

MoFPI - Grant Scheme

Cold chain, Value Addition & Preservation Infrastructure

11TH Five Year Plan

SUMMARY

GRANT PROVIDED BY MoFPI

FOR SETTING UP
OF NEW
PROCESSING
UNITS, and

EXPANSION /
UPGRADATION /
MODERNISATION OF
EXISTING UNITS

OBJECTIVES

- To provide **integrated and complete** cold chain and preservation infrastructure facilities **without any break**, from the **farm gate to the consumer**.
- Pre-cooling facilities at production sites, reefer vans, and mobile cooling units also assisted under the Integrated Cold Chain projects.
- Integrated cold chain and preservation infrastructure **can be set up by individuals or groups of entrepreneurs** with business interest in cold chain solutions and **also by those who manage supply chain**.
- To enable linking groups of producers to the processors and market through well equipped supply chain and cold chain.

SALIENT FEATURES

- The **scope of components** of Integrated Cold Chain, Value Added Centre, Packaging Centre and Irradiation Facilities **has been broadened** to allow flexibility in project planning and will have the following components:
 - a) **Minimal Processing Centre** at the farm level; this centre to have facility for weighing, sorting, grading waxing, packing, pre-cooling, CA / MA cold storage, normal storage and IQF or combinations thereof.
 - b) Mobile pre-cooling vans and/or **reefer trucks**.
 - c) **Distribution hubs** with CA /MA chambers/cold storage /Variable Humidity Chambers, Packing facility, CIP Fog treatment, IQF and blast freezing.
 - d) Irradiation facility.
- To avail financial assistance, **any two of the components**, from (a), (b) or (c) above will have to be set-up by the units. Considering the functional nature of the facility, Irradiation facility can be treated as a stand alone one for the purpose of availing grant.

PROPOSAL TO CONSIST OF

DETAILED PROJECT REPORT / APPRAISAL REPORT

FROM ANY NATIONALISED / SCHEDULED BANKS OR
FINANCIAL INSTITUTIONS.



APPRAISAL REPORT SHOULD SHOW:

PROJECT
COST

MEANS OF
FINANCE

FINANCIAL
PARAMETERS

EXECUTION
SCHEDULE

PROJECT
DESCRIPTION

EMPLOYMENT
GENERATION
ETC.

PROJECT COST INCLUDES

LAND.

BUILDING (CIVIL WORKS).

INFRASTRUCTURE (TECHNICAL CIVIL WORKS).

PLANT & MACHINERY (INDEGENOUS & OR IMPORTED).

PRE-OPERATING EXPENSES.

TCW - Technical Civil Work

CONSISTS OF WORKING AREAS
CONFINED TO ACTUAL
PROCESSING ONLY, VIZ.

- PROCESSING HALL
- ANTE ROOM
- MACHINERY ROOM
- STORE ROOM
- KITCHEN ROOM
- CHILLING ROOM
- COLD STORAGE
- BOILER ROOM
- GENSET ROOM
- PACKING ROOM/HALL
- DISPATCH ROOM
- LABORATORY ROOM ETC.

WILL NOT INCLUDE
ITEMS LIKE,

- COMPOUND WALL, ROADS
- ADMINISTRATIVE BUILDING
- TOILETS, REST ROOM
- CANTEEN
- HOSTEL / QUARTERS
- SANITATION ROOM
- CHANGE ROOM
- SECURITY GUARD ROOM
- AREA FOR WORKERS WELFARE
- CONSULTANCY FEE FOR CONSTRUCTION, ETC.

PLANT & MACHINERY

WILL INCLUDE ANY EQUIPMENT & MACHINERY,
DIRECTLY RELATED TO PROCESSING ONLY VIZ.

- MAIN PROCESSING PLANT
- BOILER
- GENERATOR
- REFRIGERATION / CHILLING EQUIPMENTS
- EFFLUENT TREATMENT PLANT
- LABORATORY EQUIPMENTS
- ETC.

