

Guidelines for implementation of scheme of Establishment of Agriculture, Horticulture Produce Processing and Milk Processing Units under RASHTRIYA KRISHI VIKAS YOJANA (RKVY-2016-17)

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 in the state.

2. Eligible Sectors:

Food processing sectors specifically Agriculture, Horticulture and Milk Produce processing Projects. However applications received for units in the Negative list will not be entertained.

3. Eligible Organizations:

All implementing agencies/organizations such as Govt./PSUs/Joint ventures / NGOs / Cooperatives/ SHGs / Private Sector /Individuals engaged in establishment / up gradation / 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.

5. Eligible / Ineligible components:

5.1 Ineligible items of non-technical civil works:-

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

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

5.2 Ineligible items 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. Eligibility Conditions:

The eligibility conditions of applicants are as under:

- ✓ The project proposals are required to be duly sanctioned and appraised by the bank/ financial institution. The term loan shall not be less than 10% of the project cost. The project includes Term loan and Promoter equity.
- ✓ 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.

7. Release of Grant:

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

7.1 Release of 1st 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 1st instalment of grant being provided by State (**Annexure-E**)
- iv. **C.A Certificate (Appendix-C).**

7.2 Release of 2nd Instalment:

The second instalment of the grant would be released only after confirming the commencement of commercial production through physical verification by the Andhra Pradesh Food Processing Society 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. **Utilisation 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% utilisation of promoters contribution, 100% of Term Loan and 1st instalment of released grant (**Appendix-C**).
- 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 (**Annexure-F**)
- iv. **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).

8. Documents required:

- i. Application in the prescribed format (**Annexure-II**)
- 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 organization, 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 organization.
- vii. Blue Print of the building plan

- viii. Land Registration Documents / Lease Deed duly Notarised.
- 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. Marketing strategy
- xiii. Process Flow diagram
- xiv. SSI/IEM registration etc.
- xv. 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.
- xvi. An affidavit duly executed on non-judicial stamp paper of Rs.100/- or more duly notarized by Notary Public affirming.
 - a) that the organization'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 (APFPS). If yes, the details thereof.
 - b) that the organization has not obtained/applied for or will not obtain any grant/subsidy from any Ministry of Central Govt. /GOI organization / agencies and State Government for the same purpose/activity/same components. If yes, the details thereof.

9. Implementation and Monitoring of the projects sanctioned:

The implementation schedule for the projects would be about 9 months from the date of the issue of approval letter.

Note: Applications will be considered on merits, availability of funds and Priorities of state. Decision of APFPS shall be final.

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SEGMENTATION OF DIFFERENT SECTORS IN FOOD PROCESSING INDUSTRIES UNDER RKVY:

An indicative list of value added products that can be derived from various Horticultural, Agricultural and Dairy products in Andhra Pradesh is highlighted below:

SECTORS	
CROP	VALUE ADDED PRODUCTS
I. Horticulture	
<u>Fruits</u>	
1.MANGO	Pulp, Concentrate, Juice, Squash, Tandra/ bar, Pickle, Jam, Jelly, Candy, Dehydrated Slices, Mango frozen etc.
2.BANANA	Juice, Chips, Puree, RTS juice, Jam, Jelly, Wine, Banana Cheese, Flour etc.
3.PAPAYA	Papaya Puree, RTS juice, Pickle, Jam, Jelly, Squash, concentrate, Tutty Fruity etc.
4.GUAVA	Jam, Jelly, Candy, Pulp, Juice, concentrate etc.
5.LIME	Pickles, Juice, Dried Lime Peel etc.
6.COCONUT	Water, Milk, Milk Powder, Desiccated coconut, Chips, Candy, Flour etc.
7.CASHEWNUT	Dried nuts, Nut powder, Candy, Shell liquid etc.
8.POMEGRANITE	RTS juice, Jam, Jelly, Frozen Arils
9.TAMARIND	Concentrate, , Tamarind Slabs Pulp, Paste, Concentrate etc.
<u>Vegetables</u>	
1.TOMATO	Puree, Ketchup, Sauce, Jam, Paste, Dried Powder etc.
2.ONION	Onion Flakes, Powder, Paste etc,
3.CARROT	Diced Carrot
4.TAPIOCA	Sago, Starch Powder, Starch Syrup etc.
c) Spices	
1.CHILLI	Chilli Sauce, Pickle, Chilli Powder
2.TURMERIC	Powder, Turmeric Dried Rhizomes, Curcumin.
II. Agriculture	
1.RICE	Rice Flour, Rice Flakes, Puffed Rice
2.SUGARCANE	Raw Sugar, Juice
3.MAIZE	Corn Syrup, Corn Flour, Corn Flakes etc.
4.GROUNDNUT	Edible Oil, Dried Powder, Cheese/ Puree
III. Dairy	
MILK	Cheese, Ice Cream, Pasteurized and Flavoured Milk, Butter, Paneer, Ghee, Butter Milk, Curd etc.

NEGATIVE LIST

List of Ineligible Food Processing Industries

1. Aerated water
2. Packaged drinking water
3. Ice factory
4. Soft drinks, except fruit-based
5. Rice Mills
6. Dal Mills
7. Flour Mills, excluding roller flour mills
8. Pan masala, supari, gutka
9. oil expellers, Solvent Extraction, Refineries
10. Traditional jaggery units
11. Any other activities as notified by GoAP from time to time

**RASHTRIYA KRISHI VIKAS YOJANA (RKVY)
DEPARTMENT OF AGRICULTURE AND COOPERATION (GOI)**

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 Obligor'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 Obligors 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 Obligors (the receipt of
which the Obligors do hereby admit and acknowledge) on condition of the
Obligors executing a bond in the terms and manner contained hereinafter
which the Obligors have agreed to do.

