



महाराष्ट्र MAHARASHTRA

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ज्या करणासाठी ज्यांनी मुद्रांक खरेदी केला त्यांनी त्याच कारणासाठी मुद्रांक खरेदी केल्यामुळे हे अधिकार वास्तविक अर्थाने केंद्रावरच आहे.

फक्त प्रतिज्ञापत्रासाठी

अनु. क्र.: 209 दि.: 8 NOV 2019 मुल्य: १००/-  
 १) मुद्रांक विक्री घेणाऱ्यांचे नाव: महाराष्ट्र राज्य वृद्धी-युव लक्ष्य  
 २) एका क्षेत्रासाठी बांधकामासाठी राज्यातील पर्यटन (स्मार्ट) यंत्रणे  
 ३) एका क्षेत्रासाठी राज्यातील पर्यटन  
 ४) एका क्षेत्रासाठी राज्यातील पर्यटन

मुद्रांक विक्रीसाठी  
 ३/10/2019

मि. अशोक म. चौबळ  
 २१/६, आर्याभार, पुणे-२७  
 ता.नं. २२०१०३०

आसकीद अर्थाने को-ऑपरेटिव्ह बँकेचे अधिकार प्रविष्टात सादर झालेले मुद्रांक कागदाची आवश्‍यकता नाही. (शासन आदेश दि. ०१/०७/२००४ जुलै)

वरील कोपावर अधिकार  
 पुणे  
 05 NOV 2019  
 प्रथम मुद्रांक विभागात  
 कोषागार/पुणे कार्यालय  
 शांभोजी चौबळ

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) made at Pune, Maharashtra, India on 08<sup>th</sup> November, 2019

BETWEEN

'Axis Bank' constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970, having its Head Office at 'Trishul', 3 rd Floor, opposite Samarsheshwar Temple, Law Garden Ellis Bridge, Ahmedabad 380006, Gujrat and its corporate office at Axis House, C-2, Wadia International Centre, P.B. Marg, Mumbai- 400025, (hereinafter referred to as 'Axis Bank') which expression shall, unless it be repugnant to the context or meaning thereof, mean and include its successors and assigns of the FIRST PART.



LTD. \* 1987

State (SMA) 1987

8 NOV 83

(TRANS) 1987

1987

AND

State of Maharashtra's Agribusiness and Rural Transformation Project (SMART), a World Bank assisted project incorporated by Government of Maharashtra having its office at Sheti Mahamandal Bhavan, 270, Bhamburda, Senapati Bapat Marg, Pune - 411016 (Maharashtra) (INDIA) (hereinafter called as SMART), which expression shall unless excluded by or repugnant to the context, be deemed, to include its successors, administrators, executors and assigns of the SECOND PART.



**About SMART**

- i. Government of Maharashtra is implementing the 'State of Maharashtra's Agribusiness and Rural Transformation (SMART)' Project. This World Bank funded project proposes to support the development of inclusive and competitive agriculture value chains, focusing on small holder farmers and agri-entrepreneurs in Maharashtra. This would be achieved by expanding access to new and organized markets for producers and enterprises with complementary investments in technical services and risk management capabilities.
- ii. Supporting Enterprise Growth and Expanding Market Access is an important component of the project. It provides for enterprise development and technical support services to promote productive partnerships between buyers and sellers as well as implementation of market access plans for enabling production clusters to access better markets. Promotion of exports from potential clusters and improving access to finance for community organizations is also envisaged in this intervention. Building Risk Mitigation Mechanism through market intelligence and strengthening warehouse receipt systems is another important intervention under the project.
- iii. Target beneficiaries of the project are Community Based Organizations (CBOs), which includes Farmer Producer Organizations (FPOs), Primary Agriculture Cooperative Societies (PACS), Cluster Level Federations (CLFs) and Community Managed Resource Centres (CMRCs).
- iv. **Main intervention of the project are for market access support.** The objective is to increase the integration of smallholder producers in value chains, by developing and implementing productive partnerships between CBO and the private sector aiming at improving market linkages. The project will finance competitive matching grants and needed support to business plans prepared by the CBO for implementing sustainable and competitive business investments.
  - a. **Productive Partnerships (PP) Subproject.** The project will support developing and partially financing Productive Partnerships (PP), between CBOs and buyers. The aim is to develop a long-term, voluntary and commercial relationship that will help the participating partners to improve their competitiveness in terms of price, cost, productivity, quality, and sales volume.
  - b. **Market Access Plans (MAP) Subproject.** The project will support development and partially financing Market Access Plans between CBOs (and their federations) and markets.
- v. SMART aims to support access to finance interventions to enable the project beneficiaries to access a broader range of financial products. The CBOs are relatively young institutions with limited capital, physical collaterals, and operational experience. Majority



Signature  
G.M.M.

