

**Ministry of Food Processing Industries
Cold Chain Division**

FAQs RELATED TO EXPRESSION OF INTEREST DATED 10.03.2018 FOR
APPLICATION UNDER SCHEME FOR INTEGRATED COLD CHAIN AND VALUE
ADDITION INFRASTRUCTURE

**Queries raised/clarifications sought during the Pre-Bid Meeting held on
20.03.2018 at 11:00 AM onwards**

1. Which scheme guideline will be applicable for ascertaining the eligibility and evaluation of applications received against the EoI dated 10.03.2018?

Clarification: The scheme guidelines for Integrated Cold Chain and Value Addition Infrastructure dated 08.03.2018 will be applicable for ascertaining the eligibility and evaluation of applications received against the EoI dated 10.03.2018.

2. What would be the criteria for calculation of net worth for the newly formed companies?

Clarification: The net worth calculation for the newly formed companies would be calculated as per the criteria mentioned in clause 8 (a) of the scheme guidelines.

3. Would the cost of land and building be considered towards calculation of net worth in case of partnership firms?

Clarification: The net worth in case of partnership firms would be calculated as per the criteria mentioned in the clause 8 (a) of the scheme guidelines. The worth of assets including land & building will be considered on the basis of the submitted land ownership documents supported by valuation report at circle rate (justified by the circle rate notification).

4. Is it necessary to submit the “Liability Statement” in case of LLP firms?

Clarification: Yes. As per the clause 8 (a) of the scheme guidelines, in case of proprietorship/ partnership firm, including LLP the applicant should submit CA certified “Nil Liability Statement” or Statement of “Assets and Liabilities” of the individual partners/ proprietors and the net liabilities based on these statements will be deducted while ascertaining the net worth.

5. Will the share premium included in share capital be considered for calculation of net worth?

Clarification: Shares of unlisted companies will be considered at face value for net worth and shares of listed companies will be considered based on the average market price of the share for a period of 6 months prior to date of submission of proposal. [Refer para 8 (a) (iv) of the scheme guidelines].

6. Whether venture capital investments through preferential shares/ convertible debentures are considered as part of net worth?

Clarification: Preferential share capital and Fully Compulsorily Convertible Debentures (FCCDs) will be considered for calculation of net worth.

7. What is the definition of the less covered states?

Clarification: The “less covered states” are defined as those states where the Cold Chain Projects have not been approved by this Ministry under this scheme. However, the Ministry will have the discretion to consider cases in less covered states keeping in view the spirit of the guidelines.

8. What is the definition of “SC/ST promoter holding the majority stake in the implementing agency/firm” in case of SC/ST proposals?

Clarification: A project proposal will be considered SC/ST proposal if the combined stake held by the SC/ST promoters of the applicant firm/agency is more than 50%. The benefits provisioned for NE/Himalayan/ITDP areas in the Scheme guidelines shall be extended to SC/ST proposals. However, the applicant must upload the scanned copies of SC/ST Certificates (by Concerned Government Authority) in respect of all its SC/ST promoters along with the share held, failing which the proposal shall not be considered as a SC/ST proposal.

9. What is defined as a farm level infrastructure?

Clarification: A project facility located in the catchment of the targeted produce will be treated as farm level infrastructure. Details defining the farm level infrastructure are available at para 4 (a) of the scheme guidelines dated 08.03.2018.

10. What constitutes a catchment area?

Clarification: A catchment area shall be considered as the region where from the applicant shall be procuring raw material either for storage purpose or for processing/ value addition. The proposal will have to explain the catchment area duly supported by valid data from the Central/State Govt.

11. What are the Integrated Tribal Development (ITDP) Areas?

Clarification: The information on ITDP Areas is available with the Ministry of Tribal Affairs, Government of India and concerned State Government/ District Authorities. The applicant will submit valid documents based on notification/ declaration issued by the

concerned authority in support of ITDP areas where the project has been proposed to be set up. The onus will lie on the applicant to ensure that the project proposal is located in ITDP areas in order to avail benefit under the scheme for Integrated Cold Chain and Value Addition Infrastructure.

