



FOREWORD

National Horticulture Board (NHB) had introduced a system of Letter of Intent (LoI) for its scheme "Development of Commercial Horticulture through Production and Post Harvest Management" in the year 2004-05. On one hand, the system has helped entrepreneurs in getting much needed advice in respect of project design and investment decisions etc. On the other hand, it has also been noticed that entrepreneurs, more often than not, face difficulties in getting LoI due to lack of information about the procedure adopted by NHB in this regard. Similarly, there are a number of cases of long pendency of subsidy claims made by Banks and financial institutions due to lack of procedural clarity and uniformity. An in-house evaluation of the system made by NHB last year has brought to light the need for bringing out detailed guidelines about making application for LoI and preferring subsidy claims.

I am happy to inform that NHB has taken corrective steps promptly and prepared self-explanatory guidelines in this regard and also facilitated making *On Line Application* for LoI. The *Online Application System* has been launched by NHB w.e.f. 1st April 2009; this also provides for online payment of application fee. At present, the application fee can be paid online by electronic transfer of fund through Banks and payment by Credit/Debit Cards (Master and Visa) will also become functional soon.



(Bijay Kumar)
Managing Director

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CHAPTER-I

GIST OF SCHEME GUIDELINES

INTRODUCTION

National Horticulture Board (NHB) was set up by the Government of India in 1984 as an autonomous society under the Societies Registration Act 1860 with a mandate to promote integrated development of horticulture, to help in coordinating, stimulating and sustaining the production and processing of fruits and vegetables and to establish a sound infrastructure in the field of production, processing and marketing with a focus on post-harvest management and cold chain to reduce losses.

DEVELOPMENT OF COMMERCIAL HORTICULTURE THROUGH PRODUCTION AND POST-HARVEST MANAGEMENT

1. Objectives

- To develop high quality horticultural farms in identified belts and make such areas vibrant with horticultural activity which in turn will act as hubs for developing commercial horticulture by adopting high-tech horticulture techniques;
- To develop post-harvest management infrastructure;
- To improve linkages between horticulture producers and marketers;
- To create integrated network for marketing of horticulture produce;
- To increase producer's share in consumer price;

2. Components covered

A) Production related

- High quality commercial horticulture crops
- Indigenous crops/ produce, herbs
- Aromatic plants
- Seed & Nursery

- Bio-technology, Tissue culture
- Bio-pesticides
- Organic Foods
- Establishment of Horti. Health clinics/laboratory
- Consultancy services
- Beekeeping

B) PHM/Primary Processing related

- Grading/packing/washing/waxing/sorting/drying centres
- Pre-cooling unit/Cool Stores
- Reefer Van/Containers (with multi-chamber, multi-product facility)
- Specialised Transport Vehicle
- Retail outlets
- Auction platform
- Ripening/curing chamber
- Market yards/rope ways
- Radiation unit/Dehydration Unit/Vapour Heat Treatment Unit
- Primary processing of products fermentation, extraction, distillation, juice vending pulping, dressing, cutting, chopping etc.
- Horticulture ancillary industry e.g. tools, equipment's, plastics, packaging, etc.
- Plastic Crates, Cartons, Baskets, Aseptic Packaging & Nets (50% Subsidy). The subsidy @ 50% as per prescribed norms shall be available for crates and nets (shade and anti-hail only) as a part of integrated commercial projects only. However, assistance in case of CFB Cartons and Aseptic Packaging shall be available on merit for launching a new product during its first year and for introduction of such products in a given horticulture area, as a one time assistance.

3) Pattern of Assistance

Back-ended capital investment subsidy @ not exceeding 20% of the total project cost with a maximum limit of Rs 25 lakh per project shall be provided under the scheme to these projects which are found technically and financially viable. However, for the North-Eastern/ Tribal/hilly Areas, maximum limit of subsidy would be Rs 30.00 lakh per project.

The percentage of term loan should be at least 25% the project cost (as per appraisal of bank) where the project cost is up to Rs. 30.00 lakh and in case of proposal above Rs. 30.00 lakh, the term loan should be at least 40% of the project cost (as appraised by bank).

Cost of Application Form and Scheme Brochure:

Cost of Application Form and Scheme Brochure will be charges as under:-

Project cost	Cost of Application Form and Scheme Brochure
Projects costing cost upto Rs 10.00 lakh	Rs 1000/-
Projects costing above Rs 10.00 lakh and below Rs 20.00 lakh	Rs 2000/-
Project costing above Rs 20.00 lakh and below Rs 50.00 lakh	Rs 5000/-
Projects costing above Rs 50.00 lakh	Rs 10000/-

* cost of project will be as per cost proposed in LOI Application.

In case the cost of application is paid through demand draft, do write your name, address and contact number on the back of demand draft.

Eligible Organizations

The eligible promoters under the above schemes shall include NGO's, Association of Growers, Individuals, Partnership/Proprietary Firms Companies, Corporations, Cooperatives, Agricultural Produce Marketing Committees, Marketing Boards/ Committees, Municipal Corporations/ Committees, Agro-Industries Corporations, SAU's and other concerned R&D organizations.

CHAPTER-II

HO - Guidelines- LOI No. 1 /2009

Making Application for a Letter of Intent under the scheme "Development of Commercial Horticulture through Production and Post Harvest Management"

1. Who can apply for getting Letter of Intent -

A natural person, a group of individuals or a legal person (Partnership Firm, a Trust, Cooperative Society, a Society registered under Registration of Society Act, a company, self-help group) may apply for issue of LOI.

Where to Apply for Issue of LOI-

A. Physical Application on Prescribed Format

- (i) To respective State Office of NHB – upto the project cost of Rs 20.00 lakh.
- (ii) To NHB, HO, Gurgaon where the project cost is above Rs 20.00 lakh, however, a copy of application should also be sent to the respective state office of NHB.

B. Online Submission of Application

NHB has introduced a system for online filing of applications for Letter of Intent (LOI) on its website www.nhb.gov.in. The Homepage of the Website provides a link "[Apply Online and Track Status here](#)". This section contains information like how to apply, cost of application & payment options, checklist, etc. to help applicants to apply online. Applicant has following three options to pay the cost of application:-

- Demand Draft
- Electronic Transfer of funds in NHB's account
- Credit/Debit Card (VISA/Master)

Following is the structure for cost of application:-

Cost of Application	Demand Draft and Electronic Transfer category	Credit or Debit Card (VISA/MASTER)
For Projects having cost upto Rs 10.00 lakh	Rs 1,000/-	1025/- (additional Rs 25 are towards payment gateway transaction fee)
For Projects having cost > 20 lakh and upto Rs 50 lakh	Rs 2,000/-	Rs 2060/- (additional Rs 60 are towards payment gateway transaction fee)
For Projects having cost > 20 lakh and upto Rs 50 lakh	Rs 5,000/-	Rs 5125/- (additional Rs 125 are towards payment gateway transaction fee)
For Projects having cost > 50 lakh	Rs 10,000/-	Rs 10,250/- (additional Rs 250 are towards payment gateway transaction fee)

In case, the payment option is Demand Draft or through Electronic Transfer in NHB's account, applicant will have to first get the demand draft prepared or transfer the funds in NHB's account, as DD/Electronic Transfer number is required to be given in the online application. In this case, an applicant will be issued Temporary ID. Permanent LOI Code in case of electronic payment would be issued on receipt of funds in NHB's account and in the case demand draft on receipt of demand draft by the NHB.

In case applicant opts to pay cost of application through Credit or Debit Card, he is issued on the spot acknowledgement alongwith permanent LOI Code.

After filing online application, applicant should take print out of his online application form. He may take a print out in duplicate, retain one copy for his records and the second copy may be attached with the physical application alongwith other necessary documents. It is necessary for the applicants to fill up and submit the detailed application form **(Format-1)** apart from online application form.

2. How to establish Identity of Applicant-

- In cases of applicant being a natural person, his name, sex, age, occupation, father's / husband's name, permanent address, full postal address supported by self-attested passport

size photograph of applicant affixed on application may normally suffice for establishing identity of natural person or group of individuals.

ii. In cases the applicant is a statutory person, to know the applicant following details must be insisted upon:-

- a. Attested copy of Document of Registration of the applicant body/company.
- b. Memorandum and Articles of Association of applicant body/company.
- c. Board of Director's Resolution, duly passed and authorizing signatory of application to apply for bank loan, NHB subsidy and take all other related necessary steps in this regard. Signatory of the application must be described in the Board resolution with name, age, sex, designation / occupation, father's or husband's name, permanent address, postal address and his self attested photograph should be attached with the application form
- d. Applicant body's Board of Director's / Competent Body of Management's Resolution permitting or approving Investment proposal, taking of bank loan etc should also be enclosed.
- e. A copy of applicant body's latest Audit-Report and Annual-Report

3. Title of the land and copy of record of right-

The title of the piece of land on which the project is proposed to be set up should be in the name of applicant in the capacity of owner or lessee for minimum period of 10 years. However, for fruit orchards and plantation crops having longer gestation period the minimum period of lease should be 15 years. In case of land leased, lease deed it should be registered with the Authority like office of Sub-Registrar, etc. A latest copy of record of right showing this fact should be enclosed with the application. Mortgaged land shall not be treated at par with lease even if the credit institution might have considered so. Similarly, Power of Attorney given by owner of land in favour of applicant shall not qualify him for benefit under the scheme.

