

THE “PROFITABLE AGRI-BUSINESS” CONFERENCE / VERONICA TONCEA, FGCR:

„Financing contracts amounting to 300 million Euros have been cancelled”

Many businesspeople operating in the agricultural sector have lost financing contracts concluded as part of the National Program for Rural Development (PNDR), amounting to a total of 300 million Euros, according to the numbers provided by the Agency for Rural Development and Fishing Payments (APDRP), said Veronica Toncea, general manager of the Fund for the Guarantee of Rural Loans (FGCR). She mentioned that 60% of these contracts were cancelled because there was no financing for them, while the remaining 40% were cancelled due to other reasons, such as the unavailability of the plots of land or the reevaluation of the financial capacity of the beneficiary of the funds.

Veronica Toncea said that last week, the Lending Commission of the Romanian Banking Association (ARB) has proposed some amendments to the working convention with the commercial banks concerning the types of loans that the FGCR would guarantee. These concern, first and foremost, guaranteeing the acquisition of land by farmers.

According to the official of the FGCR, with a lot of effort, financing in the agricultural sector could come to amount to 7%, similar to the contribution of the agricultural sector the country's GDP. Mrs. Toncea said that, if agriculture has come from 2% to 4% in terms of the volume of borrowing, this is also the merit of commercial banks, and she thinks that the volume of loans could increase to 7%.

The FGCR can guarantee up to 80% of the amount of working capital loans in agriculture. If the inventory is used as collateral for the loan, the loan will have to be repaid proportionally. Veronica Toncea also said that the risk of default in the agricultural sector is very low.

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