

No.1-42/2005-PC
Government of India
Ministry of Food Processing Industries
Panchsheel Bhavan, August Kranti Marg
New Delhi-110049

Dated: 1st November 2007

To

All the SNAs
Industry Associations (ASSOCHAM, CII, FICCI, AIFPA, etc)
Banks/ Financial Institutions
(As per List)

Subject: Decentralisation of Scheme on Technology
Upgradation/Establishment/Modernisation of Food Processing Industries.- reg.

Sir,

I am directed to refer to the Ministry's guidelines on the above subject conveyed through letter of even number dated 20th April 2007 and to say that in respect of some of the provisions contained therein, based on further consideration, the following clarifications/modifications are made for guidance and compliance:-

Para.4 (i) (A) (a) :- In place of the Agreement indicated in this Para.of the guidelines, a Surety Bond for the entire amount of the grant (both installments taken together) **in the enclosed prescribed format (Annexure-IV)** on a non-judicial stamp paper of value not less than Rs.100/- duly notarized and executed by the proprietor of unit along with the signatures of sureties/witnesses shall be obtained by the bank which shall also be countersigned by the bank official. The Surety Bond should be taken for the whole amount of the approved grant before release of the first installment of the grant itself.

Para.4 (ii) :- In respect of the FD system indicated in this para. the following procedure will be adopted:-

The first installment of grant when due will be released to the Bank/FI for disbursement to the entrepreneur by the Ministry. This amount shall be kept in an FD (non-interest bearing) in the name of the beneficiary and an equal amount shall be released to the entrepreneur in the form of Term Loan (non-interest bearing). Similar process will be adopted for the 2nd installment also. The non-interest bearing Term Loan (released to the units towards both installments of grant) will become due as the last installment of refund of TL by the unit to the Bank/FI after a minimum period of three years after commercial production of the unit and will then be adjusted against the two FDs created together. In effect, the grant released by the Ministry to the unit will be disbursed to the unit initially in the form of 'Term Loan (non-interest bearing)' instead of as 'grant'. It will become 'grant' when adjusted against the FD after minimum period of three years as indicated above. This is to ensure that the unit is run for a minimum period of three years after commercial production and during this period it receives the Ministry's assistance as 'Term Loan (non-interest bearing)' and not as 'grant'.

Para. 6(ii) and (iii):- In case of co-opting of any other cooperative/commercial/regional/rural banks/financial institutions as primary lending institution (PLIs) as indicated in these paras, for the agreement between the co-opting bank and the co-opted PLI, no standard draft has been prescribed. However, the co-opting bank may enter into a suitable agreement keeping in view the provisions as outlined in Para.6(iii) of the guidelines dt. 20.4.2007 of the Ministry. The agreement may also ensure that the co-opted PLI follows strictly these guidelines in disbursing the grant.

Affidavit in Annexure-B :- The existing para.3 of the affidavit may be replaced by the following text:-

I further affirm that our Firm/Company or sister concern(s) has not availed/shall not avail more than two grants (including this grant) from MFPI under the Scheme for Technology Upgradation/ Establishment/ Modernization/ Expansion of food processing units and that our Firm/ Company or our sister concern(s) have not applied for /availed of more than one grant (including this grant) from MFPI or from any other Ministry or Department/Agency of the Government of India or State Government for the oilseed sector/grain milling sector under the above Scheme.

Copy of the revised affidavit is enclosed. There is no change in the rest of the affidavit.

Yours faithfully,

Sd/-

(M. Jayaraman)

Under Secretary to the Govt.of India

Tel.No.26497637

Encl : As above

Copy to :

1. Chief Secretaries of all State Governments
2. Secretary, Industries of all State Governments
3. Industrial Development Commissioners of all State Governments
4. PS to MOS(IC) FPI/PS to Secretary (FPI)/PS to AS&FA
5. All officers of the rank of SO or above in the MFPI dealing with Plan Schemes.
6. Copy to all Banks as per list in para 6 of the Guidelines.

Affidavit(Revised)

I.....son ofaged
.....proprietor/promoter of

M/s.....R/o.....hereby
affirm & I declare and also certify that our firm has not obtained or applied/will not
obtain grant for the same purpose or activity from any other Ministry or
Department/Agency of the Government of India or State Government.

2. I also affirm that our firm has not availed any grant earlier under the scheme for
the same purpose at the same location; and

3. I further affirm that our Firm/Company or sister concern(s) has not
availed/shall not avail more than two grants (including this grant) from MFPI under the
Scheme for Technology Upgradation/ Establishment/ Modernization/ Expansion of food
processing units and that our Firm/ Company or our sister concern(s) have not applied
for /availed of more than one grant (including this grant) from MFPI or from any other
Ministry or Department/Agency of the Government of India or State Government for the
oilseed sector/grain milling sector under the above Scheme.