4. Documents to be enclosed along with application form-

- a. Copy of record of right over the piece of project-land
- b. In case of lease of land for the project a certified copy of lease deed which should be registered at the time of submission of LOI application.
- c. Affidavit in enclosed format
- d. Prescribed cost of application form and scheme brochure
- e. Copy of last submitted income tax return, if any
- f. A copy of Project Report submitted to any FI/Bank with loan case, along with letter from FI/Bank that the loan case is under consideration of it

- g. Key map of the project land (free hand sketch) showing lay out of the project and land boundary features, source of irrigation water (if any), existing land use etc.
- h. In case of applicant being member of co-op society, partnership firm having similar activity, the NOC issued by such institution.
- i. In case the project includes component of primary processing of fruits & vegetables and any of the fruit product covered by FPO 1955 is to be manufactured, then NOC issued by Ministry of Food Processing Industries (MFPI) be submitted.

5. Scrutiny Points for Application of LOI – Following scrutiny points are suggested and scrutiny are may add addition security point as per need of the case

- i. Application is duly filled in all respect and signed on all pages and annexed with required/ relevant papers/documents.
- ii. Identity and existence of Applicant should be confirmed from scrutiny of documents accompanying the application form.
- iii. Land area under project is either ownership / lease (Registered) hold right for prescribed number of years in the name of applicant and free from any burden such as mortgage to third party,
- iv. Crop / activity proposed is permissible under NHB scheme
- v. Full details of project land (Survey number / plot number, village or town / Tehsil, District and State must have been mentioned. Key map of project land enclosed with application shows irrigation water source (if needed), existing structure, proposed structure, plantation area. Key map may not be as per scale but it may be sketch for the purpose of getting idea of project land. Concerned AD and LOI scrutiny an authority should try to ascertain that beneficiary does not miss technically necessary infra components.
- vi. Crop, its variety, plant density, plant matrix its proposed area and source of planting material, is clearly shown. This detail should be looked into and suitable technical advice may be given to applicant. For this the indicative key-map of the project land should be referred to.
- vii. It should be ensured that the funding institution has valid existence; in case of doubt about any bank its Banking License issued by Reserve Bank of India may be referred to. In case funding is proposed by Credit Society then the funding Institution will be not only the concerned credit society but the Bank proper too which provides credit to the Society. In such cases, the proposal should be routed through the funding bank to NHB for consideration of subsidy and subsidy reserve fund a/c in the name of beneficiary shall be



- maintained at funding bank. Clarification, if needed may be sought from the NABARD/ SLBC and District Registrar of Cooperative Societies, in case of doubt.
- viii. From the project report the means of finance should be checked to ensure that the project is not proposed to be funded by subsidy from two or more central schemes to avoid doubling of subsidy for the same project from two or more organizations. Similarly, the term loan component is not less than minimum prescribed limit.
 - ix. The project details given in application form and in the project report conform to each other.
 - x. In case of applicant being a company the same has enough authorized capital and reserves & surplus to provide required amount of equity. Unsecured loan should not be treated as equity.
 - xi. Implementation schedule of the project should be properly examined to avoid LOI for old plantation, activities and components.
 - xii. If the proposed primary processing unit produces items covered under definition of "Fruit Product" as defined under FPO 1955, then no objection certificate from MFPI be taken. NOC should be to the effect that same project component has neither been assisted by it nor is under consideration for assistance by MFPI and it has no objection to NHB granting assistance under its scheme.

6. Keeping Proper Record of Applications Received -

Particulars of applications for LOI must be recorded in a **Register of Applications for LOI** in chronological order. The **Register of Applications for LOI** must be properly bound and page numbered and attested by Assistant Director I/c of Area Office or by Additional Managing Director at the Head Office. This should also contain date of entry in on line software and unique LOI number generated by the software.

7. Deciding Application for Issue of LOI and Pre-LOI Inspection-

a) Power to decide LOI Application-

Area Office - State Committee headed by concerned Area Officer.

Head Office - IC/PAC.

However, in case of refer van/specialized transport vehicle, all the proposals shall be submitted to Head Office for consideration of LOI. No proposal of refer van/specialized transport vehicle will be dealt at State Office for LOI.

b) Pre-LOI inspection-

Project shall be selected for pre-LOI inspection on sample basis as follows:-

Upto Rs 20.00 lakh (at Area Office)	5% by a Committee headed by Area Officer and comprising of representatives from SLBC, Deptt. of Horticulture (State Govt.), NABARD and Centre Incharge (as Member Secretary)
Projects costing between Rs 20 to 50 lakh (at Head Office)	10% by Managing Director in presence of any two officers of NHB not below the rank of Deputy Directors.
Project costing above Rs 50.00 lakh	100%
Refer van	100%
Short duration crop like Banana, Papaya, Strawberry, Gladiolus	On priority basis, if need be over and above prescribed percentage.

Note: Officer carrying out pre-LOI inspection should prepare key map of project land (free hand sketch) and show irrigation source (if any), existing civil structure, existing land use too. He may advice beneficiary about suitable modification i.e. crop, plant density, crop matrix, infrastructure canopy etc. and if beneficiary agree with such suggestions he may get application so modified. Any part of project, if already completed, the suitable description of the same be recommended.

Validity Period of LOI -

- Validity (i) For a period of one year from the date of issue of LOI for sanction of term loan.
(ii) The project should be completed within two years from the date of sanction of term loan. Project time over run should be suitably examined.
(iii) Revalidation of LOI by the concerned Area Officer for a further period of one year on merit.

8. Important Instructions for the beneficiary -

(Procedure for On-Line Application will be notified on NHB website after its commissioning)

- (i) LOI application with project cost up to Rs. 20.00 lakh may be sent to Center Incharge of

the respective State as per address given at **Appendix-I**). Any change in address, Centre may notify on NHB website from time to time.

- (ii) LOI application with project outlay above Rs. 20.00 Lakh may be sent directly to Managing Director, National Horticulture Board, Plot No. 85, Sector 18, Institutional Area, Gurgaon - 122 015 (Haryana) with a copy to the concerned State Office of NHB.
- (iii) All relevant columns of the applications must be filled up and application should be duly signed by the beneficiary on each page.
- (iv) Over writing should be avoided. Over writing in all cases should be duly authenticated.
- (v) Applicant must attach all enclosures such as affidavit, proof of land records, detailed project report, bank term loan application form; self attested photographs etc., failing which the application will not be considered.
- (vi) The affidavit should be in the prescribed enclosed format only.
- (vii) The LOI will be revalidated by the Competent Authority only once on merit for a period of one year on application submitted by applicant/entrepreneur.
- (viii) Lease deed be duly registered with the competent Registration Authority.
- (ix) **Applicant has to take prior approval from the Board before effecting change of project land, crop, area, bank, etc. in the proposal.**
- (x) Components of projects not included in project proposal submitted by entrepreneur and are not forming part of bank appraisal note is not eligible for NHB subsidy unless the same cannot be assessed at the time of submission of application or Bank Appraisal such as requirement of electric transformer etc.
- (xi) Some components like farm machinery, electric connection charges, Banana bunch cover, shed net, PHM infrastructure, security and storage facilities etc. which might not have been mentioned in LOI application but proof of whose purchase or construction for project can be secured beyond doubt, may be allowed within the over all cost norms of the project and the individual cost norms of the relevant component. Similarly,

any gross error of judgment made about cost of any component of project within which the execution of component is not technically possible, then the same may be allowed to be improved up to minimum of normative cost, bank appraised cost, actual cost and JIT cost ensuring that the specification of component is up to minimum possible size.

- (xii) Components like shade net, mulch cover, stakes, plastic crates etc. which are eligible for subsidy as part of project only but are taken up at the time of production and harvesting should appear in project proposal for making them admissible for subsidy after bank loan has been received for the same at a appropriate later stage.
- (xiii) If applicant is a member of Co-op. Society or a partner in Partnership firm having similar activity funded by NHB, no objection certificate by Cooperative Society, Partnership Firm should be submitted with application form.
- (xiv) If applicant is one or few of joint owners of project land then NOC from others co-owners be submitted.
- (xv) Bank term loan should constitute following minimum prescribed portion of project cost, failing which project will not be eligible for subsidy under the scheme:-
 - a) Term loan should be 25% of project cost for the projects costing upto Rs 30.00 lakh.
 - b) Term loan should be 40% of project cost for the projects costing more than Rs 30.00 lakh.
- (xvi) Key map of project land need not be "to the scale". It may be free hand sketch to show present land use, its boundary features, location of source of irrigation (if any), proposed land use pattern.
- (xvii) In case project includes item of 'Primary Processing' of fruits & vegetables, FPO license is required for running such primary processing unit under FPO 1955, then NOC from MFPI, Govt. of India should be enclosed to avoid duplication of scheme and subsidy. In case, such NOC is not submitted alongwith application of LOI, conditional LOI may be issued subject to its submission before undertaking the primary processing unit.
- (xviii) For change of crop in a project during the implementation, promoter should request for it to Bank/NHB prior to completion of project,. In case, Bank has reappraised with

changed crop and modified the loan sanction letter and only prior approval of NHB has not been taken and the project is completed. Such cases should be processed with following conditions:

- a. Documentary Proof of purchase of changed planting material from nursery is produced.
- b. Documentary proof that the bank had been informed about change in crop, bank had reappraised the project and revised loan sanction letter had been issued at appropriate time, loan disbursement details support the above.
- c. Joint Inspection of the project will be mandatory.
- d. The lower out of original cost and revised cost of plantation will be taken in to account for subsidy calculation and similarly any change towards lower side the cost of any other component such as micro-irrigation etc. shall be duly taken in to account but no enhancement of cost towards any other component of project shall be allowed and
- e. Inter category change such as orchard to controlled condition cultivation will not be allowed.

