

**SCHEME FOR DEVELOPMENT / STRENGTHENING OF AGRICULTURAL
MARKETING INFRASTRUCTURE, GRADING AND STANDARDIZATION**

Ministry of Agriculture (Department of Agriculture & Cooperation)

Government of India, New Delhi

OPERATIONAL GUIDELINES (Modified as on 26th June,2008)

Highlights

Reform Linked Investment Scheme: To encourage rapid development of infrastructure projects in agriculture and allied sectors including dairy, meat, fisheries and minor forest produce.

Investment subsidy: 25% of the capital cost up to Rs.50 lakh in each project providing 'Direct' service delivery to producers/ farming community in post harvest management/ marketing of their produce. **However, the entrepreneurs may also have an opportunity to use the infrastructure for their own purpose during the lean period.** In case of NE States, hilly and tribal areas, and in the States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir and to SC/ST entrepreneurs and their cooperatives in investment subsidy shall be 33.33% of the capital cost up to Rs.60 lakh.

No upper ceiling on subsidy in respect of infrastructure projects of State Agencies.

Conditions:

* Applicable only in such States/Union Territories, which undertake reforms in APMC Act to allow 'Direct Marketing' and 'Contract Farming' and to permit agricultural produce markets in private and cooperative sectors.

Promoter's contribution in project cost to be decided by financing Bank with minimum bank loan of 50% in general cases and 46.67% in hilly areas, etc. State Agencies may take up infrastructure projects from their own funds dovetailing the subsidy under the scheme, with bank loan or without borrowing from the financial institution.

Illustrative List of Infrastructure Projects

*Market user common facilities like market yards, platforms for loading, assembling and auctioning of the produce, weighing and mechanical handling equipments, etc.

*Functional Infrastructure for assembling, grading, standardization and quality certification, labeling, packaging, value addition facilities (without changing the product form)

*Infrastructure for Marketing from producers to consumers/processing units/bulk buyers etc.

*Infrastructure for E-trading, market extension and market oriented production planning.

*Mobile infrastructure for post harvest operations viz. grading, packaging, quality testing etc., (excluding transport equipment)

***Reefer vans, or any other refrigerated vans used for transporting agricultural produce, which are essential for maintaining cold supply chains.**

SCHEME FOR DEVELOPMENT/STRENGTHENING OF AGRICULTURAL MARKETING INFRASTRUCTURE, GRADING AND STANDARDIZATION

1. BACKGROUND

This scheme has been formulated to develop marketing infrastructure in the country to cater to the post-harvest requirement of production and marketable surplus of various farm products. An Expert Committee set up by the Ministry of Agriculture has estimated that an investment requirement of Rs.11,172 crore in next 10 years would be necessary for infrastructure development in agricultural marketing. A major portion of this investment is expected to come from private sector, for which an appropriate regulatory and policy environment is necessary. The Department has had several rounds of discussions with the States on restrictive provisions of State Act dealing with agricultural marketing (APMC Act) and the need to modify and create lawful space for the private sector in the market development and contract farming. This scheme is reform linked and assistance for development of infrastructure projects will be provided in those States/Union Territories which permit setting up of agricultural markets in private and cooperative sectors and allow direct marketing and contract farming.

2. OBJECTIVES

The main objectives of the Scheme are:

- (i) To provide additional agricultural marketing infrastructure to cope up with the large expected marketable surpluses of agricultural and allied commodities including dairy, poultry, fishery, livestock and minor forest produce.
- (ii) To promote competitive alternative agricultural marketing infrastructure by inducement of private and cooperative sector investments that sustain incentives for quality and enhanced productivity thereby improving farmers' income.
- (iii) To strengthen existing agricultural marketing infrastructure to enhance efficiency.
- (iv) To promote direct marketing so as to increase market efficiency through education in intermediaries and handling channels thus enhancing farmers' income.
- (v) To provide infrastructure facilities for grading, standardization and quality certification of agricultural produce so as to ensure price to the farmers commensurate with the quality of the produce.
- (vi) To promote grading, standardization and quality certification system for giving a major thrust for promotion of pledge financing and marketing ,credit, introduction of negotiable warehousing receipt system and promotion of forward and future markets so as to stabilize market system and increase farmers' income.
- (vii) To promote direct integration of processing units with producers.

