

The COVID-19 Pandemic – Initiatives

The economic impact of the COVID-19 pandemic in India is largely disruptive. The growth of the economy has slowed down due to shutdown of different production channels. Reverse migration of workforce and consequent shortage of labour, resulted in further deceleration of economic growth. While COVID 19 pandemic has thrown several challenges on Indian economy, agriculture sector has shown resilience through the crisis.

Third advance estimate of food grain production for 2019-20 indicates record production of 295.67 MT. With many States receiving normal rainfall in South West monsoon, Kharif food grain production is projected to be 144.52 MT in 2020-21.

The restrictions imposed during the initial phase of pandemic have adversely impacted the agriculture supply chain, which was further accentuated due to the depleted workforce. It exposed the vulnerability of the Indian agriculture, more specifically the perishable agriculture sector, and further emphasized on the need for creating an ecosystem for decentralized agri food market coupled with digital connect to agriculture more resilient. Given these facts, it is imperative to support agriculture as it can help to stabilize the overall Indian economy.

The equally resilient Indian farmer has leveraged on the strengths of the farmer institutions like FPOs to limit the impact not only on his livelihood but ensured uninterrupted food supply chain, thus truly making ATMANIRBHAR movement a reality.

Some of the major initiatives taken by Government of India to bring the economy of the country back on track with specific reference to agriculture & allied section and MSME are given below:

1. Atma Nirbhar Package

On 12 May 2020, Hon'ble Prime Minister Shri Narendra Modi had announced a special economic and comprehensive package of Rs.20 lakh crore - equivalent to 10% of India's GDP; to fight COVID-19 pandemic in India, Hon'ble Prime Minister gave a clarion call for Aatma Nirbhar Bharat or Self-Reliant India Movement. Atma Nirbhar Bharat package is based on five pillars viz. Economy, Infrastructure, System, Vibrant Demography and Demand. The key measures proposed in the economic package are on reforms, MSME business, agriculture and allied sectors, migrant workers, civil aviation, defence, energy, housing and social sector. Major initiatives on agriculture and allied sectors and MSME are mentioned below:

1.1 Agriculture

- Rs.30000 crore additional Emergency Working Capital for farmers through NABARD over and above Rs.90000 crore already being provided by NABARD for meeting crop loan requirement of Rural Cooperative Banks and RRBs. This will benefit 3 crore farmers, mostly small and marginal.
- A special drive to provide concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards including fisherman and animal husbandry

farmers. This measure will provide additional liquidity of `2 lakh crore to 2.5 crore farmers

- Facilitated fund Transfer of `18700 crores under PM-KISAN.

1.2 Animal Husbandry

During Lockdown, demand for milk reduced by 20-25%. To boost the sector following measures were announced under Atma Nirbhar Package:

- 560 lakh litre per day (LLPD) procured by cooperatives against daily sale of 360 LLPD.
- Total 1110 million litres extra milk procured ensuring payment of `4100 crore.
- Announced a new scheme to provide interest subvention @2% per annum to dairy cooperatives for 20-21. Additional 2% p.a incentive on prompt payment/interest servicing. This scheme will unlock 5000 crore additional liquidity, benefitting 2 crore farmers.

1.3 Fisheries

All 4 COVID related announcements as mentioned below for fisheries were implemented:

- Validity of Sanitary Import Permits (SIPs) for import of Shrimp Broodstock extended by 3 months
- Condoned delay up to 1 month in arrival of Brood stock consignments.
- Allowed rebooking of Quarantine cubicles for cancelled consignments with no additional charges.
- Verification of documents and grant of NOC for Quarantine relaxed from 7 days to 3 days.
- ❖ Registration of 242 Registered Shrimp hatcheries and Nauplii Rearing Hatcheries expiring on 31.03.2020 extended for 3 months.
- ❖ Operations of Marine Capture Fisheries and Aquaculture relaxed to cover Inland Fisheries.

1.4 Businesses including MSMEs

- Businesses/MSMEs were badly hit due to COVID 19 pandemic and need additional funding to meet operational liabilities built up, buy raw material and restart business. To meet the requirement, `3 lakh crore collateral free Automatic Loan facilities for Business, including MSME was announced under the package.
- **Subordinate Debt for MSMEs:** GoI will facilitate provision of `20000 crore as subordinate debt for the stressed MSMEs. Two lakh MSMEs are likely to benefit in this drive. Functioning MSMEs, which are NPA or are stressed will be eligible. Government will provide a support of `4000 crore to CGTMSE and CGTMSE will provide partial Credit Guarantee support to Banks.

- **₹50000 crore equity infusion through MSME Fund of Funds:** A Fund of Funds with Corpus of ₹10000 crore will be set up to provide equity funding to MSMEs with growth potential and viability. FoF will be operated through a Mother Fund and few daughter funds. Fund structure will help leverage ₹50000 crore of funds at daughter funds level. This will help to expand MSME size as well as capacity. This will encourage MSMEs to get listed on main board of Stock Exchanges.
- **New definition of MSMEs:** It was announced that definition of MSMEs will be revised. Investment limit will be revised upwards and additional criteria of turnover also being introduced. The distinction between manufacturing and service sector to be eliminated. GoI will bring in necessary amendments to law in this regard.

