



**Government of India**

# **OPERATIONAL GUIDELINES**

## **INTEGRATED SCHEME FOR AGRICULTURAL MARKETING (ISAM)**

**Ministry of Agriculture  
(Department of Agriculture & Cooperation)  
New Delhi**

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## CHAPTER I

### Integrated Scheme for Agricultural Marketing (ISAM)

1. The grit and toil of farmers, dedication of agricultural scientists and consistent endeavour of policy makers have together contributed in transforming Indian agriculture from an importer of food grain at the time of independence to a major exporter of foodgrains now. However, the marketing systems and post-harvest marketing infrastructure have not been able to keep pace with the growing production and marketable surplus. This has brought to the fore, the need for providing farmers with access to competitive markets with adequate infrastructure including cold chain logistics, to enable them to realise better prices on the one hand and providing nutritious food to consumers at stable and affordable prices on the other. With this objective in view, the Government of India on 13<sup>th</sup> November, 2013 approved the proposal of Department of Agriculture & Cooperation for continuation and integration of on-going Central Sector Schemes as Integrated Scheme for Agricultural Marketing (ISAM) during the XII Plan (2012-2017). The ISAM will have the following five components :- (i) Agricultural Marketing Infrastructure (AMI) [the existing schemes of Grameen Bhandaran Yojana (GBY) and Development/ Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization (AMIGS) will be merged as AMI] (ii) Marketing Research and Information Network (MRIN) (iii) Strengthening of Agmark Grading Facilities (SAGF), (iv) Agri-Business Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facility (PDF) and (v) Choudhary Charan Singh National Institute of Agriculture Marketing (NIAM).

#### 2. Objectives:

- I. To promote creation of agricultural marketing infrastructure by providing backend subsidy support to State, cooperative and private sector investments.
- II. To promote creation of scientific storage capacity and to promote pledge financing to increase farmers' income.
- III. To promote Integrated Value Chains (confined up to the stage of primary processing only) to provide vertical integration of farmers with primary processors.
- IV. To use ICT as a vehicle of extension to sensitize and orient farmers to respond to new challenges in agricultural marketing.
- V. To establish a nation-wide information network system for speedy collection and dissemination of market information and data on arrivals and prices for its efficient and timely utilization by farmers and other stake holders.

- VI. To support framing of grade standards and quality certification of agricultural commodities to help farmers get better and remunerative prices for their graded produce.
- VII. To catalyze private investment in setting up of agribusiness projects and thereby provide assured market to producers and strengthen backward linkages of agri-business projects with producers and their groups.
- VIII. To undertake and promote training, research, education, extension and consultancy in the agri marketing sector.

3. The overall budgetary allocation for ISAM is Rs.4548 crores during the XII Plan. Sub scheme-wise break up of budget provision is Rs.4000.00 crores for AMI, Rs.12.00 crores for MRIN, Rs.6.00 crores for SAGF, Rs.500.00 crores for ABD and Rs.30.00 crores for NIAM.

4. The Marketing Division in the Department of Agriculture is the overall incharge of policy formulation for the agricultural marketing sector. The Directorate of Marketing & Inspection (DMI) an attached office of the Department will implement the three sub schemes viz. Agricultural Marketing Infrastructure (AMI), Marketing Research and Information Network (MRIN) and Strengthening of Agmark Grading Facilities (SAGF); Small Farmers Agribusiness Consortium (SFAC), an autonomous organisation will implement the sub scheme of Agri-Business Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facility (PDF) and lastly, Chaudhary Charan Singh National Institute of Agriculture Marketing (NIAM), also an autonomous organisation under the Department will provide training, research and consultancy to stakeholders in the agri marketing sector.

5. While separate guidelines have been formulated for each of the sub scheme to be implemented by the respective organisations mentioned in para 4 above, however, the Marketing Division of Department of Agriculture and Cooperation will have overarching responsibilities for the smooth implementation of the components. Towards this, Marketing Division may claim up to 0.5% of the scheme funds at its level for incurring administrative expenditure towards more effective MIS, monitoring, impact assessment, hiring consultants, conducting studies, researches and any other facilitative mechanism for more effective implementation.

6. An Empowered Committee constituted under the chairmanship of Additional Secretary (DAC) and composed of Joint Secretary (Marketing) / Agricultural Marketing Adviser, Director (Marketing), Joint Agricultural Marketing Adviser and Director / Deputy Secretary (Finance), IFD, DAC will resolve difficulties and smaller case to case specific decisions on implementation issues.

7. The guidelines for sub scheme of Agri-Business Development to be implemented by SFAC will come into effect from 24.01.2014. All other sub schemes of ISAM will come into effect from 1<sup>st</sup> April, 2014. .

## CHAPTER II

### AGRICULTURAL MARKETING INFRASTRUCTURE (AMI)

#### 1 INTRODUCTION

1.1 The country has largely gained self-sufficiency in food production. There is a need to translate this into better remuneration for the producers by increasing focus on agricultural marketing sector. The agricultural marketing sector requires strengthening of supply chain through investments in infrastructure for value addition to agricultural produce, reduction in post-harvest losses, etc. The XII Plan Working Group on 'Agricultural Marketing Infrastructure, Secondary Agriculture and Policy Required for Internal and External Trade' has estimated an investment requirement of Rs.56,000 crores for marketing infrastructure and value chain development during the Plan period with a budgetary allocation of Rs.20,207 crores. It has also estimated a requirement of 35 million MT storage capacity during XII Plan period. The Planning Commission Working Group on Warehousing Development and Regulation for the XII Plan Period (2012 – 17) has stated that Warehousing plays a vital role in promoting agriculture marketing, rural banking and financing and ensuring food security in the country. A network of scientifically constructed storage infrastructure will help farmers avoid distress sale of their produce by availing marketing credit through pledge financing and also reduce quantitative and qualitative post-harvest losses.

1.2 For creation of agricultural marketing infrastructure, Grameen Bhandaran Yojana (GBY) is being implemented since 01.04.2001 and Scheme for Development/Strengthening of Agricultural Marketing Infrastructure, Grading & Standardisation (AMIGS) is being implemented from 20.10.2004. In the Integrated Scheme for Agriculture Marketing (ISAM), these two viz GBY and AMIGS are being subsumed into one sub scheme, which would henceforth be known as Agricultural Marketing Infrastructure (AMI).

1.3 The sub scheme on AMI will be implemented by the Directorate of Marketing & Inspection (DMI), an attached office of Department of Agriculture and Cooperation. A list of Regional / Sub-Offices of DMI is at **Annexure I**.

1.4 During the XII Plan period, the sub scheme on AMI would be implemented with central assistance of Rs.4000 crores. The sub scheme will target to create 4000 marketing infrastructure projects and storage capacity of 230 lakh tonnes across the country.

## **2. OBJECTIVES:**

The main objectives of the sub scheme are:

2.1. To develop agricultural marketing infrastructure for effectively managing marketable surplus of agriculture including horticulture and of allied sectors including dairy, poultry, fishery, livestock and minor forest produce.

2.2 To promote innovative and latest technologies in agricultural marketing infrastructure.

2.3 To promote competitive alternative agricultural marketing infrastructure by encouraging private and cooperative sector investments.

2.4 To promote direct marketing so as to increase market efficiency through reduction in intermediaries and handling channels thus enhancing farmers' income.

2.5 To promote creation of scientific storage capacity for storing farm produce, processed farm produce and agricultural inputs etc. to reduce post-harvest and handling losses.

2.6 To provide infrastructure facilities for grading, standardization and quality certification of agricultural produce with the objective of (a) ensuring a price to the farmers commensurate with the quality of the produce and (b) promoting pledge financing and marketing credit, negotiable warehousing receipt system and promotion of forward and future markets to increase farmers' income.

2.7 To promote Integrated Value Chains (confined up to primary processing stage only) to provide vertical integration of farmers with primary processors. Primary processing means adding value to the produce without change in its form and may include washing, sorting, cleaning, grading, waxing, ripening, packaging, labelling etc.

2.8 To create general awareness and provide training to farmers, entrepreneurs market functionaries and other stakeholders on various aspects of agricultural marketing including grading, standardization and quality certification.

## **3. SALIENT FEATURES:**

### **3.1 LINKAGE TO REFORMS:**

3.1.1 State agency projects of those States/Union Territories that have undertaken reforms in their respective APMC Acts to allow/permit (i) 'Direct Marketing', (ii) 'Contract Farming' and (iii) agricultural produce markets in private and cooperative sectors, will be eligible for assistance under the sub-scheme.

State Agency projects are those promoted by State Government Departments like State Agricultural Marketing Departments, State Agricultural Marketing Boards, Agricultural Produce Market Committees, State Warehousing Corporations, State Civil Supplies Corporations etc.

However, notwithstanding the reform status, State agencies in all States/ UTs will be eligible to avail assistance for storage infrastructure projects.

3.1.2 Projects promoted by private entrepreneurs other than State agencies will however be eligible to avail assistance under the sub-scheme, irrespective of the reforms undertaken by the State Government/UTs in their respective APMC Acts.

### **3.2 ELIGIBLE MARKETING INFRASTRUCTURE:**

3.2.1 As one of the objectives of the sub-scheme is to ensure remunerative prices to the farmers for their produce, activities which are in the nature of either storage or other marketing infrastructure up to primary processing only will be covered. Primary processing for the purpose of this sub scheme relates to value addition to a raw agricultural produce which, after processing, does not result in change of product form. Primary processing for which subsidy under AMI is available are those such as cleaning, cutting, de-podding, de-cortication, bleaching, grading, sorting, packing, labelling, waxing, ripening, chilling, pasteurization, homogenization, freezing, refrigeration and other value addition activities etc. An illustrative list of primary processing activities is given in **Annexure II**. For other stages of processing, subsidy under relevant scheme of Ministry of Agriculture such as Mission for Integrated Development of Horticulture (MIDH) and of Ministry of Food Processing Industries (MoFPI) may be availed of.

3.2.2 Marketing Infrastructure permitted under the sub scheme may comprise one or more of the following :

3.2.2.1 Common facilities in the market yards such as platforms for auctioning of the produce, loading, unloading, assembling, drying, cleaning, grading, weighing, mechanical handling equipments, etc.

The ancillary / supporting infrastructure like parking sheds, internal roads, garbage disposal arrangements, boundary walls, drinking water etc. are also permissible components. However, subsidy for ancillary / supporting infrastructure in the project will be restricted to 25% of total permissible subsidy of the project as explained in **Annexure III**. Stand-alone ancillary / supporting infrastructure project will not be assisted.

3.2.2.2 Functional infrastructure for collection/ assembling, drying, cleaning, grading, standardization, SPS (Sanitary & Phytosanitary) measures and quality certification, labelling, packaging, ripening chambers, waxing, value addition facilities (without changing the product form) etc.

For functional infrastructure projects (other than storage projects) where plant and machinery is to be installed in civil structure, the cost of plant & machinery should be more than 25% of the Total Financial Outlay (TFO) of the project. If it is less than 25%, subsidy will be restricted accordingly as explained in **Annexure IV**. In such cases where the infrastructure is of the nature of storage, the cost of the civil structure will be calculated as per the capacity and cost norms of the storage infrastructure.

3.2.2.3 Infrastructure for direct marketing of agricultural commodities from producers to consumers/processing units/ bulk buyers, etc.

3.2.2.4 Infrastructure (equipment, hardware, gadgets, including application software etc.) for E-trading, market intelligence and marketing related extension.

3.2.2.5, Mobile infrastructure for post-harvest operations viz. grading, packaging, quality testing etc. including reefer vans, or any other refrigerated vans will be permissible for assistance. However, transport vehicles such as trucks, van, etc. will not be permissible for assistance.

3.2.2.6 Storage infrastructure like godowns including stand-alone silos for storage of food grains with necessary ancillary facilities like loading, unloading, bagging facility etc., excluding railway siding are eligible for subsidy. Assistance for storage infrastructure will be available on capital cost of the project including cost of allied facilities like boundary wall, internal road, internal drainage system, weighing, grading, packing, quality testing & certification, fire fighting equipment etc. which are functionally required to operate the project. For silos overall ceiling for capacity creation will be kept at 25% of the overall target for storage capacity for the year or actual capacity sanctioned during the year whichever is lower, as illustrated in **Annexure-V**. The capacity created under silos and subsidy disbursement under the above 25% limit will be implemented and monitored by NABARD, HO and NCDC, HO in respect of projects sanctioned by them.

Assistance for renovation will be restricted to storage infrastructure projects of cooperatives only.

3.2.2.7 Stand-alone cold storage projects are not admissible for subsidy since subsidy for stand-alone cold storages is extended by NHB, NHM etc. However, cold storage as a part of a permissible integrated value chain project will be eligible for subsidy provided the cold storage component is not more than 75% of TFO. If it is more than 75%, subsidy will be restricted accordingly as explained in **Annexure VI**. For these projects, subsidy will be calculated on the basis of capacity calculation and cost norms of NHM, DAC.

3.2.2.8 Integrated Value Chain (IVC) Projects (confined up to stage of primary processing only)



Integrated 'value chain' in agriculture marketing denotes a set of inter-linked chain of activities that bring specific agricultural commodity / commodities from harvesting till retailing and for the purpose of this sub scheme may include those activities where value is added to the produce without change in the form of the produce. A value chain can be a vertical linking or a network among various independent business organizations and can involve assembling, cleaning, grading, primary processing, packaging, transportation (only Refrigerated van), weighing, storage, distribution, etc. Modern value chains are characterized by vertical coordination, consolidation of the supply base, agro-industrial processing and use of standards throughout the chain. As focus of AMI subsidy is to transfer direct benefit to the farmers, integrated value chain projects involving activities from post-harvest stage to the stage of primary processing only are to be covered. Subsidy for remaining stages of processing, relevant schemes of Ministry of Food Processing Industries (MoFPI) etc. may be availed of.

3.2.2.9 The above eligible marketing infrastructure projects are however subject to the restrictions provided in the indicative negative list as at **Annexure VII**. DAC may modify or amend the negative list from time to time.

### **3.3 ELIGIBLE BENEFICIARIES:**

Assistance under the sub scheme will be available to:

- 3.3.1 Individuals, Group of farmers / growers, Registered Farmer Producer Organisations (FPOs);
- 3.3.2 Partnership/ Proprietary firms, Companies, Corporations;
- 3.3.3 Non-Government Organizations (NGOs), Self Help Groups (SHGs);
- 3.3.4 Cooperatives, Cooperative Marketing Federations;
- 3.3.5 Autonomous Bodies of the Government, Local Bodies (excluding Municipal Corporations for storage infrastructure projects), Panchayats;
- 3.3.6 State agencies including State Government Departments and autonomous organization / State owned corporations such as Agricultural Produce Market Committees & Marketing Boards, State Warehousing Corporations, State Civil Supplies Corporations etc.

### **3.4 INSTITUTIONAL LENDING :**

Subsidy under the sub-scheme is linked to institutional credit and will be available to only such projects financed by:

3.4.1 Commercial, Cooperative, Regional Rural Banks, Agricultural Development Finance Companies (ADFCs), State Cooperative Banks (SCBs), State Cooperative Agricultural and Rural Development Banks (SCARDBs), Scheduled Urban Cooperative Banks, Scheduled Primary Cooperative Banks (PCBs), North Eastern Development Financial Corporation (NEDFi), other institutions eligible for refinance by National Bank for Agriculture and Rural Development (NABARD) or any other financial institution such as State Financial Corporations (SFCs) approved by DAC.

3.4.2 NABARD co-financed and directly financed marketing infrastructure projects including storage infrastructure projects would be eligible for subsidy where the interest rates are commercial / market related.

3.4.3 State Government / State Government agency storage infrastructure projects financed by NABARD under Rural Infrastructure Development Fund (RIDF) / Warehousing Infrastructure Fund (WIF) / NABARD's own funds.

3.4.4 Projects promoted by cooperatives and financed by National Cooperative Development Corporation (NCDC) or cooperative banks recognized by NCDC in accordance with NCDC's eligibility guidelines.

3.4.5 State agencies have a choice of investing their own funds rather than going for institutional funding.

### **3.5 . CHANNELISING AGENCIES FOR RELEASE OF SUBSIDY:**

3.5.1 Subsidy will be released through NABARD for the projects financed by Commercial, Cooperative, Regional Rural Banks, Agricultural Development Finance Companies (ADFCs), State Cooperative Banks (SCBs), State Cooperative Agricultural and Rural Development Banks (SCARDBs), Scheduled Urban Cooperative Banks, Scheduled Primary Cooperative Banks (PCBs), North Eastern Development Financial Corporation (NEDFi), other institutions eligible for refinance by National Bank for Agriculture and Rural Development (NABARD) or any other financial institution such as State Financial Corporations (SFCs) approved by DAC.

3.5.2 Subsidy will be released through NCDC for projects financed by NCDC or by cooperative banks recognized by NCDC in accordance with NCDC's eligibility guidelines.

3.5.3 Subsidy will be released directly by DAC in case of projects promoted by State agencies which propose to invest their own funds without availing any loan.

3.5.4 In addition to NABARD and NCDC, DAC may authorize Small Farmers Agri-Business Consortium (SFAC) for release of subsidy for credit linked projects of private sector / State agencies including FPOs.

### 3.6 PROMOTER'S CONTRIBUTION & TERM LOAN:

3.6.1 Minimum promoter's contribution should be 20% of the project cost. Minimum Term loan (including subsidy) to be sanctioned by the Financial Institution (FI) should be 50% of the project cost.

3.6.2 However, Promoter's contribution for storage infrastructure projects of State Government and State Government agencies financed under Rural Infrastructure Development Fund (RIDF)/ Warehouse Infrastructure Fund (WIF) of NABARD may be relaxed as per their respective fund guidelines.

3.6.3 Promoter's Contribution in case of own funded State agency projects should be 75% / 66.67% of the project cost as the case may be.

### 3.7 SUBSIDY PATTERN:

The sub scheme envisages back-ended capital subsidy for investment in eligible storage and marketing infrastructure projects as under :

#### 3.7.1 FOR STORAGE INFRASTRUCTURE PROJECTS:

3.7.1.1 Capital cost of the project for the purpose of subsidy will be calculated on the project cost as appraised by financial institution or actual cost of eligible components as certified by a Chartered Accountant, whichever is lower subject to the subsidy ceiling per MT as well as overall ceiling given below :

Category	Rate of Subsidy (on capital cost)	Subsidy ceiling		
		Up to 1000 MT in Rs./MT	More than 1000 MT and upto 30000 MT in Rs./MT	Maximum ceiling (Rs. Lakhs)
A) North Eastern States, Sikkim, UTs of Andaman & Nicobar and Lakshadweep Islands, hilly* areas	33.33%	1333.20	1333.20	400.00
B) In other Areas				
1. For Registered FPOs, Panchayats, Women, Scheduled Caste (SC)/ Scheduled Tribe (ST) entrepreneurs or their cooperatives**/ Self-help groups	33.33%	1166.55	1000.00	300.00
2. For all Other categories of beneficiaries	25%	875/-	750/-	225.00

\* Hilly area is a place at an altitude of more than 1,000 meters above mean sea level.

\*\* SC/ ST Cooperatives to be certified by the concerned officer of the State Government.

3.7.1.2 For renovation of storage projects by cooperatives financed by NCDC and Cooperative banks subsidy will be 25% of the project cost as appraised by FI or actual cost whichever is lower subject to subsidy ceiling of Rs. 187.50 per MT of storage capacity.

3.7.1.3 Cost norms for computing subsidy for silos will be same as for other storage infrastructure.

**3.7.2 FOR INFRASTRUCTURE PROJECTS OTHER THAN STORAGE INFRASTRUCTURE:** Capital cost of the project for the purpose of subsidy will be calculated on the Project cost as appraised by financial institution or actual cost of eligible components as certified by a Chartered Accountant, whichever is lower.

Category	Rate of Subsidy (on capital cost)	Maximum Subsidy Ceiling (Rs. in lakhs)
A) North Eastern States, Sikkim, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, UTs of Andaman & Nicobar and Lakshadweep Islands, hilly* and tribal areas	33.33%	500.00
B) In Other Areas		
1. For Registered FPOs, Women farmers/ entrepreneurs, Scheduled Caste(SC)/ Scheduled Tribe (ST) entrepreneurs and their cooperatives**	33.33%	500.00
2. For all Other categories of beneficiaries	25%	400.00

\* Hilly area is a place at an altitude of more than 1,000 meters above mean sea level.

\*\* SC/ ST Cooperatives to be certified by the concerned officer of the State Government

### 3.7.3 SUBSIDY CEILING:

#### 3.7.3.1 For land based projects:

The total subsidy which can be availed of by a promoter for all his/her projects in a District during XII plan period (2012-17) will be restricted to a maximum ceiling of Rs.4 crores or Rs.5 crores as the case may be. For example if a promoter intends to have more than one project of the same or different type including storage project in the same District he/ she will be eligible for a maximum subsidy up to Rs.4 crores or Rs.5 crores as the case may be. However, for all such projects of the same promoter in a District, the maximum capacity for storage infrastructure (including other functional infrastructure projects) will be restricted to 30,000 MT capacity.

For the purpose of calculation of maximum permissible subsidy (Rs.4 crores or Rs.5 crores as the case may be), NABARD, before sanctioning advance subsidy for a project constructed on private leased land, will take in to consideration all projects sanctioned till that date, during XII plan period, on land owned by owner of such leased land. For such cases, RO, NABARD may conduct necessary enquiry to ensure the compliance of this provision regarding maximum permissible limit and if necessary, NABARD may also refer such cases for special attention of Joint Inspection Committee.

### **3.7.3.2 For non-land based projects:**

For projects involving standalone mobile infrastructure such as reefer van, combine harvesters (wherever permissible) etc., the maximum amount of subsidy that can be availed of by a promoter in a State/UT during the XII plan period (2012 to 2017) is Rs.4 crores or Rs.5 crores as the case may be. It is also made clear that this applies only to those promoters who have not availed full benefit under para 3.7.3.1. For example, if a promoter has already availed the benefit of the scheme during XII plan period in a District, the maximum benefit eligible under this provision will be confined to maximum permissible subsidy minus the subsidy already availed.

3.7.4 To determine the eligibility of projects for maximum permissible subsidy, the date of sanction of loan by FI should be between 01.04.2012 to 31.03.2017.

For the purpose of calculation of maximum permissible subsidy, all the projects sanctioned under erstwhile AMIGS and RGY since 1.4.2012 will be accounted for as if sanctioned under this sub scheme.

3.7.5 There will be no maximum ceiling on subsidy in the case of infrastructure projects of State agencies. However, this is not applicable for storage infrastructure projects of State agencies.

3.7.6 There will be no maximum ceiling on subsidy in case of storage infrastructure projects of cooperatives assisted by NCDC.

3.7.7 **Co-ownership projects:** In case of infrastructure projects including storage infrastructure projects having co-ownership from categories eligible for different rates of subsidy, the subsidy will be available at the lower rate.

## **3.8 RELEASE OF FUNDS AND SUBSIDY:**

### **3.8.1 FOR PROJECTS PROCESSED BY NABARD:**

**3.8.1.1 Release of Subsidy by DAC to NABARD:** At the commencement of each financial year, based on the Administrative Approval, 50% of the annual budget

allocation minus the opening balance at the beginning of the financial year available with NABARD, will be released to NABARD by DAC in advance.

The balance allocation will be released upon submission of provisional Utilization Certificate in prescribed format (**Annexure VIII**) by NABARD indicating 60% utilization of the total fund available in the current financial year and Audited Utilization Certificate and statement of account relating to grant released in the preceding year.

**3.8.1.2 Advance subsidy:** NABARD will release advance subsidy to the FI for keeping the same in a Subsidy Reserve Fund (SRF) account of the concerned borrowers, to be adjusted finally against loan amount. This amount of 50% eligible subsidy would be released by NABARD to the FI on submission of a project profile-cum-claim form (**Annexure IX**) complying to sub scheme guidelines.

**3.8.1.3 Final subsidy:** Remaining 50% of the eligible subsidy amount will be released to the FI by NABARD after an inspection and recommendation by a Joint Inspection Committee (JIC) comprising of officers from NABARD (or its representative), FI and Directorate of Marketing & Inspection (DMI).