CHAPTER-III

Guidelines for Inspection / Joint Inspection Projects on Completion

Objective- Inspection / Joint Inspection of the project is carried out with the prime objective of ensuring that the project has been completed as per original project report at approved project site and all essential components have been completed with satisfactory quality of execution and acceptable standard of workmanship. It is also aimed at verifying the vouchers and other records maintained by the beneficiary in order to make assessment about the component-wise actual expenditure incurred by the beneficiary and making assessment about cost of the project. It not only gives pen-picture of the project but also provides photographs / video films as per standing instructions of NHB by way of proof of existence of assets created.

Intimation of completion of project and carrying out Inspection / Joint Inspection-

On completion of credit linked project for which LOI has been issued by the Board, promoter will inform the concerned financing institution (FI) / Bank about the completion of the project. As soon as possible after receipt of the information/documents regarding completion of the project for which Banker himself has been authorized by NHB to carry out Inspection of the Project along with the beneficiary, the banker will make the spot inspection of the project and submit the Inspection Report duly signed on each page by the Bank Officer in the NHB prescribed format. In cases requiring Joint Inspection the concerned FI / Bank will fix the date for Joint Inspection of the project in consultation with concerned State I/c of NHB. Such cases will be jointly inspected by representative of NHB and representative of financing institution (FI) / Bank in presence of beneficiary. Representative of State Directorate of Horticulture may also be associated as per standing orders of NHB.

Salient features of Inspection Report - Bank Inspection Report / Joint Inspection Report will be submitted in the form given at **Format-III** by the concerned FI / Bank to NHB. Inspection report is in writing giving necessary description of various components of the project and project land, source of funding, whether all the components of the project are new etc; it is supported by photograph or video film as per standing instructions of NHB.

Some points which must be recorded in Inspection Report by Inspecting team:-

- i) **In case of the orchard/plantation crop** - date of plantation, plant density, name of the varieties grown and source and cost of purchase of quality planting material is to be clearly mentioned in the report.

- ii) **In case of tissue culture/mushroom production/aromatic plants and processing unit** –installed capacity for production of the tissue culture plants (nos.) / annum, mushroom production/aromatic oil (MT / annum) mentioned clearly and separately.
- iii) **In case of vermin-compost unit under the project** – status of kuchha / pukka foundation / superstructure along with the dimensions.
- iv) **In case of mix fruit crops** – area and plant density of each crop to be mentioned crop-wise separately.
- v) **In case of infrastructure like Labour Quarter, Store Room, Water Storage tank, etc.** – complete dimension/area having length and width, ceiling height and type of roof, material used for wall (Brick with cement mortar or mud mortar, RCC etc) to be mentioned clearly.
- vi) **In case of Tractor** – The Inspecting Officer must ensure that a photograph of the tractor along with beneficiary and Bank Officer and attested copy of tractor registration certificate (RC) are to be sent. The registration number of the tractor must tally as per the photographs/RC as mentioned in the inspection report of the Bank Officer / JIT.

Making Assessment of cost of components of project and project as a whole on completion of project-

Inspecting Officer / Joint Inspection Team is also responsible for making assessment of the cost of various components of the project and the project as a whole. It is generally made by verifying documentary proof such as vouchers / money receipts relating to procurements / services received etc. At times, when veracity of vouchers / money receipt is not certain, a fair assessment of cost may be made taking into account the local rates etc. Valuation made by Chartered accountant may also be taken into account. Generally, the FIs / Banks release subsequent and final installments of loan after ascertaining value of work executed through CA certificate etc. Such documents may also form the basis of assessing cost of components of the project and project as a whole.

Note- It is advisable to inform the beneficiary about the compliances to be made by him for forwarding subsidy claim for his project; such as, requirement of fresh affidavit in prescribed Performa etc.

CHAPTER-IV

Guidelines for Making Subsidy Claims

Procedure for submission of documents/papers for final subsidy claim to the Board:-

The concerned FI / Bank who has provided credit for the project has to submit subsidy claims to respective office of NHB directly according to the delegation of powers for sanctioning subsidy for the project. In all cases, the subsidy claims must be submitted in the following manner by speed post / registered post / or by messenger of the Bank who must have Identity Proof of being messenger or must carry authorization certificate from the concerned bank branch. This will help eliminate possibility recurrence of cases of submission of fake subsidy claims as had happened in some States. NHB is proposing to make provisions enabling Financing Institution to make online entry about loan sanction, release of installments of loan, progress of project implementation and making subsidy claims which may facilitate reporting of progress of project and later on, processing by competent authority in NHB of subsidy claims pending receipt of signed and attested copies of documents.

Eligible Project Cost (EPC)- It is observed that the farmers/beneficiaries and bankers are sometimes under impression that the subsidy @ 20% of the project cost as appraised or as assessed during Inspection / Joint Inspection of completed project will be sanctioned. This is not true. Therefore, it is being clarified that 20% subsidy will be sanctioned and released against the eligible project cost (EPC). EPC is calculated taking in to account per unit area project cost, and component-wise cost norm. In addition, it is to be noted that the component wise eligible cost shall be least of cost indicated in project report, cost appraised by the bank / FI and cost assessed during Inspection / Joint Inspection of the project. The components not indicated in project report, appraisal report shall, therefore, be not eligible for inclusion for the purpose of calculation of EPC. Similarly, change in crop or project site without prior approval of NHB shall make the component or project, as the case may be, ineligible for getting subsidy. Even the change in FI / Banker should be done with prior approval of NHB. It should also be ensured that condition of prescribed minimum percentage of term loan is fulfilled otherwise, subsidy claims will be rejected. Crop-wise and component-wise cost norms are enclosed at

Appendix-II

Documents to be submitted with subsidy claims- Keeping in view of the above, the

subsidy claims must be submitted in the form prescribed at **Format-VII** along with following documents including the Bank Inspection Report :-

- (a) Completion certificate of the project as issued by the Bank.
- (b) Financial appraisal carried out by the Bank before sanction of term loan showing means of finance along with any other details showing investment components and their costs. In case, pre-sanction inspection of project site is carried out by the FI / Bank, then a certified copy of each of such documents should also be submitted along with subsidy claim.
- (c) Term loan sanction letter issued by the Bank to the beneficiary with detailed terms & conditions clearly mentioning the purpose of term loan, period of repayment along with the activities e.g. plantation of fruits crops with drip/sprinkler system, establishment of hi-tech green house for commercial cut flower/ horticulture produce, tissue culture unit, primary processing of horticulture produce, establishment of quality planting material nursery, etc. for which loan sanctioned.
- (d) Date wise term-loan disbursement detail for the project.
- (e) Extract of term-loan account of promoter related to the project.
- (f) Notarized Affidavit by the farmer on Rs 20/- stamp paper as per NHB prescribed format. **(Format-IV)**
- (g) Copy of Record of Rights of project land as appended in loan document by the beneficiary along with Search Report, if any, got done by the FI / Bank. This will enable NHB tally the same with the copy of record of right submitted by the beneficiary to NHB along with application for LoI.
- (h) Photographs taken at the time of inspection of the project **duly signed by the Bank Officer and the promoter**. It should be ensured that the Inspecting Officer (Bank Officer) along with Promoter and NHB officer (in case of JIT) should also be seen in the photographs.
- (i) All major components of the project i.e. Drip irrigation system, PHM infrastructure, store room, watchman / servants waiting room, water harvesting pond, tube-well, tractor and planted crop in the field along with sign board of project etc. must be covered in the photographs.
- (j) Duly certified expenditure statement (prepared on the basis of vouchers/bills) by Bank or CA certificate as per NHB format **(Format-V)** by way of proof of assessed cost of the project during Inspection / Joint Inspection

- (k) If release of subsidy by RTGS is preferred by the Bank then application for the same with details of corresponding subsidy reserve fund account (**Format-VI**).

Procedure for adjustment of borrower's account:-

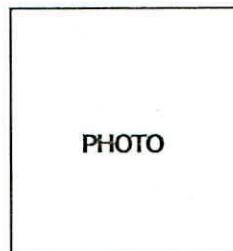
The subsidy released by NHB to Bank/FI in favour of the project shall be kept in the separate account termed as **Subsidy Reserve Fund**. The adjustment of subsidy to term loan account shall be made only as back-ended subsidy. Accordingly, the full project cost including the subsidy amount but excluding the margin money contribution from the beneficiary would be disbursed as loan by the banks. The repayment schedule will be drawn on the loan amount in such a way that the subsidy amount is adjusted after the bank loan portion (excluding subsidy) is liquidated. The subsidy amount in the borrower's Term Loan account should be adjusted only as a part of the recovery of last installment which should not be prior to 36 months period from the date of release of Term Loan. Therefore, term loan account of borrower should not be charged interest from the date subsidy amount is received by the Bank.

