



**NATIONAL BANK FOR AGRICULTURE
AND RURAL DEVELOPMENT**
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The Chairman / Managing Director
All Scheduled Commercial Banks /
All Scheduled (Primary) Urban Cooperative Banks
All RRBs/ADFCs/SCBs/SCARDBs
All other institutions eligible for NABARD refinance

Dear Sir

Centrally Sponsored Scheme for "Utilization of Fallen Animals"

India has a cattle population of 185.18 million. The fallen carcasses are generally collected and processed by sections of the society who are financially weak, illiterate and have no means and resources to process and utilize various components of the carcasses. Due to lack of proper transport means, there is long delay in collection of carcasses after animal's death, resulting in wastage of raw material, environmental pollution and bird-hit hazards to the aircraft and spread of livestock diseases.

2. Keeping this in view, it has been decided by Government of India to launch a Centrally Sponsored Scheme for "Utilization of Fallen Animals" with a total outlay of Rs.75.00 crore during the remaining XI Five Year Plan period (2010-11 & 2011-12). The scheme is aimed to improve the quality of hides and skins from fallen animals and convert other by-products into value added items. The objective of the scheme is also to reduce/check environmental pollution and bird-hit hazards to aircrafts. Proper disposal of carcasses of animals is mandatory under the Infectious & Contagious Diseases in Animal, Act 2009 and implementation of the scheme will to a great extent ensure its compliance. The scheme has following four components :

(i) Establishment of Carcass Utilization Center (CUC) : Under this component 90% of the outlay as capital subsidy would be provided for establishment of the following two models of Carcass Utilization centers. The balance 10% will be the borrowers contribution.

(a) Model-I : An indicative unit cost of Rs.145.00 lakh has been provided for establishment of a CUC to process of 5 to 6 carcasses per day.

(b) Model-II : An indicative unit cost of Rs.280.00 lakh has been provided for establishment of a CUC to process 20 to 25 carcasses per day.

The items of investment in Carcass Utilization Centers are land, civil structures, plant & machinery and other miscellaneous items. The Carcass Utilization Centers established at location identified by air head quarters to combat bird hit hazards to air crafts will be considered for subsidy assistance under this category

(ii) Establishment of Bone Crushing Unit : Under this component 50% of the outlay as back ended capital subsidy would be provided for establishment of the unit. Loan can be sanctioned with an indicative unit cost of Rs.15.00 lakh per unit. The recovery of whole carcass may be a problem in some locations.

(i) Renovation/Modernization of Existing Carcass Utilization Centers : Under this component 90% of the outlay as capital subsidy would be provided for renovation/modernization of existing carcass utilization centers. An indicative unit cost of Rs.160.00 lakh has been provided for this activity. No bank loan is involved under this component as 90% of the project cost is provided as subsidy.

3. The Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture, Government of India, is the nodal department for operating the scheme. NABARD will be administering the Capital Subsidy in respect of establishment of bone crushing units where bank loan component is involved besides providing refinance support to the eligible financing institutions for the term loan extended under the scheme. The extent and interest rate on refinance will be as per instructions issued by NABARD from time to time. In respect of the other two components (CUCs and Renovation/ Modernization of existing CUCs) where bank loan component is not involved, the eligible subsidy (90% of the Total Financial Outlay of the project) shall be released by the State Animal Husbandry Department directly to the promoters. The implementation of the scheme shall be monitored by the Central Monitoring Committee (CMC) on a half yearly basis at National level. The State Level Sanctioning and Monitoring Committee (SLSMC) already constituted for implementation of other Govt Sponsored Schemes of Animal Husbandry Sector will sanction Capital Subsidy for the projects and review the progress on a quarterly basis at the State level.

4. We request you to circulate the operational guidelines among your controlling offices/ branches and advise them to submit the proposals to the Regional Offices of NABARD so that the scheme is implemented expeditiously. NABARD will release Capital Subsidy subject to availability of funds from Gol. You may take steps for giving wide publicity to the scheme. The Animal Husbandry Department may also be approached for popularising the scheme and mobilising applications from prospective promoters. A copy of the operational guidelines of the scheme is enclosed. English and Hindi versions of the operational guidelines would be placed on the website of NABARD.

5. Please acknowledge receipt.

Yours faithfully

(J G Menon)
Chief General Manager

GUIDELINES ON CENTRALLY SPONSORED SCHEME FOR 'UTILIZATION OF FALLEN ANIMALS'

1. Background

Fallen carcasses are generally collected and processed by sections of the society who are financially weak, illiterate and have no means and resources to process and utilize various components of the carcasses. Due to lack of proper transport means, there is long delay in collection of carcasses after animal's death, resulting in wastage of raw material.

