



Seminar at  
Akola for  
**CHARTERED ACCOUNTANTS**

Organized by  
**AKOLA BRANCH OF WIRC OF ICAI**

Topic:  
**The Mini Food Parks Scheme And  
Investment Potential  
in Mini Food Park projects**  
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# The Mini Food Parks Scheme And Investment Potential in Mini Food Park projects

**Ministry of Food Processing Industries  
Government of India**



**By  
CA G.B. Modi**



**BRIAN SPENCER/GNNGO**

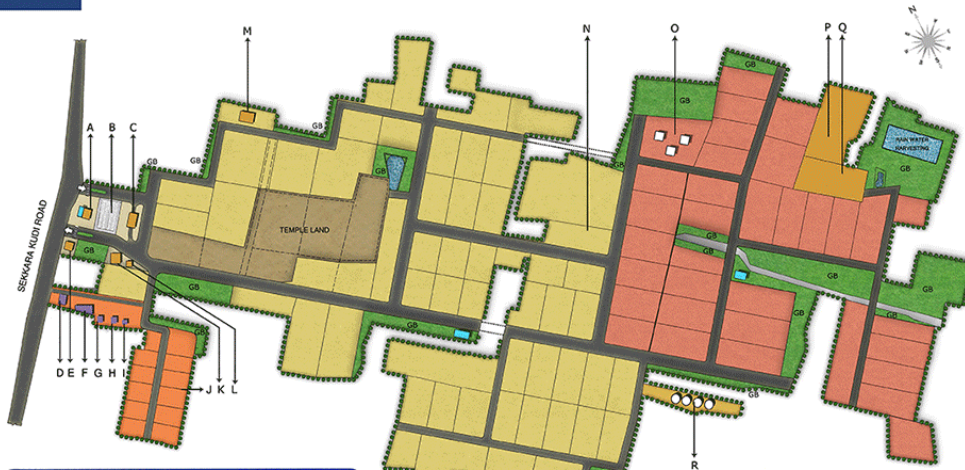


# Components of the Scheme

The Scheme will have **2 components** –

- 1. Mega food park**
- 2. Mini food park**

MASTER PLAN



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## Mega Food park

### Minimum requirement of land –

- between 50 to 100 acres, depending upon 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 centers surrounded by primary processing centers (PPC) and Collection Centers (CC)
- For PPCs/CCs –2 to 3 acres of land required

# Mini Food park

- Minimum requirement of land –
  - 30 acres for central processing center
- The Mini Food Park may or may not have the primary processing center/ collection center.



# Pattern of Financial Assistance

## Mega Food Park –

- 35% of the eligible project cost (71 cr.) subject to max of
  - Rs. 25 crore as upfront of subsidy and Rs. 10 crore as interest subvention in 3 years on term loan
  - Rs. 25 crore as upfront subsidy and Rs. 15 crore as interest subvention in 5 years on term loan availed from banks in NE regions including Sikkim, other hilly areas and notified ITDP areas

# Pattern of Financial Assistance

## Mini Food Park –

- Capital grant @ 35% of the eligible cost (43 cr.) subject to max of
  - Rs. 15 crore as upfront of subsidy and Rs. 6 crore as interest subvention in 3 years on term loan
  - Rs. 15 crore as upfront subsidy and Rs. 9 crore as interest subvention in 5 years on term loan availed from banks in NE regions including Sikkim, other hilly areas and notified ITDP areas



# Implementation Procedure

- Mega & Mini Food Park to be implemented through a Special Purpose Vehicle (SPV) to be promoted by the food processors/ agri business operators/ Infrastructure Developers either alone or with other independent business entities
- The SPV has 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
- Open ended scheme, willing investors may apply to the Ministry of FPI anytime with required documents as per guidelines

# Land Requirement



- Minimum land requirement –
  - Mega food park – 50 acres
  - Mini food park – 30 acres
- Preference to proposals already possessing land and necessary permissions for industrial use
- Proposals not already possessing the land with necessary permissions but have identified requisite land, will be given approval only on acquisition of the land with permissions

# Pattern of Release of Grant

Capital grant to the project will be released in 3 installments

- 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 Mega Food Park, incorporation of SPV and sanction of term loan and proportionate equity contribution by the SPV promoters

# Pattern of Release of Grant

- 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
- The 3<sup>rd</sup> installment of Rs. 5 crore will be released to SPV subject to submission of UCs of the 2<sup>nd</sup> installment and proportionate expenditure of the term load and promoters contribution



# Pattern of Release of Grant

- For Mini food park, the 1<sup>st</sup>, 2<sup>nd</sup> 3<sup>rd</sup> installment will be Rs. 6 crore, Rs. 6 crore, and 3 crore respectively
- The interest subvention will be allowed only on the actual utilization of the term loan amount for the Mega/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

# Project Monitoring Mechanism

- Periodic review will be undertaken by the Ministry to monitor the implementation status
- PMAs will assist the Ministry in monitoring the implementation through field visits and technical advice
- Ministry may also introduce 3<sup>rd</sup> party audit to scrutinize the extent of observation of Government norms in the project Implementation

# Approval of the Project

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



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# Time Schedule for Implementation

- The project will be required to be implemented within 30 months from the date of approval
- The milestones at different stages have to be adhered to by the SPV
- Non adherence to the milestones may result in cancellation of the grant sanctioned for the project





# Financial Assistance for the spillover project from 11<sup>th</sup> Plan

- The project proposals of Mega food parks will be considered eligible to receive financial assistance in accordance with the guidelines of the schemes approved for the 11<sup>th</sup> 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

# Thank You



By

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