

II

Development Initiatives

Various development initiatives related to farm sector activities, *viz.*, watershed development, integrated development of backward areas, etc., non-farm activities, farmers' club programme, Micro-Finance Institutions (MFIs)/Self-Help Groups (SHGs), women empowerment, human resource

development in the rural banking sector and research and development activities in the agriculture and rural sector continued to be supported by NABARD in addition to the support extended to various developmental programmes of GoI and State Governments.

Farm Sector

A. Watershed Development

2.2 The Watershed Development Fund (WDF) was established in NABARD during 1999-2000 with a corpus of Rs.200 crore to create replicable watershed development models with participatory approach. The corpus of the Fund was augmented by way of interest accrued on the unutilised portion of the Fund (Rs.34.12 crore) thus taking the total amount to Rs.602.76 crore as on 31 March 2007. During 2006-07, 37 watershed projects were sanctioned, taking the cumulative number of watershed projects to 437 spread over 124 districts in 14 States. With a total commitment (loan and grant) of Rs.262 crore under these projects, an area of 4.37 lakh ha. is expected to be covered. These projects are being implemented in two phases, *viz.*, Capacity Building Phase (CBP) and Full Implementation Phase (FIP). During the year, 37 projects

graduated to FIP, taking the total to 177. Further, during the year an amount of Rs.10.31 crore and Rs.1.59 crore was disbursed taking the cumulative disbursements to Rs.34.71 crore and Rs.6.59 crore as grants and loans, respectively.

2.3 Government of India (GoI) declared 31 districts in 4 States, *viz.*, Andhra Pradesh-16, Karnataka-6, Maharashtra-6 and Kerala-3 as distressed districts. Considering this, it has been decided to develop an area of 15,000 ha. in each of the districts with grant support. The projects are being implemented in a holistic manner on a cluster basis, focussing on family based livelihood activities in the watersheds and are expected to significantly mitigate farmers' distress. The period for implementation of the projects has been reduced to three years (as against the normal period of five years) and has commenced in Andhra Pradesh, Karnataka and Maharashtra while the necessary preliminary works have been initiated in Kerala.

2.4 The Planning Commission had entrusted NABARD with the responsibility of implementing participatory watershed development project in eight districts of South Bihar in association with NGOs, watershed committees, SHGs, etc., under the Special Plan for Bihar component of Rashtriya Sam Vikas Yojana (RSVY). The project with an allocation of Rs.60 crore envisages the development of 80,000 ha. of wasteland in Aurangabad, Banka, Bhabua, Gaya,



Farm Bund

Jamuai, Munger, Nawada and Rohtas districts on the pattern of IGWDP and WDF programmes. During 2006-07, 33 watershed projects involving grant assistance of Rs.169.94 lakh were sanctioned and an amount Rs.39.21 lakh disbursed.

B. Integrated Development of Backward Blocks

2.5 The pilot project for integrated development (PPID) of backward blocks through the convergence of various credit and development programmes/schemes was launched in July 2003 in ten relatively backward blocks, one each in Andhra Pradesh and Tamil Nadu, two each in Gujarat and Maharashtra and four in Karnataka. In view of the encouraging performance and evolution of PPID of backward blocks as an effective model for accelerating the development process in different socio-economic and agricultural situations, the project has been extended to 40 more blocks, viz., 25 blocks in five new states (Chhattisgarh, Jharkhand, Orissa, Uttarakhand and West Bengal) and 15 blocks in the five states already covered under the programme, taking the total to 50 blocks. It has also been decided to extend the programme to cover 100 more blocks to speed up the process of development. During the year, three exposure visits and review-cum-experience sharing meets were organised at Bangalore, Indore and Ranchi to sensitise DDMs and nodal officers from ROs to the concept of PPID and the approach for formulation and implementation of Block Plans. A national level review meet was organised at Dahod, Gujarat for RO-in-charges of the States implementing the programme.



Prawn Culture by CAT beneficiary

C. Promotion of Bamboo Farming

2.6 National Bamboo Mission has been approved by GoI with a budgetary allocation of Rs.568.23 crore to be implemented during the five year period commencing from 2006-07. The Mission has four components, viz., R&D, Plantation, Handicrafts Development and Marketing. It aims to cover an area of 1.76 lakh ha. under bamboo plantation and envisages employment generation of 50.4 million persondays by plantation works. The Department of Agriculture and Co-operation (DAC), GoI and NABARD have been involved in implementation of the Mission. District-wise potentials for bamboo farming and credit needs of this sector have been assessed in Potential Linked Credit Plans (PLPs) prepared by NABARD during the year in all the States. Financial as well as technical support was provided by NABARD for conducting awareness, capacity building and training programmes for farmers and entrepreneurs in various States.

D. Capacity Building for Adoption of Technology

2.7 With a view to facilitating the adoption of new and innovative technologies by farmers, NABARD introduced the 'Capacity Building for Adoption of Technology' (CAT) scheme in December 2004. Under the scheme, farmers, preferably marginal, small and tribal, are taken on exposure-cum-training visits to innovative projects which have adopted proven technologies developed by research institutes, corporate houses, NGOs and progressive farmers/entrepreneurs. In view of the distress situation being faced by farmers in some parts of the country, capacity building of the farmers through such exposure visits has become all the more relevant and necessary. During the year, 113 exposure visits were facilitated by 22 States, covering 2,797 farmers and areas like bio-globules, vermi-culture, bio-manures, organic farming, poly house technology, medicinal and aromatic plant cultivation, etc., in collaboration with some select research institutes, KVKs and Agriculture Universities.

E. Tribal Development

2.8 NABARD created a Tribal Development Fund (TDF) in 2004 with a corpus of Rs.50 crore to support models for integrated tribal development. Assistance from the fund is provided for land based wadi programmes involving the cultivation of suitable crops along with requisite soil conservation and water resource development programmes through people's participation to achieve sustainable development of selected tribal families through cluster approach. The support is also extended for taking up micro-enterprises by the landless, women empowerment, community health, training and capacity building and building people's organisations. During the year, assistance of Rs.21.16 crore was sanctioned for 11 projects aimed at benefiting 6,855 tribal families in Arunachal Pradesh, Assam, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Mizoram, Rajasthan and Uttarakhand, taking the cumulative sanction to Rs.52.13 crore covering 16,755 families in 15 States and one UT.

F. Bio-Fuels

2.9 In consonance with GoI's policy, NABARD has decided to promote *Jatropha* plantations on degraded and wastelands both in forest and non-forest areas through institutional credit support. Guidelines covering three model schemes for financing of *Jatropha* plantations have been issued to banks. NABARD has also brought out a booklet on '*Jatropha - A Source of Biodiesel: Status, Economics and Prospects in India*' highlighting the need and suitability of *Jatropha* for biodiesel, initiatives taken for promotion by various Ministries, Departments and Institutions for biodiesel, bankable models for *Jatropha* plantations, etc.

G. Farm Innovation and Promotion Fund

2.10 The Farm Innovation and Promotion Fund created in 2005, with an initial corpus of Rs.5 crore, out of the Bank's operating surplus, envisages to support initiatives to bring about innovations in farm technology, develop new concepts in agriculture and prototypes, undertake market survey for potential assessment of new activities, acquire/obtain patents for innovative technology, disseminate information relating to new products, etc.

During the year, 16 projects involving a grant assistance of Rs.93.22 lakh in nine States (Andhra Pradesh, Chhattisgarh, Jharkhand, Karnataka, Maharashtra, Orissa, Rajasthan, Uttarakhand and West Bengal) were sanctioned. These include two pilot projects exclusively meant for distressed farmers of Andhra Pradesh and Maharashtra. The programme will cover the rehabilitation of farmers in 5 villages each in Amravati and Wardha districts (Maharashtra) (Box 2.1). A grant assistance of Rs.6.10 lakh has been sanctioned for rehabilitation of farmers in 5 distressed districts, viz., Chittoor, Karimnagar, Medak, Nalgonda and Warangal of Andhra Pradesh. NABARD would also support few innovative projects mobilised through 'India Development Market Place 2007' being organised by World Bank's New Delhi Office in association with other partner agencies.

