



OPERATIONAL GUIDELINES

কাৰ্য্যকৰী নিৰ্দেশিকা

VENTURE CAPITAL SCHEME FOR
AGRI-BUSINESS DEVELOPMENT

of

Small Farmers' Agri-Business Consortium (SFAC)

Govt. of India, Ministry of Agriculture, Deptt. of Agriculture & Co-operation

কৃষি ব্যৱসায়ৰ বিকাশৰ বাবে
ভেঞ্চাৰ মূলধনী আঁচনি



Assam Small Farmers' Agri-Business Consortium

অসম ক্ষুদ্ৰ কৃষক কৃষি বাণিজ্য কনছ'ৰ্টিয়াম

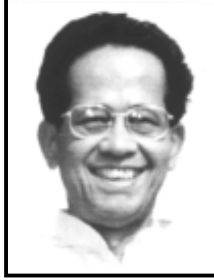
Agriculture Campus, Khanapara, Guwahati-781022, Assam

Tele. Fax : 0361-2334240, 2333560

E-Mail : asm-sfac@nic.in ; assamsfac@yahoo.com

Webportal : www.assamagribusiness.nic.in





Tarun Gogoi
Chief Minister
Assam



Dispur
29th October, 2005

MESSAGE

I hereby request Government functionaries and Bankers to identify and guide the farmers, producer groups, agripreneurs and agriculture graduates to avail benefit under this scheme of " Venture Capital Scheme for Agribusiness Development" of Government of India both in terms of equity participation and project development facility in their bankable projects.

Here, I appreciate the effort of Assam SFAC in creating wide awareness about the scheme among the government functionaries, bankers, civil society, entrepreneurs and farmers and publication of scheme guidelines in English and Assamese.

Trusting your efforts for Farm Prosperity in Assam through Agribusiness.

(TARUN GOGOI)



Wazed Ali Choudhury
Minister of State, Agriculture (Ind.)
Assam



MESSAGE

The "Venture Capital Scheme for Agribusiness Development" of Small Farmers Agribusiness Consortium (SFAC) Ministry of Agriculture, Department of Agriculture and Cooperation, Government of India offers excellent opportunity for Farmers, Farm Entrepreneurs, SHGs, Producer Organizations engaged in Agriculture/ Horticulture/Fishery/Sericulture and allied Sectors and for Graduates of Agriculture, Horticulture, Fishery and Sericulture to establish agri-based enterprise for mobilizing investment with credit support and there by make profits to themselves and provide assured market to farmers and to diversify into high valued products to increase farm incomes.

Here I call upon Government functionaries of Agriculture, Horticulture, Fishery and Sericulture sector; Bankers, Producer Organisations, Pathar Parichalana Samittees (FMCs) and Non-Governmental Organisations to understand the scheme properly and identify and guide sound entrepreneurs and producer organisations having good entrepreneurship skills, bonafides and experience from potential areas to benefit from this scheme.

The Assam SFAC initiative of publishing the scheme guidelines both in English and Assamese for wider circulation among public representatives, Government functionaries, bankers, farmers and others deserves appreciation.

Jai Kisan.


Wazed Ali Choudhury



लघु कृषक कृषि-व्यापार संघ

SMALL FARMERS' AGRI-BUSINESS CONSORTIUM

(Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India)



SURANJANA RAY, I.A.S.,
Managing Director

MESSAGE

I am happy to know that Assam Small Farmers' Agri-business Consortium is publishing the Guidelines of the Venture Capital Scheme for Agri-business Development" in English as well as in Assamese for wide dissemination amongst functionaries of the State Government and the banks, who need to generate adequate and viable project proposals that could be supported under the Scheme.

Since time immemorial, agribusiness has played a vital role for farmers to generate reasonable income for his produce and meet the daily needs of the consumers. However, despite its immense potential, this sector has remained largely undeveloped.

In order to boost the development of agribusiness in the country it is necessary that agripreneurs link up with farmers and banks to induct new techniques and technology for value addition and offer the consumer a variety of produce as per standards of quality to again competitive access to local as well export markets.

SFAC's Venture Capital Assistance scheme is designed to help entrepreneurs with adequate linkage to farmers in setting up of agribusiness.


(SURANJANA RAY)
Managing Director

NCUI Auditorium Building, 5th Floor, 3, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016

Tel. : 26862365, EPABX : 26966017, 26966037 Fax : 26862367, Email: sfac@ren02.nic.in ; Website: www.sfacindia.com



Dr. M. Ariz Ahammed
Chief Executive Officer
Assam Small Farmers' Agri-Business Consortium

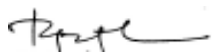
MESSAGE

The resurgent Assam is making its presence felt with marketable surplus in a number of farm products especially in agri-horticulture sector, with expanding diversification. This illustrates both opportunity and challenge for providing right price to the produce and adding value to the marketable surplus. One of the major requirements to transform challenge into opportunity is to have agri-enterprises which provide value addition to farm products and there by offer assured market to the produce sustaining the diversification phenomenon. In our state this is seriously limited by non-availability of project, managerial and credit support, given the larger investment involved in these agri-enterprises. Here the "Venture Capital Scheme for Agribusiness Development" of Small Farmers' Agribusiness Consortium (SFAC), Ministry of Agriculture, Government of India offers excellent opportunity for all those interested in setting up agro based enterprises requiring investment of Rupees 25 lakhs and more for value addition. All the Farmers, Farm Entrepreneurs, SHGs, Producer Organizations, companies and firms engaged in Agriculture/Horticulture/Fishery/Sericulture Sectors and Graduates of Agriculture, Horticulture, Fishery and Sericulture are eligible to avail the facility.

Projects eligible under the scheme are-those that are dependent upon agricultural or allied produce providing direct access to producers as assured market and encourage farmers to diversify into high value crops aimed at increasing farm incomes and are accepted by the bank for the grant of project loan after satisfactory techno-commercial feasibility. The scheme does not cover Animal Husbandry, Dairy and Poultry, as these are being covered by NABARD.

The scheme has two components- (i) SFAC equity participation up to 10% of the total project cost or 26% of the total project equity or Rs. 75 lakhs which ever is lower as Venture Capital, decided by the participating commercial bank. For this the entrepreneur will have to enter into an agreement with SFAC. (ii) Assistance for the preparation of bankable Detailed Project Reports (DPRs) under Project Development Facility (PDF). The PDF empowers both the Bankers and Entrepreneurs to translate a bankable proposal into a sound project based on local production and potential with backward and forward linkages. The beneficiaries desirous of availing assistance under PDF can approach their local commercial bank with a proposal for recommendation. One more advantage in Horticulture sector is one can club this scheme with the schemes of NHB/ Horticulture Technology Mission (TM-IDH-NE)/ MFPI and can get double benefit.

The hallmark of VCA scheme is fixed time schedule in DPR preparation, equity sanction, credit disbursements, implementation, close monitoring and support to the project. For more details contact Assam SFAC or SFAC or local commercial bank. The Scheme guidelines are available in Assam SFAC web portal : ASHA as well.


(M. Ariz Ahammed)

HIGHLIGHTS OF
Venture Capital Scheme for Agri-Business Development

1. **Venture Capital** : To promote investments in agri-business projects with the participation of banks.
 - a. Equity participation in agri-projects upto 10% of the total project cost, or 26% of the total project equity or Rs.75 lakhs whichever is lower.
 - b. In special cases, higher equity possible for Projects located in hilly and North Eastern States and in Projects recommended by State agencies/State SFACs.
2. **Project Development Facility (PDF)** : To provide financial assistance to farmers, Producer Groups, Agripreneurs, Units in Agri-Export Zones, Organizations and Agriculture graduates for the preparation of bankable Detailed Project Reports (DPR).
3. **Eligibility Criteria for funding** :
 - a. Project should be in agriculture or allied sector namely horticulture, floriculture, medicinal and aromatic plants, minor forest produce, sericulture, organic farming, vermi compost, apiculture, plantation crops and fisheries. However, poultry and dairy projects will not be covered under the scheme.
 - b. Project should provide assured market to farmers / producer groups.
 - c. Project should encourage farmers to diversify into high value crops, to increase farm incomes.
 - d. Project should be accepted by banks for grant of term loan.

