

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

### **What is the issue?**

The Agriculture Infrastructure Fund scheme that aims to boost agri marketing facilities needs to be recast as the scheme remains ambiguous.

### **What is AIF scheme?**

- It is a Central Sector Scheme approved by the Union Cabinet in 2020.
- It aims to provide a medium - long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets.
- The duration of the Scheme shall be from FY2020 to FY2032.
- Eligible beneficiaries include farmers, FPOs, PACS, Marketing Cooperative Societies, SHGs, Joint Liability Groups, Agri-entrepreneurs, Start-ups, and Central/State agency or Local Body sponsored Public-Private Partnership Projects.
- Under the scheme, Rs. 1 Lakh Crore will be provided by banks and financial institutions as loans.
- The loans are provided with interest subvention of 3% per annum and credit guarantee coverage under CGTMSE for loans up to Rs. 2 crores.

### **What is the significance of the scheme?**

- It provides support facilities to farmers and value chain actors for risk-sharing and market access.
- Improved marketing infrastructure will help farmers sell their produce directly.
- With investments in logistics infrastructure, post-harvest losses can be reduced.
- It also provides targeting State-specific APMCs and maintenance of sanitary and phytosanitary standards for organic produce marketing and exports.
- District, state or national level monitoring committees will reduce the turnaround time for file processing to less than 60 days.
- The scheme tries to mitigate spatial and temporal risks in the agribusiness ecosystem through adequate post-harvest infrastructure facilities.

## Why the scheme appears ambiguous?

- FPOs are the potential beneficiary of the scheme but their viability is a question.
- There is no reliable data about flow of funds from institutions such as NABARD, SFAC, and State agencies to FPOs in public domain.
- Lack of clarity on how the AIF will act as a market intervention scheme for market infrastructure institutions.
- There is no mechanism of convergence with existing schemes such as PEG scheme that has infused private or corporate capital into agribusiness.
- Expanding the scope of APMCs by integrating them into eNAM structure may not prevent farmers from distress sales or market failures until a monitoring and evaluation cell is put in place.
- There is a need for modification of AIF funds linked to agricultural commodity derivative markets for improved market integration and reliable price discovery as like China's '**futures plus**' scheme.

**Source: The Hindu Businessline, PI**

