

राष्ट्रीय सहकारी विकास निगम
NATIONAL COOPERATIVE DEVELOPMENT CORPORATION
(Credit Division)



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No. NCDC.1-2/2002-P (SC)

Dated: 8.11.2010

From

Govindan Nair, IAS,
Managing Director.

To

The Secretary (Cooperation),
All States/UTs

Sub: New NCDC sponsored Scheme for extension of NCDC's financial assistance for development of infrastructural facilities for agricultural credit activities of cooperatives – Issue of guidelines - Regarding.

Sir,

NCDC, vide Circular No.NCDC.1-2/2002-P(SC) dated 22.10.2003, introduced a scheme for extension of financial assistance for service cooperatives including agricultural credit cooperatives. However, in the said circular financial assistance for infrastructural facilities of agricultural credit cooperatives was not specifically included.

2. – During implementation of the scheme, requests have been received and need has been felt for providing financial assistance towards development of infrastructural facilities for agricultural credit activities of the Primary Agricultural Credit Cooperative Societies (PACS), Primary Cooperative Agriculture & Rural Development Banks, District Central Cooperative Banks, State Cooperative

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Banks and State Cooperative Agriculture & Rural Development Banks. Hence, it is proposed to introduce a new scheme for extension of NCDC's financial assistance for infrastructural facilities for the agricultural credit activities of the above said cooperatives.

3. Accordingly, NCDC hereby introduces a new scheme for extending NCDC's financial assistance for development of infrastructural facilities for the agricultural credit activities of the above said cooperatives..

4. Detailed guidelines of the new scheme are as follows:-

I CO-OPERATIVES ELIGIBLE FOR NCDC ASSISTANCE UNDER THE SCHEME:

Any Cooperative Society registered under State/Multi State Cooperative Societies Act with suitable provision in the bye-laws to undertake agricultural credit activities, shall be eligible for the financial assistance subject to fulfillment of guidelines under the Scheme.

II. PURPOSES FOR WHICH NCDC ASISTANCE WILL BE EXTENDED:

NCDC assistance will be extended for the following purposes:-

Creation, Modernization, Expansion, Repairs, Renovation etc. of infrastructural facilities such as branch/office buildings, counters, strong rooms, safe deposit vaults, vehicles, furniture & fixtures etc of Agricultural Credit Cooperatives.

III MODE OF FINANCING

NCDC assistance shall be provided either through the concerned State Governments/UT administrations or directly to the cooperatives which fulfill the following criteria to be eligible for direct funding assistance:

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- (i) The cooperative should have been in operation for not less than 3 years.
- (ii) The cooperative should have positive net worth, not less than 100% paid up share capital i.e. there should be no erosion in the paid up share capital.
- (iii) The cooperative should not have incurred any cash loss during last three years and there should be net profit in atleast two of previous three years.
- (iv) Debt equity ratio shall normally be 65:35 depending upon the economic viability of the project.

IV PATTERN OF FUNDING

The pattern of NCDC's assistance shall be as follows:

Developed States/UTs			Under Developed States/UTs			Least Developed States/UTs		
NCDC to State Govt.	State Govt. to Society	Direct Funding	NCDC to State Govt.	State Govt. to Society	Direct Funding	NCDC to State Govt.	State Govt. to Society	Direct Funding
Loan:90% of the project cost	Loan:50% SC :40%	Loan: 65%	Loan:70% *Sub.:20%	Loan:50% SC :20% *Sub.:20%	Loan:50% *Sub.:20%	Loan:70% *Sub.:25%	Loan:50% SC :20% *Sub.:25%	Loan:50% *Sub.:25%
Sub.=Subsidy SC=Share Capital.								

*Subsidy from NCDC will be only for Primary Agricultural Credit Cooperative Societies in cooperatively under developed and least developed States/UTs and classified under weaker section and also subject to availability from Govt. of India. Otherwise, equivalent loan from NCDC. In case of non-availability of subsidy from NCDC/Govt. of India, the State Govt. may provide equivalent amount as share capital.

Cooperatively developed States/UTs – Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab, Tamilnadu, Chandigarh, Delhi, Daman & Diu, Dadra & Nagar Haveli and Puduchery.

Cooperatively under developed States/UTs - Andhra Pradesh, Chattisgarh, Goa, Himachal Pradesh, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand, West Bengal, A&N Islands and Lakshadweep.

Cooperatively Least Developed States – Arunachal Pradesh, Assam, Bihar, Jharkhand, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.

The remaining project cost will be met out of own funds of the cooperatives. Debt-equity ratio may vary depending upon viability of the project.

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V APPLICATION FORM

Application for assistance may be sent in the prescribed format either directly or through state govt. as the case may be along with detailed project report and financial statements of the cooperatives for the past three years.

VI PERIOD OF LOAN/ MORATORIUM/ RATE OF INTEREST

Term loan shall be for a period of maximum 8 years with moratorium of 1-2 years in repayment of loan depending upon the project gestation period. However, there shall be no moratorium in payment of interest. In case of loans provided through State Govts., loan shall be repaid in annual installments and in case of direct funded loans, loan shall be repaid in half yearly installments. Rate of interest prevailing at the time of disbursement of funds shall be applicable.

VII. SECURITY:

In case of loans sanctioned directly to the cooperatives, the loans shall be secured by mortgage of fixed assets of value not less than 1.5 times of the loan amount, pledge of FDRs, State Govt. guarantee, bank guarantee etc. to the satisfaction of NCDC.

VIII. PROCESSING FEE & LEGAL FEE:

In case of direct funded projects the cooperatives shall pay processing fee @0.5% of the sanctioned amount subject to a maximum of Rs. 3.00 lakh along with service tax and education cess applicable at the time of payment. The society shall also meet the legal expenses incurred for execution of legal security documents.

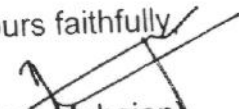
IX. MODE OF RELEASE OF FINANCIAL ASSISTANCE

On receipt of the application, assistance shall be sanctioned based on the techno-economic merits of the project. Release of assistance shall be made after completing the formalities and fulfillment of terms & conditions stipulated in the sanction letter and shall be based on progress in project implementation.

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5. The details of this new schemes may please be given wide publicity and brought to the notice of all the concerned departments of State Govt./ UT and the concerned cooperatives with a request to formulate and send suitable proposals to NCDC for sanction of financial assistance under the scheme..

6. The receipt of this letter may please be acknowledged.

Yours faithfully

 (Vivek Mahajan)
 Director(Credit)

Copy to:

1. The Chief Director(Cooperation), Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India, New Delhi.
2. The Registrar of Cooperative Societies (All States / UTs).
3. All Chief Directors/Regional Directors, Regional Offices, NCDC.
4. All Chief Directors, NCDC HO, New Delhi/TOPIC Center, Gurgaon.
5. Director (Loan)/Director(MIS)/, HO, NCDC, New Delhi.
6. Asstt Director, MD, Secretariat, NCDC, New Delhi.
7. SPA to DMD, NCDC, New Delhi.
8. PS to Executive Director/ Financial Advisor, NCDC, New Delhi.
9. PR Section, New Delhi.
10. Guard File.


 (Vivek Mahajan)
 Director(Credit)