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Financing Cos Expect Major Uptick in Demand from Agriculture Sector

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Kolkata: As the number of Covid cases are coming down and vaccination gathering momentum, agri financing companies are expecting a major uptick in financing demand from the agricultural sector this kharif. Some of them are projecting 2-3-fold increase in agri-finance disbursement in the current fiscal.

Financers said that the economic impact of the second wave of the pandemic is softer and will likely be limited to the April-June quarter. Rural demand, which remains resilient, will continue to be supported by strong agricultural production, higher procurement prices for the 2021-22 season together with an overall rebound in economic activity. Sowing of kharif crops in the country

starts from the middle of June with the arrival of monsoon.

Talking to ET, Sandeep Sabharwal, CEO, SLCM Group said "Our wholly-owned subsidiary, Kissandhan Agri Financial Services provides loans to farmers, traders and agri processors. In the current fiscal we are looking to provide financing against a diversified basket of agricultural commodities and products like lending to farmer producer organisations (FPOs), non-banking financial companies and microfinance institutions, invoice discounting facilities."



Financers see good potential developing in a variety of crops like paddy, rice, maize, bajra, soybean, groundnut and cotton this kharif. Though Kissandhan is present pan-India but it is expecting more financing activity in states

like Punjab, Haryana, Rajasthan, Maharashtra, Gujarat and Bihar.

"Business-wise, this kharif will be better than last year's on account of greater awareness about the Covid virus, restrictions imposed by the central and state governments during the second wave of the corona are more targeted, localised and less stringent. Therefore, the economic impact of the second wave is softer and will likely be confined largely to the April-June quarter. However, we must keep a close watch on the third wave of Covid," Sabharwal said.

Agri tech startup Arya Collateral too is bullish about this year's kharif crop financing. Prasanna Rao, co-founder & CE of the company said "In FY21, despite Covid, the kharif disbursement was at Rs 100 crore. This year Arya is expected to disburse around Rs 300 crore during the kharif period."