

CABINET APPROVES ESTABLISHMENT OF ANIMAL HUSBANDRY INFRASTRUCTURE DEVELOPMENT FUND

Relevant for: Indian Economy | Topic: Economics of Animal-Rearing incl. White, Blue & Pink Revolutions

In pursuance of recently announced Atma Nirbhar Bharat Abhiyan stimulus package for ensuring growth in several sectors, the Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi, has approved setting up of Animal Husbandry Infrastructure Development Fund (AHIDF) worth Rs. 15000 crore.

Government has been implementing several schemes for incentivizing the investment made by dairy cooperative sector for development of dairy infrastructure. However, government realizes that even MSMEs and Private companies also need to be promoted and incentivized for their involvement in processing and value addition infrastructure. AHIDF would facilitate much needed incentivisation of investments in establishment of such infrastructure for dairy and meat processing and value addition infrastructure and establishment of animal feed plant in the private sector. The eligible beneficiaries under the Scheme would be Farmer Producer Organizations (FPOs), MSMEs, Section 8 Companies, Private Companies and individual entrepreneur with minimum 10% margin money contribution by them. The balance 90% would be the loan component to be made available by scheduled banks.

Government of India will provide 3% interest subvention to eligible beneficiaries. There will be 2 years moratorium period for principal loan amount and 6 years repayment period thereafter.

Government of India would also set up Credit Guarantee Fund of Rs. 750 crore to be managed by NABARD. Credit guarantee would be provided to those sanctioned projects which are covered under MSME defined ceilings. Guarantee Coverage would be upto 25% of Credit facility of borrower.

There is huge potential waiting to be unlocked in investment through private sector. The INR 15,000 cr. AHIDF and the interest subvention scheme for private investors will ensure availability of capital to meet upfront investment required for these projects and also help enhance overall returns/ pay back for investors. Such investments in processing and value addition infrastructure by eligible beneficiaries would also promote export of these processed and value added commodities.

Since, almost 50-60% of final value of dairy output in India flows back to farmers, therefore, growth in this sector can have significant direct impact on farmer's income. Size of dairy market and farmers' realization from milk sales is closely linked with development of organized off-take by cooperative and private dairies. Thus, investment incentivization in AHIDF would not only leverage 7 times private investment but would also motivate farmers to invest more on inputs thereby driving higher productivity leading to increase in farmers income. The measures approved today through AHIDF would also help in direct and indirect livelihood creation for 35 lakh.

VRRK/SH

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