

**SMART AGRICULTURE WEBINAR**  
**Theme 5**

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

**Plenary Session**

## Budget Announcements Covered in Breakout session 5

### Agriculture

**Announcement** - A fund with blended capital, raised under the co-investment model, will be facilitated through NABARD. This is to finance startups for agriculture & rural enterprise, relevant for farm produce value chain. The activities for these startups will include, inter alia, support for FPOs, machinery for farmers on rental basis at farm level, and technology including IT-based support.

**Focus Area** - Financing of Development in Value Chain Infrastructure in Agriculture & Allied sectors

### Food Processing

**Announcement** - For farmers to adopt suitable varieties of fruits and vegetables, and to use appropriate production and harvesting techniques, our government will provide a comprehensive package with participation of state.

**Focus Area** - Apart from PLI expansion, Food processing sectors, and start-ups, also many small MSME units are the mediums through which employment opportunities to be increased.

# Creation of blended fund for financing rural enterprise & start-ups and value chain

- Dr GR Chintala , Chairman NABARD

**Agri-start-ups** have become the fill-up to missing link between the farmers, input dealers, wholesalers, retailers and consumers, connecting each other and providing strong marketing linkages and quality produce on time. Currently there are about 700 start-ups in Agri Value Chain in the country

NABARD initiatives include

1. Catalytic Capital Fund of ₹100 crore
2. 07 Agri Business Incubation Centres (ABICs) at various Agricultural Universities
3. NABVENTURES Ltd., which makes equity investments to agri-tech start-ups

# Blended fund for financing value chain and start-ups

- Sh. Prashanth Prakash , Partner , Accel (Venture Fund)

## Innovative Financing Models

### Ist Financial Model - Facilitation of Fund through NABARD

#### Fund Focus

- 50% in Agri and Rural focused funds, 20% in technology and consumer focused funds
- Fund should mandatorily be sanctioned only to entrepreneurs working with farmers and “Increase in farmer income” should be a requirement to further access the fund

### IInd Financial Model - Blended Financing models with Banks and beyond

#### Banks and Fin-tech start-ups

Revenue based financing

Venture debt funds which are focused on Agriculture sector

#### Support for Multistage Funds

Angel stage fund

Seed stage fund

Medium stage fund (Series B and Series C)

Late stage fund/ Private equity fund

# Blended fund for financing value chain and start-ups

## Suggestions and Feedback

S.No	Suggestions	Stakeholder /Audience
1	Creation of sufficient risk capital, guarantees/subsidies/subventions, impact investment – source of funds @below market rate, start up finance + value chain finance needed . Backstopping of losses in start-ups is reuired for start up financing	GR Chintala , Chairman , NABARD
2	Select the best fund manager of Venture fund . 20-50% capital from NABARD can blend with venture capital with up to 50% for Agri start-ups and 20% for Non Agri . 10-15% support can be provided for mid stage venture funds	Prashanth Prakash , Accel Venture Funds
3	<ul style="list-style-type: none"> <li>- More infra support needed for Agri start-ups</li> <li>- Improving the licensing system for strart-ups at district and state level</li> </ul>	Alok Duggal , CEO, FAARMS
4	Improving finance delivery mechanism , handholding under AIF like support for preparing DPR with a collaborative approach needed to help Start-ups	Bala Reddy , CEO, Our foods , AP
5	There is a cap of Rs 100 crore under Priority sector lending presently which can be enhanced to Rs 500 crore for setting up large scale processing plants	Haresh Karamchandani , Hyfun Foods , Gujarat

# Financing Infrastructure development in Agriculture sector

- Sh C. Sreenivasulu Setty , MD,SBI

- The next structural break to come from an annual-budget-based Agri Infrastructure Financing by Banks going beyond AIF.
- **Banks should budget for Agri infra lending separately.**
- Private capital should also come in for activities like:
  1. Large storage facilities (warehouse, market yards, godowns and silos) including cold storage units.
  2. Plant tissue culture and agri-biotechnology, seed production, production of bio-pesticides and bio-fertilizers
  3. Loans for construction of oil extraction/ processing units for production of bio-fuels, their storage and for setting up Compressed Bio Gas (CBG) plants.

# Bamboo Post harvest processing infrastructure development (AIF)

- Sh Anubhav Mittal, CEO, Biocrafts Innovative Pvt. Ltd . Uttarakhand

- Bamboo Sector needs new technology intervention to convert bamboo into an industrial commodity – just like Sugar cane or cashew nut.
- China, Taiwan , Vietnam all use bamboo and industrial feed stock , hence value of bamboo is 4X than in India
- AIF is a top up scheme that can be combined with local state government MSME policy or any other policy helps early stage startups to reduce cost of capital and raise further funding from financial investors
- Bamboo needs to become industrial feedstock. At present AIF is very limited for bamboo sector and not of much relevance. Startups need this support
- **CGTMSE is usually not offered by banks to startups , therefore if some kind of policy change can be offered under AIF to alleviate credit risk concerns of banks can helps early stage startup as infrastructure assets created under the scheme are significant for banks.**

# Employment generation through creation of MPFCs at village level by Cooperatives

- Sh P.S.Pradyumna, Commissioner Agri Marketing , Govt. of AP

## Employment Generation through MPFCs

- Multipurpose facility is a one stop center in every village with pre harvest and post harvest infrastructure for agriculture and allied activities.
- Direct employment for educated youth, for skilled and unskilled labour in the village (supervisors for managing godowns, skilled technicians for operating primary processing machinery, assaying crop quality, managing procurement operations )
- May give rise to many decentralized ancillary and processing facilities generating indirect employment



