

Pledge Finance

It is a well known fact that the prices of agricultural commodities immediately after harvest, tend to be low compelling the farmers specially the small and marginal farmers with low or no holding capacity, to resort to distress sale. There has been a felt need to provide the farming community with pledge finance to enable the farmers to avail credit when the prices are low and to sell their produce when the prices are favourable. Initially, pledge finance facility was extended through the State and Central Warehousing Corporations' warehouse receipts by the financing banks. However, since the godowns of State & Central Warehousing Corporations were limited and located at division or district level involving transportation charges, the facility was not of much avail to the farmers. Therefore, to facilitate the farmers with credit when the agricultural prices are low, the Agricultural Marketing Departments/ Boards of various States have started implementing the pledge finance scheme, through their APMCs. However, due to limited storage infrastructure available with the APMCs and also since the APMCs are distantly located, not many farmers were benefitted through the pledge finance schemes of the Agricultural Marketing Departments/ Boards.

Further, the banks extending post-harvest loans under pledge finance had problems of assessment of the quality of the agricultural produce, security of the produce pledged and also the security of the loan. This gave rise to the emergence of Collateral Management Service providers like National Collateral Management Services Ltd., (NCMSL), National Bulk Handling Corporation Ltd., (NBHC), etc., which are being promoted by a consortium of banks and other related organisations. These Collateral Management Service providers assay the quality of the produce, issue the warehouse receipts, maintain and manage the produce and also offer collateral security of the produce stored, to the banks on behalf of the farmers who store the produce. They in turn charge their margin for the services provided. The banks extend pledge finance to the farmers based on the warehouse receipts issued by the Collateral Management Service providers.

The pledge finance schemes being implemented by the State Agricultural Marketing Departments/ Boards, State and Central Warehousing Corporations and Collateral Management Service providers in various States are detailed in the following pages.

Andhra Pradesh

Agricultural Marketing Department :

Agricultural Marketing Department of Andhra Pradesh has been implementing pledge finance scheme viz., Rythu Bandhu Pathakam, since 1999.

Rythu Bandhu Pathakam (Pledge Loan Scheme) To prevent farmers from resorting to distress sales, Rythu Bandhu Pathakam has been introduced in the Agril. Market Committees to provide finance to the farmers against pledge of their produce.

Features: The Advances are limited to 75 % of the value of agricultural produce pledged subject to a ceiling of Rs.1,00,000/- per farmer. Interest will not be charged on the loans sanctioned under Rythu Bandhu Pathakam for the first 90 days. Interest @ 3% will be charged from 91 days onwards if they lift the produce within a period of 180 days, if not, a penal interest of 12% will be charged on loan from 91 days onwards upto 270 days, after 270 days the APMCs shall have the right to dispose off the produce and recover the loan from the sale proceeds.

Pledge loan is sanctioned to farmers who store their produce in the Godowns of State/Central Warehousing Corporation where Agril., Market Committees do not have their own godowns or due to non availability of space in their godowns. The Warehousing Corporations concerned shall have to give an undertaking to the Agricultural Market Committee that they will not allow the farmers to remove or sell the stocks without the specific and prior approval of the concerned Agricultural Market Committee.

Details of pledge finance extended under Rythu Bandhu Pathakam are given are:-

Year	Pledge finance extended in Rs.in lakhs	No. of beneficiaries
2009-10	2254.04	5404
2010-11	1296.79	3024
2011-12	973.77	1564
2012-13	1576.7	2815
2013-14	1578.63	2363

Andhra Pradesh State Warehousing Corporation-

APSWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

Details of pledge finance extended and no. of beneficiaries are as follows:

Year	Pledge finance extended in Rs.in lakhs	No. of beneficiaries
2009-10	Nil	Nil
2010-11	Nil	Nil
2011-12	Nil	Nil
2012-13	Nil	Nil
2013-14	291.80	145

Central Warehousing Corporation : CWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts, in Andhra Pradesh.

