

# **OPERATIONAL GUIDELINES FOR IMPLEMENTATION OF NATIONAL PROGRAMME FOR DAIRY DEVELOPMENT (NPDD)**

## **1. OBJECTIVES :**

- to create and strengthen infrastructure for production of quality milk including cold chain infrastructure linking the farmer to the consumer;
- to create and strengthen infrastructure for procurement, processing and marketing of milk;
- to create training infrastructure for training of dairy farmers;
- to strengthen dairy cooperative societies/Producers Companies at village level;
- to increase milk production by providing technical input services like cattle-feed, and mineral mixture etc;
- to assist in rehabilitation of potentially viable milk federations/unions;

## **2. DURATION OF THE PROJECT:**

National Programme for Dairy Development (NPDD) will be implemented throughout the country during 12<sup>th</sup> Five Year Plan (2013-2017) and will continue till 2019-20.

## **3. AREA OF OPERATION:**

3.1 NPDD will be implemented throughout the country.

3.2 NPDD will finance all components in those States where National Dairy Plan, Phase I is not being implemented i.e in the following States and regions:

Delhi, Goa, Puducherry, Himachal Pradesh, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, Sikkim, Tripura, Jammu & Kashmir, UT of Chandigarh, Daman & Diu, Lakshadweep, Andaman and Nicobar.

3.3 In the case of States covered by National Dairy Plan Phase-I (NDP-I) (i.e, Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttrakhand, Uttar Pradesh, West Bengal), NPDD will cover those components that are not covered by NDP.

## **4. FUNDING PATTERN:**

### **• NPDD Funding Pattern:**

NPDD will be implemented on 100 % grant-in-aid basis for all components, except for the following activities:

- installation of bulk milk coolers;
- milk processing plants;
- milk powder plants; and,
- rehabilitation Milk Unions/ federations

- For the first three components, viz.- installation of bulk milk coolers, milk processing plants and milk powder plants,- the funding pattern will be as under:
  - In NDP States -50% grant in aid.
  - For Milk Unions/Federations of North Eastern States and of hilly areas (more than 1000 meter above sea level) in hilly States of Jammu & Kashmir, Uttarakhand and Himachal Pradesh, central assistance would be 90%
  - For other non-NDP States:
    - For profit making EIAs-i.e. EIAs with accumulated profit of Rs One crore or more in the previous financial year - 75 % grant in aid
    - For other EIAs-i.e. loss making EIAs and EIAs with accumulated profit of less than Rs One crore in the previous year- 90%
  - For the component “Rehabilitation Plan” for assisting Milk Unions/ federations to become more viable- 50 % grant in aid.

## **5. PROJECT FINANCIAL CEILINGS AND OTHER LIMITATIONS - UNDER NPDD COMPONENT:**

Central assistance ceilings under NPDD component will be as under:

- Central assistance for the project shall be restricted to Rs 15.00 crores per District.
- For milk powder plant, central grant per district shall be limited to Rs.5 crores per district.

**NOTE:**

(i) For establishing /upgrading milk powder plant of 30 metric tonnes capacity, surplus milk from a milk shed covering a cluster of districts may be pooled to ensure economic viability of the powder plant.

(ii) Central grant for establishing milk powder plant shall be limited to dairy cooperatives only.

- Assistance for “technical input services” shall be subject to a ceiling of 15% of the project cost.
- Assistance for cattle induction shall be allowed only for Scheduled Castes, Scheduled Tribes and BPL families.
- Cattle Induction shall be subjected to a maximum ceiling of 10% of the total project cost.

**NOTE:** The Cost for this purpose of calculating subsidy shall include: i) cost of cattle, ii) animal insurance and iii) transportation cost.

- The subsidy for Cattle Induction shall be restricted to 50% in all cases except for women farmers.

*NOTE:* In the case of for women milk producers the subsidy element for cattle induction shall have a maximum ceiling of 75% cost.

