

No. M-02023/2/2017-CDD (E-5422)

Government of India
Ministry of Fisheries, Animal Husbandry and Dairying
Department of Animal Husbandry and Dairying
(Dairy Division)

Krishi Bhawan, New Delhi-110001
Dated the 12th of May, 2022

To
Principal Accounts Officer,
Ministry of Fisheries, Animal Husbandry and Dairying,
Department of Animal Husbandry and Dairying
16, Akbar Road Hutments,
New Delhi- 110011

Subject: Administrative Approval for implementation of Central Sector Scheme "Dairy Processing and Infrastructure Development Fund (DIDF)" during 2022-23-reg

Sir/ Madam,

The undersigned is directed to refer to this Department's OM No 02023/2/2017-CDD dated 21st December, 2017 conveying first administrative approval for Central Sector Scheme – **Dairy Processing and Infrastructure Development Fund (DIDF)** implementation during 2017-18 and subsequent addendums No.02023/2/2017-CDD for DIDF scheme for the financial year 2021-22 dated 20.01.2022 **and to convey administrative approval for DIDF during 2022-23** with a total outlay of Rs 11,184 Crore, of which Rs 8004 crore shall be loan from National Bank for Agriculture and Rural Development (NABARD) to National Dairy Development Board (NDDB) and National Cooperative Development Corporation (NCDC) for End borrowers and also from the direct loan from NDDB, Rs 2001 crore shall be end borrowers contribution, Rs 12 crore would be NDDB/ NCDC's share during 2018-19 to 2022-23 and Rs 1167 crore shall be contributed by DAHD towards interest subvention on repayment for 10 years (2018-19 to 2030-31 with spill over to first quarter of 2031-32).

NABARD shall provide fund through NDDB and NCDC to End Borrowers. As per decisions of 8th Central Project Steering Committee (CPSC) held on 02.12.2021 and minutes of meeting issued vide letter No No 31-1/2019-DP (E-11215) dated 08.12.2021 NDDB has also been allowed for direct funding to the end borrowers (End Implementing Agencies) under the scheme from their own resources and to receive interest subvention 2.5% from DAHD through NABARD .

2. Objectives of the DIDF:

- i. To modernize the milk processing plants and machinery and to create additional infrastructure for processing milk.
- ii. To create additional milk processing capacity for increased value addition by producing dairy products.
- iii. To bring efficiency in dairy processing plants/producer owned and controlled dairy institutions, thereby enabling optimum value of milk to milk producer farmers and supply of quality milk to consumers.
- iv. To help the producer owned and controlled institutions to increase their share of milk, thereby providing greater opportunities of ownership, management and market access to rural milk producers in the organized milk market.
- v. To help the producer owned and controlled institutions to consolidate their position as dominant player in the organized liquid milk market and to make increased price realization to milk producers.

3. Components of DIDF


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Under Secretary
DAHD

The broad investment activities eligible under DIDF are:

- i. Modernization & creation of new milk processing facilities
- ii. Manufacturing facilities for Value added Products
- iii. Milk Chilling infrastructure
- iv. Setting up electronic milk testing equipment
- v. Project Management and Learning
- vi. Cattle feed / feed supplement plants
- vii. Milk transportation system (Refrigerated van/insulated tankers etc)
- viii. Marketing infrastructure (including e-market system, bulk vending system, Parlour, deep freezer, cold storage etc
- ix. Commodity and Cattle feed go-downs
- x. ICT(e.g. block chain technology, servers, IT solutions, Near Real Time devices etc)
- xi. R&D (lab & equipment, new technology, innovations, product development etc)
- xii. Renewable energy infrastructure/ plants, trigen/ energy efficiency infrastructure. In all three cases, the energy generated or saved must be for the benefit of running cost of the existing plant/ BMC unit/ Milk collection unit etc.
- xiii. Pet bottle/packaging material manufacturing units for dairy purposes etc.
- xiv. Training centre (complete with civil and other necessary infrastructure)
- xv. Any other activity related to the dairy sector targeted to contribute to the objectives of DIDF and decided by Government of India in consultation with the stakeholders.

