



राष्ट्रीय सहकारी विकास निगम  
**NCDC**  
*Assisting Cooperatives. Always!*  
सहकारिताओं की सहायता में सदैव तत्पर!

## Project Management and Monitoring for FPO Cooperatives

Under Central Sector Scheme “Formation and Promotion of 10000 FPOs”

Ministry of Agriculture and Farmers' Welfare, Govt. of India



Organised by

**LAXMANRAO INAMDAR NATIONAL ACADEMY FOR COOPERATIVE  
RESEARCH AND DEVELOPMENT**

Plot No. 89, Sector-18, Institutional Area, Gurugram, Haryana



## Content

Chapter	Topic	Page No.
1.	Project concept and cycle	3
2.	Feasibility and formulation of project	8
3.	Project appraisal techniques – technical marketing and managerial appraisal	14
4.	Project implementation and monitoring	23
5.	Role of NCDC and its schemes in development of cooperatives	29
6.	Central Sector Scheme Formation and Promotion of 10000 FPOs	36
<b>Annexures</b>		
I.	Application form for seeking Equity Grant by FPO	47
II.	Shareholders list format	50
III.	Board of Directors Resolution and Consent Form of all Shareholders	51
IV.	Application form for seeking CGF cover	55



## CHAPTER - 01 : PROJECT CONCEPT AND CYCLE

### Introduction

A project is a group of unique, interrelated activities that are planned and executed in a certain sequence to create a unique product or service, within a specific time frame, budget and the client's specifications. Some of the characteristics of the tasks that qualify to be a project are:

- Uniqueness,
- specificity of goal,
- sequence of activities,
- specified time and interrelatedness.

Projects are carried out under many resource constraints and their success depends on the ability of the manager to manage these constraints effectively. Project management is the application of the knowledge, skills, tools and techniques to project activities in order to meet or exceed stakeholder needs and expectations. Every project has a set of activities that are unique, which means it is the first time that an organization handles that type of activity. These activities do not repeat in the project under similar circumstances i.e., there will be something different in every activity or even if the activity is repeated, the variables influencing it change every time.

### Concept of Project Management

Project management is a formal discipline for managing projects. Project management has been developed over the past few decades as it has become apparent that without a structured approach, people are not very good at completing projects successfully. The aim of project management is to ensure that projects are completed and that the end point (the new house, computer system or new product) is achieved. More than this, project management is about reaching that end point predictably, which usually means to a given cost and within a planned amount of time. The successful project management is all about structure, control, sufficient attention to detail and continuously driving action. The role of the project manager is to understand enough project management to apply its structure and ensure that project is successfully completed within the time and cost required. The things you must do as a project manager are:

1. Ensure there is a clear understanding why a project is being done, and what it will produce.
2. Plan the project – to understand how long it will take and how much it will cost.
3. Manage the project – to ensure that as the project progresses, it achieves the objectives you have defined within the time and cost specified.
4. Complete the project properly – to make sure everything produced by the project is of the quality expected and works as required.

Project Management has emerged because the characteristics of our turn-of-the-century society demand the development of the new methods of management. Of the many forces involved, three are paramount:



1. The exponential expansion of the human knowledge;
2. The growing demand for a broad range of complex, sophisticated, customized goods and services;
3. The evolution of worldwide competitive markets for the production and consumption of goods and services. All three forces combine to mandate the use of terms to solve problems that used to be solvable by individuals. These three forces combine to increase greatly the complexity of goods and services produced plus the complexity of the process used to produced them and all this in turn leads to the need for more sophisticated systems to control both outcomes and processes.

As the techniques of project management were developed, the use of project organization began to spread. Private construction firms found that project organization was helpful on smaller projects, such as the building of a warehouse or an apartment complex. Automotive companies used project organization to develop new automobile models. Both General Electric and Pratt & Whitney used project organization to develop new jet aircraft engines for airlines, as well as the Air Force. Project management has even been used to develop new models of shoes and ships. More recently, the use of project management by international organizations, and especially organizations producing services rather than products, has grown rapidly. Advertising campaigns, global mergers, and capital acquisitions are often handled as projects, and the methods have spread to the non-profit sector. Functions, weddings, fund drives, election campaigns, parties, recitals etc all make use of the principles of project management. Most striking has been the widespread adoption of project management techniques for the development of computer software.

### **Project Life Cycle**

Like organic entities, projects have life cycles. From a slow beginning they progress to a buildup of size, then peak, begin a decline, and finally must be terminated. Some projects end by being phased into the normal, ongoing operations of the parent organization.

### **Interdependencies**

Projects often interact with other projects being carried out simultaneously by their parent organization; but projects always interact with the parent organization's standard, ongoing operations. Although the functional departments of an organization (marketing, finance, manufacturing, and the like) interact with one another in regular, patterned ways, the patterns of interaction between projects and these departments tend to be changeable. Marketing may be involved at the beginning and end of a project, but not in the middle. Manufacturing may have major involvement throughout. Finance is often involved at the beginning and accounting at the end, as well as at periodic reporting times. The PM must keep all these interactions clear and maintain the appropriate interrelationships with all external groups.



## Uniqueness

Every project has some elements that are unique. No two construction or R&D projects are precisely alike. Though it is clear that construction projects are usually more routine than R&D projects, some degree of customisation is a characteristic of projects. In addition to the presence of risk, as noted earlier, this characteristic means that projects, by their nature, cannot be completely reduced to routine. The PM's importance is emphasized because, as a devotee of management by exception, the PM will find there are a great many exceptions to manage by.

## Purpose

A project is usually a one time activity with a well-defined set of desired end results. It can be divided into subtasks that must be accomplished in order to achieve the project goals. The project is complex enough that the subtasks require careful coordination and control in terms of timing, precedence, cost, and performance. Often, the project itself must be coordinated with other projects being carried out by the same parent organization.

## Conflict

More than most managers, the PM lives in a world characterized by conflict. Projects compete with functional departments for resources and personnel. More serious, with the growing proliferation of projects, is the project versus project conflict for resources within multi-project organizations. The members of the project team are in almost constant conflict for the project's resources and for leadership roles in solving project problems. If the characteristics listed above define a project, it is appropriate to ask if there are non-projects. There are. The use of a manufacturing line to produce a flow of standard products is a non-project. The production of weekly employment reports, the preparation of school lunches, the delivery of mail, the flight of Delta, 1288 from Dallas to Dulles, checking your e-mail, all are non-projects. Now we know that a project is a specific, finite task to be accomplished. Whether large or small scale or whether long or short run is not particularly relevant. What is relevant is that the whole project should be taken as a single unit. There are, however, some attributes that characterize projects. Every project goes through various stages in its development. These stages vary depending on the type of project. For example, a project to build a new car has different stages compared to a project to develop an advertising campaign for a new type of washing detergent. However, at a generic level projects must go through common steps such as:

1. Specifying in detail what the project is for.
2. Planning the project and working out how it will be done.
3. Doing the project and creating the deliverables according to the plan.
4. Checking that the deliverables are as you originally wanted and meet the needs.
5. Closing the project down.



These five steps defined are a simple project lifecycle. The lifecycle is a skeleton framework which you can build your project around. From a slow beginning, they progress to a buildup of size, then peak, after that a decline, and finally they are terminated. Some projects end up by being phased out into the normal, ongoing operations of the parent organization.

### **Delivery and Deliverables**

There is a word that project managers and people involved regularly in projects use all the time; it is delivery. Delivery in the context of projects simply means getting the things done you set out to do. The role of a project manager is therefore to deliver the project. Delivery is a useful piece of jargon as it saves having to write 'completing the project to the expected time and cost with the desired outcome' again and again.

Deliverables are what is delivered by a project so taking the examples above; the deliverables from the respective projects are a new house, a new computer system or a new product. In a project the deliverables wanted are defined at the start of the project, and your success as a project manager is in delivering them in the planned time and to the expected cost.

### **Overlapping of Activities**

Projects often interact with other projects being carried out simultaneously by their parent organization; but projects always interact with the parent organization's standard, ongoing operations. Although the functional departments of an organization (marketing, finance, manufacturing, and the like) interact with one another in regular, patterned ways, the patterns of interaction between projects and these departments tend to be changeable. Marketing may be involved at the beginning and end of a project, but not in the middle. Manufacturing may have major involvement throughout. Finance is often involved at the beginning and accounting at the end, as well as at periodic reporting times. The PM must keep all these interactions clear and maintain the appropriate interrelationships with all external groups.

### **Sharing of Resources**

More than most managers, the PM lives in a world characterized by conflict. Projects compete with functional departments for resources and personnel. More serious, with the growing proliferation of projects, is the project versus project conflict for resources within multi-project organizations. The members of the project team are in almost constant conflict for the project's resources and for leadership roles in solving project problems. There is much discussion about whether there is only one 'true' model of a project life cycle or many, and whether any of these are reasonably accurate descriptions of what happens in real life. Some writers include the feasibility study as part of the project life cycle; others believe that the project proper only begins once the feasibility study is completed and the proposal accepted, or only when cost codes and a budget for the project are defined by the company accountants. In practice, the description of a life cycle may be very general or very detailed: some might only suggest what to do, while others might prescribe what must be done. Highly detailed descriptions might involve numerous forms, models, checklists and so on which have been associated with the term project management methodology.





## **The five stages of the project life cycle**

The five key process groups are initiating, planning, executing, monitoring and controlling and closing. Most processes that we can think of will fall under these five basic processes; for example, in the construction industry, budgeting, costing and estimating falls under planning.

### **Initiating**

This process helps in the visualisation of what is to be accomplished. This is where the project is formally approved by the sponsor/client, initial scope defined, and stakeholders identified. This process is performed so that projects and programmes are not only approved by a sponsoring body, but also so that projects are aligned with the strategic objectives of the organisation. Where this is not performed, projects may be started and carried out haphazardly, with no real stated goal or objective.

### **Planning**

This is a crucial process in project management. The planning process is at the heart of the project activity cycle, and gives guidance to stakeholders on where and how to undertake the project. The planning stage is where the project plans are documented, the project deliverables and requirements are defined, and the project schedule is created. It involves creating a set of plans to help guide your team through the implementation and closure phases of the project. The plans created during this phase will help the project team manage time, cost, quality, changes, risk and related issues.

### **Executing**

This process is also known as the implementation phase, in which the plan designed in the previous phase of the project activity cycle is put into action. The intent of the execution phase of the project activity cycle is to bring about the project's expected results. Normally, this is the longest phase of the project management life cycle, where most resources are applied. During the project execution, the execution team utilises all the schedules, procedures and templates that were prepared and anticipated during prior phases. Unexpected events and situations will inevitably be encountered, and the project manager and project team will have to deal with them as they arise.

### **Monitoring and control**

This process oversees all the tasks and metrics needed to guarantee that the agreed and approved project that is undertaken is within scope, on time and within budget so that the project proceeds with minimum risk. This process involves comparing actual performance with planned performance and taking corrective action to yield the desired outcome when significant differences exist.

