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SCHEME FOR CAPITAL/ EQUITY SUPPORT TO MICRO FINANCE INSTITUTIONS

In the Union Budget 2005-06, Micro Finance Development Fund (MFDF) was redesignated as Micro Finance Development and Equity Fund (MFDEF) and the corpus of the fund was increased from Rs.100 crore to Rs.200 crore for infusion of new capital to MFIs so as to enable them to leverage commercial funds from banks to intermediate between the lending banks and the clients.

It has, therefore, been decided to provide capital/equity support to various types of MFIs under the scheme titled Capital/Equity Support To MFIs from MFDEF.

The scheme is aimed at promoting linkages between banks and MFIs so that the poor can have better access to financial services by MFIs.

Under the scheme, capital/equity support to Micro Finance Institutions will be provided to enable them to leverage capital/equity for accessing commercial and other funds from banks, for providing financial services at an affordable cost to the poor and to enable MFIs to achieve sustainability in their credit operations over a period of 3-5 years.

Mode of Support :

MFOs viz. Society, Trust, Section 25 companies and Cooperative Societies would be eligible for Long Term debt and Soft Loan while MFI-NBFC would be eligible for Equity and Preference shares with a low coupon rate.

The maximum capital support available for MFOs under the scheme is linked to the outreach and amount of loan outstanding as under:

Outreach (No. of clients)	Loan amount Outstanding	Capital Support
Up to 10000	Less than Rs.2 Crore	Max Rs.25 lakh
10001 - 20000	Less than Rs.4 Crore	Max Rs.50 lakh
20001 - 30000	Less than Rs.6 Crore	Max Rs.75 lakh
30001 - 50000	Less than Rs.10 Crore	Max Rs.1 Crore

In the case of MFI-NBFCs, the equity support would be restricted upto 10 per cent of the total paid up capital of the entity. The maximum equity support that would be considered would however be restricted to Rs.2.0 crore.

General Criteria for Eligibility for MFIs:

- MFI should be a registered body having powers to raise loans from banks and financial institutions, to offer security for loans raised from banks and financial institutions in such form as may be required by the lender and to carry on micro finance activities.

- MFI should have a track record of having undertaken micro finance operations at least for a minimum period of two years.

- MFI should have achieved minimum outreach of 2500 poor individuals either through SHGs, Grameen groups, individual lending, etc.

- MFI should have been rated by an accredited rating agency under the NABARD's MFI rating scheme.

- MFI should have formulated a realistic business plan for the next 3 – 5 years demonstrating the financial sustainability of its operations.

- MFI should have competent and adequate staff for proper appraisal and intensive supervision of its operations.

- MFI should have strong internal control systems and operating procedures. It should maintain a satisfactory and transparent accounting system, MIS, and appropriate internal & external audit systems.

- MFI can submit loan proposals to the banks and capital support proposals to Regional Offices NABARD.

DR. K. G. KARMAKAR APPOINTED AS MD



Dr. K. G. Karmakar, ED has been appointed as MD vide Government of India notification F No. 7/3/2005 -BO-I dated 5 May 2006 for the period of five years from the date of his taking charge i.e. 5 May 2006.

DRUMSTICK CULTIVATION IS COMMERCIALLY VIABLE

Introduction :

Drumstick tree (*Moringa oleifera* Lamk), is well known for its multi-purpose attributes, wide adaptability and ease of establishment. Its leaves, pods and flowers are all packed with nutrients for both humans and animals. Almost every part of the plant is of food value.

Foliage is eaten as green salads and used in vegetable curries. The seeds yield 38-40% of a non-drying oil known as Ben Oil, used for lubricating watches. The oil is clear, sweet and odourless, never becomes rancid and hence, used in the manufacture of perfumes. The wood yields blue dye. The leaves and young branches are relished by the livestock. The seeds are used to purify domestic household water in rural areas in the African region.

Drumstick leaves, seeds, seed pods, flowers and roots are very nutritious, rich in vitamins A and C, iron and calcium, which help to (a) keep the skin healthy and smooth, (b) to make people strong and resistant to cold and infections and (c) to keep our bones strong. The drumstick tree is also grown as a homestead crop. Drumstick leaves contain 7 times the vitamin 'C' in oranges, 4 times the calcium in milk, 4 times the vitamin 'A' in carrots, 3 times the potassium in banana and 2 times the protein in milk. The plant can be considered as a powerhouse of nutritional value.

