

Ref.No.NB.ICD. GSS/ 949 /SRMBC-1/2010-11

Circular No. 129 /ICD- 28 /2010

12 July 2010

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

Central Sector Scheme for “Salvaging and Rearing of
Male Buffalo Calves”

As you are aware, India ranks first in world accounting for more than 50% of world's buffalo population and it has shown a positive growth over the years. Presently, buffalo accounts for about 25 % of the total meat production in the country, which is mostly produced from spent animals. It has been observed that about eight million male buffalo calves are slaughtered to save on mother's milk and other feed resources. Livestock farmers do not consider raising male animals to be remunerative and as a result, the country suffers a loss of about Rs.75 crores per annum. High mortality of male buffalo calves ranging from 42 to 88 per cent in different parts of the country was also noticed. These calves could otherwise be salvaged for providing quality meat for export market and domestic consumption apart from making available hide for production of leather articles. Raising these male buffalo calves will also generate additional employment in rural areas.

2. Keeping the above factors in view, it has been decided by Government of India to launch a Central Sector scheme for “Salvaging and Rearing of Male Buffalo Calves” with a total outlay of Rs.121.62 crore during the remaining period of XI Five Year Plan (2010-11 & 2011-12). Under the scheme, it is proposed to assist farmers, NGOs, professionals and corporate bodies to rear male buffalo calves for meat production and recovery of hides. The scheme has following three components :

(i) Individual Units (Model-I) : Under this model 100% interest subsidy on short term loan would be provided for rearing of male buffalo calves (1 to 9 calves). An indicative unit cost of Rs.6400/- per calf would be provided by banks as short term loan for rearing the calf upto marketable age (say 12 months).

(ii) Commercial Units (Model-II) : Under this model, 25% of the outlay (33 1/3% in NE States including Sikkim and hilly areas) as back ended capital subsidy would be provided for rearing of 10 to 50 male buffalo calves. (with a ceiling of Rs.21,750/- for a unit of 10 calves). An indicative unit cost of Rs.87000/- per 10 male calves would be provided as term loan by the banks.

(iii) Industrial Units (Model-III) : Under this model, 25% of the outlay (33 1/3% in NE States including Sikkim and hilly areas) as back ended capital subsidy would be provided for rearing of 1000 male buffalo calves with a ceiling of Rs.20.86 lakh. An indicative unit cost of Rs.83.45 lakh for rearing of 1000 male calves would be provided as term loan by the banks.

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 Interest Subsidy and Capital Subsidy and monitoring the progress of the scheme besides providing refinance support to the eligible financing institutions for the term loan extended under the scheme. 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 shall sanction Interest Subsidy and Capital Subsidy for the projects and review the progress on a quarterly basis at the State level. As the number of projects that would be submitted is expected to be more in due course, the SLSMC may if felt necessary, delegate the sanctioning powers in respect of these units to the Project Sanctioning Committees (PSC) of NABARD Regional Offices. In such cases the PSC will put up the sanctioned projects to SLSMC for ratification.

4. We request you to circulate the operational guidelines among your controlling offices and branches advising them to submit the proposals to the Regional Offices of

NABARD so that the scheme is implemented expeditiously. NABARD will release Interest Subsidy or Capital Subsidy depending upon the model subject to availability of funds from Gol. You may take steps for giving wide publicity for 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.

Please acknowledge receipt.

Yours faithfully

Sd/-

(J G Menon)
Chief General Manager

Encl : Copy of the operational guidelines

GUIDELINES ON SCHEME FOR SALVAGING AND REARING OF MALE BUFFALO CALVES

1. Background

It has been observed that about eight million male buffalo calves are removed from buffalo production system in the country due to killing by farmers with a view to save on mother's milk and other feed resources. Livestock farmers do not consider raising male animals to be remunerative; as a result, the country suffers a loss of about Rs.75 crore per annum. High mortality of buffalo calves (42 to 88%) was also revealed in a study conducted by Central Leather Research Institute (CLRI), Chennai. These calves could otherwise be salvaged for meat production and recovery of hide, thereby improving economic condition of farmers and providing quality meat for export market and domestic consumption. Raising these male buffalo calves will also generate additional employment in rural areas. Hence, it is proposed to assist farmers, NGOs, professionals and corporate bodies to rear male buffalo calves for meat production and recovery of hides.