For details please contact :

- | | |
|--|--|
| <p>(1) Managing Director
Small Farmers' Agri-Business Consortium
Ministry of Agriculture, DAC, Govt. of India)
NCUI Auditorium Building, 5th Floor,
3, Siri Institutional Area, August Kranti Marg,
Hauz Khas, New Delhi-110 016.
Ph. 011-26966017/37/39, Fax : 011-26862367
Email : sfac@ren02.nic.in ; www.sfacindia.com</p> | <p>(2) Chief Executive Officer
Assam Small Farmers' Agri-Business Consortium
(Government of Assam)
Agriculture Campus, Khanapara, Guwahati-781022, Assam
Tele. Fax : 0361-2334240, 2333560
E-Mail : asm-sfac@nic.in ; assamsfac@yahoo.com
Webportal : www.assamagribusiness.nic.in</p> |
| <p>(3) Regional Project Coordinator, Regional Small Farmers' Agri-Business Consortium, Guwahati, Ph. 0361-2450337.</p> | |

SCHEME FOR AGRIBUSINESS DEVELOPMENT
THROUGH VENTURE CAPITAL ASSISTANCE AND
PROJECT DEVELOPMENT FACILITY

1. **Background :**

Farming is the single largest private sector economic activity in the country. The growth potential in this key sector is immense in view of the changes taking place in food consumption and there is growing demand for high value processed products. Successes in such endeavours will require innovations and partnerships. Private agri-businesses provide first point market for the farm sector and growth depends principally on private initiatives. A significant portion of agri-business activity is the result of small and medium enterprises. Such enterprises are necessarily widespread in location to capture opportunities that arise all along the farm to table supply chain. Key constraints that impede development of new agri-business projects are access to information and access to credit. Agri-business entrepreneurs are generally first generation who have business skills but their financial resources are limited. In order to facilitate agri-business development in the country SFAC venture capital scheme will :

- a) Assist agripreneurs to make investments in setting up agri-business projects through equity participation, and
- b) Provide financial support for preparation of bankable Detailed Project Reports (DPR) through a Project Development Facility (PDF).

2. **Objectives :**

The main objectives of the Scheme are :

- a) To facilitate setting up of agri-business ventures in close association with banks.
- b) To catalyze private investment in setting up agri-business projects and thereby providing assured market to producers for increasing rural income & employment.
- c) To strengthen backward linkages of agri-business projects with producers.
- d) To assist farmers, producer groups, and agriculture graduates to enhance their participation in value chain through Project Development Facility.
- e) To arrange training and visits, etc. of agripreneurs setting up identified agri-business projects.

3. **Salient Features of the Scheme :**

A Venture Capital Assistance

SFAC would provide equity to qualifying projects on the recommendations of the bank financing the project. This equity capital will be repayable back to SFAC after the project has repaid the term loan of the financing bank. SFAC would provide financial assistance to agri-business projects by way of equity participation on the fulfillment of the following conditions.

- a) Qualifying projects under Venture Capital
 - i) Project should be in agriculture or allied sector namely horticulture, floriculture, medicinal and aromatic plants, minor forest produce, sericulture, organic farming, vermi compost, apiculture, plantation crops and fisheries. However, poultry and dairy projects will not be covered under the scheme.
 - ii) Project should provide assured market to farmers / producer groups.
 - iii) Project should encourage farmers to diversify into high value crops, to increase farm incomes.
 - iv) Project should be accepted by banks for grant of term loan
- b) The quantum of SFAC venture capital assistance will depend on the project cost and will be the lowest of the following.
 - * 10% of the total project cost assessed by the bank
 - * 26% of the project equity
 - * Rs. 75.00 lakhs.
- c) Higher venture capital assistance can be considered by SFAC to deserving projects on merit and / or to projects that are located in remote and backward areas, North-Eastern and hilly States and projects recommended by State agencies.
- d) Beneficiary will submit the project proposal in the form of DPR to area lending bank.
- e) On receipt of project proposal, bank will appraise, assess and sanction requisite amount of term loan / working capital required by the beneficiary for execution of the project.
- f) Bank will also workout the amount of Venture Capital, as per criteria laid down at para 3 (a, b & c) and communicate it to SFAC with its recommendation.
- g) SFAC will make said amount available to the recommending bank on case to case basis for disbursement to the beneficiary either in lump sum or in stages, as may be considered appropriate by the bank.
- h) Term Loan/working capital and equity amount from SFAC as Venture Capital assistance will be extended to the beneficiary through a single-window of the project financing bank .
- i) Financial assistance from SFAC would be in the nature of equity, till the banks term loan is fully repaid by the project and would automatically be converted into a term loan on the last date of such repayment.
- j) The venture capital after it becomes term loan could be repaid to SFAC in lump sum or in four quarterly installments with the amount of interest at the same rate as the term loan.
- k) During the pendency of loan, the bank will be having charge over the primary/collateral securities available with the beneficiary. After repayment of bank term loan, available securities will be automatically charged to the SFAC for recovery of its Venture Capital.
- l) The bank will provide SFAC full details of the terms and conditions under which the term loan is sanctioned including repayment schedule fixed for the loan.

- m) The bank will also keep SFAC posted of the progress in implementation of the project and repayment of its term loan from time to time and its performance on yearly basis after the project becomes operational.
- n) The funds received from SFAC will be kept in a separate account by the bank and released to promoters for the project implementation, as and when required.

B. Project Development Facility :

- a) SFAC will provide financial support to farmers, producer Groups, Agripreneurs, Units in Agri-Export Zones, and Agricultural graduates (called beneficiary) in the preparation of bankable Detailed Project Reports (DPR) through empanelled consultants / institutions. SFAC will provide for the cost of preparation of DPR upto a ceiling of Rs. 5.00 lakhs depending upon size, location, activity and coverage on a case to case basis.
- b) The beneficiary desirous of seeking assistance for preparation of DPR can approach nearest branch of the commercial bank along with the details / pre-feasibility of the proposed project for the recommendation of the bank.
- c) The bank on being satisfied about the feasibility of the intending project will recommend it to SFAC for providing financial assistance for the preparation of DPR. Intending projects must be over Rs. 50 lakhs (Rs. 25 lakhs in case of NE states and other hilly areas) in size.
- d) Based on the activity and location of the project, SFAC will entrust preparation of DPR to one of the consultants on its panel.
- e) SFAC will release cost of DPR preparation to the area Lending Bank with an intimation to the consultant.
- f) Bank will release 25% of cost to empanelled consultant at the first stage, 50% on receipt of DPR and 25% within fortnight of receipt of DPR after having satisfied itself about the quality of DPR. Consultant will submit three copies of DPR, one each for beneficiary, bank and SFAC.
- g) The DPR received from SFAC or directly from the consultant will be examined in detail by the lending bank for sanction of term loan and release of venture capital. A copy of the term loan sanction advice to the borrower will also be addressed to SFAC for its record.
- h) PDF will also provide financial assistance to state SFACs for undertaking promotional activities for agribusiness development. PDF will also arrange training and visits etc. of entrepreneurs setting up the identified Agri-business projects.
- i) SFAC's Project Development Facility will engage the services of National Institute of Agricultural Marketing (NIAM), Jaipur ; National Institute of Agricultural Extension Management (MANAGE), Hyderabad ; Industry Associations such as CII, FICCI, ASSOCHAM, PHD, State SFACs, SAUs and others to vigorously publicize the benefits of the Venture Capital Assistance Scheme to prospective entrepreneurs and producer organizations.