3.8.1.4 NABARD, HO will also forward a compiled project-wise list of the sanctioned and completed projects to the Head Office of DMI.

3.8.1.5 The release of subsidy by NABARD to FIs will be subject to availability of funds from DAC.

### **3.8.2 FOR PROJECTS PROCESSED BY NCDC:**

3.8.2.1 At the start of each financial year, based on the Administrative Approval, 50% of the projected annual requirement minus the opening balance at the beginning of the financial year available with NCDC will be released to NCDC by DAC in advance. The balance of the requirement will be released upon submission of Provisional Utilization Certificate in prescribed format by NCDC indicating 60% utilization of the total fund available in the current financial year and Audited Utilization Certificate and statement of account relating to grant released in the preceding year.

3.8.2.2 NCDC will release subsidy in two equal instalments of which first instalment will be released on approval of the project and the second instalment will be released after inspection of the project. NCDC will release the final subsidy and send a project-wise copy of the release letter to DMI, HO. NCDC will furnish provisional utilization certificate in prescribed format (**Annexure VIII**) to DMI, HO after every release of fund from DAC.

3.8.2.3 NCDC, HO will also forward a compiled project-wise list of the sanctioned and completed projects to the Head Office of DMI.

3.8.2.4 The release of subsidy by NCDC will be subject to availability of funds from DAC.

### **3.8.3. FOR OWN FUNDED STATE AGENCY PROJECTS:**

In the case of own funded State agency projects, subsidy will be released directly by DAC in two equal instalments of which first instalment will be released on approval of the project by the Sanctioning Committee and the second instalment will be released after inspection of the project. The release of subsidy will be subject to availability of funds with DAC.

### **3.9 ADJUSTMENT OF SUBSIDY IN BORROWER'S ACCOUNT**

3.9.1 As the adjustment of subsidy is back ended, the full project cost including the subsidy amount, but excluding the margin money contribution from the promoter, will be disbursed as loan by the FI. The repayment schedule will be drawn on the loan amount in such a way that the total subsidy amount is adjusted after the full loan component with interest is liquidated but not before five years from the date of disbursement of first installment of loan.

3.9.2 The subsidy admissible to the promoter under the sub scheme will be kept in the Subsidy Reserve Fund Account (Borrower-wise) in the books of the FI. On receipt of subsidy by the FI, the loan amount to that extent would be treated as reduced for calculation of interest. No interest would be charged on subsidy received by the FI from the date of receipt of subsidy. FI has to ensure that the subsidy is kept in SRF account only and not in fixed deposits, savings account etc.

### **3.10 TIME SCHEDULE FOR SUBMISSION OF APPLICATION AND COMPLETION OF PROJECT:**

**3.10.1 FOR DISBURSEMENT OF ADVANCE SUBSIDY:** FI will within 90 days of disbursement of the first installment of loan, submit to RO, NABARD, through its controlling / nodal office, a brief project profile-cum-claim form for advance subsidy in the prescribed form given in **Annexure – IX** along with the documents as per check list at **Annexure – X**. A copy of the claim form along with all documents should also be submitted to the Regional Office / Sub-Office of DMI. FI will also inform the promoter about submission of the proposal to RO, NABARD & DMI. NABARD will, every quarter, compile a list of all proposals that have not been submitted in time (viz. within 90 days) and forward the same to DMI, RO / SO. RO, NABARD will also place the matter before the State Level Banker's Committee (SLBC). SLBC will review all such matters and ensure that such delays do not recur and the proposals are received by NABARD with in time.

3.10.2. All the projects sanctioned by FIs under the previous guidelines (applicable till 31.3.2014) will have to apply to RO, NABARD for availing advance subsidy by 30<sup>th</sup> September, 2014. RO, NABARD will place the matter before the State Level

Banker's Committee (SLBC) to ensure submission of such claims by all the FIs before 30<sup>th</sup> September, 2014.

### 3.10.3 FOR ALL CREDIT LINKED PROJECTS PROCESSED BY NABARD AND NCDC:

The time schedule for completion and submission of documents for final subsidy will be as follows:

Projects	Time limit* for submission of documents after completion of project for final subsidy	Extended time limit with penalty	Penalty for extended time limit	Consequences of non-submission of documents after completion of project in prescribed time
Projects with TFO up to Rs.500.00 lakhs	18** Months from the date of disbursement of the first instalment of loan	Extension of time limit by 6 months will be allowed subject to penalty as explained in next column.	Rate of subsidy will be reduced by 1% for delay of each month or part thereof.  Delay by 1 day to 30 days would constitute one month and a delay by 31 days to 60 days would constitute two months and so on.	The project will not be eligible for subsidy if documents are not submitted after completion within prescribed time period (including extended period of 6 months).  Advance subsidy released will have to be refunded forthwith by the FI.
Projects with TFO of more than Rs.500.00 lakhs	24** Months from the date of disbursement of the first instalment of loan		(eg.: in case of a project eligible for 25% subsidy, if after completion of project, documents are not submitted within the prescribed time period but are submitted in 4 <sup>th</sup> month of the extended period, the permissible subsidy will be reduced by 4% i.e. effective subsidy in this case 25% - 4% = 21% subsidy).	

\* For the purpose of calculation of time limit, the date of completion of the project will be reckoned as the date of submission of latter of the following two documents (completion certificate signed by approved engineer / registered architect and item-wise actual expenditure by chartered accountant) by the promoter to the FI.

\*\* For projects promoted by cooperative and processed through NCDC, further grace period of 6 months may be allowed by NCDC.



### 3.10.4 FOR OWN FUNDED STATE AGENCY PROJECTS:

Projects	Time limit for submission of documents after completion of project for final subsidy	Extended time limit with penalty	Penalty for extended time limit	Consequences of non-submission of documents after completion of project in prescribed time
Own funded State Agency Project irrespective of TFO	Time limit of 30 months from the date of approval of the project by the Sanctioning Committee of DAC, is prescribed for submission of progress report showing that the State agency has fully utilized its own contribution for the project (75% / 66.67% as the case may be) and the advance subsidy received	Extension of time limit by 6 months will be allowed subject to penalty as explained in next column.	Rate of subsidy will be reduced by 1% for delay of each month or part thereof.  Delay by 1 day to 30 days would constitute one month and a delay by 31 days to 60 days would constitute two months and so on.  (eg.: in case of a project eligible for 25% subsidy, if progress report for final subsidy is not submitted within the prescribed time period but are submitted in 4 <sup>th</sup> month of the extended period, the permissible subsidy will be reduced by 4% i.e. effective subsidy in this case 25% - 4% = 21% subsidy).	The project will not be eligible for final subsidy if progress report for final subsidy is not submitted within prescribed time period (including extended period of 6 months),  Further, in cases where the progress report is submitted after the prescribed time limit including the extended period of 6 months, the total subsidy will be limited to advance subsidy released (if utilised) based on the actual progress.

3.10.5 For the purpose of submission of progress report for release of final subsidy, the State agency should submit all the documents, including item-wise actual expenditure certified by chartered accountant and item-wise progress certified by their approved engineer / registered architect clearly indicating that State agency has fully utilized its own contribution for the project (75% / 66.67% as the case may be) and the advance subsidy received, within the prescribed time period.

### 3.11 LAND AND LOCATION

3.11.1 On the basis of economic viability and commercial considerations, promoters will be free to locate the marketing infrastructure projects including storage infrastructure projects at any place of their choice. However, storage infrastructure

projects should be outside the limits of Municipal Corporation areas except in cases where these are situated within Food Parks, Market Yards / APMCs, Industrial areas established or approved by State or Central agencies etc.

3.11.2 Normally, marketing infrastructure projects including storage projects should be established on land owned by the promoter.

Subsidy will also be available for projects constructed on registered leased land allotted by Urban Development Authorities, Industrial Development and Infrastructure Corporations of the State Government/ Union Territories, Food Parks sanctioned by the Ministry of Food Processing Industries (MoFPI) etc. In all other cases, subsidy will also be made available for projects established on registered leased land, provided the tenure of such lease is more than 15 years.

3.11.3 Permissible cost of the land in TFO:

- A. In case of owned land, land cost at market value or purchase price as indicated in the registered sale deed whichever is lower, not exceeding 10% of the project cost may form part of promoter's contribution.
- B. In case of leased land, allotted by Urban Development Authorities, Industrial Development and Infrastructure Corporations of the State Government/ Union Territories, Food Parks sanctioned by the Ministry of Food Processing Industries (MoFPI) etc., irrespective of the tenure of the lease, lease premium paid or onetime cost paid not exceeding 10% of the project cost may form part of promoter's contribution.
- C. For other leased land, land cost / lease premium / lease rent will not be counted towards project cost for the calculation of subsidy and will not form part of promoter's contribution.

### **3.12 CAPACITY OF STORAGE INFRASTRUCTURE PROJECTS:**

3.12.1. For claiming subsidy under the sub scheme, the capacity of the storage project should normally be between 50 tonnes to 30,000 tonnes. However, in hilly areas where the project site is located at a height of more than 1000 meters above mean sea level, the project with capacity of 25 tonnes and above up to 30,000 tonnes will also be eligible.

3.12.2 The capacity of storage infrastructure projects will be calculated @ 1.8 MT per square meter of floor area for projects having average height of 4.5 meter and above. For storage infrastructure having average height less than 4.5 meters, the capacity will be calculated @ 0.4 MT per cubic meter of storage volume. The height of the storage infrastructure will be measured from the floor level to the bottom of the

truss. In case of storage infrastructure with RCC roof, the height to be considered will be height of the ceiling minus one meter.

3.12.3 Capacity of silos will be calculated @0.62 MT per cubic meter volume of silo.

### **3.13 IMPORTANT TECHNICAL SPECIFICATIONS FOR STORAGE INFRASTRUCTURE PROJECTS:**

3.13.1 Storage infrastructure projects to be built under the sub scheme should be constructed based on structurally sound engineering design and should also be functionally suitable for storage of agricultural produce.

One of the objectives of promoting investment in storage infrastructure is to facilitate remunerative prices to farmers for their agricultural produce through the mechanism of Negotiable Warehousing Receipt System (NWRS). Therefore, if storage infrastructures conform to specifications prescribed by Warehousing Development and Regulatory Authority (WDRA) it would facilitate taking advantage of NWRS subsequent to such warehouse accredited and registered with WDRA. Specifications as detailed below are to be followed.

#### **3.13.2 STRUCTURAL SPECIFICATIONS:**

3.13.2.1 As prescribed by WDRA for NWRS, warehouses are to be constructed as per Central Warehousing Corporation (CWC) or Food Corporation of India (FCI) standards. (The specifications are available at [www.cewacor.nic.in](http://www.cewacor.nic.in) and [www.fciweb.nic.in](http://www.fciweb.nic.in))

3.13.2.2 For storage of Onions, specifications prescribed by National Horticulture Research & Development Foundation (NHRDF) should be followed.

3.13.2.3 For permissible cold storage projects, ripening chamber etc., the technical specifications of NHM available at [www.nhm.nic.in](http://www.nhm.nic.in) should be followed.

#### **3.13.3 OTHER TECHNICAL SPECIFICATION:**

Structure should

- a) be properly ventilated, have well fitted rolling shutters/ steel doors, air inlets/ windows and ventilators and should be waterproof (control of moisture from floor, walls and roof etc).
- b) have a minimum plinth height of 2.5 feet. However, for smaller storage infrastructures (up to 500 MT), plinth height should be a minimum of 1.5 feet.
- c) have protection from rodents, a minimum plinth projection of 1.5 feet all around the storage infrastructure should be provided. However, for smaller storage

infrastructures (up to 500 MT), a minimum plinth projection of 1.5 feet at the entry points for protection from rodents should be provided.

d) have protection from birds (air inlets / ventilators with wire mesh ).

e) have a proper approach road, internal roads, proper drainage, arrangements for effective control against fire and theft and also have arrangements for easy loading and unloading.

f) only removable steps are to be provided.

### **3.13.4 MANAGEMENT PRACTICES FOR STORAGE INFRASTRUCTURES**

In addition, WDRA has prescribed certain management practices, such as fire fighting equipments, security arrangement, appointment of technical staff, availability of chemicals for preservation of agricultural produce, lab facilities, weightment facilities and insurance and banking etc. The promoter and their technical staff may be trained on accreditation and registration with WDRA.

3.13.5 All new technology innovation such as pre-engineering building structures will also be eligible.

3.13.6 On need basis, for specific commodities and any innovation, DAC may modify these specifications from time to time

### **3.14 PLEDGE FINANCE:**

The farmers keeping their produce in the storage infrastructure will be eligible to avail pledge loan on hypothecation of their produce. The terms and condition governing pledge loans viz. margin, rate of interest, period of pledge, amount etc. will be as per the guidelines issued by RBI / NABARD and as per normal banking practices followed by the Financial Institutions.

In order to discourage distress sale by farmers and to encourage them to store their produce in warehouses against warehouse receipts, benefit of applicable interest subvention will be available to banks for extending credit support to small and marginal farmers having Kisan Credit Card against negotiable warehouse receipt for keeping their produce in warehouses.

## **4 PROCEDURE TO BE FOLLOWED FOR SANCTIONING OF PROJECTS AND RELEASE OF SUBSIDY**

### **4.1 PROJECTS PROCESSED BY NABARD**

4.1.1 Promoter will submit the project proposal for term loan including subsidy to the financial institution (FI) on prescribed application form of the concerned FI complete in all respects and along with project report and other documents for appraisal and sanction of term loan.

4.1.2 On sanction of term loan, the FI will, along with the sanction letter hand over a list of instructions for compliance by the promoter. FI may procure a copy of instruction duly signed by the promoter as a token of their acknowledgement. This list of instructions is provided at **Annexure- XI**.

4.1.3 FI, will within 90 days of disbursal of the first installment of loan, submit to RO, NABARD, through its controlling / nodal office, a brief project profile-cum-claim form for advance subsidy in the prescribed form given in **Annexure – IX** along with the documents as per check list at **Annexure – X**. A copy of the claim form along with all documents should also be submitted to the Regional Office / Sub-Office of DMI. FI will also inform the promoter about submission of the proposal to NABARD and DMI. NABARD will, every quarter, compile a list of all such proposals that have not been submitted in time (viz. within 90 days) and forward the same to DMI, RO / SO. NABARD will also place the matter before the State Level Banker's Committee (SLBC). SLBC will review all such matters and ensure that such delays do not recur and the proposals are received by NABARD with in time.

#### **4.1.4 RELEASE OF ADVANCE SUBSIDY :**

On receipt of claim form and documents complete in all respect as mentioned in preceding para, RO, NABARD, will sanction the advance subsidy immediately and in any case not later than 90 days of receipt of claim. Subject to availability of funds, RO, NABARD will release soon thereafter advance subsidy to the FI for keeping the same in Subsidy Reserve Fund (SRF) account of the promoter. RO, NABARD will also forward a copy of sanction and release letter for each project to Regional/ Sub-office of DMI. In case, there are some documents / information missing, RO, NABARD would request the concerned FI to forward the same at the earliest. A copy of this communication is to be endorsed to DMI, RO / SO for follow up action. NABARD, RO will compile month wise, list of the sanctioned projects and advance subsidy released and forward it to DMI RO/ SO. NABARD, HO will compile month wise, list of the sanctioned projects and advance subsidy released and forward it to the Head Office of DMI.

#### **4.1.5 JOINT INSPECTION AND RELEASE OF FINAL SUBSIDY:**

After completion of the project, the promoter will inform the FI of the same and also submit documents as detailed in **Annexure XII** (including completion certificate signed by approved engineer / registered architect and item-wise actual expenditure

by chartered accountant signed by the promoter and countersigned by the Branch Manager of FI) to the FI within the prescribed time limit. Within 60 days of the receipt of relevant documents from the promoter, the FI will submit to RO, NABARD and Regional/ Sub-office of DMI, final subsidy claim in **Annexure – XIII** along with necessary documents, complete in all respects and also request for Joint Inspection of the project.

4.1.6 NABARD will initiate action to conduct joint inspection by a team comprising of officials of FI, NABARD (or its representative) and DMI to ensure that the executed project conforms to technical and financial parameters. The joint inspection will be done within 60 days of the receipt of documents / information from the FI. The joint inspection report should be as per **Annexure –XIV**. Geo-tagged photograph of the project may also be taken by representative of NABARD / DMI.

4.1.6.1 If the project is in order, immediately after joint inspection, the representative of NABARD in the Joint Inspection Committee will forward the joint inspection report to NABARD, RO. NABARD, RO will sanction the final subsidy within 90 days and release soon thereafter final subsidy to the FI for keeping the same in Subsidy Reserve Fund Account (Borrower-wise). NABARD, RO will also forward a copy of sanction and release letter for each project to Regional/ Sub-office of DMI. NABARD, HO will compile month wise, list of the sanctioned projects and final subsidy released and forward it to the Head Office of DMI.

4.1.6.2 In case any deficiencies are pointed out by the joint inspection committee, the promoter must be informed of the same by FI and asked to rectify. The compliance of rectification thereof will be verified by the FI and report to this effect will be furnished by the FI to NABARD & DMI within 60 days of joint inspection. Remaining procedure will be the same as outlined in above para for release of final subsidy.

4.1.7 Joint Inspection of completed projects will be conducted subject to the project having been scrutinized by NABARD RO and found to be eligible for advance subsidy. However, the actual release of advance subsidy by NABARD is not necessary for conduct of joint inspection.

4.1.8 The time schedule prescribed in para 3.10.3 must be adhered to for completion of project and submission of relevant documents complete in all respect, failing which, the project will not be eligible for subsidy. The advance subsidy in all such cases will have to be refunded forthwith by the FI.

4.1.9 NABARD, HO will furnish utilization certificate in prescribed format to DMI, HO after every release of fund from DAC. Participating FIs should also submit the utilization certificate in **Annexure –XV** to NABARD, RO within 60 days of receipt of subsidy.

4.1.10 Panchayati Raj Institutes (PRIs) will have an important role in ensuring that the infrastructure created / proposed is used for the purpose for which it is designed. To enable PRIs play this role effectively, District Panchayats will be kept informed by DMI, RO / SO of all the projects approved and subsidy disbursed in their areas. District Panchayats may share this information with concerned Block / Gram Panchayats. In areas where part IX of the constitution does not apply, this information will be shared with equivalent rural local bodies.

## **4.2. PROJECTS PROCESSED BY NCDC**

4.2.1 For agricultural marketing infrastructure projects including storage infrastructure projects of cooperative institutions, processed by NCDC, cooperative societies will formulate proposals in the format prescribed by NCDC and will submit to Registrar of Cooperative Societies (RCS) / State Government. The proposal may be submitted directly to NCDC, in case the society concerned fulfils the direct funding norms of NCDC.

4.2.2 The RCS/State Government will examine the proposal and recommend to NCDC for consideration.

4.2.3 NCDC will consider the proposals by way of desk/field appraisal according to the quantum of assistance involved.

4.2.4 NCDC will communicate its sanction to the State Government / directly to the society concerned (in case of direct funding).

4.2.5 The pattern of funding, interest rates, mode of release of sanctioned assistance will be as per NCDC's norms and policies as circulated from time to time.

4.2.6 The sanctioned assistance will be released through the State Governments or directly to the societies (in case of direct funding). NCDC will release subsidy in two equal instalments of which first instalment will be released on approval of the project and the second instalment will be released after inspection of the project.

4.2.7 NCDC will conduct inspection of all the sanctioned projects before releasing final installment of subsidy. Geo-tagged photograph of the project will be attached with the Inspection Report.

4.2.8 The State Governments / society concerned (in case of direct funding) will provide progress reports of projects on periodic basis as required by the NCDC.

4.2.9 NCDC, HO will compile month wise, a list of the sanctioned projects for advance and final subsidy and forward it to the Head Office of DMI. NCDC, HO will furnish utilization certificate in prescribed format to DMI, HO after every release of fund from DAC.

## **4.3 OWN FUNDED STATE AGENCY PROJECTS**

4.3.1 State agencies that do not wish to avail loan from FIs, may submit the project proposal to DMI, HO, Faridabad directly in **Annexure - XVI**. The proposal should

reach DMI within 60 days of approval accorded by the authorities concerned. Subordinate State agencies, such as, APMCs, Local Bodies etc. should submit their proposals to DMI through their State level Organizations/ Departments concerned. A copy of the complete set of proposal may also be endorsed to RO / SO, DMI.

4.3.2 DMI will send the proposal, within 60 days of its receipt, for appraisal to NABARD Consultancy Services Pvt. Ltd. (NABCONS), a wholly owned subsidiary of NABARD or any other suitable FI empanelled by the Ministry. However, project proposals which have been prepared by NABCONS or any other FI empanelled by the Ministry and have Feasibility Report and Cost-Benefit Analysis in their Detailed Project Report (DPR), need not be referred again for appraisal by these agencies. The project development facility (PDF) under the sub scheme available with Ch. Charan Singh National Institute of Agricultural Marketing (NIAM), may also be availed for preparing such DPRs.

4.3.3 NABCONS or the FI concerned will appraise the project proposal within 90 days of receipt from DMI and forward the proposal with recommendations to the Committee constituted under the Chairmanship of Agricultural Marketing Adviser to the Government of India. The committee will comprise of a representative of concerned State agency, a representative of concerned Regional/ Sub-Office of DMI, a representative from the Ministry and from IFD of DAC, an expert from FCI/ CWC/ WDRA / MoFPI / NHM etc. and a representative of appraisal agency. The proposals which do not need appraisal will be considered directly by the Committee on their receipt in DMI.

4.3.4 The Committee will examine and approve the projects found suitable for subsidy within 90 days of receipt of the recommendations of appraisal agency.

4.3.5 Subsidy will be released to the State agency concerned directly by DAC in two equal installments depending on the progress of the work. The advance subsidy will be released on approval of the project by the Sanctioning Committee.

4.3.6 When the State Government agency has fully utilized both, its contribution for the project (75% / 66.67% as the case may be) as well as the advance subsidy received and the project requires only an amount equivalent to the final subsidy for its completion, the agency will request for joint inspection of the project within the prescribed time period. While making such a request, the agency will also enclose a progress report of the project along with certificates regarding item-wise physical progress from their approved engineer / registered architect and certificate regarding item-wise financial progress from Chartered Accountant along with final subsidy claim in **Annexure XVII**.

4.3.7 Any cost escalation or change in quantity of works etc. over and above the original project proposal sanctioned by Sanctioning Committee will have to be met by the State agency concerned, before seeking release of the final subsidy.



4.3.8 The joint inspection of the project will be conducted by a committee comprising of officers of DMI, representative of the appraisal agency and representative of the concerned State agency.

4.3.9 The inspection report in **Annexure XVIII** will be submitted by concerned state agency to DMI, HO through DMI, RO / SO for the release of final subsidy within 60 days of joint inspection. Photograph of the project will also be attached with the inspection report.

4.3.10 On receipt of final subsidy claim from DMI, RO / SO, DMI, HO will process the claim within 90 days and submit to DAC for release of final subsidy.

4.3.11 The time schedule prescribed in para 3.10.4 must be adhered to for submission of progress report for final subsidy along with relevant documents complete in all respect, failing which, the project will not be eligible for subsidy. The advance subsidy in all such cases will have to be refunded forthwith by the State agency.

4.3.12 State agency concerned will furnish utilization certificate in prescribed format **Annexure – VIII** to DMI, HO after every release of fund from DAC.

4.3.13 The monitoring of progress of these projects will be done by DMI through its Regional / Sub Offices. DMI, RO / SO will also maintain all data / information.

## **5. OTHER CONDITIONS**

**5.1** The project should be commenced only after term loan is sanctioned for the project proposal by the FI / NCDC and in case of own funded state agency projects, the project should be commenced only after approval of the project proposal by Sanctioning Committee of DAC is received.

**5.2** If a case arises for refund of subsidy, and the subsidy is not refunded by the FI to NABARD within 90 days of intimation, the FI will attract penal interest @ bank rate + 1%. In no case, will it be charged to the promoter.

**5.3** The FI/NCDC/NABARD etc., will adhere to their own norms for appraisal of projects for sanction of term loan.

**5.4** It will be the responsibility of the promoter to comply with all the applicable laws, obtain requisite approvals from the concerned authorities to build and operate the projects as well as to insure the project. DAC, DMI, NABARD or NCDC will not be responsible for any such violation by the promoter.