(viii) To create general awareness and provide education and training to farmers, entrepreneurs and market functionaries on agricultural marketing including grading, standardization and quality certification.

3. SALIENT FEATURES OF THE SCHEME

SCHEME LINKED TO REFORMS

- (i) The scheme will be implemented in those States which amend the APMC Act, wherever required, to allow direct marketing and contract farming and to permit setting up of markets in private and cooperative sectors.
- (ii) Credit linked back-ended subsidy shall be provided on the capital cost of general or commodity specific infrastructure for marketing of agricultural commodities and for strengthening and modernization of existing agricultural markets, wholesale, rural periodic or in tribal areas. State Agricultural Produce Marketing Boards/ Committees or other State agencies will be free to decide as to the quantum of loan or invest their own funds in lieu of loan as per their requirement.

MARKETING INFRASTRUCTURE

(iii) 'Marketing Infrastructure' for purpose of the scheme may comprise of any of the following:

- (a) Functional infrastructure for collection/ assembling, drying, cleaning, grading, standardization, SPS (Sanitary & Phytosanitary) measures and quality certification, labeling, packaging, ripening chambers, retailing and wholesaling, value addition facilities (without changing the product form) etc. Transportation facility will not be covered under the scheme. **However, reefer vans, or any other refrigerated vans used for transporting agricultural produce, which are essential for maintaining cold supply chains, shall be eligible for assistance under the Scheme.**
- (b) Market user common facilities in the project area like shops/offices, platforms for loading/ unloading/ assembling and auctioning of the produce, parking sheds, internal roads, garbage disposal arrangements, boundary walls, drinking water, sanitation arrangements, weighing & mechanical handling equipments, etc.;
- (c) Infrastructure for Direct marketing of agricultural commodities from producers to consumers/processing units/ bulk buyers, etc.
- (d) Infrastructure for supply of production inputs and need-based services to the farmers;
- (e) Infrastructure (equipment, hardware, gadgets, etc) for E-trading, market intelligence, extension and market oriented production planning; and
- (f) Mobile infrastructure for post-harvest operations (excluding transport equipment) will be eligible for assistance under the scheme. **However, exclusion of transport equipment shall not affect the development of**

cold chain infrastructure and reefer vans, or any other refrigerated vans used for transporting agricultural produce, which are essential for maintaining cold supply chains, shall be eligible for assistance under the Scheme.

ELIGIBLE PERSONS

- (iv) The assistance will be available to individuals, Group of farmers/ growers/ consumers, Partnership/ Proprietary firms, Non-Government Organizations (NGOs), Self Help Groups (SHGs), Companies, Corporations, **Autonomous Bodies of the Government**, Cooperatives, Cooperative Marketing Federations, Local Bodies, Agricultural Produce Market Committees & Marketing Boards in the entire country.
- (v) Bank assisted projects of State agencies, including projects refinanced/co-financed by National Bank for Agriculture and Rural Development (NABARD) for strengthening / modernization of existing marketing infrastructure would also be eligible for assistance under the scheme.

LAND AND LOCATION

- (vi) Under the scheme, the entrepreneur will be free to locate the marketing infrastructure project at any place of his choice determined on the basis of economic viability and commercial considerations. **The entrepreneurs in addition to providing compulsory direct service delivery to producers/ farming community in post-harvest management/marketing of their produce may also have an opportunity to use the infrastructure for their own purpose during the lean period.**
- (vii) Cost of land in infrastructure projects will be restricted to a maximum of ten per cent of the project cost in rural areas and to twenty per cent in municipal areas and it would form part of the owner's contribution.
- (viii) The entrepreneur will not alienate the land during the period of the loan for any purpose other than the purpose for which the loan is sanctioned.

