

**2. Guidelines for implementation of Scheme of Technology Upgradation / Establishment/ Modernisation of Food Processing Industries during the remainder of 12<sup>th</sup> Plan (2013-17) under NMFP.**

**1. Objectives:**

The main objective of the scheme is to increase the level of processing, reduction of wastage, value addition, enhance the income of farmers as well as increase exports thereby resulting in overall development of food processing sector. The scheme envisages to extend the financial assistance for establishment of new food processing units as well as Technology Upgradation and Expansion of existing units in the country.

**2. Eligible sectors:**

Food processing sectors like fruits & vegetables, milk/meat/poultry/fish products, cereal/other consumer food products, rice/flour/pulse/oil milling and such other agri-horti sectors including food flavours, colours, oleoresins, spices, coconut, mushrooms, wines and hops will be covered under the Scheme. The activities of aerated water, packaged drinking water and soft drinks will not be considered for financial assistance under the Scheme.

**3. Eligible organizations:**

All implementing agencies / organizations such as Govt. / PSUs / Joint Ventures / NGOs / Cooperatives / SHG's / Private Sector / individuals engaged in establishment / upgradation/ modernization of food processing units would be eligible for financial assistance under the scheme.

**4. Pattern of assistance:**

The scheme envisages financial assistance to food processing units in the form of grant-in-aid :

- 25% of the cost of Plant & machinery and technical civil works, subject to a maximum of Rs. 50 lakhs in general areas
- 33.33% of the cost of Plant & machinery and technical civil works, subject to a maximum of Rs. 75 lakhs in difficult areas(i.e. Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Andaman & Nicobar Islands and Lakshadweep) and Integrated Tribal Development Project (ITDP) areas.
- 50% of the cost of Plant & machinery and technical civil works, subject to a maximum of Rs.100 lakhs for North Eastern States including Sikkim.

**5. Eligible/ Ineligible components:**

**5.1 Ineligible items of civil works:**

- (i) Compound wall.
- (ii) Approach Road.
- (iii) Administrative Office Building.
- (iv) Toilets.
- (v) Labour Rest Room and quarters for workers.
- (vi) Sanitation Room.
- (vii) Security/ Guard Room or enclosure.

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(viii) Consultancy Fee.

In short, all expenditure on account of civil works that are not related to the production or processing is excluded. Construction activities on account of labour welfare are excluded totally.

**5.2 Ineligible list of plant and machinery:**

- (i) Fuel, consumables, spares and stores.
- (ii) Electrical fixtures not mounted on the machine.
- (iii) Computers and allied office furniture.
- (iv) Transport vehicles.
- (v) Erection, installation and Commissioning charges.
- (vi) Second hand/ old machines / refurbished machinery.
- (vii) All types of service charges, carriage and freight charges.
- (viii) Expenditure on painting of machinery.
- (ix) Closed Circuit TV Camera and related equipment.
- (x) Consultancy Fee.
- (xi) Stationery items.

**6. Receipt of applications:**

State Mission Directorate of NMFP may assess the load of applications to be received by them and accordingly, decide with the approval of SLEC, modus operandi of receipt of applications directly or through banks / Financial Institutions / e-portal etc. In case the applicant does not propose to avail any term loan, proposals are compulsorily required to be appraised by any nationalized bank / financial institutions. SLEC may decide the financial institutions which can appraise such projects.

**7. Procedure for submission of applications / project proposals for financial assistance:**

Applicants seeking financial assistance are required to submit their applications to the designated authority / State Mission Directorate of NMFP. Applicants must submit their applications at least 2 months before the date of start of Commercial production in prescribed format **(Annexure-III)\*** alongwith the enclosures / documents.

**8. Release of grant:** The grant-in-aid will be released in two equal instalments:

**8.1 Release of 1<sup>st</sup> instalment:**

The first instalment of grant would be released after the firm has utilized 50% of the term loan as well as 50% of promoter's contribution and on production of the following documents by the firm:

- (i) **Duly notarized Surety Bond** – To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs. 100/- **(Appendix-A). \*\***
- (ii) **Duly notarized Affidavit** – To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs. 100/- **(Appendix-B).**
- (iii) **Bank Certificate** certifying that they have released 50% of term loan and have no objection on release of 1<sup>st</sup> instalment of grant being provided by state / UTs **(Annexure- IV).**
- (iv) **CA certificate** – **(Appendix-C).**

**Note:** \*Annexures are scheme specific.

\*\*Appendixes are common for all schemes.

