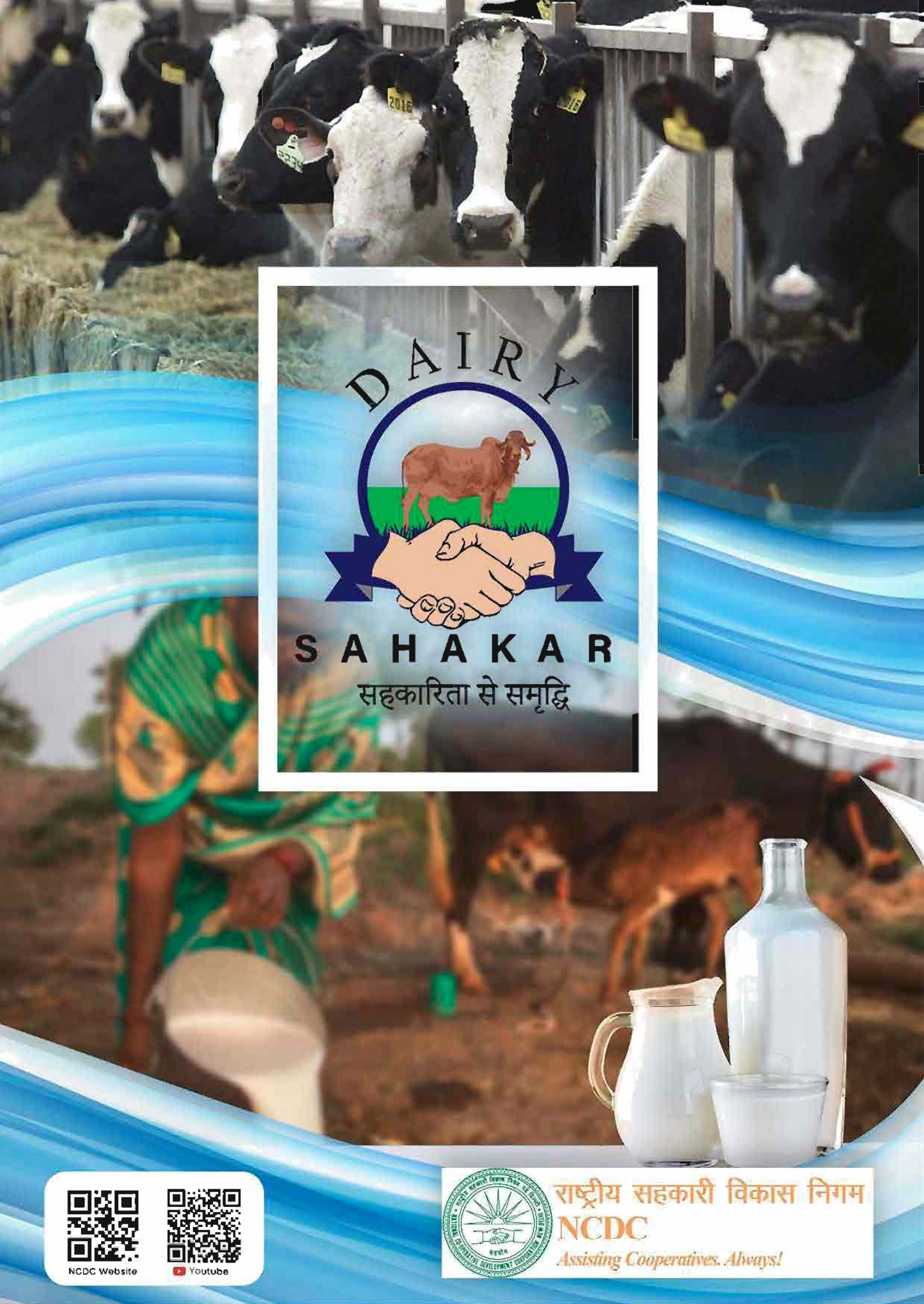


NCDC Website

Youtube

राष्ट्रीय सहकारी विकास निगम
NCDC
Assisting Cooperatives. Always!

