



Government support & initiative to build a robust cold chain



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

**NCCD Conclave with
Nodal Officers For Cold-chain Development
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Current Scenario of the preservation Infrastructure in India

India is the largest producer of milk and the second largest producer of fruits, vegetables and tea

Total food grain production now stand at about 255 M metric tonnes whereas horticultural output is more than about 268 M metric tonnes.

The value of losses of crops and livestock produce at national level was estimated by CIPHAT Ludhiana as Rs. 44143 crores at 2009 wholesale prices.

It is estimated that 7% of the grain rots in fields and open godowns. Annual wastage of fruits and vegetables is estimated to range from 5.8% to 18% having value of Rs. 13309 crores.

Against the total production of more than 500 MMT of horticultural & non-horticultural produces, the total cold storage capacity is estimated approximately 31 MMT, which is not even 10% of the total production.

A study conducted by the National Spot Exchange Ltd. (NSEL) in December, 2010 estimated a cold storage requirements of 61.13 million tonnes in the country



COLD STORAGE IN INDIA

As per the data available to the Govt. as on 30th October, 2012 , there were 6,488 numbers of cold storages having cumulative capacity of 30.75 MMT.

U.P. have highest numbers of cold storage followed by Punjab, Maharashtra, West Bengal, and Gujarat

Most of the cold storage are stand alone normal cold storage. Capacity of the state of the art CA/MA chambers is very small.

96 % of the cold storage are in Pvt. Sector; more than 75 per cent of the capacity is utilized only for potato and only about 23 percent are under multi commodity category

Much of this multi-purpose cold storage capacity is located in the states of Karnataka, Maharashtra, West Bengal, Tamil Nadu and in the National Capital Region (NCR).

The push to build up storage capacity through cold chains has not been successful in vegetables and limited for fruits, meat, and Fish.

these cold storage are not linked to the Farm and the market through controlled temperature (Reefer vans) transportation



Government Policies for Cold chain Infrastructure

- Providing enabling policy framework
 - Enabling Plan, Framework, and Guidelines
 - Enabling Fiscal policies
- Providing Financial Support to encourage private investment
- Promotion, awareness campaign, study, surveys, knowledge sharing, etc



FISCAL INCENTIVE FOR INVESTMENT IN COLD CHAIN

Section 80-IB of the Income Tax Act provides deductions in respect of profits from industrial undertakings related to Cold Chain. For the first 5 years the deductions are @ 100% and then @25/30% for next 5 years.

Under Section 35-AD of the Income tax Act 1961, deduction @ 150% is permitted for expenditure incurred on capital investment in setting up a cold chain facility.

Cold chain projects are eligible for External Commercial Borrowings

Concessional rate of custom duty @ 5% on imported equipment for cold chain facility under the project import benefits.

Many activities pertaining to cold chain are included in the exempted and the negative list for the purpose of service tax

All refrigeration machineries and Parts used for installation of cold storage, cold room or refrigerated vehicle, are exempted from Excise Duty



RECENT INITIATIVES OF THE GOVT.

Planning Commission committee on encouraging investments in supply chains including provision for cold storages for more efficient distribution of farm produce recommended several steps to strengthen the agriculture supply chain by developing robust cold chain infrastructure.

An Inter-ministerial Group (IMG) has been set up to implement the recommendations of the Report of the committee.

National Centre for Cold Chain Development (NCCD), an autonomous centre for excellence, has been established as a registered society to work in close collaboration with industry and other stake holders to promote and develop integrated cold chain in India

“Creation and Management of cold chain infrastructure” for agriculture has been identified a thrust area by the Hon’ble Prime Minister.

MOFPI scheme of cold chain has been up-scaled for taking another 75 cold chain projects



MFPI Scheme for Cold Chain Infrastructure Development

- **Central sector scheme of Integrated cold chain, value addition and preservation Infrastructure**
- **Centrally sponsored scheme of cold chain , Primary Processing Centre, and Reefer trucks under National Mission on Food Processing (NMFP)**



Scheme for Integrated Cold Chain, Value Addition and Preservation Infrastructure

■ Objective :

- To provide integrated and complete cold chain and preservation infrastructure facilities without any break, from the farm gate to the Consumer
- To enable linking groups of producers to the processors and market through well equipped supply chain
- To establish value addition with infrastructural facilities like sorting, grading, packaging and processing for horticulture including organic produce, marine, dairy, poultry, etc.

■ Pattern of Assistance :

- Provides grant-in-aid @ **50%** of the total cost of Plants & Machinery and Technical Civil Works in general areas and **75%** for NE Region and difficult areas subject to a maximum of **Rs.10.00 crore**



Scheme for Integrated Cold Chain, Value Addition and Preservation Infrastructure

- **Eligible Project Components:**
 - Minimal Processing Centre at the farm level with facilities such as weighing, sorting, grading waxing, packing, pre-cooling, Controlled Atmosphere (CA) / Modified Atmosphere (MA) cold storage, normal storage and IQF.
 - Mobile pre-cooling vans and reefer trucks.
 - Distribution hubs with multi product and multi CA /MA chambers, cold storage /Variable Humidity Chambers, Packing facility, CIP Fog treatment, IQF, Ripening chamber and blast freezing.
 - **Irradiation facility.**

To avail financial assistance, any two of the above components, to be part of project

Irradiation facility though treated as a stand alone project for purpose of availing the grant.



