

AGRICULTURE INFRASTRUCTURE FUND

Department of Agriculture, Corporation and Farmers Welfare
MINISTRY OF AGRICULTURE COOPERATION & FARMER'S WELFARE (Government of India)

FAQs (Frequently Asked Questions)

1. What is the coverage of the scheme?

The scheme covers post-harvest management projects like supply chain services including e-marketing platforms, warehouse, silos, pack-houses, assaying units, sorting & grading units, cold chain, logistics facilities, primary processing centers, ripening chambers and other viable projects for building community farming assets such as organic input production, bio stimulant production units, infrastructure for smart and precision agriculture, supply chain infrastructure for clusters of crops including exports clusters etc.

2. Whether processing units also covered under the scheme?

The scheme is limited to primary processing units. Advanced processing activities are not a part of the scheme. However, some components of such processing units such as warehouse, cold storages, pack-houses, collection centers etc. can get benefit of agriculture infrastructure fund.

3. Whether the scheme will increase the public sector investment in agriculture infrastructure?

The scheme will support private investment and investment by farmers' collectives like PACS, FPOs etc. in agriculture infrastructure with the support of central government funding in terms of subvention and credit guarantee fund.

4. What is the implementation period of the scheme?

The Scheme will be operational from 2020-21 to 2029-30. However, the loan disbursement period will be between 2020-21 and 2023-24. Interest subvention and credit guarantee for loan will be applicable only for 7 years from the date of first disbursement of loan.

5. What is the interest subvention cost being borne by the Government?

All loans up to a limit of Rs. 2 crores under this financing facility will have interest subvention of 3% per annum. This subvention will be available for a maximum period of 7 years. In case of loans beyond Rs.2 crores, the interest subvention will be limited up to Rs. 2 crores.

6. What is the moratorium period for the project under the scheme?

The moratorium period will vary from project to project and that is minimum six months and maximum two years.

7. Whether the subvention will be allowed for moratorium period of the project?

The subvention will be available for a maximum period of seven years which also includes moratorium period. (Overall availability for subvention is 07 years).

8. Whether there is cap of minimum or maximum loan quantum under AIF Scheme?

The scheme does not have a minimum or maximum loan cap. However, the maximum loan quantum on which the benefit of the scheme applicable is upto Rs.2 crores.

9. What will be the lending rates for loans of Agri Infrastructure Projects above Rs.2 crores?

The subvention will be applicable only on the loan of Rs.2 crore. Banks may decide market driven interest rate beyond the subvention scheme amount.

10. What is the credit guarantee coverage available for eligible borrowers?

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 crores. 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 DAC&FW

11. Can the eligible entity choose a project other than mentioned in the scheme under Agriculture Infrastructure Fund scheme?

The scheme will facilitate setting up and modernization of key elements of the agri value chain. The mentioned infrastructures in the guidelines are indicative in nature. Other viable agriculture infrastructure projects under similar category, apart from the mentioned indicative projects are also eligible for the scheme benefits.

12. Who can avail financing from this scheme?

The eligible entities under this project are:

1. Primary Agricultural Credit Societies (PACS)
2. Marketing Cooperative Societies
3. Farmer Producers Organizations (FPOs)
4. Self Help Group (SHG), Farmers
5. Joint Liability Groups (JLG)
6. Multipurpose Cooperative Societies
7. Agri-entrepreneurs, Startups and
8. Central/State agency or Local Body sponsored Public Private Partnership Projects

13. Which are the participating institutions in this central sector scheme?

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.

14. DCCBs are not scheduled commercial bank. Are they eligible to participate in agri infra fund scheme?

DCCBs with whom PACS are affiliated are eligible to participate under agri infra fund scheme.

15. What is the process flow of the scheme?

- i. The applicant will register on the online portal after which he/ she will receive registration credentials.
- ii. After getting credentials, beneficiary can apply for loan through the online portal by filling an application form available on the portal.
- iii. Along with the application soft copy of Detailed Project Report (DPR) and related documents will be uploaded on the portal by applicant.
- iv. This application along with DPR will then be forwarded to the lending institution opted by the applicant for appraisal.
- v. The lending institute will appraise the project and decide whether to sanction the loan or reject the application based on viability of project.
- vi. Once the loan is sanctioned then funds will be transferred directly to the bank account of the beneficiary.
- vii. After the disbursement of loan to beneficiary by lending institute, interest subvention and credit guarantee fee will be released by GOI to the lending institute and CGTMSE respectively.

16. How much time will it take to get the decision from the lending institutions on the loan application?

The time limit to convey the decision on the loan application to the applicant is set for a maximum period of 60 days from the date of application of the loan.