The details of pledge loan extended and no. of beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	46911.46	7199
2010-11	9764.47	7211
2011-12	2082.33	1032
2012-13	3648.32	2409
2013-14	2143.37	1439

National Bulk Handling Corporation : NBHC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The amount of Pledge finance extended and the No. of Beneficiaries are as follows:

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	66448.08	2774
2010-11	66796.50	2484
2011-12	51873.20	2708
2012-13	31954.18	1244
2013-14	31074.56	1022

National Collateral Management Services Limited : NCMSL is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The amount of Pledge finance extended and the No. of Beneficiaries are as follows:

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	Nil	Nil
2010-11	Nil	Nil
2011-12	3159.60	803
2012-13	45748.70	9301
2013-14	96304.40	14844

Karnataka

Department of Agricultural Marketing : Department of Agricultural Marketing has been implementing the pledge loan scheme through Agricultural Produce Marketing Committees in the State of Karnataka.

Features: The period of advance shall not exceed 180 days from the date of pledging of the produce. No interest shall be charged on the advance for period of first 90 days from the date of disbursement. Thereafter, interest shall be charges at the rates prescribed below :

Sl. No.	Amount of Pledge finance	Rate of interest
1	Up to Rs.25,000	4 % per annum
2	Rs.25,000-00 and above but below Rs.50,000	6 % per annum
3	Rs.50,000-00 and above but below Rs.1,00,000	8 % per annum
4	Rs.1,00,000-00 and above but below Rs.2,00,000	10 % per annum

The details of pledge loan extended by the APMCs and no. of farmers benefited for the last five years are given below:

Year	Pledge finance extended in Rs.in lakhs	No. of beneficiaries
2009-10	145. 77	101
2010-11	207. 95	150
2011-12	246. 03	128
2012-13	503. 38	193
2013-14	296. 33	121

Karnataka State Warehousing Corporation-

KSWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

Features: The banks lend 60-65% of the value of the warehouse receipt by obtaining a lean note from the concerned warehouse manager of the KSWC. Rate of Interest depends on the individual banks. The repayment is up to six months and can be extended up to one year depending upon condition of quality of the produce and the revalidation will be done once in three months. The amount extended for pledge finance for the last five years is given below:

Year	Pledge finance extended in Rs.in lakhs	No. of beneficiaries
2009-10	55341. 84	18780
2010-11	51944. 01	18048
2011-12	34114. 54	12072
2012-13	44726. 41	12986
2013-14	Not available	Not available

Tamil Nadu

Directorate of Agricultural Marketing & Agri-business: Directorate of Agricultural Marketing & Agri-business has been implementing Pledge loan scheme to farmers through their Regulated markets.

Features: Under the pledge loan scheme, farmers can store their agricultural produce in the godowns of regulated markets for a maximum period of six months and can avail pledge loan up to a maximum of Rs. 2.00 lakhs. For the first 15 days no interest is charged and beyond 15 days interest will be charged @ 5%. The farmers can store their produce in the regulated market for a maximum period of 6 months.

The details of pledge loan availed and no. of beneficiaries are as follows:

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	2196.01	3157
2010-11	20134.86	2817
2011-12	1859.59	2246
2012-13	2685.09	2381
2013-14	3936.56	2995

Tamil Nadu State Warehousing Corporation : TNSWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts. 42 warehouses have been accredited under WDRA, which issue warehouse receipts. The rate of interest is ranging from 11% to 12% for a period of 6 to 9 months.

The details of pledge loan extended and no. of beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2010-11	19100	3599
2011-12	19100	3529
2012-13	9300	1479
2013-14	13900	1975

Central Warehousing Corporation : CWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts, in Tamilnadu.

The details of pledge loan extended and no. of beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	Nil	Nil
2010-11	Nil	Nil
2011-12	3212.43	346
2012-13	3089.05	543
2013-14	6264.58	795

Kerala

Kerala State Warehousing Corporation: Kerala SWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The details of pledge loan extended and no. of beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	2021.26	130
2010-11	2444.40	116
2011-12	2251.82	234
2012-13	3956.49	190
2013-14	4949.97	188

Central Warehousing Corporation : CWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts, in Kerala.

The details of pledge loan extended and no. of beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	3554	136
2010-11	10639	664
2011-12	4295	376
2012-13	2543	102
2013-14	704	1328

Haryana

Haryana State Agricultural Marketing Board:

No pledge finance scheme is being implemented by Haryana State Agricultural Marketing Board.

