakh
- ✓ 50% advance subsidy after sanction of loan
- ✓ Remaining 50% after completion of the project
- ✓ Back ended Subsidy
- ✓ Loan period – Min. 5 years

# ANIMAL HUSBANDRY INFRASTRUCTURE DEVELOPMENT FUND (AHIDF)



Objective	<ul style="list-style-type: none"> <li>✓ To improve milk &amp; meat processing</li> <li>✓ Increased price realization</li> <li>✓ Quality milk &amp; meat products</li> <li>✓ Develop entrepreneurship &amp; generate employment</li> <li>✓ Promote export</li> </ul>
Eligibility	FPOs, Individuals, Private companies
Activities covered	<ul style="list-style-type: none"> <li>✓ Dairy processing</li> <li>✓ Value added dairy products</li> <li>✓ Meat processing</li> <li>✓ Animal feed manufacturing</li> </ul>
Interest subvention	3%
Repayment	Max. 10 years including 2 years moratorium



# DOCUMENTS REQUIRED



- ✓ Project report along with necessary approvals
- ✓ KYC documents – ID / Residence proof, 2 photos
- ✓ Memorandum and Articles of Association of the Company
- ✓ Resolution of the Company for borrowing sought
- ✓ Biodata of the directors, key executives
- ✓ Audited financial statements for last 2/3 years along with all schedules
- ✓ Copies of licenses / permission obtained for running the activity
- ✓ Copies of tax return for the previous two years
- ✓ Monthly cashflow forecast for next two years
- ✓ Quotation for machines /equipment
- ✓ Plan and estimate for civil constructions
- ✓ Proof of land holding
- ✓ Copy of tie-up arrangements, if any
- ✓ Insurance, water availability, electricity, etc.
- ✓ Other project specific documents as required by the Bank

## OTHER PRODUCTS FOR INDIVIDUALS

- ✓ Gold Loan for crop production
- ✓ Crop Loan
- ✓ Crop loan for Animal Husbandry and Fisheries
- ✓ Asset Backed Agri Loan – OD limit upto Rs 50 lacs & Self declaration upto Rs 10 lacs
- ✓ Horticulture – Establishment of Orchards, Polyhouse
- ✓ Animal Husbandry – Dairy / Poultry / Fisheries / Sheep/ Goat
- ✓ Construction of Rural Godowns
- ✓ Construction of Cold Storage
- ✓ Produce Marketing Loans / Loan against Ware House receipts
- ✓ Agro processing units
- ✓ Farm Mechanization
- ✓ Minor Irrigation – Drip /Sprinkler / Lift irrigation
- ✓ Self Help Groups (SHGs)
- ✓ Joint Liability Groups (JLGs)
- ✓ Integrated Farming System
- ✓ Tissue culture Labs
- ✓ Nursery units
- ✓ Agri Clinic & Agri Business



SBI, LHO, Bangalore



## TECHNICAL OFFICERS – DISTRICTS COVERED

Name	Contact No.	Districts covered
Shri. Sridhara P	9448993156	Bangalore (Rural & Urban), Chikkaballapur, Kolar, Tumkur
Smt. Pallavi	9448993046	Chamarajnar, Mandya, Mysore, Ramanagar
Shri. Mahesh Murthy	9448993047	Chikkamagalur, Dakshina Kannada, Hassan, Kodagu, Udupi
Smt. Usha G	9448993028	Chitradurga, Davanagere, Haveri, Shimoga
Smt. Shobha K.P	9448993161	Bellary, Koppal, Raichur, Gulbarga, Bidar, Yadgir
Smt. V. Anitalakshmi	9448993027	Bagalkot, Belgaum, Dharwad, Uttara Kannada





# THANK YOU