CREDIT LINKED ASSISTANCE

- (ix) Assistance under the scheme would be credit linked and subject to sanction of the infrastructure project by Commercial/Cooperative/ Regional Rural Banks based on economic viability and commercial considerations. However, the stipulation of credit linkage and sanction of the infrastructure project by the Commercial/ Cooperative/ Regional Rural Banks will be optional for the infrastructure project taken up by the State Marketing Boards/ APMCs and other State agencies.
- (x) Assistance under the scheme shall be available on capital cost of the project only. Banks/National Cooperative Development Corporation (NCDC) will, however, be free to finance other activities/working capital requirement to meet various requirements of the farmers/entrepreneurs.

SUBSIDY

(xi) Rate of subsidy shall be 25% of the capital cost of the project. In case of North Eastern States, in the States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas, and to entrepreneurs belonging to Scheduled Caste (SC)/Scheduled Tribe (ST) and their cooperatives, the rate of subsidy shall be 33.33% of the capital cost of the project.

(xii) Maximum amount of subsidy shall be restricted to Rs.50 lakh for each project. In the case of North Eastern States, hilly and tribal areas, in the States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir and to entrepreneurs belonging to SC/ST and their cooperatives, maximum amount of subsidy shall be Rs.60 lakh for each project.

(xiii) In respect of infrastructure projects of State Agencies, there will be no upper ceiling on subsidy to be provided under the scheme.

(xiv) The amount of Central Assistance/subsidy availed of for the project or any of its components from any other Central Scheme shall be deducted from the amount of subsidy admissible under this scheme.

RELEASE OF SUBSIDY

(xv) Subsidy for the projects under the scheme shall be released through NABARD for projects financed by the commercial, cooperative and regional rural banks, Agricultural Development Finance Companies (ADFCs), scheduled Primary Cooperative Banks (PCBs), North Eastern Development Financial Corporation (NEDFI) and other institutions eligible for refinance from NABARD and through NCDC for projects financed by NCDC or by Cooperative Banks recognized by NCDC in accordance with its eligibility guidelines.

In case, where the State Marketing Boards/ APMCs or other State Agencies propose to invest their own funds to the extent upto 75% of the project cost without availing any loan, the subsidy will be released to them directly by Directorate of Marketing and Inspection (DMI) in two installments depending on the progress of the work.

ADJUSTMENT OF SUBSIDY IN BORROWER'S ACCOUNT

(xvi) The subsidy released to the bank/NCDC for an individual project will be kept in a separate borrower-wise account. The adjustment of subsidy will be back ended. Accordingly, the full project cost including the subsidy amount, but excluding the margin money contribution from the beneficiary, would be disbursed as a loan by the banks. The repayment schedule will be drawn on the loan amount in such a way that the total subsidy amount is adjusted after the full bank loan component with interest is liquidated. The repayment schedule prescribed at the time of sanction of the project will not be allowed to be altered by the financing bank without the prior approval of the Head Office of the DMI on the recommendation of NABARD/NCDC.

NO INTEREST CHARGEABLE ON SUBSIDY PORTION

(xvii) The subsidy admissible to the promoter under the scheme will be kept in the Subsidy Reserve Fund Account (Borrower-wise) in the books of the financing banks. No interest would be charged on this by the bank. In view of this, for purposes of charging interest on the loan component, the subsidy amount should be excluded. The balance lying to the credit of the subsidy reserve fund account will not form part of demand and time liabilities for the purpose of SLR/CRR.

IMPLEMENTATION PERIOD

(xviii) The scheme shall be implemented during XI Plan period with a Central Assistance of Rs.681.40 crore for marketing infrastructure projects. In addition, there will be a central allocation of Rs.15 crore for strengthening Agmark laboratory network and for general awareness and training programmes and studies, etc.

IMPLEMENTING AGENCY

(xix) The scheme shall be implemented by the Directorate of Marketing & Inspection (DMI), an Attached Office of Department of Agriculture and Cooperation.