Submission of the Utilization Certificate by the Bank/FI:-

After completion of the project and closure of borrower's term loan account and on adjustment subsidy amount as part of the last installment which should not be prior to 36 months period from the date of release of Term Loan, the Bank/FI shall submit to NHB Utilization Certificate of the subsidy amount in Performa prescribed (**Format-VIII**) .

FORMAT-I

- 1) Date of application
- 2) Control No. :
(to be given by NHB)



To,
The Centre In-Charge
National Horticulture Board

.....
.....
(only projects upto Rs. 20.00 Lakh may be sent to this address)

To
The Managing Director
National Horticulture Board
Plot No. 85, Sector-18, Institutional
Area, Gurgaon-122015
(Haryana)

(projects above Rs. 20.00 Lakh may be sent to this address and a copy of the same to concerned State Office too)

Application for Letter of Intent (LOI) under the scheme "Development of Commercial Horticulture through production and post Harvest Management" of National Horticulture Board)

A. GROWER/ENTREPRENEUR

1. Name : _____
Permanent Address : _____
Postal Address : _____
2. Category : SC/ST/OBC/Ex-Service Man

3. Gender : Male/Female _____ Age _____
 4. Occupation:
 5. Promoters/beneficiary profile
 - i) Principal Promoter/Beneficiary
 - ii) Others
 - iii) In case of companies -
 - Registration number & date of registration
 - Registering authority
 - Act under which Registered
 - Authorized share capital _____
 - Paid-up share capital _____ Reserves & surplus _____
- (by end of last financial year)**

B. PROPOSED ACTIVITY

(Cultivation/PHM/Primary Processing/Horticulture ancillary)

1. Name of the Project
2. Location:

Survey/Khasra No. _____ Village _____, Taluka _____,
District _____, State _____
3. Activity proposed under the project in details:-
 - (a) Area under cultivation/project

<u>Name of the Crops</u>	<u>Variety (s)</u>	<u>Area (acres)</u>	<u>No. of plants</u>	<u>Source of Planting Material</u>
i)
ii)
iii)
iv)
v)
 - b) PHM Activity
 - Grading & packing/Pre-cooling/Refer Van:-
 - c) Primary processing

- Activity in brief with details of products:-
- d) Horticulture ancillary industry e.g. tools, equipments, plastics, packaging etc.
- Activity in brief :-
- e) Misc. activities (Not covered in a to d)
- Activity in brief :-
- f) Refer Van/Specialized Transport Vehicle

B.II (a) Whether proposed activity in application is Yes/No
a completely a new activity

**(if No, the details of pre-existing activity
or any component thereof included in the
application should be indicated clearly)**

.....
.....

(b) Whether any subsidy has been availed Yes/No
for the proposed proposal/activity from
Central Govt. or any of its Agencies.

(if YES, please indicate clearly in detail)

.....
.....

C. PROPOSED PROJECT COST (Component-wise)

Component/Item	(Proposed Cost)
(a) Cultivation	(Amount in Rs.)
1) Cost of Cultivation	
(i) Cost of planting material
(ii) Cost of fertilizer & manure
(iii) Source of planting material & proposed variety(ies)
(iii) Cost of insecticides & pesticides

(iv) Cost of labour

(v) Other expenditure, if any (pl. specify)

2) Irrigation

(i) Bore-well/Tube-well (new/old)

(iii) Cost of pipeline (length, diameter & type of material used)

(iv) Water harvesting pond (existing/new & size)

(v) Other expenditure, if any (pl. specify)

3) Micro Irrigation, use of plastic mulching etc.

(i) Cost of drip irrigation

(ii) Cost of sprinkler

(iii) Cost of plastic mulching

(iv) Other expenditure, if any (pl. specify)

4) Infrastructure

(i) Pump House

(ii) Store

(iii) Labour quarter

(iv) Generator room

(v) Other expenditure, if any (pl. specify)

5) Cost of Tractor & accessories

[If area under cultivation (project) is above 05 acres]

- 6) Land development (including digging of pit & fencing)
- 7) Cost of Land, if purchased
- 8) Creation of controlled atmosphere Area (sq. mtrs) Cost
- a) Green house/poly house (size)
- b) Shade net (size)

Total

(b) Post Harvest Infrastructure

1. Cost of grading/packing house
2. Cost of grading/packing line
3. Cost of pre-cooling unit (capacity)
4. Cost of refrigerated van (capacity)
5. Zero Energy Cool Chamber
6. Other components, if any (pl. specify)

Total

(c) Primary Processing

1. Cost of civil constructions
2. Cost of plant & machinery
3. Other components, if any (pl. specify)

Total

4. Name the product of primary processing

D. PROPOSED MEANS OF FINANCE

- (i) Promoter's share
- (ii) Bank/FI term loan
- (iii) Proposed subsidy from other sources, if any
- a) Form State Govt.
- b) From Central Govt. other than NHB

Total

(Note: Unsecured loans from friends/relatives will not be treated as equity)

Expected back-ended subsidy from NHB: Rs.

(NHB subsidy will be considered as per Board's guidelines, if found in order, but not guaranteed)

(e) Expected return/income from the proposed project.

a) In case the project cost is above Rs. 10.00 lakh, a brief project report containing technical feasibility and financial viability should be enclosed alongwith application
.....

b) In case of project cost is up to Rs. 10.00 lakh, the information pertaining to cash flow from the proposed project may be given as under : -

Year	Expected Gross Income	Expected Expenditure on fixed/ capital assests (excluding) repayment of loan+interest)	Expected Working operating expenditure	Total expenditure (3+4)	(Amt. in Rs.) Estimated Net Income (2-5)
1	2	3	4	5	6
1 st year					
2 nd year					
3 rd year					
4 th year					
5 th year					
.....					
.....					

E. EXISTING STATUS OF PROJECT

(Please give details about the activities of the proposed project already completed at the time of submission of application of Letter of Intent (LOI))

.....

.....

.....

G. Whether any assistance in the form of soft loan and subsidy has been availed by the beneficiary earlier from the National Horticulture Board? If yes, give details thereof.

.....

.....

H. Whether any subsidy has been availed from the Board, other Central Govt. organization or State Govt. for the same activity on same piece of land, khasra no. etc.?

.....

.....

Details of subsidy, if availed from:

- | | |
|--|---|
| (i) MFPI | : |
| (ii) AYUSH (Ministry of Health & Family Welfare) | : |
| (iii) APEDA | : |
| (iv) NHM | : |
| (v) Technology Mission | : |
| (vi) National Bee Board (NBB) | : |

I. Name of the Bank/FI from where the term loan is availed/to be availed by the Beneficiary (Please enclose a copy of the duly filled up term loan Application).

- a) Name of Bank:
- b) Details of Bank Branch:
- c) Bank Code:.....

J. Date & Amount of sanction of term loan, if any :

K. Details of release of term loan, if any:

L. DETAILS OF LAND

- I) Whether own land (ancestral) : _____
- ii) Whether own land purchased : _____
- iii) Whether leased
- If so, how many years lease : _____

iv) Whether lease/tenancy/contract is registered with the Competent Registration Authority

(copy of the proof of each title be enclosed)

M. IMPLEMENTATION SCHEDULE OF PROPOSED ACTIVITY

- i) Proposed month for undertaking land development:
- ii) Proposed month for plantation:
- iii) Expected date/month of first commercial crop:
- iv) Proposed date for start of unit in case of processing:

N. MARKETING OF PRODUCE

Details of marketing tie-up (Backward/forward linkage)

O. Cost of Application Form & Scheme Brochure will be as under:

Projects costing upto Rs. 10.00 lakh	: Rs. 1000/-
Projects costing above Rs. 10.00 lakh and below Rs. 20.00 lakh	: Rs. 2000/-
Projects costing above Rs. 20.00 lakh and below Rs. 50.00 lakh	: Rs. 5000/-
Projects costing above 50.00 lakh	: Rs. 10000/-

The above prescribed cost of application form and brochure will be non- refundable.

P. Please remit the cost of application and scheme brochure by Demand Draft drawn in favour of National Horticulture Board payable at Gurgaon (Haryana) for projects costing Rs. 20.00 lakh & above and at concerned state office where project cost is below Rs. 20.00 lakh.

Name of the issuing Bank Branch	Demand Draft No. & Date	Amount(Rs.)
.....

Q. Name & address of consultant who prepared the project report (DPR).

Certified that the information/contents as above furnished by me/us in the application are true to the best of my/our knowledge & belief and nothing material has been concealed. In case, any information furnished in the application is found false, my/our application may be rejected out rightly at any stage by the Board.

(Signature of the Beneficiary)

Name & Address :

.....

