



SFAC
लघु कृषक
कृषि व्यापार संघ

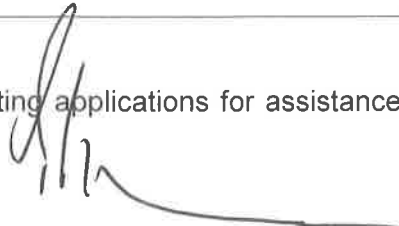
No. SFAC/EGSC/2014-15 295
Dated : 01.07.2014

CIRCULAR

The following clarifications are issued in respect of the implementation of the Equity Grant & Credit Guarantee Fund Scheme for Farmer Producer Companies:

<u>PROVISION</u>	<u>CLARIFICATION</u>
7 (1) (i) : Shareholder List and Share Capital contribution by each member verified and certified by a Chartered Accountant (CA) prior to submission.	For fulfilment of the provision, category wise allotment pattern of shares of FPC and proposed computation of allotment of shares out of Equity Grant may be submitted on the lines of Annexure-I .
7 (1) (ii) : Resolution of the FPC Board/Governing Council to seek Equity Grant for members. & 7 (1) (iii) : Consent of shareholders, stating name of shareholder, gender, number of shares held, face value of shares, land holding, signifying consent for SFAC to directly transfer the equity Grant sanctioned to the FPC on their behalf, to FPC Bank account, against the consideration of additional shares of equivalent value to be issued to them by FPC and on exit- transfer of the shares as per rules.	For fulfilment of the provision, Resolution of the FPC Board/Governing Council to seek Equity Grant, issue of shares to the shareholders against Equity Grant and transfer of shares (issued against Equity Grant) in case of exit of any shareholder from FPC may be submitted on the lines of Annexure -II . The Resolution will be ratified in the next AGM of the FPC may be submitted on the lines of Annexure -III .
7(1)(iv) : Audited Financial Statements of FPC for a minimum 1 year /for all years of existence of the FPC if formed less than three years prior to application/ for the last 3 years for FPCs in existence for 3 years or more, verified and certified by a Chartered Accountant (CA) prior to submission.	Audited Financial Statements for last financial year.
7 (1) (vii) : Names, photographs, and identity proof (any one from among ration card, Aadhaar card, election identification card, passport) of Representatives/ Directors authorised by the Board for executing and signing all documents under the Scheme.	KYC documents of only those Representatives/Directors authorised by the Board of FPC for executing and signing documents with SFAC under the Scheme.

The above may kindly be noted for compliance while submitting applications for assistance under the Scheme.


(Pravesh Sharma)
Managing Director

Small Farmers' Agribusiness Consortium

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To,

1. All Managing Directors /Nodal Officers, State level SFAC/State Level Nodal Agency.
2. All SFAC Empanelled Consultants.



(Managing Director)

TABLE

Shareholders	Number of members	Number of shares allotted per member (Categorywise)*	Face value per share allotted	Total amount allotted	Proposed Computation of allotment of shares out of Equity Grant **	Eligible amount of grant.
Individual						
SHG/FIG/JLG						
Institutional FPC						

*Grouping of share holders according to number of shares allotted.

Above table has been prepared ensuring the following :

Eligibility Amount for sanction of Equity Grant :

The criteria for calculation of Equity Grant (rounded off to the Share Unit Value (subject to point (iii)) to each shareholder member of the FPC (as per authenticated copy of the Shareholders Register maintained by the Producers Company as per the applicable provisions of the relevant Act) is as follows:

a). *Allocation of shares shall be on matching/pro-rata basis of the shareholders' current shareholding, subject to the maximum specified above and ensuring that each shareholder member receives minimum one equity share.*

b). *If the Grant sanctioned to the FPC is not sufficient to ensure a minimum one share to all its shareholder members, allocation of grant shall be based on the shareholders' current and holding, starting with shareholder with the least land holding / the smallest producer in case of allied activities/ or by transparent draw of lots where such identification is not possible.*

a). *Individual Shareholder - Rs 1000.00*

b). *Group of Individual Shareholders (e.g. SHG, Farmer Interest Group, Joint Liability groups of Farmers) – Number of Members multiplied by Rs. 1,000.00, subject to a maximum of Rs.20,000.00*

c). *Institutional Shareholders (Farmer Producer Companies) – Rs. 1, 00,000.00*

2. *No repetitive share holder has been included.*

Chief Executive Officer

Chartered Accountant

**** Example of computation of allotment of shares out of Equity Grant :**

No. Of Share holder members categorywise	Number of shares allotted per member (Categorywise)*	Face value per share	Total amount allotted	Proposed Computation of allotment of shares out of Equity Grant	Eligible amount of grant.
3107	10	10	310700	10	310700
400	100	10	400000	96	384000
308	300	10	924000	96	295680
10	1000	10	100000	96	9600
Total 3825			1734700		999980

**Draft Resolution of Board of Directors of FPC
to seek Equity Grant for Shareholders
(Certified True Copy)**

- a) Place of meeting.....
b) Date of meeting.....

Agenda of Meeting : To avail Equity Grant support from SFAC.

Whereas the FPC has been formed under _____ (legal registration status of FPC) and on the basis of the decision of the AGM/EoGM (held on _____ (mention the date) to avail Equity Grant support under the EGCGF Scheme.

We, the Board of Directors of the FPC unanimously resolve that:

- (i) The grant shall be utilised for business enhancement of the FPC.
- (ii) The basis of allocation of the said fund shall be the individual share money contribution by members and in accordance with the criteria laid down at Section 6 of the Scheme.
- (iii) The accounts of the said grant shall be maintained in a proper manner.
- (iv) The benefit of the said support shall be extended shareholder member wise and shall be available to an individual till s/he is the member of the FPC.
- (v) If a shareholder member quits the FPC at any point, the shares issued in lieu of the grant shall be retained by the FPC and shall not be paid to the member but shall be allocated to a new/additional existing member (as per section 6 vi. of EGS guidelines). This has been discussed in the Special AGM held for this purpose on----- and the Shareholders are fully cognizant of the Terms and Conditions of the Scheme & have agreed to abide by the same.

We further resolve that to execute the documents pertaining to this support, the President / in his stead any one of the following Directors of the FPC for any reason due to non availability of the President and the Chief Executive of FPC, whose signatures are given below and certified by the Bank are authorised to sign all documents and forms jointly. Further resolved that this Resolution be communicated to SFAC and shall remain in force until further notice in writing.

This resolution will be ratified by shareholders in next AGM.

(Chief Executive Officer of FPC)

**Draft Resolution to be resolved in AGM ratifying the Resolution of the Board of
Directors
(Certified True Copy)**

Whereas the FPC _____ (name of FPC) sought an Equity Grant of Rs. _____ (Rs. _____) from SFAC vide resolution dated _____ (copy enclosed), we, shareholders of the Company ratify the resolution dated _____ and agree to the same in particular each shareholder hereby agree that the entire amount of Equity Grant sanctioned by SFAC on our behalf be directly transferred to our FPC's Account towards the consideration of additional shares to be issued to us of equivalent amount in the FPC.

On receipt of the amount, the FPC shall immediately, issue additional shares to respective shareholders of the equivalent amount sanctioned to each shareholder by the SFAC. We also agree that should any shareholder at any point cease to be a Member of the FPC for any reason whatsoever, the additional shares against the Equity Grant that stand in his/her name shall be retained by the FPC to be allocated to another member as specified under the Scheme and that in such a case, he shall not receive the value of the share.

(Chief Executive Officer of FPC)