

IMPLEMENTATION GUIDELINES

FOR

ANIMAL HUSBANDRY INFRASTRUCTURE DEVELOPMENT FUND (AHIDF)



Government of India

Ministry of Fisheries, Animal Husbandry and Dairying

Department of Animal husbandry and Dairying

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GUIDELINES FOR ANIMAL HUSBANDRY INFRASTRUCTURE DEVELOPMENT FUND

BACKGROUND:

The recently announced Prime Minister's AtmaNirbhar Bharat Abhiyan stimulus package mentioned about setting up of Rs. 15000 crore Animal Husbandry Infrastructure Development Fund (AHIDF). The Animal Husbandry Infrastructure Development (AHIDF) has been approved for incentivizing investments by individual entrepreneurs, private companies, MSME, Farmers Producers Organizations (FPOs) and Section 8 companies to establish (i) the dairy processing and value addition infrastructure, (ii) meat processing and value addition infrastructure and (iii) Animal Feed Plant.

2. AREA OF OPERATION

The Animal Husbandry Infrastructure Development Fund (AHIDF) as detailed in the forthcoming paragraphs will be implemented in all States and Union Territories.

3. OBJECTIVES

- a) To help increasing of milk and meat processing capacity and product diversification thereby providing greater access for unorganized rural milk and meat producers to organized milk and meat market
- b) To make available increased price realization for the producer
- c) To make available quality milk and meat products for the domestic consumer
- d) To fulfill the objective of protein enriched quality food requirement of the growing population of the country and prevent malnutrition in one of the highest malnourished children population in the world
- e) Develop entrepreneurship and generate employment
- f) To promote exports and increase the export contribution in the milk and meat sector.
- g) To make available quality concentrated animals feed to the cattle, buffalo, sheep, goat, pig and poultry to provide balanced ration at affordable prices.

4. ELIGIBLE ENTITIES (EEs) FOR SUPPORT UNDER AHIDF

- a) Farmer Producer Organization(FPO)
- b) Private companies
- c) Individual entrepreneurs
- d) Section 8 companies
- e) Micro Small and Medium Enterprises

5. IMPLEMENTING AGENCY

Animal Husbandry Infrastructure Fund will be implemented by the Department of Animal Husbandry and Dairying, Ministry of Fisheries, Animal Husbandry and Dairying.

6. ACTIVITIES ELIGIBLE FOR AVAILING BENEFITS UNDER AHIDF:

6.1. Dairy Processing: under the Dairy Processing infrastructure the EE can avail benefit for establishment of the following:

6.1.1. Establishment of **new units** and Strengthening of existing dairy Processing Units with quality and hygienic milk processing facilities, packaging facilities or any other activities related to dairy processing.

6.2. Value added dairy product manufacturing:

The EE can also avail loan for establishment of new units and strengthening of existing manufacturing units for value addition of the following milk products:

6.2.1 **Ice Cream unit**

6.2.2. **Cheese manufacturing unit**

6.2.3. Ultra High Temperature (UHT) Milk processing unit with **tetra packaging facilities**

6.2.4. Flavoured Milk manufacturing unit

6.2.5. Milk Powder manufacturing unit

6.2.6. Whey powder manufacturing unit

6.2.7. Any other milk products and value addition manufacturing unit.

6.3 Meat processing and Value addition of facilities:

6.3.1. Establishment of new meat processing unit and strengthening of existing meat processing facilities for **sheep/goat/ poultry/pig/buffalo** in rural, semi-urban and urban areas.

6.3.2. Large scale integrated meat processing facilities/ plant/ unit.

6.3.3. Value Added Products: Establishment of new or strengthening of existing value addition facilities for meat products like Sausage, nuggets, ham, salami, bacon or any other meat products. These facilities could either be integral part of meat processing units or Standalone meat value addition unit.

