F.No.22-11/2015-DP Government of India Ministry of Fisheries, Animal Husbandry & Dairying Department of Animal Husbandry & Dairying

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 13.05.2020.

> के. पी. जे. जराल्ड K. P. J. GERALD

(KPJ Gerald)

उप स्विव/Deputy Secretary to the Government of India कृपि एवं किसान कल्याण मंत्रालय

Distribution:

Ministry of Agriculture & Farmers Welfare पशुपालन एवं डेयरी विभाग Secretary, Department of Financial Services, Ministry of Finance, North Block, New 1. Delhi(with a request to circulate among Commercia PBanks 9 Financial institutions)

2. Chairman, National Dairy Development Board, Anand, Gujarat Chief Executive Officer, Niti Ayog, Yojana Bhawan, New Delhi 3.

- 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.
- Chief Controller of Accounts, Department of Agriculture, Cooperation & Farmers 5. 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 NDDB Dairy Services, New Delhi

Copy for kind information to:

Sr.PPS to Secretary (AHD), PPS to SS & FA, PS to JS (C&DD)/1 DC (DD)/ AC US(Budget)/ Guard file.

(KP J Gerald)

Deputy Secretary to the Government of India

K. P. J. GERALD उप सचिव/Deputy Secretary भारत सरकार/Govt. of India कृपि एवं किसान कल्याण मंत्रालय Ministry of Agriculture & Farmers Welfare पशुपालन एवं डेयरी विभाग D/o Animal Husbandry & Dairying कृषि भवन, नई दिल्ली-110001

Krishi Bhawan, New Delhi-110001

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:

- a) It will help in providing stable market access to milk producers.
- b) Enable the Producer Owned Institutions to make timely payment of milk bill to milk producers.
- c) Improvement in farmers' income from dairying even during flush season making the dairy operations viable for milk producers.
- d) It will help Producer Owned Institutions in supplying quality milk and milk products to consumers at a reasonable price.
- e) It will help in stabilizing the domestic market price of conserved dairy commodities.

f) It will help in converting surplus liquid milk into conserved commodities with higher shelf life.

र्क, पी. जी. जराल्ड K. P. J. GERALD हप सचिव/Deputy Secretary भारत सरकार/Govt. of India

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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:

- a) 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.
- b) 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.
- c) Interest Subvention shall be provided for the outstanding Working Capital loan between 1st of April 2020 and 31st March 2021.
- d) Interest Subvention shall be provided on back ended basis every month by National Dairy Development Board (NDDB) to the FI after verifying the claim.
- e) Participating agency should pay back the procurement price to farmers on a regular basis and should be able to submit proof of that.
- f) The Participating Agency should agree to provide monthly reports with daywise details on opening, addition, reduction and closing balance of Conserved Commodities and such milk processing /operations reports as required byNDDB.

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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Stakeholder	Roles			
DAHD, Gol/SC	 Approve the scheme, finalize and issue operational guidelines of the scheme. Budget support for grant assistance for interest subvention on working capital loan. Release of fund to NDDB for onward release to eligible Participating Agencies through respective commercial banks. Function of HPC: a) Approve changes in the Scheme guidelines, as and when needed. b) Approve the criteria of funding. 			
NDDB Implementing Agency (IA)	 Identify and screen project proposals seeking interest subvention submitted by PA. Facilitate implementation and monitoring of the scheme. Release of subsidy (interest subvention) assistance in phases aligned with working capital loan repayment schedule to FI. Submission of Fund Utilisation Report (FUR). 			
Bank/Working Capital financing institution(FI) (All Scheduled Commercial Banks / Regional Rural banks/ Cooperative banks/ Financial institutions as per RBI notification)	 To verify proposals of PAs received from NDDB seeking interest subvention assistance. To ensure release of interest subvention to the respective working loan accounts of the PAs in adherence to the loan repayment schedule. 			
Participating Agencies (State Dairy Federations/ Milk unions/ Milk Producer Companies/ Multi- State Cooperative Society)	 Submit application to NDDB as per Operational Guidelines of the scheme. Follow all required procedures to avail interest subvention assistance under the scheme Share information as and when sought by DAHD/ NDDB/FI. 			

