

Eligible Activities linked to loan

The following broad activities will be eligible for credit-linked grant support to existing POs and PACSs/PCARDBs operating as MSCs.

1. Producer Organizations (POs)

1.1 Training/ Capacity Building

Various types of training and capacity building initiatives that could be supported under PODF are:

- (i) Skill development in order to enable the members produce goods and commodities, in farm and/ or off farm sector,
- (ii) Business planning
- (iii) Technological extension through classroom training,
- (iv) Exposure visits, tie up with agricultural universities / technological institutions / business schools, expert meetings, etc.
- (v) Tie-up with agribusiness incubators/ professional agencies for business facilitation/incubation services
- (vi) Any other capacity building initiatives, which directly benefit the POs

1.2 Market Linkage

- (i) Setting up of marketing infrastructure facilities for sale of produce / output.
- (ii) Setting up of retail unit on the lines of rural haat and rural mart.
- (iii) Facilitating marketing tie-ups between buyers of produce and POs
- (iv) Forging partnerships between POs and user companies / retail chains, etc. towards suitable market linkages.
- (v) Promoting convergence with schemes of various Ministries of GoI, State Govt. Departments, Missions, etc., for creation of necessary infrastructure facilities, wherever possible.

1.3 Other purposes

(i) DPR Preparation

Support for preparation of Detailed Project Report (DPR) for availing loan, only in case the project is to be sanctioned by the subsidiaries of NABARD. The eligible grant amount will be 0.5% of the total project cost, subject to a maximum of Rs. 1.00 lakh, within the overall cap of 20% of loan amount.

(ii) Administrative Cost of PO

The POs which directly avail credit facility from the eligible lending institutions and without having support of any POPI or POPI is not a CSR Wing/Development

Foundation of a corporate), may be considered a maximum of 5% of the loan amount within the overall cap of 20% (quantum of eligible grant assistance, details at para 5.1), as grant towards administrative cost of the PO. This facility is available to POs which are less than 5 years old (from the date of registration). In case the PO is more than 5 years old, the amount would be restricted to a maximum of 2.5% of the loan amount, within the overall cap of 20%.

Other conditions are:

a) Support towards administrative cost will be extended only if it is found that the PO is facing viability problem as the administrative cost for the initial phase capitalized/ made a part of working capital and if the same is clearly justified in the sanction memorandum by the lending agency with proper financial analysis.

b) Grant towards administrative cost would be released directly to the PO. In such cases, separate incentive to POPI will not be available (details at para (iii) below).

c) 20% of the grant amount sanctioned under administrative support will be released as advance. Thereafter, 60% would be released in suitable instalments and the balance 20% will be given after satisfactory recovery of loan at the end of repayment period.

(iii) Incentive to POPI

Need-based incentive may be extended to the POPI (other than corporates), purely on a case to case basis, as per the following guidelines. As indicated at 1.3 (iii) (b), if grant assistance is considered towards administrative cost of PO, no incentive to POPI would be considered.

a) A maximum of 5% of loan amount sanctioned (for PO less than 5 years old) and a maximum of 2.5% of sanctioned loan amount (for PO more than 5 years old), within the overall cap of 20% of loan amount, may be considered as incentive to the POPI. This support would be extended only if it is found that the PO is not able to compensate the POPI (other than CSR Wings / Development Foundations of Corporates, which are otherwise eligible as POPIs) for its efforts by bearing / incurring the administrative cost for the initial phase capitalized or made a part of working capital.

b) 10% of the incentive will be released as advance, 70% would be released in equal instalments linked with each installment of loan repayment (excluding last installment) and the balance 20% after payment of last installment/full repayment.

c) The need for grant support may be clearly justified in the sanction memorandum by the lending agency with proper financial analysis.

d) Wherever incentive is given to the POPI, grant support towards administrative cost to the PO would not be available.

2 Grant Support to PACSs/ PCARDBs as MSCs

2.1 Eligible Activities

The following activities may be supported from the grant component:

i. Knowledge dissemination center – cost of one PC (need-based).

ii. Initial administrative cost to start new business activities, i.e. reimbursing 50% of the salary of the additional staff engaged for the initial period up to 12 months (maximum 2 staff).

iii. Activity specific training to farmers, if required.

2.2 In case the loan is sanctioned to a State Cooperative Bank or a District Central Cooperative Bank, the concerned bank can factor service charges up to 2% from the grant component within overall limit (10% of the loan amount, please refer para 5.2 below) of the grant.

2.3 Other need-based trainings to the farmers for adopting Good Agricultural Practices, technology transfer, crop diversification, etc. may be supported from the other existing funds like FSPF or under other relevant developmental/ promotional programmes of NABARD.