

Dairying through Cooperatives (DTC)

**Referred by JICA as “Project for the Dairy
Development”)**

Component B of NPDD Scheme

Financial Management Manual

**National Dairy Development Board
Updated (August 2024)**

Table of Contents

1. Introduction.....	5
1.1. What is a handbook and why it is needed	5
1.2. What is Financial Management Handbook.....	5
1.3. Whom is this handbook for?	5
1.4. Project Area:	6
1.5. Duration of the Project	6
1.6. Activities Involved (Components of the Project)	6
1.7. Implementation Arrangement	6
2. Eligibility Criteria for Selection of PIs	7
2.1. Eligible Participating Institutions (PIs) :.....	7
2.2. Institutional / Governance criteria.....	7
2.3. Financial criteria.....	7
3. Capabilities to be assessed during appraisal.....	8
4. Sub-Project Proposals.....	8
5. Funding Pattern and Fund Flow:	11
6. Release of funds to finance Sub-Projects	13
7. Accounting and Internal Controls	16
8. Delegation of Powers	18
9. Progress- financial and physical reporting of the Sub-Project	18
10. Audit of Sub-Projects financed under JICA.....	20

Table of Annexes

Annex 1: Indicative list of documents to be executed by PIs..... 21
Annex 2: Indicative List of Eligible and Non-Eligible Items for funding under the
Project 22
Annex 3: Fund Utilisation Certificate (FUC) Format 23

1. Introduction

1.1. What is a handbook and why it is needed

1.1.1. A handbook is of reference that presents information, necessary for operating or implementing a particular system, project etc. It is designed to act as a guide to the people for sound implementation of project. A handbook informs the process and procedure that one should follow for execution. As the project is being supported by financing from the Japan International Cooperation Agency (JICA), there are financial reporting & audit requirements (timelines & quality) of the Agency, which need to be adhered to.

1.2. What is Financial Management Handbook

1.2.1. A sound Financial Management system is essential for the efficient and effective decision-making required for success of the project. This includes proper planning, organising, budgeting, accounting, financial reporting, internal control, auditing, disbursement and physical performance of the project with the aim of managing the project resources optimally for achieving the project objectives. Financial management revolves around the basic principle that all financial transactions are carried out in accordance with the established rules/ procedures/ principles, executed in a transparent manner and are duly accounted for, for future review and audit.

1.2.2. The Financial Management Handbook is prepared with a view to act as a guide to understand the eligibility criteria for funding, procedure for availing assistance, responsibilities of the Participating Institutions (PIs) in terms of fulfilment of project objectives, financial targets and operational benchmarks, financial reporting, capabilities in terms of financial management etc.

1.3. Whom is this handbook for?

1.3.1. This handbook has been prepared primarily for the finance officials in all the Participating Institutions (PIs) which would be implementing the specific components / sub-components under “Dairying through Cooperatives under JICA” and for those who would be directly or indirectly involved in the project. This would help the PIs understand the requirements including finance and accounting, internal controls &

documentation, reporting and audit arrangement and responsibilities/ obligations under the project.

1.4. Project Area:

1.4.1. The project area of the scheme is nine states namely, Bihar, Uttar Pradesh, Madhya Pradesh, West Bengal, Andhra Pradesh, Rajasthan, Telangana, Uttarakhand, Punjab. The State of Uttarakhand has been covered only for the activities related to Fodder Development.¹ .

1.5. Duration of the Project

The Scheme will be implemented during 2021-22 to 2025-26 and will continue till 2027-28.

1.6. Activities Involved (Components of the Project)

1.6.1. The project will have the following six components:

- A. Strengthening Milk Procurement Infrastructure
- B. Milk Processing facilities & manufacturing facilities (milk & milk products and cattle feed)
- C. Support for Marketing Infrastructure
- D. Support for ICT Infrastructure
- E. Productivity Enhancement
- F. Training and Capacity Development

1.7. Implementation Arrangement

1.7.1. The project will be implemented through National Dairy Development Board (NDDB) who in turn will implement it through the Participating Institutions (PIs) such as State Dairy Federations, Milk Unions, Multi

¹ As approved by the Central Project Steering Committee (CPSC) in its meeting held on 22.11.2022

State Milk Cooperatives and Milk Producer Companies, meeting the eligibility criteria under the project.

2. Eligibility Criteria for Selection of PIs

2.1. Eligible Participating Institutions (PIs) :

Participating Institutions (PIs) like Milk Unions / Multi State Milk Cooperatives/ State Dairy Federations/Milk Producer Companies shall be eligible for financial assistance under the project.

