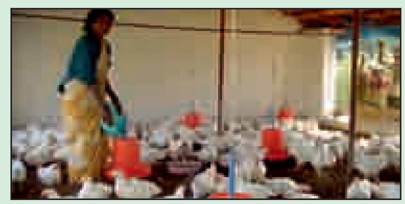
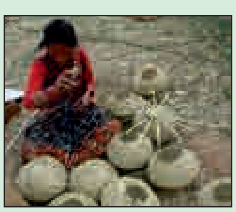
ANNUAL REPORT 2013-14





NABARD

Letter of Transmittal

NABARD

Plot: C-24/'G', Bandra-Kurla Complex
Post Box: 8121, Bandra (East)
Mumbai - 400 051

CHAIRMAN

Ref.No.NB.Secy./426/AR-1/2014-15

16 June 2014

The Secretary
Government of India
Ministry of Finance
Department of Financial Services
New Delhi-110 001

The Governor
Reserve Bank of India
Central Office
Mumbai-400 001

Dear Sir

In pursuance of Section 48(5) of the National Bank for Agriculture and Rural Development Act, 1981, I transmit herewith the following documents :

i. A copy of the audited Annual Accounts for the year ended 31^{st} March 2014 alongwith a copy of the Auditors' Report and

ii. Two copies of the Annual Report of the Board of Directors on the working of National Bank during the year ended 31^{st} March 2014.

Yours faithfully

Harsh Kumar Bhanwala

Board of Directors

Dr. H. K. Bhanwala
Chairman

Directors appointed under Section 6(1)(b) of the NABARD Act, 1981

Shri J. K. Batish

Prof. Trilochan Sastry

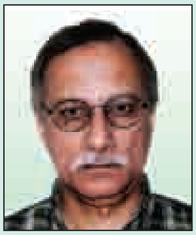
Prof. M. L. Sharma

Directors appointed under Section 6(1)(c) of the NABARD Act, 1981

Shri H. R. Khan

Prof. Dipankar Gupta

Directors appointed under Section 6(1)(d) of the NABARD Act, 1981

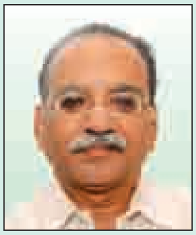


Shri Ashish Bahuguna

Shri L. C. Goyal

Shri Arvind Kumar

Directors appointed under Section 6(1)(e) of the NABARD Act, 1981



Dr. Sudhir Kumar Goel

Shri Deepak Sanan

Shri Bharat Lal Meena

Shri P. Kharkongor

From the Chairman.....

As the country's largest development financial Institution, NABARD has held its head high and treaded a challenging yet intellectually stimulating, enriching, innovative and a people-focused journey. From being a pioneer in the field of micro finance to being the only institution in India to have been accredited as the National Implementing Entity by the Adaptation Fund Board of the United Nations Framework Convention on Climate Change (UNFCCC) for taking up climate change initiatives in the country, NABARD has always strived to align and dedicate itself to the aspirations and endeavors of the nation and its people, especially its rural masses.

In the thirty-one glorious yet humble years of its voyage, NABARD has expanded its wings to cover crucial activities in the field of agriculture and rural sector and has successfully anchored its varied roles as a development agency, an institution supporting infrastructure and financial development including microfinance and a planning and policy making body.

Its promotional initiatives have helped in improving the productivity of the farmer's land as also the entrepreneur's earnings. Having a formidable presence in finance, development planning and supervision spaces in the rural sector, it has facilitated partner agencies to cater to the ever increasing and dynamic financial needs of the rural clientele.

The numbers too, speak in support of our endeavors! As on 31 March 2014, the organisation's balance sheet stands at ₹2,54,574 crore, an increase of 19.45 percent over the last year. Our lending operations touched ₹1,27,000 crore during the year, of which, ₹21,482 crore has been disbursed to the banking sector to enable them in improving capital formation in agriculture. A growth of 6.5% in the disbursements for financing rural Infrastructure during the year has enabled improvement in assured irrigation as also better connectivity in the villages

The allocation made by GoI under the Warehousing Infrastructure Fund intended to create better warehousing facilities have been successfully taken forward. Continuing its tradition of promoting best practices in farm sector, NABARD invested over ₹300 crore to diverse development projects including watersheds, wadis and promotion of System of Rice Intensification (SRI). Through its Farmers' club programme, a direct connect with nearly 1.5 million active farmers has been established.

Perhaps one of the biggest institutional development achievements of NABARD has been facilitating as many as 200 co-operative banks to go live using the Core Banking Solution. As a step further, we are striving to ensure RRBs and CCBs issue smart RuPay Cards.

