



### SILVER JUBILEE CELEBRATIONS

A function to commemorate silver jubilee of NABARD was organised on 20 July 2007 at the Bank's auditorium in Mumbai. The function was presided over by Shri Vilasrao Deshmukh, Chief Minister, Maharashtra. While key-note address was delivered by Shri P. Chidambaram, Union Finance Minister, special address was delivered by Shri Sharad Pawar, Union Agriculture Minister. Dr. Y. S. P. Thorat, Chairman welcomed the guests and Dr. K. G. Karmakar, MD presented vote of thanks. The function was attended by members of the Board of Directors of NABARD. Besides, Smt Shyamala Gopinath, DG, RBI there was an array of top level and senior executives from banking sector who graced the occasion.

### WELCOME ADDRESS BY DR. Y. S. P. THORAT, CHAIRMAN



I am extremely happy to welcome all of you to this function, organised to commemorate the **25 th** anniversary of NABARD.

25 years is a major milestone in the life of an institution and, in our case, an occasion to celebrate a 'distance well traveled'. As I look back, I have a sense of a 'job well done' and a feeling that, on balance, NABARD has fulfilled its mandate substantially. ]

On an occasion such as this, it is customary to speak of institutional achievements over time and I shall attempt to do so briefly.

First, NABARD has catalysed credit for production and investment and supported it through refinance. While doing so, it has been flexible and has adapted and moulded its policies to sectoral needs. In the years to come, it will need to be more innovative in influencing the cost and direction of credit, adding value to volume, impact to flow and bringing about institutional development through enforcement of lenders' discipline.

Second, it has promoted rainfed agriculture, supported the rural non-farm sector, strengthened existing delivery mechanisms, developed new ones and grounded development banking models such as participatory watershed development and 'wadi'. These interventions have addressed critical issues relating to rainfed farming and tribal economies.

Third, it has developed a scientific basis for credit planning and given to the banking system district-wise potential linked plans and state-wise focus papers.

Fourth, it has monitored and coordinated rural financial institutions and facilitated grass-roots level development banking through the instrumentality of District Development Managers located in over 400 districts in India .

Fifth, it has piloted, mainstreamed and guided the largest micro finance programme in the world. I would fail in my duty, were I not to mention that this programme has given access to financial services to 27.87 lakh groups and 4 crore poor families and contributed significantly to women empowerment.

Sixth, it has brought about development via the credit route through long standing partnerships with banks, state governments, non-government organisations and international development agencies whose representatives are present in the audience today.

Seventh, NABARD administers the largest dedicated fund in the country for development of rural infrastructure with a commitment of over Rs.61,000 crore and provides credit support to State Governments for creation of physical and social infrastructure.

Eighth, sensing the need gaps in the consultancy market, it has leveraged on its human resources and promoted NABCONS – a subsidiary, which is growing from strength to strength.

Ninth, it has participated in the reshaping of the cooperative credit structure and has been designated as the implementing agency for the reform process.

Lastly, it has served as a think tank on matters relating to agriculture and rural development and facilitated macro level policy formulation.

In sum, over the years, NABARD has effectively transformed itself from a refinancing agency into a development oriented catalytic institution, pursuing a vision for the future of rural India .

But, what is the broad canvas on which NABARD will have to operate in future?

As of today, the rural sector is rapidly changing. The lines between rural and urban areas are blurring, resulting in increased mobility of labour, capital, products and even credit. Agriculture, at least middle and large agriculture, is moving from 'agriculture' to 'agri-business' with concomitant commercialisation and diversification. This warrants a closer connection between primary producers, trade intermediaries, food processing

entities and markets. The organisation and management of such agriculture is indeed complex and will test our capabilities in the years to come.

While these changes give us hope, we are also faced with an agriculture which is showing signs of dualism with decelerating growth, yield gaps, technology fatigue and re-emergence of food security concerns. The dualism can be starkly seen across regions and within regions - between the better off farmers and those on the margin. Slower growth in agriculture has not only direct implication for poverty alleviation, but is also the basis of the growing distress among farmers.

This is the broad canvas on which NABARD will have to operate in the near future - not in isolation, but as an integral part of the financial system striving to create a market driven, productive and competitive economy.

For this, we must continuously be in step with market based realities in raising resources and developing risk management capabilities, especially when it comes to increasing its exposure to the private sector which is expected to play a greater role in the provision of infrastructure and backward and forward linkages. It is in this environment that NABARD must carve out its role and space and its place in the sun.