2.2. Institutional / Governance criteria

2.2.1. PIs should have a duly constituted Governing Body such as Board of Directors / Management Committee as applicable to the legal form of the PIs.

2.2.2. PIs should have a full time Chief Executive / Managing Director (or equivalent) and adequate number of qualified technical and managerial personnel at key positions.

2.2.3. PIs should be willing to amend bye-laws.

2.2.4. PIs should have fixed / undisturbed tenure for senior/ key management personnel including Managing Director/Chief Executive.

2.2.5. Board of the PIs should nominate one expert each in the field of finance, Dairy Technology and marketing as independent directors.

2.3. Financial criteria

2.3.1. General Financial Criteria (applicable for all PIs)

2.2.1.1 Audit of accounts should be up-to-date and the auditor's opinion should not contain any adverse opinion or disclaimer.

2.2.1.2 PIs should not have any over-dues to any Financial Institution.

2.2.1.3 PIs should not be in default to any bank/financial institution.

2.2.1.4 PIs need to contribute its share in the project. However, in case PI does not have adequate resources to contribute its share, State Government may offer necessary grant.

2.3.2. Additional Financial Criteria (applicable to PIs availing loan under the project)

2.2.2.1 PI should have positive Net Worth.

2.2.2.2 All outstanding dues to producer members should not exceed four payment periods.

- 2.2.2.3 Financial returns of the project: Rate of Return on Investment (ROI) of 10% (minimum) and Debt Service Coverage Ratio (DSCR) of 1.5 times (minimum) for all sub-projects
- 2.2.2.4 The loan shall be secured through collateral security, which should be minimum 1.5 times of the loan amount in terms of mortgage of immovable assets and hypothecation of movable assets. In case of shortfall, State Government Guarantee will be required.

3. Capabilities to be assessed during appraisal

- 3.1. The appraisal of a sub-project would involve evaluation of whether the PIs meet the required eligibility criteria [criteria applicable to PIs and the technical criteria applicable to the concerned component(s)/ sub-component(s)] and whether the proposal spells out the capability of the PIs to achieve set targets/outputs.

4. Sub-Project Proposals

- 4.1. PIs that wish to avail funds under the project shall prepare a sub-project proposal and submit it to NDDDB and State Level Technical Management Committee (SLTMC).
- 4.2. The SLTMC, after screening the sub-project proposal, forward it to NDDDB along with its recommendation with a copy endorsed to GoI (DAHD). The proposals from Milk Producer Companies and Multistate Cooperatives will be routed directly through NDDDB for consideration by the Project Sanctioning Committee (PSC), with intimation given to the concerned State Government/ SLTMC.²
- 4.3. NDDDB will carry out appraisal of the proposals received from PIs based on technical and financial criteria. If the PIs so desire, technical assistance may be provided by NDDDB for preparation of the Sub-Project proposal.
- 4.4. Appraisal will be done on the following aspects:
 - 4.4.1. Technical (including the set objectives of the Project)
 - 4.4.1.1. Relevant experience in the project activity for a certain minimum (say 3-5 years) period of years. (In case of new POI, it may be considered on case-to-case basis.)
 - 4.4.1.2. Adequate professional manpower with relevant experience

² As approved in the CPSC meeting held on 22.11.2022

- 4.4.1.3. Required infrastructure for support services
- 4.4.1.4. Objectives of the Sub-Project are in line with the overall project objectives
- 4.4.1.5. In addition to the above, specific technical aspects for each component/ sub-component will also be appraised.

Financial

- 4.4.1.6. Validation of cost components provided in the Sub-Project proposal
 - 4.4.1.7. Financial outlay of the Sub-Project commensurate with recommended physical targets
 - 4.4.1.8. The sub-project fulfils the viability norms of minimum 10% Return of Investment and 1.5 times of Debt Service Coverage Ratio (DSCR) after providing 10% sensitivity for procurement and sales of milk. (Applicable to proposals involving loan under the Project)
 - 4.4.1.9. The PIs have sufficient collateral security of 1.5 times of the loan amount in the form of immovable and movable assets. In case of shortfall, State Government should provide Government guarantee for the loan. (Applicable to proposals involving loan under the Project)
 - 4.4.1.10. Capability of PIs to contribute funds, in case it is required, needs to be assessed. In case PI does not have adequate resources to contribute its share, State Government may offer necessary grant.
 - 4.4.1.11. In case the sub-project needs guarantee and/ or grant to fill viability gap, the SLTMC should send a commitment letter from respective State Government along with recommendation to GoI.
 - 4.4.2. Environmental and Social
 - 4.4.2.1. Assessment of Environmental & Social impact of the Sub-Project as per standards set by JICA.
 - 4.4.3. If required, field visits by a team of technical and finance experts will be undertaken for appraisal.
 - 4.5.** In case of deficiencies observed during appraisal in any technical aspect or any other area, necessary conditions and agreements may be
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recommended during appraisal for incorporation in the sanction letter to ensure that the PIs put in place/ develop the required systems/competencies. The PIs must comply with the pre-disbursement requirements before release of funds.

