



### **NABARD – A New High**

Shri Umesh Chandra Sarangi, Chairman highlighted the significant strides made by the Bank during the year 2009-10 in a Press Conference at the Head office and explained the underlying principles of developmental and regulatory initiatives of NABARD that help the rural financial institutions (RFIs) and grass roots level partners in improving their performance of reaching out to the farmers and the rural population of India.

### **Highlights of NABARD's Operations during 2009-10**

The total working funds of NABARD doubled in four years, and crossed Rs. 1,36,000 crore as on 31 March 2010. Loan outstandings of NABARD crossed Rs.1,20,500 crore mark, as on 31 March 2010, for the first time. Total financial support extended by NABARD during 2009-10 aggregated Rs.57,069 crore, the highest ever.

Production Credit/ Crop Loans to cooperative banks and regional rural banks (RRBs) reached Rs.24,073 crore during 2009-10 as against Rs.16,896 crore during 08-09.

Investment Credit for capital formation in agriculture & allied sectors, non-farm sector activities and services sector to commercial banks, RRBs and cooperative banks stood at Rs.12,009 crore during 2009-10 as against Rs.10,535 crore in 2008-09.

NABARD, on behalf of Govt. of India, released Rs.25,485 crore to Cooperative Banks and RRBs, during 2009-10 under ADWDRS, 2008.

Banks issued sixty lakh fresh Kisan Credit Cards with sanctioned credit limit of Rs. 34,982 crore to farmers during 2009-10. The cumulative number of KCCs to 9 crore since inception.

RIDF sanctions to State Governments crossed Rs.1,00,000 crore mark during the year. RIDF Loans disbursed to State Governments rose to Rs.12,388 crore in 2009-2010, from Rs.10,459 crore in 2008-2009. Loans to National Rural Roads Development Agency totalling Rs.18,500 crore was sanctioned and disbursed under RIDF in the last 4 years to for rural roads component under Bharat Nirman.

### **Development Interventions**

Financial support significantly increased for watershed development projects as on 31 March 2010 to Rs.318 crore, as against Rs.166 crore at the same date last year. This has given a fillip to sustainable livelihoods and regeneration of degraded environment.

Under Tribal Development, 191 projects covering 1,56,330 families were sanctioned from the Tribal Development Fund (TDF) and Rs.107 crore was disbursed as on 31 March 2010. Farm Innovation and Promotion Fund supported 17 projects during 2009-10 with financial assistance of Rs. 1.56 crore while the Farmers' Technology Transfer Fund supported 155 diverse and innovative proposals with financial support of nearly Rs.5 crore.

During 09-10, 16,590 Farmers' Clubs were launched by different agencies with NABARD support, taking the total number of such clubs to around 55,000, as on 31 March 2010.

### **Microfinance**

Under NABARD's flagship SHG-Bank Linkage programme, the cumulative number of SHGs credit linked stood at 47 lakh, as on 31 March 2010, benefiting around 57 million rural families. The corpus of Rs.200 crore under Micro-Finance Development and Equity Fund (MFDEF) has been fully utilised, including the commitments made to NGOs for different eligible purposes. The disbursements during the year were Rs.81 crore.

In the Union Budget announcement for 2010-2011, the corpus under MFDEF has been enhanced to Rs 400 crore with the objective of further upscaling the quality and depth of micro finance interventions in the country.

### **SHG-Bank Linkage Programme**

During 2009-10, grant assistance of Rs.26 crore to 306 NGOs was sanctioned for promotion and linkage of about 53,000 SHGs taking the cumulative sanction to Rs. 90 crore for promoting around 3,45,000 SHGs. Revolving Fund Assistance (RFA) is provided to mFIs, on selective basis, for on-lending to the unreached poor. The focus of such selective assistance is for experimenting with various MF models to innovate alternative credit delivery systems and also draw lessons for sustainability and replication. During 2009-10, RFA amounting to Rs.23 crore was sanctioned to 14 agencies. Refinance of Rs.30.00 crore was also sanctioned to REPCO Bank against support extended by it to REPCO Foundation for MF activities.

