

F.No.22-11/2015-DP  
Government of India  
Ministry of Fisheries, Animal Husbandry & Dairying  
Department of Animal Husbandry & Dairying  
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Krishi Bhawan, New Delhi  
Dated 13.05.2020

**Subject:- Revised Guidelines of Central Sector scheme "Supporting State Dairy Cooperatives and Farmer Producer organizations (SDC& FPO) engaged in dairy activities" during 2020-21**

The undersigned is directed to refer to the letter dated 01.04.2020 conveying the Administrative Approval towards implementation of Central Sector Scheme "Supporting Dairy Cooperatives and Farmer Producer organizations engaged in dairy activities" for 2020-21 and to inform that in view of the present crisis of COVID-19 lock down the **"Interest subvention on Working Capital loan"** with an outlay of Rs100 Cr has been incorporated under SDCFPO and will be implemented during 2020-21. However, the working Capital loan under the scheme which was to be given out of the Corpus funds, will be kept in suspension during 2020-21. The guidelines of the **"Interest subvention on Working Capital loan"** is **enclosed** herewith.

2. This issues with the approval of Secretary (AHD) vide Dy.No.E-12756 dated 13.05.2020.

के. पी. जे. जराल्ड  
K. P. J. GERALD  
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(K P J Gerald)

**Distribution:**

1. Secretary, Department of Financial Services, Ministry of Finance, North Block, New Delhi (with a request to circulate among Commercial Banks / Financial institutions)
2. Chairman, National Dairy Development Board, Anand, Gujarat
3. Chief Executive Officer, Niti Ayog, Yojana Bhawan, New Delhi
4. Principal Accounts Officer, Ministry of Fisheries Animal Husbandry and Dairying, Department of Animal Husbandry and Dairying, 16-A, Akbar Road Hutments, New Delhi-110011.
5. Chief Controller of Accounts, Department of Agriculture, Cooperation & Farmers Welfare, Krishi Bhawan New Delhi.
6. Accountant General, AGCR Building, New Delhi-110002
7. Principal Secretary/Secretary, Department of Animal Husbandry/Dairy Development, All States and UT's
8. Managing Director, Milk Federation, All States and UTs
9. NDDDB Dairy Services, New Delhi

Copy for kind information to:

Sr.PPS to Secretary (AHD), PPS to SS & FA, PS to JS (C&DD)/ DC (DD)/ AC (DD)/ US(Budget)/ Guard file.

(K P J Gerald)

Deputy Secretary to the Government of India

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## OPERATIONAL GUIDELINES

for

### 'Interest Subvention on Working Capital Loan' for Support to Dairy Cooperatives & Farmer Producer Organisations

#### 1. Introduction:

The "Interest subvention on working capital loan " with a total outlay of Rs. 100 crore for supporting the dairy cooperatives to overcome problems being faced due to COVID 19 has been approved by Government of India (GoI) for FY 2020-21. This will be implemented by Department of Animal Husbandry and Dairying (DAHD), GoI through NDDB.

Under this provision, 2% per annum interest subvention on secured working capital loan shall be provided. For prompt and timely repayment additional 2% interest subvention will be payable at the end of the loan repayment period.

#### Eligible Organisations:

Producers' Owned Institutions such as Milk Federations, Milk unions, Farmer owned/ Milk Producer Companies will be considered for providing financial assistance under the proposed scheme. They will be termed as Participating Agencies(PA).

#### 2. Purpose of the Scheme:

The scheme would have the following benefits:

- It will help in providing stable market access to milk producers.
- Enable the Producer Owned Institutions to make timely payment of milk bill to milk producers.
- Improvement in farmers' income from dairying even during flush season making the dairy operations viable for milk producers.
- It will help Producer Owned Institutions in supplying quality milk and milk products to consumers at a reasonable price.
- It will help in stabilizing the domestic market price of conserved dairy commodities.
- It will help in converting surplus liquid milk into conserved commodities with higher shelf life.

  
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- g) It will lead to reduced dependency on imported commodities during the period of shortage, thereby helping in stabilising the domestic prices of milk and milk products.

