



NABARD

NEWSLETTER

VOL.-16

JANUARY 2006

NO. 10

INFRASTRUCTURE DEVELOPMENT-KEY FACTOR IN BHARAT NIRMAN - Y. S. P. THORAT

Infrastructure is traditionally financed through the budgetary mechanism. The recent debates surrounding infrastructure financing have, however, tended to focus on the Public-Private Partnership model.

NABARD's experience in catalysing rural infrastructure relates to nearly all the categories included in Bharat Nirman, although in a scaled down version under the RIDF.

The Rural Infrastructure Development Fund was created in 1995-96 from out of the shortfall of commercial bank lending to priority sector and agriculture. Since then, NABARD has partnered State Governments in the creation of rural infrastructure.

RIDF support during the initial years was, therefore, in the nature of a 'topping up' of sunk capital primarily in the irrigation sector. Subsequently, the scope of the Fund was extended to cover "new" irrigation projects together with sectoral expansion covering both economic and social infrastructure. RIDF support today, is available for as many as 30 investment categories and has been accessed by 28 State Governments. As on date, cumulative sanctions aggregate around Rs.49000 crores.

The sectoral distribution of this support is roughly 45% for rural connectivity, 34% for irrigation and the balance, among others, for rural drinking water supply, power system improvement, soil conservation, flood protection, social sector projects etc.

In all, over 2.3 lakh projects have been financed which have, at the ground level translated into enormous irrigation potential of 92.48 lac hectares, 1.96 lac km of roads, 341 kms of bridges, 49 lac

jobs in the irrigation sector, over 34000 lac mandays of non-recurring employment in irrigation and roads and bridges alone. Roughly, half the support has been accessed by the Southern and Western states. The off-take in the Eastern and North-Eastern regions continues to be low and, therefore, continues to be an area of concern.

NABARD's experience in financing rural infrastructure

The first is that before fresh infrastructure is created there should be a state-wise survey of unutilised/ under utilised infrastructure stock. There is reason to believe that in all states 'some' and in some states 'most' infrastructure stock is not being utilised with optimum efficiency. This needs to be corrected.

The second is that projects sanctioned in areas with identifiable absorptive capacity quickly translate into benefit yielding projects and assets. In other cases "sanctions" happen but utilisation lags behind leading to gaps.

The third experience is that good infrastructure tends to get created where it is not conceived as a series of stand alone projects but is part of an overall integrated Development Plan, that is, a plan which looks at broad sectoral linkages and synergises existing potential for optimum returns both economic and social.

The fourth experience is that infrastructure at the ground level flowers best when it is projectised. In other words, quality assets are created when infrastructure financing is dovetailed with the project cycle of identification, prioritisation, appraisal, implementation, monitoring and evaluation.

NABARD has consciously laboured to promote social monitoring of projects by placing Project details in the public domain. This has tended to catalyse individuals and social groups to ensure that the projects on ground conform to schedules relating to inputs, time etc. displayed, among others, at the project site.

In regard to maintenance, the efficient utilisation of the assets created depends on their timely and appropriate maintenance. As the stock of infrastructure increases, the need for maintaining the infrastructure so created, increases exponentially. At the same time, the financial requirements for such maintenance also increase. These aspects need to be recognised and factored in appropriately. It is the experience of NABARD that the financing of maintenance - more often than not - is the first item to be dropped in the event of budgetary pressures. It is, therefore, necessary to factor this in at the planning stage itself.

Further, involvement of user in project implementation and asset management significantly enhances the chances of project success. Projects, therefore, should be so designed, that on completion they can be handed over to

CONFERENCE ON BHARAT NIRMAN

Dr. Y S P Thorat, MD addressed National Conference on Bharat Nirman held at New Delhi on 16 December 2006. Extracts of his address are reproduced in these columns.

the users for operation and maintenance. NABARD has been persuading state governments to transfer the responsibility of Operation & Maintenance, particularly in the irrigation sector, to the users through various legislative and administrative measures.

Above all, the need for long term planning by State Govts. for infrastructural development supported by open and full coordination between implementing Line Departments. Second, appropriate pricing policy to meet at least operation & maintenance costs. Third, social audit and peoples participation and involvement in planning, implementation and maintenance of projects. Fourth, presence of a strong concurrent monitoring mechanism at the State Govt. level counter balanced by an independent evaluator. Fifth, penal provisions for withdrawal of projects after sanction or for extension in phasing and lastly, capacity building and development of professional expertise at the dealing official level at the State Govt. for all phases of the project. In short, adoption of the methodology followed by NABARD in RIDF. If for this, any capacity building is required, NABARD would be privileged to lead the training initiative.

