

## CENTRAL SECTOR SCHEME of financing facility under 'Agriculture Infrastructure Fund'



### 1. Objectives of the Scheme

To mobilize a medium - long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through incentives and financial support in order to improve agriculture infrastructure in the country. This financing facility will fulfil numerous objectives for all the stakeholders in the agriculture eco-system.

- a. Farmers (including FPOs, PACS, Marketing Cooperative Societies, Multipurpose cooperative societies, State Agencies, Agricultural Produce Market Committees (Mandis), National & State Federations of Cooperatives, Federations of FPOs and Federations of Self Help Groups (SHGs) etc.).
  - Improved marketing infrastructure to allow farmers to sell directly to a larger base of consumers and hence, increase value realization for the farmers. This will improve the overall income of farmers.
  - With investments in logistics infrastructure, farmers will be able to sell in the market with reduced post-harvest losses and a smaller number of intermediaries. This further will make farmers independent through improved access to market.
  - With modern packaging and cold storage system access, farmers will be able to further decide when to sell in the market and improve realization.
  - Community farming assets for improved productivity and optimization of inputs will result in

substantial savings to farmers.

**b. Government**

- Government will be able to direct priority sector lending in the currently unviable projects by supporting through interest subvention, incentive through convergence and credit guarantee. This will initiate the cycle of innovation and private sector investment in agriculture.
- Due to improvements in post-harvest infrastructure, government will further be able to reduce national food wastage percentage thereby enable agriculture sector to become competitive with current global levels.
- Central/State Government Agencies or local bodies will be able to structure viable projects on their own or PPP projects for attracting investment in agriculture infrastructure.

**c. Agri-entrepreneurs and startups**

- With a dedicated source of funding, entrepreneurs will push for innovation in agriculture sector by leveraging new age technologies including IoT, AI, etc.
- It will also connect the players in ecosystem and hence, improve avenues for collaboration between entrepreneurs and farmers.

**d. Banking ecosystem**

- With Credit Guarantee, convergence and interest subvention lending institutions will be able to lend with a lower risk. This scheme will help to enlarge their customer base and diversification of portfolio.
- Refinance facility will enable larger role for cooperative banks and RRBs.

**e. Consumers**

- With reduced inefficiencies in post-harvest ecosystem, key benefit for consumers will be a larger share of produce reaching the market and hence, better quality and prices. Overall, the investment via the financing facility in agriculture infrastructure will benefit all the stakeholders in the ecosystem.

## 2. .Implementation Period of Scheme

The Scheme will be operational from 2020-21 to 2032-33. Loan disbursement under the scheme will complete in six years, i.e. by the end of Financial Year 2025-26. As on 31<sup>st</sup> December 2022, ₹14,118 crores have been sanctioned, out of which ₹9117 crores have been disbursed under the scheme. Remaining ₹90,883 crores out of ₹1 lakh crores will be disbursed during the remaining period between 2022-23 and 2025-26. Repayment period covered under the financing facility will be for a maximum period of 7 years including the moratorium period of up to 2 years.

## 3. .Government Budgetary Support

Budgetary support will be provided for interest subvention and credit guarantee fee as also administrative cost of PMU. The details are as below:-

Sl.No.	Name of Component	Norms
1	Interest Subvention Cost	All loans under this financing facility will have interest subvention of 3% per annum up to a limit of ₹ 2 crore. This subvention will be available for a maximum period of 7 years. In case of loans beyond ₹ 2 crore, then interest subvention will be limited up to ₹ 2 crore.
2	Credit Guarantee Cost	Credit guarantee coverage will be available for eligible borrowers from this financing facility under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme for a loan up to ₹ 2 crore. The fee for this coverage will be paid by the Government. In case of FPOs the credit guarantee may be availed from the facility created under FPO promotion scheme of DA&FW. However, FPOs are also eligible for reimbursement of credit guarantee fee under AIF.

3	Administration Cost of PMU	Farmers Welfare Programme Implementation Society under DA&FW will provide PMU support to the scheme at the central level. With the financial assistance from DA&FW, each of the States/ UTs will set-up PMUs in their respective states for creation of awareness, identifying potential clusters, mobilization of applications, review of all the stakeholders, and providing all necessary handholding support under the scheme.
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#### 4. Eligible Projects

The scheme will facilitate setting up and modernization of key elements of the value chain including

Following projects are eligible for all beneficiaries including private entities as well as groups such as *FPOs, PACS, SHGs, JLGs, Cooperatives, National and State Level Federation of Co-operatives, FPOs federations, Federations of SHGs, National and State Level Agencies*

##### A. Post-Harvest Management Projects

- Supply chain services including e-marketing platforms
- Warehouse & Silos
- Cold Stores and Cold Chain
- Packaging Units
- Assaying Units
- Sorting and grading units
- Logistic Facilities- Reefer Van & Insulated vehicles
- Ripening Chambers
- Farm residue/waste management infrastructures
- Primary Processing activities

##### B. Community Farming Assets

- Organic inputs production – Vermicomposting etc.
- Compressed Biogas ( CBG) Plant
- Bio stimulant production units
- Infrastructure for smart and precision agriculture
- Purchase of drones, putting up specialized sensors on field, Blockchain and AI in

agriculture etc.