**5.5** The promoter may be informed about the deficiencies pointed out by the joint inspection committee at the time of inspection for compliance.

**5.6** A prominent signboard at the site of the project stating “Assisted under Integrated Scheme for Agricultural Marketing of Ministry of Agriculture, Government of India” in local language/ Hindi / English will be exhibited.

**5.7** Government’s interpretations of various terms of these guidelines will be final. Government reserves the right to modify, add and delete any term and condition and restrict / stipulate any provision without assigning any reason thereof.

**5.8** Besides Joint Inspection, pre and post-completion inspections of the project may be undertaken to verify physical, financial and operational progress, as and when required, by DAC or any other agency approved by DAC.

**5.9** The promoter will not alienate the land and the project during the period of the term loan for any purpose other than the purpose for which the subsidy is extended. An affidavit to this effect should be submitted by the promoter with the application for loan.

**5.10** No subsidy shall be availed of for the project proposal submitted under sub scheme of AMI from any other Central Government scheme including Rashtriya Krishi Vikas Yojana (RKVY). An Affidavit to the effect that subsidy has not been availed of and will not be availed of from any other Scheme of the Central Government will be submitted along with the application.

**5.11** The promoter will be liable to refund the subsidy of the project or its component that is dropped / cancelled or if any change is made in any of the components of the project sanctioned. Affidavit to this effect will be submitted by the promoter at the time of submission of the project proposal.

**5.12** The promoter will take prior approval of NABARD / NCDC in case of takeover of loan account together with SRF account by another FI (without altering the repayment schedule) is intended.

**5.14** Assistance under the sub scheme will be available only on capital cost of the project.

**5.15** The promoter will submit a notarised affidavit as per **Annexure – XIX**.

**5.16** An Empowered Committee constituted under the chairmanship of Additional Secretary (DAC) and composed of Joint Secretary (Marketing) / Agricultural Marketing Adviser, Director (Marketing), Joint Agricultural Marketing Adviser and Director / Deputy Secretary (Finance), IFD, DAC will resolve difficulties and smaller case to case specific decisions on implementation issues

**5.17** DAC may claim up to 0.5% of the scheme funds at its level for incurring administrative expenditure towards more effective MIS, monitoring, impact assessment, hiring consultants, conducting studies, publicity, advertisement,

training, evaluations, study tours, extension, preparation of Model projects and any other facilitative mechanism for more effective implementation of the sub scheme.

5.18 NABARD, NCDC and SFAC will be provided processing charges of 0.5% of the total subsidy released by them towards activities such as processing of projects, inspection, monitoring, hiring consultants, for developing and maintaining MIS, Geo-tagged photographs, training, publicity, study, evaluation etc. These agencies would be authorized to automatically debit the processing charge on release of final subsidy from the funds received from DAC and the same will be accounted for in the utilization certificate to be submitted by them.

5.19 On establishment of MIS, the procedure for release of subsidy may be implemented through online mode.

5.20 The FI after sanction of the project should monitor the progress of the project. In case, for any reason there is variation in the project, subsidy would be restricted to the original proposal or to actual whichever is lower.

5.21 DAC through DMI ROs/ SOs or any other approved agency may take up random check inspection of 5% of projects for which final subsidy is released, to verify the utilization of the project for which it is intended, on yearly basis. Needful action will be taken based on the inspection report.

5.22 All earlier instructions issued by DAC/DMI in respect of GBY & AMIGS schemes will stand superseded with the issue of these new Operational Guidelines.

5.23 The new guidelines will be effective for the projects for which term loan is sanctioned by FIs / NABARD/ NCDC and own funded State agency projects approved by DAC on or after **1<sup>st</sup> April, 2014**.

5.24 FIs / NABARD / NCDC / DMI will maintain all data / information separately for projects sanctioned during XII plan.

## **6. MONITORING**

6.1 Monitoring of each project will be done by FI, NABARD, NCDC and by DMI through its Regional/ Sub offices.

6.2 Review of progress of sub scheme of AMI will be done once in two months by DMI Regional/ Sub offices with NABARD under the Chairmanship of Chief General Manager (CGM) of NABARD in the concerned State.

6.3 A Regional Coordination Committee (RCC) may be constituted, comprising DMI, NABARD / NCDC and leading bankers in each state including SLBC convenor to review the progress under the scheme, under the Chairmanship of CGM, NABARD. RCC may meet once in every quarter.

6.4 NABARD, Regional Office will submit a monthly progress report to its Head Office and to concerned Regional / Sub Offices of DMI. Review of progress of cooperative projects will be done on quarterly basis by DMI Regional/ Sub offices with NCDC under the Chairmanship of Regional Director of NCDC in the concerned State.

6.5 Biannual meetings will also be held at DAC level with NABARD, NCDC and NIAM Officials under the Chairmanship of Joint Secretary (Marketing)/ AMA.

6.6 NABARD, RO / NCDC, RO and DMI, RO / SO will also monitor each project for completion, for conducting Joint Inspection and for timely release of subsidy.

6.7 The progress report of the sub scheme will be submitted by NABARD/NCDC/NIAM directly to the Head office of DMI on a monthly basis as per format at **Annexure –XX** and as revised from time to time.

## 7. GENERAL AWARENESS AND TRAINING PROGRAMME

General awareness, advertisement, publicity and training programmes for farmers, market functionaries, entrepreneurs and other stakeholders in establishment, maintenance and operation of infrastructure projects, registration / accreditation with WDRA and also on agricultural marketing in general including on grading and standardization, will be taken up through Ch. Charan Singh National Institute of Agricultural Marketing (NIAM), Jaipur, National Institute of Agricultural Extension Management (MANAGE), Hyderabad, Training of Personnel in Cooperative Institute (TOPIC), Gurgaon, NABARD and other national and state level institution/ Universities. General awareness, advertisement, publicity and training programmes will be taken up with a special focus on promoters from SC / ST category & North Eastern Region and in the States / UTs where the sub scheme has not picked up in the past. NIAM would also arrange for consultancy services for setting up of a “Project Development Facility” to catalyze investment credit in agri-infrastructure projects.

## 8. FINANCIAL OUTLAY FOR THE XII PLAN

(Rs. in crore)

Head	2012-13	2013-14	2014-15	2015-16	2016-17	Total
1. Grant-in-aid	419.69	667.60	776.00	993.70	1126.21	3983.20
2. Machinery & Equipments	0.00	1.00	1.25	1.75	2.00	6.00
3. Minor Works	0.30	0.30	0.50	0.70	0.70	2.50
4. Traveling Expenditure (DTE & FTE)	0.13	0.50	1.25	1.25	1.37	4.50
5. Professional Services (PS)	0.07	0.60	1.00	1.00	1.13	3.80
<b>Grand Total</b>	<b>420.19</b>	<b>670.00</b>	<b>780.00</b>	<b>998.40</b>	<b>1131.41</b>	<b>4000.00</b>

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## Annexure-I

### List of Regional /Sub-offices of Directorate of Marketing & Inspection with address

<p><u>Andaman &amp; Nicobar Island</u></p> <p>Asst. Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection, General pool Offices Building, 4<sup>th</sup> Floor, A Wing, DF Block, Sector-1, Salt Lake, Kolkata -700064 Ph.033- 23347553, 23340845, dmiwb03@nic.in</p>	<p><u>Dadra &amp; Nagar Haveli</u></p> <p>Deputy Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection New CGO Building, 3<sup>rd</sup> Floor, New Marine Lines, Mumbai-400020 Ph.022-22036801,22032699 dmiromah@nic.in</p>
<p><u>Andhra Pradesh</u></p> <p>Deputy Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection 2<sup>nd</sup> Floor, Kendriya Sadan, Sultan Bazaar, Hyderabad - 500095 Ph.040- 24657446, 24731637 dmiroap@nic.in</p>	<p><u>Daman &amp; Diu</u></p> <p>Deputy Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection New CGO Building, 3<sup>rd</sup> Floor, New Marine Lines, Mumbai-4000820 Ph.022-22036801,22032699 dmiromah@nic.in</p>
<p><u>Arunachal Pradesh</u></p> <p>Asst. Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection RUKMINIGAON, Navratna Path, H.No.09, First Floor, P.O.Khanpara Guwahati-781022. Ph. 0361- 2229272, 2229273 dmias01@nic.in</p>	<p><u>Delhi</u></p> <p>Asst. Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection, W-6, Phase II, Okhla Industrial Estate, New Delhi – 110020 Ph.011-26387285 dmidl06@nic.in</p>
<p><u>Assam</u></p> <p>Asst. Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection RUKMINIGAON, Navratna Path, H.No.09, First Floor, P.O.Khanpara Guwahati-781022. Ph. 0361- 2229272, 2229273 dmias01@nic.in</p>	<p><u>Gujarat</u></p> <p>Senior Marketing Officer, Directorate of Marketing &amp; Inspection 1, Inderprastha Society 1<sup>st</sup> Floor, Opp. Shankar Nagar, Near Gandhi Bridge Shahpur, Ahmedabad-380004 Ph. 079-25600965 dmigj03@nic.in</p>
<p><u>Bihar</u></p> <p>Senior Marketing Officer, Directorate of Marketing &amp; Inspection Government of India, Pant Bhawan (Ground &amp; First Floor), Baily Road, Patna-800001 Ph. 0612-2526691 dmipatnasmo@gmail.com</p>	<p><u>Goa</u></p> <p>Deputy Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection New CGO Building, 3<sup>rd</sup> Floor, New Marine Lines, Mumbai-400020 Ph.022-22036801,22032699 dmiromah@nic.in</p>
<p><u>Chandigarh</u></p> <p>Deputy Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection, 6<sup>th</sup> Floor, Kendriya Sadan, Sector 9 'A', Chandigarh-160 047 Ph.0172 – 2743201 dmich01@nic.in</p>	<p><u>Haryana</u></p> <p>Deputy Agricultural Marketing Adviser, Directorate of Marketing &amp; Inspection 6<sup>th</sup> floor Kendriya Sadan, Sector 9'A' Chandigarh-160047 Ph.0172-2743201 dmich01@nic.in</p>
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## Annexure – II

### The indicative list of eligible and ineligible processing activities

	Eligible Activities	Ineligible Activities	
	Primary processing*	Secondary processing	Tertiary processing
Fruits & Vegetables	Cleaning, Sorting, Grading, Waxing, Cutting & Dehydration	Slices, pulps, Soup, flakes, powder, paste, preserved & Flavoured	Ketchups, jam, juices, pickles, preserves, candies, chips, etc.
Grains & Seeds	Sorting, Cleaning, parboiling, Colour sorting & Grading	Flour, Broken, Rice, Puff, Malt & Milling / Flour milling / Dal milling	Biscuits, noodles, flakes, cakes, namkeen
Oilseeds	Sorting & Grading	Oil Cakes Oil crushing	Sunflower, groundnut, mustard, soya, olive oil, etc.
Beverages	Sorting, bleaching & Grading	Leaf, Dust & Powder	Tea bags, flavoured, coffee, soft drinks, alcoholic beverages.
Milk	Chilling, Pasteurisation, Grading, Homogenisation, Refrigerating	Cottage cheese, Cream, Simmered & Dried Milk,	Processed milk spreadable fats (butter and cheese), Ghee, Yoghurt.
Meat & Poultry	Sorting & Refrigerating	Cut, Fried, Frozen & Chilled	Ready to eat meals.
Marine products	Chilling & Freezing	Cut, Fried, Frozen, Chilled	Ready to eat meals.
Cotton	Boll ripening	Ginning & Pressing	

\* Packaging and labelling related to primary processing as mentioned in column 2 above is also permissible.

The above table is indicative and does not illustrate all processes.



**Examples for calculation of eligible subsidy for common facilities and ancillary/ supporting infrastructure in market yards project, eligible @ 25% subsidy**

**1. Scenario One** (Rs. In lakhs)

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Common facilities in market yard	600.00	75%	600.00	150.00
Ancillary/ supporting infrastructure	400.00	25%	200.00	50.00
<b>Total</b>	<b>1000.00</b>	<b>100%</b>	<b>800.00</b>	<b>200.00*</b>

\* Subsidy will not be Rs.250.00 lakhs @ 25% of Rs.1000.00 lakhs.

**2. Scenario two** (Rs. In lakhs)

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Common facilities in market yard	400.00	75%	400.00	100.00
Ancillary/ supporting infrastructure	600.00	25%	133.33	33.33
<b>Total</b>	<b>1000.00</b>	<b>100%</b>	<b>533.33</b>	<b>100.33*</b>

\* Subsidy will not be Rs.250.00 lakhs @ 25% of Rs.1000.00 lakhs.

**3. Scenario three** (Rs. In lakhs)

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Common facilities in market yard	1500.00	75%	1500.00	375.00
Ancillary/ supporting infrastructure	1000.00	25%	100.00	25.00
<b>Total</b>	<b>2500.00</b>	<b>100%</b>	<b>1600.00</b>	<b>400.00*</b>

\* Subsidy will not be Rs.625.00 lakhs @ 25% of Rs.2500.00 lakhs.

**4. Scenario four** (Rs. In lakhs)

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Common facilities in market yard	2000.00	75%	1600.00	400.00
Ancillary/ supporting infrastructure	500.00	25%	0.00	0.00
<b>Total</b>	<b>2500.00</b>	<b>100%</b>	<b>1600.00</b>	<b>400.00*</b>

\* Subsidy will not be Rs.625.00 lakhs @ 25% of Rs.2500.00 lakhs.

**Examples for calculation of eligible subsidy for functional infrastructure project involving installation of Plant & Machinery is equal or less than 25% of TFO, and eligible @ 25% subsidy**

**1. Scenario One: Plant & Machinery equal to 25% of TFO (Rs. In lakhs)**

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Plant & Machinery	300.00	25%	300.00	75.00
Civil structure	900.00	75%	900.00 **	225.00
<b>Total</b>	<b>1200.00</b>	<b>100%</b>	<b>1200.00</b>	<b>300.00*</b>

\* Subsidy will be Rs.300.00 lakhs @ 25% as Plant & Machinery equal to 25% of TFO.

**2. Scenario Two: Plant & Machinery less than 25% of TFO (Rs. In lakhs)**

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Plant & Machinery	200.00	25%	200.00	50.00
Civil structure	1000.00	75%	600.00**	150.00
<b>Total</b>	<b>1200.00</b>	<b>100%</b>	<b>800.00</b>	<b>200.00*</b>

\* Subsidy will not be Rs.300.00 lakhs @ 25% of Rs.1200.00 lakhs.

**3. Scenario Three: Plant & Machinery less than 25% of TFO (Rs. In lakhs)**

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Plant & Machinery	500.00	25%	500.00	125.00
Civil structure	1900.00	75%	1500.00**	275.00
<b>Total</b>	<b>2400.00</b>	<b>100%</b>	<b>2000.00</b>	<b>400.00*</b>

\* Subsidy will not be Rs.600.00 lakhs @ 25% of Rs.2400.00 lakhs.

**4. Scenario Four: Plant & Machinery less than 25% of TFO (Rs. In lakhs)**

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Plant & Machinery	300.00	25%	300.00	75.00
Civil structure	2100.00	75%	900.00**	225.00
<b>Total</b>	<b>2400.00</b>	<b>100%</b>	<b>1200.00</b>	<b>300.00*</b>

\* Subsidy will not be Rs.600.00 lakhs @ 25% of Rs.2400.00 lakhs.

**\*\* If infrastructure is of the nature of storage, the cost of the civil structure will be as calculated above or as per the capacity and cost norms of the storage infrastructure, whichever is lower.**

**Annexure – V**

**Year wise maximum capacity ceiling of Silos :**

<b>Year</b>	<b>Target of Storage infrastructure in Lakh MT</b>	<b>Capacity ceiling of Silos in Lakh MT</b>
2014-15	45.00	11.25
2015-16	50.00	12.50
2016-17	50.00	12.50

**Examples for calculation of eligible subsidy for integrated value chain project having cold storage component is equal or more than 75% of TFO, and eligible @ 25% subsidy**

**1. Scenario One: cold storage component equal to 75% of TFO (Rs. In lakhs)**

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Cold storage	600.00	75%	600.00 **	150.00
Other infrastructure	200.00	25%	200.00	50.00
<b>Total</b>	<b>800.00</b>	<b>100%</b>	<b>800.00</b>	<b>200.00*</b>

\* Subsidy will be Rs.200.00 lakhs @ 25% as cold storage equal to 75% of TFO.

**2. Scenario Two: cold storage component more than 75% of TFO (Rs. In lakhs)**

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Cold storage	700.00	75%	300.00 **	75.00
Other infrastructure	100.00	25%	100.00	25.00
<b>Total</b>	<b>800.00</b>	<b>100%</b>	<b>400.00</b>	<b>100.00*</b>

\* Subsidy will not be Rs.200.00 lakhs @ 25% of Rs.800.00 lakhs.

**3. Scenario Three: cold storage component more than 75% of TFO (Rs. In lakhs)**

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Cold storage	1600.00	75%	1200.00**	300.00
Other infrastructure	400.00	25%	400.00	100.00
<b>Total</b>	<b>2000.00</b>	<b>100%</b>	<b>1600.00</b>	<b>400.00*</b>

\* Subsidy will not be Rs.500.00 lakhs @ 25% of Rs.2000.00 lakhs.

**4. Scenario Four: cold storage component more than 75% of TFO (Rs. In lakhs)**

Components of Project	Cost	Eligible % of TFO	Eligible cost	Eligible subsidy
Cold storage	1800.00	75%	600.00**	150.00
Other infrastructure	200.00	25%	200.00	50.00
<b>Total</b>	<b>2000.00</b>	<b>100%</b>	<b>800.00</b>	<b>200.00*</b>

\* Subsidy will not be Rs.500.00 lakhs @ 25% of Rs.2000.00 lakhs.

**\*\* In an integrated value chain project having cold storage component, the cost of cold storage will be as calculated above or as per the capacity calculation and cost norms of the NHM, DAC, whichever is lower.**

**Indicative Negative List of Projects which will not be eligible for subsidy under the sub scheme of AMI**

1. Combined Harvesters (in – Andhra Pradesh, Punjab, Madhya Pradesh & Tamilnadu)
2. Standalone cold storages
3. Retail shops
4. Silos as part of integrated project

## GFR 19 – A

## Form of Utilization Certificate

S. No	Letter No. and Date	Amount (Rs.)	<p>Certified that out of Rs. _____ of Grants in aid sanctioned during the year _____ in favour of _____ under this Ministry/ Department letter No. _____ given in the margin and Rs. _____ on account of unspent balance of the previous year, a sum of Rs. _____ has been utilized for the purpose of _____ for which it was sanctioned and that the balance of Rs. _____ remaining unutilized at the end of the year has been surrendered to Government (vide No. _____ dated _____) will be adjusted towards the grants-in-aid payable during the next year _____</p>
	<b>Total</b>		

1. Certified that I have satisfied myself that the conditions on which the grant s- in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised that following check s to see that the money was actual l y utilized for the purpose for which it was sanctioned.

Kinds of checks exercised.

- 1.
- 2.
- 3.

Signature \_\_\_\_\_

Designation \_\_\_\_\_

Date \_\_\_\_\_

**PROJECT PROFILE CUM CLAIM FORM FOR CLAIMING 50% ADVANCE SUBSIDY**(TO BE SUBMITTED BY FINANCIAL INSTITUTION TO NABARD AND DMI)

To,

- (1) Regional Office, NABARD  
 (2) Regional/Sub-office of Directorate of Marketing & Inspection  
 (nearest as per addresses enclosed)

**AGRICULTURAL MARKETING INFRASTRUCTURE****PART – I****(FOR USE BY FINANCIAL INSTITUTION)**

- 1.(i) Name & full Address of project including Tehsil / Taluka / District with telephone number and email ID :
- (ii) Whether located in North East Region/ States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, Andaman & Nicobar Islands & Lakshadweep Island / Hilly Areas/ Tribal Areas :
- 2.(i) Name & full address of promoter with telephone number and email ID :
- (ii) Whether belongs to Registered FPOs/ Women/ SC/ ST/ their cooperatives :
- a) If yes specify :
- (iii) Whether belongs to State Agencies :
- a) If yes specify :
- (iv) Whether proprietorship/ partnership :
- a) If yes, rate of entitlement of subsidy (25% / 33.33%) :
3. Name & full address of financing financial institution with telephone number and email ID :
4. Date of receipt of proposal/application :
5. (a) Date and amount of sanction of term loan by financial institution:  
 (b) Date of disbursement of first installment of loan and amount disbursed :
6. Rate of entitlement of subsidy for projects (25% / 33.33%) :
7. Item-wise financial projections

	As per project report (Rs.)	As approved by FI (Rs.)
i) Marketing Infrastructure/ Storage Infrastructure		
ii) Allied facilities / infrastructure / Plant & Machinery		

a)		
b)		
iii) Cost of civil structure		
iv) Project Cost for processing		
a) Cost relating to primary processing		
b) Cost relating to secondary & other processing		
<b>Total outlay</b>		

8. Means of finance:

	As per project report (Rs.)	As approved by FI (Rs.)
Promoter's contribution		
Term loan		
<b>Total outlay</b>		

9. Subsidy

- a) Total eligible subsidy (Rs.) :
- b) Eligible advance subsidy(Rs.) :
- c) Subsidy from any other agency :
- State Govt. :
- Central Govt. (for other components, if any) :

10. Brief account of the infrastructure to be created

- under the project (description of components) :
- a) Storage Infrastructure capacity :
- |  | No. of chambers | Size<br>(LxBxH in Meters) | Capacity<br>(in MT) |
|--|-----------------|---------------------------|---------------------|
|--|-----------------|---------------------------|---------------------|

- i) New unit to be created
- ii) Existing unit, if any
- iii) Renovation of storage infrastructure of Cooperatives

11. a) Account No. and IFSC code of FI :
- b) AADHAR no of Promoter :

12. Brief coverage on technical feasibility and financial viability (Enclose along with project report) :

13. Other relevant information including as to whether the storage infrastructure would be for self use/ to be leased out to private or Govt. agencies/ to store farmers produce on rent and commodity to be stored :

14. Other relevant information.:

15. The project has been appraised and found to be technically feasible and financially viable.



16. We note that the repayment schedule cannot be altered. We also note that a time limit of 18/ 24 months is stipulated for completion of the project and submission of relevant documents from the date of disbursement of first installment of loan. Further, if the completion of the project is delayed, a maximum extended period of 6 months with reduction in rate of subsidy @ 1% for delay of each month or part thereof may be allowed for completion of project and submission of relevant documents. We also note that the advance subsidy has to be refunded forthwith if the project is not completed and the relevant documents are not submitted within the above stipulated period and as per the broad parameters of the sub scheme. It is further noted that in case of any delay in refund of subsidy, the financial institution will be liable for payment of penal interest. If subsidy is not refunded within 90 days of intimation, penal interest shall be charged @ bank rate + 1% from the financial institution and not promoter.

17. It is also certified that no subsidy has been or will be availed for the project from any other Central Government Department/ Agency including subsidy under RKVY.

18. Certified that the project has commenced only after sanction of term loan to the promoter.

19. Financial institution will monitor the progress of the execution of the project to ensure that the project is completed as per the technical specifications envisaged in the guidelines of the sub-scheme and project proposal without any variation and within the stipulated time as per the broad parameters of the sub scheme.

20. Certified that the promoter has not availed or will avail maximum subsidy of Rs.4 crores / Rs.5 crores in the same District (owned & leased land) permissible under sub scheme during XII Plan.

21. Certified that the Financial institution will ensure that the promoter will not alienate the land and the project for a minimum period of term loan for any purpose other than the purpose for which the subsidy is extended.

22. An amount of Rs..... (Rupees.....) being 50% of the eligible amount of subsidy may please be released in respect of the project for crediting to the "Subsidy Reserve Fund Account-Borrower wise". Financial institution confirms that that the subsidy will be kept in SRF Account only and not in other accounts like Fixed Deposits, Saving account etc.