The agenda is vast and unfinished and I would like to underscore that anyone who works in the field of development is subject to highs and lows. Sometimes, when I look at the vast unfinished agenda and the tasks done partly or done poorly, I feel a sense of despair ..... a realisation that in the end human endeavour is meagre and that the distance between effort and achievement is indeed long. At times such as these, I recollect a message given to us many years ago when we were emerging from the trauma of the sub-continent's partition between India and Pakistan , when there was great despair for the future of the two nations. In those dark and troubled days, a poet Dr. Sir Muhammad Iqbal, later the national poet of Pakistan said to us :

**“When light fails and you are surrounded by darkness, do not despair, take heart – for a thousand million stars die each night just so that a new dawn can be born”.**

On this note of hope, I salute the Indian farmer and having delineated NABARD's achievement and sketched the canvas on which NABARD has to operate in future, I now request the honourable speakers to guide us on the path that NABARD should travel in future and the milestones which it must cross. I have faith and every confidence that NABARD will grow from strength to strength and partner the emergence of strong and vibrant rural India.

**SPECIAL ADDRESS BY SHRI SHARAD PAWAR, UNION MINISTER FOR AGRICULTURE**



I am extremely happy to be present here on the occasion of celebrating '25 years of NABARD in service to the nation'. It is an occasion worth celebrating. It is also an opportunity to take stock of the situation, ponder over the future challenges and redefine the role for the organization in the rapidly changing environment. Keeping in view the challenges before the agriculture sector and looking at the past performance and the potential of NABARD, I visualize NABARD as a crucial institutional platform in the overall strategy for achieving the desired growth rate in agriculture sector and for attaining food security for the nation. I will use this opportunity to share with you some of my thoughts on this subject.

Agriculture growth was always considered critical, for the economy, not only for sustaining food security, but also providing livelihood for large percentage of the population. The development debates of those days - when NABARD was formed - centered around the need for doubling food production by the turn of the century. For this, the instrument chosen was supply driven, production oriented rural credit. Formation of NABARD is to be viewed on this background and in a particular historical context.

Despite achieving reliance in food production and emerging as the largest producer of certain agricultural commodities, milk and fruits, incomes in rural sector have lagged. In fact, the farmers' suicides painfully remind us of acute distress prevailing in the rural areas and we seem to be away from ushering in rural prosperity in rural India .

The major reason for feeling of distress emerging in the rural areas is not far to seek. During the past decade, the agriculture growth momentum seems to have dissipated. The current macro economic scenario indicates that though the economy is booming, agriculture growth is slipping. In the last decade, there has been a sharp deceleration in Indian agriculture with the growth rate of agriculture GDP slipping from 3.6 % during 1984-85 to 1995-96 to less than 2% in the period from 1995-96 to 2004-05. Further, statewise trends indicate that the largest slump occurred in those areas /states that are predominantly rainfed. Deceleration of growth in agriculture has not only direct implications for poverty alleviation in rural areas, but is reflected in a feeling among the farming community which is articulating fears that agriculture is no longer sufficiently profitable. There is evidence of increased indebtedness arising from the inability of farmers to cope with risk.

This is the sectoral environment in which NABARD has to perform now. Moreover, as an institution, the broad economic context in which NABARD operates now, has changed considerably. Today, we are in the midst of a rapidly reforming financial sector with emphasis on market led development. Though the macro economic context in which NABARD operates has changed, the fundamental issues continue to persist. We still need to provide financial services for agriculture and rural development and reach credit to the poor, the under privileged and the financially excluded. I have already written to Finance Minister in February 2007 suggesting measures to further streamline the

approach and strategy of NABARD which would facilitate higher investment and productivity in the farm sector and impart greater efficiency and competitiveness to agriculture.

This performance of NABARD particularly its significant work in catalyzing the flow of rural credit, microfinance, watershed development, rural infrastructure, non-farm sector and agricultural investments, has generated expectations among the people. It gives me a full confidence that NABARD will be able to play a crucial role in implementing the agenda for agricultural growth in the times to come.

Comprehensive review for agricultural sector has been undertaken and the Government has come up with a new deal for agriculture and the rural economy. The way forward to improving the performance of agriculture sector comprises four major areas:-

- ▶ Ensure access of farmers to technology for improving yield and profitability.
- ▶ Increase investment, efficiency and system support, rationalise subsidies.
- ▶ Diversification is crucial for income growth without compromising on food security and
- ▶ Give the poor better access to land, credit and skills and thereby bring in inclusiveness.