2. Objectives of the scheme

The scheme aims at salvaging male buffalo calves and rearing them economically for meat production and recovery of hides to enlarge raw material base for leather industry and improve availability of by-products, thus leading to creation of employment opportunities in rural areas.

3. Implementing period and Area of operation

The scheme will be implemented during the remaining XI plan period (2010-11 & 2011-12) through out the country. As there are slaughter restrictions in some of the states, the local laws pertaining to this should be kept in mind while processing loan proposals.

4. Eligibility

Companies, partnership firms, corporations, NGOs, SHGs, JLGs, cooperatives, farmers and individual entrepreneurs. Preference to be given for SC /STs , women beneficiaries and for individual units. They should constitute at least 40% of the total beneficiaries.

NGO : Non Government Organization; SHG : Self Help Group; JLG: Joint Liability Group

5. Subsidy

The ceiling on subsidy for different credit linked capital subsidy activities are given below :

Sl. No	Component	Unit size	Cost details #	Pattern of Assistance
Rearing of male buffalo calves				
1	Individual units (Model-I) – farmers who own the calves	1-9 calves	Indicative Unit cost : Rs.6400/- per calf (Cost of concentrate feed, medicines, vaccination and insurance)	100% interest subsidy on short term loan. Maximum permissible short term loan is Rs 6400/- per calf. No capital subsidy is available under this component.
2	Commercial units (Model – II) - for those purchasing calves	10-50 calves	Indicative Unit cost : Rs.87000/- per rearing of 10 male calves (Purchase of calves, construction of shed, concentrate feed, fodder cultivation, medicines, vaccines, insurance etc.)	25% of the outlay (33 1/3 % in NE States including Sikkim and hilly areas*) as back ended capital subsidy subject to a ceiling of Rs 21,750 for a unit of 10 calves (Rs 29,000/- for NE States including Sikkim and hilly areas*). Maximum permissible capital subsidy is Rs 1.09 lakh(Rs 1.45 lakh for NE states including Sikkim and hilly areas*) for a 50 calf unit. No interest subsidy is available under this component.
3	Industrial units (Model - III)	1000 calves	Indicative Unit cost : Rs.83.45 lakh for rearing of 1000 male calves (Purchase of calves, construction of shed, concentrate feed, fodder cultivation, medicines, vaccines, insurance etc.)	25% of the outlay (33 1/3 % in NE States including Sikkim & hilly areas*) as back ended capital subsidy subject to a ceiling of Rs 20.86 lakh (Rs. 27.81 lakh for NE States including Sikkim and hilly areas*). No interest subsidy is available under this component.

These are indicative costs . The subsidy will be calculated based on the indicative or actual cost, whichever is less. Banks are, however, free to sanction higher/lower Total Financial Outlay (TFO) also based on the local conditions .

* where the project site is located at an altitude of more than 1000 meters above the mean sea level.

6. Funding Pattern

- I. Beneficiary contribution (margin) - 10 % of the outlay for commercial units and 25% for industrial units (minimum). The cost of land not exceeding 10% of the project cost can form part of the promoter's contribution.
- II. Back ended capital subsidy - as indicated at **Sl. No. 5**

III. Effective Bank Loan - Balance portion

7. Linkage with credit

Assistance under the scheme would be purely credit linked and subject to sanction of the project by eligible financial institutions.

8. Eligible financial institutions

- a) Commercial Banks
- b) Regional Rural Banks
- c) State Cooperative Banks
- d) State Cooperative Agriculture and Rural Development Banks; and
- e) Such other institutions, that are eligible for refinance from **NABARD**. NABARD would provide refinance assistance to these institutions considering their eligibility. The quantum and rate of interest on refinance will be as decided by NABARD from time to time.