(\_\_\_\_\_)

Seal and signature of the  
Authorized Signatory of Financial Institution

Place:

Date:

Encl : as per Annexure X

## Annexure- X

### Check List of Documents to be submitted along with Advance Subsidy claim

Docum ent No.	Particulars of document	Remarks ✓
A - 1	Forwarding letter of Controlling / nodal Office of the financing branch. The advance subsidy claim application of financing branch should be routed through the Controlling / nodal Office to NABARD clearly certifying that all documents as per this check list are enclosed. The complete address with telephone/fax numbers of the controlling / nodal office as well as the financing branch are required to be furnished. A copy of the letter together with a copy of the claim application should be endorsed to DMI RO / SO	
A - 2	Advance subsidy claim application as per format in Annexure-I	
A - 3	Copy of project report with item-wise details of costs, total outlay, loan and margin submitted by the promoter with a copy of the technical and financial appraisal report from the FI	
A - 4	Copy of the approved plan/ map and civil drawings clearly indicating the dimensions and capacity.	
A - 5	Copy of the loan sanction letter of the FI along with copies of invoices for purchase of machinery/equipment of infrastructure project if any. Copy of Term Loan Account Statement of the borrower indicating all transactions including disbursement of first installment of loan	
A - 6	Copy of land documents where the project is going to be established.	
A - 7	FI's certificate on category of the Promoter. In case of SC/ST entrepreneur and Cooperative, certification by the Competent Authority should be obtained.	
A - 8	Notorised Affidavit in Original executed by the promoter on a non-judicial stamp paper as per Annexure XIX.	
A - 9	Copy of duly registered partnership deed, if it is a partnership firm, Memorandum& Articles of Association and certificate of incorporation, in case of Private Limited Company etc.	

**Instructions for the promoter to be annexed by the FI with loan sanction letter**

1. Subsidy under the scheme is not guaranteed and is not a matter of right of the promoter. It is subject to availability of funds and compliance to scheme guidelines as may be interpreted and altered by Government of India with/ without notice.
2. The project should be commenced only after term loan is sanctioned for the project proposal by the FI / NCDC and in case of own funded state agency projects, only after approval of the project proposal by Sanctioning Committee of DAC is received.
3. Project should be executed as per the technical specifications as specified in guidelines and as per physical & financial parameters submitted in the project proposal. If there is any variation, subsidy would be restricted to the original proposal or actual whichever is lower.
4. Project should be executed as per the special conditions envisaged in the guidelines without any variation.
5. The promoter will not alienate the land and the project during the period of the term loan for any purpose other than the purpose for which the subsidy is extended.
6. No subsidy shall be availed for the project proposal submitted under AMI from any other Central Government scheme including Rashtriya Krishi Vikas Yojana (RKVY).
7. The promoter will be liable to refund the subsidy of the project or its component that is dropped /scrapped or if any change is made in any of the components of the project sanctioned.
8. The promoter shall take prior approval of NABARD in case of takeover of loan account (with SRFA) by another FI (without altering the repayment schedule) is intended.
9. It will be the responsibility of the owner to comply with the applicable laws, obtain requisite approvals from the concerned authorities to build & operate the projects as well as to insure the project.
10. A prominent signboard at the site stating "Assisted under sub scheme Agricultural Marketing Infrastructure of Integrated Scheme of Agricultural Marketing of Ministry of Agriculture, Government of India" in local language / English will be exhibited.
11. Government's interpretations of various terms of guidelines will be final. Government reserves the right to modify, add and delete any term and condition and restrict / stipulate any provision without assigning any reason therefore.
12. Promoter is hereby being informed that random check inspection of the project may be conducted within 5 years from the date of disbursement of first installment of loan, to ensure that the project is being used for the intended purpose. In case of non compliance, needful action including recall of subsidy may be taken.
13. If the project cost is up to Rs. 500.00 lakhs, a time limit of 18 months is prescribed for completion of the project from the date of disbursement of the first installment of loan by the financial institution. If reasons for delay are justified, a further extended period of 6 months with deduction of rate of subsidy @1% per month or part thereof is allowed. The project will

not be eligible for subsidy if the project is not completed and document submitted within 24 months from the date of disbursement of first installment of loan and advance subsidy received will be refunded forthwith.

14. If the project cost is more than Rs. 500.00 lakhs, a time limit of 24 months is prescribed for completion of the project from the date of disbursement of the first installment of loan by the financial institution. If reasons for delay are justified, a further extended period of 6 months with deduction of rate of subsidy @ 1% per month or part thereof is allowed. The project will not be eligible for subsidy if the project is not completed and document submitted within 30 months from the date of disbursement of first installment of loan and advance subsidy received will be refunded forthwith.

15. It will be the responsibility of the promoter to comply with all the applicable laws, obtain requisite approvals from the concerned authorities to build and operate the projects as well as to insure the project. DAC, DMI, NABARD or NCDC will not be responsible for any such violation by the promoter. In case of non compliance of all the requisite approval / permission, the subsidy will have to be refunded.

16. **For Storage infrastructure** : For storage infrastructure projects the following are required and non compliance to it may render the storage infrastructure ineligible to receive subsidy under the scheme:

a) The project built under the sub scheme shall be structurally sound on account of engineering considerations and functionally suitable to store the agricultural produce as per Central Warehousing Corporation (CWC) or Food Corporation of India (FCI) or any other standard specifications laid down in this behalf may be adopted.

b) Shall be properly ventilated, shall have well fitted shutters, air inlets and ventilators and shall be waterproof (control of moisture from floor, walls and roof etc.).

c) Shall have a minimum plinth height of 2.5 feet and minimum plinth projection of 1.5 feet all around the storage infrastructure for protection from rodents. However, for smaller storage infrastructure up to 500 MT plinth height should be a minimum of 1.5 feet and minimum plinth projection of 1.5 feet at the entry points for protection from rodents.

d) Shall have protection from birds (air inlets / ventilators with wire mesh ).

e) The openings such as shutters, air inlets etc. shall be designed in such a manner that the storage infrastructure can be sealed for effective fumigation etc.

f) The Storage infrastructure complex shall have an easy approach road, pucca internal roads, proper drainage, arrangements for effective control against fire and theft and also have arrangements for easy loading and unloading of stocks.

g) Only removable steps are to be provided.

**Documents to be submitted to NABARD for taking up Joint Inspection**

Document No.	Particulars	Remarks ✓
JM -1	Duly filled in final subsidy claim form in Annexure XII	
JM-2	FI's specific request for taking up Joint Inspection of the project interalia certifying that: 1. The project has been completed in all respects within the stipulated time period. Advance subsidy of Rs.        lakh has been received and kept in Subsidy Reserve Fund A/C of the borrower/Promoter on which no interest is charged. 2. A Sign Board has been exhibited at the project site indicating that the project has been 'Assisted under sub scheme Agricultural Marketing Infrastructure of Integrated Scheme for Agricultural Marketing (ISAM) of Ministry of Agriculture, Government of India'. 3. Certificate by the FI that all original bills, vouchers etc. are preserved for any verification in future.	
JM-3	Completion certificate by approved engineer / registered architect. It should be signed by the promoter and countersigned by Branch Manager of FI.	
JM-4	In case of storage infrastructure: Certificate issued by the approved engineer / registered architect that the project has been completed as per the technical specifications specified in guidelines.	
JM-5	Certificate by Chartered Accountant indicating item-wise actual expenditure countersigned by Branch Manager of FI.	

**FORMAT FOR CLAIMING FINAL SUBSIDY  
(TO BE SUBMITTED BY FINANCIAL INSTITUTION TO NABARD AND DMI)**

To,

- (1) Regional Office, NABARD
- (2) Regional Sub-office, Directorate of Marketing & Inspection  
(nearest as per addresses enclosed)

**AGRICULTURAL MARKETING INFRASTRUCTURE**

**PART – I**

**(FOR USE BY FINANCIAL INSTITUTION)**

- 1.(i) Name, full address / location of project with telephone number  
and email ID including Tehsil / Taluka / District :
- (ii) Whether located in North East Region/  
States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir,  
Andaman & Nicobar Islands & Lakshadweep Island /  
Hilly Areas/ Tribal Areas :
- 2. (i) Name and full address of promoter with telephone number  
and email ID including Tehsil / Taluka / District :
- (ii) Whether belongs to Registered FPOs/, Women / SC/ ST/  
their cooperatives :  
if yes specify :
- (iii) Whether belongs to State Agencies :
- (iv) Whether proprietorship/ partnership :  
a) If yes, rate of entitlement of subsidy (25% / 33.33%) :
- 3. Rate of entitlement of subsidy for projects (25% / 33.33%) :
- 4. Name and address of financing financial institution  
with telephone number and email ID :  
a) Account No. and IFSC code of FI :  
b) AADHAR no of Promoter :
- 5. Date of sanction of term loan by financial institution :  
(a) Amount of loan sanctioned :  
(b) Date of disbursement of first instalment :  
(c) Date of disbursement of the last instalment :  
(e) Total Loan amount disbursed :  
(enclose the loan account statement showing details of amount released)
- 6. Date of completion of the project :  
a) Date of submission of Completion certificate :  
b) Date of submission of item wise actual expenditure certificate :  
Date of completion (last of a & b) :
- 7. Date of last inspection of project by financial institution :

8. Item wise cost of project

	As per project report (Rs.)	As approved by FI (Rs.)	Actual expenditure incurred (Rs).
i) Marketing Infrastructure/ Storage Infrastructure			
ii) Allied facilities / infrastructure / Plant & Machinery			
a)			
b)			
iii) Cost of civil structure			
iv) Project Cost for processing			
a) Cost relating to primary processing			
b) Cost relating to secondary & other processing			
<b>Total outlay</b>			

9. Means of finance:

	As per project report (Rs.)	As approved by FI (Rs.)	Actual expenditure incurred (Rs).
Promoter's contribution			
Term loan			
<b>Total outlay</b>			

10. Brief account of the infrastructure created under the project (description of components) :

j) Storage Infrastructure capacity created:

No. of chambers	Size (LxBxH in Meters)	Capacity (in MT)
-----------------	------------------------	------------------

- i) New unit to be created
- ii) Existing unit, if any
- iii) Renovation of storage infrastructure of Cooperatives

11. Total entitlement of the Subsidy :

12. Advance subsidy

- i) Date of receipt :
- ii) Amount :

13. Subsidy from any other agency:

- State Govt.:
- Central Govt. (for other components, if any). :

14. Balance subsidy to be released :

15. Certified that the Infrastructure facility created is as per the technical specifications envisaged in the guidelines of the sub-scheme and the project proposal.

16. Certified that all the special conditions for storage infrastructure have been followed.

17. Certified that various permissions/approvals have been obtained by the promoters for establishment and commissioning of the project from various government authorities. FI has ensured that the project has all requisite permissions/approvals.

18. It is certified that no subsidy has been or will be availed for the project from any other Central Government department/ agency including subsidy under RKVY.

19. Certified that the promoter has not availed or will avail maximum subsidy of Rs.4 crores / Rs.5 crores in the same District (owned & leased land) permissible under sub scheme during XII Plan.

20. Certified that the Financial institution will ensure that the promoter will not alienate the land and the project for a minimum period of term loan for any purpose other than the purpose for which the subsidy is extended.

21. Since the above project is complete as per terms & conditions stipulated under the sub scheme, an amount of Rs. \_\_\_\_\_(Rupees \_\_\_\_\_) being the final installment of subsidy may please be released for crediting to the Subsidy Reserve Fund Account Borrower wise.

22. It is certified that the observation(s) made by the Joint Inspection Committee if any, will be complied within 60 days of joint inspection.

[ \_\_\_\_\_ ]

Seal and Signature of the Branch Manager  
(Financial Institution)

Place:

Date:

**Enclosures:** Completion certificate, Item wise actual expenditure certificate, etc. as per the Annexure XII



**AGRICULTURAL MARKETING INFRASTRUCTURE****PROFORMA FOR JOINT INSPECTION REPORT**

Date of Inspection:

1. Members of Joint Inspection Committee:

Organization	Name of the Officer	Designation	Address
NABARD			
FI			
DMI			

2. i) Name and address of project with telephone No.  
(including Village, Tehsil/ Taluka/ District) :ii) Name & Address of the Promoter with telephone No.  
and Email ID :iii) Whether located in North East Region/ States of Uttarakhand,  
Himachal Pradesh, Jammu & Kashmir Andaman & Nicobar Islands  
& Lakshadweep Island / Hilly Areas/ Tribal Areas :

iv) Category specify :

(a) Whether belongs to Registered FPOs/ Women/ SC/ST/ their Co-operatives :

(b) Individual :

(c) Company/Corporation :

(d) State agency :

3. Whether proprietorship/ partnership :

i) If yes, rate of entitlement of subsidy (25% / 33.33%) :

4. Rate of Entitlement of subsidy (25% or 33.33%) :

5. Name and Address of the FI with telephone No. and Email ID :

6. Details of loan sanctioned :

i. Date of receipt of proposal / application to the FI :

ii. Date of sanction of loan :

iii. Amount of loan sanctioned :

iv. Date &amp; Amount of disbursement of first installment :

v. Date &amp; Amount of disbursement of last installment :

vi. Total loan amount disbursed :

vii. Date of commencement of project :

viii. Date of Completion of Project &amp; submission of documents:

ix. Whether completed &amp; documents submitted in time :

If not, subsidy calculation based on date of completion &amp; submission of documents

a) Prescribed date of completion &amp; submission of documents :

b) Actual Date of completion &amp; submission :

- c) Time period of delay (b-a) \_\_\_\_\_ :
- d) Applicable deduction of subsidy \_\_\_\_\_ % & Amount: \_\_\_\_\_
- e) Final applicable subsidy \_\_\_\_\_ % & Amount: \_\_\_\_\_

xi. Date of intimation of completion & submission of documents of project for joint inspection to NABARD and DMI \_\_\_\_\_ :

7. Details of sanctioned Project \_\_\_\_\_ :
- i) Details of infrastructure created (in brief) \_\_\_\_\_ :
- ii) Total Project cost \_\_\_\_\_ :
- iii) Item-wise cost of project \_\_\_\_\_ :

Sl. No.	Items	As per Project Report (Rs)	As appraised by FI (Rs)	Actual expenditure incurred (Rs.)	Expenditure verified by the JIC (Rs.)
1	Civil Work				
2	Plant and Machinery i) ii) iii)				
3	Allied / Ancillary facilities				
4	Others (Specify)				
	Total				

- iv) Project Cost for processing:  
a) Cost relating to primary processing:  
b) Cost relating to secondary & other processing:

8. Storage Infrastructure capacity \_\_\_\_\_ :

	No. of chambers	Size (LxBxH in Meters)	Capacity (in MT)
i) New unit to be created			
ii) Existing unit, if any			
iii) Renovation of storage infrastructure of Cooperatives			

9. Means of finance \_\_\_\_\_ :

	As per project report (Rs.)	As approved by FI (Rs.)	Actual expenditure incurred (Rs.)	Expenditure verified by the JIC (Rs.)
Promoter's contribution				
Term Loan				
Total				

10. Whether project implemented as per approval (specifications etc.) \_\_\_\_\_ :  
If no, specify the deviations \_\_\_\_\_ :

11. Total entitlement of Subsidy \_\_\_\_\_

- a) Eligible project cost for calculation of subsidy :
- b) Capacity in MT (to be filled in case of storage project) :
- c) Final subsidy recommended :
- 12. Date and Amount of Advance subsidy received :
- 13. Subsidy from any other agency :
  - a) State Govt. :
  - b) Central Govt. (for other components, if any) :
- 14 Balance subsidy to be released :
- 15. Any other observations/ deficiencies :
- 16. Recommendations of the Joint Inspection Committee :

Signature & date  
**NABARD**

Signature & date  
**Financial Institution**

Signature & date  
**DMI**

**Format for Utilization Certificate**

(FOR THE USE OF FI TO BE SUBMITTED TO THE REGIONAL OFFICE OF NABARD)

**AGRICULTURAL MARKETING INFRASTRUCTURE**

1. Name, Project Code No., address and location of the promoter and project:
2. Name of the financial institution:
3. Name & address of the financing branch :
4. Date of sanction of loan by financial institution:
5. Date of inspection by Joint Inspection Committee:
6. Date of commission of the unit:
7. (i) Total financial outlay -Rs.  
(ii) Promoter's contribution -Rs.  
(iii) loan -Rs.  
(iv) Subsidy received

Date of receipt From NABARD

Amount (Rs.)

Date of credit to the Subsidy Reserve Fund

A/c No.of the Borrower

Branch IFSC Code:

a) Advance Subsidy

b) Final subsidy

8. Brief description of infrastructure created with capacity etc.:

9. This is to certify that the full amount of subsidy received in respect of the above project has been fully utilized (by way of crediting to the Subsidy Reserve Fund Account-borrower-wise) to be adjusted in the books of account under the sanctioned terms and conditions of the project within the overall guidelines of the sub scheme after the lock-in period of 5 years.

Place

Date

Seal & Signature of the  
Branch Manager (FI)

**FORMAT FOR CLAIMING FIRST INSTALLMENT OF SUBSIDY FOR OWN FUNDED  
STATE AGENCY PROJECTS**

(to be submitted by the State Agency to DMI, H.O. Faridabad after sanctioning of the Project  
by the Sanctioning Committee of D.M.I./D.A.C.)

To  
The Agricultural Marketing Adviser  
to the Govt. of India  
Directorate of Marketing & Inspection  
Head Office, N.H.IV  
Faridabad-121001.

**SUB - SCHEME OF AGRICULTURAL MARKETING INFRASTRUCTURE**

1.	Name & address of the State agency									
2.	Name & address of the project									
3.	Whether located in North Eastern Region/ States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir Andaman & Nicobar Islands & Lakshadweep Island/ Hilly Areas/ Tribal Areas									
4.	Name & address of the controlling authority									
5.	Date of submission of proposal/application to DMI									
6.	Total project cost as submitted by the State agency (Rs. in lakh)									
7.	Amount of State agency contribution for the project (Rs. in lakh)									
8.	Brief coverage on Technical feasibility (enclosure)									
9.	Other information on whether various permission/approval obtained by the State agency for establishment and commissioning of the project from various Govt. authorities									
10.	Brief account on the infrastructure of the project to be created (enclosure)  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Sl. No.</th> <th>Item</th> <th>Cost</th> <th>Subsidy</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Sl. No.	Item	Cost	Subsidy					
Sl. No.	Item	Cost	Subsidy							
11.	An amount of Rs. .... (Rupees .....) being the 50% of the eligible amount of subsidy may please be released in respect of the project									

Place:

Date:

Enclosures: As above.

Signature:

Name:

Address:

**FORMAT FOR CLAIMING FINAL SUBSIDY FOR OWN FUNDED STATE AGENCY PROJECTS**

(to be submitted by the State Agency to DMI, H.O. Faridabad)

To  
 The Agricultural Marketing Adviser  
 to the Govt. of India,  
 Directorate of Marketing & Inspection,  
 Head Office, N.H.IV,  
 Faridabad-121001.

**AGRICULTURAL MARKETING INFRASTRUCTURE**

- 1 Name & address of the State Agency :
- 2 Name & address of the project :
- 3 Name & address of the controlling authority :
- 4 Date of sanction of project by the Sanctioning Committee :
5. Total cost of the project as approved by the Sanctioning Committee(Component-wise): Rs.
- 6 State Agency contribution Rs.
- 7 Total eligible subsidy as approved by the Sanctioning Committee Rs.
- 8 Amount of first installment of subsidy and date of receipt Rs.
- 9 Brief account of the item-wise progress of works undertaken so far under the project (duly certified by a Competent Engineer of the State Agency or that of State Government) :
- 10 Total amount of expenditure incurred so far in the project – Component-wise details, duly certified by a Chartered Accountant Rs.
- 11 Amount of final subsidy claimed (Rs.)

Sr. No.	Item	Cost as per proposal	Cost appraised by Appraisal Agency	Cost Sanctioned by Sanctioning Committee	Actual Expenditure	Eligible Subsidy	Advance Subsidy Received	Balance final Subsidy

12. Certified that above project is nearing completion as per terms, conditions stipulated under the sub scheme and we have fully utilized both our contribution for the project as well as advance subsidy received and that the project requires only an amount equivalent to the second installment of subsidy from the Central Government for its completion. Utilization Certificate for the first installment of subsidy is enclosed as per prescribed format GFR 19-A.

13. It is requested that an amount of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) being the second installment of subsidy may please be released for completing the project. The Utilization Certificate for second installment of subsidy will be submitted immediately after completion of the project as per time period prescribed under the sub scheme.

14. It is certified that no subsidy has been availed or will be availed for the project from any other Central Government Department/ Agency including RKVY.

Place:

Signature:

Date:

Name:

Address:

Enclosures: As above.

## ANNEXURE – XVIII

### PROFORMA FOR INSPECTION OF OWN FUNDED STATE AGENCY PROJECTS UNDER AMI

1. Members of Joint Inspection Committee:

Date of Inspection:

Organization	Name of the Officer	Designation	Address
DMI			
Agency which appraised the project			
State Agri. Marketing Board/ State Agency			

1.	Name & Address of the State agency	
2.	Name & Address of the State agency project	
3.	Whether located in North East Region/ States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir Andaman & Nicobar Islands & Lakshadweep Island / Hilly Areas/ Tribal Areas	
4.	Name & Address of Controlling authority of the State agency	
5.	Date of Sanction of the project by the Sanctioning Committee	
6.	Total cost of project as approved by Sanctioning Committee (Rs. in lakhs)	
7.	Amount of State Agency contribution (Rs. in lakhs)	
8.	Total eligible subsidy approved by the Sanctioning Committee (Rs. in lakhs)	
9.	Date & Amount of release of first installment of subsidy by DMI	
10.	Date of Commencement of Project	
11.	Brief account of the item-wise progress of the works undertaken so far under the project by indicating following points (Duly certified by a competent Engineer of the State agency or that of State Govt.) (enclosure). i) Project Item (Component) : ii) Cost iii) Extent up to which completed : iv) Reasons for pending works (if any): v) Whether Construction is as per specifications envisaged in the guidelines and approved project report	
12.	Total amount of expenditure incurred so far in the project item-wise details, duly certified by the CA by indicating following points (enclosure) i) Project Item (Component) ii) Expenditure Incurred	



14.	Balance subsidy to be released								
	Sr. No.	Item	Cost as per proposal	Cost appraised by Appraisal Agency	Cost Sanctioned by Sanctioning Committee	Actual Expenditure	Eligible Subsidy	Advance Subsidy Received	Balance final Subsidy
15.	Observations / Recommendations (The Inspecting Officers should specify about dropping of component during construction and change of TFO, if any)								

Signature & date  
DMI

Signature & date  
Appraisal agency

Signature & date  
State Agency

**On non-judicial stamp paper of Rs. 100/-  
Affidavit**

I / we..... S/o ..... Resident of .....  
director / proprietor of M/s ..... do here by solemnly affirms and state that:

1. I / we have not availed or will avail grant/subsidy for the project proposal submitted under sub scheme Agricultural Marketing Infrastructure (AMI) of Integrated Scheme for Agricultural Marketing (ISAM) of Ministry of Agriculture from any other Central Government scheme including Rashtriya Krishi Vikas Yojana (RKVY).
2. I / we have not availed or will avail maximum subsidy Rs.4 crores / Rs.5 crores in the same District permissible under sub scheme AMI during XII plan.
3. I / we will commence the project only after the project proposal is sanctioned by the Financial Institution / NCDC / Sanctioning Committee of DAC.
4. I / we will obtain all the requisite permissions / approvals from the concerned authorities to build and operate the project as per applicable laws.
5. I / we will not alienate the land and the project for a minimum period of term loan for any purpose other than the purpose for which the subsidy is extended.
6. I / we will be liable to refund the subsidy of the project or its component that is dropped / cancelled or if any change is made in any of the components of the project sanctioned.
7. I / we will submit all the requisite documents after completion within the stipulated time period and agree to the penalty for delay in submission as per the sub scheme AMI guidelines.
8. I / we will not close the loan account for a minimum period of 5 years from the date of disbursement of first installment of loan. In case of pre closure of loan account, I / we will forfeit the benefit of subsidy.
9. I / we agree that subsidy under the scheme is not guaranteed and is not a matter of right. I / we agree that subsidy is subject to availability of funds and compliance to scheme guidelines as may be interpreted and altered by GoI with/ without notice.

