



Government of Jammu and Kashmir
Cooperative Department, Civil Secretariat, J&K

Subject:- Food Processing Scheme for Cooperative Societies/ Cooperatives
Ref:- Administrative Council Decision No. 04/01/2024 dated 18.01.2024.

Government Order No: 37 -JK(Coop) of 2024
D a t e d: 11 .06.2024

Sanction is hereby accorded for setting up of Food Processing Units by Cooperative Societies/ Cooperatives in J&K by March, 2025 by availing benefits of:-

- a. 50% subsidy on loan, subject to a ceiling of Rs 4.50 lakhs, for setting-up of Food Processing Unit by Cooperative Societies/ Cooperatives registered in J&K.
- b. 100% interest subvention on loan taken from any cooperative bank registered in J&K to the extent of Rs 9 lakhs or 90% of project cost, whichever is low, for the said project with re-payment period of four years.

Approved operational guidelines for implementation of the scheme are annexed as **Annexure "A"** to this order.

By order of the Government of Jammu and Kashmir.

Sd/-
(Babila Rakwal) JKAS
Secretary to the Government,
Cooperative Department,
Dated: 11.06.2024

No. Coop-Plan/182/2022 (242799)
Copy to the:

1. Secretary to the Government of India, Ministry of Cooperation.
2. All Financial Commissioners (Additional Chief Secretaries)
3. All Principal Secretaries to the Government.
4. Joint Secretary (J&K), Ministry of Home Affairs, Government of India.
5. All Commissioner /Secretaries to the Government.
6. All Secretaries to the Government.
7. All Deputy Commissioners.
8. Registrar Cooperative Societies, J&K.
9. Director Achieves, Archaeology and Museums, J&K.
10. Director Information and Public Relation J&K.
11. Chief General Manager, NABARD, J&K.
12. Private Secretary to the Chief Secretary.
13. Private Secretary to the Secretary to Govt. Cooperative Department.
14. Managing Director, Anantnag Central Cooperative Bank Ltd./ Baramulla Central Cooperative Bank Ltd/ Jammu Central Cooperative Bank Ltd.
15. Managing Director, KAMCO Bank Ltd./Devika Urban Cooperative Bank Ltd./ Anantnag Urban Cooperative Bank Ltd./Jammu Citizen Cooperative Bank Ltd.
16. In charge website Cooperative Department.
17. Government Order file (w.2. s.c)


Under Secretary to the Government
Cooperative Department
11.6.2024

ANNEXURE-"A" to Government Order No.37-JK(Coop) of 2024 dated:11.06.2024

Operational Guidelines of the Scheme "Setting up of 80 Food Processing Units by Cooperative Societies/ Cooperatives"

Physical Target: 80 food processing units are targeted under the scheme.

Timeline: All 80 units to be sanctioned and made functional by March 2025.

Equitable Development of Districts: Geographical spread of benefit coverage across the UT shall be ensured while implementing the scheme with rational distribution across districts, i.e. 4 units/ district.

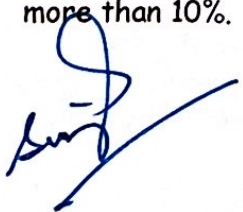
Eligibility Criteria: Cooperative Society/ Cooperative with turnover of Rs 75 lakhs or less shall only be eligible under the Scheme in order to avoid overlapping of the scheme with Holistic Agriculture Development Programme (HADP) of the Agriculture Production Department. Previous experience/ work of societies in food processing shall be used as one of the criteria for short listing. The Cooperative Societies/ Cooperatives being supported shall be encouraged to have linkages with Self Help Groups for deepening value chain in food processing. Efforts shall be made to explore avenues for marketing support to the units set up under the scheme.

Formulation of DPR (maximum 10 days): Cooperative Societies/ Cooperatives desirous of setting-up food processing unit shall be extended support by the concerned Deputy Registrar of the concerned district and Assistant Registrar of the concerned Cooperative Block to get the DPR of food processing unit prepared in consultation with the concerned Chief Agriculture/ Horticulture Officer. The Department, with assistance of NABARD will formulate tentative unit costs for equipment which are normally used on Food Processing units.

Technical Vetting of the DPR (maximum 5 days) : The DPR shall be forwarded by the concerned Deputy Registrar to the concerned Additional Registrar after getting it technically vetted by the Chief Agriculture/ Horticulture Officer/ District Officer for the concerned activity.

Evaluation of the DPR (maximum 5 days) : Additional Registrar Cooperative Societies of the concerned Division shall ensure that the technically vetted DPR is evaluated in all aspects.

