

# Opportunities for availing assistance for coconut processing units under TMOC

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## **Introduction**

Post harvest processing and value addition of coconut for effective utilization of harvested produce has become a major thrust of the coconut growing countries. Fluctuation in price of the product is mainly due to the dependency on coconut oil. Opportunities in coconut industry can be realised by focusing attention on the non-traditional products from coconut. Research undertaken and recent technological developments brought out viable technologies in the processing sector and thereby preference for processed and convenience oriented products opened the global market for value added coconut products. Priority has to be given for integrated processing for full utilization of coconut along with all other by products like husk, shell, leaf, midrib, timber etc. which will increase the overall income from coconut by farm level processing.

Under Technology Mission on Coconut (TMOC), Coconut Development Board is providing assistance for setting up of coconut based industry other than husk. The programme is being implemented by the Board since 2001-02 as a part of the ongoing programmes for integrated development of coconut industry in India to address serious problems faced by the coconut industry in a strategic manner. The implementation of Technology Mission on Coconut programme by the Coconut Development Board has helped to solve production constraints to a great extent besides developing many technologies for product diversifications and by-product utilization and their commercial adoption. Technology for the products viz virgin coconut oil and dietary fibre, packing of tender coconut water, spray dried milk powder, vinegar and other convenience foods is available with the Board on payment of technology transfer fee.

## **Eligibility for availing assistance**

Back-ended credit capital subsidy is provided to projects under TMOC, which are found to be technically and financially viable limited to 25% of the project cost but not exceeding Rs.50 lakhs for infrastructure development, establishment or modernization and up gradation of coconut based

processing units under the scheme. Registered societies, NGO's, entrepreneurs, individuals and any other institutions having capacity to adopt technology are eligible for this assistance. All the proven technologies in processing and product diversification are included as components under this. A detailed project report along with application and all the relevant documents has to be submitted for availing the financial assistance from the Board under the scheme. The promoter can avail subsidy from the concerned State Government agencies also but the total subsidy availed should be below 50% of the project cost altogether.

The scheme under the components Adoption of Technologies cover setting up/expansion/modernization of coconut processing units, adopting technologies for value addition and shelf life enhancement for coconut products viz. preserved and packed tender coconut water, virgin coconut oil, spray dried milk powder, desiccated coconut as well as shell powder, charcoal and activated carbon. Refinement of traditional processing methods including quality certification, micro-filtering and branding could be considered as value addition in the case of coconut oil and virgin coconut oil and considered for assistance under the scheme. In general only those works, which were undertaken, and machinery/equipments purchased after the date of submission of project to the Board shall be considered for financial assistance. All machinery/equipments procured for the project should preferably satisfy ISI standards. However, in case of fabricated machinery the materials used for such fabrication shall be of ISI specification/standard. Applications submitted to Board one year after commencement of commercial production will not be considered for financial assistance under the scheme.

## **Procedure for availing assistance**

The promoter has to avail at least 40% of the project cost as term loan from a bank or financial institutions of his choice. The cost of land development, construction of building, electrification, machinery, its installation, know-how fee, etc. shall be considered normally for arriving at eligible subsidy.

However civil works like guest house, staff quarters, canteen etc. shall be excluded while computing the eligible subsidy. The cost of building shall be restricted to the minimum requirement of the processing unit proposed to be established as per the ceilings worked out for each product by the Board which normally is restricted to 40% of the total project cost. Eligible plant and machinery will not include office equipments, computers, air conditioners etc. The items, contingent expenditure, cost of vehicles, working capital margin etc. shall not be considered for working out eligible subsidy.

The promoter shall display a permanent board in the premises of the unit stating that the project was established with the financial assistance from the Coconut Development Board under the scheme Technology Mission on Coconut. All the beneficiaries of the scheme should submit annual statement of accounts to the Board on a regular basis duly certified by a Chartered Accountant.

The unit shall not be entitled to any subsidy in case the project is abandoned midway or the term loan availed from the bank is closed within 3 years of availing the same. In such cases, the subsidy available in the subsidy reserve fund shall be returned to the Board by the bank/financial institution fully or as directed by the Board. All the projects having a capital investment of 100 lakhs and above shall engage qualified technical experts to ensure professional/management and technical supervision of the units. In case any foreign technology is acquired and adopted in the project, Indian Embassy/Consulate of that particular country shall vouch such acquisition/transfer of technology.

The small units should obtain AGMRK/ BIS standards for their products and bigger units should have GMP and HACCP/ ISO certification. The products should be tested periodically at Board's Quality Control Lab at Vazhakulam, Aluva, Kerala.

### **Terms and conditions for release of subsidy**

Subsidy under the scheme shall be sanctioned by Project Approval Committee (PAC) which shall be released by way of cheque/DD favouring the subsidy reserve fund of the of the promoter with their bank/financial institution.

Release of first installment of subsidy shall be subjected to the fulfillment of the conditions in the tripartite MOU executed between the Board, financial institution and the promoter. The release shall be time specific and in accordance with the successful

completion of different stages of approved project, limited to 50% of the eligible subsidy or first year requirement of the project, whichever is less. Fifty percent of the loan should be availed by the promoter before granting the first installment.

Upon completion of the project, the financial institution concerned shall inform Board that the project has been completed as per the guidelines of Board. A joint inspection of the unit by Bank and CDB shall be undertaken in the presence of the promoter. For release of second installment the promoter has to avail full loan sanctioned by the bank. The promoter shall submit an asset accrued statement as per the MoU duly certified by the Bank/ CA along with list of machineries and cost and building completion report by the engineer for availing second installment of subsidy.

Final payment of subsidy shall be released to the financial institution concerned on receipt of a satisfactory completion report and on stabilizing the production as per the MoU. Month wise production details for three months have to be submitted by the promoter before availing the final installment of subsidy.

The subsidy released by the Board shall be kept in Subsidy Reserve Fund account with the bank from which term loan has been availed by the unit and shall be in the joint name of the Unit and Coconut Development Board, Kochi. The bank shall ensure the repayment of the loan strictly in accordance with the mutually agreed loan repayment schedule. Even if the entire loan is repaid prematurely, bank should retain the lien on the assets offered by the promoter as security for a period of not less than 5 years from the date from which loan is availed. Before adjusting the subsidy to the loan account of the promoter from the subsidy reserve fund, the bank should seek the permission of the Coconut Development Board. Production status has to be furnished by the promoter periodically and also the annual audited statement to the Board.

The processing units on reaching commercial production can also avail market promotional assistance from Board for brand promotion, participation in fairs/ exhibitions, advertisement through electronic and print media etc. The maximum eligibility for such assistance would be Rs. 10 lakhs on reimbursement basis. For detailed information visit: [www.coconutboard.gov.in](http://www.coconutboard.gov.in).

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