



# FORMATION AND PROMOTION OF 10,000 FARMER PRODUCER ORGANIZATIONS (FPOs)

## EQUITY GRANT & CREDIT GUARANTEE FUND SCHEME OPERATIONAL GUIDELINES



Government of India  
Department of Agriculture, Co-operation & Farmers' Welfare  
Ministry of Agriculture & Farmers' Welfare

preferably diploma in agriculture / agriculture marketing / agri-business management or in such other related areas may be preferable. The accountant should have educational qualification of 10+2 with Mathematics as a compulsory subject or alternatively with Commerce or Accountancy background. If any members of the FPO meet the above criteria, they may be considered preferably in the selection process.

- 10.4 Under the scheme, financial support towards salary of CEO/Manager up to @ Rs. 25,000/- per month and of Accountant up to @ Rs.10,000/- per month with annual increment up to 5% is to be provided from the earmarked financial support for first 3 years only. Thereafter, FPOs will manage from their own resources to pay the salary of CEO/Manager and Accountant. In order to create interest of good professional activities of CEO/Accountant, the FPO may also offer higher payment with their own sources of funds on above of Govt. support. One CEO will provide full time services to one FPO at a time only. It will be duty and responsibility of respective Board of Directors (BoDs) and CBBO that quality of services is rendered by CEO for developing the business for sustainability of the FPO.
- 10.5 **One time registration cost:** Under the scheme, the registration cost of incorporating FPOs under Companies Act. or registering under Co-operative Societies Act. will be reimbursable up to a limit of Rs. 40,000/- or actual, whichever is less; and remaining, if any, will be borne by respective FPO.

- 10.6 FPO will forward the periodic utilization certificate for FPO management cost received and utilized as may be necessary to Implementing Agency through concerned CBBO.

## **11.0 Provision for Equity Grant**

- 11.1 Producer members' own equity supplemented by a matching Equity Grant from Government, which is required to strengthen financial base of FPOs and help them to get credit from financial institutions for their projects and working capital requirements for business development. Equity Grant shall be in the form of matching grant upto Rs. 2,000 per farmer member of FPO subject to maximum limit of Rs. 15.00 lakh fixed per FPO. This Equity Grant is not in the form of government participation in equity, but only as a matching grant to the FPOs as farmer members' equity. Therefore, Rs.1,500 crore with DAC&FW is proposed in the scheme to cover all the 10,000 FPOs, if maximum permissible equity is contributed to all 10,000 FPOs.

**11.2 Objectives of Equity Grant:** The objectives of Equity Grant are to (i) enhance viability and sustainability of FPOs; (ii) increase credit worthiness of FPOs; and (iii) enhance shareholding of members to increase their ownership and participation in their FPO.

**11.3 Eligibility Criteria for FPOs:** An FPO fulfilling following criteria shall be eligible to apply for Equity Grant under the Scheme-

- (i) It shall be a legal entity as per para 2 of this guidelines.
- (ii) It has raised equity from its Members as laid down in its Articles of Association/ Bye laws, as the case may be.
- (iii) The number of its Individual Shareholders is in accordance with the terms hereto read together with the Scheme.
- (iv) Minimum 50% of its shareholders are small, marginal and landless tenant farmers as defined by the Agriculture Census carried out periodically by the Ministry of Agriculture, Govt. Women farmers' participation as its shareholders is to be preferred.
- (v) Maximum shareholding by any one member shall not be more than 10% of total equity of the FPO.
- (vi) A farmer can be member in more than one FPO with different produce clusters but he/she will be eligible only once(for any one FPO that he/she is a member) for the matching equity grant up to his/her share.
- (vii) In the Board of Directors (BoD) and Governing Body (GB), as the case may be, there shall be adequate representation of women farmer member(s) and there should be minimum one woman member.
- (viii) It has a duly constituted Management Committee responsible for the business of the FPO.
- (ix) It has a business plan and budget for next 18 months that is based on a sustainable, revenue model as may be determined by the Implementing Agency.