Nevertheless, there are milestones still to be achieved. In the year ahead, while continuing the existing range of financial services, NABARD would be endeavouring to take up a wide range of innovative developmental interventions to enhance the production and productivity in agriculture and allied sectors. Providing more value added service to farmers as also strengthening and empowering grassroots level agencies and institutions to cater to the rural masses is a major thrust area.

These achievements would not have been possible but for the synergism between NABARD and its various partners. This notwithstanding, our workforce has always risen to the occasion and skillfully shouldered the ever increasing and challenging responsibilities. It gives me immense confidence to say that true to the vision envisaged at the time of its formation, NABARD will continue to strive to give undivided attention, forceful direction and pointed focus to rural development in the country.

(Harsh Kumar Bhanwala)

Contents

Boxes

Charts

NABARD AT A GLANCE

(₹ crore)

Sources of Fund	2014	2013	Net Accretion	Uses of Funds	2014	2013	Net Utilisation
Capital	4,700	4,000	700	Cash and Bank Balances	13,411	8,466	4,945
Reserves & Surplus	17,156	15,234	1,922	Collateralised Borrowing and Lending Obligation	211	532	(-)321
NRC (LTO) Fund	14,483	14,481	2	**Investments in**			
				a) GOI Securities	3,007	2,414	593
NRC (Stabilisation) Fund	1,583	1,581	2	b) ADFC Equity	105	94	11
				c) AFC Equity	1	1	0
Deposits	333	302	31	d) SIDBI Equity	48	48	0
				e) AICI Ltd.	60	60	0
Bonds and Debentures	36,215	47,666	(-)11,451	f) NCDEX Ltd, UCX & MCX Ltd.	34	34	0
				g) Nabcons	5	5	0
Borrowings from GoI	40	43	(-)3	h) Biotech Venture Fund	60	40	20
				i) Treasury Bills	2,754	0	2,754
Borrowings JNN Solar Mission	36	36	0	j) Commercial Paper	464	48	416
				k) Non Convertible Bonds	235	385	(-)150
Foreign Currency Loan	715	463	252	l) Equity Shares of Other Institution	51	1	50
				m) Debentures in Nature of Advance	8,239	10,249	(-)2,010
Commercial Paper	0	1,936	(-)1,936	n) Certificate of Deposits	7,345	2,334	5,011
				o) Mutual funds	901	0	901
CBLO	0	493	(-)493				
Term Money Borrowings	228	138	90	**Loans and Advances**			
				a) Production & Marketing Credit	79,806	65,176	14,630
RIDF Deposits	83,863	78,758	5,105	b) Conversion of Production Credit into MT Loans	0	64	(-)64
				c) MT & LT Project Loans	46,685	38,255	8,430
STCRC Fund	50,000	25,000	25,000	d) Loans under Warehouse Infrastructure Fund	415	0	415
				e) LT Non Project Loans	83	109	(-)26
ST RRB Credit Refinance Fund	30,000	10,000	20,000	f) Other Loans	6,927	6,270	657
				g) RIDF Loans	78,957	75,061	3,896
Warehouse Infrastructure Fund	1,250	0	1,250	h) Co-finance (Net of Provision)	23	37	(-)14
				Fixed Assets	325	315	10
Other Liabilities	9,073	7,781	1,292	Other Assets	4,422	3,172	1,250
Other Funds	4,899	5,258	(-)359				
Total	**2,54,574**	**2,13,170**	**41,404**	**Total**	**2,54,574**	**2,13,170**	**41,404**