6.3.4. The project cost of each meat processing plant should compulsorily include Effluent Treatment Plant (ETP), Meat Microbiological Testing Laboratory, Residue Testing laboratory, Cold storage for holding the offals, skin/ hide processing areas and their preservation and refrigeration facilities for holding the chilled products and value added products for minimum of 24 hours.

6.4. EE can also avail benefit for establishment of **Animal Feed manufacturing and strengthening of existing units/ plant** of the following categories:

6.4.1. Establishment of Mini, Medium and Large Animal Feed Plant

6.4.2. Total Mixed Ration Block Making Unit

6.4.3. By pass protein unit

6.4.4. Mineral Mixture Plant

6.4.5. Enrich Silage making unit

6.4.6. Animal Feed Testing Laboratory to be attached with the Medium to Large feed plant or the EE can avail benefit for establishment of Animal Feed Testing Laboratory in the existing Feed Plant to ensure quality feed.

7. QUANTUM OF LOAN AND MARGIN MONEY /BENEFICIARY CONTRIBUTION:

7.1. The project under the AHIDF shall be eligible for **loan up to 90% of the estimated/ actual project cost** from the Scheduled Bank based on submission of viable projects by eligible beneficiaries. The beneficiary contribution in case of Micro and Small units as per MSME defined ceiling could be 10% while in case of Medium Enterprises as per defined MSME ceiling, beneficiary contribution could go up to 15%. **The beneficiary contribution in other categories of enterprises could go up to 25%.**

7.2. Cost escalation of the approved project, if any occurred during the course of project implementation on account of genuine reasons like natural calamity, technical compulsions, change in the SoRs and any other unavoidable circumstances shall be

considered for enhancement of loan amount, within the reasonable time and not more than two years from the date of approval of the particular project.

7.3. Interest subvention will not be allowed for the loan sanctioned for procurement of land, working capital, old machineries and vehicle for personal use.

8. INTEREST SUBVENTION AND LENDING RATE OF INTEREST

8.1. Interest subvention: 3% for all Eligible Entities.

8.2. Lending Rate of Interest: The rate of interest to be fixed by scheduled banks should not exceed at 200 basis points plus External Bench Mark Based Lending Rate (EBLR) for the Eligible Entities whose project cost are falling within MSME defined ceilings. However, rate of interest to be fixed by scheduled banks for other project could be based on commercial interest rate of Banks.

8.3. The Department of Animal Husbandry and Dairying will directly pay the interest subvention to the Scheduled Bank. Initially the Department will pay interest subvention amount in advance upfront to the lending bank for the first year based on the request of Scheduled Bank. Interest subvention from the 2nd year onwards would be released based on the non- NPA borrowers entitlement claimed by the Scheduled Banks every year in advance.

8.4. The Eligible Entities will not be able to get the interest subvention, if the EE is defaulter of re-payment of loan amount in any given year.

9. CREDIT GUARANTEE FUND

9.1 A Credit Guarantee fund of Rs. 750 cr. (Rupees Seven Hundred and Fifty Crore) will be established. The Fund will be managed by NABARD.

9.1.1. Department of Animal Husbandry and Dairying will pay Rs. 75 crore per year over 10 years towards Credit Guarantee at the beginning of each Financial Year.

9.1.2. The credit guarantee will be provided only for those projects which are viable and are covered under MSME defined ceilings and the guarantee coverage would be up to 25% of the credit facility available to the borrower.

9.1.3. The Credit Guarantee will not be provided to other beneficiaries who are not covered under MSME norms, however, those EEs will be eligible to get interest subvention.

9.1.4. The detailed guidelines along with the features of the Credit Guarantee Fund managed by NABARD will be issued separately.

10. FUNDING MECHANISM

10.1 The entire amount of AHIDF of Rs. 15000 cr. will be disbursed by the Scheduled Bank starting from 2020-21

10.2 The Scheduled bank may utilize their available financial resources to lend the Eligible Entities.

11. LOAN DISBURSEMENT

11.1. The entire amount of AHIDF of Rs. 15000 crore will be disbursed by the scheduled banks within a period of 3 years starting from 2020-21

12. REPAYMENT:

12.1 Maximum repayment Period: 8 years inclusive of moratorium of 2 years on principal amount.

12.2. The Scheduled Bank shall ensure that maximum re-payment period should not exceed 10 years from the date of first disbursement inclusive of moratorium of 2 years on repayment of principal.