To translate the agenda for agriculture growth, NABARD has to strengthen its role to emerge as a very useful institutional platform which extends support for policy formulation, implementation as also monitoring. Being a large apex institution in development domain, it has to function not only efficiently, but also innovate continuously in the interests of rural India . With the growing expectations from the Government and policy planners, NABARD will have to fine tune its business and development strategies in alignment with the overall agricultural development strategy.

To achieve this, firstly, NABARD has to play a more proactive role in ensuring that the growth in flow of credit translates into real sector impact which will support the 4% agricultural growth. This would mean that NABARD has to deploy both credit and credit plus approaches in contributing to improved productivity, realization of higher incomes, and risk management at the farm household level. This will call for innovations and forging linkages in transfer of farm technology, approaches such as promotion of contract farming, adoption of farmer-oriented technology such as e-choupals, enabling better price discovery by farmers through mechanisms such as commodity exchanges.

Secondly, to rejuvenate agriculture, besides the crop sector, the other sub-sectors within agriculture will have to respond and the institutional credit mechanism must also rise to the occasion. With initiatives such as the National Horticulture Mission, Fisheries Development Board, National Rainfed Area Authority etc. NABARD needs to focus now on the response to stimuli of the institutional credit mechanism.

Thirdly, NABARD has to facilitate sustainable and equitable growth of agriculture, both across regions and social groups. Declining natural resources such as water and soil and the challenges of climate change have signaled the need for a policy for sustainable natural resource management (NRM) based livelihood enhancement initiatives. Besides

vulnerable regions known for agricultural distress and ecological decline need pointed focus and mission oriented action. I am happy that NABARD has already evolved a NRM policy.

Fourthly, as suggested in the National Development Council, planning for agriculture is being restructured. Every district will now be required to draw a district plan which fully utilizes the initial resource envelope available from all existing schemes, State or Central, including resources at district level from central schemes such as those of Rural Development. The District Agricultural Plan will include livestock and fishing to be integrated with minor irrigation projects, rural development works and with other schemes for water harvesting and conservation. State Agricultural Plan will be based on this initial district plan, subject to reasonable resources from its own plan and adding those available from the centre, aimed at achieving the state's agricultural growth objective. This plan will then determine each districts final resource envelope, their production plans and the associated input plan. NABARD, with considerable experience in preparation of district level potential linked plans could get closely involved in this exercise and ensure appropriate linkage between District Agriculture Plan and Credit Plan. What will now perhaps be required is a much greater emphasis on the real sector and a far better fine tuning between the financial outlays and real sector growth in agriculture. NABARD would do well to direct its refinance towards sectors such as horticulture, fisheries and towards regions such as dry land areas and others which have higher growth potential.

Fifthly, NABARD has to play a leadership role in ensuring a vibrant and responsive rural financial system which supports financial inclusion through a mode of relationship banking. This, I feel is very important in the context that as of now only 26% of the farmers have access to institutional credit, despite introduction of many credit related schemes such as Kisan Credit Cards etc. It is also worrying that despite significant increase in the volume of credit flow the number of farm loan accounts have been coming down significantly. The number of loan accounts has come down from 413.36 lakh in 2004-05 to 397.39 lakh in 2006-07. This means that large number of farmers are becoming defaulters and are denied the accessibility to institutional credit sources. This is an important issue that needs to be looked into urgently. Prevalence of skewness in region-wise flow of farm credit is also matter of concern. In the year 2006-07, the share of north-eastern region in the total flow of farm credit is 0.19% whereas for the eastern region it is only 7.22%. You are aware that for improving food security in the country, the Government is targeting eastern and north-eastern region of the country. The success of all the programmes that Government is implementing as well as plans to be launched for improving agricultural production and productivity critically hinges on improving availability and accessibility of farm credit in these regions. NABARD has not only to build capacity among the rural banks but also pioneer other initiatives such as business facilitator/correspondent banking models encouraging flow of credit to Self Help Groups and assistance for their capacity building to promote total financial inclusion and for meeting the entire credit requirement of the farmers.

Finally, I would like to make a special mention about NABARD's major responsibility of implementation of the Vaidyanathan Committee recommendations for revival of the Short Term Cooperative Credit Structure. To my mind, this is not a financial package but it is a package for institutional reform, and learning intended to make cooperatives

competitive enough, to profitably increase its share in the ever expanding rural market. To survive in the new emerging economic environment, cooperatives will require high degree of member involvement, good governance and management, use of modern technology, new and different methods of doing work, building partnership with a variety of new institutions handling of new financial and non financial products. The revival package provides this opportunity.