4. **Eligible Persons :**
Assistance under the scheme will be available to Individuals, Farmers, Producer Groups, Partnership /Proprietary firms, Self help groups, Companies, agripreneurs, units in agri-export zones, and Agriculture graduates Individually or in groups. For professional management and accountability the groups have to preferably form into companies or producer companies under the relevant act.
5. **Role of Central SFAC :**
- a) On receipt of proposal from bank indicating sanction of term loan and requirement of VCA, SFAC will submit the proposal to its investment committee for approval after field visit and satisfying itself about the viability and linkages with farmers etc.
 - b) SFAC after seeking approval of its investment committee and sanction by its Managing Director will release VCA to the bank.
 - c) SFAC will seek approval of its Executive Committee in cases where higher Venture Capital Assistance is proposed to be considered.
 - d) SFAC's Project Development Facility will investigate such proposals, which may include site visits, referred by bank needing clarification to determine if projects are qualifying or not and report back to Bank within 30 days of receipt of reference.
 - e) In case SFAC receives proposals of PDF & VCA directly from intending groups, these will be directed to nodal officers of concerned bank.
 - f) Central SFAC will strengthen the state SFACs and assist them in undertaking promotional activities, campaigns, printing of guidelines in local language, identification of qualifying projects and in organizing producer groups.
 - g) SFAC will have Memorandum of Understanding with all participating lending banks as per Indian Bank Association approved model. (Annexure -II)
 - h) SFAC will have a separate agreement with the applicant for facilitating the recovery of its equity amount extended under Venture Capital Assistance. (Annexure -III).
6. **Role of State SFACs :**
- a) As extended arms, State SFACs as federal unit have been established in 17 States to aggressively promote agribusiness project development in their respective States (Annexure -IV).
 - b) State SFACs in consultation with Central SFAC will prepare a plan for agri-business project development in their respective States.
 - c) State SFACs after due diligence and ascertaining the backward linkages as per the objectives will recommend agri-business projects to Central SFAC for equity participation.

- d) State SFACs with assistance under PDF facility will organize awareness and publicity campaigns, arrange training of entrepreneurs for setting up identified projects, publish guidelines of the scheme in local languages, undertake promotional activities and organize producer groups.
- e) Help producer groups in framing pre-feasibility reports and facilitate interaction with local banks for their recommendation.
- f) Function as repositories of information maintaining a data base of potential areas, producer groups and marketable surplus of various crops available.
- g) Provide venture capital to small projects out of interest earned on the Corpus fund and refer large projects to Central SFAC.
- h) As a Member of SLBC, raise the issues concerning agribusiness project development in their respective States during the SLBC meetings.
- i) Monitor the projects through their implementation stage and developments / deficiencies will be reported to Central SFAC for initiating remedial action.

7. **Role of Agripreneurs :**

For the success of the Venture, the agribusiness projects should be grounded within a predetermined time schedule as fixed in the sanction of term loan.

- a) For the release of Venture Capital, agripreneurs will have to enter into an agreement with SFAC for the purpose of refund of equity fund and also transfer of charge on securities which would take place after the repayment of the term loan to the financing bank.
- b) Agripreneurs will submit implementation schedule of the Project to SFAC and participating bank which will be closely monitored by SFAC.
- c) Deviation, if any, in the implementation schedule should be immediately notified to the Bank and to SFAC.
- d) Agripreneurs will submit utilization certificate of Venture Capital assistance in GFR 19 A duly certified by Chartered Accountant to SFAC and the participating bank, at the end of each financial year. (Annexure -V)
- e) Agripreneurs will submit yearly physical progress reports, audited accounts and balance sheet to SFAC and the participating banks.

8. **Eligible Financing Institutions :**

Nationalized Banks, SBI & its subsidiaries and other commercial banks.

9. **Monitoring and Reporting :**

With a view to minimize paper work and ensure that SFAC is provided with all the relevant details of individual projects financed by the bank with Venture Capital support provided by SFAC, units assisted for preparation of DPR, and also progress in project implementation from time to time, the following reporting schedule will be observed.

- a. **Report on utilization of Venture Capital Assistance (VCA) / Project Development Facility (PDF)**
The bank will report each disbursement made by them in respect of VCA out of the funds received from SFAC. A report on progress in project implementation vis -a-vis utilization of equity amount already given to the party through bank under VCA would also be sent to SFAC.
 - b. **Report on the working of assisted units.**
The Bank will submit a report on the working of the units financed by them under VCA to SFAC on a half yearly basis indicating whether the operations are in line with the projections and whether the borrowers are adhering to repayment commitments.
 - c. **Reporting of Exceptions**
The bank would also keep SFAC informed of any significant developments with regard to operation of the projects, its implementation and unsatisfactory features if any noticed by them. The bank will also keep SFAC informed of any recovery action initiated by them in the event of failure of the unit to perform or inability of the borrowers to meet financial commitments.
 - d. **Project Specific Information**
In addition to the above standard reporting by its bank, it would also provide SFAC with project specific information, if any, sought by it from time to time.
 - e. **Field visits**
As part of due diligence, before sanction of Venture Capital Assistance, SFAC will undertake field visits to ascertain backward linkages with the farmers, feasibility of the site, availability of raw material, etc. SFAC's Officers will undertake field visits independently or in association with the lending bank or state Government/State SFAC to monitor the implementation of the project.
10. **Implementation period :**
The scheme will be implemented during 2005-06 and 2006-07 in the tenth plan with a central assistance of Rs. 48.00 crores.
 11. **Implementing Agency :**
The scheme will be implemented by Small Farmers Agribusiness Consortium (SFAC), a registered society under Department of Agriculture & Cooperation, Ministry of Agriculture.
 12. **General awareness, publicity and training programme :**
Services of National Institute of Agricultural Marketing, (NIAM), Jaipur, National Institute of Agricultural Extension Management (MANAGE), Hyderabad ; Industry Associations such as CII, FICCI, ASSOCHAM, PHD, State SFAC's, SAU's and others will be engaged under PDF to vigorously publicize the benefits of the Venture Capital Assistance Scheme to prospective entrepreneurs and producer organizations.
Services of banking institutions will also be engaged for sensitizing the Branch Managers and other functionaries about the scheme.

**LIST OF EMPANELLED CONSULTANTS UNDER
PROJECT DEVELOPMENT FACILITY OF SFAC.**

S.No.	State	Name of the Institute	Address	Contact Person.
1.	Bihar	SRISTI Foundation	Reshmi Complex (above Dainik Jagran) 8th Floor, Kidwaipuri, PATNA-800001 Phone : 0612-3090308 (O) Fax : 0612-2229373 E-mail : sristifoundation@rediffmail.com	Shri Ashok Kumar Thakur Executive Chairman / Nodal Officer Mobile : 9431072233
2.	Bihar	Dip Narayan Singh Regional Institute of Cooperative Management	Shastri Nagar, Patna-800023 Phone : 0612-2283907 (O), 2287851 (O) 0612-2290612 (R) E-mail : dnsricm@die.vsnl.net.in	Shri V.K. Singh Nodal Officer
3.	Bihar	Institute of Entrepreneurship Development	BSFC Building, 5th Floor Fraser Road, Post Box No. 114, Patna-800 001, Bihar Phone : 0612-2230153, 2212423 Fax : 0612-2230154 E-mail : iedbihar@vsnl.net	Shri Anirudh Singh Executive Director/ Nodal Officer Mobile : 9431433549
4.	Bihar	SCADA Computer Centre	1st Floor, Sone Bhawan, Daroga Prasad Rai Path, Patna-800 001 Phone : 0612-2237337, 2236228 (D) 0612-2220651/2 - Extn : 330 Fax : 0612-2237337 Resi : 0612-3116750 E-mail : bidhaneshmisra@rediffmail.com scadacom@rediffmail.com	Shri Bidhanesh Misra Director / Nodal Officer Mobile : 0612-2237537
5.	Gujarat	Shree Vivekanand Research and Training Institute	Mandvi Office : Nagalpur Road, Mandi-Kutch - 370465 (Gujarat) Phone : 02834-223256, 223934, 230902 Fax : 02834-223838 E-mail : rtoad1@sancharnet.in, vrti_mandvi@yahoo.com Website: www.vrti.org.	Shri Amit Ghosh Nodal Officer

