

**RASHTRIYA SAHAKARI VIKAS NIGAM**  
**NATIONAL COOPERATIVE DEVELOPMENT CORPORATION**  
**(Industrial & Service Cooperatives Division)**

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4, Siri Institutional Area,  
Hauz Khas, New Delhi-110016

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

Dated: 21.1.2004

From

Dinesh Rai, IAS  
Managing Director.

To

The Secretary  
Incharge of Industries/Agriculture/  
Cooperation Department,  
(All States/U.Ts.)

**Sub: NCDC Sponsored Scheme for the promotion, development and financing of Industrial Cooperatives – Regarding.**

Sir,

As you may be aware, the National Cooperative Development Corporation's Act has been amended with effect from 16<sup>th</sup> September, 2002 (notified in the Gazette of India, Extraordinary, Part-II Section -1 on 16<sup>th</sup> August, 2002) enabling the Corporation, inter-alia, to extend financial assistance for **promotion and development of "Industrial Cooperatives"**.

2. In consonance with the provision of the Act, **assistance will be provided to Industrial Cooperatives for production, processing, marketing, storage, import and export of "industrial goods"**.

3. As per the Act, "industrial goods" would mean the products of industrial cooperatives or cottage and village industries or products of allied industries in the rural areas and include any handicrafts or rural crafts.

**4. The scheme for development of Industrial Cooperatives will broadly cover the following:**

- *Establishment of industrial worksheds/units including plant & machinery for production/fabrication/assembling/processing of industrial goods, handicrafts, rural crafts & other products.*
- *Expansion/modernization/renovation of existing industrial cooperative units.*
- *Construction of marketing infrastructure including showrooms/ warehouses/ transport vehicles etc.*
- *Strengthening of share capital base/margin money assistance and working capital to industrial cooperatives for business operations.*

**5. Procedure for availing financial assistance**

- (i) The application for assistance shall be sent to NCDC in the prescribed format alongwith a Detailed Project Report (DPR).
- (ii) The proposal for financial assistance shall be dully recommended by the respective State Govt.
- (iii) In respect of multi-state cooperative societies, NCDC can also consider to provide assistance on the basis of mortgage of assets of the society.
- (iv) Release of assistance from NCDC will be made in accordance with the terms & conditions stipulated in the sanction letter.

**6. Pattern of Assistance** for above activities is enclosed at **Annex-I**. The quantum of assistance for eligible activities will be determined on viability considerations and merit of each case. Cooperatives may avail Term Loan and other assistance from the NCDC by dovetailing different schemes, in-vogue/to be introduced by the Govt. of India and different State Govts, to reap optimal benefits. NCDC loan shall be for a period of 8 years repayable in equal annual installments. There shall be a moratorium of 1 year on the repayment of principal in respect of term loan. There shall, however, be no moratorium on repayment of investment loan and payment of interest.

## 7. Rate of Interest

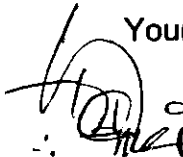
The loan assistance shall carry such rate of interest as may be prevailing at the time of actual release of funds. Present effective rates of interest are as under:

| Type of loan    | For funding through State Govts. | Direct Funding |
|-----------------|----------------------------------|----------------|
| Term loan       | 9.0%                             | 11.0%          |
| Working capital |                                  |                |
| - upto 1 year   | 8.0%                             | 9.5%           |
| - above 1 year  | 9.0%                             | 10.0%          |

8. **Illustrative list of Industries/activities** to be covered under NCDC scheme for financing industrial cooperatives is enclosed (**Annexure-II**).

9. Accordingly, I am to request that the scheme for development of Industrial cooperatives may be brought to the notice of concerned departments. Suitable proposals may be formulated in the prescribed application formats and recommended to the NCDC for availing financial assistance. Eligible industrial cooperative societies can also avail direct funding from NCDC as per the guidelines already circulated by the Corporation.

