

Ref: MSMEW SBU SML 232 1263 2015

Date: 24.01.2015

The Chairman  
Coffee Board  
No.1, Dr B.R. Ambedkar Veedhi  
Bangalore 560 001

Dear Sir,

**Sub : Term Loan Scheme for financing coffee processing industries – “FLAVOUR”**  
Our Ref : MSMEW SBU NEW 112 2014 Dated 13.02.2014  
Your Ref : No. DF/XII Plan/2014 145 dated 21.01.2015 Received from Director of Finance

The subject special scheme “FLAVOUR” (Term Loan scheme upto Rs.100 Lakhs per unit to establish roasting, grinding and packaging industries of coffee) has been launched in the India International Coffee Festival 2014 on 25.01.2014. The scheme guidelines were communicated to you vide our reference.

We have circulated among the branches/office, the revised Government approved modalities for the scheme “Support for Value addition in Coffee – Sub-Component 10.1 Support to R & G Units” communicated by you vide your reference.

We have enclosed the scheme guidelines to facilitate you to popularize the scheme and sponsor the applications to our branches along with your technical certification and commitment letter to release the subsidy.

We look forward to your active support to popularize the scheme.

Thanking You

Yours faithfully,



**R MADHUSUDAN**  
**GENERAL MANAGER**

S4 mydoc schemes flavor letters  
1263-24.01.2015 - Revised Guidelines



## FLAVOUR

### Scheme for granting Term loans upto Rs.100 Lakhs to Micro & Small Enterprises (MSE) to establish Roasting, Grinding and Packaging Industry of Coffee - Guidelines

1	<b>Objective</b>	To enhance quality of coffee product and achieve value addition through introduction of improved technologies in roasting, grinding and packaging which will result in boosting domestic coffee consumption and entrepreneurship in the coffee sector especially in the Non Traditional areas									
2	<b>Eligibility</b>	Micro & Small Enterprises (Manufacturing) excluding , Self-Help-Groups (SHG)/ Joint Liability Groups who are interested to establish coffee roasting units and also those proposing to modernize the existing units with new automated / energy savings / eco-friendly machinery									
3	<b>Conditions</b>	<ul style="list-style-type: none"> <li>i. The subsidy under the scheme is not available in conjunction with any other scheme of the Coffee Board</li> <li>ii. The applicant's Unit should hold a valid license for the business from the respective statutory authorities.</li> <li>iii. Units which have availed full subsidy incentive of Rs 25 lakhs in the XI plan are not eligible under the XII Plan unless they set up the new R &amp; G unit in non- traditional coffee consuming states (other than Karnataka, Kerala, Tamil Nadu and Andhra Pradesh).</li> <li>iv. Units which have availed subsidy for machinery for particular unit in the XI plan are not eligible for the same machinery for the same unit in the XII plan. However they can avail subsidy for different machinery for the same unit. If a new unit is being set up then they are eligible for full subsidy in the XII plan.</li> </ul>									
4	Credit facility	<b>Term loan –Model I Scheme Code: 65530</b>	<b>Term Loan Model II Scheme Code : 65540</b>								
5	Assessment & Quantum of finance	<ul style="list-style-type: none"> <li>1. 85% of the project cost</li> <li>2. Maximum finance: <b>Rs.10 lakhs</b></li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Promoters Investment</td> <td style="width: 50%; text-align: center;">Loan Component (inclusive of Subsidy Component)</td> </tr> <tr> <td style="text-align: center;">15%</td> <td style="text-align: center;">85%</td> </tr> </table>	Promoters Investment	Loan Component (inclusive of Subsidy Component)	15%	85%	<ul style="list-style-type: none"> <li>1. 80% of the project cost</li> <li>2. Loan Amount: <b>Above Rs.10 lakhs and upto Rs.100 lakhs</b></li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Promoters Investment</td> <td style="width: 50%; text-align: center;">Loan Component (inclusive of subsidy Component)</td> </tr> <tr> <td style="text-align: center;">20%</td> <td style="text-align: center;">80%</td> </tr> </table>	Promoters Investment	Loan Component (inclusive of subsidy Component)	20%	80%
Promoters Investment	Loan Component (inclusive of Subsidy Component)										
15%	85%										
Promoters Investment	Loan Component (inclusive of subsidy Component)										
20%	80%										
		Need based LC Limit has to be considered for import of machineries which will be wiped out of term loan proceeds.									
6	Margin	15%	20%								
7	Upfront Fee	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Upto Rs.5 lakhs</td> <td style="width: 50%;">Nil</td> </tr> <tr> <td>Above Rs.5 lakhs and upto Rs.10 lakhs</td> <td>50% of normal charges</td> </tr> </table>	Upto Rs.5 lakhs	Nil	Above Rs.5 lakhs and upto Rs.10 lakhs	50% of normal charges	75% of normal charges				
Upto Rs.5 lakhs	Nil										
Above Rs.5 lakhs and upto Rs.10 lakhs	50% of normal charges										