Place:

Telephone/Fax No. :

Date :

Enclosures:

- i) Attach copy of record of right over project land.
- ii) Affidavit in prescribed format only.
- iii) Prescribed cost of application form and scheme brochure.
- iv) Detailed Project Report (DPR) - wherever applicable
- iv) Duly filled up and signed bank term loan application form/bank consent letter
- v) Copy of last Income Tax Return, if any.
- vi) Key map of project land showing project details and land boundary details.
- vii) NOC issued by Cooperative Society/Partnership Firm, if applicant is covered by Para- 5(h) of Guidelines No.1/2008.
- viii) Proof of identity of applicant (refer Para of 3 Guidelines No. 1/2008.)
- ix) In case project include item of 'Primary Processing' for manufacturing 'Fruit Products' covered by FPO 1955 then NOC issued by MFPI, Govt. of India be enclosed.



FORMAT-II

AFFIDAVIT

(on stamp paper of Rs. 20)

I/we (Name of the promoter/Director son of Mr.....(father's name) resident of (residence address) do hereby solemnly affirm and declare as under:

1. That I/we am/are individual grower/promoter/director/partner/group of growers/association of growers/proprietor of M/s (name of beneficiary) having its Registration no. Registered Office at (office address of beneficiary).
2. I hereby make application and I am duly authorized in my own right/by management vide its resolution no.datedto apply and sign all required documents including this affidavit on behalf of company/partnership firm/cooperative society named as ; and am fully aware of the facts relating to the setting up the project at Survey No., Village....., Tehsil....., District.....State..... (location of the project) for (activities to be undertaken by project) and application is being made to NHB for seeking Letter of Intent (LOI) under the scheme "Development of Commercial Horticulture through Production and Post Harvest Management".
3. That the term and conditions of the scheme of NHB under which an application is made by the applicant have been properly read and understood by me and I affirm that the project/proposal/scheme comply with the terms and conditions of NHB and the application is made in the correct applicable scheme.
4. That the proposed activities to be undertaken by the project/proposal scheme are covered under the above scheme of NHB and no part of the scheme/infrastructure of the project is designed or assigned to be used for any activity other than the horticulture activities specified in the application at present or in the near future.

5. That the information provided in the application of Letter of Intent (LOI) is true and correct to the best of my knowledge and belief. The estimate of the cost of project/proposal/ Scheme, financial viability and operating results have been worked out/computed as per the rule and generally accepted principle and norms in this regard.
6. No subsidy/grant-in-aid other than shown in application form has been availed/is to be availed by the promoters/ directors/partners/proprietors for this new project and component thereof from Central Govt. or any of its agencies Except the NHB.
7. Myself or any other promoter of Cooperative Society, Partnership Firm, Self Help Group has not availed any subsidy from NHB which has not been disclosed in the application.
8. I/we also solemnly affirm that the proposal activity in the application for LOI is a completely new activity and not a pre-existing activity or any component thereof.

In case of concealment of any facts in this regards, the Board would have right to reject my application out right at any stage.

DEPENDENT

DEPONENT VERIFICATION

Verified on solemn affirmation at (place) on this (date) of, (month), 20(year) that the content of the above affidavit are true to the best of my knowledge and belief and nothing material has been concealed.

DEPENDENT/COMPETENT AUTHORITY



FORMAT-III

Inspection Report * /Joint Inspection Report **

* To be signed on each page by the Inspecting Officer of the Bank and the beneficiary

** To be signed on each page by all the members of Joint Inspection Team and the beneficiary

Scheme "Development of Commercial Horticulture through Production and Post Harvest Management" of National Horticulture Board (NHB)

1. Date of Inspection of the project : _____
2. Name & designation of the Inspecting Officer(s):
 - a)
 - i) _____
 - ii) _____
 - iii) _____
 - b) Name of promoter/representative of promoter : _____
and relationship with promoter
3. Name of the Bank : _____
4. Date of issue of LOI by the Board: _____ Control No. _____
5. Date of start of the project : _____
6. Date of plantation (if applicable) : _____
7. Date of completion of the project : _____
8. Date & amount of sanction of Term Loan : _____

9. Date-wise details of releases of term loan:-

<u>Date</u>	<u>Amount (Rs.in lakhs)</u>
i) _____	_____
ii) _____	_____
iii) _____	_____
<u>Total</u>	_____

10. Name and address of the beneficiary/es : _____
(With telephone no., if any)

10a. Constitution : Individual/group of
Individuals/ Society/ Partnership
firm/Pvt. Ltd. Company/Public Ltd. Company

10b. Reg. Number in case of Partnership
firm/Pvt./Public Ltd./Society etc. : _____

11. Full address of the Project site : _____
(including Khasara/Survey No.)

13. Land details

i) Whether land is in the name of promoter Yes/No

ii) Whether land is a Regd. Lease land for Yes/No
minimum 10 years in favour of applicant
(in case of lease land)

iii) Whether any subsidy has been availed earlier Yes/No

from the NHB for any project on same location land.

If yes, please indicate the year and amount of subsidy.

- iii) Whether the promoter has applied for subsidy under National Horticulture Mission (NHM) or any other central schemes of subsidy for the same project or any component of it

14. Nature of activity - Hi-tech cultivation/ PHM/ marketing/ Primary Processing / Tissue Culture/Nursery etc.

In case of plantation / cultivation (crop-wise details) :

S. No.	Name of the Crop	Variety	Area under project (Acres)	Source of planting material	No. of plants	Project cost	Total expenditure for crop
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
i.			I				
ii.							
iii.							
iv.							
				Total			

15. Means of finance

Particulars	Proposed as per Bank appraisal	As per Actual of final project
Promoter's share		
Bank/FI term loan		
State Govt. Subsidy, if any		
Subsidy from other sources, if any		
Total project Cost		

Note:

- (i) Term loan percentage should be minimum 25% of the project cost (appraised) where the total project cost is less than Rs 30.00 lakh.
- (ii) Term loan percentage should be 40% of the project cost where the total project cost is Rs 30.00 lakh and above.
- (iii) Project will not be eligible for consideration, if subsidy from any organization of Govt. of India is availed/to be availed for the same project.
- (iv) In case of actual cost is less than appraised cost inspite of completion of essential project components such as PHM, Micro Irrigation, Fumigation, Quality Planting Material, etc. The project cost will be decided by the NHB as fact of case.

16. Term loan account number of the : _____
Project/beneficiary

17. Repayment period of term loan : _____

18. Details of component-wise cost in the project

(A) In case of cultivation project:

(Amount in Rs.)

S.No.	Component	Proposed Expenditure as per LOI	Cost as appraised by Bank before term loan sanction	Cost assessed by inspection Team / JIT	Remarks
1	Cultivation expenses i) Cost of planting material (Number with cost per plant) ii) Manures & fertilizers iii) Insecticides & pesticides iv) Others, if any, please specify				
	Cost of labour				
2	Irrigation i) Tube-well/submersible pump(No's) ii) Cost of pipeline (Length & size & material) iii) Others, if any, please specify				
3	Cost of Drip/Sprinkler				

4	Infrastructure i) Store & pump house (Area in sq. ft with size) ii) Labour room & godown (Area in sq. ft with size) iii) Tractor Agriculture Equipments iv) Others, if any				
5	Land Development i) Soil Leveling ii) Digging iii) Fencing iv) Others, if any				
6	Land , if newly purchased (please indicate the year)				
	Grand Total				

Date :

(Signature)

(B) In case of other kind of projects :

(Amount in Rs.)

S.No.	Component	Proposed Expenditure as per LoI	Cost as Appraised by Bank before term-loan sanction	Cost as assessed by Inspection Team / JIT	Remarks

Note:

- (i) Land development cost : Actual or upto 15% of the Eligible Project Cost (excluding cost of Land & Land Development) whichever is less subsidy to maximum of Rs 50,000./- per acres.

- (ii) Land Cost: Actual or up to 10% of Eligible Project Cost (EPC) (excluding cost of Land & Land Development) whichever is less.
- (iii)
 - a) Maximum admissible limit for Power Tiller/Tractor (Maximum up to 25 HP) with trolley & accessories not be exceed Rs 4.00 lakh per project. Admissible on actual cost
 - b) Power tiller with accessories allowed for project having area larger than 3 acres with in maximum cost ceiling of Rs 1.50 lakh or actual basis,
 - c) Tractor with accessories up to 25 HP allowed for project having area larger than 5 acres with maximum cost ceiling of Rs 4.00 lakh or actual basis. However, for project on larger piece of land, higher HP tractor may be allowed within limits of ordinary project cost norm of per acre cost limit
- (iv) Admissible cost as assessed by the Inspection Team / JIT should not be more than the cost appraised by the Bank while sanctioning the term loan for the project. In specific cases where assessed cost is higher than the appraised cost the details be given in remarks column.
19. High-tech Components in the project (please specify component/items) such as tissue culture planting material, high density, micro-irrigation/micro nutrient, organic cultivation, farm mechanization etc.

20. In case of expansion project, brief description of the existing project/scheme; if not already included in project appraisal report



21. Present commercial status of the project clearly mention the marketing tie-up, if any.

22. Other relevant information :
Details of previous releases of subsidy by Board, if any.

23. Recommendation of the Inspection Officer
(the amount of assessed cost and eligible subsidy may be specified) in words.