H. Kutch Drought Proofing Project

2.11 The Kutch Drought Proofing Project, being implemented through community based organisations and NGOs working in Kutch, aims to improve the capacity of vulnerable sections of society to cope with natural calamities, strengthen village communities to shoulder responsibility to improve and maintain natural resources, improve quality of drinking water, fodder and



Jatropha

Box 2.1**NABARD's Pilot Project in Distress Districts of Maharashtra**

NABARD initiated a pilot project covering five villages each in Amravati and Wardha districts of Vidarbha region, Maharashtra in association with two NGOs, viz., Apeksha Homeo Society (AHS), Amravati and Nageshwara Charitable Trust (NCT), Nagpur. The project aimed to make an overall assessment of the varied needs of the farming community and achieve the same through implementation of a Village Farm Development Plan based on the Participatory Rural Appraisal exercise. Specifically it was targeted at, (i) reducing cost of cultivation, (ii) changing the cropping pattern wherever necessary, (iii) collective purchase/sale of agricultural inputs/produce, (iv) adoption of organic farming and (v) introduction of allied activities as subsidiary livelihood options.

Evaluation of the project on completion of a year of operation revealed that,

- While collective purchase of soyabean seeds by 63 farmers from 4 villages of Amravati district had resulted in net profit of Rs.30,000, collective sale of 891 and 80 quintals of soyabean by the farmers of Wardha (1 village) and Amravati (3 villages) districts, respectively, enabled them to realise prices better than the prevailing market rates.
- Farmers use locally available material like cow urine, neem leaves, jaggery, garlic, etc., for preparing organic pesticides by combination/fermentation/distillation processes which are cost effective for use on crops like cotton, soyabean, vegetables, etc. As a result, the use of chemical pesticides has decreased.
- 15 to 20% farmers in both districts shifted from cultivation of cotton to soyabean in the *kharif* season.
- As a result of the training imparted on preparation of vermi-compost/compost pits, etc., 35 to 40 farmers had started vermi-compost units in each of the three villages of Wardha district, while 8 to 10 vermi-compost beds and 5 to 6 compost pits were set in all the villages of Amravati district.
- 40 SHGs covering nearly 95 % of the farmers in five villages of Wardha district had been formed, of which 21 had been credit linked.
- Allied and non-farm activities had also been initiated in the pilot villages of the districts to provide an alternative livelihood option to the farming community.

food availability and overall livelihood security. GoI has entrusted NABARD with the responsibility of implementing the project from 1 April 2005 and has transferred funds worth Rs.3.54 crore (to implement 10 village development projects). During the year, Rs.1.23 crore was disbursed under the programme.

I. Cattle Development Projects

2.12 Cattle development projects sanctioned by Ministry of Rural Development (MoRD), GoI aim to provide gainful self-employment and generate income to the rural poor through animal husbandry and livestock development is being implemented in 13 districts of Bihar and 17 districts of Uttar Pradesh since 2004-05 for a period of 5 years. NABARD has been designated as a co-ordinating agency and facilitator for channelising funds, ensuring its utilisation, project supervision and monitoring. As on 31 March 2007, of Rs.13.61 crore allocated for each State, a sum of Rs.4.68

crore for Uttar Pradesh and Rs.4.61 crore for Bihar was disbursed to BAIF, Pune, the implementing agency. By end-March 2007, Rs.4.61 crore and Rs.4.35 crore were utilised in Uttar Pradesh and Bihar, respectively.

J. Livelihood Based Development Project

2.13 The Ministry of Rural Development, GoI, has sanctioned a Special Project under Swarnjayanti Gram Swarozgar Yojana (SGSY) on Livelihood Based Development in Sultanpur and Rae Bareli, the poorest districts in Uttar Pradesh, covering 11,500 families living below poverty line in each district. The total approved cost of the project in Sultanpur is Rs.14.97 crore (beneficiaries' contribution Rs.2.07 crore and GoI's share Rs.12.90 crore) and in Rae Bareli is Rs.14.90 crore (beneficiaries' contribution Rs.2.17 crore and GoI's share Rs.12.73 crore). NABARD is the project holder on behalf of MoRD and will be responsible for its smooth implementation.

K. Externally Aided Projects

2.14 Under externally aided projects supported by KfW which are at various stages of implementation, an amount of Rs.1,586.20 lakh was disbursed and Rs.2,006.80 lakh was received as grant assistance during the year (Table 2.1).

a. On-going Projects

2.15 *KfW-NABARD-V-Adivasi Development Programme in Gujarat* with an outlay of Rs.62.89 crore has been under implementation since 1994-95 in Valsad and Dangs districts through BAIF Development Research Foundation, Pune. The focus is on development of wadi (small orchard), while other supportive interventions, viz., development of water resources and agricultural activities, women development, health and sanitation are also effected. Small and marginal farmers, including women, are selected under the programme. The landless are supported by providing them with micro-enterprises in farm and non-farm sectors and employment opportunities in processing units.

2.16 As against the target of rehabilitating 10,000 families, 13,663 families have been rehabilitated. Wadis of cashew and mango along with boundary plantations of fuel wood and fodder on 5,155 ha. of private land belonging to these families have been established. Ten tribal co-operatives have been set up to facilitate self-sufficiency in processing and programme management. These co-operatives collected 200.80 tonnes of raw cashew, traded in 171.30 tonnes of mangoes and processed 5.16 tonnes of karvanda (a forest fruit) for making pickles through Gram Vikas Mandals (GVMs). Under the in-built credit programme being implemented through GVMs since 1998-99, as on 31 March 2007, the loan amount of Rs.4.50 crore was disbursed and overall recovery of Rs.2.90 crore was effected. KfW has also sanctioned Phase II of the programme involving grant assistance of Euro 7 million (equivalent to Rs.42.47 crore) to cover 4,700 families from these districts.

2.17 Under the *KfW-NABARD-IX-Adivasi Development Programme in Maharashtra*, the wadi model, which

succeeded in Gujarat, is being replicated in Nasik and Thane districts through Maharashtra Institute of Technology Transfer for Rural Areas (MITTRA), Nasik. The programme with a project period of ten years (2000-2010) aims to support 13,000 tribal families by developing wadis on their marginally productive lands. A total of 13,848 families from 258 villages joined the programme establishing small orchards in area of 4,967 ha. The cumulative disbursement to the implementing agency stood at Rs.32.86 crore as on 31 March 2007 against the cumulative grant of Rs.33.39 crore received from KfW.

2.18 The *Indo-German Watershed Development Programme (IGWDP) in Maharashtra*, is an integrated programme for the regeneration of natural resources being implemented by Village Watershed Committees (VWCs) in association with NGOs. In all, 72 watershed projects have been taken up for implementation in Phase II in 18 districts with the involvement of 51 NGOs. Out of this, 62 watersheds have been successfully completed which resulted in treatment of an area of 65,540 ha. Under the Phase III of the programme, which commenced from January 2005, of the 32 projects sanctioned, 18 are under full implementation phase, 13 are under feasibility/interim phase and one was terminated. An additional 17 projects have been identified, some of which are in CBP. An area of 4,033.61 ha. has been treated under Phase III. A German Parliamentary team visited the watershed areas and appreciated NABARD's efforts in popularising participatory watershed development and management therein. Evaluation of Phase I and II of the project was conducted by AFC Consultants, Germany during October 2006. The study brought out that there was significant water recharge in dried up wells facilitating change in cropping pattern and increase in crop productivity by 150 per cent. An increase of 10 to 20 per cent in area under afforestation was observed. The increased water and fodder availability in the project areas also contributed to doubling the population of crossbred animals leading to quantum jump in milk production. As a result of increased productivity and production in agriculture and allied sectors, no distress conditions were reported in the project villages even in villages of Vidharba region prone to farmers' suicides.

2.19 Under the *Indo-German Watershed Development Programme in Andhra Pradesh*, KfW, Germany has committed to provide grant assistance of Rs.48.66 crore (Euro 8.69 million) for rehabilitation of watershed in four selected districts of Andhra Pradesh, viz., Adilabad, Karimnagar, Medak and Warangal. A Programme Support Unit (PSU) has been set up at Andhra Pradesh RO, Hyderabad for overseeing implementation of the project. Of the nine projects sanctioned under the programme, four have graduated to FIP. Further, 10 projects have been selected for implementation. An additional amount of Rs.11 crore (Euro 2 million) has been approved by KfW for Complementary Measures Programme for capacity building of stakeholders under the programme.

2.20 *Indo-German Watershed Development Programme in Gujarat* envisages rehabilitation of

watersheds in four districts (Dahod, Panchmahal, Sabarkantha and Vadodara) of the State. KfW, Germany has committed Rs.51.52 crore (Euro 9.2 Million) for the purpose. A separate agreement for the programme was signed between KfW and NABARD in February 2006. Treatment measures under CBP have already been initiated and a base line survey work is in progress in five select watersheds. A programme management unit has also been set up to oversee the implementation.

