

Scheme of Primary Processing Centers / Primary Collection Centers

1. Objectives:

The objective of the scheme is creation of effective backward linkages through setting up of processing and preservation facilities at village level to enhance shelf life of perishable produces.

2. Salient Features of the Scheme:

The Scheme has the following components:

- (i) Minimum land requirement will be 1-2 acres.
- (ii) Minimum Processing Facilities at the farm level which may include facilities for weighing, cleaning, sorting, grading, packing, pre-cooling, Controlled Atmosphere (CA)/ Modified Atmosphere (MA), Cold Storage, Dry Warehouses and Individual Quick Freezing (IQF).
- (iii) Mobile Pre-cooling trucks and reefer trucks which suitable for transportation of the perishable agricultural produce/ horticulture/ dairy/ meat produce.

3. Eligible Sectors:

The Scheme is applicable to both horticulture and non-horticulture produce such as: fruits, vegetables, grains & pulses, dairy products, meat and poultry etc.

4. Eligibility Conditions:

- The applicant should have some financial back ground to implement the project
- The proposals for the project should be duly appraised by the bank/ financial institution and avail term loan. The term loan will not be less than 10% of the project cost.
- The appraisal report should contain all the project components for which grant is sought.
- Units which are already under commercial production and those which may start, commercial production within 2 months from the last date of application submission are not eligible.
- No second proposal from the same applicant/ company would be considered.
- Those units which obtain term loan on subsidized interest rates is eligible for investment subsidy only.

5. Invitation & Selection of Proposals:

In response to the notice inviting proposals by APFPS, application along with the required documents are to be submitted by the applicants. The proposal will be evaluated by the empanelled consultants / PMA appointed by APFPS as per criteria given at serial no:11. *The evaluation reports will be placed before the State Level Empowered Committee (SLEC) for consideration of "Approval" to the projects.*

6. Pattern of assistance:

Investment subsidy: 50% of the eligible project cost, subject to a maximum of Rs.2.50 crores.

Interest Subvention: The interest subvention is extended for a period of 5 years from the date of completion of the project. Every year the interest subsidy @ 7 per cent will be paid to the Bank/FI directly against the term loan sanctioned by it, subject to a maximum of Rs.1 crore per project or actual interest accrued on term loan, whichever is less.

7. Eligible / Ineligible components:

Cost of land, preoperative expenses, margin money for working capital and contingency, non-technical civil works and plants & machinery not directly related to the PPC/ CC are not be eligible for calculating eligible project cost.

8. Release of Financial assistance sanctioned:

8.1. Investment subsidy :

The grant-in-aid will be released in two instalments:

- a) Release of 1st Instalment @ 50% of the approved grant amount will be released, subject to production of proof of 50% expenditure by the promoter out of its share of equity subject to production of the following documents:

- i. **Duly notarised 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. **C.A Certificate** - Actual expenditure incurred on the project showing the means of finances and 50% utilization of promoters contribution (**Appendix-D**)
- iv. **Bank Certificate:** certifying that they have released 50% of term loan and have no objection on release of 1st instalment of grant being provided by State (**Appendix-C**)
- v. Invoices/receipts from the suppliers/vendors.
- vi. Bank statement highlighting the payment made to suppliers
- vii. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- viii. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- ix. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- x. *Submission of Statutory clearances / approvals*
Consent for Establishment from Pollution control board
Approval of Building plan
NOC from Gram panchayat
- xi. *Site inspection of Consultant / PMA to ascertain the physical progress and assess the eligible project cost to arrive and release of Grant-in-aid.*

- b) Release of 2nd Instalment @ 50% will be released subject to the following condition:

- i. **Utilisation Certificate:** As per GFR 19A, Duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (**Appendix-E**).
- ii. **Chartered Accountant Certificate :** Actual expenditure incurred on the project showing the means of finances and 100% utilisation of promoters contribution, 100% of Term Loan and 1st instalment of released grant (**Appendix-D**).
- iii. **Bank Certificate:** Certifying that they have released 100% of term loan and 1st instalment of grant released by the State. They have no objection in releasing 2nd instalment of grant being released by State (**Appendix-F**)
- iv. Invoices/receipts from the suppliers/vendors.
- v. Bank statement highlighting the payment made to suppliers

