

# CONSOLIDATED BALANCE SHEET, PROFIT & LOSS ACCOUNT, AND CASH FLOW OF NABARD ANNUAL ACCOUNTS 2022-23

## 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

We have audited the accompanying Consolidated Financial Statements of National Bank for Agriculture and Rural Development ('the Holding Bank' or 'NABARD') and its 7 (seven) subsidiaries (the Holding Bank and its subsidiaries collectively referred to as 'Group'), which comprise the Consolidated Balance Sheet as at March 31, 2023, 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').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements are full and fair financial statements containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the consolidated state of affairs of the group as at March 31, 2023, its consolidated profits and its consolidated cash flows for the year ended on that date and give the information in conformity with National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984 and the Accounting Standards notified by the Institute of Chartered Accountants of India ('ICAI') and accounting principles generally accepted in India.

#### Basis of Opinion

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 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 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

1. Attention is invited to Note No. A.19 to Schedule 18 of the Consolidated Financial Statements regarding the uncertainties arising out of the COVID-19 pandemic and the assessment made by the management of the Holding Bank on its operations and financial reporting for the year ended March 31, 2023; such an assessment and the outcome of the pandemic, as made by the management, is dependent on the circumstances as they further evolve in the subsequent periods.
2. Attention is invited to Note No. A-2 "Basis of Consolidation" of the Significant Accounting Policies in Schedule-18 on certain Notes to Accounts applicable to the subsidiaries which have not been consolidated.
3. Attention is invited to Note No. B.22 to Schedule 18 of the Consolidated Financial Statements regarding the adjustment of income tax refund of Rs. 358.28 crores pertaining to earlier year.

Our report is not modified in respect of the above matters.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year. These matters were addressed in the context of our audit of the Consolidated

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:

<i>Particulars of the Key Audit Matter in respect of the Holding Bank</i>	<i>Audit processes in the matter</i>
<p><b>Multiple IT Systems:</b></p> <p>The Holding 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 these IT systems and inbuilt automated controls therein.</p> <p>The major IT systems concerning the financial reporting process include:</p> <ul style="list-style-type: none"> <li>• CLMAS – transactions processing, workflows and financial reporting system</li> <li>• TALMS – Treasury Operations</li> <li>• Empower HRMS – HR and payroll</li> <li>• FAMS – Property, Plant and Equipment and processing of expenses</li> <li>• Interface/interplay of one or more of above systems in building up or generating reports</li> </ul> <p>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.</p> <p>Management of the Holding 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.</p> <p>These includes implementation of preventive and detective controls across critical applications and infrastructure.</p> <p>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.</p>	<p>We performed a range of audit procedures in course of the audit of Standalone Financial Statements of the Holding Bank, which included:</p> <p>Review of the report of IS Audit carried out for half year ending June, 2021 and December 2021 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.</p> <p>Our audit tests were designed to cover the following:</p> <ul style="list-style-type: none"> <li>• understanding the Bank's IT control environment and key changes in the course of our audit that were considered relevant to the audit;</li> <li>• selectively recomputing interest calculations and maturity dates;</li> <li>• Selectively re-evaluating masters updation, interface with resultant reports;</li> <li>• Selective testing of the interface of CLMAS with other IT systems like TALMS, Empower and several workflows;</li> <li>• Having regard to the incidences of incorrect system entries getting posted in the accounting system, detailed inquiries were made into 'root cause analysis' and about lack of adequate checks and balances around such entries, to obtain suitable explanations and representations.</li> <li>• Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system), so as to rectify the incorrect entries noticed during the audit.</li> <li>• To avoid the scope of incorrect system entries, have more useful system generated reports and to include more features/ fields into the system, the development of CLMAS 2.0 is under process.</li> </ul>

## Information Other Than the Financial Statements and Auditor's Report Thereon

The Holding Bank's 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 Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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 Consolidated Financial Statements

The Holding Bank's Management and the Board of Directors are responsible for the preparation of the Consolidated 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 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, 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 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

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated Financial Statements. Our audit processes in accordance with the SAs are narrated in Annexure 1 to this report.

## Other Matters

Incorporated in these financial statements are the returns of 19 Regional Offices and 2 Staff College of the Holding Bank visited by us for the purposes of audit and the same including Head Office of the Holding Bank, account for 88.47% of advances, 100.00% of deposits, 90.18% of interest income and 100.00% of interest expenses and the returns of other offices of the Holding bank not visited by us. These Offices and Staff College of the holding bank have been selected in consultation with the management of the Bank. We have not visited other remaining offices of the Bank of the holding bank but have reviewed their returns sent to the Head Office. As regards the financials statements of seven subsidiaries incorporated in these financial statements, we have relied on their audited financial statements.

## Report on Other Legal and Regulatory Requirements

We report that the Consolidated Financial Statements 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 Consolidated Financial Statement comply with the applicable accounting standards, in all material aspects.

For MKPS & Associates

Chartered Accountants  
Firm Regn. No- 302014E

CA. Vasudev Sunderdas Matta  
Partner  
Membership No. 046953

Place: Mumbai  
Date: May 26, 2023



# ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT (referred to in para 7 titled "Auditor's Responsibility for the Audit of the Consolidated Financial Statements")

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional skepticism 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 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 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 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 Group 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  
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2023**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Funds And Liabilities</i>	<i>Schedule</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
1	(i) Capital (Under Section 4 of the NABARD Act, 1981)		17,080.00	17,080.00
2	Reserve Fund and Other Reserves	1	50,288.37	44,391.66
3	National Rural Credit Funds	2	16,102.00	16,098.00
4	Gifts, Grants, Donations and Benefactions	3	6,711.28	6,602.27
5	Government Schemes	4	1,106.99	5,888.63
6	Minority Interest	1A	247.21	204.47
7	Deposits	5	2,78,100.87	2,52,126.69
8	Bonds and Debentures	6	2,46,677.25	2,30,592.70
9	Borrowings	7	1,64,130.89	1,63,660.12
10	Current Liabilities and Provisions	8	22,411.45	21,824.84
	<b>Total</b>		<b>8,02,856.31</b>	<b>7,58,469.38</b>
	Forward Foreign Exchange Contracts (Hedging) as per contra		950.88	925.97

Schedules referred to above form an integral part of accounts



**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT  
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2023**

(Amount in ₹ crore)

Sr. No.	Property And Assets	Schedule	As on 31.03.2023	As on 31.03.2022
1	Cash and Bank Balances	9	16,854.99	6,073.49
2	Investments	10	48,003.10	65,725.28
3	Advances	11	7,31,891.69	6,80,882.72
4	Fixed Assets	12	543.30	566.30
5	Other Assets	13	5,563.23	5,221.59
	<b>Total</b>		<b>8,02,856.31</b>	<b>7,58,469.38</b>
	Forward Foreign Exchange Contracts (Hedging) as per contra		950.88	925.97
	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 MKPS & Associates  
Chartered Accountants  
FRN: 302014E

CA. Vasudev Sunderdas Matta  
Partner  
Membership No.: 046953

Alok C. Jena  
Chief General Manager  
Accounts Department

Mumbai  
Date : 26 May 2023

Shaji K V  
Chairman

P V S Suryakumar  
Deputy Managing Director



**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Income</i>	<i>Schedule</i>	<i>2022-23</i>	<i>2021-22</i>
1	Interest Received on Loans and Advances		36,824.35	33,874.32
2	Income from Investment operations / Deposits		2,658.03	3,030.53
3	Other Receipts		367.99	270.33
	<b>Total (A)</b>		<b>39,850.37</b>	<b>37,175.18</b>

<i>Sr. No.</i>	<i>Expenditure</i>	<i>Schedule</i>	<i>2022-23</i>	<i>2021-22</i>
1	Interest and Financial Charges	14	30,370.10	26,574.22
2	Establishment and other expenses	15 A	1,942.10	2,281.35
3	Expenditure on Promotional Activities	15 B	136.75	111.88
4	Provisions	16	545.72	1,314.72
5	Depreciation		54.31	53.82
	<b>Total (B)</b>		<b>33,048.98</b>	<b>30,335.99</b>
<b>6</b>	<b>Profit before Income Tax (A-B)</b>		<b>6,801.39</b>	<b>6,839.19</b>
7	Prior period items		-	-
8	Provision for Income Tax		1,243.22	1,675.56
9	Deferred Tax Asset Adjustment (Net) (Refer Note B-8 of Schedule 18)		3.90	(30.85)
<b>10</b>	<b>Profit after Tax</b>		<b>5,554.27</b>	<b>5,194.48</b>
11	Minority Interest		43.87	15.67
<b>12</b>	<b>Profit available for Appropriation</b>		<b>5,510.40</b>	<b>5,178.81</b>

Note: Discount and commission earned have been grouped under the respective head of Income on Loan & Advances or Income from Investments operations-Deposits without the separate disclosure under the head "Discount and Commissions" as required in the format prescribed under NABARD Additional (General) Regulations, 1984.

