

**CREDIT POLICY ON THE
SUPPLY OF
AGRICULTURAL INPUTS
2023**

Credit Policy for National Seed Centre

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Credit Policy for National Seed Centre

Preamble

Availability and access to adequate credit facilities is of great importance especially to the Dzongkhags, Gewogs and other Government Offices, Projects to facilitate them with timely supply of seeds inputs and implement their activities. As standard financial norms, government offices never release advance payment for purchase of seeds and seedlings and any other commodities. The bill or payment is settled only upon delivery and receipt of inputs.

During the recent Auditing of 2021-22 FY, the audit team has suggested NSC to develop credit policy guidelines to facilitate credit and enable the growth of the NSC as it functions on business modality. Therefore, this credit policy would remain as a guideline to facilitate credits to different categories of clients as well as timely recovery of debts. This policy will be strictly adhered by the center as a guideline upon endorsement by the Department.

The credit policy shall be extended as per the clauses / conditions to the credit worthy clients for improving /enhancing the access to basic farm inputs like seeds, seedlings, and other farm inputs as support for agricultural development.

Definitions

1. National Seed Centre (NSC): refers to the agricultural inputs supplying agency under the Department of Agriculture, Ministry of Agriculture and Livestock, located at Lungyi Gewog, Paro Dzongkhag.
2. ASSRs (Agriculture Sales and Service Representatives: are the sales agents of NSC appointed in all Dzongkhags for supply and distribution of agriculture inputs(seeds, seedlings, fertilizers and herbicides)
3. MoAL Offices/agencies: refers to all offices under the Ministry of Agriculture and Livestock consisting of Department of Agriculture, Department of Livestock, Department of Marketing and Cooperatives.

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4. Others Government Offices: refers to all government offices under other 8 ministries and their departments, and any offices/ institutes (public/ NGOs/RUBs/Constitutional bodies, Dzongkhags and Gewog Administration)
5. Clients: refer to the general consumers of our inputs across the country such as individuals, farmers,

Scope of credit policy

Experience has shown that easy access of credit services to clients like government offices, projects and permanent functionaries positively impacts the sales volume of any business entity, generating more income. The most obvious benefit of a credit policy is that it will enable customers to make the proper planning to purchase inputs and subsequently result in timely repayments and enhance customer satisfaction and overall service delivery. The credit facility also supports both the business entity and the customers in improving business volume and promotes better relationship.

Category of clients

Based on the experience and day today business function and operation of the Centre, we have categorized the customers into different groups for extending the credit facility and also identify customers falling under risky category. The following are the categories of customer.

A. MoAL Functionaries

It includes Dzongkhags, Gewogs, Projects and Agencies within MoAL.

B. Other Government Offices

It includes outside of MoAL government offices like Thimphu Thromde, RSPN and NGOs and other institutions.

C. Agriculture Sales and Service Representatives (ASSRs)

It includes all ASSR across the country

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D. Individual client

It includes individual farmers or any individual clients.

Credits eligibility

NSC after properly reviewing the past experience of the Druk Seed Corporation and the difficulties faced by the past management in recovering huge debts, the Centre has categorized the following clients for credit facility.

Sl.No.	Categories of clients eligible for credit	Conditions
1	Dzongkhags/Gewogs/Agencies within the MoAL	-Clients to issue proper supply order with budget confirmation. -Payment to be settled within three months and if delayed, at all cost payment settlement within the same financial year with proper justification for late payment.
2	Government Offices, other than MoAL	- Clients to issue proper supply order with budget confirmation. -Payment to be made within three months.

Credit limitations/restrictions

- The credit facilities are **restricted to** the Agriculture Sales and Service Representatives (ASSR) & Individual clients, considering the risks and difficulty of collecting dues on time in the past unless during time of national emergency like drought, disaster, floods, pests and disease, crop damage due to natural calamities upon approval from the competent authority.
- No credits sale to any government offices if previous due is not settled requires strong justifications for not being able to qualify for next credits.
- The credit amount is limited to Nu.1000,000 (ngultrum one million) only. No clients are allowed to take inputs on credit beyond the permissible amount.

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- Credit requisition should be proposed through the Credit Request Form 1 (Annexure 1)

Accountability fixation of pending dues

No supply of agricultural inputs on credits to any parties except to Dzongkhags/ Gewogs and agencies under MoAL, provided they have the assured budget and requisition accompanied with t proper supply order. We also entertain credit supply even to government offices outside of MoAL, considering the absence of advance release /payment system. However, it needs to be settled within the same financial year, failing this shall results in accountability fixation as reflected in the table below.

S/N	Condition	Direct accountability	Supervisory accountability
1	No follow up action from NSC (ISP) after supply of inputs	Input and Supply Program, NSC (Dealing person)	Program Head /PD NSC
2	Despite reminders from NSC (ISP), the clients fail to settle payment	Dealing Person (Agriculture sector, Gewog/Dzongkhags/ other offices)	Signatory authority/Heads of the agency

Late payment penalties

As the late payment penalties, the buyers will be disqualified for the next credit and shall remain accountable.

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Dispute resolution

Customers having disputes related to credit facility should promptly communicate the concerns to the designated contact person at the National Seed Centre, failing which concerned person will be fully accountable. Disputes shall be addressed in a timely and fair manner and any adjustment required will be made promptly OR if any further unsolved disputes or unpaid credit shall be dealt with under the law of the country.

Conclusion

The credit policy shall be reviewed and updated, if need be, to ensure it remains aligned with the National Seed Centre's financial objectives and market conditions. By Adhering to this credit policy, the center aims to maintain healthy financial relationships with its customers while managing credit risk effectively and benefiting the clients at large.

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Annexure 1: Credit Request Form

Form 1

Ref. letter No.

Date:

The Program Director

National Seed Centre

DoA-MoAL

Paro

Subject: **Requisition for seeds on credit**

Sir,

Kindly supply us the seeds and seedlings as follows:

S/L	Commodities	Unit	Qty	Rate	Total value

The above payment shall be made within three months or if not, at least within the same financial year in inevitable situations with proper justification. We are aware of the penalty of not qualifying for next credit if we fail to clear the dues within the time and shall remain fully accountable.

Thanking you.

Yours sincerely,

Name:

Address

Contact No.