- vi. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- vii. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- viii. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- ix. *Site inspection of Consultant / PMA to ascertain the physical progress (start of commercial operations) and assess the eligible project cost to arrive and release of Grant-in-aid.*
- x. *Submission of Statutory clearances / approvals*
 - a. *Consent for Operations from Pollution control board*
 - b. *Approval from Fire & Safety Department*
 - c. *License from FSSAI*

8.2. Release of Interest subvention:

The sanctioned Interest subvention is released for every 6 months after completion of every half-year i.e., 31st March for first half year and 30th September for second half year for 5 years from the date of Commercial production after submission of the following documents:

- i. Request letter from Promoter
- ii. Bank Statement highlighting the interest paid **on term loan** to the Bank
- iii. No objection letter from bank for releasing the sanctioned interest subvention.
- iv. CA certificate showing the amount of interest paid for **term loan on** monthly / quarterly for the respective 6 months.
- v. Production details – month wise (in MTs / KLs)
- vi. Sales of the unit – month wise (Rs.in crores)

9. Documents required:

- i. Application in the prescribed format (Annexure-I)
- ii. Detailed project report.
- iii. Sanction letter of term loan from bank/financial institutions, if any
- iv. Appraisal report from Bank/Financial Institution
- v. Certificate of Incorporation/registration of the organisation, Memorandum and Articles of Association and Bye laws of the society (if applicable) partnership deed etc.
- vi. Bio-data/background of the office bearers/promoters of the organisation.
- vii. Blue Print of the building plan approval
- viii. Land Registered documents / Lease agreement duly notarized
- ix. Item wise and cost wise details of Technical civil works envisaged duly certified by Chartered Engineer (Civil).
- x. Item wise and cost wise details of Plant & Machinery envisaged duly certified by Chartered Engineer (Mechanical).
- xi. Quotations from the suppliers of Plant & Machinery and equipment's etc. required for the project
- xii. Availability of raw material and Letter of intent (LOI) / MOU for procurement of raw material from suppliers
- xiii. *Marketing Strategy and Letter of intent (LOI) / MOU for marketing of products produced by the unit.*
- xiv. Process Flow diagram
- xv. Entrepreneur's Memorandum (EM)

- xvi. 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 plant & machinery and date of installation/erection (f) date of trial production/running and (g) date of commercial production/running..
- xvii. An affidavit duly executed on non-judicial stamp paper of Rs.100/- or more duly notarised by Notary Public affirming.
 - a) that the organisation's sister concern(s)/related company/ group company as well as the applicant company itself has not availed any financial assistance for a food processing project in the past from Andhra Pradesh Food Processing Society. If yes, the details thereof.
 - b) that the organisation has not obtained/applied for or will not obtain any grant/subsidy from any Ministry of Central Govt. /GOI organisation/agencies and State Government 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 24 months from the date of the issue of approval letter unless extended by the competent authority for the reasons to be recorded in writing. The application for 1st instalment should be made within 6 months from the date of approval failing which the project may be cancelled by the competent authority.

11. Recall of Grant:

The Government will have the authority

- a. If the project is not completed in time within the approved project period.*
- b. If the project is not completed even within the extended project period approved by competent authority.*
- c. If the institute / organization become non-functional or said activity / organization is closed before 6 years from the date of Commercial operations. In such cases all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery.*
- d. Break-in-production up to a period of one and half (1 1/2) years due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by SLEC on merits. Any break-in-production will result in extending the six (6) years continuous production condition by the period of such break.*
- e. If the unit shall not submit the Audited reports of every financial year for 6 years, with in 4 months from completion of respective financial year.*