### **Closing**

This is considered to be the last process of the project activity cycle. In this stage, the project is formally closed and then a report is produced to the project sponsor/client on the overall level of success of the completed project. The closing process involves handing over the deliverables to the sponsor/client, handing over documentation to the owners, cancelling supplier contracts, releasing staff and equipment, and informing stakeholders of the closure of the project.



## CHAPTER – 02 : FEASIBILITY AND FORMULATION OF PROJECT

### Feasibility and Formulation of Project

**Project Formulation:** Entrepreneurs face number of problems while establishing new project. These problems may be in relation to the formalities and procedures to be completed, technical requirements or even financial constraints also. Therefore, It is essential to examine the most critical aspects of the project before making commitments on investment and to set the limits of the work intended to be performed under the proposed project. The very first stage in life cycle of project is project formulation which is basically taking a first look carefully and critically at the project idea. It enables to control the expenditure and if at any step there are signs of anything going wrong or if weakness is observed in the project at any stage of investigation, the project may even be called off. Project formulation is the systematic development of a project idea for the eventual objective of arriving at an investment decision. It has the built-in mechanism of ringing the danger bell at the earliest possible stage of resource utilization. Now-a-days the impact on environment needs to be analyzed compulsorily which includes Environment Impact Analysis as well.

Following are some of the problems that make the entrepreneur to undergo a lot of harassment, frustration and disappointment. But a project formulation exercise undertaken at right time in a right manner mitigates the rigourousness as well as magnitude of these problems.

- I. **Selection of Appropriate Technology:** The project necessarily requires technology to be adopted. The entrepreneur faces great difficulty in the selection of appropriate technology for the project. The problem may be in relation with development of new technology or selection of suitable and adequate technology out of technologies available. In highly industrialized economies, modern technologies have been developed. But these may not be suitable for small and medium projects or in case of developing economies. There may be a case that good technology is available but resources are not adequate enough. Another problem may be the requirement of skilled manpower. This clearly indicates that the project needs to be thoroughly examined as regards these factors. It is not possible without project formulation.
- II. **Influence of External Economies:** Any project cannot function in isolation and it requires the support of external economies. The dependency of the project in question on other projects or industry may be with respect to:
  - a) Supply of raw material
  - b) Requirements of power and its supply
  - c) Supply of tools, spare parts
  - d) Ancillary enterprises for supply of technical, financial or managerial services
  - e) Complex network of communication and transport facilities

The direct costs are the basic costs of the project. But, in the case of developing countries the above stated ancillary costs are also considered. In developed countries or advanced industrial environment, this basic cost is not required as it is contributed in terms of external economies.





**Availability of Technical Manpower:** The successful execution requires availability of appropriate and technically qualified personnel. The project formulation duly analyses this aspect of project so that a technically infeasible project may be abandoned at very initial stage.

**Resource Mobilization:** The resource mobilization refers to the ability to gather various resources to accomplish the desired goals. The mobilization may be very easy and feasible at the very initial level of the project. But it is required continuously throughout the project. The project formulation takes into account this aspect also.

**Legal Scenario:** The Government policies require being adhered compulsorily. The basic problem, faced in most of the countries, is non-availability of consolidated and detailed information. In India “Department of Industrial Development” has issued a compendium in the name of “Guidelines for Industries”. This compendium covers the following aspects:

- a) Industrial Policy
- b) Licensing policy and procedures, if any
- c) Guidelines for foreign collaboration
- d) Import and export control orders
- e) Present status of capacities
- f) Possibility of further development

**Significance of Project Formulation:** The huge projects require assistance from the financial Institutions. The funding becomes hassle-free in case of well-formulated projects. The most viable way of selling a project idea to financing agency requires allocation of resource constraints to various projects with due consideration of relative importance and viability. It can be made possible in an effective manner through project formulation. The project report, prepared after due project formulation, will be of great assistance.

**Stages of Project Formulation:** Project formulation is by itself an analytical management aid. It enables the entrepreneur to arrive at the most effective project decision. Project formulation exercise normally includes such aspects as follows:

1. Feasibility analysis
2. Techno-economic analysis
3. Project design & Network analysis
4. Input analysis
5. Financial analysis
6. Social cost benefit analysis
7. Pre-investment appraisal
8. Environmental Impact Analysis (EIA)



**Feasibility Analysis:** Feasibility analysis is a process undertaken to determine whether the project idea is worth proceeding with or not. It is conducted in order to find answers to the following questions:

- a. Does the company possess the required resources and technology?
  - b. Will the company receive a sufficiently high return on its investment?
- I. When a project is taken up for development, the project implementation body will come across three alternatives.
- a. Firstly, if the proposed project gives an idea that the project is a positive one, the project assessing body will proceed to invest further resources in pre-investment studies and design development.
  - b. Secondly, if the proposed project gives an idea that the project is not feasible to be undertaken, the assessing body of the project will rule out further investment in the project.
  - c. Thirdly, whatever information and data available on hand are not sufficient to take a decision on the viability of the proposed project; the assessing body will defer the investment decision till such a time when they can take a final decision about the project, after collecting all the required information and data.
- II. Generally, the feasibility analysis consists of three stages viz.
- a) **Pre-feasibility study:** Preliminary study undertaken to determine, analyze, and select the best business scenarios. In this study, we assume that we have more than one business scenarios, and then we want to know which one is the best, both technically and financially.
  - b) **Feasibility study:** It is particularly an analysis that takes into consideration all the relevant factors of a project — including economic, technical, legal, and scheduling considerations. The goal is to ascertain the likelihood of completing the project successfully, within the stipulated timeline.

○ **Types of Feasibility Study:**

❖ **Technical feasibility**

- Technical: Hardware and software
- Existing or new technology
- Manpower
- Site analysis
- Transportation

❖ **Financial feasibility**

- Initial investment
- Resources to procure capital: Banks, investors, venture capitalists
- Return on investment



❖ **Market feasibility**

- Type of industry
- Prevailing market
- Future market growth
- Competitors and potential customers
- Projection of sales

❖ **Organizational feasibility**

- The organizational structure of the business
- Legal structure of the business or the specific project
- Management team's competency, professional skills, and experience

**c) Project Report:** a project report is a detailed plan of action and particulars about a project. The primary goal of preparing this report is to prepare a strategy that is needed to be undertaken for the completion of the project in a proper manner. The strategy may comprise various aspects of a project, such as technical feasibility, financial aspects, marketing goals, etc.

**Techno-Economic Analysis:** This analysis enables the entrepreneur to study the following aspects for achieving the project objectives:-

- a. Identification of the project
- b. Demand potential
- c. Selection of optimal technology

The techno-economic analysis consists of two parts. The first part is to determine the maximum feasible project output. Second part is to select the optimal strategy to achieve the output. Techno-Economic Feasibility Studies cover the following aspects:

- Markets & Estimated future sales revenue
- Raw Materials, Electricity & Logistics
- Plant site, Location & Infrastructure
- Project Technical Specifications
- Inbound and outbound logistics and logistics planning.
- Environmental & Social Impact of Project.
- Implementation Planning.
- Human Resources.
- Investment & Operating Cost.
- Financial Appraisal: It covers project profitability, IRR, NPV, payback, etc.
- Risks & Mitigation.

**Project design & Network analysis:** The first and the foremost aspect of a project is the project design. It is in fact the heart of the project entity. It defines the individual activities which go into the corpus of the project and their interrelationship with each other. It identifies activities which can be



started and also the activities which can be taken up simultaneously. Project design enables to identify the flow of event which must take place for the successful implementation of the project. Network techniques such as PERT & CPM help the management of an organization in performing these functions efficiently and effectively.

**Input Analysis:** The purpose of input analysis is to identify, quantify and evaluate the project inputs which include raw materials, human resources & technology. In short, this analysis estimates the requirement of resources for a project. This analysis should serve the purpose of identifying the nature of the input first, quantifying the input available and ensure the uninterrupted supply of inputs. It evaluates the feasibility of the project from the point of view of the availability of necessary resources. This aids in assessing the project cost. Input analysis is the basis for financial analysis and cost-benefit analysis.

**Financial Analysis:** The estimates about the financial costs of the project and the revenue generated by it so as to determine whether it will be profitable to undertake the project or not is termed as financial analysis. This analysis gives a clear picture about the extent of investment to be made in a project to achieve the desired results. This study is also called by another name i.e. Financial forecast. By undertaking this analysis, one can estimate the project cost of the project, revenue and capital expenditure of the project and the revenues to be generated from the project at the end.

The following norms are adopted by Financial Institutions in the examination of financial feasibility of project:

- a. Cost estimates of the project are to be examined whether such costs are realistic and escalation is taken into account.
- b. Time and cost over-runs should be considered.
- c. Sources of finance i.e. debt-equity ratio, financing of fixed assets, financing of working capital, promoters contribution towards share capital, etc. debt equity ratio of 2:1 should be maintained.
- d. Financial viability i.e. profitability, sensitivity analysis, cash flow are to be examined thoroughly.
- e. Break-even analysis & IRR should be worked out.
- f. Interest coverage ratio should be calculated.
- g. The level at which the project is likely to break-even is also examined.
- h. Loan repayment schedule is drawn up as per financial projections. Repayment should be made out of internal resources.
- i. In case of existing company, the impact of new project on the level of production, net earnings, borrowings, costs, etc. is to be seen.
- j. Unsecured loans from promoters are allowed only in restricted circumstances and with a condition that they should not withdraw the amount without permission of the financial institutions.

**Social Cost-Benefit Ratio:** The concept of social cost-benefit analysis (SCBA) has been introduced by the French economist Jules Dupuit. Social Cost benefit Analysis is a systematic evaluation technique for long-term decision making in capital projects appraisal. **Social cost-benefit analysis** is a systematic and cohesive economic tool to survey all the impacts caused by an urban development project. It comprises not just the financial effects (investment costs, direct benefits like tax and fees, et cetera), but all the social effects, like: pollution, safety, indirect (labour) market, legal aspects, et cetera.



The main aim of a social cost-benefit analysis is to attach a price to as many effects as possible in order to uniformly weigh the above-mentioned heterogeneous effects. As a result, these prices reflect the value a society attaches to the caused effects, enabling the decision maker to form a statement about the net social welfare effects of a project.

Therefore, SCBA enables a systematic comparison to be made between the social costs and related social benefits with due emphasis on technical and other feasibility studies but focusing more on social impact. In the context of planned economies, the social costs benefit analysis aids in evaluating individual projects within the planning framework. In addition to technical, commercial and financial viability of the project, it should also be socially desirable.

The following are the indicators of social desirability of a project:

- Employment potential
- Value added per employee
- Value added per rupee of capital
- Capital output ratio
- Cost benefit ratio
- Social cost benefit analysis (SCBA)
- Area development
- Foreign exchange benefit to the country.

It must be emphasized that, there can be no definite principle which can be universally applied to convert commercial costs and benefits into social costs and benefits. However, the following two principal approaches are suggested for SCBA: It deals with the estimation of "social costs and social benefits".

**Pre-investment appraisal:** The results of the feasibility analysis, the techno-economic analysis, the design & network analysis, the financial analysis & the cost-benefit analysis are consolidated so as to give a final & formal shape to the project. It involves selection of the appraisal format, its contents & form of presentation. It is known as pre-investment appraisal & its purpose is to enable the concerned authorities to take an investment decision about the project i.e., to accept or reject.