4. ASSISTANCE PATTERN

(i) FOR PROJECTS FINANCED THROUGH BANKS/NABARD

Pattern of funding

Source of finance	Other than NE States, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas*/SC & ST Entrepreneurs and their cooperatives.	NE States, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas*/ SC & ST entrepreneurs and their cooperatives
Subsidy from Central Government	25%	33.33%
Institutional loan from commercial/cooperative banks etc.,	Minimum 50%	Minimum 46.67%
Owner's contribution**	Rest of the project cost	Rest of the project cost

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

* Tribal areas are areas notified/declared as tribal area by the Central/concerned State Government

**Cost of land not exceeding 10% in rural areas and 20% in municipal areas of the project cost can form part of the owner's contribution.

Mode of Release

(a) 50% of the subsidy amount will be released to NABARD by Department of Agriculture and Cooperation in advance. Accordingly, NABARD would release subsidy to the participating banks in advance for keeping the same in a Subsidy Reserve Fund Account of the concerned borrowers, to be adjusted finally against loan amount of the bank on completion of the project. This amount of 50% subsidy would be released by NABARD to the participating bank on submission of a project profile-cum-claim form.

(b) The remaining 50% of the subsidy amount would be disbursed to the participating bank (s) by NABARD after a Joint Inspecting Committee comprising of officers from NABARD, participating bank and Directorate of Marketing & Inspection (DMI) in the concerned State, conducts an inspection.

No Joint Inspection shall be undertaken by the staff of NABARD and DMI, where the Total Financial Outlay (TFO) of the project sanctioned by the Bank is less than Rs.10.00 lakh. For such projects, remaining 50% of the subsidy amount would be disbursed to the participating bank(s) by NABARD on receipt of completion certificate from financing bank.

For projects having TFO of less than Rs.10.00 lakh and involving one time investment only, the total subsidy would be disbursed to the participating bank(s) by NABARD in one installment on completion and submission of completion report by the financing bank.

For these projects, a sample of ten per cent of random inspection shall be done by the officials of Directorate of Marketing and Inspection (DMI) located in that State. Similarly, AMA will also authorize the officials of DMI posted in the Head Office at Faridabad to undertake inspection of ten per cent of the sanctioned projects selected on random basis in a State.

(ii) FOR PROJECTS FINANCED THROUGH NCDC

Pattern of funding

For cooperatives in all States other than in north-eastern states, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas & SC/ST cooperatives.

FROM NCDC TO STATE GOVT. FROM STATE GOVT TO SOCIETY

Term loan	65%	Term Loan*	50%
Subsidy	25%	Share Capital*	15%
		Subsidy	25%
		Society Share	10%

For cooperatives in north-eastern states, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas & SC/ST cooperatives.

FROM NCDC TO STATE GOVT.

Term loan 56.67%
 Subsidy 33.33%

FROM STATE GOVT TO SOCIETY

Term Loan* 50.00%
 Share Capital* 06.67%
 Subsidy 33.33%
 Society Share 10.00%

***Minimum term loan 50% (Share Capital of State Government will proportionately vary with increase in term loan)**

Through Cooperative Banks/Directly to Cooperative Societies

Source of finance	Other than NE States, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas* and SC & ST Cooperatives	NE States, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas*/ SC & ST and cooperatives
Subsidy from the Government	25%	33.33%
Term loan	Minimum 50%	Minimum 50%
Promoter's contribution**	Rest of the project cost	Rest of the project cost

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

* Tribal areas are notified/declared as tribal area by the Central/concerned State Government.

**Cost of land not exceeding 10% in rural areas and 20% in municipal areas of the project cost can form part of the promoter's contribution.

Mode of Release**In case of all states:-**

- Assistance will be provided on guarantee of state government.
- 50% of sanctioned assistance shall be released on approval and on acquisition of land and release of funds by state government to society. The balance 50% of sanctioned assistance shall be provided after state govt. has provided complete assistance including its share as share capital and completion of civil works up to plinth level (in case civil works are part of the project) and receipt of machinery/equipment at site.

In case of union territories

Assistance is provided directly to the society on guarantee of central govt. on pattern as above.

In case of national level/multi-state societies/other societies

Assistance is provided to society on mortgage of fixed assets.

a) The subsidy (25% or 33.33% as the case may be) shall be subject to the limits laid down under the scheme. The quantum of term loan may be enhanced accordingly.

b) The minimum share of society shall be 10% of cost. In case societies are able to contribute more than 10%, the quantum of term loan/state govt. share capital could be reduced accordingly.

c) The subsidy shall be provided as an interest free loan during construction period and shall be converted into subsidy on completion of project to the satisfaction of NCDC.

