

Agriculture Infrastructure Fund (AIF)

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In News: Union Budget 2021-22: Agricultural Produce Marketing Committees (APMCs) to get access to the Agriculture Infrastructure Fund.

About the Agriculture Infrastructure Fund

- It is a Central Sector Scheme meant for setting up storage and processing facilities, which will help farmers get higher prices for their crops.
- The AIF is a medium – long term debt financing facility for investment in viable projects for post-harvest management infrastructure and community farming assets through interest subvention and credit guarantee.
- These assets will enable farmers to get greater value for their produce as they will be able to store and sell at higher prices, reduce wastage and increase processing and value addition
- The duration of the Scheme shall be from FY2020 to FY2029 (10 years).

Interest subvention

- All loans under this financing facility will have interest subvention of 3% per annum up to a limit of Rs. 2 crore.
- This subvention will be available for a maximum period of seven years.

Target beneficiaries

Under the scheme, Rs. One Lakh Crore will be provided by banks and financial institutions as loans to Primary Agricultural Credit Societies (PACS), Marketing Cooperative Societies,

farmer producer organisations (FPOs), SHGs, Farmers, Joint Liability Groups (JLG), Multipurpose Cooperative Societies, Startups, Aggregation Infrastructure Providers and Central/State agency or Local Body sponsored Public Private Partnership Project **And now APMC mandis.**

APMC system

- At time of Independence, a moneylenders or trader in villages mainly controls the whole distribution system of agriculture commodities; consequently farmers were trapped into a perpetual debt instead of getting any profit. Hence to overcome this problem, different states enacted their APMC acts to set up Agricultural Markets.

Features of APMC Act

- The state is divided into different markets based on geography and many principal or sub markets established in various parts of the state. Once a particular area is declared a market area and falls under the jurisdiction of a Market Committee, no person or agency is allowed freely to carry on wholesale marketing activities.
- These markets are managed by the Market Committees constituted by the State Governments. Market Committee generally composed of 10-20 members who are either elected or nominated by govt but elections are rare.
- Market committee authorizes various commission agents or traders to carry out various procurement and distribution activities related to agriculture produce. In other words, license raj is prevalent in today's liberalized India as traders had to take license before carrying out any activity.