2. Objectives of the Scheme

It is envisaged to facilitate prevention of environmental pollution and check spread of livestock diseases, provide employment opportunity to rural poor engaged in carcass collection, flaying and by-product processing by producing better quality hides and skins and thus improve the income levels. Proper disposal of carcasses of animals is mandatory under the Infectious & Contagious Diseases in Animal, Act 2009 and implementation of the scheme will to a great extent ensure its compliance.

3. Eligibility

Individuals, Farmers Cooperatives, NGOs or any other agency involved in such activities.

4 Implementation Period and Area of Operation

The scheme will be implemented during the remaining period of XI plan period (2010-11 & 2011-12) throughout the country.

5. Project Cost and Pattern of Assistance

5.1 The component wise cost and pattern of assistance is as under:

| S. No. | Component | Unit cost (Rs. Lakh) | Pattern of Assistance |
|--------|---|-----------------------------|---|
| 1 | Establishment of Carcass Utilization centre (*) (i) Model-I (5-6 carcasses per day) (ii) Model-II (20-25 carcasses per day) | 145 280 | 90% Capital subsidy and 10% Margin Money. No bank loan component. |
| 2 | Establishment of Bone Crushing Unit (#) | 15 | 50% Capital subsidy 40% Bank Loan and 10% Margin Money (Minimum) |
| 3 | Renovation/Modernization of Existing Carcass Utilization Centres (\$) | 160 (maximum assistance) | 90% Capital subsidy and 10% Margin Money. No bank loan component. |

(*) The items of investment in carcass utilization centre are land, civil structures, power and miscellaneous items.

(#) The recovery of whole carcass may be a problem in some locations. In such circumstances, units which collect raw bones to convert to bone meal will be provided subsidy assistance.

(\$) The Carcass Utilization Centres established at location identified by air head quarters to combat bird hit hazards to air crafts will be considered for subsidy assistance under this category.

5.2 Assistance for promotional programmes

To support and encourage these activities training will be provided to processors/ flayers. Adequate publicity, conduct of potential survey and external monitoring are also envisaged. Following promotional programmes under the scheme will be undertaken by the State Department of Animal Husbandry .

| Sr. No. | Component | Cost | Pattern of Assistance |
|---------|--|---|-----------------------|
| 1 | Training of flayers/processors (One to three days) | Rs.5,000/- per flayer | 100% Grant |
| 2 | Insurance flayers/other staff | The assistance will be provided to NGOs through AH Department @ Rs.600 per member | 100% Grant |

6. Project Preparation and Sanction by Bank

The applicants intending to take up the activity with the assistance of bank loan (in respect of establishment of bone crushing units) will prepare a detailed project report and submit to their financing bank for sanction. The bank shall appraise the project as per the norms and if found technically feasible and financially viable sanction loan. Thereafter the bank shall apply through its controlling office in the format given as Annexure-I along with the sanction letter, to the Regional Office of NABARD for sanction of capital subsidy by the State Level Sanctioning and Monitoring Committee (SLSMC). It will be essential for agencies seeking financial assistance under the scheme to ensure the services of veterinary doctors for performing postmortem examination of animals brought to the carcass utilization centers.

In the case of Establishment of carcass utilization/ renovation/ modernization centers (Serial No: 1 & 3 of 5.1) the entrepreneur will prepare a detailed project report and submit the same to State Animal Husbandry Department. The Department of AH will scrutinize the proposal and put up for sanction of 90% capital subsidy by the SLSMC. The entrepreneur should submit an undertaking letter to refund the entire amount of subsidy if he fails to complete the unit with in 15 months period (including further grace period of 3 months) and run it at least for a period of five years. Indicative farm models are given in Annexure - V.

7. Eligible Financial Institutions (for establishment of Bone crushing units)

- Commercial Banks
- Regional Rural Banks
- State Cooperative Banks
- State Cooperative Agriculture and Rural Development Banks and

such other institutions, which are eligible for refinance from NABARD. NABARD would also provide refinance assistance to these institutions as per their eligibility. The quantum and rate of interest on refinance will be as decided by NABARD from time to time.

8. Release of Subsidy

8.1. In respect of establishment of bone crushing units (Serial No:2 of 5.1) where bank loan component is involved, the Regional Office of NABARD shall release the subsidy in two instalments (50% advance and 50% final) one after release of first instalment of loan by the bank and the final instalment after completion of the unit and conduct of joint monitoring visit by the bank, State Animal Husbandry Department and NABARD (as per the proforma for Joint Monitoring Committee inspection - Annexure II). The instalments of the subsidy will be released after sanctioning of the subsidy by the SLSMC and confirming the availability of funds from Gol. After crediting the subsidy in the subsidy reserve fund account of the borrower, a Utilization Certificate in the prescribed format (Annexure IV) shall be submitted by the participating bank to NABARD to the effect that the amount of subsidy received by them has been fully utilized and adjusted in the books of account according to the guidelines of the scheme.

