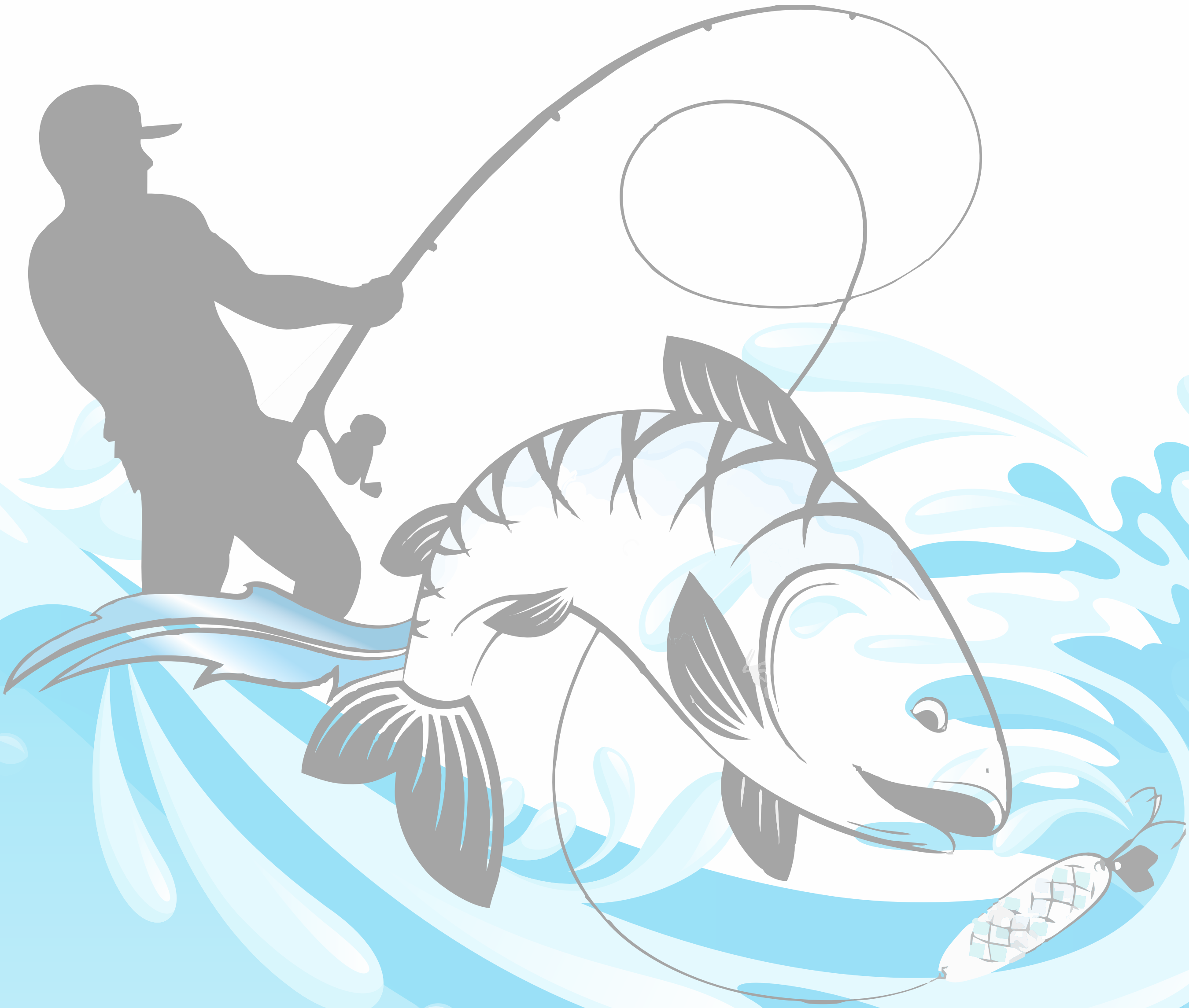
ANNUAL REPORT 2019-20

NABARD
COMMITTED TO RURAL PROSPERITY

ANNUAL REPORT 2019-20



NABARD

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2019-20

NABARD

अध्यक्ष
Chairman

Ref. No.NB.Secy/ 103 /AR-1/2020-21

12 June 2020

The Secretary
Department of Financial Services
Ministry of Finance
Government of India
New Delhi-110 001

The Governor
Reserve Bank of India
Central Office
Mumbai-400 001

Dear Sir

Letter of Transmittal

In pursuance of Section 48(5) of the National Bank for Agriculture and Rural Development Act, 1981, I transmit herewith the following documents:

i) A copy of the audited Annual Accounts for the year ended 31 March 2020 alongwith a copy of the Auditors' Report and

ii) Two copies of the Annual Report of the Board of Directors on the working of National Bank during the year ended 31 March 2020.

Yours faithfully

(G.R. Chintala)

राष्ट्रीय कृषि और ग्रामीण विकास बैंक
National Bank for Agriculture and Rural Development
प्लॉट नं. सी-24, 'जी' ब्लॉक, बांद्रा - कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051. • टेलि.: +91 22 2653 0000 • फैक्स: +91 22 2653 0113 • ई-मेल: chairman@nabard.org
Plot No. C-24, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. • Tel.: +91 22 2653 0000 • Fax: +91 22 2653 0113 • E-mail: chairman@nabard.org

NABARD

ANNUAL REPORT 2019-20

BOARD OF DIRECTORS
AS ON 31 MARCH 2020

Chairman appointed under Section 6(1)(a) of NABARD Act, 1981

Shri Harsh Kumar Bhanwala
Chairman

Director appointed under Section 6(1)(c) of NABARD Act, 1981

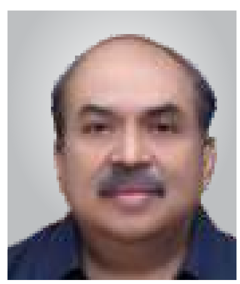
Dr. M. D. Patra

Ms. Revathy Iyer

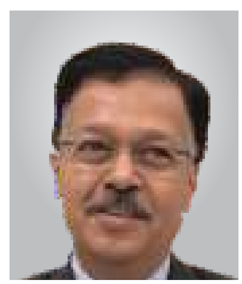
Dr. Ashok Gulati

Director appointed under Section 6(1)(d) of NABARD Act, 1981

Shri Debasish Panda



Shri Sanjay Agarwal



Shri Rajesh Bhushan

Director appointed under Section 6(1)(e) of NABARD Act, 1981

Shri Alok Sinha

Shri Hans Raj Verma

Dr. M. V. Rao

Shri Lalhmingthanga

Our balance sheet size reached ₹5,32,075 crore, growing 9.15% y-o-y and continued its impressive growth over the last 5 to 6 years. With a view to widen and deepen the credit flow to the rural areas, I dream to take this to a level of ₹7,50,000 crore by 2022, when India will be celebrating its 75th year of Independence.

From the Chairman....

I took over the reins as Chairman, NABARD at a rather unusual time when the COVID-19 pandemic was at its peak. The lockdown imposed to combat the spread of the virus was threatening to have an unprecedented impact on our economy. At such a time, when our economy was already facing the impact of a global slowdown, the occurrence of COVID-19 further exacerbated the situation with continued and severe implications for both domestic and global growth.

Though the year under reporting may not have been very great in terms of economic growth, there has been a definite silver lining in terms of a superlative performance on the agriculture front. The food grains production has reached a historic high recording a level of 295.67 million tons. It is my strong belief that our overarching policy and thrust on agriculture leading to sizeable food production and comfortable food stock is something that helped our country to wade through this rather difficult period with relative ease.

The COVID-19 pandemic reached India towards the end of 2019-20 fiscal, and hence, has not had a significant impact on our financial performance for 2019-20. While this is comforting, I believe that solutions for overcoming the effects of pandemic on the rural population and their livelihoods in the fiscal 2020-21 is something that stands out tall in our list of priorities to attend to. The steps that are required to help the rural populace to regain their confidence so that they contribute in getting the economy back onto the track at the earliest will be of significant importance. However, before delving into these areas, I will present the highlights of our performance during 2019-20. This will provide a reassurance that we are strong enough and well positioned to deal with the above concerns.

Our balance sheet size reached ₹5,32,075 crore, growing 9.15% y-o-y and continued its impressive growth over the last 5 to 6 years. With a view to widen and deepen the credit flow to the rural areas, I dream to take this to a level of ₹7,50,000 crore by 2022, when India will be celebrating its 75th year of Independence. Being in the pursuit of development, our primary focus has always been on rural people. We firmly believe that only strong organisations can deliver sustainable outcome for the people. NABARD has been strong and will remain so, in financials as well as in its commitment to the rural people.

Ensuring adequate flow of bank credit to agriculture sector has been the principal focus of NABARD. During 2019-20, ground level credit flow to agriculture sector reached ₹13.68 lakh crore, 8.8% more than the previous year. This was backed by refinance support of ₹2.25 lakh crore during the year. NABARD has been actively participating in the Government of India drive to achieve saturation with Kisan Credit Cards to all eligible farmers for enabling them to access institutional credit at ease. Initiatives have been taken through suitable district level banking plans for credit penetration in watershed areas, climate resilient and drought proofing the treatment areas, backward districts, and benefitted areas of infrastructure projects developed under RIDF, LTIF, etc. Since we envisage increased food production from watershed and *wadi* areas, plans are afoot for promoting *in situ* micro-food processing therein to encourage value addition.

NABARD had sanctioned ₹65,838 crore as loan during 2019-20 for various infrastructure projects under agriculture and irrigation, roads and bridges, social sectors, etc. Disbursement against ongoing projects was ₹56,432 crore during the year. Additionally, irrigation potential was augmented by 34.63 lakh ha through 99 projects under the Long-Term Irrigation Fund (LTIF). Committing to promote water use efficiency, NABARD operationalised the Micro Irrigation Fund (MIF) in 2019-20 with a corpus of ₹5000 crore. In the first year itself, it benefited 9.13 lakh farmers covering 11.27 lakh ha of cultivated area, of which 77% were small and marginal farmers. NABARD had also financed projects under PM Awas Yojana (PMAY), Dairy Processing and Infrastructure Development Fund (DIDF), Warehouse Infrastructure Fund (WIF), NABARD Infrastructure Development Assistance (NIDA) and Swachh Bharat Mission-Gramin (SBM-G). I am happy to inform that we have kept up our efforts and continued to empower women, reaching out to financially excluded areas and people, and organising farmers into Farmer Producers' Organisations (FPOs). Taking the agenda of Government of India to form more FPOs, NABARD has introduced a new scheme for the promotion and nurturing of 3,000 more FPOs. We also played an active role in finalising the detailed guidelines on FPOs issued by the government recently.

NABARD has been a pioneer in implementing Watershed and Tribal Development programmes over the last three decades. More than 2 million ha. of agriculture land are covered under these projects. With a view to provide a fillip to economic activity in these project areas and enhance the income level of farmers as well as other project beneficiaries, a series of measures that could be potential game changers are being unveiled during the current financial year.

During the year, NABARD has promoted a new subsidiary, NABFOUNDATION to implement developmental initiatives in partnership mode. NABARD continued providing handholding, capacity building and institutional development support to the Cooperative Credit Structure and Regional Rural Banks. In our endeavour to further strengthen the cooperative structure, a comprehensive package for development of the Cooperatives has been rolled out during the current year, that would facilitate transformation of Primary Agricultural Credit Societies (PACS) into Multi Service Centres (MSCs) and enable PACS to achieve their long-standing dream of computerising their operations. NABARD has taken initiatives to guide weak cooperative banks on turn around strategies. Frauds in banks is an area of concern for NABARD and in order to strengthen the operational risks faced by Cooperative Banks, NABARD has rolled out a pilot scheme on implementation of Fraud Risk Management Software (FRM) in 8 Rural Cooperative Banks. We have also developed a Fraud Vulnerability Index (VINFRA) that help banks to self-sensitise on their vulnerability to frauds.

The COVID-19 pandemic has set an urgent agenda before all of us. It has disrupted the production system as well as trade and employment across the globe, affecting the food value chains very badly. This has brought to fore certain vulnerabilities in our agricultural production, consumption and distribution systems, that necessitates strengthening of infrastructure and local food chains. I am happy to note that a few FPOs and members of Self-Help Groups across the country have partnered with governments and others to streamline the local food value chains, bringing relief to producers and consumers indicating the resilience of stronger community level organisations to help smoothly tide over difficult times. The Pandemic made us invent models that would enable us to handle the resettlement of the reverse-migrated millions. We now need to search answers for a few important questions on generating decent livelihoods for all these home-comers if they opt to stay back, effect on the industries in urban areas if, these labourers do not get back to job, safety nets to be adopted in future, etc. The economic packages offered by Government of India and state governments are in the right direction. All the stakeholders need to commit to make it reach the target group well in time such that the rural economy regains confidence to be back on track. Two strategies, viz., 'migrants' absorption through skilling (MASK) and warehousing, agriculture, skilling and health infrastructure development (WASH) can be game changers in reviving the rural economy.

I will fail in my duty, if I do not thank the Central Government, State Governments, RBI, Banks and civil society organisations for being with us all along. Rural India and rural Indians deserve special appreciation for being the purpose of our existence. The staff of NABARD has always risen to the occasion, serving as the driving force behind our achievements and thus deserve appreciation.

I am hopeful and confident that we will overcome the pandemic-induced economic problems soon and convert them into opportunities to take our country to even greater heights.

G. R. Chintala

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(NABCONS, NABKISAN, NABSAMRUDDHI, NABFINS, NABVENTURES, NABFOUNDATION)

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NABARD at a Glance (as on 31 March)

(₹ in crore)

Sources of Funds	2020	2019	Net accretion
Capital	14,080	12,580	1,500
Reserves & Surplus	34,951	31,094	3,857
NRC (LTO) Fund	14,495	14,493	2
NRC (Stabilisation) Fund	1,595	1,593	2
Deposits (Tea/Coffee/Rubber)	61	83	-22
Bonds & Debentures	1,39,752	1,05,803	33,949
Borrowings JNN Solar Mission	3	3	0
Foreign Currency Loan	1,053	1,094	-41
Commercial Paper	24,036	25,626	-1,590
Borrowings against STD	0	50	-50
CBLO	6,225	6,049	176
Certificate of Deposits	21,145	14,037	7,108
Term Loan from Banks	7,000	27,000	-20,000
Term Money Borowing	7,211	4,066	3,145
RIDF Deposits	1,30,442	1,19,763	10,679
STCRC Fund	44,787	45,000	-213
ST RRB Credit Refinance Fund	9,953	10,000	-47
Warehouse Infrastructure Fund	5,940	5,971	-31
Food Processing Fund	350	330	20
Long Term Rural Credit Fund	44,930	43,000	1,930
Other Liabilities	15,600	12,889	2,711
Other Funds	8,466	6,946	1,520
TOTAL	**5,32,075**	**4,87,470**	**44,605**

Uses of Funds	2020	2019	Net accretion
Cash and Bank Balances	11,997	11,552	445
CBLO/Tri-party Repo	0	573	-573
Investments in:			
Government Securities	23,248	16,165	7,083
Equity Shares	1,114	1,131	-17
Debentures and Bonds	2,246	3,146	-900
Shareholding in Subsidiaries & JV	415	257	158
Others	5,865	17,173	-11,308
Sub Total	**32,888**	**37,872**	**-4,984**
Loans & Advances:			
Production & Marketing Credit	68,693	66,737	1,956
Conversion Loans for Production Credit	92	137	-45
MT & LT Project Loans	1,65,980	1,50,670	15,310
Direct Refinance to DCCBs	3,026	4,450	-1,424
Loans under RIDF	1,25,647	1,20,163	5,484
Loans under Warehouse Infrastructure Fund	5,165	4,984	181
Long Term Non-Project Loans	63	70	-7
Loans under NIDA	11,751	9,126	2,625
Loans to Producers Organisation Development	83	139	-56
Credit Facility to Federations	12,123	11,375	748
Loans under Food Processing Fund	279	276	3
Loans under Long Term Irrigation Fund	44,687	34,249	10,438
PMAY - Gramin	28,819	18,008	10,811
Spl Devt Debentures of SCARDBs*	1,118	1,738	-620
Other Loans (including JNNSM)	337	414	-77
Swachh Bharat Mission - Gramin	12,298	8,698	3,600
Dairy Processing & Infrastructure Fund (DIDF)	1,010	432	578
Green Climate Fund (GCF)	344	344	0
Sub Total	**4,81,515**	**4,32,010**	**49,505**
Fixed Assets	530	506	24
Other Assets	5,145	4,957	188
TOTAL	**5,32,075**	**4,87,470**	**44,605**

*Amount subscribed to Special Development Debentures of SCARDBs which are in the nature of deemed advances

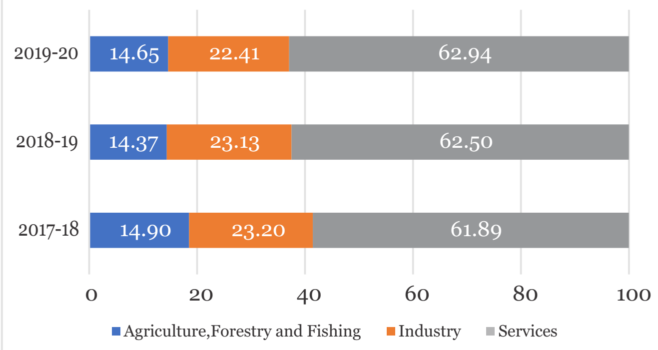
Key Data References : Part A

Growth rate of different sectors of Economy 2011-12 constant prices (%)

Sector	2017-18	2018-19	2019-20
GVA at basic prices	6.9	6.0	3.9
Agriculture	5.0	2.4	4.0
Industry	5.9	4.5	0.8
Services	8.1	7.5	5.0
Overall GDP growth	7.2	6.1	4.2

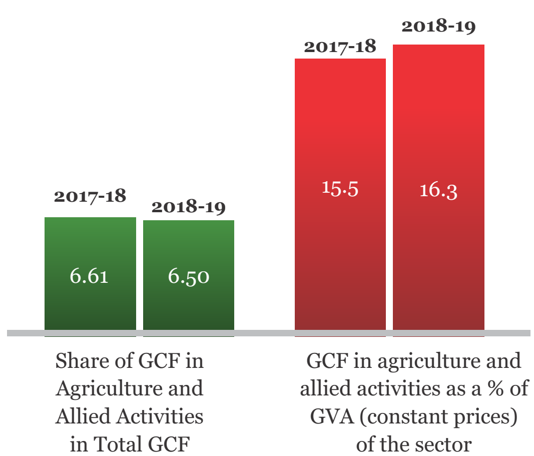
Source: Provisional Estimates of Annual National Income,2019-20, NSO, MOSPI

Sectoral share % in GVA at 2011-12 prices



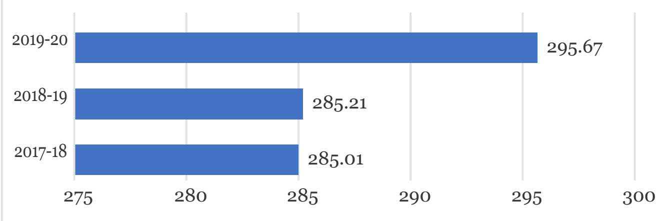
Source: Handbook of Statistics on Indian Economy, RBI; Second advance estimate of National Income, 2019-20, MOSPI

Gross Capital Formation in Agriculture at 2011-12 Constant Prices (%)



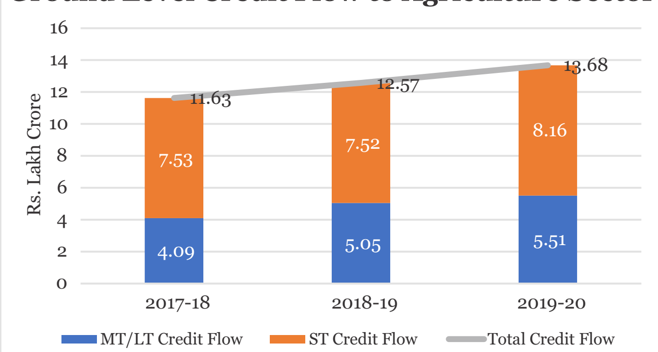
Source: 1st Revised Estimates of National Income, Consumption Expenditure, Saving and Capital Formation for 2018-19, MOSPI

Foodgrain Production (million tonnes)



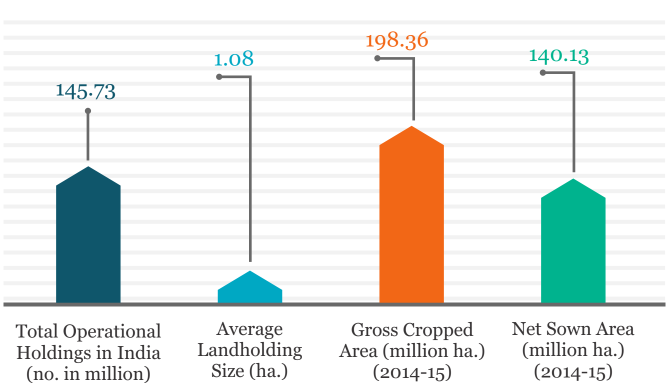
Source : 3rd advance estimate of food grain production, 2019-20, Department of Agriculture, Farmers' welfare and cooperation

Ground Level Credit Flow to Agriculture Sector



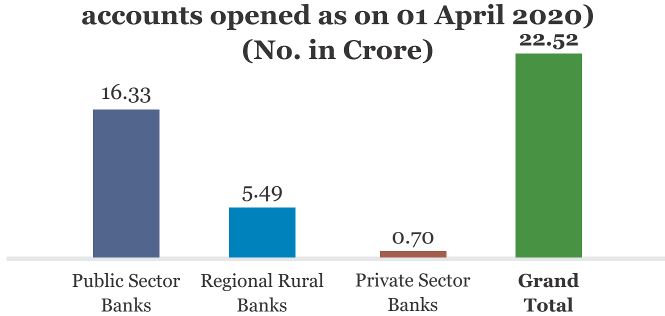
Source: Ensure, NABARD

Details of Landholdings



Source : Agriculture Census 2015-16, Agricultural Statistics at a glance, 2018, Department of Agriculture, Farmers' Welfare and Cooperation

Pradhan Mantri Jan Dhan Yojana (Agency-wise accounts opened as on 01 April 2020) (No. in Crore)



Source: https://www.pmjdy.gov.in.

Key Data References : Part B

(A) Financial Support by NABARD

(i) Refinance- ST Credit (Maximum outstanding)

(Amount in ₹ crore)

Particulars	2018-19	2019-20
a. ST (SAO) StCB	45,000	44,787
b. ST(SAO) RRB	10,000	9,953
c. ST(OSAO)- StCB	4,373	7,281
d. ST(OSAO)-RRB	1,252	690
e. Additional ST-SAO, StCB	23,770	31,269
f. Additional ST-SAO, RRB	5,694	6,402

(ii) Refinance- Investment Credit (Disbursements)

(Amount in ₹ crore)

Particulars	2018-19	2019-20
a. Agriculture and allied activities	27,639	17,127
b. NFS	47,844	29,634
c. SHG	12,963	25,256
d. Rural Housing	1,809	6,163

(iii) Credit Support

(Amount in ₹ crore)

Particulars	2018-19	2019-20	Cumulative disbursement as on 31 March 2020	Loan Outstanding as on 31 March 2020
Rural Infrastructure Development Fund	27,623	26,266	2,94,484	1,25,647
Long-Term Irrigation Fund	13,802	10,470	44,719	44,687
Pradhan Mantri Awas Yojana (Gramin)	10,679	10,811	28,819	28,819
Warehouse Infrastructure Fund	1,091	844	6,712	5,165
Food Processing Fund	57	43	356	279
NABARD Infrastructure Development Assistance	2,500	3,727	15,294	11,751
Direct Refinance Assistance to Cooperative Banks	6,499	9,200	42,450	3,026
Credit Facility to Federations	29,680	37,207	1,25,497	12,123
Producer Organisations including PACS as MSC (loan+grant)	10	3	765	89
UPNRM (loan) Phase I & II	4	1	545	164
Dairy Processing and Infrastructure Development Fund	440	670	1,110	1,010
Swachh Bharat Mission - Gramin	8,698	3,600	12,298	12,298

(B) Development Initiatives

Particulars	2017-18	2018-19	2019-20
Watersheds (no.)	58	69	83
Area (ha.)	47,922	51,559	37,935
Families benefitted (no.)	17,800	20,700	33,200
Spring-shed based Watershed Development Programme (no.)	24	27	17
Area (ha.)	5,256	6,841	8,683
Families benefitted (no.)	3,500	4,050	850
TDF projects (no.)	39	36	43
Area Covered (Acre)	16,405	11,879	16,126
Families Benefitted (no.)	17,758	13,359	18,154

Source: NABARD

PRINCIPAL OFFICERS

CHIEF GENERAL MANAGERS

S K Bansal
(Madhya Pradesh)

S Selvaraj
(OIC-Andhra Pradesh)

K Venkateswara Rao
(MD, NABCONS)

G R Chintala
(MD, NABFINS)

Jiji Mammen
(DOR)

Suryakumar P V S
(Karnataka)

Padma Raghunathan
(Tamil Nadu)

T S Raji Gain
(Director, BIRD Lucknow)

Shankar A Pande
(Uttar Pradesh)

Sarita Arora
(IDD)

Subrata Mandal
(West Bengal)

D N Magar
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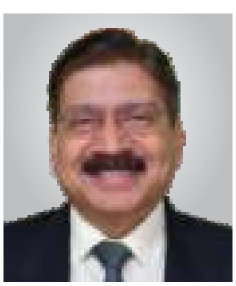
Vijay Kumar
(Telangana)

A K Raybarman
(ID)

Rajashree K Baruah
(MCID)

Sunil Chawla
(Uttarakhand)



Arun K Shukla
(HRMD/LAW)

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(SPD)

H S Singh
(RMD)

Nrusingh Prasad Mohapatra
(DEAR)


A Chandrasekhar
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L R Ramachandran
(DFIBT)


R Srinivasan
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Jotinder Pal Singh Bindra
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Avinash C Srivastava
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U D Shirsalkar
(Maharashtra)


P Balachandran
(J & K)


S S Saha
(Assam)


M Soren
(Chattisgarh)


Suresh Chand
(Rajasthan)


D K Mishra
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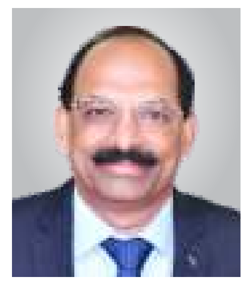
S V Sardesai
(Principal, NBSC Lucknow)


Amitabh Lall
(Bihar)


S D P Sharma
(DDMABI)


S K Jannawar
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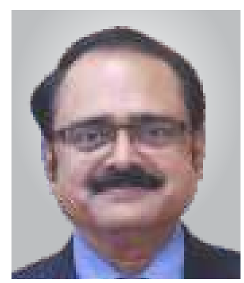
A K Padhi
(Jharkhand)

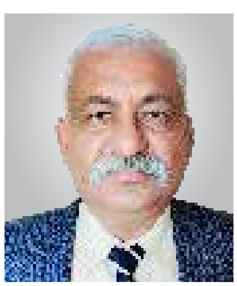

A K Parhi
(SECY)


Sunil Kumar
(CPD)


K S Raghupathi
(OIC-DoS)


Neeraj Kumar Verma
(BID/CCD)


S Sankaranarayanan
(AD)


Nilay D Kapoor
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(DPSP)


D Nageswara Rao
(SPPID)

K S Pai
(Goa)

R Mahajan
(Haryana)

B R Pattanaik
(DOS)

Jaideep Srivastava
(FSPD)

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(OIC-DIT)

B Swaminathan
(DIT)

P N Praveen Kumar
(Andhra Pradesh)

Monomoy Mukherjee
(Gujarat)

Officers on Deputation to NABARD

S Srimathy
(CVO)

Officers-in-Charge of Regional Offices/ Cells/Training Institutions

K J Satyasai
(Manipur)

Y K Rao
(Meghalaya)

R Tshering
(Sikkim)

Sunil Kumar III
(Tripura)

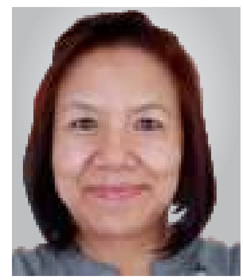
Kanhu Charan Badatya
(BIRD Kolkata)

K Lakshminarayan
(BIRD Mangaluru)

Vivek Krishna Sinha
(New Delhi)

Gopa Kumaran Nair G
(Arunachal Pradesh)

Mashar Velapurarth
(Andaman & Nicobar)



L Leivang
(Nagaland)

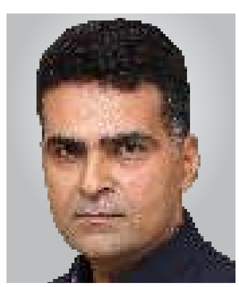
S N Mallick
(Mizoram)

Qamar Javed
(Srinagar Cell)

CEOs of NABARD Subsidiaries

T Venkatakrishna
(MD & CEO, NABKISAN)

Suparna Tandon
(MD, NABSAMRUDDHI)



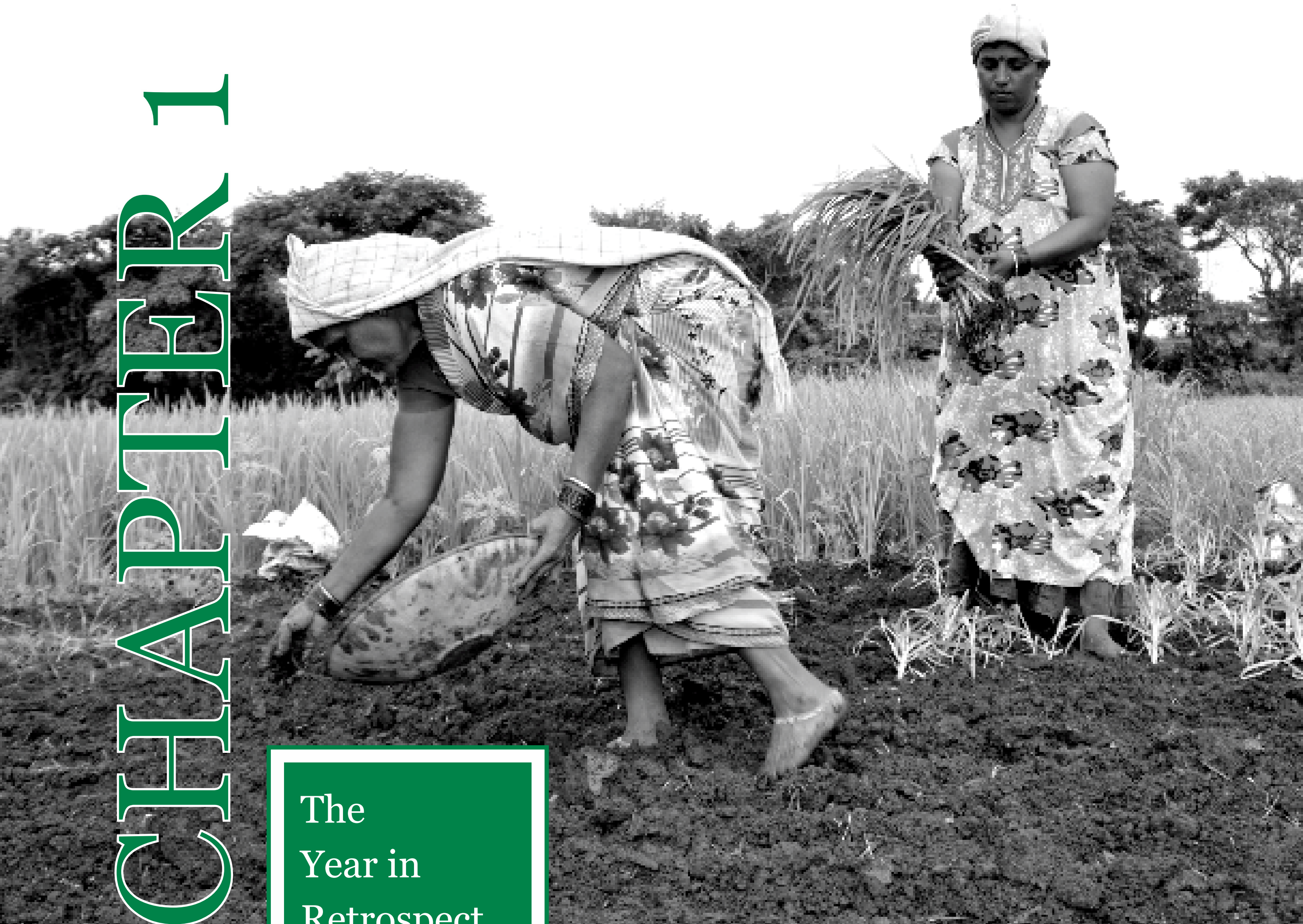
S D Rohilla
(CEO, NABFOUNDATION)

R Ranjan
(CEO, NABVENTURES)

NABARD

ANNUAL REPORT 2019-20

CHAPTER 1



The Year in Retrospect

1.1 STATE OF THE INDIAN ECONOMY: 2019-20

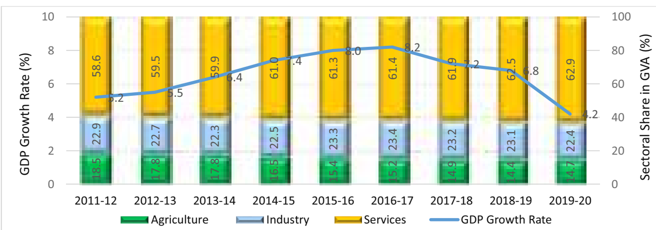
The year 2019-20 concluded the second decade of the 21st century, which started on a positive note for Indian economy with the growth rate in Gross Domestic Product (GDP) (at constant prices) of 5.2% in 2011-12, and traversed through to touch the peak of 8.2% in 2017-18. However, owing to global economic slowdown and certain domestic factors, the growth rate declined thereafter for the third consecutive year and in 2019-20 it remained at 4.2%. The deceleration during 2019-20 was mainly on account of slow growth witnessed in industry and service sectors. Further, because of the COVID-19 Pandemic, the growth prospects has further declined in the last quarter of fiscal 2019-20. During 2019-20, the industry and services sectors recorded lower y-o-y Gross Value Added (GVA) growth rates. Slowdown in domestic demand, stress in the non-banking financial sector, and a decline in credit growth have contributed to a sluggish growth rate in industry and service sectors. However, agriculture and allied activities showed continued resilience to slowdown and GVA for agriculture sector in 2019-20 increased to 4.0% from 2.4% in the previous year.

With the size of the economy at US$2.9 trillion in 2019, India was the fifth largest economy in the world in 2019-20, and aims to become a US$5 trillion economy by 2024-25. Increased exports, industrial and agricultural production are in focus to attain this milestone.

1.1.1 Gross Value Added

The Indian Economy has undergone structural changes during the past decade. While the share of service sector contribution to GVA (at 2011-12 constant prices) increased, the share of industry sector remained almost same and the share of agriculture sector declined (Figure 1.1).

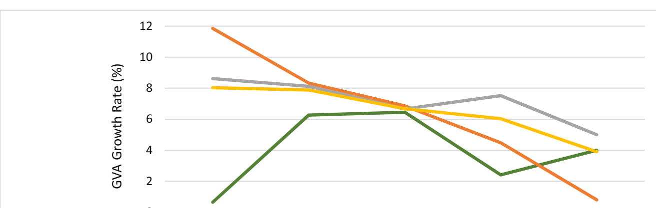
Figure 1.1: GDP Growth Rate & Sectoral Share in GVA (at 2011-12 constant prices)



Source: National Accounts Statistics, MOSPI, GoI; 2nd Advance Estimates of National Income 2019-20, MOSPI, GoI for 2019-20.

The growth rate of GVA at basic prices (2011-12 constant prices) has steadily declined during past five years. During 2019-20, GVA from agriculture (Agriculture, Forestry and Fishing) was about ₹19.48 lakh crore, approximately 4.0% more than the previous year. Agriculture was the only sector that recorded a higher y-o-y growth in GVA in 2019-20 (Figure 1.2).Within the overall GVA pie, the big contraction has come from the industry sector, from 11.9% in 2015-16 to 0.8% in 2019-20 while service sector had moderated during the same time.

Figure 1.2: Sector-wise Growth Rate (%)of GVA at Basic Prices (at 2011-12 constant prices)



	2015-16	2016-17	2017-18	2018-19	2019-20
Agriculture	0.6	6.3	6.5	2.4	4.0
Industry	11.9	8.3	6.9	4.5	0.8
Services	8.6	8.1	6.7	7.5	5.0
GVA at Basic Prices	8.0	7.9	6.7	6.0	3.9

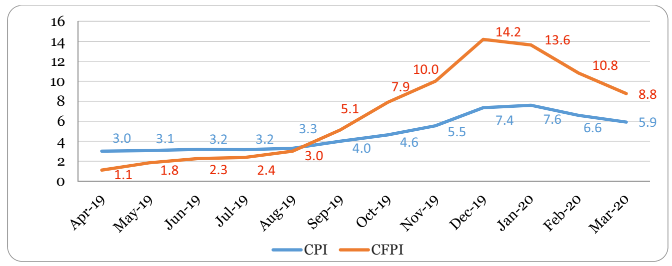
Source:2nd Advance Estimate of Annual National Income 2019-20, MOSPI, GoI for 2019-20; Handbook of Statistics on Indian Economy, RBI 2018-19 for other years

1.1.2 Inflation

a. CPI and CFPI

Consumer Price Index (CPI) has gone up from 3.0% in April 2019 to 7.6% in January 2020, highest registered since May 2014 (8.3%). CPI which had been falling since 2014-15, however, has witnessed a jump in second and third quarter of 2019-20, on account of high Consumer Food Price Inflation (CFPI) from August 2019 onwards (Figure 1.3). Higher prices of vegetables, onion, pulses owing to damage of crops due to incessant rains and floods during monsoon 2019 was the prime reason for higher CFPI. Lack of storage facilities and lower level of processing contributed to higher volatility in the prices of these crops, especially onion and tomato.

Figure: 1.3 Inflation (Monthly CPI and CFPI)

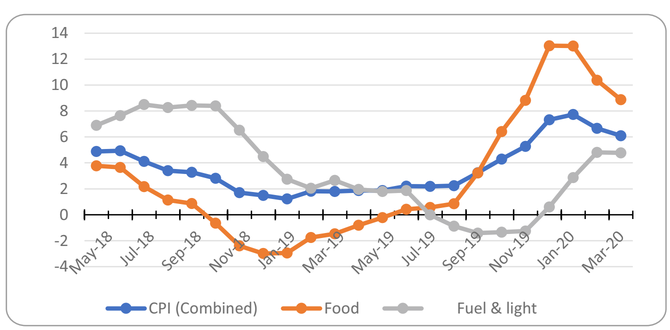


Source: CSO, MOSPI

b. Rural Inflation

Rural Inflation was benign in the first half of the FY 2019-20. However, a steady rise was witnessed post September 2019. The peak was witnessed at 7.73% (on point to point basis) in January 2020 before a reversal in trend. At the end of the FY 2019-20 rural inflation stood at 6.09%, higher than urban inflation rate at 5.59%. Rural food inflation increased from 0.43% in June 2019 to 13.02% in January 2020 and decreased to 8.88% in March 2020. In contrast, rural fuel & light witnessed deflation in the period after July 2019 and turned around at the end of the year 2019 with rural fuel & light inflation moving to 4.78% in March 2020.

Figure 1.4: CPI Inflation Rural - Combined, Food, Fuel and Light



Source: CSO, MOSPI

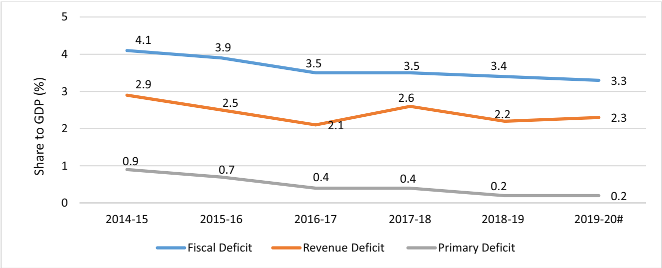
NABARD

1.1.3 Fiscal Challenges

Indian Economy has managed to keep pruning the deficits over past five years (Figure 1.5). Fiscal deficit for the year 2019-20 is estimated to touch 3.8% of GDP (Union Budget 2020-21) against the budgeted 3.3%, mainly on account of a cut in corporate tax from 30% to 22% and lower GDP growth rate than anticipated.

Primary deficit[1] and Revenue deficits have marginally declined in 2018-19 as compared to the previous year and maintained almost the same level in 2019-20 (Figure 1.5). This indicates a lesser crowding out of the private investment and more liquidity for the private sector.

Figure 1.5: Central Government Deficit as % of GDP



Source: Economic Survey 2019-20

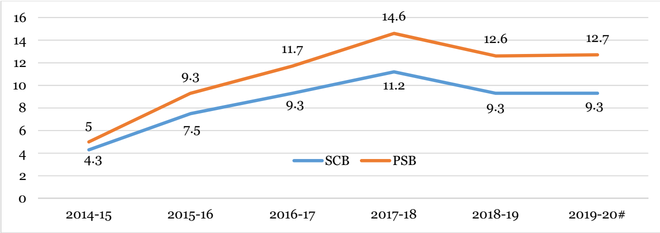
#- Budget Estimates (BE)

1.1.4 Financial Sector

a. Banking Sector

In 2018-19, decline in gross non-performing assets (GNPAs) for scheduled commercial banks (SCBs) has been reported after years of buildup in stressed assets, and, as a result, profitability has improved in the first half of 2019-20. State of asset quality has been reported to be same with GNPA ratio at 9.3% at the end of September 2019 y-o-y basis (Figure 1.6), reported by the bi-annual Financial Stability Report December 2019 of RBI. On the capital adequacy front, capital to risk (weighted) assets ratio (CRAR) for SCBs has improved to 15.1% at the end of September 2019 from 14.3% at the end of March 2019 owing to recapitalization of PSBs by the Government of India.

Figure 1.6: GNPA as % of Gross Advances



Note: #- Data for 2019-20 is calculated upto September 2019 position
Source: Trends and Progress in Banking Report, RBI

The asset quality of agriculture sector deteriorated with increase in GNPA ratio for agriculture from 8.5% in March 2019 to 10.1% at the end of September 2019. Internal Working Group constituted by RBI to review agricultural credit observed that NPA levels have increased for those States that announced farm loan waiver programmes in 2017-18 and 2018-19 (Table 1.1).

With the aim of promoting operational efficiency and lowering cost of operations in public sector banks (PSBs), Government of India had announced consolidation of 10 PSBs into 4 large PSBs. The number of PSBs in India would come down from 27 in 2017 to 12 from 1 April 2020.The merger of banks shall result in increasing the financial strength of merged entities, lower the risk aversion, and provide impetus to the sluggish credit growth rate in the economy.

A major change in interest rate regime was introduced with RBI making it mandatory for banks to link all new floating rate personal or retail loans (housing, auto, etc.) and SME loans with an external benchmark from 01 October, 2019. This shall improve the transmission of changes in policy rate, and bring more transparency in interest rate regime. During 2019-20, the Repo rate has been reduced by 160 basis points and the margin between Repo and Reverse Repo has been expanded from 25 to 40 basis points (Figure 1.7), to encourage more investment credit through banks to the economy.

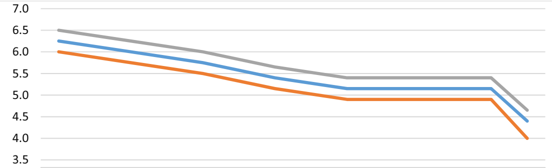
Table 1.1: Asset Quality of Agriculture Sector

Types of Banks	GNPA Ratio in Agricultural Loans (%)		
	2016-17	2017-18	2018-19
Scheduled Commercial Banks	8.3	8.6	12.4
Public Sector Banks	8.5	8.9	13.5
Private Sector Banks	7.2	7.6	8.1

Source: Trends and Progress in Banking Report 2019, RBI

[1] *Primary Deficit indicates the borrowing requirements of the government, excluding interest. It is the amount by which the total expenditure of a government exceeds the total income of the government.*

Figure 1.7: Repo, Reverse Repo and MSF



	6-Feb-19	4-Apr-19	6-Jun-19	7-Aug-19	4-Oct-19	5-Dec-19	6-Feb-20	27-Mar-20
Repo rate	6.25	6.00	5.75	5.40	5.15	5.15	5.15	4.40
Reverse Repo	6.00	5.75	5.50	5.15	4.90	4.90	4.90	4.00
MSF	6.50	6.25	6.00	5.65	5.40	5.40	5.40	4.65

RBI, in its 6th bimonthly monetary policy review on 06 February 2020, introduced a new liquidity facility under Long Term Repo Operations (LTRO) to inject liquidity with one to three years maturity periods, into the banking system. Funds through LTRO are provided at the repo rate, against government securities with similar or higher tenure as collateral. These Funds are available to banks in addition to the existing Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) operations.

b. Non-Banking Financial Companies (NBFCs) Sector

NBFCs have grown as a major source of funding for sectors like MSME, real estate, commercial vehicle segment, and development needs of Indian economy. Share of NBFCs in loans and advances by the formal financial system has increased from 12% in 2012-13 to 18% in 2019-20. Out of 9,462 NBFCs operating in India as on end of September 2019, 82 were deposit-taking institutions (NBFCs-D)[2]. NBFCs have been playing a crucial role as they were lending mainly in those areas where banking sector could not penetrate well. However, the NBFC sector has been facing troubled times due to liquidity crunch, especially after the failure of some respectable NBFCs like IL&FS, DHFL, Reliance Capital, HDIL, Altico Capital, etc.

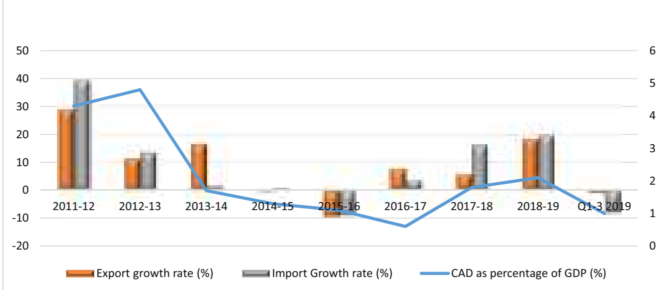
The NBFCs have less stringent regulations as compared to Banks as they do not hold public money as deposit (excluding NBFC-D). The Finance Bill 2019 has empowered the Reserve Bank to remove the directors of NBFCs, supersede the Board and appoint administrators in order to improve governance and protect the interests of depositors and creditors. The government also introduced a scheme in the Union Budget 2019-20 to support public sector banks for purchasing high rated pooled assets worth of ₹1.0 lakh crore of financially sound NBFCs and Housing Finance Companies (HFCs) during 2019-20 to infuse the much needed liquidity in to NBFC sector.

1.1.5 External Sector Development

India's external sector performance has improved with Current Account Deficit Softening to 1.0% of GDP in April-December 2019 from 2.6% in April-December 2018 (Figure 1.8). This has been mainly on account of lower growth of imports by India, fall in crude prices and a rise in net services receipts especially from travel and financial services during first nine months of FY 2019-20.

Net Foreign Direct Investment (FDI) inflows have increased in 2019-20 attracting US$ 32.1 billion in the first nine months of 2019-20 (RBI), while it was US$30.7 billion in the FY 2018-19. Net Foreign Portfolio Investment (FPI) has also increased to US$15.1 billion in the first nine months of 2019-20 from net outflow to the tune of $0.62 billion in 2018-19.

Figure 1.8: CAD as % of GDP, Export, and Import Growth Rate (%)

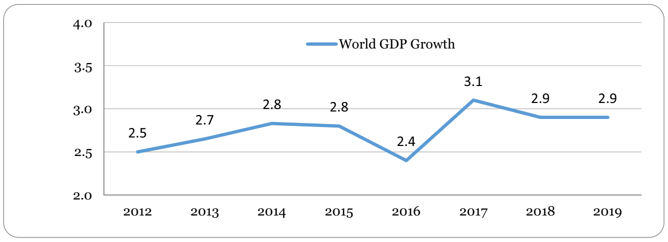


Source: RBI; and Ministry of Commerce, GoI.

1.1.6 World Economic Outlook

Global trade volume growth remained about 1% in first half of 2019 (World Economic Outlook, October 2019).Tariff escalation and deterioration in manufacturing activities have damaged investment and demand for capital goods. This had slowed down the world economic growth in the year 2019. IMF had estimated growth of world economy at sluggish rate of 2.9% in 2019 (Figure 1.9). However, with the world plunging into unprecedented crisis due to global pandemic of COVID-19, disruptions associated with the pandemic have bought economic activity world over to a halt.

Figure 1.9: World GDP Growth Rate - 2012-2019 (%)



Source: IMF

[2]*Source: Report on Trend and Progress of Banking in India 2018-19, RBI.*

As per the World Economic Outlook (April 2020) estimates, the year 2020-21 is expected to experience recession worse than the Great Depression in 1930's and Global Financial Crisis of 2007-08 with global output contracting by 3%. Global output in advanced countries is projected to contract by 6.1% in 2020. The growth rate of the Emerging Market and Developing Economies (excluding China) is expected to be (-)2.2%. The month-on-month drop in both the Manufacturing Output Index and Services Business Activity stood at 12.3 points and 12.8 points respectively. Due to contraction in consumer spending, real GDP in the US declined to 4.8% and the unemployment rate rose sharply to 14.7% in April 2020. The COVID-19 has adversely affected global commodity prices especially in energy sector.

1.2 RURAL SECTOR

India is predominantly a rural country with two third population and 70% workforce residing in rural areas. Despite the rise in urbanization, more than half of India's population is projected to be rural by 2050. However, the face of rural India is progressively changing with the initiatives of Central and State governments, corporate sector, and national and international development agencies with provision of urban amenities in rural areas. NABARD has been actively participating in this endeavor.

1.2.1 Poverty and Human Development

Poverty is regarded as a main stumbling block to social and economic progress of a nation. As per the UNDP global Multidimensional Poverty Index (MPI) 2019[3] Report, India has reduced MPI value fastest among the countries analyzed owing to various initiatives taken to reduce poverty. India was able to raise 271 million people out of poverty during 2006-2016. Among the States, Jharkhand recorded highest reduction in the incidence of multi-dimensional poverty, from 74.9% to 46.5% between 2005-06 and 2015-16.India has reduced deprivation on all ten indicators and especially on the indicators of assets, cooking fuel, sanitation and nutrition.

India's performance in the fields of social development indicators has been improving on account of increased focus on social sector is evident from the increased spending by Central and State Governments from 23.4% in 2014-15 to 26% in 2019-20 (BE) of their public expenditure. Expenditure on social sector in the country as a percentage of GDP has increased by 1.5 percentage points in 5 years from 2014-15 (Table 1.2). Social development encompasses universal health care, education for all, housing, clean cooking fuel, clean drinking water and sanitation facilities, etc. and facilitates improvement in standard of living of households, inclusive growth, poverty alleviation, productivity of labour and higher economic growth. With the commitments and concerted efforts to attain the rural and social sector development indicators, India's position in various global indices (Table 1.3) has been improving over the years.

Table 1.2: Government Expenditure on Social Sector as % to GDP (%)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19 RE	2019-20 BE
Expenditure on social sector, of which :	6.2	6.6	6.8	6.7	7.6	7.7
Education	2.8	2.8	2.8	2.8	3.1	3.1
Health	1.2	1.3	1.4	1.4	1.5	1.6
Others	2.1	2.5	2.6	2.4	3.0	3.0

Social services include education, medical and public health, family welfare, water supply and sanitation, housing, urban development, welfare of SCs, STs and OBCs, labour and labour welfare, etc.

Source: Economic Survey 2019-20

[3] *MPI scrutinizes a person's deprivations across 10 indicators in health, education and standard of living and gives a broad based picture on incidence of poverty in countries.*

Table 1.3: India's Position in Various Global Indices

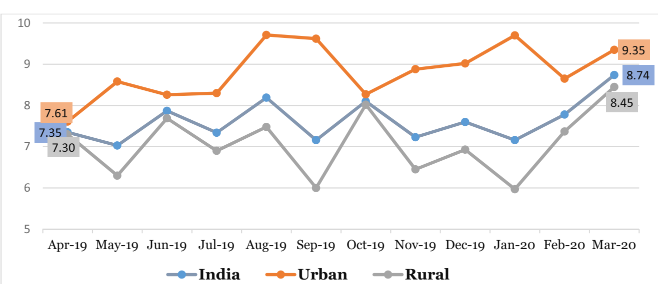
Sl No	Indicator	Rank	Published by
1	Gender Gap Index	112	World Economic Forum
2	SDG Gender Equality Index 2019	95	Equal Measure 2030
3	Human Development Index 2019	129	UNDP
4	Healthcare Index	154	Lancet
5	Global Climate Risk Index 2020	5	Germanwatch
6	Climate Change Performance Index 2019	9	New Climate Institute, Germanwatch and CAN
7	Ease of Doing Business 2019	63	World Bank
8	Global Hunger Index 2019	102	Welthungerhilfe
9	World Inequality Index 2019	147	Oxfam
10	Global Competitiveness Index 2019	68	World Economic Forum
11	World Digital Competitiveness Index 2019	44	IMD
12	Global Findex 2017	2	World Bank

Source:Concerned publications and reports

1.2.2 Rural Employment

India is having 64% of its total population in working-age (15-60 years). Creating more productive and gainful employment for the rural youth is an economic requirement of the nation. An increase in unemployment reduces income and spending power, which leads to economic slowdown and vulnerability of poor households. Labour Participation Rate (LPR) in India during 2019-20 remained at 43% with rural LPR (44%) marginally edging over the urban LPR (40%). However, the female LPR has remained low at 11% while this was about 72% for males. Though the unemployment rate was hovering between 7% and 8% for most parts of the year, it reached 8.74% in March 2020 (Figure 1.10), partly due to the impact of COVID-19. However, unemployment rate in India has been steadily rising from the level of 3.37% in July 2017.

Figure 1.10: Monthly Unemployment Rate – 2019-20 (%)



Source: CMIE

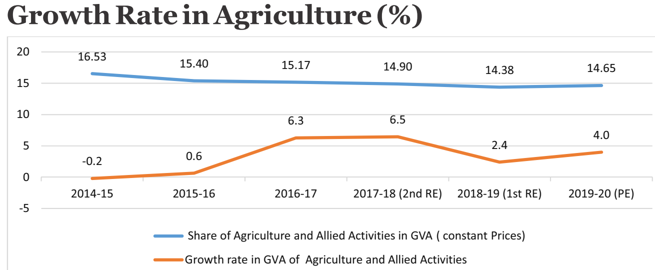
1.3 AGRICULTURE

1.3.1 Agriculture GVA and Structure of Indian Economy

Growth rate of GVA in agriculture sector has been volatile and highly dependent on the deviations in the precipitation pattern. The cumulative rainfall from the southwest monsoon season upto mid-September 2019 has been 10% higher than Long Period Average (LPA). South West monsoon period extended beyond September 2019 at certain pockets and has negatively impacted production of kharif 2019 crops in those pockets.

With the economy undergoing structural transformation, share of agriculture in GVA has come down from 16.5% in 2014-15 to 14.65 % in 2019-20 (Figure 1.11) on account of higher growth witnessed in non-agricultural sectors. There have been structural changes witnessed in composition of agriculture and allied activities as well, with livestock, fisheries gaining higher share in the agriculture GVA over past five years.

Figure: 1.11: Share of Agriculture in GVA and Growth Rate in Agriculture (%)

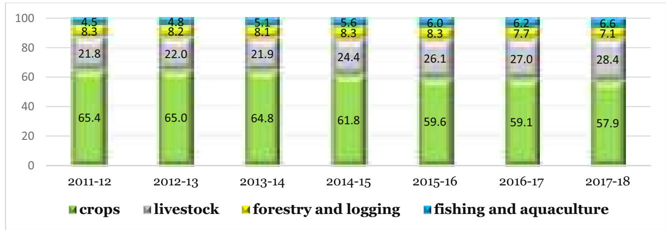


Source: MOSPI

1.3.2 GVA from Sub-sectors of Agriculture and Allied Activities

Among the various sub sectors of agriculture, share of crops and forestry has declined, while the share of livestock and fishing has increased between 2011-12 and 2017-18 (Figure 1.12). The rise in the share of fisheries and livestock sector was the result of special initiatives taken for quantitative and qualitative improvement of production systems of these sectors under various programmes viz. National Programme for Bovine Breeding and Dairy Development (NPBBDD), National Livestock Mission (NLM) launched during 2014-15, Rashtriya Gokul Mission, Rashtriya Pashudhan Vikas Yojana operating since April 2019, Neel Kranti Mission, and various capital subsidy schemes for promotion of dairy, animal husbandry, and aquaculture sectors. Government of India has also emphasized for augmenting production from the allied sectors under the national mission for doubling of farmers' income. The capital output ratio of allied sectors is higher as compared to that of crop production. The share of allied sectors in capital formation is low as compared to their contribution to GVA in agriculture, while it is the vice versa in crop production (Table 1.4).

Figure 1.12: Share of sub sectors in Agriculture GVA (%)



Source: Economic Survey, 2019-20

Table 1.4: GCF and GVA of Subsectors of Agriculture and Allied Activities (%)

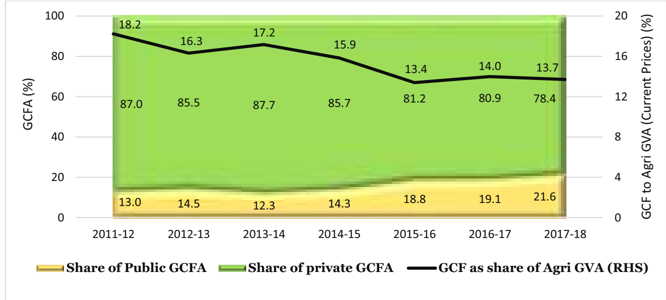
Particulars	2016-17		2017-18	
	Share in Gross Capital Formation	Share in Gross Value Added	Share in Gross Capital Formation	Share in Gross Value Added
Crops	82.6	59.1	82.2	57.9
Livestock	10.0	27.0	10.3	28.4
Forestry and Logging	1.3	7.7	1.2	7.1
Fishing and Aquaculture	6.1	6.2	6.3	6.6

Source: Economic Survey, 2019-20

1.3.3 Capital Formation in Agriculture

Capital formation in agriculture and allied activities is critical for boosting productivity, increasing the income levels and improving the standard of living in rural hinterland. The GCF to Agriculture GVA declined from 18.2% in 2011-12 to 13.7% in 2017-18 (Figure 1.13) and this is a potential impediment to the growth of production and productivity from the sector. Public sector capital formation provides an enabling environment for private investment. The share of public sector in GCFA though has been increasing in recent years (Figure 1.13), it was much low at 21.6% in 2017-18 as compared to the level of 43% in 1980-81. In order to further the productivity, it is important to increase the capital formation in agriculture sector by both public as well as private sector investments. In Union Budget 2019-20, ₹1.51 lakh crore has been allocated for agriculture sector, which is 140% higher than the previous year's expenditure in the sector. Agriculture being a State subject, the State governments also allocate funds for the sector in their State budgets. Apart from this, private investments for capital formation in agriculture are supported by long-term credit from banks.

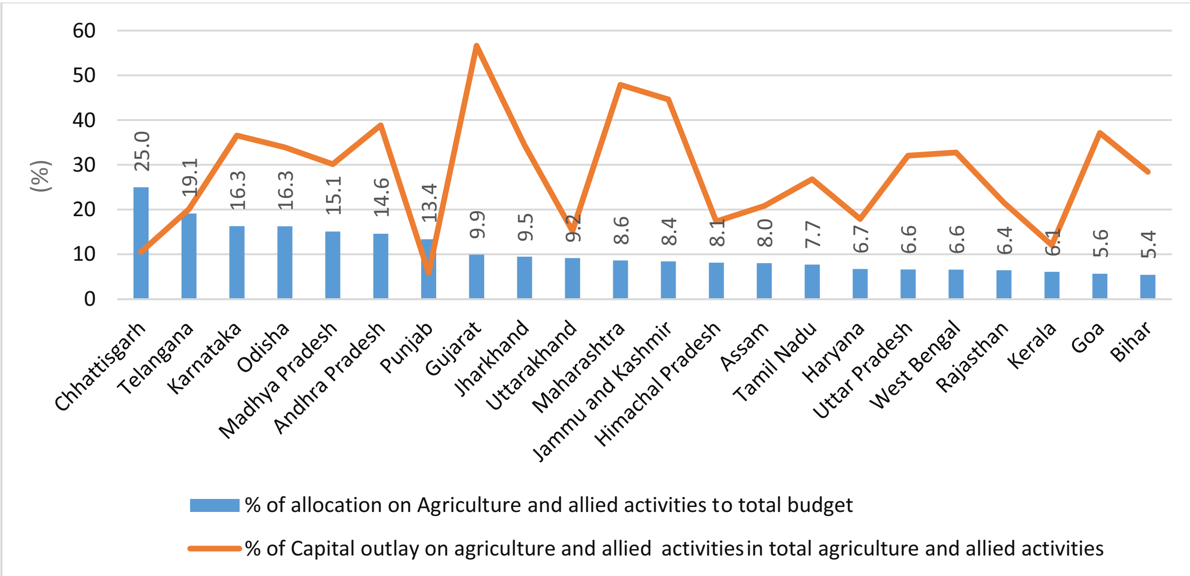
Figure 1.13: Public and Private Sector Gross Capital Formation in Agriculture (%)



1.3.4 Budgetary Allocation to Agriculture and Allied Sector

Budgetary allocation for capital expenditure is important from the point of view of encouraging and providing enabling environment for private investment in the sector. The Union Budget has allocated about 5% of total budget to agriculture and made special programmes for agriculture and allied sectors (Box 1.1). The States in their annual budget 2019-20 had allocated between 5% and 25% of their total budget to agriculture (Figure 1.14). Many States have allocated a sizeable amount for capital expenditure in agriculture.

Figure 1.14: Allocation to Agriculture and Allied Activities in State Budgets 2019-20



Source: State Finance Report 2019-20, RBI

Box 1.1 : Announcements in Union Budget for Agriculture & Rural Sector

I. Union Budget 2019-20

The full-fledged Union Budget 2019-20 was announced in July 2019. Total budget for 2019-20 was ₹27,86,349 crore, an increase of 14.09% from 2018-19 (BE). Government announced its intent to make India a 5 trillion US$ economy in five years.

- The Agriculture sector was allocated ₹1,51,518 crore, 140% more than the actual expenditure in 2018-19. The rise was mainly due to ₹70,000 crore allocation to PM-KISAN which was announced in the 2019-20 interim budget.
- Pradhan Mantri Matsya Sampada Yojana to address infrastructure gaps in the fisheries sector.
- 10,000 new Farmer Producer Organisations to be setup over the next five years.
- 75,000 entrepreneurs to be skilled in agro-rural industry sectors.
- Dairying through cooperatives to be encouraged by creating infrastructure for cattle feed manufacturing, milk procurement, processing & marketing.
- Zero Budget Natural Farming to be popularized.

II. Union Budget 2020-21

The total budget for 2020-21 is ₹30,42,230 crore, about 9.2% rise over 2019-20 budget. Allocations to agriculture sector was ₹1,54,775 crore.

- **Agriculture credit:**

₹ 15 lakh crore target set for the year 2020-21.

PM-KISAN beneficiaries to be covered under the KCC scheme.

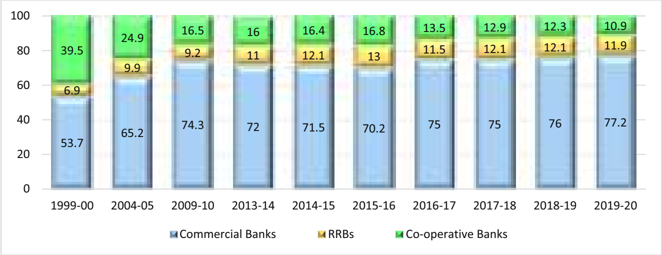
NABARD Refinance Scheme to be further expanded.

- **Blue Economy:**
  - ₹ 1 lakh crore fisheries' exports to be achieved by 2024-25.
  - 200 lakh tons fish production targeted by 2022-23.
  - 3,477 Sagar Mitras and 500 Fish Farmer Producer Organisations to involve youth in fisheries extension.
  - Growing of algae, sea-weed and cage culture to be promoted.
- **Kisan Rail** to be setup by Indian Railways through PPP:
  - To build a seamless national cold supply chain for perishables (milk, meat, fish, etc.)
  - Express and Freight trains to have refrigerated coaches.
- **Krishi Udaan** to be launched by the Ministry of Civil Aviation:
  - Both international and national routes to be covered.
  - North-East and tribal districts to realize improved value of agri-products.
- **Integrated Farming System**
  - Integrated Farming Systems in rain-fed areas to be expanded.
  - Multi-tier cropping, bee-keeping, solar pumps, solar energy production in non-cropping season to be added.
- **PM-KUSUM to be expanded:**
  - 20 lakh farmers to be assisted for setting up stand-alone solar pumps.
  - Another 15 lakh farmers to be assisted to solarise their grid-connected pump sets.
  - Scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid.
- **Village Storage Scheme:**
  - SHGs to provide farmers a good holding capacity and reduce their logistics cost.
  - Women, SHGs to regain their position as Dhaanya Lakshmi.
  - NABARD to map and geo-tag agri-warehouses, cold storages, reefer van facilities, etc.
  - Viability Gap Funding for setting up such efficient warehouses at the block/taluk level.
- **Livestock:**
  - Doubling of milk processing capacity by 2025.

1.3.5 Institutional Credit to Agriculture and Allied Sector

Institutional credit flow to agriculture has been steadily rising due to various initiatives taken by government, RBI, NABARD and financial institutions. During 2019-20, banks have disbursed ₹13.68 lakh crore to agriculture and allied sectors, about 8.8% more than the previous year. Commercial banks account for about three fourth of the total institutional credit flow to agriculture during 2019-20. The share of commercial banks in total agriculture credit flow increased from 53.7% in 1999-2000 to 77.2% in 2019-20, while the share of Co-operative banks declined from 39.5% to 10.9% during the same period. RRBs also have expanded their share of institutional credit flow to agriculture sector over two decades (Figure 1.15).

Figure 1.15: Agency-wise Share of Agriculture Credit (%)



Source: NABARD.

The share of long-term credit has almost doubled in last seven years, from 22% in 2012-13 to 40.3% in 2019-20. Short-term credit has increased by a CAGR of 9.79%during the past ten years while the long-term credit increased at 22.6% during the same period.

1.3.6 Agriculture Infrastructure

Agricultural marketing serves the purpose of providing avenues to the farmers to realise remunerative prices for his/her produce. The National Commission on Farmers had suggested that the density of APMCs in the country is poor and an agricultural market should be located within radius of 5 km from the farmer's residence i.e. one market for 78 sq.km. area. However, no state has maintained this density (Table 1.5). Punjab has best density with one market for every 119 sq.km.[2] The Model Agriculture Produce & Livestock Marketing (Promotion & Facilitation) Act 2017, provides opportunity for private sector to set up private markets, alternate marketing channels, online market platforms, etc. in both agriculture and livestock marketing and this will lead to better price realisation.

Table 1.5: Agriculture Market Density

Market Density (average area served in sq. km. per regulated market)	States
Less than 100 sq. km.	Nil
101 -200 sq. km.	Punjab, Haryana, West Bengal
201-400 sq. km.	AP, Assam, Maharashtra, Odisha, Karnataka, Uttar Pradesh, Jharkhand
601-800 sq. km.	Tamil Nadu, Goa, Gujarat, Madhya Pradesh, Chhattisgarh, Rajasthan
801-1000 sq. km.	Uttarakhand, Himachal Pradesh

Source:www.Indiastat.com

Irrigation is the major requisite for agriculture that boosts farm productivity and enhances the income of farmers. In order to boost irrigation potential under public sector investments, Rural Infrastructure Development Fund (RIDF), Long Term Irrigation Fund (LTIF), Micro Irrigation Fund instituted with NABARD are providing financial support to various State governments. In spite of all efforts, more than half of the crop land do not have adequate irrigation facilities. The irrigated area in States like Jharkhand, Maharashtra, etc. is less than 20% (Table 1.6).

Table 1.6:Irrigated area in States as percentage of cropped area

Particulars	States
Irrigated area less than 20 percent	Jharkhand, Assam, Sikkim, Mizoram, Maharashtra
25-50 percent	Uttarakhand, Andhra Pradesh, Rajasthan, Jammu& Kashmir, Gujarat, Telangana, Karnataka, Chhattisgarh, Goa, Tripura, Odisha, Meghalaya
50-80 percent	Tamil Nadu, Bihar, West Bangal, Madhya Pradesh
80-100 percent	Puducherry, Haryana, Uttar Pradesh, Punjab

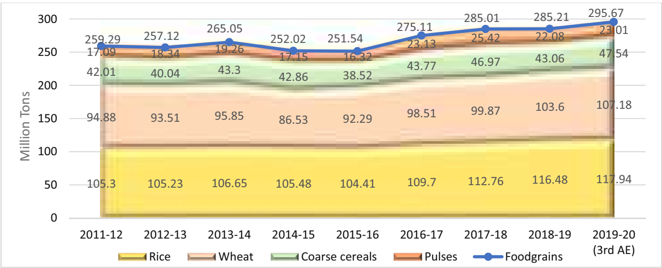
Source: Agriculture Statistics at a Glance, 2018

1.3.7 Production of Major Agricultural Crops

a. Foodgrain Production

During 2019-20, total foodgrain production is expected to be about 295.6 million tons, 3.66% more than the previous year. Rice production is expected to increase marginally by 1.25% to 117.94 million tons while wheat production is estimated to increase by 3.4% during the same period. Production of pulses and coarse cereals also increased in 2019-20 over the previous year. A good monsoon season was the major contributing factor for an overall good farm production 2019-20.

Figure 1.16: Production of Foodgrains (Million Tons)



Source: Ministry of Agriculture and Farmers' Welfare, GoI

b. Production of Commercial Crops

During 2019-20, production of cotton increased by 25% as against fall of 12.5% in the previous year. Production of oilseeds have recorded 3.71% y-o-y rise during 2019-20 while production of sugarcane declined by 10.51% (Table 1.7). Mills purchase sugarcane at Fair and Remunerative Price (FRP), but unable to pay the dues to the farmers as they are not able to sell their entire produce at remunerative prices.

