

Memorandum of Understanding signed to facilitate low interest rate loans to farmers

Produce Marketing Loan features Nil processing fee, No Additional collateral and attractive interest rates

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To facilitate farmers in providing low interest rate loans, Warehousing Development Regulatory Authority (WDRA) signed Memorandum of Understanding (MoU) with a nationalized bank in an event.

The MoU was signed with the intent of promoting awareness about the new loan product called Produce Marketing Loan to exclusively fund against e-NWRs (electronic Negotiable Warehouse Receipt) with features such as Nil processing fee, No Additional collateral and attractive interest rates.

The MoU is aimed to provide information to depositors of the benefits, besides doing further outreach activities to improve agricultural pledge finance in India.

It is envisaged that the product will have far reaching consequences with regard to acceptance of e-NWRs among small and marginal farmers. It has the potential to make significant impact on the finances of rural depositors by preventing distress sale and releasing better prices for the produce.

Combined with the inherent security and negotiability of the e-NWR system, the Produce Marketing Loan will go long way in improving rural liquidity and increasing farmers income. The MoU was signed with the State Bank of India (SBI).

During the event, there was a brief discussion on the importance of post-harvest pledge financing using warehouse receipts for improving rural credit. The bank representatives also highlighted the risks faced by the lending institutions in this sector. WDRA assured their full regulatory support in improving the fiduciary trust among stakeholders.

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