Yours faithfully,

  
(V.K. SURI)  
**CHIEF DIRECTOR**  
for Managing Director

Copy to:

1. The Secretary In-charge of Finance/Planning Deptt. (All States/U.Ts)
2. The Director of Industries/Agriculture/Rural Development (All States/U.Ts)
3. The Registrar of Cooperative Societies (All States/U.Ts)
4. The Joint Secretary, Deptt. of ARI & Small Scale Industries, Govt. of India.
5. The Development Commissioner (Handicrafts)/(SSI), Govt. of India.
6. The Chief Director (Cooperation), DOAC, Ministry of Agriculture, Govt. of India, New Delhi.
7. All Chief Directors/Regional Directors, NCDC.
8. SPS to MD/DMD/FA

  
(V.K. SURI)  
**CHIEF DIRECTOR**

**PATTERN OF ASSISTANCE#**  
**(INDUSTRIAL COOPERATIVES)**

**A) Strengthening of Share Capital base/Margin Money Assistance to Industrial Coop. Societies for business operations**

| <b>From NCDC to State Govt.</b> | <b>From State Govt. to the society</b>                       |
|---------------------------------|--|
| 100% as loan                    | 100% in the form of loan/share capital/share capital & loan* |

**B) Working capital assistance to Industrial Coop. Societies.**

| <b>From NCDC to State Govt.</b>   | <b>From State Govt. to the society</b> |
|---|--|
| 100% assistance as short/medium term loan* upto 3 years (maximum). Quantum will depend on requirement of each case. | Same as from NCDC.                     |

\*The terms of loan shall not be in any way less favourable to that stipulated by NCDC.

**C) Establishment of industrial worksheds/units including plant & machinery, for production/fabrication/assembling/processing of industrial goods, handicrafts, rural crafts and other products, expansion/modernisation/renovation of existing industrial coop. units; construction of marketing infrastructure including showrooms/warehouses; transport vehicles.**

| <b>From NCDC to State Govt.</b> | <b>From State Govt. to society</b> |
|---------------------------------|------------------------------------|
| * 65% term loan                 | 65% term loan                      |
| **25% investment loan           | 25% share capital                  |
| <u>90%</u>                      | 10% members' contribution.         |

\*%age of project cost.

\*\* For least developed/under-developed states, subsidy will be provided by NCDC subject to its availability from Govt. of India, otherwise investment loan will be provided.

# Debt-equity ratio can be varied depending on nature and viability of the project.

## Annexure – II

### ILLUSTRATIVE LIST OF INDUSTRIES TO BE COVERED UNDER NCDC'S SCHEME FOR INDUSTRIAL COOPERATIVES

#### Rural Industries:

- Handicrafts;
- Cane & Bamboo Craft (Furniture, Decorative Items, Agarbati Sticks etc.);
- Cane & Bamboo Industrial Products (e.g. Flooring, Housing, Panels, Boards, Corrugated Sheets, Mats, etc.)
- Bamboo Food Items (Shoots, Juice, Beverages, etc.)
- Wood Carving, Furniture Making & Carpentry;
- Manufacture of Decorative Items and Utensils out of different Metals like Brass, Aluminium, Copper, Steel, Silver, Bell Metal etc.;
- Pottery, Tiles & Earthenware, Ceramic Items including Sanitarywares, etc.;
- Clay modeling, Idol Making;
- Masala, Spice Grinding, Pickle making/Food Processing, etc.
- Bee- keeping

#### Salt, Stone & Mineral based Industries:

- Salt Making;
- Lime Stone, Lime Suel and other Lime Products Industry;
  - Stone Cutting, crushing, Carving and Engraving for Building/Civil purposes;
  - Utility & Decorative Articles made out of Stone/Stone Cut Pieces etc.;
  - Slate and Slate Pencil Making;
- Manufacturing of Plaster of Paris;
  - Brick making (Manual/Mechanised); other Building Materials.

#### Glass, Gems & Jewelry:

- Jewelry Making and Filigree out of Gold, Silver, Stone, Shell and Synthetic Materials;
- Manufacture of Glass, Glassware, Glass Toys, Glass Decoration, Cutting, Designing & Polishing, Decorative Bulbs, Bottles, etc.;
- Gems Cutting;
- Manufacture of Bangles;
- Products out of Horns, Bones etc.;
- Zari Work/Products.

#### Soaps, Detergents, Herbal Medicines:

- Herbal Medicinal Products;
- Soap & Detergent Manufacturing;
- Herbal & other Shampoo, Soap, Cosmetics, Perfumery, Toiletries, etc.

## Paper Products, Rubber & Plastic Items/Toys and other Painted & Decorative Items:

- Plastic Moulded Furniture, Containers/Boxes, Moulded Luggage, etc.;
- Manufacture of Paper Cups, Plates, Bags, Paper Containers, etc.;
- Manufacture of Packing Items of Plastic, Rubber etc.;
- Photo-Framing;
- Making of Exercise Books, Envelope, Register & Stationery Items;
- Manufacture of Paper Pins, Clips, Safety Pins etc.;
- Manufacture of Tarpaulins;
- Manufacture of Soft & Other Toys;
- Applique, Embroidery, Carpet Manufacturing & such other Decorative Items Manufacturing;
- Various Cork & Wooden Products Manufacturing.

