NABARD Infrastructure Development Assistance (NIDA)

Since its inception, NABARD has demonstrated a deep, unwavering commitment to rural development. Within rural development, building infrastructure is the most important element.

Traditionally, NABARD has been funding various rural infrastructure initiatives through Rural Infrastructure Development Fund (RIDF), working closely with State Governments. However, this channel of funding was facing some technical issues, thereby limiting the contribution of NABARD towards rural infrastructure development.

To address this issue, NABARD launched a new line of credit, named NABARD Infrastructure Development Assistance (NIDA.)

What is NIDA?

NIDA is a new line of credit support for funding rural infrastructure projects. NIDA is available for state governments and other state-owned organizations, such as corporations.

For state governments, NIDA provides assistance for rural infrastructure development, outside of RIDF borrowing. And for other state-owned organizations, NIDA offers direct financing based upon risk appraisal of every specific project.

Key Features of NIDA

A key feature of NIDA is it offers customized terms based on the requirements of the borrower, nature of the project, and risk profile of the borrower. The assistance provided under NIDA is available on flexible interest terms.

Type of Loan:

Term loan

Tenure:

Up to 15 years (with a repayment holiday of 2-4 years)

Interest Rate:

Variable (based on the project and the risk profile of the borrower). Interest rates will be linked to market borrowings of NABARD. Presently, NIDA products offer fixed interest rate over the entire tenure of the loan.

Moratorium:

Moratorium of up to 2-4 years can be considered, based on the type of project and risk profile of the borrower.
Security:
Borrowers will have to provide appropriate security, based on their risk profile and nature of the project. Guarantee of state government is not mandatory, but can be requested.

Repayment:
The schedule of repayment can be designed, based on the requirements and risk profile of the borrower and the nature of project.

Additional Products:
NIDA credit offering can be refined further and additional products (such as annuity-based products, mezzanine capital, PPP, etc.) can be structured based on market demand and requirements of the borrower.

Other Objectives of NIDA
NIDA also aims to leverage existing development schemes and technical expertise of NABARD by offering credit+ support to rural infrastructure projects. The aim is to offer credit+ support for a fee to ensure sustainability of the venture for NABARD. Following are the areas that have been identified where potential credit+ support can be offered with NIDA projects:

• Project Evaluation and Monitoring
• Technical Advisory Support
• Linkage with Existing Development Schemes

Procedure for Availing funding under NIDA
As a starting point, the borrower has to submit a Detailed Project Report (DPR). The DPR should cover the technical details of the project as well as a detailed business plan to indicate the financial viability of the project and the borrower.

NIDA - Requirements for DPR
Where to submit the Proposal?
The proposal should be submitted to the Chief General Manager of respective Regional Office of the State.