

Business Development Assistance (BDA)

Initially, a PO generally undertakes bulk purchase and distribution of agri inputs like seeds, fertilisers, pesticides, etc., to its members, followed by arranging farm advisory services to members, undertakes produce aggregation, value addition/ processing and marketing for realizing a remunerative price for the produce of its members. However, the financial resources needed to initiate such business activities are often inadequate due to poor equity contribution by its shareholders / members having voting rights and lack of access to credit for want of collateral security. To address this limitation, a one-time grant support, not exceeding Rs. 5.00 lakh per PO, shall be extended towards taking up business activities, to the FPOs promoted with financial assistance from NABARD only, subject to certain eligibility criteria. The assistance could be utilised directly as working capital or for acquiring small infrastructure (related to produce processing, grading, packing, packaging, custom hiring of farm machinery and other equipment, accounting software for the PO operations, etc.) or along with loan to be leveraged from the lending institutions. This could be availed by the POs subject to the following eligibility criteria: -

a) PO should have been registered either under Companies Act or Cooperative Societies Act.

b) PO has prepared business plan for a minimum of 5 years, obtained necessary business licenses, where required, and other pre-requisites; and planned for logistics required, if any, for running the intended activities as per the business plan.

c) BDA would be considered on matching basis of share capital contribution by the shareholders / shareholder members in the PO, but not exceeding Rs.2000 per individual shareholder / member and subject to a maximum financial assistance of Rs.5 lakh per FPO. In other words, for the purpose of arriving at the matching contribution, maximum share capital contribution of Rs. 2000 per shareholder member would be reckoned even if some members have contributed more than Rs.2000 towards share capital. Nominal fee collected by the PO from non-shareholder members / nominal members/ members not having voting rights, etc., if any, in respect of a PO registered as a Cooperative, shall not be reckoned for assessing the matching grant as eligible for BDA.

d) The total BDA may be availed by a PO during the programme period of 5 years in a maximum of 2 instalments. The amount of assistance considered by NABARD in each instalment shall be subject to fulfilment of the criterion indicated at (b) & (c) above. In such a case, claim for first instalment shall be eligible only after the PO has attained a shareholder membership of not less than 100 in respect of POs promoted in 'Difficult Areas' and not less than 200 in respect of POs promoted in 'Other Areas'. This is expected to provide the necessary leverage to the PO in its initial growing stages in availing part BDA so as to expand its business operations, especially during the stage of non-availability of credit linkage with the mainstream banks, paving the way for increased infusion of shareholders / shareholder members into the fold of the operating PO.

e) The BDA shall be released directly to the PO. The PO would indicate the receipt of grant for under 'Reserves' in its balance sheet