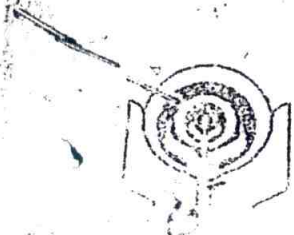


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राष्ट्रीय कृषि और ग्रामीण विकास बैंक  
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Ref. No.NB.ICD.GSP/H-1083/AM-4/2004-05

Circular No. 33 / ICD - 7 / 2005

16 February 2005

- The Chairman/Managing Director
- All Scheduled Commercial Banks
- All RRBs/ADFCs/SCBs/SCARDBs
- All Scheduled (Primary) Urban Cooperative Banks

Dear Sir

Scheme for Development / Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization- Operational Guidelines

As you are aware, our country has made rapid strides in foodgrain production as also in the production of fruits and vegetables. However, the lack of adequate post harvest management and marketing facilities have resulted in glut in the market and consequent distress sales as also heavy post harvest losses to the tune of 25-30%. Recognising the importance of post harvest management as a thrust area, Govt. of India has introduced credit-linked subsidy schemes for construction of cold storages for horticulture produce and rural godowns for agriculture produce in IX and X Plan period. These schemes have progressed well. They have helped in reducing the post harvest losses to a great extent and facilitated the farmers to hold back their produce for a reasonable period so as to realise the price advantage. The other area which is as crucial as production and post harvest management is marketing of agricultural produce. The National Agriculture Policy emphasised the need for development of a whole gamut of agricultural marketing operations including strengthening of the infrastructure, techniques of preservation, storage etc. In this backdrop, Government of India constituted, in December 2000, an Expert Committee on strengthening and developing of agriculture marketing followed by a Inter Ministerial Task Force to review the present system of Agricultural Marketing in the country and to recommend measures to make the system more efficient. The committee in its report of June 2001 and Task Force in its report of May 2002 made a number of recommendations not only for improving the existing regulated agriculture-marketing network but also to promote a parallel marketing network in the private and cooperative sector.

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Consequent to the above development, Ministry of Agriculture & Cooperation, Government of India have advised on 28 January 2005 about launching a credit linked back-ended subsidy scheme i.e. *Scheme for Development / Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization*. The scheme is in operation with effect from 20 October 2004 during 2004-05 and will continue during 2005-06 & 2006-07. Thus, the projects which are sanctioned by the financing banks on or after the above cutoff date i.e. 20 October 2004 shall be eligible to avail subsidy under the scheme. The credit linked back ended subsidy shall be provided on the capital cost of general or commodity specific agriculture marketing infrastructure and for strengthening and modernisation of existing agricultural markets, wholesale or retail in rural / municipal areas. The Scheme is reform linked and is applicable in those States/ Union Territories which amend the APMC Act, as may be required, to permit setting up of agricultural markets in private and cooperative sectors and allow direct marketing and contract farming. The details relating to marketing infrastructure for the purpose of the scheme are furnished in the enclosed guidelines.

3. The assistance under the scheme shall be available to individuals, group of farmers/ growers/consumers, partnership/proprietorship farms, NGOs, Self Help Groups (SHGs), Companies, Corporations, Cooperatives, Cooperative Marketing federations, Local Bodies, Agricultural Produce Market Committees and Marketing Boards in the entire country. Under the scheme, subsidy @25% of the capital cost of the project with an upper ceiling of Rs.50.00 lakh shall be available in all areas for all category of promoters. However in North Eastern States, Hilly and Tribal Areas and for entrepreneurs belonging to Scheduled Caste (SC)/ Scheduled Tribe (ST) and their cooperatives, the same shall be available at 33.33% subject to ceiling at Rs.60.00 lakh. Further, in respect of infrastructure projects of State Agencies, there will be no upper ceiling on subsidy.

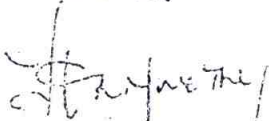
4. Directorate of Marketing and Inspection (DMI), Ministry of Agriculture, Government of India is the nodal agency to operate the scheme. NABARD will be administering the subsidy and monitoring the progress of the scheme besides providing refinance support to the eligible financing banks for the term loan extended under the scheme. NABARD would provide refinance to all the eligible financing banks @ 90% of the amount financed by the banks (95% in the case of SCARDBs in North Eastern Region and Sikkim) at the prevailing interest rates which preferably range from 5.5% to 6.75% per annum depending on the size of the loan. The quantum of refinance and interest rate thereof is subject to change from time to time.

5. We request you to circulate the operational guidelines among your controlling and branches with instruction to implement the scheme expeditiously. You may also arrange to give wide publicity to the scheme. You may also approach the State Agricultural Department for popularising the scheme and mobilising applications from prospective promoters. The implementation of the scheme shall be monitored by the State Level Banker's Committee (SLBC)/ District Level Consultative Committee (DCC)/ Block Level Banker's Committee (BLBC).

6. You may, please advise your offices as per the procedure laid down in operational guidelines, to submit the proposals to the Regional Offices of NABARD in the respective states which will sanction the subsidy under the scheme. The subsidy will be released by the Head Office of NABARD for commercial banks and by the Regional Offices concerned for other agencies, subject to availability of funds from Government of India from time to time. You may also like to stipulate suitable condition to this effect in the sanction letter to be issued under the scheme.

Please acknowledge receipt.

Yours faithfully



(H. NARAYANA MURTHY)  
Chief General Manager

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