Table 1.7: Production of Commercial Crops (2011 - 2020)

Year	Total oilseeds (Lakh tons)	Coffee (Lakh Kg)	Cotton Lint (Lakh bales of 170kg each)	Raw Jute & Mesta (Lakh bales of 180 kg each)	Sugarcane (Lakh tons)	Tea (Lakh Kg)
2011-12	298	3,140	352	114	3,610	10,955
2012-13	309	3,182	342	109	3,412	11,351
2013-14	328	3,045	359	117	3,521	12,088
2014-15	275	3,270	348	111	3,623	11,972
2015-16	221	3,480	300	105	3,484	12,331
2016-17	313	3,120	326	110	3,061	12,505
2017-18	315	3,160	328	98	3,799	13,251
2018-19	323	3,155	287	100	4,002	13,500
2019-20	335	na	360	99	3,581	na

Source:3rd Advance Estimate of Production of Commercial crops for 2019-20,Ministry of Agriculture and Farmers' Welfare, GoI

c. Horticulture Production

Horticulture production has witnessed higher growth in recent years and surpassed the total production of foodgrains in the country, and this trend is expected to continue in future as well. Total horticulture production in 2019-20 (1st Advance Estimates) is expected to be 0.84% more than 2018-19. Fruits production is expected to be lower by 2.27% while the production of vegetables may rise by 2.64% during 2019-20 over the level of previous year (Table 1.8).

Table 1.8: Production of Horticultural Crops (2011 - 2020)

Year	Fruits		Vegetables		Plantation Crops		Spices		Total	
	Area	Prod	Area	Prod	Area	Prod	Area	Prod	Area	Prod
2011-12	6.7	76.4	9.0	156.3	3.6	16.4	3.2	6.0	23.2	257.3
2012-13	7.0	81.3	9.2	162.2	3.6	17.0	3.1	5.7	23.7	268.8
2013-14	7.2	89.0	9.4	162.9	3.7	16.3	3.2	5.9	24.2	277.4
2014-15	6.1	86.6	9.5	169.5	3.5	15.6	3.3	6.1	23.4	281.0
2015-16	6.3	90.2	10.1	169.1	3.7	16.7	3.5	7.0	24.5	286.2
2016-17	6.4	92.9	10.2	178.2	3.6	18.0	3.7	8.1	24.9	300.6
2017-18	6.5	97.4	10.3	184.4	3.7	18.1	3.9	8.1	25.4	311.7
2018-19	6.6	98.0	10.1	183.2	3.9	16.4	4.0	9.4	25.4	310.7
2019-20	6.7	95.7	10.3	188.0	3.9	16.4	3.9	9.4	25.6	313.4

Note: Area in Million Hectare and Production in Million Tons

Source: Horticulture Statistics at a Glance 2018, Final Estimates of 2018-19 and 1st Advance Estimates of 2019-20 of Area and Production of various Horticulture Crops, MoA&FW

d. Animal Husbandry and Fisheries

Animal husbandry and fisheries sectors hold importance in the goal of doubling farmers' income by 2022. Milk production has seen an annualized growth of 6.12%

during the period from 2012-13 to 2018-19. Fish production during the period 2009-10 to 2018-19 increased at a CAGR of 6.11%. There has been a shift in the consumption pattern in the country with the increase in income and animal husbandry and fisheries contributing almost one third to the Agriculture GVA providing a better scope for market and price realization from these activities.

In order to increase the value addition in dairy sector, GoI aims to double the country's milk processing capacity by 2025. Dairy Processing and Infrastructure Development Fund (DIDF) with the outlay of ₹11,184 crore will augment the bulk milk cooling capacity by 140 lakh litre per day and drying capacity by 210 metric tons per day.

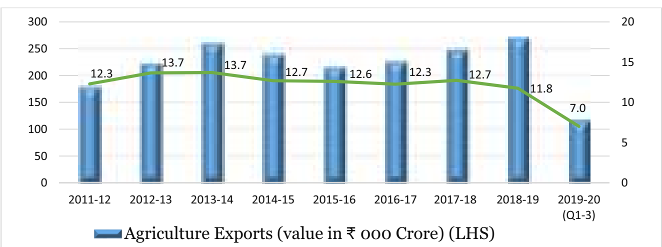
1.3.8 Agricultural Exports

Exports of agricultural products account for about 13% of the total exports of India in recent years (Figure 1.17). The value of agriculture exports during 2018-19 was about ₹2,71,000 crore and this has been rising at a CAGR of 4.3% during 2014-2019. Agriculture exports is key to high price realization of agricultural produce and achieving doubling farmers' income. Government of India introduced a comprehensive Agriculture Export Policy in 2018-19 to double the level of exports from US$30 billion in 2018-19 to US$60 billion by 2022.

Rice (19.8%), marine products (19.1%) and meat (10.8%) account for about half of total agricultural exports in 2018-19. India is a leading producer of many fruits and vegetables. However, India's share in world exports of these products is very low. Sanitary and phyto-sanitary regulations in many countries act as barriers to export of fruits and vegetables.

Export of processed food is negligible though there is ample scope for value addition in this area. There is high demand of processed meat and other processed products in developed and emerging markets. Initiatives have been taken in recent years keeping food processing sector in focus, which may improve qualitative and quantitate production of processed foods and enhance their exports.

Figure: 1.17: Export of Agriculture and Allied Products (Value)



Source: Economic Survey 2019-20, GoI

1.4 SERVICES SECTOR

1.4.1 Gross Value Added in Services Sector

The services sector is a dominant sector in India's GDP, contributing 62.9% to India's GVA (2011-12 constant prices) in 2019-20 (Table 1.9). This sector accounts for two-thirds of total FDI inflows and about 38% of total exports. Service sector engages 31.5% of India's working population. Services sector grew at 5% in 2019-20, much higher than agriculture and industrial sector growth rates. The services sector accounts for over 50% of the Gross State Value Added in 15 States and UTs.

Table 1.9: Share of Service Sector in GVA and Growth Rate

Sector	Share in GVA (%)	Growth (% YoY)	
	2019-20 (1st AE)	2018-19 (1st RE)	2019-20 (PE)
Total Services	62.9	7.5	5
Construction	7.8	6.06	1.27
Trade, hotels, transport, communication & services related to broadcasting	19.4	7.7	3.61
Financial, real estate & professional services	21.9	6.8	4.62
Public administration, defence & other services	13.9	9.4	9.96

Source: Provisional Estimates of Annual National Income 2019-20, NSO, MOSPI.

The share of services exports in overall exports of India has been increasing. India's share in the world's commercial services exports was 3.5% in 2018, twice the share in the world's merchandise exports at 1.7%.

In the FY 2019-20, service sector has witnessed some setback, more precisely, the financial sector has recorded tepid growth rate owing to fiascos in IL&FS, Punjab Maharashtra Cooperative Bank, YES bank, etc. Further, COVID-19 affected the production, export, construction activities, and other professional services.

The Government of India recognises the importance of promoting growth in services sectors and has adopted a few initiatives for development of various subsectors like construction, communication, NBFC, Banking sectors, etc. Services Exports from India Scheme (SEIS) was introduced in 2015 to remove many trade barriers.

1.5 FUTURE OUTLOOK

Sluggishness in the economic growth rate that started in 2017-18 has continued in 2019-20. An assessment had been made that the slowdown has bottomed out and

Indian economy would see a turnaround in 2020-21. However, the economic consequences due to the outbreak of global pandemic COVID-19 (Box 1.2) might pull down the growth rate further in 2020-21. IMF estimates Indian economy to be one of the few economies to grow in 2020-21 albeit at a much lower rate of 1.9%.

Indian agriculture has been undergoing structural transformation with share of livestock and fisheries increasing. Greater processing, better chilling facilities shall enhance the price realization by the farmers and increase the share of formal marketing of marketable surplus from the current level of 31%. Agriculture marketing and facilitation in contract farming shall enable private capital formation to increase in the Indian agriculture and enhance the surplus realized by the farmers. In this respect, Model Agriculture Produce & Livestock Marketing (Promotion & Facilitation) Act 2017, The Model Agriculture Produce & Livestock Contract Farming & Services Act (Promotion & Facilitation) Act, 2018 shall provide the enabling provision for private sector to increase its investment in agriculture sector.

Government expenditure on social sector is witnessing a steady increase. This shall increase the quality of education and health care services in the country. National Infrastructure Pipeline estimates the investment required to develop modern infrastructure to be ₹100 lakh crore in the country and provides sector wise required investment. This shall prove to be crucial in achieving the milestone of US$5 trillion economy.

Box 1.2: Impact of COVID-19 on Indian Economy

The estimate for the growth rate of the economy in the FY 2020-21 has been lowered from 5.8% (pre COVID-19 impact estimate by IMF) to the range of 0.8 % (Fitch) to 2.5% (Moodys). As per the estimate of World Bank, remittances to India are projected to fall by 23% to US$ 64 billion in 2020 in comparison to the growth rate of 5.5% registered in 2019. The disruptions associated with COVID shall be broad based and impact various sectors of the economy:

1. **Agriculture**

   The associated disruptions with COVID-19 may affect agricultural activities and the necessary supply chains through several channels viz.: input distribution, harvesting, procurement, transport hurdles, marketing and processing. Labour scarcity, lack of machinery and labour to operate the machinery may increase the cost to farmers and time taken for harvesting. Farmers may face issues with sale of rabi harvest as APMC mandis are closed in several States or reporting lower demand from the middlemen and other buyers, leading to crash in price realised by the farmers. There may be further deterioration in the asset quality of agricultural loans due to lower price realisation by farmers and loss pertaining to higher cost of labour and harvesting. This may also impact credit offtake from the formal sector at the beginning of the new sowing season i.e. Kharif 2020.

2. **Livestock**

   Disruptions associated with COVID has resulted into decline in the sales of eggs and meat products due to rumours and fear of transmission of COVID 19 through meat products and closure of eateries and restaurants. For the dairy sub sector, there has been plunge in the sales of milk due to closure of restaurants, confectionary and sweet shops. Amul has also reported a decline its daily sales to the tune of 30% due to closure of eateries, sweet shops and reverse migration of labour from towns to the rural areas.

3. **Off- Farm Rural Sector**

   Off-Farm Rural Sector that includes construction activities, transport, trade, personal services, and small businesses etc. provides employment and income support to almost half of the rural workforce. Construction accounts for almost three quarter of non-farm employment in rural areas. With the COVID-19 situation requiring social distancing and closure of all activities, labour may lose employment and income, and this shall impact the demand for essential and non-essential commodities in the rural side. With the reverse migration to the rural areas, there will be pressure on the rural economy to provide employment. This may lead to a jump in rural unemployment or disguised employment and a subsequent fall in wages.

4. Banking

Retail loans may witness sluggish growth in coming months due to low demand for consumer goods, housing, and auto segment may take a hit. Banks' profitability may be affected adversely due to low offtake of loans and increased stress in the asset profile of the banks. The delinquencies in the loan portfolio of banks may begin to surface in Q2 with the end of moratorium period. The lockdown and post lock down period may see low operations of many MSMEs and large enterprises creating a risk of low repayment of loans and subsequent rise to NPAs.

5. Consumption

Discretionary part of the consumption shall be impacted by the lockdown enforced in the country in the wake of COVID-19 pandemic. This shall together impact almost 30% of the consumer demand and private final consumption expenditure, which comprised almost 56% of the GDP in the FY 2018-19.

The system of internal remittances in the country boosts the rural consumer demand in the country. With the business activities halted in the country, this shall impact the remittances to the hinterland and is bound to impact the economy of rural areas.

6. Trade

Since the pandemic has affected all countries, slowdown global economy is apparent and this might impact the international trade scenario. IMF has estimated that the world trade may fall by 11% in the FY 2020-21. There is a likelihood that some of the global demand may get transferred from China and this might benefit India to expand its exports.

7. Fiscal Stimulus

₹1.7 lakh-crore fiscal stimulus package to help the poor and migrants tackle the financial difficulties has been announced by the Central Government under PM Gareeb Kalyan Scheme.

- Women holding bank accounts under the financial inclusion scheme Jan DhanYojana will get an ex-gratia amount of ₹500 per month for next three months.
- Supply of five kilograms of either rice or wheat and one kilogram of lentils of choice free of cost to poor households every month for a period of three months, in addition to the existing five kilograms of wheat/rice announced earlier.
- EPF contribution on behalf of both the employee and the employer for a period of three months will be paid by the Central Government for certain companies, with up to 100 employees in which 90% of the staff is paid less than ₹15,000 per month will be entitled to receive this benefit.

The impact of the pandemics shall be unique as it impacts both the supply and demand side of the economy.

CHAPTER 2

Blue Revolution

2.1 OVERVIEW OF FISHERIES SECTOR IN INDIA

India, with about 7.7% of the global fish production, is the third largest fish producing country and the second largest aquaculture fish producer in the world. The country is also home to more than 10% of the global fish biodiversity and is one of the 17-mega biodiversity rich countries. Fisheries and aquaculture witnessed manifold rise in its production during past decades, from 7.5 lakh tons in 1950-51 to 137 lakh tons in 2018-19. The sector provides livelihood to about 16 million fishers and fish farmers at the primary level and almost twice the number along the value chain, and has enough potential to generate income, employment, growth in subsidiary industries, and earn foreign exchange for the nation. The share of fisheries sector in the total GDP (at current prices) increased from 0.40% in 1950-51 to 1.03% in 2017-18. The sector contributed ₹1,75,573 crore to the GDP (at current prices) during FY 2017–18 (Ministry of Statistics and Programme Implementation, 2020). The sector has been showing a steady growth in the total Gross Value Added and accounts for about 6.6% share of agricultural GDP.

The sector has been one of the major contributors of foreign exchange earnings with India being one of the leading seafood exporting nations in the world. The marine exports account for about 5% of total exports of India and constituted 19.23% of agri-exports (2017-18). During 2018-19, export of marine products stood at ₹13.92 lakh metric tons and were valued at ₹46,589 crore (US$ 6.73 billion). Shrimp constitutes 68.5% of total seafood export in value terms. In past 25 years, marine exports have achieved CAGR of 7.8% in volume and 12.4% in value terms. As a major allied activity, the sector has potential to grow in terms of increasing area under fisheries and augmentation of yield per unit area ensuring livelihood and income to the fish farmers. Fisheries sector bears significance in terms of its inherent livelihood opportunity, income generation, food and nutritional security. Keeping this in view, the Government of India has introduced the "Blue Revolution" with a target to augment fish production to 150 lakh ton by 2020, and raise it thereafter to 200 lakh tons by 2022-23. In order to have a close monitoring and pursuance of the progress of the sector, Government of India created a separate Department of Fisheries in February 2019.

2.2 FISHERIES RESOURCES

India has rich and diverse fisheries resources ranging from deep seas to lakes, ponds, rivers and more than 10% of the global biodiversity in terms of fish and shellfish species. The marine fisheries resources are spread along the country's vast coastline and 20.2 lakh sq km^2 Exclusive Economic Zone (EEZ) and 5.3 lakh km^2 continental shelf area. The inland resources are in the form of rivers and canals (1.95 lakh km), floodplain lakes (8.12 lakh hectares), ponds and tanks (24.1 lakh hectares), reservoirs (31.5 lakh hectares), brackish water (12.4 lakh hectares), saline/alkaline affected areas (12 lakh hectares), etc. Rivers, canals, lakes, etc. cater to capture inland fisheries whereas ponds and tanks mainly support aquaculture in the country. Over 2.4 lakh fishing crafts, 7 major fishing harbours, 75 minor fishing harbours and 1,537 landing centres are catering to the needs of over 4.0 million fisherfolk. For promoting aquaculture, 429 Fish Farmers Development Agencies (FFDAs) and 39 Brackishwater Fish Farmers' Development Agencies (BFDAs) were established in the country. The annual carp seed production is to the tune of 40 billion fry and that of shrimp is about 54 billion Post-Larvae (PL), with increasing species diversification in the recent past. Besides large-scale freshwater food fish culture, ornamental fish culture and high value marine fish farming are gaining importance in the recent past. Commercial aquaculture in India is mainly land based; the intensive fish farming under cage culture is yet to take off in the country. The unutilized and underutilized vast and varied inland resources offer great opportunities for livelihood development and ushering economic prosperity (Table 2.1).

Table 2.1: Resources for Fisheries in India

Sr. No.	Particulars	Unit	Details
A.	**Marine Fisheries**		
1.	Length of coastline	Km.	8,118
2.	Exclusive Economic Zone	Lakh km^2	20.2
3.	Continental shelf	Lakh km^2	5.3
4.	Inshore area (< 50 m depth)	Lakh km^2	1.8
5.	Number of Fishing villages	Nos.	3,202
6	Marine fishers population	Lakh	35
7.	Active fishers population	Lakh	9
8.	Landing centers	Nos.	1,537
9.	Major fishing harbours	Nos.	7
10.	Minor fishing harbours	Nos.	87
11.	Mechanised vessels	Nos.	72,749
12.	Motorised vessels	Nos.	73,410
13.	Non-motorised vessels	Nos.	52,982
14.	Estimated Potential	Lakh tons	44.5
15.	Current Exploitation	Lakh tons	37.1
B.	**Inland Fisheries**		
1.	Rivers and Canals	Lakh km.	1.95
2.	Floodplain Lakes	Lakh Ha.	8.12
3.	Ponds & Tanks	Lakh Ha.	24.1
4.	Reservoirs	Lakh Ha.	31.5
5.	Brackish Water	Lakh Ha.	12.4
6.	Saline/Alkaline affected Areas	Lakh Ha.	12.0

Source: Handbook of Fisheries Statistics, 2018; Economic Survey 2019-20; http://nfdb.gov.in/about-indian-fisheries.htm

2.3 PRODUCTION

Fishing in India has remained a traditional livelihood for many rural poor households and initially it was mainly a capture based activity. During 1950-51, total fish production in the country was about 7.5 lakh tons and marine fisheries accounted for 71%. By the turn of the century, fish production reached 56 lakh tons with an equal share of marine and inland fisheries. After that, fish production increased rapidly mainly on account of the growth of inland fisheries. Fish production in India during 2018-19 was about 134 lakh tons (Figure 2.1) and the share of marine fisheries was only 28% and inland fisheries accounted for 72% of total national fish production (Figure 2.2).

Figure 2.1: Fish Production in India (Lakh Tons)

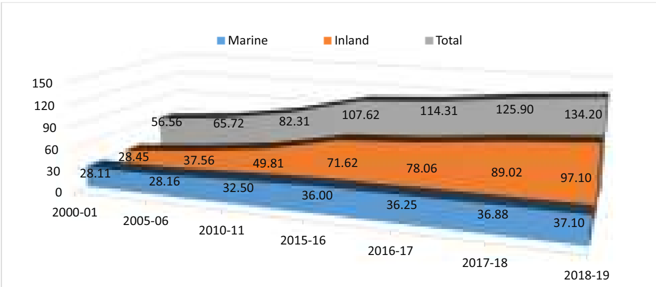
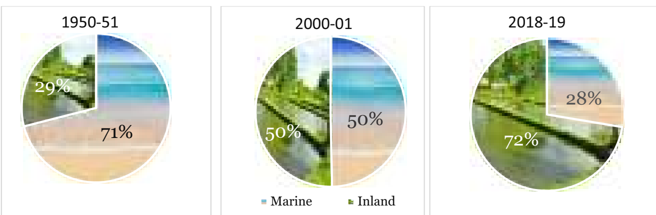
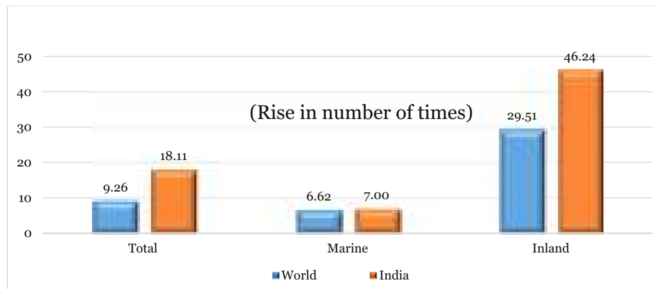


Figure 2.2: Share of Marine and Inland Fisheries in India



In India, fish production has increased at a faster rate than that at the global level. Between 1950-51 and 2018-19, global total fish production increased 9.26 times, whereas, total fish production in India during the same period increased at a rate double than that at the global scale (Figure 2.3). Though there was not much difference in the rate of rise in global and Indian marine fish production, the rate of rise in inland fish production was faster in India than the global scale. The faster growth in inland fisheries was mainly due to promotional and developmental initiatives like infrastructure development, promotion and subsidy support programmes introduced for fish farming, marketing, price realization and extension services, etc. Still, fish farming in India has ample scope for improving production and productivity. It was estimated that by 2018-19, about 71% of marine fisheries potential and 58% of the inland fisheries potential have been harnessed.

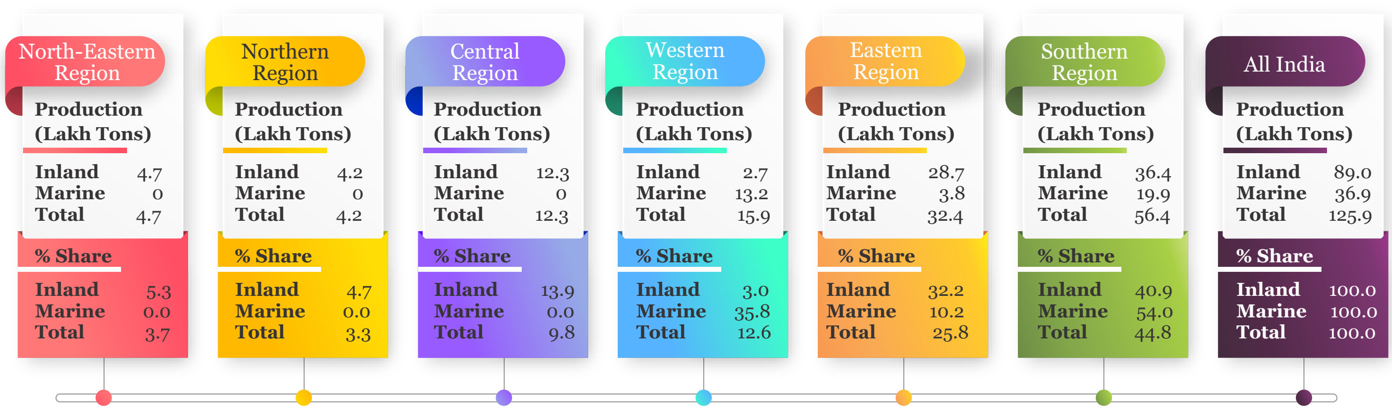
Figure 2.3 : Rise in Fish Production : World vs India (1950 -2018)



2.3.1 Regional Distribution

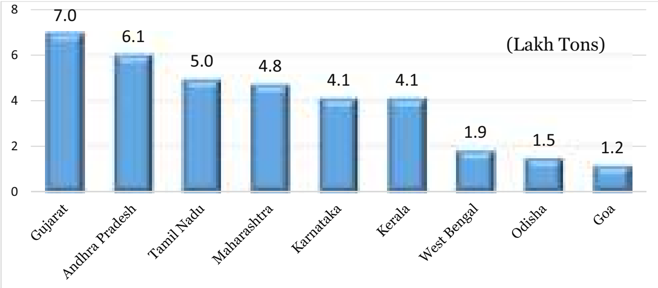
Fish Production has remained uneven across the States depending on the available coastline, infrastructure and entrepreneurship. Southern Region accounted for almost half of the fish production, followed by Eastern Region with one fourth of the total national fish production (Figure 2.4). Among the States, Andhra Pradesh (27.4%) and West Bengal (13.8%) together produce about 41% of the country's total fish production.

Figure 2.4: Region-wise Fish Production (2017-18)



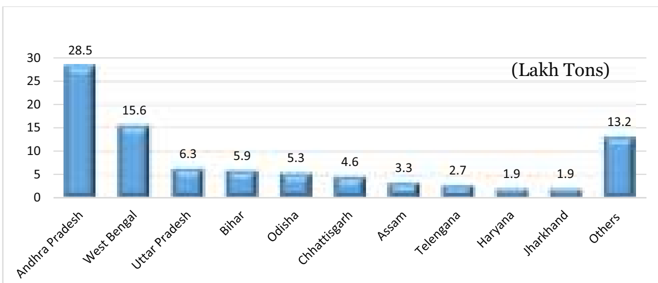
Marine fish production has remained limited to nine States and four UTs with coastlines. The West Coast produces 59% and the East Coast produces 41% of total marine fish. Gujarat, with 19% of the total marine fish production, is the leading marine fish producing State followed by Andhra Pradesh (16.4%) and Tamil Nadu (13.5%) (Figure 2.5).

Figure 2.5: Marine Fish Production (2017-18)



Almost every State in India produces inland fish to a certain extent whereas top six States account for about three fourth of the country's total inland fish production (Figure 2.6). Andhra Pradesh, West Bengal and Uttar Pradesh together account for half of the fresh water production in the country.

Figure 2.6: Inland Fish Production in Major States of India



Source: Handbook of Fisheries Statistics 2018, GoI.

2.4 FISH BY THEIR HABITAT

Fisheries can be broadly categorized by type of water they grow in and the same are as under.

2.4.1 Freshwater Fish: Fishes that spend most or all their life in freshwaters, such as rivers and lakes, having a salinity of less than 0.5 ppt. Around 40% of all known species of fish are found in freshwater. They may be divided into Coldwater Fish (5–20˚ C); examples: Mahseer, Trout, etc., and Warmwater Fish (25–35˚ C); example: Carps, Catfish, Snakeheads, Featherbacks, etc. Freshwater Fisheries account for about 70% of India's fish production, of which nearly 65% comes from aquaculture. There are around 1,300 Carp Hatcheries in India that produce seed and supply to fish farmers.

The Inland Fisheries of India may be classified as: i. Lacustrine Fisheries (Lakes and Reservoirs) ii. Riverine Fisheries (Rivers and Streams) iii. Estuarine Fisheries (Estuaries and Backwaters) iv. Floodplain and Wetland Fisheries v. Coldwater Fisheries vi. Ornamental Fisheries vii. Sport Fisheries viii. Culture Fisheries (Aquaculture).

The inland water resources of India are as follows (Table 2.2).

Table 2.2: Inland Water Resources of India

WarmWater Resources @	Extent
Rivers & Canals (km)	1,95,210
Tanks & Ponds (lakh ha)	24.14
Reservoirs (lakh ha)	31.50
Floodplain / Derelict Water Bodies (lakh ha)	8-12
Brackish water (lakh ha) @@	12.40
Saline / Alkaline affected areas (lakh ha)	12.00
Coldwater Resources @@@	
Rivers (km)	8,253
Natural Lakes (ha)	21,900
Reservoirs (ha)	29,700

Source: NFDB
@ Water temperature >25◦ C
@@ Water salinity of 0.5 to 30.0 ppt
@@@Water temperature <20◦ C

Carps: Carps form the mainstay of aquaculture practices in India, contributing over 85% of the total aquaculture production. Out of 266 carp species available in the Indian region, about 34 carp species are economical and are produced mainly from capture fishery, while less than 10 carp species are produced from both the culture and capture fisheries in the country. India is called the "Carp Country" since carps have been cultured since ancient times and been a relished delicacy in the country.

The carps which are native to the Indus-Ganges River Systems/Indo-Gangetic Plains of India are referred to as the Gangetic Carps/Indian Major Carps (IMC), comprising of Catla, Rohu and Mrigal that contribute 60% of total carps production. The carps that were introduced from other countries are referred to as Exotic Carps such as Silver Carp, Grass Carp and Common Carp.

Besides the major carps, there are also smaller carps often referred to as Minor Carps such as Reba (Cirrhinusreba), Bata (Labeobata), Fringe-lipped Carp (Labeofimbriatus), Calbasu (Labeocalbasu), White Carp (Cirrhinuscirrhosus) and Cauvery Carp (Labeokontius).

2.4.2 Brackish Water Fish: Fish that can tolerate a wide range of salinity (0.5 – 30.0 ppt) and live in backwaters, estuaries and coastal waters. Example: Mullet, Milkfish, Seabass, Pearlspot, Mudskipper, etc. India has around 12 lakh ha. brackish water resources comprising of estuaries (deltaic river mouths), coastal lagoons, lakes, backwaters, tidal creeks, canals, mudflats, mangrove plants, etc. These water bodies lying between the freshwater and marine regimes have certain characteristics: (i) fluctuating water level synchronizing with the tides, (ii) wide salinity range of 0-35 ppt, (iii) higher nutrient content and productivity, (iv) serve as nursery grounds for numerous marine organisms, (v) harbour a rich diversity of flora and fauna, and (vi) support artisanal capture fisheries and provide livelihood to the coastal fishers.

2.4.3 Marine Fish: Fish that spend most or all of their life in seawater, such as seas and oceans, having salinity above 30 ppt. There are about 240 species contributing to the marine fisheries. Example: Sardines, Mackerel, Ribbonfish, Anchovies, Grouper, Cobia, Tuna, etc.

India has an 8,118 km long coastline stretching along nine Maritime States and four Union Territories. The nine Maritime States are Gujarat, Tamil Nadu, Kerala, West Bengal, Maharashtra, Odisha, Andhra Pradesh, Karnataka and Goa. The four Maritime Union Territories are Daman & Diu, Puducherry, Lakshadweep Islands and the Andaman & Nicobar Islands. The country also has a 5.3 lakh km^2 continental shelf and 20.2 lakh km^2 of Exclusive Economic Zone (EEZ) with 1,537 fish landing centers, 3,432 fishing villages, 8.75 lakh fisher families and 40.56 lakh fisher-folk population.

The annual potential yield from the EEZ is estimated as 39.3 million tons of fish. The Marine Fisheries has been playing a pivotal role in the Indian fisheries sector. The major marine catches come from the coasts of Gujarat, Andhra Pradesh, Tamil Nadu, Kerala, West Bengal and Maharashtra.

Marine fisheries is mainly capture oriented and globally the capture fisheries has reached a saturation while the aquaculture sector has been growing at a faster rate. The growth in marine sector during past 25 years has almost stagnated with CAGR of 2.5%.

The marine fishing sector in India is essentially traditional and technologically underdeveloped as it is dominated by small fishermen. More than 86% of the potential resources are in the depth range of up to 100 meter only, which is the zone fully exploited. Any effort to go beyond 100 meter depth range entails technology and needs capital intensive resource specific fishing interventions.

The important marine fishes can be grouped into: 1. Surface-water Fish (Pelagic): Sardines, Anchovies, Ribbonfish, Mackerel, Seer fish, Tuna, etc. 2. Mid-water Fish (Pelagic): Bombay Duck, Cobia, Silver Bellies, Horse Mackerel, etc. and 3. Bottom-water Fish (Demersal): Perches, Catfish, Pomfrets, Flatfish, Eels, etc.

2.5 AQUACULTURE

Aquaculture is the growth engine of fisheries in India and is synonymous with fresh water fish culture, mainly carp culture. Fresh water aquaculture contributes close to 90% of the total estimated aquaculture production of over 5 million tons in the country. Brackish water shrimp farming has been showing a tremendous growth, from 1.2 lakh tons to 8.05 lakh tons production in last 10 years. Integrated fish farming and mariculture are other forms of aquaculture being practiced in India.

2.5.1 Fresh Water Aquaculture

Fresh water aquaculture in India includes ponds and tanks, wetlands, derelict waters, canals and reservoirs that could be utilised for aquaculture. Only about 8-9 lakh ha of area under ponds and tanks is being used for aquaculture currently. The major group of fish grown in aquaculture in India comprises of Carps, Pangasius, other catfish, freshwater Prawns and Tilapia. The standard RKM [rohu (Labeorohita), katla (Catlacatla), and mrigal (Cirrhinusmrigala)] contribute 70-75% of fresh water production. Silver carp, grass carp, common carp, catfish contribute another 25-30% in production. The national mean production levels from still-water ponds have been in the range of 3-5 tons/ha/yr. Though the average production has gone up more than five times from about 600 kg/hectare/year in 1974, this is much low as compared to many fish producing nations across the globe.

Box 2.1 : Promising Aquaculture Sector

- Certain well-managed fish farms and ponds are yielding 10-12 tons/ha/yr.
- Catfish possess high commercial importance. Production levels of 3-5 tons/ha/yr have been achieved in monoculture systems of magur.
- Pangassius culture is catching up in Jharkhand.
- Nearly one lakh tons of Pacu (Piaractus brachy pomus), a native of South America, clandestinely introduced through Bangladesh, locally known as Rupchand, is a fast growing hardy fish, and produced in West Bengal, Andhra Pradesh, Tamil Nadu, Assam, Tripura and Uttar Pradesh.
- The giant fresh water prawns Macro braciumrosen bergii and M.malcomsonii have high demand in

the international and domestic market as that of the marine shrimp. Monoculture of prawns yield production levels of 1.0 - 1.5 tons/ha during the culture of 7-8 months. Further, polyculture of fresh water prawns with carps is also technologically sound and viable option for enhancing the income levels of the farmers.

- Genetically improved farmed tilapia (GIFT) farming is gaining acceptance and has very good potential to transform the freshwater aquaculture sector.
- Farming systems like running water fish culture, waste water aquaculture, integrated farming systems, cage and pen culture, aquaponics, Integrated Multi-trophic Aquaculture (IMTA), etc. offer good potential.

2.5.2 Integrated Fish Farming

Integrated Fish Farming Technology with agriculture, livestock and horticulture has shown high potential for adoption due to the higher efficiency of resource utilisation, low cost and also low risk due to crop diversification (Box 2.2).

Box 2.2 : Integrated Fish-Farming Models

- Paddy cum fish culture is popular in eastern and north-eastern parts of the country. Paddy field modified into trench or deep pit for retaining water for fish to grow. Pond dykes used for cultivating vegetables. Paddy cum fish culture in Arunachal Pradesh yields 300 to 500 kgs fish per acre.
- Fish-cum-pig farming is effective in north-eastern areas due to the preference of pork as a source of animal protein. Production level of 2-3 tons / ha / year is achieved from a pig farming unit of 30-40 animals.
- Duck-cum-fish culture and poultry- cum-fish culture are also proven technologies with an assured production level of 3-4 tons/ ha per year. NABARD has supported integrated fish-duck farming in Odisha under UPNRM.

2.5.3 Brackish Water Aquaculture

The estimated area of brackish water available for aquaculture in the country is 12.4 lakh ha, of which 2.21 lakh is estimated to have been utilised for aquaculture, which include 0.45 lakh ha under traditional farming and 1.76 lakh ha under extensive/semi intensive farming. Brackish water aquaculture is almost synonymous with shrimp farming which again is export centric, though many other species could be taken up for culture in these ecosystems. There are more than 600 shrimp hatcheries in India with capacity to produce around 125 billion seeds. Despite the scale, shrimp farming in India is faced with EHP (Enterocytozoon hepatopenaei) and white feces disease, affecting productivity and quality.

2.5.4. Mariculture

Mariculture[1] accounts for 36% of the total quantity and 33.6% of the total value of aquaculture production globally. In India the mariculture activity is limited to onshore farming of Mud Crabs and offshore farming of Mussels, Clams and Edible oysters in Kerala, West Bengal and Odisha. Cage culture of fish like cobia, pompano and sea bass has been proven successful and needs to be upscaled. Most promising mariculture activities are pearl culture in the Gulf of Mannar, seaweed farming in Palk Bay, lobster fattening at Kanyakumari, crab fattening in the deltaic region of Sunderbans and marine ornamental fish breeding and rearing in Cuddalore, Ramanathapuram districts of Tamil Nadu.

However, in India, though there is adequate potential, mariculture activities have not picked up on account of lack of proper technology, availability of hatchery bred seeds, feeds, policy support, infrastructure and various linkages.

2.5.5 Ornamental Fisheries

Ornamental fish trade is a multibillion dollar industry spread across more than 125 countries. Ornamental fish breeding and rearing is an attractive new opportunity available to fish farmers, entrepreneurs and traders (Box 2.3).

Box 2.3 : Ornamental Fisheries

- Global exports of ornamental fish had reached US$350 million in 2014.
- More than 2,500 species are traded of which 60 percent are originated in freshwater with 30-35 species dominating the market.

[1] *Mariculture involves cultivation of fish and other organisms for food and other products in marine resources like an enclosed section of sea or tanks and ponds filled with sea water.*

- Trade at retail level is more than US$10 billion with an average annual growth of over 10%, while the entire industry is estimated to be worth more than US$18-20 billion.
- Top exporting countries are Singapore (20%), Japan (12%), Czech Republic (9%), Thailand (7%), Malaysia (7%), Indonesia (6%), etc.
- Export share of India is meagre 0.3%.
- The largest importer is the USA followed by Europe and Japan. The emerging markets are China and South Africa.
- Major contributor to trade is West Bengal (50%). Breeding and rearing activities are taken up in Howrah, Hooghly, 24 Parganas (South) and 24 Parganas (North).
- In many other States, ornamental fish breeding units have come up in clusters providing opportunity for their collectivisation as Producer Organisation / Company.

2.6 CLIMATE CHANGE AND FISHERIES

The rise in sea surface temperature, ocean acidification and coral bleaching are increasingly witnessed which are affecting the marine fisheries. The coastal communities and their livelihoods are seriously threatened by the cyclones, storms and extreme weather conditions. Changes in the oceanic weather systems such as sea surface temperature, PH, salinity and EL Nino Southern Oscillation (ENSO) are becoming evident as a result of climate change. It is predicted that the sea surface temperature is likely to increase by 2.0° to 3.5° C by the end of the century in the Indian Ocean. Unnikrishnan et al (2015)[2] reported that the net sea level has increased by 1.09 to 1.75 mm/year in the Indian sea in last 55 years with faster rise along the East Coast. The ocean warming and increased stratification of the upper ocean caused by global climate change will lead to decline in the dissolved oxygen with amplification on ocean productivity, nutrient cycling, carbon cycling and marine habitat.

The inland fisheries and aquaculture are also severely affected by climate change especially the river systems and their fisheries. The major river systems of India which are affected by climate change are the Himalayan glacier fed rivers such as Ganga, Brahmaputra and rivers of Deccan plateau including Narmada, Tapti, Godavari and Mahanadi. These rivers will experience more reduced water flow or flooding due to climate change (Vass 2009). The changes are likely to affect the fish production and biodiversity depending on the severity of the situation.

Table 2.3. Climate Change Impacts and Adaptation Strategies for Fisheries

Impact of climate change	Implication to fisheries	Adaptations strategy
Changes in fish distribution	Occurrence of new species	Use of new/modified gear
Changes in spawning behaviour	Changes in recruitment	Change in policies of fishing ban
Reduction in fecundity	Reduced recruitment to fishery	Reduce fishing stress
Precocious maturity	Smaller eggs, larvae and poor survival	Reduce fishing stress
Faster growth	Enhanced metabolism and increased feed requirement of fish	Ecosystem approach to fisheries management
Reduction in mean length of fishery	Over fishing	Policies for new legal catch size
Reduction in trophic level	Reduction in predatory and high value fish biomass	Ecosystem approach to fisheries (EAF)
Coral bleaching	Depletion of coral dependent fish species	Habitat restoration and EAF

Adoption of climate resilience as an adaptation strategy will help in meeting the livelihood security of the stakeholders. It is well established globally that effective fisheries management including over-exploitation, habitat degradation, pollution and climate change could be achieved by adopting an ecosystem based approach which will not only build resilience to the ecological and fisheries effects of climate change but will also help address the issues of habitat degradation and over fishing.

[2] *Sea-level-rise trends of the Indian coasts during the last two decades by A. S. Unnikrishnan, A. G. Nidheesh, MatthieuLengaigne, Current Science, Indian Academy of Sciences, 2015, 108 (5), pp.966-971*

2.7 POST-HARVEST PROCESSING, INFRASTRUCTURE AND MANAGEMENT

Fish processing in India is mainly export driven with minimum emphasis on domestic market. However, in terms of volume, almost 74% of the fish caught is marketed fresh, the remaining is used for processing, drying and smoking. The export trade is constrained by trade restrictions which are being imposed by the importing countries and also the high standards of hygiene and sanitation and traceability required by the buyers.

Domestic marketing infrastructure is not adequate, considering the perishable nature of the fish products. The fish processing infrastructure is mostly located on the coastal areas as it is focused on export production. The total installed capacity for fish processing is about 33 thousand tons, (Table 2.4) which is even less than the average daily fish production in the country. Lack of domestic storage, marketing and cold chain infrastructure explain the distress sale leading to fishermen/fish farmers not getting the fair share of the consumer rupee.

Around 50% of the export is realised from the capture fisheries mainly contributed by mechanised fisheries and 2-3% from the traditional sector. The deep sea sector has a very low share of less than 1% in the exports which points to the enormous opportunities latent in the sector. Most of the mechanised vessels are ill-equipped to undertake long voyages and lack specialized fishing equipments like fish finders, global positioning systems, refrigerated fish holds / refrigerated sea water systems and power which aid in improved efficiency of voyages. India also lacks mother vessels which can receive the harvests from small boats, chill or freeze the catch immediately and carry out some value addition aboard on the vessel. Further, there is no domestic market for a large range of by-products which results in enormous wastage of non-prime catch. The poor conditions of the arrivals make these products unfit for processing and value addition for exports.

Table 2.4: Region-wise Storage and Processing Facilities in India

Sr. No.	Centre	Cold Storage		Chilled Storage		Dry Fish Storage		Other Storage		Processing Plants	
		No	Capacity (MT)	No	Capacity (MT)	No	Capacity (MT)	No	Capacity (MT)	No	Capacity (MT)
1	Kochi	137	72,408	1	861	3	23	8	2,613	106	3,892
2	Quilon	26	8,795	0	0	0	0	0	0	16	577
3	Vizag	28	16,714	2	1,268	2	3,030	0	0	15	714
4	Bhimavaram	50	30,097	3	5,366	10	871	2	1,615	50	2,786
5	Chennai	47	41,173	2	861	7	1,268	2	1,246	44	2,835
6	Tuticorin	40	18,744	8	783	8	3,830	7	1,252	41	1,255
7	Goa	16	7,386	0	0	0	0	2	1,400	15	1,081
8	Mangalore	33	25,001	0	0	10	7,153	23	13,292	56	5,692
9	Mumbai	49	51,007	1	10	3	410	1	540	48	3,577
10	Ratnagiri	9	8,211	1	706	4	5,810	4	5,810	12	1,459
11	Bhubaneswar	32	18,763	17	10,854	0	0	1	2,000	33	1,287
12	Kolkata	52	15,473	0	0	17	1,400	1	60	45	1,612
13	Veraval	102	52,498	0	0	14	1,496	0	0	95	4,868
14	Porbandar	24	14,123	3	877	7	3,684	1	5	30	1,670
	Total	**645**	**3,80,398**	**38**	**21,586**	**85**	**28,974**	**52**	**29,833**	**606**	**33,305**

Source: MPEDA

The narrow range of processed products being made in India includes frozen, breaded and battered shrimp, individually quick frozen (IQF) products, pre-cooked products, accelerated freeze dried products (dehydrated), chilled, canned, cooked and stuffed meat, dried fish and surimi. The production of processed or value added products is less than 10% by volume and less than 15% by value. About 125 processors have IQF facility and 75 of them have cooking facility and there are 12 registered surimi units.

However, the domestic market is transforming, based on the increasing demand of the upwardly mobile middle class in India for processed and semi-processed fish and fishery products. The scenario is evident from the stock of these products in hypermarket stores. This has opened up opportunities for small scale fishermen to involve in value addition. Capacity building of these fishermen/women in preparation of value added products as well as creation of common facility centres for processing at the landing sites with required cold chain infrastructure could facilitate fish processing for domestic market.

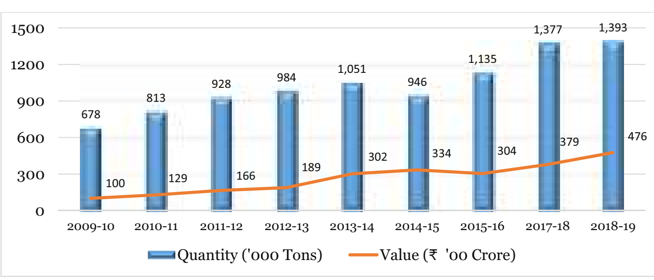
The Export industry has upgraded its infrastructure to meet the export standards like HACCP, EU norms, etc. However, still there are issues with sourcing of raw material and traceability. Value addition, promotion of domestic marketing, convenience foods and online marketing with proper cold chain facilities are having potential for development.

2.8 SEAFOOD CONSUMPTION, EXPORT AND TRADE

The domestic market in India consumes 75% of the fish produced. The average per capita consumption is 9 kg per year and is lower than the recommended per capita of 11-13 kg/yr. As against this, the global per capita fish consumption has reached 20 kg/capita/annum.

Export of marine products has been growing at CAGR of 8.37 % in terms of volume and 17.13% in terms of value over the past 50 years. The share of marine exports to the total exports of the country is around 2% while the share of marine products to the agricultural exports is around 17%. During the financial year 2018-19, exports of marine products reached an all-time high of 13.9 lakh tons (Figure 2.7). The increased production of L.vannamei shrimp has helped to achieve higher exports.

Figure 2.7: Indian Seafood Export



2.8.1 Major items of Export and Value share

India has emerged as the largest exporter of shrimp in the world, though in terms of total marine products exports India ranks sixth. USA is the largest market for frozen shrimp exports in quantity terms followed by European Union, South East Asia and Japan.

- Unit value realization of frozen shrimp is 35%.
- Overall export of shrimp during 2018-19 was 6.14 lakh tons worth US$ 31,800 million.
- Contribution of cultured shrimp to the total shrimp export is 73% in terms of US$.
- Export growth of cultured shrimp is 37% in quantity and 92% in dollar terms.
- Export of Black Tiger shrimp has reduced from 58,163 MT to 57,691 MT compared to last year.
- Seafood as the principal export item in quantity terms and the second largest export item in value terms, accounting for a share of about 33% in quantity and 17% in US$ earnings.
- Unit value realization of fish also increased by 22%.

In terms of major markets, South East Asian regions followed by China, European Union and USA are major importers of marine products from India.

Establishment of domestic markets is a matter of concern for minimizing the post-harvest losses. The harvested fish is not evenly distributed to the interior areas due to the lack of transportation and non-availability of cold chain which necessitate the need for a balanced distribution system through a network of wholesale, major, minor, retail and roadside markets. Majority of the domestic markets is unhygienic with low/no fish storing and handling facilities. Availability of potable water, good quality ice, electricity and waste disposal systems are inadequate in the Indian markets. The wholesale markets in the country are operating in an unorganised manner and the trading is through agents and intermediaries.

2.9 GOVERNMENT SCHEMES AND SUPPORT

Government of India and State governments have been taking several initiatives for the holistic growth and development of fisheries and aquaculture sector, and for the welfare of the fish farmers in the country. The government schemes of fisheries mainly consist of Central Plan Schemes with 100% central assistance, Centrally Sponsored Schemes where the State government and the Central government share the expenses as per terms of the scheme, and the State Plan schemes where the concerned State governments design their schemes as per need and bear the entire expenses of the schemes. The schemes not only aim to augment production of various fish and other aqua products but also ensures safety of fishermen, adoption of environmental friendly practices, infrastructure and market development, land development, etc. Fisheries sector is having the potential to grow at a rate higher than

6% per annum, contribute to export earnings, provide livelihood, food and nutrition security and contribute significantly to the overall economic development of the country. Considering the importance, GoI has formed a new Ministry of Fisheries, Animal Husbandry and Dairying and a separate Department for Fisheries. With a view to facilitate production, marketing, processing and exports in fisheries, GoI has established dedicated institutions for fisheries development in the country, implemented lot of subsidy linked schemes, and introduced the Blue Revolution during 2015-16.

2.9.1 Blue Revolution

Realizing the immense scope for development of fisheries and aquaculture, the Government of India has restructured the Central Plan Schemes under an umbrella of Blue Revolution. The Blue Revolution or Neel Kranti Mission, with its multi-dimensional activities, focusses mainly on increasing fisheries production and productivity from both aquaculture and fisheries resources in inland and marine sectors through full potential utilisation of water resources for fisheries development in a sustainable manner, while keeping in view the bio-security and environmental concerns. The mission aims at reaching an annual production of 150 lakh tons by 2020. The highlights are given in Box 2.4.

Box 2.4: Blue Revolution: The Neel Kranti Mission

The Ministry of Fisheries, Animal Husbandry and Dairying, Department of Fisheries has introduced the Centrally Sponsored Scheme on “Blue Revolution: Integrated Development and Management of Fisheries” or Neel Kranti 2016 in December 2015 by restructuring all the existing schemes. The Neel Kranti 2016 had been approved at a total central outlay of ₹3,000 crore for implementation during a period of five years (2015-16 to 2019-20). The major components of the CSS on Blue Revolution scheme are:

- Development of Inland Fisheries and Aquaculture,
- Development of Marine Fisheries, Infrastructure and Post-harvest Operations,
- National Scheme for Welfare of Fishermen
- Monitoring, Control and Surveillance (MCS) and other need-based Interventions,
- Institutional Arrangement for Fisheries Sector,
- Strengthening of Database & Geographical Information System of the Fisheries Sector (SoDGIS),
- National Fisheries Development Board (NFDB) and its activities.

Objectives

- To fully tap the total fish potential of the country both in the inland and the marine sector and triple the production by 2020
- To transform the fisheries sector as a modern industry with special focus on new technologies and processes
- To double the income of the fishers and fish farmers with special focus on increasing productivity and better marketing postharvest infrastructure including e-commerce and other technologies and global best innovations
- To ensure inclusive participation of the fishers and fish farmers in the income enhancement
- To triple the export earnings by 2020 with focus on flow of benefits to the fishers and fish farmers through institutional mechanisms in the cooperative, producer companies and other structures
- To enhance food and nutritional security of the country.

Financial Assistance

Under the Centrally Sponsored Scheme, subsidy was provided for various activities and free training was provided to fish farmers on improved scientific fish culture practices. The Central government bears the full expenses of the schemes in the UTs and 90% in North-East & Hilly States and 60% in other States whereas the rest is borne by the concerned States.

2.9.2 Pradhan Mantri Matsya Sampada Yojana

Pradhan Mantri Matsya Sampada Yojana (PMMSY) was announced in the Union Budget 2019-20 with an aim to turn India into a hotspot for fish and aquatic products through appropriate policy, marketing and infrastructure support. The government intends to promote aquaculture through easy access to credit and also to bring all fishermen under the ambit of all farmer welfare programmes and social security schemes with expanded coverage for accident insurance. The government initiatives are committed towards 'Blue Revolution' or ‘Neel Kranti’ and to make India as the top fish producing country in the world.

The Department of Fisheries will establish a robust fisheries management framework. This will address critical gaps in the value chain, including infrastructure, modernization, traceability, production, productivity, post-harvest management and quality control.

2.9.3 SAMPADA

Government of India has approved a new Central Sector scheme - SAMPADA (Scheme for Agro Marine Processing and Development of Agro Processing Clusters) with an outlay of ₹6,000 crore for the period 2016-20 co-terminus with the 14th Finance Commission cycle. The scheme will be implemented by Ministry of Food Processing Industries, GoI. It is a comprehensive package that aimed at creation of modern infrastructure from farm gate to retail outlet. The scheme consists of the following sub-schemes:

- Mega Food Park
- Integrated cold chain and preservation infrastructure
- Creation/expansion of food processing and preservation capacities
- Infrastructure for agro processing clusters
- Creation of backward and forward linkages
- Food safety and quality assurance infrastructure
- Human resources and institutions

2.9.4 Institutions for Fisheries

Government of India has established a host of dedicated institutions in fisheries sector to augment production, financing, marketing, export, research, capacity building, etc. These institutions continue to guide the sector's requirements and are located in different regions across the country.

2.9.5 Fisheries and Aquaculture Infrastructure Fund

The Govt. of India has decided to constitute Fisheries and Aquaculture Infrastructure Fund (FIDF) for funding infrastructure projects in fisheries sector with a corpus of ₹7,522 crore. National Bank for Agriculture and Rural Development (NABARD), National Cooperatives Development Corporation (NCDC), and all scheduled Banks will serve as nodal loaning entities (NLE).

2.9.6 KCC to Fish Farmers

The GoI extended the Kisan Credit Card (KCC) facility to fisheries sector also in 2018-19, to meet the working capital requirement of fisheries activities including aquaculture. Govt. of India has announced interest subvention on KCC limit (for Fisheries and AH) upto ₹2.0 lakh during 2019-20 keeping the same conditions as applicable to agricultural crops.

2.9.7 Rural Infrastructure Development Fund

GoI has permitted NABARD to extend RIDF loans for fisheries related infrastructure such as fishing harbours/jetties and riverine fisheries.

2.10 POLICIES & REGULATIONS

The pioneering attempt to regulate fishing in India was with the introduction of Indian Fisheries Act 1897 in the British era. The post-independence era has witnessed various regulations/legislations/policies, the important being the Wild Life Protection Act, 1972, the Forest Conservation Act 1980, the Environment Protection Act 1986, the Coastal Zone Regulation Notification 1991, Deep Sea Fisheries Policy, 1991, Biological Diversity Act 2002, Comprehensive Marine Fisheries Policy 2004 and Coastal Aquaculture Authority Act 2005. The recent policies on fisheries include the National Policy on Marine Fisheries, 2017, the Inland Fisheries and Aquaculture Policy, 2019, the National Mariculture Policy, 2019 (draft) etc., which govern fisheries development in India.

Box 2.5. Regulations and Policies

- **National Policy on Marine Fisheries 2017**

The overarching goal of the National Policy on Marine Fisheries (NPMF), 2017 is to ensure the health and ecological integrity of the marine living resources of India's Exclusive Economic Zone (EEZ) through sustainable harvests for the benefit of present and future generations of the nation.

Vision: A healthy and vibrant marine fisheries sector that meets the needs of the present and future generations.

Mission: While keeping sustainability of the resources at the core of all actions, the policy framework will meet the national, social and economic goals, livelihood sustainability and socio-economic upliftment of the fisher community and is intended to guide the coordination and management of marine fisheries in the country during the next ten years.

Strategy : The overall strategy of the NPMF, 2017 is based on seven pillars, viz. sustainable development, socio - economic upliftment of fishers, principle of subsidiarity, partnership, inter-generational equity, gender justice and precautionary approach. These seven pillars will guide the actions of various stakeholders in meeting the vision and mission set for the marine fisheries sector of the country.

The NPMF, 2017 is expected to meet the multi-dimensional and growing needs of the marine fisheries sector for the next one decade.

2.11 SWOT ANALYSIS OF FISHERIES SECTOR OF INDIA

Strengths	Weaknesses
• Long coast line and large number of water bodies / water sources • Established fishing industry with wide variety of species • Second largest aqua producer in the world and third largest fish producer in the world • Higher growth rates in Aquaculture sector • Support from Government for both production and post-production including harvest • Acceptance of Indian produce in world markets • Contributing about 19.23% of national agriculture export • Source of livelihood for 16 million households • Contribution of nearly 1.03% of GDP • Availability of unexploited potential • Existing markets can be converted to meet the phytosanitary conditions of export markets with traceability • Separate skill development programmes for improving the value chain are being implemented in large scale	**Inland:** • Seasonal nature of fishing operations • Depleted stocks of natural waters • Issues of tenure and lease rights • Use of obsolete technology for harvesting Low capital infusion • Inadequate access to institutional credit • Low scale operations and low yields • Lack of extension services • Primary Stakeholders are poverty ridden • Poor access to quality seed and feed **Marine:** • Limited scope for expansion due to overcapacities in territorial waters • Weak regulation • Inefficient and traditional fishing practices • Inadequate infrastructure like fishing harbours, landing centers, cold chains and hygienic markets • Poor processing facilities and lack of value addition, high wastage • Issues related to traceability and certification • Non-availability of skilled manpower. • Primary Stakeholders are poverty ridden
Opportunities	**Threats**
• Special focused schemes for development of fisheries sector • Availability of good domestic market as consumption is low when compared to other countries • Availability of financial incentives • Availability of specialised institutions for development of the sector • Availability of unexploitable potential in both inland and marine fisheries • Specific policies for development are made by GoI/State Govts. • Only specific community takes up these activities and they live in clusters nearby and therefore extension services would be possible • Further, this gives scope for aggregation in both forward and backward integration of value chain	• Deteriorating physical condition of resources (specially the water quality and quantity) • Low input culture system • Lack of diversity in culture practices and species • Low productivity • Inadequate regulatory mechanism • Increased incidents of disease • High cost of credit • Unhygienic markets • Anti-dumping duties by different export destinations • Climate Change and cyclones, floods and droughts

2.12 CHALLENGES OF FISHERY SECTOR

- The sector suffers from low-scale, stagnating yields of inland and freshwater aquaculture and poor infrastructure such as cold storage facilities, leading to an estimated 15-20% post-harvest loss.
- The lack of access to quality seed and feed for fish farming coupled with inadequate availability of credit withholds the poor fisher communities from investing in fish farming.
- Processing and value addition with compliance to food safety norms is a major constraint in fishery sector, especially to enter the export and international markets.
- For inland harvesting of fish, there is no code of conduct for leasing of water bodies and no separate provision for assistance in case when drought / floods affecting thissector.
- Loss of habitat and indiscriminate fishing, marine fishing has declined due to depleting resources, energy crisis and resultant high cost of fishing.
- Unscientific capture practices, especially use of small diameter nets or zero nets, reduce the growth and production.

2.12.1 Strategies to Overcome the Challenges

- Aquaculture needs to be treated at par with agriculture in terms of water, power tariff, tax benefits, subsidy, insurance and credit.
- Forming a policy addressing the issues of tenure and lease rights.
- Strengthen and modernize value chain including creation of fisheries infrastructure to increase shelf life, reduction of post-harvest losses and production of value added products.
- Promote community partnerships, private participation and effective cooperative movement in fisheries sector.
- Modernization of fishing vessels to handle storage and quality preservation of fish.
- Fishing harbours and fish landing centers play a vital role in ensuring safe fish landing, berthing of fishing vessels, pre-processing and auctioning.
- Up-gradation of existing fishing harbours/fish landing centers in conformity with the prescribed standards to ensure hygienic handling of fish catch.
- Construction of new fishing harbours/fish landing centers to be taken up wherever possible.
- Special insurance system for the fishing community and cooperation in safety and security of fishermen with neighbouring countries should be paramount to avert the loss of many fishers' lives.
- Programmes aimed at production and distribution of quality seed and feed for aquaculture and also culture-based-capture fisheries, husbandry of farmed species would be essential to optimize production and productivity.

2.13 WAY FORWARD

India has been ranked 102 out of 117 nations in 2019 in the Global Hunger Index (GHI) by IFPRI which takes into account parameters like undernourishment, child wasting and child stunting. Importance of fish in providing the critical nutrients during the so called 1000-day window has been well recognized.

Fishery being one of the promising sectors of agriculture and allied activities in India, the GoI Scheme on Blue Revolution focusses on tapping the full production potential and enhance productivity substantially from aquaculture and fisheries resources with an anticipated growth rate of 6 to 8% per annum.

Substantially increasing the share of Indian fisheries in the export area would be a key goal. It will ensure doubling the income of the fishers and fish farmers with inclusive participation of the socio-economically weaker sections and ensure sustainability with environment and biosecurity.

The new scheme Pradhan Mantri Matsya Sampada Yojana aims to develop this sector by increasing the fish production to 20 million metric tons by 2022-23 and further GoI aims at increasing the seafood export to ₹1 lakh crore by 2024-25.

With the progress achieved so far and with proposed initiatives for production, harvest and processing including development of new skill sets, let us hope the sector would continue to register higher growth rates.

CHAPTER 3

Sustainable and Inclusive Development

India is a fast growing economy. In 2019, it had become the 5th largest economy (World Economic Forum), with a nominal GDP of US $2.94 trillion. The Union Budget 2019-20 announced about taking Indian economy to US $5 trillion by 2025. In order to attain this feat, Indian Economy needs to grow at about 9% per annum. However, with its agrarian nature, and vast and varied geography, climate, demographic composition, infrastructure and resources, it would be challenging milestone to achieve this goal in next five years. Higher growth in agriculture and rural India is crucial for achieving this objective.

Around two-third population of the nation lives in rural India and depends for their livelihood directly or indirectly on agriculture and allied activities. Agriculture sector, however, contributes about 14.6% of GVA (2019-20), and has challenges like low irrigation facilities, small and fragmented land holdings, low levels of farm mechanisation, under-developed post-harvest infrastructure, etc. Dependence on monsoon makes Indian agriculture more vulnerable to the vagaries of impending climate change effects.

NABARD, through various initiatives has been working towards holistic and inclusive development. It has worked together with Central and State governments for framing policies and implementation of programmes for adaptation and mitigation to promote climate resilient agriculture. Programmes for watershed development, wadi and natural resources management have helped in improvement of resources for poor people as well as reversing the effects of climate change. Initiatives have also taken in establishing people's organisations like self-help groups (SHGs), joint liability groups (JLGs), farmers' clubs, Farmer Producers Organisations (FPOs), etc. that have ensured improved access to institutional credit, access to market, and better realization of prices for their produce. NABARD's initiatives for sustainable livelihood and development of rural areas are broadly discussed in this chapter.

3.1 TOWARDS SUSTAINABILITY: CLIMATE CHANGE ACTIONS AND MANAGEMENT OF NATURAL RESOURCES

Climate change is a serious challenge that threatens sustainable development across the globe. The Special Report on Global Warming of Intergovernmental Panel on Climate Change (IPCC) gave a clear warning on impacts of global warming on agriculture. It is far greater than anticipated and estimated earlier. Developing countries like India are more vulnerable to it due to overdependence of population on agriculture and pre-dominance of small and marginal farmers. Sectors critically important to the society such as human health, agriculture and food security, water supply, transportation, energy, ecosystems, etc. are expected to become increasingly disruptive in the coming decades. As the cost of inaction is greater than the cost of adaptation and mitigation, India has taken several climate change initiatives through the National Action Plan on Climate Change (NAPCC), State Action Plans on Climate Change (SAPCC), National Adaptation Fund for Climate Change (NAFCC) and articulating Nationally Determined Contributions (NDC) commitments, etc.

3.1.1 Climate Change Initiatives of NABARD

As a National Implementing Entity (NIE) for three important funding arrangements, viz. Adaptation Fund (AF), National Adaptation Fund for Climate Change (NAFCC) and Green Climate Fund (GCF), NABARD aims at channelizing national, international and private finances towards adaptation and mitigation interventions in India. At present, NABARD is implementing 40 climate adaptation and mitigation projects with a total financial support of ₹1,820.58 crore, supported under AF, GCF and NAFCC (Table 3.1).

Table 3.1 Fund-wise Details of Sanction and Release under Adaptation Fund, NAFCC and GCF

(Amount in ₹ Crore)

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
Adaptation Fund	8*	59.53	9.62	7.18	0.26	2.48	36.89 (45.16)@
National Adaptation Fund for Climate Change	30	847.47	33.52	98.91	1.78	8.68	335.44 (470.68)@
Green Climate Fund	2	913.58	-	-	-	8.61	353.03**
Total	**40**	**1,820.58**	**43.14**	**106.09**	**2.04**	**19.77**	**725.36**

*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 ₹8.61 crore towards NIE fee for TCCL.
@Figures in brackets are the amounts received by NABARD
Source: NABARD

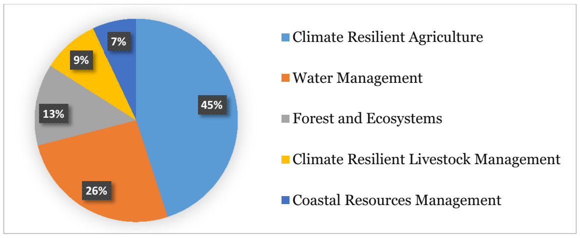
a. National Adaptation Fund for Climate Change (NAFCC)

NABARD, as an NIE, has facilitated sanction of grant assistance of ₹847.47 crore for 30 projects covering 130 districts across 25 states and 2 Union Territories. The projects sanctioned under NAFCC are related to water management, climate smart agriculture, livestock management, coastal and forest ecosystem, etc.

During the year 2019-20, the Technical Screening Committee of the Ministry of Environment, Forest and Climate Change (MoEF&CC) has recommended three proposals including one multi-state proposal on “Building Climate Resilience in Tea Value Chain for Small Tea Growers (STGs) in Assam, West Bengal, Tamil Nadu, Kerala and Himachal Pradesh” submitted by Tea Board, India. The other two proposals are (i) Reducing Glacial Lake Outburst Flood (GLOF) and flood risk in Parvati valley of Kullu district, Himachal Pradesh and (ii) Rehabilitation and Conservation of Muthupettai degraded Mangrove forest, Thiruvarur district, Tamil Nadu.

The types of projects sanctioned under NAFCC and their share is indicated in Figure 3.1.

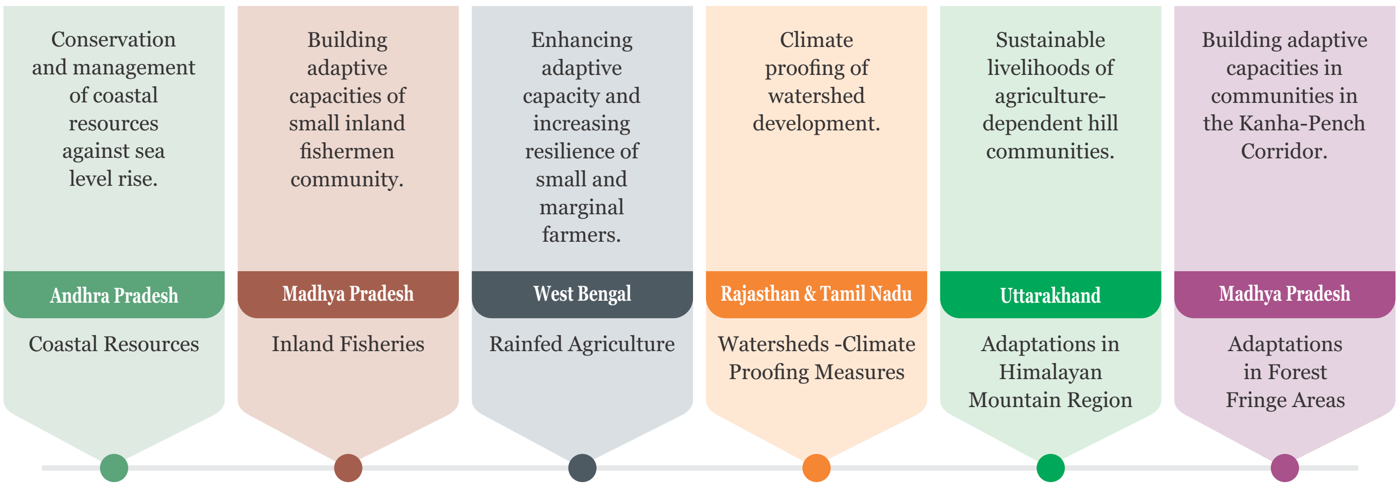
Figure 3.1 Activity-wise Distribution of NAFCC Projects



b. Adaptation Fund of UNFCCC

Under Adaptation Fund, six projects are under implementation with an outlay of US$ 9.86 million against an overall country cap of US$ 10 million. The projects sanctioned under AF are related to water & coastal management, agriculture & food security and forestry (Figure 3.2).

Figure 3.2:Particulars of Projects Sanctioned under AF as on 31 March 2020



Source: NABARD

NABARD developed Framework and Tools for assessment and management of environment and social risks, to identify and address gender issues under climate change projects.

c. Green Climate Fund (GCF)

As a Direct Access Entity (DAE) for GCF, NABARD is eligible to submit proposals under large categories (> US$250 million) to avail financial support in the form of grant, loan, equity and guarantee. NABARD has facilitated sanction of two projects under GCF, as on date.

The first project was sanctioned to Tata Clean Tech Capital (TCCL) Ltd. under private sector facility for solar roof top segment to create viable economic model. Under the project, it is expected to add 250 MW clean energy generated from solar roof top projects. This will reduce emission of 5.2 million tons of CO_2 equivalent over the lifetime of the project (20 years).

The second project was sanctioned to Government of Odisha with a grant assistance of US$34.35 million for augmenting ground water resources through 10,000 tanks and helping in climate resilient crop planning in 2.5 lakh ha. The project will address food security issue of 5.2 million vulnerable persons. The project will also lead to energy saving of 3.27 million kWh per year from 1,000 solar pumps and reduce emission by 2,614 MT of CO2 equivalent/ year.

d. Climate Change Fund (CCF)

NABARD has set up its in-house Climate Change Fund in 2016-17 for promoting and supporting activities aimed at addressing climate change impacts, adaptation and mitigation measures, awareness generation, knowledge sharing and for facilitating sustainable development. During 2019-20, out of total budget of ₹4 crore allocated under CCF to NABARD HO, ROs, and CCC-BIRD, ₹1.22 crore was disbursed/ utilised for various programmes and events.

3.1.2 Watershed Development Programmes

The success of Indo-German Watershed Projects (IGWDP) piloted by NABARD in arid and semi-arid regions of Maharashtra in 1992 encouraged NABARD to institute Watershed Development Fund (WDF) in 1999-2000. As on 31 March 2020, against 3,295 projects sanctioned, covering total project area of 23.05 lakh ha, 1,701 projects have been completed. Against the committed grant assistance of ₹2,147.79 crore, an amount of ₹1,804.54 crore has been disbursed.

