

MEDIA COVERAGE REPORT



SOHAN LAL COMMODITY MANAGEMENT PVT. LTD

Story on Agri-Finance

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Demand Rises for Agri Financing & Storage Facilities

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Kolkata: Demand for agricultural loans and storage facilities is expected to increase significantly in the ongoing kharif season as the pandemic situation seems under control and the impact of erratic rains remains minimal, agri financing and warehousing companies have said.

They expect strong growth in Uttar Pradesh, Madhya Pradesh, Rajasthan, Gujarat, Karnataka and Maharashtra, particularly from paddy, maize, bajra, soybean, groundnut and cotton growers.

"As the Covid-19 cases decline and the pace of vaccination gathers momentum, we are broadly expecting a two-fold increase in the disbursement of loans this season," said Sandeep Sabharwal, group CEO of Sohan Lal Commodity Management Pvt Ltd (SLCM), a leading agriculture logistics and finance group. "In the current fiscal, we are looking at providing financing against a diversified basket of agricultural commodities and products, like lending to farmer producer organisations and non-banking financial companies (NBFCs)."

He said a variety of crops like paddy, rice, maize, bajra, soybean, groundnut and cotton are expected to see strong demand.

"The resilient rural demand will continue to be supported by strong production numbers and higher procurement prices for the 2021-22 season, together with an overall rebound in economic activity," Sabharwal said. "States like Haryana, Punjab, Uttar Pradesh, Madhya Pradesh, Maharashtra, Gujarat, and Karnataka are going to be the most sought-after for agricultural lending."

SLCM carries out most of its



agri-lending through wholly-owned subsidiary Kissandhan Agri Financial Services.

Origo Commodities, a Gurgaon-based agriculture fintech company that provides structured trade finance on agri commodities, said lending in this year's kharif season is expected to soar 150% year on year to Rs 450 crore from Rs 180 crore in last kharif.

"The factors driving the growth are...opening up farmer procurement centres in UP and Rajasthan this season and onboarding of new clients," said Sunoor Kaul, cofounder of Origo Commodities.

Procurement is a key strength as it offers better price discovery for clients and producers, he said.

Warehousing companies are, meanwhile, increasing their capacities to cope with a rise in demand.

"New schemes of agri infrastructure fund for building agri infrastructure in proximity to APMCs will bring some additional storage capacities to the extent of around 0.8-1.0 million metric tonnes," said Unupom Kausik, president at National Commodities Management Services (formerly, National Collateral Management Services), the country's largest private post-harvest agriculture management company.