

Ministry of Food Processing Industries
(GOI)

Mega Food Parks

Scheme & Features

Mega Food Park Scheme

- Scheme formulated to accelerate growth of food processing industry in the country
 - ✓ Cluster Based Approach
- Demand driven with focus on strong backward and forward integration
- Enabling Infrastructure Creation along the supply chain
 - ✓ Creation of CPC, PPCs and CCs
 - ✓ Common Facilities and amenities to be assisted
 - ✓ Leverage investments in food processing units
- Stakeholder participation with private led initiative through Special Purpose Vehicle (SPV)
- Program Management Agency (PMA) to assist the Ministry in implementation

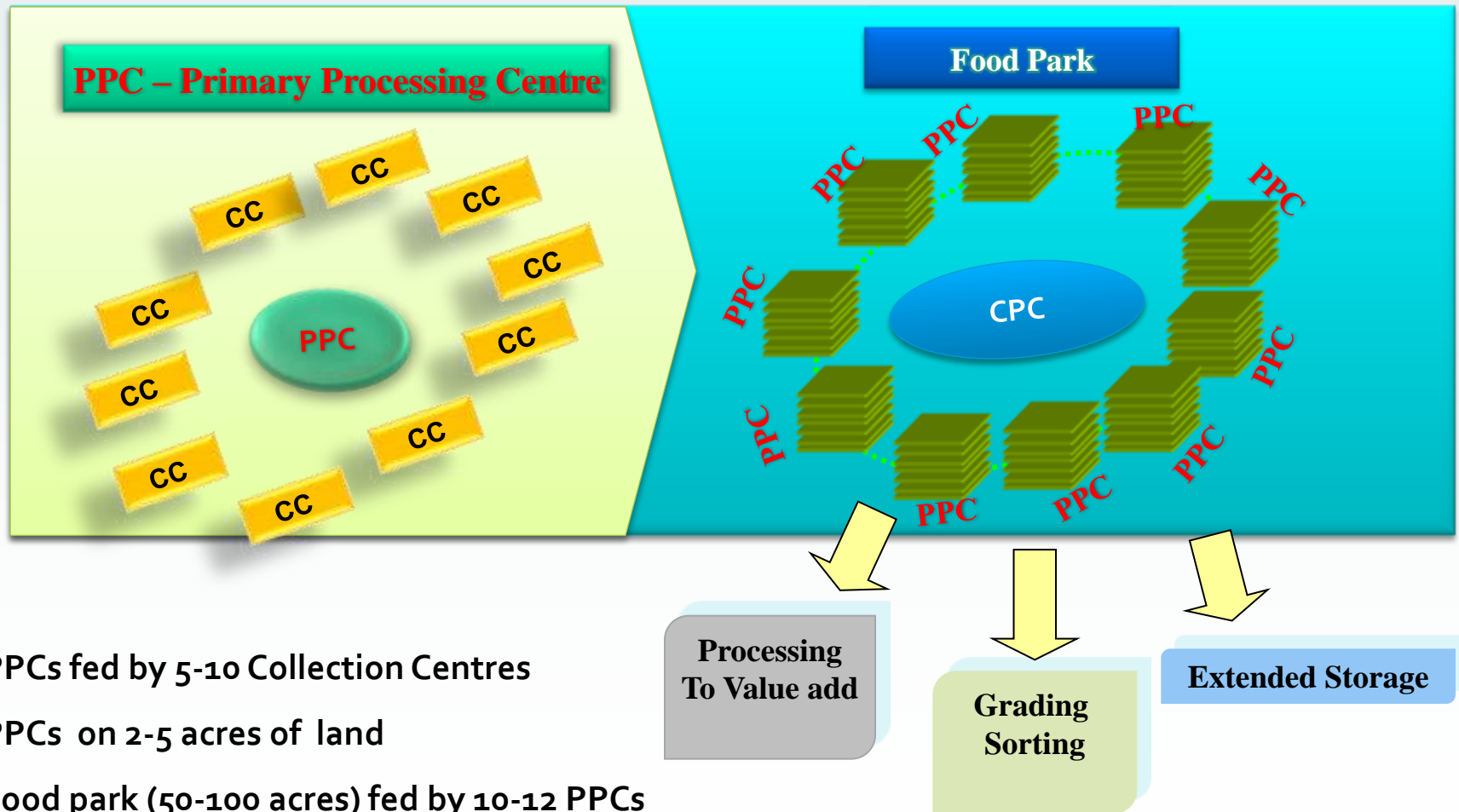
Mega Food Park Scheme Contd...