KEY DATA REFERENCES

Particulars	Unit	Numerical Value		Amount (₹crore)	
		2012-13	2013-14	2012-13	2013-14
A. Economic Indicators					
i. Overall GDP	% Growth	4.5[1RE]	4.7[AE]		
ii. Agri. GDP	% Growth	1.4[1RE]	4.7[AE]		
iii. Share of agri. GDP in overall GDP	%	13.7[1RE]	13.9[AE]		
iv. GLC for agri.	₹ in crore			6,07,375*	7,23,225*
v. Foodgrains production	million tonnes	257.1[FE]	264.4[3rdAE]		
vi. Oilseeds production	million tonnes	30.9[FE]	32.4[3rdAE]		
vii. Sugarcane production	million tonnes	341.2[FE]	348.3[3rdAE]		
B. Development Initiatives					
i. Watersheds	number	29	40		
ii. FIPF projects	number	21	15		
iii. Tribal development projects	number	69	68	224	242
iv. FTTF projects	number	212	242	40	35
v. Farmers Clubs	number	24,802	16,279		
vi. Externally aided on-going projects	number			132	93
vii. RIF promotional programmes	number	90	60	15.27	8.59
viii. REDP and SDP	number	334	753	5	4
ix. R & D Fund				17.03	15.59
C. Consultancy assignments contracted	number	125	158	34.48	46.84
D. Financial support by NABARD				1,03,923	1,27,011
i. Refinance – ST credit					
a. ST (SAO) StCB	number	23	23	44,527.52	53,989.15
b. ST (SAO) RRB	number	77	61	20,343.09	25,876.31
c. Weavers StCBs	number	3	3	264.68	251.12
d. ST (OSAO) - StCB	number	3	3	158.00	193.00
e. ST (OSAO) – RRB	number	2	2	995.50	755.00
ii. Refinance – Investment credit				17,674.29	21,486.17
a. Agr. and allied activities				8,606.77	9,441.05
b. NFS				5,150.88	8,231.98
c. SHG				3,916.64	3,813.14
iii. RIDF loans - Sanction	number of projects	46,695	28,732	20,588.39	22,746.67
v. RIDF loans – Disbursement				16,292.26	17,354.07
E. Performance of RFIs					
a. StCB in profit @	number	29	29	759.90	1,117.55
b. CCB in profit @	number	328	327	1,511.45	2,320.00
c. SCARDBs in profit@	number	9	10	116.24	175.05
d. PARDBs in profit@	number	367	373	165.96	239.60
e. StCB NPA @	% to loans o/s	6.98	6.16	5,418.57	5,664.77
f. CCB NPA @	% to loans o/s	10.25	9.83	16,115.00	18,052.00
g. SCARDBs – NPA @	% to loans o/s	33.20	35.97	6,436.46	6,754.41
h. PARDBs - NPA@	% to loans o/s	36.71	37.09	4,625.93	4,619.69
i. RRB in profit	number	63	57	2,275.00	2,833.00
j. RRB NPA	% to loans o/s	6.08			
F. Inspection of banks@@					
StCB	number	31	32		
CCB	number	215	208		
RRB	number	37	42		

AE: Advanced Estimates, 3rdAE: Third Advanced Estimates, FE : Final Estimates, 1RE: First Revised Estimates.
*: Provisional for 2012-13 and 2013-14. @: Data pertains to financial years 2011-12 and 2012-13 . Data for 2012-13 is provisional.
@@: Statutory Inspection of Banks

PRINCIPAL OFFICERS

(31 March 2014)

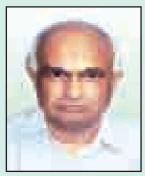
EXECUTIVE DIRECTOR

V. Ramakrishna Rao

CHIEF GENERAL MANAGERS

P. Satish

K C Shashidhar



Dr. Venkatesh Tagat

M. V. Ashok

K . K. Gupta
(Uttar Pradesh)

Niraj Kumar Gupta

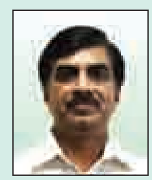
A. D. Ratnoo

R. Amalorpavanathan
(Kerala)

Dr. Rajender Singh
(Rajasthan)

S. N. A. Jinnah

K. Jindal



K. Sayeed Ali

H. R. Dave

M. K. Mudgal
(Gujarat)

Smt. L. Venkatesan
(Tamil Nadu)

Dr. S. Saravanavel
(Maharashtra)

K. R. Nair

Naresh Gupta
(Punjab)

S. K. Bansal

Dr. R. N. Kulkarni
(Madhya Pradesh)

A. P. Sandilya
(Assam)

D. V. Deshpande
(Haryana)

S. Selvaraj
(Uttarakhand)

K. Venkateswara Rao
(Tamil Nadu)

M. I. Ganagi

R. M. Kummur

G. R. Chintala
(Karnataka)

Subrata Gupta

Jiji Mammen
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S. Padmanabhan


V. Maruti Ram


A. K. Sahoo
(Chhattisgarh)


A. K. Panda


P. V. S. Surya Kumar


B. S. Suran


Dilbir Singh

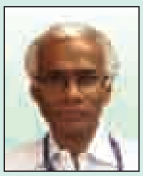

S. R. Desai


S. K. Kale
(Odisha)


Ashok Kumar Das


Smt. Padma Raghunathan


B. G. Mukhopadhyay
(Jammu & Kashmir)


K. C. Panda
(Jharkhand)


Ramesh Tenkil
(BIRD, Lucknow)