12.3 However, the Financing Bank, at their discretion, may curtail the repayment period depending on the project magnitude, size of the financial investment, repayment capacity of the project proponents (EEs) etc.

12.4 Further, subject to the provisions of AHIDF, the operational and credit related decisions like process of repayment, penal interest, security and extent of finance will be decided by the Scheduled Bank.

12.5 Subject to provisions of AHIDF, Scheduled Bank will fix the lending rates in consonance with broad regulatory guidelines of RBI taking into account their cost of funds and the risk perception of the loan.

12.6 Subject to provisions of AHIDF, the Scheduled Bank may consider providing additional loan against justified escalations of the approved projects.

12.7. A project will be non-starter, if no draws are made within six months from the date of sanction by the Scheduled Bank. Further, the Sanction would lapse if the EE, fails to ground the project within a period of 12 months, from the date of sanction by the Scheduled Bank. This is a broad guidelines, however, the lending bank may take final decision on case to case basis.

12.8. The lending bank may consider withdrawal of projects by EEs on account of genuine constraints and difficulties as per the Bank's terms of reference in this regard.

12.9. The Scheduled Bank may consider stopping further disbursements of loans and advances sanctioned for the project, until such amount in default are paid in full by EEs. In such cases, neither the lending agency nor Department of Animal Husbandry and Dairying, Gol, shall be liable for any loss, damage or expenses that may be caused in the completion of aforementioned projects.

13. AVAILABILITY OF LAND AND STATUTORY CLEARANCES

13.1 Loan under AHIDF shall not be provided for acquisition of land in any manner such as purchase, transfer, lease, accession/addition etc. required for implementation of the identified project activities.

13.2. The Eligible Entity are required to acquire necessary land (in case of non-availability of land with them) at their own cost and complete all processes associated with land acquisition, before submission of the proposal for finance under AHIDF.

13.3. The projects having land on long term lease (minimum 30 years) may also be considered for financing under AHIDF. However, the lease period/ agreement should be of sufficient duration to secure the loan. In case of lease requisite No Objection Certificate from the competent authority for mortgage to Bank may be obtained.

13.4. The EE may not be allowed to terminate the lease agreement intermediately (earlier than the agreed lease period) and sell out the land as well as facilities created with the loan availed under the AHIDF. However, in case of compulsion

to do so in unavoidable circumstances whatsoever then EE shall obtain permission from the concerned Bank after return of the entire loan availed till that time, with applicable interest and prepayment penalty, if any, to the Scheduled Bank, in a single instalment.

13.5. Confirmation with necessary documentary evidence on availability of land and statutory clearances (wherever necessary) shall be clearly indicated in the Detailed Project Report/Self Contained Proposal. A list of clearances which could be required mandatorily is attached at **Annexure I**.

13.6 The EEs shall provide documentary evidence/certificate of availability of requisite land free from all encroachment and encumbrances.

14. OBTAINING STATUTORY CLEARANCES REQUIRED FOR THE PROJECT

14.1. The EEs are required to **obtain necessary clearances, permits and licenses** whatsoever and wherever required for implementation of the intended project under the AHIDF. The requisite expenditure, if any involved for obtaining statutory clearances shall be met by the applicants/ beneficiaries.

14.2. For obtaining Statutory clearances, the beneficiary may have to approach various Department/ Organizations in the State Government. This may create unnecessary hurdle to the beneficiary. Therefore, the State Animal Husbandry Department shall establish the single window for facilitating the necessary statutory clearances for the project and handhold the EEs to submit the project to the Bank and the Department of Animal Husbandry & Dairying, Ministry of Fisheries, Animal Husbandry and Dairying. An indicative list of statutory clearances required is at **Annexure I**.