12. Can the distribution hub or the main facility be located alongside farm level infrastructure?

Clarification: Yes. However, this will be treated as only one component under the scheme guidelines and the applicant would have to set up reefer/ insulated transport also to become eligible for further consideration.

13. What should be the minimum distance between farm level infrastructure and distribution hub?

Clarification: While no minimum distance has been laid down, it is for the applicant to provide detailed justification for the locations in the DPR. The Ministry will have the discretion to consider such cases keeping in view the spirit of the guidelines.

14. Will the collection centres/ project locations spread across various States in the country be considered eligible for assistance?

Clarification: Yes, if they are suitably justified in the DPR and in the bank/ financial institution's appraisal note.

15. If processing is part of the integrated cold chain project, would facilities such as ready to eat/ ready to cook be considered eligible under the scheme?

Clarification: Yes, in case processing infrastructure is a part of the integrated cold chain, the same would be considered eligible under the scheme.

16. Are cold rooms established for mushroom cultivation eligible under the scheme?

Clarification: No. Any kind of cultivation activity will not be supported under the scheme. Only the components/ facilities related to storage and processing/ value addition infrastructure would be considered eligible.

17. Whether in the criteria for evaluation of cold chain proposals, experience of an activity other than cold chain and/or food processing business will be considered?

Clarification: No. The experience of only cold chain and/or food processing business will be considered for award of marks in the evaluation.

18. Whether there are any minimum cut off marks prescribed in the evaluation criteria?

Clarification: The minimum cut off marks for considering as project proposal for assistance under the Scheme are sixty (60 marks). Further, the Ministry shall have the final say regarding eligibility or selection of proposals for grant-in-aid.

19. How many applications will be approved against the EoI dated 10.03.2018 of this scheme?

Clarification: There is no cap on number of applications to be approved. However, the number of applications to be approved is subject to number of projects meeting the eligibility as per the guidelines and restricted to utilization of allotted funds towards the scheme.

20. Which are the eligible authorities/bodies for authentication of MoUs/Agreements for forwards linkages?

Clarification: In case of Forward Linkages, MoUs/Agreements with Distributors/Retailers may be uploaded by the applicant while submitting the proposal online. There is no requirement for authentication of these MoUs/agreements by District Authorities. [However, MoUs/Agreements for Backward Linkages need to be duly authenticated by concerned District Authorities of the respective sectors.]

21. Are skimmed milk powder, condensed milk and tetra pack projects eligible under this scheme for financial assistance?

Clarification: No, the projects envisaging the products such as skimmed milk powder and tetra pack products would not be considered eligible for financial assistance. However, for the products, such as condensed milk, vacuum freeze drying, where frozen temperature is required during processing are eligible for financial assistance

22. In case, I am setting up the component for renewable energy source at 2 different locations of the proposed project then the approved cost of Rs. 35 lakh would be for each location?

Clarification: No. The approved cost for setting up of the component for renewable energy source is Rs. 35.00 lakh for the total project and not for one location.

23. What will be the pattern of assistance of grant if frozen storage is not proposed at the location of processing unit?

Clarification: In case the Frozen storage is proposed at a location different from the processing/value addition center, the grant will be calculated @35% of the eligible cost for frozen storage in general areas (@50% in case of NE/Himalayan/ITDP areas) whereas in case of projects where proposed frozen storage is associated with the processing/value addition component, the grant will be calculated @50% of the eligible project cost in general areas (@75% in case of NE/Himalayan/ITDP areas).

24. In reference to the criterion 1 (i) of Appendix-VI for scoring, if the Government published data on raw material availability is not available then can we submit the data on raw material availability certified by the competent governing body of the state?

Clarification: The score of 5 will be awarded for the raw material availability backed by latest data published by Government and/or authenticated by Competent Government Authority. Applicant has to clearly identify the source like annual report, website etc. for authenticity.

