

Members Communique: CC1/FPS-16

Date:11-May-16

Announcement for NCCD members  
**Revisions to Scheme of Ministry of Food Processing Industries**

*Dear NCCD partner,*

***This is to inform you that Ministry of Food Processing Industries (MoFPI) has proposed revisions to its scheme on Cold-chain, Value Addition and Preservation Infrastructure. MoFPI is inviting comments and suggestions from concerned stakeholders.***

A summary of the proposed revisions (shared by MoFPI) is attached with this Communique. Your attention is drawn to the fact that the scheme is being dovetailed with ongoing programs under Ministry of Agriculture & Farmers Welfare.

All NCCD member partners are invited to review the proposed changes to guidelines of MoFPI & share their comments. The complete guidelines can be downloaded from [www.mofpi.nic.in](http://www.mofpi.nic.in) (***Schemes>>Cold Chain>>Download Guidelines and Circulars***)

There are many positive changes proposed, and your attention is drawn to various components and aspects of the scheme for your inputs.

You are requested to kindly revert with your comments and suggestions via email to [Contact-NCCD@gov.in](mailto:Contact-NCCD@gov.in) and/or to [coldchain.mofpi@gov.in](mailto:coldchain.mofpi@gov.in).

To be able to consider your suggestions and comments, MoFPI has requested that **suggestions be furnished before 24-May-2016.**

Looking forward to your early response and active participation in policy proposals.

Sincere Regards,



Proposed Modification of Scheme of Cold Chain, Value Addition & Preservation Infrastructure- MoFPII. EVALUATION OF PROPOSALSA. Scheme Eligibility Criteria

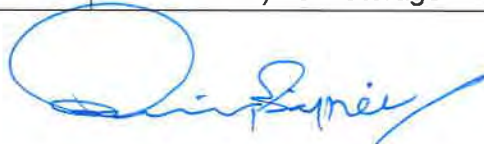
S No.	Eligibility Criteria	As per Current Guidelines	Proposed modification
1.	<u>Net-worth</u>	The Net-worth of the Applicant should be 1.5 times the grant sought.	<p>No change proposed. However, the net worth is proposed to be calculated as follows:-</p> <p>(I) <u>In respect of Limited Companies:</u> The net worth will be ascertained on the basis of latest provisional balance sheet i.e. assets minus all liabilities, duly certified by the Statutory Auditor of the Company.</p> <p>Revaluation reserves only in respect of land &amp; building may be considered for ascertaining the net worth, which will be based on circle rates duly supported by circle rate notification. Such revaluation reserves would only be considered if they are reflected in forward going balance sheet.</p> <p>Share application money would be considered towards calculation of net worth provided the same has been converted into Paid up Capital within stipulated time as per company act and but in any case it should be converted into paid up capital before the approval is accorded to the project.</p> <p>Loans and advances given to group/companies related concerns/individuals will not be considered towards computation of net worth.</p> <p>(II) <u>In respect of Proprietorship/ partnership firms / NGOs / Cooperatives/ SHGs etc.,</u></p>



S No.	Eligibility Criteria	As per Current Guidelines	Proposed modification
			<p>The net worth of all entities other than companies will be ascertained on the basis of latest balance sheet i.e. assets minus all liabilities, duly certified by the CA.</p> <p>Following components would be considered towards net worth:-</p> <p>a. Assets include cash, current value of investments, land and building (<i>supported by valuation report at circle rate &amp; land ownership documents</i>), Bonds, Cash value of life insurance, current total balance of savings, current or fixed deposit accounts, book value of shares of listed companies. Shares of unlisted company will not be considered for net worth). All the above needs to be supported by relevant documentation.</p> <p>b. Assets such as car, jewellery, antiques, gold etc. would not form a part of an Individuals net-worth.</p> <p>c. Loans and advances given to group/related concerns/individuals will not be considered towards computation of net worth.</p> <p><b>The applicant will have to give a self -certification regarding the encumbrance of the property.</b></p>
2.	Availing term loan from the Bank/Financial Institution for a minimum of 10% of the total project cost.	Availing term loan from the Bank/Financial Institution for a minimum of 10% of the total project cost.	<p>Availing final sanction of term loan alongwith appraisal report from the Bank/Financial Institution for a minimum of <b>15%</b> of the total project cost.</p> <p>Date of sanction of term loan should be within one year of date of EoI.</p> <p>However, Central/ State Government and Central/ State Government entities are exempted from obtaining term loan from Bank/Financial Institution.</p> <p>Applicants need to bring in at least 20% of total project cost as equity/promoter's contribution in general areas and at least 10% of</p>