I / we hereby solemnly affirm and state that I / we will be liable to forfeit / refund the subsidy for non compliance of above.

Deponent

**Verification :**

Verified that the content of this affidavit are true and correct to the best of the knowledge and belief of the deponent and no part of this affidavit is kept concealed therein, If anything is found false in this Affidavit subsequently deponent will be liable jointly and severally for action under the laws, hence verified at \_\_\_\_\_(Place) on \_\_\_\_\_(Date).

Deponent

**Notary Sea I& Signature**

## ANNEXURE – XX

### A: Progress of sub Scheme AMI

**Month:**

**Amount (Rs. in lakhs)**

Sr. No.	State	Category of projects	No. of Projects	Capacity (in MT)	TFO	Term loan	Promoter's contribution	Eligible Subsidy	Subsidy Released				Remarks
									Advance	Final	One time	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13	14
1		Silos											
		Other Storage											
		Other Infra											
2		Silos											
		Other Storage											
		Other Infra											

STATUS OF SUBSIDY RELEASE		Amount (Rs. in lakhs)
<b>A</b>	<b>OPENING BALANCE OF FUNDS AS ON 01.4.20.... (current year)</b>	
<b>B</b>	<b>FUNDS RECEIVED FROM DAC DURING CURRENT YEAR</b>	
<b>C</b>	<b>TOTAL FUNDS AVAILABLE AS ON ..... (A+B)</b>	
<b>D</b>	<b>TOTAL SUBSIDY RELEASED UPTO ..... (Current Year - TOTAL)</b>	
	<b>Of which, ADVANCE SUBSIDY</b>	
	<b>FINAL SUBSIDY</b>	
	<b>ONE TIME SUBSIDY</b>	
<b>E</b>	<b>BALANCE OF FUNDS AVAILABLE UPTO THE MONTH ending ..... (C-D)</b>	

### B: State-wise Progress of sub Scheme AMI

**Name of the State:-**

**Month:**

**Amount (Rs. in lakhs)**

S. No.	Category of project	Project Sanctioned during the Current Year upto the Month			Cumulative Projects Sanctioned upto the Month during XII Plan												
		No. of Projects Sanctioned	TFO	Total Eligible Subsidy	Total No. of Projects Sanctioned	TFO	Total Eligible Subsidy	Projects Completed*				Projects to be completed					
								No.	TFO	Subsidy Released		No.	TFO	Advance Subsidy Released	Subsidy to be Released		
										Advance	Final				Advance	Final	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	
1	Primary Processing and Value Addition Facility Cleaning, Grading, Storage and Packaging Unit																
2	Direct Marketing & E trading projects																
3	Pre-cooling/Cold chain facility																
4	Common Facility in Market																
5	Mobile Infrastructure																
6	IVC																
7	Storage Infrastructure	Silos No: Capacity: (MT)			Silos No: Capacity: (MT)			Silos No: Capacity: (MT)				Silos No: Capacity: (MT)					
		Other No: Capacity: (MT)			Other No: Capacity: (MT)			Other No: Capacity: (MT)				Other No: Capacity: (MT)					
	<b>Total:</b>																

\* Projects completed refer to projects where final subsidy is sanctioned or released.

**C: PROFORMA FOR SUBMISSION OF LIST OF SANCTIONED PROJECTS UNDER THE SUB SCHEME AMI**

State :

Year:

Sl. No.	Code No.	Name & Address of the promoter with Phone Number	Name of the project & Address (Location)	District	Constitution of firm (Individual/ NGO/Co. etc.)	Male / Female / Other (Partnership firms, companies etc.	SC / ST/ Other	NE/Hilly/ Tribal/Other Area	Category of Project / Infrastructure	Type of Project / Infrastructure	Name & Address of FI	Date of receipt of the project by the FI	Date of sanction of term loan	Date of Disbursement of 1st Instalment of loan	TFO as appraised by FI
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1															
2															
3															

Amount of Loan	Promoter's contribution	Date of submission of project Profile-cum-claim form for advance subsidy by FI to NABARD	Rate of Subsidy (25% or 33.33%)	Total eligible subsidy	Date of sanction of Advance subsidy	Date of release of Advance subsidy	Amount of release of Advance subsidy	Date of completion of Project	Date of Joint Inspection	Date of sanction of Final Subsidy	Date of release of Final Subsidy	Amount of release of Final Subsidy	Total Subsidy Released	In case of Storage Capacity (MT),	Remarks*
17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32

\* Please furnish the other relevant information in remarks column.

**D: PROFORMA FOR SUBMISSION OF QUARTERLY FINANCIAL PROGRESS REPORT UNDER THE SUB SCHEME AMI**

Progress report at the end of the quarter -----

Year -----

(Rs.- in Lakhs)

Implementing agency	Unspent balance of grants-in-aid as on 1 <sup>st</sup> April of the current year	Grants-in-aid released so far during the current quarter	Funds utilized so far towards subsidy during the current quarter	Unspent balance of grants-in-aid available by the end of quarter	Anticipated demand for the next quarter	Remarks



## CHAPTER III

### MARKET RESEARCH AND INFORMATION NETWORK

#### (MRIN)

##### 1. INTRODUCTION :

1.1 Market information is needed by farmers in planning production and marketing of their produce and equally needed by other market participants in arriving at optimal marketing decisions. The availability and dissemination of complete and accurate marketing information is key to achieve both operational and pricing efficiency in the marketing system. Advancement in Information and Communication Technology (ICT) has made the world a smaller place and a larger market at one go. To fully utilize the new emerging marketing opportunities for the benefit of farming community, establishment of an ICT based "Agricultural Marketing Information Network" in the country has become inevitable.

1.2 Ministry of Agriculture had launched the ICT based Central Sector Scheme of Agricultural Marketing Information Network (AGMARKNET), in March, 2000, to link important agricultural produce markets spread all over the country and the State Agriculture Marketing Boards and Directorates. The project is being executed with the technical support of National Informatics Centre (NIC). A total number of 3,549 computers were provided under the scheme to 3,241 agricultural produce markets (**Annexure-I**) up to March, 2013. Computers were also provided to State Agricultural Marketing Boards/ Directorates, etc. An application software package 'AGMARK', has been developed to facilitate organization and transmission of market data from the markets.

1.3 In order to strengthen interface with farmers and other beneficiaries, AGMARKNET portal (<http://agmarknet.nic.in>) has been developed. More than 2200 markets are regularly reporting price and arrivals related data which is being disseminated through the portal. The AGMARKNET portal also serves as a single window for accessing websites of various other organizations concerned with agricultural marketing. It provides weekly arrivals and price trend analysis for important markets in respect of major agricultural commodities transacted. It is also linked with Online Commodity Exchange of India Limited, providing futures prices in respect of oilseeds, crops, etc. International price trends of various agricultural commodities available on FAO website are also accessible through the portal. The portal is constantly being enriched.

1.4 During XI plan period 590 new market nodes were covered and replacements of computers for 574 old nodes were undertaken. Out of the existing 7,190 wholesale markets in the country, 3,241 i.e. 45 % had on-line facility under the scheme till the end of XI Plan. During XII Plan, 3,700 new markets are proposed to be covered under the network using mobile and SMS technology in addition to computers.

##### 2. OBJECTIVES

2.1 To establish a nation-wide information network for speedy collection and dissemination of market information and data for its efficient and timely utilization;



**2.2** To facilitate collection and dissemination of information related to better price realization and market access by the farmers. This would cover:

- (a) Market related information such as market fee, market charges, costs, method of sale, payment, weighing, handling, market functionaries, development programmes, market laws, dispute settlement mechanism, composition of market committees, income and expenditure, etc.
- (b) Price-related information such as minimum, maximum and modal prices of varieties and qualities transacted, total arrivals and dispatches with destination, marketing costs and margins, etc.
- (c) Infrastructure related information comprising facilities and services available to the farmers with regard to storage and warehousing, cold storage, direct markets, grading, re-handling and repacking etc.
- (d) Market requirement related information covering accepted standards and grades, labeling, sanitary and phyto-sanitary requirements, pledge finance, marketing credit and new opportunities available in respect of better marketing;

**2.3** To sensitize and orient farmers to respond to new challenges in agricultural marketing by using ICT as a vehicle of extension;

**2.4** To improve efficiency in agricultural marketing through regular training and extension for reaching region-specific farmers in their own language; and

**2.5** To provide assistance for marketing research to generate marketing information for its dissemination to farmers and other marketing functionaries at grass-root level to create an ambience of good marketing practices in the country.

**2.6** The information relating to the schemes in respect of agricultural marketing implemented by Government Departments and central agencies viz. Commerce, Food and Public Distribution, Consumer Affairs, Health and CCI, JCI, NCDC, NAFED, NTGF, TRIFED, NCCF, NDDB, NHB, APEDA, MPEDA will also be disseminated in user friendly manner. Once the farm produce is standardized and labelled, backed by quality certification, it can be directly offered for sale on Spot Exchange websites in national and international markets.

### **3. IMPLEMENTATION PLAN :**

**3.1** The agencies involved in execution of the sub scheme are Directorate of Marketing and Inspection (DMI), National Informatics Centre (NIC), State Governments through State Agriculture Marketing Boards (SAMBs)/ Directorates, other National and State level institutions and individual market committees/ authorities wherever applicable in the country.

**3.2** Efforts will be made to involve private sector in collection of data and maintenance of the data base. PPP options will be explored to bring expertise and value addition to this activity.

**3.3** Overall Plan for connectivity: Supply of Computers and other peripherals as well as installation will be implemented through the vendors empaneled by IT Division of DAC and/or, other sources such as NIC, APMC, State Departments/Agencies in concerned market nodes. The concerned market nodes will arrange internet connectivity through local internet service provider.

3.4 It is proposed to also provide IT instruments such as mobile handsets etc. to the market nodes at principal market/ sub-market yard level through the State Implementing Agencies/other implementing agencies.

3.5 NIC's role: NIC will develop required software applications, train market personnel in handling computer hardware and software, update the software package from time to time and develop and commission State level portals wherever requested. NIC will also arrange to harmonize/ integrate software packages used by the State Implementing Agencies and or any other Private Agency on their behalf for reporting data to the AGMARKNET Portal. It will continue to manage AGMARKNET portal and facilitate in updating of market information by the market nodes to the portal. Management of AGMARKNET/State level portals could be outsourced wherever considered necessary by respective competent authorities. In case of development of software applications, other than NIC, it could also be out sourced to private agencies, if and when required.

3.6 To improve the quality of data reporting on the portal, at DMI Headquarters, the AGMARKNET team will be strengthened from time to time by outsourcing professionals to monitor and constantly update the portal, in accordance with GFR provisions and with the prior approval of IFD

3.7 The State Implementing Agencies will provide to DMI the list of remaining markets to be covered for connectivity and replacement of old computers under the sub scheme. The State Implementing Agencies must ensure site readiness for successful installation and operation of the node which shall be verified and certified by concerned DMI Office. In case of those markets, where installing computers may be difficult, IT instruments such as mobile handsets or other instruments to harness mobile and sms /GPRS/2g/3G technology may be provided

3.8 Besides the existing system of reporting market information through use of computers in principal market yards, mobile/IT instruments based data reporting system will be introduced for both principal market yards and sub-market yards so as to facilitate collection of market information at grass root level at faster pace. For this, necessary APPS for such IT instruments like mobile handset etc. will be developed through NIC or through outsourcing.

3.9 Market node will collect and transmit relevant information to the State level and AGMARKNET portal. NIC/IT instrument Vendors would train 2 persons from each node in operating computer/mobile device and handling software package/APPS. The SAMB/Department will nominate a nodal officer to coordinate functioning of the node. The State level Nodal Officer will ensure that market level officials perform their functions regularly to keep the node operational.

3.10 The Data Reporting officials at the nodes and State level Nodal Officer will be incentivised for providing regular market data.

3.11 The instrument/device will be used for data uploading and any other official contact only and will be kept under the safe custody of the marketing personnel assigned the responsibility, who will be accountable for breakage/damage or any sort of mal functioning due to mishandling. In normal course, computers and mobile handset devices will be

replaced on the recommendation of the Sanctioning Committee, in five years in the case of computers and in three years in the case of mobile handsets.

3.12 A new version of GIS based Atlas will be expedited by NIC for content enrichment and the system will be put in place for regular data updating to make the portal more user friendly.

3.13 Electronic Display Boards / Price Ticker will be provided at every networked market for display of minimum and maximum price of important commodities including their arrivals. These efforts would be dovetailed, as far as possible, with the action being taken by the Forward Markets Commission under the sub scheme of the Department of Economic Affairs, state Agriculture Marketing boards or any other schemes of central/state governments including RKVY etc.

3.14 Strategic alliances will be developed with corporate, telecom players and private users for strengthening marketing intelligence services through sharing of AGMARKNET data and their dissemination to the farmers through SMS / Voice mail/apps through mobile Phones etc. Data collected may be shared with these agencies free of cost.

3.15 Facility will be developed on the portal for farmers to register for getting daily information on prices in nearby markets of their choice. Also sms based query module will be provided where an sms can get the prices on a particular day in a particular market

**4. ASSISTANCE UNDER MRIN :** The State Agricultural Marketing Boards/Directorates/ Departments /NIC(as the case may be) will be provided funds under the sub scheme from Grant-in Aid.

4.1 Supply of Computers and other peripherals (**Annexure – II**) as well as installation will be implemented through the vendors empaneled by IT Division of DAC, or/and other sources such as NIC/APMC, State Departments/Agencies in concerned market nodes as per the pricing norms stipulated by the IT Division of DAC/NIC or at DGS&D rates.

4.2 Supply/procurement of Electronic instruments such as Mobile handset of particular specification and required software to all selected markets will be carried out as per the decision of the sanctioning committee and in conformity with GFR norms.

4.3. Training of market personnel in handling of hardware and software and refresher training will be undertaken by NIC / any other service providers. The cost towards training will be reimbursed to NIC / any other service providers. Supplementary training needs for technical aspects of data collection will be addressed by NIAM.

4.4 Monetary Incentive to encourage the marketing personnel for uploading data on the portal for more than 20 days in a month will be paid @Rs.1000/- (Rupees one thousand only) per month and incentive @Rs1000/- per month will also be provided to the State level monitoring officials.

4.5 Incentives for data reporting will also be applicable for the mobile based reporting at the same rate of Rs.1000 per month for more than 20 days in a month.

4.6 Nodes reporting data for more than 20 days in a month will be ascertained from the website's Performance Monitoring System and on certification by NIC, incentives would be released on Quarterly basis.

4.7 Assistance for Market-led Extension and Research : Assistance under MRIN will be provided to State Agricultural Marketing Boards/Directorates and Market Committees and National and State level institutions/ SAU/Other Institutes for:

4.7.1 Publications of state level as well as market level publications in Hindi, English and local languages for dissemination of agri-market related information to the farmers, State level nodal agencies as well as market committees/authorities.

4.7.2 Preparation of material with regard to accepted standards of grading, packaging and quality certification, sanitary and phyto-sanitary aspects, Good Agricultural practices, success stories in contract farming, group marketing, Good Marketing Practices in regulated markets, farmers' duties, responsibilities and rights in regulated markets and other marketing related issues.

4.7.3 Preparation of national level atlas, commodity profiles, CDs in Hindi, English and regional languages to facilitate market led extension. Atlas would provide information in respect of the commodity with regard to major areas of production, movement and storage and of market and consuming centres etc. It would also facilitate public and private sector in planning and development of appropriate marketing strategy in agricultural sector.

4.7.4 Preparation of training and educational modules in the areas of market driven production, marketing finance, post-harvest management, information on facilities for quality assurance and standards, grading, packaging, storage, transportation, contract farming, direct marketing, alternative markets including forward and future markets, commodity exchanges, online market information system etc. for reaching the target farmers and marketing functionaries in Hindi, English and vernacular languages.

4.7.5 Undertaking marketing research studies/ other useful studies and training programmes directly beneficial to the farmers through outsourcing to professional/experts on agri marketing related issues

4.7.6 Conducting farmer's awareness programmes at market/village level to disseminate market related information from the website as well as on good agri marketing practices to farmers and other market functionaries in local languages.

4.7.7 The assistance provided under MRIN will be approved by the Sanctioning Committee. For extension activities norms of Extension Division of DAC will be adopted. For research publications, the assistance may be provided on shared basis along with sponsoring organisation.

## **5. PROCEDURE FOR SANCTION OF ASSISTANCE UNDER THE SUB SCHEME**

5.1 The State Agricultural Marketing Boards/ Directorates/ other institutes will identify the markets to be covered under the information network in order of priority and forward the same to the DMI, Faridabad for sanction. The State Agricultural Marketing Boards/ Directorates/ State Level Institutions will route the proposals related to preparation of CDs, Atlas, marketing research and information generation as well as dissemination and any other

awareness or publicity activities to educate farmers through State/Regional level Offices of the DMI for release of funds to undertake the same. National level institutions can directly submit the proposals to DMI, Head Office, Faridabad for sanction of assistance. Priority in the sanction will be given to the States which take active interest in the implementation of the sub scheme. The Regional and State Level Offices of the DMI, NIC, State Agricultural Marketing Boards (SAMBs)/ Directorates and market Committees/Authorities will work in close collaboration for implementing the sub scheme.

5.2 A Committee headed by JS(M) & AMA or officer nominated by him, may consider proposals so received for sanction of necessary funds for supply of hardware/software/incentives as well as for market-led extension/research/other activities described above.

5.3 Undertaking to be furnished by the Implementing Agency: The Implementing Agency has to furnish an undertaking to maintain and operate on an on-going basis the system i.e. the IT instrument/Mobile handset/computer, State level portals, the markets nodes covered under MRIN, to regularly upload market related information on the website and to disseminate the information available on the portal to farmers for improved marketing. Implementing agency will provide an undertaking to this effect as per the proforma at **Annexure- III.**

## 6. MONITORING AND EVALUATION

6.1 The implementing agencies in the States would monitor the progress of MRIN every month by constituting a State Level Committee of officers comprising DMI, NIC and State Nodal Agency and send the progress/minutes of the meeting to DMI. Evaluation of the sub scheme would be taken up by selected agency in the terminal year of the plan.

6.2 Contact Offices : The list of contact offices of Directorate of Marketing and Inspection is provided at **Annexure IV.**

## 7. FINANCIAL OUTLAY

An amount of Rs.12.00 crore has been approved for the implementation of the sub scheme during the XII Plan, subject to availability of funds, as per following details :

(Rs. in Crores)

S.N	Item/activity	2012-13	2013-14	2014-15	2015-16	2016-17	Total
i)	Grant-in-Aid	0.94	2.25	2.25	2.54	2.62	10.60
ii)	Professional services	0.11	0.07	0.05	0.10	0.08	0.41
iii)	Adv. and Publicity	--	0.02	0.03	0.06	0.03	0.14
iv)	Office Expenses	0.09	0.07	0.08	0.12	0.11	0.47
v)	Domestic Travel Expenses	0.02	0.03	0.03	0.05	0.05	0.18
vi)	Foreign Travel Expenses	--	0.06	0.06	0.05	0.03	0.20
	<b>Grand total</b>	<b>1.16</b>	<b>2.50</b>	<b>2.50</b>	<b>2.92</b>	<b>2.92</b>	<b>12.00</b>

## Distribution of Markets Covered under Agmarknet as on date

S.No.	Name of the State/UT	Computer Provided	Market Nodes	Installation of Computer	No. of Markets Reporting	Market Profile Available (No.)
1	Andaman and Nicobar	1	0	1	0	0
2	Andhra Pradesh	398	354	398	301	166
3	Arunachal Pradesh	16	15	16	2	6
4	Assam	26	23	26	20	22
5	Bihar	60	58	60	1	58
6	Chandigarh	2	1	2	1	1
7	Chhattisgarh	188	184	188	181	51
8	Dadra and Nagar Haveli	2	1	2	0	0
9	Daman and Diu	3	2	3	0	0
10	Goa	13	10	13	3	6
11	Gujarat	324	319	324	154	108
12	Haryana	152	150	152	90	60
13	Himachal Pradesh	43	41	43	33	31
14	Jammu and Kashmir	49	35	49	10	3
15	Jharkhand	30	26	30	23	26
16	Karnataka	224	192	224	140	142
17	Kerala	95	92	95	77	11
18	Lakshadweep	1	0	1	0	1
19	Madhya Pradesh	356	267	356	161	185
20	Maharashtra	368	361	368	245	227
21	Manipur	6	5	6	4	1
22	Meghalaya	22	20	22	3	1
23	Mizoram	12	9	12	1	0
24	Nagaland	23	22	23	7	6
25	NCT of Delhi	13	9	13	6	9
26	Orissa	117	106	117	91	66
27	Pondicherry	5	4	5	2	2
28	Punjab	203	199	203	181	163
29	Rajasthan	175	166	175	149	82
30	Sikkim	8	7	8	0	0
31	Tamil Nadu	212	184	212	172	170
32	Tripura	22	21	22	11	0
33	Uttar Pradesh	265	257	265	111	94
34	Uttarakhand	26	25	26	19	18
35	West Bengal	79	76	79	33	1
36	H.O.,Faridabad	10	0	10	0	0
<b>Total</b>	<b>All India</b>	<b>3549</b>	<b>3241</b>	<b>3549</b>	<b>2232</b>	<b>1717</b>

**Hardware and Software Tools supplied to AGMARKNET nodes**

Each AGMARKNET node has been equipped with the following hardware and system software tools:

**Hard wares for Principal Market Yard**

1. Client Computer System
2. Printer supporting Hindi, English and a local language
3. Line interactive UPS system with battery back up
4. Modem to enable dial up based communication

**Software**

5. Windows 7 operating system or higher
6. Microsoft Office/Open Office/Excel
7. AGMARK Application Package

OR

IT instruments such as Mobile Handsets etc., for Sub Market Yards/other Yards  
AGMARK APP for reporting of market data

**FORMAT FOR UNDERTAKING to be furnished by the Implementing Agency**

The Implementing Agency ..... does hereby undertake that it will:

1. Ensure maintenance of the system/mobile provided under the sub scheme so that the Marketing Information Network will remain operational on a sustainable basis.
2. Provide requisite budgetary support for the maintenance of the system/IT instrument /mobile etc. and sustainability of the project after the financial assistance given under the sub scheme ceases.
3. Provide requisite manpower for the smooth operation of the network.
4. Follow the operational guidelines issued by the Central Government in this connection from time to time.

