

## **Refinance 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 centers by agriculture graduates will be launched with the support of NABARD. These centers 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 centers 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 enhance productivity of crops/ animals.

**Agribusiness Centres :** Agribusiness centers 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 States / Locality.

**V. Project Cost and Coverage :** The project may be taken up by agriculture graduates either individually or on join/ 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 graduates 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, RBI has waived margin money requirements for loans upto Rs. 5 lakhs ([http://www.nabard.org/roles/promo\\_fs.htm](http://www.nabard.org/roles/promo_fs.htm)).

**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 as are normally applicable to project lending and schematic refinance mutatis mutandis will also be applicable to financing of Agriclincs and Agribusiness centres.

## 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).

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