

## **NABARD – Highlights of 2011-12**

NABARD recorded high levels of performance in purveying rural credit during 2011-12. The aggregate assets held by NABARD rose to Rs. 1,82,300 crore as on 31 March 2012, an increase of Rs. 23,500 crore compared to the position as on 31 March 2011.

### **Refinance to Banks**

Refinance assistance provided by NABARD to cooperative banks and regional rural banks (RRBs) during 2011-12 to disburse crop loans to farmers touched an all-time high of Rs. 48,000 crore, registering an increase of Rs. 14,000 crore or 41% growth over the previous year. The investment refinance provided to banks by NABARD during 2011-12 for capital formation in agriculture and allied sectors and for non-farm activities stood at Rs. 15,424 crore, registering an increase of Rs. 1,938 crore or 14 % growth over last year.

### **RIDF to State Governments**

Another all-time high was achieved by NABARD under Rural Infrastructure Development Fund (RIDF) by disbursing Rs.14,970 crore during 2011-12, which was Rs. 2,900 crore or 24% more than the disbursements made to state governments during 2010-11. Sanctions given by NABARD under the RIDF also increased to Rs. 21,460 crore, which was over Rs.3,000 crore more than the sanctions during the previous year (growth of 17%). These loans are used by State governments to create infrastructure in agriculture and allied sectors including irrigation and power, rural connectivity through rural roads and bridges, health, education, rural drinking water supply, etc.

### **Special Scheme for Warehouse Projects**

For the first time, a special allocation of Rs.2,000 crore was made to NABARD for warehouse financing under RIDF by the Finance Minister in the Union Budget for 2011-12. NABARD achieved 100 per cent utilization of the fund during the year, by sanctioning warehousing projects to the state governments and private sector agencies through banks. State Governments availed of Rs. 1,240 crore and banks availed of refinance to the extent of Rs. 760 crore. This is expected to create around 9 million metric tonnes of warehousing infrastructure, particularly for storage of food grains in the country.

## **NABARD Infrastructure Development Assistance (NIDA)**

NIDA is designed to assist State Governments and other State owned organizations/Corporations, both on-budget as well as off-budget funding on flexible terms, outside RIDF, for creation of rural infrastructure. Under this facility during 2011-12, term loans of Rs. 932.97 crore has been sanctioned and Rs. 422.90 crore has been disbursed to various State owned entities.

## **Direct Lending to Cooperative Banks**

The implementation of Revival Package as per Vaidyanathan Committee recommendations has enabled CCBs to raise financial resources from sources other than the SCB. NABARD has designed a Short Term Multipurpose Credit Product for financing directly to CCBs. Under this line of credit Rs.1,547 crore of loan has been sanctioned to 24 CCBs and 2 SCBs and Rs.937.74 crore has been disbursed during 2011-12.

## **Direct Lending to Producers' Organisations (POs)**

During 2011-12, an initiative to support Producers' Organisation through credit and credit-plus activities and also strengthen PACS to provide multi service activities to farmers has been launched by NABARD. During the year Rs.35.49 crore of assistance has been sanctioned and Rs.7.43 crore has been disbursed to enable various type of Producers' Organisations to improve production systems, improve the value chain and strengthen the marketing capabilities. Around 1846 PACS have been promoted/supported as Multi Service Providers directly befitting the farmers/members of PACS.

## **Special Thrust for Eastern India and North East Region**

NABARD introduced an innovative concessional refinance scheme for banks, to increase productivity in Eastern India. Under this scheme, refinance to the tune of Rs. 129 crore was disbursed during the year. Refinance flow to the North Eastern Region amounted to Rs. 233 crore during 2011-12. NABARD's refinance was utilized by banks to support investments in minor and micro Irrigation, Animal Husbandry, Fisheries, Land development, Plantation & Horticulture, SHGs/ JLGs, Agro Clinic/Agro Business, Agro-Processing, Agri Marketing Infrastructure including cold storage, godowns, market yards, Non Conventional Energy Sources, Rural Non-Farm Sector etc.

## **Subsidy Schemes and Revival Packages implemented by NABARD**

A 'Revival, Reform and Restructuring Package' of Rs. 3,884 crore for the Handloom Sector to benefit 15,000 Weaver Societies and 3 lakh Weavers across the country was finalized by the GoI, Ministry of Textiles during 2011-12. The GoI has authorized NABARD to implement the same. In addition, the Central Government also nominated NABARD as the channelizing agency for release of margin money and interest subsidy assistance under the Comprehensive Package for the Handloom Sector to all banks during 2011-12.