During 2019-20, NABARD sanctioned 231 watershed projects (Table 3.2) under the following watershed development programmes being implemented currently:

- Participatory Watershed Development Programme under Watershed Development Fund (WDF)
- Sustainable Development Plan (SDP) in the completed watershed projects
- Soil Restoration and Rehabilitation of Degraded Soils for Food Security (Climate Proofing Soil Project) through "One World, No Hunger" (*German*:SEWOH) of KfW, Germany.
- Climate Proofing under WDF
- Springshed based Watershed Development Projects in NER and hilly region of the states
- Integrated Water Management Scheme

Table 3.2: Details of Ongoing Watershed Projects

Programme	No. of Projects Sanctioned during 2019-20	No of Projects Sanctioned as on 31 March 2020	Area Covered (lakh ha)	No. of Beneficiaries ('000)	Disbursement during 2019-20 (₹crore)	Disbursement as on 31 March 2020 (Cumulative) (₹crore)
Watershed Development Programme	83	999	7.61	399.60	39.81	432.31
WDF Climate Proofing	22	168	1.52	67.20	15.10	41.43
Soil Restoration and Rehabilitation of Degraded Soils for Food Security (Phase I)	0	123	0.98	49.20	8.90	59.73
Soil Restoration and Rehabilitation of Degraded Soils for Food Security (Phase II)	54	54	0.12	21.60	4.30	4.30
Springshed based Watershed Development Projects	17	67	0.18	3.35	2.14	2.76
Integrated Water Management Schemes (in cluster of 5 villages)	55	205	0.21	41	11.35	15.29
Total	**231**	**1,616**	**10.62**	**581.95**	**81.60**	**555.82**

a. Participatory Watershed Development Programme

The WDF created in 1999-2000 with an initial corpus of ₹ 200 crore, was augmented over the years by the interest differential earned under RIDF and the interest accrued on the unutilised portion of the fund. The financial assistance under the programme is in the form of grant or grant-cum-loan to State Governments. Currently, 428 watershed projects are under implementation in 18 states, while 1,053 projects including watershed under the PM's Package have been completed covering an area of 13.57 lakh ha. An amount of ₹1,236.81 crore was released as on 31 March 2020.

b. Sustainable Development Plan

Sustainable Development Plan (SDP) addresses the critical issues of technology transfer, agriculture extension, credit intensification, integrated pest management, integrated nutrient management, promotion of farmer producer organisations (FPOs), etc. of the completed watershed projects. As on 31 March 2020, 466 SDPs have been sanctioned, with total financial outlay of ₹45.07 crore.

c. Soil Restoration and Rehabilitation of Degraded Soils for Food Security

The soil restoration programme for sustainable food security (Phase I) under KfW's SEWOH ('One World, No Hunger' of the German Federal Ministry, Economic Cooperation and Development Department) is being implemented by NABARD in five states namely, Karnataka, Telangana, Andhra Pradesh, Odisha and Chhattisgarh with a grant support of €10 million from KfW, Germany over a period of four years from December 2015 to December 2019. It covers 32 districts based on the Rainfed Area Priority Index (RAPI) developed by Central Research Institute for Dryland Agriculture (CRIDA, Hyderabad) and Indian Agricultural Statistics Research Institute (IASRI). Under the programme, 123 projects are under implementation with financial commitment of ₹60.02 crore, of which an amount of ₹59.73 crore has been disbursed as on 31 March 2020.

Under Phase II, the programme has been extended to Kerala (43 projects) and Jharkhand (12 projects) with financial support of € 5 million from KfW. As on 31 March 2020, 54 projects have been sanctioned under phase II with financial outlay of ₹30.28 crore, of which ₹4.30 crore has been disbursed.

d. Climate Proofing Projects under WDF

With an objective of reducing vulnerability of watershed communities to the impact of climate change on production, productivity and livelihood of the farmers, NABARD is implementing climate change adaptation initiative with financial support from WDF. Core interventions under the initiative include additional soil and water conservation in the hot spot areas, soil fertility and productivity enhancement, promoting sustainable farming practices, risk mitigation and knowledge management. As on 31 March 2020, 168 climate proofing projects have been sanctioned with a grant commitment of ₹76.18 crore.

e. Springshed Development Programme

In order to address the issue of drying up springs, NABARD has launched an innovative and integrated springshed based participatory watershed development programme in the NER, including Sikkim, in January 2017, on a pilot basis with financial support under WDF. The programme's twin objectives are: (i) to reduce drinking water scarcity; and (ii) to promote off-season farming for sustainable livelihood to the rural community. Further, the programme is being extended to hilly areas of other states *viz*., Kerala, Maharashtra, Uttarakhand, Himachal Pradesh and Jammu & Kashmir. As on 31 March 2020, 67 springshed development projects have been sanctioned with grant commitment of ₹10.01 crore.

f. Web - based Monitoring of Watershed Projects

For tracking physical and financial progress of watershed projects in real time and impact evaluation/change detection through analysis of satellite images pertaining to pre and post development periods, a separate web portal (BHUVAN) and a mobile app have been developed under this initiative in which the project facilitating agencies (PFAs) can upload their data. This has helped in improving the effectiveness of implementation of watershed development projects.

Showcase 3.1: From Desert to Land of Prosperity

Initiative: Watershed Development Project at Disnau, Laxmangarh (Sikar), Rajasthan

Beneficiaries: 590 Households of Disnau Village.

Total Area Covered: 1,349 Ha.

Source of Funds: Watershed Development Fund & JKBT (Bajaj Foundation) under CSR.

Funding: Total grant of ₹160.21 lakh has been sanctioned by NABARD and Jamnalal Kaniram Bajaj Trust (JKBT) (Bajaj Foundation), Sikar in the ratio of 60:40, respectively.

Project Facilitation: Agency: JKBT (Bajaj Foundation), Sikar.

Objectives:

- Self-reliance in water for every household.
- Increase in the gross cropped area under various crops, improvement in the water use efficiency.
- Enhanced adaptation during drought/famine and improved adaptability/resilience to climatic vagaries.
- Increase in ground water level and provision for quality drinking water.

Stakeholders Consultation:

Followed a water budgeting approach and adaptation interventions in consultation with the local community.

Inspiring Role Model for Farmers in Desert Areas:

Shri Nemi Chand Sharma, Disnau village planted Kinnow, Sweet Lime, Lemon and Indigenous Ber on his barren land after land levelling under the watershed project. Shri Nemi Chand Sharma has followed Natural Farming practices for nurturing the above plantation and incurred total expenditure of ₹72,150 over the last four years.

He has harvested 31.25 quintals of Kinnow, 9 quintals of Sweet Lime, 14 quintals of Lemon and 50 quintals of Ber. His net income was ₹4,08,850 in the first year of harvest which will certainly increase in the successive years.

3.1.3 Natural Resource Management in Collaboration with Corporate Entities

NABARD has emerged as a unique institution that promotes convergence of corporate social responsibility (CSR) initiatives with its own development interventions. Corporate entities collaborate with NABARD in the field of Natural Resource Management (NRM) as they are always scouting for robust project ideas around which they can build their CSR initiatives. Such collaborations have created a win–win situation for NABARD, corporates, and most significantly, the beneficiaries (Table 3.3).

As on 31 March 2020, 37 corporate entities were collaborating with NABARD in implementation of 271 projects.

Table 3.3: A Snapshot of Collaboration Status in NRM (as on 31 March 2020)

Sr. No.	No of programme	No. of projects #	Amount sanctioned (₹Lakh)				Amount released (₹Lakh)		
			NABARD	CSR	Beneficiaries' Contribution	Total project outlay	NABARD	CSR	Total
1	Watershed Development Fund	185	9,918.13	6,728.19	259.78	16,906.10	6,215.01	4,337.20	10,552.21
2	Tribal Development Fund	57	12,634.86	6,204.25	1,671.06	20,510.17	6,816.08	3,360.94	10,177.02
3	UPNRM*	5	824.24	185.37	40.34	1,049.95	588.83	185.37	774.2
4	Farm Sector Promotion Fund	19	271.56	291.96	186.65	750.17	195.14	181.33	376.47
5	GVN/ Off-Farm Sector Promotion Fund$	5	41.59	54.13	0	95.72	25.81	43.33	69.14
	Total	**271**	**23,690.38**	**13,463.90**	**2,157.83**	**39,312.11**	**13,840.87**	**8,108.17**	**21,949.04**

including both completed and on-going projects
* Umbrella Programme for NRM
$ GVN: Gramya Vikas Nidhi

3.1.4 Integrated Water Management Scheme (IWMS) in Water Campaign Villages

During 2017, NABARD conducted water conservation campaign across 250 districts with focus on promoting efficient water conservation/management technologies and other water smart practices in agriculture. In order to consolidate the outcomes of the water conservation campaign and to carry forward the water conservation agenda more aggressively, NABARD came up with Integrated Water Management Scheme (IWMS) through watershed approach for implementation across 50 districts including 40 aspirational districts of Govt. of India, covering 250 village across 20 states. It has helped in mitigating the water scarcity situation and improving agricultural productivity in select vulnerable villages. As on 31 March 2020, 205 projects (in a cluster of 5 villages) were sanctioned under IWMS.

3.1.5 Securing Sustainable Tribal Livelihoods under the Tribal Development Fund

In the year 2003–04, NABARD commenced programmes out of its own profits for sustainable livelihood development of tribal families and established the Tribal Development Fund (TDF) with an initial corpus of ₹50 crore. Main objective behind the creation of the fund was to promote sustainable livelihoods among tribal families to provide them with sustainable and perpetual income streams. Financial assistance under TDF is extended in the form of *'grant'* to support setting up of small orchards (wadi), undertaking off-farm activities, sericulture, beekeeping and other microenterprises by the tribal families. Other activities promoted under the Fund include soil conservation, water resource management, training and capacity building, community development, community health, empowerment of women through drudgery reduction, promotion of SHGs, etc.

During the year, 43 projects have been sanctioned and an amount of ₹91.85 crore has been disbursed. Cumulatively, 791 projects have been sanctioned in 28 states/UTs, benefiting 5.53 lakh tribal families spread across 4.54 lakh acre of land with a financial commitment of ₹2,302 crore, out of which an amount of ₹1,655 crore has been disbursed as on 31 March, 2020.

3.1.6 Umbrella Programme for Natural Resource Management (UPNRM)

NABARD launched UPNRM in 2008–09 in collaboration with KfW and GIZ. It is a unique financing product involving loan and grant support to community based natural resources management projects. The bilateral agreement under Phase I of the programme envisaged a total Financial Cooperation (FC) of € 19.4 million (€ 15 million loan on International Development Agency (IDA) terms, € 1.4 million FC grant and € 3.0 million grant for accompanying measures) from KfW and Technical Cooperation (TC) of € 8.5 million grant by GDC from GIZ to NABARD.

The programme was extended as UPNRM II in 2012–13. The second phase of the programme envisaged loan support of € 52 million (€ 42 million as Reduced Interest Loans (RIL) carrying interest rate of 1.74% and € 10 million under IDA terms carrying interest rate of 0.75%) and grant of € 2 million as Accompanying Measures from KfW and TC of € 0.50 million from GIZ.

NABARD has successfully demonstrated business models in a variety of initiatives under UPNRM, including System of Rice Intensification (SRI), Sustainable Sugarcane Initiative (SSI), Better Cotton Initiatives (BCI) with drip irrigation, integrated biogas, ecotourism, sustainable agriculture practices, fisheries, cultivation of medicinal plants with primary processing, soil and water conservation in tank based irrigation in dryland areas, vermi-compost production, horticulture and plantation crop, organic farming, crop waste management, community drinking water, installation of automated weather stations, etc.

After more than 10 years of implementation, the UPNRM programme ended on December 2017. However, GIZ – Technical Collaboration grant support continued till 31 December 2019 and KfW-Accompanied Measures grant support will continue till 30 June 2020. The programme has covered 21 states and one UT with more than 170 channel partners. Cumulatively, under both the phases 334 projects were sanctioned with loan amount of ₹738 crore and grant assistance of ₹44 crore.

3.2 INCOME, INCLUSION AND LIVELIHOOD PROMOTION

3.2.1 Scaling-up Microfinance Initiatives

NABARD in 1992 initiated a programme to promote Self Help Groups (SHGs) with a view to linking rural women with banks for savings and credit, to meet their families' needs and to improve their livelihood. This savings led, women-centric, door-step, self-managed microfinance programme - the Self Help Group (SHG) Bank Linkage Programme (SHG-BLP), has emerged as one of the world's largest movements of organising the poor into groups, having more than one crore SHGs in its fold, and linking them with banks for credit facilities amounting to more than ₹1 lakh crore. Highlights of SHG-BLP as on 31 March 2020 are as following:

- 102.43 lakh SHGs are savings linked involving about 12.4 crore poor households
- 2.29 lakh SHGs were added during 2019-20
- Savings balance with banks of SHGs went up to ₹26.15 thousand crore from ₹23.32 thousand crore as on 31 March 2019
- SHGs have credit outstanding of ₹1.08 lakh crore with the formal lending institutions
- The outstanding of institutional credit to SHGs increased by 24.08% over the 31 March 2019
- 31.46 lakh SHGs availed credit support of ₹77.66 thousand crore from various banks during 2019-20, at an average of ₹ 2.47 lakh per SHG,
- NPA level was 4.92%, decreased from 5.19% as on 31 March 2019.

The SHG-BLP has traversed more than 25 years of successful journey towards empowering rural poor in general and rural women in particular. It has emerged as a powerful intervention for poverty alleviation through holistic financial inclusion. The progress during the past two years is presented in Table 3.4.

Table 3.4: Progress of SHG-Bank Linkage Programme

Particulars	2018-19		2019-20		% Change	
	No. of SHGs	Amount (₹crore)	No. of SHGs	Amount (₹crore)	No. of SHGs	Amount
Loans disbursed	26,98,400	58,317	31,46,002	77,659.35	16.59	33.17
Loans outstanding	50,77,332	87,098	56,77,071	1,08,075.07	11.81	24.08
Savings with banks	1,00,14,243	23,324	1,02,43,323	26,152.05	2.29	12.12
NPA level (%)	5.19		4.92			
Average loan disbursed per SHG	₹ 2.16 lakh		₹ 2.47 lakh			

a. Deepening of the SHG–Bank Linkage Programme

Promotional support

During 2019-20, an amount of ₹72.33 crore from the Financial Inclusion Fund (FIF) and ₹6.52 crore from the Women Self Help Group Fund (WSHG) was released as grant for formation and linkage of SHGs, digitisation of SHGs, training and capacity building of stakeholders, livelihood promotion, documentation, awareness and innovations, etc.

NABARD continued to support partner agencies/SHPIs Partner institutions such as NGOs, RRBs, District Central Cooperative Banks (DCCBs), Farmers' Clubs, Individual Rural Volunteers (IRVs), SHG Federations and Primary Agricultural Credit Societies (PACS) for promoting and nurturing SHGs. Grant support was also provided to not-for-profit microfinance institutions (MFIs) to act as Self-Help Promoting Institutions (SHPIs) in priority states. The provisional cumulative assistance sanctioned to various agencies was ₹415.37 crore for promoting 8.69 lakh SHGs, against which an assistance of ₹160.73 crore was released for formation and credit linkage of 3.84 lakh SHGs.

Training and capacity building of stakeholders

During 2019-20, 3,592 training programmes were conducted covering 1.53 lakh participants from various banks/stakeholders under FIF. Further, 1,152 training programmes covering 0.69 lakh participants were conducted under WSHG Fund. Cumulatively, around 2.79 lakh participants have been imparted training under WSHG fund support and 40.45 lakh participants were trained under FIF.

Promotion of WSHGs in Backward/Left Wing Extremism affected districts

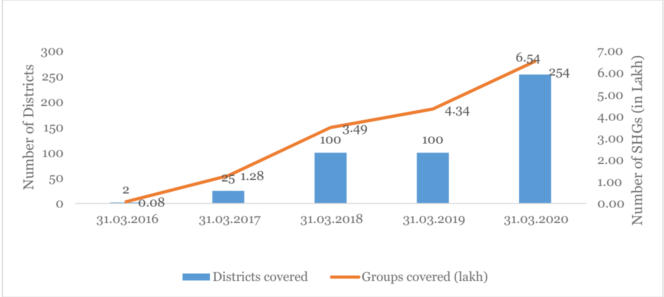
The scheme for promotion of women SHGs in 150 backward/Left Wing Extremism (LWE) affected districts spread across 29 states is being implemented with support of GoI. Anchor NGOs work as SHPIs for promotion and credit linkage of SHGs. They are also expected to act as business facilitators for tracking and monitoring the SHGs and are responsible for loan repayments by SHGs. Under the project 2.11 lakh Women-SHGs have been savings linked and 1.29 lakh of them have been credit-linked. A cumulative amount of ₹139.43 crore was utilised as grant assistance out of the WSHG Fund for various activities as on 31 March 2020.

b. Project E–Shakti

E–Shakti, the project on digitisation of SHGs, attempts to address issues existing in the SHG eco-system by providing a digital 'end to end' solution by creating a secured, access controlled, database of SHGs and their members, with customized reports. It has introduced standardized books of accounts in the digital platform, bringing transparency and regularity in the operations and record keeping of SHGs in a secured online portal viz. https://eshakti.nabard.org that will help in framing suitable credit policy.

Project Coverage: The project was rolled out during the year 2015 in two districts Ramgarh (Jharkhand) and Dhule (Maharashtra). Encouraged by the positive response from stakeholders, the project was expanded to 23 more districts across the country during 2016 and further expanded to 75 more districts during 2017-18. During the year 2019-20, 150 more districts have been covered under the project. The implementation of the project is currently going on in 254 districts across the country. As on 31 March 2020, data pertaining to 6.54 lakh SHGs involving 72 lakh members in more than 98,000 villages has been on-boarded to the *E-Shakti* portal. The year-wise progress in digitisation of SHGs under Project *E-Shakti* is given in Figure 3.3.

Figure 3.3: Year-wise Progress in Digitisation of SHGs under Project *E-Shakti*



Source: NABARD

Project Achievements

- ✓ Facilitated bankers in providing credit to SHGs based on performance and significant increase in credit linkage has reduced Saving-Credit linkage gap.
- ✓ The credit linkage with banks under *E-Shakti* (all phases) has increased from 2.17 lakh to 3.21 lakh as on 31 March 2020 thus proving the success of the project.
- ✓ More than 15,000 animators hired by 591 implementing agencies (NGOs, SRLMs, Banks, etc.) are working on the field to ensure continued success of the project.
- ✓ Captured credit history of 6.54 lakh SHGs involving 72 lakh members.

- ✓ Promoted transparency through SMS alerts in local language (10 languages) to members and boosted the confidence among the SHG members.
- ✓ The quality of book-keeping by SHGs has substantially improved.

Leveraging Data: During 2018-19, the data from *E-Shakti* was leveraged for facilitating a financial inclusion drive covering the SHG members under FI/ Social Security schemes of GoI viz. PMJDY, PMSBY, PMJJBY and APY. The financial inclusion drive resulted in enrolment/ opening of 3.80 lakh new accounts during the period.

Credit intensification: From January 2020 to March 2020, a special drive was initiated aiming to improve coordination with banks and enhance credit linkage in *E-Shakti* implementing districts under Phase I, II and III. As an outcome of it, loans amounting to ₹248.75 crore were sanctioned out of which ₹199.70 crore was disbursed to 13,126 new SHGs.

Box 3.1: Signing of MOU between NABARD and SRLM on Digitisation of SHGs under E-Shakti Project

NABARD entered into an MOU with SRLM, Madhya Pradesh for digitisation of SHGs and other support towards livelihoods and marketing.

After the signing of MOU, NABARD sanctioned support to SRLM for digitisation of more than 44,000 SHGs under SRLM taking total SHGs above 50,000 under Phase IV against the original target of 35,000 SHGs.

As a part of the MOU, NABARD has also sanctioned livelihood training and Gram Dukaan to SHG federation supported by SRLM.

The Banks are effectively using E-Shakti platform for financing to SHGs.

Showcase 3.2: Scripting Digital Success

When 15 women of village Dasokhap of Churchu block of Hazaribag District, Jharkhand first came together in 2005 to form "Ganga Mahila Vikas Sangh", they were not aware that their life was about to change. The Self Help Group, "Ganga Mahila Vikas Sangh" was formed with the objective of uplifting the economic and social status of rural women. With their grit, determination and hard work, they have scripted their own success story the digital way with facilitation from NGO, NABARD and Banks.

Members of "Ganga Mahila Vikas Sangh", promoted by NGO SUPPORT, started the group with a contribution of ₹10 per week per member. Now the members are contributing ₹100 per month and the group corpus is more than ₹1.00 Lakh.

In view of the group's regular savings, Charhi branch of Bank of India, sanctioned the first loan to the group amounting to ₹1.00 lakh. They started a Pig farm with 45 piglets with the help of NGO - SUPPORT. The business has helped SHG members to earn additional net income of ₹35,000 per annum.

Unity, honesty, self-initiative and commitment of SHG members helped them to become entrepreneur. Digitisation of their books of accounts and subsequent bank credit helped them to reach a position from which they do not have to look back.

c. Financing of Joint Liability Groups

Joint Liability Groups (JLGs) are positioned as a strategic intervention for providing collateral free credit to small farmers, marginal farmers, tenant farmers, oral lessees, small artisans, etc., thereby reducing their dependence on informal sources for credit. During 2019-20, 41.80 lakh JLGs were promoted and financed by banks.

Apart from extending 100% refinance support to banks under JLG financing, NABARD continued to extend financial support for awareness creation and capacity building to all stakeholders of the programme. NABARD also provides incentive for formation and nurturing of JLGs to banks and other JLG promoting agencies. Cumulatively, as on 31 March 2020, grant assistance of ₹197.53 crore was sanctioned to facilitate promotion of 10.94 lakh JLGs across the country.

As the share of RRBs in JLG lending was quite low and was losing their turf to private commercial banks and new players, an initiative to scale up JLG financing by them was taken up during 2017-18. RRBs, due to their sheer rural presence and penetration in backward areas, are advantageously placed to easily scale up financing of JLGs. RRBs have been encouraged to enter into MoUs with Business Correspondents (BCs)/NGOs working as JLG promoters / Business Facilitators (fee-based) and NABARD with assured support for promotion of JLGs, where the concerned bank shall take the onus of extending credit support to the JLGs. NABARD has so far entered into 53 MoUs in 22 states; comprising 38 MoUs with RRBs, ten MoUs with SBI in 8 states, one MoU each with Syndicate Bank, Allahabad Bank and Union Bank and two MoUs with State Cooperative Banks in Jharkhand and Odisha.

d. Livelihood and Enterprise Development Programme

Livelihood and Enterprise Development Programme (LEDP) was initiated on a pilot basis in December 2015 with a view to create sustainable livelihoods among SHG members and to obtain optimum benefit from skill upgradation. LEDP envisages conduct of livelihood promotion in both farm and off-farm activities under project mode in clusters in contiguous villages. There is a provision for intensive training for skill building, refresher training, backward-forward linkages, handholding and escort support for credit linkage. This also encompasses the complete value chain and offers end-to-end solutions to the SHG members. 237 LEDPs involving 25,577 members were conducted during 2019-20. Cumulatively, 89,127 SHG members have been supported through 783 LEDPs as on 31 March 2020.

e. Micro Enterprise Development Programme

NABARD's endeavour in skilling the SHG members through Micro Enterprise Development Programme (MEDP) continued in 2019-20. During the year, 12,719 members were trained through 425 MEDPs for enabling them to start micro enterprises. Cumulatively, around five lakh SHG members have received training through approximately 17,700 MEDPs.

During the year, a portal, NABSKILL, was launched in July 2019 for online processing of MEDP applications, and 561 MEDP applications were processed through NABSKILL portal by the end of March 2020.

Box 3.2 : Sixth World Congress on Rural and Agricultural Finance

NABARD hosted the 6th World Congress on Rural and Agricultural Finance in association with APRACA, on 12-13 November 2019 in New Delhi. The aim of the 6th World Congress was to bring APRACA, AFRACA, ALIDE, CICA and NENARACA member institutions and all interested development sector partners together to discuss the topics that define the future of the flow of finance to the rural and agricultural sector and to bring a powerful message to the worldwide policymaking community. The two-day Congress was inaugurated by Hon'ble Finance Minister, Smt. Nirmala Sitharaman alongside Shri Debashish Panda, Additional Secretary (Financial Inclusion), Dept. of Financial Services, Shri Senarath Bandara, CEO - Bank of Ceylon and Chairman of APRACA and Dr Harsh Kumar Bhanwala, Chairman, NABARD and Vice Chairman, APRACA.

During the course of the two-day Congress, deliberations were held on varied topics like "Mainstreaming Sustainable Agriculture to Achieve 2030 Agenda", "Smallholder aggregation Model for Efficient Value Chain and their Financing", "Credit flow to agriculture and its value chain to achieve revitalized rural landscape and deliver inclusive growth", "Agricultural Value Chain Finance Innovations and Lessons: Case Studies in Africa" etc.

The 6th World Congress ended with all the member institutions signing the New Delhi Declaration to strengthen rural and agricultural finance initiatives across the globe.

3.2.2 Promotion of Farmers' Clubs for Technology Transfer

Under this programme, support is provided for formation, training and capacity building of the Farmers' Clubs (FCs) through Farm Sector Promotion Fund (FSPF). As on 31 March 2020, the cumulative number of FCs promoted across the country stood at about 1.60 lakh. In order to focus on consolidating and strengthening of existing active FCs for transition into well-functioning FCs, a portal named 'KrishakSarathi' (www.krishaksarathi.com) has been developed to ensure effective monitoring of Farmers' Clubs activities and make them sustainable. As on 31 March 2020, data of 24,380 clubs has been uploaded on the portal.

Further, Capacity Building for Adoption of Technology (CAT) visits are also arranged under FSPF to promote skill-based training of the members of Farmers' Clubs and FPOs for adoption of new technology/best practices in Agriculture/allied sectors. During the year, 266 such visits involving 6,787 farmers were undertaken and an expenditure of ₹2.03 crore was incurred in this regard.

3.2.3 Promotion of Farmer Producers' Organisations (FPO)

Collectivization of agricultural produce through Producers' Organisations has emerged as one of the effective means to increase farmers' income, particularly small producers, by way of improved bargaining power, access to farm inputs, modern technologies, markets, etc. and efficient uses of scarce resources.

Producer Organisation Development Fund (PODF)

For the purpose of promoting and strengthening FPOs, NABARD, from its own operating surplus created Producer Organisation Development Fund (PODF) with initial corpus of ₹50 crore in 2011. A need-based support is provided under this to producers' organisations in terms of credit facilitation, capacity building/ handholding and market linkages. It enables FPO members to achieve economies of scale, exercise increased bargaining power, leverage access to better inputs, technology, etc. During the year 2017-18, the corpus under PODF was enhanced to ₹100 crore.

NABARD has introduced a new scheme for the promotion and nurturing of 3,000 FPOs under support from PODF for the interventions and other promotional programmes. The corpus under PODF has been further augmented by ₹101.97 crore by way of appropriation of interest differential out of RIDF for 2017-18, as approved by RBI. The balance corpus as on 31 March 2020 was ₹ 252.01 crore.

Grant support is provided to build the ecosystem for sustainable growth of FPOs. New FPOs are supported for promotion and nurturing for over a period of five years, besides ₹5.00 lakh support to a FPO for business development initiatives. The details of physical and financial progress in promotion of FPOs under PODF-ID as on 31 March 2020 are given in Table 3.5.

Table 3.5: Promotion of FPOs under PODF-ID Fund (as on 31 March 2020)

No. of FPOs sanctioned	2,330
No. of FPOs Registered	1,085
Grant amount sanctioned (₹ crore)	200.37
Grant amount utilised (₹ crore)	29.68

Producers' Organisation Development and Upliftment Corpus (PRODUCE) Fund

Promotion and nurturing of FPOs under Producers' Organisation Development and Upliftment Corpus (PRODUCE) Fund created in NABARD by the Government of India continued during 2019–20. Under this Fund, NABARD has promoted 2,154 FPOs spread over 29 states, of which around 70% FPOs are registered as Farmers Producer Companies (FPCs) and the remaining as Cooperatives/ Societies. FPOs engage in bulk purchase and supply of agri-inputs to members, aggregation and marketing of produce, undertake value addition and processing, procurement of members' products, procurement of foodgrains under government schemes, provide custom hiring services, activities allied to agriculture, etc.

The details of physical and financial progress in promotion of FPOs under PRODUCE Fund as on 31 March 2020 are given in Table No. 3.6.

Table 3.6: Promotion of FPOs under PRODUCE Fund as on 31 March 2020

No. of FPOs sanctioned	2,154
No. of FPOs Registered	2,093
Grant amount sanctioned (₹ crore)	203.03
Grant amount released (₹ crore)	165.13

As on 31 March 2020, around 8.29 lakh farmers have been covered as shareholder members of FPOs under the programme. Cumulative share capital collected by FPOs stood at ₹93.75 crore. NABARD has partnered with 795 Producer Organisation Promoting Institutions (POPIs) and 19 Resource Support Agencies (RSAs) in various states for nurturing and handholding of FPOs.

The important milestones achieved under the fund are as under:

- Small and marginal farmers comprise around 70% of the total membership of FPOs while 33% members are women.
- Till 31 March 2020, 527 FPOs were credit-linked, 1,315 FPOs were market-linked, and 1,391 FPOs have obtained licenses for direct input dealership.

- Data in respect of 2,121 FPOs and over 8.28 lakh producer members has been digitised for effective monitoring and generation of MIS.

Considering the success achieved with the financing of FPOs and Primary Agricultural Cooperative Societies (PACS), NABARD entrusted the responsibility of providing adequate credit support to FPOs/PACS to NABKISAN Finance Ltd, a subsidiary of NABARD. Further, in order to enable FPOs to access loan without collateral security, NABARD continued its pilot scheme during 2019–20 for providing credit guarantee cover for FPOs financed by its subsidiaries. A credit guarantee cover of ₹10.92 crore was sanctioned to NABKISAN Finance Ltd. for financing 92 FPOs.

NABARD has developed an assessment (grading) tool to understand the organisational and business performance of the FPOs. The FPOs are being graded based on key performance parameters to design appropriate interventions for further strengthening and credit linkages.

Box 3.3: New Initiatives for Promotion of FPOs

- **Central Sector Scheme for Promotion and Nurturing of Farmers Producers Organisations (FPOs)**

The Central Sector Scheme for "Formation and Promotion of 10,000 FPOs" across the country as per announcement made during budget speech 2019-20 has been launched. The aim of the scheme is to promote new FPOs and support their initial financial requirements, to make them creditworthy, commercially vibrant and sustainable business enterprises of farmers. Initially, FPOs will be promoted in Aspirational districts, Tribal districts, and DDM districts. NABARD will be one of the implementing agencies for promotion of FPOs under this scheme.

- **Credit Guarantee Scheme for Farmers Producers Organisations (FPOs)**

Under the Central Sector Scheme for FPOs, Government of India alongwith NABARD, has envisaged to set up a Credit Guarantee Fund (CGF) with a corpus of ₹1000 crore. The objective of the CGF is to provide credit guarantee cover (CGC) to all eligible lending institutions, to enable them to provide collateral-free direct loan to FPOs by minimising their lending risks. This scheme is expected to ensure higher credit flow to FPOs for their business development.

Showcase 3.3: Phalam Sampada- Success Story of Farmer Producer Company

Name of FPO: Phalam Sampada Producer Co.Ltd.

Project Location: Village Jamuniya Khurd, Block-Tamia, District- Chhindwara, Madhya Pradesh.

No. of Members: The total membership till date is 500 Families with 736 members.

Nature of Business: Processing of minor millets and Non Timber Forest Produce (NTFP). Value addition by preparing bakery items, Triphala Powder, Honey and Jamun Vinegar.

Need of FPO Formation: Despite huge production of NTFP in the area, the tribals/rural community was unable to get reasonable price for the raw materials they sell.They were being exploited by middlemen.

NABARD's intervention: Under the guidance of NABARD, FPO has successfully marketed its products on various fora like Melas and exhibitions and further scaled up its marketing activities in the form of rural mart with NABARD support.

NABARD support: NABARD has supported this FPO since 2014 through capacity building in production as well as marketing and provided Business Development Assistance of ₹5.00 lakh. NABARD also sanctioned a Rural Mart to the FPO. The FPO has tie ups with various retail shops in Bhopal.

Impact of FPO formation:

- Larger business platform for self-empowerment of tribal women.
- Generation of employment opportunities and creation of sustainable livelihood in tribal area.
- FPO is selling more than 15 products with proper packaging and branding.
- The FPO has built share capital of ₹5.00 lakh.
- The business turnover is around ₹15 lakh rupees during the year 2019-20.

3.2.4 Financial Inclusion Interventions

As per the budget announcement in 2007-08, Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) were constituted in the year 2007-08 for a period of five years with a corpus of ₹500 crore each to be contributed by Government of India (GOI), RBI and NABARD in the ratio of 40:40:20. They were merged to form FIF (Financial Inclusion Fund) in 2015. Subsequently as per the directions of RBI, FIF is being replenished through interest differential available to NABARD in excess of 0.5% in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund deposits and Food Processing Fund deposits placed by the Commercial Banks with NABARD out of priority sector shortfall.

The fund was created with the objective to support “developmental and promotional activities” including creation of financial inclusion infrastructure across the country, capacity building of stakeholders, address issues due to lack of awareness, enhance investment in Green Information and Communication Technology (ICT) solutions, research and transfer of technology, increase technological absorption capacity of financial service providers/users with a view to securing greater financial inclusion.

i) Differentiated Strategy

There still exist regions, which are financially excluded, and banks where technology adoption is inadequate, thus preventing equitable spread of financial services. To address these disparities, a differentiated strategy for financial inclusion is adopted from the year 2019-20. The strategy involves more thrust on backward districts that are constrained by various physical, economic and sociological characteristics, now termed as the Special Focus Districts (SFDs).

Under the FIF some of the major schemes supported during the year 2019-20 are as under:

Financial Literacy Programmes: Financial literacy is an important tool for creating demand for financial products. It helps to create awareness about access to financial services, their features and availability as well as develop responsible financial behaviour with the help of appropriate financial knowledge. NABARD has extended support to banks for conducting targeted financial literacy and digital financial literacy programmes (for people newly inducted into the financial system, adults and specified groups) in rural areas through their FLCs and rural branches especially in the SFDs.

Demonstration of Banking Technology through Mobile Van: In order to bring digital financial literacy in the remote areas, NABARD has supported purchase of mobile vans for demonstration of banking technology. To give further thrust to financial inclusion, the scheme has now been modified to support a maximum of five demo vans per district on a select basis.

Support to Kiosks in unbanked villages of NER: Business Correspondent (BC) model is the cornerstone of India's financial inclusion strategy to ensure delivery of banking services across the country. However, despite the progress in terms of geographical outreach, significant challenges remain in establishing BC services in North-Eastern States, especially in 39% of their villages, which have a population of less than 500. These are the villages near army posts or under prohibited areas, difficult terrain, scattered villages, villages with miniscule population, which make BC activity unviable. Hence, support is available to Scheduled Commercial Banks (SCBs) and Regional Rural Banks (RRBs) in setting up of kiosks in these locations.

Deployment of PoS Terminals in Tier 3 to 6 areas: In order to increase the digital payment acceptance infrastructure in rural areas, the scheme of Deployment of PoS Terminals in Tier 5 and Tier 6 Centres was extended to Tier 3 and 4 centres. Support to Scheduled Commercial Banks (SCB), RRBs and Cooperative Banks towards this endeavour is made available by NABARD. To increase the banking touchpoints, especially in Tier 5 and 6 centres, the banks are encouraged to deploy PoS devices.

Dual Authentication at BC points for SHG transactions: NABARD is supporting the banks to port their SHG transactions to their BC channel through support for enabling 'Dual Authentication' facility on their micro ATMs. The financial support is available for development and installation of software patch both at CBS of banks and micro ATMs at the BC points. This facility will allow SHGs to operate their accounts at their doorsteps.

On boarding to BHIM UPI Platform: NABARD is extending support to RRBs and RCBs to on-board to the BHIM UPI platform. This will help them service their large rural clientele through mobile-based banking using Bharat Interface for Money (BHIM). Their clients will be able to conduct real time banking such as transfer of money and payment to various products and services digitally.

Public Financial Management System (PFMS): The primary objective of PFMS is to facilitate sound fund remittance system by establishing an efficient fund flow system as well as payment cum accounting network. As cooperative banks are essential part of rural financial ecosystem, a scheme under FIF has been formulated to extend support to them for on boarding to PFMS.

Aadhaar Enrolment and Update Centres (AECs): The banks were extended financial support to set up the

AECs at 10% of their branches. The scheme will enable people at large to enroll/update Aadhaar cards.

ii) Promoting Financial Inclusion

Levels of economic development and financial inclusion in a country move closely with each other. Being able to have access to a transaction account is a first step toward broader financial inclusion since a transaction account allows people to store money, send and receive payments. Efforts have been made towards financial inclusion and 1.2 billion adults worldwide have got access to an account since 2011. Today, 69% of adults have an account. Many countries including China, Kenya, India and Thailand relied on reforms, private sector innovation, and a push to open low-cost accounts, including mobile and digitally-enabled payments to ensure movement from "access to account" to "account usage" which is the next step in financial inclusion.

The National Strategy for Financial Inclusion (NSFI) 2019-24 brought out by RBI sets forth the vision and key objectives of the financial inclusion policies in India to help expand and sustain the financial inclusion process at the national level through a broad convergence of actions involving all the stakeholders in the financial sector. NABARD being the apex institution catering to rural development and addressing their financial inclusion requirements, has a major role in achieving the milestones for universal access to financial services, providing basic bouquet of financial services, financial literacy and education, access to livelihood and skill development, effective coordination and customer protection and grievance redressal set out in the document.

During the year, NABARD continued its effort as an enabler to fulfil the Financial Inclusion agenda of GoI / RBI to achieve the intended economic and social objectives. NABARD through its various initiatives of Financial Literacy and Banking Technology facilitates Financial Inclusion in rural areas for making access to financial products easy and affordable.

iii) Sanctions and Disbursements under Financial Inclusion Fund

As on 31 March 2020, the total balance in the fund was ₹2,591.60 crore. The cumulative sanctions and disbursements as on 31 March 2020 was ₹4,251.55 crore and ₹2,276.35 crore.

Table 3.7 Sanction and Disbursement under FIF

(₹ Crore)

Year	Sanction	Disbursement
2016-17	1,076.49	628.33
2017-18	712.80	294.77
2018-19	503.09	448.75
2019-20#	348.39	258.86

provisional

Box 3.4: NABARD MoU with India Post Payments Bank (IPPB) – First State

In a first of its kind across India, NABARD entered into an MOU with India Post Payments Bank (IPPB) in Madhya Pradesh for financial literacy awareness and also setting up of infrastructure like Mobile Signal Booster and mPOS in remote rural areas especially Special Focus Districts. This collaboration led to conduct of 432 financial literacy awareness programmes covering more than 400 villages and 50,000 families in Madhya Pradesh. This has resulted in opening of around 35,000 accounts with IPPB and around 17,000 accounts were linked with Direct Benefit Transfer (DBT).

Due to their vast postal network in every district, town and village, India Post is able to make door step delivery of payments during the crisis situation of Covid-19. The Dak sevaks have made around 1,00,000 transactions in and around 400 villages in Madhya Pradesh during the lockdown.

Tripartite Signing of MoU by Shri Gursharan Bansal, IPPB, Smt. Mildred Xess, NABARD and Dr. Shivram Director, India Post in the presence of Shri Alok Sharma, Chief Post Master General, (MP & Chhattisgarh) and Shri S K Bansal, CGM, NABARD,MPRO.

FLAPs conducted by IPPB in Shivpuri in the guidance of Shivpuri DDM

3.2.5 Developing Off-Farm Sector to Expand Livelihood Options

One of the major challenges of rural economy has been to develop gainful and productive rural employment opportunities to a large rural populace. While the rural employment and income generating opportunities have been on the decline in the agriculture sector, a vibrant and modern approach is needed for developing the rural employment opportunities in the off-farm sector. NABARD through its promotional activities has been working in this direction to expand the off-farm employment opportunities and promote income generation through sustainable livelihoods in rural areas.

NABARD has evolved several credit and promotional schemes for the development of Off-Farm sector since its inception and has been making continuous efforts in refining /rationalizing the programmes in response to field-level needs. Support under the Off-Farm Sector is provided through the Gramya Vikas Nidhi (GVN).

Gramya Vikas Nidhi

The Gramya Vikas Nidhi (GVN) was initiated in 2016-17 to provide grant support to off-farm sector promotional activities. The corpus of the fund has been enhanced to ₹90.00 crore during the year 2019-20. As on 31 March 2020, ₹28.70 crore has been utilised for undertaking off-farm sector promotional activities.

Off-Farm Sector Promotion Fund

The Off-Farm Sector Promotion Fund (OFSPF) was created by merging the outstanding balance under RIF and RPF. The Fund was used for providing loan and grant for various off-farm sector activities including innovation. The repayments received from the loans sanctioned earlier are utilised for various off-farm sector activities. During the year 2019-20, an amount of ₹46.15 lakh was credited towards repayment received and an amount of ₹3.92 crore has been utilised for undertaking off-farm sector promotional activities. The closing balance as on 31 March 2020 was ₹21.21 crore.

Promotion of Rural Enterprises and Local Employment through OFPOs

Off-Farm Producer Organisations (OFPOs) play an important role in promoting rural enterprises in handloom, handicraft and agro-processing sector 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.

On the Left - Utility Item handcrafted from Khasi Grass by Nimdih Tribal Producer Company Ltd; On the right - Self-branded Silk Carpet woven by Shehaar Carpet Producer Company Ltd, Jammu & Kashmir

Woman Weaver from Barihat Fabrics Producer Company Ltd, Kamrup Rural, Assam

During 2019-20, eight OFPOs benefitting around 2,500 artisans and craftsmen across 07 states were sanctioned with committed grant assistance of ₹4.56 crore. Cumulatively, 33 OFPOs covering around 11,678 beneficiaries were supported with grant assistance of ₹12.88 crore across 19 states, of which, 18 OFPOs were registered under Companies/Societies Act and are undertaking business activities through aggregation, marketing and input distribution.

Members of the Sabar Tribe engaged in making Khasi Grass Products (Nimdih Tribal Producer Company Ltd, Saraikela-Kharsawan, Jharkhand)

To bring about holistic and sustainable development of OFPOs, for the first time, a national level training programme was organised at BIRD Lucknow for Chief Executive Officers of NABARD supported OFPOs and Facilitators from respective Producer Organisation Promoting Institution (POPI). About 54 participants from 29 OFPOs representing nearly 10,000 producers (artisans and weavers) participated in the three-day programme.

Box 3.5 : Promotion of Geographical Indications (GI) for Products

Geographical Indications (GI) is an Intellectual Property (IP) right that *identifies goods originating from a specific geographical location and having distinct nature, quality and characteristics linked to that location.* A GI right allows its holder to prevent its use by a third party whose product does not conform to the applicable standards.

GIs 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 food, preserving traditional knowledge and traditional cultural expressions and conserving biodiversity. GIs are the least explored and most underrated IP.

NABARD is providing 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.

NABARD has supported GI registration of 51 products of which 11 have been registered in Andhra Pradesh, Telangana, and Uttar Pradesh. 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.

Building an Innovation Ecosystem

With the emergence of new generation entrepreneurs and startups in agriculture sector with their innovative and affordable solutions, the need arises for providing the right ecosystem and creating conducive atmosphere for encouraging more such startups through Agri Business Incubation Centres (ABICs).

NABARD's policy of extending support in setting up ABICs at agriculture universities /similar institutions is a step in this direction. The NABARD supported ABICs will provide business support services and resources, marketing, finance to agri-startups and agri-entrepreneurs to develop them into viable commercial entities which will result in both direct and indirect benefits accruing to the farmers.

During the year 2019-20, an amount of ₹22.48 crore was sanctioned for upscaling of 3 ABICs at IIT, Kharagpur, West Bengal, Rajmata Vijayraje Scindia Krishi Vishwa Vidyalaya, Gwalior, Madhya Pradesh, and a-IDEA (Association for Innovation Development of Entrepreneurship in Agriculture), at National Academy of Agricultural Research Management (NAARM), Hyderabad, Telangana. As on 31 March 2020, on a pilot basis, five ABICs (Table 3.8) have been supported with a grant assistance of ₹46.48 crore to nurture these start-ups working in irrigation, seed production, bio-pesticides, bio fertilizers, precision farming, agro-processing, marketing, bio fuel, drinking water, sanitation, energy, health, education, etc.

Table 3.8: Details of the Host Institutions for setting up of ABICs

Sr. No.	Name of the Host Institution
1	Tamil Nadu Agriculture University, Madurai, Tamil Nadu.
2	Chaudhary Charan Singh Haryana Agriculture University, Hisar, Haryana.
3	Indian Institute of Technology, Kharagpur, West Bengal.
4	A-IDEA, National Academy of Agricultural Research Management, Hyderabad, Telangana.
5	Rajmata Vijayraje Scindia Krishi Vishwa Vidyalaya, Gwalior, Madhya Pradesh.

Box 3.6: Setting up of Catalytic Capital Fund

In India, most of the start-ups face challenge with respect to funding and start with their own funding sources called bootstrapped funds, which is typically a fund raised by a founder of a start-up from own family or friends or the founders' own contributions/ their personal savings. Funding of agriculture entrepreneurs becomes complex as most of the 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.

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 stage, 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. To support the agri start-ups entering “Death valley” phase, NABARD has set up “Catalytic Capital Fund of ₹100 crore for supporting such Rural and Agri Start-ups”.

Skilling the unskilled

In tune with GoI's goal, NABARD has developed a structured approach for addressing the skill gap in rural India through demand and outcome-based programmes in skill development ecosystem leading to wage/self-employment. NABSKILL, the digital platform developed by NABARD has enabled complete digitisation of Skill interventions right from submission of applications, settlement of claims to effective implementation, monitoring/tracking, placement and building candidate-wise data.

NABARD has so far extended support for training 9.04 Lakh rural youth through 34,878 programmes with grant assistance of ₹154.37 crore by gainfully engaging rural youth both in wage as well as self-employment. During 2019-20, NABARD has skilled 33,216 rural youth by supporting 1,066 skill development programmes with grant assistance of ₹18.92 Crore.

Marketing initiatives: Exhibitions, Melas, Rural Haats and Marts

To support producers in the farm and off-farm sector to market their produce effectively, NABARD has been extending support for setting up of Rural Haats, Rural Marts and participation of artisans and craftsmen in National/Regional level Exhibitions and Melas.

Rural Haats

Rural Haats have emerged as forward linkages for Producer Organisations, Village Watershed and Tribal Development Committees by providing them with basic infrastructural facilities to sell their produce. During 2019-20, a total of 62 Rural Haats have been sanctioned with a grant support of ₹6.09 crore. As on 31 March 2020, 578 Rural Haats have been supported with grant assistance of ₹34.67 crore.

Rural Marts

Rural Marts help to promote entrepreneurship amongst producer communities and enables formalization of rural economy. During 2019-20, 92 Rural Marts have been sanctioned with a grant support of ₹3.25 crore. As on 31 March 2020, 930 Rural Marts have been supported with grant assistance of ₹15.55 Crore.

Exhibitions/Melas

Exhibitions and Melas provide a direct marketing platform to the artisans with access to market intelligence, customer preferences and bulk orders. During 2019-20, twenty Regional Offices and Head Office have organised exhibitions independently or in collaboration with major partners providing 1,765 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 ₹10.17 crore. Some of the major exhibitions supported during the year include Mahalaxmi Saras Mela, Mumbai, Surajkhund mela, Surajkhund in Haryana and Deccan Haat, Hyderabad. Grant support of ₹6.06 Crore was provided during 2019-20 for organising Exhibitions and Melas.

Showcase 3.4: Tribal Women Empowerment through Rural Mart

Initiative: For the empowerment of Tribal community especially women, Collective Efforts for Voluntary Action (CEVA) set up a NABARD supported Rural Mart under brand name Pangihills at Chamba, Himachal Pradesh.

Beneficiaries: The women of SHGs, Farmers, Artisans, FPO etc.

The Challenges: Absence of marketing infrastructure, value addition and poor access to organised buyers for getting best value for a wide range of agriculture, horticulture, forest based produce.

Solution: Pangi hills Rural mart served as the best platform for the rural tribal people of Chamba for getting sustainable livelihood and appreciation for their products. It is providing a wider market linkage to the valuable products of the Himalayan region.

Impact:

- Empowerment and economic independence of tribal women as they are successfully managing and running the mart.
- Elimination of middlemen.
- Transparent and quick payments as they are credited directly to the bank accounts.
- Apart from empowering tribal women, it is helping marginal farmers by promoting their exquisite varieties of organic produce from their farms, genuine home-made articles such as ghee, chukh, snacks, traditional handlooms, handicrafts, indigenous forest-based products and Himalayan herbs.
- It is also helping in revival of the dying Chamba Art by promoting Chamba Rumal and Chamba Chappal.
- The hut has a yearly turnover of around ₹50 lakh.

Promoting Innovative Experiments

NABARD has been one of the earliest Institutions to recognize the importance of grassroots level innovations. More than 700 innovations in rural India have been supported which include product/process innovations and action research projects in the field of agriculture, financial services, agro-processing, off-farm activities, etc. both in farm and non-farm sector. Few innovative projects sanctioned during 2019-20 are listed below:

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

Regional Advisory Committee

Regional Advisory Committees have been constituted at State level and meetings were held at periodic intervals so as to review the status of Off-Farm sector in the State and analyse the potential of off-farm sector activities, identify activities for intensive development, discuss issues/problems in their development/implementation, suggest remedial measures, finalise action plan for implementation of activities identified, explore areas of convergence of developmental activities being supported by NABARD in convergence with schemes of Government and other agencies.

3.2.6 Supporting Government of India Initiatives

National Entrepreneurship Awards

The Ministry of Skill Development and Entrepreneurship (MoSDE) has instituted the National Entrepreneurship Awards (NEA) to recognise and honour outstanding young first-generation Entrepreneurs and their Ecosystem Builders for their outstanding contribution in entrepreneurship development. As a Regional Partner for NEA 2019 for Maharashtra, NABARD played a key role in mobilizing 531 nominations. NABARD also helped in their field assessment, evaluation and shortlisting. A total of 07 individual entrepreneurs and one eco-system builder shortlisted by NABARD were honoured with the Awards under different categories.

Credit Linked Capital Subsidy Scheme (CLCSS)

NABARD is one of the nodal agencies for implementing the Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of Micro & Small Enterprises of Government of India. The Scheme supports the induction of proven and improved technologies into micro and small units in specified products/sub-sectors. A total of 204 CLCSS subsidy applications pertaining to 2017-18, 2018-19 and 2019-20 (upto September 2019) were received online from the ROs and had been scrutinized and forwarded to the Ministry for sanction of subsidy.

Stand Up India Scheme

Stand Up India Scheme (SUI) launched by Government of India on 5 April 2016 facilitates bank loans ranging from ₹10.00 lakh to ₹1.00 crore to at least one SC or ST borrower, and at least one women borrower, per bank branch for setting up an enterprise. NABARD continued to be the connect centre for organising pre and post disbursement handholding events at District level, to share best practices, review of the programmes, problem solving and guiding the potential borrowers. As on 31 March 2020, a total of 2,199 handholding events with 1,01,357 participants have been conducted in 507 districts across the country.

3.3 SUPPORTING RESEARCH AND SHARING KNOWLEDGE

The Research and Development (R&D) Fund was set up in NABARD as mandated by NABARD Act 1981. The Fund provides financial support to select agencies for promoting applied research projects/studies, training and upgrading skills of personnel of client institutions and disseminating research findings. The corpus of the Fund has been pegged at ₹50 crore since 2004-05, with the expenditure incurred being replenished through appropriation of profits every year. During the year, ₹30.33 crore was utilised from the fund for supporting activities like research projects/studies seminars, training/summer internship, NABARD Chair Professor Scheme, publications, and other activities. (Table 3.9)

Table 3.9: Expenditure incurred under R & D Fund during Last Three Years

(Amount in ₹ Lakh)

Sr. No	Purpose	2017-18	2018-19	2019-20
1	Projects/ Studies	202	212	214
2	Seminars	191	246	245
3	Occasional Papers/ Publication	15	21	16
4	Chair Unit Scheme	196	157	128
5	Training	2,196	2,814	2,395
6	NAFIS	60	62	-
7	Others	33	33	35
	Total	**2,893**	**3,545**	**3,033**

3.3.1 In-House Studies

NABARD conducts in-house studies on various topics through its team of professionals. The research findings are disseminated through internal publications/conduct of seminars. The details of the studies conducted during the year and their major findings are given in the following paragraphs.

(i) An impact evaluation study of medium irrigation projects funded under RIDF in Solapur and Latur districts of Maharashtra found that the benefits of irrigation facilities led to increased credit off-take by farmers, improvement in availability of water in wells due to percolation effect and improved ground water table by 8 to 10 feet in the command area. Water availability in wells of the command area got extended by 4-5 months up to March/April in the post project period as against availability up to November in the pre-project period. It also revealed that the net income of the farmers had increased thereby favourably impacting their purchasing power leading to increase in number of tractors/ threshers/harvesters, commercial and personal vehicles and household appliances.

(ii) A study on coverage of PM-KISAN beneficiaries under KCC conducted in six states viz. Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha and Uttar Pradesh revealed that it is a well-conceived scheme for supporting farm operations and also supplementing the disposable income of farmers. It was observed that only 28% of PM-KISAN beneficiaries had KCC accounts indicating the need for provision of crop loans to all farmers.

(iii) A study covering four states viz. Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal was conducted to understand the issues on short-term credit flow to horticulture sector. The study depicted that scale of finance (SoF) fixed for horticultural crops in different states was adequate. Bank provided for short-term operations was found to be adequate for 85% of sample farmers. However, only 35% of farmers had insured their horticultural crops.

(iv) A study on 'Uberization of Farm Machineries' covering three states viz. Punjab, Haryana and Madhya Pradesh revealed that Custom Hiring Centres (CHCs) had facilitated the access of all types of variety of modern farm machineries. The CHCs had enabled the farmers to complete their farming operations with reduced drudgery and at a lesser cost as compared to farming with manual labour and draught animals.

(v) A study on the 'Issues in Credit Linkages of SHGs in Arunachal Pradesh' examined the factors leading to poor SHG Bank Linkage and higher non-performing assets in this sector. The study revealed that the credit linkage of SHGs in the State was very low (<4%) on account of: (a) poor quality of SHGs due to non-conformity with the panchasuthras of SHG functioning (b) lack of suitable intermediaries for facilitating loans (c) low level of survival of SHGs formed and (d) information asymmetry (due to poor public/social contact of banks). The study recommended for comprehensive training and capacity building of SHG members regarding all aspects of its functioning and Government's support for improving recovery of SHG loans.

(vi) A study entitled 'SWOT Analysis of Flower Industry in Tamil Nadu' was conducted with the objective to understand the situation pertaining to floriculture in the State, identify constraints and suggest suitable policy prescriptions. The study found that lack of scientific package of practices, risk mitigation mechanisms, limited availability of formal credit and depleting groundwater resources were the major impediments to the development of the flower industry in the State. Accordingly, it recommended for watershed development, building of irrigation channels from Vaigai river, utilisation of JLG mode of funding to finance farmers and strengthening of agricultural extension machinery to support the industry.

(vii) The study on the 'Raitha Samparka Kendras (RSK)/ Village Knowledge Centres in Karnataka' found that farmers utilising services of RSKs were investing more in purchase of farm equipment and irrigation structures leading to enhanced capital formation as compared to the farmers not availing RSK services. The yield of farmers availing RSK services was also found to be higher owing to usage of high quality seeds supplied by RSKs and awareness regarding balanced use of fertilizers and pesticides. Further, the cost of cultivation for farmers not availing services from RSKs was on the higher side due to inappropriate use of inputs leading to lower income than those of using RSKS.

3.3.2 External Research Projects

During the year, twenty research projects involving a grant assistance of ₹3.20 crore were sanctioned. A brief summary of findings of these completed studies is as under:

(i) A study of existing milk production pattern, level of technology use and potential for promotion of livestock cluster in Arunachal Pradesh by Krishi Vigyan Kendra, Papum Pare found that lack of access to credit, shortage of veterinary facilities for cattle, lack of scientific dairy management practices, high calf mortality, non-availability of good quality concentrate feed and high cost of high yielding breeds of cattle adversely affecting the sector. The study recommended for preparation of a perspective plan and roadmap for development for dairy and animal husbandry sector in the State, augmentation of infrastructure for artificial insemination and animal health, provision of bank finance to dairy farmers and availing of subsidies under Dairy Entrepreneurship Development Scheme and strengthening of milk procurement system.

(ii) A study on 'Group dynamics of smallholder farmers in representative agro- ecosystems' by NDRI, Bengaluru was conducted with broad objectives of assessing their contribution to food production systems and suggest farming system practices framework that could enhance their farm income. The study advocated for mainstreaming 'beyond the farm' activities like value addition, agri-business, tourism, solar farming, etc. along with comprehensive extension and financing mechanism.

(iii) A study entitled, 'Development and dissemination of cultivation technology of some medicinal mushrooms to the farmers in remote locations of Uttarakhand' by Veer Chandra Garhwali Uttarakhand University of Horticulture & Forestry, Pauri Garhwal revealed that among 20 substrates evaluated for the mushroom, wheat straw substrate was found to be the best which took least number of days for spawn run (15.6 days and 27.2 days) and pinning (7.2 days and 18.6 days) in P.ostreatus and

F.velutipes, respectively. Maximum yield (410 g) per bag of P.ostreatus was also reported in wheat substrate followed by mandua straw (383 g).

(iv) To understand inclusion of small farmers in value addition and market dynamics of various agri commodities ranging from foodgrains, horticulture, dairy, and poultry produce, a study was entrusted to ICRIER and the highlights of the same are given in Box 3.7.

Box 3.7: Inclusion of Small Farmers in High Value Chain

A summary of recommendations is as under:

1. The agriculture sector suffers from serious gaps in extension services.
2. Need to encourage private sector in agri-extension, if necessary, through tax incentive.
3. Credit for horticulture crops also requires focused attention.
4. Aggregation of producers into collectives such as farmer producer companies and cooperatives.

Some of the Crop Specific Recommendations

1. Tomato - Enhancing IPR in tomato seed to boost R&D in tomato seeds, greater adoption of polyhouses for tomato cultivation, strict quality norms for sustaining high dosage of pesticide, small scale processing plants for tomato purees, allowing opening of private mandis on PPP basis, aggregation facilities at farm level with facilities for assaying, sorting and grading.

2. Onion - (i) Creation of dry scientific storages in states where there exist huge storage gap. (ii) Area expansion plans in potential states like Bihar, Odisha, Assam, Chhattisgarh, and awareness campaigns on dehydrated onions for higher domestic consumption. (iii) Overhaul of distortionary trade policies.

3. Potato - Encouragement of new varieties of potatoes especially by private companies. (ii) Compulsory registration of cold storages under WDRA, correction of spatial mismatches & infrastructure deficit in cold storages, opening of energy efficient solar powered cold storages, encouraging potato processing in states like UP, WB and Bihar, robust, clear-cut export policy, and farmer- friendly marketing reforms.

4. Pulses - Promotion of cluster farming through geo mapping of high potential districts, micro irrigation to enhance irrigated area under pulses in a sustainable manner, universal insurance coverage for pulses growing farmers, credit through warehouse receipt systems, setting up mini dal mills, rationalization of stocking restrictions to incentivize millers & wholesalers operating on scale.

5. Dairy - Dairy cooperatives need to be treated as private enterprises of farmers and freed from the government imposed controls. For ensuring transparency and accountability, the government should ensure that cooperatives' financial results are disclosed in public.

6. Banana - (i) Indian bananas have negligible presence in the global export market due to lack of quality, size and absence of proper protocol for handling bananas during the post-harvest. (ii) To develop proper export protocol for banana farmers, affordable and timely institutional credit for farmers to take up improved banana varieties.

7. Mango - (i) Since mango is a seasonal fruit, the farmers need to be encouraged to go in for efficient inter-cropping system

(ii) There is a need to develop a long shelf life mango variety without compromising on taste and flavour.

8. Poultry - (i) Indian Poultry exports have a positive scope in the global trade scenario given the emergence of integration, availability of high quality feed and growing consumer demand. (ii) Potential Markets should be identified keeping in mind a comparative freight advantage and relative advantages of competitors like Brazil and USA.

9. Grapes & Pomegranates - (i) There is need for aggressive research to be carried out at NRC – Grapes to breed coloured varieties that are amenable to growing in Indian weather conditions. (ii) Need to develop standardized production protocol for pomegranate to enable farmers to face climate uncertainties better.

3.3.3 NABARD Chair Units

With an objective to foster and encourage research on subjects that holds relevance to the areas of operation of NABARD, a Chair Professor Unit Scheme has been conceived. As on 31 March 2020, there were four NABARD Chair Units (NCUs) operating one each at Institute of Economic Growth, New Delhi; Tamil Nadu Agricultural University (TNAU), Coimbatore; Central Marine Fisheries Research Institute (CMFRI), Kochi and

Tata Institute of Social Sciences (TISS), Mumbai. These Chairs work in the fields of climate change, nano technology, marine fisheries and agricultural credit respectively.

3.3.4 NABARD Student Internship

NABARD has been offering summer internships since 2005–06 to encourage meritorious students pursuing postgraduate degrees in agriculture, agribusiness, economics, social sciences and management in reputed institutes to bring fresh perspective on themes of interest to NABARD. During the year, 67 students completed internships under eight broad themes that included role of institutions in enhancing farmers' welfare, agri-market and post-harvest management, agrarian distress, rural development, financial inclusion, ICT adoption in agriculture, MSMEs and impact of climate change.

3.3.5 Seminars, Conferences, Workshops and Consultations

NABARD has supported 189 seminars, conferences, symposia and workshops during the year with grant assistance of ₹211.50 lakh. The seminars were organised on wide ranging themes related to agriculture and rural development by different academic institutions.

3.3.6 Publications

NABARD has published the Sustainability Report 2018-19, based on the latest Sustainability Reporting Standards of Global Reporting Initiative. The report highlights the economic, environmental and social sustainability of various interventions, initiatives and innovations taken by NABARD during the reporting year. Further, we have provided transparent and relevant information on the 'material aspects' that are of significance to our stakeholders. Our Sustainability Report 2018-19 can be viewed online at: www.nabard.org and database.globalreporting.org

NABARD also published two issues of Rural Pulse, an in-house policy brief, on *Low cost Re-circulatory Aquaculture System (RAS) for growing Pangasius fish by small fish farmers* and *Challenges for Indian Agriculture to Ensure Food Security: Can digital Technology be a Solution?* During the year, the *Commodity Trend*, a monthly publication for tracking movements of major commodities, and the *Ecothink*, a monthly publication on tracking developments on agriculture, economy, policy highlights, findings of important studies, etc. were published on a regular basis.

3.4 WAY FORWARD

NABARD, as an apex institution in development financing, has always strived for furthering the interest of rural people through its various programmes and initiatives. Its programmes have resulted in creation of livelihood, employment opportunities and income for rural people. The empowering done to the SHGs, FPOs, JLGs, etc. have enabled these grassroot level people collectives to rise up to occasion during the strains emanated owing to COVID-19 to prepare and distribute masks, sanitizers, food packets etc. to the need rural poor. However, there are gaps in outreach and reaching out to fill them requires area centric, region specific policies/programmes. Initiatives like supporting innovations in farm/off- farm sector, use of IoT/AI, promoting ICT based interventions, consolidation and convergence with Government Programmes, leveraging of CSR funds, rural start-ups, skill development, etc. will bring about a holistic development of rural India. At the same time, attention should also be given towards awareness creation and capacity building of all stakeholders in the process of building a sustainable rural economy. Prudent Research and Development (R&D) activities will assist in achieving it by identifying crucial sectors for development.

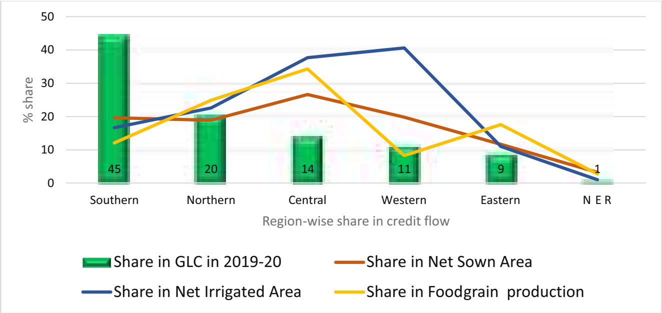
CHAPTER 4

Financial Support for Credit Expansion

Economic development of rural India is directly related to productivity in agriculture and allied sectors. Institutional credit is one of the important factors influencing agricultural productivity. Increased availability of institutional credit is expected to boost investments in farming and rural non-farm sector activities that facilitates proliferation of economic activities in rural areas. Several initiatives have been taken by GoI and RBI for augmenting the supply of credit to agriculture sector. As a result, ground level credit flow has trebled from ₹4.5 lakh crore in 2010-11 to ₹13.68 lakh crore in 2019-20. However, inspite of such massive expansion of rural credit, a large segment of farmers is still dependent on the informal sources for meeting their credit requirements. Further, credit disbursement is characterized by significant dispersion across the different Indian states.

Regional imbalance in the distribution of agricultural credit has persisted over the years. In 2019-20, Southern region had the largest share (45%) in agricultural credit disbursements followed by the Northern region (20%). It was observed that the share of Southern region in the total agriculture credit flow has increased while Eastern region and Western region registered a fall in their share in 2019-20, as compared to 2018-19. The agriculture credit flow as a ratio to net sown area is relatively low in Central and Eastern regions as compared to Southern and Northern regions, mainly on account of lower penetration of formal credit among the farmers. Figure 4.1 shows the share of different regions in credit flow to agriculture, share of net sown area, share in net irrigated area, and share in foodgrains production.

Figure 4.1: Region-wise Share in Credit Flow to Agriculture, NSA, NIA and Foodgrain Production (%)



Note: Net Sown Area as per 2014-15, NIA- Net Irrigated Area as per 2014-15

Source: GLC: ENSURE, NABARD; RBI Handbook of Statistics 2018-19

The scenario of ground level agricultural credit flow in terms of coverage of farmers, scale of finance, credit per unit area of farm land, etc. varies widely across states, as well as according to the corporate policy of rural financial institutions. This necessitates adequate credit planning, policies and refinance support from NABARD.

4.1 CREDIT PLANNING

The offices of District Development Managers (DDMs) play an important role in rural credit planning. NABARD has established 419 DDM offices at district-level across the country to focus on ground level credit planning, monitor credit flow and coordinate with various developmental and promotional activities within the district. In addition, 199 adjacent districts are tagged to nearby DDMs, while the remaining districts are overseen by the respective Regional Offices of NABARD.

The district-level Potential-linked Credit Plans (PLPs) prepared by NABARD each year act as a guide to credit planning by the banks for the coming year, estimate credit potential, which can be absorbed at the district level for the priority sectors, besides presenting a holistic view of the infrastructural gaps and other support services. NABARD has prepared PLPs for 708 districts for 2020-21, covering all states and UTs which would guide credit planning by the banks.

The State Focus Papers (SFPs) which indicate the credit potential and infrastructure gaps in the state, are prepared for every State based on the credit potential assessed in PLPs of respective states. The SFP discusses the gaps in infrastructure development of the State and sectoral strategies to fill the same. It also highlights the linkage support that the government departments would need to provide. The SFPs for 2020–21 estimate credit potential for the priority sectors at nearly ₹34.45 lakh crore. In order to discuss ways to bridge the infrastructure gaps and facilitate future credit flow in the states, State Credit Seminars have been organised in all States and UTs.

4.2 REFINANCE POLICY

NABARD formulates its refinance policy (for short and long-term credit), keeping in view the resource position and ground level credit demand. The policy focusses on maintaining the regional and inter-sectoral balance in credit flow to agriculture and other rural sectors through refinance support to eligible rural financial institutions.

4.2.1 Short-Term Refinance

a. Short-Term Seasonal Agricultural Operations

NABARD sanctions refinance limits to State Cooperative Banks (StCBs) and Regional Rural Banks (RRBs), for lending under Short-Term Seasonal Agricultural Operations (ST–SAO) based on their Realistic Lending Programme (RLP) and with special incentives to Eastern, Hilly and North-Eastern (NE) States.

Additional credit limits with relaxations in the eligibility criteria have also been extended to StCBs and RRBs in NER, J&K, Himachal Pradesh, Uttarakhand and Andaman & Nicobar Islands due to their geographic limitations.

The ST–SAO credit limit for StCBs and RRBs includes the following components:

- National Mission on Oilseeds and Oil Palm (NMOOP-Oilseeds);
- Development of Tribal Population (DTP);
- National Food Security Mission-Pulses (NFSM Pulses).

The policy of linking refinance eligibility with capital to risk weighted assets ratio (CRAR) of 9% and net non-performing assets (NPAs) not exceeding 20% and 15% for Cooperative Banks and RRBs, respectively, continued in 2019-20. Each drawal under the policy is repayable within 12 months and the applicable rate of interest is 4.5% p.a.

b. Additional Short-Term Seasonal Agricultural Operations

The policy of sanctioning additional ST–SAO limits to StCBs and RRBs continued as an optional measure to overcome the liquidity constraints arising due to various factors, such as increased ground level demand for credit, low accretion of deposits, delay in receipt of STCRC/ STRRB funds allocated by RBI/GoI, etc. Though additional ST–SAO limit to StCBs and RRBs is over-and-above the normal ST–SAO limit, the refinance extended under both heads cannot exceed the prescribed percentage of RLP for Additional ST(SAO), including their outstanding under normal ST–SAO (Table 4.1).

Table 4.1: Credit Limits under ST-SAO and Additional ST (SAO)

Sr No	Region	Normal ST(SAO) Limit % to RLP $		Additional ST(SAO) Limit % to RLP*	
		StCBs	RRBs	StCBs	RRBs
i	States other than those listed in Sr. Nos. 'ii' and 'iii'	40 %	20 %	60%	50%
ii	Eastern Region including Bihar, West Bengal, Odisha, Jharkhand, Chhattisgarh and 28 districts of Eastern Uttar Pradesh	45 %	25 %	65%	55%
iii	North-Eastern Region (NER), Jammu and Kashmir, Sikkim, Andaman and Nicobar Islands, Himachal Pradesh and Uttarakhand	60 %	45 %	80%	75%

* includes outstanding under $

c. Short-Term (Others)

Refinance assistance is extended under ST (Others) for activities including marketing of crops, pisciculture, working capital requirements of the professionals & the self-employed, annual maintenance of small road transport operators (SRTOs), social infrastructure projects, micro, small, and medium enterprises (MSMEs), etc. Further, financing of procurement and marketing activities of State-owned federations/State and apex marketing societies, is included as eligible activity.

d. Direct Refinance Assistance to DCCBs for Short-Term Multipurpose Credit

NABARD has been providing ST refinance to StCBs for on-lending to District Central Cooperative Banks (DCCBs) for working capital requirement, repair and maintenance of farm equipment and other productive assets, storage/grading/packaging of produce, marketing activities, non-farm activities, etc. Direct refinance assistance to DCCBs is an additional line of credit for diversification of lending and enhancing their earnings through profitable portfolios. The credit limit is sanctioned to well-governed and financially strong 'A' or 'B' rated StCBs or DCCBs, as per the latest inspection report of NABARD. The limit is in the nature of cash-credit, operative for one year from the date of sanction. The limit is also available for a period of three months to meet the specific requirements of banks.