Schedules referred to above form an integral part of accounts.



**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023**

(Amount in ₹ crore)

Sr. No.	Appropriations/Withdrawals	2022-23	2021-22
1	<b>Profit for the year brought down</b>	<b>5,510.40</b>	<b>5,178.81</b>
2	<b>Add:</b> Withdrawals from various funds against expenditure debited to Profit & Loss Account (Refer Schedule 1)	1,103.50	143.70
3	<b>Total Profit Available for Appropriation</b>	<b>6,613.90</b>	<b>5,322.51</b>
	<b>Less: Transferred to</b> (Refer Schedule 1, 2 & 3)		
1	Special Reserve u/s 36(l)(viii) of the Income Tax Act, 1961	850.00	1,065.00
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	33.63	130.53
5	Research & Development Fund	30.45	31.82
6	Investment Fluctuation Reserve	-	1,125.00
7	Producers' Organization Development Fund	3.84	5.11
8	Rural Infrastructure Promotion Fund	5.34	6.23
9	Farm Sector Promotion Fund	28.68	22.17
10	Gramya Vikas Nidhi	61.75	46.09
11	Climate Change Fund	2.53	1.75
12	Catalytic Fund	0.98	-
13	Forex Fluctuation Reserve Fund	5.51	5.21
14	Financial Inclusion Fund	20.32	-
15	Technology Facilitation Fund	50.00	-
16	Reserve Fund	5,518.87	2,881.60
	<b>Total</b>	<b>6,613.90</b>	<b>5,322.51</b>

As per our attached report of even date

For MKPS & Associates  
Chartered Accountants

CA. Vasudev Sunderdas Matta  
Partner  
Membership No.: 046953

Alok C. Jena  
Chief General Manager  
Accounts Department

Mumbai  
Date : 26 May 2023

Shaji K V  
Chairman

P V S Suryakumar  
Deputy Managing Director





**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
**Consolidated Schedule 1 - Reserve Fund and Other Reserves**

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2022	Additions/ Adjustments during the year	Transferred from P&L Appropriation	Transferred to P&L Appropriation	Balance as on 31.03.2023
1	Reserve Fund*	29,063.67	(37.87)	5,965.38	0.46	34,990.72
2	Research and Development Fund	53.94	0.46	30.45	30.46	54.39
3	Capital Reserve	74.81	-	-	-	74.81
4	Investment Fluctuation Reserve	2,822.00	-	-	936.30	1,885.70
5	Co-operative Development Fund	200.00	-	33.63	33.63	200.00
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	11,600.00	-	850.00	-	12,450.00
7	Producers' Organizations Development Fund	300.00	-	3.84	3.84	300.00
8	Rural Infrastructure Promotion Fund	50.00	-	5.34	5.34	50.00
9	Farm Sector Promotion Fund	60.00	-	28.68	28.68	60.00
10	Gramya Vikas Nidhi	110.00	-	61.75	61.75	110.00
11	Climate Change Fund	20.00	-	2.53	2.53	20.00
12	Catalytic Fund	20.00	-	0.98	0.98	20.00
13	Development Corpus Fund	5.00	-	-	-	5.00
14	Foreign Exchange Fluctuation Reserve Fund	12.24	-	5.51	-	17.75
15	Technology Facilitaion Fund	-	50.00	-	-	50.00
	<b>Total</b>	<b>44,391.66</b>	<b>12.59</b>	<b>6,988.09</b>	<b>1,103.97</b>	<b>50,288.37</b>
	<b>Previous year</b>	<b>39,639.51</b>	<b>(13.22)</b>	<b>5,320.51</b>	<b>555.13</b>	<b>44,391.66</b>

\* Note: The format prescribed in NABARD Additional (General) Regulations, 1984 for 'Reserve fund and Other Reserves' has Profit and Loss a/c as one of the sub-item. Since the bank has the practice of transferring the balance in profit and loss account after all the apportionments to Reserve fund, there remains no balance in profit and loss account due to which the same has not been separately disclosed above.

**Consolidated Schedule 1A - Minority Interest**

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2022	Addition during the year	Adjustments during the year	Closing balance as on 31.03.2023
1	Share capital	91.66	-	-	91.66
2	Reserves and Surplus	112.81	42.74	-	155.55
	<b>Total</b>	<b>204.47</b>	<b>42.74</b>	<b>-</b>	<b>247.21</b>
	<b>Previous year</b>	<b>183.18</b>	<b>21.29</b>	<b>-</b>	<b>204.47</b>



**Consolidated Schedule 2 - National Rural Credit Funds**

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2022	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2023
1	National Rural Credit (Long Term Operations) Fund	14,499.00	1.00	1.00	14,501.00
2	National Rural Credit (Stabilisation) Fund	1,599.00	1.00	1.00	1,601.00
	<b>Total</b>	<b>16,098.00</b>	<b>2.00</b>	<b>2.00</b>	<b>16,102.00</b>
	<b>Previous year</b>	<b>16,094.00</b>	<b>2.00</b>	<b>2.00</b>	<b>16,098.00</b>

**Consolidated Schedule 3 - Gifts, Grants, Donations and Benefactions**

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01-04-2022	Grants received/ adjusted during the year	Interest credited*	Exp./Disb./ Adjust. during the year	Balance as on 31-03-2023
<b>A.</b>	<b>Grants from International Agencies</b>					
1	KfW - NABARD V Fund for Adivasi Programme	0.64	-	0.01	0.65	-
2	KfW NB UPNRM - Accompanying Measures	-	0.01	-	0.01	-
3	KfW NB UPNRM - Financial Contribution	0.15	-	-	-	0.15
4	Indo German Watershed Development Programme - Andhra Pradesh	0.70	-	0.02	-	0.72
5	Indo German Watershed Development Programme - Gujarat	0.03	-	-	-	0.03
6	Indo German Watershed Development Programme - Rajasthan	0.06	-	-	-	0.06
7	GIZ UPNRM Technical Collaboration	0.03	-	-	-	0.03
8	Climate Change - (AFB) - Project Formulation Grant	22.28	0.07	0.62	1.87	21.10
9	GIZ Soil Project	1.41	-	-	-	1.41
10	KfW Soil Project	2.07	17.23	-	17.06	2.24
11	GCF Project Grants	1.14	4.69	0.04	4.50	1.37
<b>B.</b>	<b>Other Funds</b>					
1	Watershed Development Fund	1,527.25	-	45.01	99.83	1,472.43
2	Interest Differential Fund - (Forex Risk)	233.60	14.90	-	17.87	230.63



Sr. No.	Particulars	Opening Balance as on 01-04-2022	Grants received/adjusted during the year	Interest credited*	Exp./Disb./Adjust. during the year	Balance as on 31-03-2023
3	Interest Differential Fund - TAWA	0.10	-	-	-	0.10
4	Adivasi Development Fund	5.77	-	-	-	5.77
5	Tribal Development Fund	1,342.13	3.27	39.24	126.03	1,258.61
6	Financial Inclusion Fund (i)	2,867.10	427.79	84.98	340.83	3,039.04
7	Financial Inclusion Fund - Digital	8.11	-	-	8.11	-
8	PODF-ID	332.67	-	9.56	49.31	292.92
9	National Bank - Swiss Development Cooperation Project	66.11	0.83	-	-	66.94
10	RPF & RIF - Off-Farm Sector Promotion Fund	18.42	6.45	-	1.60	23.27
11	Centre for Professional Excellence in Co-operatives - (C-PEC)	3.13	-	0.13	-	3.26
12	LTIF Interest Fluctuation Reserve Fund	138.22	21.80	4.15	-	164.17
13	National Adaptation Fund for Climate Change A/c	31.15	75.96	0.66	51.10	56.67
14	Capacity Building Fund for Social Stock Exchange	-	5.00	-	-	5.00
15	Climate Change Fund - ID (ii)	-	87.35	-	21.99	65.36
	<b>Total</b>	<b>6,602.27</b>	<b>665.35</b>	<b>184.42</b>	<b>740.76</b>	<b>6,711.28</b>
	<b>Previous year</b>	<b>6,371.65</b>	<b>623.51</b>	<b>379.13</b>	<b>771.98</b>	<b>6,602.27</b>

