

Equity Grant Scheme

- **Equity Grant Fund**

The Equity Grant Fund (EGF) enables eligible Farmer Producer Companies (FPCs) to receive a grant equivalent in amount to the equity contribution of their shareholder members in the FPC, thus enhancing the overall capital base of the FPC. The Scheme shall address nascent and emerging FPCs, which have paid up capital not exceeding Rs. 30 lakh as on the date of application.

The Equity Grant shall be sanctioned to eligible FPCs as follows:

- Equity Grant shall be a cash infusion equivalent to the amount of shareholder equity in the FPC subject to a cap of Rs. 10 lakh per FPC.
- Equity Grant sanctioned shall be directly transferred to the bank account of the FPC.
- The FPC shall, within 45 days of the receipt of the Equity Grant, issue additional shares to its shareholder members, equivalent in value to the amount of the Grant received by it, provided that the maximum grant per category of shareholder is as follows:
 - 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

Implementation Period

It shall be implemented from the Financial Year (FY) 2013-14 onwards.

Implementation Agency

The EGF shall be operated by Small Farmers Agri-Business Consortium (SFAC).

Sanction

- An Equity Grant Sanction Committee (EGSC) with four members, the Managing Director SFAC as Chairman, two officers of the organisation nominated by MD, SFAC and an external sector expert, also nominated by MD, SFAC, shall be constituted for the purpose of evaluating applications received under this Scheme. The EGSC,

meeting under the Chairmanship of MD, SFAC, shall have full authority to decide on the applications and its decision in this regard shall be final.

- Sanction of Equity Grant by EGSC shall be conveyed to the FPC through a Sanction Letter issued within 7 working days of the decision of the EGSC, which shall include, inter alia, the following conditions:
 - a) On receipt of the sanctioned Equity Grant amount, the FPC shall allot additional shares to its shareholder members on the basis specified in the Scheme within the 45 day time-line.
 - b) The FPC shall communicate to SFAC the details of additional share certificates issued by it to members against the Equity Grant received.
 - c) SFAC shall be authorised to examine the accounts of the recipient and supporting documents at any time during the period of its Agreement with FPC. The recipient agrees to provide all relevant information or explanations that SFAC may reasonably request.
 - d) In support of the above commitments, the FPC shall enter into an Agreement with SFAC before the Equity Grant can be disbursed.
 - e) In case of any transgression or noncompliance by the FPC of the Terms and Conditions of the Agreement, SFAC shall recall the Equity Grant and the FPC shall be bound to comply with the same, failing which SFAC shall take recourse to legal action within the purview of the Scheme.

Disbursement

- After accepting the terms of sanction, the FPC shall enter into Agreement with SFAC.
- SFAC shall transfer sanctioned funds to the FPC Account.

Compliance & Verification

The FPC shall submit the following documents to SFAC:

- List of additional shares issued by it to its shareholder members under the Scheme, along with the respective Folio Numbers, verified and certified by a Chartered Accountant (CA), within 45 days of the funds having been received by it.
- If the FPC does not honour its commitment in any manner whatsoever, either in the matter of issuing shares or in notifying SFAC within the specified time limit, the Equity Grant amount sanctioned and released by SFAC to the FPC is liable to be cancelled and recalled by SFAC, as detailed in the Agreement between SFAC and FPC.

Arbitration

In the event of violation of any of the terms and conditions herein contained or contained in the rules or any of the instructions issued by SFAC from time to time or instances of misuse/misappropriation of the Equity Grant sanctioned and released to FPC by SFAC, SFAC shall have the right to demand and enforce forthwith repayment of the entire amount of Equity Grant sanctioned by SFAC.

The Agreement between SFAC and the FPC is governed and construed according to the laws of India. Controversies and claims arising out of/relating to this Agreement, or the breach thereof, shall be settled through Legal process or Arbitration at Delhi. However, before taking any legal action, the parties shall endeavour to mobilise all efforts and to enter into discussions in order to find a mutually acceptable settlement by direct negotiation.