2.21 Under the *Indo-German Watershed Development Programme in Rajasthan*, KfW, Germany has committed to provide grant assistance of Rs.61.60 crore (Euro 11 million) for the watershed development programme in four districts, viz., Banswara, Chittorgarh, Dungarpur and Udaipur covering 30 watershed projects. The Agreement was executed in December 2006 and the process of identifying watersheds and PIAs is in progress.

Table 2.1: Support Extended under KfW-NABARD Externally Aided Projects

(Rs. lakh)

Name of the Project	Effective From	Closing Date	External Assistance (million)	Disbursements made by NABARD		Amount received by NABARD	
				During 2006-07	Cumm. upto 31.03.2007	During 2006-07	Cumm. upto 31.03.2007
V-Adivasi Development Programme in Gujarat*	23 Dec 1994	30 Dec 2007	Euro 13.29 (DM 26)	512.9	5,231.5	532.2	5,305.9
IX-Adivasi Development Programme in Maharashtra	2 Jun 2000	30 Dec 2010	Euro 14.32 (DM 28)	978.0	3,294.0	931.9	3,310.9
Watershed Development Programme in Maharashtra (Phase III)	27 Aug 2005	30 Dec 2009	Euro 19.94	31.9	354.4	423.3	740.3
Indo-German Watershed Development Programme in Andhra Pradesh	15 Jul 2002	30 Dec 2011	Euro 8.69	49.6	177.7	82.5	207.8
Indo-German Watershed Development Programme in Gujarat	7 Feb 2006	30 Dec 2012	Euro 9.20	13.8	13.8	36.9	36.9
Advasi Development Programme Gujarat (Phase II)	28 Mar 2006	31 Dec 2014	Euro 7.00	-	-	-	-
KfW-SEWA Bank Project	28 Jun 2002	31 Dec 2009	Euro 4.09	-	-	-	-

* : Includes Rs.145 lakh transferred to Gujarat Special Programme

b. Indo-German Umbrella Programme for Natural Resource Management

2.22 The Government of India and Germany have agreed to streamline and restructure bilateral collaboration in the field of Natural Resource Management (NRM) in the course of Indo-German negotiations on development co-operation held during December 2005. Accordingly, it has been decided to set up a joint Umbrella Programme on Natural Resource Management (UPNRM) to facilitate upscaling of best practices and models from both Technical Cooperation (TC) and Financial Cooperation (FC) projects. The German Development Cooperation (GDC) and NABARD would be the strategic partners in the programme in the light of long standing development co-operation with KfW and GTZ on programmes of NRM and rural finance, particularly, watershed and adivasi development programme with KfW and micro-finance programme supported by GTZ.

2.23 The UPNRM shall integrate NABARD's existing and future Indo-German efforts into one streamlined approach of participatory NRM related interventions. The co-operation under the UPNRM proposes a shift from project-based approach to a programme-based approach through a flexible programming mechanism on agreed policies and criteria of the strategic partners.

2.24 A feasibility study report on UPNRM, finalised by NABARD after a series of consultations with stakeholders' and workshops held during the year, has revealed that UPNRM is both feasible and desirable. In the light of the recommendations of the report, a blue print for operationalising Phase I of the programme has been agreed upon between GDC and NABARD. The bilateral agreement envisages a FC of Euro 19.4 million and TC of Euro 3 million assistance by GDC to NABARD.

L. Farmers' Club Programme

2.25 Farmers' Club Programme is one of the important promotional initiatives of NABARD, which has been redesigned in view of the current context of national agenda of 'Farmer First' in our development strategy.

The basic objective of the programme is to organise the farmers around a common agenda so as to enable them to gain access to credit, technology and extension services. During the year 4,981 clubs were launched taking the cumulative total to 22,957 covering 48,763 villages in 534 districts as on 31 March 2007. RRBs promoted maximum number of clubs (9,180), followed by commercial banks (6,949) and co-operative banks (5,018). Other agencies like NGOs, KVKs and Agriculture Universities promoted 1,810 clubs. The region-wise distribution of clubs indicate, that the southern region has the major share (35%), followed by the central (21%), the western (17%), the eastern (15%) and the northern (9%) regions while the NER had only 3 per cent share in the total number of clubs in the country.

2.26 The coverage of institutions to be eligible for promotion and financial support has been enlarged to include Micro-Finance Institutions, Local Area Banks, Village Panchayats, Corporate Bodies, Educational Institutions, etc. Further, to have greater involvement of the participating agencies and to develop a sense of belonging in the programme, it has been decided that financial support available from NABARD would be on cost sharing basis right from the beginning and would be confined for a period of three years, except in the case of States in NER (including Sikkim and Andaman & Nicobar Islands), where it will be for five years. During the year, two booklets on farmers' club, viz., 'Farmers' Club Programme' (English and Hindi) and 'Farmers' Club - Success Stories' (Hindi) were brought out for use by the stakeholders.



REDP in bundi style painting

Rural Non-Farm Sector

A. NABARD-SDC Rural Innovation Fund

2.27 Under the Rural Innovation Fund (RIF) created with effect from 1 October 2005, assistance is extended to support innovative projects in farm, non-farm and micro-finance sectors having potential to promote livelihood opportunities, reduce drudgery and create employment opportunities in rural areas. Wide publicity through the print media was given regarding the objectives of the Fund. State-wise workshops were also organised for sensitisation of NGOs, academic and research organisations. An Advisory Committee has been formed to guide the sanction of proposals under the Fund. Consultations with National Innovation Foundation, Department of Science and Technology, GoI, etc., on future collaboration were also held. During the year, disbursement of Rs.15.16 crore was made from the Fund.

B. District Rural Industries Project

2.28 The District Rural Industries Project (DRIP) introduced on a pilot basis during 1993-94 in six districts with the objective of creating sustainable employment opportunities in rural areas through enhanced credit flow to the rural non-farm sector (RNFS) was extended in a phased manner to cover more districts and as at end-March 2007, 106 districts were covered countrywide. The emphasis is now on consolidating the impact of the project implementation while expansion of DRIP to new districts would be selective. However, need based promotional interventions under RNFS will be provided wherever necessary. Further, an impact assessment would be made in DRIP districts that have completed five year project period.

2.29 During 2006-07, GLC flow in the districts covered under the project reached Rs.2,525.36 crore and refinance availed was Rs.223.61 crore while, 1.58 lakh units were set up generating employment for 3.55 lakh persons. Since inception, the GLC flow in these districts aggregated Rs.21,063.10 crore, facilitating establishment

of 17.29 lakh units and generating employment opportunities for 39.55 lakh persons, while the amount of refinance availed was Rs.3,239.29 crore as on 31 March 2007.

C. Strengthening of Rural Haats

2.30 The 'Scheme for Strengthening of Rural Haats' introduced in 1999 to create marketing opportunities for rural farm and non-farm products in DRIP districts has been extended to all DDM districts and the districts in NER. Under the scheme grant assistance is made available to Panchayati Raj Institutions (PRIs)/PACS for providing basic minimum infrastructure to new/existing haats. During 2006-07, grant assistance of Rs.27.86 lakh was sanctioned for creation of infrastructure in two haats each in Manipur, Tamil Nadu and Uttar Pradesh and one haat each in Chhattisgarh, Gujarat, Madhya Pradesh and Maharashtra. Cumulatively, grant assistance of Rs.91.46 lakh has been sanctioned for strengthening infrastructure in 37 haats in 37 districts across 14 States.

D. Rural Entrepreneurship Development

2.31 Rural Entrepreneurship Development Programme (REDP), introduced on an experimental basis in the early nineties has firmly established itself as a successful model for employment generation in rural areas. During 2006-07, 688 REDPs covering 20,648 persons and involving assistance of Rs.526.95 lakh were supported. Cumulatively 8,358 REDPs have been sanctioned with grant support of Rs.3,947.11 lakh covering 2.16 lakh persons. In addition, grant support to the tune of Rs.37.01 lakh was extended to various RUDSETIs and RUDSETI type institutions for conducting 100 REDPs/skill development programmes. During the year, grant assistance of Rs.0.98 lakh was provided to RUDSETI, Ujire for capacity building of trainers for imparting training to rural youth. REDPs have generally covered traditional activities, however, innovative training programmes such as vermi-compost preparation, artificial insemination,

organic farming, biodiversity, etc., were also covered, some of which have created good impact at the field level (Boxes 2.2 and 2.3).