R. K. Das
(Bihar)


K. R. Rao


Smt. T. S. Raji Gain
(West Bengal)


K. P. Chand
(Himachal Pradesh)


Shankar A. Pandey


Harish Java

OFFICERS-IN-CHARGE OF REGIONAL OFFICES/ CELL TRAINING INSTITUTIONS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(BIRD, Bolpur)


P. C. Chaudhri
(New Delhi)


R. Venkataswamy
(BIRD, Mangalore)


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(Meghalaya)


R. P. Bhargava
(Sikkim)


V. Chelladurai
(Nagaland)


G. Tarai
(Andaman &
Nicobar Islands)


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(Manipur)


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F. R. Marak
(Mizoram)


D. K. Kapila
(Srinagar Cell)

The Year that was ....

In hindsight, India's economic growth during 2013-14 remained subdued at 4.7 per cent, marking it the second consecutive year with below 5 per cent growth. Though agriculture performed much better during the year, less than expected performance in other sectors led to an overall slowdown of the economy. The important developments, issues and challenges in the agriculture sector have a significant bearing on NABARD which is a financial institution with a focus on rural sector.

Indian economy entered into the financial year 2013-14 on a sluggish note. The downturn which started since second quarter of 2011-12 continued during 2013-14. The downturn was attributed mainly to domestic factors even though global factors also contributed to this. The three main issues *i.e.*, current account deficit, persistent inflation and fall in growth rate that had engaged the attention of the policy makers in 2013, continued to pose challenges. As per Provisional Estimates of Annual National Income,

2013-14 released in May 2014 by Central Statistics Office (CSO), Government of India, Gross Domestic Product (GDP) at constant (2004-05) prices grew at the rate of 4.7 per cent during first quarter of the year 2013-14, picked up to 5.2 per cent in the second quarter, but recorded 4.6 per cent growth during third and fourth quarters. The growth of GDP for the year 2013-14 was pegged at 4.7 per cent (Table 1.1). In quantum terms, GDP at factor cost at constant (2004-05) prices in the year 2013-14 was estimated at ₹57.42 lakh crore.

The sectoral break up reveals that agriculture sector was the major driver of growth, registering 4.7 per cent growth during 2013-14. The performance of agriculture was much better than the 1.4 per cent growth rate achieved during the previous year 2012-13. The prospects of industrial sector, however, remained a matter of concern. The sector including manufacturing, mining & quarrying, electricity, gas & water supply, construction, etc. exhibited a growth of 0.7 per cent during 2013-14, as against 0.9 per cent achieved during 2012-13. Intra sectoral analysis of industrial sector shows that manufacturing sector recorded a negative growth (-0.7 per cent) mainly due to slowdown in consumer durables and capital goods. This is a matter of concern as the manufacturing is the most important sub sector accounting for more than 50 per cent of the GDP in the industrial sector. The service sector registered a growth of 7.0 per cent during 2013-14, which was marginally higher than the growth rate achieved during 2012-13 (Table 1.2)

Widening gap in Current Account Deficit (CAD) received due attention from the policy makers and controlling it became a prime concern. With acceleration in growth of exports and decline in imports, trade deficit narrowed down. Reduction in trade deficit complemented by a rise in net invisibles receipts, resulted in significant reduction in CAD during first half of 2013-14 and CAD for the year is estimated to be contained at 1.7 per cent of GDP during 2013-14 as against 4.8 per cent in 2012-13. The year witnessed volatility in exchange rate with rupee sliding down from ₹54 a dollar in April 2013 to ₹69 a dollar in August 2013. The exchange rate (average) for the year was ₹60 a dollar.

