

11 November 2022
New Delhi

To,

All IAs and CBBOS,

Subject: Credit Guarantee Fund (CGF) under the 10K FPO Scheme- FAQs.

It has been observed that the uptake of credit guarantee for FPOs is on the lower side. Awareness amongst the CBBOs and FPOs of this component is also found lacking.

Hence, Simple FAQs on Credit Guarantee component are attached. These may be disseminated to the FPOs in local languages or discussed and explained in trainings and meetings.

The same maybe ensured expeditiously, so that adequate credit guarantee cases are sponsored of FPOs desiring credit facility.



Dy. Director

SFAC

Credit Guarantee Fund (CGF) under the Central Sector Scheme for Formation and Promotion of 10,000 FPOs

FPOs need finance, both grants and loans, to quickly establish input collectivisation, working capital, marketing and improved services to member farmers. Considering FPOs' need for credit from formal financial institutions, a dedicated Credit Guarantee Fund (CGF) has been created under the Central Sector Scheme for Formation and Promotion of 10,000 FPOs.

CGF provides credit guarantee cover to financial institutions for extending loans to FPOs.

FAQs on CGF

1. What is Credit Facility?

Credit Facility means any fund-based credit facility extended by an Eligible Lending Institution (ELI) to an eligible FPO without **any collateral security or third-party guarantee**.

2. What is the objective of CGF?

To provide a loan guarantee cover to ELIs and enable them to provide collateral free loans to eligible FPOs by minimising their lending risks

3. Who manages the CGF?

The CGF is being managed by NABSanrakshan Trustee Company Private Limited (NABSanrakshan), a wholly owned subsidiary of NABARD.

4. What is Guarantee cover?

It means maximum cover available to an ELI for lending to an eligible FPO borrower;

5. Who are eligible FPOs for CGF?

All existing and new FPOs are eligible i.e.,

- FPO/Federation of FPOs, which are covered under the 10,000 FPOs Scheme;
- FPO shall be a legal entity incorporated/registered either under Part IX A of Companies Act or under Co-operative Societies Act of the concerned States (including Mutually Aided or Self-reliant Co-operative Societies Act by whatever name it is called);
- FPO with a minimum farmer-members' size of 300 shall be eligible under the 10,000 FPOs Scheme in plains, while in North-eastern and Hilly areas which are areas at a height of 1000 metre or above mean sea level (including such other UTs), size of 100 shall be eligible;
- Existing FPOs will be allowed to avail credit guarantee. In case the FPO has already availed credit guarantee earlier under any scheme of GoI or any other scheme, the connected Credit Facility should be closed or it should be different from the one for which Credit Guarantee application is being submitted by the ELI for availing credit guarantee under the Scheme. The FPOs which are already registered but have not been provided funds under any other schemes and have not yet started operation will also be covered under the Scheme;

- FPOs must be eligible for lending as per Lendability Assessment Tool available in the NABARD's Guidance Note on FPO financing or any other tools developed by NABARD/IBA or ELI's approved assessment tool; and
 - Further, it should be ensured that the ELI has extended/ sanctioned Term Loan/ Working Capital/Composite Credit Facility to FPO without any collateral security or third-party guarantee (including personal guarantee of Board of Directors/Governing Body Members).
6. What credit facilities are eligible under the Scheme?

- Fund based credit such as term loan and/or working capital/composite credit facilities extended by one or more than one ELI to a single eligible FPO borrower without any collateral security and/or third-party guarantees.

7. How many ELIs are empanelled for availing Credit Guarantee Cover under the scheme?

58 ELIs have been empanelled with NABARD for availing benefit Credit Guarantee Cover under the scheme. The FPOs may apply these ELIs with their project and the amount of loan required. (Refer **Annexure – I : List of Eligible Lending Institutions (ELIs)**).