The first meeting of Ministry of Cooperation taken by the first Minister for Cooperation of India **Shri Amit Shah Ji** on 9 July 2021

DAIRY SAHAKAR

In Brief

To realize the vision, "from cooperation to prosperity (सहकारिता से समृद्धि)," *Dairy Sahakar* by National Cooperative Development Corporation, is a cooperative dairy business focused framework of financial assistance for encouraging cooperatives achieve higher outcomes in ESG (environmental, social, governance) linked activities. It includes creation of infrastructure by cooperatives for new or modernization and/or expansion of existing projects.

Under Dairy Sahakar, financial support will be extended by NCDC to eligible cooperatives for activities such as bovine development, procurement, processing, quality assurance, value addition, branding, packaging, marketing, transportation and storage of milk and milk products, exports of dairy productswithin the overall objectives of "**Doubling the Farmers Income**" and "**Atmanirbhar Bharat**".

Financial support by NCDC will also cover supporting activities and services, such as, renewable energy, ICT, manufacturing of cattle feed / feed supplements, R&D, PET bottle/packaging material manufacturing, manufacturing of dairy equipment and machinery, dairy related maintenance services, manufacturing of veterinary drugs, delivery of veterinary healthcare services, veterinary / dairy education, capacity building etc.

Any eligible cooperative society under NCDC guidelines can apply for assistance which can be in the form of credit linkage towards creation of infrastructure, margin money and working capital, dovetailed with subsidy or interest subvention from other sources as detailed hereinafter.

There is no minimum or maximum limit on financial assistance to projects by eligible cooperatives.

About NCDC

NCDC is an apex level statutory autonomous institution set up by the Government of India under an Act of the Parliament in 1963 exclusively for cooperatives at primary, district, apex / multi-state and national level. It plans and promotes programmes for production, processing, marketing, storage, supply chain, export and import of agricultural produce, foodstuffs, industrial goods, livestock, commodities and services like tourism, rural housing, renewable energy, banking, hospital & healthcare, education etc. on cooperative principles. NCDC is under the administrative control of Ministry of Cooperation, Government of India. It operates on open market principles, without any budgetary support from the Government.

NCDC is an ISO 9001:2015 certified organization. It follows a simple, transparent, and robust system of appraisal and approval through its 18 Regional Offices and the Head Office. It is the most preferred financial institution for cooperatives. LINAC, set up by NCDC, provides project consultancy, research and training support to cooperatives in India and abroad.

Through its SAHAKAR-22 framework, NCDC plays an important role in Doubling the Farmers Income. Beginning with disbursement of Rs.2.36 crore in 1963, NCDC disbursed Rs.27703 crore in 2019-20. It has so far disbursed around Rs.1.86 lakh crore to cooperative societies, with recovery of more than 99%. It has been making profit every year, since 1963, with ZERO net NPA. NCDC has achieved 319% increase in disbursements during 2014-21 compared to the previous 7 years.

Dairy Business Cooperatives

India is the largest producer of milk in the world. The country produced 198.40 million tons of milk during the year 2019-20. Per capita milk availability in India is about 406 gm/day. It is one of the best sources of nutrition. As of March 2020 there were 1,94,195 dairy cooperatives in India. They directly benefit about 17.22 million dairy farmers including 5.33 million women. Value of output of milk was more than Rs. 7.72 Lakh Crore during 2018-19.

Objectives

To realize the vision, "from cooperation to prosperity (सहकारिता से समृद्धि)," Dairy Sahakar by National Cooperative Development Corporation, is a cooperative dairy business focused framework of financial assistance for encouraging cooperatives achieve higher outcomes in ESG (environment, sustainability, governance) linked activities. It includes creation of infrastructure by cooperatives for new or modernization and/or expansion of existing projects.

Under Dairy Sahakar, financial support will be extended by NCDC to eligible cooperatives within the overall objectives of "**Doubling the Farmers Income**" and "**Atmanirbhar Bharat**".

"Dairy cooperative model is a viable economic alternative to the capitalist and socialist models."

– **Shri Narendra Modi**
Hon'ble Prime Minister

NCDC in Dairy Sector

Since 1963 and upto FY 2020-21, NCDC has sanctioned financial assistance of Rs.3071.20 Crore to 13075 units by dairy cooperatives. Around 75% of NCDC assistance to dairy cooperatives has taken place in the last seven years. Since 2014-15 it has assisted 31 dairy federations/ unions/ societies covering 18575 associated village dairy cooperatives benefiting 53,42,692 members.

