

OPERATIONAL GUIDELINES FOR SANCTION OF PROJECT / RELEASE OF CREDIT LINKED BACK ENDED SUBSIDY FOR ESTABLISHMENT OF MODEL AND SMALL NURSERIES IN PRIVATE SECTOR UNDER NMMP

1. INTRODUCTION:

- 1.1. Cultivation of medicinal plants and eventual returns from such cultivation is largely dependent upon the quality of planting material (QPM) used.. In case of perennial medicinal crops it is more so required as perennial crops have long gestation period. However, as of now, there is no mechanism of providing certified germplasm or certified planting stock on commercial scale. Therefore it is proposed to establish Model Nurseries/Small Nurseries under the public sector as well as private sector to meet the requirement of quality of planting material of medicinal plants for cultivation by the growers in our state for which financial assistances will be provided.
- 1.2. Under NMMP, there is adequate provision for area expansion under different medicinal crops like Aonla, Bael, Sarpagandha, Aloevera, Pipali, Shatavari, Aswagandha, Tulasi, Giloe etc. To meet the demands of such quality planting material, a provision has been made under NMMP for establishment of model / small nurseries either with mono crop or multiple crops keeping in view the need, suitability of the crop and market scenario.
- 1.3. The nursery so established for Aonla and Bael shall be registered under the Orissa Fruit Nurseries (Regulation) Act, 1997 and Orissa Fruit Nurseries (Regulation) Rule, 2001 and regulated there in the maintain quality standard. These nurseries will be developed keeping in view the Para of 8.8 to 8.12 of Operational Guidelines of National Mission on Medicinal Plant. It will be the sole responsibility of the entrepreneur to market his nursery produce. Neither the National Mission on Medicinal Plant (NMMP) nor the Govt. of Orissa shall be responsible for the same.

2. PUBLICITY

- 2.1. Advertisement for the establishment of model and small nurseries in private sector will be released from time to time by the Secretary, OHDS for the State and DDH for the range keeping in view the allocations under NMMP programme for the same.
- 2.2. The entrepreneur will collect the application form (Annexure-I) on payment of Rs.100/- (non-refundable) as processing fee from the office of the Horticulturist / AHO / DDH. The Branch Manager in meeting the contingent expenditure can use the processing fee. However, mere payment of Rs.100/- does not entitle for sanction of project. Project sanction will depend on suitability of project, bank sanction & availability of funds etc.
- 2.3. The entrepreneur will submit the application with the Horticulturist / AHO / DDH along with the original money receipt and attested photocopies of required documents as details in paragraph 4.1. Validity period for submission of application shall be 90 days from date of purchase.

3. ELIGIBILITY:

- 3.1. The assistance will be available to the individual farmer having suitable land (minimum 4 ha for model nursery and 1 ha for small nursery) within the district. However, the person having received such grant from NHB or NHM or any other state / central Govt. sources shall not be entitled assistance to the extent and on those items.
- 3.2. He should have sound financial back ground.
- 3.3. He should have willingness for availing the credit linked back ended subsidy.
- 3.4. The Horticulturist / AHO will send the valid applications to the DDH.
- 3.5. Preference may be given to the applicants having degree in Horticulture, Agriculture, Forestry, Biotechnology, Agricultural Engineering as well as applicants undergone self employment training programmes conducted by the Directorate of Horticulture etc, unemployed trainees passed out from the School of Horticulture, Khurda and other training centers acknowledged by the Department of Agriculture, Govt. of Orissa. If, there are more eligible applicants, all the eligible applications will be kept in panel and may be covered in future on priority. In case, the programme is discontinued, then the pending applicants will be informed accordingly and they will make their own arrangement of funds from the bank etc. The processing fee so collected shall not be refunded.
- 3.6. A preliminary scrutiny of all such applications (Annexure-I) received shall be done by a committee consisting of the DDH as Chairman and Horticulturists / AHOs as members for short listing of the applications basing on the land and other documents. Such meeting shall normally be conducted on monthly basis. The applicants not found suitable may be communicated with the deficiencies by registered post with a copy to notice board.