The Prime Minister has described the Bharat Nirman Programme as a time bound business plan for action in rural infrastructure for the next four years. The agenda is not new but the vision is and that 'effort' is the key.

CONSTITUTION OF NEW DEPARTMENT

Department of Co-operative Revival and Reform (DCRR), a new department has been set up for implementation of the revival packages for both short-term and long-term cooperative credit structure (Vaidyanathan Committee I + Vaidyanathan Committee II). It will maintain close links with IDD, PCD, DOS, HRDD and DIT. Shri P Mohanaiah, General Manager will be in-charge of DCRR for the present and will report to Shri S S Acharya, Executive Director.

HRMD – PA Office Order No. 261 / 2005-06 dated 06 January 2006

TAMARIND HAS HIGH POTENTIAL FOR EXPORT

Introduction : *Tamarindus indica* is believed to have originated in tropical Africa, but naturalised in India over generations. Tamarind is an important multi-purpose tree of arid and semi-arid regions. India is the main producer and consumer of Tamarind in the world. It is also an economically important tree, with increasing export potential for various value added products from fruit pulp such as; tamarind powder, paste and concentrate, sauce and chutney. The seed is used in production of gum and the wood has a good timber value.

There are two main varieties, sweet and sour, though the genetic diversity in Asia and Africa is high with varying fruit and flower colours and sugar and acid content in the fruits. The sweet tamarind is mainly grown in Thailand. Approximately, 140,000 tonnes of tamarind is produced annually in Thailand. Both, sweet and sour types are grown in India, though sour type is by far the more commercial variety and the total tamarind production is estimated at 3,00,000 tonnes annually. Tamarind contains pectin, which is used in the manufacturing process of jams, Apart from jams it is a natural ingredient in jellies and fruit drinks. It is a main ingredient of Worcestershire sauce and barbecue sauce used in European and North American countries. A refreshing drink is made from tamarind syrup, which resembles lemonade and is quite popular in the Middle East. Special feature of this fruit is that it is not perishable and it can be stored, transported to any corner of the world at any time.

Climate and Soil : Tamarind is grown well in tropical and sub-tropical climate, except in places experiencing frost. Similarly, it can be grown on wide range of soil types including sodic, saline, ravine and degraded land. However, it does not withstand continuous water logging. It has a wide pH tolerance of 4.5 to 8.7. A pronounced dry spell encourages high fruit production. It grows in areas upto elevation of 2000m above sea level.

Propagation : It is generally propagated through seeds. However, the progenies

are likely to show high degree of variation and require 6 years or more to start bearing. So vegetative propagation is preferred. Vegetative propagation gives more than 90% success. The soft wood grafting in the month of March to mid April gives success of about 25 to 30%. The plants are ready for planting in the month of June.

Varieties : Marathwada Agriculture University has released both sweet and sour varieties of tamarind.

- (a) Pratishtan : The sour variety has been named as Pratishtan. It is less acidic (only 8% against 17-20% in case of other sour varieties) with 60% pulp. It is a regular bearer with 30kgs fruit yield per tree of 20 years old.
- (b) Selection 263 : It is more acidic (18%), regular bearer and high yielding variety producing 600-800 kgs per tree of 50 years old. The length of fruit is 14-15 cms with yellowish colour pulp.
- (c) PKM-1 : It has high pulp recovery of 39%. Pods are less fibrous and pulp is also very sweet. It yields 250 kgs per year in 10th year.
- (d) Urigam : A long podded type, measuring length.
- (e) Yogeshwari : Red coloured pulp, less acidic with sour sweet taste.

Sweet tamarind variety introduced from Thailand, is very high in pulp sugar content and fetches a premium price even upto Rs.300/- per kg whereas sour varieties fetch hardly Rs.5 to 20 per kg.

Spacing and Planting : The ideal time for field planting is the onset of the rainy season. The areas where the saplings are planted should be fenced off. Spacing of tamarind trees can range from 5x5 m to 10x10 m. Depending upon spacing and the growth rate of tamarind, intercrops are cultivated. Further as tamarind has a wider canopy taller crops like jowar, bajra, maize even cotton are not to be taken during first 3 years of plantation. However, crops like soyabean, green gram could be cultivated.

Usually, tamarind is planted on low fertile stony land in pits of 50x50x50 cm filled

with a mixture of dug up soil, farmyard manure and top soil.