15. FORMULATION OF DETAILED PROJECT REPORT (DPR)

15.1. The EEs shall prepare the detailed Viable Project Report seeking loan under the AHIDF along with self-contained proposal.

15.2. Every project report must include the proposal for **establishment of quality management unit for** milk, meat and animal feed, packaging unit and also the product promotion.

15.3. The project report should also include the future market generation, employment opportunity, procurement of raw materials and any other information related to project.

15.4. The Detailed projects especially for infrastructure related to dairy processing, meat processing and value addition and establishment of Animal Feed Plant should be prepared based on:

- (i). Identification of suitable site
- (ii). Necessary engineering and socio-economic investigations and surveys,
- (iii). Planning and designing of the facilities and
- (iv). Model studies wherever required.

15.5. The EEs may also approach concerned State Animal Husbandry Department, State Government or Central Government Corporations, Consultancy Services seeking technical assistance for preparation of project documents. The EE, if required, also consult the list of Handholding agencies available in the Udyami Mitra Portal of Sidbi.

15.6. The State Animal Husbandry Department to handhold such EEs to prepare the projects when requested by them including facilitating the necessary clearances through Single Window System.

16. SUBMISSION OF THE PROJECT PROPOSAL

16.1. The EE will submit the proposal with complete DPR through "Udyami Mitra" Portal developed by Small Industries Development Bank of India (Sidbi).

16.2. The Schedule Bank after due appraisal and sanction of the project subject to approval of interest subvention under AHIDF by Department of Animal Husbandry and Dairying will forward the application/ project to the Department of Animal Husbandry and Dairying for approval of interest subvention through online mechanism.

16.3. Application for seeking interest subvention to be submitted as per the Form attached at **Annexure II**.

17. PROJECT EVALUATION AND SANCTION

17.1. The Project Management Agency set up in the Department of Animal Husbandry and Dairying shall scrutinize the application, evaluate, and appraise the proposal sanctioned by the Scheduled Banks for approval of interest subvention under AHIDF by Project Approval Committee.

17.2. The Project Approval Committee will meet regularly and consider the proposals placed before it and accord approval to projects costing up to Rs. 50 cr. for grant of interest subvention.

17.3. The Project Approval Committee shall recommend the project above Rs. 50 cr. to the Project Sanctioning Committee(PSC) after screening and evaluation of the projects.

17.4. The Bank shall send a copy of loan sanction to Project Sanctioning Committee/ Project Approval Committee prior to such projects being considered for interest subvention under AHIDF.

17.5. The Project Approval Committee/ Project Sanctioning Committee will also recommend for Credit Guarantee on each project falling within the definition of MSME once the loan is sanctioned by the Bank.

17.6. All the projects will be assessed by the Committee based on the Eligibility criteria of the EEs, Eligible Activities proposed, Bank's approval, geographical preferences, MSME certification, sectorial preferences, demand and economic viability.

18. IMPLEMENTATION MECHANISM

18.1. Following Committees have been constituted by the Department of Animal Husbandry and Dairying, Ministry of Fisheries, Animal Husbandry and Dairying for implementation of AHIDF.

18.2. Project Sanctioning Committee (PSC)

18.2.1. Composition:

- (i) Secretary, Department of Animal Husbandry & Dairying, GOI- Chairperson
- (ii) Representative of NABARD, not less than the rank of CGM
- (iii) Financial Advisor of Department of Animal Husbandry & Dairying, GOI

- (iv) Representative of Department of Financial Services, not less than Joint Secretary level
- (v) Representative of Ministry of Food Processing, not less than Joint Secretary level
- (vi) Joint Secretary (Cattle & Dairy Development), Department of Animal Husbandry & Dairying
- (vii) Secretary of the concerned State
- (viii) Representative of participating Banks not less than Deputy Managing Director/ CGM
- (ix) Joint Secretary (NLM)- Member Convener

