

■ Financing for Sustainable Agricultural Mechanization in INDIA



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CSAM



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

System of operation of schemes --- contd.

- 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

Farmers' credit card facility

- 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