**11.4 Procedure for release of Equity Grant:**

- (i) The Equity Grant will be made available to the eligible FPOs to receive a grant equivalent in amount to the equity contribution of their shareholder members in the FPO subject to its cap of Rs. 15 lakh per FPO. Equity Grant sanctioned shall be released to respective Implementing Agency for transferring to the bank account of the FPO. The FPO 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 irrespective of

their share as aforesaid is as follows:

- (ii) Individual Shareholder – up to Rs 2,000/- per member.
  - a) The criteria for calculation of Equity Grant (rounded off to the Share Unit Value (subject to point a) to each shareholder member of the FPO (as per authenticated copy of the Shareholders' Register maintained by the Producers Company/ Co-operative Society as per the applicable provisions of the relevant Act) is as follows:
    - (i) Allocation of shares shall be on matching/ pro-rata basis of the shareholders' current shareholding, subject to the maximum specified above and ensuring that each shareholder member receives minimum one equity share.
    - (ii) If the Grant sanctioned to the FPO is not sufficient to ensure a minimum one share to all its shareholder members, allocation of grant shall be based on the shareholders' current landholding, starting with shareholder with the least land holding / the smallest producer in case of allied activities/ or by transparent draw of lots where such identification is not possible.
  - b) The FPO shall be allowed to draw the Equity Grant in a maximum of three (3) tranches (within a period of 4 years of the first application and within the handholding period of CBBO) subject to the cap of Rs. 15 lakh per FPO, provided and to the extent that it is able to raise additional Member Equity to qualify for an additional matching grant within the overall ceiling of Rs. 15 lakh. The request for the second tranche shall be treated as a fresh application and the full process of due diligence shall be repeated.
  - c) In the event that a shareholder, who receives additional shares issued by the FPO against Equity Grant sanctioned by the Implementing Agency, exits the FPO at any point after receiving the shares, the additional shares received by him/her in lieu of the Equity Grant and standing in his/her name must be transferred to another shareholder or new shareholder within 90 days of his/her exiting the FPO, through an open and transparent draw of lots. In such cases, the original shareholder cannot receive the value of the additional shares transferred to other/ new members.
  - d) DAC&FW may ask Implementing Agencies or Implementing Agencies on its own motion shall have right to recall the Equity Grant amount from the FPO, which shall be legally liable to comply with the same in the case of-
    - a) failure to issue additional shares to members against the Equity Grant received by the FPO within 45 days of its receipt; b) closure / dissolution

of FPO within five years of the receipt of the Equity Grant; and c) instances of misuse / misappropriation of the Equity Grant (viz. use of funds for activity other than mentioned in Memorandum of Association/Articles of Association/ Business plan of the FPO) .

#### **11.5 Application for Equity Grant:-**

Eligible FPOs shall apply for the Equity Grant in the prescribed Application Form (**Annexure-I**) only. Other mandatory documents required to be submitted along with the Application are listed below:

- (i) Shareholder List and Share Capital contribution by each member verified and certified by a Chartered Accountant (CA)/Co-operative Auditors prior to submission(**Enclosure-I of Annexure-I**).
- (ii) Resolution of the Board of Directors/Governing Body to seek Equity Grant for members (**Enclosure-II of Annexure-I**).
- (iii) Consent of shareholders, stating name of shareholder, gender, number of shares held, face value of shares, land holding, signifying consent for Implementing Agencies to directly transfer the Equity Grant sanctioned to the FPO on their behalf, to FPO Bank account, against the consideration of additional shares of equivalent value to be issued to them by FPO and on exit- transfer of the shares as per rules (**Enclosure-III of Annexure-I**).
- (iv) If the FPO is in operation for more than one or more financial year then it shall provide copy of the Audited Financial Statements of FPO for all years of existence of the FPO, verified and certified by a Chartered Accountant (CA)/ Cooperative Auditors prior to submission.
- (v) In case FPO is in operation for period of less than one financial year, Photocopy of Bank Account Statement for last six months authenticated by the Branch Manager of the “Bank” is required
- (vi) Business Plan of FPO and budget for next 18 months.
- (vii) Names, photographs, and identity proof (anyone from among ration card, Aadhaar card, election identification card, passport) of Representatives/ Directors authorized by the Board for executing and signing all documents under the Scheme. Each page of the Application Form and accompanying documents shall be signed by a minimum of two Board Member /Authorized Representatives of the FPO.

**Note:** All the information/documents are to be verified by respective CBBOs while submitting the same to the respective Implementing Agencies.

## **11.6 Institutional Due Diligence:-**

- (i)The Implementing Agency shall undertake a due diligence process to establish the credibility, sustainability and viability of the FPO, before taking a decision on its application for Equity Grant. The Due diligence shall cover the following aspects- a). Governance; b). Business and Business Plan Viability; c). Management Capability; d). Financials. All the documents and information in this respect are to be routed to Implementing Agencies through respective CBBOs duly verified by them.
- (ii)Due diligence shall be conducted through Desk Appraisal by the implementing Agencies on the basis of documents received. The Implementing Agencies may seek assistance of NPMA in process of applying due diligence and if required may verify the claims.

