Government of India
Ministry of Food Processing Industries

Operational guidelines for the scheme of Modernization of Abattoirs

1.The Scheme -

The Ministry of Food Processing Industries has launched the scheme of Modernization of Abattoirs during 2008-09 with a budget provision of Rs. 32.50 Crs. to set up 10 Abattoirs. This will be a comprehensive scheme, which will include Modernization of existing Abattoirs/ Establishment of Modern Abattoirs to be implemented during the 11th Five-Year Plan. The proposed scheme will be implemented preferably under PPP mode with the involvement of local bodies (Municipal Corporations and Panchayats) and will have flexibility for involvement of private investors/ Exporters on a Build-Operate- Own (BOO)/ Build-Opearte-Transfer (BOT)/ Joint Venture (JV) basis. Regulatory functions will continue to be discharged through local bodies.

2. Objectives of the Scheme-

- Scientific and hygienic slaughtering of the Animals.
- Application of modern technology for slaughter waste management and pollution control.
- More humane treatment of animals/ minimizing transportation of animals.
- Better by product utilization/ value addition.
- Providing chilling facility to prevent microbial activity in slaughtered animals.
- Better hygiene, safety and retail cold chain management.
- Better forward linkage facilities for finished meat & meat products.

3.Pattern of Assistance -

- 3.1 The scheme envisages a grant of 50% of the cost of plant and machineries and Technical Civil work and other eligible items mentioned below in para 3.2 subject to a maximum of Rs. 15.00 Crores in general areas and 75% of the cost of plant and machineries and Technical Civil work and other eligible items mentioned below in para 3.2 subject to a maximum of Rs. 15.00 Crores in difficult areas (NE States including Sikkim, J&K, Himachal Pradesh, Uttarakhand and ITDP notified areas of the States) per abattoir.
- 3.2 Cost of the following components of the project will be considered eligible for the grant under Modernization of Abattoir scheme:
- 3.2.1 Technical Civil Work: would include lairage, Isolation pen for sick animals, animal washing area, area for the stunning, bleeding, flaying, evisceration, splitting of carcass, processing area, packaging area, blood collection area, skin collection and treatment area, Value added meat processing area and offal treatment area etc.

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- 3.2.2 Plant and Machineries: would include all the equipments and machineries required for various slaughter operations including Overhead rails, conveyers and gambrels/shackles, on line weighing machines etc.
- 3.2.3 Technical Civil work and Plant & Machineries of basic infrastructure: would include Laboratory (including equipment), Cold storage including per-cooling chambers, Chillers, freezer etc., Rendering plant, Effluent treatment plant, water supply system, Sewerage and drainage system, Power supply system (including DG set), Services area like - rain water harvesting etc.
- 3.2.4 Forward linkages: would include Cost of reefer vans and cost of Technical civil work & Plant & machineries of five (5) modern meat outlets (excluding land cost).
- 3.2.5 Project Implementation Expenses: This would include cost of preparation of DPRs and project consultancy and supervision expenses etc.

3.3 Pattern of release of grant :

The MFPI grant will be disbursed in four (4) installments in following manner.

Percent of approved grant to be released.	Condition to be fulfilled
10%	On submission of - • Certificate of possession of land, • NOC from local body, • Surety Bond • Letter of Scheduled bank in which Escrow account is maintained by Project Promoter • Affidavit in compliance of GFR 209(1) • NOC from State Pollution Control Board.
30%	On submission of UC of 1st installment, Chartered Accountants Certificate certifying that 40% of equity and term loan utilized, Progress reports of project duly signed by PIA and Promoter, Submission of copy of purchase order of Main plant & Machineries, Chartered Engineer Certificate of 50% Completion of Civil work out of total civil work, Inspection cum Verification report of PMA with recommendation for release of 2nd installment.
40%	On submission of UC of 2nd installment, Chartered Accountants Certificate certifying that 80% of equity and term loan utilized, Progress reports of project duly signed by PIA and Promoter, Details of receipt of main P/M on the site, Chartered Engineer Certificate of 100% completion of Civil work, Inspection cum Verification report of PMA with recommendation for release of 3rd installment. Clearance certificate from Environmental Agency.
20%	On submission of UC of 3rd installment, completion and declaration of start of commercial production.