9. Promotional Assistance:

To support and encourage these activities by providing training to farmers and entrepreneurs, giving publicity and campaign and conducting potential survey and external monitoring the following promotional programmes are proposed under the scheme :

S. No	Component	Unit Cost	Funding Pattern	Eligible organisations
1	Training of farmers and entrepreneurs (one to two days training, will be finalized by SLSMC)	Rs. 200 per person	100% Grant	NGOs and Training Establishments (funds will be routed through NABARD)
2	Publicity	Rs.1.37 crore	100% Grant	By NABARD
3	Potential survey and external monitoring	Rs. 0.30 crore	100% Grant	By NABARD

10. Sanction by banks

10.1 In case of individual units, where the beneficiaries own the calves, short term loan for one year will be sanctioned and disbursed by the banks. The beneficiary will repay the loan along with the interest to the banks. Banks in turn will claim 100% of interest subsidy on maximum permissible short term loan (Rs.6400/- per calf) from the concerned Regional

Office of NABARD in the format indicated in Annexure I. The amount received from NABARD shall be credited to the beneficiaries account and the same is confirmed to NABARD.

10.2. In case of commercial and industrial units, the entrepreneurs shall apply to their banks for sanction of the project. The bank shall appraise the project as per their norms and if found eligible, sanction the total outlay excluding the margin money as the bank loan. After releasing the first installment the bank shall apply to the concerned Regional Office of NABARD for sanction and release of subsidy. While the bank can apply for the entire subsidy in respect of commercial units(**Annexure II**), they have to apply for 50% of the eligible subsidy (advance) in respect of industrial units (**Annexure III**). After completion of the unit, the bank can apply for the final installment of subsidy(**Annexure IV**).

11. State Level Sanctioning & Monitoring Committee (SLSMC)

11.1. 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), GoI, lead bank of the state, State Dept of Local Administration, NGO in this field, an expert in the related field, and O-I-C of NABARD as members. The SLSMC will be constituted by the State Government concerned. Only one SLSMC will look after all the schemes relating to Animal Husbandry Department. OIC of NABARD Regional Office will be convener of the SLSMC. Initially NABARD shall convene the meeting as and when the projects are received for sanction and later at quarterly intervals to review the progress of the scheme. Banks that have submitted projects for sanction may be invited as special invitees.

11.2. As the number of projects that would be submitted is expected to be more in due course, the SLSMC may delegate the sanctioning powers in respect of these units to the Project Sanctioning Committees (PSC) of NABARD Regional Offices. On quarterly basis the PSC will put up the sanctioned projects to SLSMC for ratification.

12. Release of Subsidy

12.1. After sanction of the subsidy by the SLSMC /PSC, the Regional Office of NABARD shall release the eligible interest subsidy in respect of individual units and capital subsidy in respect of commercial and industrial units after confirming the availability of funds from NABARD Head Office. As already indicated capital subsidy for commercial unit shall be

released in a single installment while for industrial units it is released in two installments (advance and final) one after release of first installment of bank loan by the bank and the final installment after completion of the unit and conduct of joint monitoring inspection by the bank, State Animal Husbandry Department and NABARD (as per the proforma for Joint Monitoring Committee inspection - **Annexure V**). The subsidy shall be released on first come first serve basis subject to availability of funds from GoI.

12.2. After crediting the subsidy in the subsidy reserve fund account of the borrower, a Utilization Certificate in the prescribed format (**Annexure VI**) 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 as per the I guidelines of the scheme.

13. Repayment

13.1. Repayment period will depend on the nature of activity and will vary between one year for individual units (Model – I) and 4-6 years for commercial (Model- II) and industrial (Model – III) units. The repayment period may include a maximum, grace period of 1 year (to be decided by the financing bank as per needs of individual projects).

13.2. 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).

14. Rate of Interest

Rate of interest on the loans 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. excluding subsidy.

15. Security

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

16. Time limit for Completion of the project (Commercial & Industrial Units)

- i. 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

installment of loan. It may be extended by a further period of 3 months, if reasons for delay are considered justified by the financial institution concerned.

- ii. 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, if any, will have to be refunded forthwith to NABARD

17. Adjustment of subsidy

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

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

17.3. The capital subsidy will be adjusted against the last installments of repayment of bank loan.

17.4. 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. **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.

18. Monitoring

18.1. Central Monitoring Committee (CMC) at National level Chaired by Joint Secretary, DADE, GoI with members from DADE, Planning Commission, Secretaries of Department of AH from three States (on rotation basis), three banks (on rotation basis), M/O 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.

18.2. The SLSMC will review the progress on quarterly basis.

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

19. Other Conditions

- The participating banks 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, wherever required.
- 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.
- 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 and 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.
- Any other pre and post inspection would be undertaken by DADF representative 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.