Haryana State Warehousing Corporation : No warehouse receipts are being issued by Haryana State Warehousing Corporation for availing pledge finance from banks.

Central Warehousing Corporation : No warehouse receipts are being issued by Central Warehousing Corporation, in Haryana for availing pledge finance from banks.

National Bulk Handling Corporation : NBHC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The amount of Pledge finance extended and the No. of Beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	81333	151
2010-11	56872	97
2011-12	91593	106
2012-13	138843	133
2013-14	1419	157

National Collateral Management Services Limited : NCMSL is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The amount of Pledge finance extended and the No. of Beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	15610	67
2010-11	40447	88
2011-12	48942	86
2012-13	24367	63
2013-14	95988	108

Punjab

Punjab State Agricultural Marketing Board :

No pledge finance scheme is being implemented by Punjab State Agricultural Marketing Board.

Punjab State Warehousing Corporation : No warehouse receipts are being issued by Punjab State Warehousing Corporation for availing pledge finance from banks.

Central Warehousing Corporation : No warehouse receipts are being issued by Central Warehousing Corporation, in Punjab for availing pledge finance from banks.

National Bulk Handling Corporation : NBHC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The amount of Pledge finance extended and the No. of Beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	89771	191
2010-11	79088	158
2011-12	90830	163
2012-13	159343	192
2013-14	176446	217

National Collateral Management Services Limited : NCMSL is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The amount of Pledge finance extended and the No. of Beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	22378	112
2010-11	62722	119
2011-12	60879	130
2012-13	71838	116
2013-14	115007	141

Gujarat

Gujarat State Agricultural Marketing Board :

No pledge finance scheme is being implemented by Gujarat State Agricultural Marketing Board.

Central Warehousing Corporation :

CWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts, in Gujarat.

The details of pledge loan extended and no. of beneficiaries are as follows :

Year	Amount of pledge finance extended (Rs. in lakhs)	No. of Beneficiaries
2009-10	288.93	57
2010-11	126.13	17
2011-12	36.58	07
2012-13	517.63	46
2013-14	2091.67	62

Gujarat State Warehousing Corporation. :

No warehouse receipts are being issued by Central Warehousing Corporation, in Gujarat for availing pledge finance from banks.

Rajasthan

Directorate of Agricultural Marketing :

Pledge Finance scheme is being implemented by APMCs in Rajasthan since 1995.

Features: Maximum ceiling of pledge finance per beneficiary - Rs. 20000/- and rate of interest is 6% p.a. with repayment up to 9 months. However, no pledge loan disbursed for last 4 years in any of APMCs.

Amount of pledge finance extended and no. of beneficiaries for the last 5 years :

Year	Amount of pledge finance extended (Rs. in lakhs)	No. of Beneficiaries
2009-10	1.20	6
2010-11	NIL	NIL
2011-12	NIL	NIL
2012-13	NIL	NIL
2013-14	NIL	NIL

Rajasthan State Warehousing Corporation :

Pledge finance scheme is being implemented by Rajasthan State Warehousing Corporation. Pledge finance is extended up to Rs. 1.00 lakh per beneficiary @ 12.50% interest up to 180 days. However, no pledge finance has been extended for the period from 2009-10 to 2013-14.

Central Warehousing Corporation :

No warehouse receipts are being issued by Central Warehousing Corporation, in Rajasthan for availing pledge finance from banks.

National Bulk handling Corporation : NBHC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The details of pledge loan extended and no. of beneficiaries are as follows:

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	92762.00	571
2010-11	74527.00	524
2011-12	83052.00	573
2012-13	95255.00	559
2013-14	116850.00	612

Madhya Pradesh

Madhya Pradesh State Agricultural Marketing Board :

No pledge finance scheme is being implemented by Madhya Pradesh State Agricultural Marketing Board.

Madhya Pradesh Warehousing & Logistics Corporation limited:

MPWLC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The details of pledge loan extended and no. of beneficiaries are as follows :

Year	Amount of pledge finance extended (Rs. in lakhs)	No. of Beneficiaries
2009-10	3395.57	1628
2010-11	2024.87	1124
2011-12	916.76	380
2012-13	605.79	233
2013-14	2469.25	509

Central Warehousing Corporation :

No warehouse receipts are being issued by Central Warehousing Corporation, in Madhya Pradesh for availing pledge finance from banks.