Inflation

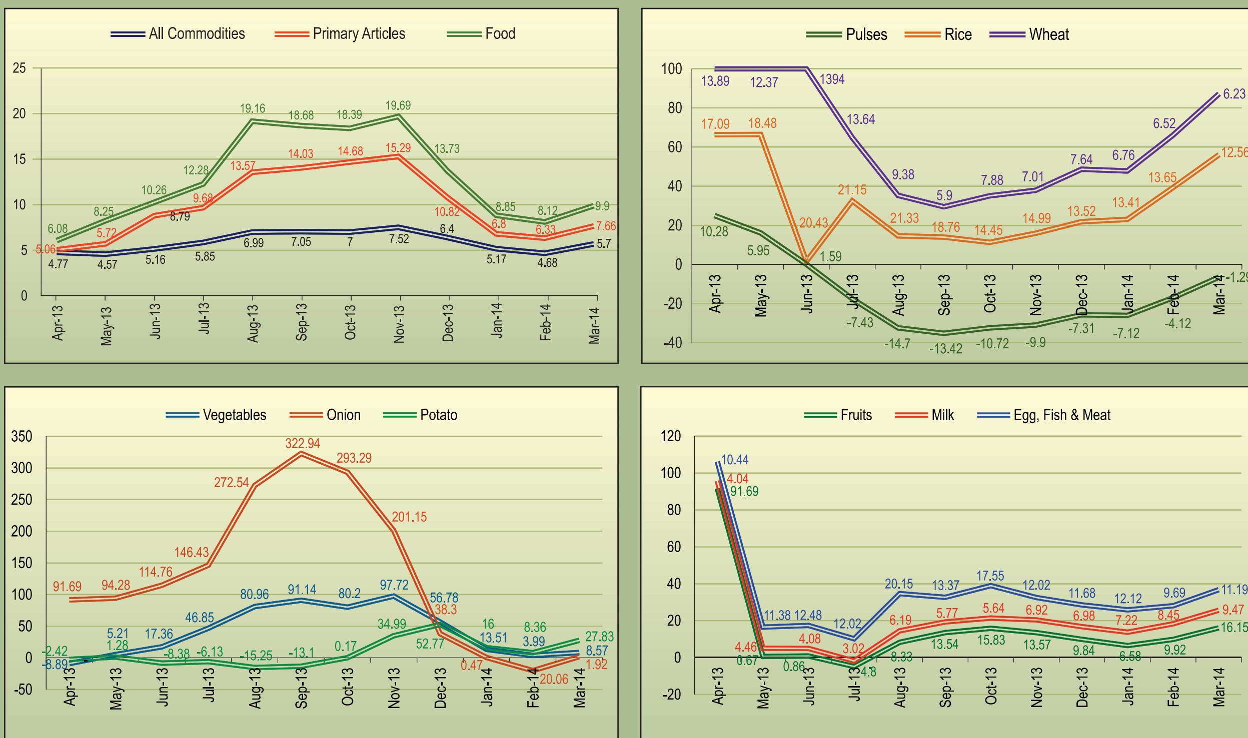
Inflation continued to be persistent and worrisome throughout the year. Though inflation had averaged around 5.4 per cent during 2000-01 to 2009-10, since 2010-11 it has worsened and WPI inflation has crossed 7 per cent on an average. Drivers of inflation were different in each year though there were some commonalities across the years. During 2010-11, food price was the initial driver followed by prices of non food primary products. During 2011-12, food prices, revision of administrative prices and high commodity prices were the major drivers of inflation. During 2012-13, increase in rural wage rate, change in diet habits from cereal to protein foods, rising commodity prices and depreciation of the rupee contributed to inflationary pressure.

The year 2013-14 started with WPI inflation of 4.77 per cent in April 2013, which was finally placed at 5.7 per cent in March 2014, with several upswings and downswings during the year.

Among the three broad groups, primary articles showed an increasing trend upto November 2013, after which it declined and was placed at 7.66 per cent for March 2014. Overall food inflation comprising primary food articles and manufactured food products was more volatile starting at 6.08 per cent in April 2013 and ending at 9.9 per cent in March 2014. The food inflation touched a peak of 19.69 per cent in November 2013. Vegetables have, in fact, been the biggest drivers of inflation, touching 97.72 per cent in the month of November 2013. Among the vegetables, onion was most volatile rising by more than 300 per cent in September 2013. Prices of potato was no less responsible for the rising food inflation, with the rate of inflation reaching a peak of 52.77 per cent in December 2013.

Chart 1.1

Rate of Inflation (WPI) during 2013-14



Cereals, particularly rice and wheat also contributed to the inflationary pressure. Fruits, milk, egg, fish and meat were the other drivers of inflation during the year (Chart 1.1). Though Consumer Price Index (CPI) inflation declined to 8.3 per cent in March 2014 from a peak of 11.6 per cent in November 2013, the pressure of inflation was felt across the economy. The moderation of vegetable prices with seasonal arrival eased the situation towards latter part of the year.

Dr. Subir Gokarn, the former Deputy Governor of RBI, has rightly pointed out that inflation has become intractable. In his opinion “food inflation has been unprecedently persistent clocking a 10 per cent year on year rate for almost six years. It is a kind of relay race in which the contribution has shifted from one set of food products to another. For most part of five years proteins and vegetables were primary contributors but over the past year apart from massive surge in prices of vegetables particularly onions, cereals, mainly rice have become important”.