19. Farm Models: Indicative Farm Models for Individual, Commercial and Industrial units given in Annexure – VII, VIII and IX.

ANNEXURE I

**CLAIM FORM FROM THE CONTROLLING OFFICE OF THE BANK FOR RELEASE OF
INTEREST SUBSIDY IN RESPECT OF SCHEME FOR SALVAGING AND
REARING OF MALE BUFFALO CALVES – INDIVIDUAL UNITS (Model- I)
(To be submitted to the concerned Regional Office of NABARD)**

NAME OF THE BANK :

DATE:

TOTAL AMOUNT OF CURRENT CLAIM :

DETAILS OF CURRENT CLAIM :

[Rs.]

Particulars	
Name and address of the beneficiary (Pl indicate district also)	
Location of the Project (indicate the district and whether it is a hilly area)	
Whether SC/ST/Women	
Bank/Branch address (indicate district also) with BSR code	
Loan A/c No.	
Date of sanction	
Purpose of Loan	
Unit size	
Loan sanctioned	
Repayment prescribed	
Rate of Interest	
Date of release of loan	
Date of repayment of loan	
Amount of interest paid	
Amount of interest claimed	
Any other information relevant to the project	

We undertake having complied with all the instructions contained in NABARD circular No. _____ dated _____ regarding operational guidelines of the scheme while sanctioning above proposals. We request you to release an amount of Rs. _____ (Rupees _____) as interest subsidy in respect of the above beneficiaries.

Place :

Date :

Seal and signature of the
Branch Manager(financing bank)

Authorised signatory
Controlling Office of the bank

(For the use of NABARD RO,)

The above claim is scrutinised. HO is requested to confirm the release of interest subsidy amount of Rs. (Rupees only) to be released to _____ (Name of the Bank).

(Signature)
AGM/DGM
(NABARD, RO)

(For the use of ICD, NABARD HO)

Release of interest subsidy - Confirmation

RETURN FAX MESSAGE

Date

FROM : CGM, ICD, NABARD, HO, MUMBAI
FOR: CGM/GM/OIC, REGIONAL OFFICE NABARD

**SCHEME FOR SALVAGING AND REARING OF MALE BUFFALO CALVES –
INDIVIDUAL UNITS
Release of interest subsidy - confirmation**

The claim No. is admitted. Since sufficient funds are available with NABARD, under the scheme, the above proposal of releasing interest subsidy amount of Rs..... (Rupees only) is confirmed for release.

AGM
ICD, NABARD-HO, MUMBAI
Date :

ANNEXURE II

**CLAIM FORM FROM THE CONTROLLING OFFICE OF THE BANK FOR RELEASE OF
CAPITAL SUBSIDY IN RESPECT OF SCHEME FOR SALVAGING AND
REARING OF MALE BUFFALO CALVES – COMMERCIAL UNITS (Model - II)
(To be submitted to the concerned Regional Office of NABARD)**

NAME OF THE BANK : _____ Date _____

AMOUNT OF CURRENT CLAIM :

DETAILS OF CURRENT CLAIM :

[Rs.]

Particulars	
Name and address of the Entrepreneur (Pl indicate district also)	
Location of the Project (indicate the district and whether it is a hilly area)	
Whether SC/ST/Women	
Bank/Branch address (indicate district also) with BSR code	
Loan A/c No.	
Date of sanction	
Purpose of Loan	
Unit size	
Total Financial Outlay	
Margin	
Bank Loan	
Repayment prescribed	
Rate of Interest	
Date of release of 1st installment of loan	
Capital Subsidy claimed	
Any other information relevant to the project	

1. We undertake having complied with all the instructions contained in NABARD circular No. ----- regarding operational guidelines of the scheme while sanctioning above proposals.
2. We request you to release an amount of Rs. _____ (Rupees) as Capital Subsidy in respect of the above entrepreneurs.
3. We also certify that the previous claims have been fully utilised and adjusted in the books of account under the sanctioned terms and conditions of the project within the overall guidelines of the scheme.

Place :

Seal and signature of the Branch
Manager(financing bank)

Date :

Counter signed

Authorised signatory
Controlling office of the bank

(For the use of NABARD RO,)

The above claim is scrutinised. HO is requested to confirm the release of subsidy amount of Rs. (Rupees only) to be released to _____ (Name of the Bank).