25. The GST charges on equipment are 28% which forms a major cost for the project. Are the GST charges considered under eligible or ineligible components of the project cost?

Clarification: The taxes including GST will be considered as ineligible cost towards the project.

26. Is there any cap on minimum size of investment/project cost under this scheme?

Clarification: No.

27. What is the eligible grant for reefer vehicles?

Clarification: The eligible cost for the reefer vehicles will be calculated as per the MIDH norms applicable for refrigerated vehicles. The eligible grant will be calculated @ 35% of the approved eligible cost for projects proposed in general areas and @ 50% of the approved eligible cost for projects proposed in NE/Himalayan/ITDP areas.

28. What would be the criteria for assessment of net worth for the commercial vehicles owned by the applicant?

Clarification: The net worth of the commercial vehicles owned by the applicant will be calculated based on the Insured's Declared Value [IDV] mentioned in the valid insurance document of the concerned vehicle, duly supported by valid Registration Certificate [RC] in the name of the applicant and same is to be uploaded as net worth supporting document.

29. In reference to the criterion 6 of Appendix-VI for scoring, what would be the score for the pre-cooling and pack house component?

Clarification: The component such as pre-cooling and pack house are not eligible for scoring under value addition and processing facilities.

30. Whether a project that has availed assistance under any other scheme of the Government, is eligible to apply against the EoI as an expansion project/ for creation of new facilities?

Clarification: Yes, but there should be no overlapping of project facilities between the different schemes. The details of existing facilities and financial assistance obtained under other schemes should be clearly brought out in the DPR and in the appraisal note from bank. The proposal should fulfill the basic eligibility criteria as per para 8 and creation of components as per para 4 of the scheme guidelines dated 08.03.2018.

31. Whether a proposal where CLU for the project land has been issued prior to the date of EoI, will be eligible under the scheme guidelines?

Clarification: Such proposals where CLU and other statutory approvals have been issued prior to the date of EoI will be considered subject to fulfilling other eligibility criteria as per scheme guidelines. However, the date of sanction of term loan should not be earlier than the date of issue of EoI.

32. In case of partnership firms, is the registration of the partnership firm compulsory for submission along with the EoI or would the submission of partnership deed suffice the purpose?

Clarification: In case of partnership firms, the applicant is required to submit the partnership deed along with the registration certificate of the partnership firm. If the registration certificate of the partnership firm is not available, then the same would be required at the time of release of grant-in-aid for the approved projects.

33. Will deep freezers be eligible for grant at retail outlet?

Clarification: Retail outlets are not eligible for grant under the scheme.

34. Will a change in project location be allowed post issue of approval?

Clarification: This will be considered on case to case basis subject to approval by the Inter Ministerial Approval Committee.

35. Will a Term Loan sanction and appraisal note from bank/ financial institution for a project obtained prior to 10th March 2018 i.e. before the date of issue of EoI be considered eligible by the Ministry?

Clarification: No.

36. Will a Term Loan sanction issued on or after the date of issue of EoI with reference to an application submitted to the bank before the date of EoI viz. before 10th March 2018 be considered eligible by the Ministry?

Clarification: Yes, if the loan has not been disbursed and only sanction letter has been issued. The applicant in such case should submit a letter from the lending bank/ financial institution with revised means of finance and IRR, DSCR, BEP & D-E ratio factoring in the proposed grant from the Ministry.

37. Whether the unsecured loan will be treated as part of equity?

Clarification: No, unsecured loan will not be treated as a part of equity for the purpose of assessment of basic eligibility criteria mentioned in para 8 (e) of the scheme guidelines and same has to be shown separately in Means of Finance. However, unsecured loan will be treated as part of promoter's contribution for release of grant in aid.

38. What will be the crucial date to ascertain the net worth?

Clarification: This would be date of submission of proposal.

