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# AIF Scheme: Agriculture Investment Funds

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## AIF Scheme: Agriculture Investment Funds

### Why in news?

The Union Cabinet has approved the **expansion of the Agricultural Infrastructure Fund (AIF)**.

The initiative aims to bolster agricultural infrastructure, support **viable community farming assets**, include **integrated processing projects**, align with **PM-KUSUM Component-A**, and **extend credit guarantee for FPOs** through **NABS Sanrakshan Trustee Company Pvt. Ltd.**

### AIF Scheme

- The Agriculture Infrastructure Fund is a **central sector scheme**

**Note:** Central sector schemes are fully funded by the Union government and executed by central government agencies.

- Agriculture Infrastructure Fund **provides medium to long-term loans for projects related to post-harvest management and community farming**, with support through reduced interest rates and credit guarantees.
- The duration of the scheme is **from FY2020 to FY2029 (10 years)**.

### Provisions under the scheme

- All loans **up to a limit of ? 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

**Note:** interest subvention means **the government pays part of the loan interest**.

- In case of loans **beyond Rs. 2 crores**, the interest subvention will be limited up to Rs. 2 crores.
- There is **credit guarantee coverage**, which is up to Rs. 2 crores. The fee for this coverage will be reimbursed by the Govt. of India.

### Following activities are eligible under National Agriculture Infra Financing Facility:

- All post-harvest management projects
- Primary processing activities
- Community farming assets like tissue culture

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- Organic inputs production – Vermicomposting etc.,
- Financing hydroponic farming
- Mushroom farming
- Vertical farming
- Aeroponic farming
- Poly house/ Greenhouse
- Logistics facilities
- Tractors for groups like FPOs, PACS, SHGs, JLGs, Cooperatives, National and State Level Federation of Co-operatives, FPOs federations, Federations of SHGs, National and State Level Agencies as they qualify as community farming assets.

### Eligible Applicants

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

### Benefits of the Scheme:

- **Better Marketing:** Farmers can **sell directly to more consumers**, increasing their income.
- **Reduced Losses:** **Improved logistics reduce post-harvest losses** and **fewer intermediaries**, making farmers more independent.
- **Modern Storage:** Access to **advanced packaging and cold storage** helps farmers decide the best time to sell.
- **Cost Savings:** **Community farming assets** improve productivity and save costs.
- **Increased Investment:** Government support through **interest discounts** and guarantees boosts innovation and private sector investment.
- **Reduced Food Waste:** Improved infrastructure **lowers food wastage** and **enhances global competitiveness**.
- **Attracting Investments:** Viable Public-Private Partnership projects attract more investment in agricultural infrastructure.
- **Lower Risk for Lenders:** Credit guarantees and incentives reduce risk and help lenders expand their customer base.
- **Support for Cooperative Banks:** Refinance facilities allow cooperative banks and Regional Rural Banks (RRBs) to play a larger role.

### Significance of AIF

- *Since 2020, AIF has supported building 6623 warehouses, 688 cold stores, and 21 silos.* This has added 500 LMT of storage capacity: 465 LMT for dry storage and 35 LMT for cold storage.
- The new capacity **saves 18.6 LMT of food grains and 3.44 LMT of horticultural produce annually.**
- **74,508 projects under it have attracted crores of investment**, primarily from private sources. The projects have created over 8.19 Lakh rural jobs in agriculture.

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## The recent expansion of AIF

**Viable Farming Assets:** To allow all eligible beneficiaries of scheme **for creation of infrastructure covered under 'viable projects'** for building community farming assets'.

**Integrated Processing projects:** To include integrated primary secondary processing projects in list of eligible activities under AIF. However standalone secondary projects would not be eligible and would be covered under MoFPI schemes.

**PM KUSUM Component-A:** To allow convergence of Component-A of PM-KUSUM with AIF for farmer/group of farmers/ Farmer Producer Organizations/ Cooperatives/ Panchayats. The alignment of these initiatives aims to promote sustainable clean energy solutions alongside the development of agricultural infrastructure.

**NABSanrakshan:** In addition to **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**, it is proposed to extend AIF credit guarantee coverage of FPOs through the NABSanrakshan Trustee Company Pvt. Ltd. also. This expansion of credit guarantee options is ***intended to enhance the financial security and creditworthiness of FPOs***, thereby encouraging more investments in agricultural infrastructure projects.

## Significance of expansion

The expansion of the AIF scheme will **boost growth, increase productivity, raise farm incomes, and make agriculture more sustainable.**