Eligibility

Any cooperative society registered under any State/ Multi State Cooperative Societies Act or any FPO/SHG (cooperative) in the country, with suitable provision in its bye-laws to undertake activities related to dairy, shall be eligible for financial assistance subject to fulfilment of guidelines under the scheme.

NCDC assistance shall be provided either through the State Governments/ UT Administrations or directly to the cooperatives fulfilling NCDC direct funding guidelines and criteria of applicable scheme.

Convergence

Convergence of NCDC credit linkage with different schemes of Government of India (such as DIDF, AHIDF, NPDD, CSISAC, RKVY, AIF, FPO, PM Kisan SY, PM FME, MSME related, NSTFDC etc.) and / or of any other State Government / UT Administration / Development Agencies / bilateral / multilateral assistance / CSR mechanisms is encouraged.

Indicative activities under Dairy Sahakar

Activities indicated, but not limited to, are:

S.No	Broad eligible components	Eligible activities under the broad components
1.	Creation of new and modernization and/or expansion of existing milk & milk products facilities.	Establishment of new units and strengthening (modernization/expansion) of existing dairy processing units with quality and hygienic milk processing and packaging facilities.
2.	Manufacturing facilities for Value-Added Products	Value added dairy product manufacturing like ice cream unit, cheese manufacturing unit, ultra high temperature (UHT) milk processing unit with packaging facilities, flavoured milk manufacturing unit, milk powder manufacturing unit, whey powder manufacturing unit, ghee, butter milk/ fermented products manufacturing unit, butter making unit and any other milk products and value addition manufacturing unit.
3.	Milk Chilling Infrastructure	Establishment of bulk milk coolers (BMCs)/automatic milk collection units (AMCU)/milk chilling centres/purchase of refrigerated vans/insulated milk tankers.

4.	Setting up Electronic Milk Testing equipment	Setting up of electronic milk testing equipment/ adulteration testing equipment.
5.	Project Management and Learning	Training and capacity building, administration cost for project implementation team.
6.	Any other activity related to dairy sector	• Detailed Project Report (DPR) preparation • Bovine development and related activities. • Niche milk products like camel / goat milk related projects • Fodder production and storage system for milch animals. • Procurement (such as cans, automated milking machines etc.), processing, quality assurance, value addition, branding, packaging. • Veterinary/dairy education • Dairy equipment& machinery manufacturing, dairy related maintenance services, veterinary drugs manufacturing, veterinary healthcare services delivery etc. • Cattle feed/ feed supplement plants • Milk Transportation System (reefer van/ insulated tankers etc.) • Marketing infrastructure including e-market system, bulk vending system, parlour, retail outlets, deep freezer, cold storage etc. • Commodity and Cattle feed go-downs • ICT (e.g., block chain technology, servers, IT solutions, Near Real Time devices etc.) • R&D (Lab &equipment, new technology, innovations, product development etc.) • Incubation centre. • Renewable energy infrastructure/ plants, energy efficiency infrastructure. In all three cases, the energy generated or saved must be for the benefit of economising running cost of the existing plant/ BMC unit/ Milk collection unit etc. • Manure value chain including bio-gas plant, mechanized dung collection system etc. • PET bottle/packaging material manufacturing units for dairy purposes etc.

Project Cost

There is no minimum or maximum cap on project cost in case of viable proposals by eligible cooperative societies directly or through State Govt./UT with financial and operational performance as per NCDC guidelines. The project cost includes infrastructure, margin money and working capital.

Loan Period

Period of loan will normally be 5 to 8 years, including 1 to 3 years of moratorium on repayment of principal, depending on type of project and revenue streams. In case of specific dovetailed scheme of GoI, such as DIDF, AHIDF, NPDD, CSISAC, RKVY, AIF, FPO, PM Kisan SY, PM FME, MSME related, NSTFDC etc., the relevant loan period will apply.

