

F. No. 7-MFPI/12-Mega FP
Government of India
Ministry of Food Processing Industries
Panchsheel Bhawan, August Kranti Marg
New Delhi – 110 049

Dated: 02.07.2012

Subject: Suggestive framework for Mega Food Parks Scheme during 12th Plan.

The Ministry of Food Processing Industries proposes to continue the Mega Food Parks Scheme during the 12th Plan period with a changed pattern of financial assistance and keeping the Scheme open ended. The suggestive framework for implementation of the Scheme during the 12th Plan period is attached herewith.

All the stakeholders are requested to offer comments on the above mentioned suggestive framework for Mega Food Park Scheme latest by 18th July, 2012 positively for consideration of the Ministry at the following address:-

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To
All Stakeholders.

Suggestive framework for Mega Food Park Scheme during 12th Plan.

The food processing infrastructure has a critical role to play in promotion of food processing industries in the country. Mega Food Park Scheme (MFPS) is a flagship programme of the Ministry of Food Processing Industries which was approved during the 11th Five Year Plan. The Scheme envisages providing a capital grant @ 50% of eligible cost in general areas and 75% in difficult and hilly areas subject to a maximum of Rs. 50 crores per project. The Scheme has been designed on hub and spokes method having a Central Processing Centre(CPC) and Primary Processing Centres(PPC) and Collection Centres(CC). The minimum requirement of land for a Mega Food Park is 50 acres for central processing centre and 2 to 3 acres for PPCs/CCs. Under the existing Scheme, the number of projects to be taken up in a year are fixed and the willing investors are required to compete for these projects.

2. The Scheme is proposed to be continued during the 12th Plan period with a changed pattern of financial assistance and open ended. The suggestive framework for implementation of the Scheme for the 12th Plan period is proposed to be as under:-

I. Component of the Scheme:-

The Scheme will have two components -

- i. **Mega Food Park:-** The minimum requirement of land for the Mega Food Park will be between 50 acres to 100 acres depending upon the business plan, availability of raw material and size of market. The Mega Food Park projects will work on hub and spokes method having central processing centres surrounded by primary processing centres and collection centres. For the PPCs/CCs an area of 2 to 3 acres of land will be required.
- ii. **Mini Food Park:-** The Mini Food Park will require a minimum of 30 acres of land for central processing centre. The Mini Food Park may or may not have the primary processing centres/collection centres.

II. Pattern of financial assistance

The capital investment subsidy for mega food park will be provided to the extent of 35% of the eligible project cost subject to a maximum of Rs. 25 crores as upfront subsidy and Rs. 10 crores as interest subvention in three years on the term loan availed from the banks/ financial institutions in general areas and Rs. 25 crores

as upfront subsidy and Rs. 15 crores as interest subvention in 5 years for the term loan availed from banks / financial institutions in NE region including Sikkim, difficult and other hilly areas (J&K, Himachal Pradesh & Uttarakhand) and notified ITDP areas.

In case of mini food parks, the capital grant will be @ 35% of the eligible cost subject to a maximum of Rs. 15 crore as upfront subsidy and Rs. 6 crore as interest subvention in 3 years in general areas and Rs. 15 crore as upfront subsidy and Rs. 9 crore as interest subvention in five years for the term loan availed from banks/ financial institutions in NE, difficult areas and notified ITDP areas.

III. Implementation Procedure

The Mega Food park projects and the mini food parks are required to be implemented through a Special Purpose Vehicle (SPV) to be promoted by the food processors/ agri business operators/ Infrastructure developer either alone or with other independent business entities. The SPV will be required to be registered under the Companies Act which will own and operate the food park. No outright sale of the developed plots/ factory shades in the food park will be allowed.

The Scheme will be open ended and the willing investors may apply for approval to the Ministry of FPI at anytime with the requisite information and documents to be prescribed in the guidelines of the Scheme.

IV. Land requirement:-

- (i) The minimum requirement of land for the mega food park will be 50 acres whereas for the mini food park, minimum 30 acres of land will be required. Preference will be given to those proposals which already possess the land along with the necessary permission for industrial use and sub-leasing at the time of submission of the proposals.
- (ii) The proposals which do not possess the required land along with necessary permission to use but have identified requisite land, will be given final approval only on acquiring the land with necessary permission to use for mega food parks. For the interim period, in principle, approval will be accorded.

V. Pattern of release of grant :-

Capital grant to the project will be released in three installments;

- (a) The first installment of Rs. 10 crore of the approved upfront grant will be released after final approval subject to possession of land with requisite permission to use for MFP, incorporation of SPV and sanction of term loan and proportionate equity contribution by the SPV promoters.
- (b) The second installment of Rs. 10 crore of upfront grant will be released to SPV subject to submission of utilization certificate of the first grant and proportionate expenditure from the term loan and promoters contribution
- (c) The 3rd installment of Rs. 5 crore will be released to SPV subject to submission of UCs of the 2nd installment and proportionate expenditure of the term loan and promoters contribution.
- (d) For the Mini Food Park, the 1st, 2nd and 3rd installment will be Rs. 6 crores, Rs 6 crores and 3 crores respectively; milestones will be the same as indicated in (a), (b) and (c) above.
- (e) The interest subvention will be allowed only on the actual utilization of the term loan amount for the for the Mega Food Park/Mini Food Park development and will be paid directly to the concerned bank after the amounts payable are certified by the CA on half-yearly basis.

VI. Project Monitoring Mechanism:

While release of grant will be linked to achieving prescribed milestones, periodical review will be undertaken by the Ministry to monitor the implementation status. PMAs will assist the Ministry in monitoring the project implementation through periodic field visits and technical advice. The Ministry may also introduce 3rd party audit to scrutinize the extent of observance of Government norms in the project implementation.

VII. Approval of the Project:

The project proposals received in the Ministry will be evaluated by the PMA on the prescribed parameters with regard to eligibility of the project vis-à-vis approved guidelines.

VIII. Time Schedule for Implementation:

The project will be required to be implemented within 30 months from the date of final approval. The timeline/milestones at different stages as laid down in the detailed guidelines to be worked out by the Ministry on this scheme will have to be adhered to by the SPV. Non adherence to the milestones/ timeline fixed for the project by the by the Ministry may result in cancellation of the grant sanctioned for the project.

IX. Financial Assistance for the spillover project from 11th Plan :

The project proposals of Mega Food Parks, received against the EoI as last date of 17th February 2012 and found to be eligible in the appraisal by the Ministry, will be considered eligible to receive financial assistance in accordance with the guidelines of the schemes approved for the 11th Five Year Plan i.e. capital grant @ 50% of eligible cost in general areas and 75% in the difficult and hilly areas, subject to a maximum of Rs. 50 crore per project.

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