

PIB NEWS ANALYSIS

Ministry of Agriculture Hosts National Workshop on Unleashing India's Agribusiness Potential through Innovative Agri Value Chain Financing in New Delhi

Department of Agriculture and Farmer's Welfare (DA&FW) organized a workshop titled "Unleashing India's Agribusiness potential through Innovative Agri Value Chain Financing" on 27th June 2024 in New Delhi. The event brought together senior officials of the Government of India and the State Government, experts, and stakeholders to discuss the dynamics of agricultural financing.

Reflecting on the importance of Agriculture Finance in the value chain, Manoj Ahuja, Secretary DA&FW, underscored the pressing need to transition from a production-centric approach to a demand-driven one. "To develop Agricultural Value Chains (AVCs) more holistically and integrate them with global markets, we must shift our focus from merely addressing supply shortages to meeting market demands," he stated. Shri Ahuja emphasized the importance of implementing accountable and digital systems for effective AVC development and highlighted the need for a comprehensive policy framework to ensure financial inclusivity for all stakeholders.

Shri Ahuja further advocated introducing financial instruments like bill discounting, bridge financing, and risk-hedging to improve liquidity and economic stability. "Creating an enabling environment with simplified application processes and reduced bureaucratic hurdles is crucial for effectively implementing these instruments," he added.

Dr. Vivek Joshi, Secretary Department of Financial Services, emphasized the critical role of Digital Financial Services in providing timely credit within the Agricultural Value Chain Financing (AVCF) framework, noting a significant increase in agricultural credit availability. "Our focus is on ensuring seamless and affordable access to credit to support farmers throughout the value chain," he stated. He highlighted the significant role of NBFCs, fintech, and startups in providing last-mile credit access and specialized financial products, particularly in high-value agricultural markets.

The workshop focused on creating awareness, facilitating collaboration, exploring solutions, and empowering participants with innovative agricultural finance solutions. The workshop saw robust participation from academia, industry, financing agencies, facilitating agencies, and various government departments. It served as a crucial platform for collaboration and partnership-building, paving the way for transformative initiatives in India's agricultural sector. It included high-level strategic discussions featuring notable speakers such as Prof. Ashok Gulati, a Distinguished Professor at ICRIER, who highlighted the importance of transitioning to a demand-driven approach in agriculture to improve farmer incomes, the need to focus on the nutrition aspect in the food chain and develop climate resilience in agriculture.

While welcoming the participants, Shri Ajeet Kumar Sahu, Joint Secretary (Credit), DA&FW, set the context at the beginning by highlighting the need for a holistic approach to Agricultural Value Chain Financing (AVCF), noting that projections indicate agricultural Gross Value Added (GVA) will reach Rs 105 lakh crore by 2030, making value chain financing increasingly vital.

Chairman NABARD, Shri K.V. Shaji, emphasized the urgent need to improve farmers' finance access and ensure reliable data availability for SHGs and FPOs, as the data is critical for the banks to make informed decisions and offer effective value chain financing. He advocated for the development of public infrastructure in rural areas, including facilities for processing, branding, and marketing agricultural products. He also emphasized the need to strengthen the governance structure of cooperatives in rural areas. He said these will lead to integrated value chain financings.

Insurance and CEO of PMFBY, Shri Ritesh Chauhan, gave a presentation on fostering financial resilience in agriculture through the Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme. Shri Chauhan highlighted the government's holistic approach to Agri-Value Chain Financing, emphasizing the need for comprehensive risk protection and financial support throughout the agricultural value chain. He underscored the importance of leveraging technology through platforms like SARTHI, AIDE, Kisan Rin Portal, and AGRISTACK to streamline credit availability and enhance agricultural resilience.

Panel discussions covered various aspects of agri value chain financing, including cluster-based approaches, innovative financing mechanisms, and integrating Farmer Producer Organizations (FPOs) into value chains. Experts from diverse backgrounds shared insights and experiences, enriching the discourse.