Rupali Banerjee
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4. How to avail the scheme -

4.1 Project promoter - to submit application in the prescribed format- Form "A".
Definition of "Project Promoter" The Urban/ Rural local bodies/ Corporations/ Federations/ Boards/ Private investors/Joint venture of Public-Private partners can avail the benefits of the scheme.

4.2 Project promoter will enter into MOU (Memorandum of Understanding) with all stake holders, Implementing agencies, regulators, PMA and PIA.

4.3 Documents to be submitted alongwith proposal:

The proposal for the financial assistance from MFPI should have following documents and enclosures.

a) Application in prescribed format at Annexure 'A'.
b) DPR completed in all respects (i.e. reason for the need of modern abattoir in the identified area, raw material availability, social and environmental impact of the project on identified location, suitability of backward and forward linkages, Details of Main Plant & Machineries and off site plant & machineries and other Assets, details of Plant building and civil work, technical and financial viability of the project, direct & indirect employment generation, financial benchmarks (DER, DSCR, BEP, IRR) of the project, financial closure of the project with means of finances etc.)
c) In case of PPP mode of operation, detailed note on bidding procedure adopted for selection of private partner and nature of collaboration of private partner in the project to be furnished.
d) Land details (Copy of sale deed/ lease deed for not less than 20 years/ land allotment papers of State Govt. etc)
e) Sketch plans and Blue prints of Civil work alongwith details of estimated cost of Technical and Non-technical civil work duly certified by Chartered Engineer (Civil).
f) Detailed sketch plan of Plant & Machineries design and engineering flow chart alongwith estimated cost of plant & Machineries (Component wise) duly certified by Chartered Engineer (Mechanical)
g) Copies of various clearances/ approvals obtained for the project (Pollution Control Board, NOC from Local authority, Airport authority etc.)
h) If term loan availed, copy of term loan sanction letter and copy of bank appraisal.
i) An affidavit in compliance with GFR 209(1).
j) The application alongwith above documents to be forwarded by the State Government (Secretary, Department of Urban Development) with due recommendation in prescribed format at annexure "B" to the MFPI.

5. Procedure for project appraisal and approval:

5.1. Detailed Project Report (DPR) completed in all respects with financial closure will be prepared by the Project Promoters and submitted alongwith application in form 'A' and required enclosures of the identified projects to the Ministry through

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State Govt.(Secretary, UD). The DPR would have identified potential location of the Modern Abattoir, the proposed level of investment including the estimated project cost and the means of finance, technical, financial, commercial, institutional and O&M details of the project elements. The DPR would also bring out its financial viability, commercial sustainability and socio economic importance of the project alongwith backward and forward linkages. The DPR would also contain Operation and Maintenance structure and would clearly establish commercial sustainability of Modernization of Abattoir project.

5.2 The Technical Consultants (PMA) empanelled by MFPI will appraise the proposal in accordance with the above guidelines. The deficiency of any information or document will be intimated by the Ministry to Project Promoter. PMA will appraise the proposal for technical and financial viability of project on the basis of submitted documents , site visits and physical verifications of the project details. PMA will submit its detailed appraisal note (Covering all details of the project with SWOT analysis) for due consideration of MFPI of the project.

5.3 The Project Promoter will comply the shortcomings with the help of PIA and resubmit the project proposal within three weeks of period from the date of issue of intimation letter of shortcomings. If it is not received in the Ministry within three (3) weeks from the issue of deficiency letter the proposals are liable to be rejected.