The shade of the drumstick plant does not hinder the growth of other crops. It is a perennial, fast growing, drought resistant tree, which can reach up to 12 m in height at maturity. Drumstick is also suitable to grow as a mixed crop with a wide range of perennial crops.

Soil and Climate : Drumstick grows best in a well drained loam to clay loam. It can not withstand prolonged water logging. All types of soil available in Maharashtra are suitable for cultivation of drumstick. Hot and humid climate is suitable for growth and dry climate for flowering. The temperature of 25 to 30 degree C is suitable for flowering in drumstick.

Spacing and planting :

The planting of drumstick is normally

done during June after the first shower of rains. The seedling of 25-60 days is selected for planting or the planting is directly done through seeds. Two seeds are planted in each pit.

The spacing between two plants is maintained at 3 x 3 mt. The plant population per 1 acre work out to 445 numbers.

Seedlings are raised in plastic bags by making four holes on such bags, (one inch from the bottom of bag and from top) to facilitate drainage. 5-10 gm organic manure is added in the bag with soil. Previously soaked seeds in Germinator and Protectant are dipped to a depth of 1/2 cm and gently covered with the soil and watered everyday with a spraying Manure and Fertilizers :

Fertilizer

In rainfed areas 200 gm of fertilizer dose is given in September and December while in Irrigated areas 26 kg of Farm Yard Manure and 250 gms of fertilizer is given in April followed by dose of fertilizer in September and December.

The fertilizer dose may be increased at the rate of 500 gms per year as per requirement of the crop.

Inter cropping :

The following types of inter cropping can be adopted : - Drumstick + Custard apple or Aonla + Aloe vera or Papaya + Custard apple or Ber + Custard apple

Irrigation :

In light soil, the irrigation may be given at an interval of 10-12 days, while in black cotton heavy soil, an interval of 15-20 days may be maintained. The irrigation should be stopped after February month because the leaves fall and the plant requires rest till May month. If irrigation is given during February to May, it may lead to less production. In irrigated areas, the irrigation should be stopped from 1 October to 20 October to give stress to the plant for more flowering during November-December months. After flowering till formation of pods, irrigation is required for about 10-20 day interval.

Pruning :

When the plant reaches one metre, the apex shoot of the plant may be removed to allow lateral shoots to emerge for better productivity and yield. Proper support may be given to each plant. First pruning should be done after 2 months of planting or when the plant reaches a height of one metre.

Pests and diseases :

1. Leaf eating caterpillar and Hairy caterpillar occurring in the rainy season destroys the leaves. Spraying Endosulfan or Monocrotophos can control the pest.
2. Jassides and Mites : This pest sucks the sap and releases honey like substance. Spraying 200 ml Nivacror in 100 litres of water can control the pest.
3. Bark eating caterpillar : This

YIELD, INCOME AND EXPENDITURE (0.4 HA)

Years	1	2	3	4	5	6	7	8	9	10
Particulars										
Yield per tree (kg)	0	2	5	7	10	10	15	15	20	20
Yield per 0.4 ha (kgs)	0	890	2225	3115	4450	4450	6675	6675	8900	8900
Gross Income										
Rs./ kg	0	3560	8900	12460	17800	17800	26700	26700	35600	35600
Cost	10500	5500	5500	5500	5500	5500	5500	5500	5500	5500
Net	10500	-1940	3400	6900	12300	12300	21200	21200	30100	30100
PWC@15%	38341									
PWB@15%		94220								
NPW@15%			55879							
BCR	2.46									
IRR				50%	above					

pest attacks the bark and feeds on the pulp. This can be controlled by mechanical method by adding iron rod or tar or addition of cotton ball soaked in petrol in the hold. The spraying may be done in the morning or evening hours.

Important aspects of Drumstick cultivation : If drumsticks are cultivated on 10 acre as sole crop, it could be used for rearing honeybees for honey purpose. A yield of 60-100 kg honey is obtained from 0.4 Ha (1 acre) every season. Further, honeybees increase the rate of pollination and indirectly increase the yield of drumstick by 25-30%.

Project Cost / TFO /Unit Cost :

The item-wise unit cost (year-wise / activity-wise) is given in Annexure-I-A. Banks may include the cost of Minor irrigation components, Farm Machinery, Pumpsets, etc. in the project cost as per the requirement of the farmers. The project cost is towards the production of the crop i.e. meeting all the expenses towards the recurring and maintenance expenses during the gestation period till the stage of production.