\* Refer B-2 of Schedule 18

includes income tax paid on interest differential credited to funds:

(i) includes ₹87.94 crore being the income tax paid

(ii) includes ₹21.99 crore being income tax paid



**Consolidated Schedule 4 - Government Schemes**

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2022	Additions/ Adjustments during the year	Interest Credited*	Expenditure/ Disbursements from the fund	Balance as on 31.03.2023
<b>A</b>	<b>Government Subsidy Schemes</b>					
1	Capital Investment Subsidy for Cold Storage Projects - NHB	0.89	-	-	-	0.89
2	Capital Subsidy for Cold Storage TM North East	0.08	-	-	-	0.08
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	0.69	0.02	-	0.28	0.43
4	On-farm Water Management for Crop Production	0.07	-	-	-	0.07
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	78.98	-	-	-	78.98
6	Cattle Development Programme - Uttar Pradesh	0.03	-	-	-	0.03
7	Cattle Development Programme - Bihar	0.10	-	-	-	0.10
8	National Project on Organic Farming	1.67	-	-	(0.13)	1.80
9	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4.29	-	-	-	4.29
10	Dairy and Poultry Venture Capital Fund	2.16	-	-	(0.05)	2.21
11	Poultry Venture Capital Fund	0.00	-	-	(0.15)	0.15
12	ISAM - Agricultural Marketing Infrastructure	41.01	110.57	-	137.71	13.87
13	National Livestock Mission - PVCF EDEG	79.99	-	-	(0.93)	80.92
14	Centrally Sponsored Scheme for establishing Poultry Estate	0.08	-	-	-	0.08
15	Multi Activity Approach for Poverty Alleviation - Sultanpur Uttar Pradesh	0.08	-	-	-	0.08
16	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh	0.02	-	-	-	0.02
17	Dairy Entrepreneurship Development Scheme	5.10	3.12	-	0.03	8.19
18	CSS for Solar Mission	0.03	-	-	-	0.03
19	CSS - JNNSM - Solar Lighting a/c	2.76	-	-	-	2.76
20	CSS - Solar Photovoltaic Water Pumping	0.03	-	-	-	0.03
21	Capital Subsidy Scheme - Agri Clinic Agri Business Centres	1.56	14.48	0.01	14.30	1.75
22	CSS MNRE Lighting Scheme 2016 a/c	0.11	-	-	-	0.11
23	Artificial Recharge of Groundwater in Hard Rock Area	4.62	-	-	-	4.62



Sr. No.	Particulars	Opening Balance as on 01.04.2022	Additions/ Adjustments during the year	Interest Credited*	Expenditure/ Disbursements from the fund	Balance as on 31.03.2023
24	CSS On Formation And Promotion Of FPO	154.69	8.88	-	163.57	-
<b>B</b>	<b>Other Government Schemes</b>					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	283.80	-	-	0.09	283.71
2	Women's Self Help Groups [SHGs] Development Fund	27.81	0.03	-	10.69	17.15
3	PRODUCE FUND	15.44	-	-	8.59	6.85
4	Revival of 23 unlicensed DCCBs	-	-	-	-	-
5	Interest Subvention (Sugar Term Loan)	165.10	175.00	-	259.65	80.45
6	AMI - Workshop Assistance Fund	0.02	-	-	0.01	0.01
7	Kutch Drought Proofing Project	0.22	-	-	-	0.22
8	Revival Package for Long Term Cooperative Credit Structure (LTCCS)	20.00	-	-	-	20.00
9	Revival Reform and Restructure of Handloom Sector	3.88	-	-	-	3.88
10	Comprehensive Handloom Package	-	-	-	-	-
11	Interest Subvention (SAO, NRLM, NWR)	4,992.82	7,986.17	95.28	12,681.68	392.59
12	Arunachal Agri Start Up Scheme	0.50	-	-	-	0.50
13	Centrally sponsored Project-PACS Computerisation	-	100.00	0.14	-	100.14
	<b>Total</b>	<b>5,888.63</b>	<b>8,398.27</b>	<b>95.43</b>	<b>13,275.34</b>	<b>1,106.99</b>
	<b>Previous year</b>	<b>3,485.35</b>	<b>11,153.63</b>	<b>0.01</b>	<b>8,750.36</b>	<b>5,888.63</b>

\* Refer B-2 of Schedule 18

### Consolidated Schedule 5 - Deposits

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2023	As on 31.03.2022
1	Central Government	-	-
2	State Governments	-	-
3	Others	-	-
	a) Tea / Rubber / Coffee Deposits	56.90	60.50
	b) Deposits Under RIDF	1,63,069.25	1,47,226.72
	c) Short Term Cooperative Rural Credit Fund	50,432.08	44,541.43
	d) ST RRB Credit Refinance Fund	15,047.00	9,898.10
	e) Warehouse Infrastructure Fund	4,050.00	5,380.00
	f) Long Term Rural Credit Fund	44,995.64	44,709.94
	g) Food Processing Fund	450.00	310.00
	<b>Total</b>	<b>2,78,100.87</b>	<b>2,52,126.69</b>



**Consolidated Schedule 6 - Bonds and Debentures**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
1	Tax Free Bonds (Refer Note B-14 of Schedule 18)	5,000.00	5,000.00
2	Non Priority Sector Bonds	1,21,147.80	1,07,292.00
3	Capital Gains Bonds	-	-
4	PMAY-G-GOI Fully Serviced Bonds	48,809.60	48,809.60
5	LTIF - Bonds	38,160.25	35,931.50
6	LTIF-GOI Fully Serviced Bonds	19,506.80	19,506.80
7	SBM-G-GOI Fully Serviced Bonds	12,298.20	12,298.20
8	Micro Irrigation Fund (MIF) Bonds	1,754.60	1,754.60
	<b>Total</b>	<b>2,46,677.25</b>	<b>2,30,592.70</b>

**Consolidated Schedule 7 - Borrowings**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
1	Central Government	-	-
2	Reserve Bank of India	-	22399.43
<b>3</b>	<b>Others:</b>		
	<b>(A) In India</b>		
	i) Certificate of Deposits	18,386.30	16184.19
	ii) Commercial Paper	42,537.72	34551.80
	iii) CBLO / Tri Party Repo	19,171.95	16993.10
	iv) Term Money Borrowings	1,942.13	1987.01
	v) Term Loan from Banks	77,505.01	70623.34
	vi) JNN Solar Mission	2.81	2.81
	(vii) Borrowing against Short Term Deposits	3,674.99	-
<b>(B)</b>	<b>Outside India</b>		
	i) International Agencies	909.98	918.44
	<b>Total</b>	<b>1,64,130.89</b>	<b>1,63,660.12</b>