4. Eligible institutions

(i) The following institutions are eligible:

- a. Co-operative Milk Unions
- b. State Cooperative Dairy Federations
- c. Multi State Milk Cooperatives
- d. Milk Producer Companies
- e. NDDDB subsidiaries
- f. Farmer Producer Organisation (FPO)/ Self Help Group (SHG) registered under State Cooperative / Companies Act

(ii) Financial assistance under DIDF will be given to those eligible end borrowers (EEBs) who are making profit and is having positive net worth and willing to avail funds.

5. Source of fund

Source of fund: EEBs may opt for the source of fund from the following:

- i. NABARD shall raise fund from the financial markets in compliance with SEBI guidelines. The instrument appropriate for borrowing shall be decided by NABARD depending on the demand and shall pass through NDDDB and NCDC. The cost of fund to NABARD shall be the actual cost of borrowing by NABARD inclusive of interest, taxes, fees, charges, etc., plus fund management cost of 0.60% per annum. The interest rate on borrowings from market by NABARD shall vary from time to time depending upon rates prevailing at the time of raising funds.
- ii. In case of funding by NABARD; since interest subvention has been fixed at 2.5% and fund management cost of NABARD and NDDDB/NCDC sums upto 1.1%, the difference viz 1.4% shall be adjusted downward with interest rate at which NABARD borrow from market for arriving at loan disbursal rate of end borrower. In other words, the difference of the interest rate at which NABARD borrow from market and the interest rate at which NDDDB/NCDC to transfer to EEBs/EIAs shall be 1.4%. This will be effective from 11th September 2020.
- iii. NDDDB to extend loan from its own resources to EEB. The effective interest rate to the end borrower would be difference between prevailing SBI MCLR for 3 years plus fund management cost of 0.5% and that of interest subvention of 2.5% per annum as notified time to time through NABARD.



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6. Cost of Fund to NABARD

DAHD would provide for interest subvention resulting from the difference of the interest rate at which NABARD borrow from market and the interest rate at which NDDDB/ NCDC to transfer to Eligible End Borrowers (EEB) shall be 1.4% w.e.f. 11.09.2020. In case any further increase in the cost of borrowing of fund by NABARD, the additional cost of fund will be borne by the End Borrowers.

7. Interest rates on loans by NABARD/ NDDDB: NABARD/ NDDDB shall endeavor to keep the cost of borrowing to the minimum. NABARD/ NDDDB shall devise their own strategy for borrowing so that it takes advantage of lower rate in the markets to provide low cost of funds to the Milk Unions. However, the applicable interest rate for the EEBs would be as per the option chosen by EEB for source of funds as illustrated in Para 5 above.

8. Other Terms and conditions:

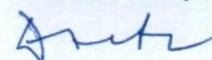
- i. Projection or ceiling of fund on DIDF components to be removed so that loan is disbursed as per the requirement of the project,
- ii. The financial feasibility and viability i.e DSCR, debt-equity ratio, other financial ratios, mortgage, audit requirement, recovery etc to be decided by the NABARD and NDDDB in consonance with Acts and Rules of Government. However, they will ensure that such provisions do not pose hindrances to access loan by the farmer's organizations.
- iii. The eligible end borrowers (EEB)/ End implementing agencies (EIA) with adequate security and not requiring state guarantee may send proposals directly to NDDDB/NCDC without resorting to SPSRC.

9. Budget for interest subvention: There is budget provision (BE) of Rs 100 crore during the year 2022-23.

10. Implementation and Monitoring of Projects: The DIDF will be implemented and the projects under the scheme will be approved & monitored by the Committees at various levels as detailed in **Annexure** for ready reference. The EEBs/ EIAs are to prepare detailed project report (DPR) and submit the same as per the guidelines.

11. This administrative approval is issued with approval of competent authority vide Dy No. E-5422 dated 12.05.2022

Yours Sincerely ,



(Deepak Sethi)

Under Secretary to the Govt. of India

DEEPAK SETHI

Under Secretary

DAHD

Distribution:

1. The Pay & Accounts Officer, PAO (Sectt-I), Room No.35, Krishi Bhawan, New Delhi
2. The Accountant General, Commerce, Works and Miscellaneous, AGCR Building, Near ITO, New Delhi-110002.
3. Chief Controller of Accounts, Krishi Bhawan, New Delhi.
4. Advisor (Agriculture), NITI AAYOG, New Delhi.
5. Additional Secretary & Financial Advisor, Department of Animal Husbandry and Dairying, Krishi Bhawan, New Delhi.
6. Joint Secretary (PF-II), Ministry of Finance, Department of Expenditure, North Block, New Delhi.

