



(Society under Government of Assam)

**ASSAM SMALL FARMERS' AGRI-BUSINESS CONSORTIUM**

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No.CEO/ASFAC/141/2005-06/154

Dated, Khanapara the 23<sup>rd</sup> December, 2005

**From :** Dr. M. Ariz Ahammed, IAS  
Chief Executive Officer  
Assam SFAC

**To :** (i) The District Agricultural Officer, ..... District  
(ii) The District Veterinary Officer, ..... District  
(iii) The District Fishery Development Officer, ..... District  
(iv) The Assistant Director of Sericulture, ..... District

**Sub :** **“Scheme for financing setting up of Agriclincs and Agri-Business Centres” by Agriculture/ Horticulture/ Animal Husbandry and Veterinary/ Fishery and Sericulture Graduates.**

**Sir,**

To augment extension services in farm sector and to offer self employment opportunity for Graduates of Agriculture, Horticulture, Forestry, Veterinary, Animal Husbandry, Dairy, Poultry, Fisheries and other allied activities Govt. of India launched a scheme “Scheme for financing setting up of Agriclincs & Agri-Business centres by Agriculture Graduates” in 2001-02. A copy of guidelines and Terms and Conditions of scheme is enclosed for your ready reference (Annexure-I) and is available in Assam SFAC web portal ‘ASHA’ (www.assamagribusiness.nic.in/agribusiness.htm) as well.

So as to accelerate the implementation of scheme in the state, you are requested to –

1. designate one officer as a nodal officer (with telephone no. & e-mail) and list out Graduates of your district in your respective sector and discuss with District Lead Bank Manager, NABARD DDM and Bankers on the subject and the strategy for implementation. Please intimate the same to Assam SFAC.
2. have a joint sitting of officers (DAO, DVO, DFDO & AD of Sericulture) and Bankers (District Lead Bank Manager, NABARD DDM & other Bankers) and prepare a time bound plan of action (before 15<sup>th</sup> January, 2006). Invite Joint Directors (Agriculture & Veterinary) for the said sitting for their advice, suggestion and guidance.
3. hold a meeting of graduates along with concerned area department officials, local wholesale traders/ companies of agri inputs and KVK / RARS - to motivate and help them in identifying a right economic activity based on local raw material availability, market, graduate experience & other factors and encourage and help them to prepare a project report with good homework in consultation with his/her nearest bank branch. A draft project report outline is enclosed (Annexure-II).
4. maintain a database candidate wise viz. Name, Address, Contact No., Qualification, University, Year of pass out, Experience, Economic Activity proposed, Project Preparation (Yes/No), Project Cost, Proposed Bank & Branch for linkage, date of Project Report submission, sanction, release & repayment data etc.
5. collectively organize a workshop (along with banks, companies, KVK & RARS) on a convenient date (in the first week of February, 2006) with all graduates by giving good publicity with the help of DIPR under supervision of Joint Directors (Agriculture/ Veterinary) with the following schedule -

Item	Time	Resource Person / Remarks
a) Scheme Model : terms for Graduates & Bank's offer	30 minutes	District Lead Bank Manager/DDM
b) Scheme – Opportunity of Agri-Business development in the district	30 minutes	District Officers
c) How to prepare a good Project Report & points to be evaluated by any banker for early sanction & release	30 minutes	Bankers Representative

d) Problems being faced by Graduates	30 minutes	By Graduates
e) Project Scrutiny by Bank Branch Managers	1 hour	Group discussion
f) Observation by Bank Managers of each project and time line for sanction and release	1 hour	All Bankers Representatives
g) Observation and commitment by candidates in correcting deficiencies in the Project Preparation etc. & its submission	10 minutes	DDM/ LBM
h) Consensus both by the candidates and Bankers on Project Report submission dates, Bankers loan sanction and release dates	15 minutes	DDM

6. request NABARD DDM and local departmental officials to help the Graduates in Project Report preparation (incase it is not ready) & on liasoning with local bank branches on sustainable basis.
7. to update their knowledge & to have model projects the Graduates may be encouraged to become ASHA member at their nearest Community Information Centre (CIC).
8. review the matter in your monthly meeting of officers.

Similar exercise may be undertaken at regular intervals based on need. In case of any difficulty you / your officers / graduates are welcome to seek the services of Assam SFAC. Mr. Dibakar Deka, Manager (Value Addition), Assam SFAC, Tel. 0361-2334240 (O), 94351-08197 (M), e-mail : assamsfac@yahoo.com and dibakarasfac@yahoo.co.in; will liaison with you for any assistance.