**Consolidated Schedule 8 - Current Liabilities and Provisions**

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2023	As on 31.03.2022
1	Interest / Discount Accrued	8,026.87	7,645.44
2	Sundry Creditors (Refer note B-4 of Schedule-18)	3,358.75	3,260.82
3	Subsidy Reserve (Co-finance,Cold Storage,CSAMI)	30.90	47.02
4	Provision for Gratuity	27.20	22.83
5	Provision for Pension	-	331.04
6	Provision for Encashment of Ordinary Leave	367.70	380.28
7	Provision for Post-Retirement Medical Benefit	148.34	138.12
8	Provision for Salary revision (Refer Note B-24 of Schedule 18)	75.17	880.00
9	Unclaimed Interest on Bonds	2.82	2.87
10	Bonds matured but not claimed	14.69	17.63
11	Bond Premium	45.70	136.33
<b>12</b>	<b>Provisions and Contingencies</b>	-	-
	a) Depreciation in value of Investment - G. Sec	1,579.25	704.50
	b) Amortisation of G. Sec - HTM	77.57	68.47
	c) For Standard Assets	2,952.13	2,750.60
	d) Non-performing Investments	366.17	377.97
	e) Countercyclical Provisioning Buffer/ Floating Provision	2,014.45	2,014.45
	f) Provision for Other Assets & Receivables	77.79	136.36
	g) Provision for Income Tax	3,153.02	2,826.80
13	Deferred Tax Liability	-	0.08
14	Other Liabilities	92.93	83.23
	<b>Total</b>	<b>22,411.45</b>	<b>21,824.84</b>

Note: Non Performing Advances have been adjusted against the Advances shown in Schedule-11

**Consolidated Schedule 9 - Cash and Bank Balances**

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2023	As on 31.03.2022
1	Cash in hand	-	-
2	Balances with:		
	(A) Banks in India		
	i) Reserve Bank of India	4,800.93	363.60
	ii) Other Banks		
	a) In Current Account	3,130.41	1,757.74
	b) Deposit with Banks	8,243.82	3,952.15
	(iii) Remittance in Transit	400.00	
	(B) Banks outside India	-	-
3	Tri Party Repo-Lending	279.83	
	<b>Total</b>	<b>16,854.99</b>	<b>6,073.49</b>



**Consolidated Schedule 10 - Investments**

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2023	As on 31.03.2022
<b>1</b>	<b>Government Securities</b>		
	<b>a) Securities of Central Government &amp; State Govt</b> [Face Value ₹33316,36,70,000 (₹35624,48,60,000)]	34,634.35	35,438.71
	<b>b) Treasury Bills</b> [Face Value ₹5771,36,60,000 (₹565,00,00,000.00)]	3,341.98	5,629.89
<b>2</b>	<b>Other Approved Securities</b>	-	-
<b>3</b>	<b>Equity Shares in :</b>		
(a)	Agricultural Finance Corporation Ltd. [1,000 (1,000) - Equity shares of ₹10,000 each]	1.00	1.00
(b)	Small Industries Development Bank of India [5,31,92,203 (5,31,92,203) - Equity shares of ₹10 each]	966.28	966.28
(c)	Agriculture Insurance Company of India Ltd. [6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]	60.00	60.00
(d)	Multi Commodity Exchange of India Ltd. [3,77,758 (3,77,758) - Equity shares of ₹10 each]	0.30	0.30
(e)	National Commodity and Derivatives Exchange Ltd. [56,25,000 (56,25,000) - Equity shares of ₹10 each]	16.88	16.88
(f)	CSC e-Governance Services India Ltd Equity [55,000 (55,000) Shares of ₹1000 each]	9.75	9.75
(g)	Agriculture Skill Council of India [4,000 (4000) Shares of ₹10 each]	-	-
(h)	National E-Governance Services India Ltd [Equity] [15,00,000 (15,00,000) Shares of ₹10 each]	1.50	1.50
(i)	National e-Repository Ltd. [1,05,30,000 (1,05,30,000) Shares of ₹10 each]	10.53	10.53
(j)	Open Network for Digital Commerce [10,00,000 (0) Shares of ₹100 each]	10.00	10.00
(k)	Other Equity Investments	28.08	28.08
<b>4</b>	<b>Debentures and Bonds</b>		
(a)	Special Dev Debentures of SCARDBs (Refer Note B-12 of Schedule 18)	244.80	429.81
(b)	Non Convertible Debentures	931.66	1,255.44
<b>5</b>	<b>Others</b>		
(a)	Mutual Fund	3,892.25	21,159.69
(b)	Commercial Paper [Face Value ₹ 200,00,00,000 (₹ 650,00,00,000)]	185.05	185.05
(c)	Certificate of Deposit [Face Value ₹ 0 (₹ 250,00,00,000)]	3,266.42	-
(d)	Venture Capital Funds / AIFs	341.25	403.08
(e)	Investment Earmarked towards EOL	61.02	119.29
	<b>Total</b>	<b>48,003.10</b>	<b>65,725.28</b>





**Consolidated Schedule 11 - Advances**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
<b>1</b>	<b>Refinance Loans</b>		
(a)	Production & Marketing Credit	1,40,912.79	1,19,562.90
(b)	Medium Term - Conversion Loans	-	7.57
<b>(c)</b>	<b>Other Investment Credit :</b>		
(i)	Medium Term and Long Term Project Loans	2,51,794.43	2,38,692.47
(ii)	Direct refinance to DCCBs	13,955.92	9,822.42
<b>2</b>	<b>Direct Loans</b>		
(a)	Loans under Rural Infrastructure Development Fund	1,54,069.63	1,42,525.62
(b)	Loans under Warehouse Infrastructure Fund	4,091.60	4,776.63
(c)	Long Term Non-Project Loans (net of provision)	1,329.46	1,385.91
(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)	27,889.73	23,319.06
(e)	Loans under Producers' Organisation Development Fund (PODF)	6.42	15.49
(f)	Credit Facility to Federations [CFF]	17,355.21	22,314.19
(g)	Loans under Food Processing Fund	421.84	303.69
(h)	Loans under Long Term Irrigation Fund	53,966.35	53,283.32
(i)	PMAY-G	48,819.03	48,819.03
(j)	Swacch Bharat Mission-Gramin(SBMG)	12,298.20	12,298.20
(k)	Loans under Dairy Processing and Infrastructure Development Fund (DIDF)	1,499.60	924.73
(l)	Loans under Green Climate Fund (GCF)	372.68	317.34
(m)	Micro Irrigation Fund	2,516.02	2,083.72
(n)	Fisheries and Aquaculture Infrastructure Development Fund	561.68	365.70
<b>(o)</b>	<b>Other Loans:</b>		
(i)	Micro Finance Development Equity Fund Programme Loans	0.11	0.10
(ii)	Watershed Development Fund Programme Loans	7.22	10.95
(iii)	Tribal Development Fund Programme Loans	-	0.08
(iv)	KfW UPNRM Loans	23.14	52.78
(v)	Off Farm Sector Promotion Activities Programme Loans	0.63	0.82
	<b>Total</b>	<b>7,31,891.69</b>	<b>6,80,882.72</b>

**Note:** The Advances are net-off the provisions for Non-performing Assets amounting to ₹ 2,041.54 crore.



**Consolidated Schedule 12 - Fixed Assets**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
<b>1</b>	<b>LAND : Freehold &amp; Leasehold</b>		
	(Refer Note B-10 of Schedule 18)		
	Opening Balance	201.08	201.08
	Additions/adjustments during the year	0.15	-
	Sub-Total	201.23	201.08
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	201.23	201.08
	Less: Amortisation of Lease Premia	64.16	62.47
	<b>Book Value</b>	<b>137.07</b>	<b>138.61</b>
<b>2</b>	<b>PREMISES</b>		
	(Refer Note B-10 of Schedule 18)		
	Opening Balance	655.74	655.74
	Additions/adjustments during the year	0.36	0.00
	Sub-Total	656.10	655.74
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	656.10	655.74
	Less: Depreciation to date	335.30	318.60
	<b>Book Value</b>	<b>320.80</b>	<b>337.14</b>
<b>3</b>	<b>FURNITURE &amp; FIXTURES</b>		
	Opening Balance	69.06	67.80
	Additions/adjustments during the year	2.82	3.10
	Sub-Total	71.88	70.90
	Less: Cost of assets sold/written off	0.22	1.84
	Closing Balance (at cost)	71.66	69.06
	Less: Depreciation to date	62.73	60.36
	<b>Book Value</b>	<b>8.93</b>	<b>8.70</b>
<b>4</b>	<b>COMPUTER INSTALLATIONS &amp; OFFICE EQUIPMENTS</b>		
	Opening Balance	226.24	204.28
	Additions/adjustments during the year	14.26	25.30
	Sub-Total	240.50	229.58
	Less: Cost of assets sold/written off	3.81	3.35
	Closing Balance (at cost)	236.69	226.23
	Less: Depreciation to date	201.69	174.55
	<b>Book Value</b>	<b>35.00</b>	<b>51.68</b>