Diversifying and widening of the business of cooperatives would provide the much needed opportunity to NABARD to expand and diversify its own operations in the coming years. NABARD should be able to provide the rural cooperatives sector not only with its short terms and long term refinance, but also many other financial services along with capacity and business development strategies. Time has come to amend the NABARD Act further and allow it to handle financial products other than refinance and I will urge my colleague, the Finance Minister to take up this issue urgently.

I am aware that like many development financial institutions, NABARD too faces certain challenges in the globalised and market oriented economic environment but it has to reposition itself in future in terms of networking resources, building up capabilities and partnering institutions in public, private and voluntary sectors which will empower the institution to deliver development across rural India effectively.

I extend my best wishes to NABARD in this endeavour and am confident that it will more than rise to the occasion.

### **KEY NOTE ADDRESS BY SHRI P. CHIDAMBARAM, UNION FINANCE MINISTER**



Twenty five years ago, National Bank for Agriculture and Rural Development (NABARD) was created as an apex institution to address the credit needs of agriculture and rural development and also to promote, develop and coordinate other non-credit elements to achieve integrated rural development. By any measure, that was an enormous mandate. Thankfully, NABARD inherited the credit functions of the Agriculture Credit Department of the Reserve Bank of India and the refinance functions of the erstwhile Agricultural Refinance and Development Corporation (ARDC) and has, during the last 25 years, built upon that legacy.

During the 25 year period, NABARD has gone through three phases. In the first phase from 1982-1991, food grain production rose from 129.52 million tonnes to 168.38 million tonnes and the credit flow to agriculture increased from Rs. 4,351 crore to Rs. 14,332 crore. NABARD's refinance support increased from Rs. 2,042 crore to Rs. 5,287 crore.

In those early years, NABARD's refinance was intended to play a supporting role to Cooperative Banks and Regional Rural Banks. These institutions drew upon NABARD's expertise in project appraisal, preparation of model schemes, monitoring and evaluation, and human resource development. NABARD also pioneered the diversification of rural financing from agriculture to non-agricultural activities. Besides, it was during this period that farmers' clubs were started in rural areas for dissemination of information and spread of credit culture.

The second phase was during the years 1992 to 2001. During this period, food grain production rose from 168.38 million tonnes to 212.85 million tonnes and credit flow to agriculture increased from Rs. 14,332 crore to Rs. 61,942 crore. NABARD's refinance support increased from Rs. 5,287 crore to Rs. 14,294 crore. Having established its core function of refinance, NABARD shifted its focus towards other developmental issues. The SHG-Bank Linkage mechanism was started by NABARD as a pilot to provide access to credit for self help groups of the poor. The movement was grounded patiently in training of bankers, nurturing the NGOs and empowering the poor. The rest is history. Today there are more than 27.87 lakh groups through which credit is provided to 4 crore rural poor. The largest micro finance project in the world.

The 'watershed project' in Maharashtra pioneered in 1992 and the 'sustainable livelihood for tribals' project in Gujarat started in 1994 are two examples of innovative thinking and practice. Both have evolved into good and replicable programmes.

In 1995-96, at the initiative of Dr. Manmohan Singh, then Finance Minister, NABARD was encouraged to open a new window called the Rural Infrastructure Development Fund (RIDF). Until 2006-07, NABARD has sanctioned more than Rs.60,000 crore to State Governments to invest in rural infrastructure. In many States, the phrase 'NABARD road' or 'NABARD school' has gained wide currency and the brand NABARD is instantly recognized by a cross-section of the people.

In 1998, NABARD designed the Kisan Credit Card (KCC) and offered it to the banking system. Until May 2007, 6.7 crore credit cards have been issued by all the agencies taken together. The KCC is an extremely popular low cost product that delivers credit instantly to the farmer at reasonable rates of interest.