- 4.6. All the assumptions made in the Sub-Project proposal at the time of planning will be appraised keeping in view the past trends, achievability of projections, market conditions, etc. Any shortcoming will be addressed at this stage.
- 4.7. The Sub-Project proposal will be appraised to see the sustainability after the project period/ financial viability of components, wherever applicable, for the activities that are commercial in operations.
- 4.8. Once the technical and financial assessment of the proposal is completed, a 'Note for Approval' will be prepared by NDDB and will be submitted to PSC, chaired by the Secretary (ADF), DADF, GoI, for approval.
- 4.9. On approval from PSC, NDDB would convey approval of the proposal and sanction of the financial assistance to the concerned PIs through a Sanction Letter incorporating the terms and conditions. After obtaining all the required clearances, NDDB and PI will sign loan cum grant Agreement and other documents as stipulated in the Sanction Letter, for release of funds and implementation of the sanctioned plan. An indicative list of documents (all may not be applicable in every case) to be executed by the PIs is attached at **Annex 1**.
- 4.10. In case environmental clearance / permissions are required to be obtained, PI shall obtain those clearances prior to commencement of any project activities.
- 4.11. The disbursement under the Sub-Project will start after the PIs have executed all the required legal documents and complied with pre-disbursement terms and conditions as indicated in the Sanction Letter.
- 4.12. The PIs shall regularly furnish information (in the prescribed format) related to implementation and performance of the Sub-Project to NDDB during the project period and the PIs will continue to furnish such information to NDDB thereafter. On failure to submit such

information on regular basis during implementation by the PIs, further funding to the PIs can be stopped.

- 4.13. The procurement under the Sub-Project will be carried out as detailed in the Procurement (Purchase) Guidelines.

5. Funding Pattern and Fund Flow:

- 5.1. The fund under the project is classified into loan component and grant component. The loan agreement (for the loan component) has been signed by Government of India (Department of Economic Affairs) with Government of Japan on 21st December 2018. The grant component shall be funded by Government of India under the programme 'National Dairy Development Programme (NPDD)'.
- 5.2. Government of India will receive the ODA loan from Japan International Cooperation Agency (JICA) in Yen terms. Department of Expenditure will allocate budget to DAHD under the scheme. DAHD, GoI will release the fund to NDDB as loan and grant in Rupee terms for onward disbursement to the PIs. GOI shall bear the hedging cost arising out of exchange rate fluctuations on the loan component.
- 5.3. GoI will receive the ODA loan from JICA at about 0.85% per annum and transfer the loan component to NDDB for onward disbursement to the Producer Owned Institutions (POIs) @1.5% p.a.
- 5.4. NDDB will release the funds as loan and grant as per the approved funding pattern, based on the progress of the individual sub-project.
- 5.5. The period of repayment of loan by PIs to NDDB shall be maximum 10 years, of which first 2 years (maximum) shall be moratorium on repayment of principal amount. There will be no moratorium on payment of interest. Moratorium will start from the date of release of first instalment.
- 5.6. Under the project, following funding pattern has been proposed:
- 5.6.1. Strengthening of processing infrastructure component and feed manufacturing facilities will be funded as interest bearing loan (90% of

the project cost as ODA Loan and rest 10% as State Government/PI's contribution).

- 5.6.2. Building for village level Producers' institution and capital cost on BMC and AMCU/DPMCU shall be funded as 50% ODA loan and 50% Grant-in-aid.
- 5.6.3. The activities such as Productivity Enhancement, milk collection accessories, all milk testing equipment at village level, Dairy Cooperative Society (DCS) establishment will be funded as 90% grant-in-aid and 10% as State Government/PI's contribution.
- 5.6.4. ICT and Marketing infrastructure shall be funded as 80% ODA Loan and 20% Grant-in-aid by Government of India.
- 5.6.5. The detailed funding pattern is given as below:-