Sr. No.	Particulars	As on 31.03.2023	As on 31.03.2022
<b>5</b>	<b>VEHICLES</b>		
	Opening Balance	13.13	11.69
	Additions/adjustments during the year	4.55	6.06
	Sub-Total	17.68	17.75
	Less: Cost of assets sold/written off	4.33	4.62
	Closing Balance (at cost)	13.35	13.13
	Less: Depreciation to date	5.67	4.98
	<b>Book Value</b>	<b>7.68</b>	<b>8.15</b>
6	Capital Work in Progress [Purchase of Staff Quarters & Office Premises]	33.82	22.02
	<b>Total</b>	<b>543.30</b>	<b>566.30</b>

### Consolidated Schedule 13 - Other Assets

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2023	As on 31.03.2022
1	Accrued Interest	3,066.19	3,174.88
2	Deposits with Landlords	2.80	2.27
3	Deposits with Government Departments and Other Institutions	54.09	53.89
4	Housing loan to staff	120.77	121.05
5	Other Advances to staff	92.48	87.61
6	Sundry Advances	178.90	153.42
7	Advance Tax	46.06	36.46
8	Deferred Tax Assets (Refer Note B-8 of Schedule 18)	187.85	191.82
9	Expenditure recoverable from Government of India / International Agencies (Refer Note B-3 of Schedule 18)	1,415.36	1,241.54
10	Discount Receivable	134.28	46.58
11	Discount on Issue of Bonds	175.62	77.30
12	Securitisation PTC	88.83	34.77
	<b>Total</b>	<b>5,563.23</b>	<b>5,221.59</b>



**Consolidated Schedule 14 - Interest and Financial Charges**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
<b>1</b>	<b>Interest Paid on</b>		
(a)	Deposits under RIDF	4,921.28	5,164.70
(b)	Short Term Cooperative Rural Credit Fund	2,108.64	1,794.32
(c)	ST RRB Credit Refinance Fund	533.78	363.65
(d)	Warehouse Infrastructure Fund	151.93	199.13
(e)	Long Term Rural Credit Fund	1,270.34	1,363.36
(f)	Fund for Food Processing Units	13.13	12.31
(g)	Tea / Coffee / Rubber Deposits	3.11	2.59
(h)	CBS Deposits	-	-
(i)	Term Money Borrowings	82.79	128.13
(j)	Bonds (Refer Note B-14 of Schedule 18)	13,765.25	12,788.15
(k)	Corporate Loans	4,357.46	1,819.62
(l)	Borrowings from International Agencies	23.92	25.31
(m)	Borrowing against ST Deposit	0.86	-
(n)	Discount on Commercial Paper	1,272.11	1,002.54
(o)	Discount on Certificate of Deposits	803.52	384.13
(p)	Repo Interest Expenditure	8.31	22.38
(q)	Interest on funds	223.10	375.91
(r)	Borrowing from RBI under SLF	385.27	725.10
2	Discount on CBLO / Tri-Party Repo	376.70	330.45
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	42.20	42.74
4	Swap Charges	26.40	29.70
	<b>Total</b>	<b>30,370.10</b>	<b>26,574.22</b>



**Consolidated Schedule 15 A - Establishment and Other Expenses**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
1	Salaries and Allowances (Refer Note B-24 of Schedule 18)	882.35	943.76
2	Contribution to / Provision for Staff Superannuation Funds	374.71	735.04
3	Other Perquisites & Allowances	189.55	186.31
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	0.16	0.03
5	Directors' & Committee Members' Fees	0.88	0.59
6	Rent, Rates, Insurance, Lighting, etc.	48.11	40.95
7	Travelling Expenses	54.91	39.61
8	Printing & Stationery	7.38	8.04
9	Postage, Telegrams & Telephones	22.92	21.11
10	Repairs	24.08	24.70
11	Auditors' Fees *	0.43	0.51
12	Legal Charges	3.51	1.78
13	Miscellaneous Expenses	268.35	201.31
14	Expenditure on Miscellaneous Assets	7.56	7.82
15	Expenditure on Study & Training	57.20	69.79
	<b>Total</b>	<b>1,942.10</b>	<b>2,281.35</b>

\* Note: Includes the payments to predecessor Statutory Auditors which was not provided and the payments to the Statutory Auditors of Pension and Gratuity Trust.

**Consolidated Schedule 15 B - Expenditure on Promotional Activities**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
1	Cooperative Development Fund	33.63	30.53
2	Producers Organization Development Fund	3.84	5.11
3	Rural Infrastructure Promotion Fund	5.34	6.23
4	Farm Sector Promotion Fund	28.68	22.17
5	Climate Change Fund	2.53	1.75
6	Gramya Vikas Nidhi	61.75	46.09
7	Catalytic Capital Fund	0.98	-
	<b>Total</b>	<b>136.75</b>	<b>111.88</b>



**Consolidated Schedule 16 - Provisions**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
	Provisions for :		
1	Standard Assets	206.21	155.59
2	Non Performing Asset	350.16	398.49
3	Floating provisions	-	750.00
4	Depreciation in value of Investment Account - Equity	(10.65)	10.64
	<b>Total</b>	<b>545.72</b>	<b>1,314.72</b>

**Consolidated Schedule 17 - Commitments and Contingent Liabilities**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2023</i>	<i>As on 31.03.2022</i>
1	Commitments on account of capital contracts remaining to be executed	14.40	14.98
	<b>Sub Total "A"</b>	<b>14.40</b>	<b>14.98</b>
2	Contingent Liabilities		
(i)	Bank Guarantee	31.22	30.44
(ii)	Claims against the Bank not acknowledged as debt	-	-
(iii)	Pending legal cases	379.66	10.18
	<b>Sub Total "B"</b>	<b>410.88</b>	<b>40.62</b>
	<b>Total (A + B)</b>	<b>425.28</b>	<b>55.60</b>



# SCHEDULE 18

## Significant Accounting Policies and Notes forming Part of the consolidated Accounts for the year ended March 31, 2023

### 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 explanation to Para 6 of AS-21 'Consolidated Financial Statements' is as follows:

"All the notes appearing in the separate financial statements of the parent enterprise and its subsidiaries need not be included in the notes to the consolidated financial statements. For preparing consolidated financial statements, the following principles may be observed in

respect of notes and other explanatory material that form an integral part thereof:

- a) Notes which are necessary for presenting a true and fair view of the consolidated financial statements are included in the consolidated financial statements as an integral part thereof.
- b) Only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in consolidated financial statements. In view of this, it is possible that certain notes which are disclosed in separate financial statements of a parent or a subsidiary would not be required to be disclosed in the consolidated financial statements when the test of materiality is applied in the context of consolidated financial statements.
- c) Additional statutory information disclosed in separate financial statements of the subsidiary and/ or a parent having no bearing on the true and fair view of the consolidated financial statements need not be disclosed in the consolidated financial statements. An illustration of such information in the case of companies is attached to the Standard."

In this respect, the bank has the consistent practice over the years of disclosing such notes and policies which fairly presents the needed disclosures including disclosure required as per RBI regulations 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. However, the notes on capital adequacy, employee benefits as per AS-15, disclosure for non-performing assets, provision coverage ratio being important, keeping in view the disclosure requirements stipulated by RBI have not been consolidated.

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:**

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership (%)	
		2022-23	2021-22
NABKISAN Finance Limited (NABKISAN)	India	87.77	87.77
NABSAMRUDDHI Finance Limited (NABSAMRUDDHI)	India	91.09	91.09
NABFINS Limited (NABFINS)	India	63.10	63.10
NABARD Consultancy Services Private Limited (NABCONS)	India	100	100
NABVENTURES Limited (NABVENTURES)	India	100	100
NABFOUNDATION	India	100	100
NABSANRAKSHAN Trustee Private Limited (NABSANRAKSHAN)	India	100	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:**

**5.1 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.

**5.2 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.**

**5.3 Dividend on investments is accounted for, when the right to receive the dividend is established.**

- i) Income from Venture Capital Funds are 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.