8.2 In respect of other activities where no bank loan component is involved (subsidy @ 90% of TFO of the project), the subsidy shall be released by the State Animal Husbandry Department in 4 instalments. First instalment (25%) of the subsidy shall be released after sanction by the SLSMC. After spending 90% of the released amount, the borrower shall inform the State Animal Husbandry Department. The Director, Animal Husbandry in the state along with subject matter specialists in this field will take up 1st Joint Monitoring Committee inspection of the unit as per the prescribed format (Annexure - III). The JMC will recommend for release of the 2nd instalment of the subsidy. On receipt of a satisfactory JMC report the SLSMC shall approve release of 2nd instalment (25 %) of the subsidy. Same procedure will be followed for release of 3rd and 4th instalments of the subsidy after assessing the progress of the unit by the JMC. After completion of the unit, the beneficiary has to submit a project completion report to the State Animal Husbandry Department for conducting final JMC inspection of the unit.

9 State Level Sanctioning & Monitoring Committee (SLSMC)

State Level Sanctioning & Monitoring Committee (SLSMC) will be Chaired by the Secretary, State Animal Husbandry Department with representatives from Department of Animal Husbandry, Dairying and Fisheries (DADF), Gol, SLBC Convener, State Dept of Local Administration, NGO in this field, an expert in the related field and O-I-C of NABARD as convener. The SLSMC will be constituted by the State Government concerned. Banks that have submitted projects for sanction may be invited to attend the meeting of SLSMC. Project proposals complete in all respects and duly recommended by Local bodies/ Municipal Administration will be considered for sanctioning by SLSMC of concerned State.

10. Repayment period

10.1. Repayment period will depend on the nature of activity. Repayment period not exceeding 5 to 6 years including grace period of one year may be fixed.

10.2. The repayment schedules will be drawn on the total amount of the loan (including subsidy) in such a way that the subsidy amount is adjusted after liquidation of net bank loan (excluding subsidy).

11. Rate of Interest

Rate of interest on term loan shall be as per RBI guidelines and declared policy of the bank in this regard. The bank may charge interest on the entire loan amount till the subsidy is received and from the date of receipt of subsidy by the implementing branch, interest has to

be charged only on the effective bank loan portion i.e. outlay excluding the margin and subsidy.

12. Security

The security for availing the loan will be as per guidelines issued by RBI from time to time.

13. Time limit for Completion of the project.

13.1. Time limit for completion of the project would be as envisaged under the project, subject to maximum of 12 months period from the date of disbursement of the first instalment of loan which may be extended by a further period of 3 months, if reasons for delay are considered justified by the financial institution concerned.

13.2. If the project is not completed within the stipulated period, benefit of subsidy shall not be available and advance subsidy placed with the participating bank will have to be refunded forthwith to NABARD

14. Adjustment of subsidy

14.1. The capital subsidy will be back ended with minimum 3 Years lock-in period.

14.2. The capital subsidy should be refunded one year after the account becoming NPA and remaining NPA as on that date.

14.3. The capital subsidy will be adjusted against the last instalments of repayment of bank loan (in respect of establishment of bone crushing units- Serial No:2 of 5.1).

14.4. The capital subsidy admissible under the scheme will be kept in the "Subsidy Reserve Fund Account (Borrower-wise) in the books of the financing bank(in respect of establishment of bone crushing units- Serial No:2 of 5.1). No interest will be paid on this amount by the bank. In view of this, for the purposes of charging interest on the loan component, the subsidy amount should be excluded. The balance lying to the credit of the "Subsidy Reserve Fund Account" will not form part of Demand and Time Liabilities for calculation of CRR and SLR.

15. Monitoring

15.1. Central Monitoring Committee (CMC) at National level Chaired by Joint Secretary, DADF, Gol with members from DADF, Planning Commission, Secretaries of Department of AH from three States (on rotation basis), three banks (on rotation basis), Ministry of Rural Development, Environment and Forest, Micro, Small & Medium Enterprises D/o Commerce & Industry (Leather Division), and NABARD will review the implementation of the scheme at half yearly intervals.

15.2. The SLSMC will review the progress on quarterly basis. If required the Committee can review the progress at more frequent intervals.

15.3. The participating banks should conduct periodic inspections of the units and give feedback to the SLSMC at regular intervals.

15.4. An Empowered Committee headed by Secretary (ADF) with representatives of Secretary (Exp.) and Pr. Adviser (Planning Commission) as members will consider inclusion of any new component or modification of approved components based on feedback from State Governments.

15.5. Sanctions for projects, approved by SLSMC / CMC, will indicate various components, along with allocation and any change in allocation amongst components, will require approval of Department of Animal Husbandry, Dairying and Fisheries (Gol).

