Financing for Sustainable Agricultural Mechanization in INDIA

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System of Government

India has two tier Government system

- Central Government headed by Prime Minister
- State Government headed by Chief Minister
System of Schemes and funding pattern

- Two types of schemes of Government of India
  - (i) Central sector scheme
  - (ii) centrally sponsored scheme

  In central sector scheme, 100% funding is provided by central Govt.

  In centrally sponsored scheme, funding arrangement is 60% by central Govt. and 40% by state Govt.
System of subsidy

- Provision of subsidy, by central Government (*depending on the type of scheme*)
  - (i) To farmers - 40-50%
  - (ii) Custom Hiring Centres, CHCs - 50-80%

- State Governments may top up any amount of subsidy from their sources
System of operation of schemes

- Preparation of schemes (related to agricultural mechanization)
  - after thorough consultations of central and state Government officers, as well as all stakeholders

After launching of scheme
  (i) finalization of technical specifications of implements  
  (ii) Bureau of Indian Standards of implements  
  (iii) country level empanelment of manufacturers for supply of implements to farmers and CHCs

State Governments may follow their own system of empanelment of manufacturers
Applications are invited by state Governments from interested farmers and CHCs for purchase of implements from the approved list

Based on availability of funding from their own source or sanctioned bank loan, both farmers and CHCs are allowed to buy the implements/ set of implements from empanelled manufacturers

After due physical verification, of purchase of implements, by the state Government officers, the subsidy amount is released to farmers/ CHCs/ manufacturers
System of bank financing

- For bank loans - a dedicated National Bank for Agricultural and Rural Development (NABARD)

- This bank formulates requirement and procedure for
  - Loan application
  - Sanction
  - Disbursement
  - Recovery

- Other nationalized, cooperative and private banks follow the above procedures, in general, but they may modify and prepare their own procedure
We have Farmers’ credit card facility, supported by central Government and provided by nationalized banks, to farmers based on their land ownership.

Farmers may avail loan for their agricultural input and related needs, on marginal rates of interest for one financial year.

Once, the loan is repaid by the end of the financial year, the farmers may use the credit card again for taking the loan in the following year.
Thank You All