The trade-off between inflation and growth was put to question as the economy witnessed high inflation co-existing with sluggish growth, raising fears about stagflation. Against this backdrop, RBI constituted an Expert Committee under the Chairmanship of Deputy Governor, Dr. Urjit Patel in September 2013 to assess what needs to be done to revise and strengthen current monetary policy framework with a view to, inter alia, making it more transparent and predictable. In this Report, the Committee recommended headline CPI inflation to replace WPI as the nominal anchor of policy since CPI closely reflects the cost of living and influences inflation expectations. The Committee outlined the roadmap for inflation targeting which included cutting down inflation from 10 per cent to 8 per cent in one year and 6 per cent in two years. The ultimate target would be to bring down inflation to 4 per cent with a band of 200 basis points (2 per cent) by 2016. Since fiscal consolidation is also equally important for achieving the inflation target, the Committee suggested a firm commitment from the Government to cut fiscal deficit to 3 per cent by FY 2017 from 4.9 per cent at the end of 2012-13.

Agriculture sector

Agriculture sector bounced back in 2013 and was the silver lining in the clouded economic horizon. The pace was set by a good south-west monsoon. As per the End of the Season Report of Indian Meteorological Department (IMD), 2013 for the country as a whole, the rainfall for the season (June-September) was 106 per cent of its long period average (average on 1951-2000). Out of 36 meteorological sub-divisions, 14 sub-divisions (48 per cent of the total area of the country) received excess rainfall, 16 sub-divisions (38 per cent of the total area of the country) received normal rainfall and remaining 6 sub-divisions (14 per cent of the total area of the country) received deficient rainfall (Table 1.3). Out of 641 districts, 100 districts were affected by moderate meteorological drought (26 to 50 per cent deficiency) while 39 were affected by severe meteorological drought (51 to 99 per cent deficiency). The North West monsoon (October – December 2013) was also 18 per cent above long period average, paving way for better Rabi sowing. As per the estimates of IMD and Ministry of Agriculture (MoA), GoI, Rabi sowing in 2013 is expected to be 5.5 per cent higher than that of the previous year and almost 7.4 per cent higher than the normal.

Favourable monsoon augurs well for the agricultural production. As per 3rd Advanced Estimates of MoA, foodgrains production is expected to touch 264.38 million tonnes during 2013-14 (Table 1.4). Farm growth is likely to largely come from the oilseeds, pulses, cotton and coarse cereals belt of central and western parts of India which are less irrigated and hence more dependent on rains. As per the 2nd Estimates of MoA, production of horticultural crops *i.e.*, fruits and vegetables is expected to touch a record level of 280 million tonnes for the year, and for the first time it is expected to outpace the foodgrains production. Though the unseasonal rains in some parts of the country had cast a shadow on the agricultural production, the well distributed precipitation of the monsoon kept the mood upbeat.

The prospect of a bumper agricultural production in 2013-14 has raised hopes that rural consumption will be strong at a time when urban consumption seems to be sluggish. The hope is not misplaced as a close look at the data since 2004-05 shows that there have indeed been important changes in the structure of rural demand. Perhaps for the first time ever, the average rural household spent more on items other than food in 2011-12 i.e. 51 per cent on non food items as compared to 49 per cent on food items (NSSO 68th Round Survey, 2012). Rural spending on clothes, footwear, consumer services (such as telephone and repairing charges) and conveyance, termed as 'discretionary spending' have seen a sharp jump over the same period. The actual share of these items in rural household budgets is still small, but the sheer size of the Indian rural population means that even small increases in the shares of some discretionary items can translate into large opportunities for consumer companies.

One factor associated with the change in the structure of rural demand is the increase in rural wage rate. Wages of casual workers in rural India increased at the fastest pace in seven years (2004-05 to 2011-12) across all categories of labour. A sharp rise in rural wages drove up discretionary spending in the rural areas. As per NSSO, average rural casual wage rate increased by almost threefold during 2004-05 to 2011-12. On the whole, three factors *i.e.,* rising construction activity, higher price support for farm products that trickled down to farm labourers and Mahatma Gandhi National

Rural Employment Guarantee Act (MGNREGA) seem to be pushing the rural casual wage rate upwards.

Another subtle structural change that is happening in rural India is the shift in the pattern of rural employment in the form of rise in non-farm jobs, primarily in building and construction. As per NSSO Reports non-farm jobs were growing at the rate of 7.5 per cent per annum during 2004-05 and 2011-12. Out of 60 million added to the workforce between 1999-2000 and 2004-05, almost 20 million workers entered into agriculture. In contrast, between 2005-06 and 2009-10, 23 million workers left agriculture and joined the construction sector. Between 2009-10 and 2011-12, the construction sector provided 6.2 million new jobs.