(iii) Pattern of funding - for projects taken up by the State Marketing Boards/ APMCs and other State Agencies

Subsidy/ Owner's Contribution	All States other than NE States, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas.	NE States, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas.
Subsidy from the Government	25%	33.33%
Term Loan	0 to 50%	0 to 50%
Owner's Contribution	Rest of the project cost	Rest of the project cost

5. INSTITUTIONAL LENDING**A. Eligible financing institutions**

The eligible financing institutions under the scheme are:

(i) Commercial banks, regional rural banks (RRBs), state cooperative banks (SCBs), state cooperative agricultural and rural development bank (SCARDBs), agricultural development finance companies (ADFCs), north-eastern development finance corporation (NEDFI), and such other institutions which will be eligible for refinance from NABARD.

(ii) Cooperative societies and cooperative banks recognized by NCDC in accordance with its eligibility guidelines.

B. Term Loan

(i) Minimum 50% of the project cost (46.67% in case of NE states, States of Uttarakhand, Himachal Pradesh, Jammu & Kashmir, hilly and tribal areas and for entrepreneurs belonging to SC/ST and their cooperatives) can be raised as term loan from the financing banks. As the subsidy is back-ended, eligible amount of the subsidy (25%/33.33%) would initially be allowed as term loan to the beneficiary. The repayment schedule will be drawn on the total loan amount (including subsidy) in such a way that the subsidy amount is adjusted after liquidation of net bank loan (excluding subsidy).

(i-A):The stipulation of raising minimum above term loan will not be applicable to the infrastructure projects taken up by State Marketing Boards and other State agencies and they will be free to decide the quantum of loan for the project, according to the requirement. They may even fund the project up to 75% of the project cost, with zero credit component, utilizing internal resources/ own funds.

(ii) Repayment period will depend upon the cash flow and will be up to 11 years including a grace period of two years. The first annual installment will fall due after 24 months from the date of first disbursement.

(iii) Rate of interest to borrowers on term loan shall be at PLR of the bank (or the lead bank) as per RBI guidelines. Interest will be chargeable from the date of the first disbursement of loan.

(iv) The financial institution may also provide working capital separately for undertaking business by entrepreneurs.

(v) NCDC may follow its own norms for period of term loan, its repayment, moratorium, interest rates, etc.

6. TIME LIMIT FOR COMPLETION

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 or from the date of approval of the project by the Committee.

However, if reasons for delay are justified, a further grace period of 6 months may be allowed by the financial institution .

However, in case of large integrated agricultural marketing infrastructure projects involving total outlay of Rs.2 crore or more and requiring phasing, a time limit of maximum of 36 months may be prescribed for completion of the project from the date of disbursement of the first installment of loan by the financial institution.

If the project is not completed within the stipulated period benefit of subsidy shall not be available and advance subsidy will have to be refunded forthwith.

7. REFINANCE ASSISTANCE FROM NABARD

For Agricultural Marketing Infrastructure projects, NABARD would provide refinance to Commercial Banks/RRBs/ADFCs/SCBs/SCARDBs and such other eligible institutions @ 90% of the amount financed by the banks as term loan. However, quantum of refinance would be 95% in case of SCARDBs in north-eastern region. The rate of interest on refinance will be decided by NABARD from time to time and at present, it is @ 6.75% per annum.

8. OTHER CONDITIONS

- (I) Projects under the scheme may be treated as infrastructure for financing.
- (II) The participating banks/NCDC/NABARD etc., will adhere to their own norms for appraisal of projects.
- (III) It will be the responsibility of the owner to have the insurance of the project unit.
- (IV) A signboard at the site "Assisted under the Scheme of Agricultural Marketing Infrastructure of Ministry of Agriculture, Government of India" will be exhibited.
- (V) Government's interpretations of various terms will be final.
- (VI) Besides Joint Inspection Committee (JIC) inspection, pre and post-completion inspections of the project, including those exempted from JIC inspection may be undertaken to verify physical, financial and operational progress, as and when required.
- (VII) Government reserves the right to modify, add and delete any term and condition without assigning any reason.

