

By email only

No. R-11016/2/2020-I&P
Government of India
Ministry of Agriculture & Farmers Welfare
Department of Agriculture, Cooperation & Farmers Welfare
Cooperation Division

Krishi Bhawan, New Delhi
Dated the 24th July, 2020

To,

The MDs/CMDs of
all the Banks/Lending Institutions

Through- Indian Banks' Association Mumbai email ID: sa.sb@iba.org.in

Subject: - Central Sector Scheme of Financing Facility under Agriculture Infrastructure Fund- Circulation of Minutes of the meeting held on 22.07.2020 with Banks which was organized by Indian Banking Association

Sir,

I am directed to refer to subject cited above and to enclose herewith a copy of Minutes of the meeting (through Video Conferencing) held by Shri Vivek Aggarwal, Joint Secretary, DAC&FW on 22.07.2020 with Banks/Lending Institutions and DFS, which was organized by Indian Banking Association.

2 This is for information and necessary action.

Enclosure-as above

Yours faithfully,



(K.R. Meena)
Director (CPC)

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Copy to –(I) Shri Sanjeev Kaushik, Additional Secretary, DFS

(ii) Shri Bhushan Sinha, Joint Secretary, DFS

Copy for information to –

PPS to JS (Cooperation), DAC&FW

Minutes of the meeting held with Banks through video conferencing at 11 AM on 22.07.2020 organized by Indian Banking Association regarding Central Sector Scheme of Financing Facility under Agriculture Infrastructure Fund.

List of the participants is attached at **Annexure-A**

At the outset, Shri D. K. Malhotra, Senior Advisor, Indian Banking Association welcomed all the participants and invited Shri Vivek Aggarwal, Joint Secretary, DAC&FW to present about the newly launched Central Sector Scheme of Financing Facility under Agriculture Infrastructure Fund.

2 Shri Vivek Aggarwal, Joint Secretary, DAC&FW informed that Hon'ble Finance Minister announced the revival package for Indian Economy and under this package INR 1 lakh crore Agri Infrastructure Fund for post harvest management infrastructure was to be set up. The new Central Sector Scheme of Financing facility under Agriculture Infrastructure Fund has taken shape according to the announcement.

3 JS, DAC&FW further informed that under this scheme INR 1 Lakh Crore is to 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, Startups and Central/State agency or Local Body sponsored Public Private Partnership Projects. This scheme will act as catalyst for infrastructure support to mobilize a medium - long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through incentives and financial support. This investment will facilitate setting up and modernization of key elements of the value chain including Post Harvest Management Projects like Supply chain services including e-marketing platforms, Warehouses, Silos, Pack houses, Assaying units, Sorting & grading units, Cold chains, Logistics facilities, Primary processing centers, Ripening Chamber and viable projects for building community farming assets including Organic inputs production, Bio stimulant production units, Infrastructure for smart and precision agriculture, Projects identified for providing supply chain infrastructure for clusters of

crops including export clusters and Projects promoted by Central/State/Local Governments or their agencies under PPP.

4 JS, DAC&FW further informed that it is central sector scheme as well as a top up scheme as any grant or subsidy available under any present or future scheme of Central/State government can be availed for projects under this financing facility. Under this scheme, pre-assessment or pre-appraisal is not required. He further informed that fund will flow through PFMS which has already interlinkage with banks. Hence, fund will flow smoothly and there will be no delay in payment of Interest Subvention and Credit Guarantee. Need based refinance facility through NABARD will be available. JS, DAC&FW appealed to all the banks to work together for success of this scheme.

5 JS, DAC&FW informed that Banks will decide about the viability of the project. It was further informed that 3% Interest Subvention will be given upto a loan of INR. 2 Crore on outstanding amount for maximum period of 7 years. Lending institution will examine the DPR submitted by the borrower and sanction the project. To have the cap on the lending rate, he proposed to link it, to their 6 monthly Marginal Cost of Funds-based Lending Rate (MCLR). Lending rate of participating lending entities will be 06 monthly MCLR plus 100 basis point (floating) subject to maximum 9.00 percent (Nine percent per annum) for all agriculture infrastructure projects. The subsidy will be calculated based on the actual loan amount. Banks may decide market driven interest rate beyond the subvention scheme amount. A portal like PS 59 has to be designed so that application could be filed online. Hub and spoke model can be followed to fund the spokes. PM Kisan PMU will act as PMU for this scheme also. He further informed that under the scheme, INR. 10,000 crore will be sanctioned in the first year and INR. 30,000 crore each in next three financial years. MoUs will be signed with Banks and a ceremony will be organized. JS appealed to banks to participate and activate the facility quickly. In view of the guidelines 40% of the facility can be sanctioned by 1st April, 2021. Each Bank needs to appoint a nodal officer for the scheme. JS, DAC&FW told that a copy of draft MOU will be sent to the banks through IBA. After that JS, DAC&FW asked the banks to raise their questions if they need clarification.