- Remote sensing and Internet of Things (IOT) such as automatic weather station, Farm advisory services through GIS applications.
- Nursery
- Tissue culture
- Seed Processing
- Custom Hiring Center –farm machinery/ implements ( *minimum 4 in quantity*)
- Farm/Harvest Automation (*combine harvester , sugarcane harvester, boom sprayers etc.* )
- Standalone solar pumping system (PM-KUSUM component B)
- Solarization of grid connected agri-pump under (PM-KUSUM component C)
- Integrated Spirulina production & processing units
- Sericulture processing unit
- Honey processing
- Plant quarantine units
- Projects identified for providing supply chain infrastructure for clusters of crops including export clusters.
- Projects promoted by Central/State/Local Governments or their agencies under PPP for building community farming assets or post-harvest management projects.

Following projects are eligible for only groups such as *FPOs, PACS, SHGs, JLGs, Cooperatives, National and State Level Federation of Co-operatives, FPOs federations, Federations of SHGs, National and State Level Agencies as they qualify as community farming assets*

- Hydroponic Farming
- Mushroom farming
- Vertical farming
- Aeroponic farming
- Poly house/ Greenhouse
- Logistics facilities (including non-refrigerated/insulated vehicles)
- Tractors

### Cropwise primary processing activities

Sl. No.	Crops	Eligible Activities	Ineligible Activities
1	Cereals & Millets <i>Wheat, Rice, Sorghum, Barley, Maize, Oat, Etc.</i>	Cleaning, De-Stoning, Sorting & Grading, Hulling, Milling (Flour, Maida, Sooji, Daliya), Pounding, Grinding, Tempering, Parboiling, Soaking, Drying, Sieving, Irradiation, Packaging, Flaking, Storage (Warehouse, Silos)	Fermentation, Baking, Puffing, Frying, Extrusion, Blending, Roasting, Rice Fortification, (Bread, Biscuits, Pasta, Snack Foods, etc.)
2	Fruits And Vegetables	Washing, Cleaning, Drying, Sorting, Grading, Freezing (IQF & Blast), Blanching For Primary Processing, Cooling, Waxing, Conditioning, Pack house, Cold Store, Ripening Chamber, Reefer Van, Bucket Elevators, Packaging	Dehydrated Products, Concentrated Products, Canning, Juice Extraction, Sauces, Candies, Jam And Jellies, Pickles
3	Oilseeds & Oil Palms <i>Groundnut, Rapeseed &amp; Mustard, Soybean, Sunflower, Sesame, Safflower, Linseed, Olives, Oil Palm Etc.</i>	Cleaning, De-Stoning, De-Husking, (Decorticating Machines), Winnowing, Oil Extraction (Ghani, Hydraulic Press etc.), Solvent Extraction, Oil Seed Cake	Refining
4	Pulses	Cleaning, De-Stoning, Drying, Sorting	Canning, Products

Sl. No.	Crops	Eligible Activities	Ineligible Activities
	<i>Bengal Gram , Pigeon Peas, Green Gram, Chick Peas, Black Gram, Red Kidney Beans, Black Eyed Peas, White Peas Etc.</i>	& Grading, De-Husking, Splitting, De-Hulling, Milling (Besan) , Irradiation, Packaging, Storage	like Papads, Pulse based ready to eat foods, Puffed Chickpea
5	Spices	Cleaning, Drying, Sorting, Boiling,	Roasted Products,

