

Minutes of the 12th meeting of Empowered Monitoring Committee (EMC) under Mission for Integrated Development of Horticulture (MIDH) held on 07.09.2017

Twelfth meeting of Empowered Monitoring Committee (EMC) of Mission for Integrated Development of Horticulture (MIDH) was held under the Chairmanship of Shri Jalaj Shrivastava, Additional Secretary (AC&FW) on 07.09.2017, to consider three projects of Jammu & Kashmir (2 CA and 1 Processing project), two processing projects of Himachal Pradesh and orders passed by Hon'ble High Court of Punjab & Haryana at Chandigarh in Civil Writ Petition No.23450 of 2012 filed by M/S Kartar Cold Storage, Village Larsival, District Jalandhar (Punjab) against Union of India and Others.

List of participants is annexed.

At the outset, Dr. P. Shakil Ahammed, Joint Secretary (MIDH), welcomed the Chairman and members of EMC.

Chairman in his opening remarks informed that States should ensure due diligence in appraising the projects and calculations should be based on the operational guidelines of MIDH scheme.

Based on the discussions and views expressed by members of EMC following decisions were taken:

Agenda Item No. 1 Projects under MIDH received from states for consideration of EMC (MIDH) with the observations of CJIT.

1/12 EMC/MIDH/HP

Name of State: Himachal Pradesh

Name of project: M/s Dev Bhumi Canned Juices Pvt. Ltd.

Constitution: Private Limited Company

Date of Receipt: 01.05.2017

Activity: Processing of fruit and vegetables

Corporate Identification Number: U15134HP2012PTC000264 of 2012 - 13

Location: Plot No. 80-B, Phase-III, Industrial Area, Sansarpur Terrace, District Kangra, HP

Project Cost: Rs. 862.62 lakh

Decision of EMC: EMC considered the inspection report of Central JIT and observed that promoter has not initiated implementation of the project beyond some initial work carried out during 2013 when it was submitted to MoFPI for sanction of subsidy under MM-IV. Although SLEC had cleared the project during 2015, State Horticulture Mission recommended the proposal to EMC only in April 2017, this in-ordinate delay hampered the implementation of the project. Subsequently, the promoter at the time of CJIT informed his inability to continue the project and also reluctance of the financing bank to extend the credit facilities.



EMC decided that in the absence of the credit facilities and reluctance on part of promoter to continue the implementation, the proposal may be treated as withdrawn.

EMC took serious note of the in-ordinate delay by State Government in recommending the proposal to EMC for sanction of subsidy. State Government may enquire the circumstances which lead to this delay and send an action taken report to this Ministry in this regard.

2/12 EMC/MIDH/HP

Name of project: M/s Natural Beverages (A unit of M/s Himachal Plywoods Pvt. Ltd.)

Constitution: Private Limited Firm

Date of Receipt: 20.06.2017

Activity: Processing of fruit and vegetables

Location: Plot No. 1 & 2, Industrial Area, Shamshi, District Kullu, HP

Project Cost: Rs. 1075.00 lakh

Decision of EMC: EMC considered the inspection report of Central JIT, views of State representative and members of the Committee. EMC observed that the project has been implemented for manufacturing of pet bottles and bottling of different fruit drinks, juices including sparkling fruit drink beverages. However, it is observed that the project does not have facilities for preparation of pulp/concentrate from the raw material available in the State. Promoters are procuring pulp/concentrate from market.

EMC observed that subsidy under MIDH is sanctioned to the projects which source their raw material from the farmers and the subsidy is meant to increase the production and productivity of horticulture crops thereby improving economic status and welfare of the farmers of this country.

EMC deferred the project and decided that State Horticulture Mission may seek clarifications from promoters about source of their pulp/concentrate and demonstrate the backward linkages with farmers/producers of the country. State may submit the report within 15 days from the receipt of the minutes.

