

F.No 1-1/06-DP
Government of India
Ministry of Agriculture
Department of Animal Husbandry, Dairying & Fisheries

Krishi Bhawan, New Delhi-110001
Dated 9th September, 2010

OFFICE MEMORANDUM

Subject - Administrative Approval for Central Sector Scheme - "DAIRY ENTREPRENEURSHIP DEVELOPMENT SCHEME" implementation during remaining 11th Plan period -

The undersigned is directed to refer this Department's O M No 1-2/02-DP dated 14th December, 2004 conveying administrative approval for Central Sector Scheme - "DAIRY/Poultry Venture Capital Fund" Scheme (DPVCF) implementation during 10th Plan and subsequent administrative approval vide letter No 1-1/2006-DP dated 27th April, 2007 conveying approval of competent authority for continuation of the scheme during 11th Plan period w.e.f. 2007-08 and to say that scheme has been modified and renamed as "DAIRY ENTREPRENEURSHIP DEVELOPMENT SCHEME (DEDS)", with greater coverage area, new components and change in financial pattern of assistance, to make the scheme more effective.

Administrative Approval of Government of India for implementation of Central Sector Plan Scheme "DAIRY ENTREPRENEURSHIP DEVELOPMENT SCHEME" is conveyed during 11th Five Year Plan, at total outlay of Rs. 250 crore. Budget provision for the scheme during 2010-11 is Rs.32.40 crore (Including provision of Rs. 4.18 crore for North-Eastern Region and releases under erstwhile Dairy Venture Capital Fund scheme). Expenditure under the scheme is to be debited to Grant no.3 - Department of Animal Husbandry, Dairying & Fisheries Major Head 2404-Dairy Development, 102 Dairy Development Projects, 14-Dairy Venture Capital Fund, 140031-Grants-in-aid-General.

2. Objectives of the Scheme

- Setting up modern dairy farms for production of clean milk
- Encourage heifer calf rearing for conservation and development of good breeding stock
- Bring structural changes in unorganized sector so that initial processing of milk can be taken up at village level.
- Up gradation of traditional technology to handle milk on commercial scale
- Generate self employment and provide infrastructure mainly for unorganized dairy sector.



3. **Pattern of assistance**

Entrepreneur contribution (Margin)-10% of outlay (Minimum)

Back ended capital subsidy 25% of the outlay for general category and 33% for SC/ST farmers subject to component wise ceiling which will be adjusted against the last few installments of repayment of bank loan. Effective Bank Loan - Balance portion, minimum of 40% of outlay.

4. **Implementing Agency**

The scheme will be implemented through National Bank for Agriculture and Rural Development (NABARD), who will be the nodal agency for the scheme.

5. **Outlays of the scheme, Implementing Period and Area of Operation**

Total outlay of Government of India for scheme for 11th Plan period will be **Rs.250 crore**, with budget provision of Rs 32.40 crore in year 2010-11. The scheme will be implemented through out the country without restrictions applicable hitherto for Operation Flood areas regarding financing of milch animals and for setting up of small dairy units upto 10 animals during remaining 11th plan period. Scheme will come into effect from 1st September, 2010, proposals sanctioned and disbursed by banks on or after 1 September 2010 will be covered under the revised scheme i.e. DEES.

6. **Eligibility**

Farmers, Self Help Groups, Non-Government Organizations, Cooperative societies, Companies etc. An individual will be eligible to avail assistance for all components under the scheme but only once for each component. More than one member of a family can be assisted under the scheme provided they set up separate units with separate infrastructure at different locations. The distance between the boundaries of two such farms should be at least 500 m. The scheme has been approved with guidelines given, as in para 7.

7. **The guidelines for the approval of the project under the scheme shall be as below.**

- i. Government of India will release fund to NABARD, as revolving fund which will be recouped after balance comes below certain level and will be utilized by NABARD for providing back ended capital subsidy, and these funds will be transferred to lead banks, as per their demand after the project is approved.