BASIC ELIGIBILITY CRITERIA

- The applicant should have sound financial back ground. **The Net-worth of the applicant should be more than 1.5 times of the grant applied for.**
- Term loan of at least 10% of the project cost.
- Project Appraisal Report from Bank/Financial Institution. **The Appraisal must contain all the project components for which grant is sought.**
- Date of commercial production should not be prior to the date of submission of application.
- No second proposal from the same applicant / company



Present Status of the Scheme

- 122 cold chain projects are being established with the support of MOFPI
- Proposals for setting up another 15 cold chain proposals are under evaluation.
- The cold chain infrastructure expected to be created by these 122 cold chain projects is 4.0 lakh MT of Cold Storage, Controlled Atmosphere (CA) / Modified Atmosphere (MA) storage, Deep Freezer, 100.3 MT per hour of Individual Quick Fridge (IQF), 107.57 Lakh litres per day of milk storage, and 668 numbers of reefer carriers.
- Against the above target, till 31/3/2014 1.91 lakh MT of Cold Storage, Controlled Atmosphere (CA) / Modified Atmosphere (MA) storage, Deep Freezer, 30.41 MT per hour of Individual Quick Fridge (IQF), 79.06 Lakh litres per day of milk storage, and 225 numbers of reefer carriers have already been created .



Other Govt. Agencies Providing financial support

National Horticulture Board (NHB).

NHB provides capital investment subsidy for construction / expansion / modernization of cold storages:

- Back-ended subsidy @ 40% of the project cost @ Rs 6000/- per MT for normal cold storages, @ Rs 7000 & Rs 8000 per MT for specialized cold storages and @ Rs 32,000 per MT for CA storages.

Agricultural & Processed Food Products Export Development Authority (APEDA).

APEDA, under Establishment of common infrastructure facilities, provides financial assistance for setting up specialized storage facilities such as CA / MA cold storages, deep freezers etc:

- 100% grant in aid to APEDA or any other Government or Public Sector agency like Airport Authority of India or Port Trust etc.
- @25% of the cost subject to maximum of Rs. 10 lakh per beneficiaries in other cases.



(D) Department of Agriculture and Cooperation (DAC).

DAC under National Horticulture Mission (NHM) provides financial assistance for Pack house/ On farm collection & storage unit , Pre-cooling unit, Cold storage, CA/MA storage, Reefer vans, Ripening chamber, .Primary/ Mobile / Minimal processing unit

- Credit linked back-ended subsidy @40% of capital cost of the project in general areas and @55% in case of hilly and schedules areas for a maximum storage capacity of 5000 MT per project @Rs. 6000 per MT.
- For CA storages - @Rs. 32000 per MT for 5000 MT storage capacity.

(E) National Co-operative Development Corporation (NCDC)

NCDC provides subsidy @20% and 25% of the project cost for Under Developed (UD) and Least Developed (LD) states for setting up of New Cold Storages/ CA stores/ MA stores, Expansion/ modernization of existing cold storages with facilities such as drying, sorting, grading, waxing, packing, pre-cooling, etc.



COLD CHAIN SCHEMES

under

**NATIONAL MISSION ON FOOD
PROCESSING (NMFP)**



Scheme of Cold Chain

- **Capital Investment Subsidy: 35% of bank/FI** appraised project cost excluding the cost of land, pre-operative expenses, margin money for working capital and contingency, subject to a **maximum of Rs. 5.00 crore** in general areas. For difficult areas such as North Eastern States, hilly and ITDP areas, it would be **50 % of the eligible project cost, subject to a maximum of Rs. 5.00 crore.**
- **Interest subvention on the term loan availed from banks / financial institutions: 6% per annum** for first **5 years** of operation or repayment period, whichever is less with a cumulative limit of **Rs. 2.00 crore** in general areas. For North Eastern States, Hilly and ITDP areas, it would be **7% per annum**, with a maximum ceiling of **Rs. 3.00 crore.**



Primary processing and collection centre in rural areas

- The **objective** of the scheme is creation of effective backward linkages through setting up of processing and preservation facilities at village level to enhance shelf life of perishable produces.
- The Scheme has the following **components**:
 - (i) Minimum land requirement will be 1-2acres.
 - (ii) Minimum Processing Facilities at the firm level which may include facilities for weighing, cleaning, sorting, grading, packing, pre-cooling, Controlled Atmosphere (CA)/ Modified Atmosphere (MA), Cold Storage, Dry Warehouses and Individual Quick Freezing (IQF).
 - (iii) Mobile Pre-cooling trucks and reefer trucks which suitable for transportation of the perishable agricultural produce/ horticulture/ dairy/ meat/ fish produce.
- The Scheme is applicable to **both horticulture and non-horticulture produce** such as: fruits, vegetables, grains& pulses, dairy products, meat, poultry and fish etc.
- Maximum of amount of grant-in-aid admissible under the scheme is **Rs.2.50 crore** as per details given below:
 - (i) Grant-in-aid for PPC/CC will be provided @ 50% of the eligible project cost for the general areas and 75% in North-East, ITDP & Difficult Areas (NE States including Sikkim, notified ITDP areas and hilly states like H.P., J&K, Uttarakhand), respectively.
 - (ii) Cost of land, preoperative expenses, margin money for working capital and contingency, non-technical civil works and plants & machinery not directly related to the PPC/ CC are not be eligible for calculating eligible project cost.



Reefer Vehicles

- The objective of the scheme is to provide financial assistance for purchase of standalone reefer vehicle/s and mobile pre-cooling van/s (reefer unit and reefer cabinet permanently mounted on the vehicle) for transporting both Horticultural and Non-Horticultural produce. This scheme will enable linking groups of producers to the processors and markets through well-equipped supply chain management.

- **Pattern of Assistance:**

Credit linked back ended grants-in-aid @ 50% of the cost of New Reefer Vehicle(s)/ Mobile pre-cooling van(s) upto a maximum of Rs. 50.00 lakh is extended under the scheme after submission of all prescribed documents including a Bank Certificate certifying that the Bank has released term loan.



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