



# PROGRESSIVE TRANSFORMATION OF AGRICULTURE INFRASTRUCTURE LANDSCAPE IN INDIA

**T**he recent approval of the progressive expansion of Agriculture Infrastructure Fund (AIF) by cabinet chaired by Hon'ble Prime Minister reaffirms the commitment of the Government of India to strengthen the agriculture infrastructure in our country, much needed for enhancing farm productivity and reducing costs and ultimately contribute to the overall economic growth of the agricultural sector.

## **Agriculture Infrastructure Fund (AIF)**

Launched in July 2020 under Aatmanirbhar Bharat package, the flagship scheme of Agriculture Infrastructure Fund (AIF) aims to develop agriculture infrastructure at farm-gate level for reducing post-harvest losses of farm produce and to promote the use of modern technologies in Indian agriculture. AIF is 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 credit guarantee support. The Fund of Rs. 1 lakh crore under the scheme will be disbursed from FY 2020-21 to FY 2025-26 and the support under the scheme will be provided for the duration of FY2020-21 to FY2032-33. Under the scheme, Rs. 1 Lakh Crore will be provided by banks and financial institutions as loans with interest

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subvention of 3% per annum and credit guarantee coverage under CGTMSE for loans up to Rs. 2 Crores for period of 7 years including moratorium period of upto 2 years. Further, each entity is eligible to get the benefit of the scheme for up to 25 projects located in different LGD codes.

Since its launch, Agriculture Infrastructure Fund (AIF) has played a crucial role in transforming the agricultural and rural landscape by catalysing private investments in key sectors, effectively addressing existing deficiencies in infrastructure, particularly in conventional storage capacity. Post-harvest losses of agricultural produce are a significant issue globally and in India, necessitating the development of infrastructure across various components of the value chain, such as storage (both dry and cold) and transportation.

### **AIF in Numbers**

As on date, the sanctioned amount under the scheme has exceeded Rs. 48,400 crores. The scheme has mobilised more than Rs 80,000 crore of investments in the Agri sector. Notably, 54% of the approved projects are associated with farmers, cooperatives, farmer producer organizations, and self-help groups, highlighting strong farmer participation in building farm-level infrastructure. The remaining projects, led by agri-entrepreneurs and start-ups, are bringing essential agricultural infrastruc-

ture closer to the farming community, enhancing farmers' access to these resources.

As of now, 74,695 agriculture infrastructure-related projects have been approved under the scheme across the length and breadth of the country, including 18,508 custom hiring centers, 16,238 primary processing centers, 13,702 warehouses, 3,095 sorting and grading units, 1,901 cold stores, and 21,251 other types of agricultural infrastructure like precision Agriculture projects, Solar pumps, Biogas plants, Bio-stimulant units etc. Besides infrastructure development, AIF has fostered entrepreneurship among youth and farmers, resulting in the establishment of approximately 50,000 new enterprises. This infrastructure and entrepreneurship development has collectively created over 830,000 job opportunities in the farm sector

AIF scheme is critical for developing necessary processing and cold storage infrastructure especially for horticulture crops. India has approximately 4.419 million metric tons of cold chain storage capacity, which is only 15.72% of the country's fruit and vegetable production. Completed projects under AIF have increased storage capacity in the sector by approximately 5 million metric tons, leading to the preservation of 1.86 million metric tons of food grains annually, resulting in savings of around Rs. 5,700 crores. Additionally, proper cold storage could reduce post-harvest losses of horticultural produce by 10%, preventing the loss of 350,000 metric tons of produce each year, which translates to savings of about Rs. 1,250 crores.

### Expansion of AIF

In a significant move, the Government of India on 28.08.24 has approved the progressive expansion of the ambitious Agriculture Infrastructure Fund (AIF) scheme, making it even more impactful and inclusive. Currently, some technology driven projects such as hydroponic farming, mushroom cultivation, vertical farming, aeroponic farming, poly-houses and greenhouses are reserved for farmer



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groups and collectives only. However with the expansion of its scope, these ventures can now be approved under AIF for individual farmers and entrepreneurs also.

Similarly, post-harvest management activities were previously limited to primary processing. Now, by expanding the scope, integrated processing projects which includes both primary and secondary processing are eligible under AIF, thereby increasing project viability and helping farmers achieve better price realization. This also helps in holistic post-harvest value chain development of Agri- Horti crops.

Additionally, Component A of the PM KUSUM scheme, which facilitates the establishment of solar power plants of up to 2 megawatts on barren, fallow, cultivable, pasture, or marshy land, has now been integrated with AIF scheme. This strategic convergence will empower both individual

farmers and groups, elevating their role from being food producers to energy providers ( Annadaata to urjadaata ), while also promoting the development of reliable clean energy infrastructure in rural areas.

A dedicated credit guarantee cover window through NABsanrakshan specifically for Farmer Producer Organizations (FPOs) under NABARD will remain open for AIF beneficiaries, where the guarantee fee will be eligible for reimbursement.

The progressive expansion of AIF will certainly enhance processing capabilities, diversify food production, and improve the quality of yields. They will extend shelf life, boost transportation capacity, and connect rural supply with urban demand. These changes are poised to generate much needed rural employment opportunities, reduce input costs, increase yields, and enhance efficiency in agriculture activities contributing to substantial rural development. By addressing the root causes of post-harvest losses, the Agriculture Infrastructure Fund (AIF) provides a sustainable solution that promises to progressively transform the agricultural infrastructure landscape and ensure a brighter future for Indian farmers. With improved infrastructure, the AIF is fostering a more resilient and prosperous agricultural economy.