



Pilot Project for Technology Transfer, Credit Counseling and Market Advocacy through Farmers' Clubs

The current scenario of Indian Agriculture is characterised by the preponderance of small and marginal farmers, low level of technology adoption, fragmented supply chain, poor market linkages, shrinking margin, unviable options in dry tracts, credit related problems and lack of an effective extension system. The policy initiatives to improve the situation and achieve the projected 4% growth of the sector during the XI th plan period include Evergreen Revolution envisaged in the National Policy for Farmers 2007 and ' the knowledge gap'.

2. Our Chairman has a vision that NABARD, through its Farmers Clubs, should play a prominent role for improving the income level of farm families by strengthening symbiotic interaction and convergence of initiatives for access to improved technologies, timely credit and strong market linkages. In this direction, it has been decided to launch a Pilot Project aimed at Technology Transfer, Credit Counseling and Market Advocacy through Farmers' Clubs. The objective is to facilitate the awareness building among farmers on lead crops/ activities with emphasis on technology, credit and marketing so as to create an enabling environment to capitalise on the emerging Agri-Business opportunities in Indian Agriculture. To reach out to large number of farmers, the strategy would be to develop Master Farmers in partnership with resource institutions to disseminate the know how to other members of the club and fellow farmers in the village on an ongoing basis.

3. The Pilot Project targets all active and promising Farmers' Clubs in two Districts of each State during 2010-12 to develop one full fledged Master Farmer per club as mini extension worker for technology, credit and marketing. The Pilot Project is expected to commence from Kharif 2010.

(Ref No. DPD.FS/ 2141 - 2170 / DPD-FS (FTTF - FC Master Farmer) / 2010-11 dated 2 August 2010.Circular No 144 /DPD-FS - 05 / 2010)

Credit Exposure Norms – Fixation of limits for 2010-11

The revised norms for the credit exposure limits for 2010-11 in respect of refinance and co-finance will be as under:

Type of lending	Ceiling as percentage to capital funds as on 31 March 2010 (Rs.12,463.71 cr)	Ceiling in absolute terms
Refinance - Institution /	50%	Rs.6231.855 crore

Individual client		
Co-finance - Individual Project	5%	Rs.623.185 crore

2. The credit exposure to the State Governments is exempt from the purview of credit exposure norms in view of quasi-sovereign nature of the State Government. If loans out of RIDF are granted to any other entities such as Panchayati Raj Institutions or Self Help Groups or Non Government Organisations, even against the State Government guarantee, such exposure would be subject to the exposure norms prescribed by RBI for the direct lending operations of the Refinancing Institutions.

3. In respect of short term credit, the level of exposure shall be reckoned on the basis of limit/s sanctioned or outstanding, whichever is higher. In respect of investment credit, the level of exposure shall be reckoned on the basis of actual outstanding plus un-disbursed or un-drawn commitments, if any.

4. ROs have to monitor the exposure both under refinance and co-finance and ensure that the same is within the limits prescribed.

(Ref.No. NB.ICD/ 1159 / PPS-85/ 2010-11 dated 2 August 2010.Circular No. 145 / ICD - 31 /2010)

Sanction of term loans to State Governments under Section 27 of the NABARD Act, 1981 for contribution to share capital of cooperative credit institutions - Policy for the year 2010-11 - Operational Guidelines to RO

The reviewed terms and conditions governing the provisions of sanction are as under :

- 1) The operative period of assistance would be from 01 April 2010 to 31 March 2011 and would cover disbursements made by the State Govt. towards share capital contributions during the year 2010-11.
- 2) It is expected that sanction of the loan and utilisation there of should be completed within the operative period. However, in case of difficulty, a maximum period of one quarter (i.e. upto 30 June 2011) may be allowed for completing the process of sanctions and disbursements.
- 3) At the time of seeking reimbursement assistance, State Government is required to submit a statement indicating the details of contributions made by them towards the share capital of cooperative credit institutions.

(Ref. No. NB.PCD (Policy) / 852 /A.101 /2010-11 dated 17 August 2010. Circular No. 163 / PCD - 14 / 2010)

Revision in Rate of Interest on Refinance

Rate of interest on refinance in respect of investment credit has been revised for all eligible purposes as under :

Commercial Banks - 8.25% p.a.

For the states in North Eastern region (Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura) including Sikkim, rate shall be 7.75% p.a. for all eligible purposes. Rates on loans to MFIs for onlending to clients will be at 3% less than that charged by banks subject to a minimum interest rate of 7.75% p.a.