E. Cluster Development

2.32 Realising the inherent potential of cluster approach in promoting rural industrialisation and the experience gained (Box 2.4), the Bank in 2005-06 decided to develop 55 clusters in partnership with other supporting agencies. As on 31 March 2007, proposals for developing 44 clusters from 19 States were approved for various activities related to handloom, handicraft, sericulture, pottery, bamboo/arecanut development, preparation of articles from leather, jute, silk, silver, etc. NABARD extended support for computer service facility and internet connectivity for a rural tourism cluster in Sikkim. To aid handloom weavers of Andhra Pradesh, NABARD extended grant assistance of Rs.4.50 lakh to Andhra Pradesh Technology Development and Promotion Centre for securing registration for Gadwal Sarees, Uppada-Jamdhani Fabrics and Dharmavaram Silk Sarees under Geographical Indication (GI) Act, 1999. The GI certification will help the weavers in

Box 2.2

Employment Seeker to Employment Provider

Shri Anand Mridha, a school passout and rural unemployed youth from Baxinagar, Malda district, West Bengal, attended a seven day training programme on preparation of vermi-compost from household waste and its application. The programme was assisted by NABARD and conducted by ERDS, a reputed NGO in the district. On completion of the programme, he set up a single chamber vermi-compost unit with an initial investment of Rs.10,000. The positive results generated from using compost on his farm led to substantial demand for the produce. Subsequently, Shri Mridha set up a 20 chamber vermi-compost-cum-hatchery unit with a capacity of 10 tonnes per month under the 'National Project on Organic Farming' availing loan of Rs.6 lakh from Gaur Gramin Bank. He has seven regular labourers employed in his unit and he is able to earn a monthly surplus ranging from Rs.7,000 to Rs.10,000. Apart from being a resource person and faculty support in most of NABARD assisted vermi-compost training programmes in the district, he provides both moral and input support to new trainees.

Box 2.3

Determination maketh a difference

Shri Herbert Warlarpih, a 24-year-old hearing and speech impaired tribal youth from Meghalaya underwent a month long specialised training in production of cane and bamboo handicraft and furniture making under the **Skill Development Programme** supported by NABARD. The training was imparted by ROILANG Vocational Training Centre, Shillong. He is now gainfully employed. He represented his state in the Abhilymipcs (Ability Olympics held for persons with disability to showcase their ability) held at Kolkata and won the Gold Medal in basket making as also the eastern region in the National Abhilymipcs at New Delhi where he again won the gold medal. He is now set to represent the country in the international event, scheduled to be held in Japan in November 2007.

protecting their Intellectual Property Rights, maintaining the unique features of their artistry and preventing unauthorised use of the name of certified GIs. It would also enable them to market/promote their identified GI products as a brand. NABARD had extended grant assistance for similar certification in case of Pochampally Sarees in Andhra Pradesh.

2.33 To ensure smooth implementation and monitoring of the cluster development initiatives, six capacity building programmes were organised during the year. These were designed to understand the various strategies of cluster development, viz., conducting diagnostic studies, preparation of action plan, monitoring mechanism, etc. Of these programmes, five were conducted by the Bankers Institute of Rural Development (BIRD), Lucknow wherein officers of NABARD, banks, State Governments and representatives from NGOs/developmental agencies were imparted training. In order to boost cluster development in the NER, an exclusive programme for officials of banks, State Governments, NGOs and NABARD was also organised at Guwahati through NISIET, Hyderabad.

F. Swarozgar Credit Card Scheme

2.34 The scheme was introduced by NABARD in 2003 for facilitating hassle-free availability of credit for meeting investment and working capital requirements of small

Box 2.4**Papier Mache Toys Cluster**

The Papier Mache Toy making cluster comprising 200 artisans is situated in Pareri village of Kancheepuram district, Tamil Nadu. This traditional art of toy making is practised by utilising waste material and colours as raw materials. The finished toys appear as if sculpted in wood, metal or clay. The products being eco-friendly, lightweight and reasonably priced have a huge demand in both the domestic and international markets (Malaysia, Singapore and Western countries). NABARD in association with the Rural Welfare Officers of Block Development Office, DRDA, Lead District Manager and Handicrafts Department has been facilitating implementation of the programme through the Papier Mache and Clay Artisans Welfare Association. NABARD facilitates in providing training to SHG members interested in learning this skill as well as forming new SHGs of such artisans.

Indian Bank has extended working capital to all master craftsmen and financed 25 SHGs under SGSY. The turnover of the cluster has increased to around Rs.22 to Rs.24 lakh from the earlier level of Rs.12 to Rs.14 lakh. During 2006-07, a batch of 50 persons was trained to increase the manpower support services. It has been planned to create a common brand name for the products and a website to tap the export market.

borrowers/micro-entrepreneurs. During the year, 2.11 lakh cards were issued with a credit limit of Rs.756.90 crore. As on 31 March 2007, 98 RRBs, 43 commercial banks and 138 co-operative banks had introduced the scheme and issued 6.79 lakh cards involving credit limits of Rs.2,700 crore. Under the pilot scheme introduced during 2005-06 for supporting select RRBs and co-operative banks with one-time grant assistance for promoting the Swarozgar Credit Card (SCC) scheme, 12 banks have been sanctioned grant assistance of Rs.11.58 lakh.

G. Women Empowerment

2.35 Recognising the important role played by women in the rural economy and realising that this vast resource needs to be promoted and developed to achieve a higher pace of growth in rural India, NABARD has designed special products for supporting entrepreneurial and marketing initiatives by women.

2.36 Assistance to Rural Women for Non-Farm Development (ARWIND) scheme was introduced in 1993 for meeting promotional and other credit needs of women entrepreneurs supported by VAs/NGOs, co-operatives and other registered institutions. During the year, two projects involving grant assistance of Rs.1.54 lakh were sanctioned, taking the total number of projects sanctioned to 143, covering 10,483 women entrepreneurs and involving assistance of Rs.3.13 crore.

2.37 Marketing being crucial in sustaining women enterprises, the scheme of Marketing of Non-Farm Products of Rural Women (MAHIMA) aimed at supporting agencies engaged in marketing products manufactured by rural women was introduced in 1997. During the year, two projects involving grant assistance of Rs.5.91 lakh were sanctioned taking the cumulative support under the scheme to Rs.68.65 lakh covering 35 projects.

2.38 The Development of Women through Area Programme (DEWTA) seeks to address various needs of women, identified by women themselves, through capacity building, networking and convergence of services for focused implementation. Under the programme, an amount of Rs.31.98 lakh was sanctioned to three RRBs (Shreyas, Andhra Pragathi and Rushikulya) for addressing training/skill upgradation and other capacity building needs of 3,271 women over a period of three years. During 2006-07, grant assistance of Rs.1.50 lakh was disbursed. Andhra Pragati RRB and Shreyas RRB were granted extension for implementing the programme upto 31 March and 30 June 2007, respectively.

2.39 With a view to addressing the gender issues in credit and support services, a scheme involving grant support for a period of 3 years for setting-up of Women Development Cells (WDCs) in RRBs and co-operative banks was introduced in 1995 and modified in 2003-04 based on the feedback of evaluation studies of such cells. During 2006-07, 4 RRBs and 2 DCCBs were

sanctioned grant assistance and an amount of Rs.15.15 lakh was released. As on 31 March 2007, 90 RRBs, 38 DCCBs, 5 SCBs and 3 SCARDBs were supported in establishment of WDCs. The programme was reviewed and certain modifications are on the anvil.

H. Marketing / Other Initiatives

2.40 NABARD continued to extend promotional and financial support for marketing of products of rural artisans/entrepreneurs. During the year, NABARD supported 230 marketing events/exhibitions across the country involving grant assistance of Rs.51.07 lakh. The Bank co-sponsored SARAS-Mahalaxmi Fair at Mumbai wherein 100 artisans from 27 States participated in the 11 day long exhibition-cum-sale event. Participation in marketing events/exhibitions provided them necessary exposure to interact directly with the consumers. Interface with management students, professional designers and representatives of promotional agencies like KVIC/KVIB, etc., at such events enabled the artisans to fine tune their product range to suit consumer preferences.

2.41 Confederation of Indian Industry (CII) was sanctioned Rs.9 lakh for experimenting with marketing of handloom and handicraft products from the north-eastern States through organised retail outlets in Metros. The project envisages setting-up of a marketing centre attached to CII, Guwahati with field officers in selected districts all over the States in NER, for procurement and packaging of artisan products to be dispatched for sale to retail outlets in metros like Mumbai and Delhi. The artisans will be paid for the products immediately by the Centre and on realisation of the sale proceeds, price differential will also be passed on to them.

