

## **Scheme for Creation of Infrastructure for Agro Processing Clusters of Pradhan Mantri Kisan Sampada Yojna (PMKSY)**

### **Objectives of the Scheme**

1. To create modern infrastructure for food processing closer to production areas.
2. To provide integrated and complete preservation infrastructure facilities from the farm gate to the consumer.
3. To create effective backward and forward linkages by linking groups of producers/farmers to the processors and markets through well-equipped supply chain.

### **Salient Features of the Scheme**

- **At least 5 food processing units with a minimum aggregate investment of Rs. 25 Cr** will be set up in the Agro-processing cluster
- The investment in these units will not be eligible under this scheme
- Agro-processing clusters may be developed by:
  - The promoter willing to set up own units in the cluster and also allow utilization of common infrastructure to other units in the area
  - The promoter willing to develop common infrastructure for use by the units to be set up in the food processing cluster by other entrepreneurs
  - The promoter willing to develop common infrastructure in the existing food processing cluster
- At least 10 acres of land for the project shall be arranged by the Project Execution Agency (PEA) either by purchase or on lease of at least 50 years.
- Preference will be given to setting up agro-clusters in agri-horti clusters identified by Central / State Governments, if any.
- The food processing industries that make food products fit for human and animal consumption (except alcoholic products) may be permitted to be set up in these clusters. Preference will be given to projects proposing preservation and/or processing of perishable food products. Packaging facilities of food products as ancillary to the food processing industries (proposed to be setup in the cluster) may also be allotted land in the agro cluster.

### **Components of the Scheme**

- **Basic enabling infrastructure**  
Site development including development of industrial plots, boundary wall, roads, drainage, water supply, electricity supply including power backup, effluent treatment plant, parking bay, weigh bridges, common office space etc. However, the cost of basic enabling infrastructure not exceeding 40 percent of the eligible project cost would be eligible for grant.

- **Core infrastructure**

The common facilities of capital intensive nature may include food testing laboratory, cleaning, grading, sorting and packing facilities, steam generation boilers, dry warehouse, cold storage, pre-cooling chambers, ripening chambers, IQF, specialized packaging, other common processing facilities, etc.

### **Pattern of Assistance**

- **Grant @ 35% of eligible project cost in general areas and @50% of eligible project cost in the North East States** including Sikkim and difficult areas namely **Himalayan States** (i.e. Himachal Pradesh, Jammu & Kashmir and Uttarakhand), **State notified ITDP areas** & Islands of Union Territories of **Lakshadweep** and **Andaman & Nicobar Islands**
- **Maximum limit of grant is Rs. 10 Cr per project**
- The eligible project cost will exclude cost of land, pre-operative expenses and margin money for working capital
- SC or/and ST promoter(s), as the case may be, shall hold 100% stake in the Project Execution Agency (PEA). Such PEA will be treated at par with the difficult areas for extending benefits under the scheme
- The registered value of the land would be taken as part of the total project cost. The grant shall not be used for procurement/purchase of land
- The cost norms notified by MIDH/ NHB/ MoFPI, wherever available, will be applied while calculating the eligible project cost and grants-in-aid

### **Project Execution Agency (PEA)**

- Govt. Departments / PSUs / Joint Ventures / NGOs / Cooperatives / Self Help Groups (SHGs) / Farmer Producer Organizations (FPOs) / Private Sector Companies / Partnership Firms / Proprietorship Firms etc. can be Project Execution Agency (PEA)
- The combined net worth of the PEA should not be less than 1.5 times of the grant amount sought.
- PEA needs to bring in **at least 20% of the total project cost as equity / contribution in general areas** and **at least 10% of the total project cost in other specified areas**
- PEA needs to bring in **term loan** from the Bank/Financial Institution for an **amount not less than 20% of the project cost**
- The land for the project shall be arranged by the PEA either by purchase or on lease of at least 50 years
- Only one agro-processing cluster will be sanctioned in a district. In case of more than one proposal from the same district, the proposal having higher score in the merit based on criteria for assessment will be considered.
- Any entity / applicant which has availed financial assistance for a project under this scheme of the Ministry, will not be eligible to apply for another project under same scheme until one year after operationalisation of earlier project.

- The same applicant / entity shall not be sanctioned more than two projects in five years under this scheme of MoFPI from the date of sanction of first project (including first project)
- The promoter(s) of the Agro Processing Clusters approved by MoFPI, will be eligible for availing financial assistance under other schemes of State / Central Governments including MoFPI for setting up of the unit(s) in these cluster(s).
- New Agro processing cluster will not be sanctioned in the same district where CPC of Mega Food Park (MFP) approved by the Ministry is located. The promoters, who have been sanctioned Mega Food Parks by the Ministry, will not be eligible under the scheme for a period of two years from the date of completion of the MFP
- The proposals, meeting the cut off marks of at least 60 as per the criteria for assessment will be considered eligible subject to fulfillment of other conditions
- The PEA shall submit the final term loan sanction letter from Bank/FI, within two months from the date of issue of approval letter, in case these documents have not already been submitted along with the proposal.

### **Dovetailing of Assistance and Revisions in Project Cost**

PEA may dovetail assistance available under various other schemes of other Central / State Governments provided there is no duplication of assistance for the same component/activity of the project

### **Release of Funds**

The grants-in-aid will be released to PEA in **four installments**

- (I) First installment of **35%** of the total approved grant
- (II) Second installment of **40%** of the total approved grant
- (III) Third installment of **15%** of the approved grant
- (IV) Final installment of **10%** of the approved grant

**The time schedule for completion and operationalisation of project will be 20 months from the date of approval for general areas and 24 months for other specified areas**

Read full operational guidelines released on 02/03/2020 [here](#)

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