6.	Gujarat	Jai Research Foundation	Post Box No. 30, GIDC Vapi-Post-396195, Gujarat-State Phone : 0260-423137, 432716 (O) 9824100983 (Cell) Fax : 0260-432762, 432484, 431823 E-mail : jrf@vapihwbbs.net Website : www.jrfchemtax.com	Dr. Channaraj Urs Nodal Officer Phone : 022-6041111
7.	Gujarat	Entrepreneurship Development Institute of India	Near Village Bhat Via- Ahmedabad Airport & Indira Bridge Bhat Post-382428, Gandhinagar-Dist. (Gujarat) Phone : 079-3969153/3969158-159/ 3969163 (O), 9426364696 (M) Fax : 079-3969164 E-mail : ediindiaad1@samcjarmet.in manoj@ediindia.org	Shri Manoj Mishra Associate Faculty / Nodal Officer
8.	Jharkhand	Society for Rural Industrialization	Management Section of Institute for Rural Industrialization 146, H.B. Road, Lalpur, Ranchi-834001 Jharkhand Phone : 0651-2531520 (O) Fax : 0651-540668 E-mail : sri_iri@yahoo.com (O) idey@vitalmail.com (R)	Dr. Sumana Chakravorty Dutt Director (IRI) Nodal Officer Mr. Samrat Sengupta,
9.	Jammu & Kashmir	Sher-e-Kashmir University of Agricultural Science and Technology of Kashmir SKUAST-K	Division of Horticulture Medicinal & Aromatic Plants, Shalimar Campus-191121 Jammu & Kashmir Phone : 0194-2463850, 2461258, 2461259 Fax : 0194-2461317 (F) 0194-2436200 (R)	Dr. M.A.A. Siddique Assoc. Professor/Nodal Officer Mr. K.D. Farooqui Dy. Director Research Coordinator
10.	Karnataka	M/s Terra-Firma Bio Technologies Ltd.	104, Ranka Park, 5, Lalbagh Road Bangalore-560027 Phone : 080-2215412/2213125/2228530 (O) Resi : 080-3434634, Mobile : 98452-52632 Fax : 080-2213125 / 2225756 E-mail : bioinfor@vsnl.net, terrabio@vsnl.net.in	Shri K.G. Nanjundappa Nodal Officer

11.	Madhya Pradesh	R.C.V.P. Naronha Academy of Administration	Bhopal-462016, Madhya Pradesh Phone : 0755-2420293/2464239 Resi : 0755-2461141/2467554 Fax : 0755-2464244 E-mail : bmbudholia@indiatimes.com	Shri B.M. Budholia Nodal Officer
12.	Madhya Pradesh	Central Institute of Agricultural Engineering (ICAR)	Nabi Bagh, Berasia Road, Bhopal-462038 Phone : 0755-2730980-987/2733226 Fax : 0755-2734016 E-mail : root@ciae.mp.nic.in Website : www.mp.nic.in/ciae	Dr. S.D. Kulkarni Acting Director Dr. U.R. Badegonkar Sr. Scientist / Nodal Officer
13.	Manipur	Institute of Cooperative Management (ICM)	(National Council for Coopt. Training) Cooperative Complex Lamphelpat, Imphal-795004, Manipur Phone : 0385-2414526 Fax : 0385-2415132 E-mail : princicum@imp.coopindia.com	Shri S. C. Borah Principal / Nodal Officer Dr. S. Amu Singh Managing Director
14.	Maharastra	Krishna Valley Advanced Agriculture Foundation	P-33, 34,35, MIDC Kupwad Area-416436, Sangli-Dist Maharastra-State Phone : 0233-644521, 645268 (O) Fax : 0233-2330466 Resi : 0233-2303888, Mobile: 09823137422 E-mail : ngkay@yahoo.com	Mr. N.G. Kamath Nodal Officer
15.	Maharastra	Mahatma Phule Krishi Vidyapeeth	College of Agriculture Pune-411005, Maharastra Phone : 020-5537646/5537033/38, 5537188 E-mail : adacpune@vsnl.net Resi : 020-5889367, 98223-49181 (M) 020-55504092 (D), 5537646 Mobitell	Dr. D.L. Sale Associate Dean & Principal/ Nodal Officer Shri Thomas Vivian AAC Trg. Prog. Coordinator
16.	Maharastra	Mitcon Consultancy Services Ltd.	Kubera Chamber, 1st Floor Shivajinagar, Pune-411005, M.S. Phone : 020-5533309/5534322 (O) Resi : 02119-23813 Fax : 020-5530305, 5533206 E-mail : sbpawar@mitconindia.com	Mr. Ashok Bargage Chief Consultant / Nodal Officer

			Training Institute : J. P. Naik Educational Development Centre, Survey No. 68, Off Paud Road, Kothrud, Pune-411029, Maharashtra Phone : 020-5282012/5282015	
17.	Orissa	The Agricultural Promotion and Investment Corporation of Orissa Ltd. (APICOL)	326, Baramunda, Bhubaneswar-751003, Orissa Phone : 0674-561203/561874 Fax : 0674-2563306 E-mail : apeda@dte.vsnl.net.in/ apeda@ori.ni.in	Dr. A.K. Behera Managing Director Nodal Officer
18.	Punjab	Punjab Agricultural Management & Extension Training Institute (PAMETI)	Room No. 101-106, Postgraduate Building PAU Campus, Ludhiana-141004 Phone : 0161-412742,2400945 (F) Fax : 0161-401960 to 979 Ex. 422 Mobile : 98101-33382 E-mail : punjabsameti@sify.com	Dr. S.P.S. Brar Director / Nodal Officer
19.	Rajasthan	Rajasthan Institute of Co-operative Education & Management (RICEM)	10-B, Institutional Area Jhalana Doongi, Jaipur-302004 Phone : 0141-2709827/2701349 Resi : 0141-2701454 Fax : 0141-2710072	Shri P.C. Dudi Director / Nodal Officer
20.	Tamilnadu	Centre for Agricultural and Rural Dev. Studies	Tamilnadu Agricultural University Coimbatore-641003, Tamilnadu Phone : 0422-431222, Ex. 259 Fax : 0422-2431821	Dr. N. Raveendran Prof. & Head / Nodal Officer
21.	Uttar Pradesh	National Research Centre for Agro-Forestry	Near Pahuj Dam Gwalior Road JHANSI-284003 Phone : 0517-2730774 (D) 0517-730213/730214 (O) Fax : 0517-730364 Resi : 0517-730780 (R) E-mail : kalakareem@rediffmail.com	Dr. Kareemulla Senior Scientist / Nodal Officer

22.	UttarPradesh	Indira Gandhi Institute of Co-operative Management	Block-B, Sector-18, Rajajipuram, Lucknow-226017 Phone : 0522-2661820 Resi : 0522-2661154 Fax : 0522-2661700 E-mail : igicm@sancharnet.in	Dr. H.P. Singh Principal Mr. Jha Nodal Officer
23.	Uttar Pradesh	Agri-Clinics and Agri-Business Centres Cell	Sri Maa Guru Gramodyog Sansthan, Sh. 15/144, A.K. Bhartal, Shivpur Varanasi-221003, Phone : 2382149	Shri Shailendra Pratap Singh Nodal Officer
24.	Uttaranchal	G.B. Pant University of Agriculture & Technology	College of Agri Business Management G.B. Pant University of Agriculture & Technology, Pantnagar-263145 Uttaranchal State Phone : 05944-233884 (O) Fax : 05944-233473, 05944-233500 E-mail : cabm@gbpant.ernet.in Website : www.gbpuat.ac.in	Dr. V.P.S. Arora Dean/Nodal Officer
25.	West Bengal	Bidhan Chandra Krishi Viswavidyalaya	Directorate of Extension Education Krishi Viswavidyalaya Post-741252 Mohanpur, Nadia-Dist. West Bengal Phone : 033-25876048 / 25825098 Resi : 033-25820465 Fax : 033-25870523 E-mail : deebckv@vsnl.net.in	Dr. D. Sen Director/Nodal Officer
26.	CFTRI	Central Food Technological Research Institute (CFTRI) Mysore-570020	Central Food Technological Research Institute Mysore-570020 Phone : 0821-2514534, 2515101 Fax : 0821-2515453 E-mail : ttm@cscftri.ren.nic.in, ttbd@cftri.com	Shri T.R. Prabhu Head, Technology Transfer & Business Development
27.	NABARD Consultancy Services	NABCONS	C/o NABARD, Plot No. C-24 G. Block, II Floor, C Wing Bandra-Kurla Complex, Mumbai-400 051 Phone : 022-26530034/37/40/86/95 Fax : 022-26520199	Shri S.M. Sheokand Cheif Executive Officer