4.2.2 Long-Term Refinance

a. Long-Term Refinance to RFIs

The long-term (LT) refinance support by NABARD for asset creation and capital formation in rural areas is extended to eligible Scheduled Commercial Banks (SCBs), RRBs, StCBs, State Cooperative Agricultural and Rural Development Banks (SCARDBs), Small Finance Banks (SFBs), Non-Banking Financial Companies (NBFCs), Microfinance Institutions (MFIs), Primary Urban Cooperative Banks (PUCBs) and NABARD subsidiaries. Refinance is available for financing investments in agriculture (like irrigation, farm machinery, plantation crops, etc.), allied sector activities (like dairy, poultry, fishery, etc.), organic/natural farming, MSMEs, agro-processing, non-conventional energy, self-help groups, joint liability groups, rural housing, etc., with repayment periods ranging from 18 to 60 months. The eligibility criteria for LT Refinance support is given in Box 4.1.

Box 4.1 Eligibility Criteria for LT Refinance Support

For the year 2019-20, the eligibility criteria for refinance for major agencies was broadly as under.

Minimum CRAR norms as on 31 March 2018: 9% for StCBs and RRBs ; 10.25% for Scheduled Commercial Banks (as per Basel II), 10% for PUCBs and 15% for NBFCs/NBFC-MFIs and SFBs.

Net NPA (maximum) norms as on 31 March 2018: up to 3% for PUCBs, up to 4% NBFCs/ NBFC-MFIs and up to 5% SFBs, up to 6% for private SCBs, up to 9% for public sector SCBs, up to 15% for RRBs and up to 20% for StCBs.

Audit completion and submission of audit report to NABARD: for RRBs up to 30 June 2019, for StCBs and SCARDBs up to 30 September 2019.

Eligibility norms for NBFCs:

RBI registered NBFCs: Rated minimum 'AA' by a

SEBI approved rating agency and lending experience of five years or more.

RBI registered NBFC-MFIs: Graded up to one notch below top grading of mFR1 / MF1 by a SEBI approved rating agency and lending experience of five years or more.

Extent of refinance:

- 100% to StCBs, RRBs, PUCBs, SFBs, DCCBs, SCARDBs and SCBs for all 'thrust areas';
- 95% for all other diversified purposes and Krishak Sathi Yojana;
- For all activities, 90% for NBFC/NBFC-MFIs rated 'AAA' or equivalent, 85% for NBFC/ NBFC-MFIs rated one- notch-below-the-top and 80% for NBFC/NBFC-MFIs rated two notches below;
- Refinance to subsidiaries of NABARD for up to 100% of the eligible loan for all activities under 'thrust areas' in all regions and 95% for other activities;
- Special concessional norms of 100% refinance and rate of interest at 50 basis points less than prevailing rate under area-based schemes within the banking plan.

b. Long-Term Rural Credit Fund

In order to boost capital formation in agriculture, Government of India had set up the Long-Term Rural Credit Fund (LTRCF) in 2016-17 with NABARD to provide LT refinance support exclusively to StCBs/DCCBs, RRBs and SCARDBs. The corpus of LTRCF was ₹14,929.35 crore in 2019–20. During 2019–20, the interest rate on refinance was revised to 4.15% per annum because of a change in Bank Rate, with an advisory that the banks must pass on this benefit to the borrowing farmers.

Considering the long-term requirement of SCARDBs going beyond 5 years period of LTRCF, a new product was introduced. Under this, refinance to SCARDBs is extended at concessional rates applicable to LTRCF during the initial 5 years and at normal rate of interest along with applicable risk premium as prevalent at the time of sanction, for the remaining 4 years.

4.3 REFINANCE OPERATIONS

4.3.1 Short-Term Refinance Support

During 2019-20, short-term credit of ₹1,00,382 crore was disbursed to the RRBs and the Cooperatives, which is 7.8% more than the previous year (Table 4.2).

Table 4.2: Progress of Disbursements under Short-Term Credit to StCBs and RRBs

(Amount in ₹ Crore)

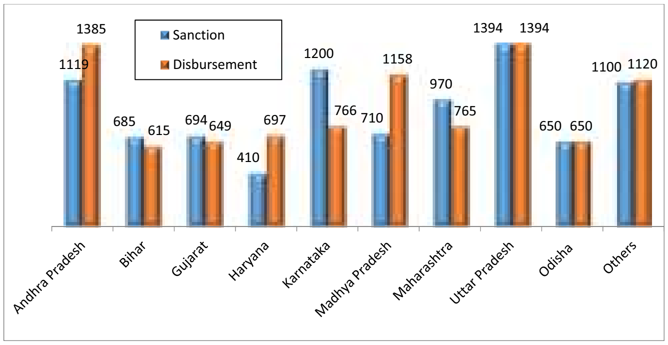
Purpose	StCBs			RRBs		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
ST(SAO)	45,000	45,000	44,787	10,000	10,000	9,953
Additional ST(SAO)	15,308	23,770	31,269	4,828	5,694	6,402
ST(Others) including Weavers	3,150	4,373	7,281	1,418	1,252	690
Total	**63,458**	**73,143**	**83,337**	**16,246**	**16,946**	**17,045**

Notes: ST (SAO) is disbursed to StCBs and RRBs through Short-Term Cooperative Rural Credit (STCRC) fund and Short-Term Credit for Regional Rural Banks Refinance (STCRRB) fund of the Government of India respectively.

4.3.2 Direct Refinance Assistance to DCCBs for Short-term Multipurpose Credit

During the year, ₹8,932 crore was sanctioned under Direct Refinance Assistance (DRA) to Cooperative Banks while disbursement was ₹9,200 crore. Disbursement increased by 42% over the previous year. State-wise sanctions and disbursements under DRA for select states are given in Figure 4.2. As many as 71 banks availed this facility, out of which 23 were new entities.

Figure 4.2: State-wise Sanction and Disbursement under DRA (₹ in crore)



4.3.3 Long-Term (LT) Refinance

LT refinance of ₹78,180 crore was disbursed to various rural financial institutions during the year.

a. Agency-wise Disbursement

Scheduled Commercial Banks (SCBs) availed two-thirds of total LT refinance disbursements, followed by RRBs, cooperatives and other eligible entities (Table 4.3). There has been a decline of around 15% in the refinance assistance during 2019-20, as compared to previous year, primarily due to lower off-take by NBFCs and RRBs.

Table 4. 3: Agency-wise Disbursement and Share (%) of Refinance

(Amount in ₹ Crore)

Agency	2017-18		2018-19		2019-20	
	Disb.	Share (%)	Disb.	Share (%)	Disb.	Share (%)
SCBs	40,000	61	54,082	60	52,042	67
RRBs	11,537	18	13,862	16	10,849	14
StCBs	7,086	11	6,464	7	8,069	10
SCARDBs	2,594	4	1,936	2	2,147	3
NABARD Subsidiaries	1,229	2	1,146	1	1,163	1
NBFCs	2,794	4	12,764	14	3,910	5
Total	**65,240**	**100**	**90,254**	**100**	**78,180**	**100**

b. Region-wise Disbursement

A major share of refinance disbursements was in the Southern region (40.6%), followed by Western (19.5%), Northern (15.5%), Eastern (13.7%), Central (7.8%), and North-Eastern regions (2.9%) (Table4.4).

Table 4.4:Region-wise Disbursement

(Amount in ₹ Crore)

Year	2017-18		2018-19		2019-20	
Region	Disb.	Share (%)	Disb.	Share (%)	Disb.	Share (%)
Northern	10,107	16	14,360	16	12,098	15
North-Eastern	757	1	1,249	1	2,274	3
Eastern	5,513	8	6,375	7	10,679	14
Central	6,776	10	7,489	8	6,116	8
Western	14,720	23	20,396	23	15,237	19
Southern	27,367	42	40,385	45	31,776	41
Total	**65,240**	**100**	**90,254**	**100**	**78,180**	**100**

States/UTs in Regions :

- Southern: Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Puducherry and Lakshadweep
- Western: Gujarat, Goa, Maharashtra, Dadra & Nagar Haveli and Daman & Diu
- Northern: Haryana, Himachal Pradesh, Punjab, Rajasthan, Jammu & Kashmir, Delhi and Chandigarh
- Central: Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Uttarakhand
- Eastern: Bihar, Jharkhand, Odisha, West Bengal and Andaman & Nicobar Islands
- North-Eastern: Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim

c. Purpose-wise Disbursement

Among the major purposes, SHGs accounted for one-third and off-farm development/MSME sector accounted for a quarter of total LT Refinance disbursement during 2019-20 (Table 4.5).

Table 4.5: Purpose-wise Disbursement under LT Refinance

(Amount in ₹ Crore)

Purpose	CBs	StCB	SCARDB	RRBs	NBFC	Subsidiaries	Total
Agriclinics and Agribusiness	80	48	0	0.97	0.26	0	129
Animal Husbandry -Others	16	320	305	1,896	0	0	2,537
Contract Farming	0	101	0.06	0.01	0	0	101
Dairy Development	656	1,355	132	1,209	71	0	3,423
Farm Mechanisation	1,880	647	60	282	0.41	0	2,869
Fisheries	1	37	50	10	0	0	99
Forestry	0	6	0	0	0	0	6
Land Development	968	1,120	194	429	0.59	0	2,712
Minor Irrigation	2	586	159	105	1	0	853
Bio-Gas (NCES)	2,249	0.62	0.03	6	0	0	2,256
Non-Farm Sector (OFD/MSME)	15,805	782	71	546	1,323	82	18,609
Others	10,081	301	270	220	153	0	11,025
Plantation and Horticulture	138	346	275	273	14	0	1,046
Plantation and Horticulture - Others	0.39	8	27	12	0	0	47
PF/ SGP	20	789	55	95	0.44	0	959
Rural Housing	4,879	687	542	43	12	0	6,163
SHG	15,264	853	0	5,723	2,335	1,081	25,256
Storage/ Market Yard	0.74	82	7	0.73	0	0	90
Grand Total	**52,040**	**8,069**	**2,147**	**10,851**	**3,911**	**1,163**	**78,180**

PF = Poultry Farming, SGP = Sheep, Goat and Pig, NCES = Non-Conventional Energy Source, OFD = Off-Farm Development, MSME = Micro, Small and Medium Enterprises

4.4. OTHER CREDIT PRODUCTS

4.4.1. Credit Facility to Federations

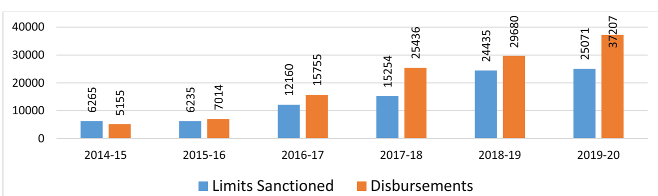
a. Policy

Credit Facility to Federations (CFF) provides short-term credit support to State government entities like agricultural marketing federations, civil supply corporations, dairy cooperatives/milk unions or federations, etc., for procurement, processing and marketing of agricultural commodities, input supply, and value and supply chain management. This facility is extended as short-term loan for a period of twelve months. It is also available as a short-term product of three months to meet the specific requirements of the agencies.

b. Operations

During 2019-20, eight government corporations/federation, two dairy cooperatives and a marketing cooperative were sanctioned credit limit of ₹25,071 crore under CFF for procurement of paddy, wheat, pulses, oilseeds and milk. Three more entities availed loan against limits sanctioned during the previous year. Total disbursement during the year reached ₹37,207 crore, recording 25.35% rise over the previous year. There has been a steady rise in the sanction and disbursements in the last 5 years under CFF (Figure 4.3), registering a CAGR of sanction and disbursement of 32% and 48%, respectively. CFF has helped in procurement of foodgrains in various states.

Figure 4.3: Credit Facility to Federations (₹Crore)



4.5. CHANNELLING CENTRALLY SPONSORED SCHEMES

4.5.1 Interest Subvention Scheme

The interest subvention scheme envisages providing crop loans up to ₹3 lakh at a concessional interest rate of 7% per annum. To ensure this, Government of India provides interest subvention to banks at the rate of 2% and further extends an incentive of 3% subvention to the farmers who make prompt repayment of loans, thereby making credit available at an effective interest of 4% per annum. Besides loans for raising crops, the government extends similar subvention to loans against Negotiable Warehousing Receipts (NWRs) devised to avoid distress sale of produce by small and marginal farmers. Funds for all interest subvention claims up to 2015–16 have been received from the government and released to respective banks. Aadhar linkage is made mandatory for availing the benefit of interest subvention scheme as per GoI instructions. From 2018-19 onwards, Kisan Credit Card Scheme also covers short-term working capital credit extended for activities related to animal husbandry and fisheries. Interest subvention of 2% to banks and 3% to farmers towards prompt repayment incentive is extended on short-term loans up to ₹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 ₹3 lakh per annum.

Interest subvention benefits have been extended up to 31 August 2020 against repayment of crop loans which are due between 01 March 2020 and 31 August 2020 in the wake of the lockdown due to COVID-19 pandemic and farmers have been granted moratorium of six months for repayment of crop loans by RBI.

Rural Cooperative Banks and RRBs are also provided interest subvention to the extent of difference between their lending rate and 7% subject to a maximum 5.5% for loans extended up to ₹3 lakh at 7% p.a. to women SHGs in select 250 districts under Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) programme of the Ministry of Rural Development, Government of India. Additional incentive of 3% is available to beneficiary women SHGs on prompt repayment.

4.5.2 Administering Schemes for Sugar Farmers

a. Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU-2014)

Under this scheme, term loan was extended to sugar mills for clearance of cane price arrears and timely settlement of cane dues to sugarcane farmers during 2014. Interest subvention up to 12% or at the actual rate of interest charged by the bank, whichever is lower, is available for sugar mills for 5 years including moratorium of 2 years.

As on 31 March 2020, NABARD, as a coordinator, has forwarded interest subvention claims amounting to ₹1,015.20 crore, received from cooperative banks and RRBs, in respect of sugar mills in 11 states to the State Bank of India (SBI), the nodal agency for channelizing interest subvention under the scheme. The SBI, in turn, remitted an aggregate amount of ₹928.37 crore to the respective accounts of sugar mills in RCBs and RRBs.

b. Scheme for Extending Financial Assistance to Sugar Mills for Enhancement and Augmentation of Ethanol Production Capacity

Government of India introduced this scheme in 2018-19, with a view to increase production of ethanol and its supply under 'Ethanol Blended Petrol (EBP)'. The scheme helps in improving the liquidity position of the sugar mills, especially in the surplus seasons, thereby enabling them to clear cane price arrears of the farmers and also results in saving foreign exchange. NABARD is the nodal agency for managing the Sugar Ethanol Interest Subvention Scheme of Department of Food and Public Distribution (DFPD), Government of India. Interest subvention at 6% per annum or 50% of rate of interest charged by banks on the loans, whichever is lower, shall be borne by the Central Government for five years.

c. Sugar Soft Loan Scheme 2018-19

Government of India introduced the scheme of soft loans to sugar mills to facilitate payment of cane dues of farmers for the sugar season 2018-19. NABARD is the nodal agency for implementing the interest subvention under the scheme. Under the scheme, interest subvention is available for a maximum period of one year at 7% simple interest or at the actual rate charged by banks (whichever is lower) on loans sanctioned by them to sugar mills for clearing the cane due arrears of farmers. An amount of ₹45.59 crore was released to lending banks as interest subvention under the scheme during the year 2019-20.

4.5.3 Implementation of Capital Subsidy Schemes of the Government of India

NABARD has been playing an important role in channelling subsidy to eligible banks under various credit-linked subsidy schemes of Government of India, primarily for agriculture projects and priority sector activities. Implementation of these schemes has also enabled enhancement of ground level credit (GLC) to agriculture and allied sector and other priority sector activities. The status of the subsidy released in 2019–20 and cumulative subsidy released under different programmes (as on 31 March 2020), is given in Table 4.6. A success story under DEDS is presented in Showcase 4.1.

Table 4.6: Amount of Subsidy Released – During the year and Cumulative as on 31 March 2020

(Amount in ₹ Crore)

Sr. No.	Name of Scheme	Progress during 2019-20		Cumulative progress as on 31.03.2020	
		No. of Units	Subsidy Released	No. of Units	Subsidy Released
1	Dairy Entrepreneurship Development Scheme	28,708	183.19	3,98,097	1,754.43
2	Poultry Venture Capital Fund (Subsidy) Scheme	1,946	88.00	17,698	456.49
3	Integrated Development of Small Ruminants and Rabbits	13,517	68.71	71,176	322.88
4	Pig Development	641	7.93	12,667	106.70
5	Salvaging and Rearing of Male Buffalo Calves	41	0.21	215	1.26
6	ISAM (including RG, AMIGS and AMI-Sub scheme	112	49.65	42,250	4,438.70
7	New AMI Sub Scheme of ISAM (for the period 22.10.2018 to 31.03.2020)	295	38.03	295	38.03
8	Agri Clinics and Agri Business Centres	295	12.87	2,630	94.61
9	National Project on Organic Farming	0	0.00	717	28.64
10	MNRE Lighting Scheme	0	0.00	5,258	11.27
11	Solar Pumping	0	0.00	4,298	87.82
	Total	**45,555**	**448.59**	**5,55,301**	**7,340.83**

Showcase 4.1: Dairy Entrepreneurship Development Scheme in Hooghly District of West Bengal, financed by Hooghly DCCB Ltd.

Hooghly District Central Cooperative Bank Ltd. in Hooghly District of West Bengal has been extending Dairy Loans to individual farmers and members of PACS and arranging subsidy under DEDS scheme of the Government of India. So far, the Bank has extended loans to 340 farmers and SHG women involving ₹12.57 crore of loans and ₹3.51 crore of subsidy since 2016-17 all over the district.

Out of the financed units, there are many successful entrepreneurs, who are thriving in dairy business. One such case is related to Panpara village of Pandua Block, where some farmers decided to construct a single shed for all their cows.

Total project cost for each of the units : ₹6.90 lakh
Subsidy received : ₹1.72 lakh each
The joint sale of the milk: 500 litres of milk every day

The Initiative: The entrepreneurs sell cow dung on every fourth day @ ₹1,000/- per trolley. This extra income of ₹8,000-9,000/- per month is utilised for veterinary service, vaccination and other incidental expenditure. The joint activity has reduced recurring expenditure on labour, feed, vaccination and other overheads. Presently, net income per month per farmer is ₹22,500/- out of the dairy activity. This was possible due to use of good quality fodder, timely treatment and vaccination for the animals.

Encouraged by the joint initiative of these farmers, AMUL has set up a milk collection centre in the village itself. They are purchasing the entire 500 litres of milk produced by this joint endeavour.

The unit has become a model project in the village and has encouraged other farmers to take up dairy business in a joint venture. The entire project has turned into success story with timely and adequate finance by Hooghly DCCB & release of subsidy by NABARD.

Joint Dairy Business Centre at Panpara Village

4.5.4 New developments during the year

- NABARD, with an aim to enable the Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) to increase their business portfolio and make the PCARDBs self-sustainable entities, has devised a refinance product to SCARDBs which are financing the PCARDBs as Multi-Service Centres. The refinance will be sanctioned on a project basis. The SCARDBs have to submit specific projects preferably on a 'cluster basis' for prior sanction to the concerned RO of NABARD.
- In order to ensure the proper utilisation of LT refinance extended by NABARD and also to assess the impact of refinance to the flow of long-term investment credit, at the ground level, NABARD has launched a Mobile Application to verify the end use of refinance, its impact on the ground level credit flow and the rural economy.
- To streamline the release of GoI funds (subsidy/ interest subvention) to banks, '*one bank one account*' system was introduced in March 2020, wherein the funds pertaining to all bank branches, pan India, will be released to a single authenticated bank account of the FI, instead of individual bank branches. This will address a major issue of subsidy returns due to failed banking transactions, ensure quick disbursements and strengthen monitoring by both NABARD and FIs. As on 31 March 2020, subsidy amounting to ₹5.20 crore was released under new AMI scheme to 8 banks and subsidy of ₹32.38 crore was released under DEDS and NLM to 4 banks under 'One Bank One Account' system.
- Portal for online submission and settlement of subsidy claims under new AMI Sub-Scheme of ISAM was launched during the year and 119 subsidy applications for ₹12.24 crore were processed, sanctioned and released during 2019-20.

4.6. WAY FORWARD

Although the credit outflow for agriculture activities has been rising steadily in the last few years, there still exist regional imbalances in the credit flow. Even with higher percentage of operational land holdings, Eastern, Central and North-Eastern regions have lagged in terms of credit flow to agriculture. To enhance agricultural production, productivity and farmers' income, regional disparities need to be stemmed through region and State-specific targeted interventions by enhancing the share of RRBs and Cooperative Banks in LT finance as they are better placed to provide credit to the rural population. The eligibility norms are also relaxed to these banks in these regions so that more refinance and thereby more liquidity and more credit flow. Small and marginal farmers accounting for about 86% of total land holdings avail more of short-term loans and there is a need to encourage them to avail of more investment credit with a view to enhance agriculture production and diversified income from farming activities.

CHAPTER 5

Institutional Development and Supervision

Institutional credit agencies act as the backbone of rural financial system and harbinger of economic progress in a developing economy like India. Development of rural financial institutions thus has been on priority of the growth agenda of the nation. Various initiatives, such as nationalization of banks, formation of Regional Rural Banks (RRBs), and strengthening the Cooperative credit structure have been instrumental in augmenting the supply of institutional credit to rural economy. Rural credit accessibility has also improved with establishment of private sector banks, Micro Finance Institutions (MFIs), Non-Bank Finance Companies (NBFCs) and Small Finance Banks (SFBs). Digitization, financial inclusion initiatives, simplification of documentation for availing bank loan, improved credit instruments like RuPay kisan credit cards, etc. have enriched the access of farmers, rural artisans and small entrepreneurs to institutional credit. In spite of concerted efforts, around one-third of agricultural households avail loans from moneylenders and other non-financial institutions[1] at interest rates much

[1]NABARD All India Rural Financial Inclusion Survey 2016-17, NABARD.

higher than the institutional sources. This necessitates continuous efforts for all-round development of rural financial institutions.

5.1 PERFORMANCE OF RURAL FINANCIAL INSTITUTIONS

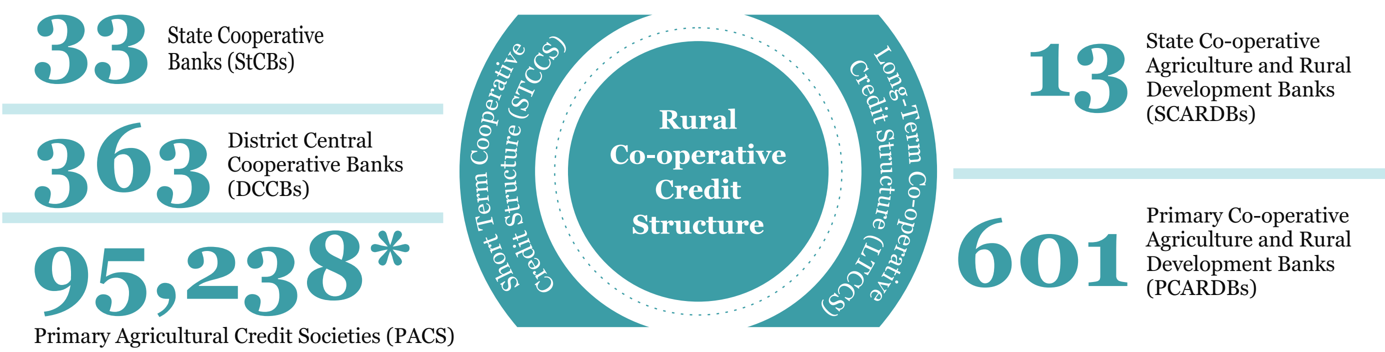
A strong rural credit delivery system is crucial for smooth flow of institutional credit to farm and non-farm sectors in order to push up their economic activities. NABARD has been continuously extending its support to institutional development of Rural Financial Institutions (RFIs) like the Rural Cooperative Banks (RCBs) and RRBs.

5.1.1 Rural Cooperative Credit Structure

The Rural Cooperative Credit Structure, characterised by a democratic federal structure, has been playing a crucial role in augmenting ground level credit for agriculture and off-farm rural sector. It is broadly classified into the Short-Term Cooperative Credit Structure (STCCS) and the Long-Term Cooperative Credit Structure (LTCCS). While the STCCS primarily meets crop loan requirement of farmers, the LTCCS makes credit available for capital formation in agriculture, rural industries, etc. (Figure 5.1)

Cooperative Societies is a State Subject under Entry 32 of the State List of Seventh Schedule of the Constitution of India. The Cooperative Societies Act of the respective States or the Multi State Cooperative Societies Act, 2002, guides the functioning of Cooperative Banks. Primary Agricultural Credit Societies (PACS) and the long-term cooperatives are outside the purview of the Banking Regulation Act, 1949. Under Section 35 (6) of the Banking Regulation Act, 1949, NABARD is empowered to conduct inspections of State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs). NABARD also conducts voluntary inspection of State Cooperative Agriculture and Rural Development Banks (SCARDBs).

Figure 5.1: Rural Cooperative Credit Structure



Figures indicate the number of entities as on 31 March 2019.
*Number of PACS is as on 31 March 2018.

The STCCS has a three-tier structure in 20 states with StCB at the state level, DCCBs at district level and PACS at the village level. The STCCS has a two-tier structure in 13 states wherein banking operations are conducted through branches of StCBs across the state and PACS operate at village level.

The LTCCS has fully functional SCARDBs in 13 states. Out of these, five states (Gujarat, Jammu & Kashmir, Puducherry, Tripura, and Uttar Pradesh) have a unitary structure. They operate through their branches with no separate PCARDBs. Six States (Haryana, Karnataka, Kerala, Punjab, Rajasthan, and Tamil Nadu) have a federal structure wherein they operate through PCARDBs, and 2 States (Himachal Pradesh and West Bengal) have a mixed structure with SCARDBs operating through PCARDBs as well as through their branches.

a. State Cooperative Banks

The number of StCBs stood at 33, with a network of 1,321 branches across 33 States/ UTs as on 31 March 2019. Of the 33 StCBs, 23 are listed in the Second Schedule of RBI. The performance indicators of the StCBs have been analysed in the following paragraphs.

(i) Balance Sheet

The consolidated balance sheet of StCBs registered a y-o-y growth of 10% as on 31 March 2019. Deposits on the Liabilities side and Advances on the Assets side, which constitute more than 50% of the size of the Balance Sheet, registered y-o-y growth of 10% and 13% respectively as on 31 March 2019. The CD (Credit to Deposit) ratio of StCBs increased from 107% as on 31 March 2018 to 110% as on 31 March 2019.

Table 5.1: Liabilities and Assets of State Cooperative Banks

Item	As at end-March (Amount in ₹ Crore)		Percentage Variation (%)
	2018	2019	2018-19
Liabilities			
1. Capital	5,542	6,104	10
2. Reserves	11,240	12,441	11
3. Deposits	1,23,534	1,35,392	10
4. Borrowings	72,170	79,358	10
5. Other Liabilities	14,355	15,654	9
Assets			
1. Cash and Bank Balances	9,288	11,602	25
2. Investments	74,398	76,458	3
3. Loans and Advances	1,31,934	1,48,625	13
4. Accumulated Losses	527	471	- 11
5. Other Assets	10,694	11,793	10
Total Liabilities/Assets	**2,26,841**	**2,48,949**	**10**

Source: Ensure Portal, NABARD.

Share capital of the StCBs increased from ₹5,542 crore as on 31 March 2018 to ₹6,104 crore as on 31 March 2019, registering a growth of 10%. As on 31 March 2019, Capital to Risk Weighted Assets Ratio (CRAR) of 31 StCBs was more than 9%, while that of 02 StCBs, viz, Puducherry and Goa was less than 9%.

The number of StCBs reporting accumulated losses declined from 8 as on 31 March 2018 to 6 as on 31 March 2019. Amount wise, accumulated losses declined from ₹527 crore as on 31 March 2018 to ₹471 crore as on 31 March 2019.

(ii) Profitability

The Net Profit of StCBs increased from ₹1,030 crore during 2017-18 to ₹1,166 crore during 2018-19. During 2017-18, all StCBs except Assam StCB posted net profit. However, in 2018-19, three StCBs namely Jharkhand, Arunachal Pradesh and Puducherry StCBs incurred net losses. The financial performance of StCBs is given in Table 5.2.

Table 5.2: Financial Performance of State Cooperative Banks

(Amount in ₹ Crore)

Item	As during		Percentage Variation (%)
	2017-18	2018-19	2018-19
A. Income (i+ii)	**15,477**	**16,563**	7.0
i. Interest Income	14,798	15,952	7.8
ii. Other Income	679	611	-10.0
B. Expenditure (i+ii+iii)	**14,447**	**15,396**	6.6
i. Interest Expended	11,450	11,729	2.4
ii. Provisions and Contingencies	1,078	1,341	24.4
iii. Operating Expenses	1,919	2,326	21.3
Of which, Wage Bill	1,212	1,303	7.5
C. Net Profits	**1,030**	**1,166**	13.2

Source: Ensure Portal, NABARD.

(iii) Asset Quality

Asset quality has improved marginally during the year with GNPAs as percentage of gross loans outstanding reducing from 4.72% as on 31 March 2018 to 4.32% as on 31 March 2019. There has been variation among the StCBs, with 6 StCBs (of which, 5 are in two-tier structure) reporting GNPA higher than 10% of gross loans outstanding and 10 StCBs reporting GNPA between 5%-10% and 17 StCBs reporting GNPA less than 5%.

(iv) Regional Analysis

The performance of StCBs in terms of profitability, business, non-performing assets, and recovery across different regions is presented in Table 5.3. While the share of deposits and loans outstanding of the StCBs in Southern Region was the highest, the Central Region recorded the maximum y-o-y growth in deposits and the North-Eastern Region recorded the maximum y-o-y growth in loans outstanding. NPA (%) was the highest in the North-Eastern Region and the lowest in the Northern Region.

Table 5.3 - Profitability, Business, NPAs, and Recovery of StCBs by Region

(Amount in ₹ Crore)

Region	2017-18		2018-19		Deposits Outstanding as on 31 March		% Growth in Deposits (y-o-y)	Loans Outstanding as on 31 March		% Growth in Loans O/s (y-o-y)	NPA as % of loans outstanding as on 31 March		Recovery (%) (As on 30 June of previous year)	
	Profit	Loss	Profit	Loss	2018	2019		2018	2019		2018	2019	2018	2019
Central (4)	162	-	85	-	16,044	19,024	18.6	20,554	21,575	5.0	5.7	6.3	91.7	92.7
Eastern (5)	66	-	157	97	19,042	22,563	18.5	18,568	20,195	8.8	4.1	4.3	94.7	95.5
North-Eastern (8)	43	7	63	0	12,190	12,787	4.9	5,273	6,626	25.7	12.5	8.9	46.7	46.7
Northern (7)	168	-	172	-	21,308	22,243	4.4	26,731	29,141	9.0	2.0	2.2	99.1	96.2
Southern (6)	341	-	507	50	32,858	33,957	3.3	37,194	43,217	16.2	3.4	2.6	96.5	97.6
Western (3)	258	-	329	-	22,090	24,818	12.3	23,615	27,871	18.0	7.8	6.6	86.9	86.2
All-India (33)	**1,038**	**7**	**1,313**	**147**	**1,23,534**	**1,35,392**	**9.6**	**1,31,934**	**1,48,625**	**12.7**	**4.7**	**4.3**	**94.2**	**93.9**

Number in Parenthesis against the region indicates the number of StCBs in the Region.

b. District Central Cooperative Banks

As on 31 March 2019, there were 363 DCCBs in India with a network of 14,244 branches. The key performance indicators of the DCCBs are analysed in the following paragraphs.

(i) Balance Sheet

During 2018-19, consolidated balance sheet of DCCBs grew by 9% compared to the growth of 4% during the previous year. Outstanding deposits and loans registered a growth of 8% during the year (Table 5.4).

Share Capital of the DCCBs increased from ₹19,693 crore as on 31 March 2018 to ₹21,447 crore as on 31 March 2019, registering a growth of 9%. As on 31 March 2019, 30 DCCBs had CRAR less than 9% (as against 29 DCCBs as on 31 March 2018).

Accumulated losses increased from ₹5,807 crore to ₹6,654 crore. As on 31 March 2019, 111 out of 363 DCCBs had accumulated losses compared to 109 out of 363 DCCBs as on 31 March 2018.

Table 5.4: Liabilities and Assets of District Central Cooperative Banks

Item	As at end of March (Amount in ₹Crore)		Percentage Variation (%)
	2018	2019	2018-19
Liabilities			
1. Capital	19,693	21,447	9
2. Reserves	20,931	22,136	6
3. Deposits	3,47,967	3,78,248	8
4. Borrowings	90,312	97,678	8
5. Other Liabilities	46,254	50,188	9
Assets			
1. Cash and Bank Balances	27,230	29,203	7
2. Investments	1,84,883	1,96,227	6
3. Loans and Advances	2,77,079	3,00,034	8
4. Accumulated Losses	5,807	6,654	15
5. Other Assets	30,158	37,580	25
Total Liabilities/Assets	**5,25,157**	**5,69,698**	**9**

Source: Ensure Portal, NABARD.

(ii) Profitability

Number of DCCBs earning profit and the amount of profit earned by them during 2018-19 declined in comparison to the previous year. As a result, net profit earned by the DCCBs decreased from ₹851 crore during 2017-18 to ₹713 crore during 2018-19 (Table 5.5). As against 52 DCCBs in 2017-18, 60 DCCBs incurred net losses during 2018-19.

Table 5.5: Financial Performance of District Central Co-operative Banks

Item		As during the Year (Amount in ₹Crore)		Percentage Variation (%)
		2017-18	2018-19	2018-19
A.	**Income (i+ii)**	**39,438**	**41,498**	**5.2**
i.	Interest Income	37,669	39,426	4.7
ii.	Other Income	1,769	2,072	17.2
B.	**Expenditure (i+ii+iii)**	**38,587**	**40,786**	**5.7**
i.	Interest Expended	26,788	27,561	2.9
ii.	Provisions and Contingencies	3,476	3,834	10.3
iii.	Operating Expenses	8,323	9,391	12.8
	Of which, Wage Bill	5,222	5,811	11.3
C.	**Profits**	**851**	**713**	**-16.2**

Source: Ensure Portal, NABARD.

(iii) Asset Quality

Gross NPAs as percentage of Gross Loans Outstanding at aggregate level increased from 11.15% as on 31 March 2018 to 11.85% as on 31 March 2019. Number of DCCBs having GNPA (%) above 10% increased from 157 as on 31 March 2018 to 162 as on 31 March 2019.

(iv) Regional Analysis

The performance of DCCBs in the spheres of profitability, business, non-performing assets and recovery across different regions is presented in Table 5.6. While the share of the Southern Region in the total deposits and loans outstanding is maximum, the Western Region recorded the maximum y-o-y growth of 13.8% in Loans Outstanding and the Central Region recorded the maximum y-o-y growth of 17.6% in Deposits Outstanding. Asset quality measured in terms of GNPA (%) showed improvement in the Southern and Eastern regions and deteriorated in the Central, Western and Northern regions when compared to the previous year.

Table 5.6 - Profitability, Business, NPAs, and Recovery of DCCBs by Region

(Amount in ₹ Crore)

Region	2017-18				2018-19				Deposits Outstanding as on 31 March		Loans Outstanding as on 31 March		NPA as % of loans outstanding as on 31 March		Recovery (%) (As on 30 June of previous year)	
	Profit		Loss		Profit		Loss		2018	2019	2018	2019	2018	2019	2018	2019
	No.	Amt	No.	Amt	No.	Amt	No.	Amt								
Central (104)	78	282	26	285	81	299	23	216	48,033	56,465	41,549	44,685	18.6	19.3	56.7	62.3
Eastern (57)	52	202	5	11	45	216	12	37	27,522	30,806	21,451	24,097	9.7	9.3	69.6	71.0
Northern (73)	60	115	13	121	58	121	15	143	46,906	49,773	43,096	40,293	7.9	9.2	74.7	68.5
Southern (80)	78	609	2	366	78	510	2	58	1,23,763	1,28,578	1,03,325	1,13,939	7.8	7.6	89.3	88.4
Western (49)	43	536	6	110	41	552	8	532	1,01,743	1,12,627	67,659	77,020	14.3	16.0	57.9	64.6
All-India	**311**	**1,744**	**52**	**893**	**303**	**1,699**	**60**	**986**	**3,47,967**	**3,78,248**	**2,77,079**	**3,00,034**	**11.2**	**11.8**	**71.1**	**72.0**

Number in Parenthesis against the region indicates the number of DCCBs in the Region.

c. Primary Agricultural Credit Societies

Primary Agricultural Credit Societies (PACS), the credit institutions at the grassroot level, deal directly with the individual borrowers. As on 31 March 2018, there were 95,238 PACS covering 6,39,342 villages of India with a total membership of 13.05 crore members, of which 39% (5.07 crore) were borrowing members. As compared to the previous year, while the total membership marginally decreased by 0.5%, the borrowing membership of PACS decreased by 2.5%. As on 31 March 2018, the deposits mobilized stood at ₹1,19,632 crore and the total loan outstanding by all the PACS was ₹1,69,630 crore. During 2017-18, as per available data in respect of 84,243 PACS, 46,405 PACS earned profit of ₹4,134 crore; the remaining 37,838 PACS incurred loss of ₹7,316 crore. Some of the key financial indicators of the PACS are presented in Table 5.7.

Table 5.7: Key Financial Parameters with respect to PACS

Sr. No.	Parameter	31 Mar 2017	31 Mar 2018
1	Number of PACS	95,595	95,238
2	Total Membership (in crore)	13.12	13.05
3	Borrowing Members (in crore)	5.20	5.07
4	Owned Funds (₹ crore)	32,981	30,942
5	Deposits (₹ crore)	1,15,884	1,19,632
6	Borrowings (₹ crore)	1,24,831	1,28,333
7	Loans Outstanding (₹ crore)	1,70,459	1,69,630
8	Loans Issued During the year Ended (₹ crore)	2,00,678	2,07,322

Source: NAFSCOB

d. State Cooperative Agriculture and Rural Development Banks

There were 13 functional SCARDBs as on 31 March 2019 with a network of 789 branches in 13 States. Some of the key financial indicators of the SCARDBs are presented in the following paragraphs.

(i) Balance Sheet

The consolidated Balance Sheet of SCARDBs declined by 3% as on 31 March 2019 in comparison to the same date on previous year. On the liabilities side, the borrowings which constituted more than 50% of the liabilities of the SCARDBs declined by 2% as on 31 March 2019 vis-à-vis its position as on 31 March 2018. Contraction in source of funds fuelled by reduction in borrowings resulted in decline in Loans Outstanding and the investments on the assets side of the SCARDBs as on 31 March 2019.

Table 5.8: Liabilities and Assets of State Co-operative Agriculture and Rural Development Banks

Item	As at end-March (Amount in ₹Crore)		Percentage Variation (%)	
	2018	2019 P	2017-18	2018-19 P
Liabilities				
1. Capital	945	939	0.6	-0.6
2. Reserves	3,360	3,550	-0.2	5.7
3. Deposits	2,341	2,434	-3.4	4.0
4. Borrowings	15,400	15,098	-0.6	-2.0
5. Other Liabilities	6,948	5,976	-14.5	-14.0
Assets				
1. Cash and Bank Balances	275	257	-39.3	-6.5
2. Investments	3,537	3,302	9.2	-6.6
3. Loans and Advances	20,788	20,651	-2.0	-0.7
4. Accumulated Losses	503	568	8.6	12.9
5. Other Assets	3,891	3,219	-19.3	-17.3
Total Liabilities/Assets	**28,994**	**27,997**	**-4.5**	**-3.4**

P Provisional Source: Ensure Portal, NABARD.

(ii) Profitability

SCARDBs, as a whole, posted a Net Loss of ₹49 crore during the year 2018-19 in comparison to the Net Loss of ₹9 crore during the year 2017-18. In spite of the reduction in interest expenditure and moderate growth in interest income, the net loss increased because of an increase in operating expenses, propelled by increase in the Wage Bill. 8 of the 13 SCARDBs posted a net profit of ₹123.92 crore, while the SCARDBs in the 5 States of Haryana, Jammu and Kashmir, Puducherry, Tripura & Uttar Pradesh incurred a Net Loss of ₹173.39 crore.

Table 5.9: Performance of State Cooperative Agriculture and Rural Development Banks

Sr. No.	Item	As during (Amount in ₹Crore)		Percentage Variation (%)
		2017-18	2018-19 P	2018-19 P
A	**Income (i+ii)**	**2,384**	**2,510**	**5.3**
i	Interest Income	2,287	2,427	6.1
ii	Other Income	97	83	-14.2
B	**Expenditure (i+ii+iii)**	**2,353**	**2,224**	**6.9**
i	Interest Expended	1,500	1,376	-8.4
ii	Provisions and Contingencies	451	394	-12.8
iii	Operating Expenses	402	454	13.1
	Of which, Wage Bill	344	377	9.8
C	**Net Profits/Loss**	**-9**	**-49**	

P Provisional Source: Ensure Portal, NABARD.

(iii) Regional Analysis

The performance of SCARDBs in terms of Profitability, Non-Performing Assets and Recovery across different regions is presented in Table 5.10. It can be observed that Asset Quality of the SCARDBs across all regions had deteriorated as on 31 March 2019 in comparison to its position as on 31 March 2018. GNPA (%) in all the regions, except the Southern Region, was high.

Table 5.10: Profitability, NPAs, and Recovery of SCARDBs by Region

(Amount in ₹ Crore)

Region	Profit/Loss (+)/(-) (as on 31 March)		Total GNPA (as on 31 March)		NPA as % of Loans Outstanding (as on 31 March)		Recovery (%) (as on 30 June)	
	2018	2019 P	2018	2019 P	2018	2019 P	2017	2018
Central (1)	2	-85	1,284	1,207	38.2	38.4	30.5	25.3
Eastern (1)	2	3	256	273	23.3	23.9	40.6	41.3
North-Eastern (1)	-1	0	10	13	49.8	99.1	39.0	40.5
Northern (5)	-73	-43	2,767	2,874	40.3	43.8	30.2	33.8
Southern (4)	38	54	570	790	6.4	8.6	78.2	73.8
Western (1)	21	21	319	319	55.0	54.8	37.1	32.7
All-India (13)	**-10**	**-49**	**5,206**	**5,476**	**25.0**	**26.5**	**48.4**	**46.1**

Number in Parenthesis against the region indicates the Number of SCARDBs in the Region.
P Provisional

e. Primary Cooperative Agriculture and Rural Development Banks

As on 31 March 2019, there were 602 PCARDBs with a network of 530 branches in India. Some of the key financial parameters pertaining to PCARDBs are given in Table 5.11.

Table 5.11: Key Financial Parameters with respect to PCARDBs

(Amount in ₹ Crore)

Sr. No.	Parameter	31 March 2018	31 March 2019 P
1	Number of PCARDBs	601	602
2	Share Capital	1,054	1,048
3	Reserves	2,234	2,024
4	Owned Funds	3,288	3,072
5	Deposits	1,306	1,303
6	Borrowings	16,349	16,281
7	Loans Outstanding	15,821	15,485
8	Total Assets/Liabilities	30,550	31,297
9	No. of PCARDBs in Profit	257	281
10	No. of PCARDBs in Loss	344	321
11	Net Profit/Loss	-511	-406

P Provisional   Source: Ensure Portal, NABARD.

5.1.2 Regional Rural Banks

The number of RRBs in the country as on 31 March 2019 stood[2] at 53, with a network of 21,871 branches covering 683 notified districts in 27 States and the UT of Puducherry. These 53 RRBs were sponsored by 17 Scheduled Commercial Banks as on 31 March 2019. The performance of the RRBs is analysed in the following paragraphs.

a. Balance Sheet

During 2018-19, the consolidated balance sheet of RRBs, which stood at ₹5.38 lakh crore, registered an increase of 6.5% growth in comparison to its position as on 31 March 2018. On the liabilities side, the growth was on account of the recapitalisation and y-o-y deposit growth of 8.5%. On the assets side, the gross loans & advances of RRBs increased by 11%. The total business of RRBs, comprising of deposits outstanding and gross loans outstanding, as on 31 March 2019, stood at ₹ 7.15 lakh crore.

The capital adequacy position of RRBs measured by CRAR (%) deteriorated from 12.4% as on 31 March 2018 to 11.4% as on 31 March 2019, mainly because of decline of margin in many RRBs during 2018-19, on account of provisions and payments made towards implementation of pension scheme for the employees of RRBs on par with employees of Public Sector Banks (PSB) and on account of rise in non-performing assets. As on 31 March 2019, 13 out the 53 RRBs had CRAR less than 9%. The CRAR of the RRBs ranged from as low as -11.83% (Utkal GB) to as high as 21.19% (Chhattisgarh Rajya GB).

Accumulated losses of the RRBs at aggregate level increased from ₹1,866 crore as on 31 March 2018 to ₹2,887 crore as on 31 March 2019. Of the 53 RRBs, 11 RRBs reported accumulated loss as on 31 March 2019 (Table 5.12).

[2] The number of RRBs as on 31 March 2020 was 45. However, due to non-availability of data as on 31 March 2020, the financial analysis of 53 RRBs as on 31 March 2019 has been presented.

Table 5.12: Liabilities and Assets of Regional Rural Banks

(Amount in ₹ Crore)

Item	As at end-March		Percentage Variation (%)	
	2018	2019	2017-18	2018-19
1	2	3	4	5
Liabilities				
1. Capital	6,436	6,735	0.6	4.6
2. Reserves	25,185	25,398	9.1	0.8
3. Deposits	4,00,459	4,34,444	7.7	8.5
4. Borrowings	57,647	53,548	11.7	-7.1
5. Other Liabilities	15,234	17,864	18.8	17.3
Assets				
1. Cash and Bank Balances	24,202	26,279	-0.4	8.6
2. Investments	2,22,267	2,26,172	5.3	1.8
3. Loans and Advances (Net)	2,37,011	2,61,953	12.1	10.5
4. Accumulated Losses	1,866	2,887	62.7	54.7
5. Other Assets	19,615	20,698	7.8	5.5
Total Liabilities/Assets	**5,04,961**	**5,37,989**	**8.3**	**6.5**

Source: Ensure Portal, NABARD.

b. Profitability

During 2018-19, 39 RRBs earned profit of ₹1,759 crore while 14 RRBs incurred losses of ₹2,411 crore and the RRBs as a group incurred a net loss of ₹652 crore. During 2017-18, RRBs as a group had earned a profit of ₹1,501 crore. The overall RoA declined from 0.31% during 2017-18 to (-) 0.13% during 2018-19 (Table 5.13).

Table 5.13: Financial Performance of Regional Rural Banks

Item	As during (Amount in ₹Crore)		Percentage Variation (%)
	2017-18	2018-19	2018-19
A. Income (i+ii)	**41,818**	**42,988**	2.8
i. Interest Income	38,337	38,931	1.5
ii. Other Income	3,481	4,057	16.5
B. Expenditure (i+ii+iii)	**40,317**	**43,640**	8.2
i. Interest Expended	23,868	23,716	-0.6
ii. Provisions and Contingencies	5,431	6,120	12.7
iii. Operating Expenses	11,019	13,803	25.3
Of which, Wage Bill	7,044	9,379	33.1
C. Net Profits	**1,501**	**-652**	**-143.4**

Source: Ensure Portal, NABARD.

Though RRBs collectively incurred a net loss of ₹652 crore during 2018-19, there was wide variation in the performance of individual RRBs. The profit earned by RRBs during the year ranged from ₹0.06 crore (Arunachal Pradesh RRB) to ₹231.18 crore (Andhra Pragathi GB). The frequency distribution of RRBs in terms of profit earned during 2018-19 is given in Table 5.14.

Table 5.14: Range of Net Profit of RRBs as on 31 March 2019

(Amount in ₹ Crore)

Range of profit	Less than 1 crore	1 to 10 crore	10 to 50 crore	50 to 100 crore	100 to 200 crore	>200 crore
No. of RRBs	2	10	13	6	7	1

c. Asset Quality

GNPA as percentage of total loans outstanding increased from 9.5% as on 31 March 2018 to 10.8% as on 31 March 2019. The share of standard assets, sub-standard assets and doubtful assets was 89.2%, 4.6% and 5.9%, respectively. As on 31 March 2019, 20 of the 53 RRBs had GNPA as a percentage of total loans and advances greater than 10% in comparison to 22 out of the 56 RRBs which had GNPA more than 10% as on 31 March 2018.

d. Regional Analysis

The performance of RRBs in terms of profitability, business, non-performing assets and recovery across different regions is presented in the Table 5.15. While none of the RRBs in Western and Southern Regions incurred loss during the year 2018-19, over 40% of the RRBs in the Eastern and the Central Regions incurred losses during the same period. Amongst all regions, deposits outstanding registered the maximum growth of 12% in the North-Eastern Region, while gross loans outstanding registered a maximum growth of 14% in the Western Region. GNPA as a percentage of gross loans outstanding was the least in the Southern Region at 3.5% as on 31 March 2019. Asset quality improved in the Western region while it deteriorated in the Central, Eastern, North–Eastern and Northern regions.

Table 5.15: Profitability, Business, NPAs, and Recovery of RRBs by Region

(Amount in ₹ Crore)

Region	2017-18				2018-19				Deposits Outstanding as on 31 March		Loans Outstanding as on 31 March		GNPA as % of loans outstanding as on 31 March		Recovery (%) (As on 30 June of previous year)	
	Profit		Loss		Profit		Loss		2018	2019	2018	2019	2018	2019	2018	2019
	No.	Amt	No.	Amt	No.	Amt	No.	Amt								
Central	11	483	1	98	7	433	5	1,157	1,17,334	1,25,158	61,340	66,919	10.9	16.2	66.9	72.1
Eastern	4	21	6	628	5	59	4	1,101	76,022	82,589	36,432	38,876	23.5	23.1	57.4	57.7
North-Eastern	5	91	3	139	5	136	3	52	20,234	22,678	8,816	9,016	21.6	23.8	68.4	63.2
Northern	9	392	0	-	5	183	2	100	53,790	59,509	35,976	40,187	6.0	8.2	84.1	81.9
Southern	12	1,397	0	-	12	855	0	-	1,07,868	1,16,448	97,409	1,09,767	3.5	3.5	87.3	84.2
Western	4	122	1	140	5	93	0	-	25,212	28,062	14,005	15,990	9.6	7.5	62.4	67.0
All-India	**45**	**2,506**	**11**	**1,005**	**39**	**1,759**	**14**	**2,411**	**4,00,459**	**4,34,444**	**2,53,978**	**2,80,755**	**9.5**	**10.8**	**77.7**	**76.9**

Source: Ensure Portal, NABARD

5.2 SUPPORTING THE RURAL COOPERATIVE CREDIT STRUCTURE

NABARD provides policy, financial as well as technical support to rural credit cooperatives as a part of Institutional Development efforts. Policy support is provided to GoI/ State Governments / RCBs through wider consultations with all the stakeholders; financial support is provided through the Cooperative Development Fund (CDF), while technical, capacity building and knowledge-sharing support comes from the training establishments of the Cooperatives and the Centre for Professional Excellence in Cooperatives (C-PEC), Lucknow. The PACS are also supported through grant assistance for setting up PACS Development Cells (PDCs) in DCCBs/ StCBs and infrastructure assistance, etc.

5.2.1 Cooperative Development Fund (CDF)

During 2019-20, ₹17.90 crore and cumulatively ₹210.78 crore (till 31 March 2020) has been disbursed under CDF for various promotional programmes conducted by different tiers of the short-term and long-term cooperative credit structure. The major areas of assistance under CDF include the Scheme of Financial Assistance for Training of Cooperative Banks' Personnel (₹10.40 crore), PACS Development Cell (₹0.25 crore), capacity building programmes by Bankers Institute of Rural Development, Lucknow, Mangaluru and Bolpur (₹1.54 crore), infrastructure development of PACS (₹2.18 crore), Centre for Professional Excellence in Cooperatives (₹1.20 crore).

5.2.2. PACS Development Cells

PACS Development Cells (PDC) are set up in DCCBs/ StCBs to strengthen them through various measures such as preparation of business development plans, undertake capacity building, handholding, develop new models / avenues for income generation, guidance, exposure visits, and other suitable interventions as may be necessary to equip these ground level entities to deliver financial and non-financial services efficiently to their members. The PDCs, currently established and functional in 94 DCCBs/StCBs, have assisted 2,556 PACS operating in 20 States.

5.2.3. Scheme for Comprehensive Support Plan under CDF for NER including Sikkim, Jammu & Kashmir and Andaman & Nicobar Islands

A separate package of assistance has been developed for rural credit cooperatives in North -Eastern Region (NER) including Sikkim, Jammu & Kashmir and A&N Islands. The special package was conceived to address the issues encountered by cooperative banks in NER considering the special circumstances with reference to their geographic and agro climatic conditions, dispersed habitation, inadequate infrastructure, socio-economic backwardness and weak cooperative credit structure. During the year, two StCBs viz., Mizoram and Sikkim StCB have been sanctioned grant assistance of ₹95.08 lakh and ₹90.57 lakh, respectively, under the package. The grant support is phased over three years and covers training, setting up Business Development Cells, infrastructure assistance to PACS, exposure visits, etc.

5.2.4. Pilot Scheme on implementation of Fraud Risk Management Software (FRM) in Rural Cooperative Banks

Fraud has become a grave issue faced by RCBs. In recent times, technology adoption by these RCBs has increased manifold since all licensed RCBs have been brought onto CBS platform. While technology adoption has enabled increased business operation and efficiency, it has also created new cyber threats for them. To obviate the problems faced by these banks, NABARD has rolled out a Pilot Scheme on implementation of Fraud Risk Management Software (FRM) in 8 RCBs, selected on the basis of their level of adoption of technology and financial health. The pilot project is supported by grant from Cooperative Development Fund of NABARD wherein each bank will be supported upto the extent of ₹16.50 lakh.

5.2.5. Turnaround Plans for StCBs/DCCBs

NABARD has taken an initiative to guide weak cooperative banks on turn around strategies to improve their performance and supervisory ratings. 32 DCCBs and 5 StCBs have been identified for the purpose. These banks have submitted their Board approved plans and these plans are at various stages of implementation. Technical guidance and monitoring support are being provided to these banks by NABARD and Centre for Professional Excellence in Cooperatives (C-PEC, BIRD, Lucknow) through workshops and trainings.

5.2.6. Centre for Professional Excellence in Cooperatives

In order to develop a cadre of professionals with necessary technical competencies in the rural cooperative credit structure, C-PEC has been created at BIRD, Lucknow as an independent nodal centre for coordinating the training efforts of various Cooperative Training Institutes (CTIs) in the domain of banking operations and delivery of financial services. During the year 2019-20, C-PEC had conducted 04 certification courses examinations, added 42 institutional and 778 individual members, increasing the total membership to 8,486 comprising of 52 CTIs, 28 StCBs, 254 DCCBs, 5,587 PACS and 2,565 individuals.

5.2.7. National Meeting of Cooperative Banks

National review meet of Rural Co-operative Banks was conducted to review the performance and discuss issues concerning the rural cooperative institutions in the country. This meet was presided over by Dr. H.K. Bhanwala, Chairman, NABARD and dignitaries included senior officials from Ministry of Agriculture and farmers' Welfare, GoI, Chairman of NAFSCOB and Chairmen and CEOs of StCBs / DCCBs.

5.2.8. Capacity Building of Client Institutions

NABARD facilitates training programmes for client institutions through BIRD. Besides training, BIRD campuses also provide research and consultancy support to the clients, particularly for the development of Cooperative Banks and promotion of financial inclusion.

5.2.9. Committee on Issues related to Rural Cooperative Banks

NABARD has constituted a Committee comprising of representatives of NITI Aayog, State Governments, select StCBs / DCCBs to examine the issues of RCBs. The Committee shall review the current institutional framework of financing and resource mobilisation in RCBs; examine the profitability of RCBs in the regulated interest regime for short-term lending; study the impact of the interest subvention scheme of GoI and propose technology measures to address the procedural aspects of implementation; and suggest measures to improve the capital structure of RCBs for long-term financial stability.

Showcase 5.1 Support from Cooperative Development Fund

Assistance: CDF assistance of ₹1.35 lakh under PACS infrastructure support.

Location details: Guhaldangri LAMPCS is located at Gorumahisani, around 100 kms away from the district Headquarters of Mayurbhanj, Odisha.

Beneficiaries: Small and Marginal farmers, Agricultural Labourers of the area. They are mainly dependent on the rainfall for their agricultural activities.

Challenges faced: The LAMPCS was prone to frequent electricity failure which was hampering the day to day business of the society.

Solution provided with support from CDF

The Society was sanctioned ₹1.35 lakh as CDF assistance for purchasing Off-grid Solar Panel and other office furniture for the smooth functioning of the society.

Impact

- The infrastructure facilities provided by NABARD under Cooperative Development Fund have not only transformed the LAMPCS premises into a healthy and customer friendly working place but also helped in increasing the aggregate productivity of employees and the business.
- Increase in the membership of the Society.
- The infrastructure facilities have also increased the confidence and faith of the members towards the LAMPCS.
- Society is continuously making profit for the last seven years and providing almost all types of loans.
- The Society was honoured with "The Best LAMPCS" award i.e. "Utkarsha Samabaya Seva Puraskar" in the year 2018 at the 65th all India Co-operative Week celebration at State level.

5.3 SUPPORTING REGIONAL RURAL BANKS

Various initiatives taken for the development of RRBs are discussed in the following sections.

5.3.1 Amalgamation of RRBs

Government of India, in consultation with NABARD, had prepared a roadmap for third phase of amalgamation of RRBs from 2018-19 on the principle of 'One State - One RRB', in smaller States and reduction in number of RRBs in larger States. As a part of this roadmap, amalgamations in the 7 States of Assam, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Tamil Nadu and Uttar Pradesh came into effect from 1 April 2019. With this, the number of RRBs in the country came down to 45 w.e.f 1 April 2019.

Further, Government of India vide its gazette notification dated 26 November 2019, notified the amalgamation of 3 RRBs in Uttar Pradesh viz. Baroda Uttar Pradesh Gramin Bank, Kashi Gomti Samyut Gramin Bank and Purvanchal Bank to form Baroda U.P. Bank under the sponsorship of Bank of Baroda with effect from 1 April 2020. With this, the total number of RRBs in India reduced to 43 w.e.f 1 April 2020.

5.3.2 Recapitalisation of RRBs

A Scheme for Recapitalisation to enable RRBs to achieve and maintain CRAR of 9% and above was approved by the Union Cabinet in its meeting held on 10th February, 2011. As per the scheme, financial support of ₹2,900 crore with 50% Government of India's share of ₹1,450 crore has been extended up to March 2020.

Further, the Cabinet Committee on Economic Affairs (CCEA) gave its approval for continuation of the process of recapitalization of RRBs up to 2020-21. It is for those RRBs which are unable to maintain minimum CRAR of 9% and approved utilisation of ₹670 crore as Central Government share for the scheme of recapitalization of RRBs (i.e. 50% of the total recapitalization support of ₹1,340 crore). Out of the ₹670 crore approved by the Union Cabinet, ₹470 crore has been released to 8 RRBs, through NABARD, during 2019-20. During the year, GoI has released recapitalization assistance of ₹ 700.5 crore to 12 RRBs.

5.3.3 National Review Meets

During 2019-20, National Meet of all RRBs in India was conducted by NABARD to review the performance of RRBs in which senior officials from GoI, RBI, Sponsor Banks and RRBs participated. Issues faced by RRBs were discussed and suitable action plan for various stakeholders was drawn.

5.3.4 RRBs in Focus

During 2019-20, the criteria for identification of 'RRBs in Focus' were revised. RRBs meeting any one of the three criteria viz. CRAR less than 10%, GNPA more than 10 % and negative Return on Assets (%) for the last two consecutive years were classified as 'RRBs in Focus'. For effective monitoring of 21 such weak RRBs identified under this category based on their audited financial position as on 31 Mar 2019, national level meetings were conducted during 2019-20 in order to enable them to make necessary course corrections in their Monitorable Action Plans (MAPs) and improve their financial performance.

5.3.5 HR and Other Policy Matters of RRBs

NABARD assisted the GoI and provided guidance on matters relating to recruitment, promotion and placement, manpower planning, etc. Regarding implementation of pension scheme in the RRBs, NABARD provided policy support to the GoI and was actively involved in its successful implementation in the RRBs.

5.4 SUPPORT TO SFBs, NBFCs, AND MFIs

Small Finance Banks (SFBs) were set up in 2016 to offer basic banking services such as accepting deposits and lending to the unserved and the under-served sections, including small businesses, marginal farmers, micro and small industries, and the unorganised sector. There were 10 SFBs operational as on 31 March 2020.

One of the ways of classifying NBFCs is on the basis of activities they undertake. At present, there are 11 categories of NBFCs in the activity- based classification, as per RBI guidelines. The category of NBFC which caters to the credit needs of the economically disadvantaged groups is called NBFC-Micro Finance Institution (NBFC-MFI). These institutions are not allowed to take deposits from the public and allowed to undertake lending operations primarily out of their borrowings. The total loans and advances outstanding of NBFC-MFIs grew by 28.7% during 2018-19 and stood at ₹51,293 crore as on 31 March 2019.

NABARD has been a key stakeholder in these financial institutions. NABARD provides long term refinance to eligible NBFCs, MFIs and SFBs under Pre-Sanction as well as Automatic Refinance Facility, against investment credit extended by them to agriculture, allied activities, rural housing, rural off-farm sector activities, MSME and other eligible loans. During 2019-20, NABARD extended ₹9,956 crore as refinance to NBFCs, MFIs and SFBs as seen in Table 5.16.

Table 5.16: NABARD Refinance to NBFCs, MFIs and SFBs

Institutions	2017-18		2018-19		2019-20	
	No.	Amount (in ₹ cr.)	No.	Amount (in ₹ cr.)	No.	Amount (in ₹ cr.)
NBFCs	4	2,050	10	9,457	5	1,450
MFIs	9	744	11	3,308	12	2,460
SFBs	7	3,900	8	9,982	9	6,046
Total	**20**	**6,694**	**29**	**22,747**	**26**	**9,956**

Policy Development towards NBFCs, MFIs and SFBs

Small Finance banks are 'eligible institutions' for being extended ST refinance under Sec.21 (a) (i) to (v) of the NABARD Act. Accordingly these institutions will be extended short-term refinance for agri and other activities from the financial year 2020-21.

5.5 SUPERVISION OVER RURAL FINANCIAL INSTITUTIONS

NABARD conducts statutory inspection of StCBs, DCCBs and RRBs. NABARD also undertakes voluntary inspection of SCARDBs, Apex level Cooperative Societies & Federations.

For the FY 2019-20, 332 statutory inspections and 10 voluntary inspections were scheduled to be taken up with reference to the financial position of banks/ other institutions as on 31 March 2019. The details are given in Table 5.17.

Table 5.17: Inspection Budgeted and Conducted during 2019-20

Particulars	Statutory Inspections		Voluntary Inspections		Total
	StCB	DCCB	RRB	SCARDB	
No. of Inspections Budgeted	34	253@	45	10	342
No. of inspections conducted	32	253	45	08	338#

@ Includes Tamil Nadu Industrial Cooperative Bank Ltd (TAICO Bank)

Inspections of Nagaland StCB, UP SCARDB, Tripura SCARDB and Daman & Diu StCB could not be conducted.

5.5.1 Board of Supervision for StCBs, DCCBs and RRBs

The Board of Supervision (BoS) is an internal committee of the Board of Directors of NABARD constituted in 1999 to advise and guide NABARD in matters concerning supervision. BoS met 4 times during the year 2019-20 to review financial position of banks, frauds and complaints in RCBs and RRBs, status of compliance by banks to the observations in the Inspection Reports, status of unlicensed banks and recently licensed banks, etc.

5.5.2 Licensing and Scheduling of Supervised Banks (Other than SCARDBs and Apex Societies)

The status of the banks' compliance with the minimum share capital requirement, Licensing and Scheduling norms based on inspection conducted w.r.t financial position as on 31 March 2019 is given in the Table 5.18.

Table 5.18: Status of the Banks' Compliance

Parameters	StCBs	DCCBs	RRBs
Total Number of Banks	34#	364*	45@
Compliance with the minimum share capital requirement			
Compliance with the Sec. 11(1) of BR Act,1949 (AACS)	32	338*	NA
Non-compliance with the Sec. 11(1) of BR Act,1949 (AACS)	2#	26	NA
Compliance with the Sec. 42 (6) (a) (i) of the RBI Act, 1934	17	NA	41
Licensing of Cooperative Banks			
Licensed Banks	33	361*	NA
Un-Licensed Banks	1#	03	NA
Scheduled Banks			
No. of Scheduled Banks	23	NA	35
No. of Non-Scheduled Banks	11#	NA	10

* Includes Tamil Nadu Industrial Cooperative Bank Ltd (TAICO Bank)
# includes Daman and Diu StCB
@: w.e.f. 01.04.2019, total number of RRBs stands at 45.
NA: Not applicable
Source: Provisional Data from Ensure Portal of NABARD

5.5.3 Review of CRAR compliance by Supervised Entities

As against the regulatory prescribed minimum level of 9%, based on Statutory Inspection conducted with reference to their financial position as on 31 March 2019, the status of CRAR of the supervised banks is given in Table 5.19.

Table 5.19: Status of CRAR of the Supervised Banks

Sr. No.	Particulars	<9%	>9%	Total
1	DCCBs *	49	315	364
2	RRBs@	18	27	45
3	StCBs	4**	30	34

* Includes Tamil Nadu Industrial Cooperative Bank Ltd (TAICO Bank)
* * Includes Daman & Diu inspected as on 31.3.2018.
@45 RRBs as on 01.04.2019

5.5.4 Important Policy Instructions

a. **Treatment of Pension Liability:** Consequent upon introduction of Regional Rural Banks Employees' Pension Scheme, RRBs have been permitted to amortise their total pension liability over a period of five years beginning with financial year 2018-2019, subject to a minimum of 20% of the total pension liability assessed as on 31 March of the year concerned.

b. **Consolidated Financial Statements – Limited Review of Financial Results by RRB – Implementation of SEBI Guidelines:** RRBs have been advised on the lines of SEBI's circular No. 44 dated 29 March 2019 to undertake quarterly audit through their Statutory Auditors to enable the Statutory Auditor of their Sponsor Banks to undertake a limited review of the quarterly audit and facilitate submission of consolidated financial statements to SEBI.

c. **Credit Flow to Agriculture – Collateral Free Agricultural Loans:** The limit for collateral free agricultural loans has been raised from ₹1 lakh to ₹1.6 lakh. Accordingly, all banks were advised to waive margin requirements for agricultural loans upto ₹1.6 lakh.

d. **COVID-19 – Operational Issues and Business Continuity:** Owing to the outbreak of novel coronavirus disease (COVID-19), the banks have been advised to devise strategy and monitoring mechanism to prevent spread of COVID-19 within the organisation, take stock of critical processes, revisit Business Continuity Plan (BCP) and ensure business process resilience.

5.5.5 Forward looking initiatives

a. Working Group on Risk Based Supervision

A Working Group (WG) on Risk Based Supervision (RBS) was constituted under the Chairmanship of Shri R Amalorpavanathan, DMD (Retd), NABARD to suggest a road map for rolling out of RBS in Supervised Entities (SEs). The terms of reference (ToR) of the Working Group included examining the present approach towards Supervision, the preparedness of Supervised Entities to on-board to RBS, recommend a framework for RBS and suggest a road map for moving over to RBS. The Working Group submitted its report on 17 March 2020.

The WG identified specific challenges that the NABARD supervised entities, viz., RCBs and RRBs faced in moving to RBS such as limited area of operation, small loans spread over large number of accounts, low levels of rural savings and dependency on borrowed funds, predominance of agriculture credit portfolio with high sectoral and market risks, inability to factor-in risk pricing, due to interest rate regulation by government on major part of credit portfolio and competition from commercial banks and new generation banks such as payment banks, SFBs, etc.

Keeping in view the above challenges, the Working Group on Risk Based Supervision (RBS) made 78 recommendations which included long-term measures for rolling out RBS, intermediate measure of adopting enhanced CAMELSC, capacity building for the Supervisor and the SEs and policy measures for facilitating roll out of RBS. The recommendations are comprehensive and if implemented, will enhance the effectiveness of our Supervision.

b. Cyber Security in Supervised Entities-Initiatives by NABARD

The use of Information Technology by our supervised entities has grown rapidly and is poised to grow further. In the light of the changing scenario there was a need for a close examination of the cyber security aspects and evolve a suitable Cyber Security Framework (CSF) for them.

A 'Cyber Security and Information Technology Examination' (CSITE) Cell was established in NABARD. The role of CSITE Cell of NABARD included evolving guidelines for the supervised entities to put in place cyber security framework based on complexities/services offered by them drawing a balance between threat perception and cost effectiveness, guide and monitor the banks in implementation of Cyber Security policy, analyse particulars of cyber incidents reported by banks, take up IT Examination of banks (on site) and issue alerts and advisories.

Box 5.1 : Vulnerability Index for Cyber Security Framework (VICS)

The Vulnerability Index for Cyber Security Framework (VICS) is a self-assessment tool to be administered by a bank to assess the existing level of baseline cyber security framework within the organisation. The controls specified in VICS are based on four major areas through 30 major topics viz.,

a) Baseline Cyber Security Framework

b) Policy strength

c) Vendor management

d) Cyber Security Crisis Management Plan and give indications to banks where they stand in cyber security and steps to be taken to become more secure.

