

## Sanction

- SFAC shall Scrutinize the proposal before sanctioning the Guarantee Cover to the ELI under the Scheme in accordance Cover to the ELI under the Scheme in accordance with the Terms and Conditions of the Scheme.
- In so far as it may be considered necessary, for the purpose of the Scheme, inspect or call for copies of the Books of Account and other records (including any Book of Instructions or Manual or Circulars covering general instructions regarding Conduct of Advances) of the Lending Institution or of the Borrower from the Lending Institution.
- Such Inspection shall be carried out either through the officers of SFAC or any other agency appointed by SFAC for the purpose of Inspection.
- The Investment and Claims Settlement Committee (I&CSC) shall sanction the Guarantee Cover to the concerned Bank based on the finding of the above.
- The ELI shall enter into an Agreement with SFAC at the level of the Bank.



## CREDIT GUARANTEE FUND SCHEME (CFG SCHEME) FOR FARMER PRODUCER COMPANIES (FPCS)

### What is Credit Guarantee Fund Scheme?

- Credit Guarantee Fund Scheme is Central Sector scheme.
- The Credit guarantee Fund has been set up with the primary objective of providing a Credit Guarantee Cover to Eligible Lending Institutions (ELI's) which are providing collateral free loans to Farmer Producer Companies (FPCs).
- The CGF shall be operated by Small Farmer's Agri Business Consortium (SFAC) through lending institutions



### SMALL FARMERS' AGRI-BUSINESS CONSORTIUM

(Dept. of Agriculture, Cooperation & Farmers Welfare, Govt. of India)  
NCUI Auditorium, 5th Floor, August Kranti Marg,  
Hauz Khas, New Delhi - 110016  
Tel: +91-11-41686767  
Email: sfac@nic.in | Web: www.sfacindia.com



## Objectives of Credit Guarantee Fund

- To provide protection to ELI's by extending credit guarantee and covering their lending risks upto Rs. 100 lakh.
- To enable FPC to get collateral free loan by providing credit guarantee to ELI's

## Eligibility Criteria for FPC's

- It is a duly registered FPC under Part IXA of the Indian Companies Act, 1956
- It has raised equity from its Members as laid down in its Articles of Association/Bye laws.
- The number of its individual shareholders shall not be lower than 500
- Minimum 33% of its shareholders are small, marginal and landless tenant farmers
- Maximum shareholders by any one member other than an Institutional member is not more than 5% of total equity of the FPC.
- It has a duly elected/nominated Board with a minimum of five Members and having adequate representation from farmers and minimum one woman member.
- It has a business plan and budget for 18 months.

## Application for Guarantee Cover

The ELI shall be required to apply to SFAC for Guarantee Cover in the specified form only for credit proposals sanctioned by them during any quarter prior to expiry of the following quarter viz. application with respect to credit facility sanctioned in April-June Quarter must be submitted in the qualify for consideration under the Scheme.

## Guidelines for ELI's

- ELI Shall be eligible to seek Guarantee Cover for a credit facility sanctioned in respect of a single FPC borrower for a maximum 2 times over a period of 5 years.
- Maximum Guarantee Cover shall be restricted to the extent of 85% of the eligible sanctioned credit facility, or to Rs. 85 Lakh, whichever is lower.
- In case of Default, claims shall be settled up to 85% of the Amount in Default subject to maximum cover as specified above.
- Other charges such as penal interest, commitment charge, service charge, or any other levies/expenses, or any costs whatsoever debited to the account of FPC by the ELI other than the contracted interest shall not qualify for Guarantee Cover.
- The Cover shall only be granted after the ELI enters into an Agreement with SFAC, and shall be granted or delivered in accordance with the Term and Conditions decided upon by SFAC from time to time.