**Environmental Impact Analysis:** In respect of any project, policy, plan or program, then impact on the environment may be positive or negative. The decision to continue or to go further with the proposed action depends upon it. The International Association for Impact Assessment (IAIA) defines an environmental impact assessment as "the process of identifying, predicting, evaluating and mitigating the biophysical, social, and other relevant effects of development proposals prior to major decisions being taken and commitments made." The basic purpose of EIA is to ensure that the project is environmental friendly and it will not impact the environment adversely. This assessment may be done for present or proposed action.

XXXX



## CHAPTER – 03 :PROJECT APPRAISAL TECHNIQUES – TECHNICAL MARKETING AND MANAGERIAL APPRAISAL

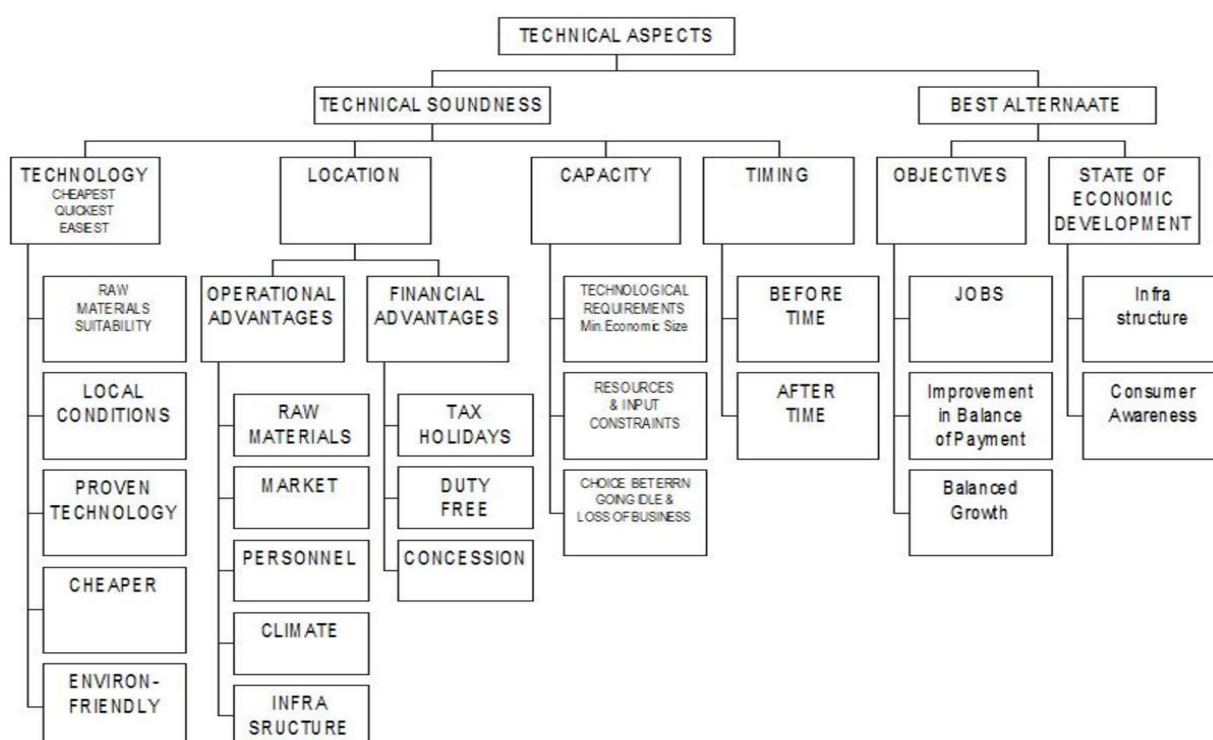
### Introduction

**Project appraisal** is the structured process of assessing the viability of a project or proposal. It involves calculating the feasibility of the project before committing resources to it. It is a tool that company's use for choosing the best project that would help them to attain their goal. Project appraisal often involves making comparison between various options and this done by making use of any decision technique or economic appraisal technique.

Appraising a project means evaluating the proposed solution against its ability to solve the identified problem or need.

Project appraisal management is an essential stage of any project, regardless of its nature, type and size. This stage represents the first point of the pre-planning or initiation phase. Without having appraised a project, it is financial and technically unreasonable to proceed with further planning and development. No matter whether you are going to purchase a new car (e.g. my neighbor's project), constructing a building, improving a business process, updating a network system, conducting a marketing campaign, building a garage, or any other initiative, you should make a preliminary assessment and appraisal of your undertaking in order to be sure that that you will do a required and necessary change to your environment.

### TECHNICAL APPRAISAL







### Technical Appraisal:

Technical Appraisal is the technical review to ascertain that the project is sound with respect to various parameters such as technology, plant capacity, raw material availability, location, manpower availability, etc. Technical analysis represents study of the project to evaluate technical and engineering aspects when a project is being examined and formulated. It is a continuous process in the project appraisal system which determines the prerequisites for meaningful commissioning of the project.

#### (a) Suitability of raw materials

For manufacturing of desired products, a number of raw materials can be used which bring equally good results. Therefore, it should be studied which of the raw materials is economically available in the area and machinery selection be made accordingly. For example:

- Crystal sugar can be manufactured from sugarcane, beet and sweet potato. Similarly, liquid sugar can be extracted from rice, corn or fruits.
- Soda Ash can be made by converting sea salt or common salt.
- Paper and Board can be manufactured using wood, bagasse, rice husk, wheat straw & cotton stick
- Quality of limestone determines whether the cement process should be wet or dry.
- For making fertilizers, a number of alternatives are available such as air, gas, water, coal, coke, wood & gypsum
- Edible Oil is extracted from different sources like palm, soya, cotton and sunflower & rice bran.

#### (b) Suitable to local conditions

- While selecting an appropriate technology, local conditions should be kept in like heat, dust, rain or cold.
- Also related other factors be considered such as power interruptions and low literacy and skills. In case of low-literacy, semi-automatic process should be introduced.

#### (c) Proven Technology

- The process should be well-tried. If it is a new process, a performance bond should be obtained from the machinery supplier which should be supported by a guarantee from a bank of international repute.
- In Pakistan, a plant for the manufacture of seamless pipes failed as it was based on hot-rolled process which was said to be first of its kind in the world in late sixties.
- Similarly, an edible oil project was based on rice-bran. However, the bran must be brought to the mills within 24 hours else the oil extracted would be unsuitable for human consumption for presence of free fatty acid.

#### (d) Others

- In addition, there should be flexibility in the plant for any change in dimension or switch over to other varieties.
- The plant must have some add-on features to ensure diversification.
- Besides, it should be bought from the cheaper sources to keep the fixed capital expenditure low.



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!



Sugar mills capable of crushing 8,000 cane per day of which sugar is at best 11%.

#### LOCATION

Location should be selected keeping in view the Operational Advantages, Financial Advantages and Government Policies. This is discussed as follows:

##### **(1) Nearness to Raw materials**

- Wood processing Woods
- Cement plant requiring Shale and gypsum
- Sugar mills to be in the Crop area
- Oil refineries be located at Port or Oil fields

##### **(2) Nearness to Market**

- Auto-parts (motor assembly plants)
- Services (Hotel, banks, training institutes)

##### **(3) Availability of personnel**

- Software developers should be in an area with lots of Computer Universities.
- Engineering goods in areas where skilled workers are concentrated (Lahore & Gujranwala)



- Labor intensive projects like jute and textile mills in those areas where cheap labor is available.

#### **(4) Infra-structure**

- Suitability of water and waste disposal -Cloth printing/ Paper Plants/ Tanneries
- Social Amenities

#### **(5) Pleasant Climatic Conditions for:**

- Tourist complex / Health resorts
- Ecological requirements for mineral water.

#### **(B) Financial Advantages**

- Taxes, subsidies, grants and allowances offered by the Government
- Availability of Cheaper credit by banks through Central Bank Support.
- Reduced rates for utilities

#### **(C) Public Policies**

- Location policy - negative areas - where no industry can be established
- Incentives for un-attractive areas
- Establishment of public sector project like steel mills, petrochemical leading to feeder or down-stream projects.
- Development of infra-structure.

#### **Capacity**

Capacity should be chosen keeping in view present and future demand. It becomes a choice between (i) going idle if the capacity is excessive and (ii) loss of business if the capacity is low. Besides, technological requirements and resource constraints should be kept in mind.

#### **(A) Technological Requirements (Minimum Economic Size)**

- Sugar Plant - 6,000 tons/day
- Spinning Unit - 25,000 spindles/day
- Cement Mills - 7,000 tons/day especially when rotary kiln is to be operated.

#### **(B) Resource & Input Constraints**

- Power supply may be limited
- Basic raw material not available within range
- Limited Foreign Exchange

Plastic Shopping - living on a borrowed time



## Timing

Timing is very crucial. Project coming into operation before time do not find any market. While those coming after time have an obsolete product which no body would buy even offered at low price.

### (A) Before Time

- A project for producing polyethylene shopping bags came into production when home-made waste-paper bags were available at 10% of the price of plastic bag. So plastic bags were out priced and plant had to be closed down after one year of unsuccessful operation.
- If such plant is established now, it would again face marketing difficulties since plastic shopping bags are being discourage the world over.

### (b) After Time

- Another project started manufacture of Manual typewriters at time when the product had already become redundant.

A **technical appraisal review** is an opinion of the suitability of the appraisal that provided the market value of the subject property. The mechanics of the technical review will vary depending upon the scope or nature of the assignment, the client, policy requirements, or the nature of the property appraised



## ASPECTS OF PROJECT APPRAISAL



4

### **Marketing Appraisal :**

It is one of the major areas of introducing of any products in market . In that case must be considered this thing before launching in the market

What would be the aggregate demand of the proposed product or serviced

What would be the market share of the project under appraisal

- Past and Future demand trends
- Past and current supply position
- Production possibilities and constraints
- Imports and exports
- Nature of competition
- Cost structure



- Elasticity of demand
- Consumer behaviour (Motivation, Attitudes, Preferences, Requirements)
- Distribution Channels

Before the production actually starts, the entrepreneur needs to anticipate the possible market for the product. He/she has to anticipate who will be the possible customers for his product and where and when his product will be sold. There is a trite saying in this regard: "The manufacturer of an iron nails

### **Managerial Appraisal :**

On managerial appraisal the managers attain organizational objectives by performing the basic managerial functions, planning, organizing, leading, motivating, staffing and controlling. Each of these functions can be done by performing a number of or series of activities

- Management by Objectives (MBO)
- 360-Degree Feedback.
- Assessment Centre Method.
- Behaviorally Anchored Rating Scale (BARS)
- Psychological Appraisals
- Human-Resource (Cost) Accounting Method.

### **1. Management by objectives (MBO)**

Management by objectives (MBO) is the appraisal method where managers and employees together identify, plan, organize, and communicate objectives to focus on during a specific appraisal period. After setting clear goals, managers and subordinates periodically discuss the progress made to control and debate on the feasibility of achieving those set objectives.

