

**Government of India**  
**Ministry of Food Processing Industries**

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**FAQs: Pre-bid meeting dated 21.08.2017 regarding Expression of Interest (EOI) issued on 28.07.2017 for inviting proposals under the Scheme for Creation of Infrastructure for Agro Processing Clusters under KISAN SAMPADA YOJANA**

**Q1. Whether Agro-processing Clusters are required to be setup near identified agri-horti production clusters or it can be setup anywhere in the country?**

**A.** The scheme aims at creating modern infrastructure for food processing closer to production areas. Preference will be given to setting up of Agro Processing Clusters near the agri-horti production clusters identified by Central / State Governments. An indicative list of identified agri-horti production clusters (fruits & vegetables) are available on Ministry's website: [www.mofpi.nic.in](http://www.mofpi.nic.in) (Schemes -> Agro Processing Clusters -> list of identified agri-horti production clusters). The promoters / investors interested in setting up of agro processing clusters may visit website: <http://geo-sampada.nic.in> for identifying agri-horti production clusters in the country.

**Q2. How many Agro-processing Clusters are to be setup in the country?**

**A.** Government has approved setting up of 100 agro processing clusters in the country near the identified agri-horti production clusters in the country. However, in the first phase, EOI has been issued for inviting proposals from the potential investors / promoters for setting up of 60 Agro Processing Clusters.

**Q3. What is minimum requirement of land for setting-up Agro-processing Clusters?**

**A.** Minimum requirement of land is 10 acres either by purchase or on lease of at least 50 years, which should be contiguous and free from any kind of encumbrance. The selection of land needs to be justified in terms of connectivity and availability of basic infrastructure such as approach road, power, water etc. as also in terms of nearness to the identified agri-horti production clusters.

**Q4. Whether land use need to be changed from Agricultural to Industrial?**

**A.** Yes, it is necessary to have Change of Land Use (CLU) for industrial purpose.

**Q5. Whether it is necessary to form a Special Purpose Vehicle (SPV) for setting-up Agro-processing Clusters?**

**A.** No. Agro-processing clusters may be developed by Project Execution Agency (PEA) / organizations such as Govt. / PSUs / Joint Ventures / NGOs / Cooperatives / Self Help Groups (SHGs) / Farmer Producer Organizations

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(FPOs) / Farmer Producer Companies (FPCs) / Private Sector / partnership firm / individuals etc. (refer para 6.1 of the guidelines)

**Q6. Whether the promoter(s) in PEA are eligible for setting up of food processing units in the agro processing clusters?**

- A. Yes. Promoter(s) may setup food processing units in the agro processing cluster. However, lead promoter has to setup at least one food processing unit in the cluster with an investment of not less than Rs. 5 crore. (refer para 3.3 of the guidelines)

**Q7. Is there any minimum requirement of term loan, equity contribution and net-worth of the promoters under the scheme?**

- A. Yes. The investors desirous are required to meet the following requirement in terms of term loan, equity contribution and net-worth:
- (i) Promoter(s) 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 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.
  - (ii) Promoter(s) needs to bring in term loan from the Bank/Financial Institution for an amount not less than 20% of the project cost.
  - (iii) The combined net worth of the promoter(s) should not be less than 1.5 times of the grant amount sought.

(refer para 7.0 of the guidelines)

**Q8. Whether the promoters / applicants / entities, which have availed financial assistance under the other schemes of the Ministry, are eligible for submitting proposals for setting up of agro processing cluster under the scheme?**

- A. Any entity / applicant which has availed grant from Ministry of Food Processing Industries (MoFPI) for any project under another scheme of the Ministry are not eligible for another grant until one year after operationalization of earlier project. In addition, the same applicant / entity shall not be entitled for more than two grants in five years under the schemes of MoFPI.

The promoters, who have been sanctioned Mega Food Parks, will not be eligible under the scheme for a period of two years from the date of completion of the MFP.

(refer para 7.6 to 7.8 of the guidelines)

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**Q9. Whether agro processing cluster can be setup in the same District where Ministry has sanctioned Mega Food Park?**

- A. No. Agro processing cluster will not be sanctioned in the same district where Central Processing Centre (CPC) of Mega Food Park (MFP) is located. (refer para 7.8 of the guidelines)

**Q10. Whether two agro processing clusters can be setup in the same District?**

- A. No. Only one agro-processing cluster will be sanctioned in a district. In case of more than one proposal from same District, the proposal having higher score in the merit based on criteria for assessment will be considered. However, in case there are more than one proposal with same marks, the proposal with higher equity / contribution (in Rupees term) will be considered. (refer para 7.5 of the guidelines)

**Q11. Whether dovetailing of assistance is allowed under the scheme?**

- A. PEA may dovetail assistance available under various other schemes of other Central / State Governments, which would improve the viability of the project. While dovetailing such assistance, it will be ensured that there is no duplication of assistance for the same component/activity of the project. (refer para 12 of the guidelines)

**Q12. Whether possession of land in the name of PEA is necessary at the time of submitting the proposal against Expression of Interest (EoI)?**

- A. Possession of land in the name of PEA at the stage of submission of proposal against EOI is not necessary. However, the EOI proposals having possession of land with Change in Land Use (CLU) in the name of PEA will be given due weightage during the evaluation and selection process.