I shall now turn to the third phase – which is still continuing – that began in 2002, coinciding with the commencement of the Tenth Five Year Plan. While the rest of the Indian economy was on a growth trajectory, the agriculture sector experienced stagnation. Credit flow to agriculture did not keep pace with the targets laid down in the Tenth Five Year Plan. A large number of farmers experienced distress due to repeated natural calamities resulting in crop failures. Farmers found it difficult to access institutional credit; besides, it came at a high cost. After the UPA Government assumed office in May 2004, we announced a comprehensive Farm Credit and Debt Relief Package that included doubling the flow of agricultural credit over a period of 3 years. As the apex agency responsible for agriculture and rural development, NABARD was vested with the task of monitoring the implementation of the package. I am glad to note that the banking system has responded splendidly to the tasks set before it: as a result, doubling of credit was achieved in two years as against the target of three years. Farm credit flow has increased from Rs.86,981 crore in 2003-04 to Rs.203,296 crore in 2006-

07. NABARD's refinance has also increased from Rs.14,572 crore to Rs.21,917 crore during the same period.

However, the performance of agricultural credit cooperatives which mostly cater to the credit requirements of vulnerable segments of society has not been satisfactory. In order to redress this problem, following the report of the Vaidyanathan Committee, a Rs.13,596 crore revival package for the cooperatives was formulated and is being implemented under the aegis of NABARD. Once implemented, the reforms are expected to transform the cooperatives into self reliant, democratically run, professionally managed and financially vibrant institutions. Again, I would like to underscore the importance of NABARD – and NABARD's responsibility – as the implementing and monitoring agency for the package.

Having outlined the major achievements of NABARD which have had a positive impact on the rural economy, I shall now refer to the concerns that remain to be addressed. I would urge NABARD to reflect on its possible role and responses and advise Government in this behalf.

The continuing low growth rate in real GDP originating from agriculture and allied activities, which was a mere 2.7 percent in 2006-07, is a cause for serious concern. It is hardly necessary for me to list the reasons why a minimum growth of 4 per cent in the agriculture sector is imperative to achieve the goal of sustained and inclusive economic growth. The crisis of Indian agriculture, although affecting farms of all sizes, is particularly felt in the cases of small, marginal and tenant farmers. The stagnation of food grains production at about 208 million MT, even while there is a steady rise in population and a change in consumption pattern, is a serious matter that requires to be addressed urgently. No large country can depend on imports in the long term and it is, therefore, imperative that we must attain near self-sufficiency in most food grains and food products.

The second issue of immediate concern is the persistently high level of financial exclusion. The NSSO Survey 2003 indicates that as much as 51 per cent of the farmers' households do not access debt at all and only 27 per cent of all cultivator households receive institutional credit. Formal credit to small and marginal farmers is also limited. Many policy steps have already been initiated by RBI and NABARD to promote financial inclusion. Many public sector banks have succeeded in achieving total financial inclusion in selected districts. However, more needs to be done, and Government is committed to implement the main recommendations of the Committee on Financial Inclusion chaired by Dr. C. Rangarajan.

The third issue which needs to be tackled concerns the high level of rural indebtedness from non-institutional sources. The NSSO survey of 2003 has revealed that the share of moneylenders in rural lending has, in fact, gone up between 1991 and 2003 even while the level of institutional credit has increased during the same period. The burden falls rather heavily upon small and marginal farmers and the problem gets accentuated in case of repeated crop failures on account of successive natural calamities. The Committee on Rural Indebtedness set up under Dr. Radhakrishna is expected to submit its report shortly, and I hope that we will be able to formulate and implement suitable policies based on that report.

The fourth issue pertains to enhancing productivity and value addition to agricultural output. Faster agricultural growth will require diversification into higher value output, improving avenues for value addition and bringing about vertical and horizontal integration in the supply chain. Investment in food and agro processing industries would also directly benefit the farmers to realize better value for their produce. This requires significant intervention within agriculture, i.e., institutional, infrastructural, financial as well as extension support. Groups of small and marginal farmers should be enabled to share in the opportunities opened by these new interventions. Recently, the Reserve Bank of India has included food and agro processing under 'agricultural advance' instead of 'other priority sector'. This is a major step forward which, I hope, will provide the necessary fillip for increased institutional credit to this sector.

The last issue pertains to rural infrastructure. The Bharat Nirman programme addresses gaps in rural infrastructure and covers irrigation, road connectivity, housing, water supply, rural electrification and telephony. The National Rural Employment Guarantee Scheme can also be turned into an instrument to build rural infrastructure. Public Private Partnership (PPP) offers an opportunity to increase investments in certain key sectors by using limited public resources to leverage a much larger amount of private investment. I expect NABARD to play a catalytic role in this regard.