**5.4 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

**5.5 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.**

**5.6 In case of Compromise and Resolution/Settlement, recovery shall be appropriated as per the terms of respective compromise/ resolution settlement.**

**5.7 In case of suit filed/ decreed accounts, recovery shall be appropriated as under:**

- i) As per the directives of the concerned Court.
- ii) In the absence of specific directives from the Court, as mentioned at point 5.5 above.

**5.8 NABCONS - Income from services**

**5.8.1 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 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.





5.8.2 As per the company's policy, 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.

5.8.3 Any advance received on progressive basis for ongoing assignments, where criteria/ mile stone for income booking as per Company policy as disclosed above has not been fulfilled, 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 and will be shown as expenses in the year in which corresponding income will be accounted for, as per policy of Company.

5.8.4 NABCONS has been appointed by Ministry of Rural Development (MoRD), Government of India as a Central Technical Support Agency (CTSA) in connection with implementation of the DDU-GKY scheme. As per the prevailing guidelines, NABCONS is entitled to receive Monitoring Cost @ 1.5% (inclusive of GST) of the total programmatic cost in two instalments of 50% each, in respect of the allocated States, which is accounted for, as income at the time of release/sanction of each instalment.

Besides above, NABCONS has also been appointed as the Technical Support Agency (TSA) by several States, income in respect of which, is recognised as per the agreed terms stated in MoU executed with SRLM/ SSDM.

Thus, NABCONS has recognised income in respect of dues from MoRD/ SRLMs, which have either been sanctioned/payable, but not paid owing to administrative reasons, paucity of funds etc.

In addition, NABCONS has also performed the assignment of Project Appraisal Agency. The income related to project appraisal has been recognised at the time of completion of deliverables/ receipt of fees from PIAs. Action Plan (FY 2019-23) has been extended by MORD till 31.03.2024.

## 6. Property, Plant and Equipment (Fixed Assets)

6.1 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.

6.2 Land includes freehold and leasehold land.

6.3 Premises include value of land, where segregated values are not readily available.

6.4 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.

6.5 The upfront lease premium paid on leasehold land are amortized over the tenure of lease period @ 5% on opening written down value or the proportionate amount of remaining lease premium on the remaining period of lease, whichever is higher.

6.6 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.

6.7 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%

6.8 Depreciation is charged from the month in which the asset is capitalized in the year of purchase up to the month in which the asset is sold in the year of sale.

6.9 Capital work in progress includes capital advances and is disclosed under Fixed Assets.

6.10 In case of subsidiaries the depreciation on fixed assets is provided on following basis:

Name of the Subsidiary	Method of Depreciation
NABKISAN	WDV as per Schedule II
NABSAMRUDDHI	SLM as per Schedule II
NABFINS	WDV as per Schedule II
NABCONS	SLM as per Schedule II
NABVENTURES	WDV as per Schedule II
NABFOUNDATION	SLM as per Schedule II
NABSANRAKSHAN	WDV as per Schedule II

## 7. Investments

7.1 The transactions in Securities are recorded on "Settlement Date".

7.2 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").



- 7.3 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”.
- 7.4 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.
- 7.5 Profit on redemption of investment categorized under “HTM” is recognized in Profit & Loss A/c.
- 7.6 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.
- 7.7 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 Private Limited. Depreciation / appreciation is recognized in the category for investments classified as “HFT”. The book value of the individual scrip is changed after such revaluation.
- 7.8 Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.
- 7.9 Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.
- 7.10 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.
- 7.11 Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.
- 7.12 Brokerage, paid on acquisition / disposal of equities traded on stock exchange is capitalized.
- 7.13 Broken period interest paid/ received on debt investments is treated as interest expenses/ income and is excluded for cost / sale consideration.
- 7.14 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.
- 7.15 Amortization / Gain / Loss on Revaluation of Government Securities is charged to Profit and Loss Account.
- 7.16 Weighted average cost method has been followed for accounting for investments.
- 7.17 Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.
- 7.18 Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/ provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.  
If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.  
In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.
- 7.19 The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be.
- 7.20 The derivatives transactions are undertaken for hedging purposes.
- 7.21 **Hedge Swaps**  
Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at market value or lower of cost in the financial statement. Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.
- 8. Advances and Provisions thereon**
- 8.1 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.
- 8.2 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.
- 8.3 Advances are stated net of provisions towards Non-performing Advances.
- 8.4 Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the Profit and Loss account.
- 8.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in



Schedule 8 of the Balance Sheet under the head “Current Liabilities & Provisions” and are not considered for arriving at the Net NPAs.

## 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:

- 9.1 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).
- 9.2 Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

## 10. Accounting for Foreign Exchange Contracts

- 10.1 Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.
- 10.2 The foreign currency borrowings which are hedged are stated at the contract rate.
- 10.3 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.

## 11. Employee Benefits

All personnel transferred from RBI are considered as employees of the Bank and provision for Employee Benefits are made accordingly. Actuarial valuation, wherever required, for long term employee benefits are carried out at each balance sheet date.

### 11.1 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.

### 11.2 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. 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. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

#### 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

- 12.1 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.
- 12.2 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.
- 12.3 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.
- 12.4 Tax paid / provided on taxable income earned by the funds are accounted as expenditure of respective funds.

## 13. Segment Reporting

- 13.1 The Bank recognizes the Business segment as the Primary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.
- 13.2 Segment revenue includes interest and other income directly identifiable with/ allocable to the segment. Income, which relates to Bank as a whole and not allocable



to segments is included under “Other Unallocable Bank Income”.

- 13.3 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”.
- 13.4 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

- 14.1 As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:
- the provision for impairment loss, if any, required; or
  - the reversal, if any, required for impairment loss recognized in the previous periods.
- 14.2 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:
- the Bank has a present obligation as a result of a past event;
  - a probable outflow of resources is expected to settle the obligation; and
  - the amount of the obligation can be reliably estimated.
- 15.2 Contingent liability is disclosed in the case of:
- a possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
  - a present obligation when no reliable estimate is possible, and
  - 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

- Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand and other short-term investments.
- 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

- 19.1 The outbreak of COVID-19 across the globe and in India consequent to the restricted movements and partial lockdown from time to time 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 and kharif 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.
- 19.2 The management of the Bank assessed the impact of the COVID-19 considering its internal and external inputs for ascertaining the same on the financial position, which in turn is based on its assessment of the evolving developments in the subsequent periods.
- 19.3 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

- 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 ₹16.98 crore (₹21.67 crore), representing total expenditure of ₹21.30 crore over income of ₹4.32 crore under the fund, has been charged to Profit & Loss Account.





2. 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. 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:

S. No	Name of the Fund	Rate of Interest for 2022-23	Rate of Interest for 2021-22
1.	Watershed Development Fund	3%	4%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Rajasthan)	3%	4%
3.	KfW Accompanying Measures	3%	4%
4.	National Adaptation Fund for Climate change	3%	4%
5.	Tribal Development Fund	3%	4%
6.	Financial Inclusion Fund	3%	4%
7.	KfW NB- V Adivasi Development Programme- Gujarat	3%	4%
8.	Climate Change - (AFB) - Project Formulation Grant	3%	4%
9.	LTIF Interest Fluctuation Reserve Fund	3%	4%
10.	PODF-ID	3%	4%
11.	GCF Project Grants	3%	4%
12.	Cattle Development Fund (UP & Bihar)	4.20%	6.12%
13.	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareilly)	4.20%	6.12%
14.	Center for Professional Excellence in Co-operatives.	4.20%	6.12%

3. Recoverable from Government of India/ International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹ 2.81 crore (₹ 4.41 crore) being debit balance of various funds.