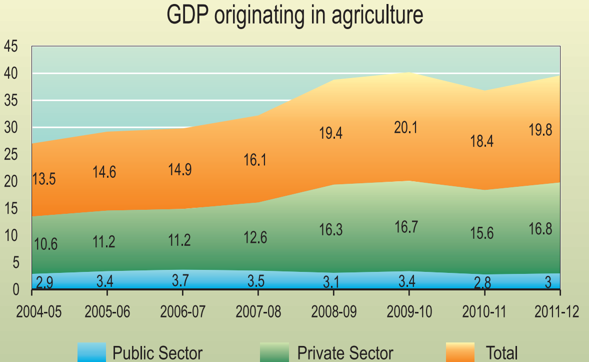
Capital formation in agriculture

Increasing investments in agriculture has been a major policy priority. The available data on gross capital formation in agriculture indicates a mixed trend. Gross Capital Formation (GCF) in agriculture & allied sectors as a percentage of agricultural GDP has increased from 14.9 per cent in 2006-07 to 19.8 per cent in 2011-12 (Table 1.5 and Chart 1.2).

However, when compared with the overall capital formation in the economy (about 40 per cent of the GDP), capital formation in agriculture sector is much lower. Further, the share of public sector capital formation in agriculture and allied sectors has come down from 25 per cent in 2006-07 to about 15 per cent in 2011-12. Correspondingly, the share of private sector has gone up from 75 per cent to 85 per cent. Another indicator shows that during the first four years of the 11th Five Year Plan, capital formation in public sector in agriculture as per cent of agricultural GDP has come down from 3.5 per cent in 2007-08 to 3.0 per cent in 2011-12. Public sector investment in irrigation, rural roads, power, telecommunication, marketing infrastructure, research and extension services results in high growth of the agricultural sector and reduction in poverty. Given scarce fiscal resources, agriculture investment strategy should be guided by efficient and equitable resource use with high pay offs.

Chart 1.2

GCF in agriculture as a percentage of GDP originating in agriculture



There is also a need to boost the supply response in agriculture and save on large wastages in the supply chains. Large investments in supply chains, research and development, logistics (warehousing and movement), processing and organised retailing are required to achieve this. Private sector investments can be leveraged through open and more investor friendly policies on one hand, and farmer producer organizations on the other, with the two reinforcing each other for a take-off in agriculture.

National Food Security Act, 2013

One major development which has ramifications for the economy in general and agriculture sector in particular is the passage of National Food Security Act, (NFSA) 2013. The Act, notified on 10th September 2013 aims to 'provide food and nutritional security by ensuring access to adequate quantity of quality food at affordable prices to the people to live a life with dignity'. It confers right to receive foodgrains at subsidised prices by persons belonging to eligible households under targeted Public Distribution System (PDS). Eligible households will avail 5 kg of foodgrains per person per month at ₹1-3 per kg (rice at ₹3 per kg, wheat at ₹2 per kg and coarse cereals at ₹1 per kg) for a period of 3 years from the commencement of the Act. The Act includes several provisions such as nutritional support to pregnant women, lactating mothers and children, right to food security allowance in certain cases, reforms in PDS, constitution of State Food Commission to evaluate implementation, etc.

The NFSA, 2013 has led to lot of discussions in various quarters. A few opinion makers are of the view that NFSA should be seen as a boon for agriculture as additional demand for foodgrains would make investment in agriculture more forthcoming. To overcome inefficiencies in the distribution system, substantial investment may be required to be taken up in infrastructure like warehousing, storage facility, roads and railways connectivity. This would create substantial opportunity for the private sector also. On the flip side, there are strong arguments that huge subsidy burden would further aggravate the fiscal deficit, inflationary pressure arising out of increased procurement of foodgrains and consequent shortage in the open market, issues related to PDS mainly on account of logistics involved in procurement, storage, onward transmission for distribution, etc.