4. LAND RECORDS :

- 4.1. The land should be in the name of the entrepreneur. He has to submit the attested Xerox copy of the original patta.
- 4.2. If joint property, No Objection Certificate from the shareholders of the said land in the form of affidavit sworn before the Executive Magistrate of 1st class should be submitted.
- 4.3. In case of lease land & if the lessee can mortgage the land in favour of the financing bank/ FI, it can also entertained if banks are satisfied.
- 4.4. A declaration that the entrepreneurs will not alienate the land during the period of the land for any purpose other than establishment of nursery is necessary.
- 4.5. Sketch map of the nursery duly authenticated by the Revenue Inspector along with copy of ROR will be submitted..

5. SELCTION OF SITE:

- 5.1. The site should be well communicated with truckable all weather road.

- 5.2. There must be permanent and adequate water source or should have provision to acquire with.
- 5.3. The site should have easy access to electricity.
- 5.4. The land should be well drained, fertile and suitable for growing Medicinal crops.
- 5.5. The soil depth should be about 2 meters.
- 5.6. The sketch map of the site duly signed by revenue inspector should be verified with the Patta, Khata No., Plot No. etc.

6. SELECTION / PRIORITISATION:

- 6.1. The selected applications under para 3.6. Shall be placed before the DMC by the DDH for its approval. The technical team of the District Mission Committee (DMC) will effect field verification and scrutinize the short listed applications as well as give appropriate recommendation. The DMC will approve the selected entrepreneurs and prioritize them.
- 6.2. There after the DDH will intimate the panel of prioritized entrepreneurs along with the DMC proceedings to the Secretary, OHDS for formal approval.
- 6.3. The OHDS after getting the DMC report and keeping in view the allocations available under the said component ask the DDH / Horticulturist / AHO to go ahead with the project execution indicating the name of the entrepreneur along with the required funds for the subsidy amount. The Horticulturist / AHO will ask the entrepreneur to submit a detailed project proposal based upon Model Project Format (Annexure-II) keeping in view his specific needs directly to the bank / FI as per the guide lines of the lending institution with a copy of the project proposal to the Horticulturist / AHO. However, the entrepreneur as well as Banker will be free to adopt its own model with in the NMMP guidelines. The unsuccessful applicants shall be intimated by the DDH by registered post.
- 6.4. The Horticulturist / AHO shall render all co-operation to the bank in field inspection, modification of project and other technical clarification. After being satisfied with the project report the bank will sanction the project with copy of sanctioned project and disburse the loan to the applicant under intimation to Horticulturist / AHO.
- 6.5. The full project cost including the subsidy amount, but excluding the margin money contribution would be disbursed as term loan by the bank / FI.
- 6.6. After disbursing a part of the loan sanctioned, the respective bank / FI will send claim for release of the subsidy @ 50% of the loan disbursed by the bank) to the Horticulturist / AHO. The number of claims and release of subsidy may be in two installments in the first year, one installment each in the second and third year. The final subsidy claim shall be disbursed after, disbursement of last installment of loan.

7. CREDIT LINKED BACK ENDED ASSISTANCE:

- 7.1. Assistance under the scheme would be credit linked back ended and finally subject to sanction of the project by the bank / FI based on economic viability and commercial consideration.

- 7.2. Assistance under the scheme shall be available on capital cost of the project only. Bank / FI will, however, be free to finance other activities / working capital requirement to meet various requirements of the entrepreneur; however subsidy will not be available for such activities.

