

## **SPECIAL PURPOSE TEA FUND SCHEME OF TEA BOARD : WORK FLOW**

The scheme was introduced during January 2007 and subsequently received overwhelming response from the tea industry. The target for the 11<sup>th</sup> Plan period is to cover 85044 ha comprising of replantation in 68514 ha and rejuvenation in 16890 ha.

The Government has contributed towards the programme by way of capital infusion towards maintaining default reserve fund for facilitating loan assistance and capital subsidy. A sum of Rs. 300 crores has been allocated for the 11<sup>th</sup> Plan period by the Government towards capital subsidy @ 25% of the unit cost out of which Rs. 15 crores is proposed for disbursement during 2007.

The loan component is payable prior to commencement of activity and in the year that the activity is proposed to be carried out. Subsidy assistance is back ended and payable after completion of field activities.

The uprooted areas are to be rehabilitated for minimum stipulated time period following which replantation can be carried out. In case of replacement planting, completion of work indicates completion of replacement planting as well uprooting of the minimum prescribed percentage of the area to be replaced. For rejuvenation pruning the activity is completed after rejuvenation pruning followed by consolidation, i.e infilling with / without interplanting.

### **Scheme implementation steps to be followed are as under:**

#### **Step-1:**

##### **Receiving application and Preliminary Scrutiny:**

- i. An application may be either for loan and subsidy or only for subsidy . Application has two parts i.e. part-A ( financial) and part-B (Technical).
- ii. On receipt of the application it is to be entered in the database. Loan/subsidy and subsidy alone to be categorized and amount involved in the application to be recorded. Applications are likely to be received from same gardens on year to year basis. Therefore, garden wise data are also to be maintained.
- iii. State wise recoding of application to be made.
- iv. Application to be scrutinized for deficiency of documents if any, as per stipulations of the scheme
- v. In case of deficiency, the applicant is to be contacted for submission of documents.
- vi. A data base about contact addresses and contact nos. are to be maintained.

#### **Step-2:**

##### **Post Preliminary Scrutiny of application :**

Status report from Board's various field offices received along with Part-B is to be scrutinized in prescribed format. The proposed activity that an application may consist of and the action to be taken is indicated below :

Activity proposed	Financial assistance sought for	Action to be taken
<p>1.Replacement planting during application year</p> <p>2.Replanting on past uprooted areas during application year</p> <p>3.Rejuvenation pruning during application year</p>	Loan cum subsidy	<p>(i) Scrutiny slip to be filled up and application to be placed for Technical Appraisal .</p> <p>(ii)Following technical vetting application by Tea Dev. Directorate of Tea Board files to be sent to SBI Capital Markets Ltd., Kolkata, for Financial Appraisal. The documents to be sent are Form-A along with enclosure and Form-B.</p> <p>(iii) Following financial appraisal , gradation received to be recorded and cases to be put up to Screening Committee for approval of loan component</p> <p>(iv)Upon approval of Screening Committee loan sanction letters to be issued</p> <p>(v) Documentation of loan to be done. This involves execution of Tripartite Agreement, loan agreement and deed of mortgage. Following execution of agreements, same to be put up to Competent Authority for acceptance</p> <p>(vi) Filing of charge created to be done with R.O.C. (Tea Board will have 2<sup>nd</sup> charge on fixed assets in case bank is holding 1<sup>st</sup> Charge)</p> <p>(vii) Repayment through Escrow Mechanism to be monitored</p>
Uprooting during the application year	Loan cum subsidy	<p>(i) Scrutiny slip to be filled up and application to be placed for Technical Appraisal</p> <p>(ii) Following technical appraisal acknowledgement letter to be issued to applicant</p> <p>(iii) Financial Appraisal for loan component and disbursement of loan to be done in the year of replanting, as per steps cited above. This requires intensive monitoring .</p>
<p>1. Replacement planting during application year</p> <p>2. Replanting on past uprooted areas during application year</p> <p>3. Rejuvenation pruning during application year</p> <p>4. Uprooting during application year</p>	Subsidy alone	<p>(i) Scrutiny slip to be filled up and application to be placed for Technical Appraisal by Tea dev. Directorate</p> <p>(ii) Following technical appraisal acknowledgement letter to be issued to applicant</p>

**Step- 3:**

**For both loan cum subsidy cases and subsidy alone cases, upon completion of field activities proposed in the application, i.e., replanting / replacement planting / rejuvenation pruning & consolidation, 1<sup>st</sup> inspection report for subsidy component is received from field offices**

**(i) Upon receipt of 1<sup>st</sup> inspection report**

Scrutiny slip to be filled up and application to be placed for Technical Appraisal by Tea Dev. Directorate

Following technical vetting, the eligible cases are to be put up to Screening Committee for approval

Following approval of Screening Committee sanction letters for subsidy component are to be issued

Upon receipt of letter of undertaking from applicants, 1<sup>st</sup> installment of subsidy is to be disbursed

**(ii) Receipt of 2<sup>nd</sup> and 3<sup>rd</sup> inspection reports after 1 year and 2 years from completion of replanting / replacement planting / rejuvenation pruning & consolidation**

Scrutiny slip to be filled up and application to be placed for Technical Appraisal

Following technical vetting, the eligible cases are to be put up to Screening Committee for approval

Following approval of Screening Committee 2<sup>nd</sup> / 3<sup>rd</sup> installment is to be disbursed, as the case may be.

**Step-4:**

(i) To coordinate with Banks for raising loan for onward lending to Tea gardens ( Under the scheme Tea Board is Borrowers and Banks are lenders to SPTF loan account.

(ii) To put in place recovery mechanism of loan advanced through escrow mechanism in which identified Broker is to remit sale proceeds of borrower tea garden to the tune of 200% of annual loan liability as per direction given by SPTF cell. For this purpose, at the time of issuance of loan sanction letter , complete repayment schedule is to be generated. Individual Loan period is 13 years with 5 yrs Principal moratorium and repayment in 16 half yearly instalments thereafter. Loan agreement for a single garden can be executed every year subject to receipt of application.

(iii) To handle legal matters in case of default in repayment. Since financing of SPTF has linkage to past performance of a borrower garden under Board's erstwhile loan schemes, the performance of the said loan activity is to be monitored through a system to be developed.

(iii) To maintain accounts of SPTF Scheme and preparation of budget and monitoring requirement of fund for extending financial assistance to tea gardens.

**Other major responsibilities:****(1) Maintenance of MIS**

Detailed MIS is to be maintained for all stages of the applications and the current status

All details have to be loaded and updated regularly in dedicated and dynamic website

On line facility is to be provided to applicants

**(2) Maintenance of help desk**

A dedicated help desk will have to be maintained

**(3) Software to be developed:**

Application data recording and processing

Accounting software including recovery

Dynamic website for online data accessing and processing

Software package for monitoring Board's erstwhile loan scheme

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