This performance appraisal method is used to match the overarching organizational goals with objectives of employees effectively while validating objectives using the SMART method to see if the set objective is specific, measurable, achievable, realistic, and time-sensitive.

### **2. 360-Degree Feedback**

360-degree feedback is a multidimensional performance appraisal method that evaluates an employee using feedback collected from the employee's circle of influence namely managers, peers, customers, and





direct reports. This method will not only eliminate bias in performance reviews but also offer a clear understanding of an individual's competence.

**This appraisal method has five integral components like:**

### **1. Self-appraisals**

Self-appraisals offer employees a chance to look back at their performance and understand their strengths and weaknesses. However, if self-appraisals are performed without structured forms or formal procedures, it can become lenient, fickle, and biased.

### **2. Managerial reviews**

Performance reviews done by managers are a part of the traditional and basic form of appraisals. These reviews must include individual employee ratings awarded by supervisors as well as the evaluation of a team or program done by senior managers.

### **3. Peer reviews**

As hierarchies move out of the organizational picture, coworkers get a unique perspective on the employee's performance making them the most relevant evaluator. These reviews help determine an employee's ability to work well with the team, take up initiatives, and be a reliable contributor. However, friendship or animosity between peers may end up distorting the final evaluation results.

### **4. Subordinates Appraising manager (SAM)**

This upward appraisal component of the 360-degree feedback is a delicate and significant step. Reportees tend to have the most unique perspective from a managerial point of view. However, reluctance or fear of retribution can skew appraisal results.

### **5. Customer or client reviews**

The client component of this phase can include either internal customers such as users of product within the organization or external customers who are not a part of the company but interact with this specific employee on a regular basis.

Customer reviews can evaluate the output of an employee better, however, these external users often do not see the impact of processes or policies on an employee's output.

### **3. Assessment Centre Method**

The concept of assessment centre was introduced way back in 1930 by the German Army but it has been polished and tailored to fit today's environment. The assessment centre method enables employees to get a clear picture of how others observe them and the impact it has on their performance. The main advantage of this method is that it will not only assess the existing performance of an individual but also predict future job performance.



#### 4. Behaviorally Anchored Rating Scale (BARS)

Behaviorally anchored rating scales (BARS) bring out both the qualitative and quantitative benefits in a performance appraisal process. BARS compares employee performance with specific behavioral examples that are anchored to numerical ratings. Each performance level on a BAR scale is anchored by multiple BARS statements which describe common behaviors that an employee routinely exhibits. These statements act as a yardstick to measure an individual's performance against predetermined standards that are applicable to their role and job level.

#### 5. Psychological Appraisals

Psychological appraisals come in handy to determine the hidden potential of employees. This method focuses on analyzing an employee's future performance rather than their past work. These appraisals are used to analyze seven major components of an employee's performance such as interpersonal skills, cognitive abilities, intellectual traits, leadership skills, personality traits, emotional quotient, and other related skills.

Qualified psychologists conduct a variety of tests (in-depth interviews, psychological tests, discussions, and more) to assess an employee effectively. However, it is a rather slow and complex process and the quality of results is highly dependent on the psychologist who administers the procedure.

#### 6. Human-Resource (Cost) Accounting Method

Human resource (cost) accounting method analyses an employee's performance through the monetary benefits he/she yields to the company. It is obtained by comparing the cost of retaining an employee (cost to company) and the monetary benefits (contributions) an organization has ascertained from that specific employee.

When an employee's performance is evaluated based on cost accounting methods, factors like unit-wise average service value, quality, overhead cost, interpersonal relationships, and more are taken into account. Its high-dependency on the cost and benefit analysis and the memory power of the reviewer is the drawback of human resources accounting method.



## CHAPTER – 04 : PROJECT IMPLEMENTATION AND MONITORING

### Project Implementation and Monitoring

Implementation refers to a cycle of steps taken to deliver activities, outputs, results and impact while managing finances and risk.

Often a smoothly run project gets a black eye because of problems during implementation. Those problems often crop up because we don't anticipate and plan for the complexity of deploying the solution.

The implementation phase for an project, involves setting up of manufacturing facilities, consists of several stages: (i) project and engineering designs, (ii) negotiations and contracting, (iii) construction (iv) training, and (v) plant commissioning. What done in these stages is briefly described below :

(i) **Project and engineering designs**- Project implementation start with Projects and engineering design of the project. Major activities undertaken by Cooperative societies/FPO cooperative in this phase are –

- (a) Site probing and development.
- (b) Preparation of blue prints of activities.
- (c) Plant Design and engineering.
- (d) Selection of Specific Machineries and equipment.

(ii) **Negotiations and Contracts**—After completion of Projects and Engineering design a Cooperative/ FPO Cooperative need to finalize various contract for implementation of its projects. Major activities undertaken by the Cooperative/ FPO Cooperative in this phase are :

- (a) Negotiating and drawing up of legal contracts with respect to projects finance with financial institution.
- (b) Construction of building and civil works.
- (c) Provision of utilities.
- (d) Supply of Machinery and equipment.
- (e) Marketing arrangement.
- (f) Technical know how.

(iii) **Construction**— After finalization and award of various contract a Cooperative/ FPO Cooperative need to carry out following activities-

- (a) Site Preparation
- (b) Construction of building and civil works
- (c) Erection and Installation of Machinery and equipment.



**(iv) Training**—In this stage training of engineers, technicians and works takes place. Training can also proceed simultaneously along with construction work.

**(v) Plant Commissioning**—Start up of the plant.

Translating an investment proposal into a concrete project is a complex, time-consuming, and risk-fraught task. Delays in implementation, which are common, can lead to substantial cost overruns.

### **Pre-Requisites of Successful Project Implementation**

Time and cost over-runs of projects are very common in India, particularly in the public sector. Due to such time and cost over-runs, projects tend to become uneconomical, resources are not available to support other projects, and economic development is adversely affected.

What can be done to minimize time and cost over-runs and thereby improve the prospects of the successful completion of projects? While a lot of things can be done to achieve this goal, the more important ones appear to be as follows-

- (i) Adequate Project formulation covering all the important aspect.
- (ii) Sound Project Organization having good and competent leader .
- (iii) Proper Implementation planning
- (iv) Advance action for activities like acquisition of land, taking statutory clearance, identifying collaborations/consultant , preliminary design etc.
- (v) Timely availability of fund.
- (vi) Judicious tendering and procurement
- (vii) Better Contract Management
- (viii) Effective Monitoring

### **Project Monitoring**

Project monitoring is defined as a process which is performed to track the progress of project execution so that potential problems can be identified well in time for the taking of the corrective actions for the purpose of controlling the execution of the project

Project monitoring is an integral part of the project management. It provides understanding of the progress of the project so that appropriate corrective actions can be taken when the performance deviates significantly from the planned path. It consists of regular systematic collection and analysis of information to track the progress of the project implementation against pre-set targets and objectives. It is an important management tool which, if used properly, provides continuous feedback on the project



implementation progress as well assists in the identification of potential successes and constraints to facilitate timely decisions.

Effective monitoring of the project is a critical element of good project management. It supports informed and timely decision making by the management and provides accountability for achieving results. It is a key part of project cycle management. It is to be built into the project at the planning stage. It is not an 'add on' tool which can be used during mid-way of the project implementation. On the other hand, it is to be woven throughout the project.

Project monitoring activities take place in parallel with the project execution activities so that, while the project work is being executed, the project is being monitored by implementing the appropriate level of oversight for the purpose of the mid-way corrective actions. High quality monitoring of the project progress encourages timely decision making, ensures project accountability, and provides a robust foundation for successful completion of the project. It is through the continuous monitoring of project performance that the management has an opportunity to learn about what is working well, what is lagging behind, and what challenges are arising.

### **Project monitoring activities:**

Project monitoring activities involve

- (i) The monitoring of actual project progress as compared to the planned project progress and the collection of key progress metrics such as risks, issues, changes and dependencies, and
- (ii) The reporting of project status, costs and outputs and other relevant information, at a summary level, to the management. The format and timing of project monitoring and reporting varies in each organization and also depends upon such items as the size, duration, risk and complexity of the project.

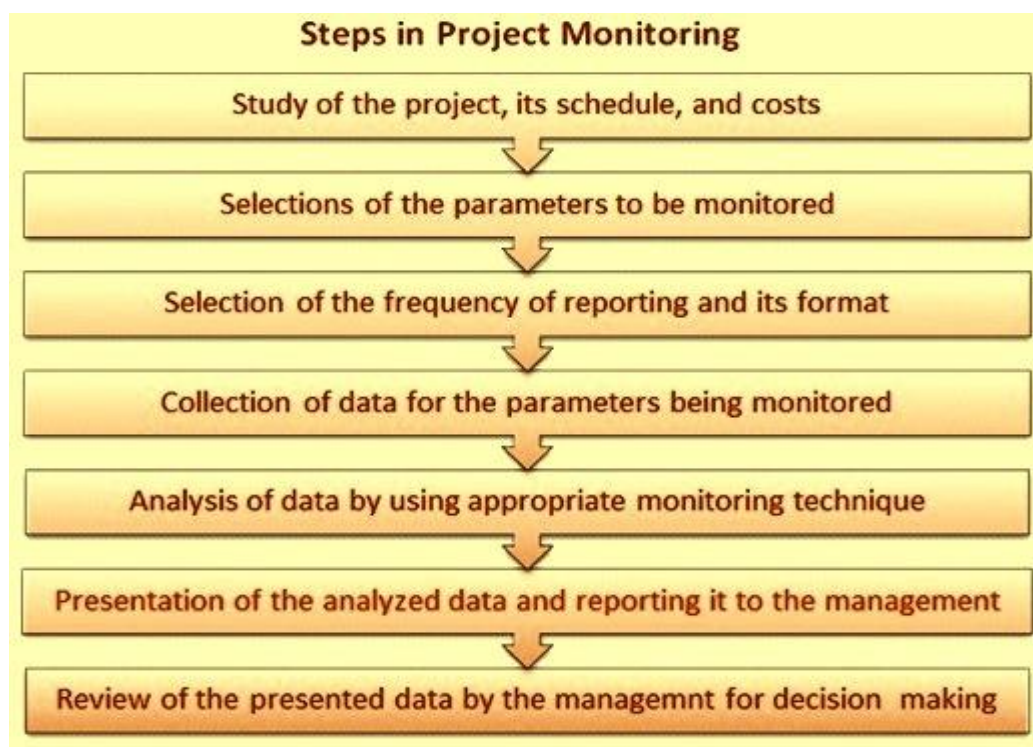
Project monitoring is carried out to ensure-

- (i) Measuring progress of project activities against established schedules and indicators of success,
- (ii) Identifying factors affecting the progress of project activities,
- (iii) Measuring the response of the decision taken on the project activities and its effect on the progress of project implementation, and

(i) To minimize the risks of project failure.

(ii)

Timing and method of project monitoring are significant aspects of the project management. Important steps in project monitoring include the following.



### Project monitoring procedure

There are various processes and tools which are normally used to assist the project monitoring. The process of project monitoring generally involve obtaining, analyzing and reporting of monitoring data. Specific processes and tools used for monitoring can vary from project to project and also to meet the requirements of the monitoring, but there are some overall best practices, which are summarized below.