8. SUBSIDY:

- 8.1 Rate of subsidy shall be 50% of the capital cost of the project.
- 8.2 Maximum amount of subsidy shall be restricted to Rs.10 lakhs for model nursery and Rs.2.0 lakhs for small nursery.
- 8.3 The amount of subsidy availed of for the project or any of its components from any other source shall be deducted from the amount of subsidy admissible under this scheme. However, subsidy availed for altogether different components independent of this project will not be a bar.
- 8.4 The pattern of assistance is as follows:
- (a) Entrepreneur's contribution- 20% to 30%.
 - (b) Subsidy from NMMP – 50%
 - (c) Bank loan – 30% to 20%,
- 8.5. The repayment schedule will be drawn on the loan amount in such a way that the total subsidy amount is adjusted after the full bank loan component with interest (excluding subsidy) is liquidated.
- 8.6. The financing bank may also provide working capital separately for undertaking the business by the entrepreneur where ever such situation arises.
- 8.7. After the loan is disbursed, the project work shall start.

9. RELEASE OF SUBSIDY:

- 9.1. Subsidy for the project under the scheme shall be released by the Horticulturist AHO for projects financed by Banks / FI.
- 9.2. The DDH / Horticulturist / AHO will inspect the project site periodically and observe the project progress before release of subsidy.
- 9.3. The Horticulturist / AHO will release the subsidy within 30 days of receipt of claim from the bank or he will communicate the reasons for delay or non release to bank and the entrepreneur and Director of Horticulture, Orissa. In case of dispute, decision of the Director of Horticulture, Orissa shall be final.

10. ADJUSTMENT OF SUBSIDY IN BORROWERS ACCOUNT:

- 10.1. The subsidy amount released by the Horticulturist / AHO will be kept by the Bank in the subsidy reserve fund account of the concerned borrower, to be adjusted finally against loan amount of the bank on completion of the project. The adjustment of subsidy will be in the pattern of back ended subsidy. Suitable instructions issued in this regard by the RBI from time to time would be adhered to. No interest would be charged on this by the Bank. In view of this, for purposes of charging interest on the loan component, the subsidy amount should be excluded.

10.2. On completion of the project, the concerned bank would inform the Horticulturist / AHO about the project completion within the overall guidelines of NMMP and project submitted and shall make a request for joint inspection of the project in presence of the promoter.

10.3. The Horticulturist / AHO will effect joint verification by the technical team constituted by the Chairman DMC along with the banker and the entrepreneur.

11. IMPLEMENTATION PERIOD:

11.1. The project should be completed within 1 year for nurseries already having existing mother plants and 3 years for the newly established nurseries from the date of actual disbursement of 1st installment of loan. The Bank for both the cases for completion may allow a grace period of 6 months.

11.2. The last installment of the subsidy amount (limited to 50% of earmarked project cost i.e, 10 lakh or 50% of the actual expenditure cost whichever is less for model nursery and limited to 50% of earmarked project cost i.e,2.0 lakhs or the actual expenditure cost whichever is less for small nursery) shall be released by the Horticulturist / AHO to the bank after verification of the progress.

11.3. After full repayment of the loan amount with interest (excluding the subsidy amount) by the borrower, the subsidy kept in the subsidy Reserve Fund Account shall be released by the Bank to liquidate the entire loan amount.

12. RECALLING OF SUBSIDY:

12.1. In case of default in payment of the loan the bank will adopt due process of loan recovery.

12.2. The Horticulturist / AHO shall recall the subsidy amount before its liquidation whenever feels that the entrepreneur is deviating from the original aim and objective of the project, as per NMMP guideline or any other valid reason with approval of DMC.

13. UTILIZATION CERTIFICATE:

13.1. Bank would submit the utilization certificate of the subsidy amount released by the Horticulturist / AHO periodically who in turn shall furnish the U.C to the Secretary, OHDS(NMMP) with his counter signature.

14. MISCELLANEOUS:

14.1. NMMP or OHDS shall be fully competent to add, relax, delete or amend any provision for establishment of Model Nursery or Small Nursery in private sector.

14.2. The beneficiary will erect a signboard (1MX2M) at a prominent place depicting name of the nursery, location & fact of assistance under NMMP along with Logo of NMMP as well as OHDS (NMMP).