

Agro Processing Clusters

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Objectives of the Scheme

The major objectives of the scheme are:

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

Components

Each agro processing clusters under the scheme have two basic components i.e.

1. **Basic Enabling Infrastructure** (roads, water supply, power supply, drainage, ETP etc.),
2. **Core Infrastructure/ Common facilities** (ware houses, cold storages, IQF, tetra pack, sorting, grading etc) and at least 5 food processing units with a minimum investment of Rs. 25 crore. The units are set up simultaneous along with creation of common infrastructure.

Conditions

At least 10 acres of land is required to be arranged either by purchase or on lease for at least 50 years for setting up of Agro Processing Cluster.

Eligibility for financial assistance

Agro processing clusters set up by Project Execution Agency (PEA)/ Organisation such as Govt./ PSUs/ Joint Ventures/ NGOs/ Cooperatives/ SHGs/ FPOs/ Private Sector/ individuals etc. and are eligible for financial assistance

Role of Project Execution Agency

- The Project Execution Agency (PEA) which is responsible for overall implementation of the projects undertakes various activities including formulation of the Detailed Project Report (DPR), procurement/ purchase of land, arranging finance, creating infrastructure, ensuring external infrastructure linkages for the project etc.
- PEA may sell/ lease plots in agro-processing cluster to other food processing units but the common facilities in the cluster cannot be sold or leased out.

Pattern of Assistance

- The Scheme envisages **grants-in-aid @ 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),
- The grants-in-aid is credit linked but not back-ended.

Release of Grant

- First installment of 35% of the total approved grant is released to the PEA after incurring an expenditure of 35% of the bank term loan and 35% promoters contribution/ equity.
- Second installment of 40% of the total approved grant is released after incurring an expenditure of 75% of the bank term loan and 75% of promoters' contribution / equity.
- Third & final installment of 25% of the approved is on completion of the project and submission of requisite documents.