2.42 During the year, financial assistance of Rs.12.94 lakh was sanctioned to ANT—an NGO working among the Bodo tribals in Assam, to improve the overall viability of an exclusive marketing outlet for handloom/handicrafts of north-eastern States to be set up in Bangalore and funded by way of term loan from ICICI



Pottery items displayed by KESS marketing centre

Bank. Also, grant assistance of Rs.2.60 lakh was sanctioned to ANT for conducting a Design Development Programme of six months duration for Bodo weavers in Bongaigaon district in Assam, through visits and guidance by students of National Institute of Design, Ahmedabad.

2.43 Under the pilot scheme introduced in 2005-06, grant assistance for setting-up of rural marts to facilitate marketing linkages for handicraft and agro-based products is extended to federations/activity groups, producer groups/associations, farmers' clubs, matured SHGs, etc., to cover certain initial costs of setting-up of rural outlets at district/taluk headquarters. The assistance is provided for a period of 15 months, to cover two busy business seasons when the venture is expected to break even. As on 31 March 2007, NABARD had extended grant support to the extent of Rs.73.79 lakh for setting-up of 79 rural marts in 12 States.

I. Training and Sensitisation Programmes

2.44 NABARD has been providing financial support for imparting training to officers of co-operative banks and RRBs in financing NFS activities through BIRD-Lucknow, RTCs at Mangalore and Bolpur and IIBM, Guwahati. During the year, 54 such training programmes were supported covering 1,242 officers of various banks. Awareness programmes for bank officials and training programmes for potential users of solar technology were also supported through Bhartiya Vikas Trust, Manipal (Box 2.5).

Box 2.5**Propagation of Solar Technology in Rural Areas**

The ever increasing energy requirement and insufficiency of traditional resources in meeting these demands necessitate utilisation of renewable energy sources, viz., solar, wind and water power. In this backdrop, NABARD has sanctioned grant assistance of Rs.5.85 lakh to Bharathiya Vikas Trust, Manipal, Karnataka for propagation of solar technology in rural areas of five districts- Udupi, Dakshin Kannada, Shimoga, Uttar Kannada (Karwar) and Dharwad. The intervention by grounding 25 programmes in each district will cover 100 potential users per programme. The equipment manufactures of Solar Technology System will provide technical guidance while the local banks will extend the financial assistance required to acquire the equipments. This intervention is expected to provide solar technology for home lighting for 2,000 rural families and generate an additional 80,000 watts of solar power. This would require an investment of Rs.4 crore for installation of non-conventional sources of home lighting in far-flung areas. NABARD further provided grant support of Rs.1.08 lakh to the Trust for conducting one EDP for 28 NGOs/potential users and three awareness programmes for 78 branch managers in Assam and Arunachal Pradesh.

J. Rural Habitat Scheme

2.45 Financial support to two NGOs was provided under the Rural Habitat Scheme during 2006-07 with a view to providing a healthy habitat to the rural poor through an integrated concept of dwelling place with sanitation, wastewater disposal and rainwater harvesting.

2.46 An amount of Rs.97.24 lakh was sanctioned to Sree Kshetra Dharmasthala Rural Development Project (SKDRDP), Dharmasthala for construction of 107 new houses and upgradation/repairs/renovation of 54 existing houses in rural areas of Udupi and Dakshin Kannada districts, Karnataka and Rs.99 lakh was sanctioned to Sri Padmavathy Mahila Abhyudaya Sangam, Tirupati for construction of 120 new houses and upgradation/repairs/renovation of 200 existing houses in Tirupati district, Andhra Pradesh .The beneficiaries belong to various SHGs who did not have access to formal credit for housing purposes. Further, an amount of Rs.14.11 lakh was also sanctioned to the SKDRDP for setting-up a centre at Belthangady, Dakshin Kannada district, to train master masons of the region in developing and using low cost building material from local resources.

Micro-Finance

2.47 The SHG-Bank Linkage Programme launched by NABARD in 1992 continues to be the predominant Micro-Finance (MF) model in the country. It is a proven method of financial inclusion, providing unbanked rural clientele with access to formal financial services from the existing banking infrastructure. During the year 6,86,408 new SHGs were credit linked with banks as against 6,20,109 during 2005-06, taking the cumulative number of credit linked SHGs to 29,24,973. The phenomenal outreach of the programme has enabled an estimated 409.5 lakh poor households to gain access to MF from the formal banking system as on 31 March 2007, registering a growth of 24.2 per cent over the previous year.

A. Regional Spread

2.48 The year 2006-07 witnessed the spread of the MF programme in resource-poor regions of the country indicating a marked shift from its initial concentration

in the southern region. The cumulative share of non-southern regions rose from 29 per cent as on March 2001 to 48 per cent as on March 2007 (Table 2.2 / Chart 2.1).

2.49 In order to reduce the regional imbalances in the spread of the SHG-Bank linkage programme, NABARD identified 13 States (Table 2.3), which have a large

Table 2.2: Growth in Credit Linkage of SHGs - Regional Spread

Region	Number of SHGs Credit Linked			
	2000-01	Cumulative	2006-07	Cumulative
Northern	4,221	9,012	48,921	1,82,018
North-Eastern	160	477	29,237	91,754
Eastern	11,057	22,252	1,31,530	5,25,881
Central	8,631	28,851	64,814	3,32,729
Western	6,911	15,543	1,04,193	2,70,447
Southern	1,09,218	1,87,690	3,07,713	15,22,144
Total	1,40,198	2,63,825	6,86,408	29,24,973

population of the poor, for focused attention. The cumulative number of SHGs credit linked in these 13 states increased from 10.05 lakh in 2005-06 to 13.75 lakh in 2006-07 (Chart 2.2). During 2006-07, the number of SHGs credit linked in 13 priority States constituted 53.9 per cent in the all India credit linkage of 6,86,408 SHGs.

B. Support to Partner Agencies

2.50 NABARD continued to extend financial support to NGOs, RRBs, DCCBs, Farmers' Clubs and Individual Rural Volunteers (IRVs) for the promotion and nurturing of SHGs. During the year, stress was given towards roping in new Self-Help Promoting Institutions (SHPIs). During 2006-07, grant assistance of Rs.1,403.96 lakh was sanctioned to various agencies to promote 59,662 groups, taking the cumulative sanctions to Rs.4,749.96 lakh for promotion of 3.09 lakh groups (Table 2.4). As on 31 March 2007, an amount of Rs.1,980.77 lakh was released and 1,52,928 SHGs credit linked.

C. Capacity Building of Partner Institutions

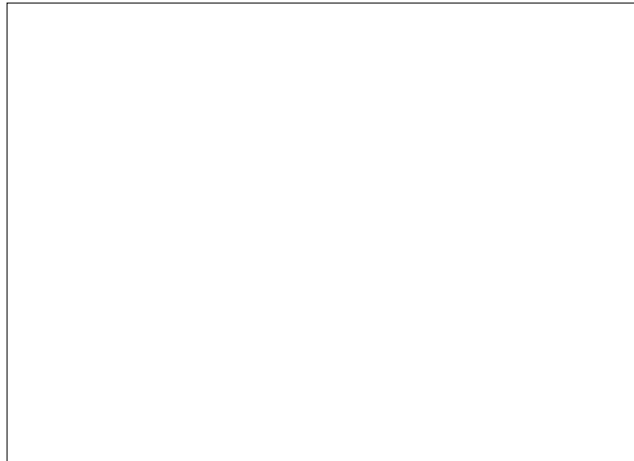
2.51 NABARD continued to play the role of a

facilitator in scaling-up the programme through various measures such as widening spatial distribution of the programme on a district-wise basis, training and capacity building of NGOs, banks, farmers clubs, government departments, etc., widening the range of SHPIs, associating village communities, individual rural volunteers, peoples' institutions to participate in the programme as SHG promoters and large scale dissemination of the SHG concept. During 2006-07, NABARD incurred an expenditure of Rs.11.07 crore on various promotional activities as against Rs.7.65 crore in the previous year.