8	Rate of interest (Floating)	Base Rate+0.55% (Presently, 10.75% p.a.)	Base Rate+1.25% (Presently, 11.45% p.a.)																								
		<b>Note:</b> 1. Rate of interest is linked to Base Rate and shall change in tune with revision in Base Rate. 2. Applicable term premium to be loaded to the above rate additionally. 3. Interest rate to be RESET in case of deterioration in Risk Rating of the account. 4. Interest concessions 0.25% on loans/advances covered under CGMSE <b>NOT TO BE EXTENDED under Model I.</b>																									
9	Period of the scheme	2012-2017 (Till XII Plan Period)																									
10	Prime security	Assets created out of loan - Hypothecation of moveable assets and/or Mortgage of immovable property) <b>AND</b> Existing business assets of the borrower only.																									
11	Collateral security/ Third party guarantee	<b>NIL</b> and all such <b>eligible loans</b> to be mandatorily covered under Credit Guarantee Fund Scheme for Micro and Small Enterprises.																									
12	Personal guarantee	Personal guarantee of partners/promoters may be stipulated wherever applicable as per prevailing guidelines of CGMSE.																									
13	CGMSE cover	All accounts to be covered under CGMSE of CGTMSE.																									
14	Annual Guarantee Fee (AGF) payable to CGTME	<table border="1"> <thead> <tr> <th rowspan="2">Credit facility</th> <th colspan="2">Women, Micro Enterprises &amp; units in North East Region &amp; Sikkim</th> <th colspan="2">Others</th> </tr> <tr> <th>Borrower</th> <th>Bank</th> <th>Borrower</th> <th>Bank</th> </tr> </thead> <tbody> <tr> <td>Upto Rs.5 lakhs</td> <td>Nil</td> <td>0.75%</td> <td>Nil</td> <td>1%</td> </tr> <tr> <td>Above Rs.5 lakhs &amp; upto Rs.10 lakhs</td> <td>Nil</td> <td>0.85%</td> <td>Nil</td> <td>1%</td> </tr> <tr> <td>Above Rs.10 lakhs and upto Rs.100 Lakhs</td> <td>0.85%</td> <td>Nil</td> <td>1%</td> <td>Nil</td> </tr> </tbody> </table>		Credit facility	Women, Micro Enterprises & units in North East Region & Sikkim		Others		Borrower	Bank	Borrower	Bank	Upto Rs.5 lakhs	Nil	0.75%	Nil	1%	Above Rs.5 lakhs & upto Rs.10 lakhs	Nil	0.85%	Nil	1%	Above Rs.10 lakhs and upto Rs.100 Lakhs	0.85%	Nil	1%	Nil
Credit facility	Women, Micro Enterprises & units in North East Region & Sikkim		Others																								
	Borrower	Bank	Borrower	Bank																							
Upto Rs.5 lakhs	Nil	0.75%	Nil	1%																							
Above Rs.5 lakhs & upto Rs.10 lakhs	Nil	0.85%	Nil	1%																							
Above Rs.10 lakhs and upto Rs.100 Lakhs	0.85%	Nil	1%	Nil																							
15	Repayment	<table border="1"> <tr> <td>Term loan</td> <td>Repayable in maximum of 7 years in suitable monthly instalments inclusive of Repayment holiday of 2 to 3 months wherever necessary.</td> </tr> <tr> <td></td> <td>On receipt of subsidy, repayment schedule to be modified accordingly ensuring the maximum repayment period not exceeding 7 years.</td> </tr> <tr> <td>Letter of Credit</td> <td>To be wiped out of Term Loan disbursement.</td> </tr> </table>		Term loan	Repayable in maximum of 7 years in suitable monthly instalments inclusive of Repayment holiday of 2 to 3 months wherever necessary.		On receipt of subsidy, repayment schedule to be modified accordingly ensuring the maximum repayment period not exceeding 7 years.	Letter of Credit	To be wiped out of Term Loan disbursement.																		
Term loan	Repayable in maximum of 7 years in suitable monthly instalments inclusive of Repayment holiday of 2 to 3 months wherever necessary.																										
	On receipt of subsidy, repayment schedule to be modified accordingly ensuring the maximum repayment period not exceeding 7 years.																										
Letter of Credit	To be wiped out of Term Loan disbursement.																										



