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Relationship beyond banking



**STAR-MAGNET
FINANCIAL
INTERMEDIARY LOAN
(SMFIL) SCHEME**





Loan Product



Scope of Product

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Target Clients-

- Farmer Producer Organizations
- Value Chain Operators



Engaged in 15 Horticulture Crops-

- Banana
- Pomegranate
- Custard Apple
- Orange
- Sweet Lime
- Sapota
- Guava
- Strawberry
- Green Chilly
- Red Chilly
- Mango
- Lemon
- Cashew Nut
- Snake Gourd
- Floriculture



Eligible Constitution of Borrowers



- Farmer Producer Organizations (FPO is farmers organizations registered under Company Act, Co-op Society Act, Farmer Groups/ Cluster Level Federations (CLFs) / Community Managed Resources Centers (CMRCs) registered with ATMA/MSRLM / MAVIM also including Cluster Level FPO Federations /Associations)
- Value Chain Operators (Non FPO Entities) which may include aggregators/ processors/ exporters/mid and large size retail organizations/Ag-tech or Fin-tech organizations working actively with producers and their collectives of any horticultural commodities.

- Medium –Long term debt facility for post-harvest marketing and value chains focusing on the selected **11 horticulture** (Banana, Pomegranate, Custard apple, Orange, Sweet Lime, Sapota, Guava, Strawberry, Chilly (Green and Red) and Floriculture) crops.





- To facilitate setting up and modernization of key elements of value chain including Post-Harvest Management Projects





- Market Led Production Activities
- Post-Harvest Processing Facilities
- Agri-Logistics
- Marketing Points
- Consumption Points



Ineligible Projects

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a. Non-technical civil work like

- i. Administrative Office,
- ii. Approach Road/Internal Roads
- iii. Compound wall
- iv. Cost of land
- v. Site development
- vi. Canteen
- vii. Labour rest room
- viii. Quarters for workers
- ix. Security guard room

b. Preliminary and Pre-operative exp. like Consultancy fee, etc.

c. Margin money, working capital and contingencies

d. Second hand/ old machineries

e. Reconditioned and refurbished plant & machinery.

f. AC ducting, furniture, computers and allied office items

g. Closed Circuit TV Camera and security system related equipment



Ineligible Projects Contd....

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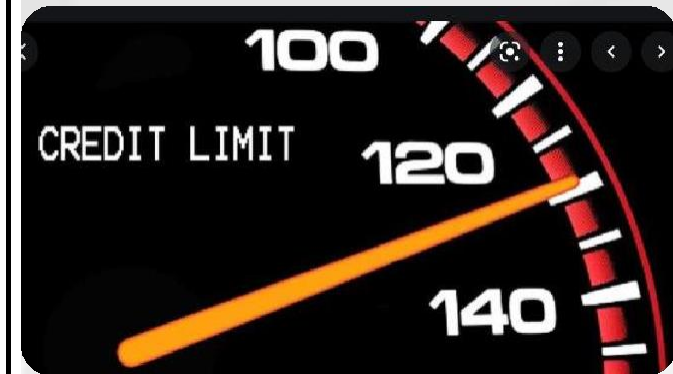
- h. Fuel, Consumables, Spares and Stores
 - i. Non-Temperature Controlled Transport vehicles
 - j. Operational Expenses
 - k. Stationery items
 - l. Taxes on plant and machinery, etc.
 - m. All types of service charges, carriage and freight charges, etc.
 - n. Fly catchers, hand washer, laundry etc.
 - o. Any other components not explicitly mentioned under list of eligible components and as may not be approved by MAGNET Society for approval.
- c) In addition, prohibited investment activities as provided in Appendix 5 of ADB's SPS (2009) are also ineligible for financing under subprojects.1





Separate ceilings for FPO and VCO has been proposed as under,

- 1) Maximum cap per FPO –MTL Rs.7 Crore.
- 2) Maximum cap per FPO – working capital Rs.5 Crore.
- 3) Maximum cap per VCO –MTL Rs.7 Crore.
- 4) Maximum cap per VCO – working capital Rs. 5 Crore.





- a. Minimum 10% by way of promoter contribution (in the form of equity), in case government subsidy, seed money etc. is available so that margin to be maintained at prescribed level of 15% (Maximum bank loan should be restricted to 85% of the project cost)
- b. In other cases, minimum margin of 15% to be maintained



Scheme Outlay & Rate of Interest

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- Scheme Outlay Target- Rs.200 Crore

For Next Three Years



Applicable Rate of interest: 1%
over one year MCLR **presently**

8.80% p.a.