A structural change is underway in the rural economy. It has been estimated that 36 per cent of rural income arises from non-agricultural activities. While agriculture will remain the mainstay of the rural economy, we need to look beyond agriculture for increasing livelihood opportunities. Emphasis needs to be laid on building skills and linkages and providing the necessary infrastructural support and venture capital to entrepreneurs. I would like to mention – and commend – a recent pilot initiated by NABARD for supporting micro enterprises started by members of mature SHGs, based on local skills, markets and technologies.

I am aware that NABARD requires more resources, especially low cost finances to sustain and expand its activities. Compulsions of ongoing fiscal management policies and financial reforms, together with increased market orientation, have resulted in the withdrawal of many funding avenues for NABARD. NABARD has to increasingly depend on market borrowings, whereas NABARD is expected to lend at concessional rates. This has led to declining margins for NABARD. Although NABARD is being provided some subvention support presently, I am aware of the need to search for a longer lasting and more sustainable solution in this regard.

While NABARD has a proud record of achievements including the introduction of innovative products – and I would encourage NABARD to continue on this path – there are a number of ideas which NABARD could examine for inclusion in its growing portfolio of activities:

- ▶ Government has supported the idea of State-specific agricultural plans. A State plan, in turn, should be prepared on the basis of district-specific agricultural plans that reflect the opportunities and needs of each district. NABARD could offer its services as consultant to State Governments to draw up such district-specific and State-specific plans.

- ▶ The rural extension and market information systems have been, traditionally, weak areas and companies, dealers, arhatiyas and traders have exploited the information asymmetry in the rural areas. NABARD may closely associate itself with the Department of Information Technology's project of establishing Common Service Centres (CSCs) and explore ways and means of using them innovatively to address the problems faced by farmers.
- ▶ Government has laid out an ambitious plan for strengthening Regional Rural Banks (RRB). While the main responsibility for an RRB will remain with the sponsor bank, NABARD could assist RRBs in capacity building, adoption of technology and engaging in credit *plus* activities that would have the potential to convert RRBs into one-stop financial service providers in rural areas.
- ▶ A Bill has been introduced in Parliament for the development and regulation of microfinance organizations. The Bill gives NABARD a central role. NABARD should gear itself to take the microfinance movement to both the farm and non-farm sectors of the rural economy.
- ▶ While the implementation of the Vaidyanathan Committee's recommendations in the cooperative sector will be an important step towards reviving the cooperatives, the task does not end there. The more difficult reforms involve a clear demarcation between the roles of the Board of Directors and the executives and changes in human resource management policies. I may note that the implementation of Vaidyanathan Committee's recommendations and taking the process forward would be a touchstone on which NABARD would be judged by all the stakeholders in this sector.

In conclusion, may I say that NABARD has carved for itself a special place in the unfolding story of India's economic development. A journey of this kind has no end. Every mile that we travel throws up new challenges and new opportunities. It is the combination of challenges and opportunities that impel the traveler to go forward, never to pause or stop and never to bend or yield. I wish NABARD glory and success in its never ending journey.

### **FM ADDRESSES BOARD MEET**



Special meeting of the members of the Board of Directors organised on the occasion of Silver Jubilee Celebrations was addressed by Shri P Chidambaram, Union Finance Minister. The meeting was attended Dr. Y S P Thorat, Chairman, Smt. Usha Thorat, Deputy Governor, RBI, Smt. Shashi Rekha Rajagopalan, Consultant, Cooperatives and Rural Development, Shri Surampudi Sivakumar, Chief Executive, Agri Business, ITC Limited, Dr. Ram S. Tarneja, former Chairman UNI and Former MD, Bennett Coleman & Co, Shri Lakshmi Chand, Member Secretary, National Commission for D. N. & S. N. Tribes, Shri Amitabh Verma, Joint Secretary, Ministry of Finance, Gol, Shri P. K. Mishra, Secretary, Ministry of Agriculture, Gol, Dr. Subas Pani, Secretary, Ministry of Rural Development, Gol, Shri A K Sarkar, Principal Secretary, Agriculture and Sugarcane Development, Government of Jharkhand and Dr. K. G. Karmakar, Managing Director.



#### **ADDRESS BY SHRI VILASRAO DESHMUKH, CHIEF MINISTER, MAHARASHTRA**

It gives me a great pleasure to be with you this evening, on the occasion of Silver Jubilee Celebration of NABARD. The completion of 25 years is a memorable event in the history of any institution and it is all about NABARD and of those who are associated because the institution was created keeping in view the agriculture and rural development needs of millions of people who are in rural India .