The banks score themselves into A, B, or C Grades, implying the following:

- **A Grade:** Indicates that the bank has taken purposeful steps and adopted best practices in strengthening its security posture. The bank needs to adopt the remaining controls depending on the products and services offered by it at the earliest.
- **B Grade:** Indicates that the bank is on the way to strengthening its cyber security posture but will have to overcome staff, knowledge and policy constraints in achieving its goals in Cyber Security Framework. The bank needs to develop a time bound plan to achieve more than 75% compliance in all categories.
- **C Grade:** Cyber Security and understanding are a serious concern in the Bank. The bank is highly prone to threats / incidents due to lack of basic CSF controls. It needs to seek professional consultancy in doing a gap assessment on CSF to comply with Level-I controls.

Box 5.2 : Fraud Vulnerability Index (VINFRA) of Banks

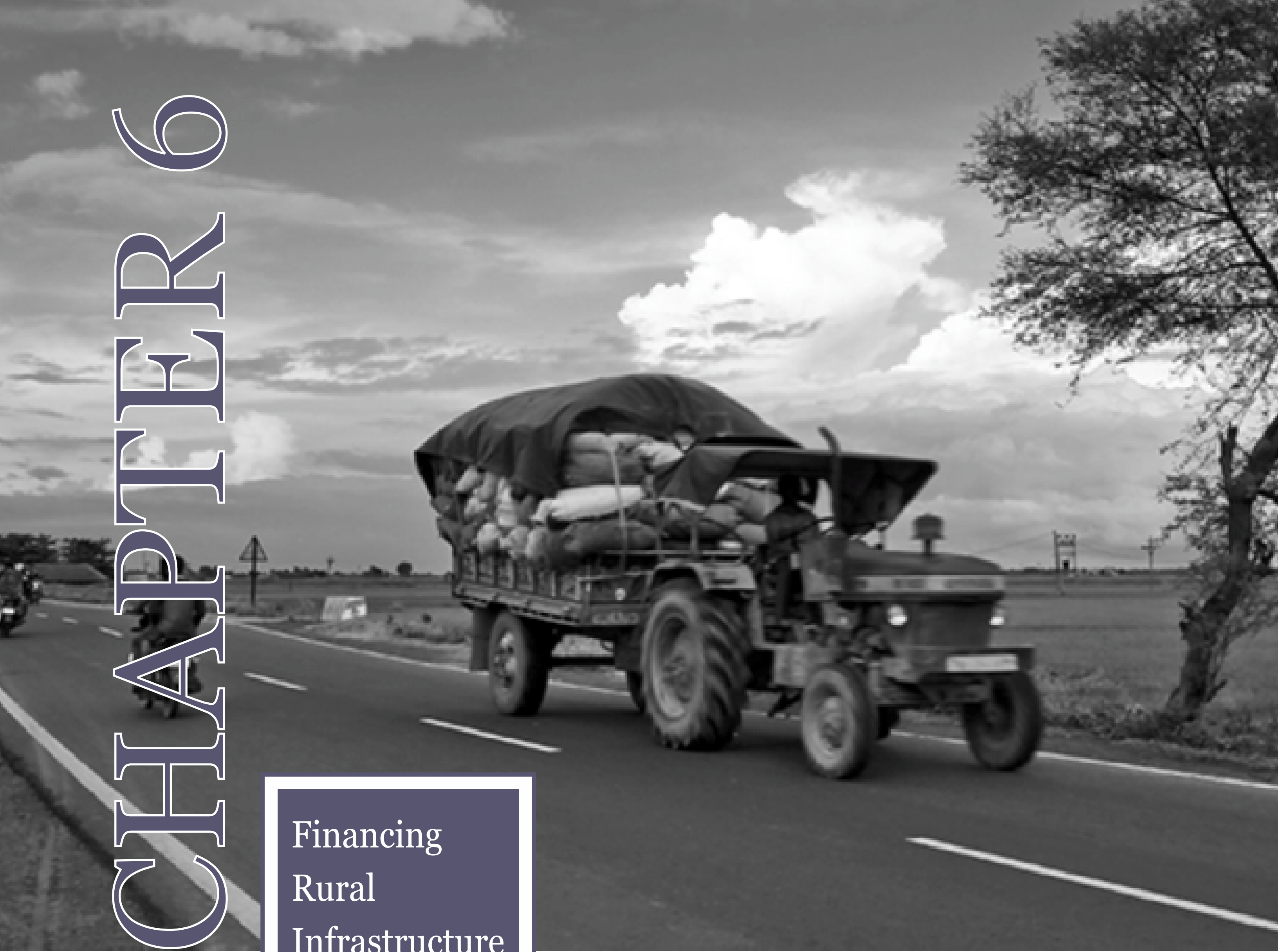
NABARD developed Fraud Vulnerability Index (VINFRA) to help banks to measure their own adherence to fraud management guidelines. It has been designed to sensitise the banks on their vulnerability to frauds and enable them to put in place appropriate fraud prevention policy and administrative measures. The index attempts to capture banks' policies, their implementation, control, systems and problem indicators, all of which have a bearing on the likelihood of occurrence of frauds. The index helps deconstruct important guidelines and instructions on frauds management into usable bits of information.

The index enables rating of Banks, based on their vulnerability, into A (Excellent), B (Satisfactory), C (Adequate) & D (Poor), with 'A' being least vulnerable to 'D' being highly vulnerable. However, the Index is only a self-assessment tool, and the gradation and inference thereof does not preclude the vulnerability of banks against occurrence of fraud.

5.6 WAY FORWARD

Indian banking industry has recently witnessed roll out of innovative banking models like payment banks and small finance banks, and restructuring of banks through merger of commercial banks and amalgamation of RRBs. The cooperative banking system has been mainstreamed with bringing under Core Banking Solution (CBS). The bad assets in banks have been taken care off with a series of measures, and the Commercial Banks and RRBs were recapitalized to strengthen their portfolio. All these initiatives in banking sector are expected to go a long way in helping the the domestic banking industry. In such a perspective institutional development of RFIs, especially the RRBs and Cooperative Credit Structure becomes quite relevant. Over the years NABARD has been contributing to the institutional development of RFIs with capacity building, need-based seed capital and equity support, refinance support, etc.

The Union Budget 2020-21 has announced the enhancement in credit penetration to agriculture sector with a target of ₹15 lakh crore. NABARD has been a key stakeholder as far as credit penetration through refinance support. In the recent COVID-19 relief package, Hon'ble Finance Minister has announced ₹30,000 crore to NABARD for refinance in addition to normal refinance by NABARD to Cooperative Banks and RRBs. It is expected to benefit RFIs and in turn farmers in general and small and marginal in particular.



CHAPTER 6

Financing Rural Infrastructure

6.1 RURAL INFRASTRUCTURE IN PERSPECTIVE

Economic and social infrastructures are crucial for developing rural India. In a scenario of poor rural infrastructure, even a marginal improvement could significantly boost economic development and human well-being. The development of rural infrastructure by improving basic infrastructure, such as roads, electricity, housing, health, water and sanitation, etc. and infrastructure for agriculture sector like irrigation, warehouses, market yards, etc. can make a big difference in the standard of living. Development of rural infrastructure can lead to improved mobility in terms of better availability of inputs and raw materials and access to market centres for the rural producers.

Rural areas account for 92% of the geography of India. Thus connectivity in rural areas acts as a key element in expanding rural growth opportunities through access to market centres, transporting produce from hinterlands to consumption points in urban areas, access to economic and social activities, etc. Infrastructure constraints not only hinder economic development, but also cause time and cost overruns of various development projects, and thereby delaying returns from investments. Development of strong and sustainable infrastructure has always been in the national economic development agenda. Both the Central as well as State governments allocate resources for necessary infrastructure development. The Union Budget 2019-20 emphasized on the following:

- to invest widely in agriculture infrastructure and support private entrepreneurship for value addition in farm sector;
- upgradation of 125 thousand km of road length over the next five years under the Pradhan Mantri Gram Sadak Yojana Phase III;
- to provide 1.95 crore houses to eligible beneficiaries between 2019-20 and 2021-22 under Pradhan Mantri Awas Yojana (Rural);
- expansion of Swachh Bharat Mission to undertake Solid Waste Management in every village;
- ensuring water security and access to safe and adequate drinking water. Jal Jeevan Mission to ensure 'Har Ghar Jal' (piped water supply) to all rural households by 2024. This mission will focus on creating local infrastructure for rainwater harvesting, groundwater recharge and management of household waste water for reuse in agriculture.

Development of infrastructure is also on priority in the development agenda of States. The State budgets allocate about 4%-14% of their annual budget for infrastructure development (Table 6.1).

Table 6.1: Allocation for Capital Expenditure in State Budgets of Major States During 2019-20

(Amount in ₹ Crore)

States	Agriculture	Roads and Bridges	Energy	Others	Total Capex	Total Outlay on Capex as % to Total Budget
Andhra Pradesh	12,928	2,216	23	6,829	21,996	10
Assam	1,645	5,272	408	3,369	10,694	11
Bihar	3,099	5,536	4,477	7,312	20,424	10
Chhattisgarh	2,438	4,538	612	2,736	10,324	11
Gujarat	11,384	3,878	3,780	7,934	26,976	13
Jharkhand	2,782	4,700	-	1,854	9,336	11
Karnataka	13,915	7,997	858	9,228	31,998	14
Kerala	1,097	3,428	6	1,954	6,485	4
Madhya Pradesh	10,215	7,110	348	6,523	24,196	11
Maharashtra	16,634	9,349	229	1,882	28,094	7
Punjab	975	1,114	15,739	3,047	20,875	17
Rajasthan	3,201	3,498	2,768	7,691	17,158	7
Tamil Nadu	5,439	10,697	564	9,787	26,487	10
Telangana	5,619	220	-	680	6,519	4
Uttar Pradesh	664	1,154	186	59,315	61,319	13
West Bengal	4,668	3,851	1,699	7,337	17,555	8

Source: State Finances : A Study of Budgets of 2019-20, RBI.

Government of India has instituted various funds with NABARD for infrastructure funding to States, State owned institutions and other eligible agencies. NABARD from its own resources also has created funds like NABARD Infrastructure Development Assistance (NIDA) and Rural Infrastructure Promotion Fund (RIPF) for supporting infrastructure development in various States. Cumulatively, NABARD has sanctioned ₹5.65 lakh crore and disbursed ₹4.03 lakh crore on 31 March 2020 for development of different infrastructure under various funds (Table 6.2).

Table 6.2 : Sanctions and Disbursements under various Infrastructure Funds of NABARD

(Amount in ₹ Crore)

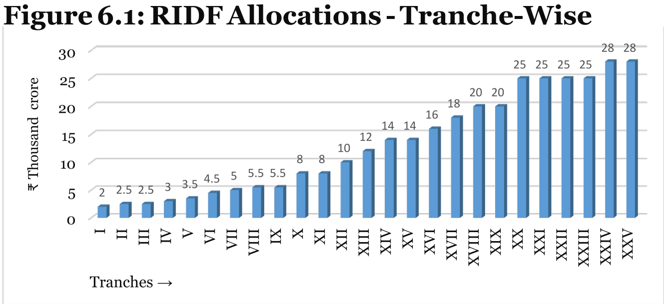
Fund	2018-19		2019-20		Cumulative as on 31 March 2020	
	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements
RIDF	30,497	27,623	30,401	26,266	3,74,357	2,94,484
LTIF	19,683	13,802	6,095	10,470	81,865	44,719
MIF	-	-	2,842	-	2,842	-
PMAY-G	14,646	10,679	20,000	10,811	41,975	28,819
SBM-G	15,000	8,698	-	3,600	15,000	12,298
WIF	1,459	1,091	1,056	844	9,854	6,712
FPF	62	57	149	43	604	356
DIDF	2,158	440	565	670	2,723	1,110
FIDF	-	-	348	-	348	-
NIDA	7,363	2,500	4,382	3,727	34,956	15,294
RIPF	-	5	-	1	-	18
Total	**90,868**	**64,893**	**65,838**	**56,432**	**5,64,524**	**4,03,810**

6.2 RURAL INFRASTRUCTURE DEVELOPMENT FUND

6.2.1 Corpus Growth

Rural Infrastructure Development Fund (RIDF), set up in NABARD in 1995-96 with the objective of providing low cost funds to the States to facilitate completion of the incomplete rural infrastructure projects, has emerged as a dependable source of public funding over the years. The annual allocations have grown up from an initial corpus of ₹2,000 crore in 1995–96 (Tranche I) to ₹28,000 crore in 2019–20 (Tranche XXV) (Figure 6.1). The cumulative allocations over the years have reached ₹3,48,500 crore (including ₹18,500 crore under Bharat Nirman).

Figure 6.1: RIDF Allocations - Tranche-Wise



The eligible activities under RIDF are quite comprehensive covering 37 activities of rural life, broadly categorized under Agriculture and related sectors, Rural Connectivity, and Social Sector projects. NABARD accords due weightage to various related parameters such as geographic area, rural population, composite infrastructure development index, inverse CD ratio, efficiency in utilisation of RIDF allocation, etc. for normative allocation towards rural infrastructure funding for different States.

6.2.2 Sanctions and Disbursements

Sector-wise Sanctions

During 2019-20, a sum of ₹30,401 crore was sanctioned under RIDF XXV. Agriculture alongwith irrigation accounted 43% of the sanctions during the year. The details of sectoral share of ongoing tranches are given in Table 6.3, Figure 6.2 and Figure 6.3.

Table 6.3: Sector-wise Sanctions During 2019–20 (as on 31 March 2020)

Sector	No. of Projects	Share (%)	Amount Sanctioned (₹ crore)	Share (%)
A. Agriculture & Related Sectors	6,686	29	12,908	43
B. Rural Connectivity	4,050	17	9,223	30
C. Social Sector Projects	12,707	54	8,270	27
Grand Total (A+B+C)	**23,443**	**100**	**30,401**	**100**

Fig. 6.2: Sectoral Share (%) by Amount Sanctioned (as on 31 March 2020) for Tranche XXV

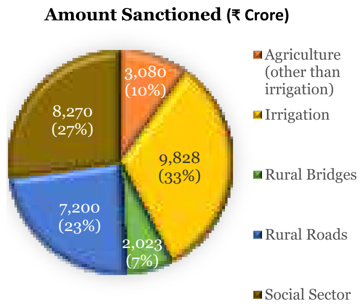
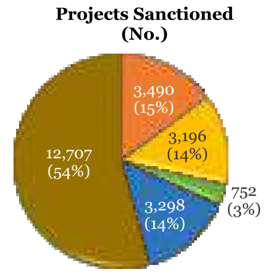
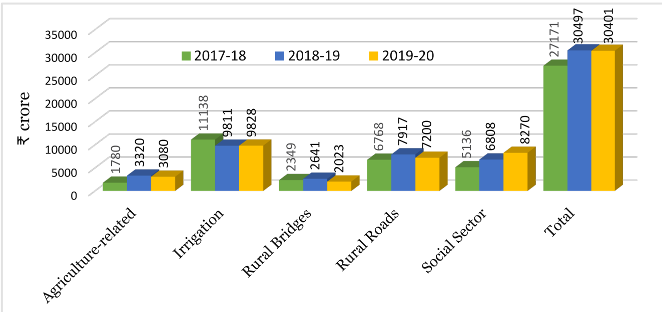


Fig. 6.3: Sectoral Share (%) by No. of Projects Sanctioned (as on 31 March 2020) for Tranche XXV



During past three years, irrigation sector had the highest share in total amount sanctioned followed by rural roads (Figure 6.4), which are likely to have a positive impact on farm production and productivity and market access of rural produce.

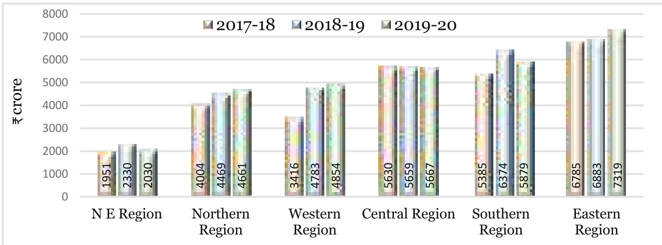
Figure 6.4: Sanctions: Sector-wise Trend During Last Three Years



Region-wise Sanctions

An analysis of loans sanctioned under RIDF across regions of India during the last three years reflects that Eastern Region has received the highest share of sanctioned funds. While North-Eastern Region including Sikkim, had the lowest proportion in the amount sanctioned (Figure 6.5).

Figure 6.5: Sanctions: Region-wise Trend During Last Three Years



Sector-wise Disbursements

Disbursements during 2019–20 under ongoing tranches of RIDF aggregated to ₹26,266 crore, which was marginally (- 5%) lower than the previous year (Figure 6.6). Agriculture and irrigation projects together accounted for 45% of the total disbursements during last three years. Disbursements under Social Sector projects and rural connectivity projects declined in 2019-20 as compared to previous year (Figure 6.6). Share of disbursements during 2019-20 under Irrigation and Social Sector projects increased while the share of Agriculture and Rural Connectivity has declined during 2019-20 as compared to the previous year.

Figure 6.6 Disbursements : Sector-wise Trend During Last Three Years

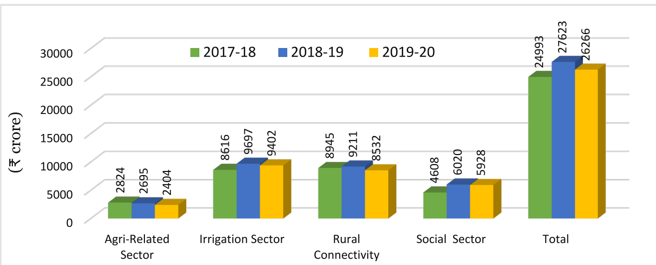
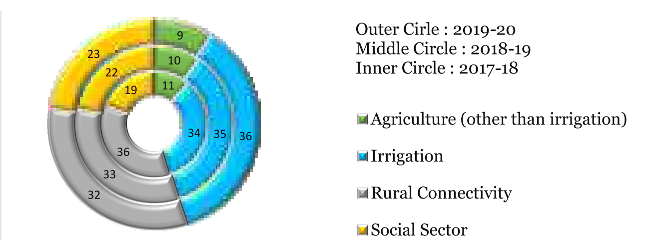


Figure 6.7 Disbursements : Sector-wise Share During Last Three Years (%)



Region-wise Disbursements

The regional distribution of disbursements under all ongoing tranches during 2019-20 was more than the previous year in NE Region and Western Region (Figure 6.8). Eastern Region got the major share, i.e. about one fourth of total disbursements under RIDF during last three years (Figure 6.9).

Figure 6.8 : Disbursements : Region-wise Trend During Last Three Years

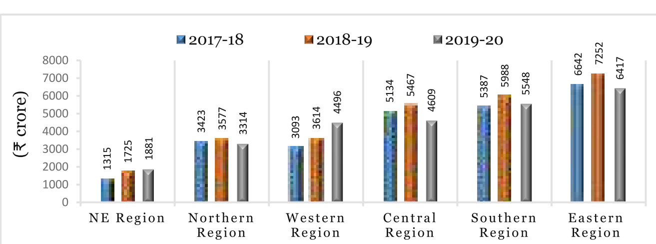
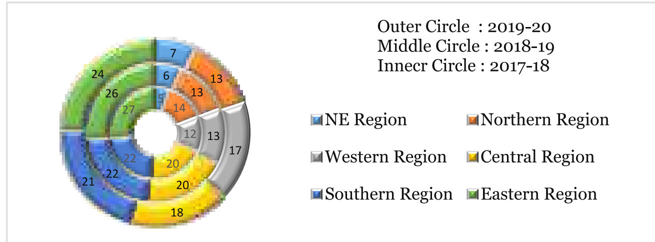


Figure 6.9 Disbursements : Region-wise Share During Last Three Years (%)



Sanctions and Disbursements – Cumulative Position

A cumulative loan of ₹3,74,357 crore (including ₹18,500 crore under Bharat Nirman) as on 31 March 2020 has been sanctioned to various State governments since commencement of RIDF in which Agriculture and related sectors has the highest share (44%) followed by rural connectivity (38%) and social sector projects (18%).

As on 31 March 2020, a cumulative amount of ₹2, 94,484 crore (including ₹18,500 crore under Bharat Nirman), has been disbursed to various State governments. The disbursements (including ₹18,500 crore under Bharat Nirman) towards closed Tranches I to XVII aggregated to ₹1,41,453 crore indicating utilisation level of 92% of the corpus and under ongoing Tranches XVIII to XXV, disbursements of ₹1,53,031 crore forms 78% of the corpus.

The cumulative utilisation against the phased sanctions of ₹3,27,100 crore i.e. to be disbursed as per phasing of projects sanctioned under RIDF I to XXV constituted 90% as on 31 March 2020 (Table 6.4).

Table 6.4 : Cumulative Utilisation under RIDF I to XXV as on 31 March 2020

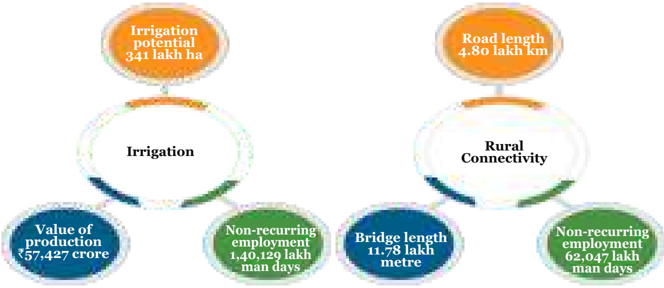
(Amount in ₹ Crore)

Zone	Sanctioned	Phased	Disbursed
Southern	80,068	71,966	62,515
Western	50,268	43,063	39,768
Northern	58,168	52,013	44,741
Central	71,695	61,299	56,389
Eastern	77,181	67,291	59,435
North-Eastern	18,477	12,968	13,136
All Regions	**3,55,857**	**3,08,600**	**2,75,984**
Bharat Nirman	18,500	18,500	18,500
Grand Total	**3,74,357**	**3,27,100**	**2,94,484**

6.2.3 Economic and Social Impact of RIDF

The investments under RIDF have augmented the irrigation potential and bettered effective network of rural roads and bridges for connectivity in far flung areas through construction of new roads and improvements in existing ones. The social infrastructure projects have brought improvement in quality of rural life through education, health and sanitation, drinking water supply and market access. Most significantly, RIDF investments have directly contributed to the GDP and generated sizeable recurring and non-recurring employment in rural areas (Figure 6.10). Highlights of a few important projects funded under RIDF and their socio-economic impact are given in Showcase 6.1.

Figure 6.10: Impact of Irrigation and Rural Connectivity Projects (as on 31 March 2020)



Showcase 6.1: Integrated Development of Kole Wetlands, Thrissur and Malappuram Districts, Kerala

Financial Details:

TFO: ₹123.52 crore

RIDF Loan: ₹117.34 crore

Brief Details of project:

- Area covered: 13,692 ha spread over Thrissur and Malappuram districts.
- Convergence with various agricultural and allied schemes to benefit about 7,670 ha of area.
- Major items of works involve construction of permanent sluices, bunds, desilting and improvements in canals, pump houses, flood inlets, bridges, etc.

Benefits:

- Facilitated cultivation of paddy that could begin in October/November itself as against December/ January due to good external drainage provided by the network of main and cross canal.
- Protection of the fields from submergence.
- Facilitated cultivation of second paddy crop or other short duration crops.
- Increase in agriculture production, better soil and water conservation, prevention of soil erosion, improvement in the drinking water availability, creation of employment opportunities and overall improvement in the level of income and standard of living of the people in the area.

6.2.4 Effective implementation of RIDF projects

NABARD undertakes regular monitoring of implementation of the projects to assess the progress at ground level. Major observations, concerns and issues are taken up with related departments in States to facilitate smooth implementation of the projects. In order to ensure prompt response to the bottlenecks in prioritization and implementation of RIDF projects, a High Power Committee (HPC), chaired by Chief Secretary/Additional Chief Secretary of each State, reviews the progress on quarterly basis. The mechanism of normative allocation based on socio-economic parameters, techno-economic appraisal, periodic monitoring, regular review of progress at the highest level, ex-post evaluation have ensured enormous benefits to the rural population and the ecosystem through effective utilisation of the scarce resources.

6.3 LONG TERM IRRIGATION FUND

The Long Term Irrigation Fund (LTIF) was announced in the Union Budget 2016–17 for fast-tracking the completion of 99 identified medium and major irrigation projects, spread across 18 States, in mission mode by December 2019. Subsequently, GoI 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. Further, GoI has since approved the continuation of the arrangement for funding of the 99 prioritized projects under Pradhan Mantri Krishi Sinchayee Yojana - Accelerated Irrigation Benefit Program (PMKSY-AIBP) and Command Area Development and Water Management (CADWM) beyond December 2019.

Under LTIF, NABARD provides loan towards Central share as well as State share with a tenure of 15 years. The Central share is provided to National Water Development Agency (NWDA), an agency working under the aegis of Ministry of Jal Shakti, GoI, whereas the State share is availed by the State Governments as a loan.

During 2016-17 and 2017-18, loans were extended towards Central as well as State share by blending of resources directly raised by NABARD with those raised through GoI serviced Extra Budgetary Resources (EBRs) in the required proportion so as to keep lending cost at 6% per annum.

With the change in funding mechanism with effect from 1st April 2018, loans towards Central share are entirely funded through EBRs in the form of Government of India fully serviced bonds while the State share is entirely funded through market borrowings. The loans are extended to State Governments at 6% per annum and the difference between the cost of fund for NABARD and 6% is compensated by Government of India through Interest Subvention. Cumulative loan sanctioned as at the end of March 2020 was ₹81,864.76 crore, of which Central share stood at ₹43,509.76 crore and State share at ₹38,355 crore. The details of State-wise sanction and release of funds as on 31 March 2020 are given in Table 6.5.

Table 6.5: State-wise Cumulative Loan Sanctioned and Released Under LTIF (as on 31 March 2020)

(Amount in ₹ Crore)

Sr. No.	State	Loan Sanctioned		Loan Disbursed	
		Central share	State share	Central share	State share
1	Andhra Pradesh	425.07	513.87	91.81	489.34
2	Assam	195.04	0.00	3.55	0.00
3	Bihar	240.01	0.00	131.95	0.00
4	Chhattisgarh	165.73	80.07	56.34	0.00
5	Goa	17.60	0.00	0.00	0.00
6	Gujarat	8,158.50	3,611.03	5,457.49	3,611.03
7	Jammu & Kashmir	57.34	0.00	34.08	0.00
8	Jharkhand	1,847.00	518.10	756.73	518.10
9	Karnataka	1,837.34	0.00	940.76	0.00
10	Kerala	48.71	0.00	0.00	0.00
11	Madhya Pradesh	3,537.52	2,863.18	747.82	998.71
12	Maharashtra	4,627.50	18,021.31	1,448.71	10,244.42
13	Manipur	309.86	390.37	204.84	211.70
14	Odisha	1,751.81	5,612.06	1,229.97	2,709.57
15	Punjab	143.71	0.00	52.42	0.00
16	Rajasthan	1,084.67	313.67	385.07	231.53
17	Telangana	3,478.83	0.00	511.04	0.00
18	Uttar Pradesh	4,661.86	6,431.34	1,156.07	4,111.61
	Subtotal	**32,588.09**	**38,355.00**	**13,208.65**	**23,126.01**
1	Polavaram	8,231.54	-	7,664.15	-
2	North Koel Reservoir	1,378.61	-	659.70	-
3	Shahpurkandi	485.35	-	60.00	-
4	Relining of Sirhind and Rajasthan Feeder	826.17	-	0.00	-
	Total	**43,509.76**	**38,355.00**	**21,592.50**	**23,126.01**

Out of 99 identified projects, AIBP component of 40 projects and CADWM component of 3 projects have been completed. Further, CADA works are not required/deemed completed in 9 projects. Aiming at augmentation of irrigation potential by 34.63 lakh ha under 99 identified projects with LTIF support, irrigation potential of 18.16 lakh ha has been created during 2016-2019 (Source : communication received from MoJS, GoI).

6.4 NABARD INFRASTRUCTURE DEVELOPMENT ASSISTANCE

6.4.1 Policy

NABARD Infrastructure Development Assistance (NIDA) was designed to fund projects for agriculture infrastructure, rural connectivity, renewable energy, power transmission, drinking water and sanitation, and other social and commercial infrastructure by offering flexible long-term loans to State Governments and State owned Corporations. This new window also covers public–private partnership (PPP) and non-PPP projects to be undertaken by registered entities like corporates/ companies, cooperatives, etc. for funding rural infrastructure projects. Financing under NIDA offers scope for off-budget and on-budget borrowing to State governments and aids in easing State budget constraints.

6.4.2 Progress under NIDA

During 2019–20, term loan of ₹4,382.30 crore was sanctioned under NIDA through 11 credit proposals. Irrigation projects accounted for 78% of the sanctions. Cumulatively, 92 projects with term loan of ₹34,956.60 crore have been sanctioned under NIDA as on 31 March 2020 (Table 6.6).

Table: 6.6 Cumulative Sanctions and Disbursements under NIDA (as on 31 March 2020)

(Amount in ₹ Crore)

Sr. No.	Sector	No. of Projects	Sanction		Disbursement	
			Amount (₹ Crore)	Share (%)	Amount (₹ Crore)	as % to Sanction
1	Road and Bridge	11	6,848.54	19.6	2,978.92	43.5
2	Transmission	49	9,797.22	28.0	2,663.96	27.2
3	Distribution	4	1,063.25	3.0	1,063.25	100.0
4	Drinking Water	4	4,792.88	13.7	3,925.93	81.9
5	Warehousing	3	255.09	0.7	229.50	90.0
6	Solar Power	6	312.73	0.9	199.33	63.7
7	Wind Power	5	400.00	1.1	378.10	94.5
8	Irrigation*	6	11,204.08	32.1	3,765.87	33.6
9	Devt. of Market Yard	1	25.00	0.1	20.00	80.0
10	Hydro Power	1	145.74	0.4	0.00	0.0
11	Sewage	1	70.69	0.2	69.19	97.9
12	Watershed Development	1	41.38	0.1	0.00	0.0
	Total	**92**	**34,956.60**	**100.0**	**15,294.04**	**43.8**

* Outstanding Amount of ₹143 crore has been accounted under UPNRM.

6.4.3 Impact of NIDA projects

Under NIDA, irrigation, connectivity, and rural electrification including power transmission and distribution are the major activities, together accounting for about 80% of the cumulative sanctions. Support for supplying drinking water projects is another major area financed under NIDA. The projects supported under NIDA have varied impact (Table 6.7). Showcase 6.2 underlines the exemplary impact of a project supported under NIDA.

Table 6.7 : Impact of NIDA Projects

Sector	Impact
Irrigation	5,93,000 ha potential created
Micro irrigation	1,39,000 ha area covered
Renewable Energy	113 MW power generation capacity built
Power Transmission	49 projects in 15 States assisting in modernizing transmission infrastructure
Rural connectivity	5,942 km road length and 4.69 km bridge length built
Drinking water supply	24,534 habitations with doorstep supply
Warehousing and cold storage capacity	29,600 MT capacity created
Sanitation	15 million litres per day capacity of sewer treatment facility with associated sewer lines

Showcase 6.2 : "Atal Setu Bridge, Goa" – An Engineering Marvel

An amount of ₹462.6 crore was sanctioned under NIDA to Goa State Infrastructure Development Corporation Ltd (GSIDCL) for the construction of the Atal Setu Bridge, the 3rd largest cable stayed bridge in India.

It is an aesthetically pleasing landmark for tourism development in the State of Goa. The cables illuminated with signature lighting rising more than 30 m above the deck of the bridge present a striking visual image for commuters on the bridge as well as those moving along the city front. The cable-stayed portion of the bridge is 620 m, of the total length of 900 m bridge across the river. The total length of the bridge, including the retaining earth wall is 4,690 m. Constructed with the state-of-art and modern engineering techniques, it eases heavy traffic on two existing bridges on Mandovi river. It also serves as a bypass for Panaji ensuring drastic reduction in congestion in Panaji town.

6.5 WAREHOUSE INFRASTRUCTURE FUND (WIF)

India holds the second largest agricultural land in the world with approximately 180 million hectares under cultivation. In 2019-20, total foodgrain production has reached 296 million tons. Due to inadequate storage and infrastructure availability, huge quantity of foodgrains goes waste every year. Therefore, scientific storage becomes a crucial link for efficient logistic management, maintenance of seamless value chains, maintaining buffer stock, timely public distribution, and effective delivery of other government schemes; and requires augmentation in tune with the increasing agriculture production.

Agricultural warehousing capacity has been increasing over the years and as on 31 March 2019, the total storage capacity created was 855.6 lakh tons (Table 6.8), out of which 86% was covered storage. Created storage capacity is mostly concentrated in Northern and Central Region, together accounting for three fourth of storage capacity created. Therefore, construction of storage facility in a scientific manner under institutions like Food Corporation of India (FCI), Central Warehousing Corporation (CWC), State Warehousing Corporation (SWC), etc. is being promoted. Construction of storage facilities by individuals is also encouraged with capital investment subsidy under Integrated Scheme for Agricultural Marketing.

Table 6.8: Region-wise Storage Capacity (as on 31 March of corresponding year)

(Capacity in Lakh Tons)

Region	2014	2015	2016	2017	2018	2019
Eastern Region	47.5	41.7	46.0	50.7	60.3	60.2
North-Eastern Region	8.8	7.6	9.0	6.1	7.3	7.1
Northern Region	298.8	379.5	398.6	383.4	327.5	381.0
Southern Region	127.8	99.8	97.4	92.6	116.1	110.3
Western Region	72.3	41.9	41.0	35.8	43.5	49.0
Central Region	186.8	144.0	222.9	206.8	288.4	248.0
All India	**741.8**	**714.4**	**814.8**	**775.4**	**843.0**	**855.6**

Note: Storage capacity pertains to FCI, CWC and SWC. It includes Owned and Hired, Covered and Cap Storage.

Source : Agricultural Statistics at a Glance 2018, MoA&FW, GoI; Annual Report 2018-19, Dept. of Food and Public Distribution, GoI for 2019.

Warehouse Infrastructure Fund (WIF) was instituted by the Government of India with a corpus of ₹5,000 crore in 2013–14 with NABARD to provide credit to public and private players for creation and augmentation of decentralized modern scientific storage facilities; leverage credit facilities for farmers against stored produce to mitigate the problem of distress sale and realise better prices for produce after harvest. The WIF corpus was augmented with a further allocation of ₹5,000 crore in 2014–15.

During the year, 744 infrastructure projects have been sanctioned with WIF loan of ₹1,056 crore. On completion of these projects an estimated 9.85 lakh MT for additional scientific storage capacity and 44,000 sq. m. of marketing infrastructure will be created across 8 States. Further, an amount of ₹844.47 crore was released to the ongoing WIF projects during the period.

NABARD has financed 7,714 projects enabling the creation of additional scientific storage capacity of 128 lakh tons with a financial support of ₹9,854 crore under WIF (Table 6.9). Out of the total projects sanctioned, 4,469 projects (58%) have been completed resulting in creation of additional scientific storage capacity of 53.9 lakh tons.

Table 6.9: Status of WIF Loan Sanctions and Disbursements (as on 31 March 2020)

(Amount in ₹ Crore)

Tranche	Corpus Allocated	Total Sanction	Sanction as % of corpus	Cumulative Disbursement	During 2019-20	
					Sanction	Disbursement
2013-14	4,481	4,614	103	2,917	645	312
2014-15	5,000	5,240	105	3,795	411	533
Total	**9,481**	**9,854**	**104**	**6,712**	**1,056**	**845**

6.5.1 Milestones Achieved

- The footprints of WIF projects spread across 21 States of the country. The projects encompass construction of warehouses, cold storages, silos, controlled atmosphere storages, etc. by State Government, State owned entities, PACS and Private players.
- A total of 5.39 million MT capacity was operationalised consisting of varied storage structures, from a small 100 MT capacity farm gate warehouses of PACS, to the modern State-of-the-Art 50,000 MT Silo project.
- Besides warehouses and cold storages, Integrated Value Chain projects for fruits and vegetables, and on-line electronic trading platform of APMC projects are also supported under WIF.
- Modern, scientific and earthquake resistant warehouses are constructed to ensure food security under the Targeted Public Distribution System in the difficult terrains of North-East States.
- Uttar Pradesh and Madhya Pradesh, the two largest producers of foodgrains, have been supported with a loan for the first time for creation of 2.0 lakh MT and 1.96 lakh MT of scientific warehousing capacity, respectively.
- Projects were sanctioned to State agencies (Punjab and Tamil Nadu) and a private player (NCML) for construction of Silos at railway siding to ensure bulk movement of foodgrains and ensuring better post- harvest management of foodgrains.
- Projects have been sanctioned to State Marketing Departments for improvement in infrastructure of APMCs and procurement centres to ensure ease of direct purchase thereby benefitting the farmers through better price discovery.

6.5.2 Region wise Distribution of Sanctions under WIF

- Southern and Western region accounts for major share.
- Northern region, being the major procurement region, accounts for large sized storages.
- Small sized storage structures at village level have been sanctioned in Gujarat, Odisha and Tamil Nadu.

Table 6.10: Region-wise Status of WIF Projects (as on 31 March 2020)

Region	No. of Projects Sanctioned	Estimated Capacity (in '000 MT)	Loan Sanctioned (₹ Crore)	Loan Disbursed (₹ Crore)
Southern	3,825	5,111	5,296	3,862
Western	1,975	836	516	396
Northern	198	4,156	922	429
Central	711	769	469	115
Eastern	811	1,461	2,273	1,668
North-Eastern	166	81	226	105
Others (Multi State)	28	385	152	137
Total	**7,714**	**12,799**	**9,854**	**6,712**

6.5.3 Way Forward and Opportunities Ahead

Pursuant to the Union Budget 2020-21 announcement, in order to create a centralised online database, NABARD has initiated an exercise for Geo-Tagging of all the agri-storage infrastructure facility in the country. A Pilot Project for Geo-Tagging of warehouses (dry & wet) in the States of Haryana and Tamil Nadu has been taken up with the following objectives:

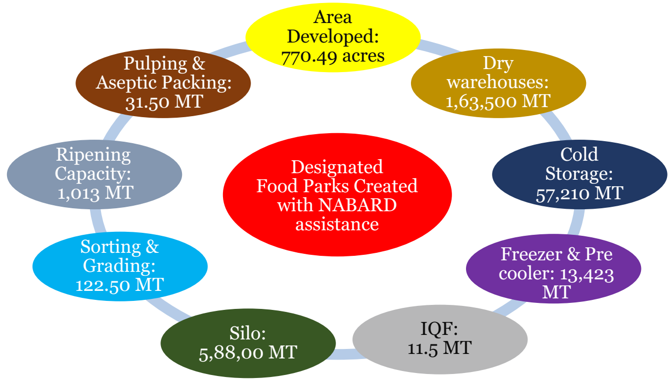
- To map the agri storage assets and related infrastructure in the country and create a centralised database.
- To develop spatial intelligence for efficient use of existing warehousing capacity.
- To develop IT enabled services for the farmers, which will also help in integrating small farmer with the commodity value chain.
- To facilitate developing a robust backbone of warehouse infrastructure with matching logistic infrastructure.
- To reduce post-harvest losses in agri and allied activities.
- To link warehouses to a central database.
- To direct scarce resources to expand right capacities where needed most.

6.6 PROMOTING FOOD PROCESSING INDUSTRY

6.6.1 Food Processing Fund (FPF): Envisaged Plan and Impact

NABARD sanctioned a term loan of ₹603.75 crore for 12 Mega Food Parks (MFPs), 4 Agro Processing Clusters (APCs) and 6 Individual Food Processing Units with a cumulative disbursement of ₹356.13 crore. During the year 2019-20, sanction and disbursement under FPF stood at ₹149.27 crore and ₹43.28 crore, respectively. The benefits expected from FPF projects are indicated in Figure 6.11.

Figure 6.11: Benefits Expected from FPF Projects



Showcase 6.3: Food Processing Fund- First Agro Processing Cluster sanctioned by NABARD in Madhya Pradesh-M/s -Nimar Agro Park

- First Agro Processing Cluster (APC) sanctioned by NABARD at Pan-India level during 2019-20 with TFO of ₹31.04 crore and a term loan of ₹13.99 crore to M/s Nimar Agro Park for setting up an Agro Processing Cluster at Sendhwa, Barwani District in Madhya Pradesh.
- Project contains various components like Warehouse, Integrated Pack House, Ripening Chamber, Food Testing Lab, Reefer Van, etc.
- The APC is spread over 11.10 acre of land.
- APC will house six units of oil processing, fruit & vegetable processing, flour mill for value addition to agri-produce and reduction of wastage of raw materials like grains, horticulture produce, etc. besides supplementing farmers' income and employment to rural youth.

6.6.2 Milestones Achieved

Under Food Processing Fund (FPF), term loan has been extended to all types of eligible activities viz. Mega Food Parks, Agro Processing Clusters and Individual Units; and to different borrowing entities, viz. State Govt., State Govt. owned entities, Special Purpose Vehicles (SPVs), Federations, Companies, Partnership Firms and Limited Liability Partnerships. Fifteen (15) States have been covered including North-Eastern States (Assam and Manipur), difficult areas i.e. Himalayan States (Himachal Pradesh and Uttarkhand) and State Notified Integrated Tribal Development Project (ITDP) areas.

6.7 PRADHAN MANTRI AWAS YOJANA-GRAMIN (PMAY-G)

Pradhan Mantri Awas Yojana - Garmin (PMAY-G) aims at providing a pucca house with basic amenities to all households and those households living in kutcha and dilapidated houses, by 2022. Under Phase I (2016-17 to 2018-19) of the scheme, one crore houses were to be constructed.

Under Phase I, as on 31 March 2019, an amount of ₹21,975 crore was sanctioned and ₹18,008 crore was released by NABARD to National Rural Infrastructure Development Authority (NRIDA), the nodal agency identified by MoRD for borrowing funds from NABARD for part funding of Central share under PMAY-G.

Following further approval of the Union Cabinet for continuation of PMAY-G beyond March 2019, with additional target for construction of 1.95 crore houses under Phase II (2019-20 to 2021-22), an amount of ₹20,000 crore was sanctioned and ₹10,811 crore was released by NABARD to NRIDA under PMAY-G during 2019-20. The cumulative sanction and release under PMAY-G as on 31 March 2020 stood at ₹41,975 crore and ₹28,819 crore respectively.

As against the target of 1.60 crore houses to be built in rural areas under PMAY-G [1 crore during Phase-I (2016-17 to 2018-19) and ₹0.60 crore during 2019-20] construction of more than one crore houses has been completed. (Source: MoRD Dashboard dated 15.04.2020, position as on 30.03.2020).

6.8 DAIRY PROCESSING AND INFRASTRUCTURE DEVELOPMENT FUND (DIDF)

With the objective of modernisation and infrastructure augmentation for milk processing and value addition and to ensure optimum price realisation by the primary producers, Government of India has created Dairy Processing and Infrastructure Development Fund (DIDF) in NABARD in the year 2017-18, with a total corpus of ₹8,004 crore to be utilised over a period of five years.

During 2019-20, loan assistance of ₹565 crore was sanctioned to 11 Milk Unions. Cumulatively, as on 31 March 2020, 33 projects in ten States have been sanctioned to NDDB with a loan amount of ₹2,722 crore for an investment of ₹4,058 crore in the dairy processing sector (Table 6.11). An amount of ₹670 crore was disbursed to National Dairy Development Board (NDDB) during the year taking total disbursement to ₹1,110 crore.

The sanctioned projects are expected to create milk processing capacity of 119.7 lakh litres per day (LLPD), modernisation of existing plants of 8.35 LLPD, value addition of 2,447 TLPD/ MTPD, and milk drying capacity of 135 metric tons per day (MTPD).

Table 6.11: State-wise Sanctions under DIDF (as on 31 March 2020)

(Amount in ₹ Crore)

Sr. No.	State	Project Outlay	Loan Amount	Loan as % to Outlay
1	Andhra Pradesh	97.75	78.20	80
2	Gujarat	976.50	780.71	80
3	Haryana	54.21	43.37	80
4	Karnataka	1,626.17	941.37	58
5	Kerala	26.02	20.81	80
6	Maharashtra	488.92	282.88	58
7	Punjab	322.70	254.41	79
8	Rajasthan	74.72	59.77	80
9	Telangana	261.51	156.70	60
10	West Bengal	130.00	104.00	80
	Total	**4,058.50**	**2,722.23**	**67**

6.9 OTHER INFRASTRUCTURE FUNDS

6.9.1 Promotion of Market Infrastructure in Gramin Agricultural Markets

Pursuant to the announcement in Union Budget 2018-19, a dedicated Agri Market Infrastructure Fund (AMIF) with a corpus of ₹2,000 crore has been established with NABARD. The scheme provides financial assistance for upgradation of 10,000 Grameen Haats to Grameen Agricultural Markets (GrAMs), creation of electronic display mechanism and linking of GrAMs with APMCs and upgradation of 585 e-NAM enabled APMCs. Thus, it will help in providing better farmer-consumer interface in providing the forward market linkages and modernize the marketing, processing, storage and ancillary infrastructure/logistics, including better assaying facilities, in 585 e-NAM enabled APMCs.

6.9.2 Fisheries and Aquaculture Infrastructure Development Fund (FIDF)

In line with its announcement in the Union Budget 2018–19, Government of India created the Fisheries and Aquaculture Infrastructure Development Fund (FIDF) with a total corpus of ₹7,522 crore to be implemented over a period of five years (2018–19 to 2022 - 23). NABARD is acting as a Nodal Loaning Agency and will fund the public infrastructure components to the tune of ₹2,600 crore through State governments for various investment activities like developing fishing harbours, fish landing centres, modernized State fish seed farms, modern fish markets, disease diagnostic laboratories, aquatic quarantine facilities and training infrastructure.

The fund was operationalised in December 2019 with signing of the first tripartite MoA amongst the State Government of Tamil Nadu, the Government of India and NABARD. During the year 2019-20, three fishing harbour proposals were sanctioned to the Government of Tamil Nadu with total financial outlay of ₹420 crore and loan component of ₹348 crore. The fishing harbours will generate additional employment to 12,115 sea going fishermen and 6,000 persons in shore-based establishments, distribution and marketing.

6.9.3 Swachh Bharat Mission-Gramin (SBM-G)

SBM-G was launched by Govt. of India with effect from 2nd October 2014 with the goal to achieve universal sanitation coverage in rural areas by 2nd October 2019. The nodal Ministry for SBM-G is the Ministry of Jal Shakti.

Under SBM-G, NABARD extends loans to National Centre for Drinking Water, Sanitation and Quality (NCDWS&Q) towards part funding of Central share towards construction of 3 crore household toilets.

As on 31 March 2019, total sanction and disbursement under SBM-G stood at ₹15,000 crore and ₹8,698 crore respectively. During 2019-20, an additional amount of ₹3,600 crore was released to NCDWS&Q under SBM-G taking the cumulative release to ₹12,298 crore as on 31 March 2020, facilitating construction of total 3.29 crore household toilets (Source: Dept. of Drinking Water and Sanitation, Ministry of Jal Shakti Dashboard as on 31.03.2020).

6.9.4 Micro Irrigation Fund (MIF)

As per the announcement in the Union Budget, the Micro Irrigation Fund with a corpus of ₹5,000 crore has been operationalized in NABARD from 2019-20. Ministry of Agriculture and Farmers Welfare (MoA & FW), Government of India is the Nodal Ministry for implementation of the fund. The objective of the fund is to facilitate State governments in mobilizing additional resources for expanding coverage under micro irrigation and incentivizing its adoption beyond provisions of PMKSY-PDMC.

NABARD shall lend to the State Govts under the fund at 3% below the corresponding cost of fund mobilized from market with Govt of India providing interest subvention of 3% to meet the balance cost. During 2019-20, ₹2,841.6 crore was sanctioned to 4 States viz. Andhra Pradesh, Gujarat, Tamil Nadu and Haryana. This will help these States to expand micro irrigation to an area of 11.27 lakh ha benefiting 9.13 lakh farmers, of which about 77% will be small and marginal.

6.10 WAY FORWARD

India's GDP growth is expected to gradually swing upwards over the next five years beginning fiscal 2021 even though there is an initial jolt of the impact of COVID-19. Infrastructure is an enabler for growth. Creating new and upgrading existing infrastructure will be key to raising India's competitiveness and achieving of target of $ 5 trillion economy by 2025. India will invest about ₹102 lakh crore during 2020-2025 for development of various infrastructure (Box 6.1).

NABARD has played a significant role in expanding the rural infrastructure space through various programmes and funds like RIDF, LTIF, WIF, NIDA, etc. and shall continue its support for infrastructure development in the country.

Box 6.1 : National Infrastructure Pipeline

The National Infrastructure Pipeline (NIP) for 2019 - 2025 has outlined plans to invest more than ₹102 lakh crore on infrastructure projects by 2024-25, with the Centre, States and the private sector to share the capital expenditure in a 39:39:22 formula. During the fiscals 2020 to 2025, sectors such as Energy (24%), Roads (19%), Urban (16%), and Railways (13%) amount to around 70% of the projected capital expenditure in infrastructure in India.

Sector	Current status	Vision 2025	Estimated Investment (₹ Lakh Crore)
Roads National Highways length Expressways	1.32 lakh km 1,600km	1.99 lakh km 20,000 km in major economic corridors, strategic areas and major tourist destinations.	19.6
Energy sector Total capacity per-capita electricity consumption	356 GW 1,181 kWh	619 GW 1,616 kWh	24.5
Railways sector Modal share of Indian Railways (IR) in freight traffic Dedicated Freight Corridor Electrified Railway Network	33% 3,360 km under implementation 46%	> 40% Fully operational with construction underway of 4 planned DFC 100%	13.7
Urban Sector Urban households with drinking water on premises Treatment of municipal solid waste generated Slum dwelling population	25% 25% High	100% piped water supply 100% Low with implementation of PMAY(U)	16.3
Digital Infrastructure Internet penetration	40%	80% Availability of government services in real time on mobile, access to quality education, healthcare facilities and financial inclusion	
Irrigation Sector Area under irrigation Under micro-irrigation	49% 15% of total net irrigated area (NIA)	61% 28%	7.7
Rural Infrastructure Piped Water supply	18% of rural households	100% under Jal Jeevan Mission Provision of urban facilities in rural areas under Rurban Mission	7.7
Social Sector GDP spending on healthcare Immunization Gross enrolment ratio (GER) in higher education	1.28% 62% children between ages 12 and 23 Months 25.8%	2.5% Focus on better research quality, and setting up new institutes dedicated to research 100% 40%	3.6
Others Includes Industrial Infrastructure, Ports, Airport, etc.	–	–	8.9

Source: National Infrastructure Pipeline, Report of the Task Force, Department of Economic Affairs, MoF, GoI.

CHAPTER 7

Organisation and Initiatives

7.1 THE MANAGEMENT

The management and business of NABARD vest with the Board of Directors appointed by Government of India in consultation with RBI. The Board consists of the Chairman, Managing Director, Deputy Managing Director/s, and Directors appointed under various sections of NABARD Act i.e. three experts in rural economics, rural development, cottage and village industries, cooperative banks, regional rural banks, etc., three from the directors of RBI, three from officials of the Central government and four from officials of the State governments.

During 2019-20, the following changes took place in the Board of Directors:

I. Dr. Harsh Kumar Bhanwala, Chairman's tenure was extended w.e.f. 18 December 2019 for six months or till appointment of the new Chairman.

II. The following ceased to be Directors during the year consequent to the completion of their term of appointment/ retirement from service.

- Dr. Anup Kumar Dash w.e.f. 25 April 2019.
- Shri H.R. Dave w.e.f. 01 May 2019.
- Shri R. Amalorpavanathan w.e.f. 01 June 2019.
- Shri Prabhanshu Kamal w.e.f. 22 June 2019.
- Smt Pooja Singhal w.e.f. 22 June 2019.
- Shri Suresh Chandra Gupta w.e.f. 26 July 2019.
- Shri C. Parthasarathi w.e.f. 26 July 2019.
- Shri Mahesh Kumar Jain w.e.f. 06 August 2019.
- Shri Anil Kumar Bansal w.e.f. 10 March 2020.
- Shri Amarjeet Sinha w.e.f. 01 January 2020.
- Shri Rajendra Kumar Tiwari w.e.f. 14 February 2020.
- Shri Rajiv Kumar w.e.f. 13 March 2020

III. The following were appointed as Directors during 2019-20.

- Ms. Revathy Iyer w.e.f. 06 August 2019.
- Shri Rajendra Kumar Tiwari w.e.f. 17 September 2019.
- Shri Hans Raj Verma w.e.f. 17 September 2019.
- Dr. M. V. Rao w.e.f. 17 September 2019.
- Shri Lalhmingthanga w.e.f. 17 September 2019.
- Shri Rajesh Bhushan w.e.f. 01 January 2020.
- Shri Alok Sinha w.e.f. 14 February 2020.
- Shri Debasish Panda w.e.f. 13 March 2020.
- Dr. M.D. Patra w.e.f. 13 March 2020.
- Dr. Ashok Gulati's tenure ended on 08 March 2020 and he was reappointed on the Board of Directors of NABARD w.e.f. 24 March 2020.

There were 11 directors including Chairman on the Board of NABARD as on 31 March 2020.

During 2019-20, the Board of Directors (BoD) met five times and the Executive Committee of Board met four times. The Sanctioning Committee for loans under RIDF met eight times. The Internal Sanctioning Committee for Loans under RIDF met fifteen times.

The Audit Committee of the Board and the Risk Management Committee of the Board met four times each. The Building Sub-Committee, the HR Sub-Committee and the IT Committee of the Board met twice during the year.

The Management Committee (MC), an important arm of governance, comprising the Chairman and select Chief General Managers, met twenty eight times during the year, and deliberated on important issues and policy matters.

7.2 HUMAN RESOURCE DEVELOPMENT

NABARD has maintained knowledge based human resources and recruited experts from different fields over the years. The staff position in NABARD as on 31 March 2020 is given in Table 7.1.

Table 7.1 Staff Position in NABARD (as on 31.3.2020)

Cadre	Total	of which			
		General	OBC	SC	ST
Group A (Officers)	2,386	1,383	430	364	209
Group B	657	415	106	81	56
Group C	536	196	75	191	73
Total	**3,579**	**1,994**	**611**	**636**	**338**

During the year, 277 officers were promoted / empanelled for promotion to higher grade of which 38 were SC and 13 were ST. Fresh recruitment continued during the year and 92, 19 and 2 candidates were recruited under Group 'A', 'B' and ' C' cadres of the Bank respectively. Of these, seven candidates were recruited under the reservation available for Economically Weaker Sections in Group A services.

During the year, 21 Group 'B' employees were promoted to Assistant Managers. Further, 20 Group 'C' employees were promoted as Assistant Care Taker (Group 'B' cadre). Compassionate Appointment of dependents of 6 deceased employees were made during 2019-20, which include one ST and two SC candidates.

7.2.1 Human Resource Focus Areas - Training and Development

NABARD is a knowledge-based organisation, and constantly strives for creating an atmosphere of learning and knowledge up-gradation through training and workshops at own training institutes as well as premier knowledge centres outside. Based on Training Need Assessment (TNA) exercise, in-house and on-location training courses are designed, conducted, and delivered for the employees through the National Bank Staff College (NBSC), Lucknow and the Bankers Institutes of Rural Development (BIRD) at Lucknow and Mangaluru.

Table 7.2 Training Programmes during 2019-20

Sr. No.	Training Establishment	No. of Programs	No. of Participants
1	NBSC, Lucknow	93	2,123
2	BIRD, Lucknow	17	327
3	BIRD, Mangaluru	16	435
	Total	**126**	**2,885**

During 2019–20, NABARD deputed 97 Senior Officers to self-identified programmes in Behavioural Science, Finance, Technology etc. to premier institutes, viz. Indian Institutes of Management (IIMs), Xavier Institute of Management, Bhubaneswar (XIMB), Xavier Labour Relations Institute (XLRI), Indian School of Business (ISB), etc. Further, 101 officers in various grades were trained in reputed institutes such as IIMs, Management Development Institute (MDI), Fixed Income Money Market and Derivatives Association (FIMMDA), Institute for Development Research in Banking Technology (IDRBT), Agriculture Universities, etc. During the year, 103 officers were also deputed for training in overseas institutes of repute to have global perspective and exposure in the areas of Agriculture, Banking and Technology.

7.2.2 Welfare of Scheduled Castes, Scheduled Tribes, and Other Backward Classes

NABARD adheres to Government of India (GoI) norms of recruitment, training, appraisal, and promotion of persons belonging to SC, ST, and OBC groups. The Grievance Redressal System with respect to Reservation Matters is in place which includes appointment of Liaison Officers and conduct of meetings with the representatives of SC /ST/OBC at regular intervals. During 2019–20, pre-recruitment training was provided to 289 willing candidates from SC/ ST/OBC and persons with disabilities (PWDs) categories.

7.2.3 Other HR initiatives

Contributions to Prime Minister CARES Fund

In order to provide relief to the affected people from COVID-19 pandemic, NABARD employees and retirees contributed ₹ 9.03 crore to the PM CARES Fund. In addition, NABARD subsidiaries contributed ₹ 0.82 crore to the PM CARES fund.

Contributions to Chief Minister's Relief Fund

With a view to provide relief in the aftermath of 'Cyclone Fani' in Odisha, NABARD employees contributed ₹1.31 crore to 'Chief Minister's Relief Fund' of the State.

Industrial Relations

Industrial relations in the Bank continued to be harmonious during the year. Periodic discussions were held between the Management and the All-India National Bank Officers' Association and the All India NABARD Employees' Association.

NABOTSAV

The Nineteenth All-India National Bank Sports Meet (NABOTSAV) was held at Ranchi, Jharkhand during 05 - 08 January 2020.

7.3 OTHER INITIATIVES

7.3.1 Creation of New Departments

Keeping in view the diversified activities and needs, NABARD has created two new departments this year, viz. the Department for Data Management Analytics and Business Intelligence (DDMABI), and Strategic Planning and Product Innovation Department (SPPID). Both the departments are operational since 01 January 2020. DDMABI is envisaged to be a centralised data repository equipped with machine learning and artificial intelligence capabilities for data mining and use of Analytics & Business Intelligence (ABI) tools to leverage business development and product offerings. SPPID aims to bring in incremental innovation in the existing products and launch innovative products in tune with changing financial sector landscape, clientele needs and the emerging rural landscape as per the mandate of NABARD.

7.3.2 Transparency under Right to Information Act, 2005

Pursuing its goals of transparency, proactive disclosure and compliance to statutory obligations, NABARD has been effectively providing information sought under the Right to Information (RTI) Act, 2005.

Thirty five senior level officers, thirty one at Regional Offices, three at Training Establishments and one at Head Office have been designated as Central Public Information Officers to comply with the statutory obligations under the RTI Act, 2005. Shri Jiji Mammen, Chief General Manager is the Appellate Authority.

During the year, 1,733 RTI applications and 125 Appeals requesting for information were received. Of these, 1,644 applicants were provided with information (including RTI applications transferred to other PAs) and Appellate Orders were issued against 199 appeals.

7.3.3 Grievance Redressal

During the year, 16 Grievances Applications were received. The Grievance Redressal Committee met three times during the period and resolved 16 cases. Grievance Redressal received 02 appeals during the period.

7.3.4 Vigilance Sensitisation

During the year, the Central Vigilance Cell conducted the Preventive Vigilance Inspections (PVIs) of 9 Regional Offices and two HO departments. The staff of the concerned regional offices were sensitized on various aspects of Vigilance during the conduct of the PVIs. All the newly recruited officers were given exposure on Vigilance systems and procedures and related matters as a part of their Induction Training Programme.

To create awareness among the staff members on vigilance issues, Vigilance Awareness Week was celebrated from 28 October 2019 – 02 November 2019. Programmes were conducted in 146 schools and colleges all over India, reaching out to about 15,000 students with the message of 'Integrity- a way of life'. Gram Sabhas, seminars and events were conducted in 173 districts across the country, to create awareness and strengthen common resolve to fight against corruption.

7.3.5 Information Technology Initiatives

With the guidance and recommendation from the IT Advisory Committee and IT Sub-Committee of the Board - the Board of NABARD has approved an IT road map for the next Five years. During the year, the focus areas of the IT interventions of NABARD had been on :

i. enhancements to the existing in-house application software,

ii. strengthening the IT infrastructure and enhancing the IT security, keeping in view the spurt in cyber security intrusions, and

iii. increasing the pace of digitisation.

Enhancements in Enterprise Level Software Application

NABARD is presently implementing seven enterprise software viz., HRMS, CLMAS, FAMS, TALMS, ENSURE, ECM and NABNET. Based on the feedback received from the client institutions and end users, the enterprise level applications were upgraded with various new features.

Box No: 7.1 Centralised Payments and Receipts

As part of our efforts to utilise the stabilized Core Banking System (CLMAS) of the Bank to the optimum, NABARD became member of the RBI's payment and settlement System and obtained RTGS membership.

A Centralised Payment and Receipts Vertical was set up in Head Office to implement the task which was hitherto decentralised at Regional Offices. Within a period of eight months, all the payments comprising disbursements relating to loans, subsidy, subvention, grants, procurement and receipts relating to principal repayment and interest payments, priority sector deposits, etc. and accounting thereof, was completed and fully stabilized. This enabled NABARD in redeploying the manpower to other activities. The concept of one account for multiple solutions was the highlight of implementation of centralised payment and receipt.

Upgradation of Human Resources Management Software (HRMS)

NABARD has successfully upgraded its HRMS application from PeopleSoft HCM version 9.1 to PeopleSoft HCM version 9.2. More importantly, the HRMS software was made more 'Retirees Friendly'. Some of the highlights of HRMS include introduction of pre-retirement and retirement modules, online submission of Life certificate by retirees, availability of important modules on mobile, auto allotment of VOF, etc.

Introduction of Enterprise Content Management (ECM)

Taking a cue from the Government of India's initiative for a Digital India and in step with the IT roadmap envisioned for NABARD, the ECM solution was rolled out to all Head Office departments of NABARD. This enterprise level application, being one more green initiative of NABARD, is part of the larger strategy of digital transformation and business continuity planning exercise.

Strengthening ENSURE

ENSURE, which is an enterprise level application for data collection and aggregation from internal resources as well as for external institutions such as co-operative banks, RRBs, NGOs, etc., has been strengthened. It acts as a central repository of data for generation of various reports for different stakeholders and thus reduces manual data compilation and analysis. Some of the important modules introduced in ENSURE this year are Returns of Nominee Directors on Board of RRBs, Interlinking of NABARD's portal with DBT portal of GoI, etc. Similarly, under Agricultural Marketing Infrastructure - phase II programme, a portal has been developed for direct submission of application by banks to NABARD for claiming subsidy from GoI.

Setting up of Software Defined Data Centre

The Data Centre at Head Office was upgraded with the latest state-of-the-art Hyper Converged Infrastructure for setting up of a Private Cloud within NABARD. This has enabled DIT to virtualize the Server set-up thus making it software-defined. DIT has enabled itself with the capability to spin up servers on-demand, enhance/reduce the compute capacity of the servers on-demand, provision storage as per requirement. A similar set-up has also been established at our Disaster Recovery Site to cater to the business continuity requirements in case of emergencies.

7.3.6 Corporate Communication Initiatives

Documentation of Success Stories

NABARD has been documenting successful initiatives of the bank. It had engaged three film & communication colleges this year and made films on 27 successful projects across 11 States, viz., Kerala, Tamil Nadu, Manipur, Nagaland, Mizoram, Uttarakhand, Andhra Pradesh, Haryana, Madhya Pradesh, Rajasthan and Jharkhand. Cumulatively, 239 films have been produced by NABARD.

YouTube

NABARD's YouTube channel, www.youtube.com/nabardonline, is a repository of documentaries on the best practices in agriculture, natural resource management, FPOs, SHGs, rural infrastructure, rural innovations, financial inclusion, ecotourism, value chain management, climate change, etc. The channel has crossed the mark of 27,000 subscribers this year. As on 31 March 2020, the 238 films uploaded on the channel have garnered 28 lakh views and 34.42 lakh minutes of watch time from over 214 countries.

NABARD Anthem

In a first, NABARD adopted an anthem for the bank.

7.3.7 Risk Management

NABARD has put in place a robust risk management framework to identify, measure, monitor and manage the critical risks. The framework, including policies and procedures, is regularly reviewed and enhanced in response to changes in the external environment and business processes. M/s. Ernst & Young was engaged for enhancing the extant Risk Management Framework in line with the industry best practices. NABARD has introduced new risk management processes and policies or revised the existing policies/processes in the bank with the help of knowledge partners.

NABARD has put in place a proactive credit risk management practice by introducing a comprehensive Credit Risk Management Framework covering credit risk measurement at the client institution level. NABARD also closely follows up and monitors 'Special Mention Accounts' (SMAs) and 'Non-Performing Assets' (NPAs), conducts operational audit and internalizes its findings.

Interest rate risk and liquidity risk are managed through the mechanism of review of assets and liabilities in monthly Assets & Liabilities Committee (ALCO) meetings, conduct of product-wise yield analysis, contingency fund planning, etc. During the year, market risk in NABARD's portfolio was effectively managed using tools on Stress Testing, interest rate risk in the banking book, impact on economic value of equity, and valuation of securities, etc.

NABARD also proactively manages operational risk by adopting a comprehensive mechanism of internal systems and controls. The measures initiated include, introduction of Business Continuity Management Programme, Risk Control and Self-Assessment (RCSA) Registers, review of Disaster Recovery Drills for IT applications, monitoring of submission of statutory and regulatory returns to mitigate compliance risk, etc. The Operational Risk Management Policy helps in mitigating risk from inadequate or failed internal processes, people, systems and external events. The policy includes guidelines, tools and methodologies in the Risk and Control Self-Assessment (RCSA) Framework, Key Risk Indicator (KRI) Framework, Incident & Loss Data Management (I&LDM) Framework and New Product Approval (NPA) Framework.

7.3.8 Promotion of Rajbhasha

The provisions of the Official Languages Act, 1963 and the Official Languages Rules, 1976 were complied with and efforts were made to increase use of Hindi in day-to-day functioning of the office during 2019-20. Further, steps were taken to achieve the targets stipulated under the annual programme 2019-20 issued by the Government of India. Guidelines, manuals, reference literature, publications, etc. were prepared and published in Hindi for the benefit of clients, ultimate beneficiaries as also of our staff. Position of achievement vis-à-vis targets under different items in respect of progressive use of Hindi was reviewed regularly in quarterly meetings of Official Languages Implementation Committees constituted in all our offices.

NABARD continued its efforts towards capacity building of its officers and employees for effectively and efficiently working in Hindi. During the year, 147 members of staff were trained under Prabodh, Pravin, Pragya and Parangat courses. Focussing on our ROs of NE region, a two-day hindi workshop was organised at Imphal during February 2020 for Rajbhasha nodal officers of these ROs including A&N and Goa. Hindi Diwas was celebrated in all our offices.

Rajbhasha inspection of 08 ROs, and 08 departments at Head Office was conducted during the year. Bank's hindi house journal "Rashtriya Bank Srijana" continued to be published during the year on quarterly basis and was awarded 'Utkrishta Grihpatrika Puraskar' by Ashirvad, a well-known social and cultural organisation.

7.3.9 Green Initiatives

- NABARD has completed construction of own Regional Office buildings during the year in Raipur (Chhattisgarh), Dehradun (Uttarakhand RO), Aizawl (Mizoram RO), and Kolkata (West Bengal RO). All new buildings are in conformity with 'Griha Council' green norms.
- NABARD has installed rooftop solar PV systems in its Head Office building in Mumbai and 8 ROs/ TEs with a combined peak capacity of 454 kWp. It has resulted in savings of ₹45 lakh per annum by way of energy savings.
- Bio-Digester Plant, first of its kind among NABARD offices, has been installed at HO building with wet waste processing capacity of 125 kg/day. Also, wet waste compost plants in bank's residential premises in Mumbai have been installed. The Bio- Digester Plant at HO has been appreciated by BMC and a certificate has been issued in this regard. Net financial gain from the initiative is ₹1.4 lakh per annum.
- NABARD has taken special initiative to ensure installation of LED based lighting in all NABARD's buildings. Fourteen ROs/ TEs including HO have achieved 100% conversion. This has led to an estimated annual savings of ₹111.9 lakh.

7.4 SUBSIDIARIES OF NABARD

NABARD has promoted six subsidiaries over the years, with the latest being NABFOUNDATION established during this year.

7.4.1 NABARD Consultancy Services (NABCONS)

NABCONS was established in 2003 and registered under the Company's Act, 1956. It is a wholly owned subsidiary promoted by NABARD with an authorized capital of ₹25 crore and paid up capital of ₹5 crore. In tune with NABARD's mission to bring about rural prosperity, Nabcons is engaged in providing consultancy in all spheres of agriculture, rural development and allied areas. It has a PAN India presence and its clientele includes Central, State and Foreign Governments, international organisations, corporate offices, MNCs, etc. Consultant Review Magazine published a cover page story on NABCONS and had shortlisted it amongst the 10 Most Promising International Corporate Consultant during 2019. NABCONS has strengthened its momentum of business growth in 2019-20 with contracting business worth ₹100.4 crore and by crossing the ₹100 crore mark for the third time in its growth journey. Income from assignments was ₹52.5 crore during FY 2019-20.

7.4.2 NABKISAN Finance Limited (NKFL)

NKFL (formerly "Agri Development Finance (Tamil Nadu) Limited") was incorporated under the Companies Act, 1956 in 1997 and notified as a Non-Banking Finance Company (NBFC) by RBI. NKFL is a subsidiary of NABARD with 87.48% equity participation from NABARD, and others like Govt. of Tamil Nadu, Indian Bank, Indian Overseas Bank, Tamilnad Mercantile Bank, Canara Bank, ICICI Bank, Federal Bank, Lakshmi Vilas Bank and a few Corporates / Individuals. NABARD's contribution to its share capital stands at ₹120.40 crore. The main objective of the company is to provide credit for promotion, expansion and commercialization of enterprises engaged in agriculture, allied and rural non-farm activities. It provides support for livelihood/ income generating activities by extending credit to Panchayat Level Federations, Trusts, Societies and Section 8 companies/MFIs for on-lending to its member SHGs, JLGs.