SCARDBs/SCBs/Scheduled PUCBs/ NEDFi – 7.75% p.a.

The revised rate will be applicable for all regions.

RRBs – 7.75% p.a.

The revised rate will be applicable for all regions. Interest on loans to MFIs for onlending to clients will be at 3% less than that charged by banks subject, to a minimum interest rate of 7.75% p.a.

ADFCs – 6.75% p.a.

The revised rate of interest is applicable to the refinance to be disbursed on or after 09 August 2010 and will apply to all the drawal applications pending with NABARD.

(Ref. No.NB.ICD/ 1214 to 1218 / PPS -165 /2010-11 dated 06 August 2010.Circular No. 149 to 153 / ICD - 32 to 36 / 2010)

Financial Inclusion – A roadmap to provide banking services through a banking outlet in every village having a population of over 2,000, by March 2012

Gol and RBI attach considerable importance to the financial inclusion for which road map needs to be drawn to achieve the same. In view of this, RRBs are required to prepare the road map without further delay on the lines of our circular dated 25.03.2010. Broadly, the road map should include the following activities ;

- opening of bank outlets including BC outlets,
- issue of KCC / GCC / SCC to all eligible borrowers,
- identification and placement of BCs / BFs,
- plans for financial literacy
- pilots for Financial Inclusion through ICT based BC model
- pilots for Financial Inclusion through Business Facilitators

(NB. FID / 724 / FI – 01 / 2010 – 11 dated 09 August 2010.Circular No.155 / FID - 14 / 2010)

Fees payable to auditors of RRBs for Tax Audit

It has been decided that fees for tax audit should be decided by the Audit Committee of the respective RRBs as per the industry trend in general and should be approved by the Board of the Bank. The fee payable to the auditors should be need-based and cost effective.

(Ref.No.NB.IDD.RRCBD.BMBL/ 813 323(C) 2010-11 dated 09 August 2010.Circular No 154 / IDD -08 / 2010)

Audit Committee in Regional Rural Banks - NABARD Nominee

- It has been decided to allow the RRBs to induct our Nominee Director to the Audit Committee. The Board of RRB may take a suitable decision to reconstitute the Audit Committee, if it so desires.
- In order to obviate the problem arising out of lack of quorum in Audit Committee meetings, the RRBs may arrange to fix these meetings by either pre-fixing or suffixing the same to their Board Meetings under normal circumstances.

(Ref. No.NB.DoS.HO.POL/1775/J-1/2009-10 dated 10 August, 2010.Circular No. 156 /DoS- 18 /2010)

Centrally Sponsored Scheme for “Utilisation of Fallen Animals”

It has been decided by Government of India to launch a Centrally Sponsored Scheme for “Utilization of Fallen Animals” with a total outlay of Rs.75.00 crore during the remaining XI Five Year Plan period (2010-11 & 2011-12). The Scheme is aimed to improve the quality of hides and skins from fallen animals and convert other by-products into value added items. The objective of the Scheme is also to reduce/check environmental pollution and bird-hit hazards to aircrafts. The Scheme has following four components :

(i) **Establishment of Carcass Utilization Center (CUC)** : Under this component 90% of the outlay as capital subsidy, would be provided for establishment of the following two models of Carcass Utilization centers. The balance 10% will be the borrowers contribution.

- **Model-I:** Unit cost of Rs.145.00 lakh has been provided for establishment of a CUC to process of 5 to 6 carcasses per day.
- **Model-II:** Unit cost of Rs.280.00 lakh has been provided for establishment of a CUC to process 20 to 25 carcasses per day.

(ii) **Establishment of Bone Crushing Unit** : Under this component 50% of the outlay as back ended capital subsidy, would be provided for establishment of the unit. Loan can be sanctioned with an indicative unit cost of Rs.15.00 lakh per unit.

(iii) **Renovation/Modernization of Existing Carcass Utilization Centers** : Under this component 90% of the outlay as capital subsidy would be provided for renovation/modernization of existing carcass utilization centers. An indicative unit cost of Rs.160.00 lakh has been provided for this activity. No bank loan is involved under this component as 90% of the project cost is provided as subsidy.

3. The Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture, Government of India, is the nodal department for operating the scheme. NABARD will be administering the Capital Subsidy in respect of establishment of bone crushing units where bank loan component is involved besides providing refinance support to the eligible financing institutions.

(Ref.No.NB.ICD. GSS/ 1322 /UFA -1/2010-11 dated 25 August 2010. Circular No. 167 /ICD- 38 /2010)

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