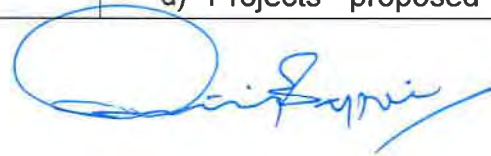
S No.	Eligibility Criteria	As per Current Guidelines	Proposed modification
			the total project cost in difficult and hilly areas i.e. North East Region including Sikkim, J&K, Himachal Pradesh and Uttarakhand.
3.	Appraisal of the project by Bank/Financial Institution	A valid bank appraisal note accompanied by an In-principle or Final Sanction Letter needs to be submitted	<i>Covered in point 2 above.</i>
4.a	Minimum Components of the Scheme	<p>Minimum two components from (a), (b) and (c) as mentioned in the "Components of Scheme"/ Irradiation Facility needs to be implement:</p> <p>(a) <i>Distribution Hub</i>  (b) <i>Minimal Processing Center (MPC)</i>  (c) <i>Reefer Transportation</i></p> <p>Irradiation facility is treated as a standalone component.</p>	<p>Minimum two components from the following needs to be implemented:-</p> <p>a) <b>Minimal Processing Centre</b> at Farm Level having one or more of the following components :</p> <ul style="list-style-type: none"> <li>a) Integrated Pack-house (Mechanized Sorting &amp; Grading Line, Packing Line, mechanized waxing line)</li> <li>b) Ripening Chambers</li> <li>c) Pre Cooling Unit</li> <li>d) Cold Storage Units</li> <li>e) CA Storage</li> <li>f) IQF line</li> <li>g) Milk Chilling Centre / Bulk Milk cooling Centre</li> <li>h) Blast Freezer</li> <li>i) Spiral Freezer</li> </ul> <p>b) <b>Distribution Hub</b> having one or more of the following components:</p> <ul style="list-style-type: none"> <li>a) Integrated Pack-house (Mechanized Sorting &amp; Grading Line, Packing Line, mechanized waxing line)</li> <li>b) Ripening Chambers</li> <li>c) Pre Cooling Unit</li> <li>d) Cold Storage Units</li> <li>e) CA Storage</li> </ul>



S No.	Eligibility Criteria	As per Current Guidelines	Proposed modification
			<p>f) IQF line g) Milk Chilling Centre / Bulk Milk cooling Centre h) Blast Freezer i) Spiral Freezer</p> <p>c) Mobile pre-cooling vans, refrigerated vans/trucks, mobile insulated tankers and refrigerated containers</p> <p>Irradiation facility will be treated as stand-alone component for the purpose of grant for financial assistance under the scheme.</p> <p><b>Note : To avail financial assistance under this scheme, the applicant will have to set up the component of Minimal Processing Centre/ Collection Centre and any one or both of the components from (b) and (c) above.</b></p> <p>It is proposed to allow interchange in the capacity or the components up to submission of documents for first installment of grant or submission of request within nine months / twelve months as applicable whichever is earlier within overall grant approved to the project. However, this should not impact the score secured by the proposal during evaluation. The change in the components would be subject to re-evaluation by the TC and approval by IMAC.</p>
5.	The distance of the MPC from the Distribution Hub shall be beyond 5 kms and within 100 kms. The Distribution Hub and MPC should not be in the same area/vicinity.	Not included as an eligibility criterion.	Distribution Hub and MPC should not be at same location/village.
6.	Land documents along with CLU for	Not included as an eligibility criterion.	For Irradiation projects approval from BRIT (Board of Irradiation