(Signature)

Date :

FORMAT-IV

AFFIDAVIT

(on stamp paper of Rs. 20)

I/we (Name of the promoter) son of
Mr.....(father's name) resident of (residence
address) do hereby solemnly affirm and declare as under:

1. That I/we (name of the promoter) have set up the project
of.....at Survey No., Village....., Tehsil.....,
District.....State..... (location of the project) as per project report submitted
by me to NHB for issue of LoI
3. That the term and conditions of the scheme of NHB under which an application had made
by me / us for issue of LoI have been fully complied by me / us and I am / We are eligible
for getting subsidy as per rules in this regard.
4. That the project/proposal/schemes undertaken are covered under the Scheme No. 1
(Development of Commercial Horticulture through Production and post Harvest
Management) of NHB.
5. That the information provided by me in the application for financial assistance and later
on at all stages including inspection of the project are true and correct to the best of my
knowledge and belief. Further, I have submitted all true documents / vouchers for making
assessment of the cost of components of the project and project as a whole.
6. No subsidy has been availed/is to be availed by us, the promoters/directors/partners/
proprietors for this project from any other Central Govt. organizations except the NHB.
7. The financial assistance is provided for the specified activities covered under the scheme
only and no part of the project would be used for carrying on any activity other than the
horticulture activities under the scheme or any other scheme of NHB.

8. Any breach of this condition, submission of false or exaggerated claims, or the project turning non-performing asset during term loan repayment period would make me ineligible for getting back ended subsidy and same will be liable to be refunded by the Bank to NHB.
9. In case of concealment of any facts in this regard, the Board would have right to recover the subsidy released by them for this project; in addition to any civil and criminal action against me under the provisions of the law of the land.

DEPONENT

DEPONENT VERIFICATION

Verified on solemn affirmation at (place) on this (date) of, (month), 20(year) that the content of the above affidavit are true to the best of my knowledge and belief and nothing material has been concealed.

DEPONENT/COMPETENT AUTHORITY

FORMAT-V

Draft of Certificate from Chartered Accountant verifying the investment of funds by promoters under the scheme "Development of Commercial Horticulture through Production and Post Harvest Management"

The Managing Director
National Horticulture Board
Gurgaon.

We have examined the books of accounts and other relevant records maintained by M/s/Shri/Smt. _____ (Name of beneficiary) at its office situated at _____ (Address of office in respect of its project situated at _____ (Address of project) for _____ (project activity). These accounts are maintained by the Company's management, partners of the firm/proprietor of the concerned/grower/NGO and our responsibility is to verify the truth and fairness of these records and verification of amount expended for acquisition/construction of fixed assets/establishment and other expenditure.

We conducted our work in accordance with the Audits and Accounting Standards generally accepted in India. Those Standards require that we plan and perform our verification to obtain reasonable assurance about whether these accounts are true and fair are free of material misstatement. A verification included examining on 100% basis, evidence audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the grower, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis of our opinion.

We verity that

- a) We have obtained all the information and explanation that to the best of our knowledge and belief were necessary for the purpose of our verification.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company/firm/ sole proprietorship concern/grower/NGO for the financial period _____ and these books of account represent true and fair view of the transaction

entered into by the Company/firm/ sole proprietorship concern/grower/NGO.

c) In our opinion, the Company/firm/ sole proprietorship concern/grower/NGO has incurred a capital expenditure amounting to Rs. _____ (Rupees _____ only) for acquisition/ construction of fixed assets and the same is being reflected properly in the books of accounts. The valuation made of major components of the project and whole project is tabulated as follows-

S.No.	Component	Proposed Expenditure as per LOI	Cost as appraised by Bank before term loan sanction	Cost assessed by CA	Remarks
1	Cultivation expenses i) Cost of planting material (Number with cost per plant) ii) Manures & fertilizers iii) Insecticides & pesticides iv) Others, if any, please specify Cost of labour				
2	Irrigation i) Tube-well/submersible pump(No's) ii) Cost of pipeline (Length & size & material) iii) Others, if any, please specify				
3	Cost of Drip/Sprinkler				
4	Infrastructure i) Store & pump house (Area in sq. ft with size) ii) Labour room & godown(Area in sq. ft with size) iii) Tractor Agriculture Equipments iv) Others, if any				
5	Land Development i) Soil Leveling ii) Digging iii) Fencing iv) Others, if any				
6	Land , if newly purchased (please indicate the year)				
	Grand Total				

Date :

(Signature

(B) In case of other kind of projects :

(Amount in Rs.)

S.No.	Component	Proposed Expenditure as per LoI	Cost as Appraised by Bank before term-loan sanction	Cost as assessed by CA	Remarks
	Total				

We recommend Rs.....as the cost of the whole project.

Total _____

For (Name of Chartered Accountant Firm)
Chartered Accountants

FORMAT-VI

To
The Managing Director
National Horticulture Board
Plot 85, Sector-18, Gurgaon, 122015

Dear Sir,

I, hereby, request you to release the back ended subsidy for the project whose particulars have been given below, by electronic transfer of fund. I undertake to apply it as back-ended subsidy only under terms & conditions of release of subsidy.

Particulars for Remitting Subsidy amount to Subsidy Reserve Fund	
A. Particulars of Bank/FI	
a.1	Name of Bank / FIBranch.....
a.2	Address
a.3	Contact No. : Phone: Mobile: email:
a.4	IFSC Code of Bank Branch
a.5	Whether RTGS enabled or not.....
B. Particulars of BENEFICIARY of Project	
b.1	Name.....
b.2	Address.....
b.3	Beneficiary's Contact No.
b.4	Location of the project :
b.5	Letter of Intent (LOI) No. :
C Particulars of Term Loan Account and Subsidy Reserve Fund-	
c.1	Term loan account number for the project-
c.2	Corresponding Subsidy reserve Fund Account Number-
c.3	Whether subsidy reserve fund account is particular to beneficiaries term loan account or general
c.4	Remarks -
<div style="border-top: 1px dashed black; width: 100%; margin-top: 20px;"></div> (Branch Managers Name)	
Branch Seal	
Date : <div style="border-top: 1px dashed black; width: 100%; margin-top: 10px;"></div> (Signature of Branch Manager or his Authorized Signatory)	

FORMAT-VII

Name & Full Address of the FI/Bank (on letter head)

To
The State Incharge
National Horticulture Board
State.....

To
The Area Officer & Deputy Director
National Horticulture Board
Plot-85, Sector-18, Gurgaon, 122015

Subject: Subsidy claim in respect of the project of _____
LOI NO. _____

Sir,

Please find enclosed herewith the following documents/papers in respect of project of _____ Village _____ District _____ State _____ and LOI No. _____. It is, hereby, recommended that NHB should release the recommended back-ended subsidy in respect of above mentioned project. Original or attested copies of following documents are being enclosed herewith :-

Sr. No.	Particulars	Yes/No
1	Detailed financial appraisal from the Banks/FIs	
2	Sanction letter of Term Loan	
3	Details of date-wise release of term loan	
4	Extract of term loan account	
5	Copy of record of rights over project land / search report.	
6	Affidavit from promoter on stamp papers (as prescribed by NHB)	
7	Statement of vouchers examined / copy of CA Certificate, used for assessing component wise cost and project cost	
8	Copy of RC in case of tractor, etc.	
9	Photographs of the project taken at the time of inspection.	
10	Release of subsidy by RTGS by Bank (RTGS Remittance Challan)	

It is certified that the original of above documents pertaining to the projects are kept in Bank/ FI, which can be shown at the time of random monitoring by the Board or any agency authorized by the Board.

The term loan in the project is not sanctioned for one or few components but for whole of integrated project as appraised. It is also certified that activity and component considered and

recommended in the inspection report are new and have been completed as recorded in inspection report. No old plantation or component is recommended for consideration of subsidy. The project is complete as per original project report and components not implemented in a manner which will not affect viability of project adversely.

The information furnished in the inspection report are true to the best of my knowledge and belief and no material fact has been concealed.

(Signature of the Inspecting Officer)

Name : _____

Name of the Bank : _____

Address : _____

Phone/Fax/Mobile No.: _____

Place : _____

Date : _____

FORMAT-VIII

Utilization Certificate

It is to certify that the Back ended capital investment subsidy amounting to Rs. _____ (Rupees _____ only) was received from the NHB on _____ vide Cheque/ Transaction No. _____, in the term loan a/c. of Mrs/Mr/M/s. _____ (full address of location of the project) _____ for their project for _____ (Activity with area/capacity, etc.), was kept in a subsidy reserve fund and has been adjusted in term loan account on _____ after the bank loan portion (excluding subsidy) is liquidated and properly utilized for the purpose it was sanctioned & released under the Board's scheme "Development of Commercial Horticulture through production and post harvest management".