5.4 After receipt of the detailed appraisal report of the PMA, the division will calculate the eligible grant in accordance to the cost estimated in the Chartered Engineer Certificate and quotations submitted by the applicant and compliance of checklist as mentioned in Sl. No.4.3 (a to j). Thereafter the **proposal will be submitted for the consideration of Grant before the Approval Committee** chaired by Secretary, Ministry of Food Processing Industries.

5.5 PMA would assist the Ministry in carrying out evaluation and appraisal of feasibility studies and DPRs of the projects. The envisaged role of PMA is at Annexure C.

6. The Implementation schedule:

The implementation schedule for the project would be about 18 months from the date of sanction of project.

7.Project Monitoring and Evaluation:

The Ministry will undertake Quarterly Review of the progress of the projects under the scheme. Besides PMA shall furnish monthly report to the Ministry on the progress achieved on the projects.

8. Approval Committee:

The proposals will be scrutinized for technical and financial viability by the Approval Committee in which suitable representation from Ministry of Agriculture, APEDA, and

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Planning Commission will be nominated for approval of the project. The detailed project approval note shall be placed before Approval Committee which will be headed by Secretary (Ministry of Food Processing Industries) for sanction of the financial assistance and monitoring of the projects under the scheme.

9. **The project promoter will enter into an MOU** with stakeholders such as Implementing agencies, Regulators etc. The role and responsibilities of respective agencies shall form part of the MOU to be signed between all the stakeholders. At annexure C is indicated the role and responsibilities of State Giovernemt, Project Promoter, PMA and PIA.

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ANNEXURE A

Application format - Scheme of Modernization of Abattoirs

A. Promoter :

1	Name	
	Type of Organization	
	Name & Description of Authorized Signatory	
	Address	
	Phone No.	
	Fax No	
	E-mail	
2	**Details of consortium partner,if applicable.**	

B. Project Discription

1	**Name of the Project :**	
2	Mode of the project : Own/ PPP/ BOT/ BOOT/ JV/ FDI	
3	Location of the project :	
4	Name & Address of Project Implementation Agency (PIA)	
5	**Land :**	
	i. Area (in acres)	
	ii. Wheather in possession of implementing agency? (submit documentary evidance towards proof of ownership from appropriate authority of State Government.)	
	iii. Whether permitted for industrial use? (Submit documentary evidance from apropriate authority.)	

		Existing	Proposed	Total
6	**Capacity of the project :**			
	i. Slaughter capacity (Heads Per Day)			
	a. Large Animels :			
	b. Small animals :			
	ii. Rendering capacity (MT Per Day)			
	iii. Meat products processing capacity (MT per day)			
	iv. Chilling capacity (MT per day)			
	v. Freezing capacity (MT per day)			
	vi. Packing capacity (MT per day)			

		Rs. In Lakhs
7	**Project cost :**	
	Site Development	
	Buildings & Civil Work	
	Main Plant & Equipment	
	Off Site Plant and Other Assets	
	Design & Engineering	
	Pre-Operative Expenses	
	Contingency	
	Total Project Cost	

		Rs. In Lakhs
8	**Means of Finances :**	
	Promoters equity	
	State Share	
	Term loan	
	Private investors equity	
	MFPI Assistance	
	Total	

9 **Cost of Indeginous Plant & Machinaries :** Rs. In Lakhs
(Submit quotations alongwith details of
Capacity - Specifications - Basic cost componentwise)

10 **Cost of Imported Plant & Machinaries :** Rs. In Lakhs
(Submit quotations alongwith details of
Capacity - Specifications - Basic cost componentwise)

11 **Total No. of Model outlets proposed to be established** No. Cost (Rs. In Lakhs)
(Total cost with detailed specifications to be furnished)

12 **Total No. of Reefer vans to be purchsed :** No. Cost (Rs. In Lakhs)
(Submit quotations alongwith details of
Capacity - Specifications - Basic cost componentwise)

13 **Types of products proposed to be processed :** Chilled/Frozen/Semicooked/Cooked
Furnish details of meat products to be processed
alongwith their process flow charts.

