

## **Policy Initiatives - NABARD**

### **1. Refinance Policies**

#### **1.1. Long-Term Refinance**

Capital formation assumes overriding priority in the context of policy as it acts as an indicator of economic growth. NABARD, since its inception, has laid special emphasis on investment credit as it leads to capital formation through asset creation and thereby development of rural areas. NABARD provides long-term refinance to commercial banks, RRBs, Co-operative banks and other eligible institutions for a wide gamut of activities encompassing farm and non-farm activities with tenors of 18 months to more than 5 years.

**Long Term Rural Credit Fund (LTRCF):** To ensure increased and uninterrupted credit flow to farmers, as also to give a boost to capital formation in agriculture sector and to avoid high cost market borrowings by NABARD for providing refinance to the cooperative banks and RRBs, at a reasonable rate of interest, for extending concessional term loans to farmers for agricultural activities, Long Term Rural Credit Fund (LTRCF) has been set up in NABARD in 2014-15 out of shortfall in priority sector lending by scheduled commercial banks. An amount of Rs.15,000 crore has been allocated for the year 2019-20.

#### **1.2 Strategies and policy changes for 2020-21**

A target of Rs.90,000 crore has been set for long term refinance for the year 2020-21. This target includes Rs.15,071 crore under Long Term Rural Credit Fund from the PSL shortfall earmarked for refinance at concessional rate to RRBs and Cooperative banks.

Target of Rs.55,260 crore has been allocated for ST(SAO) of which Rs.45,213 crore is under STCRC Fund for cooperative banks and Rs. 10,047 crore under STRRB Fund. A target of refinance of Rs.30,000.00 crore under Additional ST(SAO) and Rs.3,500.00 crore under ST(Others) has been set for 2020-21. In addition to these, as part of covid 19 relief package announced by GoI and RBI NABARD has to lend another Rs.30,000 cr during the year under Short term refinance programme. NABARD has received an amount of Rs 25000 crore as Special Liquidity Facility from RBI for this purpose. Further, NABARD is also required to support post-harvest agri infrastructure projects during the year. To achieve the targets set for the year strategy has been drawn which broadly is as under:

##### **1.2.1 Review of Eligibility norms and Exposure norms**

In order to ensure that the refinance is made available to all the deserving credit institutions, NABARD would review its present eligibility norms and exposure norms regularly and amendments will be made.

### **1.2.2 Relaxation in eligibility criteria of RRBs and StCBs in CRAR and Special focus areas**

In the loan policy for 2020-21 RRBs not complying with the required CRAR due to reasons beyond their control, one-time relaxation in CRAR up to 7% is allowed against additional liquid collateral security cover like lien marked FD, Government Securities or Government Guarantees or any other liquid security. In special focus areas, NNPA criteria has been relaxed to 15% as against 12% in other areas, both for RRBs and Cooperative Banks.

### **1.2.3 Expanding clientele**

In order to broad base the refinance, new clients are proposed to be roped in. With a view to find out the specific needs of these institutions, a consultation meet is proposed to be convened.

### **1.2.4 Introducing new products**

In order expand the refinance flow new products are proposed. The client consultation meet will also throw up ideas for new products. One of the products which could be introduced is to design a product suiting to the post-harvest agri infrastructure project, aligning GOI scheme for the same

### **1.2.5 Engaging with NBFCs – Third party pool analysis**

Considering the market conditions and also the demand for refinance from NBFCs, the appraisal process of the NBFC applications are strengthened. A Third party pool analysis and monitoring the strength of the NBFC shall be in addition to the existing monitoring and appraisal mechanism. Reports from external agencies will provide us inputs on various early warning signals about the NBFC and also market intelligence with regard to the NBFC sector.

### **1.2.6 Focus on refinance to aspirational and credit starved districts**

As advised by RBI, NABARD will continue to focus on refinance to aspirational and credit starved districts

### **1.2.7 Digital Submission of NODC statement/ refinance application:**

Initiating measures for digital submission of NODC statement/refinance application by banks in order to effectively monitor and analyse the requirements of the Bank and converting the same into an opportunity to serve the farmers in a better manner.

### **1.2.8 Structured Finance and Pilot scheme for Partial Credit Guarantee scheme s for NBFCs / NBFC-MFIs:**

In order to enable small NBFCs and NBFC -MFIs lending in agriculture, MSME and microfinance sectors to raise funds from debt and capital market, for augmenting their fund position, a pilot programme on a partial credit guarantee product has been approved by the Board. The partial guarantee could be extended by NABARD alone or along with one or more financial facilitation agency, who would also act as a Co-guarantor and share the guarantee risk. As

advised by the Board of Directors, the scheme will be undertaken as a Pilot Product with one pilot each with the existing market players to do 02 transactions of Rs 100 crore each. The product will be reviewed and it would be scaled up subsequently. This will help in higher credit flow at the ground level and also help developing smaller NBFC/ NBFC-MFIs into future refinance clients of NABARD

#### **1.2.9 Special Liquidity Facility :**

To reduce the hardship and human cost of the Covid-19 pandemic and lockdown, RBI has provided a facility at repo rate to NABARD to provide adequate and timely refinance to RFIs for augmenting the liquidity support and enable smooth agricultural operations by farmers. NABARD has received Rs 25000 core under this facility and has almost exhausted the same, Additional support has been requested from RBI, keeping view increased demand from the ground level. Similar support may also extended for the term loan refinance as it will spur the investments in agriculture and rural sector. NABARD may request RBI for the same, which could be extended to SCBs and SFBs also for investment activities.

#### **1.2.10 Monitoring End Use and follow up:**

Continuous follow up by HO with ROs and ROs in turn with client institutions will be made. Video Conferencing with OICs of Regional Offices will be held regularly to monitor the off take of refinance. A portal will be developed for mapping and monitoring the end use of refinance disbursed. It will also facilitate in assessing the impact of refinance at the borrower level.

#### **1.2.11 Marketing of Refinance Products:**

The marketing team at Head Office, will market refinance products highlighting the advantages of NABARD refinance vis-a vis other sources. The team will follow up with prospective clients on a one to one basis with the concerned senior officials of the banks. Similar meetings will be held at Regional Offices with RRBs and Cooperative Banks.

#### **1.2.12 Policy Workshops:**

Revised policy guidelines for the year 2020-21 have been issued to all banks. To disseminate this further and to address operational issues of ROs and client institutions, workshops/ client consultation will be held.

### **1.3 Initiatives taken in FY 2019-20**

Initiatives taken by NABARD for increasing refinance portfolio during 2019-20 are as under:

#### **1.3.1 Launching of Mobile App ‘NABPARIKSHAN’ for verification of ground level asset creation through refinance**

NABARD has been a major force in driving the flow of credit in rural areas. In order to quantify the impact of refinance in the flow of credit at the ground level, Department of Refinance has launched a Mobile Application named

NABPARIKSHAN, which was rolled out, pan India, during in April 2020, to verify the end use of refinance, and its impact on ground level credit flow in the rural areas.

### **1.3.2 Strengthening credit appraisal and monitoring mechanism for refinance to NBFC/ NBFC-MFIs**

In order to further strengthen our credit appraisal and monitoring mechanism for providing refinance to NBFC, following modifications have been carried out as per the decision taken in 638<sup>th</sup> Management committee meeting.