3/12 EMC/MIDH/J&K

Name of State: Jammu & Kashmir

Name of project: M/s FIL Industries Limited

Constitution: Limited Company

Date of Receipt: 27.09.2016

Activity: To set up Tetra Pack Unit (Capacity 7500 packs/ hour of 200 ml)

Location: Rangreth, Srinagar

Project Cost: Rs.1034.57 lakh

Decision of EMC: EMC considered the inspection report of Central JIT, views of State representative and members of the Committee. EMC observed that the promoters have established a new unit within the premises of existing projects



(CA store and processing unit) for preparing fruit juice from pulp/concentrate in tetra pack. However, it is observed that the project does not have facilities for preparation of pulp/concentrate from the raw material available in the State. Promoters are procuring pulp/concentrate from market.

EMC took a serious note on the issue that the State has forwarded the proposal without proper examination and due diligence. State Government may inquire the circumstances and send action taken report this Ministry in this regard.

EMC observed that subsidy under MIDH is sanctioned to the projects which source their raw material from the farmers and the subsidy is meant to increase the production and productivity of horticulture crops thereby improving economic status and welfare of the farmers of this country.

EMC deferred the project and decided that State Horticulture Mission may seek clarifications from promoters about source of their pulp/concentrate and demonstrate the backward linkages with farmers/producers of the country. State may submit the report within 15 days from the receipt of the minutes.

4/12 EMC/MIDH/J&K

Name of project: M/S Kashmir Fruit Preservers

Location: Lassipora, Pulwama, Jammu & Kashmir-193201

Constitution: Partnership Firm promoted by Haji Abdul Rashid Qureshi, Mr. Ajaz Ahmad Qureshi and Mrs. Rehana Ajaz

Activity: Integrated CA Store (3000 MT) & Packing Line (11 MT/ Hour)

Project Cost: Rs.2454.84 lakh

Central JIT has estimated Eligible Project Cost of Rs. 1372.40 lakh as under:

- (a) Technical Civil Works & Plant & Machinery for 3000 MT capacity (20 Chambers) assessed by JIT Rs. 1138.90 lakh.
- (b) Add-on components and Miscellaneous Fixed Assets:

Wooden Bins 1250 No. @ Rs.3650/Bin	Rs.	45,62,500/-
Steel Bins 2592 No. @ Rs.6640/Bin	Rs.	1,72,10,880/-
Reach Stacker	Rs.	13,92,000/-
Strapping Machine	Rs.	40,000/-
Weighing Scale	Rs.	42,000/-
Platform Trolley	Rs.	24,000/-
Pallet Truck	Rs.	79,000/-
Total		Rs. 2,33,50,380/-
Total (a) and (b)		Rs. 1372.40 lakh

Project Cost**(Rs. in Lakh)**

Particulars	Project cost		Admissible Project Cost		Adm. Subsidy
	DPR	Bank	SHM	NHM (as per CJIT)	
Land- (leased for 90 years)	16.50	16.50		00.00	
Building	499.13	499.13		295.90*	
P&M including Puff Insulation	950.05	950.00		843.00#	
Add-on & Miscellaneous fixed assets	828.58	828.58		233.50#	
Working Capital margin	29.77	29.77		00.00	
Pre-operative exp.	130.81	130.81		00.00	
Total	2454.84	2454.84	2454.84	1372.40	686.20

* Excluding internal sanitation and electrification.

Excluding Excise Duty, Sales Tax, Freight and installation charges.

Decision of EMC: EMC considered the inspection report of Central JIT, views of State representative, members of the Committee and condoned the delay in implementation of the project. EMC approved Rs. 686.20 lakh as credit linked back ended subsidy of eligible project cost of Rs. 1372.40 lakh @ 50% as per MM-III norms subject to verification of costs worked out by CJIT by National Centre for Cold Chain Development (NCCD).

EMC took a serious note on the issue that the State has forwarded the proposal without proper examination and due diligence. State Government may inquire the circumstances and send action taken report this Ministry in this regard.

5/12 EMC/MIDH/J&K

Name of Project: Alpine Fresh Pvt. Ltd.

