

Responses from APRACA Members	Issues, challenges and responses by APRACA members to COVID-19 Pandemic			
	1. What is the impact of COVID-19 that you are expecting on the agricultural sector in your country (macro level)	2. How the supply of finance to agriculture and allied sectors are being impacted due to COVID-19 (both Macro and micro level)	3. What are the responses by your organization to reach out to your customers engaged in agriculture and allied business?	4. What are the policy measures taken by the national government and central banks to ease the impact of COVID-19 on agricultural finance?
INDIA				
<p>1. National Bank for Agriculture and Rural Development (NABARD),</p>	<p>a) Harvesting of field crops and farm level primary processing and transport are directly impacted;</p> <p>b) Sale and procurement of agricultural produce already started impacting the cash flow to farmers and other actors in rural areas;</p> <p>c) Employment generation in Rural areas are affected directly due to this pandemic;</p> <p>d) Besides farmers, the COVID-19 has also impacted the people working in handloom/handicrafts sector, artisans, etc.</p>	<p>a) The credit flow to agriculture and MSME sector are expected to be under-achieved during FY2019-20 and the effect would be more visible will be seen during FY 2020-21. This will impact the recycling of funds at the banking level and thus will hamper the overall rural financial system.</p> <p>b) Impact on low amounts of deposits and failure of loan repayments by borrowers together result in Assets-Liability Management of banking system as a whole and thus the supply of finance to agriculture and related sectors.</p> <p>c) Further, in the absence of cash inflows and failure to recycle the farm credit, capacity of farmers to invest in agriculture would be impaired greatly leading to inadequate input application and consequent loss in food production.</p>	<p>a) COVID-19 Deferment of Loan Instalments due (Principal & Interest) by from client borrowers of NABARD viz. State Govt. Entities and Corporates/NGOs and private agri-entrepreneurs by deferring the due dates of repayment of the same by 03 months.</p> <p>b) Providing 2% Interest subvention to lending banks and 3% to farmers for prompt repayment which will help to reduce the interest burden of the farming communities.</p>	<p>a) Government declared banking services as an essential service and are being kept opened despite the restrictions to ensure uninterrupted banking services for the citizens and also the farmers at grassroots level.</p> <p>b) Reduction in repo rate and CRR which is likely to improve liquidity position in the system. It will also reduce the equated monthly instalments (EMIs) of borrowers at the micro level and thus make it cheaper to take new loans.</p> <p>c) Exgratia payment of USD100 per members of the farming family by the Central Government to meet the immediate requirements.</p>

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2. State Bank of India (SBI), India	<p>In a country like India where more than 50% of the population are dependent on Agriculture, any impact on the economy will directly impact the agriculture sector. Due to the increase in no. of cases in COVID-19, the central Government has declared a nationwide lockdown from 25.03.2020 to 14.04.2020.</p>	<p>a) Medium Term: The Reserve Bank of India along with Govt. of India has announced a slew of measures to mitigate the short and medium term consequences due to the pandemic viz. moratorium of 3 months for all existing term loans and working capital loans, additional 10% emergency credit limit to all regular borrowers etc.</p> <p>b) Long term: There will be challenges faced by the lending institutions as there is probability of stress on farmers as well as on the value chain partners.</p>	<p>Being the largest lender of the country, the State Bank of India has taken the following steps during the pandemic to support Agriculture financing:</p> <p>a) All the branches across the country (24,000 +) remained open for the customers to ensure flow of credit remains uninterrupted. It also tied up with 19 National level & 46 State level Business Correspondents (BCs) and with more than 61,000 Customer Service Points (CSPs) to ensure access of banking services.</p> <p>b) The branches are encouraging the customers to use the YONO Krishi mobile application (one stop solution for all Agri Credit need of the farmers). The Bank is also offering interest concession to the farmers for availing credit through this app to motivate them to make the most out of digital banking during this situation.</p> <p>c) The Bank has also extended a 10% additional emergency credit limit to the existing farmers to ensure availability of liquidity with them during this critical period The EMIs for agriculture term loan and working capital loans has been deferred by three months for all the outstanding loans. The Bank is also considering to increase the collateral free credit limit to Self Help Groups (SHGs) to USD30,000 from USD15,000.</p>	<p>The government of India have announced a relief package of USD2.5 billion aimed at providing a safety net for those hit the hardest by the Covid-19 lockdown. The following are the key measures undertaken by the Govt. to safeguard agricultural finance;</p> <p>a) An income support initiative by Govt. of India for 87 million farmers who will get USD30 per month for the next 3 months.</p> <p>b) Doubling the collateral free loan limit (from USD15,000 to USD30,000) will benefit 6.3 million Self Help Groups (SHGs) and 70 million poor households.</p> <p>c) The interest subvention of 5% (including 3% to prompt payers) to Crop loan borrowers with loans upto Rs.3 lakhs will be continued till May'2020. The Govt. also announced that women having a zero-balance savings account, will get USD10 per month for next 3 months through direct transfer. This will benefit about 200 million account holders</p>