Component		Activity	Interest Bearing Loan (%)	Grant	State Government /PI's contribution (%)
A	Strengthening of Milk Procurement Infrastructure	Assistance to Village Level Producers' Institution			
		Building for Village Level Producers' Institution	50%	50%	--
		DCS establishment- SS milk collection Accessories, testing equipment, DCS board, furniture etc.	--	90%	10%
		AMCU / DPMCU- Capital Cost	50%	50%	--
		Management grant to Village level functionary (Note: Support to be provided for two years. 100% of the approved unit cost to considered for the 1 st year and 50% cost to be considered for the 2 nd year).	--	90%	10%
		Support for BMCs			
		Building for Bulk Cooler	50%	50%	--
		Bulk Milk Coolers	50%	50%	--
		Tankers for milk transportation	50%	50%	--
B	Strengthening of Milk Processing Infrastructure	Milk Processing Facilities and Manufacturing Facilities for Value Added Products			
		- New Processing Infrastructure (TLPD)	90%	--	10%
		- Modernisation / Expansion of existing plant	90%	--	10%
		- Infrastructure for Value added Products	90%	--	10%
		Feed and Feed Supplements Manufacturing Infrastructure			
		Cattle Feed Plants (MTPD)	90%	--	10%
		By-pass Protein Plants (MTPD)	90%	--	10%

Component		Activity	Interest Bearing Loan (%)	Grant	State Government /PI's contribution (%)
		Mineral Mixture plants (MTPD)	90%	--	10%
C	Support for Marketing Infrastructure	Cold Chain Infrastructure:			
		Walk-in-Cold Store	80%	20%	--
		Insulation for Marketing Vans	80%	20%	--
		Milk Parlours with Visi Cooler and Deep Freezer	80%	20%	--
		Consumer awareness Programme	80%	20%	--
		Market Studies	80%	20%	--
		Market Promotion Cost (Rs. Lakh) (Tapering over 3 years - 100%, 75%, 50%)	80%	20%	--
D	Support for ICT Infrastructure	Installation of AMCS Solution	80%	20%	--
E	Productivity Enhancement through Nutritional Intervention	Calf Rearing Programme	--	90%	10%
		Animal Nutrition Advisory Services	--	90%	10%
		Fodder Development Activities	--	90%	10%
F	Training and Capacity Development	Training and Capacity Development	--	100%	--

5.6.6. List of indicative eligible and non-eligible items for funding is attached at **Annex 2**.

5.6.7. In addition to the above activities, Project Management & Learning shall be on 100% Grant basis provided by the Government of India, which shall be utilised for conducting trainings, overseas exposure visits and trainings, concurrent evaluation, impact studies, MIS development, regional review meetings, appointment of auditors for audit of accounts, taxes & duties for Project Management Consultancy, etc.

6. Release of funds to finance Sub-Projects

6.1. Upon completion of the required documentation by the PIs with NDDDB (as mentioned in the Sanction Letter) and compliance of pre-disbursement terms & conditions, the PIs could begin availing funds sanctioned under the project.

6.2. PIs will be required to open two separate Bank Accounts (one for loan and one for grant) for transactions relating to the implementation of the Sub-Project. The name of the account will be “name of the

Participating Institutions – loan” and “name of the Participating Institutions – grant”– (this will also be specified in the Sanction Letter).

6.3. NDDB will release funds to PIs either as reimbursement of expenditure incurred or as advance.

6.3.1. General Administration Expenses, Taxes & duties, Purchase of land and other real property, Compensation and other indirect items are not eligible for financing and will not be considered for reimbursement as loan.

6.4. Reimbursement of expenditure:

6.4.1. If the PIs incur project expenditure from their own funds, they can seek reimbursement of the amount, on a quarterly basis, after ensuring that the expenditure incurred is within the limit of the approved physical and financial outlay.

6.4.2. The PIs will submit their claims in the form of Fund Utilisation Certificates (FUCs) (format attached at **Annex - 3**) duly audited by the Auditors appointed by NDDB under the scheme. The PIs will submit the FUC every quarter within 15 days after the completion of the quarter.

6.4.3. It is in the interest of the PIs to submit the FUC without any delay so that the Sub-Project implementation & funds flow is not adversely affected.

6.5. Advance for implementation of the Sub-Project

6.5.1. If funds are not available with the PIs to carry out the activities under the approved Sub-Project, they may avail an advance against the sanctioned funds from NDDB subject to availability of fund under the project. The advance for loan component shall carry the same rate of interest as that applicable to the loan.