Margin Money :

Banks may prescribe margin as per RBI guidelines.

RELIEF MEASURES FOR POULTRY UNITS

There has been loss of income to the poultry farmers due to outbreak of Avian flu. Keeping this in view, banks have been advised to offer relief measures to the affected poultry units financed by them.

Under the relief programme –

1. Principal and interest due on working capital loans as also installments and interest on term loans which have fallen due for payment on / after the onset of bird flu i.e. 1 February 2006 and remaining unpaid may be converted into term loans. The converted loans may be recovered in installments based on projected future inflows over a period upto three years with an initial moratorium of one year.
2. The remaining portion of term loan may be rescheduled with a

ECONOMY MEASURES

The following economy measures, rationalisation of expenditure and measures for augmentation of revenues have been indicated to be strictly followed.

Usage of stationery items

i) Utmost economy should be observed in the issue of stationery items to Departments/Sections. Officers indenting for stationery items should on their part exercise prudence and ensure that only the essential items of stationery items are indented.

ii) The practice of taking third copies of routine cases like reminders, sending routine information, forwarding letters, etc. is to be dispensed with.

iii) Reminders to ROs/HO may be sent by e-mail only. Further, the practice of sending confirmation copies of letters sent by e-mail and fax may be discontinued.

iv) Wherever feasible draft letters/ notes for approval are to be put up to the seniors on-line.

v) Wherever hard copies of drafts are being taken, the same may be done on the back of already used paper, if any. Alternatively, the drafts may be used as Office copy, if corrections are minimum.

vi) Both sides of paper must invariably be used except for important meetings.

Postage

Utmost economy may be observed by the CRDS in incurring postage expenditure. Letters/parcels may be sent through various agencies like Ordinary post, Speed post, Couriers etc. depending upon the cost effectiveness.

moratorium period upto one year depending upon the cash flow generating capacity of the unit.

3. The reschedulement / conversion may be completed on or before 30 June 2006.
4. The reschedule/converted loans may be treated as current dues.
5. The borrower will be eligible for fresh need based finance.

Circular No.55 /ICD 2/2006 dated 05 April 2006

Telephone charges

Staff should ensure economy in using the office telephone. With the introduction of various new plans by the BSNL/MTNL, telephone expenses can be further reduced with the adoption of plans suitable to the RO. To curtail the expenditure on telephones if required, the services of providers other than MTNL/BSNL may also be availed provided the criteria for the alternate service provider are based on better and more competitive rates.

Air Travel

Air travel both domestic and overseas, on official account would now be permissible on airlines other than Air India/Indian Airlines also provided the criteria for selecting the alternative airline for official travel are based on better and more competitive prices being offered by the other airlines. In this connection various incentive schemes and concessional fares offered by Air India/Indian Airlines will also be fully utilised to ensure utmost economy in air travel.

Foreign Travel

Foreign travel should be restricted to unavoidable official engagements. There shall however, be a total ban on foreign travel for Study, Tours, Seminars, Workshops etc. funded by the Govt.

Conferences, Seminars, Workshops etc.

Due economy should be observed in organising Conferences, Seminars, Workshops etc. with these being restricted to only those which are absolutely essential and strictly within the prescribed expenditure ceilings.

Outsourcing of routine services

Outsourcing of routine services like cleaning, maintenance, moving papers/dak etc. may be encouraged.

Increased use of IT

Increased use of Information and Communications Technology should be further encouraged with a view to ensuring better utilisation of resources available and improved delivery of public services.

(Circular No.NB.GAD.Sty.2603/2005-06 dated 21.3.2006)

LTC BY AIR -CLARIFICATIONS

Leave Travel Concession scheme has been revised with effect from 1 January 2006. Under the scheme Grade 'A' Officer drawing pay of Rs.15375 p.m. and above and all Officers in Grade 'B' and above are eligible for visit to any place in India and back by air (economy class) under the scheme.

