



Agriculture Infrastructure Fund

Why in News

Recently, the Union Cabinet has given approval to a pan India [central sector scheme](#) i.e. **Agriculture Infrastructure Fund**, to inject formal credit into farm and farm-processing based activities.

- It is a **part of the over Rs. 20 lakh crore stimulus package** announced in response to the [Covid-19 crisis](#).
- The Union Cabinet has also approved amendment to the [Essential Commodities Act \(ESA\), 1955](#).

Key Points

- **Aim:** To provide medium - long term **debt financing facility** for investment in viable projects for **post-harvest management Infrastructure** and **community farming assets**.
 - The funds will be provided for setting up of cold stores and chains, warehousing, silos, assaying, grading and packaging units, e-marketing points linked to e-trading platforms and ripening chambers, besides PPP projects for crop aggregation sponsored by central/state/local bodies.
- **Duration:** Financial Year 2020 to 2029.
- **Features:**
 - **Financial Support:** Rs. 1 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 and Central/State agencies or Local Bodies sponsored by [Public Private Partnership Projects](#).
 - 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.
 - Moratorium for repayment may vary subject to minimum of 6 months and maximum of 2 years.
 - **Interest Subvention:** Loans 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.
 - **CGTMSE Scheme:** A **credit guarantee coverage** will be available for eligible borrowers from the scheme under [Credit Guarantee Fund Trust for Micro and Small Enterprises \(CGTMSE\) scheme](#) for a loan up to Rs. 2 crore.
 - **Farmer Producer Organizations:** In case of [FPOs](#) the credit guarantee may be availed from the facility created under FPO promotion scheme.
- **Management:** The 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 National, State and District level monitoring committees will be set up to ensure real-time monitoring and effective feed-back.

Source: PIB

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