9. PROCEDURE TO BE FOLLOWED FOR SANCTIONING OF PROJECT AND RELEASE OF SUBSIDY

Projects financed through banks/NABARD

- (i) An interested promoter will submit the project proposal for term loan and subsidy to the bank on an application form as prescribed by the concerned bank along with project report and other documents for appraisal and sanction of loan. A copy of the proposal shall also be endorsed by the promoter to Sub-office/Regional Office of DMI as per list at **Annexure VIII**.
- (ii) Bank after appraisal and sanctioning of project and disbursement of first installment of loan will furnish a brief project profile-cum-claim form for advance subsidy in the prescribed form given in **Annexure I** along with a copy of bank's sanction letter to RO, NABARD with a copy to the Sub-Office/Regional Office of DMI as per list at **Annexure VII**.
- (iii) NABARD on receipt of project profile-cum-claim form from the participating bank, will sanction and release 50% advance subsidy to the participating bank for keeping the same in the Subsidy Reserve Fund Account (Borrower-wise). NABARD will forward a copy of the sanction and project profile as indicated in Annexure I to

the Head Office of DMI project-wise for replenishment or adjustment against advance subsidy provided by DMI to NABARD. The release of subsidy by NABARD will be subject to availability of funds from DMI.

(iv) When the project is nearing completion, the promoter will inform the bank who will initiate action for an inspection by a Joint Inspection Committee consisting of officials of bank, NABARD and DMI to ensure that the executed project conforms to technical and financial parameters. No Joint Inspection shall be required, where the TFO of the project sanctioned by the Bank is less than Rs.10.00 lakh. For such projects, the inspection will be conducted by the officer of the financing bank. After joint inspection/inspection is conducted, the bank will submit the claim for final subsidy in the prescribed format given in **Annexure II** to NABARD, in triplicate, with a copy to concerned Regional Office/Sub-Office of DMI. The inspection report (**Annexure-VI**) of the Joint Inspection Committee/ Financing bank and completion certificate should be enclosed with the claim form for final subsidy. NABARD shall release the final subsidy to banks, which will be replenished by DMI or adjusted against the subsidy amount provided to NABARD in advance.

Projects financed through NCDC.

(i) NCDC shall provide assistance to the cooperatives for development of agricultural marketing infrastructure projects.

(ii) The cooperative societies shall formulate proposals in the format prescribed by NCDC and shall submit to RCS/State Govt. or directly to NCDC in case of societies registered under Multi State Cooperative Act/State Cooperative Act.

(iii) The RCS/State Govt. shall examine the proposal and shall recommend to NCDC for consideration.

(iv) NCDC shall consider the proposals by way of table/field appraisal according to the quantum of assistance involved.

(v) NCDC shall communicate its sanction to the State Government and a counter sanction shall be issued by the State Government to the societies.

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

(vii) The sanctioned assistance shall be released through the State Governments to the societies.

(viii) The State Governments shall periodically furnish progress reports to NCDC and NCDC shall furnish the same to DMI.

(ix) DMI shall release advance subsidy for parking in NCDC's account. The project-wise subsidy shall be adjusted/replenished by DMI.

(x) NCDC shall furnish utilization certificate to DMI.

(xi) NCDC and DMI may undertake inspection of the completed projects to verify the utilization on a random basis.

Projects financed through their own funds by the State Marketing Boards and other State Agencies

(i) The State Marketing Board **and** other State **Level Government** Agencies will submit the project proposal to DMI, HO, Faridabad **directly**. **However, lower level State Agencies, such as, APMCs, Local Bodies etc. should submit their proposals to DMI through their State level Organizations/ Departments concerned.** The DMI will send the proposal to NABCONS, a wholly owned subsidiary of NABARD **or any other suitable Financial Institution empanelled by the Ministry in accordance with the procedure laid down by the Ministry of Finance** for appraisal. **However, the projects, which have been prepared by NABCONS or any other Financial Institution empanelled by the Ministry availing the project development facility (PDF) under the Scheme, and have Feasibility Report and Cost-Benefit Analysis in its DPR prepared by them, need not be referred for appraisal by DMI.**

