

राष्ट्रीय सहकारी विकास निगम
NATIONAL COOPERATIVE DEVELOPMENT CORPORATION
(Service Cooperatives Section)



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

Dated: 19.07.2010

From

Govindan Nair, IAS,
Managing Director.

To

The Secretary (Cooperation),
All States/UTs

Sub: New NCDC sponsored Scheme for providing financial assistance for Tourism, Hospitality, Transport, Electricity (New/Non-Conventional) and Rural Housing programmes of cooperatives – Issue of guidelines - Regarding.

Sir,

The Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India vide Gazette Notification No.967 dated 18.5.2010 has notified (i) Tourism, (ii) Hospitality & Transport, (iii) Electricity & Power and (iv) Rural Housing as notified services for the purpose of extending NCDC's financial assistance. Accordingly, NCDC has introduced a scheme for extending financial assistance for Tourism, Hospitality, Transport, generation and distribution of power by New, Non-Conventional & renewable sources of energy and Rural Housing programmes of cooperatives. Detailed guidelines of the new scheme are as follows:-

I CO-OPERATIVES ELIGIBLE FOR ASSISTANCE UNDER THE SCHEME

All cooperative societies registered under State/Multi State Cooperative Society Act undertaking the above activities shall be eligible for assistance subject to fulfillment of the guidelines of the scheme. Assistance for rural housing programme, the society should be in possession of land.

II. PURPOSES FOR WHICH NCDC ASSISTANCE WILL BE EXTENDED:

NCDC assistance will be extended for the following purposes:-

- i) Creation, Modernization, Expansion, Repairs, Renovation etc. of infrastructural facilities relating to Tourism, Hospitality, Transport, generation and distribution of Electricity by New, Non-conventional and renewable sources of energy and Rural Housing.
- ii) Margin money for raising working capital required for day to day operations of above services other than rural housing.
- iii) Working capital assistance to meet requirement for day to day operations of above services other than rural housing.

III. Illustrative list of activities covered under the above scheme is as follows:

Tourism and Hospitality

1. Setting up, modernization/renovation, expansion of small and medium size Hotels, Guest Houses, Restaurants, Canteens, Rest rooms, Wash rooms, Public utilities, Eco- friendly parks, Recreation facilities, other tourism related infrastructural facilities etc.

Transport

2. Purchase of Commercial Transport vehicles such as Bus, Car, Lorry/Truck, Boat, Ship, etc. for transport of passengers & goods and setting up, modernization/renovation, expansion of transport related infrastructural facilities like workshop, fuel station, parking/docking facilities, stands, etc.

Electricity generation by New/Non-conventional/renewable energy sources

- 3 Setting up, modernization/renovation and expansion of units for generation of electricity by New, Non – conventional & Renewable Energy sources such as windmills, mini hydel projects, solar, bio-mass, co-generation etc. and distribution and transmission of power.

Rural Housing

4. Construction of Residential Housing units in rural areas with carpet area not exceeding 1200 Sq. feet per house/flat/apartment; Hostels, Community Centres and development of related infrastructural facilities such as housing plots, site development, roads, parks, sewerage & drainage system, water supply, etc. Areas which are outside the Municipal limits shall be regarded as rural areas.

IV 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:

- (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.

V PATTERN OF FUNDING

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

(i) Margin Money (for services other than Rural Housing)

Cooperatively Developed States/UTs			Cooperatively Under developed States/UTs			Cooperatively Least Developed States/UTs		
NCDC to State Govt.	S/Govt to Society	Direct Funding	NCDC to State Govt.	S/Govt to Society	Direct Funding	NCDC to State Govt.	S/Govt to Society	Direct Funding
Loan for availing Bank credit. 100%	Loan or Share capital or Loan-cum-share capital 100%	Loan 100%	Loan 80% Sub* 20%	Loan or Share Capital or Loan-cum-Share capital 80% Sub* 20%	Loan 80% Sub* 20%	Loan 75% Sub* 25%	Loan or Share Capital or Loan-cum-Share Capital 75% Sub* 25%	Loan 75% Sub* 25%

(ii) Working Capital (for services other than Rural Housing)

Cooperatively Developed States/UTs			Cooperatively Under developed States/UTs			Cooperatively Least Developed States/UTs		
NCDC to State Govt.	S/Govt to Society	Direct Funding	NCDC to State Govt.	S/Govt to Society	Direct Funding	NCDC to State Govt.	S/Govt to Society	Direct Funding
Loan as per requirement	Loan	Loan	Loan as per requirement	Loan	Loan	Loan as per requirement	Loan	Loan

(iii) Infrastructure Creation (Project Facilities)

Cooperatively Developed States/UTs			Cooperatively Under developed States/UTs			Cooperatively Least Developed States/UTs		
NCDC to State Govt.	S/Govt to Society	Direct Funding	NCDC to State Govt.	S/Govt to Society	Direct Funding	NCDC to State Govt.	S/Govt to Society	Direct Funding
(a) For services other than rural housing								
Loan 90%	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%
Members# contribution	10%	35%		10%	30%		5%	25%
(b) For rural housing								
Loan 90%	Loan 90%	Loan 65%	Loan 90%	Loan 90%	Loan 65%	Loan 95%	Loan 95%	Loan 65%
Members# contribution	10%	35%	10%	10%	35%		5%	35%

*Subsidy under Restructured Central Sector Scheme for the programmes other than rural housing implemented by weaker section cooperatives such as Fisheries, Tribal, Scheduled caste and Scheduled Tribes, Hill Area, Dairy, Poultry, Handloom, Coir, Jute & Tobacco, Sericulture for the benefit of their members subject to availability from Govt. of India. Otherwise equivalent loan from NCDC.

Sub = Subsidy SC = 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.

Debt Equity Ratio may vary depending upon viability of the proposed project

VI 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.

VII 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. Margin money loan shall be for a period of 5 years without any moratorium in repayment of loan. Period of working capital loan shall be 1-2 years without any moratorium in repayment of loan. 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.

VIII SECURITY

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

IX PROCESSING FEE AND LEGAL FEE

In case of direct funded projects the cooperative shall pay processing fee @ 0.5% of the sanctioned amount subject to a maximum of Rs.3.00 lakhs 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.

X 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.

2. Total assistance for the programmes under these schemes in a year shall be limited to 25% of annual budget of the Corporation.
3. The details of the new scheme 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.
4. The receipt of this letter may please be acknowledged.

Yours faithfully,


(Prabhat Saxena)

Executive Director(Service Cooperatives)

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/TOPIC
5. Director (Loan)/Director(MIS)/Director(Textile), HO, NCDC
6. Asstt. Director, MD Secretariat, NCDC
7. SPA to DMD, NCDC
8. PS to Executive Directors/ Financial Advisor, NCDC
9. PR Section
10. Guard File



(Prabhat Saxena)
Executive Director(Service Cooperatives)