- ii. Eligible beneficiaries of the scheme are agricultural farmers, individual entrepreneurs and groups of unorganized and organized sector. Group of organized sector, includes self-help groups, dairy cooperative societies, Milk unions, milk federation, etc.
- iii. Implementation of the scheme will be by NABARD, through commercial, cooperative and rural banks.
- iv. NABARD should arrange for adequate publicity to the scheme throughout the country to ensure benefits of the scheme can be availed by all eligible beneficiaries throughout the country.
- v. Proposals will be sanctioned by commercial banks as per guidelines of RBI, NABARD and Government of India.
- vi. The recovery of loan will be based on net loan amount only, i.e. not including subsidy, and subsidy will be adjusted by concerned bank after loan and interest thereon has been repaid.
- vii. NABARD will submit quarterly report to DAHD&F, providing information on number of proposals received sanctioned, farmers / entrepreneurs benefited including SC/ST & women, release of funds, funds sanctioned, recovery of loan etc.
- viii. Joint Monitoring Committee consisting of representatives of NABARD, concerned Banks and State Secretaries-Incharge of AH&D under Chairmanship of Joint Secretary (DD) will review implementation of the scheme, at regular intervals.
- xi. Project Sanctioning Committee (PSC) of NABARD Regional Office shall examine the proposal placed before it and sanction the subsidy in case of eligible proposals.
- x. Empowered Committee under the Chairmanship of Secretary(ADF) will have discretion to modify unit cost, based on inputs from NABARD.

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- xi Time limit for completion of the project under the scheme, (except for calf rearing units where disbursements are expected to continue till two years) will be as envisaged under the project, subject to 9 months(maximum), period from date of disbursement of first installment of loan, which may be extended by further period of 3 months, for justification considered adequate by financing bank. If project is not completed within stipulated period, benefit of subsidy will not be available and advance subsidy placed with participating bank, if any, will be refunded to NABARD.
- xii Repayment Period will depend on nature of activity and cash flow and will vary between 3- 7 years. Grace period may range from 3 to 6 months in case of dairy farms, to 3 years for calf rearing units (to be decided by, financing bank as per requirements of individual projects).
- xiii Assistance under the scheme will be credit linked and subject to sanction of project by financial institutions.
- xiv Rate of interest on loans shall be as per RBI guidelines and declared policy of bank in this regard. The bank may charge interest on entire loan amount, till subsidy amount is received and from date of receipt of subsidy, interest has to be charged only on effective bank loan portion i.e. outlay excluding margin and subsidy.
- xv Security for availing the loan will be as per guidelines issued by RBI from time to time.
- xvi Capital subsidy will be back ended (adjusted against last few installments of repayment of bank loan) with minimum **lock-in period of 3 years**, and would be refunded if account becomes an NPA. It will be kept in "Subsidy Reserve Fund Account (Borrower-wise) in books of financing bank. No interest will be paid by bank on this amount.
- xvii Units set up under the scheme will be field monitored on a sample basis by NABARD and major observations will be put up to JMC for discussions.



- xviii Participating banks will adhere to norms of appraising projects regarding technical feasibility and commercial/financial viability and avoid duplication of projects under scheme with similar projects implemented by Directorate of Agricultural Marketing, Ministry of Agriculture in same areas.
- xix Signboard displaying "Assisted by Department of Animal Husbandry Dairying and Fisheries, Government of India through NABARD" will be exhibited at the unit.
- xx DAHD&F reserves right to modify, add and delete any terms / conditions without assigning any reasons and their interpretation of various terms will be final. Further the Department reserves the right to recall any amount given under the scheme without assigning any reason thereof.

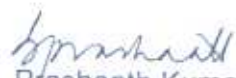
8. Components that can be financed, indicative unit cost and pattern of assistance are given below

S.No	Component	Unit Cost	Pattern of Assistance
i	Establishment of small dairy units with crossbred cows/ indigenous descript milch cows like Sahiwal, RedSindhi, Gir, Rathi etc / graded buffaloes upto 10 animals	Rs 5.00 lakh for 10 animal unit – minimum unit size is 2 animals with an upper limit of 10 animals.	25% of the outlay (33.33 % for SC / ST farmers,) as back ended capital subsidy subject to a ceiling of Rs 1.25 lakh for a unit of 10 animals (Rs 1.67 lakh for SC/ST farmers,). Maximum permissible capital subsidy is Rs 25000 (Rs 33,300 for SC/ST farmers)for a 2 animal unit. Subsidy shall be restricted on a prorata basis depending on the unit size.
ii	Rearing of heifer calves – cross bred, indigenous descript milch breeds of cattle and of graded buffaloes – upto 20 calves	Rs 4.80 lakh for 20 calf unit – minimum unit size of 5 calves with an upper limit of 20 calves	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of Rs 1.20 lakh for a unit of 20 calves (Rs 1.60 lakh for SC/ST farmers). Maximum permissible capital subsidy is Rs 30,000 (Rs 40,000 for SC/ST farmers) for a 5 calf unit. Subsidy shall be restricted on a prorata basis depending on the

