

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

Since its inception, NABARD has demonstrated a deep, unwavering commitment to rural development. Within rural development, building infrastructure is one of the most important element.

GoI had instituted RIDF in NABARD with contributions from PSL shortfall to bridge the gap in rural infrastructure facilities. However, State Governments are limited by their borrowing power under Article 293 of the Constitution of India. Consequently, some of the sectors fail to access adequate funds depriving rural India of critical infrastructure. NIDA was designed as an alternative line of credit to address this gap. The product is funded by NABARD on its own either through its cash flows or through market borrowings.

### **What is NIDA?**

NIDA is a new line of credit support launched by NABARD in 2011 for funding rural infrastructure projects. NIDA is designed to fund the State Govt. /State owned/ Central Govt. Owned institutions for creation of rural infrastructure which facilitates better communication, connectivity, irrigation, social infrastructure and credit absorption capacity in rural areas.

For State Governments, NIDA provides assistance for rural infrastructure development, outside of RIDF borrowing and for other State Owned organizations, NIDA offers direct financing based upon risk appraisal of every specific project.

### **Key Features of NIDA**

A key feature of NIDA is that it offers customized borrowing terms & conditions based on the requirements of the borrower, nature of the project, and risk profile of the borrower including longer repayment period and moratorium. The assistance provided under NIDA is available on flexible interest terms.

#### Type of Loan:

Term loan

#### Tenure:

Up to 25 years (with a moratorium of 2-4 years)

#### Interest Rate:

Variable (based on the project and the risk profile of the borrower). Interest rates are externally benchmarked to G-Sec yield. Presently, NIDA product offers floating interest rate (annual reset) over the entire tenure of the loan.

#### Moratorium:

Moratorium of up to 2-4 years can be considered, based on the type of project and risk profile of the borrower.

Security:

Borrowers will have to provide appropriate security, based on their risk profile and nature of the project.

Repayment:

The schedule of repayment can be customized, based on the requirements risk profile of the borrower and the nature of project.

**Procedure for Availing funding under NIDA**

As a starting point, the borrower has to submit a Detailed Project Report (DPR). The DPR should cover the technical details of the project as well as a detailed business plan to indicate the financial viability of the project and the borrower.

**NIDA - Requirements for DPR**