- Assistance for manpower and skill development shall be provided for setting up and/or upgrading a Training Centre for skill development in the areas listed at “J” – **Annexure B**. The total assistance under this component shall not be more than Rs.75 lakh or 5% of the total project cost, whichever is lower.
- Assistance for Information and Communication Technology networking shall be subject to a maximum ceiling of 10% of the project cost.
- Rehabilitation assistance as central grant shall be restricted to a ceiling of Rs.5 Crores.
- Assistance for Working Capital shall be restricted to the total value of “21 days- milk procurement”, as projected in the terminal year of the Project, by the End Implementing Agency.
- Planning and Monitoring - limited to 5% of the project cost.

#### **6. IMPLEMENTING AGENCIES:**

- **State Implementing Agencies SIAs –** State Dairy Federations for States viz Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra Nagaland, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal; and, Milk Unions in remaining States and UTs
- **End Implementing Agencies EIAs -** District Milk Unions, New Generation Milk Producer Companies (which are functional for at least one full financial year ending on 31<sup>st</sup> March of the previous financial year –in respect of projects on PPP model), District Rural Development Authority/Zila Parishad/District Mission Management Units (in respect of projects where there is no District Dairy Cooperative Unions).
- **Participating Agencies PIAs -** Other agencies associated or affiliated to above SIAs or EIAs like NGOs, SHGs,

**7. INSTITUTIONAL SET UP FOR IMPLEMENTATION UNDER NPDD:**

- Funds will be released for the NPDD component to all State Milk Federations/Milk Unions, being the State Implementing Agencies.
- Districts where there is no State Milk Federation or District Milk Union, DRDA/Zilla Parishad shall be the end implementing agency. For such districts, DRDA shall take up projects covering backward linking activities, while forward linking activities (i.e, setting up of milk processing plants) shall be on PPP model.
- New Generation Milk Producer Companies shall take up projects on PPP model through SIAs.
- Creation of a District level Implementation and Monitoring Committee under the Chairmanship of the Collector/District Magistrate/District Collector to meet on a regular basis.

**8. SUPPLEMENTATION OF FUND-FLOW FROM SOURCES OTHER THAN NPDD:**

- The States may continue to augment fund flow from their own resources towards recurring and maintenance costs.
- States can also augment fund flow from other sources like RKVY/other schemes having livestock component as well as multidisciplinary schemes of Ministry of Rural Development, Department of Agriculture & Cooperation, Department of Women & Child Development, Department of Biotechnology etc. This aspect is to be kept in view while formulating the proposals for NPDD..

**9. INSTITUTIONAL MECHANISM FOR REVIEW AND MONITORING:**

- **Central Level monitoring by DAHDF, GoI**
- **NPDD:** Central Management Information System (CMIS) shall be established. After CMIS is operational, all SIAs and EIAs (wherever applicable) need to obtain their USERID and PASSWORD from the Department. All QPRs and Audited Annual reports shall be submitted to this Department as per formats within the prescribed time frame. Such reports would be evaluated under third party and peer group review/monitoring mechanism.
- **State Level Monitoring by Technical Management Committee:**
- **NPDD:** Technical Management Committee under the Chairmanship of Secretary in charge of dairy development of the State, shall be constituted with membership from the Departments of planning, finance, Veterinary, dairy development, State Dairy federation/ District Milk Union, Project Director of DRDA of the respective State Govt. There shall be one member from DADF, GoI representing the scheme in TMC. Minimum of five members from the

above shall constitute the quorum of TMC. TMC shall be organized after every six months (September and March) to review progress of technical, physical and financial parameters and remove bottlenecks quickly.