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iii	Vericompost with milch animal unit (to be considered with milch animals/small dairy farm and not separately)	Rs 20,000/-	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of Rs 5,000/- (Rs 6700/- for SC/ST farmers,).
iv	Purchase of milking machines /milkotesters/bulk milk cooling units (upto 2000 lit capacity)	Rs 18 lakh	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of Rs 4.50 lakh (Rs 6.00 lakh for SC/ST farmers).
v	Purchase of dairy processing equipment for manufacture of indigenous milk products	Rs 12 lakh	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of Rs 3.00 lakh (Rs 4.00 lakh for SC/ST farmers).
vi	Establishment of dairy product transportation facilities and cold chain	Rs 24 lakh	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of Rs 6.00 lakh (Rs 8.00 lakh for SC/ST farmers).
vii	Cold storage facilities for milk and milk products	Rs 30 lakh	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of Rs 7.50 lakh (Rs 10.00 lakh for SC/ST farmers).
viii	Establishment of private veterinary clinics	Rs 2.40 lakh for mobile clinic and Rs 1.80 lakh for stationary clinic	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of Rs 60,000/- and Rs 45,000/- (Rs 80,000/- and Rs 60,000/- for SC/ST farmers) respectively for mobile and stationary clinics
ix	Dairy marketing outlet / Dairy parlour	Rs 56,000/-	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of Rs 14,000/- (Rs 18600/- for SC/ST farmers).

7. This administrative approval for continuation of the scheme during 2010-11 is issued with concurrence of Integrated Finance Division of the Department of Animal Husbandry, Dairying & Fisheries vide Dy.No 2927 AS & FA dated 08.09.2010


(B. Prashanth Kumar)
Director (Dairy Development)

Distribution:

1. Secretary, Ministry of Agriculture, Department of Agriculture & Cooperation, Room No. 118, Krishi Bhawan, New Delhi.
2. Secretary, Ministry of Agriculture, Department of Agricultural Research & Education Krishi Bhawan, New Delhi.
3. Secretary, Ministry of Rural Development, Department of Rural Development, Room No. 199-B Krishi Bhawan, New Delhi.
4. Secretary, Ministry of Women & Child Development, Shastri Bhawan, New Delhi.
5. Principal Accounts Officer, Ministry of Agriculture, Department of Animal Husbandry and Dairying, 16, Akbar Road Hutments, New Delhi-110011.
6. The Accountant General, Commerce, Works and Miscellaneous, AGCR Building, Near ITO, New Delhi-110002.
7. Chief Controller of Accounts, Department of Agriculture and Cooperation, Krishi Bhawan, New Delhi.
8. Advisor (Agriculture), Planning Commission, Yojana Bhavan, New Delhi.
9. Additional Secretary & Financial Advisor, Deptt. of Animal Husbandry & Dairying, Krishi Bhawan, New Delhi.
10. Chief General Manager, Technical Service Department, NABARD, C-24, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
11. Joint Secretary (Admn.), Room No.199, Ministry of Rural Development, Krishi Bhawan, New Delhi.
12. Joint Secretary (PF-II), Ministry of Finance, Department of Expenditure, North Block, New Delhi.
13. Joint Secretary, Ministry of Finance, Department of Economic Affairs, Banking Operation and Administration Division, Room No.6, 3rd Floor, Jeevan Deep Building, Parliament Street, New Delhi.
14. Chairman, NDDDB, P.B.No 40, Anand 388001.
15. AC (P) and DC (LH)
16. All State Governments
- ✓ 17. Shri Naveen Kumar, Technical Director, NIC (With a request to Include the Administrative approval in website of the Department)

Copy for information to: PPS to Secretary (AHD&F)/ PS to JS (A&DD)/ PS to Dir (DD).


(B. Prashanth Kumar)
Director (Dairy Development)