## **11.7 Sanction:**

The application shall be made by FPOs to the Implementing Agencies. After application of due diligence by Implementing Agencies, the proposal may be approved for sanction of Equity Grant. The Implementing Agency shall make demand of fund for disbursement under the Scheme as per their Annual Action Plan (AAP) to DAC&FW. Same may be released to Implementing Agency upon furnishing Utilization Certificate as described in para 8.2 of this guidelines.

## **11.8 Disbursement:**

- (i) After accepting the terms of sanction, the FPO shall enter into Agreement with Implementing Agencies.
- (ii) Implementing Agencies shall transfer sanctioned funds to the FPO Account.

## **11.9 Compliance and Verification:**

The FPO shall submit the following documents to Implementing Agencies:

- (i) 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 receiving the fund.
- (ii) If the FPO does not honour its commitment in any manner whatsoever, either in the matter of issuing shares or in notifying Implementing Agency within the specified time limit, the Equity Grant amount sanctioned and released by Implementing Agency to the FPO is liable to be cancelled and recalled by Implementing Agency, as detailed in the Agreement between Implementing Agency and FPO.

## **11.10 Recourse on Non-Compliance:**

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 Implementing Agency from time to time or instances of misuse/misappropriation of the Equity Grant sanctioned and released to FPO by Implementing Agency, Implementing Agency shall have the right to demand and enforce forthwith repayment of the entire amount of Equity Grant sanctioned by Implementing Agency along with appropriate damages.

## **12.0 Credit Guarantee Facility**

12.1 In order to ensure access of FPOs to credit from mainstream Banks and Financial Institutions, there is a need to create a dedicated fund. The dedicated Credit Guarantee Fund (CGF) will provide suitable credit guarantee cover to accelerate flow of institutional credit to FPOs by minimizing the risk of financial institutions for granting loan to FPOs so as to improve their financial ability to execute better business plans leading increased profits.

### **12.2 Objective of CGF:**

The primary objective of CGF is providing a Credit Guarantee Cover to Eligible Lending Institution (ELI) to enable them to provide collateral free credit to FPOs by minimising their lending risks in respect of loans.

### **12.3 Corpus of CGF:-**

(i)A dedicated Fund of up to Rs. 1,500.00 crore will be created as CGF. Out of up to Rs. 1,500.00 crore CGF, up to Rs. 1,000.00 crore will be created, maintained and managed by NABARD and the rest of up to Rs. 500.00 crore by NCDC. DAC&FW will annually contribute on matching share basis to CGF created, maintained and managed by NABARD and NCDC each contributing equal amount to respective CGF without paying any other management cost both NABARD & NCDC for managing the Fund.

(ii)The FPOs promoted and registered under Co-operative Societies Act will have option to avail CGF maintained and managed either by NBARD or NCDC. The FPOs promoted and registered under Companies Act can avail CGF maintained and managed by NABARD.

### **12.4 Definitions:**

- i. “**Credit Facility**” means any fund based credit facility extended by an Eligible Lending Institution (ELI) to an Eligible Borrower without any Collateral Security or Third Party Guarantee ;
- ii. “**Credit Guarantee Fund**” means the Credit Guarantee Fund for FPOs created

- with NABARD and NCDC respectively under the Scheme with matching grant from DAC&FW for the purpose of extending guarantee to the eligible lending institution(s) against their collateral free lending to eligible FPOs;
- iii. **“Eligible Lending Institution (ELI)”** means a Scheduled Commercial Bank for the time being included in the second Schedule to the Reserve Bank of India Act, 1934, Regional Rural Banks, Co-operative Banks, Cooperative Credit Society, NEDFI, or any other institution (s) as may be decided by the NABARD and/or NCDC, as the case may be, in consultation with Government of India from time to time. NABARD and NCDC can also finance, if they so desire with the approval of DAC&FW/N-PMFSC. NBFCs and such other financing institutions with required net worth and track record may also serve as Eligible Lending Institutions (ELIs), for lending to FPOs with a moderate spread between their cost of capital and lending rate. However, Standard Financial Sector Rating Agency should have rated NBFC **to be AAA** to be considered as ELI;
  - iv. **“Guarantee Cover”** means maximum cover available per eligible FPO borrower;
  - v. **“Guarantee Fee”** means the onetime fee at a specified rate of the eligible credit facility sanctioned by the ELI, payable by the ELI to NABARD or NCDC, as the case may be; and
  - vi. **“Tenure of Guarantee Cover”** means the agreed tenure of the Term loan/composite credit i.e. the maximum period of Guarantee Cover from the Guarantee start-up which shall run through the agreed tenure of the term credit, and where working capital facilities or Term loan alone are extended and/or continuing working capital arrangements granted along with the Term Loan, for a period of 5 years or block of 5 years and/or loan / working capital credit or composite credit facilities' termination date, whichever is earlier or such period as may be specified by the NABARD or NCDC, as case may be.