During the last 25 years, NABARD has successfully steered the process of credit flow to the rural economy for promotion of agriculture and rural non-farm sector activities which has enabled to ensure sustainable and equitable agriculture development and rural prosperity by timely credit support.

For the first time, the country is at the threshold of the double digit growth rate. Industry and Services Sector are performing impressively well. However, we are far away from the desired growth rate of 4% in agriculture. The population growth continues unabated and so, we cannot afford to neglect the growth of agriculture sector. Besides, since 60% of the Indian population depends upon agriculture for their livelihood, diversification and commercialisation of agriculture is essential to ensure higher income to the farmer and employment opportunities for farm labourers. This would require stepping up of credit flow to the agriculture sector, both short-term and long-term. District Central Cooperative Banks play a major role in the credit flow to agriculture and thus, they are the prime drivers of Green Revolution. Many of them are not doing well, of late, due to the various reasons. This has affected credit flow to agriculture.

Soon after the UPA Government assumed office in 2004, the Hon'ble Finance Minister in his budget speech announced to double the credit flow to agriculture sector in three years. I am happy to state that in three years, the credit flow has been more than double. Realising the significant role of the co-operative credit institution in overall credit flow to the agriculture and rural development and the poor financial health, the Finance Minister appointed a Committee under Prof. Vaidyanathan to suggest measures to revitalise the

co-operative credit institutions in the country and bring them back again to the centre stage of credit delivery mechanism. The Vaidyanathan Committee report thus is a milestone in the history of co-operative credit institution after the All India Rural Credit Survey Committee Report. The report is being implemented by Maharashtra and many other States with the support of GOI. I am sure that these measures would help strengthen the rural co-operative credit institutions and enable them to play a vital role in providing the much required credit support to our farmers.

The Finance Minister announced an innovative scheme in the budget speech in 2006. High cost of credit discouraged farmers from making required investment on his farm. So, the Finance Minister announced to make short-term crop loan available to the farmers at 7%. The Maharashtra Government went one step further and offered to provide 1% more to enable farmers get crop loan at 6%. Not only this, to encourage farmers to repay their loans in time and thereby maintain their crop loan uninterrupted, the Government of Maharashtra announced 4% interest rebate on loans upto Rs.25,000/- and 2% interest rebate on loans from Rs.25,000/- to Rs.3 lakh, if they repay on or before the due date. This means in Maharashtra, farmers who take crop loan upto Rs.25,000/- and pay back in time will have to pay an interest rate of 2% only and farmers who take loan from Rs.25,000/- to Rs.3 lakh will have to pay only 4% if they repay in time.

All these years, our agriculture development efforts concentrated on food grains self-sufficiency. I do not deny that the thrust will have to be continued in future as well but instead of food grains alone, we need to emphasise on overall food production. Horticulture development assumes a great significance in this regard. I am happy to note that the Union Minister for Agriculture has announced the National Horticulture Mission involving an investment of Rs.15000 crore in 5 years to ensure accelerated horticulture development in the country starting from nursery development for quality saplings to processing of horticulture produce and their export. This, no doubt, will bring horticulture at the centre stage of agrarian economy in some states in the next few years.

The National Development Council expressed concern for low growth rate of agriculture and appointed a Sub-Committee under the chairmanship of Union Minister for Agriculture. The said Committee has submitted its report to National Development Council recently and NDC has taken some significant decisions. The States have been asked to prepare a District Agriculture Production Plan based on natural resources, agro-climatic conditions, infrastructure facilities and market demand. The Centre has agreed to enhance support for irrigation development under AIDP, timely availability of credit, adequate credit and hassle free credit will be a significant aspect of our initiative to rejuvenate agriculture. NABARD will have to play a major role.

Many years back, the Finance Minister in his budget speech has announced the constitution of a Fund called Rural Infrastructure Development Fund. The shortfall in disbursement in agriculture sector by different banks is pooled in RIDF under NABARD control. States are given loans from this Fund for undertaking different development projects related to agriculture. At present, flow of funds under this scheme is time consuming. We need to bring procedural reforms for quick sanction as well as disbursement of funds under the scheme. Today, the State is supposed to budget the scheme, make the initial investment and then submit proposal to NABARD for

reimbursement. Formulation of project, submission to NABARD, approval from NABARD, budgeting and completion of work from State budget and then submission of proposal for reimbursement takes a long time for States to finally receive funds from NABARD. A relook into this procedure aspect is essential.

