Credit Guarantee Scheme for e-NWR based Pledge Financing (CGS-NPF)

Why in News?

The Union Minister recently launched the Credit Guarantee Scheme for e-NWR based Pledge Financing (CGS-NPF).

- **CGS-NPF** – It provides a c*orpus of Rs 1,000-crore for post-harvest finance* availed by farmers against electronic negotiable warehouse receipts (e-NWRs).
- **Prerequisite** – It can availed after depositing commodities in Warehousing Development and Regulatory Authority (WDRA) accredited warehouses.

***e-NWR** is an effective tool for promoting pledge financing organized by the Warehousing Development and Regulatory Authority (WDRA) under the Department of Food and Public Distribution (DFPD).*

- **Objectives** – To ***minimise distress selling*** by farmers.
- **Launched by** – Ministry of Consumer Affairs, Food & Public Distribution.
- **Eligible Institutions** – All scheduled banks & all cooperative banks.
- **Eligible Borrowers** – Small and Marginal Farmer (SMF)/ Women/SC/ST/PwD Farmers, other farmers, MSMEs, Traders, FPOs and Farmer cooperatives.

Coverage	
Agricultural purpose	Loans up to Rs. 75 lakhs, 80-85% coverage.
Non-agricultural purpose	Loans up to Rs. 200 lakhs, coverage up to 75%.

- **Risks covered** - Credit and warehouseman risk
- **Significance** – It instill the confidence in bankers to encourage the farmers and traders to extend pledge finance against e-NWRs.
- It will boost post-harvest lending to Rs 5.5 lakh crore in the next 10 years

Currently, *e-NWR lending is a mere Rs 4000 CR against the potential of Rs 5.5 lakh crore.*

Reference

PIB| CGS-NPF



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