- Adopting a committee approach for Refinance sanction to NBFC at HO, by a committee comprising of senior officers of DOR and headed by CGM-DOR
- Charging additional risk premium in case of downgrade in rating of NBFCs.
- Security margin has been modified for AAA / AA rated NBFCs to 1.10 / 1.20 from previous 1.12 / 1.18.
- NBFC rated NBD1-NBD3 may create security on exclusive / paripassu basis, while NBD4-NBD5 may have option of paripassu basis only if they have security trustee arrangement and additional security margin is offered.
- Total exposure to one entity may be limited to 25% and 20% of long-term loan book of AAA and AA rated NBFCs respectively and also 20% of total borrowings/fund raised by NBFCs
- Updation of financials of NBFCs at frequent intervals.
- Additional security in terms of personal guarantee/corporate guarantee/lien marked liquid collaterals/escrow mechanism etc, may be considered, if exposure to one entity exceeds particular limit to be firmed in consultation with RMD.

### **1.3.3 Inclusion of Small Finance Banks under ST fold**

As SFBs cater to a sizable portion of rural poor, it was felt necessary to provide adequate and timely ST refinance to this class of institutions. Policy for extending Short Term refinance to Small Finance Banks has been framed and approved for rolling it out in 2020-21. A Short Term line of credit to SFBs is expected to enable them to finance farmers for agriculture operations, micro finance sector, working capital loans in the MSE sector, loans to retail trade / small businesses, professionals and other unorganized sector in an affordable manner.

### **1.3.4 Refinance Product for Converting PCARDBs as Multi Service Centres**

Recognizing the need to support the viable PCARDBs with good credit management practices, which do not have adequate funding support from the SCARDBs for their growth and to enable them to cater to the credit needs of their members, policy guidelines for refinance product **for Converting PCARDBs as Multi Service Centres** have been issued, for undertaking activities like supply of inputs and consumables, storage, processing, marketing, producing etc., along with credit services for the benefit of their members and making them self sustainable.

### **1.3.5 Structured Repayment schedule for LTRCF to SCARDBs**

Considering the long term requirement of SCARDBs, going beyond 5 years period allowed under LTRCF, a new product has been introduced as per which refinance to SCARDBs is extended at concessional rates under LTRCF during the initial 5 years and regular rate of interest along with applicable risk premium as prevalent at the time of sanction, for the remaining tenure.

### **1.3.6 Revision in guidelines on Scale of Finance**

Based on the suggestions of the Internal Working Group constituted by Reserve Bank of India (RBI) to Review Agricultural Credit and analysis of the challenges faced in the agriculture sector and subsequent reviews/analysis there on by RBI and NABARD, it has been decided, the new guidelines on Scale of Finance was finalized and circulated to the State Governments and Banks. Accordingly, State Level technical Committee (SLTC) would fix the scale of finance based on proposals/recommendations received from District Level Technical Committee (DLTC) for different crops, different cropping practices and different agro climatic conditions in the State. Further, timelines for conduct of meetings of technical committees, DLTC, SLTC and finalization of SoF by SLTC have been prescribed in the revised guidelines, so as to ensure that farmers are extended adequate credit at the commencement of cropping season itself.

### **1.3.7 Collection of interest and principal in LT refinance**

With a view to ensure a steady in flow of funds throughout the year, a decision has been taken to receive interest payments and repayment of principal (other than first instalment, which will be paid on completion of six months) at quarterly rests in respect of Long Term refinance extended by us to StCBs and RRBs, from the year 2020-21.

### **1.3.8 Strategy Meet**

A Work Shop on refinance to NBFCs for DoR officials was organized, with a view to equip our officers with analytical abilities for in-depth institutional appraisal and putting real time monitoring system in place to keep a watch on their financial health.

### **1.3.9 Consultative Meet with CEOs and CFOs of Small Finance Banks**

With a view to accelerate the financial inclusion agenda through refinance flow to the newly formed SFBS, DoR, HO convened a Consultative Meet with CEOs and CFOs of Small Finance Banks on 14<sup>th</sup> January 2020. The Theme of the workshop was Technology adoption in SFBs and Use of digital platform for furthering Financial Inclusion.

### **1.3.10 Consultative Meet with CEOs and CFOs of NBFC-MFIs**

A workshop was held on 5 February 2020 with NBFC-MFIs with a view to share the developmental role of NABARD and how NABARD can engage with these agencies to achieve the goal of financial inclusion, and also to have an over view of the mFI sector.

### **1.3.11 Loan Policy Document**

A consolidated Loan Policy Document for the year 2018-19 was prepared to make it a comprehensive principal document of the institution for credit operations covering all loan products duly approved by the Board.

### **1.3.12 Business Strategy Workshops**

Detailed deliberations were held with senior officials of ROs to finalise strategies for improving the business, and addressing operational issues to enable achievement of targets set for the year.

### **1.3.13 KCC Saturation Drive**

Department of Agriculture, Cooperation and Farmers' Welfare, Ministry of Agriculture and Farmers' Welfare, Govt. of India, has launched a campaign from 08.02.2020 to cover PM Kisan Samman Scheme beneficiaries who do not possess Kisan Credit Cards. Press conferences and Press releases were facilitated in majority of districts in the country to create awareness about the drive and the availability of Interest Subvention under Govt. of India/State Govt. for KCCs. Vigorous follow up was done with Cooperative Banks and RRBs for issue of KCCs for eligible farmers. As on 31.03.2020, a total of 10,15,177 KCCs have been sanctioned by Cooperative Bank and RRBs with a loan limit of Rs.5125.60 crore. Further, in principle sanction has been accorded to 72,719 KCCs

### **1.3.14 Interest subvention on working capital to Animal Husbandry and Fisheries**

Guidelines issued on extension of interest subvention scheme to KCCs issued to Fisheries and Animal Husbandry farmers. Interest subvention of 2% to banks and 3% to farmers towards Prompt Repayment incentive is extended on short term loans upto Rs.2 lakh to animal husbandry and fisheries farmers apart from the existing KCC for crop loan provided the loans are extended by banks @7% per annum. In case of farmers possessing KCC for raising crops and involved in activities related to Animal Husbandry and/ or Fisheries, the Interest Subvention on short term loan is available on an overall limit of Rs.3 lakh per annum

### **1.3.15 Withdrawal of Interest subvention on other than KCC accounts**

Instructions received from Govt. of India on availability of Interest Subvention to Banks and Prompt Repayment Incentive to farmers only against KCCs from 01.04.2020 have been communicated to Cooperative Banks and RRB

**1.3.16** To streamline the release of GoI funds (subsidy/interest subvention) to banks, 'ONE BANK ONE ACCOUNT' system is being implemented by DoR, wherein the funds pertaining to all bank branches, pan India, are released to a SINGLE bank account. The funds were earlier being released to the concerned bank branch, leading to multiple (in thousands) bank accounts in the system, where around 20% subsidy released got returned on account of failed banking transactions. The new system adopted in March 2020, will be strengthened in 2020-21. This will

drastically bring down the need for reconciliation of returned funds and enhance transparency and accountability.

Portal for online submission and settlement of subsidy claims under New AMI Sub-Scheme of ISAM has been launched in September 2019.

## **2. Direct Loan Policies**

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

Rural infrastructure is critical for development of agriculture. State Governments cannot borrow beyond their borrowing limits. Some of their corporations may not access funds, thus depriving Rural India of critical infrastructure. Keeping this in view, NABARD Infrastructure Development Assistance (NIDA), has been designed to complement RIDF. This line of credit has been opened to financially sound State-owned institutions and corporations with sustained income streams.

### **2.2 Credit Facility to Marketing Federations (CFF)**

In order to strengthen the arms of Marketing Federations/Cooperatives, NABARD established a separate line of credit, viz. Credit Facility to Federations, which promotes marketing of agricultural produce and other farm activities. The eligible institutions are Marketing Federations and Corporations, registered Companies and other Cooperatives.