Seeking your assistance in Agri-Business development in the state. Action taken may kindly be intimated.

Yours truly

Chief Executive Officer  
Assam SFAC

Memo No. No.CEO/ASFAC/141/2005-06/154-A

Dated, Khanapara the 23<sup>rd</sup> December, 2005

Copy to :

1. The Agriculture Production Commissioner to the Govt. of Assam, Dispur, Guwahati-6 for favour of kind information.
2. The Commissioner and Secretary to the Govt. of Assam, Department of AH & Veterinary/ Fishery/ Sericulture, Dispur for favour of kind information.
3. The Director of Agriculture/ AH & Vety./ Fishery/ Sericulture, Assam for favour of kind information and necessary action.
4. The Managing Director, SFAC, New Delhi for favour of kind information.
5. The Director General, MANAGE, Hyderabad for favour of kind information.
6. The Vice Chancellor, Assam Agricultural University, Jorhat/ Director of Extension, AAU, Jorhat for favour of kind information and necessary action.
7. The Chief General Manager, NABARD, Assam Regional Office is requested to request DDMs to liaison with District Officers and work in team for the successful implementation of the scheme.
8. The Chief General Manager, State Bank of India, Assam and Head Quarter/ Regional/ Zonal Officers of Commercial Banks and Chairperson, RRBs are requested to request Bank Branch Managers to liaison with District Agricultural Officer/ District Veterinary Officer/ District Fishery Development Officer/ Assistant Director of Sericulture in identifying & assisting graduates in project preparation & bank linkage, loan sanction, release & follow up.
9. The Dean, College of Agriculture, Jorhat/ Collage of Veterinary, Khanapara/ Associate Dean, College of Agriculture, Biswanath Chariali/College of Vety., North Lakhimpur/ OSD, College of Fishery, Raha are requested to bring awareness of the scheme to all students of all years in one of extension classes and display in notice boards of all departments & hostels.
10. The Deputy Commissioner, ..... District. He/She is requested to discuss the subject in DDC meetings and review the progress of scheme in the district.
11. The Joint Director of Agriculture/ AH & Veterinary ..... is requested to guide & supervise the scheme for success.
12. Mr. Dibakar Deka, Manager (Value Addition), Assam SFAC for necessary action and facilitate in forming Agripreneurs Association of Assam.

Chief Executive Officer  
Assam SFAC

## **Scheme for financing setting up of Agriclincs and Agribusiness Centres by Agriculture Graduates – Broad Guidelines and Terms and Conditions**

### **Prologue :**

The Hon'ble Finance Minister, in his budget speech for the year 2001-02 had stated : "With the diversification and modernization of agricultural practices, there is a need to augment support and extension services for agriculture. For this purpose, a scheme for setting up Agriclincs and Agribusiness centres by agriculture graduates will be launched with the support of NABARD. These centres will provide a package of soil and input testing facilities and other consultancy services. They will strengthen transfer of technology and extension services and also provide self employment opportunities to technically trained persons. Loans on attractive terms for setting up these centres will be provided by banks with refinance from NABARD."

Accordingly a "Scheme for financing setting up of Agriclincs and Agribusiness Centres by Agriculture Graduates" has been formulated by NABARD after consulting Government of India, Ministry of Agriculture and select banks. The scheme aims of supplementing the existing extension network to accelerate the process of technology transfer to agriculture and providing supplementary sources of input supply and services, for which by and large, farmers presently depend upon State Agencies. The broad guidelines, terms and conditions and parameters for financing Agriclincs and Agribusiness Centres are as follows :

### **I. Objectives :**

- To supplement the efforts of government extension system.
- To make available supplementary sources of input supply and services to needy farmers.
- To provide gainful employment to agriculture graduates in new emerging areas in agricultural sector.

### **II. Concept / Definitions :**

**Agriclincs** : Agriclincs are envisaged to provide expert services and advice to farmers on cropping practices, technology dissemination, crop protection from pests and disease, market trends and prices of various crops in the markets and also clinical services for animal health etc. which would enhances productivity of crops/ animals.

**Agribusiness Centres** : Agribusiness centres are envisaged to provide input supply, farm equipment on hire and other services.

In order to enhance viability of the ventures, Agriculture Graduates may also take up in agriculture and allied areas along with the Agriclincs/ Agribusiness Centres.