(Model Format)
Memorandum of Understanding
Between
Small Farmers' Agri-Business Consortium, New Delhi
(Department of Agriculture & Cooperation, Ministry of Agriculture)
and
The Bank -----

This MOU is signed on the ----- day of -----month-----year at -----by Small Farmers' Agri-business Consortium (a Society Registered under Registration of Societies Act 1860) registered office at NCUI Auditorium Building, August Kranti Marg, Hauz Khas, New Delhi, which includes its successors / assigns etc, hereinafter called SFAC on the first part and----- Bank (hereinafter referred to as 'The Bank' which expression that unless repugnant to the context herein shall mean and include its assigns and successors) with registered office at ----- on the other part.

1. SFAC's focus is to attract private investment for setting up of projects that will link farmers & producer groups to markets, thereby substantially enhancing the opportunities for growth through commercial business activity.
2. The objective sought to be achieved by SFAC in discharging its duties are ----- Venture Capital Assistance and Project Development Assistance to Qualifying Projects through participating Bank.
3. This agreement for SFAC Venture Capital Assistance operations with participating Lending Bank will synergize their functions, competencies and projected sector development plans.
4. Whereas The Bank, in furtherance of its desire to play an active role in participation and promotion of investments in Qualifying Agri-business Projects and to coordinate the related activities with SFAC, is prepared to make available term loans/working capital to Qualifying Agri-business Projects and also facilitate extension of SFAC's Venture Capital Assistance (VCA) and Project Development Assistance (PDA) through a single window approach.
5. For the purpose of synergizing the efforts of SFAC for promoting Agri-business Project Development in the country with The Bank's expertise in extending loans to viable agri-projects, SFAC and The Bank do hereby agree to cooperate with each other, for the development of Agri-business sector and related areas and enter into this Memorandum of Understanding (MOU).
6. Whereas SFAC and The Bank are desirous of establishing a formal operational framework to achieve the objectives of agri-business.
7. Whereas SFAC, in order to achieve its objective desired to associate with The Bank for disbursement of VCA and PDA (for preparation of DPR by SFAC empanelled consultants) to Agri-business projects and to attract private investment for setting up of projects that will link farmers and producers groups to markets, thereby substantially enhancing the

opportunities for growth through commercial business activity which in turn will generate ample employment opportunities for rural unemployed and The Bank agreed to disburse the same and to provide term loans/working capital to such Qualified Agri-business Projects and serve as a single window facility on the following terms and conditions.

The abbreviations and terms used in MOU :

Qualifying Project for VCA - project qualifying for Venture Capital Assistance (VCA) provided by SFAC would be one which (a) is dependent upon agricultural or allied produce (b) provides direct access to producers as assured markets (c) encourages farmers to diversify into high value crops aimed to increase farm incomes and (d) is accepted by The Bank for grant of project term loans after satisfactory techno-commercial feasibility.

Qualifying Project for PDF - A project qualifying for assistance from the PDF will be qualifying project for VCA set up by producer groups/ agri-business groups with minimum project cost of Rs. 50 lakhs (Rs. 25 lakhs in case of NE states and other hilly areas) and which has been accepted in principle for considering sanction of term loan by a bank on the basis of Pre-feasibility Report.

Project Development Facility (PDF) of SFAC maintains a pool of qualified /skilled consultants to render services at low cost to producer groups/agri-business groups.

Project Development Assistance (PDA) is a scheme under which financial support is provided to producer groups/ agri-business groups for preparation of DPR by SFAC.

Detailed Project Report (DPR) is the document providing all necessary details and projections relating to the project, which would enable banks to evaluate viability of the project.

Venture Capital Assistance (VCA) is the financial support provided by SFAC for qualifying projects to meet shortfall in the capital required for implementation of the project. VCA will be treated as part of equity during the currency of the bank loan and thereafter converted to a loan based on an agreement to be executed between SFAC and borrower.

8. **Responsibilities of the Bank :**

Project Development

- a. The Bank has branches and operations in different parts of the country and they are closely linked and accessible to producers and entrepreneurs in the areas covered by their branch network. The producer groups/entrepreneurs/trained agri-business graduates/units in Agricultural Export Zone (AEZ) (called applicant) desirous of seeking PDA can approach nearest branch of the bank alongwith pre-feasibility report or such other documents giving

details of the proposed project for the consideration of The Bank. Such persons may also directly approach SFAC seeking assistance for preparation of DPR under PDA scheme.

- b. The Bank will examine the pre-feasibility report and on being satisfied about the background of the promoters and prima facie acceptability of the project, will record their observations and direct the proposal to SFAC for assistance in preparation of DPR by one of the consultants in their panel. The Bank may also directly forward the case to SFAC empanelled consultant for taking up the study on the terms and conditions stipulated by SFAC under advice to SFAC.
- c. In respect of cases referred to a consultant directly by the Bank, payment will be made from the funds received from SFAC for preparation of DPR as per the terms and conditions specified by SFAC.
- d. The Bank will release the cost of preparation of DPR to those projects found viable depending on the size, location, and linkage issues on a case-to-case basis from the SFAC fund. Intending projects must be over Rs. 50 lakhs (Rs. 25 lakhs in case of NE states and other hilly areas) in size.
- e. Thereafter, the Bank will release 25% PDA at the time of forwarding the proposal for preparation of DPR to empanelled consultant, 50% on receipt of DPR and 25% within fortnight of receipt of DPR.
- f. Agri-business projects will need to be directly linked to The Bank to avail project term loans. The Bank will have the flexibility to syndicate any part of the project term loan to other Banks.
- g. The DPR received from SFAC or directly from the consultant will be examined in detail by The Bank for sanction of term loan and release of venture capital. A copy of the term loan sanction advice to the borrower will also be forwarded to SFAC for their record.
- h. The bank will maintain separate account for SFAC funds.

9. Venture Capital Assistance :

9.1 As part of term loan appraisal in respect of proposals received from the entrepreneurs or agriculture producer groups for sanction of agricultural term loans, The Bank will indicate the amount of venture capital support from SFAC while working out the funding pattern for qualifying projects. Projects qualifying for venture capital assistance from SFAC should meet the following criteria.

- * Are dependant upon agricultural or allied produce.
- * Provide direct access to producers as assured markets
- * Encourage farmers to diversify into high value crops aimed to increase farm income.
- * Are accepted by The Bank for grant of project term loans after satisfactory techno-commercial feasibility.