### **Initiatives in Resource Poor Regions - Priyadarshini Project**

A Programme for "Rural Women Empowerment and Livelihood in Mid Gangetic Plains" called as "Priyadarshini" was launched in select districts of Uttar Pradesh and Bihar. The eight-year Programme is being funded by IFAD with part financial assistance from Government of India. The programme envisages holistic empowerment of 1,08,000 poor women and adolescent girls, supported by sustainable and improved livelihood through formation of 7,200 SHGs.

## **Institutional Development Support**

Financial assistance of Rs.7,972 crore was released for recapitalisation of 49,764 PACS against Rs. 4,874 crore for 33,406 PACS in 2008-2009. Thus, 61% of total PACS (38% till 2008-2009) covered under the programme were fully capitalised. The inspection findings of NABARD and compliance thereof have helped in bringing down the number of cooperative banks not complying with section 11(1) of the B.R. Act from 113 to 90. RBI issued licenses to 8 SCB and 98 DCCB, taking the cumulative number of such banks to 22 and 173, respectively.

## **Highlights of Financial Inclusion**

Forty seven projects involving Rs.41 crore were sanctioned under Financial Inclusion initiative. Priority was given to NER, Hilly Regions and Disturbed districts–RRBs & Cooperatives. An R&D project for Financial Inclusion with ICT Solutions (Smart Card, Mobile Technology etc.) has been started covering 30 Districts.

## **NABCONS**

During the year, NABCONS expanded its business to Rs.20.17 crore. It has also opened its offshore office in Kenya during the year.

## **Union Budget Highlights**

### **Recapitalisation of RRBs**

Government to provide further capital to strengthen the RRBs so that they have adequate capital base to support increased lending to the rural economy.

### **Agriculture Growth**

Government will follow a four-pronged strategy, covering

#### **Agricultural production**

- Rs.400 crore provided to extend the green revolution to the eastern region of the country comprising Bihar, Chattisgarh, Jharkhand, Eastern UP, West Bengal and Orissa.
- Rs.300 crore provided to organize 60,000 “pulses and oil seed villages” in rain-fed areas during 2010-11 and provide integrated intervention for water harvesting, watershed management and soil health, to enhance the productivity of the dry land farming areas.
- Rs.200 crore provided for sustaining the gains already made in the green revolution areas through conservation farming, which involves concurrent attention to soil health, water conservation and preservation of biodiversity.

#### **Reduction in waste of produce**

- Government to address the issue of opening up of retail trade. It will help in bringing down the considerable difference between farm gate, wholesale and retail process.

- Deficit in the storage capacity met through an on going scheme for private sector participation – FCI to hire godowns from private parties for a guaranteed period of 7 years.

### **Credit support to farmers**

- Banks have been consistently meeting the targets set for agriculture credit flow in the past few years. For the year 2010-11, the target has been set at Rs.3,75,000 crore.
- In view of the recent drought in some States and the severe floods in some other parts of the country, the period for repayment of the loan amount by farmers extended by six months from December 31, 2009 to June 30, 2010 under the Debt Waiver and Debt Relief Scheme for Farmers.
- Incentive of additional one per cent interest subvention to farmers who repay short-tem crop loans as per schedule, increased to 2% for 2010-11.

### **Impetus to the food processing sector**

- In addition to the ten mega food park projects already being set up, the Government has decided to set up five more such parks.
- External Commercial Borrowings to be available for cold storage or cold room facility, including for farm level pre-cooling, for preservation or storage of agricultural and allied produce, marine products and meat.

### **Infrastructure**

#### **India Infrastructure Finance Company Ltd. (IIFCL)**

- IIFCL's disbursements are expected to touch Rs.9,000 crore by end March 2010 and reach around Rs.20,000 crore by March 2011.
- IIFCL has refinanced bank lending to infrastructure projects or Rs,3,000 crore during the current year and is expected to more than double that amount in 2010-11.
- The take-out financing scheme announced in the last Budget is expected to initially provide finance for about Rs.25,000 crore in the next three years.

#### **Inclusive Development**

- The spending on social sector has been gradually increased to Rs.1,37,674 crore in 2010-11, which is 37% of the total plan overlay in 2010-11.
- Another 25% of the plan allocations are devoted to the development of rural infrastructure.