NABARD provides credit facility to state entities engaged in procurement of food grains, aggregation, storage and value addition and marketing which help the farmers in marketing of their produce at remunerative prices. The marketing operation of federation and cooperatives require seasonal and timely short term credit facility for supporting their day to day operation. Therefore, a new credit facility in the form of a very short term credit limit (for 03 months) has been devised during 2017-18 to help the state entities to manage their peak credit requirements flexibly. As per procurement priorities of State Government, the credit facilities are being extended to state entities for procurement of various commodities.

### **2.3 Direct Lending to Cooperative Banks**

In continuation of our efforts to invigorate the co-operative sector, we designed a Short-Term Multipurpose Credit Product for financing Central Cooperative Banks (CCBs) directly. In sync with the overarching aspirations of the Vaidyanathan Committee for revival of cooperative credit structure, this product has enabled CCBs to raise financial resources from sources other than the State Cooperative Banks (StCBs).

### **3. Infrastructure Development Funds**

#### **3.1 Rural Infrastructure Development Fund (RIDF)**

The Rural Infrastructure Development Fund (RIDF), set up with NABARD in 1995-96 by the Reserve Bank of India out of the shortfall in lending to priority sector by scheduled commercial banks, was a vindication of GoI's trust in NABARD's professional expertise and capacity to oversee much-needed rural infrastructure projects. The corpus under RIDF is announced every year by GoI/RBI and for the year 2019-20, a corpus of Rs.28,000 crore has been allocated.

#### **3.2 Credit Guarantee Fund (CGF)**

CGF of Rs.1000 crore has been created to be maintained and managed by NABARD, with a matching share up to Rs.500 crore each by NABARD & DAC&FW, MoA, GoI. The objective of the Credit Guarantee Scheme (CGS) is to provide credit guarantee cover (CGC) to all eligible Lending Institutions, to enable them to provide collateral-free direct loan to FPOs by minimizing their lending risks. This scheme is expected to ensure higher credit flow to FPOs for their business development. Eligible lending institutions can avail Credit Guarantee cover, ranging from 75% to 85% of the quantum of loan, with a maximum ceiling of Rs.1.50 crore per FPO.

#### **3.2 Micro irrigation Fund (MIF)**

MIF with a corpus of Rs.5000 crore was operationalized in NABARD from 2019-20 with Ministry of Agriculture and Farmers Welfare (MoA&FW), GoI as the Nodal Ministry. The objective of the Fund is to facilitate State Govts. efforts in mobilizing additional resources for expanding coverage under micro irrigation and incentivizing its adoption beyond provisions of Pradhan Mantri Krishi Sinchayee Yojana-Per Drop More Crop. During 2019-20, an amount of Rs 2,841.57 crore was sanctioned under MIF to 4 States viz. Andhra Pradesh, Gujarat, Tamil Nadu and Haryana.

#### **3.3 Long Term Irrigation Fund (LTIF)**

LTIF was operationalized in NABARD during 2016-17 for fast tracking the completion of the 99 identified Medium and Major Irrigation projects, spread across 18 states, in mission mode.

Apart from 99 identified projects, GoI has also approved the funding for Polavaram project in Andhra Pradesh, North Koel project in Bihar and Jharkhand, Relining of Sirhind & Rajasthan Feeders in Punjab and Shahpur kandi Dam in Punjab under the ambit of LTIF.

Under LTIF, NABARD provides loan towards Central Share as well as State Share with a tenor of 15 years. Cumulative loan sanctioned and released as at the end of March 2020 was Rs.81,864.76 crore and Rs.44718.51 crore respectively.



### **3.4 Pradhan Mantri Aawas Yojna-Grameen (PMAY-G)**

PMAY-G aims at providing a pucca house, with basic amenities, to all households and those households living in kutchra and dilapidated house, by 2022. Under phase I (2016-17 to 2018-19) of the scheme, one crore houses were to be constructed. The scheme has since been continued beyond March 2019, with additional target for construction of 1.95 crore houses under Phase II (2019-20 to 2021-22).

Since 2017-18, NABARD has been extending loan towards part funding of Central share under the Scheme. The cumulative sanction and release by NABARD as on 31 March 2020 is Rs.41,975 crore and Rs.28,819.23 crore respectively.

### **3.5 Swachh Bharat Mission-Gramin (SBM-G)**

SBM-G was launched by Govt. of India with effect from 2<sup>nd</sup> October 2014 with the goal to achieve universal sanitation coverage in rural areas. Under the scheme, NABARD has been extending loan since 2018-19 towards part funding of Central Share under the Mission. As on 31 March 2020, total sanction and disbursement under SBM-G stood at Rs.15,000 crore and Rs.12,298.20 crore respectively.

### **3.6 Warehouse Infrastructure Fund (WIF)**

The Warehouse Infrastructure Fund (WIF) was instituted in NABARD by GOI with a corpus of Rs.5000 crore in 2013-14 for providing credit to public and private sectors for creation and augmentation of decentralized modern scientific storage facilities and post-harvest credit facilities for farmers to realise better prices, thus minimizing distress sale of farm produce immediately after harvest.

WIF was augmented by another Rs.5000 crore in 2014-15. NABARD financed 6103 projects with almost 9.05 MMT of scientific storage facilities worth Rs.8377 crore under WIF to provide impetus to the overall development of post-harvest infrastructure in the country.

### **3.7 Food Processing Fund (FPF)**

The Ministry of Food Processing Infrastructure (MoFPI) has launched a new scheme for creation of Agro Processing Clusters in the country, which would be established on at least 10 acres of land area, wherein at least 5 food processing units with a minimum investment of Rs.25 crore would be set up. The projects approved by the Ministry for capital grant assistance are notified as designated food parks, so as to make them eligible for availing term loan from out of Food Processing Fund instituted in NABARD.

### **3.8 Agri Marketing Infrastructure Fund (AMIF)**

Pursuant to the announcement in the Union Budget 2018-19, a dedicated Agri Market Infrastructure Fund (AMIF) with a corpus of Rs.2000 crore has been established with NABARD. AMIF envisages providing low cost funds to the State Governments for

upgradation of RuralHaats to Gramin Agriculture Markets (GrAMs), creation of electronic display mechanism and linking of GrAMs with Agriculture Produce Market Committees (APMC) and upgradation of 585 e-NAM enabled APMCs. The ministry of Agriculture and Farmers Welfare (MoA&FW), GoI has since issued the scheme guidelines to the State Governments.

### **3.9 Dairy Processing and Infrastructure Development Fund (DIDF)**

In the Union Budget 2017-18, Government of India announced creation of Dairy Processing and Infrastructure Development Fund (DIDF) with a total corpus of Rs.8000 crore over a period of 3 years (2017-18 to 2019-20). The objectives of the scheme are modernization and creation of additional infrastructure for milk processing, value addition by producing more dairy products, especially in cooperative sector and to help the producer owned and controlled institutions to consolidate their market position in the organized liquid milk market and to ensure optimum price realization by the primary producers. Loans out of DIDF shall be extended by NABARD during 2017-18, 2018-19 and 2019-20 to NDDDB & NCDC for financing creation/modernization of dairy processing and value addition infrastructure to Co-operative Milk Unions, State Cooperative Dairy Federations, Multi State Co-operative, Milk Producers Companies and NDDDB subsidiaries (collectively end borrowers). The Operational Guidelines were issued by GoI on 21 December 2017.

### **3.10 Fisheries and Aquaculture Infrastructure Development Fund (FAIDF)**

In the Union Budget 2018-19, Government of India has announced creation of Fisheries and Aquaculture Infrastructure Fund (FIDF) with a corpus of Rs.7500 crore over a period of 5 years (2018-19 to 2022-23). The objectives of the scheme are Creation and modernization of capture fisheries infrastructure, Marine Aquaculture Infrastructure, Inland Fisheries Infrastructure, Post-harvest Infrastructure for Fisheries and Fish Market Infrastructure. The Scheme is being finalized by the Government of India.

