

## Agriculture Infrastructure Fund

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### SUMMARY

The Agriculture Infrastructure Fund (AIF) is a government central sector scheme launched in India in 2020 to provide financial support to farmers and entrepreneur for the development of agriculture infrastructure. The fund aims to increase the competitiveness of agriculture and enhance farmers' income. Under the scheme, the government provide a loan of up to Rs. 10 crores to eligible entities for building and upgrading infrastructure such as cold storage, warehouse, and packing house. The AIF has a total corpus of Rs. 1 lakh crore and is expected to benefits farmers and agribusinesses across the country.

### INTRODUCTION

An introduction to agriculture infrastructure fund can clarify its purpose and significant the agriculture infrastructure fund. AIF is a scheme launched by Indian government on 8<sup>th</sup> July 2020 under the visionary guidance of the Honorable Prime Minister Shri Narendra Modi, for creation of post-harvest management infrastructure and community farm assets in rural area of India. The primary objective of AIF here is to improve the infrastructure and facility in the agriculture sector and increase the income of farmer in the country. The fund provides financial assistance to eligible beneficiaries, including farmers, farmer producer organizations (FPOs), self-help groups (SHGs), startups, and agri – entrepreneurs. The AIF heads or corpus of rupees 1,00,000 crore for a period of 10



years from 2020-21 to 2029 -30. The funds are provided through the National Bank for agriculture and rural development (NABARD), Which is the nodal agency for the implementation of the scheme. Under the AIF, the government provide a 3% interest subvention and credit guarantee of up to Rs 2crore to eligible beneficiaries. The fund is available to both individuals and organizations involve in agricultural activity, cold storage facilities, Agri logistics, grinding and sorting facilities, Agri processing units and other post-harvest management infrastructure. The scheme also supports the government of community farming assets such as warehouses, silos and primary processing centers.

Agriculture Infrastructure Fund crosses Rs.30,000 crore mark of capital mobilization for projects in agriculture sector for creation of post-harvest management infrastructure and community farming assets.

**AIF scheme Beneficiary Mr. Anand Patel**

Anand Patel, a farmer from Jabalpur district of Madhya Pradesh realized the importance and need of mechanization in agriculture especially for small and marginal farmers for whom agriculture machineries are not affordable. He then established a hi-tech hub where agriculture machineries are provided on the rental basis to the local farmers. This Hi-tech Hub has 12 Farm machinery including combine harvester, thresher, laser land leveler, tractors, zero till seed cum fertilizer drill, mulcher etc. that costs around Rs. 60.82 Lakhs which seemed a lot for a farmer like Mr. Patel. but through Agriculture Infrastructure Fund and its unique feature of convergence with other Central Government and State Government schemes, Mr. Patel was not only able to secure a loan of Rs. 45.62 Lakhs at an interest rate of just 5.4% but also got the benefit of capital subsidy of 40% of the total project cost under Sub-Mission on Agriculture Mechanization (SMAM) scheme of Ministry of Agriculture & Farmers Welfare. Now he is providing services of these machines to more than 100 small and marginal farmers which helped them in saving a lot of effort, time, and money.

**Scheme Beneficiaries**

Primary Agricultural Credit Society (PACS), FPOs, Marketing Cooperative Societies, Joint Liability Groups (JLG), Self-Help Groups, Multipurpose Cooperative Societies, Startups, agri entrepreneurs, Central/State agency or Local Body sponsored Public-Private Partnership Projects. In July 2021, the government approved extending the scheme to APMCs/State Agencies, National & State Federations of Cooperatives, Federations of Farmers Producers Organizations (FPOs) and Federations of Self Help Groups (SHGs)

**Major Benefits of AIF scheme****A) Interest subvention**

All loans under this financing facility will have interest subvention of 3% per annum up to a limit of Rs. 2 crores. This subvention will be available for a maximum period of seven years.

**B) Credit guarantee**

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

**C) Moratorium for repayment**

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

**Required Documents**

- Bank's loan application form / Customer Request Letter for AIF Loan duly filled and signed
- Passport size photographs of the promoter/partners/director
- Identity proof – Voter ID card/PAN card/Aadhaar card/Driving license
- Address Proof:
- Residence: Voter ID card/Passport/Aadhaar card/Driving license/Electricity Bill/Latest property Tax Bill
- Business Office/Registered Office: Electricity Bill/Latest Property Tax Receipt/Certificate of Incorporation in case of Companies/Certificate of Registration in ca of partnership Firms
- Proof of Registration
- In case of Company: Article of Association
- In case of Partnership: Certificate of Registration of Firm with Registrar of Firm
- In case of MSMEs: Certificate of Registration with District Industries Centre (DIC)/Udyog Aadhar Copy
- Income Tax Return for last three years, If available.
- Audited Balance Sheet of last 3 Years, If available.
- GST Certificate, if applicable.
- Land ownership records – title deed/lease deed. If applicable, then Permission to mortgage the Immovable Property from the Lessor in case the Property is Leasehold (for primary security)
- ROC Search Report of the Company

- KYC documents of the promoter/firm/company
- Copy of Bank Statement for last one year (If available)
- Repayment track record of existing loans (Loan Statement)
- Net Worth Statements of promoter
- Detailed Project Report
- As applicable - Local authority permissions, Layout plans/estimates, Building sanction

### **CONCLUSION**

The AIF is expected to have a significant impact on India's agricultural sector which has been facing numerous challenges including low productivity inadequate storage facilities and poor market linkages by improving infrastructure the fund is expected to reduce post-harvest losses and hence farmers' incomes and create new job opportunities in conclusion the agriculture infrastructure fund is promising initiative by the Indian government to address the longstanding issues in the country agricultural sector by providing financial support for the development of agricultural infrastructure the fund is expected to have a positive impact on the livelihoods of farmers and the overall growth of the sector.

### **REFERENCES**

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