Manures and Fertilisers : Tamarind is a leguminous tree, but it does not fix nitrogen. Organic manures and fertilisers can be applied twice a year to encourage growth during first five years of plantation. The rate of application is 10 kg Farm Yard Manure per plant. Application of 100 gm of nitrogen per tree in three split doses is recommended.

Irrigation : In the initial two years, regular irrigation is necessary in areas where the dry period is more than six months. Matured tamarind trees generally do not require water and nutrients for survival as they have well spread-out root system. However, fruit yield will be low, unless supplementary irrigation is provided. Drip irrigation can also be considered for efficient water use.

Pruning: Branches that stretch out into the cropping area are pruned before the beginning of the season where inter crops are taken.

Pests and diseases : The crop is generally free of serious pest and diseases. Among the pests, leaf-eating caterpillars, bagworm, mealy bugs and scale insects have the potential to become serious at times. When required, pest control can be achieved by physical removal of infected parts or by chemical spray. Similarly, downy mildew, collar rot, stem rot and stem canker are some of the diseases but none causes serious crop loss. Spraying of fungicides and removal of affected branches are the remedial measures.

Harvesting : Well-managed tamarind trees come into bearing by the fourth year if they are vegetatively propagated. The time of fruit ripening is from February to May. All the fruits on the tree do not ripen at the same time and requires 2 to 3 harvests. The greenish fruit skin turns brown and brittle on ripening and produce a hollow sound when tapped with finger. Ripe fruits can be picked up selectively by hand. This method is employed to harvest sweet tamarind as it fetches a high price. In common method a sheet is spread underneath the tree and the branches are shaken, clipped or beaten with a stick so that ripe fruits fall down.

Harvested fruits are sun-dried for 5-7 days so that the pulp gets detached from the outer shell and separates easily. Processing is done manually by cracking open the fruits and removing the pieces of shell, lateral fibres and seeds from the pulp. If the pulp appears too wet, it is dried under shade for a few days. The light brown pulp darkens with the ageing. Processed pulp can be stored in room temperature in any type of container with a tight fitting lid for a year or so without a decline in quality. The traditional household method is to pound the de-seeded pulp with a small quantity of salt and store it in a clay pot for upto three years.

A young tamarind tree of 6 years yields about 30-40 kgs of fruits per year, which increases upto 100 kg by about the 12th year. Well-managed trees can yield more than 200 kgs of fruits per year. The trees live upto 100 years or more.

Unit Cost and Income: The indicative unit cost for establishing tamarind orchard of one hectare is worked out to Rs.46,000 over a period of five years. From sixth year onwards orchard starts giving income. 12 years onwards one can earn as much as Rs. 68000 or so for another 48 years the economic life of the tree being 60 years.

Loan and Repayment : On the lines of any other plantation programme the loans are available for development of tamarind orchard. The loans are to be repaid in 11 years, with moratorium of 5 years.

(Reference - model scheme prepared by Maharashtra RO)

HOUSING LOAN LIMITS ENHANCED

Limits of housing loan provided by the Bank to its employees have been enhanced with effect from 1 January 2006. Under the new rules as in the past employee can avail off as much as 80 times of pay or maximum of Rs.15 lakh for group A employees and maximum of Rs.10 lakh for Group B & C employees whichever is lower.

Other terms and conditions are as follows-

Interest Rate

Interest will be charged at 5% per annum for the entire amount of loan with effect from 1 January 2006.

Aggregate Ceiling

The aggregate ceiling on Housing Loan and Provident Fund withdrawal / advance will be Rs.25 lakh.

(v) **Period of Recovery :** Recovery of Housing loan and accrued interest thereon will be in 360 instalments (240 for principal amount and 120 for interest amount).

The minimum amount of Housing Loan in respect of Group B will be Rs.4.5 lakh and that for Group C will be Rs.4.25 lakh.

There will be no change in other conditions.

The revised rate of interest will also apply to the existing outstanding balance of Housing Loans.

(Circular No.9/GAD.HLS/01/2006 dated 14 January 2006)

NABACONS - STATUS AT A GLANCE

(Rs. Lakh)

Assignments	During (2005 – 06)		Cumulative(Since July '02)	
	No.	Fee	No	Fee
Contracted	80	334.87	246	1850.3
Completed	53	125.66	183	705.68
Fee Received		262.11		898.11

Important Assignments Contracted

Study on Restructuring of Meghalaya State Coop Marketing & Consumer Federation Project Report for Commercial Dairy Farm & Milk processing unit -K V Kihore-Karnataka

Techno-Economic Viability study of cold storage-M/s Aurima projects (P) Ltd.