(ii) NABCONS **or the Financial Institution concerned**, after appraisal, will forward the proposal with recommendations to the Committee constituted under the Chairmanship of Agricultural Marketing Adviser to the Govt. of India with a representative of concerned State Marketing Board/ State Agency, a representative of concerned Regional/ Sub-Office of DMI and a representative from the Ministry. **The proposals which do not need appraisal will, however, be straightaway considered by the Committee, on their receipt in DMI.**

(iii) The Committee will examine and approve the projects found suitable. The Committee will also monitor the progress of the execution of such projects;

(iv) The subsidy component will be released as Central assistance to the Board/ State agency concerned directly by DMI in two **equal** installments depending on the progress of the work, **of which, the first installment would be released on approval of the project and the second installment shall be released only on getting a progress report of the project from the State Agency concerned showing that they have completely made their contribution for the project and have got it utilized fully and that the project requires only an amount equivalent to the second installment of subsidy from the Central Government for its completion. In case there is any other shortfall due to cost escalation or change in the quantity of works etc., such shortfall will have to be met by the State Agency concerned before seeking release of the second installment.**

10. MONITORING

(i) The monitoring of each project shall be done by DMI through its Regional/ Sub offices and review will be done on a monthly basis with NABARD/NCDC.

(ii) As mentioned in Para 9 (iv), a Joint Inspection Committee consisting of officials from NABARD, NCDC, Financing bank (s), as the case may be and DMI would inspect the project work within the overall scope of the operational guidelines of the scheme. Joint Inspection is not required in cases where TFO of the project sanctioned by the bank is less than Rs.10.00 lakh. For such projects, the inspection will be conducted by the officer of the Financing bank. The Joint inspection Committee/ Financing bank would submit its report in the format at **Annexure VI** which should be enclosed with **Annexure II**. For this purpose, the promoters/ Financing bank /NABARD will initiate necessary action to get the

inspection conducted on the project site by the Joint Inspection Committee/ Financing bank at the time when the project is completed, so as to avoid any delay in release/adjustment of subsidy.

(iii) After crediting the final installment of subsidy in the reserve fund of the borrower, a utilization certificate as per **Annexure III** is required to be submitted by the participating bank to NABARD/NCDC as the case may be, to the effect that amount of subsidy received by them has been fully utilized and adjusted in the books of account under the sanctioned terms and conditions of the project, within the overall guidelines of the scheme.

(iv) The progress report of the scheme as per formats at **Annexure IV & V** shall be sent by NABARD/NCDC directly to the Head office of DMI on a monthly basis.

(v) NABARD would delegate adequate powers to the Chief General Managers/General Managers/ In-charge of Regional Offices of NABARD so as to facilitate expeditious sanction of projects and release of refinance/subsidy amounts under the scheme.

11. STRENGTHENING OF AGMARK LABORATORIES OF DIRECTORATE OF MARKETING AND INSPECTION

The civil and electrical infrastructure of the Central Agmark Laboratory at Nagpur and six Regional Agmark Laboratories functioning in the Departmental premises shall be suitably improved with maintenance of necessary supplies and without affecting the normal functions of these labs, a portion of such premises shall be used to facilitate setting up of testing facilities as per Codex requirements through a tie-up with outside professional laboratories on rental or revenue sharing basis, whichever is found advantageous, subject to fixation of rates of testing services by such agencies in consultation with the Department.

12. GENERAL AWARENESS AND TRAINING PROGRAMME

General awareness, publicity and training programmes for farmers, market functionaries and entrepreneurs in construction, maintenance and operation of infrastructure projects as also agricultural marketing in general including grading and standardization, shall be taken up through Ch. Charan Singh National Institute of Agricultural Marketing (NIAM), Jaipur and other national and state level institution/ Universities. NIAM would also arrange for consultancy services for setting up of a "Project Development Facility" to catalyze investment credit in agri-infrastructure projects.