Funding Pattern

Projects are normally supported by NCDC as per following funding pattern:

a. Infrastructure Creation (Project Facilities)

Funding through State Government / UT		Direct Funding
NCDC to State Govt. /UT	NCDC to State Govt. /UT	NCDC to Society
Financial assistance/ loan *up to 95%	Loan - 50% Share capital* - up to 45%	Financial assistance/ loan* up to 90%
Society's share –5 to 20 %	Society's share – 5 to 20%	Society's share 10 to 35 %

Note:

Guidelines of GoI schemes such as DIDF, AHIDF, NPDD, CSISAC, RKVY, AIF, FPO, PM Kisan SY, PM FME, MSME related, NSTFDC etc. and/or NCDC schemes will apply.

* In case subsidy/ grant under any scheme of Central Government / State Govt/ UT / Development Agencies / bilateral / multilateral assistance / CSR mechanisms, as credit linkage, is dovetailed, the loan amount will be reduced proportionately.

b. Margin Money for Business Development

Funding through State Government / UT		Direct Funding
NCDC to State Govt. /UT	NCDC to State Govt. /UT	NCDC to Society
Loan* for availing Bank credit. 100%**	Loan* or Share Capital or Loan- cum-Share-capital. 100%**	Loan* 100%**

*In case subsidy/ grant under any scheme of Central Government / State Govt/ UT / Development Agencies / bilateral / multilateral assistance / CSR mechanisms, as credit linkage, is dovetailed, the loan amount may be reduced proportionately.

** Eligibility of Margin Money assistance is subject to NCDC assessment.

c. Working Capital

As per requirement subject to NCDC assessment.

Implementation Horizon

Dairy Sahakar, being a framework of assistance to dairy cooperatives by NCDC, without any recourse to Government budgetary support, does not have a sunset clause envisaged at this stage. The initial time horizon is for five years, that is, from FY 2021-22 to 2025-26.

Rate of Interest

For credit linkage, NCDC circular on interest rate on loans published from time to time, depending on market conditions, shall be applicable.

Interest Subvention / Subsidy

Assistance in the form of interest subvention or subsidy as per applicable scheme of Government of India / dovetailed scheme mechanism will be adopted.

Security

NCDC assistance is provided either under Direct Funding or through State Government / UT.

In case of direct funding, cooperative society may offer security for loan in any one or combination of the following subject to NCDC acceptance:

i. Mortgage of assets, including assets to be created under the project, to the extent of 1.25 to 1.5 times of NCDC loan;
ii. Guarantee by State/ UT / Central Government;
iii. Pledge of FDRs of scheduled banks/ nationalized banks, to the extent of 1.1 to 1.2 times of NCDC loan;
iv. Guarantee by Central PSUs/ Statutory bodies/ CSR Foundations of CPSUs;
v. Guarantee from scheduled banks/ nationalized banks;
vi. Hypothecation and assignment of Government bonds/ securities to the extent of 1.2 times of NCDC loan;
vii. Working capital loans to cooperative societies/federations may be secured by hypothecation of stocks/debtors/other assets, keeping a minimum margin of 20%. If considered necessary, NCDC may also ask for additional security.
viii. Guarantee of credible cooperative institutions, that is, institution with sound financial condition and proven track record;
ix. Guarantee of Small Farmers' Agri Business Consortium (SFAC)/ North Eastern Development Finance Corporation (NEDFi)/ Small Industries Development Bank of India (SIDBI)/ Credit Guarantee Fund;
x. Personal guarantee of Board of Directors/members in the form of Fixed Deposit Receipts (FDRs).

Disbursement of Funds

NCDC assistance is disbursed as per terms and conditions of sanction and release letters. To ensure speedy and smooth implementation of projects, eligible loan can be provided *in lieu* of subsidy. Government subsidy, as and when received by NCDC for onward disbursement, would be adjusted against the loan amount given in lieu of subsidy.