7. 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.
8. Chairman, NDDDB, P.B.No.40, Anand 388001.
9. Chairman, NABARD, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
10. Managing Director, NCDC, 4 Siri Institutional Area, Hauz Khas, New Delhi 110016.
11. Chief General Manager, Business Initiatives Department, NABARD, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
12. All State Governments, Department of Animal Husbandry and Dairying
13. All MD, Milk Federation, States/ UTs
14. Technical Director, NIC (With a request to Include the Administrative approval in website of the Department)

Copy for information:

15. PS to Hon'ble Fisheries, Animal Husbandry and Dairying
16. PS to Hon'ble Minister of State for Fisheries, Animal Husbandry and Dairying
17. PPS to Secretary (AHD)
18. PPS to AHC/ PS to JS (C&DD)/ Dir (Budget)



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Implementation and Monitoring Mechanism

Projects under the scheme will be approved and monitored by the committees, to be set up as indicated below:

1. Central Project Steering Committee (CPSC): CPSC will be headed by Secretary, DAHD, Government of India and will provide policy and strategic support.

1.1 Constitution of CPSC

Members of CPSC will be:

- i. Secretary, DAHD, Gol - Chairperson of the Committee
- ii. Chairperson, NABARD or his nominee not below the rank of Deputy Managing Director
- iii. Chairperson, NDDDB or his nominee not below the rank of Executive Director
- iv. Managing Director/Deputy Managing Director, NCDC
- v. Additional Secretary & Financial Advisor, DAHD, Gol
- vi. Joint Secretary (Dairy Development), DAHD, Gol
- vii. Managing Director/ Executive Director, NDDDB
- viii. Executive Director, NCDC
- ix. Group Head (FPS), NDDDB/ Financial Advisor, NCDC
- x. Director, DAHD, Gol – Member Convener
- xi. State Principal Secretary/ Secretary, Department of Animal Husbandry of all DIDF States & Tripura (NE)

1.2 Functions of CPSC:

- i. CPSC will be responsible for approval / modification of operational guidelines of the DIDF scheme.
- ii. Annual Action Plans, as finalized by NDDDB and NCDC will be approved by CPSC. Final annual fund drawal plan shall be approved by CPSC.
- iii. CPSC shall be empowered to decide the composition of CPSC & Project Sanctioning Committee (PSC) of NDDDB/NCDC.
- iv. CPSC will be empowered to invite external experts from the field of animal husbandry and dairy sector as a member of CPSC.
- v. The CPSC will be fully empowered to make any changes and delegate powers that may be necessary for smooth implementation of the scheme and its sub-projects.
- vi. CPSC would meet twice a year, or as frequently as may be required, and provide policy and strategic support to the project.
- vii. Overall monitoring of the scheme will be done by DAHD at central level whereas at individual project level NDDDB and NCDC will implement & monitor their respective projects centrally.

2. State Project Screening and Review Committee (SPSRC):

State Government will constitute a SPSRC headed by Chief Secretary or an Officer not below the rank of Principal Secretary / Secretary (Department of Animal Husbandry) to the State Government nominated by the State Government for screening of the projects.

2.1 Constitution of SPSRC:

Members of SPSRC would be:

- i. Chief Secretary or an Officer not below the rank of Principal Secretary / Secretary (Department of Animal Husbandry) to State Government nominated by the State Government – Chairperson of the Committee
- ii. The CGM/ Officer In charge of the State Regional office of NABARD or his nominee
- iii. Representative from Department of Finance of the State Government
- iv. Managing Director, State Dairy Federation


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- v. Representative from NDDB / NCDC – Member Convener
- vi. Representative from DAHD, Gol
- vii. Representative from Animal husbandry/ Dairy Development Department of the State Government

2.2 Functions of SPSRC

Functions of SPSRC shall be as under:

