

Guidelines- LOI No. 1 /2008

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.

2. Where to Apply for Issue of LOI-

- (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.
However, after online application facility is commissioned by NHB, rules regarding the same will be circulated separately and shall be available on NHB website: www.nhb.gov.in

3. How to establish Identity of Applicant-

- i. 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

4. 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.

5. 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 Processing Fee
- 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.

Scrutiny Points for Application of LOI -

- 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.
- vi. Crop, its variety, plant density, plant matrix its proposed area and source of planting material, is clearly shown. 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.

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.

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.

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 without payment of additional processing fee.

Annexure-

- a. Format of Application for Issue of LOI.
- b. Format of Affidavit.
- c. Format of LOI.
- d. Extract from FPO 1955 showing list of items falling under definition of "Fruit Product".

National Horticulture Board

Scheme: Development of Commercial Horticulture through production and post Harvest Management

Important Instructions

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

1. 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 Annexure-I (A-i). Any change in address, Centre may notify on NHB website from time to time.
2. 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.
3. All relevant columns of the applications must be filled up and application should be duly signed by the beneficiary on each page.
4. Over writing should be avoided. Over writing in all cases should be duly authenticated.
5. Applicant must attach all enclosures such as affidavit, proof of land records, processing fee, project report, bank term loan application form, self attested photographs etc., failing which the application will not be considered.
6. The affidavit should be in the prescribed enclosed format only.
7. The LOI will be revalidated by the Competent Authority only once without payment of additional processing fee on merit for a period of one year on application submitted by applicant/entrepreneur.
8. Lease deed be duly registered with the competent Registration Authority.
- 9. Applicant has to take prior approval from the Board before effecting change of project land, crop, area, bank, etc. in the proposal.**
10. 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.

11. 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.
12. 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.
13. If applicant is one or few of joint owners of project land then NOC from others co-owners be submitted.
14. 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.
15. 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.
16. 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.

Annexure-I (Ai)

- 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>
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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)**

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- (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.

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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 : -

(Amt. in Rs.)

Year	Expected Gross Income	Expected Expenditure on fixed/ capital assests (excluding repayment of loan+interest)	Expected Working operating expenditure	Total expenditure (3+4) (2+5)	Estimated Net Income
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1 2 3 4 5 6

1st year

2nd year

3rd year

4th year

5th year

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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)

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.....
.....

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.

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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.?

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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 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. Processing Fee/Institutional Charges to be remitted alongwith the application for Letter of Intent (LOI). The details of quantum of processing fee in respect of project cost is as under :-

Project cost	Quantum of processing fee/ Institutional Charges	Mode of payment
Projects with cost up to Rs. 10.00 lakh	0.1% of the project cost	20% of the processing fee may be charged at the time of application and balance 80% at the time of release of first/full amount of subsidy.
Project with cost above Rs. 10.00 lakh and up to Rs. 20.00 lakh	0.25% of the project cost	-do-
Project with cost Above Rs. 20.00 lakh	0.5% of the project cost	-do-

P. Please remit the processing fee/institutional charges along-with application by Demand Draft in favour of National Horticulture Board payable at Gurgaon (Haryana).

Name of the issuing Bank Branch	Date	Amount
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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 :

Telephone/Fax No.

Place :

Date :

Enclosures:

- i) Attach copy of record of right over project land.
- ii) Affidavit in prescribed format only
- iii) Prescribed processing fee
- iv) Detailed Project Report (DPR) - wherever applicable
- v) Duly filled up and signed bank term loan application form/bank consent letter
- vi) Copy of last Income Tax Return, if any.
- vii) Key map of project land showing project details and land boundary details.
- viii) NOC issued by Cooperative Society/Partnership Firm, if applicant is covered by Para- 5(h) of Guidelines No.1/2008.
- ix) Proof of identity of applicant (refer Para of 3 Guidelines No. 1/2008.)
- x) 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.

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.

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