However, it is necessary for Project Execution Agency (PEA) to meet the condition of possession of a minimum 10 acres of continuous land with CLU for according approval to such project.

**Q13. Whether government is providing any assistance in arranging the land for the project.**

- A. No. Requisite land for the project has to be arranged by the PEA. Government does not provide any assistance in procurement of land for the Agro-processing Clusters.

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**Q14. What is “eligible project cost”?**

- A. The eligible project cost will exclude cost of land, pre-operative expenses and margin money for working capital from the total project cost.

However, the registered value of the land would be taken as part of the total project cost. The GoI grant shall not be used for procurement/purchase of land. In case of land acquired by PEA on lease, such cost may not be part of project cost and may be considered part of operating cost. (refer para 5.1 & 5.2 of the guidelines)

**Q15. How many food processing units are required to be setup in the agro processing clusters?**

- A. At least 5 food processing units with an aggregate investment of minimum Rs. 25 crore will be setup in the Agro-processing cluster by the promoters and associates of Project Execution Agency (PEA) and by other entrepreneurs. The investment in these units will not be eligible for grant under this scheme.

Food processing units are required to be set up simultaneous to the creation of core infrastructure in the cluster. The core infrastructure facilities being developed in the agro-cluster shall be as per the requirement of food processing units to be set up in the cluster or as per the available raw material for processing in the area. (refer para 3.1 & 3.2 of the guidelines)

**Q16. Whether it necessary to set up a food processing unit by the promoter with an investment of Rs. 5.00 crore or an arrangement can be made with other industry for setting up the Food Processing Unit in the Park?**

- A. The lead promoter is required to setup at least one food processing units in the cluster with an investment of not less than Rs. 5 crore. (refer para 3.3 of the guidelines)

**Q.17 What types of food processing units can be setup in the agro processing clusters?**

- A. The food processing units that make food products fit for human and animal consumption (except alcoholic products) are permitted to be set up in these clusters. 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. (refer para 3.7 of the guidelines)

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**Q18. In case PEA furnishes an Agreement to Sale / lease for project land, will the same be considered as land in possession at the time of consideration of the proposal.**

**A.** No. As per the guidelines of the Scheme, the PEA should have the land duly transferred and registered in its name for consideration of approval. At the stage of EOI submission, the proposals confirming possession of land in the name of PEA would qualify for additional weightage during evaluation process.

**Q19. In case of one (or more) of the PEA members having the requisite land for the project in possession, will this be considered as land in possession?**

**A.** The member(s) of the PEA should transfer the land in the name of the PEA. In case of member(s) of the PEA possessing the land, it will not be considered in possession of PEA.

**Q20. Is there any maximum cap on the equity to be held by the members in PEA?**

**A.** There is no maximum cap on the equity that can be held by a member in the PEA. As per the scheme guidelines 07.07.2017, PEA may also be promoted by a single entity. In case the PEA is promoted by a single entity, the entire 100% equity shall be held by this entity.

**Q21. Can PEA engage the Project Management Consultant (PMC) for the project?**

**A.** It is not necessary to engage PMC. There is no list of PMCs empaneled by the Ministry for this scheme. However, if required, PEA may engage a Project Management Consultants (PMC) on its own cost. The fee charged by PMC will not be the part of eligible project cost.

**Q22. Can foreign investors, Private Equity arms of foreign firms become members in PEA and invest in creation of common infrastructure in form of equity.**

**A.** Yes. Such firms can join hands with Indian promoters and invest in the project by way of contributing equity. It may also be noted that foreign direct investments in food processing sector is allowed under automatic route in India. However, adequate documents with regard to net worth and other relevant financial details in respect of such firms / entity must be provided with the EOI proposal.

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**Q23. Is there any requirement for setting up of Primary Processing Centres / Collection Centres (PPCs / CCs) under the scheme?**

A. There is no requirement for setting up of PPCs/ CCs under the scheme.

**Q24. Whether PEA is permitted to sell the plots in Agro Processing Cluster?**

A. Yes. 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. They can only be offered to units on rental basis. (refer para 6.2(x) of the guidelines)

**Q25. What is the criterion for valuation of immovable assets?**

A. The valuation of the immovable assets will be on the basis of circle rates (as on date of application) declared by the concerned State Government, which should be duly certified by the competent State Revenue Authority. This valuation must be carried out within a period of 30 days preceding EoI bid submission date. (refer para 4(b) & 4(f) in Annexure-III of the guidelines)

**Q26. What are the documents required in support of net worth?**

A. Please refer para.4 in Annexure-III of guidelines.

**Q27. Whether the data on marketable surplus of the focused crops in the catchment area available on website can be used?**

A. Latest authentic data available in respect of marketable surplus of the focused crops in the catchment area has to be mentioned in the proposal. These may also be obtained from local concerned authorities of the catchment area like Agriculture / Horticulture / Industries Departments.

**Q28. What is the criteria of awarding marks for food processing experience prescribed in Annexure-I of the scheme guidelines dated 07.07.2017?**

A. The food processing experience of only those promoters having at least 10% of equity individually in the proposed project / PEA will be considered for awarding of marks. (refer para C2 in Annexure-I of the guidelines)