6.5.2. The amount of imprest advance is limited to 75% of the loan amount and 100% of the grant amount required by the Participating Institution for the approved activities for 90 days. The Participating Institutions will have to utilize the advance amount and submit the Fund Utilisation Certificate within 180 days from the date of release of imprest advance,

- with counter signature of Administrative Head of concerned Department of State Government within 180 days of fund release³.
- 6.5.3. Milk Producer Companies and Multistate Cooperatives are required to directly submit the audited Fund Utilisation Certificate to NDDB, without countersignature of the State Government.
- 6.5.4. The Fund Utilisation Certificate shall be audited by the Auditors appointed by NDDB under the scheme. The PIs will submit the FUC every quarter within 15 days after the completion of the quarter.
- 6.5.5. Any amount remaining unutilized after 180 days will have to be refunded immediately, otherwise it will attract penalty charges of additional interest at 3% per annum. In case utilization is more than 90% it will not attract such penalty. In case, it is noticed that funds have been utilized for activities other than approved under the sub-projects, the PIs will be required to refund the diverted amount immediately with interest @ 12% p.a. on the diverted amount from the date of release.
- 6.5.6. Interest accrued and earned out of the fund (if any) by the PI in the respective Bank Account has to be refunded to Government of India through NDDB.
- 6.5.7. The advance and subsequent fund disbursements shall be deposited in the separate bank accounts opened for loan and grant transactions relating to the sub-project.
- 6.5.8. The PIs shall utilise the advance for activities approved under the Sub-Projects. In case, it is noticed that funds have been utilised for activities other than approved under the sub-projects, the PIs will be required to refund the diverted amount immediately with interest @ 10% p.a. on the diverted amount.
- 6.6.** In the cases where contribution of PIs is required for any particular item (capital or revenue), the following should be followed:
- 6.6.1. In case of capital items, the PIs contribution shall also be deposited in the Sub-Project bank account & the entire payment due to the

³ As approved in the PSC meeting held on 17.02.2023

suppliers/ service providers be made from the sub-project bank account.

- 6.6.2. To re-iterate, in both the cases, all payments to suppliers/ contractors, service providers shall be released from the sub-project bank account only. This is to maintain proper audit trail of assets and expenditures incurred under the Sub-Project and monitor contribution of the PIs, where required.
- 6.6.3. Such expenditure should be reported including both the PIs contribution and grant assistance (i.e. gross expenditure) and the advance will be adjusted/accounted for by NDDDB as per the approved pattern of funding of the specific activity.

7. Accounting and Internal Controls

- 7.1. The PIs should have adequate professional manpower to handle the accounting activities under the Sub-Project. The PIs will have to follow the following accounting practices:
- 7.2. The PIs will maintain a separate 'Project Account', in their existing accounting system, to record the funds received (loan, grant and PI's share) and expenditure incurred under the Sub-Project. To facilitate this PIs should create appropriate account heads to record the transactions Component/ Sub-Component wise, activity-wise, sub-activity-wise based on the funding conveyed, irrespective of whether the PI's is handling projects other than the project or exclusively engaged in the approved Sub-Project.
- 7.3. If a PI does not have a computerised accounting system in place, it shall install an appropriate software package. The grant-in-aid related to revenue expenditure should be recognised on a systematic basis in the Profit and Loss Account over the periods necessary to match them with the related costs. Such Grant-in-aid should be shown separately under the head 'Grant-in-aid received under DTC from NDDDB for the Sub-Project'.
- 7.4. The bank reconciliation statements for sub-project bank account shall be submitted along with FUC.
- 7.5. Assets created under the Sub-Project will have a distinct identification number. Asset registers providing the details of the assets under the Sub-Project are required to be maintained by the PIs. Physical

verification of the assets will be carried out by PIs Internal Auditors once in every year and should be reconciled with the Accounts records.

- 7.6.** All procurement/ purchase proposals will be vetted by the Finance/ Accounts team of the PIs in accordance with the Procurement (Purchase) Guidelines of the project.
- 7.7.** The roles and responsibilities of Procurement, Finance and Accounts personnel need to be distinct and segregated from one another as given below:-
- 7.7.1. Sub-Project bank accounts to be operated by the signature of two authorized persons.
- 7.7.2. The approval for expenditure will be as per the delegation of powers. Certification of expenditure will be done by the User Group and accounting transactions will be generated by the Accounts Group. The transactions will be approved by an authorised officer. Further, Internal Auditors would also check the transactions.
- 7.7.3. All party and other payments should be made through cheques/ electronic transfers. As far as possible cash payments should be avoided and in no case that should exceed Rs 20,000/- per transaction.
- 7.7.4. Documentation relating to Sub-Project expenditures i.e. procurement and contract award records – purchase orders/ contracts, salary contracts, delivery challans, invoices, payment vouchers, receipts from

suppliers/ service providers, etc. – must be properly maintained to support the reported Sub-Project expenditures.

8. Delegation of Powers

8.1. The PIs should have proper delegation of powers approved from the Board of Directors / Management Committee in respect of authorisation for the following:

8.1.1. Operation of bank account including signing of cheques (minimum two authorised signatories)

8.1.2. Passing of vouchers, certification of bills, payment of bills etc. – should be based on proper segregation of responsibilities.