PLANT & MACHINERY

WILL NOT
INCLUDE
ITEMS NOT
RELATED TO
PROCESSING
ACTIVITIES,
VIZ.

- FUEL
- CONSUMABLES
- SPARES AND STORES
- COMPUTERS, ALLIED OFFICE FURNITURE
- TRANSPORT VEHICLES
- ERECTION, INSTALLATION & COMMISSIONING CHARGES
- SERVICE CHARGES, CARRIAGE & FREIGHT
- EXPDT ON PAINTING OF MACHINERY
- CCT CAMERA & RELATED EQUIPMENTS
- CONSULTANCY FEE
- ETC.

MEANS OF FINANCE

MAIN COMPONENTS OF FINANCE ARE -

- PROMOTERS EQUITY
- TERM LOAN
- BRIDGE LOAN
- UNSECURED LOAN
- PROPOSED GRANT FROM MoFPI

APPRAISAL REPORT

FOLLOWING FINANCIAL PARAMETERS SHOULD BE MENTIONED

INTERNAL RATE OF RETURN (IRR)

BREAK EVEN POINT (BEP)

DEBT EQUITY RATIO (DER)

DEBT SERVICE COVERING RATIO (DSCR)



IN CASE OF MODERNISATION / EXPANSION

PROFIT & LOSS ACCOUNT OF LAST FEW YEARS BE SEEN TO ASCERTAIN ITS FINANCIAL VIABILITY

CAPACITY & CAPACITY UTILISATION BEFORE / AFTER MODERNISATION BE CLOSELY LOOKED INTO

TECHNICAL CERTIFICATIONS

Certificate from chartered engineer (mech) for plant & machinery

Certificate from chartered engineer (civil) for technical civil work

Certificate from chartered accountant for means of finance

- The proposals will be scrutinized for technical and financial viability - Approval Committee headed by Secretary (Ministry of Food Processing Industries) for sanction of the financial assistance and monitoring of the projects under the Scheme.

POINTS OF CONSIDERATION



TECHNICAL FEASIBILITY REPORT FROM QUALIFIED PERSONNEL IN THE RELEVANT FIELD.

AVAILABILITY OF RAW MATERIAL IN THAT AREA.

MARKETING STRATEGY OF THE VALUE ADDED PRODUCTS.

LAB FACILITY IF ANY SHALL BE PREFERRED.

AVAILABILITY OF QUALIFIED TECHNICAL PERSONS IN THE FIRM.

GRANT in 3 TRANCHES

1ST TRANCHE: 25% of GRANT

- Not less than 50% of total investment has been spent.
- [25% of term loan and 25% of promoter's equity as per means of finance]

2ND TRANCHE: 50% of GRANT

- Not less than 50% of total term loan and 50% promoters equity has been spent on the project.
- Certification of utilisation of first tranche has to be provided on making claim for second installment.

FINAL TRANCHE 25% of GRANT

- 100% of total term loan and 100% promoters contribution has been spent on the project.
- Project completed, commercial production is started.
- Utilisation certificate of second tranche to be provided on making the claim for final installment.

OTHER CONDITIONS

Out of the all components, only **Technical Civil Works (TCW) & Plant & Machinery (P&M)** are taken for calculating the grant.

The implementation schedule would be about **18 months** from the date of the approval of each project.

CALCULATION OF GRANT

TCW + P&M

50% OF APPRAISED COST OR ACTUAL EXPENDITURE, WHICHEVER IS LESS, SUBJECT TO A MAXIMUM OF Rs. 10 CRORE FOR GENERAL AREAS.

75% OF APPRAISED COST OR ACTUAL EXPENDITURE, WHICHEVER IS LESS, SUBJECT TO A MAXIMUM OF Rs. 10 CRORE FOR NE REGION AND DIFFICULT AREAS.

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Thank You