S No.	Eligibility Criteria	As per Current Guidelines	Proposed modification
	Distribution Hub, MPC or the location of the Irradiation facility shall be duly provided. For Irradiation projects approval from BRIT (Board of Irradiation & Isotope Technology) should be in place		&Isotope Technology) should be in place.
7.	No second proposal from the same applicant / company	Included as an eligibility criterion.	<p>Not more than one application from the same applicant/ company will be entertained.</p> <p>In case of second proposal from the existing promoter(s) who have availed grant-in-aid under the scheme, a pre-approval inspection may be carried out. Only, those applicants/ promoters will be considered for financial assistance under second proposal category who have successfully operated the previously approved cold chain facility for at least two years. This period of two years would be reckoned from the date of start of commercial operation.</p>
8.	Date of commercial production should not be prior to the date of submission of application	Included as an eligibility criterion.	It is proposed that the lending Bank may certify that the facility has not commenced commercial operations.
9.	Extra weightage	Not included	<p>Weightage during evaluation of the proposals received against EOI would be granted in case of following:-</p> <ul style="list-style-type: none"> <li>a) Projects which propose to use renewable energy sources (either fully or partially) to power the cold chain project components.</li> <li>b) Uncovered States having one or no cold chain projects.</li> <li>c) Projects engaged in Value addition/ Processing.</li> <li>d) Projects proposed to be established in Industrial</li> </ul>



S No.	Eligibility Criteria	As per Current Guidelines	Proposed modification
			Corridors or in close proximity to Golden Quadrilateral Highway, Dedicated Freight Corridors. e) Projects with Farm Level Collection Centre/ Processing Centre. f) If land documents alongwith CLU are submitted alongwith the proposal.



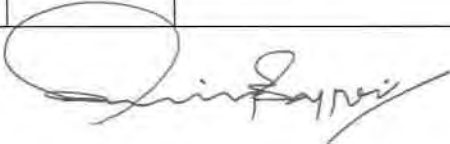
**B. Scheme Evaluation Criteria:**

Minimum 50 marks are required to be qualified for eligibility.

<u>S</u> <u>No.</u>	<u>Existing</u>		<u>Proposed</u>	
	<u>Criteria</u>	<u>Max.</u> <u>Marks</u>	<u>Criteria</u>	<u>Max.</u> <u>Marks</u>
1	Viability of the Cluster	25	No change	30
1a	Adequate Volume and Wider Mix of Raw Materials/Days of Operation in a Year (Suitability of Location, Project Site and Status of Possession of Land)	15	No change	25
	i) Availability of raw materials , product mix & no. of days of operations  <i>(Higher marks shall be given to the projects which provided the details of raw material in the catchment area supported by authentic data).</i>	5	No change	5
	ii. Suitability of project location(s) for proposed operations and their connectivity through road, railwaysetc.  <i>(1. Higher marks shall be given if land is in Industrial Areas/Park, APMC, etc for all locations. 2. around 3-4 marks shall be given to projects which are located in other areas and adequate details about connectivity, etc. is given. 3. lower marks shall be given for land located in any other area but no details about connectivity, etc. are given).</i>	5	ii. Suitability of project location(s) for proposed operations and their connectivity through road, railwaysetc.  <i>(1.10 marks shall be given if land is in Industrial Corridors or in close proximity i.e. within 2 kms of Golden Quadrilateral Highway, Dedicated Freight Corridors for all locations. 2.8 marks shall be given if land is within 2-5 kms from Golden Quadrilateral Highway, Dedicated Freight Corridors for all locations. 3.2 marks shall be given if land is more than 5 kms from Golden Quadrilateral Highway, Dedicated Freight Corridors for all locations.)</i>	10
	iii Status of project land	5	No change	10
	a Land in possession of the Applicant with approval for industrial use	5		10