LTD. \* Cluster \*

1. Pure \* Sizes \*  
\* Maharashtra \*  
(SMART)  
\* Business & \*



of these CBOs are 2-3-year-old. Similarly, financial institutions have limited expertise and inadequate products. Given this scenario, SMART will facilitate financial education and counselling of CBOs, development of new agriculture value chain financing products, and risk mitigation solutions including partial credit guarantee facility. An independent credit rating system of FPOs is also proposed to be supported to facilitate bank linkages. The expected results from this sub-component are (a) enhanced capacity of CBOs for better financial management; (b) availability of customized financial products to enable composite / project based financing for CBOs; (c) increase in number of CBOs accessing credit and volume of credit accessed by CBOs from financial institutions and (d) establishment of an independent third party credit rating system for FPOs.

#### WHEREAS

- i) The Government of Maharashtra, through various externally aided projects and State and Central Schemes has promoted over 3000 CBOs which includes FPCs, CLFs, CMRCs and PACS in the state with an objective of aggregation of produce for achieving economies of scale as well as for increasing farm productivity, providing alternate market and advance technology.
- ii) CBOs require loans for investment and working capital for building their business collectively, purchase of inputs, aggregation, primary processing and marketing of farm produce and other activities to increase income of member farmers.
- iii) The SMART Project intends to provide business development services, partially fund their business proposals (VGF upto 60%) and provide handholding in their collective business.
- iv) In this regard, SMART has requested the Axis (Bank) for extending loans to the beneficiary CBOs to raise part of finance required for their business proposal (apart from VGF and equity of their own).
- v) The Axis (Bank) is interested in financing the CBOs desirous of undertaking such agribusiness proposals.

#### 1. NOW THIS DEED WITNESSETH AS FOLLOWS:

1. SMART Project shall assist CBOs in collection of required document as specified by the bank, preparation of business plan for investment and working capital of the CBOs which require finance and further perform duties more clearly set out in this MoU. This will also include sanction of Full Project Proposals (FPP) by SMART with clear indication of cost of project, VGF offered by SMART and expected share of beneficiary to be raised.
2. That the Axis Bank shall finance at its sole discretion, the genuine requirements of the CBOs for the business plan.
3. The Axis Bank will extend project based composite finance, Subject to eligibility and meeting the bank's policy, selection & processing parameters, to the CBOs based on the FPP sanctioned by the project.
4. However, SMART shall not have any liability towards loan given by the Axis Bank and thereof between the Axis Bank & the borrower CBOs. In the event of any dispute in relation to the loan given to the CBO and/or recovery thereof, between the Axis Bank and Borrower (CBOs), SMART will not be legal party for that matter. Similarly, SMART will not have any charge on Asset created out of Bank finance as well as by



*[Handwritten signature]*

ANK LTD.

Agreement  
(SMA)  
The State of Malaysia

SMART Grant. Assets charged to Bank will be exclusive and bank will have exclusive and absolute authority to deal with assets in case of dispute, default, in the event of recovery or otherwise

5. Both SMART and the Axis Bank agree that they shall not use the logo, trademark and copyrights or other proprietary rights; of the other party in any advertisements or publicity material or any other written communication with any other party, without the prior written consent of such opposite party. The Memorandum of Understanding shall be reviewed after three years from the date hereof and may be renewed by mutual consent of parties. In the normal course, this Memorandum of Understanding shall not be terminated by either of the parties. If for any reason, any party decides to terminate this Memorandum of Understanding, then that party will give three months' notice in writing to the other party and within this period both parties shall continue to discharge their obligations.

IN WITNESS whereof the parties hereto have executed this Memorandum of Understanding in triplicate as of the date set out hereunder.

## 2. ROLE OF SMART Project

SMART to support productive partnerships and market access plans to connect CBOs to the buyers / markets will be implemented in the State of Maharashtra. The SMART Project will give preferred bankers status to the Axis Bank.

- a) The SMART Project will publish a call for proposal for inviting agribusiness proposals for Productive Partnerships and Market Access Plans for value chain development of agricultural commodities. (PPs to be submitted jointly by CBOs and the buyers while MAPs to be submitted by CBOs and their Federations).
- b) SMART shall assist eligible CBOs and buyers in preparation of bankable full project proposals (FPPs) through dedicated Technical Support Group (TSG) of consultants.
- c) SMART shall approve FPP with defined VGF from SMART.
- f) SMART shall assist beneficiary CBOs for preparation of loan proposal.
- g) SMART will provide Viability Gap Fund upto 60% of project cost as grant to the eligible CBOs participating in approved projects.
- h) SMART shall provide capacity building and handholding services for implementation of FPP through its own staff and TSG.
- i) VGF in the form of grants will be released to Operative account of CBOs in tranches linked to the progress of the project as specified in the Project Implementation Plan.
- j) The grant agreement between the Beneficiary CBO, SMART Project and Buyer/Technical Partner (as applicable) will govern the funding ratio and release of tranches for execution of the sub-project.
- k) The fund flow to beneficiary CBO will be in 3 tranches by respective PIU.