National Bulk handling Corporation : NBHC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The details of pledge loan extended and no. of beneficiaries are as follows:

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	25943.65	432
2010-11	19542.86	233
2011-12	16464.20	198
2012-13	21736.72	307
2013-14	28704.32	386

Maharashtra

Maharashtra State Agricultural Marketing Board: MSAMB is implementing pledge finance scheme through their APMCs for the benefit of farmers.

Features: The Advances range from 50 to 75 % of the market value of agricultural produce pledged. Interest @ 6% will be charged up to a period of 180 days. If the pledge loan is repaid within 180 days interest subsidy @ 3% is extended to the farmers. Above 6 months interest @8% and from 12 to 18 months @12% is charged. Maximum period of pledge is 18 months.

Details of pledge finance extended under the scheme are given are:-

Year	Pledge finance extended in Rs.in lakhs	No. of beneficiaries
2009-10	1727.48	NA
2010-11	1009.37	NA
2011-12	895.44	NA
2012-13	2233.09	NA
2013-14	Nil	NA

Central Warehousing Corporation :

CWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts, in Maharashtra.

The details of pledge loan extended and no. of beneficiaries are as follows :

Year	Amount of pledge finance extended (Rs. in lakhs)	No. of Beneficiaries
2009-10	538.36	139
2010-11	684.14	171
2011-12	898.33	199
2012-13	1470.26	336
2013-14	1643.84	390

Orissa

Orissa State Agricultural Marketing Board: Pledge finance scheme has not yet been implemented in the APMC godowns. However, accreditation of some APMC godowns is under process and the scheme will be implemented after the godowns are accredited.

Central Warehousing Corporation : CWC is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The details of pledge loan extended and no. of beneficiaries are as follows :

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	Nil	Nil
2010-11	Nil	Nil
2011-12	Nil	Nil
2012-13	2.35	03
2013-14	6.49	03

National Collateral Management Services Ltd.: NCMSL is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The details of pledge loan extended and no. of beneficiaries are as follows:

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	2158.00	90
2010-11	4410.00	153
2011-12	7087.00	259
2012-13	6187.00	264
2013-14	10897.00	203

West Bengal

West Bengal State Agricultural Marketing Board: No pledge finance scheme is being implemented by West Bengal State Agricultural Marketing Board.

West Bengal State Warehousing Corporation : No warehouse receipts are being issued by West Bengal State Warehousing Corporation for availing pledge finance from banks.

Central Warehousing Corporation : No warehouse receipts are being issued by Central Warehousing Corporation, in West Bengal for availing pledge finance from banks.

National Collateral Management Services Ltd.: NCMSL is issuing Warehouse Receipts based on which the banks are extending pledge loans against the warehouse receipts.

The details of pledge loan extended and no. of beneficiaries are as follows:

Year	Pledge finance extended in Rs. Lakhs	No. of Beneficiaries
2009-10	5777.00	74
2010-11	2488.00	121
2011-12	6947.00	99
2012-13	6721.00	212
2013-14	7600.00	81

Bihar

There is no Pledge Finance Scheme being implemented in the State by any agency.

Jharkhand

There is no Pledge Finance Scheme being implemented in the State by any agency.

Himachal Pradesh :

There is no Pledge Finance Scheme being implemented in the State by any agency.

Uttar Pradesh

There is no Pledge Finance Scheme being implemented in the State by any agency.

Assam

There is no Pledge Finance Scheme being implemented in the State by any agency.

Arunachal Pradesh

There is no Pledge Finance Scheme being implemented in the State by any agency.

Manipur

There is no Pledge Finance Scheme being implemented in the State by any agency.

Mizoram

There is no Pledge Finance Scheme being implemented in the State by any agency.

Meghalaya

There is no Pledge Finance Scheme being implemented in the State by any agency.

Nagaland

There is no Pledge Finance Scheme being implemented in the State by any agency.

Sikkim

There is no Pledge Finance Scheme being implemented in the State by any agency.

Tripura

There is no Pledge Finance Scheme being implemented in the State by any agency.

NCT of Delhi

There is no Pledge Finance Scheme being implemented in the NCT of Delhi by any agency.