Capacity Development

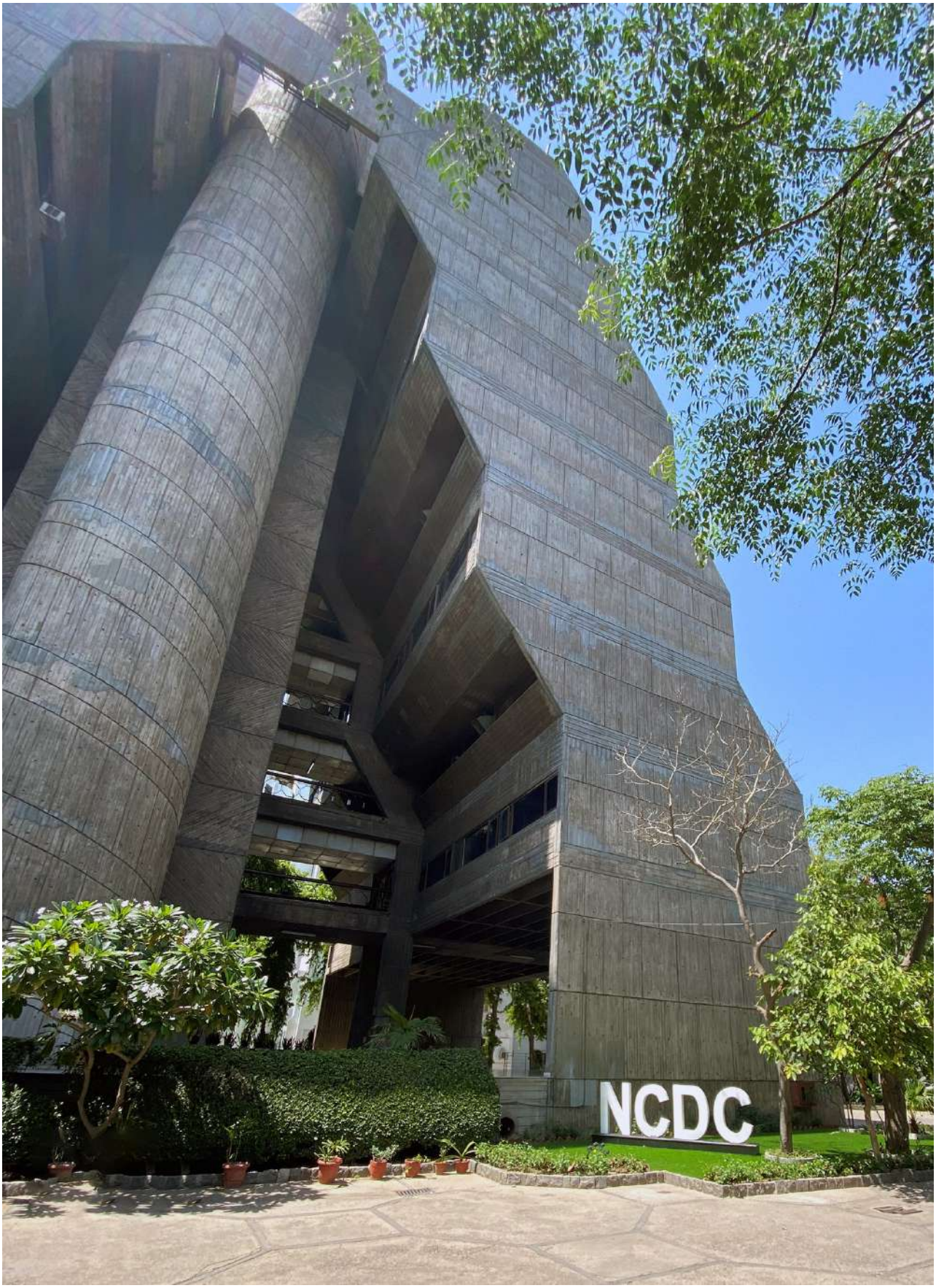
Capacity building of cooperatives is an on-going activity of NCDC and will be available for Dairy Sahakar as promotional and development activity of the Corporation. Members of dairy cooperatives can undergo training through LINAC at Gurugram or through its 18 Regional Training Centres across the country.

Due Diligence

NCDC would adopt its standard practice of appraisal and due diligence before any project is sanctioned.

For further details, please visit www.ncdc.in or contact NCDC Regional Offices / Head Office, at addresses and contact numbers available on website.

DAIRY
SAHAKAR
सहकारिता से समृद्धि



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National Coocperative Development Corporation
4 Siri Institutional Area, August Kranti Marg,
Hauz Khas, New Dehli 110016, INDIA
www.ncdc.in | mail@ncdc.com

NCDC Website

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