### 3. Eligibility Criteria for the PA:

Participating Agencies fulfilling following criteria will be eligible to avail interest subvention under the scheme:

- The beneficiary (i.e. PA) should have a sanctioned loan/facility for working capital borrowing (including cash credit facility) from any Scheduled Commercial Banks/ RRBs/ Cooperative Banks/financial institutions (Hereafter called FI- Financing Institution) for meeting the working capital requirement during the operational period of the Scheme.
- Participating Agency must be regular in repayment of loans to FI and has to first repay the loan installments, to avail the benefits under the scheme.
- Interest Subvention shall be provided for the outstanding Working Capital loan between 1<sup>st</sup> of April 2020 and 31<sup>st</sup> March 2021.
- Interest Subvention shall be provided on back ended basis every month by National Dairy Development Board (NDDB) to the FI after verifying the claim.
- Participating agency should pay back the procurement price to farmers on a regular basis and should be able to submit proof of that.
- The Participating Agency should agree to provide monthly reports with day-wise details on opening, addition, reduction and closing balance of Conserved Commodities and such milk processing /operations reports as required by NDDB.

### 4. Role of stakeholders

DAHD, NDDB, Financial Institutions (FI), and Participating Agencies (PA) will be major stakeholders of the project and the roles of these major stakeholders are given below:

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of eligible interest subvention amount to the respective working capital account of the Participating Agency.

## 8. Release of Interest subvention to PA

- PA has to submit its request for release of interest subvention in prescribed format to NDDDB (as per Annex2).
- The outstanding loan will be reconciled by FI with the stock of conserved commodities available with the Participating Agency.
- NDDDB shall release the eligible interest subvention amount online to FI on back ended basis every month in the working capital loan account of PA after assessing the repayment of loan installment by PA . For this it may ask for interest certificate, relevant bank statement & stock statement of the conserved commodities.

## 9. Project monitoring and Coordination:

- Participating Agencies will submit progress report to the IA as per prescribed monitoring format (as per Annex 2).
- FI will also monitor stock of commodities like, SMP, White butter, WMP, Ghee etc. with eligible PAs
- The Implementing Agency (IA) will facilitate implementation, coordination, initial screening and desk monitoring of the scheme.
- IA will submit quarterly Fund Utilisation Report (FUR) to DAHD based on monthly progress report received from the respective FI/PA and will also provide such information on the progress of the scheme.

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<b>Application Format</b> Central Sector Scheme - "Interest Subvention on Working Capital Loans for Dairy Industry"		
Date: / /		
<b>1 Participating Agency (PA) basic details</b>		
Name of Participating Agency (PA)		
CEO/MD/GM (Name with designation):		
Address		
Contact details (Telephone no./email id)		
<b>2 Financial Institution (FI) basic details</b>		
Name of FI		
Branch name and address		
Name of Branch Manager		
Contact details (Telephone no./ email id)		
<b>3 Participating Agency (PA) eligibility for availing interest subvention under the scheme</b>		
	<b>Criteria</b>	<b>Declaration</b>
a	Loan/facility for working capital borrowing (including cash credit facility) has been sanctioned by Scheduled Commercial Banks RRBs/ Cooperative banks/financial institutions (Hereafter called FI- Financing Institution) for meeting the working capital requirement of PA during 2020-21. (please mention yes or no, also mention loan sanction period)	
b	PA must be regular in repayment of loans to FI. PA has to first repay the loan instalments, to avail the benefits under the scheme. (whether PA is regular in repayment or not, PA to attach certified account statement)	
c	Participating agency should pay back the procurement price to farmers on a regular basis, and should be able to submit proof of that as and when asked for by FI/IA/DAHD. (please mention Agreed or not agreed)	
d	PA is agreeable to provide monthly reports with day-wise details on opening, addition, reduction and closing balance of Conserved Commodities and such milk processing /operations reports as required by NDDDB (please mention Agreed or not agreed)	
<b>4 Milk bill payment details</b>		
Milk bill payment outstanding to societies/farmer (Rs. crore) as on dd/mm/yyyy.		
Last milk bill payment date (dd/mm/yyyy):		
Milk bill payment cycle (no. of days):		
<b>5 Details of Working capital loan sanction</b>		
Date of sanction (dd/mm/yyyy)		
Loan amount (Rs. Lakh)		
Purpose of Loan		
Details of Security offered (please mention details)		
Rate of interest charged excluding penal interest charges (% per		