**Implementing Agency**



**Annexure - IV**

**Contact Offices of Directorate of Marketing & Inspection with Address**

<b>Name of Office</b>	<b>States / UTs</b>
Dy. Agricultural Marketing Adviser, Directorate of Marketing & Inspection IInd Floor KendriyaSadan, Block I, Sultan Bazar, Hyderabad-500095 040- 24657446 / 24731637 Tele Fax (D)-24731636 <a href="mailto:dmiroap@nic.in">dmiroap@nic.in</a>	Andhra Pradesh
Asst. Agricultural Marketing Adviser, Directorate of Marketing & Inspection Rukminigaon , Navratra Path , House No.9, Ist Floor, P.O. Kharapard, Guwahati -781 022 0361-2229272 / 0361-2229273 E-mail: <a href="mailto:dmias01@nic.in">dmias01@nic.in</a>	Arunachal Pradesh, Assam, Meghalaya, Mizoram, Nagaland, Tripura, Manipur
Sr. Marketing Officer Directorate of Marketing and Inspection Pant Bhawan (Ground and First Floor) Baily Road, Patna – 800 001 (Bihar) Ph. 0612-2526691 , <a href="mailto:dmipatnasmo@gmail.com">dmipatnasmo@gmail.com</a>	Bihar
Dy. Agricultural Marketing Adviser, Directorate of Marketing & Inspection, General Pool Offices Building, 4 <sup>th</sup> Floor, A-Wing, D F Block, Sector-1, Salt Lake, Kolkata- 700064 033-23347553 / Fax No. 23340845 E-mail: <a href="mailto:dmiwb03@nic.in">dmiwb03@nic.in</a>	West Bengal, Andaman & Nicobar Islands, Sikkim, Jharkhand
Dy. Agricultural Marketing Adviser, Directorate of Marketing & Inspection, 6 <sup>th</sup> Floor, KendriyaSadan, 3 <sup>rd</sup> Block, Sector-9-A, Chandigarh-160017 0172-2743201 / Fax-2744020, E-mail: <a href="mailto:dmich01@nic.in">dmich01@nic.in</a>	Punjab, Haryana, Himachal Pradesh and Chandigarh UT
Deputy Agrl. Marketing Adviser, Directorate of Marketing & Inspection, H.No.245, II floor M.P. Nagar, Zone-II, Bhopal-462011 Telefax:-0755-2551847 <a href="mailto:dirmkti@mp.nic.in">dirmkti@mp.nic.in</a>	Madhya Pradesh, Chhattisgarh
Asstt. Agricultural Marketing Adviser, Directorate of Marketing & Inspection, W-6, Phase-II, Okhla Industrial Estate New Delhi – 110020 Ph. 011-26387285 , 23277295 <a href="mailto:dmidl06@nic.in">dmidl06@nic.in</a>	NCT of Delhi and Uttarakhand

Senior Marketing Officer, Directorate of Marketing & Inspection, 1, Inderprastha Society, 1st. Floor, Opp. Shankar Nagar, Near Gandhi Bridge, Shahpur, Ahmedabad-380 004 079-25660965 <a href="mailto:dmigj03@nic.in">dmigj03@nic.in</a> / <a href="mailto:dmi-ahm@guj.nic.in">dmi-ahm@guj.nic.in</a>	Gujarat
Marketing Officer Directorate of Marketing & Inspection Gondal Road, Bhakti Nagar, <b>Rajkot - 360 002</b> Ph. 0281-2227971, 2227997, E-mail: <a href="mailto:dmissorajkot@rediffmail.com">dmissorajkot@rediffmail.com</a>	Daman & Diu, Dadra Nagar Haveli
Marketing Officer, Directorate of Marketing & Inspection ArlemRaiaSalcatte, P O Margoa APMC Complex, GOA-403720 0832-2743589 <a href="mailto:dmi-mar.goa@nic.in">dmi-mar.goa@nic.in</a>	Goa
Marketing Officer Directorate of Marketing & Inspection, 61-A, Extn-II. Gandhi Nagar. Jammu Tawi- 180 004 0191-2450478 <a href="mailto:dmijk01@nic.in">dmijk01@nic.in</a>	Jammu & Kashmir
Asst. Agril. Marketing Adviser Directorate of Marketing & Inspection, Block-A, 6 <sup>th</sup> Floor, Kendriya Bhavan, Opposite CSEZ, Kakkanad, Kochi- 682037 0484-2424795 / Fax : 2424794 <a href="mailto:dmikl03@nic.in">dmikl03@nic.in</a>	Lakshadweep, Kerala
Senior Marketing Officer, Directorate of Marketing & Inspection, Rama Krishna Building, Tampunoor, Thiruvananthapuram -695001 Telefax:-0471-2321134, E-mail: <a href="mailto:dmikl02@nic.in">dmikl02@nic.in</a>	Kerala
Asstt. Agricultural Marketing Adviser Directorate of Marketing & Inspection M G Complex APMC Yashwantpur, Bangalore – 560 080 (Karnataka) Ph. 080 23473004 E-mail: <a href="mailto:dmilkk04@nic.in">dmilkk04@nic.in</a>	Karnataka
Dy. Agricultural Marketing Adviser, Directorate of Marketing & Inspection, New C.G.O. Building, 3 <sup>rd</sup> Floor, New Marine Lines, Mumbai –400 020 022-22036801, 22014533 Fax: 022-22091103 E-mail: <a href="mailto:dmiromah@nic.in">dmiromah@nic.in</a>	Maharashtra

Marketing Officer, Directorate of Marketing & Inspection OSCARD Bank Building,4 <sup>th</sup> Floor A/34,J.N.Marg , Bhubaneswar -7510 01 0674-2395299 E-mail:dmibbsr@nic.in	Odisha
Asst. Agricultural Marketing Adviser, Directorate of Marketing & Inspection, ShashtriBhawan, 4 <sup>th</sup> floor,6th Block, 26 HaddowsRoad,Chennai –600006 044-28271738 / 28278065 <a href="mailto:dmirotn@nic.in">dmirotn@nic.in</a>	Tamil Nadu, Puducherry
<b>Dy Agricultural Marketing Adviser,</b> Directorate of Marketing & Inspection, Block-A, 4 <sup>th</sup> Floor, KendryaSadon complex, Sector –10, Vidhyadhar Nagar, Jaipur. 302023 0141-2231527 / Fax: 2233762 agmarkjpr-rj@ nic.in	Rajasthan
Sr. Marketing Officer, Directorate of Marketing and Inspection, Computer Room, A.P.M.C. NiranjanPur, Dehradun -01 0135- 2521493 <a href="mailto:dmiddn-ua@nic.in">dmiddn-ua@nic.in</a>	Uttarakhand
Dy. Agricultural Marketing Adviser Directorate of Marketing & Inspection, 5 <sup>th</sup> Floor, KendriyaBhawan, Hall-2, Sector –H, Aliganj, Lucknow -226 024 0522-2326658 / Fax-2335738 Agmark.up@nic.in	Uttar Pradesh

**For further information, please contact :**

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Directorate of Marketing & Inspection  
New CGO Complex, N H – IV  
Faridabad (Haryana) – 121 001  
Ph. 0129-2434351

Technical Director  
Agmarknet Project  
Directorate of Marketing & Inspection  
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## **CHAPTER IV**

### **Strengthening of Agmark Grading Facilities (SAGF)**

#### **1. INTRODUCTION**

1.1 Grade Standards provide a common language for trade among growers, traders, processors etc. They provide a basis for incentive payment rewarding better quality. Farmers get prices commensurate with the quality produced by them. Grade standards help in electronic trading and issue of Negotiable Warehouse Receipt. The Agricultural Produce (Grading and Marking) Act, 1937 provides for framing of grade standards and their certification. SAGF component of the ISAM Scheme is an ongoing plan scheme to support grading and marking of agricultural produce, which involves framing of grade standards and certification of agricultural commodities included in the Schedule of the Agricultural Produce (Grading and Marking) Act, 1937. SAGF component aims to help DMI implement the Act including meeting the expenditure for the purchase of equipment, chemicals, glassware and apparatus, Annual Maintenance Contract (AMC) of the equipment as well as renovation and repair works in the Agmark laboratories/ Regional and Sub-offices of DMI. With this support, 11 Regional Agmark Laboratories and Central Agmark Laboratory, Nagpur are carrying out analysis of research samples and check samples for developing and promoting grading & standardization of agricultural commodities under Agmark.

#### **2. OBJECTIVES**

##### **2.1 The main objectives of the sub scheme are:**

- 2.1.1 To help farmers get better and remunerative prices by grading of their produce.
- 2.1.2 To frame grade standards of agricultural commodities as per the provisions in Agricultural Produce ( Grading and Marking ) Act,1937.
- 2.1.3 To implement AGMARK certification programme for commodities for which grade standards are notified for domestic trade and for exports.
- 2.1.4 To analyse research samples for creating analytical data base for the framing /revision of grade standards of agricultural commodities.

#### **3. Implementing Agency**

3.1 Directorate of Marketing & Inspection (DMI) in the Department of Agriculture & Cooperation, Ministry of Agriculture, is the Nodal authority for certification of agricultural commodities including horticulture commodities under AGMARK.

#### **4. Infrastructure for the Grading & Standardization Programmes :**

4.1 DMI has infrastructure of 11 Regional Offices and 26 Sub-offices spread all over the country to implement the certification programme. Head Office at Faridabad attends to the policy matters and framing/revision of standards based on the Reports of research projects carried out at Central Agmark Laboratory(CAL).Eleven Regional Agmark Laboratories (RALs) spread all over the country provide analytical support for the analysis of research samples and check samples drawn from the authorized packers' premises and market. Central Agmark Laboratory at Nagpur is the apex laboratory. The RALs at Mumbai & Chennai and CAL at Nagpur are accredited with National Accreditation Board for Testing & Calibration Laboratories (Department of Science & Technology) as per ISO/ IEC 17025. The RALs at Delhi, Jaipur, Kanpur,Kolkatta and Kochi are proposed to be accredited during the 12<sup>th</sup> Plan.

#### **5. Framing and Revision of Grade Standards.**

##### **5.1 Framing of Grade Standards.**

Standards of agricultural commodities are framed in a scientific way. Basically it involves the following steps.

- 5.1.1 Agricultural commodity for which grade standards are to be framed is selected based on demand and necessity.
- 5.1.2 A sampling plan is prepared based on the areas in which the commodity is grown, processed and traded.
- 5.1.3 Physical and chemical parameters to determine the purity and quality of the commodity are identified.
- 5.1.4 Samples of the commodity are collected by the field offices from growing areas, whole sale and retail markets as per the sampling plan.
- 5.1.5 The samples are analysed in the Regional Agmark Laboratories and Central Agmark Laboratory of DMI for the identified parameters.
- 5.1.6 Analytical data obtained is statistically analysed and Central Agmark Laboratory suggests the limits of various quality parameters for different grades.
- 5.1.7 The specifications of the commodity prescribed in relevant Regulations of Food Safety and Standards Act, 2006 and international standards viz. Codex Alimentarius Commission, ISO, etc. are consulted.
- 5.1.8 Draft standards are discussed with trade, industry and consumer organizations.

5.1.9 Preliminary Grading & Marking Rules for the Commodity are drafted and are vetted by the Ministry of Law & Justice, translated into Hindi and published in the Gazette of India for inviting comments and suggestions from all stake holders.

5.1.10 The comments/suggestions received are considered and final notification is drafted, vetted by the Ministry of Law & Justice, translated into Hindi and published in the Gazette of India.

## **5.2 Revision of Grade Standards:**

Grade Standards notified under the provisions of the Act are frequently revised to keep pace with the development of new varieties of agricultural commodities and technological advancements.

## **6. Harmonization of Grade Standards:**

6.1 The grade standards are being harmonized with international standards such as Codex & ISO and standards framed by Bureau of Indian Standards (BIS). The grade standards of Codex, ISO, BIS and Food Safety and Standards Authority of India are consulted while framing the standards and revising them from time to time. Efforts are being made to have a single standard for raw agricultural commodities which is acceptable to all stakeholders viz. farmers, agricultural produce markets, commodity exchanges, retail chains, consumers, etc.

## **7. Focus on enhancement of income of the farmers:**

7.1 The grade standards of 213 agricultural commodities have been notified under the provisions of the Act. These include raw, semi processed and processed commodities. Focus in the 12<sup>th</sup> plan will be on raw agricultural commodities such as cereals, pulses, oil seeds and fruits and vegetables so that farmers get incentive for grading the produce. Specific focus will be on the grade standards of fruits and vegetables and their grading and marking so that more countries recognize the Agmark certification system as already recognized by the European Union. The work of grading and marking of semi-processed and processed commodities where grading and marking of these commodities does not result into direct enhancement of income of the farmers, will be transferred to concerned Ministry/ Department.

## **8. Utilization of funds under the Component:**

8.1 The concerned RAL will procure its required equipment with approval of the competent authority and by following the GFR provisions.

8.2 For other components, provisions of GFR will be followed. All the components will be implemented as per delegated financial powers

## **9. Certification for Domestic Market:**

9.1 The sub scheme for certification of agricultural commodities is **voluntary** as per the provisions of the Act. The persons desirous of certifying an agricultural commodity under AGMARK should have hygienic premises, necessary infrastructure to process and pack the commodity and have access to a well equipped laboratory for the estimation of prescribed parameters. The applicant for Certificate of Authorisation can either set up his own laboratory or have access to an approved State Grading Laboratory or Commercial Laboratory approved by the DMI for grading and marking of the commodities. The Chemist of the laboratory is trained in one of the Regional Agmark Laboratories (RALs) and is approved for carrying out grading and marking. Certificate of Authorisation ( C.A.) is granted to such parties on their request after they submit the required documents and their capacity to process and pack the commodity and hygienic conditions in the premises are ascertained. The approved Chemist of the C.A. holder analyses the processed commodity for determining the grade standard and gets it packed in his presence.

9.2 Check samples are drawn from premises of the authorised packers and market and these are analysed in RALs to keep check on the certification programme. Action to warn and suspend/cancel the Certificate of Authorisation is taken, if any, check sample is found not conforming to prescribed standards.

9.3 Use of technology will be made to enable C.A. holders and approved laboratories. The present outdated system of issuing replica serial numbers will be replaced by technology enabled system to minimize the human interaction between C.A. holders and officials and to make available these services on 24 by 7 basis.

## **10. Certification for Exports:**

DMI is attending to certification of many agricultural commodities for exports. Fruits and vegetables are important. European Commission has approved the conformity checking operations of DMI for pre shipment inspection for export of fresh fruits and vegetables to EU countries. Agricultural Marketing Adviser has been notified as Official Authority and DMI as inspection body for the purpose. Inspection and certification is **voluntary**. DMI is attending to certification of fruits and vegetables for exports through approved laboratories. 13 laboratories spread all over the country are approved to attend to grading and certification. Grapes, onions, okra and pomegranates are being certified for exports to EU countries. Efforts will be made that certification of agricultural commodities including fruits and vegetables is recognized by other countries also.

## **11. Revision of Guidelines relating to Agmark Certification Programme.**

The Guidelines for grant of Certificate of Authorisation for grading and marking of agricultural commodities for domestic market as well for exports and the Guidelines for approval of State Grading Laboratory/Cooperative/Association/Commercial Laboratory for grading and marking

for domestic grade and exports will be amended suitably in conformity with modern practices.

## 12. Physical Targets:

12.1 During the XII Plan period, it is proposed that all the standards will be aligned with BIS and FSSAI. Focus will be on grading primary agriculture produce so as to help farmers in augmentation of incomes. Those activities and semi-processed processed products will be rationalized which don't result into direct benefits for the farmers, in consultation with BIS etc. It is proposed to analyse 54,000 check samples and 10,300 research samples.

## 13. Financial Outlay:

13.1 An amount of Rs.6.00 crores has been approved for the implementation of the component during the XII Plan period, subject to availability of funds as per following details:

**(Rs. in Crores)**

<b>Head</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>Total</b>
Machinery & Equipment	0.04	0.05	0.05	0.10	0.10	0.34
Supplies & Material	0.14	0.15	0.15	0.25	0.25	0.94
Minor Works	0.43	0.45	0.45	0.60	0.60	2.53
Advertising & Publicity	0.03	0.04	0.04	0.05	0.05	0.21
Wages	0.07	0.06	0.06	0.10	0.10	0.39
Other Administrative Expenses	0.05	0.05	0.05	0.10	0.10	0.35
Office Expenses	0.16	0.15	0.15	0.28	0.28	1.02
Foreign Travel Expenses	0.02	0.05	0.05	0.05	0.05	0.22
<b>Total</b>	<b>0.94</b>	<b>1.00</b>	<b>1.00</b>	<b>1.53</b>	<b>1.53</b>	<b>6.00</b>



## CHAPTER V

### AGRIBUSINESS DEVELOPMENT THROUGH VENTURE CAPITAL ASSISTANCE AND PROJECT DEVELOPMENT FACILITY

#### 1. Introduction

1.1 Farming is the single largest private sector economic activity in the country. The growth potential in this key sector is immense in view of the changes taking place in food consumption and there is growing demand for high value processed products. Successes in such endeavors will require innovations and partnerships. Private agribusiness provide first point market for the farm sector and growth depends principally on private initiatives. A significant portion of agribusiness activity is the result of small and medium enterprises. Such enterprises are necessarily widespread in location to capture opportunities that arise all along the farm to table supply chain. Key constraints that impede development of new agribusiness projects are access to information and access to credit. Agribusiness entrepreneurs are generally first generation who have business skills but their financial resources are limited for setting up units at the farm gate with backward linkages. In order to facilitate agribusiness development in the country SFAC venture capital sub scheme will:

- (a) Assist agripreneurs to make investments in setting up agribusiness projects through financial participation, and
- (b) Provide financial support for preparation of bankable Detailed Project Reports (DPRs) through Project Development Facility (PDF).

#### 2. Objectives

2.1 The main objectives of the sub scheme are:

- (a) To facilitate setting up of agribusiness ventures in close association with all banks/financial institutions notified by the Reserve Bank of India where the ownership of the Central/State Government is more than 50% such as Nationalized banks, SBI & its subsidiaries, IDBI, SIDBI, NABARD, NCD, NEDFi, Exim Bank, RRBs & State Financial Corporations.
- (b) To catalyze private investment in setting up of agribusiness projects and thereby providing assured market to producers for increasing rural income & employment.
- (c) To strengthen backward linkages of agri-business projects with producers.
- (d) To assist farmers, producer groups, and agriculture graduates to enhance their participation in value chain through Project Development Facility.
- (e) To arrange training and visits, etc. of agripreneurs in setting up identified agribusiness projects.
- (f) To augment and strengthen existing set up of State and Central SFAC.

#### 3. Salient features of the sub-scheme:

**3.1 Venture Capital Assistance:** SFAC would provide Venture Capital to qualifying projects on the recommendations of the bank/*notified* financial institution financing the

project. This venture capital will be repayable back to SFAC after the repayment of term loan of lending bank/*notified* financial institution as per original repayment schedule or earlier.

3.1.1 SFAC would provide venture capital to agri-business projects by way of soft loan to supplement the financial gap worked out by the sanctioning authority of term loan under Means of Finance with respect to cost of project subject to the fulfillment of the following conditions:

- (a) Qualifying projects under Venture Capital:
  - (i) Project should be in agriculture or allied sector or related to agricultural services. Poultry and dairy projects will also be covered under the sub-scheme.
  - (ii) Project should provide assured market to farmers/ producer groups.
  - (iii) Project should encourage farmers to diversify into high value crops, to increase farm incomes.
  - (iv) Project should be accepted by banks/*notified* financial institutions for grant of term loan.
  
- (b) The quantum of SFAC Venture Capital Assistance will depend on the project cost and will be the lowest of the following:
  - 26% of the promoter's equity
  - Rs. 50.00 lakhs.

Provided that for projects located in North-Eastern Region, Hilly States (Uttarakhand, Himachal Pradesh, Jammu & Kashmir) and in all cases in any part of the country where the project is promoted by a registered Farmer Producers Organisation, the quantum of venture capital will be the lowest of the following:

- 40% of the promoter's equity
- Rs. 50.00 lakhs.

The cost of proposed agri-business project would have to be Rs. 15 lakh & above, subject to a maximum of Rs. 500 lakh. However, projects valuing Rs. 10 lakh and above, proposed to be located in backward districts as notified by Planning Commission, hilly and North-Eastern States could also be considered for PDF and VCA.

- (c) The Executive Committee of SFAC will have the power to consider projects for higher Venture Capital Assistance provided :
  - 1) Provision for higher VCA has been appraised and approved by sanctioning authority of term loan subject to maximum of Rs. 3.00 Crore.
  - 2) Total cost of the project not more than Rs. 10.00 Crore.
  - 3) Projects are located in the North Eastern Region (NER) and other difficult pre-identified districts declared backward by

### Planning Commission's Backward Regions Grant Fund sub-scheme.

- (d) Beneficiary will submit the project proposal in the form of DPR to area lending bank/notified financial institution.
- (e) On receipt of project proposal, bank/*notified* financial institution will appraise, assess and sanction requisite amount of term loan/working capital required by the beneficiary for execution of the project.
- (f) Bank/*notified* financial institution will also work out the amount of Venture Capital, as per criteria laid down at para 3.1.1. (a, b & c) and communicate it to SFAC with its recommendation.
- (g) SFAC will make said amount available to the recommending bank/*notified* financial institution on case to case basis for disbursement to the beneficiary either in lump sum or in stages, as may be considered appropriate by the bank/*notified* financial institution.
- (h) Term Loan/working capital and loan amount from SFAC as Venture Capital will be extended to the beneficiary through a single-window by the project financing bank/*notified* financial institution.
- (i) Financial funding from SFAC would be in the nature of soft loan, till the banks/*notified* financial institutions term loan is fully repaid by the beneficiary and would automatically be converted into a term loan on the last date of such repayment as per the original schedule e.g. in case bank fixes end date of its term loan as 31.03.2020 then VCA will also be due for refund on the same date i.e. 31.03.2020.
- (j) The venture capital after it becomes term loan could be repaid to SFAC in lump sum immediately or the entire amount of VCA together with accrued amount of interest could be repaid in 4 quarterly instalments within a year from original due date. The rate of interest in this regard will be the same as charged by the lending bank on its term loan.
- (k) During the pendency of loan, the bank/*notified* financial institution will have charge over the primary/collateral securities (including FDR) available with the beneficiary and the said securities will not be released by bank to beneficiary or other institutions till full refund of VCA to SFAC.
- (l) The bank/*notified* financial institution will provide SFAC with full details of the terms and conditions under which the term loan is sanctioned including a copy of process/appraisal note duly signed by sanctioning authority of term loan and repayment schedule fixed for the term loan.
- (m) The bank/*notified* financial institution will also keep SFAC posted of the progress in implementation of the project and repayment of its term loan from time to time and its performance on yearly basis after the project becomes operational.
- (n) The funds received from SFAC will be kept in a separate account by the bank/*notified* financial institution and released to promoters for the project implementation, as and when required.
- (o) Agri-business promoters may also avail Venture Capital Assistance for second time after refund of first Venture Capital Assistance as per original schedule. However, second time VCA will be for creation of additional capacity in the same activity or for a different activity.

### 3.2. Project Development Facility

- (a) SFAC will provide financial support to farmers, Producer Groups, Agripreneurs, Units in Agri-Export Zones, and Agriculture graduates (called beneficiary) in the preparation of bankable Detailed Project Reports (DPR) through empanelled

- consultants/institutions. SFAC will provide for the cost of preparation of DPR depending upon the financial status of the agripreneur, size, location, activity and coverage on a case to case basis.
- (b) The beneficiary desirous of seeking assistance for preparation of DPR can approach the nearest empanelled consultant of the district in consultation with bank/*notified* financial institution along with the details /pre-feasibility of the proposed project for the recommendation of the bank/ *notified* financial institution or SFAC at the State or Central level.
  - (c) The amount for preparing bankable DPR through our empanelled consultant of SFAC under PDF sub-scheme would be in the range of Rs. 25,000/- to Rs. 1.00 lakh. Fee will be paid to empanelled consultants in three stages i.e. 20% at Stage-I for preparation of bankable DPR, 40% at Stage-II for sanction of term loan by bank/*notified* financial institution with VCA provision and 40% at Stage-III after sanction/disbursement of VCA by SFAC for projects categorized into 4 categories i.e. Category-I (Rs. 10.00 lakh to Rs. 25.00 lakh), Category-II ( above Rs. 25.00 lakh to Rs. 1.00 Crore), Category-III (above Rs. 1.00 Crore to Rs. 3.00 Crore) & Category-IV (above Rs. 3.00 Crore to Rs. 5.00 Crore), fees being Rs. 25000/-, Rs. 50000/-, Rs. 75000/- and Rs. 100000/- respectively.

However, in every case where an empanelled consultant takes up the work of preparing the documentation under the scheme, prior approval of SFAC will have to be obtained in writing.

- (d) The bank/*notified* financial institution on being satisfied about the feasibility of the intending project will recommend it to SFAC for providing financial assistance for the preparation of DPR. Intending projects must be over Rs.15 lakhs (Rs.10 lakhs in projects located in backward district of States notified by Planning Commission, North Eastern States and other hilly States i.e. H.P., & J&K, Uttarakhand) in size.
- (e) Based on the activity and location of the project, SFAC will entrust preparation of DPR to one of the consultants on its panel.
- (f) SFAC will release cost of DPR preparation to the empanelled consultant.
- (g) The DPR received from SFAC or directly from the consultant will be examined in detail by the lending bank/*notified* financial institution for sanction of term loan and release of venture capital. A copy of the term loan sanction advice to the borrower will also be addressed to SFAC for its record.
- (h) Financial assistance to State SFACs for undertaking promotional activities for agribusiness development, training and visits etc. of entrepreneurs setting up the identified Agri-business projects will also be provided under PDF.
- (i) Project Development Facility may be utilized to engage the services of State SFACs, State Agricultural Universities and others and/or any other competent agency/firm/consultant to vigorously publicize the benefits of the Venture Capital sub-scheme to prospective entrepreneurs and producer organizations.