## **Financial Inclusion**

- Appropriate Banking facilities to be provided to habitations having population in excess of 2000 by March 2012.
- Insurance and other services to be provided using the Business Correspondent model. By this arrangement, it is proposed to cover 60,000 habitations.
- Augmentation of Rs.100 crore each for the Financial Inclusion Fund (FIF) and the Financial Inclusion Technology Fund (FITF) which shall be contributed by Gol, RBI and NABARD.

## **Rural Development**

- Rs.66,100 crore provided for Rural Development
- Allocation for Mahatma Gandhi National Rural Employment Guarantee Scheme stepped up to Rs.40,100 crore in 2011-11.
- An amount of Rs.48,000 crore allocated for rural infrastructure programmes under Bharat Nirman,
- Unit cost under Indira Awas Yojana increased to Rs.45,000 in the plain areas and to Rs.48,500 in the hilly areas. Allocation for this scheme increased to Rs.10,000 crore.
- Allocation to Backward Region Grant Fund enhanced by 26% from Rs.5,800 crore in 2009-10 to Rs.7,300 crore in 2010-11.
- Additional central assistance of Rs.1,200 crore provided for drought mitigation in the Bundelkhand region.

## **Micro, Small & Medium Enterprises**

- High Level Council on Micro and Small Enterprises to monitor the implementation of the recommendations of High Level Task Force constituted by Prime Minister.
- Allocation for this sector to be increased from Rs.1,794 crore to Rs.2,400 crore for the year 2010-11.
- The corpus for Micro Finance Development and Equity Fund doubled to Rs.400 crore in 2010-11.

## **Agriculture & Related Sectors**

- Provide project import status with a concessional import duty of 5% for the setting up of mechanized handling systems and pallet racking systems in 'mandis' or warehouses for food grains and sugar as well as full exemption from service tax for the installation and commissioning of such equipment.
- Provide project import status at a concessional customs duty of 5% with full exemption from service tax to the initial setting up and expansion of (i) cold storage, cold room including farm pre-coolers for preservation or storage of agriculture and related sectors produce; and (ii) processing units for such produce.

- Provide full exemption from customs duty to refrigeration units required for the manufacture of refrigerated vans or trucks.
- Provide concessional customs duty of 5% to specified agricultural machinery not manufactured in India;
- Provide central excise exemption to specified equipment for preservation, storage and processing of agriculture and related sectors and exemption from service tax to the storage and warehousing of their produce; and
- Provide full exemption from excise duty to trailers and semi-trailers used in agriculture.
- Concessional import duty to specified machinery for use in the plantation sector to be, extended upto March 31, 2011 along with a CVD exemption.
- To exempt the testing and certification of agricultural seeds from service tax.
- The transportation by road of cereals, and pulses to be exempted from service tax. Transportation by rail to remain exempt.

To ease the cash flow position for small-scale manufacturers, they would be permitted to take full credit of Central Excise duty paid on capital goods in a single installment in the year of their receipt. Secondly, they would be permitted to pay Central Excise duty on a quarterly, rather than monthly basis.

### **New Self Employment Scheme for Rehabilitation of Manual Scavenger (SRMS) from the Ministry of Social Justice and Empowerment of rehabilitation of all the remaining scavengers and their dependents**

Gol, Ministry of Social justice and Empowerment has approved Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS) for the rehabilitation of the remaining scavengers and their dependents who have not yet been covered under previous National Scheme for Liberation and Rehabilitation of Scavengers (NSLRS), on priority basis. The approved scheme contains provisions for capital subsidy, concessional loans and capacity building for rehabilitation of manual scavengers in alternative occupations. The new scheme named SRMS has to be implemented in place of SLRS.

2. Gol (MSJ&E) also indicated that the scheme should be administered on a national priority with a resolute sense of purpose for surmounting any obstacles in its implementation. It has been decided on request of Government of India that RRBs are now permitted to finance the scheme and help implementation.

3. The effective implementation of the scheme would depend upon proper monitoring of the scheme by Head/Regional Offices of RRBs. RRBs may make adequate arrangement for monitoring the scheme implementation.

4. The performance under the scheme may also be reviewed at different fora under lead Bank scheme at SLBC and SLCRC meetings held at NABARD.

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