

Farmers' Technology Transfer Fund (FTTF)

Operational Guidelines

1. Introduction

Agriculture has been the backbone of the country's economy, as about 60-70% of the population still depends on farming activities for their livelihood security. The growth in the sector, which has declined over the last decade, is now poised to register an increase from the current level of 2.5% to 4%, as aimed at by Government of India. Several measures have been put in place to achieve a growth rate of 4% by GOI, which includes inter alia, doubling of agricultural credit with 30% growth each year, strengthening of agricultural extension network, with focus on technology transfer, earmarking Rs.25,000 crore for development of the sector through preparation of District Agricultural Plan, etc. Despite these measures, the challenge before us is, how do we increase production/productivity and income earning of farming communities through adoption of new and appropriate technologies and establishment of linkages with markets (both domestic as well as global).

NABARD has facilitated formation of about 25500 Farmers' clubs spread over many states with the support of Commercial Banks, RRBs and Cooperative Banks. Their key role relates to dissemination of locally appropriate technology, development of skills for enhancement of production and productivity in rural areas, formation of Self Help Groups and linkage with banks, credit counseling, recovery of loans, etc.

Taking into account the emerging role of farmers clubs and NABARD's efforts for scaling up the programme and also other key factors such as agrarian distress faced by farmers in different regions of the country, difficulties in accessing appropriate technologies for improved and increased productivity, transfer of technologies by State Agriculture Departments, KVKs, SAUs, etc., in a sporadic manner with limited funding support from the State, NABARD has decided to set up a 'Farmers' Technology Transfer Fund' (FTTF), with a corpus of Rs.25 crore from out of its operating profit for the year 2007-08.

2. Title and Commencement

The Fund will be known as 'Farmers' Technology Transfer Fund (FTTF)' and will become operational w.e.f. April 1, 2008.

3. Objective

The main objectives of the Fund would be supporting all farmers including Farmers' Club members in the following ways.

- i. Facilitate adoption of appropriate technologies through Training-cum-Exposure (T&V) visits, demonstrative projects or such other activities.
- ii. Dissemination of appropriate technologies and commercial intelligence through direct contacts, literature, visuals etc.
- iii. Undertake activities such as financial literacy, credit counselling and other related activities.
- iv. Organisation of farmers into informal associations, joint liability groups, producer groups, producer companies or other ways for self-help, collective approach for commercial transactions, networking with the value chain and financial inclusion.

4. Guiding Principles

Any activity to be undertaken with the support of the fund should result in increase in farmers' income through increased production, productivity, reduction in costs, demand led diversification, market participation, value addition etc.

5. Eligible Activities

Activities eligible will broadly be as under :

- i. Survey/studies in connection with identification of modern technologies as well as marketing.
- ii. Conduct of seminar\workshop for dissemination of information connected with both technologies as well as marketing.
- iii. Formation of Farmers' Interest Groups (FIGs) or Association/Federation of farmers' clubs, Producers' groups/Companies or Joint Liability Groups for collective bargaining strength/power and setting up of Common Facility Centres.
- iv. Need based 'Equity support' for such farmers' collectives.
- v. Acquisition of new and innovative technologies developed and approved by reputed institutions/agencies.

- vi. Training/Exposure visits for adoption of new technologies, value addition and supply chain managements.
- vii. Entering into Agreements with Research Institutions/SAUs, ATMA, KVKs, etc. for providing new technologies and also with other agencies for marketing tie-up including corporate houses.
- viii. Information dissemination through publication such as pamphlets, leaflets, CDs, etc. in local languages.
- ix. Efforts towards Financial Literacy, Credit Counselling etc.
- x. Support to Farmers Training and Rural Development Centres and other training institutions.
- xi. ICT initiatives for the benefit of farmers' club members.
- xii. Pilot projects for farmers' direct participation in Commodity Futures' Trading.
- xiii. Dissemination of best practices, organic farming and certification.
- xiv. Financing commodity specific infrastructure projects.
- xv. Training/Skill Development Programmes of KVKs/ATMA, Programmes of the Ministry of Agriculture and Agricultural Universities for the benefit of farmers and food security.
- xvi. Training initiatives for climate change, carbon trading, Clean Development Mechanism (CDM) and other environmental issues.
- xvii. Training for use of Genetically Modified crops and bio-technological initiatives for farmers.
- xviii. Strengthening of farmers' clubs for infrastructure / other related factors including setting up of small offices on selective basis.
- xix. Any other activity relevant to the main objectives referred to above.