#### **4. Eligible Persons**

Assistance under the sub-scheme will be available to Individuals; Farmers; Producer Groups; Partnership / Proprietary Firms; Self Help Groups; Companies; Agripreneurs; units in agri-export zones, and Agriculture graduates Individually or in groups for setting up agri-business projects.

For professional management and accountability the groups have to preferably form into companies or producer companies under the relevant Act.

## 5. Role of Central SFAC

- (a) On receipt of proposal from bank/*notified* financial institution indicating sanction of term loan and requirement of VCA; SFAC will submit the proposal to its Investment Committee for approval. Field visits shall be conducted by SFAC or its authorized representatives for evaluation and linkages with farmers etc.
- (b) SFAC after seeking approval of its Investment Committee and sanction by its Managing Director will release VCA to the bank/*notified* financial institution.
- (c) SFAC will seek approval of its Executive Committee in cases where higher Venture Capital Assistance is proposed to be considered.
- (d) Project Development Facility could be utilized to inspect such proposals, which may include site visits, referred by bank/*notified* financial institution needing clarification to determine if projects are qualifying or not and report back to Bank/*notified* financial institution within 30 days of receipt of reference.
- (e) Central SFAC will strengthen the State SFACs and financially assist them in undertaking promotional activities, campaigns, printing of guidelines in local languages; identification of qualifying projects and in organizing producer groups.
- (f) SFAC will have Memorandum of Understanding (MOU) with all financial institutions notified by the Reserve Bank of India where the ownership of Central/State Government is more than 50% such as Nationalized banks, SBI & its subsidiaries, IDBI, SIDBI, NABARD, NCDC, NEDFi, Exim Bank, RRBs & State Financial Corporations.
- (g) SFAC will have a separate agreement with the applicant for facilitating the recovery of its loan amount extended under Venture Capital assistance.

## 6. Role of State SFACs

- (a) To aggressively promote agribusiness project development in their respective States as an extended arms of Central SFACs.
- (b) State SFACs in consultation with Central SFAC will prepare a plan for agribusiness project development in their respective States.
- (c) State SFACs after due diligence and ascertaining the backward linkages as per the objectives will recommend agribusiness projects to Central SFAC for venture capital.
- (d) State SFACs, with the assistance under PDF facility from Central SFAC, will organize awareness and Entrepreneurship Training & Development Camps, Publicity Campaigns, for setting up identified projects. State SFACs, will undertake promotional activities and organize producer group's seminar/meeting etc. State SFACs may get published guidelines, brochures, pamphlets and posters etc. of VCA sub-scheme in local languages. They may use other means of advertisement to get wider publicity for the sub-scheme at the cost of Central SFAC.
- (e) Help producer groups in framing pre-feasibility reports and facilitate interaction with local banks/*notified* financial institutions for their recommendation.
- (f) Function as repositories of information maintaining a data base of potential areas, producer groups and marketable surplus of various crops available.
- (g) Provide venture capital to small projects out of interest earned on the Corpus fund and refer large projects to Central SFAC.
- (h) As a member of SLBC, raise the issues concerning agribusiness project development in their respective States during the SLBC meetings and

organize awareness camps in coordination with local Banks/State Government.

- (i) Monitor the projects assisted through VCA facility in implementation stage and intimate developments/deficiencies to Central SFAC for initiating remedial action.
- (j) The State SFAC in coordination with the State agencies and lending banks shall assist Central SFAC in recovery of VCA in cases where the beneficiaries of VCA have not refunded the venture capital as per the original schedule

## **7. Role of Agripreneurs**

For the success of the Venture, the agribusiness projects should be grounded within a predetermined time schedule as fixed in the sanction of term loan.

- (a) The entrepreneur/promoter will provide an undertaking to the Bank/*notified* FIs to hold charge on the primary and collateral securities including FDRs till full repayment of VCA to SFAC. The entrepreneur/promoter will also enter into an agreement with SFAC for extending charge in favour of SFAC on all the securities (primary and collateral including FDRs) charged by the bank/*notified* financial institution against their term loan/other facilities after repayment of their Term Loan till full repayment of VCA to SFAC.
- (b) Agripreneurs will submit implementation schedule of the Project to SFAC and participating bank/lending institution which will be closely monitored by SFAC.
- (c) Deviation, if any, in the implementation schedule should be immediately notified to the concerned lending Bank/*notified* financial institution and to SFAC.
- (d) Agripreneurs will submit Utilization Certificate of Venture Capital Assistance in GFR 19 A duly certified by Chartered Accountant to SFAC and the participating bank/*notified* financial institutions.
- (e) Agripreneurs will submit yearly physical progress reports, yearly balance confirmation, audited accounts and balance sheet to SFAC and the participating banks/*notified* financial institutions.
- (f) The agripreneurs while availing venture capital will have to provide an affidavit to SFAC that they have not availed of VC earlier in any capacity.

## **8. Eligible Financing Institutions**

All banks/ financial institutions notified by the Reserve Bank of India where the ownership of the Central/State Government is more than 50% such as nationalised banks, SBI & its Subsidiaries, IDBI, SIDBI, NABARD, NCD, NEDFi, RRBs & State Financial Corporations.

## **9. FINANCIAL OUTLAY :**

Year	Financial Target (Rs. In Crores)					Physical Target	
	VCA	PDF	Publicity	Admn. Support	Total	VCA	DPR
2012-13	45.00	1.00	1.52	2.48	50.00	100	60
2013-14	101.25	2.25	3.37	5.63	112.50	225	135
2014-15	101.25	2.25	3.37	5.63	112.50	225	135
2015-16	101.25	2.25	3.37	5.63	112.50	225	135
2016-17	101.25	2.25	3.37	5.63	112.50	225	135
<b>Total</b>	<b>450.00</b>	<b>10.00</b>	<b>15.00</b>	<b>25.00</b>	<b>500.00</b>	<b>1000</b>	<b>600</b>

## 10. Monitoring and Reporting

With a view to minimize paper work and ensure that SFAC is provided with all the relevant details of individual projects financed by the bank/*notified* financial institutions with Venture Capital support provided by SFAC, units assisted for preparation of DPR, and also progress in project implementation from time to time, the following reporting schedule will be observed:

### (a) Report on Utilization of Venture Capital (VC) / Project Development Facility (PDF)

The bank/*notified* financial institution will report each disbursement made by them in respect of VC out of the funds received from SFAC. A report on progress in project implementation vis a vis utilization of venture capital fund already given to the party through bank/*notified* financial institution under VC would also be sent to SFAC.

### (b) Report on the working of assisted units

The bank/*notified* financial institution will submit a report on the working of the units financed by them under VC to SFAC on a half yearly basis indicating whether the operations are in line with the projections and whether the borrowers are adhering to repayment commitments.

### (c) Reporting of Exceptions

The Bank/*notified* FIs will also keep SFAC informed of any proposal of rephasing of their Term Loan and will seek SFAC consent before implementing such rephasing. However, any proposal for rephasing of Banks Term Loan and VCA simultaneously, SFAC's prior permission is mandatory. The entrepreneur will not be eligible for any rephasing of VCA at a later date in case permission has not been sought by bank at the time of

rephasing of term loan. However, the request for rephasing of VCA can be exercised by Bank/notified FI/Promoters only once.

**(d)Project Specific Information**

In addition to the above standard reporting by bank/*notified* financial institution, it would also provide SFAC with project specific information, if any, sought by it from time to time.

**(e)Field Visits**

As part of due diligence, SFAC will through its officials or authorized representatives undertake field visits to ascertain backward linkages with the farmers, feasibility of the site, availability of raw material, etc.

SFAC's Officers /representatives will undertake field visits independently or in association with the lending bank/notified financial institution or State Government / State SFAC to monitor the implementation of the project.

**(f)Change of Bank during currency of VCA**

Entrepreneur through their Lending bank/*notified* financial institution will obtain prior permission from the SFAC for change of bank. This facility can be availed by the promoter only once in the tenure of the Venture Capital Assistance.

**(g)** SFAC will submit to DAC a quarterly report as on 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December every year, giving a summary account of (i) year-wise total number of projects and VCA amount sanctioned so far; (ii) total number projects including the total amount of which recovery of VCA has become due and actual recovery as against the due amount of recovery; (iii) details of default cases and the amount involved including action taken for recovery in such cases as also action taken for write off in critical cases, if any.

**11. Implementation period**

The sub-scheme will be implemented during 2012-17 in the XII Plan with a central assistance of Rs.500.00 Crores.

**12. Implementing Agency**

The sub-scheme will be implemented by Small Farmers' Agribusiness Consortium (SFAC), a registered society functioning under Department of Agriculture & Cooperation, Ministry of Agriculture.

**13. General awareness, publicity and training programme**

Services of banking/*notified* financial institutions will also be engaged for sensitizing the officials of the banks/notified financial institutions and other functionaries about the sub-scheme. SFAC will undertake publicity through multiple media format to



generate mass awareness about the sub-scheme, especially in States and regions which were under-served in the XI Plan.

Services of banking institutions will also be engaged for sensitizing the Branch Managers and other functionaries about the sub-scheme.

**14. Mechanism for recovery of overdue VCA**

SFAC will ensure timely recovery of VCA. SFAC will deposit the amount of venture capital repaid by beneficiaries to the Consolidated Fund of India. *SFAC may involve lending banks in the recovery of VCA.* SFAC will fix in advance with the approval of DAC, the fee to be paid to bank for this service. In critical cases of non-recovery of VCA, Board of SFAC would be empowered to write off the VCA amount and interest accrued thereon with the approval of Ministry of Finance.

**15. Power to make amendments to the sub-scheme**

Within the overall financial ceiling of the Venture Capital sub-scheme, modification in operating procedures that are not of a financial nature may be made by DAC.

(Model Format)

Memorandum of Understanding

Between

Small Farmers' Agri- Business Consortium, New Delhi

(Department of Agriculture & Cooperation, Ministry of Agriculture)

and The Bank/Notified financial institution

This MOU is signed on the \_\_\_\_\_ day of \_\_\_\_\_ month \_\_\_\_\_ year at \_\_\_\_\_ by Small Farmers' Agri- Business Consortium (a Society Registered under Registration of Societies Act 1860) registered office at NCUI Auditorium Building, 5<sup>th</sup> Floor, 3 Siri Institutional Area, August Kranti Marg, HauzKhas, New Delhi – 110 016, which includes its successors/ assigns etc, hereinafter called SFAC on the first part and \_\_\_\_\_ Bank/Notified financial institution (hereinafter referred to as 'Bank/Notified financial institution' which expression that unless repugnant to the context herein shall mean and include its assigns and successors) with registered office at \_\_\_\_\_ on the other part.

1. SFAC's focus is to attract private investment for setting up of projects that will link farmers & producer groups to markets, thereby substantially enhancing the opportunities for growth through commercial business activity.
2. The objective sought to be achieved by SFAC in discharging its duties are \_\_\_\_\_ Venture Capital Assistance and Project Development Assistance to qualifying projects through participating Bank/Notified financial institution.
3. This agreement for SFAC Venture Capital Assistance operations with participating lending Bank/Notified financial institution will synergize their functions, competencies and projected sector development.
4. Whereas the Bank/Notified financial institution, in furtherance of its desire to play an active role in participation and promotion of investments in qualifying Agri- Business projects and to coordinate the related activities with SFAC, is prepared to make available term loans/ working capital to qualifying Agri-business projects and also facilitate extension of SFAC's Venture Capital Assistance (VCA) and Project Development Assistance (PDA) through a single window approach.

5. For the purpose of synergizing the efforts of SFAC for Promoting Agri-Business Development in the country with the Bank's/Notified financial institution's expertise in extending loans to viable agri- projects, SFAC and the Bank/Notified financial institution do hereby agree to cooperate with each other, for the development of Agri- Business Sector and related areas and enter into this memorandum of Understanding (MOU).
6. Whereas SFAC and the Bank/Notified financial institution are desirous of establishing a formal operational framework to achieve the objectives of agri-business.
7. Whereas SFAC, in order to achieve its objective desired to associate with the Bank/Notified financial institution for disbursement of VCA and PDA (for preparation of DPR by SFAC empanelled consultants) to Agri- Business projects and to attract private investment for setting up of projects that will link farmers and producers groups to markets, thereby substantially enhancing the opportunities for growth through commercial business activity which in turn will generate ample employment opportunities for rural unemployed and the Bank/Notified financial institution agreed to disburse the same and to provide term loans/ working capital to such qualified Agri- business projects and serve as a single window facility on the following terms and conditions:

#### **The abbreviations and terms used in MOU:**

**Qualifying project for VCA** - Project qualifying for Venture Capital Assistance (VCA) provided by SFAC would be one which (a) is dependent upon agriculture or allied sector or related to agricultural services. Poultry and dairy projects will also be covered under the sub-scheme (b) provides assured market to farmers/producer groups (c) encourages farmers to diversify into high value crops aimed to increase farm incomes and (d) is accepted by the bank/notified financial institution for grant of project term loans after satisfactory techno-commercial feasibility.

**Qualifying project for PDF**- A project qualifying for assistance from the PDF will be qualifying project for VCA set up by producers groups/ Agri- business groups with minimum project cost of Rs. 15 lakhs (Rs. 10.00 lakhs in case of North-Eastern and Hilly States (Uttarakhand, Himachal Pradesh, Jammu & Kashmir) )and which has been accepted in principle for considering sanction of term loan by a bank/notified financial institution on the basis of Pre- feasibility report.

**Project Development Facility (PDF)** of SFAC maintains a pool of qualified skilled consultants to render services at low cost to producer groups/ Agri- business groups.

**Project Development Assistance (PDA)** is a component under which financial support is provided to producer groups/ agri- business groups for preparation of DPR by SFAC.

**Detailed Project Report (DPR)** is the document providing all necessary details and projections relating to the project, which would enable banks/notified FIs to evaluate viability of the project.

**Venture Capital Assistance (VCA)** is the financial support provided by SFAC for qualifying projects to meet shortfall in the capital required for implementation of the project. VCA will be treated as part of equity during the currency of the bank loan and thereafter converted to a loan based on an agreement to be executed between SFAC and the borrower.

## **8. Responsibilities of the Bank/Notified financial institution (notified FI)**

### **Project Development**

- a. The bank/notified FI has branches and operations in different parts of the country and they are closely linked and accessible to producers and entrepreneurs in the areas covered by their branch network. The producer groups/ entrepreneurs/ trained Agri- business graduates/ units in agricultural export zone (AEZ) (called applicant) desirous of seeking PDA can approach nearest branch of the bank/notified FI along with pre- feasibility report or such other documents giving details of the proposed project for the consideration of the bank/notified FI. Such persons may also directly approach SFAC seeking assistance for preparation of DPR under PDA component.
- b. The Bank/notified FI will examine the pre- feasibility report and on being about the background of the promoters and prima facie acceptability of the project, will record their observations and direct the proposal to SFAC for assistance in preparation of DPR by one of the consultants in their panel. The bank/notified FI may also directly forward the case to SFAC empanelled consultant for taking up the study on the terms and conditions stipulated by SFAC under advice to SFAC.
- c. In respect of cases referred to a consultant directly by the bank/notified FI, payment will be made from the funds received from SFAC for preparation of DPR as per the terms and conditions specified by SFAC.
- d. The bank/notified FI will release the cost of preparation of DPR to those projects found viable depending on the size, location, and linkage issues on a case-to-case basis from the SFAC fund. Intending projects must be over Rs. 15 lakhs ( Rs. 10 Lakhs in case of NE States and other hilly areas) in size.
- e. Fee will be paid to empanelled consultants in three stages i.e. 20% at Stage-I for preparation of bankable DPR, 40% at Stage-II for sanction of term loan by bank/Notified financial institution with VCA provision and 40% at Stage-III after sanction/disbursement of VCA by SFAC for projects categorized into 4 categories i.e. Category-I (Rs. 10.00 lakh to Rs. 25.00 lakh), Category-II ( above Rs. 25.00 lakh to Rs. 1.00 Crore), Category-III (above Rs. 1.00 Crore to Rs. 3.00 Crore) & Category-IV (above Rs. 3.00 Crore to Rs. 5.00 Crore), fees being Rs. 25000/-, Rs. 50000/-, Rs. 75000/- and Rs. 100000/- respectively.
- f. Agri- Business projects will need to be directly linked to the bank to avail project term loans. The bank/notified FI will have the flexibility to syndicate any part of the project term loan to other banks/notified FIs.

- g. The DPR received from SFAC or directly from the consultant will be examined in detail by the bank/notified FI for sanction of term loan and release of venture capital. A copy of the term loan sanction advice to the borrower will also be forwarded to SFAC for their record.
- h. The bank/notified FI will maintain separate account for SFAC funds.

## 9. Venture Capital Assistance

9.1 As part of term loan appraisal in respect of proposals received from the entrepreneurs or agriculture producer groups for sanction of agricultural term loans. The bank/notified FI will indicate the amount of venture capital support from SFAC while working out the funding pattern for qualifying projects. Projects qualifying for venture capital assistance from SFAC:-

- Are dependent upon agricultural or allied produce
- Provide direct access to producers as assured markets
- Encourage farmers to diversify into high value crops aimed to increase farm income
- Are accepted by the bank/notified FI for grant of project term loans after satisfactory techno- commercial feasibility.

9.2 The quantum of SFAC venture capital assistance will depend on the project cost and will be the lowest of the following-

- 26% of the promoter's equity
- Rs. 50 lakhs

9.3 Higher venture capital assistance can be considered by SFAC to deserving projects on merit and/ or to projects that are located in remote and backward areas, north eastern and hilly States and projects promoted by States/ State SFAC's.

9.4 For qualifying projects conforming to the criteria mentioned under Para 9.1 above, bank/notified FI while considering sanction of term loan for project implementation and tying up the means of finance to meet the total project. The bank/notified FI will evaluate the quantum of VCA required keeping in view the stipulations contained in Para 9.2 and 9.3., the bank/notified FI will write to SFAC giving details of the project, its cost and indicating the quantum of VCA recommended for tying up means of financing. The bank/notified FI will also indicate when the venture capital funds will be required for project implementation. SFAC will place the proposal before its investment committee and communicate to the bank/notified FI the quantum of VCA approved for the project.

9.5 In case any clarification is needed to determine if projects are qualifying projects or not, the bank/notified FI can refer them to SFAC's Project Development Facility, Division of SFAC & PDF Division, who will investigate such proposals which may include site visits and respond to the bank/notified FI within 30 days.

- 9.6 The bank/notified FI will provide SFAC with full details of the terms and conditions under which the term loan is sanctioned including repayment scheduled fixed for the loan. The bank will also keep SFAC posted of the progress in implementation of the project from time to time after the project become operational. The bank/notified FI will keep SFAC posted of the performance of the unit on an yearly basis and keep SFAC informed of any unsatisfactory features noticed in the working of the project as and when it occurs. SFAC will have no charge during the currency of the term loan. Once the term loan is fully repaid, the bank/notified FI will advise SFAC of the position to enable them to convert their venture capital funding into a loan repayable as per the agreement entered by SFAC with the promoters. During the pendency of loan, the bank/notified financial institution will have charge over the primary/collateral securities (including FDR) available with the beneficiary and the said securities will not be released by bank to beneficiary or other institutions till full refund of VCA to SFAC.
- 9.7 The bank/notified FI will release the term loan in one go or as per the progress in the project implementation after completion of documentation formalities. The funds received from SFAC will be retained in a separate account and released for the project implementation as and when requested by the applicant.
- 9.8 In case of the failure of the project, the bank/notified FI may opt for a compromise settlement or resort to legal recourse for recovery of their dues as per the policy of the bank. While, the bank/notified FI will be free to take any such decisions without seeking the concurrence of SFAC, SFAC will be informed of any such decision taken to safeguard its interest.
- 9.9 The bank/notified FI will appoint a nodal officer for corresponding with SFAC in all matters relating to sanction and release of assistance under venture capital or for the preparation of DPR. The bank/notified FI may also provide SFAC with a list of its regional/ Zonal offices for forwarding proposals received by SFAC and its state functionaries/ state level SFAC's for their consideration.

## **10. Responsibilities of SFAC**

- a. SFAC's Project Development Facility (PDF) will maintain a pool of pre-qualified skilled consulting firms and individuals with specific skills to render services at low cost to entrepreneurs and to lending banks/notified FIs. SFAC's PDF will address gaps if any in Agri- business enterprise skills in an active handholding manner. SFAC will also look to take assistance of specialized Agri- business groups if some banks/notified FIs have the capability to undertake PDF role in line with the PDF and Venture Capital sub-scheme.

- b. SFAC's PDF is a generator of potential agri- business projects which can attract investment that will benefit the rural community through increased employment and incomes which can be referred to the bank/notified FI.
- c. SFAC may assign the services of agri business specialists from SFAC's PDF from time to time to associate with periodic progress evaluation of SFAC's VCA projects.
- d. SFAC will forward proposals received from state level functionaries/ state level SFACs to the nodal officer of the bank/notified FI or regional/ zonal offices of the bank/notified FI for their consideration.
- e. The PDF of SFAC will arrange to have DPR prepared by a consultant in its panel promptly on receipt of request from the bank/notified FI after satisfying about pre- feasibility report.
- f. SFAC will arrange to remit funds required for preparation of DPR under PDA immediately on receipt of request from the bank/notified FI in respect of cases directly referred to a consultant by them.
- g. On receipt of communication from banks/notified FIs giving details of the qualifying project for VCA, SFAC will place the proposal for VCA before its investment committee and communicate sanction to the bank/notified FI and the borrower SFAC will make VCA funds available for the project implementation through the bank/notified FI immediately on receipt of the communication from the bank/notified FI giving details of term loan/ working capital proposed to be sanctioned by them.

#### **11. Reporting and Exchange of Information**

With a view to minimize paper work and ensure that SFAC is provided with all relevant details of individual projects financed by the bank/notified FI with Venture Capital support provided by SFAC and also units assisted for preparation of DPR, and also progress in project implementation from time to time, the following reporting schedule will be observed.

- a. Report on utilization of Venture Capital Assistance (VCA)/ Project Development Assistance (PDA)  
The bank/notified FI will report disbursement made by them in respect of VCA/ PDA against funds received from SFAC every time a payment is made. In respect of VCA along with the report on utilization of funds, a report on progress in project implementation would also be sent to SFAC. Such periodical reporting will be sent to SFAC until the project is fully implemented and commercial operations are started. In respect of PDA, the bank/notified FI will report if after examining the DPR, a decision is taken by the bank/notified FI not to sanction term loan on assessment that the project is not viable.
- b. Report on the working of assisted units  
The bank/notified FI will submit a report on the working of the units financed by them under VCA to SFAC on a half yearly basis indicating whether the

operations are in line with the projections and whether the borrowers are adhering to repayment commitments.

**c. Reporting of exceptions**

The bank/notified FI would also keep SFAC informed of any significant developments with regard to operation of the projects, its implementation and unsatisfactory features it any noticed by them. The bank/notified FI will also keep SFAC informed of any recovery action initiated by them in the event of failure of the unit to perform or inability of the borrowers to meet financial commitments.

**d. Project Specific Information**

In addition to the above standard reporting by the bank/notified FI, the bank/notified FI would also provide SFAC with project specific information, if any, sought by it from time to time.

**12. Parties Notification**

Each of the parties hereto shall promptly inform the other of any of the following events:

- a. Any event of which such party becomes aware which, in the opinion of the party, is likely to interfere materially with, or seriously hinder or impair; the implementation of the project, or to interfere adversely and materially with the performance by:
  - i. The borrower of its obligation under the Facility Agreement with such party; and/or
  - ii. The guarantor of its obligation under the guarantee given in favor of such party;
- b. Any notice given by the borrower to prepay the whole or any part of the loan disbursed pursuant to the Agreement with such party and any amount thereof actually prepaid.
- c. In certain circumstances it might become necessary for the bank/notified FI to call up the loan and initiate recovery proceeding against the borrower and guarantors if any. The bank/notified FI would take all such measures required to protect its interest as well as that of SFAC. While, it may not be considered prudent to consult SFAC before taking such action, SFAC will be informed of the action taken by the bank/notified FI of the earliest.