# Financing Infrastructure development in Agriculture sector

## Suggestions and Feedback

S.No	Suggestions	Stakeholder /Audience
1	<ul style="list-style-type: none"><li>- Banks should be given Sub-targets under AIF financing</li><li>- Limit of Rs 2 crores needs to be increased</li><li>- Huge collaboration with institutions like CWC needed</li></ul>	C. Sreenivasulu Setty MD, SBI
2	Farm gate infrastructure for grading , processing and storage – Integrated scheme must be developed	Dr Kaisar Singh , DD, Dam, Jaipur
3	Clubbing of other subsidies with AIF	Gajendra Eache , HDFC
4	Getting loans for infrastructure projects is difficult. Lack of working capital. MOFPI to take up with RBI	Raj Gaddam, Srimi Mega Food Park

# Financing Infrastructure development in Agriculture sector

## Suggestions and Feedback

S.No	Suggestions	Stakeholder /Audience
5	35000 families supported by their FPO in 4 districts in Bihar . NABARD should provide finance, market linkage and training . Banks KCC needed .	Ashok Kumar , Magahipan Krishak Producer co. Bihar
6	Organized set up required to promote FPOs . ATMA and NREGA tie up to be done	Dr Mahesh Patel , Anand Nadiad Krishak Producer Co.
7	Repayment of loans is the main issue in Agri projects. He suggested to have unequal instalments , quarterly repayments and ballooning , review of collateral requirements considering the seasonality of Agriculture.	Pranav Doshi , Gujarat Mega Food Park
8	Multipurpose facilities at village level using NABARD and AIF can generate lot of employment for rural youth.	PS Pradyumna , Commissioner Agri Marketing , AP
9	AIF is more like commercial loan for a component. Should be extended to complete value chain in totality	Anubhav Mittal , CEO , Biocrafts innovative Pvt. Ltd

# Investment in infrastructure in Fisheries sector

Sh. D.Ramraj, Farmer and Hatchery operator

## Infrastructure for Fishing Sector

- Develop modern and Hygienic fishing harbors with state-of-the-art infrastructure such as ice factories, handling and auction halls, processing and storage facilities
- Develop cold chain logistics infrastructure – Network of Cold stores, refrigerated trucks, and containers to haul by Road, Rail and Air freight besides by the shipment by Sea.

## Infrastructure for Aquaculture

- Set up retail cold Chain and distribution network for distribution of Shrimp in the domestic market, currently there exists a chain in the private space for the production and export of farmed Shrimp. High quality Shrimp is almost entirely exported and is vulnerable to external market forces.
- At a Micro level, Aquaculture could be integrated with Agriculture like any other Animal husbandry to increase the income of Agri farmers and also to improve rural Nutrition and provide Protein security.
- Aquaculture Sector lacks Institutional finance and Insurance, these two are critical for sustenance and growth.

# Investment in infrastructure in Fisheries sector

## Suggestions and Feedback

S.No	Suggestions	Stakeholder /Audience
1	<p>Explore deep sea fishing in India Deep sea fishing vessels needed Modern fishing harbours need to be set up Fishing harbour modernization Onboard and onshore and cold chain development Solar powered energy solutions needed</p>	Ramraj , Hatchery operator
2	<p>International collaboration in developing fisheries infrastructure needed</p>	Dr SN Ojha
3		
4		

# Investment in infrastructure in Dairy sector

- Sh. Meenesh Shah, Chairman, NDDB

- Milk production is growing at a faster pace with implementation of advanced and scientific productivity enhancement measures, this is going to be further expedited in coming years.
- Going forward, there is ample scope and need to build infrastructure in the dairy sector, primarily aimed at
  1. States which are yet to be dairy developed
  2. Modernization of milk processing plants and value added products facilities
  3. Export oriented state of the art milk procurement and processing facilities with traceability
  4. Promoting use of clean and green energy- manure management, solar
  5. Village level milk procurement and cooling infrastructure to ensure quality

# Investment in infrastructure in Dairy sector

## Suggestions and Feedback

S.No	Suggestions	Stakeholder/Audience
1	<ul style="list-style-type: none"><li>- High technology facilities required for milk procurement, processing and marketing</li><li>- Refurbishing of old processing plants to improve productivity</li><li>- Aspirational district and nondairy districts to be covered</li><li>- Genetic improvement of animal breed</li><li>- Use of clean and green energy</li></ul>	Meenesh Shah , NDDB
2	<ul style="list-style-type: none"><li>-Huge collaterals are required for loans, banking system needs to have a relook.</li><li>- Support of Govt for export and marketing of dairy products</li></ul>	TN Tiwary, Nutrimed Dairy

# Changes/amendments in WDRA Act

## ▪ Sh.T.K.Manoj Kumar, Chairman , WDRA

- WDRA was set up to implement the provisions of the Warehousing (Development and Regulation) Act 2007 and ensure the orderly growth of the warehousing business.
- NABARD geo mapping – 1.07 lakh , Current registration - 2355
- **Categories of Amendments** – Mandatory registration of all godowns, digitization, powers of enforcer (inspection, calling of records, laying fines and penalties, amount of fines increases eg
- **Benefits accruing from Amendments** – How the amendments can facilitate the orderly growth of the warehousing business by encouraging scientific warehousing, global standards, improving supply chains, enhancing rewards for grading and quality, reducing logistics cost, quality assurance, expand ambit to non agri commodities etc.

# Changes/amendments in WDRA Act

## Suggestions and Feedback

S.No	Suggestions	Stakeholder/Audience
1	<b>Digitization of eNWR ecosystem in the country</b> <b>Mandatory registration of warehouses</b> <b>Removal of intermediaries</b> <b>More powers to WDRA</b>	<b>Chairman WDRA</b>
2	<b>Performance guarantee of WDRA</b>	<b>Ajay Malla , Yes bank</b>
3		
4		



**Thank You**