- Assistance to creation of common enabling facilities
- Typical Project Cost envisaged – Rs 120-150 crore
- Land – not eligible for funding out of GOI grant
- Assistance from Ministry
 - ✓ Limited to non-land component of the project
 - ✓ 50% of project cost limited to Rs 50 crore in general areas
 - ✓ 75% of project cost limited to Rs 50 crore in difficult & hilly areas and ITDP notified areas

Mega Food Parks

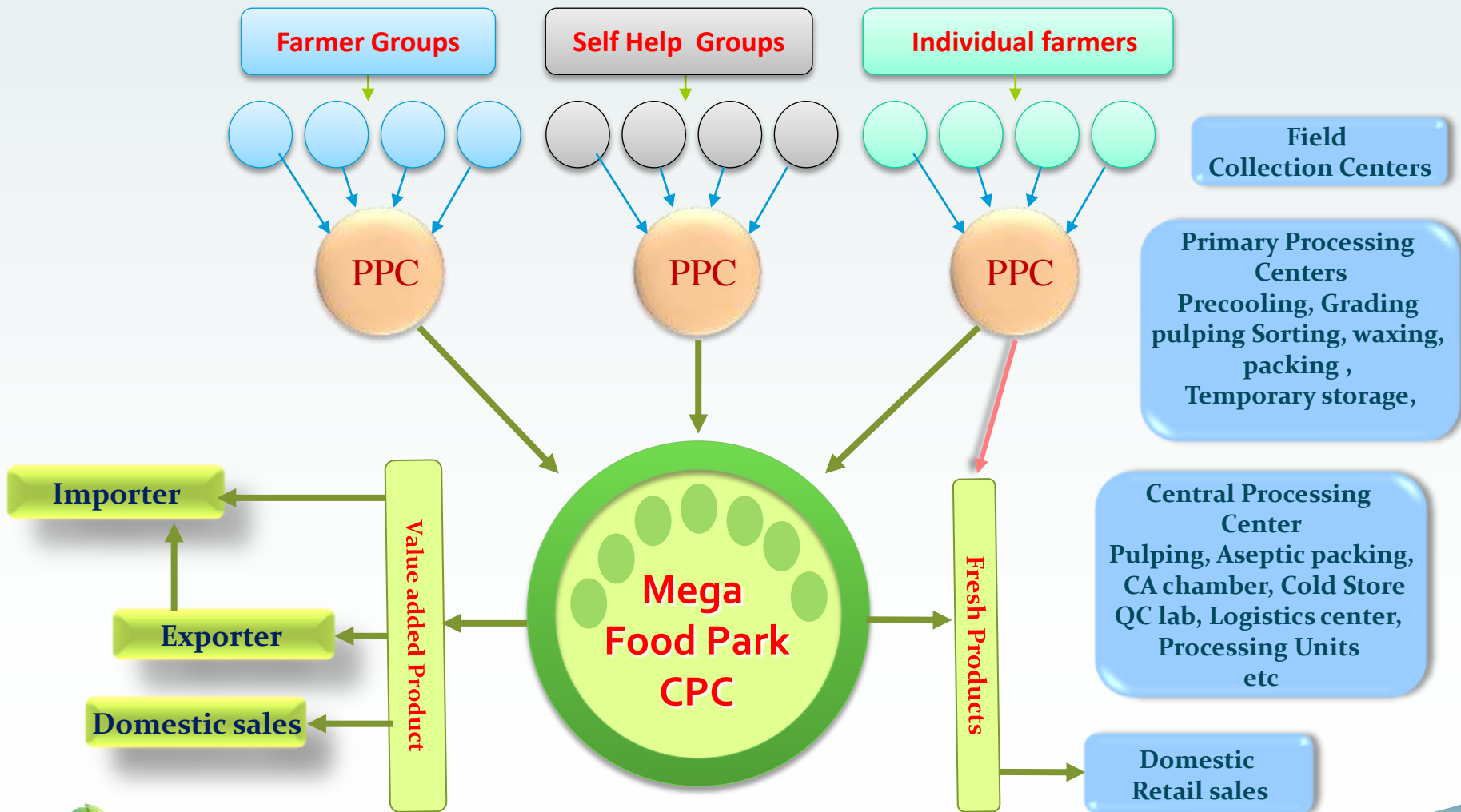
- Holistic & cluster based approach- centralized facilities for key activities which are technology and capital intensive
- Specific focus on setting up backward linkages for establishing viable supply chains - Provision for farm proximate aggregation & minimal processing infrastructure
- Infrastructure needs of a viable Food park /Zone estimated to be about Rs.1200 million (US \$ 30 million) including farm proximate primary processing facilities
- Emphasis on economic viability