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annum)				
Period of Loan				
Date of availing Working Capital Loan				
Repayment Cycle (monthly/quarterly/Annual)				
No. of instalment repaid				
Working capital loan provided against the stock of SMP/WMP/White Butter/Ghee - Rs lakh				
Working capital loan is secured by mean of hypothication of stocks or any other means, please specify.				
<b>6 Interest Subvention Scheme Assistance</b>				
Loan amount considered for Interest subvention Scheme				
Period for Interest subvention required (latest upto 31st March 2021), which ever is earlier.				
Proposed interest subvention amount sought under the Scheme (Rs. Lakh)				
<b>7 Details of bank account to which interest subvention amount will be credited</b>				
Bank Account No.				
IFSC Code				
<p>It is requested to kindly consider our application under the Central Sector Scheme - "Interest Subvention on Working Capital Loans for Dairy Industry" and approve eligible interest subvention for the approved working capital loan. We shall abide by rules, terms and conditions as described in the scheme guideline and any revision thereof.</p> <p><b>Enclosure:</b> 1) Working Capital Loans sanction letter along with terms and conditions, and loan agreement copy.</p> <p><b>Declaration:</b> We certify that the information submitted in this application is true and correct to the best of our knowledge. We further understand that any false/incorrect statements may result in denial/ revocation/refund of ineligible/total subvention amount of the interest subvention amount under the scheme and may invite punitive legal action.</p> <p style="text-align: right;">Date: Place:</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;"> <p>Applied by:</p> <p>MD/CEO/GM Name of PA</p> </td> <td style="width: 50%;"></td> </tr> </table>			<p>Applied by:</p> <p>MD/CEO/GM Name of PA</p>	
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Request for Release of Interest Subvention		
Central Sector Scheme - "Interest Subvention on Working Capital Loans for Dairy Industry"		
Quarter: ___ to ___		Date: / /
1	Reference interest subvention Sanction letter no. and date	
2	Name of Participating Agency (PA)	
3	Financial Institution (FI) Branch name	
4	<b>Milk bill payment details of PA</b>	
	Milk bill payment outstanding to societies/farmer (Rs. crore) as on dd/mm/yyyy.	
	Last milk bill payment date (dd/mm/yyyy):	
	Milk bill payment cycle (no. of days):	
5	<b>Monthly Conserved commodity stock statement (Rs. Lakh)</b>	
	Stock valuation date (dd/mm/yyyy)	
	<b>Conserved commodity</b>	<b>Month</b>
	<b>SMP</b>	Opening stock (MT)
		Rate (Rs. per Kg)
		Value (Rs. Lakh)
	<b>WMP</b>	Opening stock (MT)
		Rate (Rs. per Kg)
		Value (Rs. Lakh)
	<b>WB</b>	Opening stock (MT)
		Rate (Rs. per Kg)
		Value (Rs. Lakh)
	<b>Ghee</b>	Opening stock (MT)
		Rate (Rs. per Kg)
		Value (Rs. Lakh)
	Total value (Rs. Lakh)	
6	<b>Loan repayment details</b>	
	Drawing power limit given to PA against stock value(Rs lakh)	
	Limit availed by PA (Rs. Lakh) - Opening	
	Withdrawal during the month (Rs lakh)	
	Interest amount due for the month	
	Repayment during month (Rs. Lakh)	Principal Interest (excluding penal interest & other charges) Total
	Interest repaid during the month	
	Loan outstanding (Rs. Lakh)-closing	
	Eligible loan outstanding amount under the scheme (Rs. lakh)	
	Eligible Interest subvention (Rs lakh)	
7	<b>Proposed interest subvention amount sought under the Scheme (Rs. Lakh)</b>	0.00

It is requested to kindly release the eligible interest subvention amount for the month (\_\_\_\_\_ to \_\_\_\_\_) under the Central Sector Scheme - "Interest Subvention on Working Capital Loans for Dairy Industry". It is certified that the repayment of interest due till the month has already been done.

**Declaration:**

We certify that the information submitted in this application is true and correct to the best of my knowledge. We further understand that any false/incorrect statements may result in denial/ revocation/refund of ineligible amount of the interest subvention amount under the scheme and may invite punitive legal action.

Applied by:  MD/CEO/GM Name of PA	Recommended by:  Branch Manager Bank Name & address
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12.1.2020  
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