12. Evaluation Criteria:

S. No.	Criteria	Max Marks																			
1	Viability of the cluster	25																			
	I. Adequate volume and wider mix of raw materials / days of operation in a year		15																		
	i. Availability of raw materials, product mix & no. of days of operations		5																		
	ii. Suitability of project location (s) for proposed operations and their connectivity through road, railways etc.		5																		
	iii. Status of Project Land		5																		
	Land in possession of the applicant with approval for industrial use	5																			
	Land in possession of the applicant without approval for industrial use	3																			
S. No.	Criteria	Max Marks																			
	Land not in possession of the applicant but Agreement to sale executed	2																			
	II. Agreement / Arrangements for Raw Materials Procurement (Background in Agribusiness & Food Processing)	10																			
	i. Initiatives already taken for Backward & Forward Linkages	5																			
	ii. Experience in Food Processing (existing Food Processing operations)	5																			
2	Proposed Investment in Core Processing Facilities / Distribution Hub / Centre / Multi Chamber and Multi Product Cold Storage Facilities	Value Added	20																		
	I. Economic Viability of project based on Bank appraisal (if not given in bank appraisal the same will be taken from DPR)	5																			
	<table border="1"> <thead> <tr> <th>IRR</th> <th>Marks</th> <th>DSCR</th> </tr> </thead> <tbody> <tr> <td>Morethan 20%</td> <td>5</td> <td>Morethan 3.0</td> </tr> <tr> <td>Between 17% to 20%</td> <td>4</td> <td>Between 2.5 to 2.9</td> </tr> <tr> <td>Between 14% to 16.99%</td> <td>3</td> <td>Between 2.0 to 2.4</td> </tr> <tr> <td>Between 10% to 13.9%</td> <td>2</td> <td>Between 1.5 to 1.9</td> </tr> <tr> <td>Lessthan 10%</td> <td>0</td> <td>Lessthan 1.5</td> </tr> </tbody> </table>	IRR		Marks	DSCR	Morethan 20%	5	Morethan 3.0	Between 17% to 20%	4	Between 2.5 to 2.9	Between 14% to 16.99%	3	Between 2.0 to 2.4	Between 10% to 13.9%	2	Between 1.5 to 1.9	Lessthan 10%	0	Lessthan 1.5	
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II. Extent of Proposed Investment in Cold Chain infra components as compared to processing infrastructure	15																				
	Morethan 80%	15																			
	Between 60% to 80%	10																			
	Below 60%	5																			
3	Proposed Investment in Minimal Processing Centre / Farm Level Infrastructure including Collection Centres and reefer transport etc.	25																			
	Upto 10% of project cost (Excluding cost of Land)		10																		
	10% - 20%		15																		
	20% - 40%		25																		
	Morethan 40%		10																		

4	Employment Generation (Direct Employment proposed)			10
	Morethan 100	10		
	Between 75 – 99	8		
	Between 50 – 74	6		
	Between 25-49	4		
	Lessthan 25	2		
5	Leveraging of investment in the Project			5
	Proposed private Investment excluding land lessthan 2 times of grant sought		3	
	Proposed private Investment excluding land morethan 2 times of grant sought		5	
6	Adoption of Modern Technology such as CA / MA storages, Packing facilities, IQF etc.			15
	I. Extent of Coverage of Cold Chain Components- CA/MA, IQF, Packaging, etc.		10	
	Components like CA/MA, IQF, Packaging etc.,	10		
	Normal cold storage operations	5		
	II. Extent of procurement from Reputed Suppliers		5	
	Very well known, reputed, multinational supplier	5		
S. No.	Criteria			Max Marks
	Other lesser known, local or regional suppliers	3		
Total				100

Application form for scheme of Primary Processing Centre / Primary Collection centre

S.No	Particulars	<u>Details</u>
A.Promoters		
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, Entrepreneur, partnership firm, Company, etc.	
3.	Background/credentials of applicant organization. Details of having experience in food processing or supply chain management, if any.	
B. Project Description		
4.	Name of the Project	
5.	Location/Area of the project	
6.	Products/By Products	
7.	Capacities of the various components of the PPC/CC	
8.	Commodities/Products to be handled at PPC/CC	
C.Project Cost (indicating proposed cost, appraised cost separately)		
9.	Capital Investment (Fixed Capital) <ul style="list-style-type: none"> i. Land Area Cost ii. Building iii. Civil Works iv. Technical Civil Works 	
10.	Plant & Machinery (Capacity/Specification/Cost)	
11.	Pre-operative expenses	
12.	Working Capital	
13.	Raw material /Packaging	
14.	Labour (Quantity/Cost)	
15.	Effluent Disposal (Method/Machinery/Cost)	