- **Annual Workshop for Monitoring** Audit Report and the same shall be discussed in Annual Workshop involving participating agencies and experts.
- Assistance is available under NPDD for installation of computers at strategic locations to facilitate close monitoring of the project. The governing body of the EIAs shall keep a close watch on the activities and will ensure that there is no duplication. The EIA shall give an undertaking to this effect while submitting the Project.
- EIA'S shall put in place an effective mechanism to reduce the gestation period of the projects to the barest minimum. This mechanism will be outlined in the Project Proposal.
- All EIA's shall follow the State Procurement Procedures and Guidelines. EIAs should attempt to streamline the process of procurement to develop synergies and cut down delays.
- Audited Annual Progress Report in the prescribed format shall be published by the EIAs within the prescribed time frame and circulated to all concerned.
- **Central Monitoring Units** and State Monitoring Teams will be constituted by the DADF and the SIA's respectively, for continuous monitoring and evaluation of the subprojects being implemented by the EIAs in the State.
- State Implementing Agencies/ End Implementing Agencies of the scheme shall comply with the Statutory guidelines vide Lok Sabha Secretariat's (Committee Branch II) Office Memorandum no. 18/1/2012-2013/CII/CLP dated 19.03.2013, to furnish audited accounts/ annual reports to enable this Department to lay their annual reports as per prescribed procedure for implementation of dairy development projects.

## 10. **ACTIVITY COMPONENTS TO BE FUNDED**

- **The list of the activities which will be funded under NPDD are as follows:**
  - **Milk Chilling facilities at village, block, district level.**
  - **Civil works**
  - **Equipment for bulk milk coolers, chilling centres.**
  - **Milk Processing & Marketing**
    - Processing and Marketing facilities [civil works and equipments for milk processing plants (including boiler and refrigeration system etc), milk powder plants, Milk product plants, transportation tankers, including refrigerated tankers, cold storage etc]

- Establishment of dairy marketing outlet/parlour (not limited to establishment within the state)
- Marketing infrastructure for preserving/ maintaining quality of milk i.e, insulated/refrigerated tanks/vans, deep freezer, Visi-coolers, refrigerators etc.
- Assistance for campaigning to increase awareness about advantages of clean milk production/ consumption of pasteurized milk to milk producers/consumers.
- Can/Crate Washing facility/system.
- Effluent Treatment plant (ETP) including civil works.
  
- **Milk Procurement**
  - Capital Investment for DCS (including DCS - Building construction, Power supply/DG set, water supply system etc.)
  - Collection of Milk through road milk tankers/ truck/van and/ or cans
  - Management grant to DCS (on tapering basis- for 3-years only)
  - Management grant to Union (for federations/unions, which do not have accumulated profit)
  - Transport subsidy on milk transport/ head load charges
  - Transport subsidy on cattle feed transport
  - Incentive for better quality milk
  
- **Cattle Shed**
  - Cattle Shed Construction (new shed construction/ strengthening for old sheds) (Civil works, fodder block storage godowns, Cattle feed godowns, Water supply system, Power supply system, Vermi-compost unit)
  - Cattle farm mechanization (equipment, mechanization systems, tractor, D.G set)
  
- **Cattle Induction**
  - Purchase of animals
  - Purchase of Heifer
  - Cattle/heifer insurance
  - Transportation cost of animals
  
- **Construction/Establishment of Milk and Milk Product Testing Laboratories**
  - At DCS/village level laboratories/ at Bulk Milk Cooler (BMC) centers/At District level laboratories/At State level laboratories including purchase of laboratory equipments as per FSS Act/Codex
  - Purchase of laboratory equipments (for chemical/ microbial (only for union/state level) analysis of milk and milk products)
  - Purchase of laboratory furniture
  - Purchase of vehicle/van/motorcycles for mobile testing laboratory for sample collection/spot testing of milk and milk products)
  - System for quality assurance (HACCP/ISO) including equipment/computer hardware and software etc
  - Accreditation and certification of dairy establishments under HACCP/ISO
  
- **Clean Milk Production Kit (for beneficiaries)**

- Detergent and sanitizer kit/ accessories
- Stainless Steel utensil kit/ accessories
- Milking machine & other equipments for hygienic milk handling at village/farmer level.
  