1. First Tranche - Up to 50% of project grants against upto 50% of beneficiary contribution.
2. Second Tranche - Up to 80% of project grants against upto 80% of beneficiary contribution.
3. Final Tranche - Balance Project Grants (in no case it will exceed 30% of total Project Grants as per grant agreement) against Balance Beneficiary Contribution as per grant agreement.



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BANK LTD

Pune ★ State of Maharashtra  
SMAR

- i) Banking arrangement at CBO level - For SMART Project purposes, each CBO would open a separate Current Bank account operated under the joint signatures. The Bank A/c of the CBO would be linked with PFMS by PIU in co-ordination with DIU official.

### 3. ROLE OF THE AXIS BANK

The Axis Bank has a mandate to support investments in agriculture sector, individually and collectively, to improve the income of the farmers. To fulfill this mandate, the Axis Bank will provide various financial products and services to the community based organizations through its network of branches in the project area. On issuance of approval to the FPP by SMART, the Axis Bank will initiate following steps:

- a. The Axis Bank will receive approved project proposals from the project after a thorough scrutiny of its technical viability and economic feasibility by an internal mechanism of the project as well as an Independent Assessment Panel. Bank may assess the same as per the Bank's policy. All the technically viable and economically feasible proposals shall be considered by the bank. It will be the Bank's sole discretion to accept or reject any proposal.
- b. The scheme of financing the CBOs for economic activity will be implemented through designated branches / offices of the Axis Bank. On final selection of CBOs, the Axis Bank will initiate following steps:
  - a) Axis Bank will finance all eligible CBOs after completion of all necessary procedure, Subject to eligibility and meeting the bank's policy, selection & processing parameters.
  - b) The Axis Bank may cover the farmers / groups for financing other agriculture products and developing CBOs as Business Correspondents for the Axis Bank.
  - c) The Axis Bank has the right but not the obligation to insure the assets purchased out of the Axis banks finance namely investment, machinery, agriculture stock, purchased materials etc.
  - d) **No dues from the other Banks:** To avoid multiple financing, the branches of the Axis Bank will take necessary steps as per the Axis Bank's laid down instructions.
  - e) **Margin Money:** Margin will be fixed as per Bank guidelines.
  - f) **Interest rate:** Bank will be free to decide the interest rate to be charged and this will vary basis the risk profiling of borrower.
  - d) **Security norms:** The Axis Bank's security norms as applicable to the facility will be applicable.
  - e) Bank will ensure for joint verification of assets created under the project for which bank finance is availed and the joint verification will be a prerequisite before release of next instalment where the disbursement will happen in various stages.

### 4. Implementation Mechanism -

SMART has a Project Coordination and Management Unit at Pune and the project activities are being implemented through 11 Project Implementation Units (PIUs) located in the offices of line departments / agencies, 8 Regional Implementation Units (RIUs) and 34 District Implementation Units (DIUs). This MoU shall be implemented through a coordinated effort of the branches of the Axis Bank and implementation units of the project.



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AXIS BANK

State of Maharashtra's APN (SI)

10/10/2018

**5. Duration -**

The MoU shall be reviewed after three years from the date of signing and may be renewed by mutual consent of parties.

In the normal course, this MoU shall not be terminated by either of the parties, however, due to any serious reasons, either party, if decides to terminate the MoU shall give 3 months' notice to the other party.

The provisions of the MoU shall be governed by and interpreted in accordance with the laws of India. Any controversy, dispute or claim arising out of or relating to this agreement or breach thereof shall be endeavored to be settled by mutual discussions, failing which, the same shall be settled by arbitration following appropriate procedure under the Arbitration and Conciliation Act.



IN THE WITNESS WHEREOF parties hereto have set and subscribe their respective hands and seal on the day in the year first hereinabove written.

**SIGNED, SEALED AND DELIVERED**

For and on behalf of

**1) THE STATE OF MAHARASHTRA'S AGRIBUSINESS AND RURAL TRANSFORMATION PROJECT (SMART)**

Represented by the Additional Project Director, SMART Project

Name : **Dashrath Tambhale**



*[Handwritten signature]*

*In the presence of:*

**Witness 1:**

Name: Shri. Abhay Gaikwad

Designation: Manager,

**Witness 2:**

Name: Shri. Pradip Patil

Designation: Dy. Director of Agriculture

*[Handwritten signature]*

**2) THE AXIS BANK**

Represented by the Vice President, Senapati Bapat/Cluster Head, Axis bank

Name : **Mr. Pravin Barve**

*[Handwritten signature]*



*In the presence of:*

**Witness 1:**

Name: Mr. Mayuresh Pol

Designation: Asst. Vice President

*[Handwritten signature]*

**Witness 2:**

Name: Mrs. Jyoti Patankar

Designation: Sr. Manager

*[Handwritten signature]*

**PRAVIN M. BARVE**  
S.B. Road Cluster Head  
Pune Circle  
Emp. ID - 734  
S.S. No. 326