8.1.3. Approval of variances of expenditure *vis-a-vis* the budget with limits specified.

9. Progress- financial and physical reporting of the Sub-Project

9.1. The PIs will submit quarterly physical reports.

9.2. The following information will be submitted by PI in the Quarterly Progress Reports:

9.2.1. Project-wise and Component-wise progress report indicating total outlay, loan and grant assistance, PI/POI's contribution, fund released (loan & grant) to PIs/POIs, fund utilised by PI, unspent balance, etc.

9.2.2. Physical progress under key parameters vis-à-vis approved physical parameters. Status of tender / installments of dairy plant/ BMC/ Cold Storages / Laboratory Equipment, etc.

9.2.3. Audited Utilisation Certificate (duly authenticated countersigned by Administrative Secretary of concerned Department of the State Government) to NDDB. Milk Producer Companies and Multistate

Cooperatives may directly submit the Fund Utilisation Certificate to NDDB.

- 9.2.4. The Fund Utilisation Certificate shall be audited by the Auditors appointed by NDDB under the scheme.
- 9.2.5. Audited report of expenditure vis-à-vis approved components / sub-components/ items, etc.
- 9.2.6. SC/ST/Women population covered under the project
- 9.3.** NDDB will monitor the progress of sub-projects including conducting field visit. NDDB shall report the progress of sub-projects to DAHD, GoI with copy to JICA.
- 9.4.** The PIs should also submit the statement showing list of contracts/ purchase orders awarded on a quarterly basis as per the format attached at **Annex – 4** along with FUC.
- 9.5.** Upon evaluation of achievements against the targets set for different activities, NDDB will advise the PIs on variations so that the PIs take corrective actions. In case corrective steps are not taken, NDDB may review the situation for appropriate action including stopping of further funds.
- 9.6.** The timelines for submission of various reports on sources and usage of funds as per the formats provided by JICA/GoI/NDDB will be as under:-

Name of report	Prepared by		Frequency
	PIs	IMC in NDDB	
Fund Utilization Certificate from PIs to NDDB	√	-	Utilisation within 180 days from the date of release of funds. Submission of UC quarterly by 15 th April, 15 July , 15 October & 15 January each year
Quarterly Progress Report	-	√	Quarterly
Statements of Designated Account, project operating account and revolving fund account (Sources & Uses of Funds)	-	√	Annually
Current repayment and overdue status report	-	√	Annually
Audit Report for the loan accounts	-	√	Annually (Within 9 months of the end of the Fiscal Year)

10. Audit of Sub-Projects financed under JICA

- 10.1.** The Fund Utilisation Certificate shall be audited by the Auditors appointed by NDDDB under the scheme who will also examine the books of accounts, records of all the transactions under the Sub-Project and any other supporting documents.
- 10.2.** The Board of Directors/ Management Committee shall also review the audit observations and give necessary directions for compliance. Any adverse audit comments/ observations need to be complied immediately. A quarterly statement of observations pending compliance for more than six months shall be sent to NDDDB.
- 10.3.** The Statutory Audit and finalisation of annual accounts of the PIs should be completed and submitted to the NDDDB within nine months of the close of the financial year.
- 10.4. Project External Audit:** NDDDB will appoint a firm of Chartered Accountants centrally to act as Project External Auditor to carry out audit of the project as a whole as per 'Terms of Reference' agreed under the project. PI's project accounts will be audited by Project External Auditor annually at the end of the financial year as per the "Terms of Reference".

Annex 1: Indicative list of documents to be executed by PIs

1. Duplicate copy of the sanction letter duly accepted by authorised signatories
2. Certified copy of the Resolution of Board of Directors/ Management Committee authorising acceptance of terms & conditions of the Sanction Letter and execution of documents.
3. Loan Agreement
4. Grant Agreement
5. Demand Promissory Note
6. Letter of Continuity
7. Letter of Hypothecation
8. Undertaking to mortgage future assets
9. Memorandum of Entry – Deposit of Title Deeds / Mortgage Deed
10. Undertaking
11. Declaration
12. Irrevocable General Power of Attorney
13. Memorandum of Understanding
14. Undertaking confirming there is no duplication in funding from other agencies
15. Any other document as communicated by NDDB from time-to-time

Annex 2: Indicative List of Eligible and Non-Eligible Items for funding under the Project