**13. Written Consent prior to Amendment**

SFAC and bank/notified FI shall not agree to any amendment that will affect the right or responsibilities of the other with regard to disbursement or procurement or that may affect the right to recover the money advanced as per the original authorization schedule without the prior written consent of the other.

**14. Parties Independent Decisions**



Except as otherwise provided in this MoU, each party agrees that all its decisions, including decision to take or refrain from taking action concerning the project or a loan agreement to which it is a party, shall be based exclusively on its own judgment, independently of the information provided by, or excepted from, the other party or the views expressed by such other part.

#### **15. Arbitration**

In any case of dispute, if any, arising out of this MoU may be resolved through mutual consultation failing which it may be done by way of arbitration by a sole arbitrator chosen by the bank/notified FI and SFAC as per arbitration and conciliation Act, 1996 and venue of the Arbitration will be New Delhi.

#### **16. Channel of communication and notices**

- a. For the purpose of this MOU, the representative of the parties shall be:
  - i. For SFAC : Managing Director
  - ii. For the bank/notified FI: Chief General Manager/ General Manager Agri- Business Group/ Priority Sector (to be indicated by the bank/notified FI)
- b. Either party may, by notice in writing to the other party, designate additional representative/s or substitute other representative/s for those designated in this Article.
- c. Any notice or other communication under MOU shall be in writing and shall be deemed to have been duly given or made when it has been delivered by hand, mail, e-mail, cable or tele fax, as the case may be, by either party to the other at the appropriate address specified below or such other address as either party may hereafter notify in writing to the other party:

For SFAC: Mailing Address:

NCUI Auditorium, Vth Floor,  
August KrantiMarg, HauzKhas,  
New Delhi.

Telephone: Fax \_\_\_\_\_ E-mail: \_\_\_\_\_

For the bank/notified FI Mailing Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

#### **17. Final Provisions**

1. The Memorandum of understanding (MOU) shall come into force upon its signature by the authorized representatives of the parties hereto and for a term of 10 years.
2. The parties to this MOU shall before expiry of its term review the result achieved under this MOU and consult with each other with a view to deciding whether to extend the term of this MOU. Any extension of the term of this MOU, as aforesaid, may be affected through a simple exchange of letters between the parties.
3. The parties of this MOU may amend any of the provisions of this MOU or enter into supplementary arrangements designed to extend the scope of the present MOU.
4. Either party may terminate this MOU by giving not less than six (6) months advance notice, in writing, to the other party; provided that such termination shall become effective only on the date specified in the termination notice, and provided further that termination as aforesaid shall not, unless that parties otherwise agree, effect any non-cancelable commitments entered into under this MOU with a third party prior to the date of the termination notice. In the event of termination by either party, both parties shall co-operate to ensure that all arrangements made hereunder are settled in an orderly manner. In the event of the agreement being terminated the amount already sanctioned and released to the bank/notified FI will continue to be operated by the bank/notified FI as if this agreement was still operative.

The focal points/contact persons under this MOU will be \_\_\_\_\_ on the \_\_\_\_\_ in New Delhi.

For bank/notified FI Consortium

for Small Farmers' Agri-Business

CEO of the bank/notified FI

Managing Director

Address

Address

Witness:

(Name & Address)

## AGREEMENT BETWEEN SFAC AND THE BORROWER

This agreement is executed on this..... day of Two thousand and (.....201 )  
between

M/s. ...., a Company incorporated under the Indian Companies Act 1956, having its place of business/ Registered Officer at....., and factory/processing unit at....., hereinafter called the "BORROWER" (which included his/her/its heirs, executors, administrations, successors and assignees) as first party & Small Farmers' Agri Business Consortium (SFAC), a Society registered under Societies Registration Act 1860, having its Registered Officer at NCUI Auditorium Building, 5<sup>th</sup> Floor, 3, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016 hereinafter called "SFAC" (which includes their assignees, attorneys and successors in title) as Second Party.

WHEREAS the first party is setting up..... and is in need of Venture Capital amount which will be deemed to be a loan after recovery of term loan of Leading Bank....., hereinafter called the Bank (which includes its successor banks). The Venture Capital Assistance amount will be refundable prior to due date or on the scheduled end date of their term loan whichever is earlier. At the request of first party vide their application dated..... received directly or through..... SFAC has considered and sanctioned Venture Capital amount of Rs..... lakh (Rupees .....only) to the First party. The first party will refund the amount of Venture Capital granted by SFAC in lump sum on liquidation of bank's/notified financial institution's term loan as per original schedule of repayment, which is ..... as advised by bank/notified financial institution. The borrower will tender a post dated cheque dated ..... for the amount of Venture Capital Assistance amount for this purpose.

AND

WHEREAS in consideration of the above promises The First Party, ..... offered as security by way of equitable/registered mortgage on agricultural land and appurtenants/building thereto as required by SFAC as per details given in Annexure A and will also hypothecate movable assets like plant & machinery/vehicles/equipment/raw materials. etc., as per details given in Annexure B, and accepted by SFAC. The other terms and conditions as agreed upon between first party and SFAC are as follows:

1. The CEO of the Borrowing unit must be a professionally qualified person.
2. That the lending bank/notified financial institution will hold charge on the assets (movable/immovable) of the unit till full repayment of their term loan as per original prescribed schedule.

3. That the Venture Capital amount will automatically be deemed to be a loan from the date the Lending Bank has actually recovered its term loan or on the schedule end date of term loan, whichever is earlier. It may, however, be clarified that in the event of re-scheduling of the bank's term loan, the entrepreneur is required to refund the Venture Capital amount as per the original prescribed schedule because Venture Capital amount of SFAC is interest free and financial assistance is to be given to other eligible entrepreneurs for setting up of agribusiness projects. However, if lending bank/notified financial institution make SFAC a party while discussing possibility of rescheduling banks term loan, SFAC may consider request of the borrower for rescheduling of VCA on case to case basis.
4. That Borrower has the option to refund the Venture Capital amount granted by SFAC even prior to the due date of repayment of Term Loan.
5. That the deemed loan of SFAC as referred to above will remain secured by creation of charge (mortgage & hypothecation) in favour of SFAC on the project assets previously held by the Lending Bank/notified financial institution and till such times as the deemed loan and interest accrued thereon are entirely refunded to SFAC.
6. That the Borrower hereby undertakes to utilize the Venture Capital amount granted by SFAC for the purpose for which it was granted. In the event of diversion/misutilization, SFAC reserves the right to recall the entire amount of Venture Capital in lump sum.
7. That in case the Borrower is unable to repay the Venture Capital amount in lump sum immediately after repayment of Bank's/notified financial institution's Term Loan, it will have option to repay the entire amount of loan together with accrued amount of interest in 4 quarterly installments within a year. The rate of interest in this regard will be the same as charged by the lending bank on its term loan.
8. That the Borrower will also authorize the Lending Bank/notified financial institution at the time of executing this agreement to debit their account, i.e. Cash Credit Account/Current Account No..... with....., after repayment of bank's/notified financial institution's term loan equivalent to the refundable amount or any other incidental expenses. The borrower also undertakes to ensure substantial balance in their account in order to facilitate the refund of SFAC's loan and other incidental expenses. Alternatively, the borrower can directly refund the Venture Capital amount and other incidental expenses by means of demand draft drawn in favour of "Small Farmers' Agri-Business Consortium" payable at New Delhi.
9. The borrower fully understands and acknowledges that the Venture Capital provided by SFAC is based upon appraisal note, sanction letter for the term loan by the bank/notified financial institution specifically on the terms and conditions and assets verified by the bank/notified financial institution as securities for the term loan and, therefore, expressly undertakes not to change the bank/notified financial institution indicated herein during the pendency of the SFAC's Venture Capital. However, in exceptional cases one time change of bank is allowed by SFAC. The borrower also undertakes not to withdraw the securities from the bank/notified financial institution until and unless the Venture Capital amount is refunded to SFAC .
10. That the Borrower hereby declares and confirms that the status of the securities and their possession, maintenance, coverage of insurance etc. will remain in force, as was the case with in the lending bank/notified financial institution.

11. That the Borrower must submit their audited Balance Sheet/Financial Statement along with a confirmatory letter every year (i.e. Balance sheet date) about the outstanding amount of Venture Capital in their book which is refundable after repayment of the bank/notified financial institution term loan.

12. That as per objectives of SFAC, small farmers are to be ultimate beneficiaries of the Venture Capital sub-scheme. Therefore, it will be obligatory on the part of the first party to ensure establishment of backward linkages with the farmers and in the event of failure to have such linkages with the farmers, SFAC may cancel the loan arrangement and ask first party to refund the entire amount of Venture Capital in lump sum within a period of one month after receipt of such decision from SFAC.

13. That the Borrower agree and undertake that a suitable provision equivalent to proportionate refundable amount will be made every year and invest the same in liquid assets in order to facilitate refund of amount of Venture Capital to SFAC in lump sum.

14. Further, the Borrower also undertake to follow the under noted terms and conditions:

(i) To pay all taxes, rents etc. regularly and in the time in order to keep the hypothecated and mortgaged assets free from distress, attachment, sale, etc.

(ii) Not to create any charge by way of mortgage, pledge, hypothecation, sell or dispose off in any manner the movable/ immovable properties referred to in the Annexures.

(iii) To keep SFAC indemnified at all times for the losses caused to it on account of negligence of Borrower.

(iv) To execute any other document or furnish information as and when required by SFAC.

(v) To ensure that after the repayment of the term loan, the beneficiary will continue to comprehensively ensure the movable and immovable assets being charged to SFAC with SFAC Clause and hand over the same to SFAC till refund of the amount of Venture Capital amount.

(vi) In the event of any incident, the Borrower shall file the claim with the respective insurance company and keep SFAC posted about the receipt of claim amount and damages etc.

(vii) The Borrower undertake to ensure that the permits, licenses are renewed timely and kept intact.

15. That in the event of the Borrower failing to pay the balance or any other money due to the SFAC by virtue of this agreement or if for any reason the SFAC thinks that its interest is in jeopardy, the SFAC reserves the right to dispose of all the securities either hypothecated or mortgaged in order to recover its dues without intervention of Court.

16. That the Officers or nominees of the SFAC, shall have free access to business premises in order to ascertain the actual status of the securities hypothecated/mortgaged assets to the lending bank/notified financial institution/SFAC and to take possession if warranted for the purpose of acquiring/selling of any of the hypothecated/mortgaged assets

by public auction without intervention of Court and appropriate the net proceed towards liquidation of all sums due from the Borrower. The Borrower hereby agrees to accept that on account of any such sale realization and in case of shortfall, undertake to pay such further balance as may be due from the Borrower forthwith. Any cost incurred by SFAC for realization of its money by sale of hypothecated and mortgaged assets will be added to the outstanding liability of loan amount of SFAC and will be recoverable from Borrower.

17. The borrower also understands and agrees not to neglect or refuse any of the obligation towards furnishing documents required for monitoring the progress of the project, change of bank/notified financial institution or otherwise shifting the location and the assets acquired for the projects and more particularly towards repayment of the amount of Venture Capital, SFAC will proceed to recover the amount due as if it were an arrears of land revenue.

18. That the Borrower hereby declares that the contents of this agreement have been read and understood by him and he will abide by the terms and conditions of this agreement.

19. That the Borrower shall not remove or dismantle any of the goods/assets as mentioned in Annexures without the written consent of the SFAC.

That in the event of any dispute arising between the parties only Delhi Courts have jurisdiction to try, entertain and decide the said matter.

In Witness of above both parties have executed this agreement on this..... day of ..... Two Thousand ..... (.....201..).

For and on behalf of SFAC

Borrower

(.....)

(.....)

(Name & Designation)

(Name & Designation)

(.....)

(.....)

Witness signature

Witness Signature

**SCHEDULE –A**

**Annexure – 1**

**Fixed Assets**

<b>Sl. No</b>	<b>Particulars/Extent</b>	<b>Nature of Property</b>	<b>Location and boundaries</b>	<b>Approximate Value</b>

**SCHEDULE –B**

**Annexure – II**

**Moveable Assets**

<b>Sl. No</b>	<b>Particulars/Extent</b>	<b>Location &amp; Boundaries</b>	<b>Approximate Value</b>



(See Government of India’s Decision (1) below Rule 15)

**Form of Utilization Certificate**

Sl.No	Letter No. and date	Amount	Certified that out of the sum of Rs..... of Venture Capital assistance sanctioned during the year..... in favour of .....under this Ministry/ Department letter No.....given in the margin and Rs..... on account of unspent balance of the previous year, a sum of Rs..... has been utilized for the purpose of..... for which it was sanctioned and that the balance of Rs..... remaining unutilized at the end of the year has been surrendered to the Government (Vide No..... dated.....)/ will be adjusted towards the Venture Capital assistance payable during the next year or utilized in the next financial year
1.			
2.			
	Total:		

Certified that I have satisfied myself that the conditions on which the Venture Capital assistance was sanctioned have been duly fulfilled/are being fulfilled and, that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised

- 1.
- 2.
- 3.

Signature.....  
 (Name).....  
 Designation.....  
 (Office seal).....

Verified and certified by

Chartered Accountant  
 (with address and seal)

## **CHAPTER VI**

### **Choudhary Charan Singh National Institute of Agricultural Marketing (NIAM)**

#### **1. INTRODUCTION:**

1.1 . The agriculture marketing sector is today witnessing many challenges in the form of trade liberalisation, globalisation, diversification towards high value crops, changing market demands, etc., and therefore needs to become more responsive. Guiding the direction of change in agricultural marketing has become even more challenging. The main endeavour of the sub scheme, through capacity building, conducting training, consulting solutions, education and policy advocacy, will be to escalate the agricultural marketing system in the country to a level where it can go hand in hand with the production and market sentiments.

#### **2. OBJECTIVE OF THE SUB SCHEME:**

2.1 To undertake and promote the study of applied and operational research in problem areas of agricultural marketing and to act as a national level nodal point for co-ordination of various research studies and dissemination of technologies relevant to agricultural marketing in the country.

2.2 To impart training to various levels of personnel of organizations involved in agricultural marketing activities such as State Agricultural Marketing Boards (SAMB), State Development Departments like Agriculture, Horticulture, Animal Husbandry, Fisheries, Forestry, Sericulture, State Agricultural Universities, Co-operative Marketing Societies, Commodity Boards, Input Agencies and Progressive Farmers, Entrepreneurs, etc. To help them develop bankable projects for creation of market infrastructure and integrated value chains

2.3 To conduct research on long-term projects, policy formulations; prepare status paper on leading issues; case studies in specific marketing problems, processing industries, export management, etc. which have a direct bearing on the national economy.

2.4 To offer consultancy services to State and Central Departments, public-sector undertakings, co-operatives, etc. in the formulation of projects and prepare Master Plans for States, Export Institutions, Traders and Farmers.

2.5 To develop promising human resources by providing long-term structured courses in agricultural marketing through Diploma / Degree courses.

2.6 To help State Government to generate self-employment for educated youth by exploiting local potential resources.

2.7 To facilitate Government to formulate policies on emerging issues in agricultural marketing.

2.8 To cover a wide information network in the country in agricultural marketing to evolve efficient, innovative and competitive marketing processes.

2.9 To develop as a 'Centre of Excellence' in the field of agricultural marketing by establishing adequate liaison with international organizations.

### **3. . SALIENT FEATURES:**

#### **3.1 Capacity Building/ Training**

In order to impart quality training to different stakeholders the Institute needs to adopt an innovative approach and widen its horizon in terms of content, knowledge and methodology. In all, during XII Five Year Plan about 675 training programmes will be conducted. The Institute will focus on trainings with wider coverage, client orientation, research based training.

**3.1.1 Wider Clientele Coverage:** The client base will be increased by targeting national/ state level agencies serving agriculture and allied discipline such as State Agricultural Universities, Krishi Vigyan Kendra,, NGOs, Producers Organizations, Traders Association, elected members of physical markets, Commodity Boards, potential entrepreneurs and farmers, etc.

**3.1.2 Target Oriented Course Module** To encourage participation from various agencies including private sector target oriented course module will be developed. For this purpose, a training need assessment will be done on regular interval. Training modules imparted by NIAM will be repeatable every two-three years across the country.

**3.1.3 Demand driven Training:** NIAM will conduct demand driven certificate training courses of 3 to 6 months, in the field of Agri-business, Agri-Marketing etc. to cater to young, unemployed school dropouts to make them employable. NIAM will also consider tie-ups with companies/other organisations so that post-training absorption is 100%. NIAM may tie up with various partners consisting of IIM, SAU and other training institutes both in public and private sector to impart such training. Efforts will be made to make such training programs self financing and self sustainable in near future.

**3.1.4 Research Based Trainings:** To enhance the quality and practicability of the programme findings of research will be linked with training . Additionally, case studies will be conducted across regions to facilitate documentation of ground realities and for using the same for imparting training.

**3.1.5 Developing linkages with the Stakeholder:** Linkages will be established between the Institute and different stakeholders from Government as well as

corporate sector through workshops, buyers-sellers meet, management development programmes (MDPs), sensitization programme, etc.

**3.1.6 International Collaboration in Capacity Building:** The Institute would work as a knowledge centre for Asia and Pacific region by developing coordination with the FAO and UNDP wherein these agencies will provide academic, technical, institutional and financial support. Similarly, the Institute may collaborate with the other international agencies working in the field of agricultural marketing, agri-business etc. through capacity building, research and faculty exchange programme.

### **3.2. Research Activity**

3.2.1 Applied research on various aspects of agricultural marketing and dissemination of knowledge is another noble objective of NIAM. NIAM will undertake and promote studies of applied research in problem areas of agricultural marketing and act as a nodal point for coordination of various research studies and dissemination of technologies relevant to agricultural marketing in the country.

3.2.2 NIAM will undertake research studies with focus on :

(a) management oriented case studies and use the findings of these in the training programme and education for strengthening the programmes. For this, NIAM may also collaborate with other institutions. Institutional arrangements will be suitably changed to accommodate such collaborative research.

(b) Research studies which address specific issues.

(c) Detailed study/documentation of each innovation and intervention in agri-marketing sector for the purpose of policy formulation and replication.

(d) Research for development of supply chain, Integrated value Chains for leading fruits and vegetables in collaboration with some national/ international university.

(e) Preparation of working papers and policy papers and uploading the same on the website of the Institute.

3.2.3 Publication of research studies/uploading on website.

3.2.4 Strengthening the research component by defining the guidelines and norms on the lines of ICARs / IIMs / MANAGE for smooth conduct of the research studies especially from financial view point.

### **3.3 Consultancy**

3.3.1 In the perspective of booming agri-business sector, establishment of markets with modern infrastructures assumes importance. Market planning and designing to create state of art complex requires a professional approach. It not only requires designing and planning of a market at a particular place, but includes a holistic view of the agrarian scenario. In the present era of globalization, market planning and designing encompasses issues such as backward and forward linkage, quality and safety aspects, etc. This requires a broader, futuristic and integrated view of designing and planning, understanding, social parameters, flow variables, architectural concepts, commodity specific infrastructure etc. The consultancy assignments in the above mentioned areas will be taken up by the Institute.

As the Government focuses on the increased participation of private players in the development of the sector specially in the creation of infrastructure and in provision of services, NIAM will in addition to consultancies from state government make efforts to get consultancies from corporate sectors. .

3.3.2 The consultancy division of the Institute will be strengthened through –

- i. Widening the clientele base with inclusion of private sector
- ii. Enhancing human resource as per the requirement of the assignment
- iii. Collaboration with other national/ international agencies
- iv. Properly defined guidelines for smooth implementation of the projects
- v. Allocation of a portion of the revenue generated through consultancy towards faculty development fund as per norms and subject to prior approval of competent authority.
- vi. Capacity building of the faculty
- vii. Greater autonomy for utilization of revenue generated through consultancy.

3.3.3 NIAM would also arrange for consultancy services for setting up of a “Project Development Facility” to catalyze investment credit in agri-infrastructure projects

### **3.4 Education**

3.4.1 The education mandate of NIAM aims at developing human resources by providing long-term structured courses in agricultural marketing through diploma courses. The post graduate diploma programme on agri-business management is well designed to meet the shortage of manpower for agri-business management in the country. This highly accredited course will continue to meet the demand for trained manpower in the sector. Presently the course curriculum of NIAM covers most of the issues in agri-business. However, it is pertinent to bring changes in the focus of education in the perspective of new paradigm of agricultural marketing. In order to achieve this, it is proposed to upgrade the existing course. the Institute will focus on following areas-

1. Revision of course content on periodic basis
2. Identifying best faculty resources in the field of agri-business
3. Increase the proportion of courses covered by internal faculty gradually over time
4. Provision for academic development of faculty from time to time / need-based to enhance the quality of teaching in the Institute

3.4.2 NIAM will try to increase the seats allocated to this course and also run similar programs in all states in collaboration with SAU/Management Institutes and other educational institutes both in Public and Private sector

### **3.5 Policy Advocacy**

3.5.1 NIAM will be pro-active in advising policy interventions and send a monthly advisory on various topics to DAC. Alternatively, DAC may seek advisories from NIAM.

3.5.2 NIAM will create a model project report with respect to each components being funded under the ISAM sub schemes handled by Marketing Division or other Divisions of DAC, related to Agri-Market or Agri Business. These may be created as .pdf document, which may be uploaded on the NIAM website. NIAM will update these every year and these may be freely available to any potential users.

3.5.3 NIAM will undertake issue based studies advised by DAC and make presentations on themes such as E. Trading/Agri Market/Agri business, mobile based service, , Market reforms, storage, etc. and update these on a regular basis.

3.5.4. NIAM either directly or in collaboration with SAU, Agriculture Marketing Boards, other organizations will do policy advocacy with state Governments for reforms related to Agriculture Markets such as AMPC Act reforms. For this NIAM will publish articles in newspapers, make presentation to state Government officials, provide them all support for undertaking reforms. NIAM may conduct and organize visit /study tours of state Government officials to showcase success stories in other states

3.5.5 NIAM will conduct atleast one national/International seminar every year with various stakeholders including state governments / State Agriculture Marketing Boards/ Private players/academic Institutes on the topics related to agri-Market sector.

#### 4. PHYSICAL TARGETS & BUDGET OUTLAYS:

4.1 While no specific targets can be fixed for policy advocacy related work, it shall be given priority. For the purpose of monitoring remaining activities, following physical target are being prescribed in some of the components and financial requirement during XII Five Year Plan.

<b>Year</b>	<b>Survey Research &amp;</b>	<b>Training Seminar &amp;</b>	<b>Project Consultation</b>	<b>Professional &amp; Others</b>	<b>Total (Rs. in Crores)</b>
2012-13	7	123	8	2	5.00
2013-14	7	125	8	2	5.50
2014-15	8	130	9	2	6.00
2015-16	9	145	9	2	6.50
2016-17	10	152	10	2	7.00
<b>Total</b>	<b>41</b>	<b>675</b>	<b>44</b>	<b>10</b>	<b>30.00</b>

#### 5. PROCEDURE FOR RELEASE OF GRANT:

5.1 Grant will be released by DAC on demand by NIAM subject to submission of utilisation certificate in respect of every release as per relevant provisions of GFR. Utilisation of unspent funds lying with implementing agency out of funds released in previous financial year, during current financial year, will be subject to revalidation by this Department after providing details of expenditure incurred in previous financial year.

#### 6. MONITORING & EVALUATION:

6.1 NIAM will convene the meetings of the Executive Committee every quarter and of the Governing Body once annually. In these meeting NIAM will make a detailed presentation on the work undertaken in all of the above areas.

6.2 NIAM will provide to Joint Secretary (Marketing), Department of Agriculture & Cooperation, the progress reports on a regular basis in respect of physical and financial achievements by 10<sup>th</sup> of each month following the month to which the report relates to.

6.3 In-house/ independent end of year/ mid-term evaluation of the sub scheme will be undertaken with the objective of taking suitable corrective measures for its effective implementation.