4. I also affirm that the Declaration/Certificate given above by me is true and
fair to the best of my knowledge and belief.

DEPONENT

VERIFICATION

Verified that the contents of this Affidavit are true and correct to the best of my
personal knowledge and belief. If anything is found false in this Affidavit subsequently,
my organization and I shall be liable jointly and severally for action under the laws.

DEPONENT

SURETY BOND

KNOW ALL MEN BY THESE PRESENT THAT we
 _____ (name of the firm), a firm registered
 under Partnership Registration Act (5) of 1932 and having its office at
 _____ in the State of
 _____ (hereinafter called the obliger and (i)
 _____ Son of _____ Resident of
 _____ and (ii)
 _____ Son of
 _____ Resident of
 _____ (hereinafter called
 sureties jointly and severally bound) and our respective heirs, executors administrators,
 legal representatives and assignees by these presents are held and firmly bound to the
 President of India (hereinafter called the Government) a sum of Rs. _____
 (Rupees _____ only) together with all other
 sums (including interests thereon) due and payable to the Government.

And whereas the obliger is an implementing Agency for the programme/project of
 (Name of the Project) as approved by the Government subject to the Terms and
 conditions contained therein (hereinafter collectively referred to as "Sanction Letter").

And whereas the Government, for the due implementation of the said approved
 programme/project, has agreed to extend to the obliger as such implementing agency as
 aforesaid financial assistance by way of grant of the order of Rs. _____ (in
 figures) Rupees _____ (in words) have
 already been paid to the obliger (the receipt where of the obliger does hereby admit and
 acknowledge upon the obliger irrevocably promising to and assuring the Government that
 the said sum of Rs. _____ (in figures) Rupees
 _____ (in words) shall be utilized solely and
 exclusively for the purpose of implementation of the said approved programme/project
 and for no other purposed in strict compliance of the stipulations and reservations
 contained in the sanction letter including execution of the Bond by the obliger and
 sureties, which/who shall always remain bound to the Government for due fulfillment of
 the terms and conditions in the Sanction Letter. Now condition of the above written
 obligation is such that if the obliger shall duly implement the said approved programme in
 compliance of all the conditions, stipulations and reservations in the Sanction Letter, then
 the above Written Bond or obligation shall be void and of no effect but otherwise it shall
 remain fully enforceable, effective and operative against the obliger and the sureties and
 their respective assignees by these presents, against each of them.

These present further witness that

- (a) The decision of the Secretary to the Government of India, Ministry of Food Processing Industries of the Administrative Head of the Ministry of Department of the Government of India administratively concerned with the matter of the questions whether there has been breach or violation on the part of the obliger of any of the terms and conditions mentioned in the letter of sanction shall be final and binding on the obliger.
- (b) The obliger shall in the event of breach or violation of any of terms and conditions mentioned in the letter of sanction refund to the Government on-its-own or on demand and without demur the entire amount of Rs. _____ or such part thereof as the Government of India (interest therein at the rate of 12% (Twelve percent) per annum from the date o receipt of said amount by the obliger up to the date of refund thereof

to Government failing which the impugned amount would be recoverable as arrears of land revenue.

- (c) The obliger of the sureties shall in the event of breach or violation of any of the terms and conditions contained in the letter of Sanction, refund to the Government on Demand and without demur the entire amount of Rs.

(Rupees _____ only) of such part of thereof as may be mentioned, in the notice of the demand issued by the Government along with the interest thereon at the prevailing borrowing rate of the Government of India from the date of receipt of the said amount by the obliger/sureties till the date of payment thereof is received by the Government.

- (d) Without prejudice to (c) above, the Government shall have the right, without any demur on the part of the obliger or the Sureties, to revoke the said financial grant wholly or partially and or to rake over such assets or to call upon and compel the obliger to transfer all such assets to a State Government, Panchayati Raj Institution or any other institutions, associations, if the obliger commits any breach of the conditions and stipulations contained in the sanction.

IN WITNESS WHEREOF these presents have been executed on behalf of the obliger and the sureties the day and the year herein above written and accepted for and on behalf of Government by _____ (name and designation) of the day and year appearing against his/her signature.

Signature (for and behalf of obliger)

(The Obliger)

Sureties

- (i) Signature and Name in Block letter, Designation and Office Seal of the Organization/Institution.

- (ii)

In the present of Witness

(1) _____

(2) _____

Name and Address

Bond accepted for and on behalf of the Present of India.