9.2 The quantum of SFAC venture capital assistance will depend on the project cost and will be the lowest of the following -

- * 10% of the total project cost assessed by The Bank

- * 26% of the project equity
 - * Rs. 75.00 lakhs
- 9.3 Higher venture capital assistance can be considered by SFAC to deserving projects on merit and/or to projects that are located in remote and backward areas, North-Eastern and hilly States and projects promoted by States/ State SFAC's.
- 9.4 For qualifying projects conforming to the criteria mentioned under para 9.1 above, Bank while considering sanction of term loan for project implementation and tying up the means of finance to meet the total project. The Bank will evaluate the quantum of VCA required keeping in view the stipulations contained in para 9.2 and 9.3. Since, sanction and release of term loan would be subject to availability of VCA from SFAC, The Bank will write to SFAC giving details of the project, its cost and indicating the quantum of VCA recommended for tying up means of financing. The Bank will also indicate when the venture capital funds will be required for project implementation. SFAC will place the proposal before its investment committee and communicate to The Bank the quantum of VCA approved for the project. Upon receipt of confirmation regarding sanction of VCA, The Bank will communicate sanction of term loan to the borrower. In the event, the VCA sanctioned is less than the amount suggested by The Bank, The Bank will discuss with the borrower about tying up the gap in means of finance before disposing off the loan application.
- 9.5 In case any clarification is needed to determine if projects are qualifying projects or not, The Bank can refer them to SFAC's Project Development Facility, Division of SFAC & PDF Division, who will investigate such proposals which may include site visits and respond to The Bank within 30 days.
- 9.6 The Bank will provide SFAC with full details of the terms and conditions under which the term loan is sanctioned including repayment schedule fixed for the loan. The Bank will also keep SFAC posted of the progress in implementation of the project from time to time after the project become operational . The Bank will keep SFAC posted of the performance of the unit on an yearly basis and keep SFAC informed of any unsatisfactory features noticed in the working of the project as and when it occurs. SFAC will have no charge during the currency of the term loan. Once the term loan is fully repaid, The Bank will advise SFAC of the position to enable them to convert their venture capital funding into a loan repayable as per the agreement entered by SFAC with the promoters.
- 9.7 The Bank will release the term loan in one go or as per the progress in the project implementation after completion of documentation formalities and receipt of funds from SFAC towards VCA. The fund received from SFAC will be retained in a separate account and released for the project implementation as and when requested by the applicant.
- 9.8 In case of the failure of the project, the Bank may opt for a compromise settlement or resort to legal recourse for

recovery of their dues as per the policy of The Bank. While, the Bank will be free to take any such decisions without seeking the concurrence of SFAC, SFAC will be informed of any such decision taken to safeguard its interest.

- 9.9 The Bank will appoint a Nodal Officer for corresponding with SFAC in all matters relating to sanction and release of assistance under Venture Capital or for the preparation of DPR. The Bank may also provide SFAC with a list of its Regional / Zonal Officers for forwarding proposals received by SFAC and its State functionaries / State Level SFAC's for their consideration.

10. Responsibilities of SFAC :

- a. SFAC's Project Development Facility (PDF) will maintain a pool of pre-qualified skilled consulting firms and individuals with specific skills to render services at low cost to entrepreneurs and to Lending Banks. SFAC's PDF will address gaps if any in agri-business enterprise skills in an active handholding manner. SFAC will also look to take assistance of specialized Agri-business Groups if some Banks have the capability to undertake PDF role in line with the PDF and Venture Capital Scheme.
- b. SFAC's PDF is a generator of potential agri-business projects which can attract investment that will benefit the rural community through increased employment and incomes which can be referred to the Bank.
- c. SFAC may assign the services of agri-business specialists from SFAC's PDF from time to time to associate with periodic progress evaluation of SFAC's VCA projects.
- d. SFAC will forward proposals received from State Level functionaries / State level SFACs to the Nodal Officer of the Bank or Regional / Zonal offices of The Bank for their consideration.
- e. The PDF of SFAC will arrange to have DPR prepared by a consultant in its panel promptly on receipt of request from the Bank after satisfying about pre-feasibility report.
- f. SFAC will arrange to remit funds required for preparation of DPR under PDA immediately on receipt of request from the Bank in respect of cases directly referred to a consultant by them.
- g. On receipt of communication from banks giving details of the qualifying project for VCA, SFAC will place the proposal for VCA before its Investment Committee and communicate sanction to the Bank and the borrower. SFAC will make VCA funds available for the project implementation through the Bank immediately on receipt of communication from the Bank giving details of term loan/ working capital proposed to be sanctioned by them.

11. Reporting and Exchange of Information :

With a view to minimize paper work and ensure that SFAC is provided with all relevant details of individual projects financed by the Bank with Venture Capital support provided by SFAC and also units assisted for preparation of DPR, and also progress in project implementation from time to time, the following reporting schedule will be observed.

- a. **Report on utilization of Venture Capital Assistance (VCA) / Project Development Assistance (PDA)**
The Bank will report disbursement made by them in respect of VCA/PDA against funds received from SFAC every time a payment is made. In respect of VCA alongwith the report on utilization of funds, a report on progress in project implementation would also be sent to SFAC. Such periodical reporting will be sent to SFAC until the project is fully implemented and commercial operations are started. In respect of PDA, the Bank will report if after examining the DPR, a decision is taken by the Bank not to sanction term loan on assessment that the project is not viable.
- b. **Report on the working of assisted units**
The Bank will submit a report on the working of the units financed by them under VCA to SFAC on a half yearly basis indicating whether the operations are in line with the projections and whether the borrowers are adhering to repayment commitments.
- c. **Reporting of Exceptions**
The Bank would also keep SFAC informed of any significant developments with regard to operation of the projects, its implementation and unsatisfactory features if any noticed by them. The Bank will also keep SFAC informed of any recovery action initiated by them in the event of failure of the unit to perform or inability of the borrowers to meet financial commitments.
- d. **Project Specific Information**
In addition to the above standard reporting by the Bank, the Bank would also provide SFAC with project specific information, if any, sought by it from time to time.

12. **Parties Notification :**

Each of the parties hereto shall promptly inform the other of any of the following events :

- a. Any event of which such party becomes aware which, in the opinion of the party, is likely to interfere materially with , or seriously hinder or impair ; the implementation of the project, or to interfere adversely and materially with the performance by :
 - i. The borrower of its obligation under the Facility Agreement with such party ; and / or
 - ii. The guarantor of its obligation under the guarantee given in favour of such party;
- b. Any notice given by the borrower to repay the whole or any part of the loan disbursed pursuant to the Agreement with such party and any amount thereof actually prepaid.
- c. In certain circumstances it might become necessary for the Bank to call up the loan and initiate recovery proceedings against the borrower and guarantors if any. The Bank would take all such measures required to protect its interest as well as that of SFAC. While, it may not be considered prudent to consult SFAC before taking such actions, SFAC will be informed of the actions taken by The Bank at the earliest.

13. **Written Consent Prior to Amendment :**

SFAC and The Bank shall not agree to any amendment that will affect the rights or responsibilities of the other with regard to disbursement or procurement or that may affect the right to recover the money advanced as per the original authorization schedule without obtaining the prior written consent of the other.

14. **Parties Independent Decisions :**

Except as otherwise provided in this MOU, each party agrees that all its decisions, including decisions to take or refrain from taking action concerning the project or a loan agreement to which it is a party, shall be based exclusively on its own judgement, independently of the information provided by, or expected from, the other party or the views expressed by such other party.

15. **Arbitration :**

In case of dispute, if any, arising out of this MOU may be resolved through mutual consultation failing which it may be done by way of arbitration by a sole arbitrator chosen by the Bank and SFAC as per Arbitration and conciliation Act, 1996 and venue of the Arbitration will be New Delhi.

16. **Channel of communication and notices :**

a. For the purpose of this MOU, the representatives of the parties shall be :

- i. For SFAC : Managing Director
- ii. For the Bank : Chief General Manager / General Manager
Agri-Business Group / Priority Sector
(To be indicated by The Bank)

b. Either party may, by notice in writing to the other party, designate additional representative/s or substitute other representatives/s for those designated in this Article.

c. Any notice or other communication under MOU shall be in writing and shall be deemed to have been duly given or made when it has been delivered by hand, mail, e-mail, cable, or telefax, as the case may be, by either party to the other at the appropriate address specified below or such other address as either party may hereafter notify in writing to the other party :

For SFAC : Mailing Address : NCUI Auditorium, V Floor, August Kranti Marg,
Hauz Khas, New Delhi.