NOW the conditions of the above written obligation is such that if the
Obligors duly fulfill 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 Obligors
will abide by the terms & conditions of the grants-in-aid by the target dates, if
any specified therein.

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

RASHTRIYA KRISHI VIKAS YOJANA (RKVY)
DEPARTMENT OF AGRICULTURE AND COOPERATION (GOI)

THAT the Obligors 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 Obligors 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 Obligors 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 Obligors.

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 Obligors and

IN WITNESS WHEREOF these presents have been executed as under on behalf of the Obligors the day hereinabove written in pursuance of the Resolution No. Dated passed by the governing

Body of the Obligors, 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

RASHTRIYA KRISHI VIKAS YOJANA (RKVY)
DEPARTMENT OF AGRICULTURE AND COOPERATION (GOI)

Signed for and on behalf of
(Name of the Obligor 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

RASHTRIYA KRISHI VIKAS YOJANA (RKVY)
DEPARTMENT OF AGRICULTURE AND COOPERATION (GOI)

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)/ related company/Group company as well as the applicant company has itself availed any financial assistance for a food processing project in the past from any Central/State Government organizations or not. If yes the details thereof.

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

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 organization shall be liable jointly and severally for action under the laws, hence verified at (*Place*) on _____
(Date).

Deponent

Notary Seal& Signature

RASHTRIYA KRISHI VIKAS YOJANA (RKVY)

DEPARTMENT OF AGRICULTURE AND COOPERATION (GOI)

**Appendix-C
(Letter Head of the CA)**

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

(i) Project Cost:

(Rs. in lakh)

Sl No.	Name of the Component/Item	Project Cost	Cost as appraised by the Bank	Actual Cost
1	Land			
2	Building / Civil Works			
3	Plant & Machinery			
4	Misc. Fixed Assets			
5	Other's			
	Total			

(ii) Means of Finance:

(Rs. in lakh)

Sl. No.	Item	Project Cost	As per appraisal report	Actual Cost
1	Promoter's Equity			
2	Term Loan			
3	Unsecured Loan			
4	Grant from APFPS			
5	Other's			
	Total			

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

Signature and Seal of C.A.

RASHTRIYA KRISHI VIKAS YOJANA (RKVY)
DEPARTMENT OF AGRICULTURE AND COOPERATION (GOI)

Appendix - D
Format for Utilization Certificate

S.No.	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 utilized for the purpose of for which it was sanctioned.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid/ equity 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.....

RASHTRIYA KRISHI VIKAS YOJANA (RKVY)
DEPARTMENT OF AGRICULTURE AND COOPERATION (GOI)

Appendix – E
(Letter Head of the Bank)

Certificate

1. Certified that this bank has appraised the project of M/s
(Name and address of the company) 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 company).

3. We have no objection in releasing 1st instalment of grant if sanctioned by the APFPS.

(Signature)
(Name)
(Branch Manager)

Chairman
A.P. Food Processing Industries

RASHTRIYA KRISHI VIKAS YOJANA (RKVY)
DEPARTMENT OF AGRICULTURE AND COOPERATION (GOI)

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..... lakh released by the APFPS 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 2nd instalment of grant if sanctioned by the APFPS.

(Signature)

(Name)

(Branch Manager)

Chairman
A.P. Food Processing Industries

RASHTRIYA KRISHI VIKAS YOJANA (RKVY)
DEPARTMENT OF AGRICULTURE AND COOPERATION (GOI)

Annexure - II

Application form for Scheme of Establishment of Agriculture and Horticulture produce processing units

S. No.	Particulars	Details
A. Promoters		
1.	Name & Address of the Promoter including telephone, fax, email, etc.	
2.	Type of organisation like Govt. Institution/Organisation, Industry/Association, University, NGO, Cooperative, Others, etc.	
3.	Background/Credentials of Applicant Organisation	
B. Project Description		
4.	Name of the Project	
5.	Location/Area of the project	
6.	Products/By-products	
7.	Capacity of the plan/Unit	
C. Project Costs (Indicating proposed costs and appraise costs, separately.)		
8.	Capital Investment (Fixed Capital) i. Land Area Costs ii. Building iii. Civil Works iv. Technical Civil Works	
9.	Plant & Machinery (Capacity/Specification/Cost)	
10.	Pre-Operative Expenses	
11.	Working Capital	

12.	Raw Material/Packaging (Source/Quantity/Costs)		
13.	Labour (Quantity/Cost)		
14.	Effluent Disposal (Method/Machinery/Cost)		
D. Means of Finance (Indicating proposed and appraise costs, separately)			
15.	Means of Financing 1. Equity promoter/Foreign/Other 2. Loan (Term/Working capital) 3. Grant in Aid under RKVY 4. Other sources		
16.	Financial Benchmarks 1. Break-even point 2. Internal rate of return 3. Debt Services Coverage Ratio		
E. Personnel			
17.	Details of technical & managerial personnel (Operation, Maintenance, Managerial, Finance, Marketing, etc.) required & available		
F. Employment Generation - Direct/Indirect			
18.	1. Direct 2. Indirect		
G. Implementation Schedule			
19.	Item of work	Date of starting	Date of completion

Date:

Place:

Name and Designation

Seal of the organization