39. Will a change in lending bank/FI be allowed post sanction of grant?

Clarification: This will be considered on case to case basis subject to approval by the Inter Ministerial Approval Committee.

40. Which Financial Institutions (FIs) eligible for issue of term loan sanction and appraisal note?

Clarification: Financial Institutions recognized/ approved by Reserve Bank of India for funding of infrastructure projects are eligible for issue of term loan sanction and appraisal note.

41. Whether a proposal envisaging Foreign Direct Investment (FDI) be considered eligible under the scheme guidelines?

Clarification: Proposals envisaging FDI will be considered eligible under scheme guidelines provided they comply with all the extant rules and regulations issued by Govt. of India in this regard.

42. In a dairy project where main facility for milk processing is already established whether grant can be applied for setting up of BMCs/ chilling centres and refrigerated/ insulated transport?

Clarification: No. Dairy project without main processing facility will not be considered under the scheme guidelines.

43. Is it mandatory to have a registered lease deed for 15 years and CLU in case of facilities such as Bulk Milk Coolers, chilling centres?

Clarification: Registered lease deed for a period of 15 years along with CLU is mandatory for the main facility. In case of facilities such as BMCs, chilling centres where TCW is not envisaged, the registered lease deed and CLU may not be required. However, copies of land documents/ rent agreements, as applicable, will be required.

44. Is it necessary to have cold chain facilities also alongwith the Irradiation facility?

Clarification: As per the scheme guidelines the irradiation component will be treated as stand-alone facility for the purposes of grant. However, if a proposal wishes to set up other facilities/ components as mentioned in the scheme guidelines the Ministry may have no objection for supporting such components/ facilities provided detailed justification of business plan of the project is mentioned in the DPR duly validated by bank/ financial institution in the appraisal note.

45. Is a promoter of a food park eligible to apply against the EoI in respect of scheme for Integrated Cold Chain and Value Addition Infrastructure as a partner?

Clarification: The applicant will have to fulfill the eligibility criteria as per scheme guidelines for the Scheme of Cold Chain and Value Addition Infrastructure. However, the financial assistance will not be considered for any component/ facility supported under Food Park/ Mega Food Park, including anchor unit required to be mandatorily setup in the mega food park.

46. What is the format for submission of CE (Civil) and CE (Mech.) Certificate?

Clarification: Separate formats for CE (Civil) and CE (Mech.) certificate for expansion projects and brownfield field projects are provided in the scheme guidelines dated 08.03.2018. Applicants have to upload the CE (Mech.) certificate clearly mentioning the no(s). and capacity of each facility at respective components (Distribution Hub and Farm Level Infrastructure). Similarly, area (only in sq. mt.), including the puff panels for each facility at respective components are to be provided in CE (Civil) certificate and same is to be uploaded.

47. Whether the proposed grant in the DPR will be the final grant or would there be any change?

Clarification: The eligible grant will be calculated for the eligible items only as per the applicable cost norms adopted by the Ministry (an indicative list of eligible and ineligible items is mentioned in the clause 5 & 6 of the guidelines, respectively). Only those eligible items will be considered for the calculation of grant which are mentioned in the Chartered Engineer Civil Certificate and Chartered Engineer Mechanical certificate. Any item which is mentioned in the DPR but is not mentioned in the CE certificates, will not be considered towards calculation of grant. The component wise cost breakup of technical and other civil work should be provided in the Chartered Engineer (Civil) certificate in the prescribed format (refer Appendix-III of the guidelines). The component wise cost breakup of P&M should be provided in the Chartered Engineer (Mechanical) certificate in the prescribed format (refer Appendix-IV of the guidelines). The cost of common utilities may be provided in Chartered Engineer (civil) and Chartered Engineer (Mechanical) certificate, wherever applicable.

Further, the envisaged capacity and cost of the components mentioned in the CE Certificates **must be** in line with the proposed project, such as projection of 5000 MT of cold storage for proposed raw material of 20 MT per month would not be considered eligible.