(Signature)
AGM/DGM
(NABARD, RO)

(For the use of ICD, NABARD HO)

Release of Subsidy - Confirmation

RETURN FAX MESSAGE

Date

FROM : CGM, ICD, NABARD, HO, MUMBAI
FOR: CGM/GM/OIC, REGIONAL OFFICE NABARD

SCHEME FOR SALVAGING AND REARING OF MALE BUFFALO CALVES - Release of subsidy - confirmation

The claim No. is admitted. Since sufficient funds are available with NABARD, under the scheme, the above proposal of releasing subsidy amount of Rs..... (Rupees only) is confirmed for release.

AGM
ICD, NABARD-HO, MUMBAI
Date

ANNEXURE III

**CLAIM FORM FROM THE CONTROLLING OFFICE OF THE BANK FOR RELEASE OF
CAPITAL SUBSIDY(ADVANCE) IN RESPECT OF SCHEME FOR SALVAGING AND
REARING OF MALE BUFFALO CALVES - INDUSTRIAL UNITS- (Model - III)
(To be submitted to the concerned Regional Office of NABARD)**

NAME OF THE BANK :

DATE:

TOTAL AMOUNT OF CURRENT CLAIM :

DETAILS OF CURRENT CLAIM :

Particulars	[Rs]
Name and address of the Entrepreneur	
Location of the Project (indicate the district and whether it is a hilly area)	
Whether SC/ST/Women	
Bank/Branch address (indicate district also) with BSR code	
Loan A/c No.	
Date of sanction	
Purpose of Loan	
Unit size	
Total Financial Outlay	
Margin	
Bank Loan	
Repayment prescribed	
Rate of Interest	
Date of release of 1st installment of loan	
Advance Capital Subsidy claimed	
Any other information relevant to the project	

☎ We undertake having complied with all the instructions contained in NABARD circular No. _____ dated _____ regarding operational guidelines of the scheme while sanctioning above proposals.

☎ We request you to release an amount of Rs. _____ (Rupees) as Capital Subsidy (advance) in respect of the above entrepreneurs.

Place :

Date :

Seal and signature of the
Branch Manager(financing bank)

Authorised signatory
Controlling Office of the bank

(For the use of NABARD RO,)

The above claim is scrutinised. HO is requested to confirm the release of Advance subsidy amount of Rs. (Rupees only) to be released to _____ (Name of the Bank).

(Signature)
AGM/DGM
(NABARD, RO)

(For the use of ICD, NABARD HO)

Release of Subsidy - Confirmation

RETURN FAX MESSAGE

Date

FROM : CGM, ICD, NABARD, HO, MUMBAI
FOR: CGM/GM/OIC, REGIONAL OFFICE NABARD

SCHEME FOR SALVAGING AND REARING OF MALE BUFFALO CALVES (INDUSTRIAL UNITS) - Release of advance subsidy - confirmation

The claim No. is admitted. Since sufficient funds are available with NABARD, under the scheme, the above proposal of releasing advance subsidy amount of Rs..... (Rupees only) is confirmed for release.

AGM
ICD, NABARD-HO, MUMBAI
Date :

ANNEXURE IV

**CLAIM FORM FROM THE CONTROLLING OFFICE OF THE BANK FOR RELEASE OF
CAPITAL SUBSIDY (FINAL) IN RESPECT OF SCHEME FOR SALVAGING AND
REARING OF MALE BUFFALO CALVES- INDUSTRIAL UNITS- (Model - III)
(To be submitted to the concerned Regional Office of NABARD)**

NAME OF THE BANK : _____ Date _____
 AMOUNT OF CURRENT CLAIM : _____
 DETAILS OF CURRENT CLAIM : _____

[Rs]

Particulars	
Name and address of the Entrepreneur	
Whether SC/ST/Women	
Bank/Branch address (indicate district also) with BSR code	
Loan A/c No.	
Date of sanction	
Purpose of Loan	
Total Financial Outlay	
Margin	
Bank Loan	
Repayment prescribed	
Date of receipt of advance Capital Subsidy	
Date of Joint Monitoring visit	
Date of commissioning	
Final Subsidy claimed	
Any other information	

- I. We undertake having complied with all the instructions contained in NABARD circular No. - _____ regarding operational guidelines of the scheme while sanctioning above proposals.
- II. We request you to release an amount of Rs. _____ (Rupees) as Capital Subsidy (Final) in respect of the above entrepreneurs.
- III. We also certify that the previous claims have been fully utilised and adjusted in the books of account under the sanctioned terms and conditions of the project within the overall guidelines of the scheme.