NKFL is operating in 20 States and the current focus is financing FPOs. During the year, 162 FPO proposals were sanctioned under retail portfolio aggregating to ₹56 crore. Another 40 FPOs were credit linked under on-lending model. Cumulatively, more than 550 FPOs were credit linked during last 4 years. During the year, ₹646.84 crore was sanctioned towards FPOs, livelihood and income generating activities through NBFCs, MFIs, NGOs, and trusts and ₹608.27 crore was disbursed.

7.4.3 NABSAMRUDDHI Finance Limited (NABSAMRUDDHI)

NABSAMRUDDHI Finance Limited was incorporated under Companies Act, 1956 on 1997 under the name of Agri Business Finance Limited (ABFL), Hyderabad and registered as Non-Banking Financial Company with the RBI. It is promoted with equity participation from NABARD, Andhra Bank, Canara Bank, Government of Andhra Pradesh, Government of Telangana, Andhra Pradesh State Cooperative Bank, Telangana State Cooperative Apex Bank and a few Industrial Houses / individuals from the State. The share capital of the Company increased from ₹63.1 crore to ₹116.1 crore in the year 2019-20. NABARD currently holds 90.7% equity.

The objective of NABSAMRUDDHI is to provide credit facilities to individuals and legal entities for promotion, expansion, commercialization and modernization of enterprises and individuals engaged in non-farm activities including microfinance, MSME, housing, education, transport, etc.

As on 31 March 2020, Company's Assets Under Management (AUM) stood at ₹602.33 crore. During the year, the Company disbursed an amount of ₹405.23 crore under various products and has launched a new product for financing of OFPOs. The Company has reported a Profit After Tax (PAT) of ₹15.94 crore during 2019-20 as against ₹10.71 crore during 2018-19.

7.4.4 NABARD Financial Services Limited (NABFINS)

NABARD Financial Services Limited (NABFINS) is a subsidiary of NABARD with equity participation from NABARD, Government of Karnataka, Canara Bank, Union Bank of India, Bank of Baroda, Dhanalakshmi Bank and Federal Bank. It is a non-deposit taking NBFC registered with the Reserve Bank of India and shall operate throughout India. The main objective of NABFINS is to provide financial services in two broad areas of agriculture and microfinance. It provides credit and other facilities for promotion, expansion, commercialization, and modernization of agriculture and allied activities. It provides micro finance services (with or without thrift) and other facilities to needy and disadvantageous sections of the society in both rural and urban areas.

NABFINS has total loan outstanding of ₹1,636.81 crore as on 31 March 2020 with 201 branches. During 2019-20, the CRAR of the company stood at 19.5% as against 18.8% in the previous financial year. The profit before tax for the year 2019-20 is estimated at ₹59.10 crore as against ₹52.50 crore in previous year.

7.4.5 NABVENTURES Limited (NABVENTURES)

NABVENTURES Limited, a wholly-owned subsidiary of NABARD, is an Asset Management Company, set up under Companies Act, 2013 with an initial capital of ₹5.0 crore. The objective of the Company is to manage venture growth equity funds that invest in early to mid-stage startups/companies in agriculture, food, related financial services and rural healthtech/edutech. NABVENTURES has made a profit of ₹2.99 crore during 2019-20 against a loss of ₹0.13 crore during 2018-19. Return on Equity (RoE) of the Company stood at 47% during 2019-20 against (-) 2.8% during the previous year.

7.4.6 NABFOUNDATION

A wholly owned subsidiary of NABARD has been formed for complementing the efforts of NABARD's development departments, and to provide required support to these departments in furthering NABARD's agenda of agriculture and rural development. Its objective is to collaborate with other organisations like civil society organisations, agri universities, government departments and CSR outfits of both public and private organisations in executing innovative projects. Its authorized capital stands at ₹5.0 crore and paid up capital is ₹1.0 crore. Its Development Corpus Fund is ₹5.0 Crore.

CHAPTER 8

Financial Performance

The financial resources at the disposal of NABARD were ₹5,32,075 crore as on 31 March 2020, as compared to ₹4,87,470 crore in the previous year, registering an increase of 9.15% over the previous year. (Figure 8.1)

Figure 8.1 Balance Sheet Size (Amount in ₹ Crore)

8.1 SOURCES OF FUNDS

8.1.1 Capital, Reserves and Surplus

The authorised capital of NABARD is ₹30,000 crore. The paid-up capital as on 31 March 2020 was ₹14,080 crore, fully contributed by Government of India (GoI). Contributions of share capital of ₹3,880 crore, ₹2,000 crore and ₹1,500 crore were received from GoI during 2017–18, 2018–19 and 2019-20 respectively. The reserves and surplus increased by 12.4% during 2019-20, from ₹31,094 crore on 31 March 2019 to ₹34,951 crore as on 31 March 2020.

8.1.2 National Rural Credit (Long-Term Operations) and National Rural Credit (Stabilisation) Funds

The NRC (LTO) Fund is utilised for investment credit refinance, while the NRC (Stabilisation) Fund is deployed for conversion or for the rescheduling of short-term credit refinance. These funds are augmented by internal accruals and contributions received from the RBI. During 2019–20, NABARD and RBI contributed ₹1 crore each to both of these funds. The balance in the NRC (LTO) fund and the NRC (Stabilisation) fund stood at ₹14,495 crore and ₹1,595 crore respectively, as on 31 March 2020.

8.1.3 Deposits

a. Short-Term Cooperative Rural Credit (Refinance) (STCRC Fund)

The STCRC (Refinance) Fund was set up in 2008– 09 with an allocation of ₹5,000 crore to augment NABARD's resources to extend short-term credit facilities to cooperative institutions. The STCRC (Refinance) Fund is contributed by Scheduled Commercial Banks (SCBs) on account of shortfall in priority sector lending, budgetary allocation of ₹45,000 crore was made for 2019-20. The outstanding balance of the STCRC (Refinance) Fund stood at ₹45,000 crore as on 31 March 2019 and ₹44,787 crore as on 31 March 2020.

b. Short-Term Rural Credit (Refinance) Fund for Regional Rural Banks (STRRB Fund)

The STRRB Fund was set up in 2012–13 with a corpus of ₹10,000 crore contributed by SCBs on account of shortfall in priority sector lending with a view to augment resources of NABARD for extending ST credit facilities to RRBs. The outstanding balance of the STRRB Fund was ₹10,000 crore as on 31 March 2019 and ₹9,953 crore as on 31 March 2020.

c. Long- Term Rural Credit Fund (LTRCF)

Government of India had set up the LTRCF with a corpus of ₹5,000 crore, contributed by SCBs on account of shortfall in their priority sector lending operations. It is used for providing long-term refinance support to Cooperative Banks and Regional Rural Banks for their lending towards investment activities in agriculture. An allocation of ₹15,000 crore was made by GoI under this fund for 2019-20. The outstanding balance under this fund was ₹43,000 crore on 31 March 2019 and ₹44,930 crore on 31 March 2020.

d. Tea, Coffee and Rubber Deposits

The outstanding balance under deposits from tea, coffee and rubber companies was ₹83 crore on 31 March 2019 and ₹61 crore as on 31 March 2020.

e. Rural Infrastructure Development Fund (RIDF) Deposits

During 2019–20, RIDF deposits from SCBs were mobilised by NABARD, aggregating ₹26,112 crore. Repayments made during the year amounted to ₹15,432 crore under various tranches of RIDF. An allocation of ₹28,000 crore was made by GoI under this fund for fresh sanctions during 2019–20. The outstanding balance under the RIDF deposits was ₹1,30,442 crore on 31 March 2020, as against ₹1,19,763 crore on 31 March 2019.

8.1.4 Borrowings

To meet the growing demand for credit, NABARD has been augmenting its resources via market borrowings, such as issuing of Corporate Bonds, Commercial Papers, Certificates of Deposit, Term Money Borrowings, term loans from SCBs, etc.

a. Bonds and Debentures

(i) Capital Gains Bonds

The outstanding balance under Capital Gains Bonds was ₹1.29 crore on 31 March 2020, the same as was on 31 March 2019.

(ii) Corporate Bonds

NABARD mobilised ₹22,505 crore of Corporate Bonds and redeemed ₹13,311 crore during 2019–20. The Corporate Bonds outstanding as on 31 March 2020 was ₹48,628 crore, as against ₹39,434 crore on 31 March 2019, an increase of 23.31%.

(iii) Bhavishya Nirman Bonds

The outstanding principal balance of Bhavishya Nirman Bonds was ₹405 crore as on 31 March 2020, as against ₹421 crore as on 31 March 2019, a decline of 3.8%.

(iv) Tax-Free Bonds

The outstanding balance against Tax-Free Bonds mobilised in 2016 was ₹5,000 crore on 31 March 2019. No fresh bonds under this category were issued during 2019–20.

(v) In addition, NABARD also borrowed by raising funds through bonds for the following three purposes:

• Bonds for Long Term Irrigation Fund (LTIF)

NABARD borrowed ₹3,813 crore of GoI-serviced bonds and ₹6,547 crore of NABARD serviced bonds during the year 2019–20 for providing loans under Long Term Irrigation Fund (LTIF). The outstanding amount under LTIF borrowing was ₹34,249 crore, comprising NABARD serviced LTIF bonds (₹23,464 crore), and GoI-serviced LTIF bonds (₹10,785 crore) as on 31 March 2019. The outstanding amount under LTIF borrowing was ₹44,609 crore, comprising NABARD serviced LTIF bonds (₹30,010 crore), and GoI-serviced LTIF bonds (₹14,599 crore) as on 31 March 2020.

• Bonds for Pradhan Mantri Awas Yojana-Gramin (PMAY-G)

The GoI approved the implementation of the PMAY-G rural housing scheme which provides financial assistance for the construction of pucca house to all homeless people and to households living in dilapidated houses. During 2019–20, ₹10,811 crore was borrowed by NABARD by way of GoI fully-serviced bonds for lending towards PMAY-G and outstanding as on 31 March 2020 was ₹28,810 crore, as against ₹17,999 crore as on 31 March 2019.

• Bonds for Swachh Bharat Mission-Gramin (SBM-G)

The GoI approved the implementation of the SBM-G rural sanitation scheme which provides financial assistance for sanitation projects in rural areas. During 2019–20, ₹3,600 crore was borrowed by NABARD by way of GoI fully-serviced bonds for lending towards SBM-G, and ₹12,298 crore remained outstanding as on 31 March 2020, as against ₹8,698 crore as on 31 March 2019.

b. Term Loans

NABARD borrowed ₹9,000 crore through term loan from commercial banks during the year 2019-20, and repaid ₹29,000 crore. The outstanding under term loans was ₹7,000 crore as on 31 March 2020, as against at ₹27,000 crore, as on 31 March 2019.

c. Certificates of Deposit

Borrowings of ₹22,550 crore were mobilised during 2019-20 through the issuance of Certificates of Deposit (CDs), and ₹15,150 crore was redeemed during 2019-20. The outstanding borrowing under CDs stood at ₹21,145 as on 31 March 2020, as against ₹14,037 crore as on 31 March 2019.

d. Commercial Papers

Fresh borrowings through Commercial Papers (CPs), aggregating ₹92,550 crore, were mobilised during 2019–20. The CPs amounting to ₹94,075 crore were redeemed during the year. The outstanding CPs amounted to ₹24,036 crore as on 31 March 2020, as against ₹25,626 crore as on 31 March 2019.

e. Term Money Borrowings

Fresh borrowings through Term Money Borrowings (TMBs), aggregating ₹12,850 crore, were mobilised during 2019–20. The TMBs, amounting to ₹9,706 crore, were redeemed during the period. The amount outstanding under Term Money Borrowings as on 31 March 2020 was ₹7,211 crore, compared to ₹4,067 crore on 31 March 2019.

f. Foreign Currency Borrowings

The redemption under borrowings from KfW was to the tune of ₹41 crore during the year. Outstanding foreign currency borrowings were ₹1,053 crore on 31 March 2020, as against ₹1,094 crore on 31 March 2019. The foreign currency borrowings are hedged through swap agreements against exchange rate risk as per NABARD's Derivatives Risk Management Policy.

Table 8.1 Sources of Funds (as on 31 March 2020)

(Amount in ₹ Crore)

Particulars	2018-19		2019-20	
	Amount	Share (%)	Amount	Share (%)
Capital, Reserves & Surplus	43,674	8.96	49,031	9.22
NRC (LTO) & NRC (Stabilisation) Funds	16,086	3.30	16,090	3.02
STCRC Fund	45,000	9.23	44,787	8.42
ST Fund for RRBs	10,000	2.05	9,953	1.87
LTRC Fund	43,000	8.82	44,930	8.44
Tea, Coffee & Rubber Deposits	83	0.02	61	0.01
RIDF Deposits	1,19,763	24.57	1,30,442	24.52
Bonds & Debentures (including BNB)	39,857	9.20	49,035	9.22
Bonds for LTIF	34,249	7.03	44,609	8.38
Bonds for PMAY-G	17,999	3.69	28,810	5.41
Bonds for SBM-G	8,698	1.78	12,298	2.31
Term Loans from Banks	27,000	5.54	7,000	1.32
Certificates of Deposit	14,037	2.88	21,145	3.97
Commercial Papers	25,626	5.26	24,036	4.52
Term Money Borrowings	4,067	0.83	7,211	1.36
Tax Free Bonds	5,000	1.03	5,000	0.94
Foreign Currency Loan	1,094	0.22	1,053	0.20
Borrowings JNN Solar Mission	3	0.00	3	0.00
Warehouse Infrastructure Fund	5,971	1.22	5,940	1.12
Food Processing Fund	330	0.07	350	0.07
CBLO & Repo	6,049	1.25	6,225	1.17
Borrowings against STD	50	0.01	0.00	0.00
Other liabilities	12,888	2.64	15,600	2.93
Other funds	6,946	0.40	8,466	1.58
Total	**4,87,470**	**100.00**	**5,32,075**	**100.00**

8.2 USES OF FUNDS

8.2.1 Refinance Loans

a. Short-Term (ST) Loans

The total outstanding under ST-SAO and ST (OSAO) as on 31st March 2020 stood at ₹68,693 crore, as against ₹66,737 crore at the end of the previous year, registering a marginal increase of 2.9%. The total disbursements and repayments during the year stood at ₹1,00,660 crore and ₹98,704 crore respectively. The outstanding under ST-SAO stood at ₹51,043 crore, ₹12,950 crore, and ₹157 crore towards refinance to StCBs, RRBs and SCARDBs respectively, of which Additional ST-SAO to StCBs and RRBs comprised of ₹8,412.30 crore and ₹2,996.95 crore respectively. The outstanding under ST-OSAO of StCBs and RRBs stood at ₹3,953 crore and ₹590 crore respectively.

b. Medium-Term (MT) Conversion Loans

The outstanding loans under MT Conversion as on 31st March 2020 was ₹92.00 crore as against ₹137.35 crore as at the end of the previous year.

c. Medium-Term and Long-Term Loans

The disbursements and repayments during the year in respect of medium and long-term investment credit were ₹78,180 crore and ₹62,870 crore respectively. Refinance assistance aggregating ₹1,65,980 crore was outstanding as on 31 March 2020 as against ₹1,50,670 crore at the end of 31 March 2019, registering an increase of 10.2 %.

d. Direct lending to Central Cooperative Banks

A Short-Term multipurpose credit product designed for direct lending to CCBs for meeting the working capital and farm asset maintenance needs of the individual borrowers and affiliated PACS was launched in 2011-12. The total disbursements and repayments under the scheme stood at ₹9,200 crore and ₹10,624 crore respectively during the year. The outstanding under this line of credit was ₹3,026 crore as on 31 March 2020 as against ₹4,450 crore on 31 March 2019.

8.2.2 Direct Loans

a. RIDF

The disbursements and repayments under RIDF during the year stood at ₹26,266 crore and ₹20,782 crore respectively. The outstanding was ₹1,25,647 crore as on 31 March 2020 compared to ₹1,20,163 crore as on 31 March 2019 registering an increase of 4.6%.

b. Warehouse Infrastructure Fund (WIF)

The fund is used for providing loans for construction of warehouses, silos, cold storage and other cold chain infrastructure in both the Public and Private Sectors. The disbursements and repayments during the year stood at ₹844 crore and ₹663 crore respectively. The outstanding loans under this fund stood at ₹5,165 crore as on 31 March 2020 as against ₹4,984 crore on 31 March 2019, registering an increase of 3.6%.

c. NABARD Infrastructure Development Assistance (NIDA)

The disbursements and repayments during the year under NIDA was ₹3,727 crore and ₹1,102 crore respectively. The outstanding was ₹11,751 crore as on 31 March 2020 as against ₹9,126 crore on 31 March 2019 registering an increase of 28.8%.

d. Food Processing Fund (FPF)

The fund is used for providing affordable credit for establishment of designated Food Parks and for setting up of individual processing units in such designated Food Parks. The disbursements and repayments under FPF during the year was ₹43 crore and ₹40 crore respectively. An amount of ₹279 crore was outstanding as on 31 March 2020 as against ₹276 crore as on 31 March 2019, registering a marginal increase of 1.1%.

e. Credit Facilities to Federations (CFF)

The disbursements and repayments under CFF during the year was ₹37,207 crore and ₹36,459 crore respectively. The outstanding was ₹12,123 crore as on 31 March 2020 as against ₹11,375 crore on 31 March 2019 registering an increase of 6.6%.

f. Long Term Irrigation Fund (LTIF)

As a part of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) announced in the Union Budget 2016-17, the Long Term Irrigation Fund (LTIF) was instituted in NABARD to increase irrigation infrastructure. The disbursements and repayments under LTIF, during the year, were at ₹10,470 crore and ₹32 crore respectively. An amount of ₹44,687 crore was outstanding as on 31 March 2020 as against ₹34,249 crore on 31 March 2019, registering a rise of 30.5%.

g. Pradhan Mantri Awaas Yojana Gramin (PMAY- G)

The erstwhile Indira Awas Yojana (IAY) has been restructured as PMAY-G, with a view to achieve GoI's objective of 'Houses for All by 2022'. Under this scheme, NABARD has been raising resources from the market for on lending to National Rural Infrastructure Development Agency (NRIDA), the nodal agency to meet the shortfall in the share GoI in the project cost. While there was no repayment under PMAY-G, whereas an amount of ₹11,811 crore was disbursed during the year. The outstanding loans to NRIDA stood at ₹28,819 crore as on 31 March 2020, as against ₹18,008 crore on 31 March 2019, registering a rise of 60 %.

h. Swachh Bharat Mission – Gramin (SBM-G)

The scheme was launched on 2nd October 2014 with the goal of achieving universal sanitation coverage in rural areas by 2nd October 2019 for which credit support of ₹15,000 crore has been sanctioned by NABARD. Under this scheme, NABARD has been raising resources from the market for on lending to National Centre for Drinking Water, Sanitation and Quality (NCDWS&Q), the nodal agency. An amount of ₹3,600 crore was disbursed during the year. As on 31 March 2020, an amount of ₹12,298 crore was outstanding in respect SBM-G as compared to ₹8,698 crore on 31 March 2019, registering an increase of 41.4 %.

i . Dairy Processing and Infrastructure Development Fund (DIDF)

The fund was instituted in NABARD to modernize milk processing plants and machinery and to create additional infrastructure for processing more milk and increased value addition, especially in the cooperative sector. Loans were extended by NABARD to National Dairy Development Board (NDDB) and National Cooperative Development Corporation (NCDC). The disbursements and repayments during the year stood at ₹670 crore and ₹92 crore respectively. The outstanding under DIDF was ₹1,010 crore as on 31 March 2020 as against ₹432 crore as on 31 March 2019, registering an increase of 133.8%.

j. Green Climate Fund

NABARD, as an Accredited Entity, has extended term loan facility to Tata Cleantech Capital Ltd., (TCCL) for on lending to downstream borrowers for setting up of Solar Rooftops through the GCF Programme. The programme is aimed at supporting the initiative of GoI in fulfilling renewable energy targets. An amount of ₹344 crore was outstanding as on 31 March 2020.

k. Producers' Organisation Development Fund (PODF)

The repayments during the year under PODF was ₹56 crore. The outstanding was ₹83 crore as on 31 March 2020 as against ₹139 crore on 31 March 2019.

l. Non-Project Loans

The outstanding in respect of Long-Term loans granted to State Governments for contributing to the share capital of co-operative credit institutions stood at ₹63 crore as on 31 March 2020 as compared to ₹70 crore as on 31 March 2019.

m. Other Loans

Other loans extended out of different Funds (WDF, TDF, KfW UPNRM, Farm and Off-farm Sector Promotion Activities Programme loans, JNN Solar Mission) and Co-finance Loans stood at ₹337 crore as on 31 March 2020 as against ₹414 crore on 31 March 2019.

Table 8.2: Uses of Funds

(Amount in ₹ Crore)

Particulars	31/03/2019		31/03/2020	
	Amount	Share (%)	Amount	Share (%)
Cash and Bank Balance	11,552	2.37	11,997	2.25
Government Securities and other Investments	37,871	7.77	32,888	6.18
CBLO / Tri Party Repo Lending	573	0.12	0	0.00
Production and Marketing Credit	66,737	13.69	68,693	12.91
Conversion of Production Credit into MT Loans	137	0.03	92	0.02
MT & LT Project Loans *	1,52,409	31.26	1,67,098	31.41
Direct Refinance to DCCBs	4,450	0.91	3,026	0.57
Loans out of RIDF	1,20,163	24.65	1,25,647	23.61
Long Term Irrigation Fund	34,249	7.03	44,687	8.40
Pradhan Mantri Awaas Yojana Gramin (PMAY- G)	18,008	3.70	28,819	5.42
Swacch Bharat Mission-Gramin (SBM-G)	8,698	1.79	12,298	2.31
Dairy processing and Infrastructure Development Fund (DIDF)	432	0.09	1,010	0.19
Warehouse Infrastructure Fund	4,984	1.02	5,165	0.97
NIDA Loan	9,126	1.87	11,751	2.21
Food Processing Fund	276	0.06	279	0.05
Producers' Organisation Development Fund	139	0.03	83	0.02
Credit Facilities to Federations	11,375	2.33	12,123	2.28
Green Climate Fund – GCF	344	0.07	344	0.06
LT Non Project Loans	70	0.01	63	0.01
Other Loans (Including JNN Solar Mission)	414	0.08	337	0.06
Sub Total of Loans and Advances	**4,82,007**	**98.88**	**5,26,400**	**98.93**
Fixed Assets & Other Assets	5,463	1.12	5,675	1.07
Total	**4,87,470**	**100.00**	**5,32,075**	**100.00**

(* Including amount subscribed to Special Development Debentures of SCARDBs which are in the nature of Deemed Advances.)

8.3 INCOME AND EXPENDITURE

The total income of NABARD during 2019-20 amounted to ₹32,692.30 crore as against ₹29,667.91 crore during 2018-19. The profit before tax (PBT) and profit after tax (PAT) were in the order of ₹5,234.32 crore and ₹3,859.23 crore respectively as on 31 March 2020, as against the previous year's PBT and PAT at ₹4,959.35 crore and ₹3,364.56 crore, respectively. The net surplus has been appropriated by transferring to various funds maintained in NABARD including R & D Fund, Reserve Funds, NRC (LTO) Fund, NRC Stabilization Fund and other funds.

Figure 8.2 Gross Income (Amount in ₹ Crore)

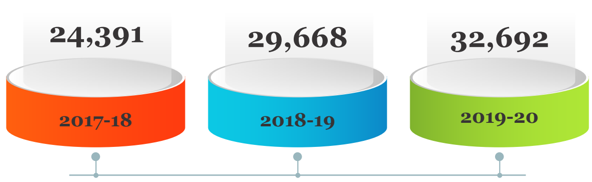


Figure 8.3 Profit after Tax (Amount in ₹ Crore)

Figure 8.4 Net Profit per Employee (Amount in ₹ Crore)

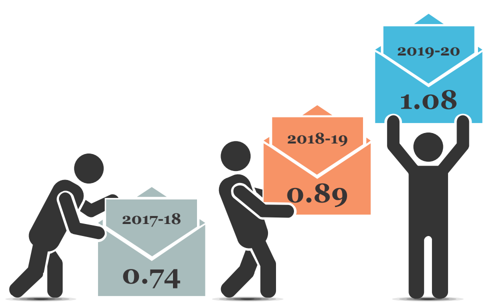
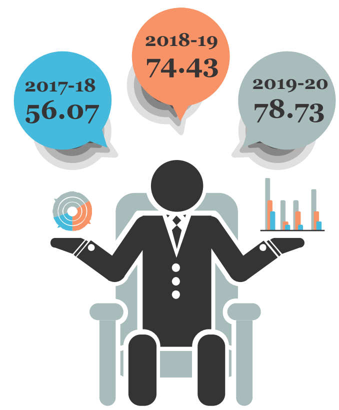


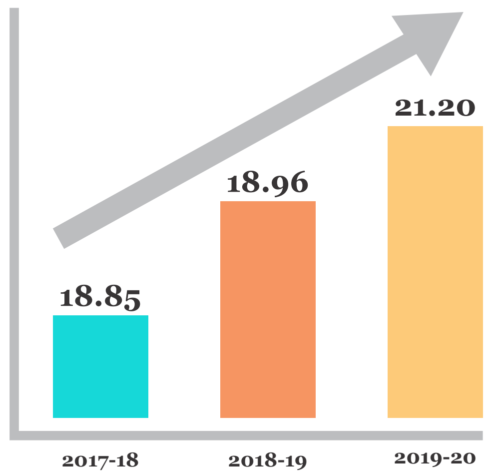
Figure 8.5 Business per Employee (Amount in ₹ Crore)



8.4 CAPITAL ADEQUACY

The capital to risk-weighted assets ratio (CRAR) was 21.20% as on 31 March 2020 as compared to 18.96% as on 31 March 2019.

Figure 8.6 Capital to Risk-Weighted Assets Ratio (%)



8.5 SHARE CAPITAL IN SUBSIDIARIES OF NABARD

The share capital of Subsidiaries along with the stake of NABARD is presented in table 8.3.

Table 8.3: NABARD's Investment in its Subsidiaries

(Amount in ₹ crore)

	Share Capital	NABARD's stake (%)	NABARD's investment
NABCONS	5.00	100	5.00
NABFINS	161.66	63.10	102.01
NABKISAN	137.63	87.48	168.36*
NABSAMRUDDHI	116.11	90.68	133.73*
NABVENTURES	5.00	100	5.00
NABFOUNDATION	1.00	100	1.00

*includes premium

During the year, NABFOUNDATION, a not for profit organisation, wholly owned subsidiary of NABARD was registered under Companies Act, 2013 on 31st August 2019 with an authorized capital of ₹5.00 crore and paid-up capital of ₹1.00 crore. NABFOUNDATION aims to emerge as a strong and vibrant institution so that other financial institutions, Government agencies and Corporates could avail its services for implementation of various development projects in the agriculture and rural sector.

During the year, NABARD subscribed to the Rights issue of NABKISAN Finance Ltd. and NABSAMRUDDHI Finance Ltd. with total investment of ₹157 crore to improve the financial leverage and boost capital adequacy levels. This would facilitate the Companies to increase their lending operations to Farmers' Producers Organisations, OFPOs and small businesses.

8.6 NABARD's STRATEGIC INVESTMENTS

NABARD has invested in shares of 9 companies viz. Agriculture Insurance Company of India (AICIL), Agriculture Finance Corporation (AFC), National Commodity Derivatives Exchange Ltd (NCDEX), Multi Commodity Exchange (MCX), Small Industries Development Bank of India (SIDBI), CSC E Governance Services India Limited (CeGSIL), National E Governance Services Limited (NeSL), National E Repository Limited (NERL) and Agriculture Skill Council of India Limited (ASCI), the operations of which have an impact on agriculture in general and farmers in particular. As on 31 March 2020, total investments in these companies stood at ₹1,066.24 crore. During the year 2019-20, NABARD has received total dividend of ₹15.07 crore from four invested companies.

The details of the amount invested in each of these companies are as follows:

1. Agricultural Insurance Corporation of India Limited (AICIL): ₹60 crore
2. Agriculture Finance Corporation (AFC): ₹1 crore
3. Small Industries Development Bank of India (SIDBI): ₹966.28 crore
4. National Commodity Exchange (NCDEX): ₹16.88 crore
5. Multi Commodity Exchange (MCX): ₹0.30 crore
6. CSC e-Governance Services India Limited (CeGSIL): ₹9.75 crore
7. Agricultural Skill Council of India (ASCI): ₹0.004 crore
8. National e-Governance Services India Limited (NeSL): ₹1.50 crore
9. National e-Repository Limited (NERL): ₹10.53 crore

8.7 INVESTMENTS IN ALTERNATIVE INVESTMENT FUNDS

NABARD also invests in Alternative Investment Funds (AIFs) to facilitate innovations and technology dissemination in agriculture and rural sectors. NABARD's commitments to AIFs have resulted in investment in 19 Funds (excluding Nabventures) cumulatively have received ₹260 crore against the committed capital of ₹318 crore (Table 8.4). NABARD has also committed an amount of ₹200 crore to the first Fund of NABVENTURES Ltd.

Noteworthy innovations brought out by portfolio companies in agri-rural space, resulting in utilisation of small sized warehouse facilities at village level for grains storage, credit linkage and market linkage services via tech enabled platform at farmgate, agritech connecting farmers to market, solutions to crop problems using technology, rural e-commerce, food supplements - ragi flakes and health drinks, capital support to NBFC-mFI catering to rural areas only, etc. will benefit farmers and rural people.

Table 8.4 Investments in Venture Capital Funds

(Amount in ₹ Crore)

Sr. No.	Name of Fund	Committed	Disbursed
1	APIDC - Biotechnology Venture Fund	5	5
2	APIDC - Ventureast Life Fund-III	17	17
3	SEAF Agribusiness Fund	11	10
4	Tata Capital Innovations Fund	60	60
5	India Opportunities Fund	20	18
6	Omnivore Capital Trust	25	24
7	TVS Shriram Growth fund - 1B	25	25
8	Ivycap Ventures Trust Fund	20	20
9	Golden Gujarat Growth Fund	10	10
10	IndiaNivesh Growth and Special Situations Fund	5	5
11	Ivycap Ventures Trust Fund - II	10	5
12	India Advantage Fund	10	4
13	IFMR Fimpact Long Term Fund	10	10
14	Orios Venture Partners	10	9
15	Aavishkaar Bharat Fund	25	13
16	Stakeboat Capital Fund	10	7
17	GVFL Startup Fund	10	5
18	J M FINANCIAL TRUST - II	10	4
19	TVS Shriram Fund - 3	25	9
	Total	**318**	**260**

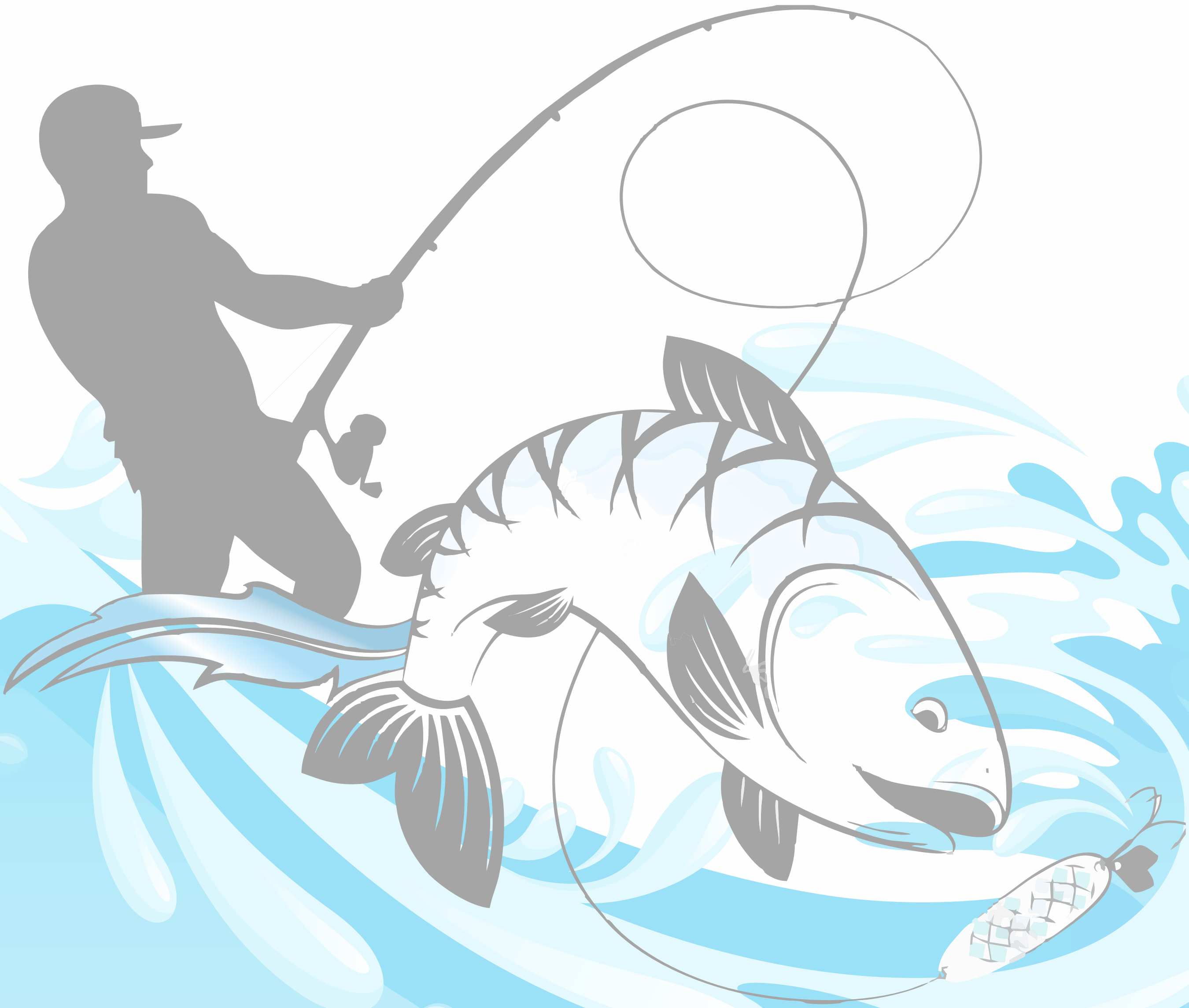
Notes: Biotechnology Venture Fund = BVF; Ventureast Life Fund III = VLF III; SEAF Agribusiness Fund = SEAF; Tata Capital Innovations Fund = TCIF; India Opportunities Fund = IOF; Omnivore Capital Trust = OCT; TVS Shriram Growth Fund - 1B = TVS; Ivycap Ventures Trust I = IVT I; Golden Gujarat Growth Fund = GGGF; India Nivesh Growth and Special Situations Fund = INGSSF; Ivycap Ventures Trust II = IVT II; India Advantage Fund = IAF; IFMR Fimpact Long Term Fund = IFMR; Orios Venture Partners = OVP; Aavishkaar Bharat Fund = ABF; Stakeboat Capital Fund I = SCF I

ANNUAL REPORT 2019-20

ANNUAL ACCOUNTS 2019-20
Balance Sheet
Profit & Loss Account & Cash Flow 2019-20 of NABARD

NABARD

ANNUAL REPORT
2019-20



NABARD

Independent Auditor's Report

To:
The Board of Directors of
National Bank for Agriculture and Rural Development

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of National Bank for Agriculture and Rural Development ('the Bank' or 'NABARD'), which comprise the Balance Sheet as at March 31, 2020, Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information ('Standalone Financial Statements').

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984 and exhibit a true and fair view, in conformity with the Accounting Standards notified by the Institute of Chartered Accountants of India ('ICAI') and accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2020, its profits and its cash flows for the year ended on that date.

Basis of Opinion

2. We conducted our audit in accordance with the Standards on Auditing ('SAs') issued by the ICAI. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. Those Standards require that we comply with ethical requirements. We are independent of the Bank in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our opinion.

Emphasis of Matter

3. Attention is invited to Note No 17 to the Standalone Financial Statements regarding the uncertainties arising out of the outbreak of COVID-19 pandemic and the assessment made by the management of the Bank on its operations and financial reporting for the year ended March 31, 2020; such an assessment and the outcome of the pandemic, as made by the management, is dependent on the circumstances as they evolve in the subsequent periods. Our report is not modified in respect of this matter.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the year. These matters were addressed in the context of our audit of the Standalone Financial Statements, as a whole, and in forming our opinion thereon, we do not provide a separate opinion on the key audit matters. In our professional judgement, we have decided the following to be the key audit matter to be communicated in our report:

Particulars of the Key Audit Matter	Audit Processes in the Matter
Multiple IT Systems: The Bank is dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The audit approach relies extensively on several reports generated by interface of	We performed a range of audit procedures, which included: Review of the report of IS Audit carried by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon

Particulars of the Key Audit Matter	Audit Processes in the Matter
these IT systems and in-built automated controls therein. The major IT systems concerning the financial reporting process include: · CLMAS – transactions processing and financial reporting system · TALMS – Treasury Operations · Empower HRMS – HR and payroll · Various workflows inputting data into CLMAS · FAMS – Property, Plant and Equipment · Interface/interplay of one or more of above systems in building up or generating reports IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. Management of the Bank continuously endeavors several remediation activities and is in the process of bettering the implementation thereof aiming at minimization of the risks over IT applications in the financial reporting process. These includes implementation of preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	for financial reporting. Our audit tests were designed to cover the following: • Understanding the Bank's IT control environment and key changes in the course of our audit that were considered relevant to the audit; • Reviewed the workflow of core transactions as captured by the IT systems; • Selectively tested key automated and manual business cycle controls including logic for system generated reports relevant to the financial reporting; • Selectively recomputing interest calculations and maturity dates; • Selectively re-evaluating masters updating, interface with resultant reports; • Selective testing of the interface of CLMAS with other IT systems like TALMS, Empower and several workflows; • Selectively testing the system generated reports manually (Verification around the computer system).

Information Other Than the Financial Statements and Auditor's Report Thereon

5. The Bank's management and Board of Directors are responsible for the preparation of the other information, comprising of the information such as Report of Board of Directors and such other disclosures included in the Bank's annual report, excluding the Financial Statements and auditors' report thereon ('Other Information').

   The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the standalone Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

   In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'.

Management's Responsibility for the Standalone Financial Statements

6. Management of the Bank is responsible for the preparation of the Standalone Financial Statements in accordance with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984, that give a true and fair view of the financial position, financial performance, and cash flows of the Bank. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, design, implementation and maintenance of adequate internal financial

controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors are also responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements. Our audit processes in accordance with the SAs are narrated in Annexure 1 to this report.

Other Matters

8. Incorporated in these financial statements are the returns of 14 Regional Offices and 1 Training Centre visited by us for the purposes of audit and the same including Head Office, account for 80.73% of advances, 99.98% of deposits, 82.90% of interest income and 99.98% of interest expenses. These Offices and Training Centre have been selected in consultation with the management of the Bank. We have not visited other remaining offices of the Bank i.e. 17 Regional Offices and 2 Training Centers but have reviewed their returns sent at the Head Office.

9. Due to complete lockdown imposed by the Central Government to restrict the spread of COVID19, the audit finalization process, for the year under report, was carried out from remote locations i.e. other than the Head Office of the Bank, and to the extent data/details available/feasible based on financial information/records remitted by the management through digital medium.

Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and the Profit and Loss Account have been drawn up as per Schedule 'A' and Schedule 'B' of Chapter IV of National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984.

    As required by the provisions of National Bank for Agriculture and Rural Development Act, 1981 and regulations made thereunder, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. The transactions of the Bank, which have come to our notice in course of our audit, have been within the powers of the Bank.

    c. In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts and with the returns received from the regional offices and training centers not visited by us.

    d. In our opinion, the Standalone Financial Statements comply with the applicable accounting standards.

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm's Registration No: 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership No: 033494
ICAI UDIN: 20033494AAAAEC7877

Place: Mumbai
Date: May 22, 2020

Annexure 1 to the Independent Auditors' Report

(referred to in para 7 titled "Auditor's Responsibilities for the Audit of the Standalone Financial Statements")

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks and obtain audit evidence for material items that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Bank.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
BALANCE SHEET AS ON 31 MARCH 2020

(Amount in ₹crore)

Sr. No.	FUNDS AND LIABILITIES	SCHEDULE	As on 31.03.2020	As on 31.03.2019
1	Capital (Under Section 4 of the NABARD Act, 1981)		14,080.00	12,580.00
2	Reserve Fund and other Reserves	1	34,950.99	31,093.76
3	National Rural Credit Funds	2	16,090.00	16,086.00
4	Gifts, Grants, Donations and Benefactions	3	6,020.77	5,701.47
5	Government Schemes	4	2,446.92	1,244.84
6	Deposits	5	2,36,463.08	2,24,146.66
7	Bonds and Debentures	6	1,39,752.26	1,05,802.99
8	Borrowings	7	66,671.00	77,925.87
9	Current Liabilities and Provisions	8	15,599.93	12,888.89
	Total		**5,32,074.95**	**4,87,470.48**
	Forward Foreign Exchange Contracts (Hedging) as per contra		1,102.35	1,088.25

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

BALANCE SHEET AS ON 31 MARCH 2020

(Amount in ₹ crore)

Sr. No.	PROPERTY AND ASSETS	SCHEDULE	As on 31.03.2020	As on 31.03.2019
1	Cash and Bank Balances	9	11,997.17	12,124.96
2	Investments	10	34,006.15	39,610.29
3	Advances	11	4,80,396.46	4,30,272.62
4	Fixed Assets	12	530.48	505.88
5	Other Assets	13	5,144.69	4,956.73
	Total		**5,32,074.95**	**4,87,470.48**
	Forward Foreign Exchange Contracts (Hedging) as per contra		1,102.35	1,088.25
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of accounts
As per our attached report of even date

For Khimji Kunverji & Co LLP
(Formerly Khimji Kunverji & Co)
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh B. Dedhia
Partner (F-033494)

S. Sankaranarayanan
Chief General Manager
Accounts Department

Harsh Kumar Bhanwala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

Mumbai
22 May 2020

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

(Amount in ₹ crore)

Sr.No.	INCOME	SCHEDULE	2019-20	2018-19
1	Interest on Loans and Advances (Refer Note B-7 of Schedule 18)		28,744.66	26,248.71
2	Income from Investment Operations / Deposits		3,866.60	3,353.91
3	Other Income		81.04	65.29
	Total "A"		**32,692.30**	**29,667.91**

Sr.No.	EXPENDITURE	SCHEDULE	2019-20	2018-19
1	Interest and Financial Charges (Refer Note B-6 of Schedule-18)	14	23,782.98	22,198.72
2	Establishment and Other Expenses	15 A	2,170.87	1,892.56
3	Expenditure on Promotional Activities	15 B	69.44	61.41
4	Provisions	16	1,399.93	522.28
5	Depreciation		34.76	33.59
	Total "B"		**27,457.98**	**24,708.56**
6	**Profit before Tax (A - B)**		**5,234.32**	**4,959.35**
7	**Provision for**			
	a) Income Tax		1,330.00	1,604.00
	b) Deferred Tax (Refer Note B-9 of Schedule 18)		45.09	-9.21
8	**Profit after Tax**		**3,859.23**	**3,364.56**
	Significant Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of accounts

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

PROFIT AND LOSS APPROPRIATION ACCOUNT

(Amount in ₹ crore)

Sr.No.	APPROPRIATIONS / WITHDRAWALS	2019-20	2018-19
1	**Profit for the year brought down**	**3,859.23**	**3,364.56**
2	Add:		
	Withdrawals from funds against expenditure debited to Profit & Loss A/c*		
a)	Co-operative Development Fund	17.90	16.66
b)	Research and Development Fund	30.33	35.45
c)	Producers Organisation Development Fund	2.61	1.69
d)	Investment Fluctuation Reserve	-	14.34
e)	Rural Infrastructure Promotion Fund	1.20	5.39
f)	Farm Sector Promotion Fund	17.95	21.32
g)	Climate Change Fund	1.22	0.17
h)	Gramya Vikas Nidhi	28.56	16.19
3	**Profit available for Appropriation**	**3,959.00**	**3,475.77**
	Less: Transferred to: *		
a)	Special Reserves u/s 36(1) (viii) of IT Act, 1961	850.00	800.00
b)	National Rural Credit (Long Term Operations) Fund	1.00	1.00
c)	National Rural Credit (Stabilisation) Fund	1.00	1.00
d)	Research and Development Fund	30.33	35.45
e)	Investment Fluctuation Reserve	42.50	61.85
f)	Co-operative Development Fund	17.90	16.66
g)	Producers' Organizations Development Fund	102.61	1.69
h)	Rural Infrastructure Promotion Fund	26.20	10.39
i)	Farm Sector Promotion Fund	17.95	21.32
j)	Gramya Vikas Nidhi	28.56	46.19
k)	Climate Change Fund	1.22	5.16
l)	Catalytic Fund	10.00	-
m)	Reserve Fund	2,829.73	2,475.06
	Total	**3,959.00**	**3,475.77**

* Refer Schedule 1

Refer Schedule 18 for Significant Accounting Policies and Notes on Accounts.

As per our attached report of even date

For Khimji Kunverji & Co LLP
(Formerly Khimji Kunverji & Co)
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh B. Dedhia
Partner (F-033494)

S. Sankaranarayanan
Chief General Manager
Accounts Department

Harsh Kumar Bhanwala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

Mumbai
22 May 2020

SCHEDULES TO BALANCE SHEET

Schedule 1 - Reserve Fund and Other Reserves

(Amount in ₹ crore)

Sr. No.	PARTICULARS	Opening Balance as on 01.04.2019	Transferred From P&L Appropriation	Transferred to P&L Appropriation	Balance as on 31.03.2020
1	Reserve Fund	20,831.45	2,829.73	-	23,661.18
2	Research and Development Fund	50.00	30.33	30.33	50.00
3	Capital Reserve	74.81	-	-	74.81
4	Investment Fluctuation Reserve	1,197.50	42.50	-	1,240.00
5	Co-operative Development Fund	60.00	17.90	17.90	60.00
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	8,585.00	850.00	-	9,435.00
7	Producers' Organizations Development Fund	100.00	102.60	2.60	200.00
8	Rural Infrastructure Promotion Fund	25.00	26.20	1.20	50.00
9	Farm Sector Promotion Fund	60.00	17.95	17.95	60.00
10	Gramya Vikas Nidhi	90.00	28.56	28.56	90.00
11	Climate Change Fund	20.00	1.22	1.22	20.00
	Catalytic Fund	-	10.00	-	10.00
	Total	**31,093.76**	**3,956.99**	**99.76**	**34,950.99**
	Previous year	27,731.20	3,473.77	111.21	31,093.76

Schedule 2 - National Rural Credit Funds

(Amount in ₹ crore)

Sr. No.	PARTICULARS	Opening Balance as on 01.04.2019	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2020
1	National Rural Credit (Long Term Operations) Fund	14,493.00	1.00	1.00	14,495.00
2	National Rural Credit (Stabilisation) Fund	1,593.00	1.00	1.00	1,595.00
	Total	**16,086.00**	**2.00**	**2.00**	**16,090.00**
	Previous year	16,082.00	2.00	2.00	16,086.00

Schedule 3 - Gifts, Grants, Donations and Benefactions

(Amount in ₹crore)

Sr. No.	PARTICULARS	Opening Balance as on 01.04.2019	Addition during the year	Interest Credited	Expenditure / Adjustments during the year	Balance as on 31.03.2020
A.	**Grants from International Agencies**					
1	KfW - NABARD V Fund for Adivasi Programme	0.49	1.28	0.01	1.17	0.61
2	KfW NB UPNRM - Accompanying Measures	-	1.94	-	1.94	-
3	KfW NB UPNRM - Financial Contribution	0.15	-	-	-	0.15
4	KfW UPNRM Fund (Refer Note B-1 of Schedule 18)	-	-	-	-	-
5	KfW Risk Mitigation Fund	7.99	-	-	-	7.99
6	Indo German Watershed Development Programme - Andhra Pradesh	0.62	-	0.02	-	0.64
7	Indo German Watershed Development Programme - Gujarat	0.58	-	0.03	-0.43	1.04
8	Indo German Watershed Development Programme - Rajasthan	0.24	-	0.02	-0.34	0.60
9	GIZ UPNRM Technical Coraboration	0.72	1.18	-	1.90	-
10	Climate Change - (AFB) - Project Formulation Grant	11.41	9.62	0.51	7.18	14.36
11	GIZ Soil Project	1.42	-	-	0.01	1.41
12	KfW Soil Project	-	18.12	-	15.69	2.43
B.	**Other Funds**					
1	Watershed Development Fund (i)	1,301.62	96.99	82.94	97.46	1,384.09
2	Interest Differential Fund - (Forex Risk)	240.03	-	18.08	20.31	237.80
3	Interest Differential Fund - TAWA	0.10	-	-	-	0.10
4	Adivasi Development Fund	5.77	-	-	-	5.77
5	Tribal Development Fund (ii)	1,183.96	96.99	97.22	116.26	1,261.91
6	Financial Inclusion Fund (iii)	2,368.46	323.29	154.22	272.58	2,573.39
7	Financial Inclusion Fund - Digital	83.95	1.91	-	67.65	18.21

Sr. No.	Particulars	Opening Balance as on 01.04.2019	Addition during the year	Interest Credited	Expenditure / Adjustments during the year	Balance as on 31.03.2020
8	PODF-ID (iv)	173.48	129.32	9.09	59.88	252.01
9	National Bank - Swiss Development Coop. Project	63.58	0.85	-	-	64.43
10	RPF & RIF - Off-Farm Sector Promotion Fund	24.67	-	0.46	3.92	21.21
11	Centre for Professional Excellence in Co-operatives - (C-PEC)	2.52	-	0.23	-	2.74
12	LTIF Interest Fluctuation Reserve Fund	26.77	-	1.07	-	27.84
13	National Adaptation Fund for Climate Change a/c	202.94	33.52	6.79	101.22	142.04
	Total	**5,701.47**	**715.01**	**370.69**	**766.40**	**6,020.77**
	Previous year	5,456.12	972.11	330.93	1,057.68	5,701.47

*Refer B-2 of Schedule 18

NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

Includes income tax paid off:
(i) ₹ 24.41 crore
(ii) ₹24.41 crore
(iii) ₹ 81.37 crore
(iv) ₹ 32.55 crore

Schedule 4 - Government Schemes

(Amount in ₹ crore)

Sr. No	PARTICULARS	Opening Balance as on 01.04.2019	Additions during the year	Interest Credited *	Expenditure / Adjustments during the year	Balance as on 31.03.2020
A	**Government Subsidy Schemes**					
1	Capital Investment Subsidy for Cold Storage Projects – NHB	0.56	0.00	0.00	-0.33	0.89
2	Capital Subsidy for Cold Storage TM North East	0.08	0.00	0.00	0.00	0.08
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	0.02	0.00	0.00	0.00	0.02
4	On-farm Water Management for Crop Production	0.07	0.00	0.00	0.00	0.07
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	78.92	0.00	0.00	-0.06	78.98

NABARD

Sr. No	PARTICULARS	Opening Balance as on 01.04.2019	Additions during the year	Interest Credited *	Expenditure / Adjustments during the year	Balance as on 31.03.2020
6	Cattle Development Programme - Uttar Pradesh	0.03	0.00	0.00	0.00	0.03
7	Cattle Development Programme – Bihar	0.07	0.00	0.01	0.00	0.08
8	National Project on Organic Farming	1.64	0.00	0.00	0.00	1.64
9	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4.29	0.00	0.00	0.00	4.29
10	Dairy and Poultry Venture Capital Fund	14.28	0.00	0.00	13.14	1.14
11	Poultry Venture Capital Fund	10.55	0.00	0.00	6.04	4.51
12	ISAM - Agricultural Marketing Infrastructure	81.93	55.98	0.00	87.95	49.95
13	ISAM - Grant Received for Promotional Expenditure a/c	0.01	0.00	0.00	0.00	0.01
14	NATIONAL LIVESTOCK MISSION - PVCF EDEG	177.44	139.99	0.00	171.14	146.30
15	Centrally Sponsored Scheme for establishing Poultry Estate	1.67	0.00	0.00	1.67	0.00
16	Multi Activity Approach for Poverty Alleviation - Sultanpur Uttar Pradesh	0.06	0.00	0.01	0.00	0.07
17	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh	0.02	0.00	0.00	0.00	0.02
18	Dairy Entrepreneurship Development Scheme	150.70	250.00	0.00	183.35	217.35
19	CSS for Solar Mission	0.02	0.00	0.00	-0.01	0.03
20	CSS - JNNSM - Solar Lighting a/c	6.35	0.00	0.00	6.33	0.02
21	CSS - Solar Photovoltaic Water Pumping	29.83	0.00	0.00	29.81	0.02
22	Capital Subsidy Scheme - Agri Clinic Agri Business Centres	3.43	16.72	0.00	13.03	7.12
23	CSS MNRE Lighting Scheme 2016 a/c	0.03	0.00	0.00	-0.05	0.08
24	Artificial Recharge of Groundwater in Hard Rock Area	4.61	0.00	0.00	-0.01	4.62

Sr. No	PARTICULARS	Opening Balance as on 01.04.2019	Additions during the year	Interest Credited *	Expenditure / Adjustments during the year	Balance as on 31.03.2020
B	**Other Government Schemes**					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	285.17	0.05	0.00	0.57	284.65
2	Women's Self Help Groups [SHGs] Development Fund	51.27	0.00	0.00	6.52	44.75
3	PRODUCE FUND	61.55	0.00	0.00	26.68	34.87
4	Revival of 23 unlicensed DCCBs	111.22	0.00	0.00	0.00	111.22
5	Interest Subvention (Sugar Term Loan)	0.00	150.00	0.00	45.59	104.41
6	AMI - Workshop Assistance Fund	0.17	0.00	0.00	0.13	0.04
7	Kutch Drought Proofing Project	0.22	0.00	0.00	0.00	0.22
8	Revival Package for Long Term Cooperative Credit Structure (LTCCS)	20.00	0.00	0.00	0.00	20.00
9	Revival Reform and Restructure of Handloom Sector	6.36	0.00	0.00	-2.11	8.47
10	Comprehensive Handloom Package	0.23	0.00	0.00	0.00	0.23
11	Interest Subvention (SAO, NRLM, NWR)	142.04	7738.20	0.00	6559.51	1320.74
	Total	**1,244.84**	**8,350.94**	**0.02**	**7,148.89**	**2,446.92**
	Previous year	1,423.33	6,409.97	0.01	6,588.47	1,244.84

*Refer B-2 of Schedule 18

NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

Schedule 5 - Deposits

(Amount in ₹ crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Central Government	0.00	0.00
2	State Governments	0.00	0.00
3	**Others**		
	a) Tea / Rubber / Coffee Deposits	61.46	82.84
	b) Commercial Banks (Deposits under RIDF)	1,30,442.23	1,19,762.51
	c) Short Term Cooperative Rural Credit Fund	44,786.94	45,000.00
	d) ST RRB Credit Refinance Fund	9,952.65	10,000.00
	e) Warehouse Infrastructure Fund	5,940.00	5,971.00
	f) Long Term Rural Credit Fund	44,929.80	43,000.31
	g) Fund for Food Processing Units	350.00	330.00
	Total	**2,36,463.08**	**2,24,146.66**

Schedule 6 - Bonds and Debentures

(Amount in ₹ crore)

Sr. No	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Tax Free Bonds	5,000.00	5,000.00
2	Non Priority Sector Bonds	48,628.30	39,434.40
3	Capital Gains Bonds	1.29	1.29
4	Bhavishya Nirman Bonds	405.47	421.10
5	PMAY-G - GOI Fully Serviced Bonds	28,809.80	17,998.80
6	Bonds - LTIF	30,010.50	23,463.80
7	LTIF - GOI Fully Serviced Bonds	14,598.70	10,785.40
8	SBM (G) - GOI Fully Serviced Bonds	12,298.20	8,698.20
	Total	**1,39,752.26**	**1,05,802.99**

Schedule 7 – Borrowings

(Amount in ₹ crore)

Sr.No	PARTICULARS	As on 31.03.2020	As on 31.03.2019
	(A) In India		
1	Central Government	-	-
2	JNN Solar Mission	2.81	2.81
3	Reserve Bank of India	-	-
4	**Others :**		
	(i) Certificate of Deposits	21,144.63	14,036.76
	(ii) Commercial Paper	24,035.75	25,626.21
	(iii) CBLO / Tri Party Repo	6,224.70	6,049.40
	(iv) Term Money Borrowings	7,210.51	4,067.10
	(v) Repo a/c	-	-
	(vi) Term Loan from Banks	7,000.00	26,999.94
	(vii) Facility from commercial banks	-	50.00
	(B) Outside India		
	(i) International Agencies	1,052.60	1,093.65
	Total	**66,671.00**	**77,925.87**

Schedule 8 - Current Liabilities and Provisions

(Amount in ₹ crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Interest / Discount Accrued	7,293.10	5,835.75
2	Sundry Creditors (Refer Note B-4 of Schedule 18)	1,239.74	687.30
3	Subsidy Reserve (Co-finance, Cold Storage, CSAMI)	104.07	104.80
5	Provision for Gratuity (Refer Note B-18 of Schedule 18)	20.40	18.44
6	Provision for Pension (Refer Note B-18 of Schedule 18)	160.34	379.19
7	Provision for Encashment of Ordinary Leave (Refer Note B-18 of Schedule 18)	360.46	356.06
8	Provision for Post-Retirement Medical Benefit (Refer Note B-18 of Schedule 18)	135.10	135.10
9	Unclaimed Interest on Bonds	4.00	3.32

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
10	Unclaimed Interest on Term Deposits	0.12	0.12
11	Term Deposits Matured but not claimed	0.05	0.05
12	Bonds matured but not claimed	39.14	144.20
13	Bond Premium	88.29	62.16
14	Debt Servicing Reserve	0.00	1.75
15	**Provisions and Contingencies**		
(a)	Depreciation in Value of Investment a/c - G. Sec.	0.00	14.34
(b)	Amortisation of G. Sec. - HTM	81.30	52.45
(c)	For Standard Assets	1,925.00	1,729.00
(d)	Non-performing Investments	564.86	248.33
(e)	Countercyclical Provisioning Buffer	14.45	14.45
(f)	Provision for Other Assets & Receivables	4.45	8.51
(g)	Provision for Income Tax [Net of Advance Tax]	3,065.06	3,093.57
(e)	Floating Provision	500.00	0.00
	Total	**15,599.93**	**12,888.89**

Schedule 9 - Cash and Bank Balances

(Amount in ₹ crore)

Sr. No	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Cash in hand	-	-
2	**Balances with :**		
	A) Banks in India		
	(i) Reserve Bank of India	621.20	1,405.57
	(ii) Other Banks in India		
	a) in Current Account	530.97	392.60
	b) Deposit with Banks	10,845.00	9,225.00
	c) Remittances in Transit	-	528.59
	d) CBLO / Tri party Repo	-	573.20
	(B) Outside India	-	-
	Total	**11,997.17**	**12,124.96**

Schedule 10 – Investments

(Amount in ₹ crore)

Sr. No	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	**Government Securities**		
	a) Securities of Central Government & State Govt	23,248.25	15,501.08
	[Face Value ₹ 22143,08,90,000 (₹ 14922,56,40,000)]		
	[Market Value ₹ 23708,08,73,099 (₹ 15350,09,35,860)]		
	b) Treasury Bills	-	664.35
	[Face Value ₹0.00 (₹713,71,70,000)]		
	[Market Value ₹0.00 (₹ 664,35,21,402.10)]		
2	**Other Approved Securities**	-	-
3	**Equity Shares in :**		
(a)	Agricultural Finance Corporation Ltd.	1.00	1.00
	[1,000 (1,000) - Equity shares of ₹10,000 each]		
(b)	Small Industries Development Bank of India	966.28	966.28
	[5,31,92,203 (5,31,92,203) - Equity shares of ₹10 each]		
(c)	Agriculture Insurance Company of India Ltd.	60.00	60.00
	[6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]		
(d)	Multi Commodity Exchange of India Ltd.	0.30	0.30
	[3,77,758 (3,77,758) - Equity shares of ₹10 each]		
(e)	National Commodity and Derivatives Exchange Ltd.	16.88	16.88
	[56,25,000 (56,25,000) - Equity shares of ₹10 each]		
(f)	Universal Commodity Exchange Ltd [UCX]	-	16.00
	[0 (1,60,00,000) Shares of ₹10 each]		
(g)	CSC e-Governance Services India Ltd Equity	9.75	9.75
	[55,000 (55,000) Shares of ₹1000 each]		
(h)	Agriculture Skill Council of India	0.00	0.00
	[4,000 (4000) Shares of ₹10 each]		
(i)	National E-Governance Services India Ltd [Equity]	1.50	1.50
	[15,00,000 (15,00,000) Shares of ₹10 each]		
(j)	National e-Repository Ltd.	10.53	10.53
	[105,30,000 (105,30,000) Shares of ₹10 each]		
(k)	Other Equity Investments	47.30	48.44
	[Market Value ₹ 82,44,91,556 (₹ 76,35,07,111)]		

Sr. No	PARTICULARS	As on 31.03.2020	As on 31.03.2019
4	**Debentures and Bonds**		
(i)	Special Dev Debentures of SCARDBs (Refer Note B-13 of Schedule 18)	1,118.34	1,738.61
(ii)	Non-Convertible Debentures	2,246.26	3,145.97
5	**Shareholding in subsidiaries and Joint Venture**		
(a)	**Shareholding in subsidiaries**		
(i)	NABARD Financial Services Ltd, Karnataka	102.01	102.01
	[10,20,06,300 (10,20,06,300] - Equity shares of ₹10 each]		
(ii)	NABSMRUDDHI	133.73	59.82
	[10,52,88,000 (5,26,44,000) - Equity shares of ₹10 each]		
(iii)	NAB KISAN	168.36	85.03
	[12,04,00,050 (7,16,66,700) - Equity shares of ₹10 each]		
(iv)	NABARD Consultancy Services Pvt. Ltd.	5.00	5.00
	[50,00,000 (50,00,000) - Equity shares of ₹10 each]		
(v)	NABVENTURES Ltd	5.00	5.00
	[50,00,000 (0) - Equity shares of ₹10 each]		
(vi)	NABFOUNDATION	1.00	-
	[10,00,000 (0) - Equity shares of ₹10 each]		
(b)	**Joint Venture**	-	-
3	**Others**		
(a)	Mutual Fund	3,519.17	7,586.72
(b)	Commercial Paper	276.87	552.55
	[Face Value ₹300,00,00,000 (₹600,00,00,000)]		
(c)	Certificate of Deposit	1,660.04	8,615.49
	[Face Value ₹1725,00,00,000 (₹8950,00,00,000)]		
(d)	Venture Capital Funds / AIFs	222.10	192.07
(e)	Investment Earmarked towards EOL		
	[Refer note B-18.1.3 of Schedule 18]	186.48	225.91
	Total	**34,006.15**	**39,610.29**

Schedule 11 - Advances

(Amount in ₹ crore)

Sr.No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	**Refinance Loans**		
(a)	Production & Marketing Credit	68,692.87	66,736.60
(b)	Conversion Loans for Production Credit	92.00	137.35
(c)	**Other Investment Credit**		
(i)	Medium Term and Long Term Project Loans (Refer Note B -13 of Schedule 18)	1,65,979.87	1,50,670.42
(ii)	Direct refinance to DCCBs	3,025.89	4,449.50
(iii)	JNN Solar Mission	-	0.03
2	**Direct Loans**		
(a)	Loans under Rural Infrastructure Development Fund	1,25,647.06	1,20,162.99
(b)	Loans under Warehouse Infrastructure Fund	5,164.36	4,984.05
(c)	Long Term Non-Project Loans	63.33	70.27
(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)	11,750.48	9,125.74
(e)	Loans to Producers' Organization Development	82.68	138.71
(f)	Credit Facility to Federations[CFF]	12,123.24	11,375.25
(g)	Loans under Food Processing Fund	278.80	276.24
(h)	Loans under Long Term Irrigation Fund	44,687.28	34,248.75
(i)	PMAY - G	28,819.23	18,008.23
(j)	Swacch Bharat Mission Gramin	12,298.20	8,698.20
(k)	DIDF	1,009.69	432.00
(l)	Loan Under GCF	344.43	344.43
(m)	**Other Loans:**		
(i)	Micro Finance Development Equity Fund Programme Loans	0.11	0.11
(ii)	Watershed Development Fund Programme Loans	20.64	26.56
(iii)	Tribal Development Fund Programme Loans	0.97	2.97
(iv)	KfW UPNRM Loans	129.68	164.10
(v)	Off Farm Sector Promotion Activities Programme Loans	185.65	218.72
(vi)	Farm Sector Promotion Activities Programme Loans	-	0.01
(vii)	Co-Finance Loans	-	-
(viii)	Direct Loan Under Sec 30 of NABARD Act	-	1.37
	Total	**4,80,396.46**	**4,30,272.62**

NABARD

Schedule 12 - Fixed Assets

(Amount in ₹ crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	**LAND : Freehold & Leasehold (Refer Note B-11 of Schedule 18)**		
	Opening Balance	180.03	180.03
	Additions/adjustments during the year	15.24	-
	Sub-Total	195.27	180.03
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	195.27	180.03
	Less: Amortization of Lease Premia	59.05	57.19
	Book Value	**136.22**	**122.84**
2	**PREMISES (Refer Note B-11 of Schedule 18)**		
	Opening Balance	420.89	413.30
	Additions / Adjustments during the year	173.45	7.59
	Sub-Total	594.34	420.89
	Less: Cost of assets sold/written off	15.11	-
	Closing Balance (at cost)	579.23	420.89
	Less: Depreciation to date	280.68	263.82
	Book Value	**298.55**	**157.07**
3	**FURNITURE & FIXTURES**		
	Opening Balance	68.53	67.96
	Additions/adjustments during the year	6.05	1.57
	Sub-Total	74.58	69.53
	Less: Cost of assets sold/written off	8.01	1.00
	Closing Balance (at cost)	66.57	68.53
	Less: Depreciation to date	60.83	62.12
	Book Value	**5.74**	**6.41**
4	**COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS**		
	Opening Balance	121.70	114.72
	Additions/adjustments during the year	46.23	9.39
	Sub-Total	167.93	124.11
	Less: Cost of assets sold/written off	8.65	2.41
	Closing Balance (at cost)	159.28	121.70
	Less: Depreciation to date	113.68	104.63
	Book Value	**45.60**	**17.07**

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
5	**VEHICLES**		
	Opening Balance	10.05	8.83
	Additions/adjustments during the year	4.97	4.97
	Sub-Total	15.02	13.80
	Less: Cost of assets sold/written off	6.47	3.75
	Closing Balance (at cost)	8.55	10.05
	Less: Depreciation to date	4.38	3.92
	Book Value	**4.17**	**6.13**
6	Capital Work in Progress	40.20	196.36
	Total	**530.48**	**505.88**

Schedule 13 - Other Assets

(Amount in ₹ crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Accrued Interest	3,579.53	3,520.26
2	Discount Receivable	27.05	121.32
3	Deposits with Landlords	0.97	1.03
4	Deposits with Government Departments and Other Institutions	37.06	36.63
5	Housing loan to staff	135.42	141.03
6	Other Advances to staff	92.37	94.63
7	Sundry Advances	44.81	79.63
8	Deferred Tax Assets (Refer Note B-9 of Schedule 18)	158.46	203.55
9	Receivable from Government of India/International Agencies. (Refer Note B-3 of Schedule 18)	1,065.38	749.40
10	Discount on issue of Bonds	3.64	9.25
	Total	**5,144.69**	**4,956.73**

Schedule 14 - Interest and Financial Charges

(Amount in ₹ crore)

Sr. No.	PARTICULARS	2019-20	2018-19
1	**Interest Paid on**		
(a)	Deposits under RIDF	6,114.48	6,088.80
(b)	Short Term Cooperative Rural Credit Fund (Refer Note B-6 of Schedule 18)	1,885.81	2,029.83
(c)	ST RRB Credit Refinance Fund (Refer Note B-6 of Schedule 18)	418.83	435.96
(d)	Warehouse Infrastructure Fund	278.06	279.49
(e)	Long Term Rural Credit Fund	1,788.78	1,812.85
(f)	Fund for Food Processing Units	16.08	16.08
(g)	Tea / Coffee / Rubber Deposits	3.44	6.77
(h)	CBS Deposits	-	0.01
(i)	Term Money Borrowings	214.30	253.76
(j)	Bonds (Refer Note B-6 of Schedule 18)	8,420.70	6,127.43
(k)	Corporate Loans	611.90	826.19
(l)	Borrowings from International Agencies	30.21	30.40
(m)	Borrowing against ST Deposit	-	0.05
(n)	Discount on Commercial Paper	1,688.88	2,785.01
(o)	Discount on Certificate of Deposits	1,518.23	563.72
(p)	Repo Interest Expenditure	26.17	157.09
(q)	Interest paid on funds	347.46	330.93
2	Discount on CBLO / TREPS	342.52	373.18
3	Discount, Brokerage, Commission & Issue Expenditure on Bonds and Securities	38.57	41.62
4	Swap Charges	38.56	39.55
	Total	**23,782.98**	**22,198.72**

Schedule 15 A - Establishment and Other Expenses

(Amount in ₹ crore)

Sr. No	PARTICULARS	2019-20	2018-19
1	Salaries and Allowances (Refer Note B-8 of Schedule 18)	955.60	1,044.16
2	Contribution to / Provision for Staff Superannuation Funds	797.01	432.72
3	Other Perquisites & Allowances	62.21	62.27
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	0.16	0.35
5	Directors' & Committee Members' Fees	0.08	0.09
6	Rent Rates Insurance Lighting etc.	35.30	35.21
7	Travelling Expenses	38.88	41.59
8	Printing & Stationery	5.61	5.73
9	Postage, Telegrams & Telephones	19.14	18.11
10	Repairs	44.00	50.02
11	Auditors' Fees	0.28	0.31
12	Legal Charges	1.09	1.49
13	Miscellaneous Expenses	125.15	103.07
14	Expenditure on Miscellaneous Assets	11.61	10.43
15	Expenditure on Study & Training	74.75	87.01
	Total	**2,170.87**	**1,892.56**

Schedule 15 B - Expenditure on Promotional Activities

(Amount in ₹ crore)

Sr. No	PARTICULARS	2019-20	2018-19
(i)	Cooperative Development Fund	17.90	16.66
(ii)	Micro Finance Development and Equity Fund	-	-
(iii)	Watershed Development Fund	-	-
(iv)	Farm Innovation and Promotion Fund	-	-
(v)	Producers' Organization Development Fund	2.60	1.69
(vi)	Rural Infrastructure Promotion Fund	1.20	5.39
(vii)	Farmers Technology Transfer Fund	-	-
(viii)	Expenditure under Farm Sector Promotion Fund	17.96	21.32
(ix)	Expenditure under Climate Change Programme	1.22	0.16
(x)	Gramya Vikas Nidhi	28.56	16.19
	Total	**69.44**	**61.41**

Schedule 16- Provisions

(Amount in ₹ crore)

Sr. No.	PARTICULARS	2019-20	2018-19
	Provisions for :		
1	Standard Assets	196.00	308.50
2 (a)	Non-Performing Assets	703.90	214.08
2 (b)	Non-Performing Assets - staff	0.03	-0.30
3	Sacrifice in interest element of restructured Accounts	-	-
4	Other Assets / Receivable	-	-
5	Floating Provision	500.00	-
	Total	**1,399.93**	**522.28**

Schedule 17 - Commitments and Contingent Liabilities

(Amount in ₹ crore)

Sr. No	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Commitments on account of capital contracts remaining to be executed	1.81	32.76
	Sub Total "A"	**1.81**	**32.76**
2	Contingent Liabilities		
	Bank Guarantee	25.57	25.03
(i)	Claims against the Bank not Acknowledged as debt.	-	-
	Sub Total "B"	**25.57**	**25.03**
	Total (A + B)	**27.38**	**57.79**

Schedule 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation:

The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Bank / NABARD) and are consistent with those used in the previous year.