	b Land in possession of the Applicant without approval for industrial use	3		6
	c Land not in possession of the Applicant but Agreement to sale executed	2		2
1b	<b>Agreement/Arrangements for Raw Materials Procurement (Background in Agribusiness &amp; Food Processing)</b>	10	May be deleted.	
	i Initiatives already taken for Backward & Forward Linkages (as illustrated in DPR)  <i>(Higher marks shall be given to projects in which significant initiative have been taken for linkages along with proofs such as MoU/ application/ consent letter, explained in bank appraisal note, etc.)</i>	5	May be deleted	
	ii Experience in food processing (existing Food Processing operations)  <i>(Highest marks shall be given if the applicant/ promoter is in same business. About 3-4 marks given if applicant/ promoter has experience in food processing business but not in the same business as proposed).</i>	5	May be deleted	
2	<b>Proposed Investment in Core Processing Facilities/Distribution Hub/Value Added Centre/Multi-Chamber and Multi-Product Cold Storage Facilities</b>	25	It is proposed to remove "Multi- Chamber and Multi-Product" from the condition.	25
	i Financial Capability of Applicant (Networth in proportion to proposed equity contribution, Nature of networth in terms of liquid assets)  <i>(Max marks for networth multiple = 5 5 marks shall be given if networth &gt;= 5 times of equity proposed 4 marks shall be given if networth is more than 4 but less than 5 times of equity proposed. 3 marks shall be given if networth is more than 3 but less than 4 times of equity proposed. 2 marks shall be given if networth is more than 2 but less than 3 times of equity proposed. 5. 1 mark shall be given if networth is =&lt; 2 times</i>	5	No change	5



	<i>of equity proposed).</i>			
	<p>ii Economic Viability of Project Based on Bank Appraisal (Key financial parameters viz. IRR, DSCR etc.)</p> <p><i>(The average of score for IRR and DSCR would be considered. IRR and DSCR will be taken from bank appraisal note. In case, IRR and/ or DSCR are not given in the bank appraisal note then the same will be taken from the DPR. Max marks for IRR = 5</i></p> <p><i>1. 5 marks shall be given if IRR &gt;20%</i></p> <p><i>2. 4 marks shall be given if IRR is between 17%-20%</i></p> <p><i>3. 3 marks shall be given if IRR is between 14%-16.9%</i></p> <p><i>4. 2 marks shall be given if IRR is between 10%-13.9%</i></p> <p><i>5. Nil marks shall be given if IRR is less than 10%</i></p> <p><i>Max marks shall be given for DSCR = 5</i></p> <p><i>1. 5 marks shall be given if DSCR &gt;=3.0</i></p> <p><i>2. 4 marks shall be given if DSCR is between 2.5 and 2.9</i></p> <p><i>3. 3 marks shall be given if DSCR is between 2.0-2.4</i></p> <p><i>4. 2 marks shall be given if DSCR is between 1.5-1.9</i></p> <p><i>5. Nil marks shall be given if DSCR &lt;1.5)</i></p>	5	No change	5
	iii Extent of Proposed Investment in Cold Chain infra components as compared to Processing infrastructure (Scores given as per the evaluation criteria.)	15	Extent of Proposed Investment in Cold Chain infra components as compared to <b>ineligible</b> infrastructure (excluding cost of land).	15
	a More than 80 %	15		15
	b Between 60 - 80 %	10		10
	c Below 60%	5		5
3	<b>Proposed Investment in Minimal Processing Centre/Farm Level Infrastructure including Collection Centres and reefer transport etc. (Scores given as per the evaluation criteria.)</b>	25	It is proposed that the component of refer transport etc.may be deleted.	25
	i Upto 10 % of Project Cost (Excluding Cost of	10	i Upto 10 % of Project Cost (Excluding Cost of	10