- i. SPSRC shall screen the proposals presented before itself by NDDB/NCDC and recommend to NDDB/NCDC for sanction. NDDB/NCDC shall apprise SPSRC of every project proposal which they have received along with the findings.
- ii. If NDDB/NCDC in order to secure its loan recommends guarantee from state government on behalf of eligible end borrower, SPSRC shall arrange commitment letter from state government for providing the guarantee on behalf of eligible end borrower. SPSRC shall ensure that state government waives the guarantee fee, if any.
- iii. If NDDB/ NCDC recommend margin contribution by state government on behalf of eligible end borrowers who do not possess adequate capacity to contribute towards the margin, SPSRC shall ensure issuance of commitment letter from state government for offering necessary grant components to cover the eligible end borrower's contribution.
- iv. SPSRC shall facilitate the statutory clearance for all projects from state government.
- v. SPSRC shall ensure that there is no duplication of activities, efforts and resources.
- vi. SPSRC will review the progress of the DIDF projects supported by State Guarantee at the state level and monitor as well as review repayment of loans, etc., taken by eligible end borrowers in a timely manner. Necessary guidance and directions shall also be issued by CPSC from time to time in this regard.
- vii. SPSRC shall ensure that sufficient budgetary allocation is made under the State Plan Budget annually and at the time of formulation of sub-project proposals, in order to meet margin contribution and exigencies in case of default by EEB for repayment of outstanding loan amount to NDDB/NCDC.

3. Project Sanctioning Committee (PSC):

Two PSCs will be set up. One by NDDB and another by NCDC

3.1. PSC of NDDB: PSC of NDDB will be headed by Managing Director/Executive Director of the implementing agencies NDDB with the following members:

- i. Managing Director/ Executive Director, NDDB -Chairperson of the Committee
- ii. Representative from DAHD, Gol
- iii. Representative from NABARD (for projects funded from NABARD)
- iv. Group Head (FPS), NDDB– Member Convener
- v. Representative from the concerned State Government and the State Dairy Federation would be an invitee while discussing the proposals pertaining to that particular state.

3.2. PSC of NCDC: PSC of NCDC will be headed by Managing Director/Deputy Managing Director of the implementing agency (NCDC) with the following members:

- i. Managing Director/ Deputy Managing Director, NCDC –Chairperson of the Committee
- ii. Representative from DAHD, Gol
- iii. Representative from NABARD
- iv. Executive Director, NCDC
- v. Financial Advisor, NCDC– Member Convener
- vi. Representative from the concerned State Government and the State Dairy Federation would be an invitee while discussing the proposals pertaining to that particular state.

3.3 Functions of Project Sanctioning Committee (PSC):

- i. The PSCs will have the authority to firstly approve and then recommend to NABARD projects recommended by respective State Project Screening and Review Committee (SPSRC).


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- ii. PSC will be responsible for consideration of proposals received from eligible end borrowers and recommended by SPSRC.
- iii. The PSC will meet quarterly or as frequently as necessary to ensure that proposals received from eligible end borrowers are considered expeditiously.
- iv. PSC will have the power to authorize re-appropriation of funds within project components for the same eligible end borrower; and to change norms/unit cost of component/items of the project as per guidelines issued by Government from time to time.
- v. PSC shall approve projects and recommend them to NABARD for consideration of sanction by NABARD. NDDB/ NCDC shall issue sanction letters only to those projects which have been cleared by NABARD. In case of non approval by NABARD, PSC shall be apprised of the decision along with reasons thereof, in the next meeting.
- vi. In case of project being rejected by PSC, NDDB/ NCDC shall apprise SPSRC about it along with the reasons.

4. Appraisal by NDDB/ NCDC

- i. Eligible end borrower shall approach NDDB/ NCDC with project proposal. NDDB/ NCDC shall assist eligible end borrower in preparation of detailed project report (DPR) if required.
- ii. NDDB/ NCDC shall undertake the detailed appraisal including the financial analysis of the borrower.
- iii. During appraisal process NDDB/ NCDC shall examine the security/ collaterals offered by eligible end borrower.
- iv. After the appraisal process is complete, NDDB/ NCDC shall convene SPSRC/ PSC whichever is applicable.

5. NDDB and NCDC being implementing agencies shall constitute Implementation and Monitoring Cell (IMC) for the purpose of implementation of dairy projects sanctioned by the respective agencies. IMC will be supported by various Technical Groups within NDDB/ NCDC during implementation of the project. IMC will do financial appraisal of the eligible end borrowers' proposals received through State Government based on technical feasibility carried out by respective technical groups of NDDB/ NCDC.

NDDB/ NCDC shall consult eligible end borrowers to generate Detailed Project Report (DPRs), to appraise and to get it recommended by SPSRC/ PSC as the case may be.

End of Annexure


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