



**Scheme Guidelines  
for  
CENTRAL SECTOR SCHEME  
of  
Financing facility under 'Agriculture Infrastructure Fund'**

**Scheme Guidelines**

**Department of Agriculture, Cooperation & Farmers' Welfare  
Ministry of Agriculture & Farmers' Welfare  
Government of India**

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# **Scheme Guidelines for CENTRAL SECTOR SCHEME of financing facility under 'Agriculture Infrastructure Fund'**

## **1. Introduction**

The role of infrastructure is crucial for agriculture development and for taking the production dynamics to the next level. It is only through the development of infrastructure, especially at the post harvest stage that the produce can be optimally utilized with opportunity for value addition and fair deal for the farmers. Development of such infrastructure shall also address the vagaries of nature, the regional disparities, development of human resource and realization of full potential of our limited land resource.

In view of above, the Hon'ble Finance Minister announced on 15.05.2020 Rs 1 lakh crore Agri Infrastructure Fund for farm-gate infrastructure for farmers. Financing facility of Rs. 1,00,000 crore will be provided for funding Agriculture Infrastructure Projects at farm-gate & aggregation points (Primary Agricultural Cooperative Societies, Farmers Producer Organizations, Agriculture entrepreneurs, Start-ups, etc.). Impetus for development of farm-gate & aggregation point, affordable and financially viable Post Harvest Management infrastructure.

Accordingly, DAC&FW has formulated the Central Sector Scheme to mobilize a medium - long term debt financing facility for investment in viable projects relating to post-harvest management Infrastructure and community farming assets through incentives and financial support.

## **2 Rationale of theScheme**

Agriculture and allied activities are the primary income source for ~58% of total population of India. ~85% of the farmers are Small Holding Farmers (SHFs) with less than 2 hectares of land under cultivation and manage ~45% of agricultural land. Annual income of majority of the farmers is very low. Further, India has limited infrastructure connecting farmers to markets and hence, 15-20% of yield is wasted which is relatively higher vs. other countries where it ranges between 5-15%.Investment in agriculture in India has further been stagnant with less than 2% CAGR over last 5 years. Investment in FY17 was ~ Rs. 2.19 lac crore out of which private sector share was ~83% vs. a higher investment of ~ Rs. 2.50 lac crore in FY14 and a higher share of private sector at ~88%. Also, lack of investor confidence is leading to lower plowback ratio (~14% of Gross Value addition in FY18) vs. other sectors (~33% of Gross

Value addition in FY18).

### **3 Objectives of Scheme**

Tomobilize a medium - long term debt finances 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 have numerous objective for all the stakeholders in the agriculture eco-system.

a. Farmers (including FPOs, PACS, Marketing Cooperative Societies, Multipurpose cooperative societies)

- 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 and improve 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 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 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, incentive 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 eco-system players.

#### 4 Implementation Period of Scheme

The Scheme will be operational from 2020-21 to 2029-30. Disbursement in four years starting with sanction of Rs. 10,000 crore in the first year and Rs. 30,000 crore each in next three financial years. Moratorium for repayment under this financing facility may vary subject to minimum of 6 months and maximum of 2 years.

#### 5 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 Rs. 2 crore. This subvention will be available for a maximum period of 7 years. In case of loans beyond Rs.2 crore, then interest subvention will be limited up to 2 crore. The extent and percentage of funding to private entrepreneurs out of the total financing

		facility may be fixed by the National Monitoring Committee.
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 Rs. 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 DACFW.
3	Administration Cost of PMU	Farmers Welfare Programme Implementation Society under DACFW will provide PMU support to the scheme at the central level and state PMUs of PM KISAN at state level. Services of knowledge partners will be engaged to identify clusters including export clusters and gaps in supply chains to target projects and prepare viable project reports to support the beneficiaries.

## 6 Eligible Projects

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

### (A) Post Harvest Management Projects like:

- (i) Supply chain services including e-marketing platforms
- (ii) Warehouses
- (iii) Silos
- (iv) Pack houses
- (v) Assaying units
- (vi) Sorting & grading units
- (vii)** Cold chains
- (viii)** Logistics facilities
- (ix)** Primary processing centers
- (x) Ripening Chambers

### (B) Viable projects for building community farming assets including –

- (i) Organic inputs production

- (ii) Bio stimulant production units
- (iii) Infrastructure for smart and precision agriculture.
- (iv) Projects identified for providing supply chain infrastructure for clusters of crops including export clusters.
- (v) Projects promoted by Central/State/Local Governments or their agencies under PPP for building community farming assets or post harvest management projects.

## **7 Size of the financing facility and eligible beneficiaries**

Rs. 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.

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

## **8 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)/DAC&FW.

## **9 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.

## **10 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 DAC&FW/ NABARD for implementation of the Scheme. MOUs to be signed by DAC&FW/NABARD with banks/financial institutions with a view that NABARD will negotiate cap on lending rates in a fair manner.

## **11 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.

Farmers Welfare Programme Implementation Society under DACFW will provide PMU support to the scheme at the central level and state PMUs of PM KISAN at state level. Services of knowledge partners will be engaged to identify clusters including export clusters and gaps in supply chains to target projects and prepare viable project reports to support the beneficiaries.

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.

**12 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. 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.

## **13 Revisit of the Scheme**

The scheme will be re-visited by Department of Expenditure after disbursement of Rs. 20,000 crores 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.



#### **14 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.

#### **15 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.

#### **16 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.

#### **17 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.

#### **18 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.

## **19 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 will ensure adequate coverage of entrepreneurs belonging to women and other weaker segments of society. It has to be ensured that benefits of the scheme are inclusive and accrue to the intended beneficiaries.