**III. Eligibility** : The scheme is open to Graduates in agriculture and subjects allied to agriculture e.g. Horticulture, Forestry, Veterinary, Animal Husbandry, Dairy, Poultry, Fisheries and other allied activities.

**IV. Project Activities** : A scores of activities can be taken up depending upon the demand / potential in the State / Locality.

**V. Project Cost and Coverage** : The project may be taken up by agriculture graduates either individually or on joint/ group basis. The outer ceiling for the cost of project by individual would be Rs. 10 lakhs and for the project by group would be Rs. 50 lakhs. The group may normally be of 5, of which one could be a Management graduate with qualification or experience in business development and management. However, for availing of refinance under ARF, the outer limit of the project cost would be Rs. 25 lakhs subject to ceiling of 15 lakhs towards refinance availment. Projects with outlay above Rs. 25 lakhs may be submitted to NABARD for prior sanction.

**VI. Margin money (Down Payment)** : As per RBI norms (NABARD website [http://www.nabard.org/roles/promo\\_fs.htm](http://www.nabard.org/roles/promo_fs.htm) reports that RBI has waived margin money requirements for loans upto Rs. 5 lakhs).

**VII. Rate of Interest** : To be decided by banks as per the RBI guidelines.

**VIII. Security** : As per RBI norms.

**IX. Repayment** : The period of loan will vary between 5 years to 10 years depending on the activity. The repayment period may include a grace period (to be decided by the financing bank as per the individual scheme) of a maximum of two years.

**X. Selection of Borrowers** : The selection of borrowers and location of the projects may be done by the banks in consultation with Agricultural Universities / KVKs in their area of operation, if necessary.

## **XI. Terms and Conditions of Refinance by NABARD :**

- a) **Quantum of Refinance** : 100% of the bank loan.
- b) **Rate of Interest on Refinance** : As decided by NABARD from time to time.
- c) **Margin money assistance from ‘Soft Loan Assistance Fund’ of NABARD** : A maximum of 50% of the margin prescribed by banks, to meet the shortfall in borrower’s contribution. If any, where the bank is satisfied that the prospective borrower is unable to meet the margin money requirement could be given by NABARD. Such assistance loans to banks will be without any interest but the banks may charge a service charge of 3% p.a. from the beneficiary. Also refer NABARD guidelines ([http://www.nabard.org/roles/promo\\_fs.htm](http://www.nabard.org/roles/promo_fs.htm))
- d) **Eligibility norms** : Eligibility to draw refinance by banks will be determined as per instruction issued by NABARD from time to time.
- e) **Mode of Refinance** : Refinance will be extended under Automatic Refinance Facility (ARF) as well as scheme with prior sanction depending upon the project outlay and amount of refinance.

**XII. General** : All other terms and conditions, banking procedure and lending norms which are normally applicable to project lending and schematic refinance mutatis mutandis will also be applicable to financing of Agriclincs and Agribusiness centres.

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### **Annexure-II**

#### **MODEL PROJECT REPORT (OUTLINE)**

1. Project at a Glance
2. Introduction
3. Objectives
4. Marketing Plan :
  - (i) Existing Market in the locality
  - (ii) Future Demand
  - (iii) Market Strategies
5. Project Components and Assumptions
6. Financial Details :
  - A. Fixed Cost
  - B. Variable Cost
  - C. Other Expenditure
  - D. Total Working Capital : B + C
  - E. Total Investment : A + (B + C)
7. Means of Finance :
  - (i) Promoter’s share
  - (ii) NABARD Margin Money
  - (iii) Bank Loan
8. Sales Realisation
9. Profitability statement and cash flow
10. Repayment schedule of Bank loan
11. Repayment schedule of margin money of NABARD
12. Depreciating Schedule
13. Economics of the project :
  - (i) Break Even Point (BEP)
  - (ii) Debt Service Coverage Ratio (DSCR)
14. Net cash flow statement :
  - (i) Benefit Cost Ratio (BCR)
  - (ii) Net Present Value (NPV)
  - (iii) Internal Rate of Return (IRR)

#### **Annexure :**

1. Biodata of candidate with experience & photocopies of certificates.
2. Equipments/ Inputs (if any) list & cost with companies quotation/ letters/ license offers (if any available).

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**For further details please visit ‘ASHA’ web portal [www.assamagribusiness.nic.in/agribusiness.htm](http://www.assamagribusiness.nic.in/agribusiness.htm)**