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Based on the CA certificate, the Competent Authority as designated by SLEC would arrive at the eligible amount of grant, and release 50% of the eligible amount as 1<sup>st</sup> instalment subject to the availability of all other requisite documents as per scheme guidelines (para 9 below).

**8.2 Release of 2<sup>nd</sup> instalment:**

The second instalment of the grant would be released only after confirming the commencement of commercial production through physical verification by the State Mission Directorate of NMFP and submission of documents specified below by the firm, utilization of first instalment of the grant, 100% of Term Loan as well as 100% of Promoter's contribution.

- (i) **Utilization Certificate** – as per GFR 19A, Duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (**Appendix-D**).
- (ii) **Chartered Accountant Certificate** – Actual expenditure incurred on the project showing the means of finances and 100% utilization of Promoters contribution, 100% of Term loan and 1<sup>st</sup> instalment of released grant (**Appendix-C**).
- (iii) **Bank Certificate** – certifying that they have released 100% of term loan and 1<sup>st</sup> instalment of grant released by the States / UTs. They have no objection in releasing 2<sup>nd</sup> instalment of grant being released by States / UTs (**Annexure-V**).
- (i) **Chartered Engineer Certificates** – certifying the Item wise and cost wise details of Technical civil works envisaged duly certified by Chartered Engineer (Civil) and Item wise and cost wise details of Plant & Machinery envisaged duly certified by Chartered Engineer (Mechanical).

**9. Documents required:**

- (ii) Application in the prescribed format (**Annexure-III**).
- (iii) Detailed Project Report (DPR).
- (iv) Sanction letter of term loan from bank / financial institutions, if any.
- (v) Appraisal report from Bank / Financial Institution.
- (vi) Certificate of incorporation/registration of the organization, Memorandum and Articles of Association and Bye laws of the society (if applicable)/ partnership deed etc.
- (vii) Bio-data/background of the office bearers/promoters of the organization.
- (viii) Annual reports and Audited Statement of Accounts of last three years, in case of expansion / upgradation proposals/cases.
- (ix) Blue Print of the building Plan.
- (x) Notarized English version of land document (in case it is in any of the regional languages).
- (xi) Item wise and cost wise details of Technical civil works envisaged duly certified by Chartered Engineer (Civil).
- (xii) Item wise and cost wise details of Plant & Machinery envisaged duly certified by Chartered Engineer (Mechanical).
- (xiii) Quotations from the suppliers of Plant & machinery and equipments etc. required for the project.
- (xiv) Marketing strategy.
- (xv) Process Flow diagram.
- (xvi) SSI/IEM registration etc.
- (xvii) Implementation schedule indicating (a) date of acquiring land (b) date of start of construction of building (c) date of completion of building (d) date for placing order for

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plant & machinery (e) date of installation/erection (f) date of trial production/ running and (g) date of commercial production/ running.

(xviii) An affidavit duly executed on non-judicial stamp paper of Rs.100/- or more duly notarized by Notary Public affirming that:

(a) organization's sister concern (s)/ related company / group company as well as the applicant company itself availed any financial assistance for a food processing project in the past from the Ministry of Food Processing Industries (MoFPI) or not, if yes, the details thereof.

(b) organization has not obtained/applied for or will not obtain any grant/subsidy from any Ministry/Department of Central Govt/GOI organization/agencies and State Govt for the same purpose/activity /same components. If yes, the details thereof.

**10. Implementation and monitoring of the projects sanctioned:**

The implementation schedule for the projects would be about 12 months from the date of the issue of approval letter.

State Mission Directorate (SMD) of NMFP will develop a mechanism to verify the project at every stage to assess the performance. State Mission Directorate may also devise evaluation, monitoring and reporting procedures.

**11. State specific sectorial focus:**

SLEC may decide whether the State will have any focus areas for selection of sector under the scheme. For example, States in Eastern India may consider setting up/ modernization of rice mills. States already having well developed rice milling industry (e.g. Punjab, Haryana, AP etc.) may consider focussing on other horticultural/ agricultural products. States are further inform that the proposals under all the sub-sectors including grain milling (i.e. Rice/ Pulse/ Flour/Oil milling) are eligible for assistance under the scheme.