## Forest Products:

- Broom Making;
- Collection, Processing & Packing of Forest Products;
- Manufacture of Gums, Katha (Hooley);
- Manufacture of Shellac;
- Production/Collection from Forest Plants & Fruits for Medicinal purposes;
- Leaf Cup, Plates and other Product Manufacturing;
- Fuel Briquetting;
- Candle, Camphor, Sealing Wax;
- Manufacture of Mehandi;
- Manufacture of Aromatic Oils;
- Production of Firewood & Charcoal;
- Sawing of Timber;
- Packing Material, Bag Manufacturing out of natural & forest produce & fibres;
- Cigarettes & Bidi making.

## Match & Fire Works:

- Match & Cracker (Fire works) Industry;
- Agarbati Manufacturing.

## Paints & Varnishes:

- Manufacture of Gual, Rangoli;
- Manufacture of Paints, Pigments, Varnishes and Distemper.

### Leather & Leather Goods:

- Flaying, curing and tanning of hides and skins and ancillary industries connected therewith; cottage leather industry
- Footwear and Leather Goods Manufacturing.

### Renewable Energy & Environment Protection:

- Manufacture and use of Manure & Gobber Gas from various Organic Waste, Vermi Compost etc.;
- Solar & Wind Energy Implements.

### Electrical, Mechanical & Electronic Workshops:

- Electricity/power Cooperatives;
- Motor-Winding;
- Metal Foundry & Fabrication (Furniture, Hand-Carts, Bullock Carts, Small Boats, Cycle Rickshaw, Motorised Carts, Wire-Net, Iron-Grill Making, etc.);
- Manufacture of Voltage Stabiliser, inverter etc. & Battery charging;
- Computer, Electronic, Electrical Equipment Assembling/Repairing Workshops including radios, TVs, cycle lamps
- Manufacturing & Repairing of Diesel Engines, Pump-Sets, Repairing, Vulcanising, Tyre Retreading workshops;
- Automobiles, Agricultural Implements & House-hold Goods,
- Manufacturing & Repairing Workshop & Spare-parts Manufacturing Units;
- Painting, Spray Painting Workshop;
- Black-Smithy, Tin-Smithy.

### Medical & Other Utilities:

- Manufacture of Surgical Bandages;
- Manufacture of Stove Wicks;
- Mechanical Laundry;
- Plumbing;
- Manufacture of Distilled/Mineral Water/bottled water;
- Sports Goods & Gym. Equipments Manufacturing/Assembling/ Repairing;
- Printing Presses;

### Worker's / Artisan' Cooperatives

- Plantation Worker's Cooperatives (Tea, Coffee etc.)
- Coir/Jute Workers' Cooperatives
- Artisans' Cooperatives;
- Construction Labour Cooperatives etc.

4

**Proforma Application for Industrial Cooperatives****General Information:**

1. Name of the Society  
(Address with Pin Code)
2. No. with date of Registration
3. Area of Operation
4. Membership (No.) and Paid-up Share Capital (Rs. in lakhs)

(as on 31.3.\_\_\_\_)

|   | No. | Amount |
|---|-----|--------|
| a) Individual Workers/<br>Entrepreneurs |     |        |
| b) Industrial Coop. Societies           |     |        |
| c) State Govt.                          |     |        |
| d) Others                               |     |        |

Total: \_\_\_\_\_

How many members are SC/ST &amp; women

Business performance for the last 3 years &amp; expected during next 2 years:

| Type of Business                | Last Coop. Year | Previous Coop. Year | Year before previous year | Expected during current year | Expected during ensuing year |
|---------------------------------|-----------------|---------------------|---------------------------|------------------------------|------------------------------|
|                                 | I               | II                  | III                       |                              |                              |
| a) Production of finished goods |                 |                     |                           |                              |                              |
| Marketing of finished goods     |                 |                     |                           |                              |                              |



## 7. Analysis of the Balance Sheet

### i) Summarised Profit & Loss Accounts of last 3 years

|   |   |  |  |  |
|---|---|--|--|--|
| 1 | Business Turnover                             |  |  |  |
| 2 | Gross Profit before Intt., depreciation & tax |  |  |  |
| 3 | Interest                                      |  |  |  |
| 4 | Cash Profit (2-3)                             |  |  |  |
| 5 | Depreciation                                  |  |  |  |
| 6 | Profit before tax (4-5)                       |  |  |  |
| 7 | Income Tax                                    |  |  |  |
| 8 | Net Profit (6-7)                              |  |  |  |