D.Means of Finance (indicating proposed &appraised means of finance, separately)			
16.	Means of Financing a) Equity(Promoter/Foreign/Other) b) Loan(Term/working capital) c) Assistance from other sources d) Fund requirement from APFPS		<i>TOTAL</i>
17.	Financial Benchmarks a) Break Even Point b) Internal Rate of Return c) Debt Service Coverage Ratio		
18.	Details of quality/safety standards to be followed (if any)		
E. Implementation Schedule			
19.	Item of work	Date of starting	Date of completion
F. Personnel			
20.	Details of technical &Managerial personnel (Operation, Maintenance, managerial, finance, marketing etc.) required& available.		
G. Employment Generation- Direct/Indirect			
21.	a) Direct(Male & Female Separately) b) Indirect(Male & Female Separately)		
Date: Place:		Signature Name and Designation Seal of the organization	

Appendix-A
SURETY BOND

KNOW ALL MEN BY THESE PRESENTS that we, M/s _____, a _____ (Type of organization) incorporated / registered under the _____ (Name of the Act) and having its registered office at _____ (hereinafter called the "Obligors") are held fully and firmly bound to the Governor of Andhra Pradesh (hereinafter called the "Government") for the sum of Rs. _____ (Rupees _____ only) well and truly to be paid to the Government on demand and without a demur for which payment we firmly bind ourselves and our successors and assignees by these presents.

SIGNED on the _____ day of _____ in the year Two Thousand

WHEREAS on the Obliger's request, the Government as per Sanction Order No. Dated _____ (hereinafter referred to as the "Letter of Sanction") which forms an integral part of these presents, and a copy whereof is annexed hereto and marked as Annexure-I, agreed to make in favour of the Obligers grants-in-aids-in-aid of Rs. _____ (Rupees _____ only) for the purpose of (description of the project) at _____ out of which the sum of Rs. _____ (Rupees _____ only) have been paid to the Obligers (the receipt of which the Obligers do hereby admit and acknowledge) on condition of the Obligers executing a bond in the terms and manner contained hereinafter which the Obligers have agreed to do.

NOW the conditions of the above written obligation is such that if the Obligers duly fulfil and comply with all the conditions mentioned in the letter of sanction, the above written Bond or obligation shall be void and of no effect. But otherwise, it shall remain in full force and virtue. The Obligers will abide by the terms & conditions of the grants-in-aid by the target dates, if any specified therein.

THAT the Obligers shall not divert the grants-in-aids and entrust execution of the Scheme or work concerned to another institution(s) or organization(s).

THAT the Obligers shall abide by any other conditions specified in this agreement and in the event of their failing to comply with the conditions or committing breach of the bond, the Obligers individually and jointly will be liable to refund to the President of India, the entire amount of the grants-in-aid with interest of 10% per annum thereon. If a part of the grants-in-aid is left unspent after the expiry of the period within which it is required to be spent, interest @10% per annum shall be charged up to the date of its refund to the Government, unless it is agreed to be carried over.

The Obligers agree and undertake to surrender / pay the Government the monetary value of all such pecuniary or other benefits which it may receive or derive / have received or derived through / upon unauthorized use of (such as letting out the premises on adequate or less than adequate consideration or use of the premises for any purpose other than that for which the grants-in-aid was intended of the property) buildings created / acquired constructed largely from out of the grants-in-aid sanctioned by the State Government of Andhra Pradesh or the administrative Head of the Department concerned. As regards the monetary value aforementioned to be surrendered / paid to the Government, the decision of the Government will be final and binding on the Obligers.