6. Eligible Institutions

- i. Commercial Banks/RRBs/Cooperative Banks
- ii. Research Institutions /SAUs/KVKs, ATMA
- iii. NGOs/Federation/Association of Farmers Clubs or any other registered body such as PACs etc.
- iv. Farmers' Clubs/Farmers' Collectives\Farmers' Interest Groups (registered or unregistered).
- v. Private Companies as part of CSR / Technology Providers in Rural Areas.

- vi. Regional Offices of NABARD
- vii. Any other institutions catering to the objectives of fund.

7. Farmers' Training and Rural Development Centres (FTRDCs)

NABARD will provide support to FTRDCs set up by major commercial banks or any other agencies by meeting 50% of the annual recurring expenses or Rs.15 lakh, whichever is lower, for the purposes of training and technology transfer to rural artisans, farmers and other rural populace.

[Reference : NABARD Circular No. 43. DPD-FS - 02 / 2008 dated 27 March 2008]

8. Project Duration

Normally, projects/programmes having duration upto 1-3 years would be considered for support under the Fund.

9. Eligible items of Expenditure

Items eligible for assistance broadly include cost of equipments and other administrative and recurring costs/fees connected with the project /programme including core staff's salary and other miscellaneous expenditure, genuinely to be incurred under the project. Capital expenditures like purchase of buildings, vehicles etc. will not be considered for support under the Fund. However, support for hiring premises, vehicles for visit etc., wherever necessary, may be considered on a selective basis. In hilly/resource poor regions/areas, capital expenses can be considered on selective/merit basis.

10. Quantum of assistance

NABARD assistance will be limited to a maximum of 95% of the project outlay. However, the quantum of assistance and the project proponent's contribution may vary from project to project depending on the project size, outlay, means of financing and resource support available from various agencies/sources, etc.

11. Mode of Assistance

The Fund will be utilized to extend support in the form of grant, soft loan, equity like support or a blend, as may be decided by NABARD on the merits of each case.

12. Rate of Interest for Soft Loan

At present the rate of interest for the soft loan is 6% which could be varied from time to time.

13. Security

The financial assistance by way of soft loan/loan will be secured by hypothecation of assets created out of assistance from the Fund and/or any other security, which may be prescribed by NABARD or the intermediary financial institution.

14. Repayment Period

The period of repayment for soft loan will be a maximum of 7 years with a moratorium of 1-2 years, as per assessment and needs in individual cases.

15. Submission of Proposals

The institutions/agencies eligible to avail assistance under the Fund may submit their proposals in the formats prescribed by NABARD (Annexures - I and II) for the purpose.

16. Monitoring and Submission of Progress Reports

a. The institution/agency will undertake to monitor the project/programme closely with a view to achieving and realizing the objectives and goals and keep NABARD informed of the same through constitution of a Project Monitoring Committee (PMC) depending on the size and nature of project by nominating NABARD representative on the same.

b. The institution /agency seeking assistance under the Fund, will also submit quarterly Progress Report to NABARD in the format, to be prescribed for the purpose at the time of sanction of the proposal.

17. Utilization of Assistance

Eligible institutions/agencies availing financial assistance would be required to give an undertaking for proper utilization of assistance received from NABARD. Where the assistance received from NABARD has not been utilized for the purpose for which it was released, NABARD may recall the entire amount of grant/loan, along with interest.

18. NABARD's Rights

- a. The recipient shall not publish the report /research findings /results without a written permission from NABARD. Further, NABARD shall have the right to use the same for its internal use, for training, publicity, etc. after duly acknowledging the source/s.
- b. Where the results of research or studies assisted by NABARD lead to obtaining of patent or to commercial exploitation in any form, NABARD shall have the right to demand a share in the gains made by the concerned institutions/agencies.
- c. NABARD shall have the right to access the Books of Accounts of the institutions/agencies to be provided with assistance under the Fund.