14 **Financial Benchmarks :**

a. Debt : Equity Ratio

b. Break Even point at capacity utilization :
at sales realization :

c. Debt Service Coverage Ratio
Minimum:
Maximum:
Average:

d. Internal Rate of Return
PBT :
PAT :

e. Estimated annual turnover (Rs. In Lakhs) 1 st Year 5 th Year

C. Backward and Forward linkages :

1 Existing livestock markets in the vicinity of project
(Details with distance in KM to be furnished)
2 Other sources of livestocks (specify locations & Distance)
3 Mode of Transport to be used to bring animals in the project.
4 Marketing Strategy for suply of meat & meat products of project
5 Arrangement proposed for marketing of Skin, Hides and other By-products

D. Employment Generation :

1 **Direct :**

	Available	Required
Operation		
Maintainance		
Managerial		
Finance		
Marketing		

2 **Indirect :**

farmers		
Transporters		
Ancillary industries		
Quality assurance		
exporters		

E. Project Preparedness :

		Status		
		*Completed/ NA	Under process	Yet to start
1	Registration of firm/ project			
2	CST/VAT Registration			
3	Proffesional Tax & Income Tax Registration.			
4	Import/Export License			
5	PF/ ESI Registration			
6	Consent to establish from Pollution Control Board			
7	Environmental Clearance			
8	Airport Authority Clearance			
9	NOC of Local Authority			
10	Factory Inspector approval			
11	Boiler inspectors approval			
12	Electrical Inspector approval			
13	SSI/IEM license			
14	MFPO License			
15	Sanction of Power			
16	Permission for lifting of water			
17	N.A. approval of land			
18	Approval of Industrial security & Fire Department			

*if completed copies of the same to be enclosed, if under process copies of applications submitted to various authorities to be submitted.

F. Enclosures :

		Yes	No	NA
a)	Detailed Project Report completed in all respect			
b)	Detailed note on Bidding procedure adopted (in PPP Mode)			
c)	Land acquisition details.			
d)	Sketch plans & Blue prints of civil works alongwith details of estimated cost of technical & non-technical civil work duly certified by Chartered Engineer (Civil)			
e)	Detailes of Plant & Machineries design, Engineering flow chart alongwith estimated cost of Plant & Machineries (Componentwise) duly certified by the Charterd Engineer (Mechanical)			
f)	Copies of various Clearances/ approvals as mentioned in Sr.no E			
g)	Copy of Term loan sanction letter and Bank appraisal report.			
h)	An affidavit in complience with GFR 209(1)			

Certified that the information given above is true to the best of my knowledge and enclsures submitted are duly verified in accoradance to the guidelines of Ministry of food Processing Industries. The proposal may be considere for fiancial assistance to the project.

Date :
Place :

Signature of Promoter
Name
Designation

Annexure B

Formate for recommendation of proposals by Secretary, UD for financial assistance to Modern Abattoir.

F.NO. Date :

From -
The Secretary/ Principle Secretary
Departmet of Urban Development
Govrnment of (Name of the State)
Address

To,
The Jt. Secreatry,
Ministry of food Processing Industries
Panchsheel Bhavan,
August Kranti Marg,
New Delhi - 110 049

Subject : Recommendation of the proposal of (Name of the Project) for financial assistance under 'Modernization of Abattoir Scheme'

Sir,

Please find enclosed proposal of (Name of the Project) for financial assistance under the scheme of Modernization of Abattoirs. The project proposal has approved by the Government of (Name of the State) for Modernization of Existing Abattoir/ Setting up of Modern Abattoir at (Name of project location).

The necessary clearances/ Licences are obtained/ are being obtained for the project.

