

# **Decision 68/2013/QĐ-TTG to Reduce the Losses in Agriculture<sup>1</sup>**

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## **OBJECTIVE**

The decision is issued on 14<sup>th</sup> November 2013. This decision provides credit policies to reduce postharvest losses in agricultural production. The decision aims at improving agricultural mechanization, apply technology in harvesting in order to reduce losses and increase income for rice farmers.

## **MAIN CONTENT OF DECISION**

The State shall provide support in terms of interest rates of long-term, midterm, and short-term commercial loans for buying machinery and equipment serving reduction of agricultural losses.

- Machine and equipment includes:
  - All types of cultivators, land leveling machines, sowing machines, planting machines, machines serving cultivation and harvesting of rice, corn, coffee, tea, sugarcane; drying machines for agricultural and fishery products; machines, equipment for manufacturing clean salt; machine, equipment used for breeding ;
  - Water-saving irrigation system in agricultural production:
  - Machine and equipment for breed/variety production, farming and harvesting fishery products;
  - All types of machines and equipment for detecting fish, casting and trawling nets, communication; refrigerated cargo hold; cargo hold having refrigerators, machines for producing ice; seawater desalination system; logistics ships serving offshore fishing;
  - Machines and equipment for processing agricultural and fishery wastes and by-products:
  - Warehouse and equipment used for storing, preserving paddy, corn of households:
  - All types of tractors, diesel engines used in agriculture, fisheries exploitation.
  
- Conditions for receiving support are:
  - Cooperatives, artels, households and individuals are certified by the People's Committee of the commune that they directly engage in farming, breeding, aquaculture, fishery, processing of agriculture/aquaculture products; or provide mechanical services serving agriculture;

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<sup>1</sup> The full Vietnamese version can be download at <http://thuvienphapluat.vn/van-ban/Tai-chinh-nha-nuoc/Quyết-dinh-68-2013-QĐ-TTg-chinh-sach-ho-tro-giam-ton-that-nong-nghiep-213484.aspx>

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- Enterprises have entered into contracts with artels, cooperatives or farmers for cooperation in manufacturing, selling agricultural products, mechanization services;
- All types of machines and equipment are new and the quality of which meet standards under laws on the quality of products and goods.
- Levels of loans and interest rate support, duration of support:
  - Maximum loan for buying machines and equipment shall be 100% of goods value;
  - 100% of the interest rate shall be supported in the first two years, and 50% in the third year.

The State budget shall support the difference between the interest rates of long-term and mid-term commercial loans in VND and the State's development credit interest rates to execute projects of investments in machineries and equipment meant for reducing losses in agriculture (including factories); projects of manufacturing of agricultural machineries and equipment. The list of investment projects includes:

- Silos storing rice and corn; drying system for agricultural products; equipment for husking, polishing and sorting rice;
- Systems of greenhouses and net houses serving agricultural production; machines and equipment for preserving and processing vegetables, flowers, fruits;
- Machinery lines for industrial slaughtering and preservation of cattle and/or poultry; machine and equipment for fish processing (freezing and refreezing equipment; machine for producing ice, flake ice, dryer...);
- Machinery lines for processing coffee, tea, cashew nuts, and pepper;
- Machinery lines for processing salt;
- Projects on manufacturing agricultural machinery.

The investment projects have to meet conditions for receiving the credit support: (i) organizations and individuals have investment projects approved by competent authorities and (ii) the investment projects have not received support from other policies. The maximum loan amount shall be 70% of the project value. The loan term is determined according to the ability of capital recovery of the project, the investor's credit worthiness, and characteristics of the project. Nevertheless, the loan term shall not exceed 12 years.

The principals that define the loan interest amount of commercial banks and the State budget to support interest rates, subsidizing interest rate difference as follows:

- Rates of interest on commercial loans buying machineries and equipment shall be the lowest rates of loans for agriculture and rural areas with the same term and at the same time as announced by the lending banks.
- The State budget shall only support interest rates and subsidize interest rate difference of the loans repaid on schedule. Any loan that becomes an overdue debt shall not receive support from the time it is considered bad debt.
- The State budget shall only support interest rates and subsidize interest rate difference of the loans under loan contracts concluded at commercial banks before December 31, 2020.

## **IMPLEMENTATION**

**The Ministry of Agriculture and Rural Development shall:**

- Command and cooperate with the Ministry of Industry and Trade to declare the types of domestic and imported machines, equipment on the list of machines and equipment that are eligible for supportive policies
- Provide guidance on evaluating the technical conditions of machines and equipment of investment projects as defined in Clause 2 Article 2 of this Decision;
- Take charge and cooperate with the People's Committee of the Provinces, Ministries, Departments relating to inspections, supervisions on the performance of this Decision.

**The Ministry of Industry and Trade shall reach an agreement with the Ministry of Agriculture and Rural development machineries and equipment eligible for supportive polices prescribed in Clause 2 Article 1 of this Decision.**

**The State bank of Vietnam shall provide guidance and inspection on commercial banks for loaning as prescribed in this Decision.**

**The Ministry of Finance shall provide guidance on interest rate support, and subsidies on interest difference of loans under provisions of this Decision.**

**The People's Committees of provinces shall:**

- Direct implementation of programs, plans to reduce losses in agriculture in the provinces; provide instructions and supervise the quantity, types of machines and equipment supported in accordance with the requirements of each field and each province to promote the efficiency of supportive policies.
- Provinces and cities shall consider introducing supportive policies in addition to policies introduced in this Decision according to their budgets and necessity of investment in machinery and equipment for reduction of losses in agriculture;
- Submit annual reports to the Ministry of Agriculture and Rural development on the results of the policies in the provinces.

Date submitted: Oct. 27, 2016

Reviewed, edited and uploaded: Oct. 31, 2016