- **Technical Input Services**
  - Fodder Development
    - Pasture Development
    - Fodder Seeds/Mini Kits Distribution
    - Chaff cutter
    - Fodder Storage Go downs
    - Fodder Block making unit
    - Tractor with trolley
  - Cattle Feed Development
    - Cattle Feed Storage
    - Cattle Feed Plant (compounding/ mixing & grinding plant)
    - Vehicle for feed transport (Trucks)
  
- **Information and Communication Technology Networking**
  - Purchase of Computers/handheld terminals with accessories
  - Purchase of Server System
  - Purchase/installation of Software systems (milk collection/distribution/billing, quality assurance, employee payroll, operating systems, antivirus etc)
  - Facilities for registration with RFID tag (including equipments/hand held devices for animal identification and data recording for Bolus tagging) for animals inducted under the programme
  
- **Manpower and Skill Development**
  - Co-operative Development Programme
  - Farmer Induction Programme/Training of farmers
  - Training of DCS staff/BMC/chilling centre
  - Training of farmers in good hygienic practices/ good manufacturing practices.
  - Training of farmers for animal rearing/husbandry practices
  - Training of Dairy Personnel/milk tester (including Plant and Marketing staff)
  - Training of Management Committee Members & Board of Directors of Union
  - Institutional skill development (by implementing agencies)
  - A.H/ Dairy Extension activities (including ration balancing programme, use of area specific mineral mixture, Azolla cultivation).
  
- **Working Capital (including purchase of milk powder, packaging material, cattle feed and fodder)** - Limited to not more than procurement price for 21 days of the targeted milk procurement.
  
- **Rehabilitation of defunct/sick milk unions/federations**
  - Outstanding milk bill payments.

- Working capital for purchase of milk, cattle feed and packaging material - Equivalent to not more than cost of 21 days of targeted milk procurement
- Strengthening of plant building and plant & machinery.
- **Planning and Monitoring**
- **Pre-project Baseline survey** (by independent agency) and preparation of **project report**
- **Concurrent evaluation** and in-depth independent evaluation of the project and **Post-project impact assessment survey**
- **Centralised MIS facility for DADF**, Government of India for improved monitoring and control in implementation of projects under the scheme.  
[Note – All or some of the above Major components as per actual needs of the project areas shall be considered for funding under the project under NPDD. This list provides for major components along with their sub-components.]
- **Maximum project cost will be:**
  - Rs. 25.00 Crore for projects with processing capacity of 1.00 Lakh Litre Per Day, and
  - Rs 15.00 Crores for projects with processing capacity upto 50 Thousand Litre Per Day.
  - Rs. 10 .00 Crore for projects with processing capacity upto 20 Thousand Litre Per Day.  
{All above in SN 13.2}

## 11. PROJECT PREPARATION AND SUBMISSION OF PROPOSAL

- A Situation Analysis shall be undertaken and shall include: a) Pre project Base line Survey by an independent Agency; b) funding under earlier programmes, c) role and capabilities of different players ; and d) area of operation etc.
- The Project/subproject Proposals under NPDD shall ensure optimal resource utilization and shall discourage avoidable expenditure and duplication/ overlap of activities.
- Special efforts must be made to re-commission idle equipment and equipment that is damaged but repairable. Proposal for fresh procurement shall be made only after making a realistic need assessment.
- The proposal may be prepared by furnishing requisite information as per prescribed Factsheet and Annexure I to Annexure XVII of the guideline. Guideline/ procedure for preparing of a new project proposal along with prescribed annexure I to XVII may be obtained from the DADF website.
- The SIA's shall formulate a single comprehensive proposal for the State covering the requirement of the State and including the Projects/ Sub-Projects of the EIAs .

- Six copies of the Detailed Project Report should be submitted to DAHDF timely, for appraisal and approval by the Project Sanctioning Committee.