DPR on Construction of Rural Godown under Gramin Bhandaran Yojana-Shri S Vidya Sagar, Jonahalli, Devnahalli, -Karnataka

DPR for Buffalo Dairy Farm at Khatua, Jammu

RETENTION OF BANK'S ACCOMMODATION AT OLD CENTRE ON TRANSFER

For long term retention of Bank's flat for the officers under transfer, the following procedure will be adopted.

- i) officers who are transferred will be allowed to retain bank's accommodation at their old centre for a maximum period of two years on genuine grounds - education of children (class IX onwards), ill health of family members (including dependent parents) requiring prolonged treatment / care and non-transferable nature of job of spouse.
- ii) request for retention of bank's accommodation on long term basis in continuation of retention consequent on mid academic year transfer should not be generally permitted. However, in exceptional cases the request will be considered for a period of two years exclusive of period of retention under mid academic transfer beyond which the officer would have to fend himself.
- iii) Similarly officers who on transfer to NE centres are permitted to retain bank's accommodation at the old centre or at the place of choice for the entire duration of their stay at NER. On transfer from NER to a centre other than where the flat has been retained, the retention of bank's accommodation may be permitted for a maximum period of two years only provided there are genuine grounds. In case the flat is not vacated within the permitted time, the officer will be liable to pay lease rent for the flat from the date of reporting to the new centre.
- (iv) DDMs are allowed to retain flat at old centre or at RO headquarter during their tenure as DDM. On their transfer from the district to centre other than where flat has been retained, if they request for retention, the same will

be granted for a maximum period of two years, provided there are genuine grounds. In case the flat is not vacated within the permitted time, the officer will be liable to pay lease rent from the date of reporting to the new centre.

- (v) the above instructions will not be applicable to those officers who have already been allowed to retain the bank's flats for more than 2 years.

(Circular No.01/PPD-01/2006 dated 2 January 2005)

LTC SCHEME REVISED

Leave Travel Concession Scheme as applicable to the full-time staff members of the bank has been revised effective from 1 January 2006. The revised scheme has the following features.

Group 'A' Staff

- a) officers drawing pay up to 15,374 p.m. are now entitled to travel by AC II tier and b) those drawing pay of Rs.15,375 p.m. and above by AC I class.
- b) Distance ceiling for visit to a place other than place of domicile has been increased from 2600 kms to 3,900 kms each way by their respective class of entitlement. Convertibility will be allowed as at present.
- c) Travel by Air - Officers in Grade 'A' drawing pay of Rs.15,375 p.m. and above and all officers in Grade 'B' and above will be eligible for visit to any place in India and back by air (economy class) with convertibility once in two years. If the officer travels partly by air and partly by other modes of transport, reimbursement will be made for the total amount spent within the limits of entitlement decided on the basis of shortest route from the place of posting to the farthest point visited. The scheme of air travel will be alternative to travel by rail by their respective entitled

class up to a distance of 3,900 kms each way and it will not be applicable for the Declaration Scheme of LTC.

Part-time officers appointed on regular scale of pay will also be eligible for LTC on the reviewed basis as above proportionate to their weekly hours of work.

Group 'B' Staff

All Group 'B' employees will be eligible for distance ceiling of 2,500 kms each way by AC II Tier by rail, for visit to a place other than place of domicile once in two years. Convertibility will be allowed as at present.

Group 'C' Staff

All Group 'C' employees will be eligible for distance ceiling of 1,800 kms. each way by AC III Tier by rail for visit to a place other than the place of domicile once in two years. Convertibility will be allowed as at present.

With the changes as above, all the Group 'C' employees, who are at present availing LTC once in 3 years, will be eligible for availing of LTC once in 2 years.

Refixation of LTC period -

- i) if the current set has run for less than 2 years as on 1 January 2006, the same will be converted into 2 year set from the date of its commencement irrespective of whether the set is already availed of by an employee or not.
- ii) if the current set has already run for more than 2 years as on 01 January 2006, the next set of 2 year duration will commence after expiry of the current set. If the current 3 year set is not availed of, the existing distance ceiling of 5275 kms by Sleeper Class by rail will apply. The employee will also be allowed to combine the 3 year set with his next 2 year set, which will be as per the revised entitlement.

(Circular No.04/PPD-04/2006 dated 4 January 2005)

Visit NABARD website at www.nabard.org

EDITORIAL ADVISORS

Dr. K. G. Karmakar, S. K. Mitra, S. S. Acharya, Dr. R. Balakrishnan, Amaresh Kumar and R. Krishnamurthy