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கமத்தொழில், கால்நடை வளங்கள், காணி மற்றும் நீர்ப்பாசன அமைச்சு
Ministry of Agriculture, Livestock, Lands and Irrigation

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80/5, “ගොවිජන මන්දිරය”, රජමල්වත්ත පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව.
 80/5, “கொவிஜன மந்திரய”, ரஜமல்வத்தை வீதி, பத்தரமுல்லை, இலங்கை.
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All District Secretaries

All Divisional Secretaries

All District Directors of Agriculture

Implementation of the “Development of Youth Entrepreneurs in Agriculture and Industry Sector Loan Scheme”

The policy agenda of the government has directed to give financial support to establish 50,000 agricultural entrepreneurs within five years. As an initiative, the government has proposed to allocate Rs. 500 million for 2025 towards the “Development of Youth Entrepreneurs in Agriculture and Industry Sector” programme. Accordingly, the youth entrepreneurs in the field of agriculture and agriculture related industries, particularly for those who expect to scale-up or willing to engage in start-ups, will be targeted through this initiative.

02. The optimal utilization of the potential resources to develop the agriculture sector at the regional level and implementation of the Development of Youth Entrepreneurs in Agriculture and Industry Sector Programme in all Island through a strategic approach so as to offer improved, more productive, theoretical, practical knowledge and guidance to the Youth Entrepreneurs in agriculture are the primary objectives of this programme.

03. As you are well aware, the agriculture sector in Sri Lanka faces several major challenges, such as; subsistence farming, minimal mechanization, high production costs, insufficient prices for production, high prices and price volatility of agricultural products, weak extension services, inadequate value addition, low youth participation, damages from wild animal and negative consequences of climatic changes including natural disasters.

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පිළිතුරු ලිපි යොමු කිරීමේදී මගේ අංකය, ලිපි කවරයේ වම්පස ඉහළ කෙළවරෙහි සඳහන් කර එවීමට කාරුණික වන්න

04. This project, as one of the supportive project initiatives to address some of the current issues in the agriculture sector, aims to implement a youth entrepreneurship soft loan scheme island wide targeting to encourage younger generation towards agricultural enterprises; such as value added, export oriented, innovative agricultural projects etc. by deviating them from the subsistence farming mind-set.

05. Given these circumstances, you are expected to extend your fullest cooperation to implement this loan scheme in your areas and to complete the same within the year 2025 as carrying forward of previous year balances are not allowed as the allocation is given under the budget proposals 2025.

06. The features, loan criteria and beneficiary selection criteria of this loan scheme are set out below for your kind information and to be applied during the implementation process of this loan scheme.

1. Loan Criteria of the scheme

S/ N	Criteria	For District Secretaries, Divisional Secretaries, District Director of Agriculture and Project Selection Committees
General Criteria		
A	Project Locations	All Island.
B	Targeted Beneficiaries	Youth engage in agriculture sector specifically the agro based enterprises instead of subsistence level farming.
C	Project Areas/Sectors	Agriculture related cultivators, procure agricultural equipment including equipment for protection from wild animals, purchase of agriculture related machineries, food processing using domestically produced agricultural crops, usage of green technology in agriculture , export oriented small and medium scale agriculture based industries, agricultural value added industries (including export oriented industries) and other agriculture & livestock related innovative economic activities are mainly encouraged under this loan scheme except tea, rubber, coconut and cinnamon.
D	Funding availability for the projects	Rs. 500 mn is allocated through a budget proposal and it should be utilized before end of the year 2025 and no liability is to be maintained in granting the loans over the subsequent year.
E	Land ownership	Owned land or temporarily owned land (leased/rented) depending on the nature of the project.
f	Age group of beneficiaries	18-50 years
g	Minimum number of beneficiaries	100

S/ N	Criteria	For District Secretaries, Divisional Secretaries, District Director of Agriculture and Project Selection Committees
h	Implementing Banks /PFIs	People's Bank, Bank of Ceylon, Pradeshiya Sanwardhana Bank
i	Gender Balance of the project	Not a selection criteria
j	Progress Reporting	Monthly progress should be reported to the ministry. A project completion report should be submitted after completion of the project.
k	Baseline data	The baseline data (socio-economic) about beneficiaries to be collected prior to start the project.
l	Environmental Impact	
	Physical:	The soil and environmental protection should highly be addressed in the project to reduce the environment impact on the physical status.
	Biological:	Scientific measures to be applied to avoid any environmental impacts on biological aspects.
	Socio-cultural:	All the environmental concerns pertaining to socio-culture aspect of the stakeholders should be considered in order to ensure no environmental impact is affected on the socio-culture.
M	Approvals for projects	Necessary approvals to be obtained as per the relevant circulars and guidelines time to time issued by the government.
Financial Terms		
a	Bank/PFI Operational charges	Three percent per annum (3% p.a.) on outstanding loan balances
b	Administration cost	One percent (1%) flat on the loan amount (twenty five percent (25%) for District Secretariat & seventy five percent (75%) for Divisional Secretariat)
c	Upper loan ceiling	Should not exceed Rs. 5.0 mn
d	Minimum loan ceiling	Reasonable project value.
e	Interest rate to be charged from beneficiaries	Four percent (4 % p.a.) on the outstanding loan amount
f	Beneficiary contribution	Twenty five percent (25%) of the total cost of the project (in-kind or cash). The cost of the project should be estimated properly.
g	Tenure	Maximum 5 years
h	Grace Period	Depend on the nature of the project (maximum 6 months).