No.	Component	Eligible Items	Non-eligible Items*
A	Strengthening of Milk Procurement Infrastructure	Bulk milk coolers (BMC), milk collection tank, cooling unit, generator, BMC accessories, Automatic Milk Collection Unit (AMCU), Data Processor Milk Collection Unit (DPMCU), DCS/BMC building, Tankers for milk transportation	Land
B	Strengthening of Processing Infrastructure	Civil works, processing and production equipment, services equipment, miscellaneous equipment and erection of plant	Residential complex
C	Strengthening of Marketing Infrastructure	Walk-in cold store, Milk parlour, Deep Freezer, Visi Cooler, Insulated Boxes, initial operational cost for marketing activities	
D	Support for ICT infrastructure	Desk-side and network infrastructure, application implementation, application software, server and network recurring charges, support charges,	Construction of rooms/building for housing server
E	Productivity Enhancement	Cattle feed, mineral mixture, transition feed, early lactation feed, fodder seeds, mower, chaff-cutter, micro-training center, silage units	

**The list of non-eligible items is indicative but not exhaustive.*

S. No.	Particulars	To be filled by PI															To be filled by NDDB			Remarks		
		Approved outlay				Expenditure upto previous FUC			Expenditure under current FUC			Cumulative Expenditure			Balance expenditure to be incurred			Amount recommended for adjustment/ reimbursement				
		PI's contribution	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan		Total	
1	2	3	4	5	6=3+4+5	7	8	9=7+8	10	11	12=10+11	13	14	15=13+14	16	17	18=16+17	19	20	20=18+19	21	
	<i>the items to match with the approved plan</i>																					
	Component/Sub Component/ Item																					
	Civil																					
	1																					
	2																					
	Equipment																					
	1																					
	2																					
	TOTAL																					
<i>Note: Detailed statement of expenditure attached</i>																						
Part B	Revenue Expenditure																					
	(details to be																					

S. No.	Particulars	To be filled by PI															To be filled by NDDB			Remarks		
		Approved outlay				Expenditure upto previous FUC			Expenditure under current FUC			Cumulative Expenditure			Balance expenditure to be incurred			Amount recommended for adjustment/ reimbursement				
		PI's contribution	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan		Total	
1	2	3	4	5	6=3+4+5	7	8	9=7+8	10	11	12=10+11	13	14	15=13+14	16	17	18=16+17	19	20	20=18+19	21	
	provided for each item)																					
	<i>the items to match with the approved plan</i>																					
	Component/Sub Component/ Item																					
	Goods																					
	1																					
	2																					
	Services																					
	1																					
	2																					
	Operating Cost																					
	1																					
	2																					

S. No.	Particulars	To be filled by PI															To be filled by NDDB			Remarks		
		Approved outlay				Expenditure upto previous FUC			Expenditure under current FUC			Cumulative Expenditure			Balance expenditure to be incurred			Amount recommended for adjustment/ reimbursement				
		PI's contribution	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan		Total	
1	2	3	4	5	6=3+4+5	7	8	9=7+8	10	11	12=10+11	13	14	15=13+14	16	17	18=16+17	19	20	20=18+19	21	
	Activities on tapering basis																					
	1																					
	2																					
	Training (details attached)																					
	1																					
	2																					
	TOTAL																					

Advance Account:

Advance outstanding at the beginning of FUC period

(+) Advance received during the FUC period

(+) Interest received

(+) PI Contribution
(-) Utilisation during the period
(-) Advance refunded
(-) Interest refunded
Balance Advance

Auditor's Certificate: We have verified the above/attached Fund Utilization Certificate of for the period from to as prepared and submitted to us by with the books of accounts, records and other supporting documents produced before us. We certify that the FUC is in accordance with the said books/records and supported by adequate documents and the expenditure reported has been utilized for the purposes as specified in the Grant/Loan Agreement. (where relevant subject to exceptions noted below or in annexure)

Name, Signature and Seal
of Auditor of PI

Name and Signature of
CEO of PI

Administrative Secretary (Concerned Dept., State Govt.)

For use by NDDB
We have examined the FUC and recommend for release of funds as given below:
Grant:
Loan:
Amount in Rs. :
Amount in words:

Name and Signature of Authorised Representative of NDDB

JICA assisted Project "Dairying through Cooperatives"

QUARTERLY FUND UTILISATION CERTIFICATE (FUC)	
Report Number:	
Reporting period: DD/MM/YYYY to DD/MM/YYYY	Date of Reporting: DD/MM/YYYY
Name of PI:	PI Code:
Component Name:	Component Code:
Sub Project Bank Account (Grant):	
Sub Project Bank Account (Loan):	

Details of Expenditure incurred on Procurement

(Amount in Rs.)