2.52 During the year, NABARD extended support for arranging and conducting:

Priority States	2002	2003	2004	2005	2006	2007
Assam	1,024	3,477	10,706	31,234	56,499	81,454
Bihar	3,957	8,161	16,246	28,015	46,221	72,339
Chhattisgarh	3,763	6,763	9,796	18,569	31,291	41,703
Gujarat	9,496	13,875	15,974	24,712	34,160	43,572
Himachal Pradesh	5,069	8,875	13,228	17,798	22,920	27,799
Jharkhand	4,198	7,765	12,647	21,531	30,819	37,317
Maharashtra	19,619	28,065	38,535	71,146	1,31,470	2,25,856
Madhya Pradesh	7,981	15,271	27,095	45,105	57,125	70,912
Orissa	20,553	42,272	77,588	1,23,256	1,80,896	2,34,451
Rajasthan	12,564	22,742	33,846	60,006	98,171	1,37,837
Uttar Pradesh	33,114	53,696	79,210	1,19,648	1,61,911	1,98,587
Uttarakhand	3,323	5,853	10,908	14,043	17,588	21,527
West Bengal	17,143	32,647	51,685	92,698	1,36,251	1,81,563
Total	1,41,804	2,49,462	3,97,464	6,67,761	10,05,272	13,74,917
	(31)	(35)	(37)	(41)	(45)	(47)

Figures in parentheses indicate percentage share of priority states in total number of SHGs credit linked.



- 3,494 awareness creation and capacity building programmes for SHG members in association with identified resource NGOs, covering 2,01,854 SHG members to inculcate skills for managing thrift and credit;
- 146 awareness-cum-refresher programmes for CEOs and field staff of NGOs, covering 4,901 participants;
- 536 training programmes for officers of commercial banks, co-operative banks and RRBs covering 19,063 participants;
- 70 exposure visits to banks and institutions pioneering in MF initiatives for 1,864 bank/NGO officials;
- 200 field visits to nearby SHGs for 9,766 Block Level Bankers' Committee members;

- 18 programmes for the elected members of PRIs covering 661 participants to create awareness among them about the MF initiatives;
- 6 training-cum-exposure visits for new DDMs / DDOs and one exposure programme on MF and SHGs for senior IAS officers through Lal Bahadur Shastri National Academy of Administration, Mussoorie;
- 137 sensitisation programmes for government officials covering 5,734 participants;
- 447 other programmes covering 18,884 participants.

D. Documentation and Dissemination

2.53 During the year, the Micro-Finance newsletters, 'Saving Grace' and 'Akshayapatra', were widely circulated. On request from various stakeholders 'A Hand book for Branch Level Bankers' and 'A Handbook on Forming SHGs' were reprinted and made available to NGOs and branch managers. During the year, 125 workshops and seminars on Micro-Finance were supported involving 5,802 participants.

E. Micro-Enterprise Promotion by SHGs

a. Micro-Enterprise Development Programme

2.54 During 2005-06, a focussed and location specific micro-enterprise development programme (MEDP) on skill upgradation and development for sustainable livelihoods for members of matured SHGs was launched.

Table 2.4: Grant Assistance Extended to various Partners in SHG-Bank Linkage Programme

(Rs. lakh)

Agency	Sanctions during the Year			Cumulative Sanctions			Cumulative Progress		
	No.	Amount	No. of SHGs	No.	Amount	No. of SHGs	Amount Released	SHGs Formed	SHGs Linked
Co-operative Banks	8	64.10	6,200	78	380.52	41,010	125.25	28,811	16,546
RRBs	1	12.30	850	110	346.25	42,040	159.28	49,475	32,112
NGOs	352	1,110.66	40,562	1,656	3,675.65	2,05,112	1,619.78	1,49,464	95,856
Farmers' Clubs	-	-	-	-	-	-	57.77	13,002	6,825
IRVs	23	216.90	12,050	46	347.54	21,110	18.69	3,934	1,589
Total	384	1,403.96	59,662	1,890	4,749.96	3,09,272	1,980.77	2,44,686	1,52,928

During 2006-07, 297 MEDPs were conducted covering of 7,579 SHG members. The micro-enterprises for which trainings were imparted to SHG members included diverse activities like goat rearing, mushroom cultivation, preparation of papad, agarbatti, candle, jute products making, etc.

b. Financing Farm Production and Investment Activities

2.55 To facilitate matured SHGs to meet their credit requirements of production and investments in agriculture and allied activities and to enable them to diversify their income generating activities, NABARD introduced a new line of refinance for scheduled commercial banks, RRBs and co-operative banks. Under the scheme, cent per cent refinance is provided to banks under ARF for financing term loan and cash credit limits sanctioned by them for a period of five years to SHGs. Banks can also sanction composite loans by combining consumption credit to the extent of 30 per cent of the total limit.

c. Pilot Project for Promotion of Micro-Enterprises

2.56 NABARD had launched a pilot project in 2005-06 for promotion of micro-enterprises among members of matured SHGs. This pilot project is being implemented in nine districts spread over nine States. Fourteen NGOs, acting as 'micro-enterprise promotion agency' (MEPA), are implementing the pilot project under the technical guidance of a Delhi based organisation, Marketing and Research Team (MART). During the year, MEPAs completed detailed surveys of the district to identify existing opportunities and supply and demand patterns for farm and non-farm activities that can be taken up on a project basis for sustainable income generation in the identified project areas. Besides survey analysis, the identification of suitable activities has been carried out through participatory processes in consultation with SHG members. Action plans finalised by each MEPA on the basis of the survey findings are being implemented.

F. Support to Micro-Finance Institutions

2.57 With a view to providing holistic support to the Micro-Finance sector and recognising the important role played by Micro-Finance Institutions (MFIs) working in remote unbanked areas of the country, NABARD provides grant and loan based assistance to these institutions.

a. Revolving Fund Assistance

2.58 NABARD had been selectively extending Revolving Fund Assistance to MFIs for on lending to SHGs. During the year, Rs.1 crore has been sanctioned as RFA taking the aggregate amount to Rs.27.98 crore as on 31 March 2007 for 31 agencies.

b. Rating Support to MFIs

2.59 In order to identify, classify and rate MFIs and empower them to intermediate between lending banks and clients, NABARD provides financial assistance to commercial banks and RRBs by way of grant. Banks can avail the services of credit rating agencies, CRISIL, M-CRIL, ICRA, CARE and Planet Finance for rating of MFIs. The financial assistance by way of grant for meeting the cost of rating is met by NABARD to the extent of 80 per cent of the total professional fees subject to a maximum of Rs.80,000. The assistance is available for the first rating of MFIs having loan outstanding greater than Rs.50 lakh.

c. Capital/Equity Support

2.60 The overall objective of the scheme, which was remodelled in February 2007, is to promote linkages between banks and MFIs so that the poor can have better access to financial services by MFIs. The specific objective of the scheme is to provide capital/equity support to MFIs so as to enable them to leverage capital/equity for accessing 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 (Box 2.6). During 2006-07, three agencies were sanctioned total capital support of Rs.3 crore.

Box 2.6**Scheme for Capital / Equity Support – Salient Features**

- Micro-Finance Organisations (MFOs) and Micro-Finance Institutions–Non Banking Financial Companies (MFI-NBFCs) are eligible for capital / equity support from the Micro-Finance Development and Equity Fund (MFDEF).
- Capital support would be provided in the form of soft loan at an interest rate of 3.5%, subject to change from time to time with tenure of seven years inclusive of initial moratorium of two years.
- The maximum capital support available for MFOs under the scheme is linked to the outreach and/or amount of loan outstanding subject to a ceiling of Rs.1 crore.
- MFI-NBFCs would be provided equity support in the form of Cumulative Redeemable Preferences shares with coupon rate of 3.5%, subject to change from time to time
- The equity support would be restricted upto 10% of the total paid up capital of the entity with a ceiling of Rs.2 crore.

F. Innovative Pilot Projects

2.61 In its endeavour to examine the adaptability of various innovative credit delivery mechanisms and innovative systems, NABARD has been implementing various pilot projects in selected districts and banks with the support of implementing agencies.



Stone cutting and selling activity by SHG members

a. Joint Liability Groups

2.62 NABARD had tested the concept of Joint Liability Groups (JLGs) through 10 RRBs and 1 PCARDB located in eight States. Based on the learning from the experiment and in response to the Union Budget (2006-07) announcement for financing of tenant farmers by banks, NABARD formulated the scheme and guidelines for financing JLGs of tenant farmers (Box 2.7).

b. SHG-Post Office Linkage

2.63 In order to supplement the efforts of banks in the SHG-Bank linkage programme, NABARD designed a pilot project for collaboration with Post Offices for financing SHGs in 2003 and sanctioned RFA of Rs.34 lakh to the Department of Post and Telegraph. The project was aimed at examining the efficacy of utilising the vast postal network for disbursement of credit to the rural poor on an agency basis. However, the project could not be implemented, as Post Offices were not permitted to open Saving Accounts in the name of SHGs. The issue was resolved in November 2006.