15.6. Scheme will be evaluated by an independent agency before it is considered for continuation during next Plan.

16. Other Conditions

- The participating banks (in respect of establishment of bone crushing units- Serial No:2 of 5.1) should adhere to the norms of appraising the projects regarding technical feasibility and commercial/financial viability.
- Financing bank should ensure that regulations /laws of Govt, Corporation/ Municipality/ Local Self Government are complied with wherever necessary.
- The participating banks should ensure insurance of the assets created under the project.
- A signboard displaying “Assisted by Department of Animal Husbandry Dairying and Fisheries, Ministry of Agriculture, Government of India through NABARD” will be exhibited at the unit / Project site.
- Pre and post completion inspection of the project shall be undertaken by the participating bank to verify physical and financial progress as and when required.
- DADF reserves the right to modify, add /delete any terms / conditions without assigning any reason and its interpretation of various terms will be final.
- DADF reserves the right to recall any amount given under the scheme without assigning any reason thereof.
- Inspection of units would be undertaken by DADF representative / bank to find out the physical and financial progress as and when required.
- Other operational instructions issued by DADF / NABARD from time to time will be strictly followed.

**SCHEME FOR UTILISATION OF FALLEN ANIMALS
PROFORMA FOR JOINT INSPECTION REPORT
(In case of 50% subsidy)**

- A Name & Address of Promoters/Entrepreneurs
- B Members of Joint Inspection Committee
(name, designation and address)
- (i) State Animal Husbandry Department
 - (ii) NABARD
 - (iii) Bank/ Branch Manager
- C
- Date of completion of the project
 - Date of intimation of completion of project to NABARD
 - Date of Joint Inspection / Inspection
- D Project at a glance
- I. Location and facility created
 - II. Total Project cost
 - III. Amount of term loan provided & date of release of 1st instalment of loan
 - IV. Date & amount of Advance subsidy released
 - V. Owner's fund in the project
 - Adjusted against land value
 - Cash
- E Whether project implemented as per approval (Specifications etc.)
If no, specify the deviations
Whether project implemented in time
- F Recommendations of the Joint Inspection Committee

G Signatures of the Joint Inspection Committee Members

Signature & Date

(i) State Animal Husbandry Dept

(ii) NABARD

(iii) Bank / Branch Manager

**SCHEME FOR UTILISATION OF FALLEN ANIMALS
PROFORMA FOR JOINT INSPECTION REPORT
(In case of 90% subsidy)**

- A Name & Address of Promoters/Entrepreneurs
- B Members of Joint Inspection Committee
(name, designation and address)
- I. State Animal Husbandry Department
- II. Subject matter specialist in the field
- C III. Date of completion of the project
IV. Date of intimation of completion of project to State AH Dept
V. Date of Joint Inspection / Inspection
- D Project at a glance
- VI. Location and facility created
- VII. Total Project cost
- VIII. Amount of subsidy provided
- IX. Date & amount of 1st /2nd/3rd/Final instalment of subsidy released
- X. Owner's fund in the project
- Adjusted against land value
 - Cash
- E Whether project implemented as per approval (Specifications etc.)
If no, specify the deviations
Whether project implemented in time
- F Recommendations of the Joint Inspection Committee

G Signatures of the Joint Inspection Committee Members

Signature & Date

(i) State Animal Husbandry Dept

(ii) Subject Matter Specialist

Format for Utilization Certificate - Capital Subsidy

(FOR THE USE OF FINANCING BANK TO BE SUBMITTED
TO THE REGIONAL OFFICE OF NABARD)

SCHEME FOR UTILIZATION OF FALLEN ANIMALS

- 1 Name, address of the beneficiary and location of the project
 - 2 Name of the financing bank :
 - 3 Name & address of the financing branch:
 - 4 Date of sanction of loan by bank :
 - 5 Date of disbursement of 1st instalment of loan
 - 6 Date of completion of the unit:
 - 7 (i) Total financial outlay Rs.
(ii) Margin Money Rs.
(iii) Bank loan Rs.
(iv) Subsidy received * Date of receipt Amount Date of credit to the
from NABARD (Rs.) "Subsidy Reserve
Fund A/C" of the
Borrower
- Advance Subsidy
- Final Subsidy
- 8 Brief description of facilities created with capacity etc.
 - 9 Rate of interest charged by the financial bank :
% p.a.
 - 10 The bank has / has not availed refinance from NABARD
 - 11 This is to certify that the full amount of capital subsidy received in respect of the above project has been fully utilized (by way of crediting to the "Subsidy Reserve Fund Account - borrower - wise) and adjusted in the books of account under the sanctioned terms and conditions of the project within the overall guidelines of the scheme.

Place :

Date :

(_____)
Seal & Signature of the
Branch Manager (Financing bank)