## **12.5 Eligibility Criteria for FPO:**

- (i) An ELI can avail Credit Guarantee for the FPO/Federation of FPOs, which are covered under the Scheme.
- (ii) Further, it should be ensured that the ELI has extended / sanctioned within six months of the date of application for the Guarantee or /in-principle agreed in writing / has expressed willingness in writing to sanction Term Loan/ Working Capital/ Composite Credit Facility without any collateral security or third party guarantee including personal guarantee of Board of Directors/Governing Body Members.

## **12.6 Credit Facilities Eligible under the Scheme:**

Under CGF, NABARD and NCDC, as the case may be, shall cover:

- i. Fund based Credit facilities already sanctioned / extended within six months from the date of the application for the Guarantee Cover or intended to be extended singly or jointly by one or more than one Eligible Lending Institution (ELI) to a single eligible FPO borrower by way of term loan and/or working capital/composite credit facilities without any collateral security and/or third party guarantees.
- ii. The ELI can extend credit without any limit; however, the Guarantee Cover shall be limited to the maximum guarantee cover specified under the Scheme.
- iii. Non-Banking Financial Companies (NBFCs) and such other Financial Institutions (FIs) with required net worth, track record and rating of AAA may also be accommodated as Eligible Lending Institutions (ELIs), such NBFC should on-ward lend to FPOs with a moderate spread between their cost of capital and lending rate.

## **12.7 Non-Eligibility of Credit Facilities from Credit Guarantee Fund:**

The following credit facilities shall not be eligible for Guarantee Cover under the Scheme:

- i. Any credit facility which has been sanctioned by the ELI against collateral security and/ or third party guarantee.
- ii. Any credit facility in respect of which risks are additionally covered under any scheme operated/administered by Reserve Bank of India/or by the Government/or by any general insurer or any other person or association of persons carrying on the business of insurance, guarantee or indemnity.
- iii. Any credit facility, which does not conform to, or is in any way inconsistent with, the provisions of any law, or with any directives or instructions issued by the Central Government or the Reserve Bank of India, which is, for the time being, in force.
- iv. Any credit facility granted to any borrower, who has himself availed of any other credit facility covered under this scheme or under the schemes mentioned in clause (i), (ii) and (iii) above at any point in time.
- v. Any credit facility that is overdue for repayment/ NPA taken over by the ELI from any other lender or any other default converted into a credit facility.
- vi. Any credit facility which is overdue for repayment.

vii. Any credit facility which has been rescheduled or restructured on becoming overdue for repayment.

#### **12.8 Eligible project loan amount for Credit Guarantee Cover and its period:**

- i. The credit guarantee cover per FPO will be limited to the project loan of Rs. 2 crore. In case of project loan up to Rs. 1 crore, credit guarantee cover will be 85% of bankable project loan with ceiling of Rs. 85 lakh; while in case of project loan above Rs.1 crore and up to Rs. 2 crore, credit guarantee cover will be 75% of bankable project loan with a maximum ceiling of Rs. 150 lakh. However, for project loan over Rs. 2 crore of bankable projet loan, credit guarantee cover will be limited maximum upto Rs.2.0 crore only.
- ii. ELI shall be eligible to seek Credit Guarantee Cover for a credit facility sanctioned in respect of a single FPO borrower for a maximum of 2 times over a period of 5 years.
- iii. In case of default, claims shall be settled up to 85% or 75 % of the amount in default subject to maximum cover as specified above.
- iv. Other charges such as penal interest, commitment charge, service charge, or any other levies/ expenses, or any costs whatsoever debited to the account of FPO by the ELI other than the contracted interest shall not qualify for Credit Guarantee Cover.
- v. The Cover shall only be granted after the ELI enters into an agreement with NABARD or NCDC, as the case may be, and shall be granted or delivered in accordance with the Terms and Conditions decided upon by NABARD or NCDC, as the case may be, from time to time.