AND THESE PRESENTS ALSO WITNESS THAT the decision of the Chief Secretary to the State Govt. of Andhra Pradesh on the question whether there has been breach or violation of any of the terms or conditions mentioned in the sanction letter shall be final and binding upon the Obligers and

IN WITNESS WHEREOF these presents have been executed as under on behalf of the Obligers the day hereinabove written in pursuance of the Resolution No. _____ Dated _____ passed by the governing Body of the Obligers, a copy whereof is annexed hereto as Annexure-II and by _____ for and on behalf of the Governor of Andhra Pradesh on the date appearing below:

Signature of the AUTHORISED SIGNATORY

**Signed for and on behalf of
(Name of the Obliger in block letters) (Seal
/ Stamp of Organization)**

1. Signature of witness
Name & Address

2. Signature of witness
Name & Address

TO BE FILLED UP BY THE A.P. Food Processing Society
(ACCEPTED)

For and on behalf of the Governor of Andhra Pradesh

Name: _____ Designation: _____ Dated: _____

Notary Seal & Signature

Appendix-B
(On non-judicial stamp paper of Rs. 100/- Affidavit)

I S/o Resident of director /proprietor of M/s
..... do here by solemnly affirms and state as follows:

(a) That organization's sister concern (s)/ inter connected company/Group company as well as the applicant company itself has not obtained any financial assistance for a food processing project in the past from any Central/State Government organisations.

(b) That the 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.

Deponent

Verification :

Verified that the content of this affidavit are true and correct to the best of the knowledge and belief of the deponent and no part of this affidavit is kept concealed therein, If anything is found false in this Affidavit subsequently deponent and organisation shall be liable jointly and severally for action under the laws, hence verified at (Place) on (Date) .

Deponent

Notary Seal& Signature

Appendix – C
(Letter Head of the Bank)

Certificate

1. Certified that this bank has appraised the project of M/s (Name and address of the organisation) for APFPS 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 (----% of sanctioned term loan) to M/s..... (Name and address of the organization) .

3. We have no objection in releasing 1st installment of grant if sanctioned by the State Govt.

(Signature) (Name)
(Branch Manager)

Chairman
A.P. Food Processing Industries

Appendix-D
(Letter Head of the CA)

CA certificate (With membership No. of CA) in the following format

(i) Project Cost:

(Rs. in lakh)

Name of the Component/Item	Project Cost	Cost as appraised by the Bank	Actual Cost
Land			
Building / Civil Works			
Plant & Machinery			
Misc. Fixed Assets			
Other's			
Total			

(ii) Means of Finance:

(Rs. in lakh)

S.No.	Item	Project Cost	As per appraisal	Actual Cost
	Promoter's Equity			
	Term Loan			
	Unsecured Loan			
	Grant from APFPS			
	Other's			
	Total			

Details of un secured loans, if any, duly certified by CA.

Signature and Seal of C.A.

Appendix – E
Format for Utilization Certificate GFR 19-A

Letter No. & Date	Amount
TOTAL	

1. Certified that out of Rs..... of grants-in-aid sanctioned during the year..... in favour of Under APFPS Letter No. given in the margin and Rs..... on account of unspent balance of the previous year, a sum of Rs..... has been utilised for the purpose of for which it was sanctioned, that the balance of Rs._____ remaining un-utilized at the end of the year __ has been surrendered to Government (Vide No:_____ dated_____) will be adjusted towards the grants-in-aid payable during the next year.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilised for the purpose for which it was sanctioned.

Kinds of checks exercised

- 1.
- 2.
- 3.

Signature..... Designation..... Date.....

Appendix – F
(Letter Head of the Bank)

Certificate

1. Certified that this bank has released ___(100%) of term loan sanctioned i.e.,Rs._____ lakh and also 1st instalment of grant of Rs._____ lakhs released by the APFPS vide sanction order No._____ Date_____ to M/s..... (Name and address of the organization), which has been credited in account numberof the firm.

2. We have no objection in releasing 2nd instalment of grant if sanctioned by the State Govt.

(Signature) (Name)
(Branch Manager)

Chairman
A.P. Food Processing Society