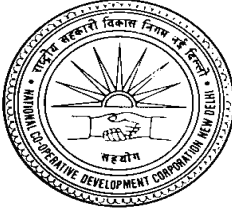


राष्ट्रीय सहकारी विकास निगम
NATIONAL COOPERATIVE DEVELOPMENT CORPORATION
(Finance Division)



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No. NCDC.1-2/2002-Budt.

18th October, 2010

To,

The Secretary In-charge of Cooperation
All State Governments & Union Territories

Sub: Creation of Co-operative Enterprise Development Fund

Dear Sir,

As you may be aware, under the existing funding guidelines of NCDC only financially sound cooperatives which are in operation at least for past 3 years and those that meet the stipulated criteria are eligible for direct funding by NCDC. On account of the restrictive nature of the guidelines, young cooperatives and those that may have erosion in their share capital or have incurred net losses in the preceding years are not eligible for direct funding although their net worth may be positive and they may have earned cash profits.

2. Hence, for providing loan assistance to societies which are recently established and which are striving to attain financial viability and competitiveness, NCDC has created a Co-operative Enterprise Development Fund (CEDF) and liberalized some of the conditions of direct funding for projects to be assisted under CEDF.

3. Liberalized criteria of direct funding under CEDF are as follows:

S. No.	Criteria for direct funding under normal scheme	Liberalized criteria for funding under CEDF
1.	NCDC may extend direct assistance to existing cooperative societies in operation for not less than 3 years.	NCDC may extend direct assistance to cooperative societies in operation for at least 1 year.

2.	The society should have positive net worth not less than 100% of paid up share capital i.e. there should be no erosion in the paid up share capital.	The society should have positive net worth.
3.	The society should not have any cash loss during the last 3 years and there should be net profit in at least 2 of previous 3 years.	The society should have earned cash profit during the last 3 years/ previous year of operation (if the society is in operation for less than 3 years).

4. Above relaxation in direct funding norms shall be subject to the following conditions:

- i) The society shall fulfill the other criteria for direct funding laid down in the guidelines.
- ii) Project cost shall not be more than Rs.200.00 lakhs.
- iii) The society shall furnish adequate security.
- iv) The project is technically feasible and financially viable.
- v) NCDC assistance shall be limited to 60% of the project cost and balance 40% shall be met by society from out of its internal accruals and mobilization of additional share capital.
- vi) Directors of the society shall have good track record and the cooperatives with which they are associated should not have defaulted in repayments to any financial bank/institution.
- vii) Above relaxations shall not be applicable for margin money proposals involving subsidy component.

5. Assistance from out of Co-operative Enterprise Development Fund shall be limited to ₹ 20.00 crore per annum.

6. It is requested that this scheme may be circulated to the cooperatives in the state so that interested cooperative societies may avail assistance under the scheme.

Yours faithfully,



(Govindan Nair)
Managing Director

Copy to :

1. The Registrar of Cooperative Societies,
All States & Union Territories.
2. The Secretary In-charge, Finance Department
All States & U.Ts.
3. The Secretary In-charge, Industries Department
All States & U.Ts.
4. The Secretary In-charge, Fisheries Department,
All States & U.Ts.
5. Director of Fisheries, West Bengal/ Maharashtra/ Karnataka/ Gujarat/
Kerala/ Tamil Nadu/ Andhra Pradesh/ Orissa/ Manipur/ Tripura/ Assam/
Nagaland.
6. The Joint Secretary (Cooperation & Credit),
Ministry of Agriculture, Deptt. of Agri. & Cooperation.,
Krishi Bhawan, New Delhi.
7. Chief Director (Cooperation), DOAC,
Ministry of Agriculture, Krishi Bhawan, New Delhi.
8. All Chief Directors/Directors, NCDC, H.O.
9. All Regional Directors, NCDC. – The projects under this fund will be
approved by Screening Committee
at Head Office.
10. Chief Director (TOPIC), Gurgaon
11. AD, MD's office
12. SPS to ED/FA



Managing Director