Credit Guarantee under e-NWR

Prelims – *Current events of national importance.*

Mains (GS III) – *Economic Development.*

Why in News?

Union finance ministry has asked public, private, regional rural, and cooperative banks to sign up for the National Credit Guarantee Trustee Company (NCGTC) and the e-Kisan Upaj Nidhi (e-KUN) portal.

- These platforms support lending against electronic negotiable warehouse receipts (e-NWRs), which allow farmers to use ***stored produce as collateral*** for loans.
- To improve farmers and agri-businesses access to credit.
- Eligible credit facilities include loans provided by eligible lending institutions (ELIs) against e-NWRs under agricultural credit.
- Banks have been encouraged to promote pledge-based financing against e-NWRs through a branch-level outreach and social media campaigns.
- The credit guarantee scheme for e-NWR provides coverage for both credit risk and warehouseman risk.

So far, 8 banks have joined the NCGTC while 26 have signed up for the e-KUN portal, which is part of the Jansamarth portal.

- The Reserve Bank of India (RBI) recently increased
  - e-NWR-backed loans under priority-sector lending from Rs.75 lakh to Rs.90 lakh for individual farmers, and
  - For farmer producer organizations, corporate farmers, and cooperatives engaged in agricultural activities from Rs.75 lakh to Rs.4 crore.
- Under the scheme, credit-guarantee coverage varies in accordance with the loan amount and category of the borrower.
- For loans up to Rs.3 lakh, small and marginal farmers, women, Scheduled Castes (SCs), Scheduled Tribes (STs), and farmers who are specially abled are eligible for 85% guarantee coverage while for other borrowers and beneficiaries it is 75%.
- For loans above Rs.3 lakh and up to Rs.75 lakh, guarantee coverage is 80% for all eligible borrowers.
- For loans above Rs.75 lakh and up to Rs. 2 crore, the scheme currently does not provide coverage.

Reference

Business Standard | Loans on e-warehouse receipts