17. Is there a cap on the lending rate?

Yes, The cap on lending rate of up to Rs 2.00 Cr. (Rupees two crore) will be 06 monthly/ Annual MCLR plus 100 basis point (floating) subject to maximum 9.00 percent (Nine percent per annum) for all eligible projects.

18. What is the terms of interest subvention for such accounts which become NPA?

The subvention will be allowed only till the account is under standard category. Further, if the account slips into NPA, no subvention will be allowed during the period account remains under NPA category. The subvention will further be allowed from the date of upgradation of the account to standard category. Once the account is upgraded to standard category it will be eligible to receive the subvention for the period in which the account was under NPA category.

19. Is there any capital subsidy available from the central government under the scheme?

There is no capital or margin subsidy under the scheme but central government will provide 3% interest subvention per annum upto an outstanding loan limit of Rs.2.00 crores and credit guarantee fee for loan amount uptoRs.2.00 crores.

20. How the scheme is beneficial for the financial institutions / lenders?

The lending institutions can expand their credit with lower risk and to diversified portfolio by making use of credit guarantee incentive and interest subvention available under the scheme. RRBs and cooperative banks may enlarge their size through refinance available under the scheme.

21. Is refinance facility available from NABARD?

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.

22. Is interest subvention and credit guarantee available beyond loan of Rs. 2 crores under the scheme?

The interest subvention and credit guarantee is restricted for a loan upto Rs.2 crores.

23. As DCCBs are not part of CGTSME framework, so how their credit guarantee will be taken care of?

DCCBs don't need credit guarantee because PACS are already affiliated to them. In case DCCBs fund FPOs, then credit guarantee support can be taken from the FPO promotion fund of Govt. of India.

24. What is the project management and handholding support available under the scheme?

- a. An online platform (www.agriinfra.dac.gov.in) has been made available in collaboration with participating lending institutions to provide information and loan sanctioning facility. It will enable all the qualified entities to apply for loan under the fund.
- b. 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 etc.
- c. 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 etc.
- d. Farmers Welfare Programme Implementation Society under DAC&FW 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 used to identify clusters including export clusters and gaps in supply chains to target projects and support for preparation of viable project reports.

25. Can loan be availed by offline mode?

Yes, loan can be availed through offline mode but it is mandatory for lending institutions to make its entry on the online platform in due course of time to get the benefits of AIF.

26. Will the scheme encourage convergence with other schemes?

Agriculture Infrastructure Fund Scheme is a top-up scheme along with all other available state and central government schemes. Any grant or subsidy available under any present or future scheme of Central/State government can be availed for projects in addition to 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

27. Under the scheme of NABARD; Multipurpose Service Centre Scheme for PACS, allowed activities are similar to that of agri infra fund. The provision under the scheme is that this can be refinanced by NABARD at a rate of 3%. Is it allowed to converge agri infra fund with this scheme of NABARD?

Yes, agri infra fund can be dovetailed with other interest subvention schemes and accordingly, calculated interest rate will be interest applicable minus 3%. In case of PACS seeking this fund, the effective rate may be as low as 1% per annum.

28. What are the criteria for selection of eligible borrowers?

Participating lending institutions will decide criteria for selection of eligible borrower as per their own policy, keeping in mind the viability of the projects.

29. Is borrower's contribution mandatory to become eligible under the scheme?

Yes, it is mandatory for borrowers to contribute atleast 10% of total project cost irrespective of available capital subsidy.

30. What is the linkage of the scheme with PFMS?

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

31. Will the scheme be reviewed at any point of time in future?

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.

32. How will the scheme be monitored?

To monitor the scheme, Monitoring Committees will be set up at National, State and District levels. This will to ensure real-time monitoring and effective feed-back on the implementation of the scheme.

33. If 2-3 PACS in a cluster interested to take the benefit of agri infra fund together, how should they go about it?

There is no restriction for such projects. However, MoU may be signed in such case between the PACS, where one PACS can act as a lead and others can sign MoU with it.

34. Are public sector undertaking (PSU) organizations eligible to get the benefit under the scheme?

PSUs are directly not eligible under the scheme, but projects sponsored by them under PPP are eligible.

35. From which date onwards the borrowers will get the benefit of interest subvention?

The loan under the eligible infrastructures whose first disbursement are made on or after 8th July 2020 are eligible to get the benefit under the scheme.

36. Whether the computerization of institutions such as mandi board, PACS, Cooperatives etc. can get the benefits under the scheme?

No, such projects are not covered.

37. What will happen if a state/UT achieve its allocated target beforehand and still there are some more eligible project applications pending or state wants larger financial facility than the allocation?

The state wise allocated target is indicative in nature and calculated based on the share of the state in agriculture production of the country. However, based on the performance of the state under AIF, the allocated financial facility may be revised within the overall financial limit of Rs.1 lakh crore under the fund.