### **3.11 Animal Husbandry Infrastructure Development Fund (AHIDF)**

In the Union Budget 2018-19, Government of India had announced creation of Animal Husbandry Infrastructure Development Fund (AHIDF) with a total corpus of Rs 2500 crore over a period of 3 years (2018-19 to 2020-21). The objective of the scheme is creation of Infrastructure in Animal husbandry sector and the proposed activities eligible for funding are establishment of Livestock Farming, Livestock Breeding Farms, Poultry Breeding Farms, Poultry Hatcheries, Cold Chain Infrastructure, Feed Mixing Units etc. The Scheme is being finalized by the Government of India.

## **4. Micro Finance**

### **4.1 Business Model on financing of JLGs through RRBs - NABARD Support**

Extending bank loans through Joint Liability Groups (JLGs) is a major initiative for purveying collateral free credit through the banking system in the rural areas.

Analysis of the modus operandi of banks, which have successfully implement the schemes, reveals that they have taken up JLG financing as means of building a profitable business portfolio and have invested substantial time and resources for maintaining close engagement with JLG members, monitoring the end use of loan thereby ensuring high recoveries and maintaining quality portfolio. On the other hand, a few banks still depend on the traditional path of sporadically providing credit to the JLGs formed by JLGPIs.

An initiative to scale up JLG finance by them was taken during the year. RRBs due to their sheer rural presence and penetration in backward areas are at advantageous position to easily scale up financing of JLGs. RRBs have been encouraged to enter into an MOU with BCs/NGOs working as JLG promoters and Business Facilitator (fee based) and with assured support for promotion of JLGs from NABARD. NABARD also considers extending capacity building support to create a pool of trainers out of bank staff, the CSP/ or NGO and also for provision of hand-holding support from professionals for a period upto one year. In order to give push to the model, Tripartite / Bipartite MoUs have been signed with 36 RRBs in 18 states.

### **4.2 Digitization of SHGs under EShakti project**

The Pilot Project EShakti envisages mapping of the existing SHGs in a district (bank wise, branch wise) by capturing financial and non-financial information of the SHG and its members and uploading the transactions including minutes of meetings, through an “App” loaded on Android based Tablets/Mobiles to a dedicated website viz. <https://eshakti.nabard.org/>. To address the regional GPRS connectivity issues across the country, provision is made for uploading of data through both online and offline mode. Stakeholders like SHG members themselves, Government Agencies, Banks, NGOs, etc. can access the data on the basis of login accounts.

The project is in operation in 254 districts spread over 26 States and two UT as on 31 March 2020. As on 31 March 2020, a total of 6.54 lakh SHGs were digitized involving 71.94 lakh members across the country.

### **4.3 Livelihood and Enterprise Development Programme (LEDP)**

Enabling SHG members to take up income generating activity for livelihood involves intensive training and hand holding on various aspects including understanding market, potential mapping and ultimately fine tuning skills and entrepreneurship to manage the

enterprise. Hence, it was felt that skill specific, location specific and focused skill building programme as supplemental effort on skill up- gradation and development for sustainable livelihoods / micro enterprises by matured SHG members are required to be supported to enable them to set up and run a successful enterprise for income generation and livelihood. To meet these objectives, NABARD piloted a holistic programme of livelihood and enterprise development called Livelihood and enterprise Development Programme (LEDP) in 2015 and mainstreamed in 2017-18 with a view to create sustainable livelihoods among SHG members and to create maximum impact of skill up-gradation.

237 LEDPs were sanctioned during 2019–20. Cumulatively, 783 LEDPs have been supported through with grant sanction from NABARD up to 31 March 2020.

## **5. Financial Inclusion**

Financial inclusion has been one of NABARD's primary organizational goals since inception and it has been through many channels and projects. A Financial Inclusion Fund (FIF) has been set up in NABARD with a view to take up developmental and promotional interventions to secure greater financial inclusion and support suitable technology and innovations. The following initiatives are taken under the Fund.

### **Initiatives involving financial grant support through FIF**

NABARD supports the creation of Financial Inclusion infrastructure of Banks and various Financial Inclusion awareness activities under the aegis of Financial Inclusion Fund (FIF) placed in NABARD.

### **Differentiated Strategy**

NABARD has adopted a differentiated strategy in 2019-20 to provide focused FI interventions comprising 14 schemes on tap, in order to address regional and institutional inadequacies and bring about inclusive and equitable financial inclusion across the country. Under the strategy, FIF interventions are directed more towards weaker banks and the Special Focus Districts (SFDs) comprising of Aspirational districts, LWE districts, North Eastern Region, Hilly States and Andaman & Nicobar Islands. The 14 standard schemes on tap are listed below:

#### **A. Financial Literacy Programmes**

1. Financial and Digital Literacy Camps by branches of banks
2. Financial and digital literacy camps through FLCs
3. Reimbursement of Examination fee of BC/BF
4. Demonstration Van for Financial Literacy

#### **B. Banking Technology Adoption**

1. Deployment of microATMs
2. POS/mPOS Deployment in Tier 3 to 6 centres
3. Dual Authentication facility at BC Point
4. On-boarding to BHIM UPI
5. On-boarding to PFMS Platform

**C. Regulatory Infrastructure Support**

1. Membership of AUA/KUA
2. Onboarding to CKYCR

**D. Support for Connectivity and Power Infrastructure**

1. VSAT deployment in SFDs
2. Mobile Signal Booster deployment in SFDs
3. Solar power unit/ UPS deployment in SFDs

NABARD has supported Financial Literacy efforts through various initiatives keeping in mind its importance to augment demand for financial services, especially for those offered on the digital platform. In addition, in order to augment the supply side of the financial ecosystem, NABARD has also extended support for onboarding to digital platforms, improving connectivity and meeting regulatory requirements.

**Initiatives undertaken by DFIBT during 2019-20**

- i. **Technology Adoption by RCBs:** To facilitate the Rural Cooperative Banks (RCBs) to adopt technology platform in a time bound manner, NABARD has advised the banks to conduct a quarterly State Level Technical Committee (SLTC). This will enable bank wise review, monitor the progress and resolve the implementation issues related to technology roadmap of the banks. It is essential that each RCB has a vision of their technology journey for which they have been advised to formulate a technology road map for adoption of Post-CBS technology.
- ii. **Higher engagement with partner banks especially Small Finance Banks (SFBs), Payment Banks (PBs):** SFBs and PBs aim to service the unbanked individuals that traditional banks have not touched, especially migrant workers and those from lower income households, as well as bring them into the formal financial system. They can partner with traditional banks to provide loans and investment products (with secured, technology-driven transactions) to such customers. Banks can also partner with SFBs who provide financial assistance to the sections of the economy yet to be fully covered by other banks, such as small and marginal farmers and SME sector.

**6. Farm Sector Initiatives****6.1 Climate Change****A. Overall Project Status as on 31 March 2020**

NABARD is the National Implementing Entity (NIE) for Adaptation Fund (UNFCCC) and National Adaptation Fund for Climate Change (NAFCC), Govt. of India and Direct Access Entity (DAE) for Green Climate Fund (GCF). Cumulatively, 40 projects with grant and loan assistance of Rs. 1820.58 crore have been sanctioned under various funding mechanisms. Details of the same is as under:

(Amt. Rs. in crore)

Sr. No	Funding	No of projects	Total Sanctions	Fund received by NABARD during 2019-20	Released to EEs during 2019-20	NIE/ AE Fee during 2019-20	Cumulative NIE/AE fee	Cumulative Release
1	Adaptation Fund	8*	59.53	9.62	7.18	0.26	2.48	36.89 (45.16)@
2	National Adaptation Fund for Climate Change	30	847.47	33.52	98.91	1.78	8.68	335.44 (470.68)@
3	GCF	2	913.58	-	-	-	8.61	353.03**
	<b>Total</b>	<b>40</b>	<b>1820.58</b>	<b>43.14</b>	<b>106.09</b>	<b>2.04</b>	<b>19.77</b>	<b>725.36</b>

\*Including South-South Co-Operation Grant for supporting NIE accreditation in Afghanistan and Readiness Grant for development of ES&G framework.