In this regard following clarifications have been issued .

i. Entitlement : Eligible officers will be entitled for economy class airfare by shortest route by Indian Airlines from headquarters to the airport nearest to the farthest place of visit in India and back plus rail fare by the class of entitlement for further journey by rail / road etc. However the officer has to undertake at least a part of the journey by Air.

ii. In case the farthest place of visit in India is partly connected by Indian Airlines and partly by any other airlines, the air fare entitlement may be reckoned on the basis of the Indian Airlines fare by shortest route for the part of the journey for which Indian Airlines is operating flights / services and the fare of the other airline concerned for the remaining part of the journey by shortest route.

iii. In case the farthest place of visit is connected only by airline other than Indian Airlines, the air fare entitlement may be reckoned on the basis of economy class airfare by shortest route of the concerned airline.

iv. An officer may visit places abroad but his entitlement will be decided on the basis of the farthest place actually visited by him/her in India. The officer may travel by any mode in India or abroad provided major part of the journey (in India or may be abroad) is by air.

v. If the officer visits places abroad without undertaking a part of the journey by air in India, the entire claim of the officer should be settled under the eligibility for travel by rail for visit to a place to the extent of rail fare

entitlement for the prescribed distance limit by the class of entitlement.

vi. Incidental expenses to the extent upto 25% may be permitted within the total entitlement to be reckoned.

vii. An officer may perform the journey to the farthest place by shorter / longer route and / or by different modes of transport by availing of the apex / concession / discounted air fare facilities offered by the airlines concerned, within the limit of entitlement.

MEDICAL FACILITIES ENHANCED

On a review of the medical facilities in respect of reimbursement of medical expenses on declaration basis for outdoor treatment taken from private medical practitioners, it has been decided that the present annual limit applicable to officers for reimbursement of medical expenses on declaration basis for outdoor treatment taken from private medical practitioners be revised from the current calendar year (i.e.2006), as under -

Officers in Grades 'A', 'B' and 'C'	Rs. 2500 p.a.
Officers in Grades 'D', 'E' and 'F'	Rs. 3500 p.a.

(Circular No.72/PPD-18/2006 dated 15 May 2006)

REIMBURSEMENT FOR HOUSEHOLD HELP / CLEANING

It has been decided to reimburse all the officers expenditure incurred for household help/ cleaning at their residences for the purpose. While officers in grades 'A', 'B' and 'C' will be reimbursed upto Rs.1000/- per month, officers in grades 'D' and 'E' will be reimbursed upto Rs.1500/- per month and officers in grades 'F' and Executive Directors will be reimbursed upto Rs.2000/- per month.

The facility will be in force w.e.f. April 2006 and officers will be given reimbursement on quarterly basis.

Circular No.74 /PPF-19/2006 dated 20 May 2006

PROMOTIONS/POSTINGS

Shri S. M. Sheokand, CEO, NABCONS has been posted as CGM, SPD vice Shri C. R. Patnaik, CGM, SPD posted as CGM, CPD.

Shri S. M. Mehta, CGM, DPD-FS has been posted as CEO, NABCONS.

Shri S. Hazarika, CGM, CPD has been posted as CGM, DIT.

Shri K. V. Raghavulu, CGM, ID has been transferred to Chennai and posted as CGM, Tamil Nadu RO vice Dr. Prakash Bakshi, CGM, Tamil Nadu RO who has been transferred to Mumbai and posted as CGM, DCRR.

Shri A. K. Jain, CGM, ICD has been posted as CGM, ID.

Shri S. G. Rathod, CGM, HRDD has been transferred as Principal, NBSC, Lucknow. vice Shri Madan Mohan, CGM who has been transferred to Mumbai and posted as CGM, ICD.

Shri D. B. Gore, CGM, DoS has been transferred to Bangalore as CGM, Karnataka RO vice Shri B. B. Mohanty, CGM, Karnataka RO transferred to Mumbai and posted as CGM, DoS.

Shri S. R. Aluru, CGM, PCD has been transferred to Chandigarh as CGM, Punjab & Haryana RO vice Shri A. Ramanathan, CGM, Punjab & Haryana RO transferred to Mumbai and posted as CGM, PCD.

Shri K. C. Shashidhar, CGM, Uttar Pradesh RO has been transferred to Ranchi as CGM, Jharkhand RO.

Shri R. Narayan, CGM, Jharkhand RO has been transferred to Jaipur as CGM, Rajasthan RO vice Shri J. R. Sarangal, CGM, Rajasthan RO transferred to Mumbai.

Shri A. K. Sinha, CGM, Chattisgarh RO is transferred to Mumbai and posted as CGM, PMD.

Shri Pankaj Pandit, CGM, PMD has been posted as CGM, HRDD.

Visit NABARD website at www.nabard.org

EDITORIAL ADVISORS

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