#### **12.9 Procedure to avail Guarantee Cover:**

The ELI shall be required to apply to NABARD or NCDC, as the case may be, for Guarantee Cover in the specified form only provided at **Annexure-II** for credit proposals sanctioned by them during any quarter prior to expiry of the following quarter viz., application w.r.t. credit facility sanctioned in April–June Quarter must be submitted by the ensuing quarter, i.e. July-September to qualify for consideration under the Scheme.

- **NABARD or NCDC, as the case may be, shall-**

- i. Scrutinize the proposal before sanctioning the Guarantee Cover to the ELI under the Scheme in accordance with its Terms and Conditions of respective Implementing Agencies.

- ii. Insofar as it may be considered necessary, for the purposes 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.
- iii. Such Inspection shall be carried out either through the officers of NABARD or NCDC, as the case may be, or any other officer of DAC&FW specifically appointed for the purpose of Inspection.
- iv. The Investment and Claims Settlement Committee (I&CSC) of NABARD or NCDC, as the case may be, shall sanction the Guarantee Cover to the concerned Bank based on the findings of the above.
- v. The ELI shall enter into an Agreement with NABARD or NCDC, as the case may be, at the level of the Bank Branch as per the format of Agreement decided by NABARD or NCDC, as the case may be.

**12.10 Guarantee Fee ( GF):**

- i. The one time Guarantee Fee if chargeable by NABARD or NCDC, as the case may be, will be payable by the ELI for Credit Guarantee Cover (CGC) under the Scheme, which will be maximum up to @ 0.75% of the credit facility up to and including Rs. 1.00 crore project loan and up to @ 0.85% of credit facility above Rs. 1.00 crore and up to Rs. 2.00 crore project loan sanctioned by the ELIs. The ELI shall pay the Guarantee Fee upfront to NABARD or NCDC, as the case may be, within 30 days from the date of issue of sanction letter for CGC, failing which the Guarantee will be liable to become void unless and until its continuance is specifically approved by NABARD or NCDC, as the case may be.
- ii. The Guarantee Fee once paid by the lending institution to NABARD or NCDC, as the case may be, is non-refundable except where Guarantee Cover for which Guarantee Fee is paid has not been approved.

**12.11 Responsibilities of Lending Institutions under the Scheme prior to recommending proposals for the consideration of NABARD or NCDC, as the case may be, the ELI shall:**

- i. Appraise each loan proposal for selecting commercially viable projects. ELI's Appraisal Note shall accompany the Application for Guarantee Cover under the Scheme.
- ii. Carry out processing, legal work and documentation for sanction of the loan in accordance with the requirements of the ELI and the terms and conditions of NABARD or NCDC, as the case may be.

- iii. Furnish such statements, information, documents, receipts, certificates etc. as NABARD or NCDC, as the case may be, may require in connection with any credit facility under this Scheme.
- iv. Certify that /be deemed to have affirmed that the contents of such documents, receipts, certificates and other written documents are true, provided that no claim shall be rejected and no liability shall attach to the lending institution or any officer thereof for anything done in good faith.
- v. Monitor the Borrower -account and maintain records of periodical monitoring and actions initiated on observations, if any.
- vi. Ensure that the Guarantee Claim in respect of the credit facility to the FPO Borrower is lodged with NABARD or NCDC, as the case may be, in the form and manner and within such time as may be specified by NABARD or NCDC, as the case may be, in this behalf. Further, there shall not be any delay on its part to notify NABARD or NCDC, as the case may be, of the default in the Borrower's Account, as a result of which delay, NABARD or NCDC, as the case may be, shall face higher Guarantee Claims.
- vii. The payment of Guarantee Claim by NABARD or NCDC, as the case may be, to the lending institution does not in any way absolve the lending institution of the responsibility of recovering the entire outstanding amount of the credit from the borrower. The lending institution shall exercise all necessary precaution and take recourse to all measures to recover from the borrower the entire amount of credit facility that is owed to it by the borrower and safeguarding the interest of NABARD or NCDC, as the case may be, as it shall exercise in the normal course if no guarantee had been furnished by NABARD or NCDC, as the case may be.
- viii. The lending institution shall be bound to comply with such directions as NABARD or NCDC, as the case may be, may deem fit to issue from time to time, for facilitating recoveries of the guaranteed account, or safeguarding its interest as a guarantor.
- ix. The lending institution shall, in particular, refrain from any act either before or subsequent to invocation of guarantee, which may adversely affect the interest of NABARD or NCDC, as the case may be, as the guarantor.
- x. The lending institution shall be bound under the Scheme to intimate in advance to NABARD or NCDC, as the case may be, its intention to enter into any compromise or arrangement, which may have effect of discharge or waiver of primary security.
- xi. Further, the lending institution shall secure for NABARD or NCDC, as the case

