

Press Release

Red Chilli Farmer Subsidy Handover Ceremony at PMEX

Karachi, October 18, 2016: Pakistan Mercantile Exchange (PMEX), the country's only multi-commodity exchange, organized a ceremony at its head office in Karachi, to mark the handing over of subsidy by SEDF. Ms. Naheed Memon, Chairperson, Sind Enterprise Development Fund (SEDF)/Sindh Board of Investment, handed over a subsidy cheque for the Red Chilli farmers to Mr. Ejaz Ali Shah, Managing Director, PMEX.

SEDF graciously decided to provide subsidy to farmers on the trading fee and interest rate (on financing against their produce), which would not only encourage the farmers to trade at the technology-driven trading platform of PMEX, but also reduce the transaction cost for the farmers significantly thereby passing the benefits to the grass root level.

Commenting on the occasion, Mr. Ejaz Ali Shah said, "I am grateful to SEDF for reposing confidence in the Red Chilli trading platform of PMEX and consenting to provide subsidy to red chilli growers. PMEX is relentlessly striving to link the Exchange with the real economy by bringing agricultural commodities trade on its platform. Our Red Chilli project in association with value chain participants such as Agility, Pakistan Agricultural Coalition (PAC) and SGS has set a good example of a successful collaborative model which will be replicated for other commodities in the future."

Moreover, he said, "Once modern warehouses are established and certification along with credit facilities are made available to farmers, they will be able to avoid 'distress' selling and will be in a better position to get a fair price for their produce in an efficient manner. PMEX will remain committed towards playing its due role in the development and success of the required eco system."

Ms. Naheed Memon, Chairperson, SEDF said, "Government of Sindh (GoS) has devised a new strategy to facilitate electronic trade of agricultural produce, this strategy will bring revolutionary changes towards traditional agri-practices in Sindh by minimizing the role of 'middle-men' and connect the farmers to local and international markets. Accordingly, SEDF is glad to announce a subsidy on PMEX's e-trading fee of Rs. 2.5 per KG for 6,000 tons per season for two seasons. Total amount of subsidy under the scheme will be Rs. 30 million. SEDF in consultation with PMEX is devising a mechanism to ensure that subsidy reaches to wider range of growers. SEDF is also further subsidizing the financing cost under the Warehouse Receipt Financing Scheme through ZTBL by absorbing the KIBOR portion. Total amount of subsidy under the scheme will be Rs. 30 million (Rs.15 m per season). We believe that these revolutionary steps will lead to provide premium price to farmers for their quality produce eventually resulting in quality crop inputs over the period of time. Moreover, providing prompt payments to farmers within 72 hours through Warehouse Receipt Financing Scheme will enable them to timely invest in other crops."

Mr. Akif Saeed, Commissioner, Securities and Exchange Commission of Pakistan along with other Senior Executives from SEDF, World Bank, Sind Agricultural Growth Project, Agility, PAC, SGF, National Foods, Pak Brunei Investment Company and World Bank graced the ceremony.

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