Mega Food Park Model



- PPCs fed by 5-10 Collection Centres
- PPCs on 2-5 acres of land
- Food park (50-100 acres) fed by 10-12 PPCs

Mega Food Park Model



Envisaged Project Components in MFP

■ Core Processing Facilities

- ✓ Collection Centre, Primary Processing Centers: Sorting and grading, packaging facilities , dry warehouses, specialized cold stores including pre-cooling chambers, ripening chambers , reefer vans, mobile pre-coolers and collection vans
- ✓ Central Processing Centers: Sorting and grading, Packaging unit, Dry warehouses, Specialized storage facilities including CA Chambers, Variable humidity stores, Pre-cooling chambers, Ripening chambers etc, Cold chain infrastructure, Irradiation facilities, Steam generation & sterilization units, Food incubation-cum-development centers etc.
- ✓ At least 50% of the project cost (excluding land cost) shall be towards creation of above mentioned facilities
- ✓ Above is an indicative list of facilities and SPV may select or induct any facilities based on need & viability

Envisaged Project Components in MFP

- **Factory Buildings**
 - ✓ Provision For MSEs – 10% of total allottable area for setting up units
- **Enabling Basic Infrastructure**
 - ✓ Roads, drainage, water supply, electricity supply ETP, logistics facilities, weighbridges etc
- **Non –core Infrastructure**
 - ✓ Admin bldgs, training centers, canteen, workers hostel, trade/display center etc: Cost of non-core infrastructure facilities, not exceeding 10% of the project cost, would be eligible for grant purpose
- **Project Implementation Expense**
 - ✓ Cost of hiring domain consultants (PMC) by SPV – limited to 2% of eligible grant amount

Supply Chain Management – Strategy

- Appropriate institutional development at grass roots level for backward linkages
 - Involvement of farmers/producers as stakeholders
 - Organizing farmers in SHGs-Cluster approach
 - Possibility of formation of Producers' Company involving SHGs/ farmers can be an option
 - Wherever possible, Centers to be owned and managed by SHGs/Entrepreneurs
 - Possibilities of contract farming

Special Purpose Vehicle

- SPV can be constituted by stakeholders like infrastructure developers, FIs/Banks/PE Firms, Org. retailers, Food Processors, 3PL & other service providers, Farmer Orgs. etc...
- SPV to be a Body Corporate registered under the Companies Act
- SPV should have wide dispersal of equity holding
- Each SPV to have
 - ✓ at least three entrepreneurs / business units independent of each other with no common directors
 - ✓ at least one should be from the food processing sector with at least 26% equity in the SPV

Special Purpose Vehicle Contd...

