



Vanguard of Rural India

The summer of 1982 was a season of hope, especially for rural India. It was the time when the lacuna of institutional credit in boosting rural economy was filled. The National Bank for Agriculture and Rural Development (NABARD) came into existence, and since then it has steadfastly maintained its primary focus of elevating rural lives



Fully owned by the Government of India, NABARD is today an apex agency for agriculture and rural development, instrumental in touching the lives of people through multiple financial and developmental interventions.

Its initiatives like development of rural infrastructure, promotion of peoples' collectives like SHGs, JLGs, FPOs, Skill Development Initiatives, watershed development, tribal development programs, among others, have direct influence on the economic well-being of rural people.

NABARD's balance sheet size reached Rs.5,32,075 crore in FY2019-20, growing 9.15% year-on-year and continued its impressive growth over the last 5 to 6 years.

According to Dr. G.R. Chintala, Chairman, NABARD, to widen and deepen the credit flow to rural areas, the dream is to reach Rs.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 organizations 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," he says.

During 2019-20, ground level credit flow to agriculture sector reached Rs.13.68 lakh crore, 8.8% more than the previous year. This was backed by refinance support of Rs.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



Dr. G.R. Chintala
Chairman, NABARD

banking plans for credit penetration in watershed areas, climate resilient and vulnerable areas, backward districts, and benefitted areas of infrastructure projects developed under Rural Infrastructure Development Fund (RIDF), Long-term Irrigation Fund (LITF) and others.

"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," Chintala adds.

Creating an Edge

During the last six years, Government of India has taken several initiatives towards reforming the agriculture sector with a view to ensure better access to institutional credit, remunerative prices to farmers and strengthening of infrastructure. In tune with the efforts of Gol,

NABARD has also initiated various measures and plans to roll out more initiatives for farmers, other rural entrepreneurs and rural financial institutions.

NABARD had sanctioned Rs.65,838 crore as loan during 2019-20 for various infrastructure projects under agriculture and irrigation, roads and bridges, social sectors, among others. Disbursement against ongoing projects was Rs.56,432 crore during the year. Additionally, irrigation potential was augmented by 34.63 lakh ha. through 99 projects under LTIF. Committing to promote water use efficiency, NABARD operationalized the Micro Irrigation Fund (MIF) in 2019-20 with a corpus of Rs.5,000 crore. In the first year itself, it benefitted 9.13 lakh farmers covering 11.27 lakh hectares of cultivated area, of which 77% were small and marginal farmers.

NABARD has 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).

"We have continued our efforts to empower women, reaching out to financially excluded areas, people, and organizing 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 4,000 more FPOs. We also played an active role in finalizing the detailed guidelines on FPOs issued by the government," says Chintala.

During the year 2019-20, NABARD has promoted a new subsidiary, NABFOUNDA-TION to implement developmental activities

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in partnership mode. NABARD continued providing hand-holding, capacity building and institutional development support to the Cooperative Credit Structure and Regional Rural Banks.

"In our endeavor 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 computerizing their operations," Chintala pointed out and added that NABARD has also taken initiatives to guide weak cooperative banks on turnaround 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-sanitise on their vulnerability to frauds," Chintala noted.

NABARD has been continuously making efforts to support Self Help Group (SHG) members in setting up and managing successful enterprises for livelihood, through implementation of two skill development and capacity building programs, viz. Micro Enterprise Development Program (MEDP) and Livelihood and Enterprise Development Program (LEDP). During 2019-20, 3,592 training programmes were conducted covering 1.53 lakh

POLICY INITIATIVE

Differentiated Strategy: To address regional inadequacies and to bring about inclusive and equitable financial inclusion across the country support under FIF is extended @ 90% in 314 Special Focus Districts.

OTHER INITIATIVES

- Public Financial Management System (PFMS): RCBs are supported to on-board PFMS so that their clients could avail the benefits of DBT. 354 RCBs have been on-boarded.
- Financial Literacy: More than 3.6 lakh Financial Literacy programs have been conducted for creating awareness and demand for financial products so far.
- PMJDY woman A/c holders: Pradhan Mantri Garib Kalyan Yojana (PMGKY) was extended to 10.69 lakh women Jan Dhan account holders in 108 RCBs.
- To meet the short term credit needs, NABARD has extended Short Term Refinance to Cooperative Banks and RRBs at a Compound Annual Growth Rate (CAGR) of 13% (Rs.1,046 crore in 1982-83 to Rs.1,00,382 crore during 2019-20). Similarly, to support the capital formation in agriculture/rural sector, Long Term Refinance has been extended which increased from Rs.703 crore in 1982-83 to Rs.78,180 crore during

2019-20 reporting a CAGR of 14%.