8. What is an eligible project loan amount for credit guarantee cover and its period?

- The credit guarantee cover per FPO is limited to loan amount of Rs. 2 crore only.
- Up to Rs. 1 crore, maximum credit guarantee cover available is 85% of project loan with ceiling of Rs. 85 lakh.
- Above Rs.1 crore and up to Rs. 2 crore, credit guarantee cover available is 75% of project loan with a maximum ceiling of Rs. 1.50 crores
- For project loan of more than Rs. 2 crore, credit guarantee cover will be limited maximum upto Rs.2.0 crore only.
- Credit Guarantee Cover for a credit facility sanctioned in respect of a single FPO can be given for a maximum of 2 times over a period of 5 years.

9. What is the procedure to avail Guarantee Cover?

The ELI shall be required to apply to NABSanrakshan for Guarantee Cover for loans to FPOs sanctioned by them during any quarter prior to expiry of the following quarter.

For example, application w.r.t. loans sanctioned during April – June quarter must be submitted by the ensuing quarter, i.e. July-September to qualify for consideration under the Scheme.

10. For what all purposes can credit guarantee be availed?

Credit guarantee cover can be availed for any type of project loan sanctioned to FPOs including but not limited to the following activities:

- Agri input services;

- Agri output (procurement and marketing);
- Infrastructure development;
- Value addition;
- Establishment of CHC;
- Seed production;
- Processing units;
- Seed bank;
- Warehousing services;
- Credit component for convergence with Agriculture Infrastructure Fund (AIF);
- Credit component for convergence with PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME Scheme);
- Credit component for convergence with Operations Greens; and
- Credit component for convergence with Scheme for Fund for Regeneration of Traditional Industries (SFURTI).

Annexure – I

List of Eligible Lending Institutions State-wise

#	ELI Name	State
1	Bank of Maharashtra	All India
2	Canara Bank	All India
3	Central Bank Of India	All India
4	State Bank of India	All India
5	UCO Bank	All India
6	Union Bank of India	All India
7	Kotak Mahindra Bank Ltd	All India
8	HDFC Bank Ltd	All India
9	Axis Bank Limited	All India
10	The Karur Vysya Bank Limited	All India
11	AU SFB	All India
12	ESAF	All India
13	The Andhra Pradesh State Co-operative Bank Ltd	Andhra Pradesh
14	Andhra Pragathi Grameena Bank	Andhra Pradesh
15	Chaitanya Godavari Grameena Bank	Andhra Pradesh
16	Saptagiri Grameena Bank	Andhra Pradesh
17	Arunachal Pradesh Rural Bank	Arunachal Pradesh
18	Assam Gramin Vikash Bank	Assam
19	Dakshin Bihar Gramin Bank	Bihar
20	Uttar Bihar Gramin Bank	Bihar
21	Chhattisgarh Rajya Gramin Bank	Chhattisgarh
22	Baroda Gujarat Gramin Bank	Gujarat
23	Saurashtra Gramin Bank	Gujarat
24	Sarva Haryana Gramin Bank	Haryana
25	Himachal Pradesh Gramin Bank	Himachal Pradesh
26	Ellaquai Dehati Bank	Jammu & Kashmir
27	J&K Grameen Bank	Jammu & Kashmir
28	Jharkhand Rajya Gramin Bank	Jharkhand
29	Karnataka Gramin Bank	Karnataka
30	Karnataka Vikas Grameena Bank	Karnataka
31	Kerala Gramin Bank	Kerala
32	The Kerala State Co-operative Bank Ltd	Kerala State
33	Madhya Pradesh Gramin Bank	Madhya Pradesh
34	Madhyanchal Gramin Bank	Madhya Pradesh
35	Maharashtra Gramin Bank	Maharashtra
36	Vidharbha Konkan Gramin Bank	Maharashtra
37	Manipur Rural Bank	Manipur
38	Meghalaya Rural Bank	Meghalaya
39	Mizoram Rural Bank	Mizoram
40	Nagaland Rural Bank	Nagaland
41	Odisha Gramya Bank	Odisha