

Ref. No. CGTMSE /44/ 104

November 18, 2021

All Member Lending Institutions of CGTMSE

Circular No.189 / 2021 – 22

Madam / Dear Sir,

**Eligibility of coverage of credit facility to
Producer Organization (PO)/Farmers Producer Organisation(FPO)
under CGS of CGTMSE**

CGTMSE has been receiving queries from various stakeholders regarding the eligibility of coverage of credit facilities extended by MLIs to the Producer Organizations (POs) / Farmers Producer Organisation (FPO) under Credit Guarantee Scheme (CGS) of CGTMSE. In this connection, we clarify that the credit facilities extended by the MLIs to POs / FPOs are eligible to be covered under CGS of CGTMSE as per the extant guidelines. For clarity, it is reiterated that such facilities can be covered under CGS of CGTMSE provided the PO / FPO is constituted with the legally acceptable constitution and is registered under any of the following legal provisions:

- a. Cooperative Societies Act / Autonomous or Mutually Aided Cooperative Societies Act of the respective State.
- b. Multi-State Cooperative Society Act, 2002
- c. Company under Indian Companies Act, 1956, as amended in 2013.
- e. Societies registered under Society Registration Act, 1860
- f. Public Trusts registered under Indian Trusts Act, 1882

The facility(ies) extended to such POs / FPOs should meet the other eligibility conditions / criteria of the Credit Guarantee Scheme. Credit facilities extended to POs / FPOs for Core Agricultural activities are not eligible to be covered under the Credit Guarantee Scheme of CGTMSE. Fundamentally, the POs / FPOs should be identified as a separate legal entity and the business



activities should fall under Manufacturing, Service activities and Retail Trading as per MSMED Act, to be eligible for coverage.

It may be reiterated that the MLIs should ensure that all terms and conditions stipulated under the Scheme are satisfied, prior to lodging these applications for coverage.

The contents of this circular may please be brought to the notice of all your offices.

Yours faithfully,

Sd/-

(Promod Bakshi)
Deputy General Manager