- Monitoring of the project is to be well-focused to meet the needs of the project, the specific audiences and uses. It is to be sufficient and limited to what is necessary.
- Monitoring is to be systematic, based upon predetermined indicators and assumptions.
- Monitoring is also to look for unanticipated changes occurring in the project and its context, including any changes in project assumptions/risks. This information is useful for adjusting project implementation plans.
- Monitoring needs to be timely, so that it informs timely the progress made towards project implementation.
- As far as possible, monitoring is to participatory with the involvement of key players. This helps in the understanding and ownership of the analyzed data of the project monitoring.
- Monitoring information is not only meant for the project management but need to be shared with all the key players of the project.

Some of the most widely used tools for project monitoring, and their limitations include the following.





- **Verbal communication** – This is probably the most effective mode of communication. Among its advantages is that it is quick, and its presentation can be adapted to concerns and questions of the audience. However, this type of tool to communicate monitoring information can lead to misunderstandings and sometimes denial of information.
- **Written communication** – This is probably the most reliable mode of communication. Among its advantages is that it provides clear data and removes the possibility of any misunderstandings. However, it requires time and generally frequent follow up to receive monitoring data through written mode of communication.
- **Meetings** – The very nature of project management makes it inevitable that certain meetings are convened to communicate and share project information. Collection of data for the project monitoring can even require meetings with different players involved with project implementation. However, meetings to be effective as tools for project monitoring are to be focused for sharing and interchanging information, clarifying, stimulating, and seeking the best solution regarding project performance.
- **Reports** – The monitoring reports are important since they are an essential part of project monitoring. Activities undertaken, inputs supplied, funds disbursed etc. have to be recorded and accounted for in the reports. However, reports are only effective if they are submitted to the right people at the right time to facilitate corrective decision making. Further the reports are to be concise and to the point so that they can get the needed attention.
- **Diary notes** – While many of the people involved in project monitoring do not use this mode of recording information, it remains an important option. It is essential to record key decisions, which may have been made at formal or informal meetings. However while taking diary notes, it is to be ensured that the date, time, place and the names of the people present are included when the decision are being taken.

### Project Monitoring Tools

The collected data during the project monitoring is normally analyzed and presented to the management with the active use of several tools. These tools include (i) critical path analysis (CPA), (ii) variance analysis, (iii) programme evaluation and review technique (PERT) charts, (iv) Gantt or bar charts, (v) work breakdown structure (WBS) technique, (vi) earned value analysis, (vii) critical ratios, (viii) logical framework matrix, (ix) benchmarking techniques, and (x) specialized information programmes, etc. The progress is usually monitored against certain milestones planned for the project execution. The analyzed data of the project monitoring constitutes critical part of the project management information system (PMIS).

### Problems/Issue in Projects Monitoring

- Many of the reports gather dust in offices without being effectively used.



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

- Sometimes the wrong information is collected and analyzed, which may not be useful in decision-making.
- Some departments or units are not serious in providing the information necessary for the project monitoring. These departments are casual in providing the information.
- Many a times there are no feedback on the reports presented to the management and hence the people involved in monitoring of the project do not get motivation for the preparation of serious reports.

Xxxx



## CHAPTER 5: ROLE OF NCDC AND ITS SCHEMES IN DEVELOPMENT OF COOPERATIVES

### About NCDC:

The National Cooperative Development Corporation (NCDC) was established by an Act of Parliament in 1963 as a statutory Corporation under the Ministry of Agriculture & Farmers Welfare.

### Functions:

Planning, promoting and financing programmes for production, processing, marketing, storage, export and import of agricultural produce, food stuffs, certain other notified commodities e.g. fertilisers, insecticides, agricultural machinery, lac, soap, kerosene oil, textile, rubber etc., supply of consumer goods and collection, processing, marketing, storage and export of minor forest produce through cooperatives, besides income generating stream of activities such as poultry, dairy, fishery, sericulture, handloom etc.

NCDC Act has been further amended which will broad base the area of operation of the Corporation to assist different types of cooperatives and to expand its financial base. NCDC will now be able to finance projects in the rural industrial cooperative sectors and for certain notified services in rural areas like water conservation, irrigation and micro irrigation, agri-insurance, agro-credit, rural sanitation, animal health, etc.

Loans and grants are advanced to State Governments for financing primary and secondary level cooperative societies and direct to the national level and other societies having objects extending beyond one State. Now, the Corporation can also go in for direct funding of projects under its various schemes of assistance on fulfillment of stipulated conditions.

### Purposes for which assistance is provided :

- ❖ Margin money to raise working capital finance (100% loan)
- ❖ Strengthening of share capital base of societies (100% loan)
- ❖ Working capital to regional/state level marketing federations (100% loan)
- ❖ Term loan for creation of infrastructural facilities like godowns, cold storages, equipment financing, purchase of transport vehicles, boats and other tangible assets
- ❖ Term and investment loan for establishment of new, modernisation/ expansion/rehabilitation/diversification of agro-processing industries.
- ❖ Subsidy for preparation of project reports/feasibility studies etc.

### Activities Funded by NCDC

#### a) Marketing

- ✚ Margin Money assistance to Marketing Federations
- ✚ Strengthening share capital base of primary / district marketing societies



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

- ✚ Marketing (Fruit & Vegetable)\
- ✚ Working Capital Finance

b) Processing

- ✚ Setting up of new Sugar factories (Investment Loan) / Modernisation and Expansion/ Diversification of existing Sugar Factories (Investment loan + term loan)
- ✚ Margin Money assistance to cooperative Spinning Mills / State Cooperative Cotton Federations / Share Capital participation in New Spinning Mills / Modernisation/ Expansion of Spinning Mills / Modernisation of Existing and Establishment of Modern Ginning & Pressing Units / Rehabilitation of Sick Spinning Mills / Cotton Development Programmes
- ✚ Other Processing Units: Food Grains / Oilseeds / Plantation Crops / Cotton Ginning and Pressing / Fruit & Vegetable / Maize Starch / Particle Board, etc.
- ✚ Power Loom Cooperatives covering pre and post loom facilities

c) Cooperative Storage

- ✚ Construction of godowns (Normal)
- ✚ Upgradation/renovation of existing godowns
- ✚ Construction of Cold Storages / Upgradation/ Rehabilitation of Cold storages

d) Distribution of essential articles through cooperatives

- ✚ Distribution of Consumer articles in rural/ urban/ semi urban areas.

e) Industrial Cooperatives

- ✚ All types of Industrial Cooperatives, Cottage & Village Industries, Handicrafts/rural crafts etc.

f) Service Cooperatives

- ✚ Agriculture Credit
- ✚ Agriculture Insurance
- ✚ Labour Cooperatives
- ✚ Water Conservation works/services
- ✚ Irrigation, micro irrigation in rural areas
- ✚ Animal care/health disease prevention
- ✚ Rural sanitation/ Drainage/ Sewage system through Cooperatives

g) Agricultural Services

- ✚ Cooperative Farmers' Service Centres
- ✚ Agro Service Centres for Custom hiring
- ✚ Establishment of Agricultural inputs manufacturing and allied units.



- ✚ Irrigation/ Water harvesting programmes.

h) District Plan Schemes

- ✚ Integrated Cooperative Development Projects in selected districts (ICDP)

i) Cooperatives for Weaker Sections

- ✚ Fisheries
- ✚ Dairy
- ✚ Poultry
- ✚ Tribal
- ✚ Handloom
- ✚ Coir & Sericulture

j) Assistance for Computerisation

k) Promotional and Developmental Programmes

- ✚ Technical & Promotional Cells
- ✚ Consultancy for studies/project reports, management studies, market survey & evaluation of programmes, etc.
- ✚ Training and Education

l) Consultancy Services

The “**NCDC Consultancy Services Division**” (NCS) was set up in January 2004 to provide expertise developed by NCDC over the years. NCDC continues to provide Consultancy Services for the benefit of various type of cooperatives, other financial institutions, departments and organizations of various Ministries. Consultancy is offered on a very nominal fee and NCDC also considers financing of such projects as per its normal terms and conditions. NCDC's consultancy is purpose oriented, efficient, time bound, cost effective and client friendly to help organizations in expansion/diversification of their activities, value-addition, human resource development etc., thereby enabling them to become of self sustaining. NCDC provides consultancy in the following areas:

- ✚ Project formulation and feasibility studies
- ✚ Appraisal of projects
- ✚ Monitoring of projects
- ✚ Investment potential surveys
- ✚ Financing arrangement and loan syndication
- ✚ Domestic marketing and import/export of agriculture produce
- ✚ Performance rating of cooperative societies
- ✚ Training and exposure visits



### New Schemes

- ✚ Financial assistance to Cooperatives for Tourism, Hospitality, Transport, Electricity (New/Non-Conventional) and Rural Housing programmes – Guidelines
- ✚ Financial assistance to Cooperatives for Hospital, Healthcare and Education – Guidelines
- ✚ Corporate Social Responsibility Programme of NCDC – Guidelines
  
- ✚ Scheme for Strengthening Monitoring and Evaluation Functions of the Corporation by utilising Professional Expertise of Retired Officers
- ✚ Scheme for extending NCDC's Short Term Loan to Agricultural Credit Cooperatives towards Working Capital

### **SAHAKAR 22 : An NCDC Mission 2022 for New India**

- ✓ Cooperatives: A Formidable Force with Farmers
- ✓ India has 01 MILLION COOPERATIVES with 300 MILLION MEMBERS, mostly FARMERS
- ✓ NCDC reaches the FARMERS DIRECTLY
- ✓ NCDC has extended financial assistance to DIVERSE RANGE of COOPS:
- ✓ Credit and Non-Credit Coops.
- ✓ Small (supplying inputs like fertilizers) to Very Large (Dairy/ Sugar / Textiles)
- ✓ Small Coop Banks to Large Coop Banks- UCBs, DCCBs, STCBs
- ✓ Small fish pond based activity to Large Export Oriented Prawn Processing units
- ✓ Small Consumer Stores to Large Retail Chains / Malls
- ✓ Small Health Centres to Large Hospitals
- ✓ NCDC is almost a ZERO NPA statutory organization ONLY for COOPS
- ✓ NCDC aims at cost reduction of inputs through their purchase by Coops in wholesale and output value enhancement through scaled up sales
- ✓ NCDC advances more than Rs.20,000 crore to Coops annually
- ✓ Comprehensive value addition focused through infrastructure, processing and competitive credit to farmer members of cooperatives.
- ✓ NCDC has assisted Coops in about 400 Districts and has offices in 18 States.
- ✓ NCDC works with States / UTs closely.
- ✓ NCDC brings in respite from rigid formal credit institutions and exploitation of money-lenders and traders.