5. Products covered

Four conserved commodities SMP, White Butter, WMP, Ghee are covered under the scheme.

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6. Application, Appraisal and Approval process

6.1 Receipt of applications

- The eligible Participating Agency (PA) shall submit application to NDDB in a
 prescribed format (attached as Annex 1) for availing interest subvention on
 the working Capital loan sanctioned by the FI.
- Applications shall be submitted within 45 days from the date of sanction of the working capital loan and should include the copy of sanction letter of Bank/FI for working capital loan/ cash credit from financial institutions.
- However, in case of loan sanctioned prior to date of launch of the scheme, unrepaid part may be calculated from 1st April 2020 for the purpose of interest subvention. The requirement of the sanction letter would be same as above.
- Following documents need to be submitted to the NDDB along with the application form.
 - > Sanction letter of the Working Capital Loan along with terms and conditions, copy of loan agreement.

6.2 Application assessment methods

- NDDB will screen the application submitted by PA based on the eligibility criteria prescribed in the operational guideline.
- Only eligible PAs having sanctioned secured Working capital loan will be considered for processing under the scheme.
- Eligible interest subvention amount: Interest subvention shall be provided maximum for 12 months in the year @ 2% per annum. Penal interest & other charges like prepayment or commitment charges, taxes or levies, if any, charged by the Bank/FI shall not be considered while calculating the eligible interest subvention amount.
- For prompt and timely repayment additional 2% interest subvention will be payable at the end of the loan repayment period

6.3 Process for approval

- NDDB will process the interest subvention proposals received from PAs once a month.
- NDDB will consider the recommendations for each of the proposals and accord its approval.
- NDDB shall intimate the commitment to provide interest subvention on the accepted rate to the FI and the PA.

7. Fund flow

The Department of Animal Husbandry and Dairying, Government of India, will release funds to the NDDB. Inturn, NDDB will transfer fund to FI for onward release

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Property Secretary

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 NDDB (as per Annex2).
- The outstanding loan will be reconciled by FI with the stock of conserved commodities available with the Participating Agency.
- NDDB 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.

कृषि एवं किसान कल्याण मंत्रालय nistry of Agriculture & Farmers Welfare पशुपालन एवं डेयरी विभाग D/o Animal Husbandry & Dairying कृषि भयन, नई दिल्ली-110001 Krishi Bhawan, New Delhi-110001

	Application Format Central Sector Scheme - "Interest Subvention on Working Capital Loans for Dairy Industry"						
			Date://_				
1	Participating Agency (PA) basic details	450					
	Name of Participating Agency (PA)						
	CEO/MD/GM (Name with designation):						
	Address						
	Contact details (Telephone no./email id)						
2	Financial Institution (FI) basic details						
	Name of FI						
	Branch name and address						
	Name of Branch Manager						
	Contact details (Telephone no./ email id)						
3	Participating Agency (PA) eligibility fo	r availing interest subve	ention under the				
	scheme						
	Criteria		Declaration				
а							
	facility) has been sanctioned by Schedu						
	RRBs/ Cooperative banks/financial insti- FI- Financing Institution) for meeting the						
	requirement of PA during 2020-21. (plea						
	also mention loan sanction period)	do mondon you or no,					
b	PA must be regular in repayment of loar	ns to FI. PA has to first					
	repay the loan instalments, to avail the b						
	scheme.						
	(whether PA is regular in repayment or account statement)						
С	Participating agency should pay back th	e procurement price to					
	farmers on a regular basis, and should be						
	of that as and when asked for by FI/IA/D						
	Agreed or not agreed)						
d							
	on opening, addition, reduction and clos Conserved Commodities and such milk						
	reports as required by NDDB(please						
	mention Agreed or not agreed)						
4	Milk bill payment details						
	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	Details of Working capital loan sanctic						
	Date of sanction (dd/mm/yyyy)						
	Loan amount (Rs. Lakh)						
	Purpose of Loan						
	Details of Security offered (please mention						
	Rate of interest charged excluding penal		जे जराल्ड				