2. Use of Estimates:

Preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations for the reporting period. Although these estimates are based on the management's best knowledge, the actual results could differ from these estimates. Such differences are recognized in the year of outcome of such results.

3. Revenue recognition:

a) Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:

- i) Interest on non-performing assets identified as per Reserve Bank of India (RBI) guidelines.
- ii) Income by way of penal interest charged due to delayed receipt of loan dues or non–compliance with terms of loan.
- iii) Service Charges on loans given out of various Funds.
- iv) Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.

b) Discount on Bonds and Commercial Papers issued are amortized over the tenure of Bonds and Commercial Papers. Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.

c) Dividend on investments is accounted for, when the right to receive the dividend is established.

d) i) Income from Venture Capital funds is accounted on realization basis.

ii) Release of subsidy in which NABARD is acting as a pass through agency is accounted for, including service charges thereon, on payment basis subject to availability of funds under the respective schemes.

e) Recovery in non-performing assets (NPA) is appropriated in the following order:

- i) penal interest
- ii) cost & charges
- iii) overdue interest and interest
- iv) principal

4. Property Plant and Equipment (Fixed Assets)

a) Fixed assets in are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.

b) Land includes freehold and leasehold land.

c) Premises include value of land, where segregated values are not readily available.

d) Depreciation policy on premises situated on freehold land and leasehold land has been revised during the FY 2017-18 and calculated on straight line basis over the period of 30 years.

e) Fixed Assets individually costing ₹1 lakh or less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹10,000. All software costing ₹1 lakh each and less, purchased independently are charged to the Profit and Loss Account.

f) Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

Type of Assets	Depreciation Rate
Furniture and Fixtures	20%
Computer & Software	33.33%
Office Equipment	20%
Vehicles	20%

g) Depreciation is charged from the month the asset is capitalized in the year of purchase and till the month the asset is sold in the year of sale.

h) Capital work in progress includes capital advances and is disclosed under Fixed Assets.

5. Investments

a) In accordance with the RBI guidelines, Investments are classified into "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) categories (hereinafter called "categories").

b) Securities that are held principally for resale within 90 days from the date of purchase are classified as "HFT". Investments that the Bank intends to hold till maturity are classified as "HTM". Securities which are not to be classified in the above categories are classified as "AFS".

c) Investments classified under HTM category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortized over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category "HTM" is made, wherever necessary. Provision for diminution/ amortization, in value of such investments, is included under Current Liabilities and Provisions.

d) Profit on redemption of investment categorized under "HTM" is recognized in Profit & Loss A/c.

e) Investments under "AFS" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. Net depreciation, if any, is provided for investments in the category classified as "AFS" and appreciation is ignored. The book values of the individual scrip are not changed after such revaluation.

f) Investments under "HFT" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. Depreciation / appreciation is recognized in the category for investments classified as "HFT". The book value of the individual scrip is changed after such revaluation.

g) Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.

h) Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.

i) Unquoted Shares are valued at breakup value, if the latest Audited Financial Statements of the investee companies are available, or at ₹1/- per Company as per RBI guidelines.

j) Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.

k) Brokerage, paid on acquisition / disposal of equities traded on stock exchange is capitalized.

l) Broken period interest paid/received on debt investments is treated as interest expenses/

income and is excluded for cost/ sale consideration.

m) Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.

n) Amortization/Gain/Loss on Revaluation of Government Securities is charged to Profit and Loss Account.

o) Weighted average cost method has been followed for accounting for investments.

p) Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.

6. Advances and Provisions thereon

a) Advances are classified as per RBI guidelines. Provision for standard assets and non–performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.

b) In case of restructuring/rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present value of future principal and interest as per the revised agreement is provided for.

c) Advances are stated net of provisions towards Non-performing Advances.

d) Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the Profit and Loss account.

7. Foreign Currency Transactions

As per Accounting Standard (AS-11) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the ICAI; following accounting treatment is given to foreign exchange transactions:

a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Reserve Bank of India as at the close of the year/reporting date. The hedged portion of the foreign currency borrowings are stated at the contracted value and the liability of hedged borrowing as per year-end exchange rate is disclosed as a contra item in the Balance Sheet (as off Balance Sheet item).

b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

8. Accounting for Foreign Exchange Contracts

a) Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.

b) The foreign currency borrowings which are hedged are stated at the contract rate.

c) The foreign exchange unhedged contracts are revalued at the exchange rates notified by FEDAI / FBIL at the year end. The resultant gain / loss on revaluation is recognised in the Profit & Loss Account under the head Gains / Loss on revaluation of Forward Exchange Contract Account. Premium/ discount are accounted over the life of the contract.

d) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit and Loss Account under the head 'Profit / Loss on Foreign Currency Loan Account'.

9. Employee Benefits

All personnel transferred from RBI are considered as employees of the Bank and provisions for Employee Benefits are made accordingly. Actuarial valuation, wherever required, for long term employee benefits are carried out at each balance sheet date.

a) Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

b) Post-Retirement Benefits:

i) Defined Contribution Plan

The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Employers' Contribution is recognized on accrual basis.

The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the “NPS- Corporate Sector Model”, a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority

(PFRDA). Contribution to the Fund is made on accrual basis.

ii) Defined Benefit Plan

a. Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

b. Provision for pension is made based on actuarial valuation, in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust.

iii) Other Long Term benefits

All eligible employees of the bank are entitled for compensated absences. All the eligible employees are also entitled for post-retirement medical benefits. The cost of providing other long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

10. Taxes on Income

a) Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/ appeals.

b) Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.

c) Deferred tax assets relating to unabsorbed depreciation/business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.

d) Tax paid/provided on taxable income earned by the funds are accounted as expenditure of respective funds.

11. Segment Reporting

a) Segment revenue includes interest and other income directly identifiable with / allocable to the segment.

b) Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank income".

c) Expenses that are directly identifiable with/ allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".

d) Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

12. Impairment of Assets

a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

i) the provision for impairment loss, if any, required; or

ii) the reversal, if any, required for impairment loss recognized in the previous periods.

b) Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

13. Provisions, Contingent Liabilities and Contingent Assets

13.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:

a) the Bank has a present obligation as a result of a past event;

b) a probable outflow of resources is expected to settle the obligation; and

c) the amount of the obligation can be reliably estimated.

13.2 Contingent liability is disclosed in the case of:

a) a possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,

b) a present obligation when no reliable estimate is possible, and

c) a possible obligation arising from past events where the probability of outflow of resources is remote.

13.3 Contingent assets are neither recognized, nor disclosed.

13.4 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

14. Cash and cash equivalents

(a) Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.

(b) Cash Flow statement is reported using Indirect method. The cash flow from operating, financing and investing activity is segregated based on the available information.

15. Prior Period Income / Expenses

Items of Income / Expenditure which are prior period in nature is disclosed separately only when the individual prior period income / expense exceeds 0.5% of Gross Income.

16. Implementation of Indian Accounting Standards (Ind AS)

In terms of the Press Release No. 11/10/2009 CL-V dated 18 January 2016 issued by the MCA, the bank would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 and thereafter. The implementation of Ind AS by AIFIs has been deferred by Reserve Bank of India until further notice.

17. Impact of Covid-19

(a) The outbreak of COVID19 across the globe and in India and consequent nation-wide lockdown has caused significant decline in the economic activity of the nation. It has created disruptions across the businesses, more particularly in Banking and Financial services sector, posing severe challenges to the farm sector especially during the peak of rabi season in the country and when crops are at harvestable stage or almost reaching maturity. This is also the time when the farm harvests reach the mandis (market yards) for assured procurement operations by designated government agencies.

(b) The management of the Bank assessed the impact of the COVID19 considering its internal and external inputs for ascertaining the same on the financial reporting numbers, which in turn is based on its assessment of the evolving developments in the subsequent periods.

(c) As banking and financial services are categorized as essential services, all the routine activities of the bank on policy matters, disbursement of loans, Investment of surplus and other related operations are conducted smoothly during the lockdown period by allowing majority staff to work from home through online / digital mode. A limited number of staff are called to office on rotational basis for attending to emergency work.

(d) In the opinion of the management of the Bank, based on information presently available, the impact of COVID–19 on the reported numbers and impairment of the assets would not be significant.

B. NOTES FORMING PART OF THE ACCOUNTS

1. In terms of the agreement with Kreditanstalt Fur Wiederaufbau - German Development Bank (KfW), accretion / income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as Other loans and disclosed under Schedule 11. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 7 During the year, a sum of ₹21.06 crore (₹56.98 crore), representing total expenditure of ₹36.68 crores over income of ₹15.62 crores under the fund, has been charged to Profit & Loss Account.

2. Interest on unutilized balances has been credited to the following funds as per the respective agreements/as approved by the Management/ Board of Directors. The details of rate of interest for respective funds are as under:

Sr. No.	NAME OF THE FUND	Rate of Interest for 2019-20	Rate of Interest for 2018-19
1.	Watershed Development Fund	4%	4%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Rajasthan)	4%	4%
3.	KfW Accompanying Measures	4%	4%
4.	National Adaptation Fund for Climate change	4%	4%
5.	Tribal Development Fund	4%	4%
6.	Financial Inclusion Fund	4%	4%
7.	Kfw NB- V Adivasi Development Programme- Gujarat	4%	4%
8.	Climate Change - (AFB) - Project Formulation Grant	4%	4%
9.	LTIF Interest Fluctuation Reserve Fund	4%	4%
10.	PODF-ID	4%	4%
11.	Cattle Development Fund (UP & Bihar)	8.97%	8.05%
12.	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareilly)	8.97%	8.05%
13.	Center for Professional Excellence in Co-operatives.	8.97%	8.05%

3. Recoverable from Government of India / International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹1.06 crore (₹1.44 crore) being debit balance of various funds. The details of such funds are as under:

(Amount in ₹ crore)

Sr No.	NAME OF THE FUND	31-03-2020	31-03-2019
1	KfW- UPNRM – Accompanying Measures	0.59	0.91
2	KfW- Soil Project	0.00	0.53
3	KfW UPNRM – Technical collaboration	0.47	0.00

4. Sundry Creditors includes ₹30.48 crore (₹30.43 crore) being amounts outstanding to contributors in respect of Micro Finance Development and Equity Fund (MFDEF).
5. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5 percent in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund (WIF) deposits and Food Processing Fund (FPF), placed by the Commercial Banks is credited to Watershed Development Fund, Tribal Development Fund, Financial Inclusion Fund and PODF.
6. Interest Subvention received / receivable from Government of India (GOI) under various schemes has been adjusted from Interest and financial charges under Schedule 14. The amount of Interest subvention adjusted under different schemes is given below:

(Amount in ₹ crore)

S.No.	SCHEME	2019-20	2018-19
1	Long Term Irrigation Fund	332.74	89.46
2	Seasonal Agricultural Operations (SAO)	-296.60	-264.83
3	Dairy Infrastructure Development Fund (DIDF)	15.18	8.00
4	National Rural Livelihood Mission (NRLM)	20.54	19.63

7. Interest Margin on providing refinance under interest subvention scheme to StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for

Seasonal Agricultural Operations and under NRLM scheme which was hitherto shown under other income has been accounted as interest income. The amount received / receivable from GOI under the scheme stood at ₹100.02 crore (₹106.90 crore).

8. The salaries and allowances of the employees of the Bank are reviewed every five years. The review is due from 01 November 2017. Pending such settlement, an amount of ₹200 crore (₹200 crore) has been provided, during the year under report, under the head Salary and Allowances during the year.

9. The Bank, during the year, in accordance with AS 22 "Accounting for taxes on Income", recognized in the Profit and Loss Account the deferred tax asset of (-)₹45.09 crore (₹9.21 crore). The details of the deferred tax are as under:

(Amount in ₹ crore)

Sr. No.	DEFERRED TAX ASSETS	31-03-2020	31-03-2019
1	Provision allowable on payment basis	126.99	171.63
2	Depreciation on Fixed Assets	31.47	31.92
	Total	**157.46**	**203.55**

Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

10. The details of pending Income Tax Appeals with various authorities as at the end of FY 2019-20 is given below:

S.N.	ASSESSMENT YEAR	AUTHORITY WHERE APPEAL IS PENDING	APPEAL PREFERRED BY	AMOUNT IN DISPUTE
				(₹. Crore)
1	2006-07	High Court – Mumbai	IT Dept.	115.52
2	2007-08	Income Tax Appellate Tribunal (ITAT)	IT Dept.	89.56
3	2008-09	Income Tax Appellate Tribunal (ITAT)	IT Dept.	118.77
4	2009-10	Income Tax Appellate Tribunal (ITAT)	IT Dept.	194.82
5	2010-11	Income Tax Appellate Tribunal (ITAT)	NABARD	28.20
6	2010-11	Income Tax Appellate Tribunal (ITAT)	IT Dept.	215.31
7	2011-12	Income Tax Appellate Tribunal (ITAT)	NABARD	51.07
8	2011-12	Income Tax Appellate Tribunal (ITAT)	IT Dept.	287.62
9	2012-13	Income Tax Appellate Tribunal (ITAT)	NABARD	45.63
10	2012-13	Commissioner of Income Tax (Appeals)	NABARD	25.55
11	2012-13	Income Tax Appellate Tribunal (ITAT)	IT Dept.	327.03
12	2013-14	Income Tax Appellate Tribunal (ITAT)	NABARD	1.70
13	2013-14	Income Tax Appellate Tribunal (ITAT)	IT Dept.	380.05
14	2014-15	Income Tax Appellate Tribunal (ITAT)	IT Dept.	450.61
15	2015-16	Income Tax Appellate Tribunal (ITAT)	IT Dept.	448.87
16	2016-17	Commissioner of Income Tax (Appeals)	NABARD	407.23
17	2017-18	Commissioner of Income Tax (Appeals)	NABARD	360.69

11. Free hold land and Lease Land and Premises include ₹14.00 crore (₹14.00 crore) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.
12. In the opinion of the Bank's management, there is no impairment to assets to which AS 28 – "Impairment of Assets" applies requiring any provision.
13. Pursuant to the directives of RBI, the project loans provided to State Co-operative Agriculture and Rural Development Banks (SCARDBs) by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:
    a) Classified as Investments and shown in Schedule – 10 under the head 'Debenture and Bonds'.
    b) Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'Deemed Advances'.
    c) 'Deemed Advances' for the purpose of IRAC norms, capital adequacy and computation of ratios etc.
14. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹438.65 crore (₹472.56 crore) pertains to non-starter projects. Pending receipt of the proposal from State Government for adjustment of the amount with the respective / other projects, the amount has been classified as disbursement from the fund.
15. In terms of Central Board of Direct Taxes, Ministry of Finance notification dated 18 February 2016, NABARD was allowed to raise tax free bonds having benefits under section10(15)(iv)(h) of the Income Tax Act 1961 amounting to ₹5,000 crore. Accordingly, ₹1,500 crore repayable in 10 year tenure was mobilized through Private Placement and ₹3,500 crore repayable in 10 & 15 year tenure through public issue. The tax free bonds are in the nature of secured, redeemable and non-convertible bonds. These bonds are secured against pari passu charge on property situated in Mumbai and also first charge on specified book debts of NABARD. The interest charge to revenue pertaining to these bonds for the current year is ₹365.94 crore (₹365.74 crore).

    The details of the debenture Trustee is as under:

    Axis Trustee Services Limited,
    The Ruby, 2nd Floor, SW,
    29, Senapati Bapat Marg,
    Dadar West, Mumbai - 400028
    Telephone: +91 22 6230 0451

16. In terms of RBI Circular RBI/2015-16/104 DBR.No.FID.FIC.3/01.02.00/2015-16 dated 01 July 2015 relating to Prudential Guidelines on Investment in Venture Capital Fund, an amount of ₹42.38 crore (₹33.78 crore) made in the units of VCF was shifted from HTM category, on completion of 3 years, to AFS category.
17. Investments in Government Securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(Amount in ₹ crore)

PARTICULARS	FACE VALUE	BOOK VALUE
Pledged for Business Segment (Securities)	750.00	783.15
	(750.00)	(783.15)
Pledged for Business Segment (CBLO / Tri Party Repo)	13,252.00	14,091.46
	(8,301.13)	(8,639.18)
Pledged for Business Segment (Securities) Default Fund	50.00	52.21
	(50.00)	(52.21)
Pledged for Business Segment (CBLO / Tri Party Repo) – Default Fund	50.00	52.21
	(50.00)	(52.21)

18. Disclosure required under AS 15 (Revised) on "Employee Benefits"

18.1 Defined Benefit Plans

Employees Retirement Benefit Plans of the bank include Pension, Gratuity, Leave Encashment and Post-retirement Medical Benefits, which are defined benefit plans. The present value of obligation is determined based on actuarial valuation, by an independent Actuary, using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

18.1.1 Pension

a. Reconciliation of opening and closing balances of defined benefit obligations:

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19
Present value of defined benefit obligation at the beginning of year	4,976.36	4,496.91
Current Service Cost	82.74	74.55
Interest Cost	365.76	332.77
Actuarial Gain/Loss	557.23	292.11
Benefits paid	-232.38	-219.98
Present value of defined benefits obligations at the year end	5,749.70	4,976.36

b. Amount recognized in the Balance Sheet as on 31 March 2020 and previous year from 2015-16 to 2018-19:

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19	2017-18	2016-17	2015-16
Present value of defined benefits obligations as at the year end	5,749.70	4,976.36	4,496.91	3,694.29	2,911.93
Fair value of plan assets as at the yearend	5,609.19	4,615.81	4,355.48	3,276.21	2,801.56
Liability recognized in the Balance sheet as at the year end	160.34	379.19	141.43	418.08	110.37

c. Expenses recognized in the Profit and Loss Account during the year:

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19
Current Service Cost	82.74	74.55
Interest Cost	365.76	332.77
Net Actuarial Gain/Loss	563.64	298.94
Expected return on Plan Assets	-266.33	-312.76
Expense recognized in the statement of Profit and Loss	745.81	393.49

d. Actuarial assumptions:

PARTICULARS	2019-20	2018-19
Mortality Table (LIC)	2012-14 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	6.75%	7.35%
Salary growth (per annum)	6.00%	6.00%
Withdrawal rate	1.00%	1.00%

18.1.2 Gratuity

a. Reconciliation of opening and closing balances of defined benefit obligations:

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19
Present value of defined benefit obligation at the beginning of year	508.90	540.25
Current Service Cost	26.27	35.66
Interest Cost	37.40	39.98
Actuarial Gain/ Loss	7.02	7.61
Benefits paid	-78.25	-114.60
Present value of defined benefits obligations at the year end	501.34	508.90

b. Amount recognized in Balance Sheet as on 31 March 2020 and P.Y. from 2015-16 to 2018-19

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19	2017-18	2016-17	2015-16
Present value of defined benefits obligations as at the year end	501.34	508.90	540.25	487.52	303.02
Fair value of plan assets as at the year end	490.13	498.10	510.28	313.46	301.51
Liability recognized in the Balance Sheet as at the year end	20.40	18.44	29.97	174.06	1.51

c. Expenses recognized in the Profit and Loss Account during the year:

Amount in ₹crore)

PARTICULARS	2019-20	2018-19
Current Service Cost	26.27	35.66
Interest Cost	37.40	39.97
Net Actuarial Gain/Loss	7.98	-22.46
Expected return on Plan Assets	-31.63	-41.74
Expense recognized in the statement of Profit and Loss	40.02	11.43

d. Actuarial assumptions:

PARTICULARS	2019-20	2018-19
Mortality Table (LIC)	2012-14 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	6.75%	7.35%
Salary growth (per annum)	7.00%	7.00%
Withdrawal rate	1.00%	1.00%

18.1.3 Encashment of Ordinary Leave

a. Reconciliation of opening and closing balances of defined benefit obligations:

(Amount in ₹crore)

PARTICULARS	2019-20	2018-19
Present value of defined benefit obligation at the beginning of year	343.76	356.06
Current Service Cost	9.37	8.28
Interest Cost	25.27	26.35
Actuarial Gain/Loss	23.65	-15.10
Benefits paid	-44.37	-31.83
Present value of defined benefits obligations at the year end	357.68	343.76

b. Amount recognized in Balance Sheet as on 31 March 2020 and P.Y. from 2015-16 to 2018-19

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19	2017-18	2016-17	2015-16
Present value of defined benefits obligations as at the year end	357.68	343.76	356.06	305.50	265.45
Funds earmarked by the Bank *	186.49	225.91	249.76	258.25	263.37
Liability recognized in the Balance Sheet as at the year end	171.19	130.15	106.30	47.25	2.08

* Represents the amount invested with Insurance companies towards the liability for Leave Encashment

c. Expenses recognized in the Profit and Loss Account during the year:

(Amount in ₹crore)

PARTICULARS	2019-20	2018-19
Current Service Cost	9.37	8.28
Interest Cost	25.27	26.35
Net Actuarial Gain/Loss	24.66	-13.62
Expected return on Plan Assets	-10.22	-22.49
Expense recognized in the statement of Profit and Loss	49.07	-1.48

d. Actuarial assumptions:

PARTICULARS	2019-20	2018-19
Mortality Table (LIC)	2012-14 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	6.75%	7.35%
Salary growth (per annum)	7.00%	7.00%
Withdrawal Rate	1.00%	1.00%

18.1.4 Post-Retirement Medical Benefits

The present value of defined benefit obligation in respect of post-retirement medical benefits accounted in Profit and Loss Account is ₹0.00 crore (₹4.04 crore).

18.1.5 The estimates of rate of escalation in salary considered in actuarial valuation, take into account NABARD related factors, inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

18.1.6 The aforesaid liabilities include liabilities of employees deputed to subsidiaries.

18.1.7 Amortisation of Post-retirement benefits

The entire liability towards post-retirement benefits are charged to Profit and Loss account and are not amortised.

18.1.8 Investment under Plan Assets of Pension, Gratuity & Leave Encashment Fund as on 31 March 2020

PARTICULARS	PENSION	GRATUITY	ENCASHMENT of OL
	% of Plan Assets	% of Plan Assets	% of Plan Assets
Central Govt. Securities	12.50	--	--
State Govt. Securities	37.50	--	--
Insurer Managed Funds	--	100.00	100.00
Others	50.00	--	--
Total	**100.00**	**100.00**	**100.00**

18.2 Defined Contribution Plan:

a. The bank contributes its share to Provident Fund with RBI. As per the terms, the contribution is a defined contribution plan. During the year, the bank has contributed ₹27.49 crore (₹30.18) with RBI.

b. The employees' recruited on or after 01 January 2012 are covered under New Pension Scheme, which is a defined contribution plan. During the year, the bank has contributed ₹4.57 crore (₹2.95 crore) to the said scheme.

19. Capital

19.1 Pattern of Capital contribution as on the date of the Balance Sheet:

The Authorized Capital of the bank stood at ₹30,000 crore as on 31 March 2019 and as on 31 March 2020. The entire Paid up Capital of the bank has been subscribed by Government of India. The details are given below:

CONTRIBUTOR	31 March 2020		31 March 2019	
	(₹ crore)	%	(₹ crore)	%
Government of India	14,080.00	100.00%	12,580.00	100.00%
Total	**14,080.00**	**100.00%**	**12,580.00**	**100.00%**

During the year an amount of ₹1,500 crore was infused by Government of India towards Capital of NABARD.

19.2 Capital Adequacy

19.2.1 Capital Adequacy Ratio of the Bank as on 31 March 2020 was 21.20% (18.96%) as against a minimum of 9% as stipulated by RBI.

19.2.2 In accordance with RBI Instructions, assets financed from National Rural Credit – Long Term Operations (NRC LTO) Fund amounting to ₹14,495 (₹14,493) crore are excluded for the purpose of computing the CRAR.

19.2.3 The details of various parameters of Capital to Risk Weighted Assets Ratio is given below:

(Amount in ₹ crore)

Sr.No.	PARTICULARS	2019-20	2018-19
(i)	Common Equity	46,884.98	41,739.28
(ii)	Additional Tier 1 capital	0.00	0.00
(iii)	Total Tier 1 capital (i+ii)	46,884.98	41,739.28
(iv)	Tier 2 capital	3,471.90	2,798.07
(v)	Total Capital (Tier 1+Tier 2)	50,356.88	44,537.35
(vi)	Total Risk Weighted Assets (RWAs)	2,37,571.73	2,34,868.85
(vii)	Common Equity Ratio (Common Equity as a percentage of RWAs)	19.74	17.77
(viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	19.74	17.77
(ix)	Capital to Risk Weighted Assets Ratio (CRAR)	21.20	18.96
(x)	Percentage of the shareholding of the Government of India in the AIFI		100.00
(xi)	Amount of equity capital raised	1,500.00	2,000.00
(xii)	Amount of Additional Tier 1 capital raised; of which	0.00	0.00
	(a) Perpetual Non-Cumulative Preference Shares (PNCPS):	0.00	0.00
	(b) Perpetual Debt Instruments (PDI)	0.00	0.00
(xiii)	Amount of Tier 2 capital raised; of which	0.00	0.00
	(a) Debt capital instruments:	0.00	0.00
	(b) Perpetual Cumulative Preference Shares (PCPS)	0.00	0.00
	(c) Redeemable Non-Cumulative Preference Shares (RNCPS)	0.00	0.00
	(d) Redeemable Cumulative Preference Shares (RCPS)	0.00	0.00

20. Provisions on Standard Assets

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19
Provisions towards Standard Assets	196.00	308.50

21. Floating Provisions and Counter Cyclical Provision

(Amount in ₹ crore)

S. No.	PARTICULARS	2019-20	2018-19
(a)	Opening balance in floating provision account (counter cyclical provisioning buffer)	14.44	14.44
(b)	The quantum of floating provisions made during the accounting year #	500.00	0.00
(c)	Amount of drawdown made during the accounting year	0.00	0.00
(d)	Closing balance in the floating provision account	514.44	14.44

The Board of Directors of the Bank decided to create floating provisions, in accordance with RBI guidelines, to be utilized for any unexpected or exceptional circumstances.

22. Asset Quality and specific provisions

22.1 Non-Performing Advances

(Amount in ₹ crore)

S. No.	PARTICULARS	31.03.2020	31.03.2019
(i)	**Net NPA to Net Advances (%)**	**0.15**	**0.00**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening Balance	168.06	164.45
(b)	Additions during the year	1,107.64	10.62
(c)	Reductions during the year	38.71	7.01
(d)	Closing Balance	1,236.99	168.06
(iii)	**Movement of Net NPAs**		
(a)	Opening Balance	0.00	0.00
(b)	Additions during the year	719.88	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	719.88	0.00
(iv)	**Movement of provisions for NPAs (excluding provision on standard assets)**		
(a)	Opening balance	168.06	164.45
(b)	Provision made during the year	388.28	9.37
(c)	Write off / write back of excess provision	39.23	5.76
(d)	Closing Balance	517.11	168.06

22.2 Non-Performing Investments

(Amount in ₹ crore)

S. No.	PARTICULARS	31.03.2020	31.03.2019
(i)	**Net NPI to Net Investments (%)**	**0.26**	**0.00**
(ii)	**Movement of NPIs (Gross)**		
(a)	Opening Balance	226.05	16.00
(b)	Additions during the year	440.29	210.05
(c)	Reductions during the year	16.00	0.00
(d)	Closing Balance	650.34	226.05
(iii)	**Movement of Net NPIs**		
(a)	Opening Balance	0.00	0.00
(b)	Additions during the year	85.48	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	85.48	0.00
(iv)	**Movement of provisions for NPIs**		
(a)	Opening balance	226.05	16.00
(b)	Provision made during the year	354.81	210.05
(c)	Write off / write back of excess provision	16.00	0.00
(d)	Closing Balance	564.86	226.05

22.3 Non-Performing Assets (30.1+30.2)

(Amount in ₹ crore)

S.No	PARTICULARS	31.03.2020	31.03.2019
(i)	**Net NPA to Net Assets (Advances + Investments) (%)**	**0.16**	**0.00**
(ii)	**Movement of NPAs (Gross Advances + Gross Investments)**		
(a)	Opening Balance	394.11	180.45
(b)	Additions during the year	1,547.93	220.67
(c)	Reductions during the year	54.71	7.01
(d)	Closing Balance	1,887.33	394.11
(iii)	**Movement of Net NPAs**		
(a)	Opening Balance	0.00	0.00
(b)	Additions during the year	805.36	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	805.36	0.00
(iv)	**Movement of provisions for NPAs (excluding provision on standard assets)**		
(a)	Opening balance	394.11	180.45
(b)	Provision made during the year	743.09	219.42
(c)	Write off / write back of excess provision	55.22	5.76
(d)	Closing Balance	1,081.98	394.11

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22.4 Particulars of Accounts Restructured

During the current financial year, number of loan accounts restructured was Nil.

(Amount in ₹. Crore)

	Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification	Details	Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total
1	Restructured Accounts as on 01 April 2019	No. of Borrowers											1	2	2	0	5	1	2	2	0	5
		Amount outstanding											1.22	2.02	14.23	0.00	17.47	1.22	2.02	14.23	0.00	17.47
		Provision thereof											0.06	2.02	14.23	0.00	16.31	0.06	2.02	14.23	0.00	16.31
2	Fresh restructures during the year	No. of Borrowers											0	0	0	0	0	0	0	0	0	0
		Amount outstanding											0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Provision thereof											0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Upgradation to restructured standard category during the FY	No. of Borrowers											1	1	0	0	0	1	0	0	0	1
		Amount outstanding											1.65	-1.65	0.00	0.00	0.00	1.65	0.00	0.00	0.00	1.65
		Provision thereof											1.65	-1.65	0.00	0.00	0.00	1.65	0.00	0.00	0.00	1.65
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers											1				1	1				1
		Amount outstanding											1.22				1.22	1.22				1.22
		Provision thereof											0.06				0.06	0.06				0.06

	Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification	Details	Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total
5	Downgradation of restructured accounts during the FY	No. of Borrowers												1	1							
		Amount outstanding												0.37	-0.37							
		Provision thereof													0.37	-0.37						
6	Write offs of Restructured accounts during the FY	No. of Borrowers																				
		Amount outstanding																				
		Provision thereof																				
7	Restructured accounts as on 31 March 2020	No. of Borrowers											1	0	3	0	4	1	0	3	0	4
		Amount outstanding											1.65	0.00	14.60	0.00	16.25	1.65	0.00	14.60	0.00	16.25
		Provision thereof											1.65	0.00	14.60	0.00	16.25	1.65	0.00	14.60	0.00	16.25

22.5 Movement of Non-Performing Advances

(Amount in ₹ crore)

S.No.	PARTICULARS	2019-20	2018-19
(i)	Gross NPAs as on 01 April	168.06	164.45
(ii)	Additions during the year	1107.64	10.62
	Sub total (A)	**1275.70**	**175.07**
Less :			
(i)	Upgradations	16.15	5.65
(ii)	Recoveries (excluding recoveries made from upgraded accounts)	22.56	1.36
(iii)	Technical / Prudential Write offs	0.00	0.00
(iv)	Write offs other than those under (iii) above	0.00	0.00
	Sub-total (B)	**38.71**	**7.01**
Gross NPAs as on 31 March (A-B)		**1236.99**	**168.06**

22.6 Write-offs and Recoveries

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19
Opening balance of Technical / Prudential written off accounts as at 01 April	0.00	0.00
Add : Technical / Prudential write offs during the year	0.00	0.00
Sub-total (A)	0.00	0.00
Less : Recoveries made from previously Technical / Prudential written off accounts during the year (B)	0.00	0.00
Closing Balance as at 31 March (A-B)	0.00	0.00

Note: Technical or Prudential write-off is the amount of non-performing loans which are outstanding in the books of the branches, but have been written-off (fully or partially) at Head Office level.

22.7 Overseas Assets, NPAs and Revenue

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19
Total Assets	0.00	0.00
Total NPAs	0.00	0.00
Total Revenue	0.00	0.00

22.8 Depreciation and Provisions on Investments

(Amount in ₹ crore)

S. No.	PARTICULARS	2019-20	2018-19
(1)	**Investments**		
(i)	Gross Investments *		
	In India	32887.81	37871.68
	Outside India	---	---
(ii)	Provision for Depreciation *		
	In India	564.86	240.39
	Outside India	---	---
(iii)	Net Investments *		
	In India	32322.95	37631.29
	Outside India	---	---
(2)	**Movement of provisions held towards depreciation on investments**		
(i)	Opening Balance	240.39	164.01
(ii)	Add: Provisions made during the year	354.81	224.39
(iii)	Appropriation, if any, from Investment Fluctuation Reserve Account during the year	0.00	0.00
(iv)	Less: Write off / write back of excess provisions during the year	30.34	148.01
(v)	Less: Transfer, if any, to Investment Fluctuation Reserve Account	0.00	0.00
(vi)	Closing Balance	564.86	240.39

* the figures are excluding investments in Special Dev Debentures of SCARDBs

22.9 Provisions and Contingencies

(Amount in ₹ crore)

S. No.	PROVISIONS AND CONTINGENCIES SHOWN UNDER THE HEAD EXPENDITURE IN PROFIT AND LOSS ACCOUNT	2019-20	2018-19
1	Provisions for depreciation on Investment	354.81	224.39
2	Provision towards NPA (Advances + Investments)	703.93	228.11
3	Provision made towards Income tax (Net)	1375.09	1594.79

22.10 Provisioning Coverage Ratio (PCR)

PCR [ratio of provisioning (including counter cyclical provisioning buffer) to gross non-performing assets] as at close of business for the current year stood at 84.58% (103.67%).

22.11 Moratorium under Covid – 19 package

In terms of “COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets” announced by RBI on 27 March 2020 and 17 April 2020, the Bank has allowed three months' moratorium for 13 loan accounts on the principal and interest due between 01 March to 31 May 2020 amounting to ₹42.76 crore. All the above loan accounts are classified as standard category and there was no overdue on any of these accounts as on 29 February 2020. Hence, no additional provision was required to be made on these loans which were allowed moratorium as per the aforesaid guidelines.

23. Investment portfolio: constitution and operations

23.1 Repo Transactions

PARTICULARS	Minimum Outstanding during the year	Maximum Outstanding during the year	Daily Average Outstanding during the year	Outstanding as on 31 March 2020
Securities sold under Repo				
i. Government Securities	158.53	4379.80	479.77	0.00
	(206.69)	(5470.43)	(2360.25)	(0.00)
ii. Corporate Debt Securities	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Securities purchased under Reverse Repo				
i. Government Securities	105.76	2762.36	68.43	0.00
	(40.28)	(520.06)	(8.51)	(0.00)
ii. Corporate Debt Securities	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)

23.2 Disclosure of Issuer Composition for Investment in Debt Securities

(Amount in ₹ crore)

Sr. No.	ISSUER	AMOUNT	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	581.42	581.42	–	–	–
		(581.40)	(581.40)			
(ii)	FIs	0.00	0.00	–	–	–
		(16.13)	(16.13)			
(iii)	Banks	1660.04	1660.04	–	–	–
		(8615.49)	(8615.49)			
(iv)	Private Corporates	1941.70	1941.70	–	–	–
		(3100.99)	(3100.99)			
(v)	Subsidiaries / Joint Ventures	–	–	–	–	–
(vi)	Others	23248.24	23248.24	–	–	–
		(16165.43)	(16165.43)			
(vii)	Provision held towards Depreciation	564.86 (240.39)	564.86 (240.39)	–	–	–
	Total	**26866.56**	**26866.56**	–	–	–
		(28239.05)	**(28239.05)**			

23.3 Sale and Transfers to / from HTM Category

During the year, Securities amounting to ₹1,640 crore (₹60 crore) were transferred from HTM to AFS category and Securities amounting to ₹1,589.51 crore (₹1,674 crore) were transferred from AFS to HTM category. The market value of all investments held under HTM category was ₹ 7,635.85 crore against the book value of ₹7,506.07 crore. There is no short fall of market value over book value under the head as on 31 March 2020.

24. Details of Financial Assets purchased/ sold

24.1 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

A. Details of Sales : NIL

B. Details of Book Value of Investments in Security Receipts : NIL

24.2 Details of Non Performing Financial Assets Purchased / Sold

A. Details of Non Performing Financial Assets purchased: NIL

B. Details of Non Performing Financial Assets sold : NIL

24.3 Operating Results

S. No.	PARTICULARS	2019-20	2018-19
(i)	Interest income as a percentage to working funds	6.66	6.64
(ii)	Non-Interest Income as a percentage to working funds	0.02	0.04
(iii)	Operating Profit as a percentage to working funds	1.35	1.23
(iv)	Return on Assets (%)	0.79	0.76
(v)	Net Profit per employee (₹ crore)	1.08	0.89

25. Credit Concentration risk

25.1. Capital market exposure

(Amount in ₹ crore)

S.No.	PARTICULARS	2019-20	2018-19
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt $$	1528.64	1387.53
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	0.00	0.00
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	0.00
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	0.00	0.00
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0.00	0.00
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	0.00	0.00

S.No.	PARTICULARS	2019-20	2018-19
7	Bridge loans to companies against expected equity flows / issues;	0.00	0.00
8	Underwriting commitments taken up by the AIFI in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	0.00	0.00
9	Financing to stockbrokers for margin trading;	0.00	0.00
10	All exposures to Venture Capital Funds (both registered and unregistered)	222.10	192.07
	Total Exposure to Capital Markets	**1750.74**	**1579.60**

$$ Equity shares, subsidiaries and other strategic investments

25.2 Exposure to Country risk: NIL

25.3 Prudential Exposure Limits - Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the AIFI

25.3.1 The number and amount of exposures in excess of the prudential exposure limits during the year: NIL

25.3.2 Credit exposure as percentage to Capital Funds and as percentage to Total Assets

(Amount in ₹ crore)

CATEGORY	2019-20		2018-19	
	Credit Exposure as % to		Credit Exposure as % to	
	Capital Funds	Total Assets	Capital Funds	Total Assets
I Largest Single Borrower	57.20	5.42	40.43	3.69
II Largest Borrower Group	Not Applicable	Not Applicable		
III Twenty Largest Single Borrowers for the year	500.03	47.35	482.50	44.08
IV Twenty Largest Borrower Groups	Not Applicable	Not Applicable		

25.3.4 Factoring exposures : Not Applicable

25.3.5 Exposure where the FI had exceeded that Prudential Exposure Limits during the year: NIL

25.4 Concentration of borrowings / lines of credit, credit exposures and NPAs

(a) Concentration of borrowings and lines of credit

(Amount in ₹ crore)

S.No.	PARTICULARS	2019-20	2018-19
(i)	Total borrowings from twenty largest lenders	293624.33	268436.00
(ii)	Percentage of borrowings from twenty largest lenders to total borrowings	66.52	65.81

(b) Concentration of credit exposures

(Amount in ₹ crore)

S.No.	PARTICULARS	2019-20	2018-19
(i)	Total exposures to twenty largest borrowers	251925.57	214894.92
(ii)	Percentage of exposures to twenty largest borrowers to Total Advances of the AIFI	52.26	49.73

(c) Sector-wise concentration of exposures and NPAs

The sector-wise concentration of exposure and NPAs is given below:

(Amount in ₹ crore)

No.	PARTICULARS	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
		FY 2019-20			FY 2018-19		
I.	**Agricultural sector including allied agricultural activities**	**4,81,996.33**	**1,223.65**	**0.25**	**4,32,144.41**	**132.51**	**0.03**
1	Central Government	0.00	0.00	0.00	0.00	0.00	0.00
2	Central PSUs	39.31	0.00	0.00	61.71	0.00	0.00
3	State Governments	1,54,633.28	0.00	0.00	1,41,379.65	0.00	0.00
4	State PSUs	10,833.04	0.00	0.00	7,375.94	0.00	0.00
5	Scheduled Commercial Banks	88,637.85	0.00	0.00	58,665.66	0.00	0.00
6	Regional Rural Banks	46,095.58	0.00	0.00	46,888.92	0.00	0.00
7	Co-operative banks	78,952.81	0.00	0.00	76,915.34	0.00	0.00
8	Private sector (excluding banks)	76,775.21	116.15	0.15	72,069.30	132.51	0.18
9	Others SCRADB/LDB/NBFC-MFI/ ADFC	26,029.25	1,107.50	4.25	28,787.88	0.00	0.00
II.	**Others**	**241.13**	**13.34**	**5.53**	**271.20**	**35.55**	**13.11**
1	Construction Sector	13.25	13.25	100.00	35.49	35.49	100.00
2	Staff Loans	227.88	0.09	0.04	235.71	0.06	0.03
	Total (I+II)	**4,82,237.46**	**1,236.99**	**0.26**	**4,32,415.60**	**168.06**	**0.04**

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26. Derivatives

26.1 Forward Rate Agreement / Interest Rate Swap – NIL

26.2 Exchange Traded Interest Rate Derivatives – NIL

26.3 Disclosure on Risk exposure in derivatives:

(i) The Bank does not trade in Derivatives. However, it has hedged its International Borrowings to the extent of 73.01 million Euro (94.46 million Euro) and 50 million USD (50 million USD). Consequent upon hedging of foreign currency borrowings the same is shown at contracted value as per the Swap agreement / forward contract. The Bank has open exposure of 14.33 million (1.08 million) in Euro as on 31 March 2020.

(ii) The value of outstanding principal amount of hedge contract at the year–end exchange rate stood at ₹983.32 crore (₹1,088.25 crore). The value of outstanding principal liability in the books of account stood at ₹1,052.60 crore (₹1,093.65). The quantitative disclosure in this regard is as under:

(Amount in ₹ crore)

Sr. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	983.32		1088.25	--
	b) For trading	--		--	--
(ii)	Marked to Market Positions				
	a) Asset (+)	24.53		1.40	--
	b) Liability (-)			7.09	--
(iii)	Credit Exposure [2]	27.64		26.70	--
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	18.35		15.08	--
	b) on trading derivatives	--		--	--
(v)	Maximum and Minimum of				
	100*PV 01 observed during the year				
	a) on hedging	--		--	--
	b) on trading	--		--	--

27. Letters of Comfort (LoCs) issued by AIFIs: NIL

28. Asset Liability Management

The maturity pattern of assets and liabilities are prepared in terms of the ALCO policy of the bank as under:

(Amount in ₹ crore)

PARTICULARS	1-14 d	15-28d	29d-3m	>3m-6m	>6m-1y	>1y-3y	>3y-5y	>5y	Total
Deposits	0 (0)	7,690 (3,711)	0 (0)	22,059 (32,932)	62,986 (47,558)	73,533 (69,411)	51,363 (50,545)	18,832 (19,989)	2,36,463 (2,24,147
Advances	6,727 (6,709)	6,368 (5,912)	11,809 (10,926)	47,263 (52,256)	87,506 (82,870)	1,39,764 (1,14,935)	75,833 (73,038)	1,06,244 (83,635)	4,81,515 (4,30,28

PARTICULARS	1-14 d	15-28d	29d-3m	>3m-6m	>6m-1y	>1y-3y	>3y-5y	>5y	Total
Investments	2,346 (9,653)	4,728 (5,771)	17,068 (16,521)	4,687 (1,752)	4,500 (3,640)	917 (1,840)	136 (502)	9,351 (7,991)	43,733 (47,670)
Borrowings	8,380 (10,580)	2,079 (216)	29,250 (26,858)	17,013 (6,527)	13,468 (18,586)	34,735 (39,800)	8,502 (14,120)	91,943 (65,947)	2,05,371 (1,82,635
Foreign Currency Assets	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Foreign Currency Liabilities	0 (0)	0 (0)	0 (59)	35 (59)	60 (77)	189 (180)	219 (183)	549 (536)	1,053 (1,094)

Note: Figures in parenthesis pertains to FY 2018-19; Investment & borrowing figures for 2018-19 has been revised after regrouping.

29. Draw Down from Reserves: NIL

30. Business Ratios

PARTICULARS	2019-20	2018-19
Return on Equity (%)	8.41	8.29
Return on Assets (%)	0.79	0.76
Net Profit Per Employee (₹ crore)	1.08	0.89

31. Disclosure of Penalties imposed by RBI - NIL

32. Disclosure of Complaints

(a) Customer Complaints

S.No.	PARTICULARS	2019-20	2018-19
(a)	No. of complaints pending at the beginning of the year	2	7
(b)	No. of complaints received during the year	211	128
(c)	No. of complaints redressed during the year	204	133
(d)	No. of complaints pending at the end of the year	9	2

33. Off-Balance Sheet SPVs Sponsored (which are required to be consolidated as per accounting norms)

There are no SPVs sponsored by NABARD.

34. The movement in Contingent Liability as required in AS 29 "Provisions, Contingent Liabilities and Contingent Assets" is as under:

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19
Opening Balance	25.02	21.69
Addition during the year	25.57	25.02
Deletion during the year	25.02	21.69
Closing Balance	25.57	25.02

NABARD

35. Prior period items included in the Profit and Loss account are as follows:

(Amount in ₹ crore)

Sr. No.	PARTICULARS	2019-20	2018-19
1.	Income	0.00	0.00
2.	Revenue Expenditure	0.00	0.00
	Total	**0.00**	**0.00**

36. Accounting Standard 18 – Related Party Disclosures

As the Bank is State controlled enterprise within the meaning of AS-18 “Related Party Transactions”, the details of the transactions with other State controlled enterprises are not given.

List of Related Parties:

a) Companies where entity has control:

Sr. No.	COMPANIES
1.	Nabard Financial Services Ltd.
2.	NABSAMRUDDHI Finance Limited
3.	NABKISAN Finance Ltd.
4.	Nabard Consultancy Services Pvt. Ltd. (Wholly owned)
5.	NABVENTURES Ltd. (Wholly owned)
6.	NABFOUNDATION (Wholly owned)

b) Key Management Personnel:

NAME OF THE PARTY	DESIGNATION
Dr. Harsh Kumar Bhanwala	Chairman
Shri Harishkumar Rasiklal Dave (HRD)*	Deputy Managing Director
Shri R Amalorpavanathan (RA)*	Deputy Managing Director

*DMDs (HRD) and (RA) retired in April and May 2019 respectively.

a. Transactions with Key Management Personnel:

(Amount in ₹ crore)

Name of the Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year	Outstanding
Dr. Harsh Kumar Bhanwala	Key Management Personnel–Chairman	Remuneration including perquisites	0.61(0.50)	0.00
Shri Harishkumar Rasiklal Dave	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.13(0.65)	0.00
Shri R Amalorpavanathan	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.17(0.59)	0.00

No amounts, in respect of the related parties have been written off/back, or provided for during the year. Related party relationships have been identified by the management and relied upon by the auditors.

c) Information on Business Segment

(a) Brief Background

The Bank has recognised Primary segments as under:

i) Direct Finance: includes Loans given to State Governments and other agencies for rural infrastructure development, co-finance loans and loans given to voluntary agencies/ non–governmental organizations for developmental activities and other direct loans to Co-operative Banks, etc.

ii) Refinance: includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs Regional Rural Banks, etc. as refinance against the loans disbursed by them to the ultimate borrowers.

iii) Treasury: includes investment of funds in treasury bills, short-term deposits, government securities, etc.

iv) Unallocated: includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

(b) Information on Primary Business Segment

(Amount in ₹ crore)

BUSINESS SEGMENTS	TREASURY		REFINANCE		DIRECT LENDING		OTHER BUSINESS		TOTAL	
Particulars	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue	3,867.07	3,355.75	15,096.98	14,677.67	13,654.63	11,585.66	73.62	48.83	32,692.30	29,667.91
Result	2,248.67	1,597.97	2,828.64	2,807.31	2,811.01	2,483.14	-2,653.99	-1,929.07	5,234.33	4,959.35
Unallocated Expenses									0.00	0.00
Operating Profit									5,234.32	4,959.35
Income Taxes									1,375.09	1,594.79
Extra-ordinary profit / loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit									3,859.24	3,364.56
Other Informa-tion										
Segment Assets	44,693.36	48,463.49	2,41,001.39	2,25,952.75	2,43,069.05	2,08,820.62	3,311.15,	4,233.62	5,32,074.95	4,87,470.48
Segment Liabilities	68,543.82	78,950.65	2,19,481.93	1,97,007.59	1,83,334.31	1,57,848.75	60,714.89	53,663.49	5,32,074.95	4,87,470.48
Unallocated Liabilities									0.00	0.00
Total Liabilities									**5,32,074.95**	**4,87,470.48**

(c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

37. Figures in brackets pertain to previous year.

38. Previous year's figures have been regrouped /

As per our attached report of even date

For Khimji Kunverji & Co LLP
(Formerly Khimji Kunverji & Co)
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh B. Dedhia
Partner (F-033494)

S. Sankaranarayanan
Chief General Manager
Accounts Department

Harsh Kumar Bhanwala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

Mumbai
22 May 2020

National Bank for Agriculture and Rural Development
Cash flow for the year ended 31 March 2020

(Amount in ₹ crore)

PARTICULARS	2019-2020	2018-2019
(a) Cash flow from Operating activities		
Net Profit as per Profit and Loss a/c before tax	5,234.32	4,959.35
Adjustment for:		
Depreciation	34.76	33.59
Provisions and Amortisations	0.00	0.00
Provision for Non performing Assets	703.93	213.78
Provision for Standard Assets / Floating provision	696.00	308.50
Provision for sacrifice in interest element of Restructured Loan	0.00	0.00
Profit / Loss on sale of Fixed Assets	-0.29	0.05
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	370.71	330.93
Income from Investment (including Discount Income)	-3,866.60	-3,353.91
Operating profit before changes in operating assets	**3,172.83**	**2,492.29**
Adjustment for changes in working capital :		
(Increase) / Decrease in Current Assets	-1,860.92	7,043.49
Increase / (Decrease) in Current Liabilities	2,739.56	-1,962.36
Increase in Loans and Advances (Including Housing Loan & Other Advances to Staff	-50,895.63	-77,841.44
Cash generated from operating activities	**-46,844.15**	**-70,268.02**
Income Tax paid - Net of refund	-1,358.51	901.94
WIF/ FPF differential debited to Tribal Development / Financial Inclusion Fund / Watershed Development Fund)		
Net cash flow from operating activities (A)	**-48,202.66**	**-69,366.08**
(b) Cash flow from Investing activities		
Income from Investment (including Discount Income)	3,866.60	3,353.91
Purchase of Fixed Asset	-97.31	-76.06
Sale of Fixed Assets	38.24	7.73
Increase / Decrease in Investment	4,983.86	-9,479.02
Net cash used / generated from investing activities (B)	**8,791.39**	**-6,193.44**
(c) Cash flow from financing activities		
Grants / contributions received	1,152.66	-262.07
Proceeds of Bonds	33,949.26	31,781.87
Increase / (Decrease) in Borrowings	-11,254.86	33,373.31
Increase / (Decrease) in Deposits	12,316.42	9,696.69
Increase in Share capital	1,500.00	2,000.00
Net cash raised from financing activities (C)	**37,663.48**	**76,589.80**

PARTICULARS	2019-2020	2018-2019
Net increase in cash and cash equivalent (A)+(B)+(C)	-1,747.79	1,030.28
Cash and Cash equivalent at the beginning of the year	2,899.96	1,869.69
Cash and cash equivalent at the end of the year	**1,152.17**	**2,899.96**
1. Cash and cash equivalent at the end of the year includes :	**2019-2020**	**2018-2019**
Cash in hand	0	0
Balance with Reserve Bank of India	621.20	1,405.57
Balances with other Banks in India	530.97	392.60
Remittances in Transit	0.00	528.59
CBLO / Tri party Repo	0.00	573.20
Total	**1,152.17**	**2,899.96**

As per our attached report of even date

For Khimji Kunverji & Co LLP
(Formerly Khimji Kunverji & Co)
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh B. Dedhia
Partner (F-033494)

S. Sankaranarayanan
Chief General Manager
Accounts Department

Harsh Kumar Bhanwala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

Mumbai
22 May 2020

NABARD

ANNUAL REPORT
2019-20

ANNUAL REPORT

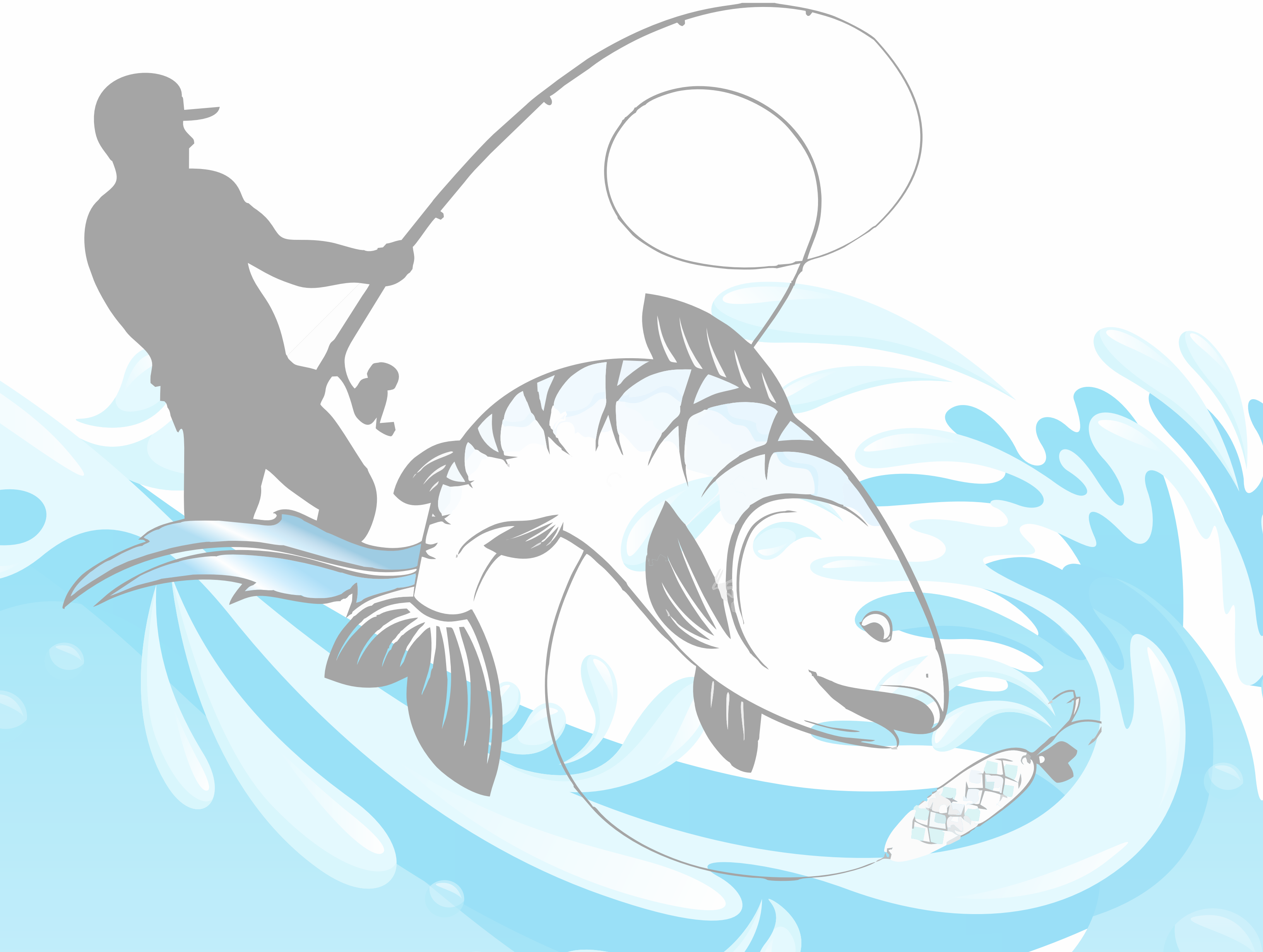
2019-20

ANNUAL ACCOUNTS 2019-20

Consolidated Balance Sheet

Profit & Loss Account & Cash Flow 2019-20 of NABARD & Subsidiaries

(NABCONS, NABKISAN, NABSAMRUDDHI, NABFINS, NABVENTURES, NABFOUNDATION)



NABARD

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NABARD

Independent Auditor's Report

To:
The Board of Directors of
National Bank for Agriculture and Rural Development

Report On the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of National Bank for Agriculture and Rural Development ('the Holding Bank' or 'NABARD') and its 6 (six) subsidiaries (the Holding Bank and its subsidiaries collectively referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at March 31, 2020, Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information ('Consolidated Financial Statements' or 'CFS').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid CFS, read with the matter contained in the emphasis of matter paragraph below, exhibit a true and fair view, in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, its consolidated profits and its consolidated cash flows for the year ended on that date.

Basis of Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. Those Standards require that we comply with ethical requirements. We are independent of the Group in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our opinion.

Emphasis of Matter

3. Without modifying our opinion, the attention is drawn to Note Nos 21 & 22 of the Consolidated Financial Statements, stating that the financial statements of all the six subsidiaries of NABARD are unaudited and consolidation thereof is prepared based on the numbers certified by the respective managements of these subsidiaries. As further stated in the said Note, the audit of these subsidiaries could not be completed by the respective statutory auditors of those entities, due to prevailing nation-wide lockdown situation. The impact on the CFS consequent to the adjustments, if any, arising from the audit of these subsidiaries is not ascertained, hence we are unable to comment thereon but as represented to us by the management of the Bank, such impact, if any, would not be material on the CFS.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the CFS for the year under audit. These matters were addressed in the context of our audit of the CFS, as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters. In our professional judgement, we have decided the following to be the key audit matter to be communicated in our report.

Particulars of the Key Audit Matter	Audit Processes in the Matter
(1) Multiple IT Systems: The Holding Bank is dependent on technology	We performed a range of audit procedures, which included:

Particulars of the Key Audit Matter	Audit Processes in the Matter
considering significant number of transactions that are processed daily across multiple and discrete Information Technology ("IT") systems. The audit approach relies extensively on several reports generated by interface of these IT systems and in-built automated controls therein. The major IT systems concerning the financial reporting process include: • CLMAS – transactions processing and financial reporting system • TALMS – Treasury Operations • Empower HRMS – HR and payroll • Various workflows inputting data into CLMAS • FAMS – Property, Plant and Equipment • Interface/interplay of one or more of above systems in building up or generating reports IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. Management of the Holding continuously endeavors several remediation activities and is in the process of bettering the implementation thereof aiming at minimization of the risks over IT applications in the financial reporting process. These includes implementation of preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature, in our preliminary risk assessment, we planned by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	Review of the report of IS Audit carried by an independent firm of chartered accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting. Our audit tests were designed to cover the following: • understanding the Bank's IT control environment and key changes in the course of our audit that were considered relevant to the audit; • review the workflow of core transactions as captured by the IT systems; • selectively tested key automated and manual business cycle controls including logic for system generated reports relevant to the financial reporting; • selectively recomputing interest calculations and maturity dates; • selectively re-evaluating masters updating, interface with resultant reports; • selective testing of the interface of CLMAS with other IT systems like TALMS, Empower and workflows; • Selectively testing the system generated reports manually (Verification around the computer system).

Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon

5. The Management and Board of Directors of the Holding Bank are responsible for the preparation of the other information, comprising of the information such as Report of Board of Directors and such other disclosures included in the Holding Bank's annual report, excluding the Financial Statements and auditors' report thereon ('Other Information')

   The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the CFS does not cover the other information and we do not express any form of assurance or conclusion thereon.

   In connection with our audit of the CFS, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the CFS or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'

Management's Responsibility for the Consolidated Financial Statements

6. The Management of the Holding Bank is

responsible for the preparation of the CFS in accordance with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984, that give a true and fair view of the consolidated financial position, consolidated financial performance, and consolidated cash flows of the Group. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the CFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the CFS, the respective Management and Board of Directors of the holding Bank and of companies included in the Group are also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the holding Bank and of the companies included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the CFS, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these CFS. Our audit process in accordance with the SAs is narrated in detail in Annexure 1 to this report.

Other Matters

8. Incorporated in these CFS are the returns of 14 Regional Offices and 1 Training Centre of NABARD visited by us for the purposes of audit and the same including Head Office, account for 80.73% of advances, 99.98% of deposits, 82.90% of interest income and 99.98% of interest expenses. These Offices and Training Centre have been selected in consultation with the management of the Holding Bank. We have not visited other remaining offices of the Holding Bank i.e. 17 Regional Offices and 2 Training Centers but have reviewed their returns at the Head Office.

9. Due to complete lockdown imposed by the Central Government to restrict the spread of COVID19, our audit finalization process, for the year under report, was carried out by us from remote locations i.e. other than the Head Office of the Holding Bank, to the extent data/details made available / feasible based on financial information/records remitted by the management through the digital medium.

10. As stated in paragraph 3 above, the financial statements / financial information of 6 (six) subsidiaries, whose financial statements / financial information reflect total assets of ₹3,486.54 crore as at 31 March, 2020, total revenues of ₹498.47 crore and net cash inflows amounting to ₹28.21 crore for the year ended on that date, as considered in the CFS, have not been subjected to audit by the respective auditors of these subsidiaries, due to prevailing lockdown situation. The same being unaudited, our opinion on the CFS, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is solely based on our reliance placed on the management certified numbers. Our opinion on the CFS and our report on Other Legal and Regulatory Requirements, is based on management's written representation to us that the effect of the changes / adjustments, if any, required to be made to the reported numbers of these subsidiaries consequent to their audit would not be material for the Group.

Report On Other Legal and Regulatory Requirements

11. We report that the CFS have been prepared by the Holding Bank in accordance with the requirements

of Accounting Standard (AS) 21 – 'Consolidated Financial Statements'. As per the information and explanations provided to us and in our opinion, the CFS comply with the applicable accounting standards.

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm's Registration No: 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership No: 033494

Place: Mumbai
Date: May 22, 2020

Annexure 1 to the Independent Auditors' Report

(referred to in para 7 titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements")

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks and obtain audit evidence for material items that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Group.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the CFS or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the CFS, including the disclosures, and whether the CFS represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance of the Holding Bank regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Review of the audited financial statements of the subsidiaries, not audited by us, if made available and communicating with the respective statutory auditors of such subsidiaries as per the framework of provisions of SA 600, "Using the Work of Another Auditor".
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

National Bank for Agriculture and Rural Development
Consolidated Balance sheet as on 31 March 2020

(Amount in ₹ Crore)

Sr.No.	FUNDS AND LIABILITIES	SCHEDULE	As on 31.03.2020	As on 31.03.2019
1	Capital (Under Section 4 of the NABARD Act, 1981)		14,080.00	12,580.00
2	Reserve Fund and Other Reserves	1	35,247.94	31,322.43
3	National Rural Credit Funds	2	16,090.00	16,086.00
4	Gifts, Grants, Donations and Benefactions	3	6,020.77	5,701.47
5	Government Schemes	4	2,446.92	1,244.84
6	Minority Interest	1A	168.53	146.01
7	Deposits	5	2,36,463.09	2,24,146.66
8	Bonds and Debentures	6	1,39,752.25	1,05,802.99
9	Borrowings	7	66,710.34	77,971.03
10	Current Liabilities and Provisions	8	15,650.85	12,936.64
	TOTAL		**5,32,630.69**	**4,87,938.07**
	Forward Foreign Exchange Contracts (Hedging) as per contra		1102.35	1088.25
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes on Accounts	18		

National Bank for Agriculture and Rural Development

Consolidated Balance sheet as on 31 March 2020

(Amount in ₹ Crore)

Sr.No.	PROPERTY AND ASSETS	SCHEDULE	As on 31.03.2020	As on 31.03.2019
1	Cash and Bank Balances	9	12,227.85	12,318.53
2	Investments	10	33,591.06	39,353.44
3	Advances	11	4,81,034.31	4,30,712.80
4	Fixed Assets	12	550.24	524.09
5	Other Assets	13	5,227.23	5,029.21
	TOTAL		**5,32,630.69**	**4,87,938.07**
	Forward Foreign Exchange Contracts (Hedging) as per contra		1102.35	1088.25
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of accounts
As per our attached report of even date

For Khimji Kunverji & Co LLP
(Formerly Khimji Kunverji & Co)
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh B. Dedhia
Partner (F-033494)

S. Sankaranarayanan
Chief General Manager
Accounts Department

Harsh Kumar Bhanwala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

Mumbai
22 May 2020

National Bank for Agriculture and Rural Development
Consolidated Profit and Loss Account for the year ended 31 March 2020

(Amount in ₹ Crore)

Sr.No.	INCOME	SCHEDULE	2019-20	2018-19
1	Interest Received on Loans and Advances (Refer Note B-7 of Schedule 18)		28,983.76	26,306.97
2	Income from Investment Operations / Deposits		3,866.60	3,353.91
3	Other Income		153.92	238.32
	TOTAL (A)		**33,004.28**	**29,899.19**

Sr.No.	EXPENDITURE	SCHEDULE	2019-20	2018-19
1	Interest and Financial Charges (Refer Note B-6 of Schedule-18)	14	23,784.07	22,199.61
2	Establishment and Other Expenses	15 A	2,305.48	1,996.14
3	Expenditure on Promotional Activities	15 B	69.43	61.41
4	Provisions	16	1,434.80	544.89
5	Depreciation		37.21	35.32
	TOTAL (B)		**27,630.99**	**24,837.37**
6	**Profit before Income Tax (A-B)**		**5,373.29**	**5,061.82**
7	Prior period items		0.11	0.02
8	Provision for Income Tax		1369.05	1638.61
9	Deferred Tax Asset Adjustment (Refer Note B-9 of Schedule 18)		46.40	-9.64
10	**Profit after Tax**		**3,957.73**	**3,432.83**
11	Minority Interest		20.06	17.30
12	Profit available for Appropriation		3,937.66	3,415.53

National Bank for Agriculture and Rural Development

Consolidated Profit and Loss Account for the year ended 31 March 2020

(Amount in ₹ Crore)

Sr.No.	APPROPRIATIONS/WITHDRAWALS	2019-20	2018-19
1	**Profit for the year brought down**	**3,937.66**	**3,415.53**
2	Add: Withdrawals from various funds against expenditure debited to Profit & Loss Account *	99.77	111.21
3	**Total Profit Available for Appropriation**	**4,037.43**	**3,526.74**
	Less : Transferred to *		
1	Special Reserve u/s 36(I)(viii) of the Income Tax Act, 1961	850.00	800.00
2	National Rural Credit (Long Term Operations) Fund	1.00	1.00
3	National Rural Credit (Stabilisation) Fund	1.00	1.00
4	Co-operative Development Fund	17.90	16.66
5	Research & Development Fund	30.33	35.70
6	Investment Fluctuation Reserve	42.50	61.84
7	Producers' Organization Development Fund	102.61	1.69
8	Rural Infrastructure Promotion Fund	26.20	10.39
9	Farm Sector Promotion Fund	17.95	21.32
10	Revolving Fund Assistance - LWE	-	0.00
11	Gramya Vikas Nidhi	28.55	46.19
12	Climate Change Fund	1.22	5.16
13	Catalytic Fund	10.00	0.00
14	Reserve Fund	2,908.17	2,525.78
	Total	**4,037.43**	**3,526.74**

* Refer Schedule 1

Refer Schedule 18 for Significant Accounting Policies and Notes on Accounts.