Location: Sy. No.3020/441, Nowpora, TalukaSopore, Baramulla, Jammu & Kashmir

Constitution: Private Limited Company

Activity: Integrated CA Store (3000 MT) & Grading Packing Line (11 MT/ Hour)

Corporate Identification Number: U15132JK2011PTC003293 dated 19.04.2011

Project Cost: Rs.2525.91 lakh

Accordingly, Central JIT has estimated Eligible Project Cost of Rs. 1636.85 lakh as under:

1. Technical Civil Works & Plant & Machinery for 2700 MT capacity assessed by JIT Rs. 1025.00 lakh against Rs. 1138.90 lakh for 3000 MT.

2. Add-on and Miscellaneous Fixed Assets:

Wooden Bins 9000 No. @ Rs.6640/Bin	Rs.	5,97,60,000/-
Reach Stacker	Rs.	12,40,000/-
Strapping Machine	Rs.	40,000/-
Weighing Scale	Rs.	42,000/-
Platform Trolley	Rs.	24,000/-
Pallet Truck	Rs.	79,000/-
Total	Rs.	6,11,85,000/-
Total 1 and 2	Rs.	1636.85 lakh

Project Cost**(Rs. in Lakh)**

Particulars	Project cost		Admissible Project Cost		Adm. Subsidy
	DPR	Bank	SHM	NHM (as per CJIT)	
Land	135.00	135.00		000.00	
Building & Other Civil Work	499.13	499.13		1025.00*#	
CA Plant & Machinery & Grading Line	928.96	928.96			
Add-on and Miscellaneous fixed assets	822.80	822.80		611.85#	
Preliminary & Preoperative Expenses	112.13	112.13		000.00	
Margin Money for WC	27.89	27.89		00.00	
Total	2525.91	2525.91	2525.91	1636.85	818.42

* Excluding internal sanitation and electrification.

Excluding Excise Duty, Sales Tax, Freight and installation charges.

Decision of EMC: EMC considered the inspection report of Central JIT, views of State representative, members of the Committee and condoned the delay in implementation of the project. EMC approved Rs. 818.42 lakh as credit linked back ended subsidy of eligible project cost of Rs. 1636.85 lakh @ 50% as per MM-III norms subject to verification of costs worked out by CJIT by National Centre for Cold Chain Development (NCCD).

EMC took a serious note on the issue that the State has forwarded the proposal without proper examination and due diligence. State Government may inquire the circumstances and send action taken report this Ministry in this regard.

The Committee observed that State needs to recommend proposals only after due diligence and proper appraisal as per MIDH guidelines and minimum standards prescribed for Post-harvest Management projects. EMC advised that Jammu & Kashmir State Horticulture Mission shall include JS(MIDH) or his nominee as member of SLEC to facilitate proper appraisal of the project at the SLEC level.

Agenda Item No. 2: Consideration of the orders passed by Hon'ble High Court of Punjab & Haryana at Chandigarh in Civil Writ Petition No.23450 of 2012 filed by M/S Kartar Cold Storage, Village Larsiwai, District Jalandhar (Punjab) against Union of India and Others.

Decision of EMC: EMC considered the order passed by Hon'ble High Court of Punjab & Haryana, Chandigarh in civil writ petition number 23450 of 2012 in the matter of M/s Kartar Cold Storage, Village Larsiwai, District Jalandhar (Punjab).



The Committee reconsidered the case on the basis of entire available material on record and observed that Hon'ble High Court, while passing the order has mainly relied upon on the observations of Chief Consultant and only his report has become the basis of allowing of the Writ Petition and issuing directions in the nature of remanding the matter back to the Empowered Committee (EMC) to decide the matter a fresh while considering the report of Chief Consultant in most pragmatic and objective manner. It has also been directed that before deciding the matter a fresh an opportunity of hearing shall also be granted to the petitioner.

