

Cabinet approves implementation of the scheme “Dairy Processing & Infrastructure Development Fund”

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The Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi has approved a Dairy Processing & Infrastructure Development Fund” (DIDF) with an outlay of Rs 10,881 crore during the period from 2017-18 to 2028-29.

Consequent to the Union Budget 2017-18 announcement, Dairy Processing & Infrastructure Development Fund will be set up as a corpus of Rs 8004 crore with National Bank for Agriculture and Rural Development (NABARD), the Expenditure Finance Committee has given approval for;

Initiation and setting up of Dairy Processing and Infrastructure Development Fund (DIDF) at a total scheme outlay of Rs 10881 crore. Out of Rs 10881 crore of financial outlay for project components of DIDF, Rs 8004 crore shall be loan from NABARD to National Dairy Development Board (NDDB) and National Dairy Development Cooperation (NCDC), Rs 2001 crore shall be end borrowers contribution, Rs 12 crore would be NDDB/NCDC's share and Rs 864 crore shall be contributed by DADF towards interest subvention. NABARD shall disburse Rs 2004 Cr, Rs 3006 Cr and Rs 2994 Cr during the year 2017-18, 2018-19 and 2019-20 respectively.

Allocation of Rs 864 Crore for meeting interest subvention will be released to NABARD over a period of 12 years covering the entire loan repayment period from 2017-18 to 2028-29.

The major activities of DIDF:

The project will focus on building an efficient milk procurement system by setting up of chilling infrastructure & installation of electronic milk adulteration testing equipment, creation/modernization/expansion of processing infrastructure and manufacturing faculties for Value Added Products for the Milk Unions/ Milk Producer Companies.

Management of DIDF:

The project will be implemented by National Dairy Development Board (NDDB) and National Dairy Development Cooperation (NCDC) directly through the End Borrowers such as Milk Unions, State Dairy Federations, Multi-state Milk Cooperatives, Milk Producer Companies and NDDB subsidiaries meeting the eligibility criteria under the project. An Implementation and Monitoring Cell (IMC) located at NDDB, Anand, will manage the implementation and monitoring of day-to-day project activities.

The end borrowers will get the loan @ 6.5% per annum. The period of repayment will be 10 years with initial two years moratorium.

The respective State Government will be the guarantor of loan repayment. Also for the project sanctioned if the end user is not able to contribute its share; State Government will contribute the same.

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Benefits from DIDF:

With this investment, 95,00,000 farmers in about 50,000 villages would be benefitted. Additional Milk processing capacity of 126 lakh litre per day, milk drying capacity of 210 MT per day, milk chilling capacity of 140 lakh litre per day, installation of 28000 Bulk Milk Coolers (BMCs) along with electronic milk adulteration testing equipment and value added products manufacturing capacity of 59.78 lakh litre per day of milk equivalent shall be created.

Initially 39 MUs the Department will start the project with 39 profit making milk unions of 12 States, other Milk Cooperatives which become eligible on the basis of their net worth and profit levels, in subsequent years, to apply for loan under DIDF.

Employment Generation Potential:

The implementation of DIDF scheme will generate direct and indirect employment opportunities for skilled, semi-skilled and unskilled manpower. Direct employment opportunities for about 40,000 people will be created under the scheme through project activities like expansion & modernisation of existing milk processing facilities, setting up of new processing plants, establishment of manufacturing facilities for value added products and setting up of Bulk Milk Coolers (BMCs) at village level.

About 2 lakh indirect employment opportunities will be created on account of expansion of milk and milk product marketing operations from existing Tier I, II & III to Tier IV, V & VI cities/towns etc. This will lead to deployment of more marketing staff by Milk Cooperatives, appointment of distributors and opening of additional milk booths/retail outlets in urban/rural locations.

With the increase in milk procurement operations of the Milk Cooperatives, there would be generation of additional manpower employment for supervision of increased milk procurement operations, transportation of milk from villages to processing units, and increased input delivery services like Artificial Insemination (AI) services, Veterinary Services, etc.

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