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K. P. J. GERALD

उप सचिव/Deputy Secretary
भारत सरकार/Govt. of India
कृषि एवं किसान कल्याण मंत्रालय

Ministry of Agriculture & Farmers Welfare
पशुपालन एवं डेयरी विभाग

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	annum)						
	Period of Loan						
	Date of availing Working Capital Loan						
	Repayment Cycle (monthly/quarterly/Annual)						
	No. of instalment repaid	1/2					
	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.						
6	Interest Subvention Scheme Assistance						
	Loan amount considered for Interest subvention Scheme						
	Period for Interest subvention required (latest upto 31st March 2021), which ever is earlier.						
	ProposedinterestsubventionamountsoughtundertheScheme(Rs.Lakh)						
7	Details of bank account to which interest subvention amount will be credited						
	Bank Account No.						
	IFSC Code						
	is requested to kindly consider our application under the Central Sector Sche						
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. Enclosure: 1) WorkingCapitalLoansanction letteralongwith termsandconditions, and loan agreement copy.							
Declaration: 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.							
	Date:	*					
	Place:						
	Applied by:						
	MD/CEO/GM Name of PA						
	के. पी. जं. जरात K. P. IJ GERAL K. P. IJ GERAL GU अस्वि / Deputy Sec भारत सरकार/Govt. of कृषि एवं किसान कल्याण कृषि एवं किसान कल्याण (अlinistry of Agriculture & Far पशुपालन एवं डेयरी Dio Animal Husbandry कृषि भवन, मई दिल्ली (Krishi Bhawan, New D	D tretary I India मंत्रालय mers Welfare विभाग & Dairying					

							Annex 2	
	Request for Release of Interest Subvention Central Sector Scheme - "Interest Subvention on Working Capital Loans for Dairy Industry"							
	Quarter: to							
	Reference in	nterest su				Date:/	/	
1	Sanction let	ter no. an	d date					
2	Name of Pa (PA)	of Participating Agency						
3	Financial Ins	nstitution (FI) Branch						
4	Milk bill pay	ment de	tails of PA					
	Milk bill payr	Milk bill payment outstanding to societies/farmer (Rs. crore) as on dd/mm/yyyy.						
	Last milk bill			m/vvvv).				
	Milk bill payr							
5	Monthly Co	nserved	commodity	stock sta	atement (Rs. L	akh)		
	Stock valuati				tement (NS. L	akii)		
			ed commo		Month			
		Opening	stock (MT))				
	SMP	Rate (Rs	s. per Kg)					
			Rs. Lakh)					
			stock (MT)					
	WMP		s. per Kg)					
_			stock (MT)		E IN INTIMATE			
	WB		stock (MT) s. per Kg)					
	****	Value (R						
			stock (MT)					
	Ghee		per Kg)					
		Value (R	s. Lakh)					
	To	otal value	(Rs. Lakh)					
6								
	Drawing powerstock	er limit gi	ven to PA a	gainst				
	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					
- 1			Interest (excluding penal interest & other charges)					
				ges)				
	Interest repaid during the m		Total he month					
	Loan outstanding (Rs. Lakh)-closing							
	Eligible loan outstanding amount under the scheme (Rs. lakh) Eligible Interest subvention (Rs lakh)							
					sought under	tho		
7	Scheme (Rs.	Lakh)		amount s	ought under	rue	0.00	

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K. P. J. GERALD
उप सचिव/Deputy Secretary
अस्तिव /Deputy Secretary
अस्तिव Page | 8 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. Recommended Applied by: by: MD/CEO/GM Name of PA Branch Manager Bank Name &address जि. जी. जं. जराल्ड

K. P. J. GERALD

उप सचिव/Deputy Secretary
अगरत सरकार/Govt. of India
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