16	Scale of Subsidy	<ol style="list-style-type: none"> <li>1. Large roasting units with a capacity of above 25kg / batch are eligible for subsidy support of 25% of the machinery cost with a ceiling of Rs.50 lakhs.</li> <li>2. The small roasting units with a capacity of less than 25 kg capacity are eligible for subsidy support of 35% of the machinery cost with a ceiling of Rs.50 lakhs.</li> <li>3. For women entrepreneurs and SC/ ST beneficiaries, subsidy support is @ 40 % of the machinery cost with a ceiling of Rs.50 lakhs.</li> <li>4. Small commercial gourmet roasting units with less than 10 kg capacity are eligible for subsidy support of 35% of the cost of the machinery with a maximum ceiling of Rs.10 lakhs per unit.</li> </ol>
17	Components eligible for subsidy	<p><b>i) For new Units</b></p> <p>The roasting, grinding and packaging machinery in any of the following combinations are eligible for subsidy</p> <ol style="list-style-type: none"> <li>a) Roasting machine, grinding machine and packaging machine.</li> <li>b) Roasting machine and packaging machine.</li> <li>c) Grinding machine and Packaging machine</li> </ol> <p><b>ii) For existing Units</b></p> <p>Replacement or upgrading of any one or all the machineries in the above combination for technology up gradation to improve quality (subject to fulfillment of condition at SL No iv under Point No:3 above). Packaging machine would be considered only when the roasting and grinding machine is already in existence.</p>
18	Procedure for application	<ul style="list-style-type: none"> <li>➤ Applications shall be considered on first come first serve basis provided the applications are complete in all respects.</li> <li>➤ The application for subsidy (Appendix I) should be submitted in the prescribed format after installation/commissioning of coffee machinery to the Divisional Head (Coffee Quality) , Coffee Board, Dr. Ambedkar Veedhi Bangalore-560001 . The applications will be processed after the inspection by the Officers of the Coffee Quality Division, Bangalore on seniority basis. If the application is found liable for rejection, same will be communicated to the applicant.</li> </ul>
19	Documents to be submitted	<ol style="list-style-type: none"> <li>a) Application in the prescribed format (in Duplicate)</li> <li>b) Copy of the Photo identity like Aadhaar or Ration card or PAN card or Passport or Driving License or Election Photo Identity Card etc.</li> <li>c) Original copy of Tax Invoice / Cash Bill issued by the supplier.</li> <li>d) Attested copies of Bills in support of freight/installation/commissioning charges and insurance (if included in the total cost).</li> <li>e) Copy of warranty certificate</li> </ol>



		<p>f) Notarized Copy of the lease agreement / rent agreement (Minimum for a period of three years) / ownership document in respect of the shop / building premises</p> <p>g) Copy of license from municipal authorities.</p> <p>h) Copy of the Bank pass book of the applicant containing the information such as</p> <ul style="list-style-type: none"> <li>• Name of the Bank and Branch address</li> <li>• Account Holder Name</li> <li>• Account No.</li> <li>• IFSC code</li> </ul> <p>i) Photographs of the new machinery installed for which subsidy is claimed</p> <p>j) List and photographs of already existing machinery.</p>	
20	Disbursement of Subsidy	The subsidy shall be released to the applicant's bank account through EFT in cases where the application is complete in all respects and only after approval of post installation inspection report submitted by the Coffee Quality Division, Coffee Board, Bangalore.	
21	Specifications of Coffee Roasting, Grinding and Packaging machinery eligible for subsidy.		
	Machineries	Minimum Specifications	Details
1	Roasting Unit Gourmet roasting unit 1 Kg to < 10 Kg/batch	Roasting capacity of 10Kg/batch & below and above one Kg	Gourmet roasting/small roasting unit/shop roasting units/specialty roasting unit/small specialty roasting unit. This may include small drum roasters with LPG, diesel, electrical, air roasters, and small modular roasters of size above one Kg/Batch
	Small roasting unit 10 Kg to 25 Kg/batch	10 Kg and less than 25 Kg capacity (Technically exact quantity of 25 Kg capacity cannot be achieved in drum roasting system, hence plus or minus 2 Kg is allowed.	25 Kg/batch air roasters includes all convention & convection systems with 25 Kg capacity of plus or minus 2 Kg or roasting chamber of 25 Kg capacity working on electrical / LPG Diesel/ different fuel systems. They may be simple/digital with control panel provided with any pollution control devices, online control systems.
	Large Roasting Unit	Above 25 Kg/batch capacity	25 Kg/ batch air roasters includes all convention & convection systems with 25 Kg capacity of plus or minus 2 Kg or roasting chamber of 25 Kg capacity working on electrical/ LPG/ Diesel/ Different fuel systems. They may be simple/digital with



				control panel provided with any pollution control devices, online control systems.
	2	Grinding Unit	15 Kg capacity per hour (stone mills are not eligible)	a) Minimum 10 Kg/ hour and above for gourmet roasting units. b) Minimum 15 Kg/ hour and above for small roasting units (disc mills, roll mills, water cooled, liquid cooled machineries above 25 Kg to high end for small and large roasting units)
	3	Packaging Unit	For small/large roasting units according to the capacity different packaging machines are eligible	packaging machineries includes Pedal sealing machine, continuous sealing machine, filling and sealing machine, form fill and sealing machine, automatic or semi automatic nitrogen flushing and sealing machine, vaccumizing and sealing machine or vaccumising & nitrogen flushing and sealing, capsules filling and sealing machines or any other new technologies developed for liquid coffee/ power coffee/ coffee beans are eligible for subsidy
Items listed above would cover all types of machinery and equipment of different makes and specifications available in the market for both indigenous and imported.				
22	Implementing Agency and Nodal Officer	Agency : Coffee Board Nodal Officer: The Head, Quality Control Division (HDQC), Coffee Board		
23	Others	Insurance, Risk Rating, Assessment, sanction, delegation of powers, documentation, classification, inspection etc., shall be as per prevailing guidelines.		