In addition to the above, NABARD has already been implementing 16 subsidy schemes on behalf of the Government of India. During the year 2011-12, an amount of Rs.486.55 crore has been released as subsidy to various banks on behalf of the beneficiaries. The subsidy schemes cover sectors like animal husbandry and poultry development including Poultry Venture Capital Fund & Mother Units for Rural Backyard Poultry., Cold Storages, Rural Godowns, and Solar lighting & Photo voltaic cells schemes.

### **DEVELOPMENTAL INTERVENTIONS**

SHG-Bank Linkage Programme: During the year (2011-12), 7.3 lakh SHGs have been promoted by NABARD and linked with banking system in terms of savings accounts as against about 6 lakh SHGs promoted during last year, taking total number of SHGs promoted and saving linked with banks to 82 lakh.

Joint Liability Groups (JLG) : In order to augment the flow of credit to small and marginal farmers and other micro entrepreneurs, about 1.50 lakh JLGs were promoted taking cumulative position to over 2.90 lakh JLGs..

Farmers' Clubs: During the year, 25,238 Farmers' Clubs were launched by different agencies with NABARD support, taking the total number of such clubs to around 1,01,946

### Financial Inclusion

During the year 2011-12, the disbursements under Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) were Rs. 18.49 crore and Rs. 128.05 crore reflecting a growth (over previous year) of 100.8% and 137.1% respectively. With this, the cumulative disbursement since inception touched a level of Rs. 36.05 crore under FIF and Rs. 183.82 crore under FITF. Support was extended for setting up of Financial Literacy and Credit Counseling Centres (FLCCs) to Lead Banks (111 FLCCs), capacity building programmes by commercial banks and RRBs and Financial Literacy awareness camps by RRBs, under FIF. Under FITF, support was extended for implementation of Core

Banking Solution (CBS) by weak RRBs (26 out of 28) and Information & Communication Technology (ICT) solution by RRBs (52 out of 82).

Pilot Projects launched during 2011-12

Many pilot projects of innovative interventions were launched by NABARD during 2011-12. Some of them were converting KCC to cashless transactions through mobile phone, financing for livelihood and agriculture productivity enhancement measures in watershed areas, increasing water use efficiency in watersheds through water budgeting, micro-Irrigation, etc, 170 Model Units of SRI with outlay of Rs. 24.19 crore implemented in 14 states, Promotion of Natueco Farming – 20 projects with an assistance of Rs. 111 lakh sanctioned, Sustainable Sugarcane Initiatives (SSI) and Promotion of seed villages through seed business ventures

Watershed Development: NABARD's total commitment under watershed development programme rose to Rs.1,600 crore, covering an area of about 1.78 million ha. Disbursement of Rs. 272 crore under watershed development programmes anchored by NABARD was made during 2011-12, registering a positive growth of 19% over the previous year. Disbursement under the Prime Minister's programme in distressed districts during 2011-12 was Rs. 181 crore as against Rs. 137 crore in the previous year, the growth being a robust 32%. Under Indo-German Watershed Development Programme (IGWDP) supported by KfW, an amount of Rs. 51 crore was disbursed. Under the Planning Commission funded Integrated Watershed Development Programme in Bihar, the disbursement during 2011-12 touched Rs. 16.8 crore from a level of Rs. 3.61 crore in 2008-09, registering almost five times increase in three years time.

Tribal Development: During 2011-12, assistance of Rs. 290.63 crore was sanctioned for 98 projects benefiting 72,659 tribal families. The cumulative sanction stood at 415 projects in 26 states/UTs benefiting 3,23,062 tribal families, who were assisted from the Tribal Development Fund (TDF) of NABARD to the tune of Rs. 1,208 crore.