CCEA in its meeting held on 21.01.2010 approved revised pattern of assistance i.e. credit linked back ended subsidy @ 40% of project cost for cold storage projects fulfilling new Technical Standards. Technical standards for establishment of different type of cold storages were issued on 15.02.2010. Revised norms of 40% credit linked back ended subsidy for cold storages came into effect from 01.04.2010.

Proposal of M/S Kartar Cold Storage was received on 17th August, 2011 and the project was approved by EMC on 20.10.2011.

As per report dated 12.12.2011 of Chief Consultant, the civil work of project was initiated during 2009, completed before 01.04.2010 and machinery installed, commercial operation started before 2011 potato season. Financing Bank in appraisal note has reported the project financially viable with financial indicators of IRR 12%, DSCR 2.21 and BEP 69% well within accepted levels and same were further expected to be improved on receipt of NHM subsidy with term loan of Rs. 80.00 lakh and promoter's equity Rs.57.50 lakh without mentioning about subsidy component.

As per proposal and Bank appraisal, Project cost of Rs.137.50 lakh includes Building Rs.95.00 lakh and Plant & Machinery Rs.35.00 lakh to be met out of term loan of Rs.80.00 lakh and promoter's equity of Rs.57.50 lakh.

Bank term loan of Rs. 80.00 lakh was sanctioned on 15.02.2010 when cost norms of Rs.4000/MT capacity with 25% credit linked back ended subsidy was available/ applicable and civil work was also completed before 01.04.2010.

EMC of NHM in its meeting held on 20.10.2011 considered cold storage projects sanctioned by lending Bank prior to 01.04.2010 including that of petitioner and decided to grant subsidy @ 25% of project cost. EMC also decided that projects sanctioned by Banks before 01.04.2010 will not be considered under NHM, henceforth, States shall not recommend proposals which have been sanctioned credit facilities by Banks before 01.04.2010.



EMC in its meeting held on 07.09.2017 considered minutes of the duly constituted committee to give opportunities of hearing to petitioner on 27.07 and 01.09.2017 during which Shri Sandeep Sharma, CA duly authorized representative of petitioner appeared.

EMC after reviewing all the facts on record observed that although the project has been completed with new technical standards but term loan was sanctioned on 15.02.2010 before the technical standards were supposed to be effective. EMC also observed that the civil work which had commenced during 2009 had been completed before 01.04.2010 and the plant & machinery was installed after 01.04.2010 i. e. when the technical standards and revised cost norms became applicable. Based on the JIT report, State Government has reported the capacity of the project to be 2180 MT against the project capacity of 2256 MT.

In the light of the above and based on the report of Chief Consultant at that time, EMC decided that the part of the project which was completed before March, 2010 may be granted subsidy @ 25% as per old norms and part of the project which was completed after 01.04.2010 may be granted @ 40% subsidy as per revised norms. As such eligible subsidy worked out by EMC as under:

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|-----|--------------------------|---|--|
| i. | Civil work cost | - | Rs. 95.00 lakh. The admissible subsidy @ 25% will be Rs. 23.75 lakh. |
| ii. | Plant & machinery cost | - | Rs. 35.00 lakh. The admissible subsidy @ 40% will be Rs. 14.00 lakh. |
| | Total admissible subsidy | | Rs. 37.75 lakh. |

The project has already been sanctioned credit linked back ended subsidy of Rs. 22.56 lakh. The additional credit linked back ended subsidy sanctioned to the project is **Rs. 15.19 lakh** to be released by SHM out of AAP of 2017 - 18. However, in any case, de novo, this shall not be taken as precedent to be quoted by any other similar case.

During the course of the deliberations, the following general decisions were also taken by the Empowered Committee.

- i. The Committee decided that the credit linked back ended subsidy will be released by States in minimum two installment after receiving satisfactory JIT report. The subsidy will be released in installment out of approved action plan/PM package in case of J&K as per availability of funds.
- ii. The Committee also discussed the issue of sanction of subsidy to processing projects. The mandate for support to processing project lies with Ministry of Food Processing Industries (MoFPI). It was observed that during 2014, MoFPI had no scheme to support the processing projects, therefore it was mutually



agreed that horticulture processing projects pertaining to North Eastern and Himalayan States will be supported under Mission for Integrated Development of Horticulture (MIDH). MoFPI has recently launched SAMPADA scheme which includes the component for processing and modernization & expansion of processing units in the country including North Eastern and Himalayan States. Further, MoFPI has expertise to appraise and sanction these types of projects.