2. Beneficiary Selection Criteria of the Loan Scheme

1. The maximum allocation provided to one district is Rupees twenty million (Rs. 20million) and with the aim of creating more entrepreneurs, more attention should be paid to projects that provide greater sustainability and productivity, even if the cost of the project is relatively low.
2. The maximum loan limit that can be allocated to a single borrower is Rupees five million (Rs.5 million). When selecting project proposals, greater attention should be paid to projects that add expansionary impact to the national economy (Although there is no minimum loan limit in the loan scheme, the sustainability and productivity of projects should be considered when selecting Beneficiaries).
3. This scheme finances projects related to the cultivation of agricultural crops and cereal varieties other than cinnamon, tea, coconut and rubber, purchase of other agricultural equipment including crop protection equipment, food processing industries based on local agricultural products, small and medium-scale agricultural projects focused on exports, value-added agricultural projects and livestock-related projects.
4. Viable projects that meet all the criteria for selecting beneficiaries should be chosen on First come first serve basis. Furthermore, the financial, marketing, economic and social feasibility of the project must be confirmed.
5. Loan applicants must have permanent ownership of the required land or buildings, or lease right or rented out for an appropriate period of time depending on the nature of the project.
6. Depending on the nature of the project, recommendations from technical authorities in the field should also be obtained for the relevant projects (Eg: For projects related to export agricultural crops, recommendations should be obtained from relevant regional office of the Department of Export Agriculture).
7. The relevant project proposal must be recommended by the Divisional Secretary, District Director of Agriculture and District Secretary and to be submitted to the Secretary to the Ministry for final approval. Additionally, beneficiaries should be selected through (Rural-development) Committees (with the involvement of government officials).
8. Borrowers must open an account at the PFI from which they are requesting the loan and the granting of the proposed loan must comply with the rules and regulations of the respective PFI.
9. Priority should be given to finance projects of cooperatives, Public Unlisted Companies beyond individual project financing. Cooperatives and Public Unlisted Companies should be registered as legal entities to be considered for credit facilities under this scheme.
10. A beneficiary selected under this loan scheme entitles to receive only a one loan given the scarcity of financial resources under the scheme.

3. Operational Procedures of the Loan Scheme

1. Divisional Secretary recommends project proposal which is submitted by the agrepreneur through Rural Development committee agreement to the Divisional Secretary in line with the project selection criteria.
2. District Director of Agriculture and District Secretary recommend the project proposals to the Secretary to the Ministry for approval.
3. The beneficiary list approved by the Secretary to the Ministry will send to the district secretary, head office of the relevant PFI with copies to relevant branch of the PFI and Divisional Secretary.
4. The following documents shall be submitted to the relevant PFI, by the borrowers for obtaining the loan.
 - 4.1. A letter issued by the relevant Divisional Secretary with the recommendations of beneficiaries selection committee stating that the project submitted by the beneficiary is selected under this programme and recommended for obtaining the loan.
 - 4.2. A Confirmation letter from the applicant assuring the settlement of monthly installment without failure.
 - 4.3. Duly filled out the application and other relevant documents issued by the PFI.
5. PFI will select suitable beneficiaries in line with PFI's criteria. The PFI should ensure that the loan applicants or guarantors shall not be defaulters of any bank or financial institution.
6. Bank/ PFI branch will send the details of selected borrowers to the ministry through head office of the relevant PFI to refinance registration.
7. Assigning a refinance registration number by the ministry and forward to the head office of the relevant PFI with a copy to the District Secretary and Divisional Secretary.
8. Bank/ PFI branch will release the loan to the borrower using their own funds and submit the refinance claim documents to the ministry through the head office of the relevant PFI.
9. Monitoring of the projects implemented shall be continuously performed by the relevant Divisional secretaries in coordination with the District Director of Agriculture and their progress shall be forwarded to the Secretary to the Ministry through the recommendation of the relevant District Secretary.


Secretary

Ministry of Agriculture, Livestock, Lands and Irrigation

Date: 21 August 2025

D.P. Wickramasinghe
Secretary
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