### ii) Summarised Balance sheets of last 3 years

|    |   |  |  |  |
|----|---|--|--|--|
| 1  | Gross Block   |  |  |  |
| 2  | Depreciation  |  |  |  |
| 3  | Net Block (1-2)   |  |  |  |
| 4  | Work in Progress  |  |  |  |
| 5  | Investments   |  |  |  |
| 6  | Total Fixed Assets (3+4+5)  |  |  |  |
| 7  | Current Assets<br>i) Cash, Bank balance & deposits<br>ii) Inventory<br>iii) Sundry Debtors<br>iv) Loans, advances & Prepaid expenses<br>v) Others if any  |  |  |  |
| 8  | Current liabilities<br>6. Working capital loan<br>7. Sundry creditors<br>8. Interest payable<br>9. Short term loans<br>10. Other provisions & liabilities |  |  |  |
| 9  | Net working capital (7-8)   |  |  |  |
| 10 | Long term loans & deposits  |  |  |  |
| 11 | Paid up share capital   |  |  |  |
| 12 | Reserves (excluding depreciation)<br>Non-distributed profits  |  |  |  |
| 13 | Accumulated losses (-)  |  |  |  |
| 14 | Net Worth (11+12+13) or (10+9-10)   |  |  |  |
| 15 | Disposable Resources (10+11+12+13-14)<br>(For margin money calculations)  |  |  |  |

### iii) Status of Audit and audit classification

1. **Showroom/Godown Details:**

- |                                   | <u>Own</u> | <u>Rented</u> |
|-----------------------------------|------------|---------------|
| d) No. of Showrooms               |            |               |
| e) Average -                      |            |               |
| iv) Business in Showroom          |            |               |
| v) Investment in the Showroom     |            |               |
| vi) Area of the Showroom(Sqft)    |            |               |
| f) Godown Capacity (area in Sqft) |            |               |

**Details of Marketing:**

| Marketing of Products (Last Coop. Year) | Through Own Showrooms | Through Apex/ | Through Institutional Regional Selling |
|---|-----------------------|---------------|--|
|---|-----------------------|---------------|--|

10. **Board of Directors:**

Officials      Non-officials

- e) Is the Board Elected?
- f) How many Directors are in the Board of the Society?
- g) When was the last Election held and tenure of the Board?
- h) When the last General Body Meeting held?

**Other information in support of the Proposal**

Enclose Balance Sheet, Trading Account, Profit and Loss Statement and copy of Bye-law of the Society.

Append separate notes/project report on the technical feasibility & economic viability of the project.

I declare that the information given are correct.

**President/Secretary's Signature  
(Name-Address with Rubber Stamp)**

**PART - B****Share Capital/Margin Money assistance for Industrial Cooperatives  
(Please submit Part A & Part B)**

(Rs. in lakhs)

|  | Amount<br>outstanding | No. of instalments &<br>Amount paid during the year |
|--|-----------------------|---|
| <b>2. Term Loan raised for investments in fixed assets including Processing Units:</b> |                       |   |
| e) State Govt.   |                       |   |
| f) Coop. Banks   |                       |   |
| g) Commercial Banks  |                       |   |
| h) Others, if any  |                       |   |
| <b>Total :</b>   |                       |   |

**2. Investment in Fixed Assets, Securities & Shares etc.:**

| Particulars<br><br>I   | Investment made from out of borrowings as in (1) above<br><br>II | Investment made out of own funds<br><br>III | Total investment<br><br>IV |
|--|--|---|----------------------------|
| e) Fixed assets of land, buildings, furniture/fixtures, plant & machinery, transport vehicles etc. |  |   |                            |
| f) Debentures, Bonds, Govt. securities etc.  |  |   |                            |
| g) Share of other Institutions   |  |   |                            |
| h) Any other Investment of long term nature (please specify)                                       |  |   |                            |
| e) Total   |  |   |                            |

**Loans and advances taken for Working Capital during the Year :**

(Rs. in lakhs)

| Business   | Type of credit sanctioned (Pledge hypothecation clean etc.) | Whether the loans were guaranteed by S/Govt. | Margin of security prescribed | Source of credit (scheduled Bank) | Credit limit sanctioned | Credit limit utilised | Rate of Interest |
|--|---|--|-------------------------------|-----------------------------------|-------------------------|-----------------------|------------------|
| Name of the bank/FI<br>Total credit sanctioned.<br>Cash credit limit awarded as on ____<br>Margin provided by the society. |   |  |                               |                                   |                         |                       |                  |
| <b>Total :</b>   |   |  |                               |                                   |                         |                       |                  |