Promotion of occupations allied to agriculture like dairy, poultry, fisheries, animal husbandry, etc. are extremely important to ensure additional income generation to the farmers and farm labourers. Some States and some regions in some States have done remarkably well in the venture bringing rapid rural prosperity. NABARD needs to encourage lending of such integrated projects on a large scale. If there is a drought and crop failure, farmers can survive on income from allied ventures.

At the end, I must place on record my sincere appreciation for significant contribution of NABARD in agriculture and rural development efforts justifying its creation 25 years back. At a time when the country is looking for a second Green Revolution, to rejuvenate our agriculture NABARD will have to play a much greater role than it has played so far. No doubt, given its inherent strength and rich experience, NABARD will discharge its duties with remarkable success. On this day, I wish NABARD and all its employees a great future.

#### **ADDRESS BY DR. K. G. KARMAKAR, MD**



We come to the end of our short ceremony celebrating our 25th year. In the life of an institution, it is but a very short journey. But for the members of the NABARD Parivar who have participated in this journey, which started on 12 July 1982, we offer our heartfelt thanks. Our wants are few - we wish for stronger rural financial institutions which are able to meet our farmers' and artisans' requirements for financial services, we wish for faster rural economic development and finally we wish for higher levels of financial inclusion for the underprivileged sections of rural society.

A Chinese curse says "May you live in interesting times" We are all living in interesting times – farmers' suicides, floods, food security issues and 4% agricultural growth, 10% GDP growth and requirement of massive resources for the XI Five Year Plan. All these call for key interesting times. What makes it interesting for NABARD is our search for low-cost long term financial resources and the constant search for innovations for an efficient and effective rural credit delivery system. These are all the problems that we carry with us in the journey for the next 25 years.

“Problem makes a person think  
Thinking makes a person wise  
Wisdom makes life worth living”

*A quotation from the play (Teahouse of the August Moon)*

To all our honoured guests who have come to be with us today, the NABARD Parivar offers its heartfelt gratitude. For the respected chief guests who have honoured us by their presence and given guidelines for the next 25 years,

**हम आपके आभारी हैं.**

### **NABARD RURAL - MART**

The Handicrafts exhibition depicting the handicrafts of SHGs and artisans from various parts of the country, was inaugurated by Dr. K.G.Karmakar, MD on 20 July 2007 . The exhibition featured a wide array of handicrafts, and visitors savoured the visually aesthetic treat of articles borne out of exquisite craftsmanship of skilled artisans of rural India . Among products that vied for shelf space at the exhibition were brass items from Muradabad, Leather products from MP, Kerala wall pieces, Warli paintings from Thane, Sola Wood products from Murshidabad, Wood carving from Saharanpur, Bidri Silver Inlay works, Mysore Rose Inlay, Dhokra art, Gujarat bead work, Wooden toys, gem stone painting, Kondapalli toys from AP, the list was endless. Earthware items from TN, Mizo handicrafts, bell metal products from Raipur and REDP products from Jharkhand also graced the shelves among others.

### **PAINTINGS 2006**

As part of the Silver Jubilee celebrations entries of painting competition 2006 were also displayed at Head Office, Mumbai on 19 and 20 July 2007 . The visual bonanza covered subjects ranging from riveting natural scenery to divine and human forms, geometrics and abstract forms, and interpretation of the world from the children's perspective. Biennial competition first held in 2001 intends to bring out the latent talent of staff and family members. It is conducted in 3 categories- Children, Teenagers and Adults and judged by a panel of eminent artists and senior NABARD executives.

A statistical analysis of the profile of participants of Competition 2006 revealed some interesting features. Children accounted for highest participation @ 40% of the total entries followed by Teenagers with 32% and Adults with 28%. Staff- group wise categorisation revealed that group A staff had 54% participation followed by group B with 29% and Group C with 17%.

As regards RO participation, West Bengal topped with 43 entries followed by Andhra Pradesh with 22 entries. Orissa , Assam and Raipur followed with 19, 18 and 12 entries respectively. East Zone was a major contributor with 46% contribution. HO had 104 entries. Departments which showed high participation figures were GAD (18), HRDD (11) and Rajbhasha (9). In the prize winning stakes, HO topped with 13 prizes with WB RO following with 8. Women Power was at the fore in the prize winning stakes. With overall participation of 29.8%, women ended up grabbing 64% of the prizes.