

By Speed Post

F. No. 4-34/2011-Infra (ICC)

भारत सरकार

Govt. of India

खाद्य प्रसंस्करण उद्योग मंत्रालय

Ministry of Food Processing Industries

पंचशील भवन, अगस्त क्रान्ति मार्ग

Panchsheel Bhawan, August Kranti Marg

नई दिल्ली-११००४९

New Delhi 110049

Dated: 30.09.2013

To

The Managing Director,
M/s Bhupati Agro Enterprises
Railway Station Road,
Vishakhapatnam,
Andhra Pradesh - 530016

Subject: Cancellation of the approval letter No. 4-34/2011-Infra (ICC) dated 07.06.2011 for non recurring grant-in-aid of Rs. 748.16 lakh for setting up of integrated cold chain project.

Sir,

I am directed to convey that the Ministry of Food Processing Industries has approved your integrated cold chain project vide approval letter dated 07.06.2011 for a grant-in-aid of Rs. 748.16 lakh for setting up of integrated cold chain project in Andhra Pradesh. As per condition 2(f) of the approval letter it was mentioned that the implementation schedule of the project would be 18 months (not later than 06.12.2012) from the date of issue of the approval letter.

2. You have also executed a surety bond dated 01/07/2011 in favour of President, Government of India binding yourself to refund the entire grant amount with 10% interest in the event of failing to comply with the terms and conditions of the grant in aid by target dates as laid down in the approval letter dated 07/06/2011 of the Ministry of Food Processing Industries. Thereafter, the first installment of grant for Rs. 187.04 lakh for the project was released by the Ministry on 01.09.2011.

3. You have been requested by the Ministry several times to attend various progress review meetings from time to time but you did not attend most of the meetings including the last two review meetings held on 14.12.2012 and 17.01.2013.

4. The 18 month period for implementation of the project ended on 06.12.2012. However, you have not applied for 2nd installment of grant till date. Vide email dated 06.11.2012, you mentioned that partial operations would start by end of January, 2013 and full operations by

March, 2013 and sought time extension of 3 months to complete the project in all respects by March, 2013.

5. In view of the undue delay of the project, the Ministry issued a letter on 15.01.2013 to you seeking an explanation as to why suitable action should not be initiated for the delay in implementation of the project. You were requested to reply by 21.01.2013, failing which it would be presumed that you have nothing to explain and the case would be decided on merit. A reminder was sent to you by the Ministry vide letter dated 28.01.2013. However, no explanation was submitted by you. In view of this, the Ministry issued show cause notice to you on 07.03.2013 giving a final opportunity to explain the reason as to why the approval granted to the project should not be cancelled and grant already released is not recovered with penal interest.

6. In response to the show cause notice, you, vide letter dated 20.03.2013 requested to allow 12 month extension period for completion of the project and also mentioned that the project has been delayed due to the following unforeseen problems:

- i. The 1st installment of grant released by the Ministry has been adjusted by the bank against the term loan.
- ii. 90% of the civil work has been completed but it could not take this to a stage where commissioning of the ordered P&M can start.
- iii. Advances have been made to M/s Walco Engineering and M/s Frick India for supply of P&M.
- iv. The state (Andhra Pradesh) is facing acute shortage of power supply and the Government has assured power only around November, 2013.
- v. Since the project needs uninterrupted power, it is economically not viable to run a cold chain project with generator till the basic need is fulfilled to a minimum extent

7. However during the site visit conducted on 17.05.2013 by PMA, it was observed that there has been no progress in the civil construction work as against that of the previous site inspection conducted two years back on 01.06.2011. It was also observed that no Plant & Machinery (P&M) were seen at the site.

8. Karnataka Bank vide email dated 31.07.2013 has informed the Ministry that the current status of accounts are substandard. Out of total grant (Rs. 187.04 lakh) received, the bank has adjusted Rs. 140.47 lakh towards cold chain term loan account with your consent.

9. Thus your explanations to show cause notice was found to be false.

10. The Ministry has considered your submission to the show cause notice. Considering the fact that there has been no progress on implementation of the project after release of the 1st installment and no clear justification has been provided by you for the delay, it has been decided

that approval granted to you for setting up of integrated cold chain project may be cancelled and the grant of 1st installment released to you may be recalled with a interest of 10%.

11. In view of the above, the approval for setting up of integrated cold chain project granted by the Ministry vide letter No. 4-34/2011-Infra (ICC) dated 7.6.2011 for a grant in aid of Rs. 748.16 lakh is hereby cancelled. Since you failed to implement the project in prescribed time schedule, EMD of Rs.1.00 lakh stand forfeited in terms of EOI dated 31.08.2010.

12. Accordingly, you are requested to return the 1st installment of grant of Rs. 187.04 lakh along with interest of 10% per annum within 30 days of issue of this letter. The interest shall be payable from the date of transfer of the grant to you till the date of payment in accordance with surety bond executed by you. The refund of the grant amount may be made immediately by Demand Draft in favour of Pay & Accounts Officer, Ministry of Food Processing Industries, New Delhi.

13. It is further informed to you that in case you do not return the 1st installment of grant along with 10% interest thereon as mentioned above, the Ministry shall be entitled to file a legal case against you for recovery of the aforesaid amount including but not limiting to initiate criminal proceedings against you for misappropriation of government grant.

Yours faithfully,



(Pankaj Kumar)

Director

Tel. No. 26496647