Bank Appraisal (maximum 10 days) : After evaluation of the DPR, the concerned Additional Registrar shall forward it to the respective Cooperative Bank for appraisal and finalization of credit amount. Bank shall examine the proposal for providing credit to the extent of 90% of the project cost or Rs 9 lakhs per unit whichever is less, i.e., for projects costing above Rs 10 lakhs, the benefit of credit shall be restricted to Rs 9 lakhs only. Bank shall ensure that interest on the credit approved by it for repayment over a period of four years is not more than 10%.



Approval of Project Approving Committee (maximum 10 days) : After bank appraisal, the project shall be placed before District Level Cooperative Development Committee for its approval.

Setting up of the Project (maximum 6 months): Once the Project is sanctioned, the Bank shall extend credit to the Cooperative Society/Cooperative which shall setup the approved processing unit in a span of 4 to 6 months and approach the office of Deputy Registrar for physical inspection of the unit when it is ready for operation. Credit provided under the scheme shall be utilized for asset construction, equipment procurement, and capital nature expenses only. It shall not be used for meeting salaries/ wages or operational expenses or as working capital.

Monitoring the physical progress of the project: The Deputy Registrar concerned and the Branch Manager of the concerned Cooperative Bank shall monitor the physical progress of work of sanctioned food processing units and report about the physical progress to the Registrar Cooperative Societies, concerned Additional Registrar and the Managing Director of the concerned Cooperative Bank on a fortnightly basis. Format of the Progress Report shall be devised by the Registrar Cooperative Societies, J&K and circulated amongst all the concerned well in advance.

Approval for releasing subsidy/ interest subvention (maximum 10 days): Physical inspection of the food processing unit after its completion and readiness for operation shall be conducted by the Financial Assistance Approving Committee comprising of:-

Deputy Registrar Cooperatives (concerned district)

Chief Agriculture/ Horticulture Officer/ District Officer for the concerned activity.

Branch Manager of the concerned DCCB.

Recommendation of the committee along with certification of work done claims of civil works as well as plant and machinery installed shall be mandatory for release/ transfer of the subsidy/ interest subvention amount by the Registrar Cooperative Societies to the concerned Cooperative Bank.

Disbursement of Payment (maximum 10 days subject to availability): Based on the inspection report of the Financial Assistance Approving Committee, duly endorsed by the concerned Additional Registrar Cooperatives, J&K, the Registrar Cooperative Societies shall release 45% subsidy to the Cooperative Bank as first installment of the bank along with interest accrued on the loan amount during the first year on behalf of the Cooperative Society/ Cooperative. Remaining interest subvention on the reducing Principal amount shall be released by the Registrar Cooperative Societies to the Cooperative Bank as and when the balance Principal amount is returned by the beneficiary to the Cooperative Bank in three equal installments in the subsequent three years. In case of default in payment of Principal amount by the beneficiary, interest subvention shall be stopped.

Annual Audit: Audit of the food processing unit shall be conducted by the Financial Assistance Approving Committee on a quarterly basis for a period of four years/ till the Principal and interest accrued thereupon is repaid by the Cooperative Society/ Cooperative to the Bank. The audit report shall be shared with the Registrar Cooperative Societies, J&K regularly.

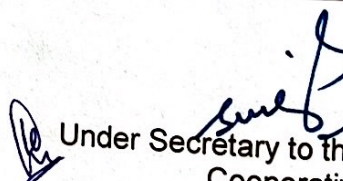


Budgetary Provision: Necessary budgetary provision shall be kept in the Capex Budget of Cooperative Department from 2023-24 till 2027-28 for providing financial assistance in the form of subsidy and interest subvention for 80 Food Processing Units in a time- bound manner.

Tentative Financial Implication for one food processing unit costing Rs 10 lakh, comprising credit of Rs 9 lakh loan and Cooperative Societies/ Cooperatives Share of Rs 1 lakh

(Rs in lakh)

Year	Loan permissible			Reducing Principal Amount	100% Interest Subvention	Total Financial Implication
		Govt. as Subsidy	Repayment of principal amount by cooperative Society/ cooperative			
1st year	9.00	4.50	0.00	9.00	0.90	5.40
2nd year		0.00	1.50	4.50	0.45	0.45
3rd year		0.00	1.50	3.00	0.30	0.30
4th year		0.00	1.50	1.50	0.15	0.15
Total	9.00	4.50	4.50		1.80	6.30


Under Secretary to the Government
Cooperative Department

11.6.2024