2. Agriculture Infrastructure Fund

2.1 The role of infrastructure is crucial for agriculture development and for taking the production dynamics to the next level. It is only through the development of infrastructure, especially at the post-harvest stage that the produce can be optimally utilized with opportunity for value addition and fair deal for the farmers. Development of such infrastructure shall also address the vagaries of nature, the regional disparities, and realization of full potential of our limited land resource. In view of above, the Hon'ble Finance Minister on 15.05.2020 announced ₹1 lakh crore Agri Infrastructure Fund (AIF) for farm-gate infrastructure for farmers. Financing facility of Rs.1,00,000 crore will be provided for funding Agriculture Infrastructure Projects at farm-gate & aggregation points (Primary Agricultural Cooperative Societies, Farmers Producer Organizations, Agriculture entrepreneurs, Start-ups, etc.). Accordingly, DAC&FW has formulated the Central Sector Scheme to mobilize a medium-long term debt financing facility for investment in viable projects relating to postharvest management infrastructure and community farming assets through incentives and financial support.

2.2 Objectives of the Scheme

To mobilize a medium - long term debt finance facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through incentives and financial support in order to improve agriculture infrastructure in the country. This financing facility will have numerous benefits for all the stakeholders in the agriculture eco-system.

a. Farmers (including FPOs, PACS, Marketing Cooperative Societies, Multipurpose cooperative societies)

- Improved marketing infrastructure to allow farmers to sell directly to a larger base of consumers and hence, increase value realization for the farmers. This will improve the overall income of farmers.

- With investments in logistics infrastructure, farmers will be able to sell in the market with reduced post-harvest losses and a smaller number of intermediaries. This further will make farmers independent and improve access to market.
- With modern packaging and cold storage system access, farmers will be able to further decide when to sell in the market and improve realization.
- Community farming assets for improved productivity and optimization of inputs will result in substantial savings to farmers

b. Government

- Government will be able to direct priority sector lending in the currently unviable projects by supporting through interest subvention, incentive and credit guarantee. This will initiate the cycle of innovation and private sector investment in agriculture.
- Due to improvements in post-harvest infrastructure, government will further be able to reduce national food wastage percentage thereby enable agriculture sector to become competitive with current global levels.
- Central/State Government Agencies or local bodies will be able to structure viable PPP projects for attracting investment in agriculture infrastructure.

c. Agri entrepreneurs and startups

- With a dedicated source of funding, entrepreneurs will push for innovation in agriculture sector by leveraging new age technologies including IoT, AI, etc.
- It will also connect the players in ecosystem and hence, improve avenues for collaboration between entrepreneurs and farmers.

d. Banking ecosystem

- With Credit Guarantee, incentive and interest subvention lending institutions will be able to lend with a lower risk. This scheme will help to enlarge their customer base and diversification of portfolio.
- Refinance facility will enable larger role for cooperative banks and RRBs.

e. Consumers

- With reduced inefficiencies in post-harvest ecosystem, key benefit for consumers will be a larger share of produce reaching the market and hence, better quality and prices. Overall, the investment via the financing facility in agriculture infrastructure will benefit all the eco-system players.

2.3 Implementation Period of Scheme

The Scheme will be operational from 2020-21 to 2029-30. Disbursement in four years starting with sanction of `10000 crore in the first year and Rs.30000 crore each in next three financial years. Moratorium for repayment under this financing facility may vary subject to minimum of 6 months and maximum of 2 years.

2.4 Government Budgetary Support

Budgetary support will be provided for interest subvention and credit guarantee fee as also administrative cost of PMU. The details are as below:

S. No.	Name of Component	Norms
1	Interest Subvention Cost	All loans under this financing facility will have interest subvention of 3% per annum up to a limit of `2 crore. This subvention will be available for a maximum period of 7 years. In case of loans beyond `2 crore, then interest subvention will be limited up to 2 crore. The extent and percentage of funding to private entrepreneurs out of the total financing facility may be fixed by the National Monitoring Committee.
2	Credit Guarantee Cost	Credit guarantee coverage will be available for eligible borrowers from this financing facility under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme for a loan up to `2 crore. The fee for this coverage will be paid by the Government. In case of FPOs the credit guarantee may be availed from the facility created under FPO promotion scheme of DACFW.
3	Administration Cost of PMU	Farmers Welfare Programme Implementation Society under DACFW will provide PMU support to the scheme at the central level and state PMUs of PM KISAN at state level. Services of knowledge partners will be engaged to identify clusters including export clusters and gaps in supply chains to target projects and prepare viable project reports to support the beneficiaries.

2.5 Eligible Projects

The scheme will facilitate setting up and modernization of key elements of the value chain including Post Harvest Management Projects and viable Projects for Building Community Farming Assets.

Source: <https://www.indiabudget.gov.in/anbp/infographics.php>

<https://agriinfra.dac.gov.in/Content/DocAttachment/FINALSchemeGuidelinesAIF.pdf>