**To achieve the Mission of New India by 2022 in Cooperatives, through Doubling the Farmers Income, NCDC would launch a new Mission Mode activity, SAHKAR 22**

**SAHKAR 22 would include**

- ❖ FOCUS 222- Converge NCDC assistance for Cooperatives in 222 Districts
- ❖ PACS HUB- Transform PACS and other Coops as APNA KISAN Resource Centre
- ❖ AENEC- ACT East and North East Coops
- ❖ CEMtC- Centres of Excellence to Market through Coops
- ❖ SAHAKAR PRAGYA: Laxmanrao Inamdar National Academy for Cooperative Research & Development as Capacity Development base for SAHKAR 22

**Procedure To Avail Financial Assistance from NCDC**

**Procedure of Sanction / Disbursal of Assistance**

NCDC assistance is not individual beneficiary oriented but is meant for institutional development of Cooperatives. NCDC supplements the efforts of State Government. The State Governments recommend the proposal of individual society / project to NCDC in the prescribed schematic format. The Society may

also avail direct funding of projects under various schemes of assistance on fulfillment of stipulated conditions. The proposals are examined in the concerned functional division and if need be on the spot field appraisal is undertaken. Thereafter, formal sanction of funds is conveyed to the State Govt. / Society. The release of funds depends on progress of implementation and is on reimbursement basis. The period of repayment of loan ranges from 3 to 8 years. The rate of interest varies from time to time.

**Common Application Form**

The Application Form is available at NCDC website <http://claf.ncdc.in/claf/>.

**Bringing Producer Organisations (POs), Farmers Producer Organisations (FPOs) and Self Help Groups (SHGs) into cooperative fold**

In recent past various forms of collectives have been organised by primary producers like farmers, milk producers, fishermen, weavers, rural artisans, craftsmen and the general public in rural areas for improving their production and access to credit for taking up income generating activities. These are working parallel to the registered cooperatives broadly on the cooperative principles.

PO is a generic name for the organisation of producers of any produce, be it agril., non-farm products, artisans etc. In case produce is a non-farm item for example handloom or handcraft than the POs is of



a non-farmers while if the members are farmers when it is called FPO. These are basically constituted to provide the benefit of economies of scale and cut the long chain of intermediaries to provide better return and also to enhance bargaining power. POs are registered under Indian Companies Act.

Self-Help Groups (SHGs) are voluntary associations of people to attain a collective goal. People who are homogenous with respect to social background, heritage, caste or traditional occupations come together for a common cause to raise and manage resources for the benefit of the group members.

Few important characteristics of SHGs are:-

- Voluntary and small organizations, mostly of members, homogenous in terms of caste/occupation/farm size/sex or income
- Posses an economic objective, frequently alongwith other social objectives.
- Members have equal status and elect their own leadership in democratic manner.
- Functioning is participatory in character.
- Work on the basic concept of savings first and credit later
- These are not adhoc associations but have rules and regulations, bye-laws or constitution which may be in writing.
- Some of the SHGs are formal, registered organizations while the other are unregistered and informal associations.

SHGs are largely functioning as savings and credit group ensuring local and easy accessibility of loan to members to undertake economic activities. SHGs work on their own initially but later in order to meet the higher demands of funds by the members operate under SHG-Bank Linkage Programme with PACS/DCCBs, RRBs or commercial banks.

POs, FPOs and SHGs, however, face various constraints when they have to grow and increase their reach and volume of business to provide better returns to the farmers by engaging in marketing and value addition activities. The cooperatives being a tried and tested model are highly patronised by the governments. Various kinds of schemes and programmes are available from the central and state governments for cooperative development. The machinery to guide, monitor, supervise and advice the cooperatives is in place and easily accessible. POs, FPOs and SHGs have limited access to funds while cooperatives can easily mobilise funds from the RFIs like DCCBs and other institutions like NCDC. The SHGs may not be registered and do not have legal status therefore find still difficult to mobilise funds. SHGs currently are only working as small credit groups and need to have a legal status



like cooperatives to upscale and become an enterprise to serve their members better. The govt. / NGO support is also available only to few selected members in SHGs. Many of SHGs also fail due to interference from outside mostly political and also less of professionalism. It is also seen that SHGs when become large, sometimes become unmanageable. A large number of SHGs have saturated as credit group and needs to look beyond savings and credit services to provide end to end solution for sustainable livelihood in rural areas. There is an urgent need for the various kind of collectives to expand by adopting right kind of business, improvement of the skills, providing marketing linkages etc. which would be carried out effectively and efficiently if these register themselves as cooperatives in view of inherent advantages and available patronage from governments. As registered cooperatives, all type of collectives can have access to financial assistance (including subsidy) for business promotion and creating infrastructure and facilities besides professional guidance, training and promotional benefits from institution like NCDC.



## CHAPTER 5 – CENTRAL SECTOR SCHEME FOR FORMATION AND PROMOTION OF 10,000 FPOs

- With the aim of revamping the agriculture sector to support small and marginal farmers to enable them to avail maximum opportunity of existing resources and the latest technology available in the agriculture sector, Government of India launched a Scheme for Formation and Promotion of 10,000 FPOs in July 2020
- FPOs will be registered under Companies Act as well as under the existing Cooperative Acts
- NCDC is one of the Implementing Agencies, along with SFAC, NABARD and other agencies approved by DAC&FW

### OBJECTIVES OF THE SCHEME

- To provide **holistic and broad based supportive ecosystem** for overall socio-economic development and wellbeing of agrarian communities
- To **enhance productivity** of their produce and **become sustainable** through collective action
- To provide **handholding and support** to new FPOs
- To provide **effective capacity building** to FPOs to develop agriculture-entrepreneurship skills

### WHAT ARE FPOs

- An FPO is a registered body formed by a group of farmers who are also the shareholders in the organisation
- It deals with all types of farm activities such as agri inputs, processing, value addition, market linkages, credit linkages, use of technology, etc. for the benefit of the members of FPO

### REGISTRATION OF FPOs

- Under Companies Act
- Under Co-operative Societies Act of the State (including Mutually Aided or Self-reliant Cooperative Societies Act by whatever name it is called)
  - Suitable provisioning in the Bye-laws of FPO Cooperatives must be ensured

### SERVICES TO BE PROVIDED BY FPOs

- Supply quality production inputs at reasonable rates
- Make available need based production and post-production machinery and equipments



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

- Facilitate value addition at reasonably cheaper rates
- Facilitation of Storage and transportation facilities

#### **SERVICES TO BE PROVIDED BY FPOs**

- Undertake higher income generating activities like seed production, bee keeping, mushroom cultivation, etc
- Undertake aggregation of smaller lots of farmer-members' produce
- Facilitate market information about the produce and ensure hand holding in agri marketing

#### **IMPLEMENTING AGENCIES**

- a) **National Cooperative Development Corporation (NCDC)**
- b) **National Bank for Agriculture and Rural Development (NABARD)**
- c) **Small Farmers Agribusiness Consortium (SFAC)**
- d) Other Institutions/Organizations as approved by DAC&FW

**Implementing Agencies will form and promote FPOs with the help of Cluster Based Business Organizations (CBBOs)**

#### **COORDINATING AND MONITORING AGENCIES**

##### **1.National Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC)**

- To Coordinate with all the Implementing Agencies, State Level Consultative Committee and District level Monitoring Committee (D-MC) for smooth implementation
- Allocate the produce clusters/districts/States to Implementing Agencies for formation and promotion of FPOs
- Chaired by Secretary, DAC&FW



## COORDINATING AND MONITORING AGENCIES

### National Project Management Agency (NPMA)

- Set up by SFAC
- For providing overall project guidance, data maintenance through integrated portal and information management and monitoring
- Interaction and coordination with various stakeholders
- Support arm of National Project Management Advisory and Fund Sanctioning Committee

## COORDINATING AND MONITORING AGENCIES

### State Level Consultative Committees (SLCC)

- To synergize efforts of various stakeholders for implementation and monitoring of the scheme at State level
- To hold regular meetings and monitor the review and progress of FPO formation
- To Identify constraints in the course of implementation of the scheme and communicate to DAC&FW
- Chaired by Additional Chief Secretary / Secretary in-charge of Agriculture or Agriculture Marketing Department of the State

## COORDINATING AND MONITORING AGENCIES

### District Level Monitoring Committee (D-MC)

- For overall coordination, monitoring and review of implementation of scheme in the district level
- To suggest the potential produce clusters in the district
- To identify and resolve the financial and other constraints of FPOs through District Level Bankers' Committee
- Chaired by District Collector



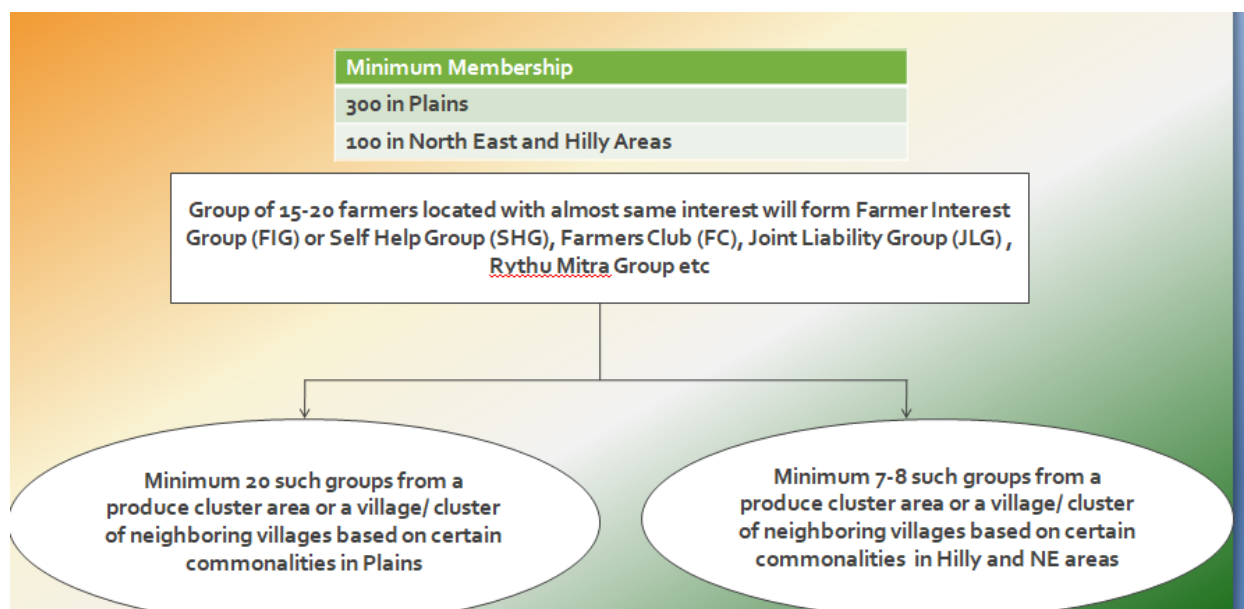


## STRATEGY FOR FORMATION OF FPOs

- FPOs are to be formed based on **Produce Cluster Area**
- Produce Cluster area is to be identified by Implementing Agencies
- “One District One Product” approach shall be applied for identifying produce clusters
- D-MC will check for duplicity of blocks among different Implementing Agencies and make necessary adjustments

CBBOs will undertake feasibility study, which shall include Baseline survey

- To identify present situation of farming, small, marginal and landless farmers for aggregation purpose
- To identify minimum geographical area
- To identify or confirm produce clusters