may be, or its appointed agency, through a stipulation in an Agreement with the Borrower or otherwise, the right to list the defaulted Borrowers' names and particulars on the Website of NABARD or NCDC, as the case may be or Integrated Portal

#### **12.12 Monitoring by NABARD and NCDC:-**

- i. The ELI shall undertake regular desk and /or field monitoring of the borrowing FPOs.
- ii. NABARD or NCDC, as the case may be, shall be authorized to call for reports of such monitoring as may be required from time to time.

#### **12.13 Governance:**

- i. There shall be an Investment and Claims Settlement Committee (I&CSC) in NABARD and NCDC. The I&CSC in NABARD will be chaired by its Deputy Managing Director (Dy.MD) or as nominated by Chairman, NABARD in case Dy. MD post is vacant ; while in NCDC, it will be chaired by its Managing Director (MD). The respective Committee may have also representative of States in rotation, Banking Institutions and relevant subject matter Experts apart from a representative of DAC&FW. NABARD may also co-opt a representative from SFAC. The procedure, frequency of conduct of meeting etc. will be decided by respective Organization as may be required.
- The I&CSC in NABARD and NCDC will apply their due diligence to scrutinize and accord the financial sanction to the proposals received from ELIs for Credit Guarantee Cover. NABARD and NCDC will submit by tenth day of next month the detailed progress of sanctioned credit guarantee cover of the previous month to DAC&FW on prescribed pro-forma. The N-PMAFSC shall be final authority in all policy and strategic decision making in this regard.
- ii. The I&CSC shall have discretion to take decisions in all matters concerning the Fund and its administration, set standards for risk exposure, design the financial structure of the Fund and profit targets, including special consideration for FPO with good track record of recovery.
- iii. The I&CSC shall deliberate upon Policy Issues and Strategy for overall development of the Fund and make recommendations to the NABARD and NCDC, as the case may be, for their approval. The NABARD and NCDC will accord approval and inform N-PMAFSC.
- iv. The I&CSC shall regularly keep the NABARD and NCDC, as the case may be,

- informed about all major decisions and actions taken by it in this regard, and shall work under its overall control and guidance with regard to the Fund and the Scheme. Simultaneously, the NABARD and NCDC will keep the N-PMAFSC apprised about such decisions and actions taken in this regard.
- v. Decisions regarding Guarantee Pay-Outs shall be the primary responsibility of I&CSC which shall meet at least once every quarter or as often as necessary.
  - vi. The ELI may invoke the Guarantee in respect of Credit Facility within a maximum period of one year from the date of NPA, if the conditions set out by NABARD or NCDC, as the case may be , are met out .

**12.14 Claim Settlement:-**

Only such Claim, as is submitted by the ELI and as specified by NABARD or NCDC, as the case may be, from time to time in consultation with N-PMAFSC will be considered .

**12.15 Modifications and Exemptions:-**

NABARD or NCDC, as the case may be ,reserves the right to modify, cancel or replace the scheme or terms and conditions , in any manner whatsoever, that it deems necessary, in consultation with DAC&FW.

**12.16 Interpretation :-**

The decision of NABARD or NCDC, as the case may be, shall be final in regard to the interpretation of any of the provisions of the Scheme or of any directions or instructions or clarifications given in connection therewith. While taking any such decisions, NABARD or NCDC, as case may be, will hold prior consultation with DAC&FW.

**12.17 Disputes Resolution:-**

Disputes, if any, arising out of the Agreement shall be resolved through mutual consultation, failing which, subject to the relevant agreement, Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and it's up to date amendments shall be resorted to.

**13.0 Training and Capacity Building for Promotion of FPOs**

- 13.1 Capacity building, training and skill development of CEOs/ BoDs and other stakeholders identified by Nodal training institution, in consultation with DAC&FW, through transfer of technology, innovation is very essential for development of robust FPOs and for running the business activities successfully