\*\*Including an amount of Rs.8.61 crore towards NIE fee for TCCL.

@Figures in the brackets is the amount received by NABARD.

## B. Green Climate Fund:

- i. The progress under GCF-TCCL project (FP081) was reviewed twice during the year. First meeting was held at FSPD HO on 23 August 2019 and second meeting was held on 19 March 2020, respectively. Field monitoring of one sub project namely AMP Solar at Pune was done on 10 January 2020. Annual Performance Report (APR) was submitted to GCF on time. Interest amount for first year, on the first tranche of loan of USD 50 million, was collected from TCCL (EE) and remitted to GCF in USD. Commitment Fee on the unavailed loan portion was also collected from TCCL which shall also be remitted to GCF.
- ii. Under GCF Odisha projects, Government of Odisha requested for change of EE. The request of Government of Odisha was forwarded to GCF along with our recommendation. NOC from MoEFCC was obtained and forwarded to GCF. Capacity assessment of the proposed new EE (OCTDMS) was done and details also forwarded to GCF. The request of GoO being assessed by GCF. Meanwhile new Subsidiary Agreement (SA) and supplementary Funded Activity Agreement (FAA) is being prepared for its submission to GCF.
- iii. Regarding new proposals, a total of 10 new PCNs/DPRs were scrutinized and 04 of these were submitted to MoEF&CC for consideration and remaining were sent back to the project proponents for improvements of proposals.

**C. Adaptation Fund:**

- i. During the year, Rs. 9.62 crore received from AF for the four on-going projects and an amount of Rs. 7.44 crore (including Rs. 0.26 crore of NIE fee) was disbursed for three projects.
- ii. Inception meeting regarding South-South cooperation grant for NIE accreditation in Afghanistan was held on 23<sup>rd</sup> August 2019 with participation of NABARD, NABCONS and NEPA (National Environmental Protection Agency), Afghanistan.
- iii. Three new project proposals were submitted to Adaptation Fund (AF), one each under 'Innovations grant', 'Learning grant' and 'Scale Up grants' announced by AF. These proposals are pending for submission to AF for want of endorsement by MoEF&CC.
- iv. Mid Term Evaluation study of three AF projects were assigned to Dr. Saudamini Das, NABARD Chair Professor and those were completed during the year.

**D. National Adaptation Fund on Climate Change:**

- i. A total of fifteen new proposals from different states including one each of multi state & PAN India proposals were scrutinized. The Technical Screening Committee has recommended three proposals including one regional proposal for tea development. The proposals are pending for consideration at MoEF&CC.
- ii. During FY 2019-20 a total sum of Rs. 98.91 crore was released from NAFCC A/C to different EEs. The disbursement includes the NIE fee earning of Rs. 1.78 crore.
- iii. Joint review meetings of on-going NAFCC projects were conducted by MoEF&CC and NABARD through a series of VCs and review meets at the ministry. One major area of concern has been on slow progress and utilization of funds under several of the projects.
- iv. NABARD along with PFMS cell of MoEF&CC, Govt. of India had organized two days training programme on implementation of EAT module of PFMS in NAFCC projects during 13-14 May 2019 at BIRD, Lucknow for all the Executing Entities (EEs) implementing NAFCC projects.

**E. Participation in COP-14 of UNCCD and COP-25 of UNFCCC**

NABARD hosted three side events, two during COP-14 at New Delhi and one event during COP 25 at Madrid, Spain. Following actions were contemplated after participation in the side events:

- A proposal is being prepared to become partner/NIE for Land Degradation Neutrality Fund of UNCCD.
- It is contemplated to organize Stakeholders consultation meet and invitees would include MoEF&CC, National Rainfed Area Authority, CSR partners, NGOs and select State Governments to explore for proposals under LDN.
- It is proposed to submit a proposal to seek, inter alia, annual budget resources from central government to the extent of Rs 500.00 crore for creating National Land Degradation Neutrality Fund with NABARD for implementation of grant based LDN models in India.

## 6.2 Other initiatives

- A. Celebration of world environment day on 07 June 2019 focusing on theme of “Air pollution”. World famous environmentalist Prof. Prasad Modak delivered a lecture at HO. Awareness programmes viz; Quiz competition, walkathon etc. were organized.
- B. A workshop for Nodal officers from ROs on Climate Change was organized at NBSC, Lucknow during 27-28 December 2019. This workshop focused on capacity building and reviewing the progress of Climate Change projects.
- C. Regular review meetings were held with the EEs implementing NAFCC projects involving MoEF&CC for timely completion of projects.

### D. Policy

- i. **Promotion of Organic Certification – Promotion of Local Organic Farmers Groups:** Keeping in view the potential of organic agriculture to provide opportunity for increasing income of farmers, both due to demand and scope in domestic as well as export market and the climate resilient characteristics of organic farming, a policy has been formulated to promote Local Organic Farmers Group (LOFG) under PGS-India from among the Community Organizations promoted by NABARD including capacity building. Operational guidelines have been issued the Regional Offices and an initial target for promotion of 50 LOFG across the country has been set by utilizing various promotional funds of NABARD viz. WDF, TDF, PODF & FSPF.
- ii. **Development of Beekeeping Value Chain :-** NABARD has formulated a comprehensive policy for development of beekeeping through institutional credit and promotional grant support with convergence of various schemes of Govt. of India/KVIC. Operational guidelines have been issued to ROs and details communicated to SLBC, Banks and other stakeholders for its operationalization.
- iii. **Development of Bamboo Value Chain:-** NABARD has prepared Bamboo value chain policy for holistic development through institutional credit and promotional grant support under National Bamboo Mission, Govt. of India. Operational guidelines have been issued and the ROs are expected to identify & engage Executing Entities for project formulation and implementation.

### E. Krishak Samridhi-An income enhancement initiative

Krishak Samriddhi Project, which was launched during September 2017, has completed one and half year of implementation in five districts, spread over five states. The project envisages to cover 7094 households involving a total financial outlay of Rs.17317 lakh, of which share of NABARD is Rs.450 lakh.



### 6.3 Producers' Organisation Development Fund (PODF)

NABARD is providing financial assistance to Producers' Organisations to enable them to undertake collectivization of primary produce, add value and enhance the income of primary producers, particularly small producers through improve access to quality inputs, modern technology and market linkages. NABARD has set up Producers' Organisation Development Fund (PODF) with initial corpus of Rs.50 crore.

The broad objective of the Fund is to support Producer Organization across three levels i.e. credit support, capacity building and market linkage to meet their end to end requirement and thereby ensuring sustainability and economic viability.

The PACS and PCARDBs are one of the legal forms of Producers Organisations, NABARD took special initiative to support PACS / PCARDBs for developing as Multi Service Centres (MSC).

Certain additional activities eligible for grant support under PoDF such as tie-up with agri business incubators, professional agencies for extending incubation services to POs, contribution towards creation of Credit Guarantee Fund and supporting specific activities on stand-alone basis like special studies, stakeholders meet / conference, round table, building the specialized capacities of existing POs, ICT interventions for improving marketing / operational efficiency and such other critical interventions necessary for building sustainable POs is available under PODF.