- SPVs to bring in at least 20% of the project cost, including the cost of land, as their contribution- 10% in case of hilly & ITDP notified areas
- Combined net worth of the shareholders of the SPV should not be less than Rs. 50 cr - Food Processor should have at least Rs. 10 cr of net worth
- Government agencies may also become shareholders in SPV, holding to be less than 26% of share capital so as to ensure private sector character of the SPV

Role of Special Purpose Vehicle

- Prepare Detailed Project Report (DPR)
- Procure land & ensure external infrastructure linkages for the projects
- Obtain key statutory approvals/clearances including environmental clearances etc.
- Achieve financial closure of project
- Responsible for development, ownership & management of Mega Food Park
- Operating a Trust and Retention (TRA) Account to ensure utilization of grant in a transparent and judicious manner and maintain proper account
- Execute project in a transparent, efficient & timely manner

Role of Program Management Agency

- Assist the Ministry in disseminating information about MFP Scheme & sensitizing the potential stakeholders about the MFPS
- Assist the Ministry in selection of Projects
 - ✓ Inviting Expression of Interest for projects under the Scheme
 - ✓ Evaluation/appraisal of techno-feasibility reports and DPRs
 - ✓ Appraisal of the DPRs
- Assist in the evaluation of any amendments to the projects/DPRs
- Assist the SPVs in financial closure
- Monitor & report the progress of the Mega Food Park projects to the Ministry- Web-based MIS & Monitoring

Role of Project Management Consultant

- PMC to be appointed by the SPV
 - PMC to be selected from MFPI list of empanelled agencies.
 - Any other consultants meeting the eligibility criteria as laid out by MFPI.

- PMC to assist SPV in
 - Preparation of DPR.
 - Implementation of project including day-to-day supervision.
 - Preparation of BOQs and Bid Process Management in procurement of contractors/materials.
 - Assist SPV in release of GoI grant, duly ensuring requisite documentation for release.

Operational Process of Selection of Project/SPV

- ✓ Submission of EoI
- ✓ Appraisal of EoI
- ✓ In-Principle Approval
- ✓ Submission of DPR
- ✓ Appraisal of DPR
- ✓ Final Approval of DPR
- ✓ Release of GoI grant – In four phases

Release of Grant

■ To be released in 4 installment

■ 1st installment of 30% of grant amount in two phases

➤ 1st phase – 10% as advance within 15 days of Final Approval

- ✓ Incorporation of SPV.
- ✓ Possession of land with SPV as per DPR requirements, and its conversion into industrial use, if needed.
- ✓ Execution of share subscription agreement
- ✓ Establishment of Trust and Retention Account in a Schedule 'A' Commercial Bank and signing of TRA agreement
- ✓ Appointment of a nominee from the Ministry on Board of the SPV- Tenure of the Ministry nominee will be co-terminus to operationalization of the project.
- ✓ Final approval of the project by AC.
- ✓ Proof of equity contribution of at least 10% by SPV
- ✓ Proof of appointment of PMC
- ✓ Recommendation of PMA confirming the above points

Release of Grant....

- 2nd phase – 20% of grant amount
 - ✓ Submission of Utilization Certificate for the grant released in the 1st phase of First installment
 - ✓ Details of the contribution of the SPV towards its share of the project cost.
 - ✓ Sanction Letter for loan Component, in case SPV is taking term loans.
 - ✓ Award of contracts worth at least equivalent to 30% of the total project cost, excluding the land cost.

The release to be made within 30 days of the SPV requesting the same, upon completion of aforesaid conditions

Release of Grant....

- 2nd installment of 30% of grant amount
 - ✓ after the utilization of the 2nd phase of the first installment- Submission of Utilization Certificate (UC) of the 1st Installment.
 - ✓ after further proportionate expenditure (equal to the GOI share released) has been incurred by the SPV on the project excluding cost of land.

The release shall be made within 30 days of the SPV requesting the same, upon completion of aforesaid conditions.

Release of Grant....

- 3rd installment of 30% of grant amount
 - ✓ after further proportionate expenditure (equal to the GOI share released) has been incurred by the SPV on the project excluding cost of land.
 - ✓ after the utilization of the 2nd installment - Submission of Utilization Certificate (UC) of the 2nd Installment

The release shall be made within 30 days of the SPV requesting the same, upon completion of aforesaid conditions.

Release of Grant

- 4th installment of 10% of grant amount on
 - ✓ Successful completion and operationalization of the project
 - ✓ At least 30% capacity utilization of common facilities
 - ✓ Submission of Utilization Certificate for 3rd installment
 - ✓ Separate accounts to be kept for Gol funds
 - ✓ Refund with accrued interest as per Gol norms in event of SPV withdrawing from the project



Thank You