Moratorium & Tenor

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Moratorium	Minimum 6 Months Maximum 2 Years
Tenor of Loan / Repayment	Tenor of loan may be decided based on the viability and in accordance with extant bank guidelines. However maximum repayment period not to exceed 10 years including moratorium. The repayment period may be fixed monthly/quarterly half yearly as per bank guidelines / cash flow





Primary- The facilities shall be secured by way of first/ exclusive charge on the assets credited out of our bank finance.

Collateral-

Eligible activates with credit limit upto Rs. 2.00 crore will be covered under CGTMSE. For FPOs, the credit guarantee under FPO promotion scheme of DSC & FW is available. Extant guidelines under security norms will be applicable for credit facilities not covered by CGTMSE or FPO promotion scheme.

Personal / Corporate Guarantee of the Promoters / Directors Before release of limits valid charge over the securities (Primary / Collateral) to be credited as per bank's guidelines to safeguard bank interest.

For limit above Rs. 2.00 crore- The Bank's extant norms would be applicable.

For CGTMSE coverage extant guidelines issued by HO vide BC no 114/150 dated 03.10.2020 to be followed.



Disbursement

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Disbursement of loan amount to be done upon compliance of all terms and conditions

- (i) Disbursement to be done directly to supplier/dealer through DD/Payslips/NEFT/RTGS with promoters contribution
- (ii) The Disbursement to done in phased manner as per requirement of the project and progress of the work.
 - i. Due diligence of supplier/dealer should be undertaken as per banks extant guidelines.
 - ii. Status Report on supplier to be obtained as per the extant guidelines.





Implementation Structure



Implementation Structure- Office Hierarchy



Bank of India Office Hierarchy



BoI Offices in Maharashtra:-

- 1.) Head Office located at Mumbai
- 2.) NBG West-1 located at Mumbai
- 3.) NBG West-2 located at Pune
- 4.) Seven Zonal Offices- Kolhapur, Nagpur, Nasik, Pune, Ratnagiri, Solapur and Vidarbha report to NBG West-2
- 5.) Four Zonal Offices- Mumbai North, Mumbai South, Navi Mumbai and Raigad report to NBG West-1
- 6.) 12 SKVKs, 11 SMECCs, 13 RBCs and 910 Branches report to 10 respective Zonal Offices

Implementation Structure- Proposal Process Flow



Process Flow for Credit Proposals through Different Sanctioning Authorities as per Delegation Norms



Appraisal Process



- The Branch will provide our standard checklist for processing the application on official email ID of the concerned FPO/VCO and also forward one copy on registered address of the applicant through RPAD. Branches will carry out initial due-diligence viz. CIBIL, CFR, Probe-42 enquiries and market reports using various market intelligence tools available for the leads canvassed under the project;
- Branches will collect all pre-requisite documents/approvals including KYC documents & ITR details (wherever applicable) and submit the same to the concerned processing centers, i.e. SKVKs/SMECCs;
- SKVKs/SMECCs will conduct joint inspection along with the branch officials for the leads in order to carry out enhanced due-diligence to ascertain the technical and economic viability of the projects; If the proposal is complying extant guidelines of the Bank, SKVK/SME-CC can issue draft appraisal note to the concerned FPO / VCO as per instructions given by NBG vide email dated 08.02.2022.
- SKVKs/SMECCs will refer the leads to the concerned PISC consultant (appointed by MAGNET Society) of the region for pre-screening of the leads to ensure that the leads canvassed comply with all the ADB covenants related to ESMS policy;
- Pre-screened leads will be received from the PISC consultant (appointed by MAGNET Society) with their certificate that the leads comply with ADB covenants as per standard check-lists of ESMS policy;
- Full-fledged credit appraisal of the pre-screened leads will be carried out by the processing officers posted at SKVKs/SMECCs;
- The proposals pertaining to the leads will be put up to the concerned Sanctioning Authority as per their respective delegation;
- Sanctioning Authority will sanction the project and intimate the sanction to the concerned Branches/SKVKs/SMECCs;
- In case of rejection, the reasons of rejections must be documented and intimated to the concerned Zone/NBGs and MAGNET Society;
- Branches/SKVKs/SMECCs will ensure that all the sanction terms & conditions are complied with;
- Once the pre-disbursement terms are complied, branches will initiate disbursements as per the documented draw-down schedule;
- Branches will monitor the accounts under the project as per extant guidelines and flag the compliance issues (if any) to the concerned Zones/NBGs/HO;
- Branches will ascertain the end-use of the fund as per the sanction memo