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**Annexure- III**

**Application Form for Scheme of Technology Upgradation / Establishment/ Modernisation of Food Processing Industries**

S.No.	Particulars	Details
<b>A. Promoters</b>		
1	Name & Address of the Promoter including telephone, fax, e-mail etc.	
2.	Type of organisation like Govt. Institution /organisation, Industry Association, University, NGO, Co-operative, others etc.	
3.	Background/credentials of applicant organisation	
4.	Financial Status	
5.	Existing Industry if any	
<b>B. Project Description</b>		
6.	Name of the Project	
7.	Location/Area of the project	
8.	Products/By Products	
9.	Process with complete flow chart	
10.	Technology (Indigenous/ imported )	
11.	Capacity of the Plant/Unit	
12.	In case of expansion/modernisation of existing facilities/unit (details of existing capacity and proposed capacity after expansion & alongwith capacity utilisation)	
<b>C. Project Cost (indicating proposed cost, appraised cost separately)</b>		
13.	Capital Investment (Fixed Capital) i. Land Area Cost ii. Building iii. Civil Works iv. Technical Civil Works	
14.	Plant & Machinery (Indigenous) (Capacity/Specification /Cost)	
15.	Imported Machinery (Capacity/Specification /Cost)	
16.	Pre-operative expenses	
17.	Working Capital	
18.	Raw Material/Packaging (Source/Quantity/Cost)	
19.	Labour (Quantity/Cost)	

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20.	Effluent Disposal (Method/Machinery/Cost)	
<b>D. Means of Finance (indicating proposed &amp; appraised means of finance, separately)</b>		
21.	Means of Financing  a) Equity Promoter/Foreign/Other) b) Loan (Term/working capital) c) Grant in aid under NMFP d) other sources  <p style="text-align: right;"><b>TOTAL</b></p>	
22.	Financial Benchmarks  a) Cash Flow b) Break Even Point c) Internal Rate of Return d) Debt Equity Ratio e) Debt Service Coverage Ratio	
23.	In case of expansion/modernisation all the above benchmarks to be given separately- existing as well as projected	
24	In case of expansion/modernisation proposals Audited Balance sheet of last three years to be enclosed.	
<b>E. Marketing</b>		
25.	Marketing a) Existing Market b) Future Demand c) Marketing Strategy d) Linkage to farm/backward linkages e) Forward market linkages	
<b>F. Implementation Schedule</b>		
26.	Item of work	Date of implementation  (Bar charts/Milestone Charts may be enclosed)
<b>G. Personnel</b>		
27.	Details of technical & Managerial personnel (Operation, Maintenance, managerial, finance, marketing etc.) required & available.	
<b>H. Employment Generation- Direct/Indirect</b>		
28.	a) Direct b) Indirect	

**Date:**  
**Place:**

**Signature**  
**Name and Designation**  
**Seal of the organisation**

Encl: List of documents attached.

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**Annexure- IV**

**(Letter Head of the Bank)**

**Certificate**

1. Certified that this bank has appraised the project of M/s ..... (Name and address of the organization) for NMFP grant as per guidelines of the scheme and also sanctioned term loan of Rs. ....lakh (if applicable).
2. It is further certified that we have released Rs..... lakh (50% of sanctioned term loan) to M/s ..... (Name and address of the organization).
3. We have no objection in releasing 1<sup>st</sup> instalment of grant if sanctioned by the State Govt.

(Signature)  
(Name)  
(Branch Manager)  
(Branch IFSC Code)

State Mission Director  
National Mission on Food Processing (NMFP)  
State \_\_\_\_\_

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**Annexure- V**

**(Letter Head of the Bank)**

**Certificate**

1. Certified that this bank has released 100% of term loan (if applicable) sanctioned i.e. Rs. ....lakh and also 1<sup>st</sup> instalment of grant of Rs. .... lakh released by the State Mission Directorate vide sanction order No. .... Dated..... to M/s ..... (Name and address of the organization), which has been credited in account number..... of the firm.
2. We have no objection in releasing 2<sup>nd</sup> instalment of grant if sanctioned by the State Govt.

(Signature)  
(Name)  
(Branch Manager)  
(Branch IFSC Code)

State Mission Director  
National Mission on Food Processing (NMFP)  
State \_\_\_\_\_