2.64 Under the project, Post Offices extend loans to SHGs at an interest rate of 9 per cent p.a. repayable in 24 instalments by SHGs. The department would retain the service fee of 3 per cent while the balance would be passed on to NABARD. The project is being implemented in five districts of Tamil Nadu – Pudukottai, Tiruvannamalai, Tiruvarur, Thanjavur and Sivaganga. As on 31 March 2007, 530 SHGs have opened saving bank accounts, of which 46 have been credit linked by the participating post offices. NABARD has released RFA of Rs.11.04 lakh for providing credit to SHGs.

G. Social Security System for SHG Members

2.65 A pilot project was sanctioned in two villages covering 500 poor households from Betul district of Madhya Pradesh with a view to create a community based social security system for SHG members in rural areas. The scheme envisages provision of a package of

Box 2.7**Financing of Joint Liability Group of Farmers**

- A Joint Liability Group (JLG) is an informal group comprising preferably 4 to 10 individuals that come together for the purpose of availing bank loans either singly or through the group mechanism against mutual guarantee.
- JLGs can be formed by small and marginal farmers, tenant farmers and share croppers.
- The members should normally be residing in the same village/area and should know and trust each other.
- Banks may initially form JLGs by using their own staff or engage business facilitators like NGOs and other individual rural volunteers to assist them in promoting JLGs.
- The JLG is primarily intended to be a credit group; group savings may be an optional activity.
- The quantum of credit need not be linked to group savings.
- No collaterals may be insisted upon by banks against their loans to JLGs.

health/life insurance by paying premium generated through discounts offered by service providers like grocery shops, cloth merchants, etc., in the project area. The project is being implemented through an NGO namely Organization for Awareness of Integrated Social Security (OASIS) with a grant assistance of Rs.8 lakh.

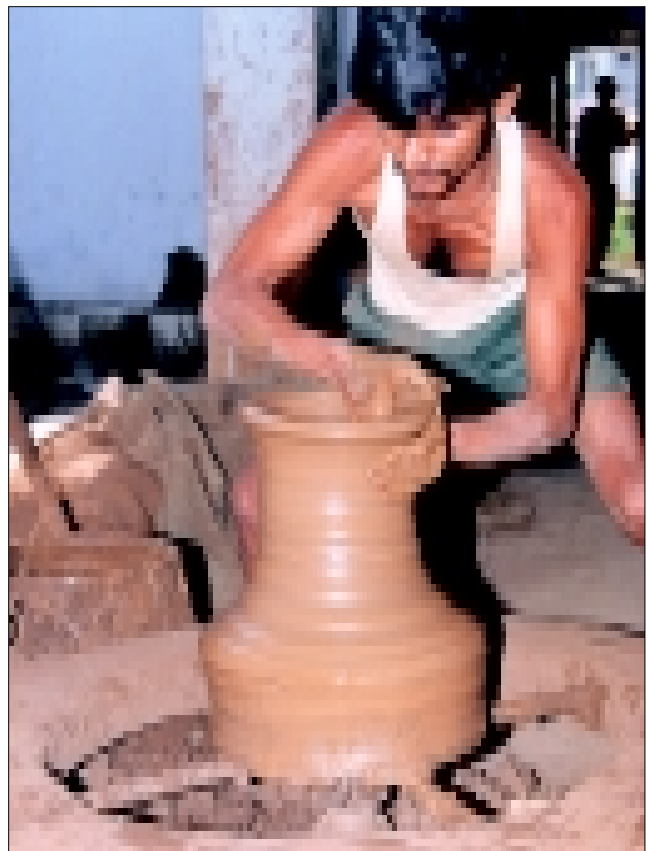
2.66 Consumption surveys have already been completed in the selected villages. Self-Employed Group (SEG) activities have been identified and allocated to various SEGs with their consent. OASIS is in the process of applying for licenses for SEGs to trade in seeds, fertilizers, etc. An insurance company has agreed in principle to provide Universal Health Insurance Policy and medicaid as part of the social security package.

H. Other Developments

2.67 The Micro-Finance Development and Equity Fund (MFDEF) maintained by NABARD is used for scaling-up of the SHG-Bank Linkage programme, Micro-Finance initiatives, RFA and capital support to MFIs. During the year, an amount of Rs.11.18 crore was utilised from the fund for MF related activities.

2.68 The Advisory Board of MFDEF consisting of representatives from RBI, commercial banks, professionals with domain knowledge and NABARD met thrice during the year. Based on the recommendations of the Advisory Board, a draft legal framework for MFIs was prepared and forwarded to GoI. The Micro Financial Sector (Development and Regulation) Bill 2007 was introduced in the Lok Sabha on 20 March 2007.

2.69 Under the NABARD-GTZ Rural Finance Programme, a national level study titled 'Process and Impact of group dynamics on sustainability of Self-Help Groups' has been awarded to National Council of Applied Economic Research (NCAER), Delhi. The main objective of the study is to assess the impact of participation in SHG on economic activities, household welfare and social empowerment of members. This study would also make a comparative assessment of the quality of the groups promoted by different SHPIs, including changes over time, if any, in group members' participation and behaviour.



The Potter's Wheel

Research and Development Activities

2.70 The Research and Development (R&D) Fund was set up in 1982-83 in the Bank to extend financial support to select agencies for conducting in-depth studies, promoting applied research and technology based innovations, training and skill upgradation of personnel of client institutions and dissemination of research findings. The corpus of the Fund is Rs.50 crore.

A. Utilisation of the Fund

2.71 During the year, an amount of Rs.889 lakh was utilised from the Fund for supporting activities like research projects/studies (Rs.22.97 lakh), training (Rs.744.97 lakh), conduct of seminars/preparation of occasional papers (Rs.27.33 lakh) and other purposes including TME cells (Rs.93.64 lakh). As on 31 March 2007, the disbursement under R&D Fund stood at Rs.92.43 crore.

B. Research Projects

2.72 During the year, four research projects / studies involving a total grant assistance of Rs.31.22 lakh were sanctioned from the R&D Fund, viz., (i) Opportunities and constraints of organic agriculture in North-Eastern Hilly Region of India: A socio-economic analysis, (ii) Pride and Prosperity—Organic food export and cluster based rural economy development initiatives, (iii) Prospects of advancing organic farming for cotton crops in Maharashtra and (iv) Employment diversification in an agriculturally developed region of India: A case study of Punjab. Two research projects/studies sanctioned earlier were completed during the year. The major findings and action points emanating from them are given below:

2.73 The Centre for Action Research and Development Studies, Vishakhapatnam, Andhra Pradesh in its study

on rural housing finance conducted in the Vishakhapatnam district reported that, of the 15 commercial banks operating in rural and semi-urban areas of the district, only four banks were involved in rural housing finance through 48 branches out of 118 branches operating in the area. The implementation of housing programmes by government agencies fell short of their targets. The reluctance of the financing agencies is also manifested in the coverage of loanees, mostly centred in the suburbs coming under the definition of 'Rural', neglecting cultivators and the rural poor. The study suggested that the Government, after proper verification, should issue house pattas to the poor and the landless for establishing clear title to the plot; banks may evolve a 'model housing plan' for financing the rural poor and give publicity to housing scheme, allocate a proportion of bank credit for rural housing and credit shortfall, if any, to RIDF which may be used to sanction loans to State Government for implementing rural housing schemes for the poor, and evolve safety nets for recovery of the loan in view of the poor resource base of the target group.

2.74 On-farm trial-cum-demonstrations on cultivation of hybrid rice conducted by the Tamil Nadu Rice Research Institute, Aduthurai, Thanjavur revealed that hybrid rice cultivation is profitable owing to better benefit-cost (BC) ratio realised in hybrids (2.36:1) vis-à-vis high yielding varieties (1.95:1). The BC ratio of hybrid seed production was also found to be higher (3.49:1) on farmers' fields as compared to demonstration plot on Research Station Farm due to low labour cost. Break even in hybrid rice seed production was achieved in almost all cases, which reflects its high economic viability. During the study period, 47 one-day training programmes on hybrid rice seed production and cultivation covering 1,295 participants (farmers, seed certification officers and seed growers) were organised. Eighteen farmers took up seed production in their fields

and produced 1,551 kg of hybrid seeds. Impact analysis revealed that 82 per cent of the trainees were in favour of growing hybrid rice. In the 68 front line demonstrations organised with ADTRH-1, the hybrid rice recorded an overall mean yield of 7,822 kg/ha., higher by 32 per cent over the existing varieties, while in the case of CORH-2, the mean yield from 50 frontline demonstrations was 7,979 kg/ha., higher by 43 per cent over the check varieties. The institute has standardised technologies and models for field adoption and dissemination.