	<i>Red Chilli, Cumin, Clove, Coriander, Cinnamon, Garlic, Ginger, Turmeric, Fenugreek, Cardamom Etc.</i>	Polishing, Grinding, Packaging, Storage, Irradiation	Paste
6	<b>Cash Crops</b>		
	Cotton	Cleaning, Drying, Ginning, Pressing & Bailing, Linting, Cotton Seed Oil, Seed Cake	Fibre Making, Fibre scouring, Weaving
	Sugarcane	Cane Unloading, Cleaning, Cane Breaking, Cane Milling, Straining, Evaporators, Centrifugation, Storage Tanks, Dryers, Sugar Crystals, Jaggery, Packaging & Storage	Making Paper & Board with Bagasse, Fermentation, Alcoholic Distillation
	Jute	Cutting, Retting, Stripping, Washing, Drying, Bailing, Packing, Storage	Making Jute Cloth, Bags, Sacks
	Tea & Coffee	Cleaning & Washing, Withering, Rolling, Fermentation, Drying, Sorting, Drying Of Cherries, Hulling, Pulping, Oxidation, Packaging (Including Tea Bags) , White Tea, Green Tea, Black Tea	Chocolate Making
	Coconut	Dehusking, Deshelling, Cutting, Drying (Copra) , Grinding, Extraction Of Coconut Water, Coconut Milk Extraction, Centrifugation, Hot Processing, Virgin Coconut Oil, Packaging	Cream, Butter
	Rubber	Mastication, Mixing, Shaping, Curing, Irradiation	Secondary Rubber Products Like Tyres, Mattresses, Bottles, Boots etc.
	Tobacco	Cleaning, Grading, Sorting, Curing, Drying, Storage	Making of Chew, Cigars, Dips Etc.
7	Nuts <i>Cashew , Almonds, Walnuts, Pistachios etc</i>	Cleaning, Grading, Streaming In Boiler, Shell Cutting, Drying, Peeling, Grading, Packaging, Shelling, Separation, Packaging, Hulling, Washing, Drying, Storage, Packaging, Conveying Belts	Cashew Fruit Juice, Roasted Products, Nut Spreads, Almond Milk, Powder, Spreads, Roasting
8	Herbal, Medicinal & Aromatic Crops	Cleaning, Sorting, Drying, Milling, Extraction Of Oil, Packaging, Storage	Syrup, Pills, Cream, Frying

Sl. No.	Crops	Eligible Activities	Ineligible Activities
	<i>Barberry, Liquorice, Bael, Isabgol, Guggal, Kerth, Aonla, Chandan, Senna, Baiberang, Brahmi, Eucalyptus, Jatamansi Etc.</i>		



9	Bamboo	Drying, Cutting, Stripping, Formation Of Sheets, Bamboo Charcoal , Powder, Granules, Bamboo Treatment Plant, Bamboo Depots & Godown	Processed Food Products like Pickles, Curry Etc., Products such as Fibre, Furniture, Agarbatti, etc
10	Fodder Crops <i>Berseem, Forage Sorghum, Etc.</i>	Cutting, Mixing, Grinding	Pelleting
11	Tuber Crops <i>Sweet Potatoes, Cassava Etc.</i>	Peeling And Washing, Grating, Fermentation, Drying, Sieving, Milling, Storage	Alcoholic Products, Starch
12	Arecanut	Cleaning, Dehusking, Peeling, Splitting, Boiling, Drying, Packaging	Hardboard, Insulation Wool, Cushions, Paper, Paper Board etc.

## 5. Size of the financing facility and eligible beneficiaries

₹ 1 Lakh Crore to be provided by banks and financial institutions as loans to Primary Agricultural Credit Societies (PACS), Marketing Cooperative Societies, Farmer Producers Organizations(FPOs), Self Help Group (SHG), Farmers, Joint Liability Groups (JLG), Multipurpose Cooperative Societies, Agri-entrepreneurs, Startups and Central/State agency or Local Body sponsored Public Private Partnership Projects, State Agencies, Agricultural Produce Market Committees (Mandis), National & State Federations of Cooperatives, Federations of FPOs (Farmer Produce Organizations) and Federations of Self Help Groups (SHGs). APMCs operating regulated markets for agriculture and allied sector produce including fisheries shall also be eligible.

PACS who have adopted digitization for handling its operations will be given preference under this scheme.



## **6. Number of Projects per entity eligible under the scheme**

Interest subvention for a loan upto ₹2 crore in one location is eligible under the scheme. Multiple projects in one location are also eligible with an overall cap of ₹2 crore. In case, one eligible entity puts up projects in different locations then all such projects will be eligible under the scheme for loan upto ₹2 crore. However, for a private sector entity, such as farmer, agri entrepreneur, start-up there will be a limit of maximum of 25 such projects. This limitation of 25 projects will not be applicable to state agencies, cooperatives, national and state federations of cooperatives, FPOs, federations of FPOs, SHGs and federation of SHGs. Location will mean physical boundary of a village or town having a distinct LGD (Local Government Directory) code. Each of such projects should be in a location having a separate LGD (Local Government Directory) Code.

