

NiSM

NATIONAL INSTITUTE OF
SECURITIES MARKETS
An Educational Initiative of SEBI

Online Workshop on

COLLATERAL FINANCING OF AGRICULTURAL COMMODITIES:

Challenges in Collateral Financing of
Agricultural Commodities, Managing
Risks and Way Forward

May 15-16, 2021

Background

Farmer's decisions to produce are influenced often by their memory of the best prices that prevailed during the previous season and they are accustomed to immediate post-harvest sales to meet their urgent financial needs. Access to finance is critical for improving the realisation of remunerative prices by the Farmers. The shift from subsistence to commercial agricultural production requires connectivity to formal sources of financing through warehouse receipts. However, there are challenges in funding agricultural commodities by the formal institutions such as banks and other financial institutions which include the absence of appropriate protection through the legal documentation, knowledge of agricultural commodity price discovery, current developments in the warehousing industry, regulations, commodity repositories and competition from the informal financial sector.

A warehouse receipt is a secure instrument that enables the borrower to pledge with the lender legally valid documents of title and to grant a possessory pledge of goods stored in the borrower's plant, mill, refinery or warehouse with commodity collateral. Lack of credible collaterals has been a constraining factor for providing access to formal sources of funding to the agricultural sector even though there is a primary sector mandate for the financial institutions. Commodity financing through the eNWRs or an arrangement with a collateral manager will be a saviour for both the banks and the formal financial institutions to serve the funding needs of not only the farmers but also to cater to the working capital needs of the food processing sector more efficiently.

There is an urgent need to enhance private investments in agriculture to improve access to modern technology in cropping and post-harvest processing. Warehouse receipt finance backed by an efficient collateral management arrangement will provide an effective solution to funding challenges to the agricultural and processing sector. The entire process of collateral financing involves a multi-layered arrangement for asset monitoring/surveillance, risk management, and rigorous legal arrangement. Agricultural lending requires specific technical expertise amongst loan officers and credit staff, capable of conducting the financial analysis of the borrower and structuring a loan that is tailored to the cash flow needs of the farmers/intermediaries or the processing businesses.

About the Program

To cater to the requirement of the Collateral Financing Sector in Agriculture, NISM, an educational and capacity building arm of SEBI is organizing a **Two-day Workshop on Collateral Financing of Agricultural Commodities** for Bankers, Warehousing service providers, senior policymakers and agriculture finance professionals to have a detailed understanding of the challenges in Collateral Financing in Agriculture commodities and the value of collateral management services besides modern development in the field of warehousing and storage.

Date & Time

Date: May 15-16, 2021

Time: 9:00am – 5:45 pm

How to Register for This Program?

Step 1:

Please click this registration link or open this link in any browser

<http://slims.nism.ac.in/eduwiz/forms/newregister.html>

Step 2:

Please click on New registration (Once the registration is complete, you will receive User ID and Password in your registered Email ID).

Step 3:

In programme name, please select 'Workshop on Collateral Financing of Agricultural Commodities' and fill other necessary(*) details.

Step 4:

Please complete the registration and payment of fees. You may have to use the login credentials sent on your registered email id to complete the payment of programme fees.

After the successful registration, you will receive the fees payment receipt in the same portal.

Session Plan

Time	Day 1: Saturday, May 15, 2021	
09:00 am to 09:30 am	Inaugural Session	
09:30 am to 11:00 am	Collateral Financing – Overview, potentials, latest developments, Can collateralized goods be used for hedging, Do's & Don'ts for Financiers/Bankers and way forward.	Mr. Deepak Singh Sr. VP NBHC
11:00 am to 11:15 am	Tea/Coffee Break	
11:15 am to 12:45 pm	Risks in Commodity Financing and its Management, Practices & Challenges faced in the disposal of collateralized goods.	Mr. Abhay Dandawate CRO, NBHC
12:45 pm to 02:00 pm	Lunch Break	
02:00 pm to 03:30 pm	WDRA – its accreditation mechanism and regulatory oversight – Role in mitigation of financial risks-Dispute Resolution mechanism in case of dispute over quantity/ quality of goods	Dr. R. K. Tripathi Sr. Consultant (Tech.), WDRA
03:30 pm to 03:45 pm	Tea/Coffee Break	
03:45 pm to 05:15 pm	Legal Documentation – Checklist & Challenges, Legal hassles in Collateral Funding and their remedial measures	Mr. Sanjay Khare CS & legal Expert
05:15 pm to 05:45 pm	Short Quiz and Day's Overview	

Time	Day 2: Sunday, May 16, 2021	
09:30 am to 11:00 am	Operations of Commodity Repositories and Types of Warehouse Receipts – Ease of Receipt Financing	Mr. Umang Kapoor Senior Manager, NERL
11:00 am to 11:15 am	Tea/Coffee Break	
11:15 pm to 12:45 pm	Price Discovery in Agricultural Commodity Markets – Valuation and its Role in Financial Risk Mitigation	Dr. Hanish Kumar Sinha Professor of Practice, NISM & Dr. V. Shunmugam Consultant, NISM
12:45 pm to 01:30 pm	Lunch Break	
01:30 pm to 03:00 pm	Importance of Quality Testing of Commodities in Collateral Financing	Mr. Anil Maurya MD & CEO, NMCI Inspections and Survey Co Pvt. Ltd
03:00 pm to 03:15 pm	Tea/Coffee Break	
03:15 pm to 04:45 pm	Collateral Management – Current Status and Industry Developments including Technology	Mr. Prakash Kumar Founder, Vidaksh
04:45 pm to 05:15 pm	Short Quiz and Day's Overview	
05:15 pm to 05:45 pm	Valedictory Session	

Programme Fees

Early Bird Discount

Sr. No.	Fees Applicable if Registered	Fees for a Participant (Rs.)
01	On or Before May 5, 2021	4,500/-
02	After May 5, 2021	6,000/-

Group Discount

Sr. No.	Fees Applicable if Registered Group Members are	Fees for a Participant (Rs.)
01	Three or more than Three	4,500/-
02	Less than Three	6,000/-

Note:

- The above-mentioned fees are exclusive of applicable taxes, GST and bank charges (if any).
- The both offers will not be combined for any registered participants. Only one offer will apply at the time of registration.

Program Director

Dr. V. Shunmugam
Consultant, NISM
Email: venkatachalam.
shunmugam@nism.ac.in

Program Coordinator

Ms. Jinal Rohit
Management Trainee, NISM
Email: jinal.rohit@nism.ac.in



National Institute of Securities Markets

NISM Vashi Office
NISM Bhavan, Plot No. 82, Sector - 17,
Vashi, Navi Mumbai, Maharashtra - 400703
Tele: 022-66735100-02
Fax: 022-66735110

NISM Campus
Plot No. IS 1 & IS 2, Patalganga Industrial
Area, Mohopada, Taluka Khalapur,
District Raigad, Maharashtra - 410222
Tele: 02192-668300

www.nism.ac.in