NABARD has discontinued extending direct loans to POs. Such requirements are currently being supported by NABARD's subsidiaries/bank in various States. Considering the need for specific and focused attention towards meeting the growing needs of the FPOs, NABKISAN Finance Ltd., a subsidiary of NABARD as also other subsidiaries were given special responsibility to support credit needs of FPOs on affordable terms.

A new Central Sector Scheme for promotion of FPOs has been finalized for formation and nurturing of **10,000 FPOs over a period of 5 years** during 2019-20 to 2023-24. NABARD, SFAC and NCDC to act as Implementing Agencies initially. Formation and promotion of FPOs is based on "produce clusters" approach and will focus on "One District One Product". DAC&FW would allocate clusters and States, as the case may be, to the Implementing Agencies on the recommendation of National level Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC).

Grant assistance towards Management and Incubation per FPO will be Rs. 25 lakh or actual, whichever is lesser, which would be provided for 5 years from the year of formation. Financial support up to Rs. 18 lakh /FPO or actual (whichever is lesser) would be provided for 3 years from the year of formation of FPO, to cover the administrative expenses, including salary of CEO, registration of FPO, for availing services of experts for statutory compliances, etc. Equity grant support to the FPOs would be provided in the form of matching grant up to Rs. 2,000 per producer member, subject to maximum limit of Rs. 15.00 lakh per FPO.

#### 6.4 Tribal Development Fund (TDF)

The tribal population of India constitutes around 8.6 percent of total population, distributed over 94,000 tribal villages. NABARD has been supporting tribal development through refinance, separate line of credit to agencies supporting tribal families, promotional activities, etc. However, a key concern for NABARD has been the sustainability of tribal livelihoods. NABARD has taken the initiative of creating a special Tribal Development Fund (TDF) with a contribution of Rs.50 crore out of its profit for the year 2003-04.

The objective of the Fund is to:

- Create replicable models of integrated development of tribal families, on participatory basis, through adoption of sustainable income generating activities based on potential of the area and the tribal needs;
- To build and strengthen tribal institutions, which would enable the communities to be partners in policy formulation, execution of programmes and improve social and economic status; and
- Build and strengthen producers' organisations.

The fund will be utilized for assisting mainly the tribal families for the following purposes:

- Sustainable and participatory livelihood programmes such as tree / orchard based farming systems (wadi); mixed wadis (mixed farming / multi-tier farming); precision farming; etc.
- Suitable and viable livelihood activities, which improve income and sustainable livelihood to farmers / entrepreneurs like bee keeping, sericulture, non-farm sector activities;
- Traditional economic activities like collection of minor forest produce, herbal medicines, gums, natural dyes, sheep rearing, etc.
- Likelihoods based on tribal art and craft and other off farm based activities;
- Vertical integration through creation of processing and marketing facilities, common infrastructure, etc.
- Measures to improve quality of life such as preventive health care and sanitation;
- Women empowerment through promotion of thrift groups, drudgery reduction, income generation activities, enabling participation of women in institutions, etc.
- Sustainable livelihood activities for landless;
- Training and capacity building of all stake holders such as farmers, PIAs, Government Departments, Corporate partners, etc. and engaging the services of resource support organisations;
- Strengthening of tribal organisations through promotion of cooperatives, project level committees, village level institutions, Producers Organisations/ Companies, etc.

- Potential and exploratory studies, midterm, ex-post evaluation studies, web based monitoring, support to events such as workshops, exhibitions, etc. for promoting tribal activities;
- Documentation through publication of literature, documentaries, video films, etc.;
- Integrated development of tribal dominated villages with focus on sustainable agriculture practices and allied activities encompassing the entire chain of interventions;
- Publicity measures, promotional initiatives, etc.;
- Per family grant assistance has been increased from Rs.6000 to Rs.11,000, for laying barbed wire fencing, in place of live fencing for wadis.
- Grant assistance has been introduced for setting up of rural haats/ marts under TDF.
- Grant support for 'Business Development Assistance' for FPOs has been introduced under TDF on the lines of PODF (ID) guidelines.
- In consultation with PIA, RO will prepare a financial inclusion plan for implementation from 2<sup>nd</sup> year onwards.
- Rewards for best wadi/project and best PIA have been introduced.
- Revised guidelines allow inclusion of non-wadi based livelihood interventions under TDF.

### **Nature of support:**

The fund support will be need based, location specific and flexible for appropriate utilization. The funding will be done by way of grant or loan as found appropriate. The grant support would be extended to the selected tribal families for project interventions and to the Project Implementation Agency (PIA) for project management expenditure. The grant support for activities such as soil conservation, water resource development, women development health, etc. may also cover other than project assisted families in the project villages, on a case to case basis. However, such support may be limited to not more than 10% of the grant assistance.

The Tribal Development Fund also envisages financial collaboration with State Governments, Corporates, NGOs, Trusts and other developmental and promotional agencies.

Based on the recommendations of the National Advisory Committee for review of policies in WDF & TDF, **revised WDF guidelines** for integrated Watershed Development with Climate Proofing, with an increased unit cost (Rs.18,000 per ha area & Rs.22,500 per ha area in Plains and Hilly & Difficult areas, respectively) have been released.

## 6.5 Farm Sector Promotion Fund (FSPF)

The primary objective of FSPF is to provide grant assistance to support farm innovations, technology transfer and capacity building of farming community in the realm of agriculture and allied activities.

The objectives of FSPF are as follows:

- Promotion of Innovations in agriculture and allied sectors
- Enhancing productivity of agriculture and allied sectors and creating market access
- Promotion of Climate Resilient agriculture in vulnerable / distress districts
- Promotion of agricultural value chains
- Promotion of farmers' collectives including training and capacity building
- Supporting Expert Advisory Services, Policy Advocacy including building up of human capital in rural areas

Guiding Principles:

- Support for sustainable interventions in the field of agriculture and allied activities
- Assistance to Farm sector for economic improvement and economy of farm households
- Capacity building of farmers for income enhancement
- Interventions that will lead to improvement in income and quality of farmers
- Promotional support for development projects under the fund should invariably lead to business development of NABARD
- Support is available under Programmatic / Project approach mode as well as on standalone basis

Support is available under Programmatic / Project mode as well as on standalone basis.

Eligible Activities:

- Promotion of Innovations in agriculture and allied sectors
- Enhancing Productivity of agriculture and allied sectors and creating market access
- Promotion of Climate Resilient agriculture in vulnerable / distress districts
- Promotion of agricultural value chains
- Promotion of farmers' collectives including training and capacity building
- Supporting Expert Advisory Services, policy advocacy including building up of human capital in rural areas

In addition, any other suitable activity / agency found necessary for promotion, income enhancement, capacity building, farmers' education, etc., under agriculture would also be eligible. Further, NABARD will also be eligible for utilizing grant funds; whenever interventions are taken up directly by NABARD.

## **6.6 Spring shed based Watershed Development Programme**

NABARD has been implementing watershed projects in the country since 1990s in the States having major dryland / rainfed regions except North Eastern Region (NER), which has different topographical and geological conditions. However, due to adverse impact of climate change in the recent past, the springs, which are lifeline in the NER, are getting dried up affecting agriculture and livelihood of rural community. IN view of the above, Springshed development programme was launched by NABARD in February 2017 to rejuvenate springs in NER.

To facilitate the implementation of the programme, NABARD has brought out comprehensive operational guidelines for Springshed based Watershed Development Programme. The guidelines will be applicable to all the NE States including Sikkim and other hilly parts of the country, where potential for revival of springs exist.

