

## **Union Food and Consumer Affairs Minister launches Credit Guarantee Scheme for e-NWR based pledge Financing (CGS-NPF)**

Credit Guarantee Scheme to minimize distress selling by farmers: Shri Pralhad Joshi

Scheme vital for food security; banks must adopt liberal approach towards farmers: Shri Joshi

The Union Minister of Consumer Affairs, Food and Public Distribution and New & Renewable Energy, Shri Pralhad Joshi launched the Credit Guarantee Scheme for e-NWR based Pledge Financing (CGS-NPF) here today. This scheme provides a corpus of Rs 1,000-crore for post-harvest finance availed by farmers against electronic negotiable warehouse receipts (e-NWRs) after depositing commodities in Warehousing Development and Regulatory Authority (WDRA) accredited warehouses.



The Union Minister said that this scheme is being launched to minimise distress selling by farmers. Noting that the most challenging task is to register all warehouses, he urged the Warehousing Development and Regulatory Authority (WDRA) to bring warehouse developers under its ambit and urged them to build warehouses nearer to farm lands. The Minister said that e-registration will make this scheme a huge success. He elaborated that the scheme is a significant initiative as a guarantee cover for the loans availed by farmers/ traders against electronic negotiable warehouse receipts (e-NWRs). CGS – NPF Scheme has been introduced to instill confidence in bankers, encouraging the extension of pledge finance against electronic Negotiable Warehouse Receipts (e-NWRs) for farmers /traders who store their agricultural / horticultural produce in warehouses registered with the WDRA.

Recollecting from his experiences, he further stated that banks need to adopt a liberal approach towards farmers in settling loan amounts and other finances like e-NWR receipts.

Shri Joshi during his address invoked PM's commitment for farmers' welfare. He said that fertiliser prices have globally increased due to ongoing conflicts, whereas Government of India is providing Urea to farmers at the lowest rates in the world.



Union Minister of State for Consumer Affairs, Food and Public Distribution, Smt. Nimuben Jayantibhai Bambhaniya said that the scheme will protect farmers' welfare reflecting upon Prime Minister Shri Narendra Modi's clarion call for welfare of farmers.

Union Minister of State for Consumer Affairs, Food and Public Distribution, Shri B.L. Verma said that this scheme addresses the default arising out of both Credit risk and Warehouseman risk and thereby, improves trust by the Banks.

Shri Sanjeev Chopra, Secretary, Department of Food and Public Distribution, Government of India, said that term lending in agriculture and the post-harvest pledge finance lending need increased attention. He hoped that the launch of this scheme with a corpus of Rs 1,000 crore will boost the post-harvest lending to Rs 5.5 lakh crore in the next 10 years. He also noted that the recent launch of e-Kisan Upaj Nidhi platform would streamline the lending from end-to-end for farmers without approaching the bankers repeatedly. Shri Chopra said that creating awareness about the CGS-NPF scheme, making National e-Repository Limited (NERL) and Countrywide

Commodity Repository Limited (CCRL) repository charges reasonable and working towards registering more warehouses need to be prioritised. Increasing warehouse registration to 40,000 in the next 1-2 years needs to be taken up, he added.



The credit guarantee schemes are expected to enhance the availability and accessibility of finances for the targeted beneficiaries, as they play an important role in economic growth. The credit guarantee scheme for e-NWR based pledge Financing is in demand from various stakeholders, especially the banking sector. The credit guarantee scheme will serve to increase post-harvest lending against e-NWRs and thereby, play a significant role in improving farmers' income.

This scheme majorly focuses on Small and Marginal Farmers, Women, SC, ST and Divyangjan (PwD) farmers with a minimal guarantee fee. Besides, small traders (MSMEs), FPOs are also benefited under this scheme. Loans extended to small and marginal farmers up to Rs. 75 Lakhs will have coverage of 80 to 85% and loans extended to MSMEs/FPO 's /traders up to Rs. 200 Lakhs will have coverage upto 75% under the scheme.

Salient features of Credit Guarantee Scheme for e-NWR based pledge Finance (CGS-NPF) is as follows:

<b>Total Corpus</b>	Rs. 1000 Crores
<b>Coverage</b>	Loans up to Rs. 75 lakhs for agricultural purpose and Loans up to Rs. 200 Lakhs for nonagricultural purpose.
<b>Eligible Institutions</b>	All scheduled banks and all cooperative banks

<b>Eligible Borrowers</b>	Small and Marginal Farmer (SMF)/ Women/SC/ST/PwD Farmers, other farmers, MSMEs, Traders, FPOs and Farmer cooperatives.														
<b>Risks covered</b>	Credit and warehouseman risk														
<b>Guarantee Fee</b>	0.4% p.a. for farmers and 1% p.a. for non-farmers														
<b>Guarantee coverage</b>	85% for loans up to Rs. 3L and 80% for loan between 3 to 75 lakhs for small and marginal farmers/women/SC/ST/PwD and 75% for other borrowers.														
<b>Settlement of claim*</b>	<table border="1"> <thead> <tr> <th>Sr.</th> <th>Eligible claim</th> <th>1<sup>st</sup> installment of claim  (% of default amount)</th> <th>2<sup>nd</sup> installment of claim  (% of default amount)</th> </tr> </thead> <tbody> <tr> <td>a.</td> <td>Upto Rs. 75 Lakhs</td> <td>75%</td> <td>25%</td> </tr> <tr> <td>b.</td> <td>Above Rs. 75 Lakhs and upto Rs. 2 crore</td> <td>60%</td> <td>40%</td> </tr> </tbody> </table>			Sr.	Eligible claim	1 <sup>st</sup> installment of claim  (% of default amount)	2 <sup>nd</sup> installment of claim  (% of default amount)	a.	Upto Rs. 75 Lakhs	75%	25%	b.	Above Rs. 75 Lakhs and upto Rs. 2 crore	60%	40%
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