**Signature of the Bank Officer/
Issuing Authority with seal**

Date :

Appendix-I

List of National Horticulture Board Offices

<p>Sr.Assistant.Director National Horticulture Board Plot No. 60, 3rd Floor, Krishna Apartment, Azad Society, Ambawadi Ahmedabad-380 015</p> <p>Tele/Fax 079-26766416, 26766413 Home 079-32511041 E-mail : ahmedabad@nhbnet.in</p>	<p>Assistant Director National Horticulture Board HPMC, 2nd Floor, Nigam Vihar Shimla-171 002</p> <p>Tele/Fax 0177-2622908/2623801 Home 0177-3207002 E-mail : hp@nhbnet.in</p>
<p>Sr.Assistant Director National Horticulture Board No.14/43, 2nd Floor,1 & 2 Stage Industrial Suburb, Tumkur Road,Yes hwantpur Bangalore-560 022</p> <p>Tele/Fax 080-23371935, 23374149 Home 080-23573853 E-mail : bangalore@nhbnet.in</p>	<p>National Horticulture Board Horticulture Complex Rajbagh Srinagar-190 008</p> <p>Tele/Fax 0191-2474349 (PP) E-mail : jk@nhbnet.in</p>
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APPENDIX-II

COST NORMS

Component-wise cost ceiling and overall cost ceiling of various crops

Sl.No	Crop	Scheme	Planting Material				Input cost	Labour	Total INPUT
		Density	SPACING (Metre)	Number	Unit cost	Total cost			
1	2	3	4A	4B	4C	4(B+C)	5	6	8
1	Mango	Normal	10 x 10	40	40	1600	5000	4800	11400
		Medium	8 x 8	63	40	2520	7000	9600	19120
		High	2.5 x 2.5	640	40	25600	12000	14400	52000
2	Papaya	Normal	1.8 x 1.8	1300	12	15600	7100	4900	27600
		High	1.2 x 1.2	2778	12	33336	10400	8400	52136
3	Aonla	Normal	6 x 6	110	30	3300	6000	5600	14900
		High	3 x 3	444	30	13320	9000	6000	28320
4	Sapota	Normal	5 x 5	160	40	6400	15000	4550	25950
5	Citrus	Normal	6 x 6	120	25	3000	10900	12500	26400
		High	4.5 x 4.5	200	25	5000	13900	12950	31850
6	Pine apple	Normal	25x60x75	13000	2	26000	12000	4730	42730
		High		23000	2	46000	19000	5600	70600
7	TC Banana	Normal	1.8 x 1.8	1235	12	14820	7000	2100	23920
		High	1.12x1.2x2	2080	12	24960	11000	3500	39460
8	Ber	Normal	6 x 6	120	25	3000	5000	4200	12200
9	Pomogranate	Normal	5 x 5	160	30	4800	15000	8820	28620
		High	5 x 3	266	30	7980	18000	9800	35780
10	Guava	Normal	6 x 6	111	25	2775	7000	7700	17475
11	Apple	Normal	3.5 x 3.5	326	15	4890	10700	8400	23990
		High	1.5 x 1.5	1778	15	26670	17500	12600	56770
12	Litchi	High	7.5 x 7.5	80	35	2800	8000	5600	16400
		Normal	10 x 10	40	35	1400	5000	3850	10250
13	Grapes	High	2.7 x 1.8	825	10	8250	13000	15000	36250
		Normal	3 x 3	444	10	4440	14000	18000	36440

Appendix-II

Cost in Rs. per acre

Drip-Irrigation	Irrigation Infrastructure (tube-well, pipeline, water tank etc.)	Farm Equipment	Support System	Labour room/Store-room	Grading Packing Center	Total - (8+9+10+11+12+13+14)	Land (Actual or upto 10% of EPC)	Land Development (15% of EPC or actual)	Over All Cost Ceiling
9	10	11	12	13	14	15	16	17	18
25000	50000	10000	0	10000	10000	116400	10%	15%	150000
25000	50000	10000	0	10000	10000	124120	10%	15%	150000
25000	50000	5000	0	10000	10000	152000	10%	15%	150000
25000	50000	5000	0	10000	10000	127600	10%	15%	125000
25000	50000	5000	0	10000	10000	152136	10%	15%	125000
20000	50000	5000	0	10000	10000	109900	10%	15%	125000
20000	50000	5000	0	10000	10000	123320	10%	15%	125000
25000	50000	5000	0	10000	10000	125950	10%	15%	175000
26500	50000	5000	0	10000	10000	127900	10%	15%	175000
26500	50000	5000	0	10000	10000	133350	10%	15%	175000
20000	50000	5000	0	10000	10000	137730	10%	15%	150000
20000	50000	5000	0	10000	10000	165600	10%	15%	150000
25000	50000	5000	10000	10000	10000	133920	10%	15%	125000
25000	50000	5000	20000	10000	10000	159460	10%	15%	125000
15000	50000	5000	0	10000	10000	102200	10%	15%	100000
20000	50000	10000	0	10000	10000	128620	10%	15%	175000
20000	50000	10000	0	10000	10000	135780	10%	15%	175000
20000	50000	5000	0	10000	10000	112475	10%	15%	125000
20000	50000	10000	0	10000	10000	123990	10%	15%	150000
20000	50000	10000	0	10000	10000	156770	10%	15%	150000
20000	50000	10000	0	10000	10000	116400	10%	15%	150000
20000	50000	10000	0	10000	10000	110250	10%	15%	150000
35000	50000	10000	130000	10000	10000	281250	10%	15%	320000
35000	50000	10000	130000	10000	10000	281440	10%	15%	320000

PTO.....

Component-wise cost ceiling and overall cost ceiling of various crops

Sl.No	Crop	Scheme	Planting Material				Input cost	Labour	Total INPUT
		Density	SPACING (Metre)	Number	Unit cost	Total cost			
1	2	3	4A	4B	4C	4(B+C)	5	6	8
14	Jack Fruit	Normal	10x10	40	5	200	7100	4900	12200
15	Fig	Normal	3x3	444	2	888	7100	8400	16388
16	Kiwi	Normal	4x4	167	22	3674	8000	5810	17484
17	Cashewnut	Normal		82	60	4920	7380	10500	22800
18	Coconut	Normal		95	60	5700	7980	5100	18780
19	Walnut	Normal		110	30	3300	8310	6900	18510
20	Apricot	Normal	6 x 6	110	30	3300	8026	7800	19126
21	Olive	Normal		105	25	2625	11620	7800	22045
22	Date Palm	Normal		71	30	2130	6690	6450	15270
23	Arcanut	Normal		550	4	2200	14815	7800	24815
24	Passion Fruit	Normal		1386	25	34650	38850	20100	93600
25	Black Pepper	Normal		880	2	1760	23750	10500	36010
26	Cardamom	Normal		2030	5	10150	17245	17100	44495
27	Citronella	Normal		11000	0.25	2750	11950	13200	27900
28	Giranium	Normal		11000	0.25	2750	11950	13200	27900
29	Stevia	Normal		28350	5	141750	22250	15000	179000
30	Palmarosa	Normal		11000	0.25	2750	11950	13200	27900
31	Mint *Kg	Normal		100	10	1000	6500	9650	17150
32	Celery	Normal		0	0	2000	4000	6510	12510
33	Straw-berry	Normal		22000	3	66000	11000	14400	91400
34	Tamrind	Normal	10x10	40	40	1600	5000	4800	11400
35	Almond	Normal	5.4 x 7.5	100	40	4000	6000	56000	66000

Appendix-II

Cost in Rs. per acre

Drip-Irrigation	Irrigation Infrastructure (tube-well, pipeline, water tank etc.)	Farm Equipment	Support System	Labour room/Store-room	Grading Packing Center	Total - (8+9+10+11+12+13+14)	Land (Actual or upto 10% of EPC)	Land Development (15% of EPC or actual)	Over All Cost Ceiling
9	10	11	12	13	14	15	16	17	18
25000	50000	5000	0	10000	10000	112200	10%	15%	100000
25000	50000	5000	0	10000	10000	116388	10%	15%	150000
20000	50000	5000	0	10000	10000	112484	10%	15%	250000
30000	50000	10000	0	10000	10000	132800	10%	15%	200000
30000	50000	10000	0	10000	10000	128780	10%	15%	150000
30000	50000	10000	0	10000	10000	128510	10%	15%	150000
30000	50000	10000	0	10000	10000	129126	10%	15%	160000
10000	50000	10000	0	10000	10000	112045	10%	15%	200000
30000	50000	10000	0	10000	10000	125270	10%	15%	150000
30000	50000	10000	0	10000	10000	134815	10%	15%	170000
30000	50000	10000	0	10000	10000	203600	10%	15%	250000
30000	50000	10000	0	10000	10000	146010	10%	15%	150000
30000	50000	10000	0	10000	10000	154495	10%	15%	230000
10000	50000	10000	0	10000	10000	117900	10%	15%	115000
10000	50000	10000	0	10000	10000	117900	10%	15%	115000
30000	50000	10000	0	10000	10000	289000	10%	15%	300000
10000	50000	10000	0	10000	10000	117900	10%	15%	115000
30000	50000	10000	0	10000	10000	127150	10%	15%	160000
30000	50000	10000	0	10000	10000	122510	10%	15%	125000
40000	50000	5000	12400	10000	10000	218800	10%	15%	266000
20000	50000	5000	0	10000	10000	106400	10%	15%	100000
20000	50000	5000	0	10000	10000	161000	10%	15%	150000