**4. Business Programme for the ensuing year  
(Please append a brief note & give the following information)**

| Type of Business                                | Value | No. of business/production turnovers expected | Working Capital required for production/sale | Margin money needed for production/Sale |
|---|-------|---|--|---|
| I   | II    | III   | IV   | V                                       |
| a) Production of finished goods                 |       |   |  |   |
| b) Finished goods in process & supply of inputs |       |   |  |   |
| c) Other activities                             |       |   |  |   |
| <b>Total</b>                                    |       |   |  |   |

Gap in margin money (V(e) of item 6 - NDR i.e. item 7(1b) )

**President/Secretary's Signature with Seal**

PART – C

**Industrial Cooperatives  
(Pl. submit Part A & Part C)**

**Establishment of Common Industrial Workshed & Installation  
of Machineries & Equipments or Expansion/Modernisation/  
Renovation of Existing Industrial Cooperative Units**

(Rs. in lakhs)

**Location & Site**

- f) **Location of Workshed**
- g) **Whether the site is acquired  
in the name of the Society**
- h) **Size of proposed workshed  
(length, breadth & height)  
(enclose Plan & Estimates)**
- i) **List/details of Machines to be Installed**
- j) **(enclose quotations)**

2. i) **Size of existing shed  
(enclose Plan)**

ii) **Details of existing machines**

iii) **Type of production presently undertaken**

iv) **Average production per day**      Present      Expected in workshed

v) **Average cost of production  
(Rs. per unit of production)**

**Arrangements for supply of Raw-  
material & marketing of products**

4. **Cost of project :**

- d) **Construction of workshed**
- e) **Purchase of Machineries &  
other Equipments**
- f) **Modernisation of Machineries &  
others, if any.**

Annexure III/C – contd.

5. Financial assistance required
- c) Share Capital from S/G & society
  - d) Loan
- Total

6. Business projections

(Rs. in lakhs)

|                            | <u>Y</u> | <u>E</u>  | <u>A</u>   | <u>R</u>  | <u>S</u> |
|----------------------------|----------|-----------|------------|-----------|----------|
|                            | <u>I</u> | <u>II</u> | <u>III</u> | <u>IV</u> |          |
| a) Projected Gross Income  |          |           |            |           |          |
| b) Projected Expenditure   |          |           |            |           |          |
| c) Projected Net Income    |          |           |            |           |          |
| g) Projected Profitability |          |           |            |           |          |

7. Annual Instalment due on account of existing loans
- |           |          |
|-----------|----------|
| Principal | Interest |
|-----------|----------|

President/Secretary's Signature  
with seal

**PART - D****Industrial Cooperatives**  
(Please submit Part - A & Part - D)**Opening/Renovation/Construction of Showrooms/  
Godowns/Showroom-cum-Godown/Marketing Complex**

(Rs. in lakhs)

2. a) Existing storage space created  
and its capacity utilisation

| Inside the<br>State | Outside the<br>State |
|---------------------|----------------------|
|---------------------|----------------------|

- b) Retail outlets for finished goods  
c) No. of Godown-cum-Showrooms

2. a) Size of Showrooms/Marketing  
Complex Central Godown/  
Showroom-cum-Godown Coop.  
Industrial Estate now proposed for

- iii) Construction  
Renovation

- b) Location and reasons for selection

## 3. Estimated Cost

| Cost of<br>Construction | Cost of<br>Renovn. | Other Cost<br>if any | Total |
|-------------------------|--------------------|----------------------|-------|
|-------------------------|--------------------|----------------------|-------|

4. Assistance required  
from the State Govt.

| <u>Loan</u> | <u>Share Capital</u> |
|-------------|----------------------|
|-------------|----------------------|

Projected Sales after  
completion of Project

| Y | E  | A   | R  | S |
|---|----|-----|----|---|
| I | II | III | IV | V |

- a) Projected Gross Income  
b) Projected Expenditure  
c) Projected Net Income  
d) Projected Profit

(Pl. enclose Drawings & Estimations. Also pl. clearly/indicate whether the proposal is for Opening/Renovation/ Construction of Showroom/Godown/ Marketing Complex etc.)

President/Secretary's Signature  
with Seal