	Land)		Land)	
	ii 10 % - 20 %	15	ii 10 % - 20 %	15
	iii 20 % - 40 %	25	iii 20 % - 40 %	25
	iv More than 40 %	10	iv More than 40 %	20
4	<b>Employment Generation (Direct employment opportunities proposed)</b>  <i>(1. Five marks shall be given if direct employment is &gt;=100  2. Four marks shall be given if direct employment is 75-99  3. Three marks shall be given if direct employment is 50-74  4. Two marks shall be given if direct employment is 25-49  5. one marks shall be given if direct employment is less than 25)</i>	5	May be deleted.	
5	<b>Leveraging of Investment in the Project (Scores given as per the evaluation criteria.)</b>  <b>For General Area</b> i Proposed private investment excluding land < 2 times of grant sought ii Proposed private investment excluding land >= 2 times of grant sought  <b>For Difficult Areas</b> i Proposed private Investment excluding land < grant sought ii Proposed private Investment excluding land >= grant sought	5		5
6	<b>Adoption of Modern Technology such as CA storages, Packing facilities, IQF etc.</b>	15	May be deleted.	10
6a	<b>Extent of Coverage of Cold Chain Components-CA/MA, IQF, Packaging, Ripening Chambers etc. (Scores given as per the evaluation criteria.)</b>  i Components like CA/MA (Multi Product/Multi Chamber), IQF, Packaging, Ripening chambers for fruits and vegetables (Multi Product)  ii Normal cold storage operations for single	10		
		10		
		5		

	produce like potato, milk etc.			
6b	<b>Extent of Procurement from Reputed Suppliers</b>			
	<b>Very well known, reputed, multinational supplier</b>	5	May be deleted	
	<b>Other lesser known, local or regional suppliers</b>	3		



**C. Release of Funds:**

<b>S No.</b>	<b>Criteria</b>	<b>As per Current Guidelines</b>	<b>Proposed Modification</b>
1.	Pattern of assistance	Financial assistance will be provided @ 50% of the total cost of plant & machinery and technical civil works in general areas and 75% for NE region and difficult areas (North Eastern states, Sikkim, J&K, Himachal Pradesh and Uttarakhand) subject to a maximum grant-in-aid of Rs 10 Crore.	Financial assistance will be provided @ 35% of the total cost of plant & machinery and technical civil works in general areas and 50% for NE region and difficult areas (North Eastern states, Sikkim, J&K, Himachal Pradesh and Uttarakhand) subject to a maximum grant-in-aid of Rs 10 Crore.
2.	Release of Grant-in-aid	To be eligible for receipt of 1 <sup>st</sup> , 2 <sup>nd</sup> or 3 <sup>rd</sup> Installment of Grant a minimum expenditure of 25%, 75% and 100% shall be incurred on the "eligible project cost" from the promoter's contribution and the term loan.	It is proposed to retain the existing pattern of release of grant i.e., 25%, 50% and 25% on corresponding expenditure of 25%, 75% and 100% of the "eligible project cost" from the promoter's contribution and the term loan.
3.	Introduction of "Penalty Clause"	Criterion not included	It is proposed that the promoters will have to give an undertaking at the time of submission of the proposal that they will refund the grant along with 10% interest in case of non-implementation of the project.
4.	Commensurate Financial & Physical progress	Criterion not included	It is further proposed that it would be ensured that the expenditure incurred on all the approved components of the project is commensurate with the physical progress at site before release of 2 <sup>nd</sup> and 3 <sup>rd</sup> installment.
5.	Consideration of material handling equipment's and racking system for Cold Stores as eligible.	Currently Material handling Equipment (Reach Trucks & forklifts) have been considered as eligible project components. However, racking system are considered as ineligible.	Material Handling Equipment and Cold Store Racking system both are an integral part of the "Cold Chain Infrastructure" which help in facilitating the operations of the cold store. Therefore, the racking system for Cold Store should also be considered as a part of the "eligible project components". Crates & Bins will not be considered eligible as at present.