The inspection report and commissioning certificate are enclosed.

Place : _____ Seal and signature of the Branch
 Manager(financing bank)

Date : _____

Encl: [1] Joint Monitoring Report
 [2] Commissioning Certificate Counter signed

Authorised signatory
 Controlling office of the bank

(For the use of NABARD RO,)

The above claim is scrutinised. HO is requested to confirm the release of final subsidy amount of Rs. (Rupees only) to be released to _____ (Name of the Bank).

(Signature)
AGM/DGM
(NABARD, RO)

(For the use of ICD, NABARD HO)

Release of Subsidy - Confirmation

RETURN FAX MESSAGE

Date

FROM : CGM, ICD, NABARD, HO, MUMBAI
FOR: CGM/GM/OIC, REGIONAL OFFICE NABARD

SCHEME FOR SALVAGING AND REARING OF MALE BUFFALO CALVES (INDUSTRIAL UNITS)- Release of final subsidy - confirmation

The claim No. _____ is admitted. (Ref. Claim No..... for advance subsidy). Since sufficient funds are available with NABARD, under the scheme, the above proposal of releasing final subsidy amount of Rs..... (Rupees only) is confirmed for release.

AGM
ICD, NABARD-HO, MUMBAI
Date

**PROFORMA FOR JOINT INSPECTION REPORT
(for Industrial Units – Model – III - only)**

- A Name & Address of Promoters/Entrepreneurs
- B Members of Joint Inspection Committee
(name, designation and address)
NABARD
Financing Bank
State Animal Husbandry
Department
- C
1. Date of completion of the project
 2. Date of intimation of completion of project to NABARD
 3. Date of Joint Inspection / Inspection
- D Project at a glance
Location and facility created
Financing Bank
Total Project cost
Amount of term loan provided
Date & amount of 1st installment of loan disbursed
Date & amount of 1st installment of subsidy released
Owner's fund in the project
1. Adjusted against land value
 2. 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
NABARD
Financing Bank
State Animal Husbandry Dept
- Signature & Date

Economics of Male Buffalo Calf Rearing**Model I : Mini calf rearing unit****A. Summary**

1.	Unit Size	:	1 calf
2.	Unit Cost (Rs.)	:	6400
3.	Bank Loan (Rs.)	:	6400
4.	Interest free loan (Rs.)	:	640
5.	Margin Money	:	Not applicable for short term loan
6.	Repayment period (years)	:	1
7.	Interest rate (% p.a.)	:	10

B. Rearing Cost

Sr. No.	Item of Cost	Specifications	Unit Cost (Rs./Unit)	Total Cost (Rs.)
1	Concentrate feed	700 kg	7.5/kg	5250
2	Vaccination, de-worming	-	300/calf	300
3	Insurance of calf	-	200/calf	200
4	Insurance (life) of farmers*	-	300/farmer	300
5	Misc. expenses on housing etc.	-	350/calf	350
	Total			6400

* The farmer is also insured along with the calves for life and insurance companies provide a standard cover for the farmer also for a premium at a concession. This is standard norm for small farmers owning few animals.

C. Techno-Economic Parameters

1	Unit size	:	Can vary from 1 to 9 calves
2	Rearing period	:	8 months
3	Age of animal at sale	:	12 months
4	Conc. feed consumption (kg)	:	700
5	Cost of feed (Rs./Kg)	:	7.5
6	Live weight at sale (kg)	:	200
7	Sale price (Rs/kg live wt)	:	45

D. Economics

Sale of calf (Rs)	:	9000
Cost of rearing (Rs)	:	6400
Net Benefit (Rs)	:	2600

E. Interest Accrued (Rs.) : 640

This amount will be placed with bank to adjust against interest due.

