

F. No. 66-MFPI/10-Mega FP
भारत सरकार/Government of India
खाद्य प्रसंस्करण उद्योग मंत्रालय
Ministry of Food Processing Industries
पंचशील भवन, अगस्त क्रांति मार्ग
Panchsheel Bhawan, August Kranti Marg
नई दिल्ली/New Delhi-110049

दिनांक: 02.07.2015

OFFICE MEMORANDUM

Ministry is implementing the Scheme of Mega Food Parks. Currently there are a total of 23 Mega Food Parks with Final approval at different stages of implementation. It has been observed that no project has been able to adhere to the 30 months' timeline to complete the project as prescribed in the Scheme Guidelines and resultantly the implementation period for the projects under execution is invariably being extended again and again.

2. The SPVs have been granted extensions by the Ministry on several occasions. The reasons for delay in implementation include delay in obtaining permission for CLU, time taken in term loan sanction, delay in obtaining sub-lease permission from State Government, non-contribution of funds by some SPV members, revisions in DPR and lending institution approval thereof, issues with contractors at the site, unfavourable weather conditions etc.

3. The para 10.2 of the scheme guidelines provides for imposition of penalty on the SPVs which do not meet the timeline without adequate justification. The IMAC in its meeting held on 14.05.2015, decided to impose penalty in the form of reduction of grant amount of the installment on the SPVs, which do not adhere to the timelines provided in para 10.1 for each installment.

4. Consequent to the decision of IMAC in its meeting held on 14.05.2015, I am directed to intimate following provisions for imposition of penalty on the SPVs of all the projects which have been accorded Final approval, in case of their failure to meet the timeline for each installment due:-

- a) In case of non-adherence to the timeline of a particular installment due to the project, a penalty amounting to 1 percent of the quantum of installment due for release to the SPV will be imposed for each month's delay beyond the stipulated timeline. The maximum amount of penalty, however, shall not exceed 10 percent of the installment to be released to the SPV.
- b) The penalty will become effective on the delay in claiming installment of the grant only after the release of 1st tranche of 1st instalment of the grant to the SPV.
- c) The penalty will be imposed for such delay till the date of submission of the complete documents to the Ministry by the SPV for the instalment of the grant due.

Cont...2

- d) The projects which become operational but not fully complete as per the DPR approved by Ministry due to inability of SPV to set up PPCs and/ or leasing out units, SPVs will be given an option to apply for project closure. A joint site visit will be conducted by the Ministry and PMA to assess the status of physical and financial progress. In case the SPV has utilized the entire grant released to it by the Ministry, an assessment will be carried out for the total expenditure incurred by the SPV on approved components including share of SPV (equity plus term loan). In case SPV's contribution exceeds Ministry's contribution in the expenditure incurred on approved components, no further grant will be released to the SPV and the project will be closed. In case Ministry's contribution is more than SPV's contribution (equity and term loan), the excess of grant will be recovered from the SPV and the project will be closed at that stage.
- e) The timeline for each installment as provided in para 10.1 of the scheme guidelines and / or as approved by the IMAC at the time of according final approval shall be applicable for this purpose. Only 'force de majeure' reasons will be accepted as genuine reasons for delay in cases where SPV fails to adhere to the timeline and request the Ministry for relaxation of penal action.
- f) The State Governments will be requested to review implementation of projects in their states and send a report to the Ministry in cases where SPVs have attributed the delay to the actions by the State Govt. and its agencies.
- g) The decision of IMAC shall be final and binding on imposition of the penalty, quantum of the penalty and the period for which the penalty to be imposed.



(Niraj Kumar Gayagi)
Director
Email: gayagink@nic.in

To,

All SPVs