For APMCs, multiple projects of different infrastructure types can be sanctioned in its designated market area. In such cases, interest subvention for a loan upto ₹ 2 Crore will be provided for each project of different infrastructure types e.g. cold storage, sorting, grading and assaying units, silos, etc. within the designated market area of the APMC.

## **7. Participating institutions**

All scheduled commercial banks scheduled cooperative banks, Regional Rural Banks (RRBs), Small Finance Banks, Non-Banking Financial Companies (NBFCs) and National Cooperative Development Corporation (NCDC) may participate to provide this financing facility, after signing of Memorandum of Understanding (MoU) with National Bank for Agriculture & Rural Development (NABARD)/DA&FW.

## **8. Refinance**

If required, need based refinance support will be made available by NABARD to all eligible lending entities including cooperative banks and RRBs as per its policy.

## **9. Cap on lending rate**

Lending rate of participating lending entities will be decided after due consultation with lending entities and same will be circulated to all stake holders. Lending institutions will sign MOU with DA&FW/ NABARD for implementation of the Scheme. MOUs to be signed by DA&FW/NABARD with banks/financial institutions with a view that DA&FW/NABARD will

negotiate cap on lending rates in a fair manner.

## **10. Project Management and handholding support**

An online platform will be made available in collaboration with participating lending institutions to provide information and loan sanctioning facility. Agri Infra fund will be managed and monitored through an online MIS platform. It will enable all the qualified entities to apply for loan under the fund. The system will also provide benefits such as transparency of interest rates offered by multiple banks, scheme details including interest subvention and credit guarantee offered, minimum documentation, faster approval process as also integration with other scheme benefits. At the back end, the platform will also provide multiple views of dashboards across district; state and national level PMUs to monitor the total sanctioned amount and number of borrowers, total interest subvention benefit availed, loan statement summary, demographic and geographic mix of borrowers and type of projects.

Each of the States/ UTs will set-up PMUs in their respective states for creation of awareness, identifying potential clusters, mobilization of applications, review of all the stakeholders, and providing all necessary handholding support under the scheme.

Project reports with indicative unit costs will be prepared by Central and State PMUs for guidance of beneficiaries and lending entities. Such project reports shall be available on online platform.

## **11. Convergence**

Any grant or subsidy available under any present or future scheme of Central/State government can be availed for projects under this financing facility, e.g. MIDH, PMFME, SMAM, Gobar-Dhan, PMKSY, AMI, PACS as MSC, RKVY, PM-KUSUM (B and C), PMEGP etc. In cases of capital subsidy such amount shall be considered as promoter's contribution. However, a minimum of 10% of the project cost shall be mandatory as promoter's contribution.

## **12. Revisit of the Scheme**

The scheme will be re-visited by Department of Expenditure after disbursement of ₹ 20,000 crore is completed, for evaluation and midcourse correction if required.

Concurrent/mid-term third party independent evaluation of the scheme in addition to end- line evaluation will be conducted as and when required.

### **13. Monitoring framework**

The National, State and District Level Monitoring Committees to ensure real-time monitoring and effective feed-back about the implementation of the proposed scheme. The Committees will be set up as per **Annexure-A**.

All assets created under this financing facility shall be geo tagged. The District Monitoring Committee and respective lending entity shall ensure that updated information on such geo tagged assets is available on the online portal.

### **14. Output And Outcome Monitoring Framework (OOMF)**

The Output and Outcome Monitoring Framework (OOMF) (**Annexure-B**) will be a part of monitoring system and the measurement of outcome indicators will be monitored periodically by DLMC, SLMC and NLMC.

### **15. Linkage with PFMS**

Interest subvention and credit guarantee support will be released to Banks and lending institutions through PFMS.

Disbursal of funds by lending entities to beneficiaries under this scheme shall be in Aadhaar linked bank account.

### **16. Criteria for selection of Eligible Borrower**

Lending institutions will decide criteria for selection of eligible borrower in consultation with NABARD and monitoring committees, PMUs and keeping in mind the viability of the projects and to avoid NPA.

### **17. VGF Requirement**

In case VGF requirement is projected by central / state / local bodies, norms as prescribed by DEA for PPP projects will be adhered to.

## **18.Sector specific focus**

24% of total grants — in — aid under the scheme should be utilized for SC/ST entrepreneurs (16% for SC and 8% for ST). Besides this, lending institutions would ensure adequate coverage of entrepreneurs belonging to women and other weaker segments of society may be provided loan on priority basis to ensure that benefits of implementation are inclusive and accrued to the intended beneficiaries in accordance with Government guidelines and policies.