F. Repayment : Wherever possible the activity can be a part of Kisan Credit Card operation. Repayment can be made on sale of calf in one year time and the farmer (borrower) becomes entitled for fresh loan for the next cycle of operation

Model II : Commercial calf rearing unit (10 calves)**A. Summary**

1.	Unit Size	:	10 calves (two batches of 5 calves each per year)
2.	Unit Cost (Rs.)	:	87,000
3.	Margin Money (Rs.)	:	8,700
4.	Bank Loan (Rs.)	:	56,550
5.	Capital Subsidy (Rs.)	:	21,750
6.	Repayment period	:	4 years
7.	Interest rate (% p.a.)	:	12
8.	NPW at 15% DF (Rs)	:	44,434
9.	BCR at 15% DF	:	1.3 : 1
10.	IRR (%)	:	Above 50

B. Investment Cost

Sr. No.	Items of investment	Specifications	Unit Cost (Rs)	Total Cost (Rs)
1	Calf shed (Thatched)	300 sq ft	50/sq ft	
2	Cost of equipment	10 nos	200 / calf	
3	Cost of calf (4-5 months old)	10 nos	1000/calf	
4	Fodder cultivation expenses	1 acre	5000/acre	
5	Conc. feed	7000 kg	7/kg	
6	Vaccination & de-worming	10 nos	300/calf	
7	Insurance of calf	10 nos	200/calf	
8	Miscellaneous	lumpsum	1000/unit	
	Total Cost			

C. Techno-Economic Parameters

1.	Unit size	:	10 calves in 2 batches of 5 each
2.	Rearing period	:	8 months
3.	Mortality (%)	:	10
4.	Cost of fodder cultivation (Rs/acre)	:	5000 and 3000 in subsequent years
5.	Feed consumption (kg)	:	7000
6.	Cost of feed (Rs/kg)	:	7
7.	Sale of calves	:	1 batch in I year 2 batches from II year onwards
8.	Final body weight (kg)	:	200
9.	Sale price of animal (Rs/kg live wt)	:	45
10.	Period of loan (years)	:	4

11. Interest rate (%) : 12
 12. Construction period : 3 months

D. Cash Flow Analysis

S.No.	Particulars	I year	II to X years
	Costs		
1	Capital Cost	87,000	
2	Rearing Cost		
a	Purchase of calves	Cap	1,000
b	Fodder cultivation	Cap	3,000
c	Feed cost	Cap	49,000
d	Vet. aid, medicine	Cap	3,000
e	Insurance	Cap	2,000
f	Misc. costs	Cap	1,000
3	Total Costs	87,000	68,000
4	Benefits		
	Sale of calves	45,000	90,000
	Sale of Manure	2,500	5,000
	Dep. value of shed & equipment		0
5	Total benefit	47,500	95,000
6	Net benefit	-39,500	27,000
7	NPW @ 15% DF (Rs)	44,434	
8	BC ratio @ 15% DF	1.3 :1	
9	IRR (%)	Above 50%	

E. Repayment schedule

- Bank Loan (Rs) : 56550
 Interest rate (% / annum) : 12
 Repayment period : 4 years

(in Rupees)

Year	Gross Surplus	Outstanding bank loan at beginning of the year	Repayment		Total outgo	Net surplus
			Interest	Principal		
1	47,500	56,550	5,031	25,000	35,031	12,469
2	27,000	31,550	3,786	9,900	13,686	13,314
3	27,000	21,650	2,598	10,000	12,598	14,402
4	27,000	11,650	1,398	11,000	12,398	14,602

Annexure - IX

Model III : Industrial calf rearing unit (1000 Calves/annum)

A. Summary:

1. Unit Size	:	1000 calves
2. Total Investment (Rs.)	:	83,45,000
3. Margin money on Term Loan (Rs.)	:	20,86,000
4. a. Bank Term Loan –T.L. (Rs.)	:	62,59,000
b. Working capital (Rs.)	:	73,80,000
5. Capital subsidy (Rs.)	:	20,86,000
6. Effective Bank Term Loan (Rs)	:	41,73,000
6. Repayment Period	:	5 years
7. Interest rate (% p.a.)	:	12
8. NPW @ 15 DF (Rs.)	:	778996
9. BCR at 15%	:	1.016: 1
10. IRR (%)	:	18.16