The details of such funds are as under:

(Amount in ₹ crore)

S. No.	Name of the Fund	31-03-2023	31-03-2022
1	KfW- UPNRM – Accompanying Measures	0.07	0.03
2	KfW- Soil Project	1.66	4.38
3	NAFCC	1.08	0.00

4. Sundry creditors includes ₹0.00 crore (₹30.48 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 Climate Change Fund – Interest Differential (CCF-ID) and Financial Inclusion Fund.
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	2022-23	2021-22
1.	Long Term Irrigation Fund	524.80	506.48
2.	Seasonal Agricultural Operations (SAO)	(944.73)	(1012.70)
3.	Dairy Processing and Infrastructure Development Fund (DIDF)	21.59	20.55
4.	National Rural Livelihood Mission (NRLM)	9.18	10.64
5.	Micro Irrigation Fund (MIF)	64.68	59.29
6.	Fisheries and Aquaculture Infrastructure Development Fund (FIDF)	11.27	6.53

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 has been accounted as interest income. The amount received/ receivable from GOI under the scheme stood at ₹ 112.95 crore (₹87.95 crore).
8. 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 liability/(asset) of ₹ 3.89 crore ((-) ₹30.85 crore). The details of total deferred tax asset as on 31 March 2023 are as under:

(Amount in ₹ crore)

S. No.	Deferred Tax Assets	31-03-2023	31-03-2022
1	Provision allowable on payment basis	148.78	147.26
2	Depreciation on Fixed Assets	16.23	16.68
3	Others	22.83	27.88
	Total	187.84	191.82



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.

9. The details of pending Income Tax Appeals with various authorities as at the end of FY 2022-23 are given below:

S. No.	Assessment Year	Authority where Appeal is pending	Appeal preferred by	Amount of tax in dispute as on 31 March 2023 (₹ Crore)	Amount of tax in dispute as on 31 March 2022 (₹ Crore)
1	2002-03	High Court – Mumbai	IT Dept.	415.00	415.00
2	2006-07	High Court – Mumbai	IT Dept.	115.52	115.52
3	2008-09	High Court – Mumbai	IT Dept.	118.77	118.77
4	2009-10	High Court – Mumbai	IT Dept.	194.82	194.82
5	2010-11	High Court – Mumbai	NABARD	28.20	0.00
6	2010-11	Income Tax Appellate Tribunal (ITAT)	NABARD	0.00	28.20
7	2010-11	Income Tax Appellate Tribunal (ITAT)	IT Dept.	0.00	215.31
8	2011-12	Income Tax Appellate Tribunal (ITAT)	NABARD	51.07	51.07
9	2011-12	Income Tax Appellate Tribunal (ITAT)	IT Dept.	287.62	287.62
10	2012-13	Income Tax Appellate Tribunal (ITAT)	NABARD	45.63	45.63
11	2012-13	Income Tax Appellate Tribunal (ITAT)	IT Dept.	327.03	327.03
12	2012-13	Commissioner of Income Tax (Appeals)	NABARD	25.55	25.55
13	2013-14	Income Tax Appellate Tribunal (ITAT)	NABARD	1.70	1.70
14	2013-14	Income Tax Appellate Tribunal (ITAT)	IT Dept.	380.05	380.05
15	2014-15	Income Tax Appellate Tribunal (ITAT)	IT Dept.	450.61	450.61
15	2015-16	Income Tax Appellate Tribunal (ITAT)	IT Dept.	448.87	448.87
17	2016-17	Commissioner of Income Tax (Appeals)	NABARD	407.23	407.23
18	2017-18	Commissioner of Income Tax (Appeals)	NABARD	360.69	360.69
19	2018-19	Commissioner of Income Tax (Appeals)	NABARD	278.52	278.52
20	2019-20	Commissioner of Income Tax (Appeals)*	NABARD	0.00	277.92
21	2020-22	Commissioner of Income Tax (Appeals)	NABARD	74.21	0.00

\* CIT(A) has issued a partially favorable Order. We are in the process of preferring an Appeal with the ITAT.

10. Free hold land and Lease hold 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. In respect of Plot for office at Guntur, the execution of conveyance deed is pending; total amount paid for plot acquisition is ₹6.83 crore (₹6.83 crore). In respect of plot at Chhattisgarh, the conveyance deed which was pending for registration in FY 2021-22 has been executed and registered.
11. 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.
12. 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.
13. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹659.51 crore (₹506.20 crore) pertains to yet to be grounded under ongoing Tranches (XXII to XXVIII). Pending receipt of the proposal from State



Governments for adjustment of the amount with the respective/ other projects, the amount has been classified as disbursement from the fund.

14. 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 section 10(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 was mobilized 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 ₹365.41 crore (₹365.54 crore).

The details of the debenture Trustee is as under:

**Axis Trustee Services Limited,**  
The Ruby, 2<sup>nd</sup> Floor, SW,  
29, Senapati Bapat Marg,  
Dadar West, Mumbai - 400028  
Telephone: +91 22 6230 0451

15. In terms of RBI circular RBI/2015-16/104DBR.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 ₹ 24.95 crore (₹ 21.55 crore) invested in the units of VCF was shifted from HTM category to AFS category, on completion of 3 years.
16. (a) 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)	177.00 (765.00)	176.66 (814.93)
Pledged for Business Segment (CBLO / Tri Party Repo)	21690.15 (25918.05)	22822.95 (27460.48)
Pledged for Business Segment (Securities) Default Fund	50.00 (50.00)	51.75 (51.75)
Pledged for Business Segment (CBLO / Tri Party Repo) – Default Fund	50.00 (50.00)	51.75 (51.75)

- b) Investments in Government securities include the following securities pledged with Reserve of India as collateral security for Intra Day Limit:

(Amount in ₹ crore)

Particulars	Face Value	Book Value
Pledged for Intra Day Limit (Securities)	527.00 (0.00)	545.54 (0.00)

#### 17. Provisions on Standard Assets

(Amount in ₹ crore)

Particulars	2022-23	2021-22
Provisions towards Standard Assets made during the year	206.21	155.59

#### 18. Counter Cyclical Provisioning Buffer\*:

(Amount in ₹ crore)

S. No.	Particulars	2022-23	2021-22
(a)	Opening balance in the floating provision account	2014.44	1264.44
(b)	The quantum of provisions made during the accounting year #	0.00	750.00
(c)	Amount of drawdown made during the accounting year	0.00	0.00
(d)	Closing balance in the floating provision account	2014.44	2014.44

\* This represents the floating provisions for advances which has not been used as Tier II capital.

# 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. In case of four 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.

21. During the year under review there was an embezzlement of cash by employees of NABFINS and certain business and development correspondents aggregating to ₹0.44 crore, of which ₹0.24 crore has been recovered and necessary provision has been made for the unrecovered amount as on 31 March 2023.

#### 22. Income Tax Provision – Adjustment for earlier years

- (i) **FY 2001-02** Section 55 of NABARD Act, 1981 was repealed with effect from 01 April 2002, as a result of which Income Tax was applicable on the Income of



NABARD with effect from 01 April 2002. The Income Tax Return for the AY 2002-03 relevant to FY 2001-02 was filed claiming refund of the entire tax paid under protest due to the applicability of Section 55 of NABARD Act, 1981 upto 31-03-2002. The bank went for appeal against the assessment order of the assessing officer before CIT (Appeal) for the tax paid under protest. The CIT (Appeal) decided the matter in favour of the department and the bank went for appeal before ITAT. The matter was duly considered by the Income Tax Appellate Tribunal (ITAT), Mumbai, which ruled that NABARD is not liable to pay Income Tax for the FY 2001-02. Accordingly, during the current financial year, the Income Tax department refunded the amount of ₹358.28 crores for the FY 2001-02, out of which ₹34.26 crores is the interest amount and ₹324.02 crores is the income tax refund. This is a standalone special case which is not comparable with other appeal matters pending for various financial years having different subject matter where income tax refund, provision for taxation, advance tax are continued in the books of accounts with no adjustment in the profit & loss account. The order of ITAT makes it very clear that since section 55 of the NABARD Act 1981 has been deleted w.e.f 01-04-2002, the assessee's income is not liable to income tax as per provisions of Income Tax Act, 1961 for the assessment year 2002-03. There are other judicial decisions in respect of other FI created by an Act of Parliament on the same subject matter of applicability which has been in favour of the FI. Accordingly, the income tax refund of ₹358.28 crores for the FY 2001-02 has been taken to other receipts in the profit & loss account to the extent of ₹34.26 crores being the interest amount and ₹324.02 crores being the income tax has been taken to income tax adjustment for earlier years in the profit & loss account.

The Income Tax department preferred an appeal against the ITAT order in the Mumbai High Court. Therefore, the alleged tax of ₹369.29 crores has been disclosed as Contingent Liability.

