To,
The Director of Horticulture & Mission Director,
Directorate of Horticulture,
Government of Jammu & Kashmir,
Raj Bagh, Opposite Presentation Convent School,
Srinagar (Kashmir)-190008.

Subject: Clarification on "credit linked back ended subsidy" and "credit linked back ended capital investment assistance" under MIDH- regarding.

Sir,
The undersigned is directed to refer to the letter no. DHK/Dev/2018/18911-12 dated 30.01.2019 on the subject cited above and to state that assistance for number of components under MIDH, particularly for the private sector, involving infrastructure development such on nurseries, establishment of lab and clinics, post harvest management including Processing units and marketing is in the form of credit linked back ended subsidy.

Credit linked back ended subsidy is to be released by SHM in two installments. First installment is to be released on completion of civil works, installation of plant & machinery and receipt of satisfactory Joint Inspection Team Report (JIT report). Second installment is to be released after the project comes into commercial operation and receipt of satisfactory JIT report.

The subsidy released by SHM to Bank/FI on behalf of the individual units which are sanctioned, is to be kept in the separate account. The adjustment of subsidy is to be done on the pattern of back ended subsidy wherein the full project cost including the subsidy amount but excluding the margin money contribution from beneficiary is to be disbursed as loan by the Banks. The repayment schedule is to be drawn on the loan amount in such a way that the subsidy amount is adjusted after the Bank loan portion (excluding subsidy) is liquidated.

The subsidy admissible to the borrower under the scheme is to be kept in the Subsidy Reserve Fund A/C borrower-wise in the books of the financing Bank/FI. No interest is to be applied on subsidy portion by the Bank. The balance lying to the credit of the Subsidy Reserve Fund A/C will not form part of Demand and Time Liabilities for the purpose of SLR/CRR. Suitable instructions issued in this regard by the RBI from time to time are to be followed.

It is, therefore, requested to take further action in the matter as per guidelines only.

Yours faithfully,

(S. K. Kaul)
Assistant Commissioner (MIDH)