In order to avoid duplication of efforts, harmonization of programmes of MoFPI and MIDH, EMC decided that processing projects received by SHM/NHM up to 07.09.2017 will be considered by MIDH and future projects related to processing of horticulture crops from the North Eastern and Himalayan States may be taken up by States/entrepreneurs under MoFPI scheme.

- iii. The Committee also decided that all the States including Jammu & Kashmir shall include Joint Secretary (MIDH) or his representative as member of State Level Executive Committee (SLEC)/State Level Steering Committee (SLSC).
- iv. While recommending the quantum of subsidy, SHM should clearly indicate the basis on which the quantum of subsidy has been arrived at.
- v. All SHMs will ensure that the projects are appraised at State Level with due diligence and subsidy is worked out which is commensurate with promoter's share and in no case subsidy should exceed the term loan sanctioned by the lending bank. In fact, normally the loan amount should be higher than the subsidy amount.
- vi. All SHMs will ensure that projects relating to post harvest management, processing, marketing and development of other infrastructure facilities should have clear cut backward linkages to provide assured market to the producers. These details should be part of the project report.
- vii. The proposals should be submitted to the EMC of MIDH only after approval of State Level Committee. Also, it should be clearly indicated that the projects of cold storages/CA/MA Storages are as per technical standards circulated by this Department.

The Chairman reiterated the need for proper utilization of funds released for various projects and for submission of progress reports and utilization certificates on time. This will ensure proper cash flow and facilitate proper monitoring so as to achieve desired objectives and goals of the Mission.

The meeting ended with a vote of thanks to the Chair.



**Meeting of the Eleventh Empowered Monitoring Committee (EMC)
of Mission for Integrated Development of Horticulture (MIDH)
held on September 07, 2017**

S. No.	Name and Designation	Organisation/Department
1.	Shri Jalaj Shrivastava, Additional Secretary (AC&FW)	Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW)
2.	Dr. Shakil P. Ahammed, Joint Secretary (MIDH)	DAC&FW
3.	Shri Dinesh Kumar Joint Secretary (IT) and Managing Director(NHB)	DAC&FW
4.	Dr. Alka Bhargava, Joint Secretary (Marketing)	DAC&FW
5.	Shri Kedar Nath Verma, Deputy Secretary (MIDH)	DAC&FW
6.	Shri Pawanexh Kohli, CEO (NCCD)	National Center for Cold-chain Development
7.	Dr. Pushpinder Singh Aulakh, Director (Hort.)	Mission Director, Government of Punjab
8.	Shri N. K. Suri, Executive Director	NCDC, New Delhi
9.	Dr. N. K. Patle Deputy Commissioner (MIDH)	DAC&FW
10.	Shri M. K. Mishra, US(MIDH)	DAC&FW
11.	Mohd. Yousuf Dar Deputy Director (Hort.)	Government of Jammu & Kashmir (Central) Rajbagh Srinagar
12.	Shri R. K. Meena, Senior Inspecting Officer	Ministry of Food Processing Industries
13.	Dr. M. L. Dhiman JDH/PO (MIDH)	Directorate of Horticulture Himachal Pradesh, Shimla
14.	Shri Prabhat Saxena, Chief Consultant(MIDH)	DAC&FW
15.	Mrs. Lily Mitra, Consultant (MIDH)	DAC&FW
16.	Shri S. N. Srivastava, RP (MIDH)	DAC&FW
17.	Dr. Namita Bhuyan, Consultant (MIDH)	DAC&FW
18.	Shri S. K. Kaul, Assistant Commissioner (MIDH)	DAC&FW