Telephone : Fax :----- E-mail :-----

For The Bank : Mailing Address :-----

Telephone :----- Fax :----- E-mail :-----

17. **Final Provisions :**

1. The Memorandum of Understanding (MOU) shall come into force upon its signature by the authorized representatives of the parties hereto and for a term of 10 years.
2. The parties to this MOU shall before expiry of its term review the results achieved under this MOU and consult with each other with a view to deciding whether to extend the term of this MOU. Any extension of the term of this MOU, as aforesaid , may be effected through a simple exchange of letters between the parties.
3. The parties to this MOU may amend any of the provisions of this MOU or enter into supplementary arrangements designed to extend the scope of the present MOU.
4. Either party may terminate this MOU by giving not less than six (6) months advance notice, in writing, to the other party ; provided that such termination shall become effective only on the date specified in the termination notice, and provided further that termination as aforesaid shall not, unless that parties otherwise agree, effect any non-cancelable commitments entered into under this MOU with a third party prior to the date of the termination notice. In the event of termination by either party, both parties shall co-operate to ensure that all arrangements made hereunder are settled in an orderly manner. In the event of the agreement being terminated the amount already sanctioned and released to The Bank will continue to be operated by The Bank as if this agreement was still operative.

The focal points/contact persons under this MOU will be-----

In witness of the above arrangement, both parties have affixed their signatures hereto on the----- in New Delhi.

For Bank
CEO of The Bank
Address

For Small Farmers' Agri-Business Consortium
Managing Director
Address

Witness :
(Name & Address)

Agreement to be entered in between SFAC and the Borrower.

This agreement is executed on this day of two thousand (.....20.....)
between

1. M/S..... an association of farmers/, Company incorporated under the Indians Companies Act 1956, having its place of business/Registered Office hereinafter called the "BORROWER" (which include his/her/its heirs, executors, administrators, successors and assigns.) as first party & Small Farmers' Agri-Business Consortium (SFAC), a Society registered under Societies Registration Act 1860, having Registered Office at NCUI Auditorium Building, 5th Floor, 3, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016 hereinafter called "SFAC" (which include their assigns, attorneys and successors in title) as Second party.
WHEREAS the first party is in need of Venture Capital Assistance which will be converted to loan after recovery of term loan of Lending (Bank hereinafter called the Bank) or on the scheduled end date of their term loan whichever is earlier. The Lending Bank will recover the term loan or on the scheduled end date of their term loan, whichever is earlier, for establishment of successful venture (agri-business project) and at his/their request/as per his/their application dated to the participating lending bank, the SFAC has agreed to grant to the first party Rs. (Rupees.....) by way of Venture Capital Assistance to be converted into loan as stated above for Venture (agri-business project). The Borrower will also have the option to return the Venture Capital contributed by SFAC at a predetermined rate on the liquidation of Bank Loan.

AND

WHEREAS in consideration of the above promises The First Party..... offered as required by the SFAC by way of equitable / registered mortgage/creation of charge on agricultural land/lands and appurtenants/ building thereto as described in Annexure-I hereof & the goods/machinery/vehicles/equipment/livestock/including those which may come into existence by natural increase, accretion or purchase or otherwise hereinafter collectively referred to as 'Hypothecated Assets/Mortgaged Assets' and more fully described in the Annexure-B hereto and belonging to the Borrower/s shall to the extent of value equivalent to Venture Capital Contribution by SFAC shall stand hypothecated/mortgaged to the SFAC as security for the due payment of the amount due by the Borrower to the SFAC from time to time. Thus other terms and conditions as agreed between the SFAC and the Borrower are as follows :

1. The CEO of the Borrower Company/Association must be a professional person and not a family member.
2. That the lending bank will hold secure charge of project assets till their loan is scheduled to stand fully discharged.
3. That Venture Capital Assistance will automatically get converted into loan from the date Lending Banks have recovered their loan or on the end date of term loan, whichever is earlier.
4. That Borrower has the option to refund the equity amount contributed by SFAC at a predetermined rate which can be prior to due date of repayment of term Loan.

5. That the converted loan will remain secured by creation of charge (mortgage & hypothecation) in favour of SFAC on the project assets previously held by the Lending Bank and till such time as the converted loan and interest accrued to SFAC is entirely extinguished.
6. That the Borrower/s hereby undertake to utilize the Venture Capital Assistance/Loan given by SFAC only for the purpose for which it was given. In the event of diversion/misutilization/violation of purpose SFAC reserves the right to recall the entire amount in lump sum.
7. That in case the Borrower does not repay the Venture Capital in lump sum immediately after repayment of Bank Loan and the amount is converted into loan, Borrower will be required to pay the entire amount of loan together with accrued amount of interest in 4 quarterly instalments. Rate of interest will be the same as charged by the Bank on its Term Loan.
8. That the Borrowers/s will give authority to Lending Bank on the instruction of SFAC to debit his/their SB/Current Account No. at any time after repayment of term loan with the amount of installment, interest, charges, costs, expenses incurred as per the rules of the SFAC without any further reference to him/them and undertake(s) to provide sufficient balance in his/their account/s. Borrower can also pay by way of demand draft in favour of "Small Farmers' Agri-Business Consortium", payable at New Delhi.
9. That the Borrower/s hereby declare/s and confirm/s that he/they is/are the absolute owner/s of the hypothecated assets and mortgaged assets and hold the same in good condition as trustee/s and agent/s for and on behalf of the SFAC till the redemption of Venture Capital and/or he/they is/are in possession of the lands mentioned in the Schedule B.
10. That the Borrower must submit their balance sheet/Financial Statement duly signed by C.A. every year to SFAC.
11. That the Borrower/s hereby agree/s and undertake/s the following :
 - (i) To pay all taxes, rates and rents regularly and in time in order to keep the hypothecated assets and mortgaged assets free from distress, attachment, sale, etc.
 - (ii) Not to mortgage, pledge, charge, hypothecate, sell or dispose off in any manner the movable/immovable property referred to in the Schedule hereto.
 - (iii) To keep SFAC indemnified at all times for the losses caused to it on account of behaviour of Borrower.
 - (iv) Not to obtain financial assistance from any other person/institution/s while any liability with SFAC is outstanding.
 - (v) To execute any other records and/or to furnish any information as required by the SFAC and create such other or additional charge, mortgage and arrange for registration with the prescribed authorities whenever called upon by the SFAC at his/their expenses.
 - (vi) To ensure the hypothecated assets and mortgaged assets as per Schedule/s for their full market value against fire and/or such other risks as may be required by the SFAC or prescribed by any law/scheme for the time being in force with 'SFAC Clause' and hand over the same to the SFAC.