Promotional Activities: During 2011-12, NABARD released Rs. 232.57 lakh of grant support for conducting 520 marketing events like Exhibitions and Melas for rural artisans, taking the cumulative figure to 1,818 and disbursements to Rs. 875.96 lakh. Further, during the year, 9,852 rural entrepreneur development programmes were supported, benefiting rural youth and involving release of grant assistance of Rs. 1,309 lakh, bringing the cumulative grant assistance to Rs.96.45 crore, for conducting 27,711 such training programmes covering 6,92,775 rural youth. Also, 56 Rural Marts were established with financial

assistance released from NABARD to the tune of Rs. 82.48 lakh, thus taking the cumulative number of rural marts to 513 and total assistance disbursed to Rs. 320 lakh. Apart from this, 50 Rural Haats were sanctioned grant assistance of Rs. 248.50 lakh during the year thus bringing the cumulative number to 331 Haats with the grant assistance of Rs. 1,482 lakh. During the year 2011-12, six participatory clusters were approved with a grant assistance of Rs. 90 lakh. Sector wise, nearly 50% of the clusters are in the Handloom sector while Handicrafts have 41 clusters and the new areas brought under the cluster are rural tourism, food processing and marketing

### Rural Innovations

NABARD supports rural innovations from out of its Rural Innovation Fund (RIF) since 2005 to promote innovations across the country, having the rural poor in focus. During the year, 2011-12, 80 innovative projects were sanctioned, taking the cumulative number of innovative projects sanctioned to 455. An amount of Rs.10.18 crore has been disbursed during the year 2011-12 taking cumulative disbursements to Rs. 43.03 crore this year.

### Institutional Development – Regional Rural Banks (RRBs)

NABARD has facilitated 100% Core Banking Solution in 80 RRBs to integrate them with NEFT and RTGS and improve better customer service and operational efficiency. Further, recapitalisation assistance to the tune of Rs.1,012 crore has been released to 16 RRBs falling short of CRAR at 9%. NABARD is also coordinating with Institute of Banking Personnel Selection (IBPS) for recruitment of staff and officers in RRBs and has been entrusted with the responsibility for Coordination and Supervision of the selection process besides finalisation of methodology.

### Institutional Development – Short term and Long term Cooperatives

NABARD has advised the SCARDBs that with reference to the year 2012-13, their audit would be carried out by the Chartered Account Firms and refinance to the SCARDBs will be released accordingly.

Under the Gol's Revival Package for Short Term Cooperative Credit Structure (STCCS), an amount of Rs. 9,003 crore has been released by NABARD as Gol share for recapitalisation of 54,715 PACS in seventeen States and 13 CCBs. Common software for accounting has been finalised by NABARD and sent to 20 States for implementation. Training has been imparted to nearly 3.5 lakh personnel from the STCCS in business development and profitability, change

management, CAS/MIS and other relevant areas. Studies have shown that these measures have led to increase in volume of business and credit flow of CCS entities besides cleansing their balance sheets, improved governance and increase in coverage of SF/MF and borrowing membership. The outreach to Small and Marginal farmers has increased from 10% in 2004 (Pre-reform) to 25% in 2008. Assistance under the Cooperative Development Fund has been provided by way of disbursement of Rs. 20.77 crore for the year 2011-12. This assistance has been given separately for training and capacity building of officials of Cooperatives for various skill building initiatives. The cumulative disbursement under CDF was Rs. 108.38 crore as on 31 March 2012.

### Core Banking Solutions (CBS) for Cooperatives

The State level and district level cooperative banks would require very high initial investment both in terms of technology, infrastructure as well as manpower training. They would need to bring in technology partners with the potential capacity to realize a project at this scale. Recognising the difficulty of individual cooperative banks to engage with large technology providers, NABARD has started a programme to help the cooperative banking system migrate to the CBS platform. In the first phase of this initiative, NABARD has brought together 140 co-operative banks under the programme. The major objectives of the programme are:

- Enable banks to offer a wider, more flexible product portfolio
- Improve profitability
- Compliance with all regulatory requirements in operations and reporting
- All Government funds to be remitted through e-payment mode
- Facilitate financial inclusion

### **NABCONS**

NABARD Consultancy Services (NABCONS) is a subsidiary of NABARD, established to provide consultancy services to a wide range of clients. The Company registered an impressive and diversified performance in consultancy business during the financial year 2011-12 and earned revenue income of Rs. 20.27 crore. It helped promote private investment and financing in commercial agricultural projects by preparation of detailed project reports, techno economic feasibility reports and appraisal studies. Under the India Africa Summit Forum, NABCONS has been entrusted by GOI with the responsibility of establishing the Indo-African Institute of Agriculture and Rural Development in Africa.