

Break Out Session 5 of SMART AGRICULTURE webinar

**Financing Investment in value chain
infrastructure in Agriculture and Allied
Sectors**

Budget Announcements

A fund with blended capital, raised under the co-investment model, will be facilitated through NABARD. This is to finance start-ups for agriculture & rural enterprise, relevant for farm produce value chain

Financing of Development in Value Chain Infrastructure in Agriculture & Allied sectors (Focus Area).

The provision of a comprehensive package “to help farmers select suitable varieties of fruits and vegetables, and to use appropriate production and harvesting techniques”.

Apart from PLI expansion, food processing sectors, and start-ups, also many small MSME units are the mediums through which employment opportunities are increased. (Focus Area)

Fund with blended capital raised under Co-investment model

- Will follow a hybrid model having both direct and indirect investment components, while also having provisions for extending both equity/debt capital or a blend of both.
- Will be facilitated through NABARD.
- This is to finance start-ups for agriculture & rural enterprise, relevant for farm produce value chain
 - To provide equity support to agri-food start-ups and start-ups allied to them (e.g. agri/rural fintech)
 - To nurture and support agri-food tech start-ups in their evolution
 - To provide venture debt to agri-food start-ups
- Can be augmented through private sector finance (banks, FIs)



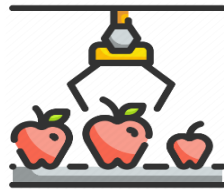
Financing Development in Value Chain Infrastructure in Agriculture

- The changing agricultural environment in India requires focused approach to develop infrastructure across value chain
- AIF is launched to provide the required boost to farm gate and aggregation point infrastructure for Agriculture/Horticulture/Forestry produce
- Objective of AIF is to mobilize **a medium - long term debt finances** facility for investment in viable projects for **post-harvest management Infrastructure** and **community farming assets** to improve agriculture infrastructure

Innovation and IT



Primary processing



Storage Infrastructure

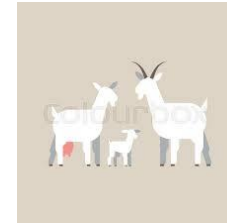


Marketing infrastructure



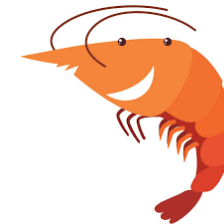
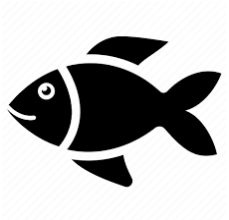
Investment in infrastructure Development in Dairy sector

- Rs. 15000 crore **Animal Husbandry Infrastructure Development Fund (AHIDF)** under Atma Nirbhar Bharat Abhiyan stimulus package. The Animal Husbandry Infrastructure Development (AHIDF) is for incentivizing investments by individual entrepreneurs, private companies, MSME, Farmers Producers Organizations (FPOs) and Section 8 (Non-Profit companies under Companies Act 1956) to establish
 - (i) the dairy processing and value addition infrastructure,
 - (ii) meat processing and value addition infrastructure
 - (iii) Animal Feed Plant
 - (iv) Breed multiplication Farm



Investment in infrastructure Development in Fisheries sector

- **Fisheries and Aquaculture Infrastructure Development Fund (FIDF)** to address the infrastructure requirement for fisheries sector with a total fund size of Rs 7522 crore . Under FIDF, concessional finance provided by Nodal Lending entities .
- Rs. 20050 crore **Pradhan Mantri Matsya Sampada Yojana (PMMSY)** under Atma Nirbhar Bharat Abhiyan stimulus package. The scheme intends to address critical gaps in Fish production and productivity , quality , technology , Post harvest infrastructure and management , Modernization and strengthening of value chain



Investment in Infrastructure Development of Food Processing Sector

- A **special fund of Rs. 2000 crore** with NABARD to provide affordable credit to food processing projects/units.
- Rs. 4600 crore **Pradhan Mantri Kisan SAMPADA Yojana (PMKSY)** - credit linked financial assistance to entrepreneurs for setting up of Mega Food Parks, Mini Food Parks, Food Processing Units, Food Testing Labs, Cold Chains & other Processing & Preservation infrastructure projects.
- Operation Greens (OG) extended from TOP (Tomato, Onion, Potato) to value chain development of 22 perishables under Atma Nirbhar Bharat Abhiyan stimulus package.

Primary, Secondary & Tertiary Processing



Storage Infrastructure



Food Testing and R & D



Investment in Infrastructure Development of Food Processing Sector

- Rs.10,000 crore **PM Formalisation of Micro Food Processing Enterprises Scheme (PMFME)** under Aatma Nirbhar Bharat Abhiyan stimulus package. The Scheme provides financial, technical and business support for upgradation/ setting up of 2 lakh micro food processing enterprises.
- Rs. 10,900 Crore **Production Linked Incentive scheme for Food Processing Industries (PLISFPI)** to support creation of global food manufacturing champions and support Indian brands of food products in international market.



Amendments /Changes in WDRA Act

- Indian warehousing industry estimated to be worth INR 561 Billion in 2017.
 - estimated to grow at 9.5% CAGR to reach INR 968 Billion by 2024.

- Warehousing (Development and Regulation) Act 2007 came into force on 25.10.2010
 - provisions for the development and regulation of warehouses, **negotiability of warehouse receipts**, promote standardization, digitization, increase investor confidence (insurance, quality standards)

- need to
 - match global standards to promote foreign and domestic investments
 - quality assurance of infrastructure, goods
 - standardization of processes, creation of structured systems and processes
 - introduction of IT-enabled services, farmer digital literacy
 - Leverage the fast-evolving trade, bring down logistics cost

- Steps already taken – registration fees/insurance requirement/net worth reduced- staggered slabs linked to capacity
 - registration fee reduced to Rs.500/- for godowns of Cooperatives/SHGs/FPOs, etc, waived off for 1 year for State WCs

- amend existing Act to make- **Registration of Warehouses Mandatory**
 - expansion into non agri commodities (eg base metals in principle approval given)
 - penal powers to WDRA to enforce regulatory authority

- Various stakeholders – Ministries of A&FW (agri commodities), MoFPI (processed products), Commerce (National Logistics policy), Finance (banking and finance sector), agencies (FCI, CWC, SWCs, Private warehouse service providers, etc)

Suggestions and feedback are invited from participants

Email for feedback : budget2223suggestions@gmail.com