## **6.7 Integrated Water Management Scheme through Watershed approach**

NABARD launched a nation-wise Water Conservation Campaign on 22 March 2017, with support of various stakeholders / partner agencies such as banks, NGOs, PRIs, KVKs, Agriculture Universities, State Government Departments and Farmers' Organisations like FC, SHGs, JLGs, FPOs, VWCs, etc. The Campaign was implemented with support of 200 Master Trainers (MTs) and 8,000 Krishi Jal Doots (KJDs) who were especially trained for running the campaign. The campaign was carried out successfully in 1,01,569 villages across 21 major States. The main objective of the campaign was to create mass awareness about the need for conservation / preservation and efficient use of water through locally available technologies and activate the rural community for voluntary actions. These initiatives were expected to attract investments for creation of farm level irrigation infrastructure, which would lead to productivity enhancement and increased farmers' income, besides addressing the social issues.

In order to consolidate the outcomes of the water conservations campaign implemented during March 2017 and to carry forward the water agenda more aggressively for mitigating the water scarcity situations and improving agricultural productivity in select vulnerable villages, integrated water management scheme through watershed approach, has been prepared for implementation across 50 districts including 40 aspirational districts of Government of India, covering 250 villages across 20 States.

The objective of integrated water management scheme is to consolidate the works already undertaken in the villages during the Water Conservation Campaign implemented during the last year and implement time bound concrete action plan to promote water conservation / management activities through convergence with Government / Corporate Sector Schemes, credit-linked area development scheme to accelerate the flow of bank credit for water-efficient technologies and peoples' participation in the identified villages through watershed approach.

**Distinctive Features:**

- Focused attention on implementation of area development schemes by banks to enhance credit flow for capital investments in agriculture.
- Systematic efforts for facilitating convergence of schemes of the Government and Corporate Sector
- Holistic and integrated approach for water-resources based village development.

The scheme will be implemented over a period of 02 years (2018-19 and 2019-20).

### **6.8 Collaboration of CSR funds from corporate bodies with NABARD assisted developmental and promotional programmes**

NABARD has been implementing several developmental and promotional programmes for providing various ecosystem services to the rural community through conservation and development of natural resources like soil, water crops including plantation and horticulture apart from building up of social capital through participatory approach. Major aim of such interventions include providing sustainable livelihood, poverty alleviation, increasing production and productivity of crops, income and employment generation, women empowerment, financial inclusion, etc.

The objectives envisaged under the above programmes and their impact on the community development, have attracted the attention of many of the corporate bodies and their CSR arms / Foundations for partnering with NABARD, primarily as part of their Corporate Social Responsibility (CSR). Operational guidelines for such collaboration / partnership with CSR funds have been issued by NABARD

## **7 Off Farm Sector Initiatives**

### **7.1 Setting up of Catalytic Capital Fund**

- i. In India, most entrepreneurs or upcoming technology start-ups with early stage technology or innovations in product, process, supply chain or business model, face challenges with respect to fund support.
- ii. A few start-ups manage to get bootstrapped (family/own funds), and very few get crowd funding options which is sufficient to manage their operations for a short time. Funding of agriculture entrepreneurs becomes more complex as most investors are not keen to invest in Agri start-ups. This makes the Agri start-ups more vulnerable due to lack of options for risk funding at early stage.
- iii. Most of these Agri/Rural start-ups have high potential to grow and generally attain a growth trajectory by the end of six months to one year and require easy financial support. But by this time, their funding options are limited or nil. Of late, small funds are available at the early stage from many Government Schemes at the central and State level to a limited extent.

- iv. Even where early stage funding is available, these start-ups enter a stage called “Death Valley”. Death Valley refers to the phase where there is high probability that a start-up firm will die or close down before a steady stream of revenue is established. During the “Death valley”, additional financing is usually scarce, leaving the firm vulnerable to cash flow requirements. When potential investors see such a decline, they may decide not to support the company thereby leading to the death of a potential enterprise.
- v. To prevent the Agri Start-ups entering “Death Valley” phase, NABARD has set up “Catalytic Capital Fund of Rs.100.00 crore for supporting Rural and Agri Start-ups”. The catalytic capital support is positioned to act as a bridge between two stages viz. development and commercialization of innovative technologies / products / services in agriculture for start-ups through Incubation Centres/Subsidiaries of NABARD.

## **7.2 Promotion of GI Products**

- i. Geographical Indications (GI) can play an important role in rural development, empowering communities, acting as product differentiators, support brand building, create local employment, reduce rural migration, creating a regional brand, generating spin-off effects in tourism and gastronomy, preserving traditional knowledge and traditional cultural expressions and conserving biodiversity. GIs are the least explored and most underrated IP.
- ii. NABARD has supported GI registration of 51 products of which 11 have been registered. NABARD has facilitated creation of an FPO for marketing of Mattu Gulla Brinjal (GI Product) resulting in increased turnover and direct selling to urban markets. NABARD has also provided financial support for the creation of dedicated product catalogue in three international languages for 10 GI products. A marketing outlet for GI products at Deendayal Hastakala Sankul, Varanasi is being supported.
- iii. In order to broad base our interventions in GI, new policy guidelines have been formulated in 2019 which envisage end-to-end support in facilitating pre-registration as well as post-registration activities for GI products in order to appreciate quality, improve market access, create awareness, strengthen producer’s capacity to enforce their rights, subsidize cost of registration & enforcement and marketing.

## **7.3 Food and Agri Business Accelerator programme**

- i. As part of OFDD efforts in supporting accelerator programmes of Incubators, NABARD supported a-IDEA in the conduct of Agri Udaan 3.0, an accelerator programme targeting start-ups in the Food and Agri-Business sectors. The platform enabled the short-listed start-ups to undergo rigorous mentorship from industry experts and network with potential investors.
- ii. The programme received tremendous response receiving 415 applications out of which 40 start-ups were shortlisted. The Top 10 start-ups were finalized after two days of pitching in front of a panel of experts having agri business corporates, investors, agriculture scientists, start-up mentors among others.

- iii. The Top 10 start-ups were afforded with a unique opportunity to connect with NABARD supported Farmer Producers Organization (FPOs) as part of India's First Start-up-FPO Immersion program.
- iv. The program allowed the agri-start-ups to take their innovations to the doorsteps of the farmers, while promoting and nurturing a culture of technology adoption/innovation centric focus by the farmers.
- v. The Start-up Immersion programme was a win-win scenario for the start-ups and FPOs. The use of technology allows FPOs to reap benefits of economies of scale and informed decision making, thereby improving the economic and social status of the farmers. On the other hand, Start-up entrepreneurs get better outreach to farmers.
- vi. The event culminated with demo days in Bengaluru and Mumbai which allowed the top 10 startups to pitch their ideas to 35 potential investors.

#### 7.4 Skill Initiatives

- i. In tune with GoI's goal, OFDD has developed a structured approach for addressing the skill gap in rural India through demand and outcome-based programmes through multiple stakeholders in skill development ecosystem leading to wage/self-employment.
- ii. All developmental interventions under skilling are through digital platform "NABSKILL" ([www.nabskillnabard.org](http://www.nabskillnabard.org)) enabling complete digitisation of Skill interventions right from submission of applications, settlement of claims to effective implementation, monitoring/tracking, placement.
- iii. Taking forward the skilling activities, Partnering with Corporates/CSRs has shown that the impact of funding them for skill initiatives has been far reaching in convergence with entities. One of them being Pipal Tree Ventures Private Limited a pioneer in conducting residential training programmes with assured placement in courses like Rural Masonry and Retail trade.
- iv. Similarly, to address the skill development of difficult and unreachable areas like Manipur and Uttarakhand, we have partnered with Tata Community Initiative Trust for imparting skill to 1820 unemployed rural youth in Food & Beverage sectors like Commis Chef.
- v. Haryana RO partnered with UNDP for creating 2000 women micro enterprises in two years by creating Bizsakhis for handholding and nurturing them. On the front of health initiatives, we have associated with Santhigiri trust for imparting Ayurveda Panchakarma Therapy Course to rural youth with an assurance of 100% placement.
- vi. NABARD has so far extended grant assistance of Rs.154.37 Crore for training 9.04 Lakh rural youth through 34,878 programmes by gainfully engaging rural youth both in wage as well as self-employment. During 2019-20, NABARD has extended grant assistance of Rs.18.92 Crore for skilling 33,216 rural youth through 1066 programmes.