18.1.2. Terms of References (ToRs) of PSC would be as follows:

- (a) To take decision on approval/amendment of AHIDF guidelines,
- (b) To take decision on addition and deletion of activities, approve annual action plans and fund drawl plans etc.
- (c) To approve projects for interest subvention based on recommendation of Project Approval Committee
- (d) To delegate powers that may be necessary for smooth implementation of the project.
- (e) To modify physical and financial targets of individual activities and also unit cost correction.
- (f) To co-opt external experts from the field of Animal Husbandry as members of the PSC.
- (g) To hold its meeting as and when needed

18.3. Project Approval Committee (PAC):

18.3.1. Composition

- (i). Joint Secretary (National livestock Mission)- Chairman
- (ii). Representative from NABARD
- (iii). Representative from Financial Advisor, DAHD
- (iv). Representative of Department of Financial Services
- (v). Representative from Ministry of Food Processing Industries
- (vi). Representative from the Concerned Bank

(vii). Representative from the Dairy Division

(viii).. Representative from the Concerned State (not below the rank of Director)

(ix). Joint Commissioner/ Deputy Commissioner/ Director of NLM Division-convener.

18.3.2. Terms and References (ToRs)

(i) The Project Approval Committee will prepare the Scheme guidelines and submit the same to the Project Sanctioning Committee for approval

(ii) The project approval Committee will approve project up to Rs. 50.00 cr. for interest subvention.

(iii) The project above Rs. 50 cr. for interest subvention will be approved by the Project Sanctioning Committee after recommendation of the project approval committee.

(iv).The meeting of the Committee will be held in every month or even before one month depending on the proposal.

19. PROJECT MONITORING UNIT

19.1 The Department of Animal Husbandry and Dairying will outsource Project Management Agency (PMA).

19.2. The terms of Reference of the PMA will be as under:

(i) The PMA will arrange all logistic support including manpower at the Head Quarter to undertake all Desk and Field monitoring, and identifying critical issues and bottlenecks such as non-starter projects, slow progressing projects, geographical and sectorial preferences, compilation of project-wise progress report, outcomes etc. The design for monitoring mechanism will be approved by the PSC.

(ii). PMA will also undertake work for monitoring the Udyami Mitra Portal regarding application received, processed and pending with the banks and in DAHD, Development of Dash Board for MIS system, follow up with the States for getting project proposal, hand holding the beneficiaries on the queries on the

AHIDF, scouting the proposals, interaction with the banks. PMA will also evaluate the projects and place before the PAC/PSC for approval.

(iii). PMA will also assist in all the matters relating to monitoring and evaluation of the projects and preparation of report, before PAC& PSC.

19.3. PSC, PAC and PMA together will carry out the work of Project Monitoring in the following manner:

(i) The Project Sanctioning Committee in the Department of Animal Husbandry and Dairying will review and monitor the projects approved under AHIDF. The monitoring meetings of PSC shall be held on quarterly basis to review the progress of the project taken up under the AHIDF.

(ii) The PMA will collect information on the progress of the project(s) from EEs, Banks on a quarterly basis including physical and financial achievements and place before the PSC.

(iii) PSC will carry out project-wise midterm corrections, if any required due to technical and administrative compulsions faced by any project at the time of implementation. The Mid-term corrections shall include increase/decrease of the project scope, re-arrangement of the project components, re-appropriation of funds from one item to other item within the overall approved project cost.

(vi).The project will be considered non-starter when the EE fail to get their loan disbursed from the Bank.

20. AWARENESS GENERATION

20.1. There are various stake holders who can avail benefit of the scheme. These stake holders need to be aware of the scheme adequately so that they can access the fund. Therefore, the Central Government will use Electronic, Print and Social Media to create public awareness.

20.2. The Stake Holders' like Indian Dairy Federation (IDF), Compound Livestock Feed Manufacturers' Associations (CLFMA), All India Livestock and Meat Exporters' Association, State Government's Livestock Corporation, CII, FICCI, ASSOCHAM and others will be involved in awareness creation.