

# CABINET APPROVES CENTRAL SECTOR SCHEME OF FINANCING FACILITY UNDER 'AGRICULTURE INFRASTRUCTURE FUND'

Relevant for: Indian Economy | Topic: Agricultural Finance & Insurance

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi today has given its approval to a new pan India Central Sector Scheme-Agriculture Infrastructure Fund. The scheme shall provide a medium - long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through interest subvention and financial support.

Under the scheme, Rs. One Lakh Crore will 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, Aggregation Infrastructure Providers and Central/State agency or Local Body sponsored Public Private Partnership Project

Loans will be disbursed in four years starting with sanction of Rs. 10,000 crore in the current year and Rs. 30,000 crore each in next three financial years.

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 seven years. Further, 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 Department of Agriculture, Cooperation & Farmers Welfare (DACFW).

The total outflow as budgetary support from Government of India (GoI) will be Rs.10,736 crore.

Moratorium for repayment under this financing facility may vary subject to minimum of 6 months and maximum of 2 years.

The Project by way of facilitating formal credit to farm and farm processing-based activities is expected to create numerous job opportunities in rural areas.

Agri Infra fund will be managed and monitored through an online Management Information System (MIS) platform. It will enable all the qualified entities to apply for loan under the fund. The online platform 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.

The National, State and District level Monitoring Committees will be set up to ensure real-time monitoring and effective feed-back.

The duration of the Scheme shall be from FY2020 to FY2029 (10 years).

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