C. Seminars, Conferences and Workshops

2.75 During the year, grant assistance of Rs.46.35 lakh was sanctioned to various universities, research institutes, NGOs and other agencies spread across the country for organising 94 seminars, conferences and workshops covering subjects/areas related to agriculture and rural development including farm business economics, agri-extension, agri-marketing, rural infrastructure, commodities' futures, micro-credit, etc. The grant support extended enabled the organisers of such programmes to document the proceedings and publish background papers, thus facilitating wider dissemination of the recommendations/action points as also to initiate suitable policy interventions by concerned agencies. Recognising the role of a strong extension network in agriculture development, a series of State Level Consultation Meets on Agricultural Extension in nine States were also supported with the objective of awareness creation and formulating state specific strategies.

D. Occasional Papers

2.76 NABARD continued to bring out occasional papers on relevant issues authored by independent experts and officials of the Bank to promote dissemination of research findings on policy issues in the realm of rural and agricultural development. During the year, a paper on 'Dynamics of Rice Economy in India – Emerging Scenario and Policy Options' and a technical paper, viz., 'An Overview of Groundwater Resource Estimation Methodologies in India' were brought out.

E. Training Activities

2.77 Apart from extending grant assistance for the above activities, an amount of Rs.19.77 lakh was utilised from the Fund during the year for training personnel of client institutions and State Governments through CAB, RBI, Pune; IIBM, Guwahati; NIRB, Bangalore and BIRD, Lucknow.

F. Utilisation of Research Findings and Future Prospects

2.78 Major recommendations and proceedings of conferences/seminars and findings of research studies/projects and occasional papers supported out of the Fund were internalised and also forwarded to state/central government, financing agencies, NGOs, etc., for wider dissemination and follow up action. Research institutes/universities, individual research scholars were also provided copies of the reports on request.

2.79 To provide a fillip to the research initiatives under the R&D Fund, the Bank during the year identified six priority areas, viz., Problems and Prospects in Agriculture, Understanding Tribal Economy, Credit and Finance related research, Research on Non-credit Co-operatives, Role of Bio-technology in Agricultural Development and Developing Rural Habitat. These topics were uploaded on the Bank's website thus serving the dual objectives of wider dissemination among the agricultural universities/research centres, etc., and ensuring targeted research in the Bank's areas of interest.



SRI paddy demonstration underway in Laxmipur

Training Personnel of RFIs

2.80 With a view to improving the effectiveness of RFIs, NABARD has set up three training establishments (TEs), viz., RTCs at Bolpur and Mangalore and BIRD, Lucknow for training their personnels. NABARD also supplements the efforts of other training institutions in imparting training to personnel of RFIs by providing technical and financial support. During the year, RTCs and BIRD conducted 353 training programmes covering 8,122 participants (Table 2.5). RTC, Mangalore has been awarded ISO certification during the year (Box 2.8).

A. Programme Diversification

2.81 Taking into consideration the shift in business strategies of their clients, future needs, findings of specific studies conducted and feedback received from the trainees/institutional clients, TEs constantly endeavour to update their programmes and design new ones. During the year, BIRD, RTC (B) and RTC (M) conducted 23, 6 and 7 new programmes, respectively.

2.82 The contents, objectives, coverage including titles of training programmes of BIRD are finalised at its Syllabus Committee conducted in workshop mode to facilitate consultation with the users of training. The training calendars of RTCs are finalised keeping in view the recommendations of Academic Advisory and Syllabus Committees comprising members from selected RFIs, other training institutions, etc. The innovations and strategies adopted by RTCs during the year include

Box 2.8

RTC, Mangalore – ISO Certification

RTC, Mangalore was awarded ISO (9001:2000) Certification by KEMA, Netherlands, one of the top rated accredited certifying agencies in providing such certification. The Centre is among the very few ISO Certified training institutions in the country. The ISO Symbol recognised throughout the world and is a testimony to the Centre's commitment to quality which can be used as doorway for future business success and development.

The Quality Management System in the Institute is expected to bring in the benefits related to (i) training process improvements, (ii) objective analysis of exit point trainee feedback and follow-up thereon, (iii) improvement in customer satisfaction, (iv) monitoring process performance at each level with reference to functional objectives and (v) closer monitoring of performance of outsourced services.

adoption of 'Total Training Solutions' and 'Value Chain Integration' approach to training, turn around strategies for weak banks and extending coverage of banks under relationship banking. The new programmes introduced during the year covered Recent Trends in Banking, Challenges in Branch Banking, Branch as Profit Centres, Customer Relationship and Client Development, Increasing Credit to SMEs, Computer based Project Appraisal, Computer Skills for co-operative banks and RRBs, Leadership Skills, Stress Management and Change Management for Directors/CEOs of co-operative banks.

Table 2.5: Training of RFI Personnel

Training Institute	(Number)					
	Programmes Conducted			Personnel of RFIs Trained		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
BIRD, Lucknow	250	240	207	6,392	5,553	4,969
RTC, Mangalore	100	81	86	2,667	2,080	1,946
RTC, Bolpur	100	67	60	2,754	1,515	1,207
Total	450	388	353	11,813	9,148	8,122

2.83 NABARD's efforts towards capacity building of personnel of RFIs through various programmes organised at TEs have had a positive impact on the performance of the participants. Not only has it helped in changing the perception, attitude, outlook and mindset of bank personnel, but it has also been manifested in terms of improved output due to enriched knowledge, better productivity and confidence in handling work areas.

2.84 NABARD continued to contribute towards subsidising the participation fees of personnel of client institutions. National Institute of Rural Banking (NIRB), Bangalore was provided Rs.4.56 lakh for training of 192 officials covered in 15 programmes during the year. Under the Scheme of Financial Assistance for Training of Co-operative Bank Personnel (SOFTCOB), the Bank provides technical and financial support to 10 Junior Level Training Centres (JLTCs), 11 Agricultural Co-operative Staff Training Institutes (ACSTIs) and 3 Integrated Training Institutes (ITIs) set up by SCARDBs and SCBs, respectively, to enable them to improve their training system. During the year, an amount of Rs.258.72 lakh was disbursed to JLTCs, ACSTIs and ITIs from the Co-operative Development Fund (CDF) for conducting 793 programmes covering 17,558 participants as against Rs.531.74 lakh disbursed during 2005-06 for conducting 963 programmes covering 22,391 participants.

2.85 To firm up the road map for capacity building of personnel engaged in the co-operative sector, as envisaged by the Task Force on Revival of STCCS (Vaidyanathan Committee), a Conference of the Principals/Directors of institutes catering to the training requirements of co-operative training institutes and officials from NABARD, RBI and NCCT and other national level training institutes was organised at CAB,

Pune in November 2006. The Conference deliberated upon the training needs of co-operative sector personnel in general and those of PACS in particular and suggested the strategy for coverage of large number of trainees.

2.86 Vaidyanathan Committee has reiterated the importance of capacity development of Secretaries and sensitisation of Board members of PACS so as to prepare co-operatives to take up the new challenges and become vibrant institutions. Keeping this in view, NABARD has since finalised the course modules for elected board members and Secretaries of PACS and has initiated steps for translating them into local languages.

2.87 To prepare a group of expert trainers for imparting training to the personnel of co-operatives, NABARD has decided to organise programmes for master trainers identified from various States. The first two 'Master Trainers' Programmes' are scheduled to be held at BIRD, Lucknow during April and May 2007.

B. Training Arrangements for NER

2.88 NABARD continued to focus on skill upgradation of RFIs in the NER through grant support to Indian Institute of Bank Management (IIBM), Guwahati and Manpower Development and Management Institute (MDMI), Shillong. The travel cost of participants from co-operative banks in the NER is also being subsidised by NABARD to enable them to attend training programmes of National Institute of Rural Banking (NIRB), Bangalore. During 2006-07, NABARD provided a grant of Rs.14.28 lakh towards budgetary deficit of IIBM, besides reimbursing participation fee of Rs.5.82 lakh. Further, as recommended by the 'Committee on Financial Sector Plan for NER', NABARD through RTC (Bolpur) and BIRD, Lucknow is collaborating with CAB, Pune and IIBM, Guwahati in preparation of a comprehensive training plan for the States in NER.