S. No.	Purchase order/Contract/Reference No. and Date	Description of Procurement	Category Goods/Works/Services/Consultants/Other	Method of Procurement	Estimated Cost	Contract Award Date	Contract Value	Contract Completion date		Name of Contractor/Consultant	Payments made till date	Remarks (Cheque no. & date etc.)
								As per contract	Actual			
1	2	3	4	5	6	7	8	9	10	11	12	13

Name, Signature and Seal of Auditor of PI

Name and Signature of CEO of PI

Administrative Secretary (Concerned Dept., State Govt.)

JICA assisted Project "Dairying through Cooperatives"

QUARTERLY FUND UTILISATION CERTIFICATE (FUC)

Report Number:

Reporting period: DD/MM/YYYY to DD/MM/YYYY	Date of Reporting: DD/MM/YYYY
Name of PI:	PI Code:
Component Name:	Component Code:
Sub Project Bank Account (Grant):	
Sub Project Bank Account (Loan):	

Details of other Expenditure not included in remaining enclosures

(Amount in Rs.)

S. No.	Employee name/Party Name	Debit note/Invoice Detail		Description	Quantity (if applicable)	Unit Rate (Rs. per unit)	Payment Details		
		No	Date				Cheque No	Date	Amount (in Rs.)
1	2	3	4	5	7	8	9	10	11

Name, Signature and Seal of Auditor of PI

Name and Signature of CEO of PI

Administrative Secretary (Concerned Dept., State Govt.)

**JICA assisted Project "Dairying through Cooperatives"
QUARTERLY FUND UTILISATION CERTIFICATE (FUC)**

Report Number:

Reporting period: DD/MM/YYYY to DD/MM/YYYY	Date of Reporting: DD/MM/YYYY
Name of PI:	PI Code:
Component Name:	Component Code:
Sub Project Bank Account (Grant):	
Sub Project Bank Account (Loan):	

Details of Capital Expenditure Incurred

S. No.	Party Name	Invoice Detail		Item Detail	Item Code	Quantity	Unit Rate (Rs. per unit)	Payment Details		
		No	Date					Cheque No	Date	Amount (in Rs.)
1	2	3	4	5	6	7	8	9	10	11

Name, Signature and Seal of Auditor
of PI

Name and Signature of CEO of PI

Administrative Secretary (Concerned Dept.,
State Govt.)

**JICA assisted Project "Dairying through Cooperatives"
QUARTERLY FUND UTILISATION CERTIFICATE (FUC)**

Report Number:

Reporting period: DD/MM/YYYY to DD/MM/YYYY	Date of Reporting: DD/MM/YYYY
Name of PI:	PI Code:
Component Name:	Component Code:
Sub Project Bank Account (Grant):	
Sub Project Bank Account (Loan):	

Details of Expenditure incurred on Training Programmes

S. No.	Name of the Training Programme	Training Programme code	Number of participants	Date of programme	Duration of Programme	Programme Venue	Unit Rate (Rs per unit)	Payment Details		
								Cheque No	Date	Amount (in Rs.)
1	2	3	4	5	6	7	8	9	10	11

Name, Signature and Seal of Auditor of PI

Name and Signature of CEO of PI

Administrative Secretary (Concerned Dept., State Govt.)

DAIRYING THROUGH COOPERATIVES

REQUEST FOR ADVANCE FOR LOAN FOR REVENUE AND CAPITAL EXPENDITURE

Name of PIs:

Utilisation period:

Component

Amount in Rs. Lakh

S. No.	Particulars	Expected Expenditure												
		Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	Total
	Revenue Expenditure (detailed expenditure as per approved plan to be provided)													
	Capital Expenditure (detailed expenditure as per approved plan to be provided)													
	TOTAL													

Advance Account:

Advance outstanding

Expected expenditure for next 12 months

Advance required

CEO of
PI

For use by NDDB only

We have examined the request and recommend for release of advance as given below:

Advance:

Amount in Rs. Lakh

Amount in words

Group
Head

DAIRYING THROUGH COOPERATIVES

REQUEST FOR ADVANCE FOR GRANT FOR REVENUE AND CAPITAL EXPENDITURE

Name of PIs:

Utilisation period:

Component

Amount in Rs. Lakh

S. No.	Particulars	Expected Expenditure												
		Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	Total
	Revenue Expenditure (detailed expenditure as per approved plan to be provided)													
	Capital Expenditure (detailed expenditure as per approved plan to be provided)													
	TOTAL													

Advance Account:

Advance outstanding

Expected expenditure for next 12 months

Advance required

CEO of PI

For use by NDDDB only

We have examined the request and recommend for release of advance as given below:

Advance:

Amount in Rs. Lakh

Amount in words

Group Head