

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



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2.12..2010

From:

Govindan Nair I.A.S.,
Managing Director.

To:

The Secretary to Government,
Cooperation Department,
All States / Uts

Sub: New Scheme for extending NCDC's Short Term Loan to Agricultural Credit Cooperatives towards working capital for their loans/advances for activities/commodities/services under the purview of NCDC-Introduction-Regarding.

Sir/Madam,

The National Co-operative Development Corporation (NCDC) is implementing a scheme to provide loan to Agricultural Credit Co operatives towards working capital for disbursement of agricultural loans/advances. There has been persistent demand from these Co-operatives to consider providing NCDC's Short Term Loan to them towards working capital for their loans/advances for activities/commodities/services listed below:

- i) Processing, Storage and Marketing of agricultural / horticultural produce such as food grains, pulses, oilseeds, plantation crops, fruits, vegetables, cotton, sugarcane etc

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- ii) Distribution of agricultural inputs, namely seeds, fertilizers, pesticides, equipments, irrigation etc.
- iii) Activities allied to agriculture, such as dairy, poultry, fisheries, livestock including goat/sheep/pig, sericulture etc.
- iv) Distribution of consumer articles.
- v) Handloom & Powerloom weaving..
- vi) Coir.
- vii) Minor Forest Produce.
- viii) Cottage & Village Industries, Handicrafts / Rural Crafts
- ix) Services, namely credit, labour, tourism, transport, hospitality, electricity, hospitals, health care, education etc.

2. With a view to supplementing the resources of agricultural credit co-operatives for providing loans/advances to their members towards the activities/commodities/services under the purview of NCDC, a new scheme is hereby introduced to extend NCDC's Short Term loans to agricultural credit cooperatives.

3. Detailed guidelines of the scheme are as follows:

I) CO OPERATIVES ELIGIBLE FOR ASSISTANCE:

The following types of Agricultural Credit Co operatives will be eligible for NCDC's loan under this scheme.

- a) Primary Agricultural Credit Co operatives.
- b) Primary Co operative Agriculture & Rural Development Banks
- c) District Co operative Banks
- d) State Co operative Banks
- e) State Co operative Agriculture & Rural Development Banks

II) PURPOSE FOR WHICH NCDC ASSISTANCE WILL BE EXTENDED:

For working capital (of Agricultural Credit Co operatives) towards disbursement of loans/advances for activities/commodities/services under the purview of NCDC.

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III) MODE OF FINANCING:

NCDC loan shall be provided either through the concerned State Government/UT administration or directly to the co operatives which fulfill the following criteria to be eligible for direct funding:

- i) The co operative should have been in operation for not less than 3 years.
- ii) The co operative 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 co operative should not have incurred any cash loss during last three years and there should be net profit in atleast two of the previous three years.

IV) PATTERN OF FUNDING:

Loan as per requirement, not exceeding 80% of the total working capital required by the Co-operative taking in to account the other sources of finance such as NABARD, State Government, Own funds, Deposits, other financing institutions etc.

V) SECURITY:

In case of loans sanctioned directly to co operatives, the loan shall be secured by one, or combination of two or more, of the following to the satisfaction of NCDC:

- i) Mortgage of fixed assets of value not less than 1.50 times of the loan amount.
- ii) Pledge of Fixed Deposit Receipts with face value not less than 1.10 times of the loan amount
- iii) State Government/Bank Guarantee.
- iv) Hypothecation of Loans/Advances of the Borrower Co-operative receivable from its borrowers, atleast to the extent of 1.25 times of the loan amount.

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In addition to the above, Loan agreement and Demand Promissory Note will also be stipulated. If required, Post dated Cheques shall also form part of the security documents.

VI) MODE OF RELEASE OF LOAN:

On receipt of the application, loan shall be sanctioned based on the merits of the proposal. Release of loan shall be made after completing the formalities and fulfillment of terms & conditions stipulated in the sanction letter and shall be in one or more installments, within the stipulated period for drawal of loan.

VII) PERIOD OF LOAN / MORATORIUM / RATE OF INTEREST:

The Short term loan will be for a period not exceeding one year without any moratorium in repayment of loan and payment of interest. The repayment of Principal will be half yearly or annual depending on the requirement. Rate of interest prevailing at the time of disbursement of loan shall be applicable.

VIII) LEGAL FEE:

The borrower co operative shall meet the legal expenses incurred for execution of security documents.

IX) APPLICATION FORM:

Application for loan may be sent to NCDC in the prescribed format either directly or through the State Government, as the case may be, along with financial statements for the past three years.

4) The details of this new scheme may please be given wide publicity and brought to the notice of all concerned Co-operatives with a request to formulate and send suitable proposals to NCDC for sanction of loan under the scheme.

5) The receipt of this letter may please be acknowledged.

Yours faithfully,


(Vivek Mahajan)
Director (Credit)

P.T.O.

Copy to:

- 1) Chief Director (Co-operation), Department of Agriculture and Co operation, Ministry of Agriculture ,Government of India, New Delhi.
- 2) The Registrar of Co operative Societies, (All States/UTs)
- 3) State Co operative Banks (All States/UTs)
- 4) All Chief Directors/Regional Directors, Regional Offices, NCDC
- 5) All Chief Directors, NCDC Head Office, New Delhi/TOPIC Center, Gurgaon.
- 6) Director (Loan)/Director (MIS), NCDC, New Delhi.
- 7) Assistant Director, MD Secretariat, NCDC, New Delhi.
- 8) SPA to DMD, NCDC, New Delhi.
- 9) PS to Executive Director/Financial Adviser, NCDC, New Delhi.
- 10) PR Section, NCDC, New Delhi.
- 11) Guard File.



(Vivek Mahajan)
Director (Credit)