- NABARD has channelized interest subvention to banks to the tune of Rs. 44,000 crore for crop loan and NRLM to ensure that the farmers get credit at affordable rates.
- As on March 31, 2020, Rs.7178 crore have been disbursed towards capital subsidy to approximately 5,39,143 beneficiaries under various Government Sponsored Schemes as the nodal agency for channelizing subsidies.
- NABARD is also involved in implementation of KCC Saturation drive of GoI for Cooperative Banks and RRBs to cover PM Kisan Samman Scheme beneficiaries.
- While every year, NABARD disburses Rs.90,000 crore crop loan at a concessional rate, this fiscal it aims to disburse Rs.1.20 lakh crore crop loan to farmers for meeting production expenses.
- NABARD has also provided support of Rs.13,500 crore under NABARD Infrastructure Development Assistance (NIDA), out of its own funds, for financing sectors like irrigation (5.93 lakh ha), micro irrigation (1.39 lakh ha), renewable energy (113 MW), power transmission (49 projects in 15 states), rural connectivity (5,942 km road length and 4.69 km bridge length), drinking water supply, cold storage (29,600 MT) and sanitation (15 million litre per day).

participants from various banks/stakeholders under FIF. Further, 1152 training programmes covering 0.69 lakh participants were conducted under WSHG Fund.

E-Shakti, NABARD's flagship project for

SHG Digitization and the winner of the prestigious Golden Peacock Innovative Product/Service Award-2020, as on 30 June 2020, has digitized 7 lakh SHGs involving 77.18 lakh members across 01 lakh villages in the

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country. Project EShakti is under implementation in 254 districts in the country across 26 States and 2 Union Territories.

Road Ahead

NABARD has been a pioneer in implementing watershed and tribal development programs over the last three decades. More than 2 million hectares of agriculture land is covered under these projects. With a view to provide 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.

In terms of infrastructure development, NABARD is expecting sanctions and disbursements for infrastructure at Rs.58,000 crore and Rs.60,300 crore respectively.

"Apart from this, there are plans for Geo Tagging of agri storage infrastructure – launching of portal, sanction of projects worth Rs.2000 crore under Agriculture Marketing Infrastructure Fund (AMIF), signing of MoUs with all major maritime states under Fisheries

DEVELOPMENTAL PLANS

- Launching of Interest Rebate schemes for eligible beneficiaries in NABARD's watershed areas under WDF for enhancing credit flow
- Launching of Interest Rebate schemes for eligible beneficiaries in NABARD's project areas under FSPF to promote small Food Processing units.
- Launching of KiW SEWOH III programme for climate proofing of 48 completed watershed projects in Tamil Nadu, Bihar and Maharashtra with financial support of Euro 4.5 million from KiW, Germany.
- Roll out of pilot projects on saline and alkaline soil reclamation.
- Implement Tribal Development Projects covering new livelihood based interventions.
- FPOs: Roll out FPO-Central Sector Scheme and operationalize new Credit Guarantee Scheme for FPOs. Develop a new portal for FPOs for integration of buyers, sellers and transport agents.
- Pilot projects on Zero Budget Natural

Farming: Five pilot projects to be launched to understand the benefits accruing to farmers and scientific validation of the approach.

- Pilot project on Encouraging Rural Youth in Agriculture: 10 pilot projects to facilitate creation of livelihood opportunities in rural areas in and around agriculture for encouraging the rural youth / Covid affected migrants.
- Model Climate Smart Village programme will be initiated during 2020-21 as pilot project with holistic approach covering agriculture and allied sectors.
- Higher allocation under capacity building: Keeping in view the COVID-19 pandemic and labourers' reverse migration to rural areas, allocations under MEDPs (744 programmes), LEDPs (500 programmes) and Capacity Building have been increased substantially.
- NABARD's E-shakti portal with a huge database of 7 lakhs SHGs and 1 lakh villages will be opened up for other platforms and players for providing sectoral facilities and services in marketing, education and health, among others.



and Aquaculture Infrastructure Development Fund (FIDF), exploring the possibility of providing working capital limits to Milk Unions supported under DIDF and financing Private sector dairies under NIDA and CFF," Chintala stated.

Under financial inclusion, NABARD plans to increase transaction points wherein support will be given for deployment of PoS/mPoS devices at merchant points through banks to enable the rural population to conduct digital transaction at par with urban population.

Other plans under financial inclusion

are activation of RuPay Card at microATMs, improved connectivity by deploying mobile signal boosters in areas with intermittent telecom connectivity, increase financial literacy awareness through Demo Mobile Vans, and providing convenience of bill payment for the rural customers by on-boarding banks on the Bharat Bill Payment System (BBPS) platform.

"NABARD is committed to push forward the development agenda to make the dreams of millions of rural people come true," said Chintala.

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