## 7.5 Agri Business Incubation Centres (ABIC) by NABARD

- i. NABARD's scheme of "Catalytic Capital Assistance for supporting Rural & Agri Business Start-ups in agriculture and identified sectors" is to support start-ups through Rural /Agri Business Incubators as well as Subsidiaries of NABARD. The objective of the scheme is to support Start-ups in farm and non-farm sector to stimulate commercialization of ideas/ inventions that will lead to enterprise creation, increased employment and increased income generating activities in rural areas.
- ii. The grant assistance is capped at maximum of Rs.10.00 crore to Incubation Centres/Subsidiaries of NABARD. These centres in turn can provide support of maximum of Rs.1.00 crore to an eligible Incubatee/Start-up by way of equity/debt. The support is for Start-ups in the stage of 'Valley of Death'.
- iii. During the year, an amount of Rs.22.48 Crore was sanctioned for setting up of upscaling of 3 ABICs at IIT, Kharagpur, West Bengal and Rajmata Vijayraje Scindia Krishi Vishwa Vidyalaya, Gwalior, Madhya Pradesh, a-IDEA (Association for Innovation Development of Entrepreneurship in Agriculture), at National Academy of Agricultural Research Management (NAARM), Hyderabad, Telangana.
- iv. During the COVID 19 lock down period MABIF enabled farmers by providing free cold storage facility as well as helping FPOs in online marketing through their start-ups.

## 7.6 OFPO

- i. Off-Farm Producer Organizations (OFPOs) are legal entities formed by producers like artisans, weavers, craftsmen etc. which provides for sharing of profits/benefits among members.
- ii. The objective of the producer organization is to ensure better income realization to its members through aggregation and value addition.
- iii. OFPOs play an important role in promoting rural enterprises in handloom, handicraft and other off farm activities so as to generate local employment through value addition, design innovation and development, processing, brand-building, creation of storage and logistics infrastructure, mechanization and development of technology plus strong forward and backward linkages. This ultimately brings in sustainable and inclusive development through collectivization and formalization.
- iv. During 2019-20, eight OFPOs benefitting around 2500 artisans and craftsmen across 07 states were sanctioned with committed grant assistance of Rs.4.56 crore.
- v. As on 31 March 2020, 33 OFPOs covering around 11,678 beneficiaries have been supported with grant assistance of Rs.12.88 Crore across 19 states.
- vi. 18 OFPOs have been registered under Companies/Societies Act and are undertaking business activities through aggregation, marketing and input distribution.

- vii. A total of 17 OFPOs are based on Handicraft Products while 12 are based on Handloom Products. Two OFPOs are multi-craft based while one OFPO is involved with Minor Forest Produce.
- viii. Eight OFPOs are all-women OFPOs and are expected to empower 3325 women weavers and artisans directly.
- ix. The Kanjamalai Textile Weaver Producer Company Limited, the first NABARD supported Weavers Producer Company comprising of 500 weaver-shareholders recorded a turnover of Rs.1.25 Crore in 2018-19 and has received working capital loan to the tune of Rs.83.00 Lakh from NABKISAN Finance Limited.
- x. Khekra Handloom Producer Company Limited has developed its own brand, “BAGHPAT FABBS” which is available on online marketing platform.
- xi. Nimdih Tribal Producer Company comprises of 216 handicraft artisans from the Sabar and Mahali tribes. The Sabar are Primitive and Vulnerable Tribal Group who have remained cut-off from the outside world for long.
- xii. Ramlai Handloom Producer Organization is one of the largest OFPO comprising of 800 members, a majority of whom are women. It is based out of Thenzawl, Mizoram.
- xiii. Tribal Bagh Print Producer Company Limited is involved in production of the internationally renowned Geographical Indication, Bagh Prints of Madhya Pradesh.

## **7.7 Marketing Interventions**

In order to support rural artisans & producers to market their products effectively NABARD provides financial assistance for setting up Rural Haats and Rural Marts as also sponsoring Exhibitions.

### **(A) RURAL HAAT**

- i. Rural Haats have been vital to the lives of rural communities by providing them accessible market place to buy and sell their farm and off-farm produce. NABARD supports existing as well as setting up of new Rural Haats for creating basic infrastructural facilities.
- ii. Rural Haats have emerged as forward linkages for Producer Organizations, Village Watershed and Tribal Development Committees in trading their produce. As on 31 March 2020, 563 Rural Haats have been supported with grant assistance of Rs.34.21 Crore.

**(B) RURAL MART**

- i. Rural Marts not only provide market but also help promote entrepreneurship amongst producer communities, SHGs etc.
- ii. The Scheme provides for support towards operational expenditure for setting up of Rural Marts at potential locations. As on 31 March 2020, 904 Rural Marts have been supported with grant assistance of Rs.15.65 Crore.

**(C) EXHIBITIONS / MELA**

- i. Exhibitions and Melas provide a direct marketing platform to the artisans with access to market intelligence, customer preferences and bulk orders. Participation in these melas empower the artisans to face the challenges in doing business.
- ii. NABARD supports organizing exhibitions independently or in collaboration with major partners. Grant assistance is also extended for enabling artisans/producers to participate in exhibitions at different places in India.
- iii. During 2019-20, twenty Regional Offices and Head Office, Mumbai organised exhibitions independently providing 1765 producers/artisans collectives from rural India to display and sell their products in major urban centres, generating direct and bulk sales to the tune of Rs.10.17 Crore.
- iv. Some of the major exhibitions supported during the year include Mahalaxmi Saras Mela, Mumbai, Surajkhund Mela, Surajkhund in Haryana and Deccan Haat, Hyderabad. These exhibitions have proved to be an effective marketplace for majority of OFPOs supported by NABARD wherein they could get access to bulk buyers as well as gather inputs on improving their products.
- v. During the course of exhibitions, initiatives were taken to empower artisans by organizing Buyer-Seller Meets, conducting training programmes and workshops on branding, marketing, packaging, effective communication and entrepreneurship development, promoting financial inclusion and digital payment mechanisms.
- vi. To facilitate digital payments, arrangements were made for QR codes to the artisans through UPI payment mode.
- vii. Two day capacity building programmes on product branding/packaging, Presentation, communication skills was organised for the benefit of the participating artisans as well as a programme on Business Plan preparation and marketing was also arranged for the artisan members of 13 OFPOs who participated in the exhibition. As expressed by the artisans, they immensely benefitted from the training programmes conducted by NABARD as it gave a boost to their sales.

**7.8 Promoting Innovative Experiments**

NABARD has been one of the institutions to recognize the importance of grassroot level innovations. More than 700 innovations in rural India have been supported which include product/process innovations and research projects in the field of agriculture,

financial services, agro-processing, etc. both in farm and non-farm sector. Few of the innovative projects sanctioned during 2019-20 are:

- i. Development of homestays as part of Rural Tourism in Pangi, Chamba district, Himachal Pradesh, aimed at benefitting 263 tribal households.
- ii. Kaagaz ke Pankh - Production of handcrafted and eco-friendly utility products from recycled cloth, paper and plastic waste in Gurugram district, Haryana.
- iii. Creation of digital marketplace for tribal handicraft products of West Midnapore district, West Bengal.
- iv. Development and optimization of Natural Dyeing Process with Banana sap as a natural eco-mordant in Tamil Nadu.

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