		Cultivation Expenses	
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Sl.No.	Crop	Planting Material			Input cost	Labour	Total INPUT	Drip-Irrigation
1	2	3A	3B	3(A+B)	4	5	6	7
		Number	Unit cost/Kg	Total cost				
36	Lemon Grass*	10	100	1000	6500	2100	9600	10000
37	Patchouli	12000	1	12000	3600	4200	19800	10000
Sl.No.	Crop	Planting Material			Input cost	Labour	Total INPUT	Drip-Irrigation
38	Vanilla	1980	20	39600	21170	18600	79370	30000

Cost per acre

Irrigation Infrastructure	Farm Equipment	cost of Extraction of oil.	Labour room	Store Room	Total - (8+9+10+11+12+13)	Land (Actual or upto 10% of EPC)	Land Development (15% of EPC or actual)	Over All Cost Ceiling
8	9	10	11	12	13	14	15	16
50000	5000	4500	5000	15000	99100	10%	15%	150000
50000	5000	9240	5000	15000	114040	10%	15%	220000
Irrigation Infrastructure	Farm Equipment	Shade-House	godown	Curing centre	Total - (8+9+10+11+12+13)	Land (Actual or upto 10% of EPC)	Land Development (15% of EPC or actual)	Over All Cost Ceiling
50000	10000	623000	22500	32000	846870	10%	15%	850000

Component-wise cost ceiling and overall

Sl. No.	Crop	PLANTING MATERIAL COST							INPUT COST			
		Density/ per Sq. Meter	Net area in Sq. M	Cost per plants	No. of Plants	Cost of plants	Mortality	Total cost of planting material	Fertiliser & Insecticides	Labour	Support System/ Benches stand/ Lightni	Total Cultivation Expenses (Planting Material & input cost)
0	1	2	3	4	5	6	7	8	10	11	12	13
1	Anthurium - Shade House	12	3400	100	40800	4080000	204000	4284000	171945	27000	0	4482945
2	Anthurium - Poly-House	12	3400	100	40800	4080000	204000	4284000	171945	27000	0	4482945
3	Lilium Asiatic	60	3400	13	204000	2652000	66300	2718300	204830	54000	0	2977130
4	Lilium Hybrid	50	3400	20	170000	3400000	85000	3485000	187830	54000	0	3726830
5	Bird of Paradise	1x1	4000	30	4000	120000	2400	122400	35100	15450	0	172950
		1.21 x 1.21	4000	30	2732	81960	1639	83599	35100	15450	0	134149
6	Carnation	35	3400	8.5	119000	1011500	50575	1062075	72150	22500	300000	1456725
7	Capsicum- Poly-house	0	3400	10	13600	136000	6800	142800	38800	15450	200000	397050
8	Capsicum - Shade-house	0	3400	10	13600	136000	6800	142800	38800	15450	200000	397050
9	Chrysanthemum	48	3400	3	163200	489600	24480	514080	129200	24900	300000	968180
10	Gladiolus	0	40000	2.5	61200	153000	7650	160650	20190	15450	0	196290
11	Gerbera	8	3400	26	27200	707200	35360	742560	62300	18900	0	823760
12	Orchid	12	3400	60	40800	2448000	122400	2570400	86380	15300	400000	3072080
13	Rose	8	3400	31	27200	843200	42160	885360	30855	14040	0	930255
14	Tuberose	0	4000	1	54400	54400	5440	59840	8170	11075	13500	92585

Note:-

- 1 Admissible cost would be actual or limit whichever is less.
- 2 Cost of cultivation expenses, farm equipments and civil infrastructure is in Rs/acre.
- 3 Cost of Irrigation Infrastructure on per unit basis.
- 4 Garding/packing room per unit basis or actual area basis @ R.250/- per Sq. ft.
- 5 Cost of Cold Storage as per limit explained in Annexure on PHM components.
- 6 Cost of Poly House i.e. Low Cost @ Rs.500/- per Sq. meter and High cost @ Rs.750/- per Sq. meter including drip-irrigation unit.
- 7 Cost of Shade -House @ Rs.250/- per Sq. meter including the cost of Drip-irrigation.
- 8 Cost of Bed Preparation would be allowed as least of actual or maximum up to Rs.100/- per Sq. meter for floriculture crops under protected cultivation.
- 9 Keeping in view of viability factor, prescribed overall cost ceiling will be applicable wherever component-wise cost exceeds overall cost ceiling. Certain specified component such as tractor, power-tiller, bee-keeping etc. shall be considered beyond cost
- 10 Component-wise cost shall be decided as least of actual cost or admissible limit for that component

cost ceiling of various flower crops

Bed Preparation/Pots & Media	Irrigation infrastructure including tubewell & accessories	Farm Equipment	Store Room/Labor room	G/P room	Cold Storage unit including Insulated Panel, erection	Total	Land	Land Development	Over All Cost Ceiling
9	14	15	16	17	18	19	20	21	22
400000	300000	20000	20000	150000	1000000	5972945	10%	15%	6100000
400000	300000	20000	20000	150000	1000000	5972945	10%	15%	7500000
400000	300000	20000	20000	150000	1000000	4467130	10%	15%	6000000
400000	300000	20000	20000	150000	1000000	5216830	10%	15%	6000000
0	50000	20000	20000	20000	0	282950	10%	15%	350000
0	50000	20000	20000	20000	0	244149	10%	15%	350000
400000	300000	20000	20000	150000	1000000	2946725	10%	15%	5000000
0	300000	20000	20000	150000	1000000	1887050	10%	15%	3500000
0	300000	20000	20000	150000	0	887050	10%	15%	2400000
400000	300000	20000	20000	150000	1000000	2458180	10%	15%	4000000
0	50000	20000	20000	20000	0	306290	10%	15%	350000
0	300000	20000	20000	150000	1000000	2313760	10%	15%	4700000
400000	300000	20000	20000	150000	1000000	4562080	10%	15%	7000000
400000	300000	20000	20000	150000	1000000	2420255	10%	15%	4000000
0	50000	300000	20000	20000	0	0	10%	10%	200000

Operational Guidelines for Switching Over to system of applying subsidy ceiling on per project basis from per beneficiary basis

Board of Directors in its last meeting held on 03.12.2009 approved the subsidy of production related projects on per project basis on the pattern of subsidy admissible under NHB scheme for all other credit linked components viz PHM and Cold Storage and storage of Horticulture Produce. However, MC desired that NHB should frame guidelines to prevent willful splitting of projects with the sole intention of availing higher subsidy. Accordingly following guidelines are proposed for consideration and approval of subsidy:

1. Admissible limit of subsidy per project shall not exceed 20% of the project cost maximum up to Rs.25.00 lakh (Rs.30.00 lakh per project in the case of North East and Hilly areas). Restrictions of number of projects and time limit shall not apply for subsidy up to Rs.25.00 lakh (Rs.30.00 lakh per project in the case of North East and Hilly areas) per beneficiary).
 2. The beneficiary could also establish new project (s) and avail further subsidy without any restriction of place subject to the following conditions:-
 - a. The project should not be established on the same piece of land on which subsidy had already been availed. However, if the extent of area of a piece of land is larger than the area covered earlier for subsidy, the subsidy shall be admissible only for un-covered area. In other words, subsidy shall not be admissible for re-plantation on a piece of land for which plantation assistance has already been given.
 - b. New project should be altogether a complete project with separate term loan and viability worked out separately by the bank. It should not be willfully split part of any other project for the purpose of availing higher subsidy. Accordingly, an integrated part of a project split for the purpose of subsidy shall not be allowed. The fact that a subsequent project has structural and operational integration with previous project may in itself may not be sufficient to establish willful splitting of original project if following two conditions are fulfilled-
 1. First or any of the previous projects (in case of several previous projects) is techno-economically viable as standalone unit,
 2. Subsequent project has neither been started nor has the loan for the same been applied for, prior to completion of, and release of subsidy for the first project.
- Illustrations- Subject to condition No. 2 above-
- i. Protected cultivation under separate poly-houses / green houses may be considered as separate project.
 - ii. Projects in open cultivation at new piece of land may be considered as separate project.
 - iii. A project of producing frozen peas / cut vegetables when split into processing unit with IQF as one unit and cold storage as second component shall not be admissible as two

- separate projects for the simple reason that processing with IQF components without storage facility at sub-zero temperature has to be integrated structurally and therefore, the processing unit without cold storage cannot be considered to be a complete project.
- iv. Pack-house with or without pre-cooling facility as one unit and cold storage (zero degree and above temperature) as second unit may be allowed as two different projects for calculation of subsidy even though they are in same premises for the reason that they are independently viable projects.
- c. Wherever subsidy is claimed for the 2nd project or subsequent project (s) by same beneficiary, it would be essential that previous project (s) must be complete, operational and not abandoned by the promoter.
- d. Multiple proposals of Public Sector undertaking / State Govt. or state Govt. as partner under PPP arrangement may be accepted at a time wherever sizeable quantity of a produce is needed for commercial viability.
- e. These guideline shall be applicable w.e.f. 3 Dec 2008. As a result, proposal of issue of LOI turned down solely on the ground of upper limit of eligible subsidy on per beneficiary basis can be re-opened and decided as per revised guidelines. However, subsidy claims already decided for eligible subsidy, even though actual release of subsidy might not have taken place, should not be re-opened. Subsidy claims yet to be decided would be eligible for decision in accordance with the revised guidelines.