## MAIN FOCUS FOR FORMATION OF FPOs

Special focus to be given to:

- Small, marginal and women farmers/women SHGs as members
- SC/ST farmers and other economically weaker categories as members.
- “One District One Product” approach for development of product specialization
- Formation of FPOs in aspirational districts



- Tribal Communities and promotion of Minor Forest Produce

## **DUTIES AND RESPONSIBILITIES OF IMPLEMENTING AGENCIES**

- Selection and empanelment of CBBOs
- Undertake monitoring of CBBOs
- Creation of Integrated Portal for MIS related Operations
- Formulate rating tools for FPOs
- Prepare Annual Action Plan and submit to DAC&FW
- Coordinate with Value-Chain Organization

## **CBBOs**

CBBOs are Cluster Based Business Organizations or institutions which will work for formation, nurturing and promotion of FPOs and shall

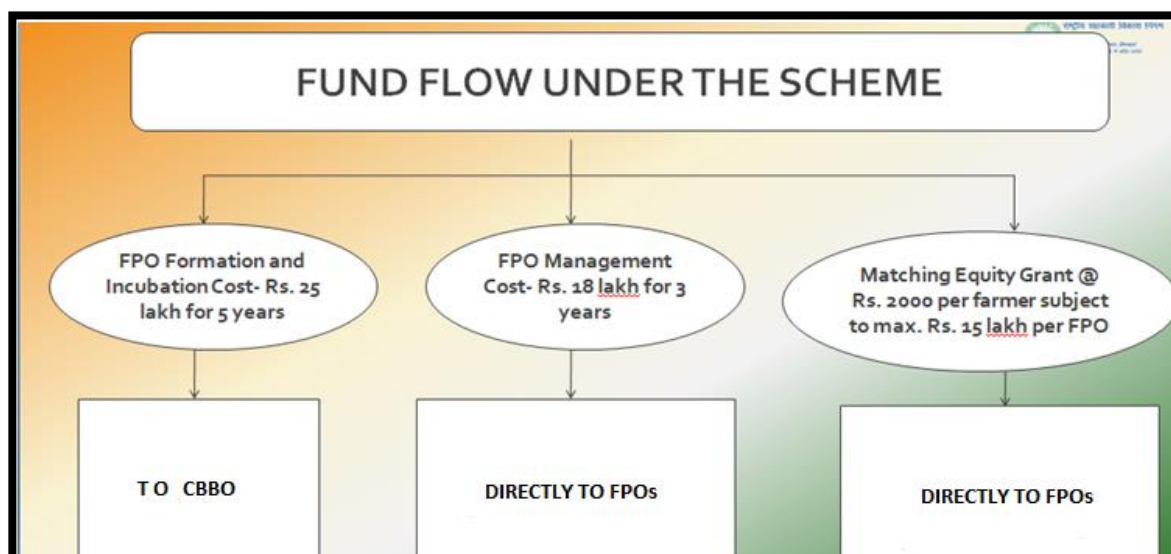
- Assist Implementing Agencies for cluster identification, community mobilization and baseline survey
- Assist in Preparation of Business Plans for FPOs
- Assist FPOs in availing Equity Grant, establishing regular interface with stakeholders and identifying training needs of FPOs

## **CRITERIA FOR IDENTIFICATION OF CBBOs**

- Should be a Legal entity, existing for past 3 years Turnover more than Rs. 2 crores in Plain areas and more than Rs. 1 crores in NE and Himalayan areas
- Must have engaged or willing to engage professionals in the field of Crop Husbandry, Agri Marketing/ Value Addition/ Processing, Social Mobilization, IT/ MIS and Law/ Accounts



## Fund Flow under the Scheme



## FPO FORMATION AND INCUBATION COST

Includes : -

- ✓ cost towards undertaking baseline survey,
- ✓ mobilization of farmers
- ✓ organizing awareness programmes
- ✓ conducting exposure visits
- ✓ professional hand holdings
- ✓ incubation, cost of engaging CBBOs
- ✓ other overheads



## FPO MANAGEMENT COST

**Rs. 18 lakh for 3 years or actual cost paid to FPO**

Head	Cost
Salary of CEO/Manager	maximum up to <b>Rs.25000/- per month</b>
Salary of Accountant	maximum up to <b>Rs. 10000/- per month</b>
One time registration cost-	maximum <b>Rs. 40000/-</b>
Office rent	maximum - <b>Rs. 48,000/- per year</b>
Utility charges	electricity and telephone charges up to <b>Rs. 12000/- per year</b>
One-time cost for minor equipment	including furniture and fixture maximum up to <b>Rs. 1,00,000/-</b>
Travel and meeting cost	maximum up to <b>Rs.18,000/- per year</b>
Misc	cleaning, stationery etc. maximum up to <b>Rs. 12,000/- per year</b>

## MINIMUM QUALIFICATION OF OFFICE BEARERS OF FPOs

- The CEO/Manager should be a graduate in agriculture / agriculture marketing / agri-business management or BBA or equivalent
- The accountant should have educational qualification of 10+2 with Mathematics as a compulsory subject or alternatively with Commerce or Accountancy background
- Members of FPO may also be considered if they meet above criteria

## EQUITY GRANT

- Matching grant up to Rs.2000/- per producer member of FPO subject to max Rs. 15.00 lakh per FPO



Particulars	Farmers Equity (maximum)	Matching Grant Provided (maximum)
Producer Member	Rs. 2000 (say)	Rs. 2000
If FPO has 750 members, then	Rs. 15,00,000	Rs. 15,00,000

The objectives of Equity Grant are to:-

- Enhance viability and sustainability of FPOs
- Increase credit worthiness of FPOs
- Enhance shareholding of members to increase their ownership and participation in their FPO

#### ELIGIBILITY FOR EQUITY GRANT

- FPO Cooperative has to be a legal entity, i.e. registered
- It has raised equity from its Members as laid down in its Articles of Association/ Bye laws
- Minimum 50% of its shareholders are small, marginal and landless tenant farmers
- Maximum shareholding by any one member shall not be more than 10% of total equity of the FPO
- Adequate representation of women farmer member(s) in Board of Directors (BOD) and Governing Body of FPOs
- It has a business plan and budget for next 18 months that is based on a sustainable, revenue model

#### EQUITY GRANT

Application Grant applications shall invariably include:-

- Shareholders list and share capital contribution duly certified by CA/Co-operative auditors
- Resolution of Board of Directors/Governing body to seek Equity Grant
- Consent of shareholders
- Audited Financial Statements of all years in case of existing FPOs/Six months Bank account statements for new FPOs (within 1 year of existence)



- Business plan and Budget for next 18 months

## **DUE DILIGENCE FOR EQUITY GRANT**

Due Diligence by Implementing Agencies shall include :-

- Governance aspects
  - Business and Business plan viability
  - Management Capability aspects
  - Financial aspects
- All documents and information to be verified by CBBOs and routed to Implementing Agency

## **EQUITY GRANT**

- FPO shall, within 45 days of receipt of Equity Grant , issue eligible additional share to its shareholders
- FPOs can draw equity grant in maximum of 3 tranches (within 4 years)
- Request for second tranche to be treated as fresh application and same due diligence to be applied by Implementing Agencies

## **EQUITY GRANT**

Equity Grant may be recalled

- in case of failure to issue additional share to members within 45 days
- Closure/dissolution of FPO within 5 years of the receipt of Equity Grant

Instance of misuse/misappropriation of Equity Grant

## **FORMS AND ANNEXURES FOR EQUITY GRANT**

- Application form for seeking Equity Grant by FPO (Annexure -I)
- Shareholders list format (Annexure -II)
- Board of Directors Resolution and Consent Form of all Shareholders (Annexure -III)





## **CREDIT GUARANTEE FACILITY**

- To ensure access of FPOs to credit from mainstream Banks and Financial Institutions
- A dedicated Credit Guarantee Fund of Rs. 1500 crores has been provided for in the scheme
- It will provide suitable credit guarantee cover to accelerate flow of institutional credit to FPOs by minimizing the risk of financial institutions for granting loan to FPOs
- This will improve their financial ability to execute better business plans leading to increased profits

## **CREDIT GUARANTEE FACILITIES**

- In case of project loan up to Rs. 1 crore, credit guarantee cover will be 85% of bankable project loan with ceiling of Rs. 85 lakh
- In case of project loan above Rs.1 crore and up to Rs. 2 crores, credit guarantee cover will be 75% of bankable project loan with a maximum ceiling of Rs. 150 lakh
- However, for project loan over Rs. 2 crore of bankable project loan, credit guarantee cover will be limited to Rs. 2.0 crores only



## CREDIT GUARANTEE FACILITIES

- Credit facility available in respect of a single FPO borrower for a maximum of 2 times over a period of 5 years
- In case of default settlement up to 85% or 75 % of the amount in default subject to maximum cover as specified above
- Application form for seeking CGF cover (Annexure-IV)

## ELIGIBLE LENDING INSTITUTIONS-ELIs

- Scheduled Commercial Bank for the time being included in the second Schedule to the Reserve Bank of India Act, 1934,
  - Regional Rural Banks,
  - Co-operative Banks,
  - Cooperative Credit Society,
  - **Development Funding Institutions like NCDC etc**
- **An ELI can avail Credit Guarantee for the FPO/Federation of FPOs, which are covered under the Scheme**

## TRAINING AND CAPACITY BUILDING OF FPOs

- ❖ Laxmanrao Inamdar National Academy for Cooperative Research & Development (LINAC), Gurugram and Regional Training Centres (RTCs) are designated as Nodal Training Institution at central level
- ❖ The LINAC will also coordinate with other reputed training organizations like NIAM, VAMNICOM, MANAGE, NIRD, NCCT, IRMA, ASCI, etc
- ❖ LINAC has developed 45 training modules for imparting training to FPO Cooperatives and stakeholders



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

## Annexure - I

### **Application Form for seeking Equity Grant by FPO**

Date:

To,

(i) The Managing Director  
Small Farmers' Agri-Business Consortium (SFAC),  
NCUI Auditorium, August Kranti Marg,  
Hauz Khas, New Delhi 110016.

(ii) The Managing Director  
National Co-operative Development Corporation (NCDC),  
4, Siri Institutional Area,  
Hauz Khas, New Delhi 110016.

(iii) The Chief General Manager  
National Bank for Agriculture and Rural Development (NABARD),  
Regional Office \_\_\_\_\_

(iv) To any other additional Implementing Agency  
allowed/designated, as the case may be.

Sub: Application for Equity Grant under scheme of Formation and Promotion of 10,000  
Farmer Producer Organizations (FPOs)

Dear Sir/Madam,

We herewith apply for Equity Grant as per the provisions under the captioned scheme.