Annexure - I

Format for seeking financial assistance from Farmers Technology Transfer Fund (FTTF)

1. Name and address of the institution/ agency/ individual (full contact address with telephone No./ e-mail, fax No., etc.)
2. Brief background details of the agency along with audited financial statements for the last three years in case of NGOs and other institutions
3. Details of the proposed project/ purpose & expected outcome
4. Relevance of the proposal to agriculture and rural sector
5. Duration of the Project
 - a. Date of commencement of the project (full details)
 - b. Date of completion of the project
1. Total cost/ outlay of the proposed project/ activity (Please furnish break-up details of each item envisaged in the proposal) Rs. lakh
2. Agency's/ individual's own contribution Rs. lakh
3. Quantum of assistance sought from NABARD Rs. lakh
4. Monitoring mechanism (convening of monitoring committee meetings, submission of monitoring reports, etc.)
5. Certificate/ Undertaking (As per format prescribed in Annexure II).

Format of Certificate/ Undertaking

Certified that

- i. The proposed work has the approval of the competent authority of the applicant/agency.
- ii. We undertake that the assistance to be provided by NABARD will be utilised for the purpose for which it is sanctioned by NABARD and in the event of our inability to utilise the same, we shall refund the entire amount released by NABARD for the purpose with interest or any other penal charge which NABARD may like to levy/ insist upon for the purpose.

(Signature of Authorised
Official/ Proponent)

Date : _____

Place: _____

FTTF - Sanction Terms and Conditions - General

- i. The duration of the project/ programme will be 1-3 years. Further extension subject to a maximum of say upto one year will purely be on merit as well as on genuineness basis.
- ii. The assistance has been sanctioned to meet part of the items of expenditures specified in Annexure-I.
- iii. The proposals should lead to increase or improvement in farm production and productivity through adoption of new, innovative or appropriate technologies and linkages with markets/corporate houses leading to increase or improved income earnings.
- iv. Depending on the merit of each proposal, assistance will be extended by way of grant/ soft loan or a combination of both. In the case of loan, the rate of interest and the period of repayment would be as specified by NABARD in each case. Presently, the loan will carry a rate of interest of 6% p.a., repayable over 7 years with a moratorium of 1-2 year as under :
- v. The financial assistance by way of soft loan/ loan will be secured by hypothecation of assets created out of the assistance from the Fund and/ or any other security which may be prescribed by NABARD or the intermediary financial institution.
- vi. In the event of the agency availing assistance from any other agency for the same project, NABARD's assistance will be reduced to that extent.
- vii. Eligible institutions availing assistance may give an undertaking for proper utilisation of the assistance received from NABARD. Where the assistance received from NABARD has not been utilised for the purpose for which it was released and no satisfactory explanation is forthcoming, NABARD will recall the entire amount of grant/ loan at once, along with interest, if any, leviable on the same.
- viii. The institutions availing assistance from the Fund may execute an agreement in the format prescribed (Annexure-II).
- ix. Separate accounts showing details of expenditure incurred for approved items for which assistance has been extended by NABARD, may be maintained by the recipients.
- x. The assistance will be released in suitable instalments, viz. 20% on acceptance of terms and conditions of sanction and one month before commencement of the project/ programme, 60% during the

course of implementation (in suitable instalments as per needs) and 20% on completion of the project/ programme.

- xi. For each instalment released by NABARD, the recipient may submit an expenditure statement as also a utilisation certificate in format to be prescribed.
- xii. The institutions may undertake to monitor the project/ programme through constitution of a Project Monitoring Committee (PMC) depending on the size and nature of the project, in which NABARD official may also be nominated to act as a Member.
- xiii. Half yearly Progress Reports in the format (to be prescribed at the time of sanction) will be submitted to NABARD, RO and HO, before 15th of the month succeeding the half year to which it relates.
- xiv. The institutions availing assistance may undertake to document their experience during the course of implementation and submit to NABARD RO and HO for information/ record/ publicity/ training and other related purposes.
- xv. NABARD shall have the right to access the books of accounts of institutions/ individuals to be provided assistance under the Fund.
- xvi. The recipient shall not publish the reports/ research findings/ results without a written permission from NABARD. Further, NABARD shall have the right to use the same for its internal use and for training, publicity, etc., after duly acknowledging the source/s.
- xvii. Where the results of research or studies assisted by NABARD lead to obtaining of patent or to commercial exploitation in any form, NABARD shall have the right to demand a share in the gains made by the concerned institutions/ individuals.

Apart from the above, NABARD may prescribe any specific term/ condition that it may deem necessary.