Schedules referred to above form an integral part of accounts

As per our attached report of even date

For Khimji Kunverji & Co LLP
(Formerly Khimji Kunverji & Co)
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh B. Dedhia
Partner (F-033494)

S. Sankaranarayanan
Chief General Manager
Accounts Department

Harsh Kumar Bhanwala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

Mumbai
22 May 2020

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 1 - Reserve Fund and Other Reserves

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	Opening Balance as on 01.04.2019	Additions/ Adjustments during the year	Transferred from P&L Appropria-tion	Transferred to P&L Appropria-tion	Balance as on 31.03.2020
1	Reserve Fund	21,046.09	(10.63)	2,908.17	-	23,943.63
2	Research and Development Fund	52.90	0.47	30.33	30.33	53.37
3	Capital Reserve	85.94	-	-	-	85.94
4	Investment Fluctuation Reserve	1,197.50	-	42.50	-	1,240.00
5	Co-operative Development Fund	60.00	-	17.90	17.90	60.00
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	8,585.00	-	850.00	-	9,435.00
7	Producers' Organizations Development Fund	100.00	-	102.61	2.61	200.00
8	Rural Infrastructure Promotion Fund	25.00	-	26.20	1.20	50.00
9	Farm Sector Promotion Fund	60.00	-	17.95	17.95	60.00
10	Gramya Vikas Nidhi	90.00	-	28.56	28.56	90.00
11	Climate Change Fund	20.00	-	1.22	1.22	20.00
12	Catalytic Fund	-	-	10.00	-	10.00
	Total	**31,322.43**	**(10.16)**	**4,035.44**	**99.77**	**35,247.94**
	Previous year	27,915.94	(10.41)	3,528.11	111.21	31,322.43

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 1A - Minority Interest

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	Opening Balance as on 01.04.2019	Addition during the year	Adjustments during the year	Closing balance as on 31.03.2020
1	Share Capital	85.24	2.46	-	87.70
2	Reserves and Surplus	60.77	20.06		80.83
	Total	**146.01**	**22.52**	**-**	**168.53**
	Previous year	121.25	24.76	-	146.01

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 2 - National Rural Credit Funds

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	Opening Balance as on 01.04.2019	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2020
1	National Rural Credit (Long Term Operations) Fund	14,493.00	1.00	1.00	14,495.00
2	National Rural Credit (Stabilisation) Fund	1,593.00	1.00	1.00	1,595.00
	Total	**16,086.00**	**2.00**	**2.00**	**16,090.00**
	Previous Year	16,082.00	2.00	2.00	16,086.00

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 3 - Gifts, Grants, Donations and Benefactions

(Amount in ₹ crore)

Sr. No	PARTICULARS	Opening Balance as on 01.04.2019	Addition during the year	Interest Credited*	Expenditure/ Adjustments during the year	Balance as on 31.03.2020
A.	**Grants from International Agencies**					
1	KfW - NABARD V Fund for Adivasi Programme	0.49	1.28	0.01	1.17	0.61
2	KfW NB UPNRM - Accompanying Measures	-	1.94	-	1.94	-
3	KfW NB UPNRM - Financial Contribution	0.15	-	-	-	0.15
4	KfW UPNRM Fund (Refer Note B-1 of Schedule 18)	-	-	-	-	-
5	KfW Risk Mitigation Fund	7.99	-	-	-	7.99
6	Indo German Watershed Development Programme - Andhra Pradesh	0.62	-	0.02	-	0.64
7	Indo German Watershed Development Programme - Gujarat	0.58	-	0.03	-0.43	1.04
8	Indo German Watershed Development Programme - Rajasthan	0.24	-	0.02	-0.34	0.60
9	GIZ UPNRM Technical Coraboration	0.72	1.18	-	1.90	-
10	Climate Change - (AFB) - Project Formulation Grant	11.41	9.62	0.51	7.18	14.36
11	GIZ Soil Project	1.42	-	-	0.01	1.41

Sr. No	PARTICULARS	Opening Balance as on 01.04.2019	Addition during the year	Interest Credited*	Expenditure/ Adjustments during the year	Balance as on 31.03.2020
12	KfW Soil Project	-	18.12	-	15.69	2.43
B.	**Other Funds**					
1	Watershed Development Fund (i)	1,301.62	96.99	82.94	97.46	1,384.09
2	Interest Differential Fund - (Forex Risk)	240.03	-	18.08	20.31	237.80
3	Interest Differential Fund – TAWA	0.10	-	-	-	0.10
4	Adivasi Development Fund	5.77	-	-	-	5.77
5	Tribal Development Fund (ii)	1,183.96	96.99	97.22	116.26	1,261.91
6	Financial Inclusion Fund (iii)	2,368.46	323.29	154.21	272.58	2,573.38
7	Financial Inclusion Fund – Digital	83.95	1.91	-	67.65	18.21
8	PODF-ID (iv)	173.48	129.32	9.09	59.88	252.01
9	National Bank - Swiss Development Coop. Project	63.58	0.85	-	-	64.43
10	RPF & RIF - Off-Farm Sector Promotion Fund	24.67	-	0.46	3.92	21.21
11	Centre for Professional Excellence in Co-operatives - (C-PEC)	2.52	-	0.23	-	2.75
12	LTIF Interest Fluctuation Reserve Fund	26.77	-	1.07	-	27.84
13	National Adaptation Fund for Climate Change a/c	202.94	33.52	6.79	101.21	142.04
	Total	**5,701.47**	**715.01**	**370.68**	**766.39**	**6,020.77**
	Previous year	5,456.12	972.11	330.93	1,057.69	5,701.47

*Refer note no B-2 of Schedule 18

NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

Includes income tax paid off:

(v) ₹ 24.41 crore

(vi) ₹ 24.41 crore

(vii) ₹ 81.37 crore

(viii) ₹ 32.55 crore

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 4 - Government Schemes

(Amount in ₹ crore)

Sr. No.	PARTICULARS	Opening Balance as on 01.04.2019	Additions during the year	Interest Credited*	Expenditure/ Adjustments during the year	Balance as on 31.03.2020
A	**Government Subsidy Schemes**					
1	Capital Investment Subsidy for Cold Storage Projects – NHB	0.56	0.00	0.00	-0.33	0.89
2	Capital Subsidy for Cold Storage TM North East	0.08	0.00	0.00	0.00	0.08
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	0.02	0.00	0.00	0.00	0.02
4	On-farm Water Management for Crop Production	0.07	0.00	0.00	0.00	0.07
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	78.92	0.00	0.00	-0.06	78.98
6	Cattle Development Programme - Uttar Pradesh	0.03	0.00	0.00	0.00	0.03
7	Cattle Development Programme – Bihar	0.07	0.00	0.01	0.00	0.08
8	National Project on Organic Farming	1.64	0.00	0.00	0.00	1.64
9	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4.29	0.00	0.00	0.00	4.29
10	Dairy and Poultry Venture Capital Fund	14.28	0.00	0.00	13.14	1.14
11	Poultry Venture Capital Fund	10.55	0.00	0.00	6.04	4.51
12	ISAM - Agricultural Marketing Infrastructure	81.93	55.98	0.00	87.94	49.97
13	ISAM - Grant Received for Promotional Expenditure a/c	0.01	0.00	0.00	0.00	0.01
14	NATIONAL LIVESTOCK MISSION - PVCF EDEG	177.44	139.99	0.00	171.14	146.29
15	Centrally Sponsored Scheme for establishing Poultry Estate	1.67	0.00	0.00	1.67	0.00
16	Multi Activity Approach for Poverty Alleviation - Sultanpur Uttar Pradesh	0.06	0.00	0.01	0.00	0.07
17	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh	0.02	0.00	0.00	0.00	0.02
18	Dairy Entrepreneurship Development Scheme	150.70	250.00	0.00	183.35	217.35
19	CSS for Solar Mission	0.02	0.00	0.00	-0.01	0.03
20	CSS - JNNSM - Solar Lighting a/c	6.35	0.00	0.00	6.33	0.02

Sr. No.	PARTICULARS	Opening Balance as on 01.04.2019	Additions during the year	Interest Credited*	Expenditure/ Adjustments during the year	Balance as on 31.03.2020
21	CSS - Solar Photovoltaic Water Pumping	29.83	0.00	0.00	29.81	0.02
22	Capital Subsidy Scheme - Agri Clinic Agri Business Centres	3.43	16.72	0.00	13.03	7.12
23	CSS MNRE Lighting Scheme 2016 a/c	0.03	0.00	0.00	-0.05	0.08
24	Artificial Recharge of Groundwater in Hard Rock Area	4.61	0.00	0.00	-0.01	4.62
B	**Other Government Schemes**					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	285.17	0.05	0.00	0.57	284.65
2	Women's Self Help Groups [SHGs] Development Fund	51.27	0.00	0.00	6.52	44.75
3	PRODUCE Fund	61.55	0.00	0.00	26.68	34.87
4	Revival of 23 unlicensed DCCBs	111.22	0.00	0.00	0.00	111.22
5	Interest Subvention (Sugar Term Loan)	0.00	150.00	0.00	45.59	104.41
6	AMI - Workshop Assistance Fund	0.17	0.00	0.00	0.13	0.04
7	Kutch Drought Proofing Project	0.22	0.00	0.00	0.00	0.22
8	Revival Package for Long Term Cooperative Credit Structure (LTCCS)	20.00	0.00	0.00	0.00	20.00
9	Revival Reform and Restructure of Handloom Sector	6.36	0.00	0.00	-2.11	8.47
10	Comprehensive Handloom Package	0.23	0.00	0.00	0.00	0.23
11	Interest Subvention (SAO, NRLM, NWR)	142.04	7738.20	0.00	6559.51	1320.73
	Total	**1,244.84**	**8,350.94**	**0.02**	**7,148.88**	**2,446.92**
	Previous year	1,423.33	6,409.97	0.01	6,588.47	1,244.84

*Refer note no B-2 of Schedule 18

NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 5 – Deposits

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	From Central Government	0.00	0.00
2	From State Governments	0.00	0.00
3	**From Others**		
	a) Tea/Rubber/Coffee Deposits	61.47	82.84
	b) Commercial Banks (Deposits Under RIDF)	1,30,442.23	1,19,762.51
	c) Short Term Cooperative Rural Credit Fund	44,786.94	45,000.00
	d) ST RRB Credit Refinance Fund	9,952.65	10,000.00
	e) Warehouse Infrastructure Fund	5,940.00	5,971.00
	f) Long Term Rural Credit Fund	44,929.80	43,000.31
	g) Fund for Food Processing Units	350.00	330.00
	Total	**2,36,463.09**	**2,24,146.66**

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 6 - Bonds and Debentures

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Tax Free Bonds (Refer Note B-15 of Sch 18)	5,000.00	5,000.00
2	Non Priority Sector Bonds	48,628.30	39,434.40
3	Capital Gains Bonds	1.29	1.29
4	Bhavishya Nirman Bonds	405.46	421.10
5	PMAY-G-GOI Fully Serviced Bonds	28,809.80	17,998.80
6	LTIF Bonds	30,010.50	23,463.80
7	LTIF-GOI Fully Serviced Bonds	14,598.70	10,785.40
8	SBM-G-GOI Fully Serviced Bonds	12,298.20	8,698.20
	Total	**1,39,752.25**	**1,05,802.99**

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 7 – Borrowings

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
(A)	**In India**		
1	Central Government	0.00	0.00
2	JNN Solar Mission	2.81	2.81
3	Reserve Bank of India	0.00	0.00
4	**Others:**		
	i) Certificate of Deposits	21,144.63	14,036.76
	ii) Commercial Paper	24,035.75	25,626.21
	iii) Borrowing under Collateralised Borrowing Lending Obligation (CBLO) / Tri-Party Repo *	6,224.71	6,049.40
	iv) Terms Money Borrowings	7,210.51	4,067.10
	v) Repo a/c - Borrowings	0.00	0.00
	vi) Borrowings from Commercial Banks, FI, Others	7,039.33	27,045.10
	vii) Facility from Commercial Banks	0.00	50.00
(B)	**Outside India**		
1	International Agencies	1,052.60	1,093.65
	Total	**66,710.34**	**77,971.03**

* Borrowings under CBLO/ Tri-party Repo are secured against Government Securities including Treasury Bills

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 8 - Current Liabilities and Provisions

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Interest / Discount Accrued	7,293.11	5,835.74
2	Sundry Creditors	1,285.68	730.45
3	Subsidy Reserve (Co-finance, Cold Storage, CSAMI)	106.36	107.22
4	Provision for Gratuity	20.81	18.78
5	Provision for Pension	162.13	380.77
6	Provision for Encashment of Ordinary Leave	362.62	358.06
7	Provision for Post-Retirement Medical Benefit	135.10	135.10
8	Unclaimed Interest on Bonds	4.00	3.32
9	Unclaimed Interest on Term Deposits	0.12	0.12
10	Term Deposits matured but not claimed	0.05	0.05
11	Bonds matured but not claimed	39.14	144.20

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
12	Bond Premium	88.29	62.16
13	Debt Servicing Reserve	0.00	1.75
14	**Provisions and Contingencies**		
	a) Provision for Depreciation in Value of Investment - G. Sec	0.00	14.34
	b) Provision for Amortisation of G. Sec – HTM	81.30	52.45
	c) Provision for Standard Assets	1,937.78	1,739.60
	d) Provision for Non-Performing Investments	564.86	248.33
	e) Counter Cyclical Provisioning Buffer	514.44	14.44
	f) Provision for Other Assets & Receivables	4.64	8.55
	g) Provision for Income Tax [Net of Advance Tax]	3,050.08	3,080.75
15	Other Liabilities	0.34	0.46
	Total	**15,650.85**	**12,936.64**

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 9 - Cash and Bank Balances

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Cash in hand	0.00	0.00
2	**Balances with:**		
	a) Reserve Bank of India	621.20	1405.57
	b) Others :		
	(1) In India		
	(i) Others Bank in India		
	a) In Current Account	540.85	410.63
	b) Deposit with Banks	11,065.80	9,400.54
	(ii) Remittance in Transit	0.00	528.59
	(iii) Collateralised Borrowing and Lending Obligations /Tri-Party Repo	0.00	573.20
	(2) Outside India	0.00	0.00
	Total	**12,227.85**	**12,318.53**

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 10 - Investments

(Amount in ₹ Crore)

Sr. No	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	**Government Securities (Refer Note B-17 of Sch 18)**		
	a) Securities of Central Government & State Government	23,248.25	15,501.08
	[Face Value ₹ 22143.08 crores (₹ 14922.56 crores)]		
	[Market Value ₹ 23708.08 crores (₹ 15350.09 crores)]		
	b) Treasury Bills	0.00	664.35
	[Face Value ₹0.00 (₹ 713.71 crores)]		
	[Market Value ₹0.00 (₹ 664.35 crores)]		
2	Other Approved Securities	0.00	0.00
3	**Equity Shares in :**		
(a)	Agricultural Finance Corporation Ltd.	1.00	1.00
	[1,000 (1,000) - Equity shares of ₹10,000 each]		
(b)	Small Industries Development Bank of India	966.28	966.28
	[5,31,92,203 (5,31,92,203) - Equity shares of ₹10 each]		
(c)	Agriculture Insurance Company of India Ltd.	60.00	60.00
	[6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]		
(d)	Multi Commodity Exchange of India Ltd.	0.30	0.30
	[3,77,758 (3,77,758) - Equity shares of ₹10 each]		
(e)	National Commodity and Derivatives Exchange Ltd.	16.88	16.88
	[56,25,000 (56,25,000) - Equity shares of ₹10 each]		
(f)	Universal Commodity Exchange Ltd [UCX] @	0.00	16.00
	[0 (1,60,00,000) Shares of ₹10 each]		
(g)	CSC e-Governance Services India Ltd Equity	9.75	9.75
	[55,000 (55,000) Shares of ₹1000 each]		
(h)	Agriculture Skill Council of India	0.00	0.00
	[4,000 (4000) Shares of ₹10 each]		
(i)	National E-Governance Services India Ltd [Equity]	1.50	1.50
	[15,00,000 (15,00,000) Shares of ₹10 each]		
(j)	National e-Repository Ltd.	10.53	10.53
	[105,30,000 (105,30,000) Shares of ₹10 each]		
(k)	Other Equity Investments	47.31	48.45
	[Market Value ₹ 50.27 crores (₹ 82.44 crores)]		
4	**Debentures and Bonds**		
(i)	Special Dev. Debentures of SCARDBs (Refer Note B-13 of Schedule 18)	1,118.34	1,738.61
(ii)	Non-Convertible Debentures	2,246.26	3,145.97

Sr. No	PARTICULARS	As on 31.03.2020	As on 31.03.2019
5	**Others**		
(a)	Mutual Fund	3519.17	7586.72
(b)	Commercial Paper [Face Value ₹300,00,00,000 (₹600,00,00,000)]	276.87	552.55
(c)	Certificate of Deposit [Face Value ₹1725,00,00,000 (₹8950,00,00,000)]	1660.04	8615.49
(d)	Venture Capital Funds / AIFs	222.10	192.07
(e)	Investment Earmarked towards EOL	186.49	225.91
	Total	**33591.06**	**39353.44**

@ All the above investments are made in India

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 11 - Advances

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	**Refinance Loans**		
(a)	Production & Marketing Credit	68,692.87	66,736.60
(b)	Medium-Term - Conversion Loans	92.00	137.35
(c)	**Other Investment Credit :**		
(i)	Medium-Term and Long-Term Project Loans (Refer Note B - 13 of Schedule 18)	1,63,519.32	1,48,552.30
(ii)	Direct refinance to DCCBs	3,025.89	4,449.50
(iii)	Other Refinance Loans - JNN Solar Mission	0.00	0.03
2	**Direct Loans**		
(a)	Loans under Rural Infrastructure Development Fund	1,25,647.06	1,20,162.99
(b)	Loans under Warehouse Infrastructure Fund	5,164.37	4,984.08
(c)	Long Term Non-Project Loans (net of provision)	3,161.74	2,628.58
(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)	11,750.48	9,125.74
(e)	Loans under Producers' Organisation Development Fund (PODF) (net of provision)	82.68	138.71
(f)	Credit Facility to Federations [CFF]	12,123.24	11,375.25
(g)	Loans under Food Processing Fund	278.80	276.24
(h)	Loans under Long Term Irrigation Fund	44,687.28	34,248.75
(i)	PMAY-G	28,819.23	18,008.23
(j)	Swacch Bharat Mission-Gramin(SBMG)	12,298.20	8,698.20
(k)	Loans under Dairy Infrastructure Development Fund (DIDF)	1,009.69	432.00

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
(l)	Loans under Green Climate Fund (GCF)	344.43	344.43
(m)	**Other Loans:**		
(i)	Loans out of Watershed Development Fund	20.64	26.56
(ii)	Loans under KfW UPNRM (net of provision)	129.68	164.10
(iii)	Loans out of Tribal Development Fund (net of provision)	0.96	2.95
(iv)	Loans under off-farm sector promotion activities (net of provision)	185.65	218.72
(v)	Loans out of Micro Finance Development Equity Fund (net of provision)	0.10	0.11
(vi)	Loans out of Farm Sector Promotion Activities Programme (net of provision)	0.00	0.01*
(n)	Co-Finance Loans (Net of Provision)	0.00	0.00
(o)	Direct Loans Under Sec 30 (net of provision)	0.00	1.37
	Total	**4,81,034.31**	**4,30,712.80**

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 12 – Property, Plant & Equipment (Fixed Assets)

(Amount in ₹ crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	**LAND : Freehold & Leasehold ***		
	Opening Balance	185.84	185.84
	Additions/adjustments during the year	15.24	0.00
	Sub-Total	201.08	185.84
	Less: Cost of assets sold/written off	0.00	0.00
	Closing Balance (at cost)	201.08	185.84
	Less: Amortisation of Lease Premia	59.04	57.19
	Book Value	**142.04**	**128.65**
2	**PREMISES ***		
	Opening Balance	424.39	416.80
	Additions/adjustments during the year	173.45	7.59
	Sub-Total	597.84	424.39
	Less: Cost of assets sold/written off	15.11	0.00
	Closing Balance (at cost)	582.73	424.39
	Less: Depreciation to date	280.90	263.98
	Book Value	**301.83**	**160.41**
3	**FURNITURE & FIXTURES**		
	Opening Balance	70.39	69.31
	Additions/adjustments during the year	7.39	2.08
	Sub-Total	77.78	71.39

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
	Less: Cost of assets sold/written off	8.07	1.00
	Closing Balance (at cost)	69.71	70.39
	Less: Depreciation to date	61.64	62.68
	Book Value	**8.08**	**7.71**
4	**COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS**		
	Opening Balance	134.80	123.71
	Additions/adjustments during the year	48.78	14.69
	Sub-Total	183.58	138.40
	Less: Cost of assets sold/written off	8.72	3.60
	Closing Balance (at cost)	174.86	134.80
	Less: Depreciation to date	121.08	109.97
	Book Value	**53.78**	**24.83**
5	**VEHICLES**		
	Opening Balance	10.10	8.89
	Additions/adjustments during the year	4.97	4.97
	Sub-Total	15.07	13.86
	Less: Cost of assets sold/written off	6.47	3.75
	Closing Balance (at cost)	8.60	10.10
	Less: Depreciation to date	4.43	3.97
	Book Value	**4.17**	**6.13**
6	Capital Work in Progress [Purchase of Staff Quarters & Office Premises]	40.33	196.36
	Total	**550.24**	**524.09**

* Refer note B-11 & B-12 of Schedule 18

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 13 - Other Assets

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Accrued Interest	3,573.31	3,515.20
2	Deposits with Landlords	1.77	1.68
3	Deposits with Government Departments and Other Institutions	38.48	37.74
4	Housing Loan to staff	135.42	141.03
5	Other Advances to staff	93.28	95.39
6	Sundry Advances	112.00	152.51
7	Deferred Tax Assets (Refer Note B-9 of Schedule 18)	159.28	205.69
8	Expenditure recoverable from Government of India / International Agencies (Refer Note B-3 of Schedule 18)	1,065.38	749.40

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
9	Discount Receivable	27.05	121.32
10	Discount on Issue of Bonds	3.64	9.25
11	Securitisation PTC	17.62	0.00
	Total	**5,227.23**	**5,029.21**

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 14 - Interest and Financial Charges

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	2019-20	2018-19
1	**Interest Paid on**		
(a)	Deposits under RIDF	6,114.48	6,088.80
(b)	Short Term Cooperative Rural Credit Fund *	1,885.81	2,029.83
(c)	ST RRB Credit Refinance Fund *	418.83	435.96
(d)	Warehouse Infrastructure Fund	278.06	279.49
(e)	Long Term Rural Credit Fund	1,788.78	1,812.85
(f)	Fund for Food Processing Units	16.08	16.08
(g)	Tea / Coffee / Rubber Deposits	3.44	6.78
(h)	CBS Deposits	0.00	0.01
(j)	Term Money Borrowings	214.30	253.76
(k)	Bonds *	8,420.70	6,127.43
(l)	Corporate Loans	612.99	827.08
(m)	Borrowings from International Agencies	30.21	30.40
(n)	Borrowing against ST Deposit	0.00	0.05
(o)	Discount on Commercial Paper	1,688.88	2,785.01
(p)	Discount on Certificate of Deposits	1,518.23	563.72
(q)	Repo Interest Expenditure	26.17	157.09
(r)	Interest on funds	347.46	330.93
2	Discount on CBLO / Tri-Party Repo	342.52	373.18
3	Discount, Brokerage, Commission & Issue expenses on Bonds and Securities	38.57	41.62
4	Swap Charges	38.56	39.54
	Total	**23,784.07**	**22,199.61**

* Refer note B-6 of Schedule 18

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 15 A - Establishment and Other Expenses

(Amount in ₹ crore)

Sr. No.	PARTICULARS	2019-20	2018-19
1	Salaries and Allowances (Refer Note B-8 of Schedule 18)	1,015.76	1,085.22
2	Contribution to / Provision for Staff Superannuation Funds	801.34	435.94
3	Other Perquisites & Allowances	65.33	66.20
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	0.36	0.47
5	Directors' & Committee Members' Fees	0.31	0.21
6	Rent, Rates, Insurance, Lighting, etc.	39.44	37.51
7	Travelling Expenses	46.70	48.30
8	Printing & Stationery	7.17	6.80
9	Postage, Telegrams & Telephones	20.36	19.12
10	Repairs	44.57	50.42
11	Auditors' Fees	0.46	0.48
12	Legal Charges	1.63	2.04
13	Miscellaneous Expenses	169.67	145.85
14	Expenditure on Miscellaneous Assets	16.79	10.43
15	Expenditure on Study & Training	75.59	87.15
	Total	**2,305.48**	**1,996.14**

Consolidated Schedule 15 B - Expenditure on Promotional Activities

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	2019-20	2018-19
1	Cooperative Development Fund	17.90	16.66
2	Producers Organization Development Fund	2.61	1.69
3	Rural Infrastructure Promotion Fund	1.20	5.39
4	Farm Sector Promotion Fund	17.95	21.32
5	Climate Change Fund	1.22	0.16
6	Gramya Vikas Nidhi	28.55	16.19
	Total	**69.43**	**61.41**

Consolidated Schedule 16 - Provisions

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	2019-20	2018-19
	Provisions for :		
1	Standard Assets	198.18	312.78
2	Non-Performing Asset	736.59	232.41
3	Non-Performing Asset - Staff Loans	0.03	-0.30
4	Floating provisions (Refer Note B-18 of Schedule 18)	500.00	0.00
	Total	**1,434.80**	**544.89**

SCHEDULE TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 17 - Commitments and Contingent Liabilities

(Amount in ₹ Crore)

Sr. No.	PARTICULARS	As on 31.03.2020	As on 31.03.2019
1	Commitments on account of capital contracts remaining to be executed	1.81	32.76
	Sub Total "A"	**1.81**	**32.76**
2	Contingent Liabilities		
(i)	Claims against the Bank not acknowledged as debt	0.00	0.00
(ii)	Bank Guarantee	25.57	25.03
	Sub Total "B"	**25.57**	**25.03**
	Total (A + B)	**27.38**	**57.79**

Schedule 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation:

The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Bank / NABARD) and are consistent with those used in the previous year.

2. Basis of Consolidation

The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 – "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

The excess/deficit of the cost to the Bank of its investment, over the Bank's portion of net assets at the time of acquisition of shares is recognized in Reserves & Surplus.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Bank's standalone financial statements. The figures pertaining to the Subsidiary Companies have been recast/ reclassified wherever necessary to bring them in line with the parent Bank's financial statements.

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Bank.

The Notes and Significant Accounting Policies to the Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the Group. In this respect, the Bank has disclosed such notes and policies which fairly present the needed disclosures, and such other notes and statutory conformation disclosed in the financial statements of the parent and the subsidiary companies which are not having any effect on the true and fair view of the Consolidated Financial Statements are excluded.

The financial statements of the Bank and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions. The unrealized profits or losses resulting from the intra-group transactions have been eliminated and unrealized losses resulting from the intra-group transactions have also been eliminated unless cost cannot be recovered.

Share of minority interest in the net profit of the consolidated subsidiaries is identified and adjusted against the profit after tax to arrive at the net income attributable to shareholders. Share of minority interest in losses of the consolidated subsidiaries, if exceeds the minority interest in the equity, the excess and further losses applicable to the minority, are adjusted against the Group's interest.

Share of minority interest in net assets of consolidated subsidiaries is presented in the consolidated balance sheet separately from liabilities and the equity of the company's shareholders.

3. The consolidated financial statements present the accounts of the Bank with its following subsidiaries:

		2019-20	2018-19
NABKISAN Finance Ltd.	India	87.48	82.51
NABSAMRUDDHI Finance Limited	India	90.68	83.50
NABARD Financial Services Limited (NABFINS)	India	63.10	63.10
NABARD Consultancy Pvt. Ltd. (NABCONS)	India	100	100
NABVENTURES Ltd	India	100	100
NABFOUNDATION	India	100	--

4. **Use of Estimates:**

Preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations for the reporting period. Although these estimates are based on the management's best knowledge, the actual results could differ for these estimates. Such differences are recognized in the year of outcome of such results.

5. **Revenue recognition:**

a) Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:

  i) Interest on non-performing assets identified as per RBI guidelines.

  ii) Income by way of penal interest charged due to delayed receipt of loan dues or non–compliance with terms of loan.

  iii) Service Charges on loans given out of various Funds.

  iv) Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.

  v) Upfront processing fees collected from customers for processing loans.

  vi) Monitoring cost received by NABCONS under DDU-GKY scheme

b) Discount on Bonds and Commercial Papers issued are amortized over the tenure of Bonds and Commercial Papers. Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.

c) Dividend on investments is accounted for, when the right to receive the dividend is established.

d) Release of subsidy in which NABARD is acting as a pass through agency is accounted for on payment basis subject to availability of funds under the respective schemes.

e) Income from Venture Capital Funds are accounted on realization basis.

f) Recovery in Non-Performing Assets (NPA) is appropriated in the following order:

  v) penal interest

  vi) cost & charges

  vii) overdue interest and interest

  viii) Principal

g) Interest from the term loan disbursed and interest from banks are recognized on time proportion basis taking into account amount outstanding and the rate applicable.

h) Income from services (NABCONS)

i) Income from Assignments: Income from assignments constitute the main source of income for the Company. Recognition of revenue and corresponding expenses incurred on particular assignments are taken into account at the time when the assignment are completed. An assignment is treated as completed:

- in case of preparation of Detailed Project Report (DPR) as soon as the draft report has been issued to the party.
- in case of other assignments where execution is spread over a period, the income has been recognized based on the milestones completed and deliveries effected, status of execution and period completed.
- in case assignment is a time bound contract for more than a year income is recognized in proportion to period completed.

ii) In case of foreign assignments, the income has been recognized as soon as the assignment is executed.

iii) As per the view taken by the management, the assignments which are not likely to be continued were closed on "as is where is" basis and the amount received thereon has been treated as income.

iv) An advance received on progressive basis for ongoing assignments is shown as a separate item as advance received from clients and treated as current liability. The expenses incurred on such assignments are shown as current assets.

v) In respect of Pass through and Monitoring Agency Assignment, as per terms of agreement, NABCONS is entitled to deduct 1.5% of the amount released at the time of release of each installment towards professional fees. The income has been recognized at the time of release of each instalment amount.

6. Property, Plant and Equipment (Fixed Assets) and Depreciation

a) Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.

b) Land includes freehold and leasehold land.

c) Premises include value of land, where segregated values are not readily available.

d) Depreciation policy on premises situated on freehold land and leasehold land has been revised during the FY 2017-18 and calculated on straight line basis over the period of 30 years.

e) Fixed Assets individually costing ₹1 lakh or less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹10,000. All software costing ₹1 lakh each and less, purchased independently are charged to the Profit and Loss Account.

f) Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

Type of Assets	Depreciation Rate
Furniture and Fixtures	20%
Computer & Software	33.33%
Office Equipment	20%
Vehicles	20%

g) Capital work in progress includes capital advances and is disclosed under Fixed Assets.

h) In case of subsidiaries the depreciation on fixed assets is provided on following basis

NAME OF THE SUBSIDIARY	METHOD OF DEPRECIATION
NABKISAN Finance Ltd.	WDV as per Schedule II
NABSAMRUDDHI Finance Limited	WDV as per Schedule II
NABARD Financial Services Limited (NABFINS)	SLM as per Schedule II
NABARD Consultancy Pvt. Ltd. (NABCONS)	SLM as per Schedule II
NABVENTURES Ltd.	SLM as per Schedule II

7. Investments

a) In accordance with the RBI guidelines, Investments are classified into "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) categories (hereinafter called "categories").

b) Securities that are held principally for resale within 90 days from the date of purchase are classified as "HFT". Investments that the Bank intends to hold till maturity are classified as "HTM". Securities which are not to be classified in the above categories are classified as "AFS".

c) Investments classified under HTM category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortized over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category "HTM" is made, wherever necessary. Provision for diminution/ amortization, in value of such investments, is included under Current Liabilities and Provisions.

d) Profit on redemption of investment categorized under "HTM" is recognized in Profit & Loss A/c.

e) Investments under "AFS" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. Net depreciation, if any, is provided for investments in the category classified as "AFS" and appreciation is ignored. The book value of the individual scrip are not changed after such revaluation.

f) Investments under "HFT" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. Depreciation / appreciation is recognized in the category for investments classified as "HFT". The book value of the individual scrip is changed after such revaluation.

g) Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.

h) Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.

i) Unquoted Shares are valued at breakup value, if the latest Audited Financial Statements of the investee companies are available, or at ₹1/- per Company as per RBI guidelines.

j) Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.

k) Brokerage, paid on acquisition / disposal of equities traded on stock exchange is capitalized.

l) Broken period interest paid/received on debt investments is treated as interest expenses/ income and is excluded for cost/ sale consideration.

m) Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.

n) Amortization/Gain/Loss on Revaluation of Government Securities is charged to Profit and Loss Account.

o) Weighted average cost method has been followed for accounting for investments.

p) Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.

8. Advances and Provisions thereon

a) Advances are classified as per RBI guidelines. Provision for standard assets and non–performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.

b) In case of restructuring / rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present value of future principal and interest as per the revised agreement is provided for.

c) Advances are stated net of provisions towards Non-performing Advances.

d) Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the Profit and Loss account.

9. Foreign Currency Transactions

As per Accounting Standard (AS-11) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the ICAI, following accounting treatment is given to foreign exchange transactions:

a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Reserve Bank of India as at the close of the year/reporting date. The hedged portion of the foreign currency borrowings are stated at the contracted value and the liability of hedged borrowing as per year-end exchange rate is disclosed as a contra item in the Balance Sheet (as off Balance Sheet item).

b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

10. Accounting for Foreign Exchange Contracts

a) Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.

b) The foreign currency borrowings which are hedged are stated at the contract rate.

c) The foreign exchange unhedged contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain / loss on revaluation is recognised in the Profit & Loss Account under the head Gains / Loss on revaluation of Forward Exchange Contract Account. Premium/ discount are accounted over the life of the contract.

d) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit and Loss Account under the head 'Profit/Loss on Foreign Currency Loan Account'.

11. Employee Benefits

All personnel transferred from RBI are considered as employees of the Bank and provisions for Employee Benefits are made accordingly. Actuarial valuation, wherever required, for long term employee benefits are carried out at each balance sheet date.

a) Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

b) Post-Retirement Benefits:

i) Defined Contribution Plan

(a) The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis.

(b) The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the "NPS- Corporate Sector Model", a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

(c) In case of NABCONS, Provision for Bonus has been made for FY 2018-19 only, however, pending detailed legal opinion the provision for bonus for the period 01 April 2014 to 31 March 2018 has not been made.

ii) Defined Benefit Plan

a. Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

b. Provision for pension is made based on actuarial valuation, in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust.

iii) Other Long Term benefits

All eligible employees of the bank are entitled for compensated absences. All the eligible employees are also entitled for post-retirement medical benefits. The cost of providing other long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

12. Taxes on Income

a) Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/ appeals.

b) Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.

c) Deferred tax assets relating to unabsorbed depreciation/business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.

d) Tax paid/provided on taxable income earned by the funds are accounted as expenditure of respective funds.

13. Segment Reporting

a) Segment revenue includes interest and other income directly identifiable with / allocable to the segment.

b) Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank income".

c) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".

d) Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

14. Impairment of Assets

a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

i) the provision for impairment loss, if any, required; or

ii) the reversal, if any, required for impairment loss recognized in the previous periods.

b) Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

15. Provisions, Contingent Liabilities and Contingent Assets

15.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:

a) the Bank has a present obligation as a result of a past event;

b) a probable outflow of resources is expected to settle the obligation; and

c) the amount of the obligation can be reliably estimated.

15.2 Contingent liability is disclosed in the case of:

d) a possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,

e) a present obligation when no reliable estimate is possible, and

f) a possible obligation arising from past events where the probability of outflow of resources is remote.

15.3 Contingent assets are neither recognized, nor disclosed.

15.4 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

16. Cash and cash equivalents

(a) Cash and cash equivalents for the purposes of Cash Flow Statement comprise cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.

(b) Cash Flow Statement is reported using Indirect Method. The cash flow from operating, financing and investing activity is segregated based on the available information.

17. Prior Period Income / Expenses

Items of Income / Expenditure which are prior period in nature is disclosed separately only when the individual prior period income / expense exceeds 0.5% of Gross Income.

18. Implementation of Indian Accounting Standards (Ind AS)

In terms of the Press Release No. 11/10/2009 CL-V dated 18 January 2016 issued by the MCA, the bank would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 and thereafter. The implementation of Ind AS by AIFIs has been deferred by Reserve Bank of India until further notice.

19. Impact of Covid-19

(a) The outbreak of COVID19 across the globe and in India consequent to the nation-wide lockdown has caused significant decline in the economic activity of the nation. It has created disruptions across the businesses more particularly in Banking and Financial services sector also posing severe challenges to the farm sector, especially during the peak of rabi season in the country and when crops are at harvestable stage or almost reaching maturity. This is also the time when the farm harvests reach the mandis (market yards) for assured procurement operations by designated government agencies.

(b) The management of the Bank assessed the impact of the COVID19 considering its internal and external inputs for ascertaining the same on the financial reporting numbers, which in turn is based on its assessment of the evolving developments in the subsequent periods.

(c) As banking and financial services are categorized as essential services, all the routine activities of the bank on policy matters, disbursement of loans, Investment of surplus and other related operations are conducted smoothly during the lockdown period by allowing majority staff to work from home through online / digital mode. A limited number of staff are called to office on rotational basis for attending to emergency work.

In the opinion of the management of the Bank, based on information presently available, the impact of COVID–19 on the reported numbers and impairment of the assets would not be significant.

B. NOTES FORMING PART OF THE ACCOUNTS

1. In terms of the agreement with Kreditanstalt Fur Wiederaufbau - German Development Bank (KfW), accretion / income and expenditure under UPNRM have been charged to the Fund. The loans granted out of this Fund have been classified as Other Loans and disclosed under Schedule 11. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 7. During the year, a sum of ₹21.06 crore representing expenditure over income under the fund has been charged to Profit & Loss Account.

2. Interest on unutilized balances has been credited to the following funds as per the respective agreements / as approved by the management/ Board of Directors. The details of rate of interest for respective funds are as under:

Sr. No.	Name of the Fund	Rate of Interest for 2019-20	Rate of Interest for 2018-19
1.	Watershed Development Fund	4%	4%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Rajasthan)	4%	4%
3.	KfW Accompanying Measures	4%	4%
4.	National Adaptation Fund for Climate change	4%	4%
5.	Tribal Development Fund	4%	4%
6.	Financial Inclusion Fund	4%	4%
7	Kfw NB- V Adivasi Development Programme- Gujarat	4%	4%
8.	Climate Change - (AFB) - Project Formulation Grant	4%	4%
9	LTIF Interest Fluctuation Reserve Fund	4%	4%
10	PODF-ID	4%	4%
11	Cattle Development Fund (UP & Bihar)	8.97%	8.05%
12	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareilly)	8.97%	8.05%
13	Center for Professional Excellence in Co-operatives.	8.97%	8.05%

3. Recoverable from Government of India / International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹1.06 crore (₹1.44 crore) being debit balance of various funds. The details of such funds are as under:

(Amount in ₹ crore)

Sr. No.	Name of the Fund	31-03-2020	31-03-2019
1	KfW- UPNRM – Accompanying Measures	0.59	0.91
2	KfW- Soil Project	0.00	0.53
3	KfW UPNRM – Technical collaboration	0.47	0.00

4. Sundry creditors includes ₹30.48 crore (₹30.43 crore) being amounts outstanding to contributors in respect of Micro Finance Development and Equity Fund (MFDEF).

5. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5 percent in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund (WIF) deposits and Food Processing Fund (FPF), placed by the Commercial Banks is credited to Watershed Development Fund, Tribal Development Fund, Financial Inclusion Fund and PODF.

6. Interest Subvention received / receivable from Government of India (GOI) under various schemes has been adjusted from Interest and financial charges under Schedule 14. The amount of Interest Subvention adjusted under different schemes is given below:

(Amount in ₹ crore)

Sl. No.	SCHEME	2019-20	2018-19
1	Long Term Irrigation Fund	332.74	89.46
2	Seasonal Agricultural Operations (SAO)	-296.60	-264.83
3	Dairy Infrastructure Development Fund (DIDF)	15.18	8.00
4	National Rural Livelihood Mission (NRLM)	20.54	19.63

7. Margin on providing refinance under interest subvention scheme to StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for Seasonal Agricultural Operations and under NRLM scheme which was hitherto shown under other income has been accounted as interest income. The amount received / receivable from GOI under the scheme stood at ₹100.02 crore (₹106.90 crore).

8. The salaries and allowances of the employees of the Bank are reviewed every five years. The review is due from 01 November 2017. Pending such settlement, an amount of ₹200 crore (₹200 crore) has been provided, during the year under report, under the head Salary and Allowances during the year.

9. The Bank, during the year, in accordance with AS 22 "Accounting for taxes on Income", recognized in the Profit and Loss Account the deferred tax asset of (-)₹45.09 crore (₹9.21 crore). The details of the deferred tax are as under:

(Amount in ₹ crore)

Sr. No.	DEFERRED TAX ASSETS	31-03-2020	31-03-2019
1	Provision allowable on payment basis	126.99	171.63
2	Depreciation on Fixed Assets	31.47	31.92
	Total	**157.46**	**203.55**

Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

10. The details of pending Income Tax Appeals with various authorities as at the end of FY 2019-20 is given below:

Sl. No.	ASSESSMENT YEAR	Authority where Appeal is pending	Appeal preferred by	Amount in dispute ₹ crore
1	2006-07	High Court – Mumbai	IT Dept.	115.52
2	2007-08	Income Tax Appellate Tribunal (ITAT)	IT Dept.	89.56

Sl. No.	ASSESSMENT YEAR	Authority where Appeal is pending	Appeal preferred by	Amount in dispute ₹ crore
3	2008-09	Income Tax Appellate Tribunal (ITAT)	IT Dept.	118.77
4	2009-10	Income Tax Appellate Tribunal (ITAT)	IT Dept.	194.82
5	2010-11	Income Tax Appellate Tribunal (ITAT)	NABARD	28.20
6	2010-11	Income Tax Appellate Tribunal (ITAT)	IT Dept.	215.31
7	2011-12	Income Tax Appellate Tribunal (ITAT)	NABARD	51.07
8	2011-12	Income Tax Appellate Tribunal (ITAT)	IT Dept.	287.62
9	2012-13	Income Tax Appellate Tribunal (ITAT)	NABARD	45.63
10	2012-13	Commissioner of Income Tax (Appeals)	NABARD	25.55
11	2012-13	Income Tax Appellate Tribunal (ITAT)	IT Dept.	327.03
12	2013-14	Income Tax Appellate Tribunal (ITAT)	NABARD	1.70
13	2013-14	Income Tax Appellate Tribunal (ITAT)	IT Dept.	380.05
14	2014-15	Income Tax Appellate Tribunal (ITAT)	IT Dept.	450.61
15	2015-16	Income Tax Appellate Tribunal (ITAT)	IT Dept.	448.87
16	2016-17	Commissioner of Income Tax (Appeals)	NABARD	407.23
17	2017-18	Commissioner of Income Tax (Appeals)	NABARD	360.69

11. Free hold land and Lease Land and Premises include ₹14.00 crore (₹14.00 crore) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.

12. In the opinion of the Bank's management, there is no impairment to assets to which AS 28 – “Impairment of Assets” applies requiring any provision.

13. Pursuant to the directives of RBI, the project loans provided to State Co-operative Agriculture and Rural Development Banks (SCARDBs) by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:
    a) Classified as Investments and shown in Schedule – 10 under the head 'Debenture and Bonds'.
    b) Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'Deemed Advances'.
    c) ‘Deemed Advances’ for the purpose of IRAC norms, capital adequacy and computation of ratios etc.

14. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹438.65 crore (₹472.56 crore) pertains to non-starter projects. Pending receipt of the proposal from State Government for adjustment of the amount with the respective / other projects, the amount has been classified as disbursement from the fund.

15. In terms of Central Board of Direct Taxes, Ministry of Finance notification dated 18 February 2016, NABARD was allowed to raise tax free bonds having benefits under section10(15)(iv)(h) of the Income Tax Act 1961 amounting to ₹5,000 crore. Accordingly, ₹1,500 crore repayable in 10 year tenure was mobilized through Private Placement and ₹3,500 crore repayable in 10 & 15 year tenure through public issue. The tax free bonds are in the nature of secured, redeemable and non-convertible bonds. These bonds are secured against pari passu charge on property situated in Mumbai and also first charge on specified book debts of NABARD. The interest charge to revenue pertaining to these bonds for the current year is ₹365.94 crore (₹365.74 crore).

The details of the debenture Trustee is as under:

Axis Trustee Services Limited,
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai - 400028
Telephone: +91 22 6230 0451

16. In terms of RBI Circular RBI/2015-16/104 DBR.No.FID.FIC.3/01.02.00/2015-16 dated 01 July 2015 relating to Prudential Guidelines on Investment in Venture Capital Fund, an amount of ₹42.38 crore (₹33.78 crore) made in the units of VCF was shifted from HTM category, on completion of 3 years, to AFS category.

17. Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(Amount in ₹ crore)

PARTICULARS	FACE VALUE	BOOK VALUE
Pledged for Business Segment (Securities)	750.00 (750.00)	783.15 (783.15)
Pledged for Business Segment (CBLO / Tri Party Repo)	13,252.00 (8301.13)	14,091.46 (8639.18)
Pledged for Business Segment (Securities) Default Fund	50.00 (50.00)	52.21 (52.21)
Pledged for Business Segment (CBLO / Tri Party Repo) – Default Fund	50.00 (50.00)	52.21 (52.21)

18. Floating Provisions and Counter Cyclical Provision

(Amount in ₹ crore)

S.No.	PARTICULARS	2019-20	2018-19
(a)	Opening Balance in Floating Provision Account (counter cyclical buffer) provisioning	14.44	14.44
(b)	The quantum of floating provisions made during the accounting year #	500.00	0.00
(c)	Amount of drawdown made during the accounting year	0.00	0.00
(d)	Closing Balance in the Floating Provision Account	514.44	14.44

The Board of Directors of the Bank decided to create floating provisions, in accordance with RBI guidelines, to be utilized for any unexpected or exceptional circumstances.

19. The disclosures required to be given by financial institutions pursuant to RBI Master Direction-Reserve Bank of India (Financial Statements of All India Financial Institutions – Presentation, Disclosure and Reporting Directions 2016) dated 23 June 2016 not being considered relevant for consolidated financial statements of the group and hence the same are not contained in the notes.

20. During the year, a new subsidiary viz. NABFOUNDATION, was formed under Section 8 of the Companies Act, 2013, which is fully owned by NABARD.

21. The financial statements of all the six subsidiaries of NABARD are unaudited and consolidation thereof is prepared based on the numbers certified by the respective managements of these subsidiaries.

22. The audit of financial statements of all the six subsidiaries were not complete till the date of signing of the consolidated financials due to the prevailing lockdown for Covid-19 pandemic.

23. In case of 2 subsidiaries, depreciation has been provided using Written Down Value Method and is not adjusted in Consolidated Financial Statements as per Straight Line method. The impact of this on the consolidated financial statements is not material.

24. NABFINS extends loans to Self Help Groups under business & development correspondent

model. A business and development correspondent based at Chittoor through which the company extended loans to groups committed a fraud against the company for an amount of ₹12.10 crores during the financial year 2015-2016. The company has initiated legal proceedings including filing FIR with police authorities, Chittoor District of Andhra Pradesh. The company has also lodged the insurance claim with insurance company. As on date the case is pending with the Court of Law.

25. During the year under review, there was an embezzlement of cash by employees of NABFINS and certain business and development correspondents aggregating to ₹0.40 crore, of which ₹0.33 crore has been recovered and necessary provision has been made for the unrecovered amount as on 31 March 2020.

26. The movement in Contingent Liability as required in AS 29 "Provisions, Contingent Liabilities and Contingent Assets" is as under:

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19
Opening Balance	25.02	21.69
Addition during the year	25.57	25.02
Deletion during the year	25.02	21.69
Closing Balance	25.57	25.02

27. Prior period items included in the Profit and Loss Account are as follows:

(Amount in ₹ crore)

Sr. No.	PARTICULARS	2019-20	2018-19
1.	Income	0.00	0.00
2.	Revenue Expenditure	0.11	0.02
	Total	**(0.11)**	**(0.02)**

28. Accounting Standard 18 – Related Party Disclosures

As the Bank is state controlled enterprise within the meaning of AS-18 "Related Party Transactions", the details of the transactions with other state controlled enterprises are not given.

List of Related Parties:

Key Management Personnel:

NAME OF THE PARTY	DESIGNATION
Dr. Harsh Kumar Bhanwala	Chairman
Shri Harishkumar Rasiklal Dave (HRD)*	Deputy Managing Director
Shri R Amalorpavanathan (RA)*	Deputy Managing Director

*DMDs (HRD) and (RA) retired in April and May 2019 respectively.

Transactions with Key Management Personnel:

(Amount in ₹ crore)

Name of the Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year	Outstanding
Dr. Harsh Kumar Bhanwala	Key Management Personnel–Chairman	Remuneration including perquisites	0.61(0.50)	0.00
Shri Harishkumar Rasiklal Dave	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.13(0.65)	0.00
Shri R Amalorpavanathan	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.17(0.59)	0.00

No amounts, in respect of the related parties have been written off/back, or provided for during the year. Related party relationships have been identified by the management and relied upon by the auditors.

29. Information on Business Segment

(a) Brief Background

The Bank has recognized Primary segments as under:

i) Direct Finance: Includes Loans given to State Governments and other agencies for rural infrastructure development, co-finance loans and loans given to voluntary agencies/ non–governmental organizations for developmental activities and other direct loans to Co-operative Banks etc.

ii) Refinance: Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.

iii) Treasury: Includes investment of funds in treasury bills, short-term deposits, government securities, etc.

iv) Unallocated: Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

(b) Information on Primary Business Segment

(Amount in ₹ crore)

PARTICU-LARS	TREASURY		REFINANCE		DIRECT LENDING		OTHER BUSINESS		TOTAL	
Business Segments	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue	3,867.07	3,355.75	15,096.98	14,677.67	13,906.85	11,766.13	133.29	99.64	33,004.20	29,899.19
Result	2,248.67	1,597.97	2,828.64	2,807.31	2,935.50	2,578.23	-2,639.11	-1,921.71	5,373.70	5,061.80
Unallocated Expenses									0.00	0.00
Operating Profit									5,373.70	5,061.80
Income									1,415.46	1,628.97
Extraordina ry profit /	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit									**3,958.24**	**3,432.83**

PARTICULARS	TREASURY		REFINANCE		DIRECT LENDING		OTHER BUSINESS		TOTAL	
Other Information										
Segment Assets	44,693.36	48,463.49	2,41,001.39	2,25,952.75	2,43,503.42	2,09,178.56	3,434.96	4,343.28	5,32,633.13	4,87,938.08
Segment Liabilities	68,543.82	78,950.65	2,19,481.93	1,97,007.59	1,83,768.67	1,58,206.69	60,838.71	53,773.15	5,32,633.13	4,87,938.08
Unallocated Liabilities									0.00	0.00
Total Liabilities									**5,32,633.13**	**4,87,938.08**

(c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

30. Figures in brackets pertain to previous year.

31. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our attached report of even date

For Khimji Kunverji & Co LLP
(Formerly Khimji Kunverji & Co)
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh B. Dedhia
Partner (F-033494)

S. Sankaranarayanan
Chief General Manager
Accounts Department

Harsh Kumar Bhanwala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

Mumbai
22 May 2020

National Bank for Agriculture and Rural Development

Consolidated Cash flow for the year ended 31 March 2020

(Amount in ₹ crore)

PARTICULARS	2019-20	2018-19
(a) Cash flow from Operating activities		
Net Profit as per Profit and Loss a/c before tax	5,373.71	5,061.80
Adjustment for:		
Depreciation	37.21	35.32
Provisions and Amortisations	0.00	0.00
Provision for Non-Performing Assets	729.49	229.59
Provision for Standard Assets	696.89	309.50
Provision for sacrifice in interest element of Restructured Loan	0.00	0.00
Profit / Loss on sale of Fixed Assets	-0.28	0.23
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	370.71	330.93
Other Expenses	-0.02	0.00
Income from Investment (including Discount Income)	-3,880.86	-3,370.92
Operating profit before changes in operating assets	3,326.85	2,596.45
Adjustment for changes in Working Capital :		
(Increase) / Decrease in Current Assets	-2,146.54	6,947.15
Increase / (Decrease) in Current Liabilities	2,836.77	-1,829.78
Increase in Loans and Advances (Including Housing Loan & Other Advances to Staff	-51,182.41	-78,466.07
Cash generated from operating activities	-47,165.33	-70,752.25
Income Tax paid - Net of refund	-1,396.68	863.05
Net cash flow from operating activities (A)	**-48,562.01**	**-69,889.20**
(b) Cash flow from Investing activities		
Income from Investment (including Discount Income)	3,880.84	3,370.94
Purchase of Fixed Asset	-101.33	-80.58
Sale of Fixed Assets	38.25	7.18
(Increase) / Decrease in Investment	4,978.99	-9,479.34
Net cash (used) / generated from investing activities (B)	**8,796.75**	**-6,181.80**
(c) Cash flow from financing activities		
Grants / contributions received	1,152.66	-262.07
Proceeds of Bonds	33,949.26	31,781.87
Increase / (Decrease) in Borrowings	-11,018.71	33,787.29
Increase / (Decrease) in Deposits	12,316.42	9,696.69

PARTICULARS	2019-20	2018-19
Divided Paid including Tax on Dividend	1,487.74	-10.13
Increase in Share capital	162.32	2,087.26
Net cash raised from financing activities (C)	**38,049.69**	**77,080.91**
Net increase in cash and cash equivalent (A)+(B)+(C)	**-1,715.57**	**1,009.91**
Cash and Cash equivalent at the beginning of the year	3,055.48	2,045.57
Cash and cash equivalent at the end of the year	**1,339.91**	**3,055.48**

1. Cash and cash equivalent at the end of the year includes :	**2019-20**	**2018-19**
Cash in hand	0.00	0.00
Balance with Reserve Bank of India	621.20	1,405.57
Balances with other Banks in India	718.71	548.12
Remittances in Transit	0.00	528.59
Collateralised Borrowing and Lending Obligations	0.00	573.20
Total	**1,339.91**	**3,055.48**

Demand Deposits with Banks with an original maturity of more than 3 months are disclosed under Investments

As per our attached report of even date

For Khimji Kunverji & Co LLP
(Formerly Khimji Kunverji & Co)
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh B. Dedhia
Partner (F-033494)

S. Sankaranarayanan
Chief General Manager
Accounts Department

Harsh Kumar Bhanwala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

Mumbai
22 May 2020

E-Mail Addresses of NABARD H.O. Departments and Subsidiaries

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Abbreviations - AR 2019-20

ABFL	Agri Business Finance Limited
ABI	Analytics & Business Intelligence
ABICs	Agri-Business Incubation Centres
AE	Advance Estimates
AECs	Aadhaar Enrolment and Update Centres
AF	Adaptation Fund
AFC	Agri Finance Corporation
AFRACA	African Rural and Agricultural Credit Association
AH	Animal Husbandry
AI	Artificial Intelligence
AICIL	Agriculture Insurance Company of India Limited
a-IDEA	Association for Innovation Development of Entrepreneurship in Agriculture
AIF	Alternative Investment Fund
ALCO	Assets and Liabilities Committee
ALIDE	Asociación Latinoamericana de Instituciones Financieras Para el Desarrollo
AMI	Agriculture Marketing Infrastructure
AMIF	Agri-Market Infrastructure Fund
AMIGS	Agriculture Marketing Infrastructure Grading and Standardisation
AMUL	Anand Milk Union Limited
APCs	Agro Processing Clusters
APMC	Agricultural Produce Marketing Committee
APRACA	Asia-Pacific Rural and Agricultural Credit Association
APY	Atal Pension Yojana
ASCI	Agriculture Skill Council of India
ATM	Automated Teller Machine
AUM	Assets Under Management
B E	Budget Estimates
BC	Business Correspondent
BCI	Better Cotton Initiative
BCP	Business Continuity Plan
BF	Business Facilitator
BFDAs	Brackishwater Fish Farmers' Development Agencies
BHIM	Bharat Interface for Money
BIRD	Bankers' Institute of Rural Development
BoD	Board of Directors
BoS	Board of Supervision
CAD	Current Account Deficit
CADA	Command Area Development Authority
CADWM	Command Area Development and Water Management
CAGR	Compounded Annual Growth Rate
CAMELSC	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, Systems and Compliance
CAT	Capacity Building for adoption of Technology
CBLO	Collateralized Borrowing and Lending Obligation
CBS	Core Banking Solution
CCBs	Central Cooperative Banks
CCC	Climate Change Centre
CCEA	Cabinet Committee on Economic Affairs
CCF	Climate Change Fund
CD	Credit to Deposit
CD	Certificate of Deposits
CDF	Cooperative Development Fund
CeGSIL	CSC eGovernance Securities India Limited
CEO	Chief Executive Officer
CEVA	Collective Efforts for Voluntary Action
CFF	Credit Facility to Federation
CFPI	Consumer Food Price Inflation
CGC	Credit Guarantee Cover
CGI	Corporate Governance Index
CGM	Chief General Manager
CGS	Credit Guarantee Scheme
CHCs	Custom Hiring Centres
CICA	Confédération Internationale du Crédit Agricole
CLCSS	Credit Linked Capital Subsidy Scheme
CLMAS	Credit and Loan management Accounting System
CMFRI	Central Marine Fisheries Research Institute
CMIE	Centre for Monitoring Indian Economy
CO2	Carbon Dioxide
COVID-19	Corona Virus Disease -19

C-PEC	Centre for Professional Excellence in Cooperatives
CPI	Consumer Price Index
CPs	Commercial Papers
CRAR	Capital to Risk-Weighted Assets Ratio
CRIDA	Central Research Institute for Dryland Agriculture
CSC	Common Service Centres
CSF	Cyber Security Framework
CSITE	Cyber, Security, and Information Technology Examination
CSO	Central Statistical Organization
CSR	Corporate Social Responsibility
CSS	Centrally Sponsored Scheme
CTIs	Cooperative Training Institutions
CWC	Central Warehousing Corporation
DAE	Direct Access Entity
DAY	Deendayal Antyodaya Yojana
DBT	Direct Benefit Transfer
DCCB	District Central Cooperative Bank
DDM	District Development Manager
DDMABI	Department for Data Management Analytics and Business Intelligence
DEDS	Dairy Entrepreneurship Development Scheme
DFC	Dedicated Freight Corridor
DFPD	Department of Food and Public Distribution
DHFL	Dewan Housing Finance Limited
DIDF	Dairy Processing and Infrastructure Development Fund
DIT	Department of Information Technology
DoS	Department of Supervision
DRA	Direct Refinance Assistance
DTP	Development of Tribal Population
EAF	Ecosystem approach to fisheries
EBP	Ethanol Blended Petrol
EBRs	Extra Budgetary Resources
ECM	Enterprise Content Management
Ees	Executing Entities
EEZ	Exclusive Economic Zone
EHP	Enterocytozoon Hepatopenaei
e-NAM	Electronic National Agriculture Markets
ENSO	EL Nino Southern Oscillation
ENSURE	Electronic Submission of Returns
EPF	Employees' Provident Fund
ES&G	Environmental, Social, and Governance
EU	European Union
FAMS	Fixed Asset Management System
FC	Farmers' Club / Financial Cooperation
FCI	Food Corporation of India
FDI	Foreign Direct Investment
FFDAs	Fish Farmers Development Agencies
FIDF	Fisheries Infrastructure Development Fund
FIF	Financial Inclusion Fund
FIMMDA	Fixed Income Money Market and Derivatives Association
FITF	Financial Inclusion Technology Fund
FLAP	Financial Literacy Awareness Programme
FLC	Financial Literacy Centre
FPC	Farmer Producer Company
FPF	Food Processing Fund
FPI	Foreign Portfolio Investment
FPO	Farmer Producers' Organisation
FRM	Fraud Risk Management
FSPF	Farm Sector Promotion Fund
FY	Financial Year
GB	Gramin Bank
GCF	Green Climate Fund
GCF	Gross Capital Formation
GCFA	Gross Capital Formation in Agriculture
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
GHI	Global Hunger Index
GI	Geographical Indications
GIFT	Genetically Improved Farmed Tilapia
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GLC	General Line of Credit
GLC	Ground Level Credit
GLOF	Glacial Lake Outburst Flood
GMVIP	Group Motor Vehicle Insurance Policy
GNPAs	Gross Non-Performing Assets
GoI	Government of India
GrAMs	Gramin Agricultural Markets
GSIDCL	Goa State Infrastructure Development Corporation Ltd

GVA	Gross Value Added
GVN	Gramya Vikas Nidhi
GW	Gigawatt
HA	Hectare
HACCP	Hazard Analysis Critical Control Points
HCM	Human Capital Management
HDIL	Housing Development and Infrastructure Limited
HFCs	Housing Finance Companies
HO	Head Office
HPC	High Power Committee
HR	Human Resource
HRMS	Human Resources Management System
I&LDM	Incidence and Loss Data Management
IASRI	Indian Agricultural Statistics Research Institute
IAY	Indira Awas Yojana
ICRIER	Indian Council for Research on International Economic Relations
ICT	Information and Communication Technology
IDA	International Development Agency
IDRBT	Institute for Development and Research in Banking Technology
IGWDP	Indo-German Watershed Development Programme
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
IL&FS	Infrastructure Leasing & Finance Services
IMC	Indian Major Carps
IMD	International Institute for Management Development
IMF	International Monetary Fund
IMTA	Integrated Multi-trophic Aquaculture
IoT	Internet of Things
IP	Intellectual Property/ Internet Protocol
IPCC	Intergovernmental Panel on Climate Change
IPPB	Indian Post Payments Bank
IPR	Intellectual Property Rights
IQF	Individually Quick Frozen
IR	Indian Railways
IRV	Individual Rural Volunteer
ISAM	Integrated Scheme for Agricultural Marketing
ISB	Indian School of Business
IT	Information Technology
ITDP	Integrated Tribal Development Project
ITSM	Information Technology Services Management
IWMS	Integrated Water Management Scheme
JKBT	Jamnalal Kaniram Bajaj Trust
JLG	Joint Liability Group
JNNSM	Jawaharlal Nehru National Solar Mission
KCC	Kisan Credit Card
KfW	Kreditanstalt für Wiederaufbau
KRI	Key Risk Indicator
KWh	Kilo Watt per Hour
LAF	Liquidity Adjustment Facility
LAMPCS	Large Sized Agricultural Multipurpose Credit Society
LED	Light Emitting Diode
LEDP	Livelihood and Enterprise Development Programme
LLPD	Lakh Litres Per Day
LPA	Long Period Average
LPR	Labour Participation Rate
LT	Long-Term
LTCCS	Long-Term Cooperative Credit Structure
LTIF	Long Term Irrigation Fund
LTRCF	Long Term Rural Credit Fund
LTRO	Long Term Repo Operation
LWE	Left-Wing Extremism
MAPs	Monitorable Action Plans
MARKFED	Cooperative Agri- Marketing Federations
MC	Management Committee
MCS	Monitoring, Control and Surveillance
MCX	Multi Commodity Exchange
MDI	Management Development Institute
ME	Micro Enterprise
MEDP	Micro Enterprise Development Programme
MFI	Micro Finance Institution
MFPs	Mega Food Parks
MIF	Micro Irrigation Fund
MIS	Management Information System
MLPD	Million Litres Per Day
MMT	Million Metric Tonnes

MNRE	Ministry of New and Renewable Energy
MoA&FW	Ministry of Agriculture and Family Welfare
MoEF&CC	Ministry of Environment, Forest and Climate Change
MoF	Ministry of Finance
MoJS	Ministry of Jal Shakti
MoRD	Ministry of Rural Development
MoSDE	Ministry of Skill Development and Entrepreneurship
MoSPI	Ministry of Statistics and Programme Implementation
MoU	Memorandum of Understanding
MP	Madhya Pradesh
MPEDA	Marine Products Export Development Authority
MPI	Multidimensional Poverty Index
mPoS	mobile Point of Sale
MSF	Marginal Standing Facility
MSMEs	Micro Small and Medium Enterprises
MT	Million Tonnes/ Metric Tonnes/Medium-Term
MTPD	Million Tonnes Per Day
NAARM	National Academy of Agricultural Research Management
NABARD	National Bank for Agriculture and Rural Development
NABCONS	NABARD Consultancy Services
NABFINS	NABARD Financial Services Limited
NAFCC	National Adaptation Fund for Climate Change
NAFIS	NABARD All India Financial Inclusion Survey
NAFSCOB	National Federation of State Cooperative Banks
NAPCC	National Action Plan on Climate Change
NBFC	Non-Banking Financial Company
NBSC	National Bank Staff College
NCDC	National Cooperative Development Corporation
NCDEX	National Commodity Exchange
NCDWS&Q	National Centre for Drinking Water, Sanitation and Quality
NCES	Non Conventional Energy Sources
NCML	National Collateral Management Services Limited
NCU	NABARD Chair Unit
NDC	Nationally Determined Contribution
NDDB	National Dairy Development Board
NDRI	National Dairy Research Institute
NEA	National Entrepreneurship Awards
NER	North-Eastern Region
NERL	National E-Repositors Limited
NeSL	National e-Governance Services India Limited
NFDB	National Fisheries Development Board
NFSM	National Food Security Mission
NGO	Non-governmental Organisation
NIA	Net Irrigated Area
NIDA	NABARD Infrastructure Development Assistance
NIE	National Implementing Entity
NIP	National Infrastructure Pipeline
NITI	National Institution for Transforming India
NKFL	NABKISAN Finance Limited
NLE	Nodal Loaning Entities
NLM	National Livestock Mission
NMOOP	National Mission on Oilseeds and Oil Palm
NPA	Non-performing Asset
NPA	New Product Appraisal
NPBBDD	National Programme for Bovine Breeding and Dairy Development
NPMF	National Policy on Marine Fisheries
NRC	National Research Centres
NRC (Stabilisation)	National Rural Credit (Stabilisation)
NRC-LTO	National Rural Credit (Long-Term Operations)
NRIDA	National Rural Infrastructure Development Authority
NRLM	National Rural Livelihood Mission
NRM	Natural Resource Management
NSA	Net Sown Area
NSFI	National Strategy for Financial Inclusion
NSO	National Statistical Office
NSSO	National Sample Survey Organisation

NTFP	Non Timber Forest Produce
NWDA	National Water Development Agency
NWRs	Negotiable Warehouse Receipts
OBC	Other Backward Class
OFD	Off-Farm Development
OFPOs	Off-farm Producers' Organisations
OFSPO	Off-Farm Sector Promotion Fund
P&H	Plantation & Horticulture
PACS	Primary Agricultural Credit Societies
PAT	Profit After Tax
PBT	Profit Before Tax
PCARDB	Primary Cooperative Agriculture and Rural Development Bank
PDC	PACS Development Cell
PDMC	Per Drop More Crop
PF	Poultry Farming
PFA	Project Facilitating Agency
PFMS	Public Financial Management System
PL	Post-Larvae
PLP	Potential Linked Credit Plan
PM	Prime Minister/Pradhan Mantri
PM CARES Fund	Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund
PM-AASHA	Pradhan Mantri Annadata Aay Suraksha Abhiyan
PMAY (U)	Prashan Mantri Awas Yojana-Urban
PMAY-G	Prashan Mantri Awas Yojana-Gramin
PMC Bank	Punjab Maharashtra Co-operative Bank
PMFBY	Pradhan Mantri Fasal Bima Yojana
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
PM-KISAN	Pradhan mantri Kisan Samman Nidhi
PMKSY-AIBP	Pradhan Mantri Krishi Sinchayee Yojana -Accelerated Irrigation Benefit Program
PM-KUSUM	Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan
PMMSY	Pradhan Mantri Matsya Sampada Yojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PODF	Producers Organisation Development Fund
PODF - ID	Producers Organisation Development Fund- Interest Differential
POPI	Producer Organisation Promoting Institution
PoS	Point of Sale
PPP	Public Private Partnership
ppt	Parts Per Thousand
PRODUCE	Producers Organisation Development and Upliftment Corpus
PSBs	Public Sector Banks
PUCB	Primary Urban Cooperative Banks
PVI	Preventive Vigilance Inspection
PWDs	Person With Disabilities
R & D	Research and Development
RAPI	Rainfed Area Priority Index
RBI	Reserve Bank of India
RBS	Risk Based Supervision
RCB	Rural Cooperative Bank
RCSA	Risk Control and Self-Assessment
RFI	Rural Financial Institution
RG	Rural Godown
RHS	Right Hand Side
RIDF	Rural Infrastructure Development Fund
RIF	Rural Innovation Fund
RIL	Reduced Interest Loans
RIPF	Rural Infrastructure Promotion Fund
RLP	Realistic Lending Programme
RO	Regional Office
RoA	Return on Asset
RoE	Return on Equity
RPF	Rural Promotion Fund
RRB	Regional Rural Bank
RSA	Resources Support Agency
RSK	Raitha Samparka Kendra
RTI	Right to Information
SAMPADA	Scheme for Agro Marine Processing and Development of Agro Processing
SAPCC	State Action Plan for Climate Change
SBI	State Bank of India
SBLP	SHG–Bank Linkage Programme
SBM-G	Swachh Bharat Mission- Gramin
SCARDB	State Co-operative Agriculture and Rural Development Bank
SCBs	Scheduled Commercial Banks

SDG	Sustainable Development Goal
SDP	Sustainable Development Plan
SEBI	Securities Exchange Board of India
SEFASU	Scheme for Extending Financial Assistance to Sugar Undertakings
SEIS	Services Exports from India Scheme
Ses	Supervised Entities
SFB	Small Finance Banks
SFDs	Special Focus Districts
SFP	State Focus Paper
SGP	Sheep Goat and Pig
SHG	Self-Help Group
SHG-BLP	SHG-Bank Linkage Programme
SHPI	Self Help Promoting Institutions
SIDBI	Small Industries Development Bank of India
SMAs	Special Mentioned Accounts
SoDGIS	Strengthening of Database & Geographical Information System
SoF	Scale of Finance
SOFTCOB	Scheme of Financial Assistance for Training of Cooperative Banks' Personnel
SPPID	Strategic Planning and Product Innovation Department
SRI	System of Rice Intensification
SRLM	State Rural Livelihood Mission
SRTOs	Small Road Transport Operators
SSI	Sustainable Sugarcane Initiative
ST	Short-Term
StCB	State Cooperative Bank
STCCS	Short-Term Cooperative Credit Structure
STCRCF	Short -Term Cooperative Rural Credit Fund
STCRRB	Short -Term Credit for Regional Rural Banks
STD	Short Term Deposit
STGs	Small Tea Growers
ST-OSAO	Short-Term Other Seasonal Agriculture Operation
ST-SAO	Short-Term Agricultural Operations
SUI	Stand Up India Scheme
SWC	State Warehousing Corporation
SWOT	Strengths, Weaknesses, Opportunities and Threats
TAICO	Tamil Nadu Industrial Cooperative Bank Limited
TALMS	Treasury and Asset Liability Management System
TCCL	Tata Cleantech Capital Limited
TDF	Tribal Development Fund
TFO	Total Financial Outlay
TISS	Tata Institute of Social Sciences
TLPD	Thousand Litres Per Day
TMBs	Term Money Borrowings
TNA	Training Need Assessment
TNAU	Tamil Nadu Agricultural University
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UP	Uttar Pradesh
UPI	Unified Payments Interface
UPNRM	Umbrella Program for Natural Resources Management
VICS	Vulnerability Index for Cyber Security Framework
VINFRA	Fraud Vulnerability Index
WB	World Bank / West Bengal
WDF	Watershed Development Fund
WDRA	Warehousing Development and Regulatory Authority
WG	Working Group
WIF	Warehouse Infrastructure Fund
WSHG	Women Self-Help Group
y-o-y	Year over Year

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