1. The details of the FPO are as under-

S. No.	Particulars to be furnished	Details
1.	Name of the FPO	
2.	Correspondence address of FPO	
3.	Contact details of FPO	
4.	Registration Number	
5.	Date of registration/incorporation of FPO	
6.	Brief account of business of FPO	
7.	Number of Shareholder Members	
8.	Number of Small, Marginal and Landless Shareholder Members	



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

9.	Paid up Capital (in INR)	
10.	Amount of Equity Grant sought (in INR)	
11.	Maximum shareholding of an Individual Shareholder Member	
12.	Bank name in which account is maintained	
13.	Account number	
14.	Branch name & IFSC code	
15.	Number of Directors with their briefs	
16.	Mode of Board formation (election/ nomination)	
17.	Number of Women Director(s)	
18.	Date(s) of Board/Governing Body Meetings held in the last year	
19.	Number of functional committees of the FPO: (Mention the major activities of each committee)	1. 2. 3.
20.	Roles & Responsibility of Boards/ Governing Body	1. 2. 3. 4.

## 2. Details of Board of Directors/Governing Body-

S. No.	Name of the Directors of Board/ Governing Body	Designation/ Role In the FPO	Aadhar Number	DIN Number	Qualifications Tenure (In yrs.)	Contact No./ Address	Land holding (In Acres)
1.							
2.							
3.							
4.							



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

**3. Details of Members of Board/ Governing Body**

S. No.	Name of the Members of Board/ Governing Body	Role in the FPO	Aadhar Number	Qualifications Tenure (in yrs.), if any	Contact No./ Address	Land holding (in Acres)
1.						

**4. Details of Shareholding of FPO Members-**

#	Number of shareholders	Number and face value (INR) of shares allotted	Total amount paid (including premium in INR.)

We certify that no member of our FPO had availed Equity Grant facility earlier.

We submit our application along with the mandatory documents and request that the equity grant be approved.

Yours faithfully,

President/Chief Executive Officer/Manager

Authorized Representative/ Director of FPO



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

**Annexure - II**

**Shareholders' List and Share Capital contribution by each member verified and certified by a Chartered Accountant (CA) prior to submission**

S.No	Member Name & Gender	Date of Membership	Share Money deposited by member (Rs.)	No. of Shares allotted (Share Value in INR)	Folio Share distinctive Number	Land holding of Shareholders (in Acres)	Land Record (Khasra No.)

Signature of President

Signature of CEO Name: Name:

Place:

Place:

Date:

Date:

Verified and certified by Chartered Accountant (CA) (Sign and Seal)





**Annexure - III**

**Resolution of Board of Directors/Governing Body to seek Equity  
Grant for Members**

**FPO to seek Equity Grant for Shareholders (Certified true Copy)**

- a) Place of meeting.....
- b) Date of meeting.....

Agenda of Meeting: to avail Equity Grant support

Whereas the FPO has been formed under \_\_\_\_\_  
(legal registration status of FPO) and on the basis of the decision of the  
AGM/EGM (held on) \_\_\_\_\_ (mention the date) to  
avail Equity Grant support under the Scheme.

We, the Board of Directors of the FPO unanimously resolve that-

- i. The grant shall be utilized for business enhancement of the FPO.
- ii. The basis of allocation of the said fund shall be the individual share money contribution by members and in accordance with the criteria laid down in the Scheme.
- iii. The accounts of the said grant shall be maintained in a proper manner.
- iv. The benefit of the said support shall be extended shareholder member-wise and shall be available to an individual till she/he is the member of the FPO.
- v. If a shareholder member quits the FPO at any point, the shares issued in lieu of the grant shall be retained by the FPO and shall not be paid to the member but shall be allocated to a new/additional existing member as per the scheme guidelines. This has been discussed in the AGM/EGM held for this purpose on----- and the Shareholders are fully cognizant of the Terms and Conditions of the Scheme & have agreed to abide by the same.

We further resolve that to execute the documents pertaining to this support,  
the President / in his absence, any one of the following Directors of the FPO

---



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

for any reason due to non-availability of the President and the Chief Executive of FPO, whose signatures are given below and certified by the Bank are authorised to sign all documents and forms jointly. Further resolved that this Resolution be communicated to..... (Name of Implementing Agency) and shall remain in force until further notice in writing.

Signed by the CEO & Board of Directors and Sealed

S.No.	Name	Designation	Signatures



### Consent Form of all Shareholders

We are Shareholders in \_\_\_\_\_(Name of the FPO) located in \_\_\_\_\_ (Name of village/block/district/State). We have purchased \_\_\_\_\_ (number of issued Shares) worth Rs. \_\_\_\_\_ (value of the issued Shares) from the FPO, as per the list below-

(List to be attached stating name of shareholder, gender, number of shares held face value of shares, land holding, and signature.)

We have been informed about /read the Terms and Conditions of the EG and agree to the same. In particular, each shareholder hereby agrees that the entire amount of Equity Grant sanctioned by.....(Name of Implementing Agency) on our behalf be directly transferred to our FPO's account towards the consideration of additional shares to be issued to us of equivalent amount in the FPO.

On receipt of the amount, the FPO shall immediately, issue additional shares to respective shareholders, of the equivalent amount sanctioned to each shareholder by the.....(Name of Implementing Agency)

We also agree that should any shareholder at any point cease to be a Member of the FPO for any reason whatsoever, the additional shares against the Equity Grant that stand in his/her name shall be retained by the FPO to be allocated to another Member as specified under the Scheme and that in such a case, he shall not receive the value of the share.

In support of our consent, we have affixed our signatures /thumb impressions below: Consent details:-



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

	Name & Gender of Shareholder	Current Equity holding (Number and Face Value in INR)	Current Landholding (in acres.)	Signatures/ Thumb impressions
1.				
2.				
3.				

We declare that the information furnished by the shareholders above is true.

Chief Executive Officer (Seal)

President/Authorised Signatory

Certified by a Chartered Accountant (CA) (Seal) Countersigned by Bank Manager

(of the Bank where the FPC has the account) (Seal)



राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

**Annexure - IV**

**Application Form for Seeking Credit GUARANTEE Cover UNDER CGF**

Name of Implementing Agency (NABARD/NCDC): .....				
Address: .....				
Phone Number: .....				
(Each page of the application form should be signed by Branch head and Zonal Manager)				
Name and Address of the applicant Bank Branch :				
1 a)	Complete Postal Address ("with pin-code) :			
1 b)	Phone No. with STD :			
1 c)	Fax No.:			
1 d)	E-Mail Address:			
1 e)	Details of the authorised person of the Bank submitting the Claim:	Designation	Mobile No.	E-Mail Address.
2	Name of Borrower FPO :			
2 a)	Constitution:	Producer Organization		
2 b)	Registered Office Address ("with pin-code):			
	(I). Phone No.	(II). Fax No.	(III). E-mail Address	
2 c)	Business Office Address (if any)			
	(I). Phone No.	(II). Fax No.	(III). E-mail Address	
2 d)	Name of CEO :			
	Mobile No.			
2 e)	Credit Facility for which guarantee cover sought :			
	Old	New	Expansion	Technical Up-gradation
2 f)	Give details of components:-			
	Inputs:		Processing:	
	Marketing:		Any other:	
	Total Investment:			
3	Banking Facilities Sanctioned by sanctioning authority (Rs. in Lakh):-			
	(I). Term-Loan :	Date of Sanction:	Amount Outstanding:	IRAC Status:



# राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

	(II).Cash Credit :	Date of Sanction:	Amount Outstanding:	IRAC Status:
3 a)	Sanctioning Office:	Branch:	ZO / RO:	HO:
3 b)	Designation of Sanctioning Authority :			
3 c)	Sanctioning authority approval vide :			
3 d)	Sanction / Appraisal Note No.		Dated:	
3 e)	Agenda No. / Minutes conveying sanction :			
4	Name and Address of Controlling Office of the Branch (*with pin-code):			
4.a).	Name of Controlling Authority :			
4.b).	Mobile No.:			
4.c).	Fax. No. :			
4.d).	E-Mail Address. :			
5	Present status of FPO Activity : (Give component wise details)			
5. a)				
5. b).				
5. c).				
5. d).				
5. e).				
5. f)				
6	Status of Accounts			
6. a).	Term-Loan:			
	Amount of Disbursement till date :		Outstanding as on date :	
	I). First Installment due on (date) :			
	II). Last Installment due on (date) :			
6. b).	Cash Credit :			
	Limit:	Drawing Power:	Outstanding:	
	Comments on Irregularity ( if any):			
	Any adverse comments on the unit by inspecting official in last inspection report:			
7.	A. Cost of Project (as accepted by sanctioning authority)(In Rs. Lakh)		B. Means of Finance (as accepted by sanctioning authority)(In Rs. Lakh)	
	Give component wise details		a. Term loan of Bank:	
			b. Promoter Equity	





राष्ट्रीय सहकारी विकास निगम

**NCDC**

*Assisting Cooperatives. Always!*

सहकारिताओं की सहायता में सदैव तत्पर!

			c. Unsecured loan :	
			d. Others if any	
	Total		Total	
8.	A. Forward Linkages:		B. Backward Linkages with Small/Marginal farmers:	
	1		No. of members:	
	2		Details of Primary and Collateral Securities taken by the bank (If any)	
	3		a. Primary Securities	b. Collateral Securities
	4			
	5			
	6			
	(Please enclose details separately)			
9	Name of the Consortium (If any) associated with Credit Facility with complete address, contact details and email:			
9 a)	Address (*with pin-code) :			
9 b)	Contact Details :			
9 c)	Email Address :			
Request of Branch head for Credit Guarantee:-				
In view of the above information, we request Credit Guarantee Cover against Credit Facility of Rs.....(In Rupees ) to FPO(copy of sanction letter along with appraisal/process note of competent authority is enclosed for your perusal and record ).				
Further we confirm that :				
1. The KYC norms in respect of the Promoters have been complied by us.				
2. Techno-feasibility and economic viability aspect of the project has been taken care of by the sanctioning authority and the branch.				
3. On quarterly basis, bank will apprise the .....(Name of Implementing Agency)about progress of unit, recovery of bank's dues and present status of account to.....(Name of Implementing Agency)				
4. We undertake to abide by the Terms & Conditions of the Scheme.				



Date.....		Signature of Branch Manager with branch seal Name ..... Designation ..... ..... Signature of Authorized Person in zonal office Name..... Designation .....
List of Enclosures		
1. Recommendation with amount of CGC sought on Bank's Original letterhead with date and dispatch number duly signed by the Branch Manager on each page.	5. Promoter's request letter addressed to the Bank Manager on original letter head of FPO	9. List of shareholders confirmed by promoter and bank
2. Sanction letter of sanctioning authority addressed to recommending branch.	6. Implementation Schedule confirmed by the bank.	10. Affidavit of promoters that they have not availed CGC from any other institution for sanctioned Credit Facility.
3. Bank's approved Appraisal/Process note bearing signature of sanctioning authority.	7. Up-to-date statement of account of Term loan and Cash Credit (if Sanctioned).	11. Field Inspection report of Bank official as on recent date.
4. Potential Impact on small farmer producers 1. Social Impact, 2. Environmental Impact 3. Risk Analysis	8. a). Equity Certificate, C.A/CS certificate/RCS certificate b). FORM-2, FORM-5 and FORM-23 filed with ROC for Company/ RCS.	* Pin Code at Column No. 1. a), 2. b), 2. c), 4. a) and 9. a) is Mandatory