## **20 State specific focus**

Tentative State wise allocation of financing facility has been worked out on the basis of the ratio of total value of output of Agriculture and Allied sectors of States/UTs and placed at

**Annexure- C**

## Monitoring framework

### (i) National level Monitoring Committee (NLMC)

#### **Composition :-**

Following will be the Members and Chairman of the NLMC:-

- a. Secretary (DAC&FW) (Chairman)
- b. MD SFAC
- c. MD, NCDC
- d. Special Secretary/Additional Secretary and FA (DAC&FW)
- e. Additional Secretary DFS
- f. Additional Secretary (DAC&FW, GoI)
- g. Chairman, NABARD or his representative
- h. Principal Secretary-State Government (s)- Four States by rotation
- i. State Nodal Officers of four States (by rotation)
- j. Joint Secretary (DAC&FW) and CEO of Farmers Welfare Programme Implementation Society- Member Secretary

#### **Functions:-**

1. National level Monitoring Committee (NLMC) will guide and steer the implementation of the project. It will approve the guidelines for implementation of the project.
2. National level Implementation Committee (NLIC) will examine and recommend the guidelines for implementation of the project. It also will ensure and review the implementation of the scheme as per approved guidelines by the National level Monitoring Committee (NLMC)

### (ii) State level Monitoring Committee

#### **Composition:-**

Following will be Members and Chairman of the SLMC :-

- a. Chief Secretary –Chairman
- b. Agriculture Production Commissioner/Principal Secretary Agriculture
- c. Principal Secretary (Cooperation)
- d. Registrar of Cooperative Societies (RCS)

- e. Chief General Manager (CGM), NABARD
- f. Regional Director, NCDC
- g. Officers nominated by State (not more than three).
- h. SLBC Convenor.
- i. State Nodal Officer- Member Secretary.

**Functions:-**

1. State level Monitoring Committee (SLMC) will implement the NIMC guidelines at the state level and provide feedback to NIMC.
2. It will also guide and steer the implementation of the scheme in the state.
3. It will also examine and approve the selected list of beneficiaries/ projects for inclusion in the scheme in consultation with DLMC
4. It will set the targets as per OOMF format and review the progress regularly

**(iii) District Level Monitoring Committee**

**Composition:-**

Following will be Members and Chairman of the DLMC:-

- a. District Collector – Chairman
- b. Chief Executive Officer of District Panchayat/CDO- Vice Chairman
- c. District Officer of Agriculture
- d. District Registrar Officers nominated Cooperative Societies
- e. Officers nominated by State (not more than three)
- f. Lead District Manager of DLBC
- g. District Manager NABARD- Member Secretary

**Functions:-**

1. District level Monitoring Committee (DLMC) The DLMC will be the first line of implementation and monitoring system within the overall framework.
2. It will identify the beneficiaries, to ensure viability of the project and prepare viable project reports to support the beneficiaries in collaboration with PMU.
3. It will also examine the proposal and recommend to SLMC for consideration.
4. DLMC will set targets in consultation with SLMC as per OOMF format and monitor the progress closely with the support of PMU.
5. DLMC will maintain the Dashboard in collaboration with PMU.

6. It will be responsible for the smooth implementation of the scheme and resolve any issues at the district level. In the process of sorting out implementation issues the Committee would be supported by the district administration wherever required.

## OOMF Framework

## OUTPUTS:

Output statement	Output Indicators	Target	Achievement
Promoting creation and modernization of agriculture infrastructure	No. of projects submitted by eligible entities		
	Disbursement of funds for eligible projects/investments (Rs. Crores)		
Increase in amount of interest subvention and credit guarantee support provided	Amount outgo on account of interest subvention (Rs. Crore)		
	No. of projects receiving interest subvention		
	Percent projects receiving interest subvention (of the total projects offered loan under the scheme)		
	Amount outgo on credit guarantee coverage (Rs. Crore)		
	Average percent credit guarantee coverage of the total credit extension under the scheme.		

**OUTCOMES:**

Outcome Statement	Outcome Indicators	Target	Achievement
Improvement in resource provision for agriculture infrastructure	Percentage of fund utilized for completed projects		
	Additional investments leveraged due to agriculture infrastructure fund interventions (Rs. Crore)		
Enhancement in agriculture infrastructure capacity	Total capacity addition in agriculture sector due to infrastructure activities funded (MT)		
	Reduction in post-harvest losses and food wastages (%)		

**Tentative Allocation of Financing Facility among States/UTs**

Sl. No.	State	Financing Facility INR Crore
1	Uttar Pradesh	12831
2	Rajasthan	9015
3	Maharashtra	8460
4	Madhya Pradesh	7440
5	Gujarat	7282
6	West Bengal	7260
7	Andhra Pradesh	6540
8	Tamil Nadu	5990
9	Punjab	4713
10	Karnataka	4525
11	Bihar	3980
12	Haryana	3900
13	Telangana	3075
14	Kerala	2520
15	Odisha	2500
16	Assam	2050
17	Chhattisgarh	1990
18	Jharkhand	1445
19	Himachal Pradesh	925
20	Jammu & Kashmir & Ladakh	900
21	Uttarakhand	785
22	Tripura	360
23	Arunachal Pradesh	290
24	Nagaland	230
25	Manipur	200



26	Mizoram	196
27	Meghalaya	190
28	Goa	110
29	Delhi	102
30	Sikkim	56
31	Puducherry	48
32	A & N Islands	40
33	Daman & Diu	22
34	Lakshadweep	11
35	Dadra & Nagar Haveli	10
36	Chandigarh	9
	Total	1,00,000