

# CCEA APPROVES UPWARD REVISION OF INTEREST SUBVENTION FROM "UPTO 2%" TO "UPTO 2.5% P.A." UNDER THE SCHEME DAIRY PROCESSING AND INFRASTRUCTURE DEVELOPMENT FUND (DIDF)

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Cabinet Committee on Economic Affairs (CCEA)

## CCEA approves upward revision of interest subvention from "upto 2%" to "upto 2.5% p.a." under the scheme Dairy processing and Infrastructure Development Fund (DIDF)

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for upward revision of interest subvention from "upto 2%" to "upto 2.5% p.a." under the scheme Dairy processing and Infrastructure Development Fund (DIDF) with the revised outlay of Rs 11184 Cr. The scheme envisages to have interest subvention component of Rs 1167 crore to be contributed by DAHD during the period of 2018-19 to 2030-31 with spill over to first quarter of the FY 2031-32. The scheme also has a loan component of Rs. 8004 crore to be contributed by NABARD. Rs. 2001 cr shall be contributed by Eligible End Borrowers and Rs. 12 cr would be jointly contributed by National Dairy Development Board (NDDB)/National Cooperative Development Corporation (NCDC).

### Details

Under Dairy Processing and Infrastructure Development Fund (DIDF) Government of India to provide Interest subvention upto 2.5% to NABARD from 2019-20 (with effect from 30.07.2019) to 2030-31 and in case there is any further increase in the cost of funds, it shall be borne by the end borrowers themselves.

The funding period (2017-18 to 2019-20) of the scheme is revised to 2018-19 to 2022-23 and the repayment period to be extended upto 2030-31 with spill over to first quarter of the FY 2031-32.

NABARD shall endeavor to keep the cost of borrowings to the minimum. NABARD shall devise its own strategy for borrowing so that it takes advantage of lower interest rate in the markets to provide low cost of funds to the Milk Unions. NABARD should immediately initiate action plan for prompt disbursement of funds as and when the market is conducive to raising funds at affordable rates.

Altogether 37 sub-projects have been submitted with estimated cost of Rs.4458 crore, of which loan component would be Rs.3207 crore for the scheme. Out of Rs.3207 crore, as on date, Rs.1110 crore has been disbursed in two installments of loan by NABARD to NDDB for implementation of the scheme. Achievement under DIDF as on 31.01.2020 is as under:

Target		Financial (Rs. In crore)		Physical		
Status	No. of projects	Project Outlay	Loan Sanctioned	Milk Processing Capacity (LLPD)	Value Added Products (MTPD)	Milk Drying Capacity (MTPD)
Sanctioned Projects	33	4059	2722	122	37	270
Project Proposal in pipeline	4	399	485	17	-	20
<b>Grand Total</b>	<b>37</b>	<b>4458</b>	<b>3207</b>	<b>139</b>	<b>37</b>	<b>290</b>

### Impact:-

- 95 Lakh milk producers will be benefited by covering 50,000 villages.
- Establishment of 28000 Bulk Milk Coolers with 140 Lakh Litres per Day as additional milk chilling capacity.
- Creation of additional 210 Metric Ton per Day Milk Drying capacity.
- Modernization, expansion and creation of Milk Processing capacity of 126 Lakh Litres per Day.
- Creation of Infrastructure of 59.78 Lakh Litres per Day capacity for Value-Added Dairy products to ensure remunerative prices to milk producers.
- Providing 28000 Milk Testing Equipment to check adulteration in milk.

### Implementation Strategy and targets:

NABARD raises funds from the market, which it lends to NDDB/NCDC @ 6.0% and NDDB/NCDC, in turn, lends it to the Eligible End Borrowers at appropriate interest rate. DAHD provides interest subvention equal to the difference or upto 2.5% between the cost of raising capital by NABARD and the interest rate at which NABARD lends to NDDB/NCDC. In case there is any further increase in the cost of funds, it shall be borne by the end borrowers themselves.

### Targets

Physical Parameter	Target
Bulk Milk Cooler (LLPD)	140
Drying Capacity (MTPD)	210
Modernization, expansion and creation of Milk Processing capacity (LLPD)	126

Creation of Infrastructure capacity for Value-Added Dairy products (LLPD)	59.78
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Major activities covered under DIDF are:

1. Modernizations creation of new milk processing facilities and manufacturing facilities for Value Added Products
2. Chilling Infrastructure
3. Electronic Adulteration testing kit
4. Project Management & Learning

**Background:**

In pursuance to the Union Budget 2017-18 announcement by Ministry Finance, Cabinet Committee on Economic Affairs (CCEA) on 12.09.2017 Dairy Processing & Infrastructure Development Fund" (DIDF) scheme with an outlay of Rs 10881 crore during the period from 2017-18 to 2028-29. NABARD was to contribute Rs. 8004 cr as loan to NDDDB and NCDC. Rs 2001 crore was to be contributed by end borrowers, Rs 12 crore was to be jointly contributed by NDDDB/NCDC Rs 864 crore was to be contributed by DAHD towards interest subvention.

The scheme envisages that NDDDB and NCDC shall directly implement through the End Borrowers such as Milk Unions, State Dairy Federations, Multi-state Milk

Cooperatives, Milk Producer Companies and NDDDB subsidiaries those meeting the eligibility criteria under the scheme. The end borrowers will get the loan @ 6.5% per annum. The period of repayment will be 10 years with initial two years moratorium.

**Expenditure Involved:**

Financial implications for implementation of "Dairy Processing & Infrastructure Development Fund (DIDF)" with outlay of Rs.11184 crore during the period from 2018-19 to 2030-31 with spill over to first quarter of the FY 2031-32 is tabulated below.

**Rs in Crore)**

S.No	Component	NABARD Loan	End Borrowers'	NDDDB's Contribution	NCDC's	Total Outlay
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			contribution		Contribution	
A	Modernization & creation of new milk processing facilities and manufacturing facilities for Value Added products	5577	1395	0	0	6972
B	Chilling Infrastructure	2063	515	0	0	2578
C	Electronic Milk Adulteration testing kit	364	91	0	0	455
D	Project Management & Learning	0	0	6	6	12
	<b>Total</b>	<b>8004</b>	<b>2001</b>	<b>6</b>	<b>6</b>	<b>10017</b>
	Interest subvention from DAHD (Gol Share)					1167
	Grand Total					11184

With this investment, 95,00,000 farmers in about 50,000 villages would be benefitted.

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VRRK/SC

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