- (vii) To take all steps like initiation of filing claims, furnishing necessary information to the SFAC and Insurance Company.
 - (viii) In the event of claim the Borrower shall be liable to repay to the SFAC the entire outstanding liability without requiring the SFAC to preceed against the Insurance Company.
 - (ix) The security offered by the borrower shall be a continuing security for the balance ultimately due to the SFAC and is not to be treated as closed for the purpose of this security.
 - (x) To take out and keep in force all permits and licenses required to be effected by any law for the time being in force.
12. That in the event of the Borrower failing to pay the balance or any other money due to the SFAC by virtue of this agreement or if for any reason the SFAC thinks that the security is in jeopardy the Borrower undertakes to deliver the said hypothecated assets and mortgaged assets to the SFAC, as per the desire of SFAC on demand to enable the SFAC to deal with the hypothecated assets for realization of the balance due and any cost incurred by SFAC for realization of its money by sale of hypothecated assets and mortgaged assets will be added to the outstanding liability of loan amount of SFAC as recoverable from Borrower.
13. That the Officers or nominees of the SFAC, if any shall be entitled to enter and remain at any place where the hypothecated assets and mortgaged assets may be kept to view, inspect, make inventories and value and in case of any amount remained outstanding on a specific date (By which all Venture Capital would have redeemed) then to take possession of the same for the purpose of sale or use or otherwise dispose off all or any of the hypothecated goods and mortgaged assets by public auction or private treaty without intervention of the court and apply the net proceeds towards liquidation of all sums due by the Borrower/s as per the rules of the SFAC and as SFAC may deem fit and necessary. The Borrower/s hereby agree/s to accept that on account any such sale or realization and in case of shortfall undertakes to pay such further balance as may be due by the Borrower/s forthwith. Any cost incurred by SFAC for realization of its money by sale of hypothecated assets and mortgaged assets will be added to the outstanding liability of loan amount of SFAC and recoverable from Borrower.
14. That the Borrower/s hereby declares that the contents of this agreement have been read by/read over/explained to him/them and he/they have understood the same and signify/ies his/their consent to abide by the same.
15. That the Borrower shall not remove or dismantle any of the goods, assets as per schedule without the consent in writing of the SFAC except in any case where such removal or dismantling shall be in the opinion of the Borrower necessary by reason of the same being worn out, obsolete, discarded, injured, damaged or broken by other of a similar nature and of at least equal value shall also whenever necessary / renew or replace all such assets to be used for the purpose of or in connection with the business of the Borrower as and when the same shall be worn out, obsolete, discarded, injured, damaged or broken.

In case of any dispute concerning with the agreement the same shall be referred for adjudication to Indian Council of Arbitration, Federation House, Tansen Marg, New Delhi, and provisions of Arbitration & Conciliation Act 1996 will apply. The venue of such Arbitration will be Delhi.

Schedule A

Fixed Assests

Sl. No	Particulars/Extent	Nature of Property	Location and Boundaries	Approximate Value

Moveable Assests

Sl. No.	Particulars / Extent	Location and Boundaries	Approximate Value

In Witness of above both parties have executed this agreement on day of..... Two Thousand.....

Borrower

For and on behalf of SFAC

(Name & Designation)

(Name & Designation)

Witness signature

Witness signature

(Name & Designation)

Annexure-IV

List of State level SFAC's

S.No.	State SFAC	Address	Contact Person	Phone No.
1.	Arunachal Pradesh Small Farmers' Agri-Business Consortium	C/o Directorate of Horticulture, Naharlagun, Chimpu, Itanagar-791 111	Managing Director	0360-2244477 0360-2244056 (F)
2.	Assam Small Farmers' Agri-Business Consortium	Agriculture Campus, Khanapara, Guwahati-781 022 Web portal : www.assamagribusiness.nic.in E-mail : asm-sfac@nic.in ; assamsfac@yahoo.com	Chief Executive Officer	0361-2333560 0361-2334240 0361-2333560 (F)
3.	Himachal Pradesh Small Farmers' Agri-Business Consortium	C/o H.P. Agro Industries Corporation Ltd., Ground Floor, Nigam Vihar, Shimla - 171 002	Managing Director	0177-2623811 0177-2623811 (F)
4.	Jharkhand Small Farmers' Agri-Business Consortium	Dept. of Agriculture & Cane Development Krishi Bhawan, Kanke Road, Ranchi-834008	Commissioner & Secretary	0651-2790940 0651-2490940 (F)
5.	Karnataka Small Farmers' Agri-Business Consortium	Directorate of Horticulture Lal Bagh, Bangalore	Director Horticulture & MD SFAC	080-26573391
6.	Kerala Small Farmers' Agri-Business Consortium	T.C. - 15/3020, Opp. Pettah P.O. ,Kannammoola, Thiruvananthapuram, Kerala - 695 024 sfackeral@asianet.india.com	Managing Director	0471-2742113 0471-2742110 (F)
7.	Maharashtra State Small Farmers' Agri-Business Consortium	C/o Director of Horticulture K.B. Joshi Marg, Shivajinagar, Pune-411005 Agridhrt.mah@nic.in ; www.agri.mah.nic.in	Member Secretary & Director Horticulture	020-25538095 020-25537565 (F)
8.	Manipur Small Farmers' Agri-Business Consortium	C/o Directorate of Agriculture Sanjengthong, Imphal-795 001 http://mansfac1@man.nic.in ; http://mansfac.nic.in	Managing Director	0385-2220515 0385-2220616 0385-2220515 (F)
9.	Madhya Pradesh Small Farmers' Agri-Business Consortium	C/o M.P. Agro Industries Development Corporation Panchanan, 3rd Floor, Malviya Nagar, Bhopal-462 003, Madhya Pradesh	Managing Director	0755-2551807 0755-2555074 0755-2557305 (F)

S.No.	State SFAC	Address	Contact Person	Phone No.
10.	Meghalaya Small Farmers' Agri-Business Consortium	Director of Horticulture Cleve Colony, Shillong- 793 003 (Meghalaya) hkmarak@yahoo.co.in	Director of Horticulture and Managing Director	0364-2227434 0364-2227434 (F)
11.	Mizoram Small Farmers' Agri-Business Consortium	C/o Directorate of Horticulture Govt. of Mizoram, Aizwal, Mizoram rampuia@rediffmail.com	Managing Director	0389-2322541(O) 0389-2315356 (F)
12.	Nagaland Small Farmers' Agri-Business Consortium	New Secretariat Complex Govt. of Nagaland, Kohima- 797001, Nagaland	Managing Director	0370-2270242 0370-2244151 (F)
13.	Punjab Small Farmers' Agri-Business Consortium	C/o Punjab Agro-Industries Corporation Plot. 2-A, Sector 28-A, Madhya Marg, Chandigarh-160002, Punjab mdpaiic@glide.net.in	Managing Director	0172-2657472 0172-2657037 0172-2656270 (F) 0172-2657398 (F)
14.	Sikkim Small Farmers' Agri-Business Consortium	Krishi Bhawan, East Sikkim Tadong- 737 102, Sikkim	Managing Director & Director (Hort)	03592-231895 03592-231954 (F)
15.	Tamil Nadu Small Farmers' Agri-Business Consortium	II Floor, Tamil Nadu State Agricultural Marketing Board Complex, CIPET Road Thiru Vi. Ka Industrial Estate, Guindy, Chennai- 600032, Tamil Nadu tnsfac@yahoo.com	Managing Director	044-22347484 044-22347422 044-22327454(F)
16.	Tripura Small Farmers' Agri-Business Consortium	C/o Directorate of Horticulture & Soil Conservation, Paradise, Chowmuhani, Agartala, Tripura	Managing Director	0381-2224739
17.	Uttaranchal Small Farmers' Agri-Business Consortium	Department of Forest & Rural Development, Secretariat, 4-B, Subhash Road, Dehradun-248 001, Uttaranchal ompraksh@ua.nic.in	Principal Secretary & Commissioner	0135-2712001 0135-2712066 0135-2712021 (F) 0135-2714106 (F)
18.	Uttar Pradesh Small Farmers' Agri-Business Consortium	Krishi Bhawan Lucknow- 226 001, Uttar Pradesh	Managing Director	0522-2236441 0522-2205868 0522-2310606 (F)

FORM GFR 19-A
(See Government of India's Decision (1) below Rule 15)
Form of Utilization Certificate

Sl.	Letter No. and date	Amount	Certified that out of the sum of Rs. of Venture Capital Assistance sanctioned during the year..... In favour of under SFAC's letter No. given in the margin and Rs. on account of unspent balance of the previous year, a sum of Rs..... has been utilized for the purpose of for which it was sanctioned and that the balance of Rs. remaining unutilized at the end of the year has been surrendered to the SFAC (vide No. dated)/ will be adjusted towards the Venture Capital Assistance payable during the next year or utilized in the next financial year.
1. 2.			
	Total		

Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and, that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised.

- 1.
- 2.
- 3.

Signature
(Name).....
Designation.....
(Office Seal)

Verified and certified by

Chartered Accountant
(with address and seal)