B. Investment Cost:

S. No.	Item of investment	Specification	Physical Unit	Unit cost (Rs.per unit)	Total cost (Rs.)
1	Animal Shed	.pucca shed	30000 Sft	120	42,00,000
2	Feed Store		2000 Sft.	200	4,00,000
3	Fodder store	.	3000 Sft	200	6,00,000
4	Labour quarters		2000 sft	200	6,00,000
5	Water supply arrangements				3,00,000
6	Cost of equipment	Tractor, trailer etc..		200/ Sft.	6,00,000
7	Margin for Working Capital	25%			1,845,000
	TOTAL				8345,000

B(i) Working Capital Requirements:

S.No	Item	Specifications	Physical Units	Unit cost (Rs./unit)	Total Cost (Rs.)
1	Cost of calves		1000 nos.	1000	10,00,000
2	Fodder cultivation				3,00,000
3	Cost. Of conc feed		700 kg/calf	6	42,00,000
4	Vet. cost		1000 nos	Rs.200/animal	2,00,000
5	Insurance			Rs.200/animal	2,00,000

6	Electricity etc.			Rs.15000/month	180,000
7	Admn cost				4,00,000
8	Labour		25 families	Rs.3000 per family	9,00,000
	Total cost				73,80,000

C. Techno-Economic Parameters

1. Unit Size : 1000 calves
2. Cost of calves : 1000
3. Cost of fodder cultivation (Rs./acre) : 5000
4. Feed Consumption (Kg per calf) : 700
5. Cost of feed (Rs. Per kg) : 6
6. Veterinary care (Rs. Per calf) : 200
7. Insurance cost (Rs. Per calf) : 200
8. Electricity cost (Rs. Per month) : 15000
9. Administrative cost (Rs. Per annum) : 4,00,000
10. Labour : one family for every 50 animals
11. Labour cost (Rs. Per month per family) : 3000
12. Mortality (%) : 5
13. Final body weight (Kg) : 250
14. Sale price of animals (Rs. Per kg live weight) : 40
15. Manure : used on farm
16. Period of loan (years) : 5
17. Interest on bank loan (% pa) : 12
18. Interest on working capital (%pa) : 9 (assuming period of 9 months)
19. Depreciation (% pa)
 - Shed and civil structures : 5
 - Equipment : 10

D. Cash Flow Analysis:

S.No	Particulars	Year I	II to IX years	X year
1	Capital Cost	8345,000		
2	Recurring Cost			
a	Purchase of calves	10,00,000	10,00,000	10,00,000
b	Feed cost	42,00,000	42,00,000	42,00,000
c	Fodder cultivation	3,00,000	3,00,000	3,00,000
d	Insurance cost	2,00,000	2,00,000	2,00,000
e	Vet. Aid, medicine	2,00,000	2,00,000	2,00,000
f	Electricity cost	1,80,000	1,80,000	1,80,000
g	Admn expenses	4,00,000	4,00,000	4,00,000

h	Labour cost	9,00,000	9,00,000	9,00,000
i	Int on working capital	664200	664200	664200
3	TOTAL COSTS	16,389,200	8044200	8044200
4	BENEFITS			
	Sale of calves	95,00,000	95,00,000	95,00,000
	Res.value of shed & equipment			29,50,000
5	TOTAL BENEFITS	95,00,000	95,00,000	12450000
6	NET BENEFITS	-6889,200	1455800	4405800
7	NPW @ 15DF	778,996		
8	BC ratio @ 15% DF	1.016: 1		
9	IRR (%)	18.16		

E.Repayment Schedule:

Bank loan: (Rs.)	:	62,59,000
Effective Bank Loan (Rs.)	:	41,73,000
Interest rate(% pa)	:	12
Repayment Period	:	6 years

Year	Gross Surplus	Outstanding Loan	Repayment		Total outgo	Net surplus
1		Bank Loan	Interest	Bank Loan		
1	1455800	6259000	500760	518300	1019060	2050320
2	1455800	5740700	438564	580496	1019060	1078320
3	1455800	5160204	368904	650156	1019060	1342320
4	1455800	4510048	290886	728174	1019060	1294320
5	1455800	3781874	203505	815555	1019060	1204820
6	1455800	2966319	105638	880319	985957	469843

Capital subsidy of Rs 20.86 lakh adjusted in 6 th year.

Interest calculated on effective bank loan as no interest is chargeable on capital subsidy.