- (ii) **FY 2002-03 to FY 2004-05:** In respect of the FY 2002-03 to FY 2004-05, there are no pending matters under appeal at any forum and hence the

excess / short provisions for these years has been reversed to the Profit and Loss account.

23. LTC benefits to employees are accounted for as and when the same is availed by the employees.
24. During the year, the Bank has accounted for ₹75.17 crore on estimated basis towards wage settlement effective from November, 2022.
25. In one of the non-performing assets red-flagged during the FY 2021-22 with outstanding of ₹819.26 crore, cent percent provision on the outstanding has been done out of which 50% of the provision was debited to the profit & loss account and the balance amount of ₹409.63 crore was withdrawn from the Reserve fund and shown in Schedule -1 "Reserve Fund and other Reserves". The same has been added back to the reserve fund during the FY 2022-23.
26. Prior period items included in the Profit and Loss account are as follows:

(Amount in ₹ crore)

S. No.	Particulars	2022-23	2021-22
1.	Income	0.00	0.00
2.	Revenue Expenditure	0.00	0.00
<b>Total</b>		<b>(0.00)</b>	<b>(0.00)</b>

#### 27. 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.

##### 27.1 Key Management Personnel:

Name of the party	Designation
Dr. G R Chintala (till July 2022)	Chairman
Shri Suchindra Misra (from August 2022-December 2022)	Chairman
Shri Shaji K V (with effect from December 2022)	Chairman
Shri Shaji K V (till November 2022)	Deputy Managing Director
Shri P V S Suryakumar	Deputy Managing Director





## 27.2 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	
			2022-23	2021-22	2022-23	2021-22
Dr. G R Chintala	Key Management Personnel (Chairman)	Remuneration including perquisites	0.38	0.67	0.00	0.00
Shri Shaji K V	Key Management Personnel (Chairman)	Remuneration including perquisites	0.37	0.00	0.00	0.00
Shri Shaji K V	Key Management Personnel (Deputy Managing Director)	Remuneration including perquisites	0.44	0.51	0.00	0.00
Shri P V S Suryakumar	Key Management Personnel (Deputy Managing Director)	Remuneration including perquisites	0.78	0.60	0.00	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.

## 28. 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) The segments other than the above three primary segments is other business segments. After finding out the results of the three primary segments based on the direct income and direct expenses, the balance amounts including un-allocable expenses/ liabilities/ assets are grouped under "Other Business".

## (b) Information on Primary Business Segment

(Amount in ₹ crore)

Particulars	Treasury		Refinance		Direct Lending		Other Business		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Revenue	2749.93	3119.69	19663.31	16780.81	17201.50	17149.75	235.63	124.93	39850.37	37175.18
Result	161.62	2688.57	5618.98	3689.86	2713.11	3442.03	(1692.32)	(2981.18)	6801.39	6839.29
Unallocated Expenses									0.00	0.00
Operating Profit									6801.39	6839.29
Income Taxes									1247.12	1644.71
Extraordinary profit / loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit									5554.27	5194.58
<b>Other Information</b>										
Segment Assets	57335.46	70331.40	395164.08	370527.55	339846.93	313264.90	10509.85	4345.54	802856.31	758469.38

Particulars	Treasury		Refinance		Direct Lending		Other Business		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
<b>Business Segments</b>										
Segment Liabilities	91083.64	144580.58	302270.88	312546.49	331455.72	222880.30	78046.07	78462.00	802856.31	758469.38
Unallocated Assets									0.00	0.00
<b>Total Assets</b>									<b>802856.31</b>	<b>758469.38</b>
Unallocated Liabilities									0.00	0.00
<b>Total Liabilities</b>									<b>802856.31</b>	<b>758469.38</b>

(c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

29. Figures in brackets pertain to previous year.  
30. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our attached report of even date.

For MKPS & Associates  
Chartered Accountants  
FRN: 302014E

CA. Vasudev Sunderdas Matta  
Partner  
Membership No.: 046953

Alok C. Jena  
Chief General Manager  
Accounts Department

Mumbai  
Date : 26 May 2023

Shaji K V  
Chairman

P V S Suryakumar  
Deputy Managing Director



**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT**  
**Consolidated Cash flow for the year ended 31 March 2023**

(Amount in ₹ crore)

<i>Particulars</i>	<i>2022-23</i>	<i>2021-22</i>
<b>(a) Cash flow from Operating activities</b>		
Net Profit as per Profit and Loss a/c before tax	6,810.22	6,838.29
Adjustment for:		
Depreciation	54.30	53.82
Provisions and Amortisations	1.54	0.79
Provision for Non performing Assets	339.37	424.47
Provision for Standard Assets	204.11	112.69
Floating Provision	-	750.00
Depreciation in value of Investment Account - Equity	(10.64)	10.64
Provision for sacrifice in interest element of Restructured Loan	-	-
Profit / (Loss) on sale of Fixed Assets	(1.46)	(1.10)
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	279.85	379.14
Other Expenses	11.85	7.99
Income from Investment (including Discount Income)	(2,700.34)	(3,053.04)
<b>Operating profit before changes in operating assets</b>	<b>4,988.80</b>	<b>5,523.69</b>
Adjustment for changes in working capital :		
(Increase) / Decrease in Current Assets	(4,350.93)	(790.52)
Increase / (Decrease) in Current Liabilities	903.76	3,484.38
(Increase) / Decrease in Loans and Advances (Including Housing Loan & Other Advances to Staff)	(52,426.72)	(78,988.61)
<b>Cash generated from operating activities</b>	<b>(50,885.09)</b>	<b>(70,771.06)</b>
Income Tax paid - Net of refund	(922.97)	(1,936.62)
<b>Net cash flow from operating activities (A)</b>	<b>(51,808.06)</b>	<b>(72,707.68)</b>
<b>(b) Cash flow from Investing activities</b>		
Income from Investment (including Discount Income)	2,700.36	3,053.04
Purchase of Fixed Asset	(37.77)	(46.01)
Sale of Fixed Assets	7.13	8.02
Increase / Decrease in Investment	17,236.67	(20,944.61)
<b>Net cash used / generated from investing activities (B)</b>	<b>19,906.39</b>	<b>(17,929.56)</b>
<b>(c) Cash flow from financing activities</b>		
Grants / contributions received	(4,950.51)	2,256.79
Interest Expense	(0.37)	(0.39)
Proceeds of Bonds	16,084.55	34,710.31
Increase / (Decrease) in Borrowings	579.45	42,080.04
Increase / (Decrease) in Deposits	25,974.18	10,554.58
Withdrawal from reserve fund	389.31	(409.63)
Dividend Paid including Tax on Dividend	(9.95)	(0.10)
Increase in Share capital	45.00	2,086.58
<b>Net cash raised from financing activities (C)</b>	<b>38,111.66</b>	<b>91,278.18</b>
Net increase in cash and cash equivalent (A)+(B)+(C)	6,209.99	640.94



<i>Particulars</i>	<i>2022-23</i>	<i>2021-22</i>
Cash and Cash equivalent at the beginning of the year	2,121.35	1,480.41
<b>Cash and cash equivalent at the end of the year</b>	<b>8,331.34</b>	<b>2,121.35</b>

<b>1. Cash and cash equivalent at the end of the year includes:</b>	<b>2022-23</b>	<b>2021-22</b>
Cash in hand	-	-
Balance with Reserve Bank of India	4,800.93	363.60
Balances with other Banks in India	3,130.41	1,757.75
Remittances in Transit	400.00	-
<b>Total</b>	<b>8,331.34</b>	<b>2,121.35</b>

**Notes:**

1. Cash Flow statement is prepared using indirect method.
2. Demand Deposits with Banks are disclosed under Investments.
3. The consolidated cashflow statement has been prepared based on the I-GAAP financial statements of the subsidiaries.

As per our attached report of even date

For MKPS & Associates  
Chartered Accountants  
FRN: 302014E

CA. Vasudev Sunderdas Matta  
Partner  
Membership No.: 046953

Alok C. Jena  
Chief General Manager  
Accounts Department

Mumbai  
Date : 26 May 2023

Shaji K V  
Chairman

P V S Suryakumar  
Deputy Managing Director