The details of the project are summerized as below :

		Rs. in Lakhs
1	**Project cost :**	
	Site Development	
	Buildings & Civil Work	
	Main Plant & Equipment	
	Off Site Plant and Other Assets	
	Design & Engineering	
	Pre-Operative Expenses	
	Contingency	
	Total Project Cost	
2	**Means of Finances :**	
	Promoters equity	
	State Share	
	Term loan	
	Private investors equity	
	MFPI Assistance	
	Total	

3 **Implementation Schedule with tentative dates**
Submission of proposal to Secretray (UD)
Recommendation of Proposal by Secretary (UD)
Completion of Civil work
Placing order of main plant & Machineries
Reciept of main Plant & Machineries
Clearances from Pollution control Board, Airport authority etc.

4 Name of the Bank in which dedicated account has been maintained by the Implementing Agency:

5 **Recommendation -**

Signature
Secretary (UD)
Govt. of .....

ANNEXURE C

Roles and Responsibilities of agencies participating in the project.

Role of State Government:

The role of the State Government is envisaged in the following areas:

- Providing assistance to project promoters in acquisition of suitable land for the abattoir project.
- Providing all the requisite clearances, wherever needed for establishment of Modern Abattoir and its components thereof and providing necessary assistance for Power, water and other utilities to the Modern Abattoir.
- While approving the Modernization of Abattoir projects, preference would be given to the projects located in States, which have or are in the process of providing fair and enabling environment in terms of policy/regulatory framework for discouraging unauthorized/ unhygienic slaughtering and encouraging Modern abattoir projects.
- The State Government agencies like Infrastructure/Industrial Development Corporations may also participate in the projects by way of subscribing to the equity of project promoter.

Role of Project Promoter:

- Project Promoter has to identify Project implementation Agency, which have necessary technical competence and intensive experience in project implementation of Modern Abattoirs, which will be termed as Project Implementing Agency (PIA) of the project.

- Identification/Selection of potential locations for Modern Abattoirs with the help of PIA.

Role/ Functions of Project Implementation Agency (PIA):

- To help project promoter for identification/ selection of potential locations for Modernization of Abattoirs keeping in view the users / stake holders / partners / linkages, the detailed supply chain and the broad business plan of the proposed projects on identified locations.
- Once the potential projects are identified and receive the clearance from the State Govt., Detailed Project Report (DPR) to be prepared for the projects. Such PFR would provide technical, financial, commercial, institutional and O&M details of the project elements. The DPR would also bring out its financial viability, commercial sustainability and socio economic importance of the project.
- PIA shall assist the project promoter in selection of private investor through competitive bidding procedure. PIA will structure the bidding procedure as per the project specific requirement and shall assist the project promoter to execute the bidding process.

- Since each of the identified projects need to be owned, executed and managed by the concerned local bodies/ Private Entrepreneur on arrangement of BOT/ BOO/ BOOT basis, PIA will assist them in developing / structuring appropriate institutional mechanism / framework in the form of project execution requirements. This would include assistance for incorporation of the institutional arrangement, execution of shareholder agreements and other project related agreements. PIA will also advise & assist the project promoter in meeting the legal and secretarial compliances in accordance with company law, other relevant acts, Assistance to obtain required clearances, licenses and to achieve financial closure of the project.

Role of PMA

1. Evaluation and Appraisal of Techno Economic feasibility reports and DPRs -

   PMA would assist the Ministry in carrying out evaluation and appraisal of feasibility reports and Detailed Project Reports submitted by the project promoters. The DPRs would be appraised by the PMA with respect to its financial and technical viability, commercial sustainability and socio economic impact of the project and technical review with analysis of deliverables, institutional operation and maintenance details of each of the project elements etc.

2. To assist the Ministry in reporting about the milestones/ benchmarks of progress of each project.

   PMA would monitor the project from concept to commissioning and submit the progress reports as per the prescribed benchmarks for release of MFPI grant and appraise the status of project from time to time.