National Crop Insurance Programme

Agricultural insurance is another area which continued to engage attention of the policy makers. During 2013-14, a Central Sector Scheme of National Crop Insurance Programme (NCIP)/Rashtriya Fasal Bima Karyakram (RFBK) was formulated by merging Modified National Agriculture Insurance Scheme (MNAIS), Weather Based Crop Insurance Scheme (WBCIS) and Coconut Palm Insurance Scheme (CPIS). As per the scheme, MNAIS and WBCIS will be extended to all districts from Rabi 2013-14 and National agriculture Insurance Scheme (NAIS) will be rolled back simultaneously with compulsory coverage of loanee farmers. The risk cover will be available for standing crops (sowing to harvesting), prevented sowing/planting risk and post-harvest losses. Coverage would include food crops, oilseeds and annual commercial and horticultural crops. The insurance premium payable by the farmers shall be financed by the loan disbursing office of the bank and treated as a component of scale of finance for the purpose of obtaining loan. The scheme will be implemented by Agricultural Insurance Company of India Limited (AICI) and private insurance companies. Agriculture insurance is still in the process of evolution in India and there are certain inherent constraints/limitations which prevent rapid growth of agri insurance. Some of the pressing issues such as coverage of farmers (especially, marginal and small farmers), compulsory versus voluntary coverage, possibility of moral hazard, determination of premium rates, continuation of subsidy or moving to actuarial regime, involvement of specialised underwriters/reinsurers, participation by private sector, co-ordination among stakeholders, etc. are needed to be resolved so as to make insurance an effective tool for risk mitigation in agriculture.

Agricultural marketing

Production, processing and marketing are the three pillars of the agricultural economy. An efficient agricultural marketing system is essential for the development of the agriculture sector as it provides outlets and incentives for increased production and contributes to the commercialization of subsistence agriculture. Agricultural markets in most parts of the country are established and regulated under the State Agricultural Produce Market Committee (APMC) Acts. Except for the States of Jammu & Kashmir, Kerala, Manipur and small Union Territories (UT) like Dadra & Nagar Haveli, Andaman & Nicobar Islands, Lakshadweep, etc. all other States and UTs have enacted State Marketing Legislations. There are around 7,000 regulated markets and 22,000 rural primary markets in the country. Agricultural marketing faces a number of challenges, prominent of which are limited access, licensing barriers, lack of marketing infrastructure, high incidence of market charges, high wastage in supply chain, lack of national integrated market, large number of marketing channels with long supply chain, etc.

Box : 1

Integrated Scheme for Agricultural Marketing

The persistent rise in prices of agricultural commodities, especially vegetables and fruits, in the recent period calls for urgent measures to address the supply side bottlenecks. The agricultural marketing sector requires strengthening of supply chain through investment in infrastructure for value addition to agricultural produce and reduction of post-harvest losses. With this objective in view, GoI in November 2013 approved the proposal of Department of Agriculture & Co-operation for continuation and integration of Central Sector Schemes as Integrated Scheme for Agricultural Marketing (ISAM) during the XII Five Year Plan (2012-17). The ISAM will have the five sub schemes viz. (i) Agri Marketing Infrastructure (AMI) by merging Gramin Bhandaran Yojana (GBY) and Development and strengthening of Agricultural Marketing Infrastructure, Grading and Standardisation (AMIGS); (ii) Marketing Research and Information Network (MRIN); (iii) Strengthening of Agmark Grading Facilities (SAGF); (iv) Agri Business Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facility (PDF); (v) Chaudhury Charan Singh National Institute of Agriculture Marketing (NIAM).

The major objectives of the ISAM :

- To promote creation of agricultural marketing infrastructure by providing back end subsidy support to State, Co-operative and private sector investments,
- To promote creation of scientific storage capacity and promote pledge financing to increase farmers' income;
- To promote Integrated Value Chains (confined to the stage of primary processing only) to provide vertical integration of farmers with primary processors;
- To use ICT as a vehicle of extension to sensitise and orient farmers to respond to new challenges in agricultural marketing;
- To establish a nation-wide information system for speedy collection and dissemination of market information and data on arrivals and prices for its efficient and timely utilisation by farmers and other stakeholders;
- To support framing of grade standards and quantify certification of agricultural commodities to help farmers get better and remunerative prices for their graded produce;
- To catalyse private investment in setting up of agribusiness projects and thereby provide assured market to producers and strengthen backward linkages of agribusiness projects with producers and their groups;
- To undertake and promote training, research, education, extension and consultancy in agri marketing sector;

The budgetary allocation for ISAM is ₹4,548 crore during XII Five Year Plan. The Marketing Division in the Department of Agriculture and Co-operation, GoI is the overall in charge of the policy formulation for the agricultural marketing sector. The Guidelines for Sub Scheme of Agri Business Development would come into effect from 1 January 2014 whereas the remaining Sub Schemes would come into effect from 1 April 2014.

Department of Agriculture and Co-operation, Ministry of Agriculture, GoI, in consultation with State Governments formulated Model APMC Act, 2003 and circulated it to States during 2004 for adoption. The major provisions suggested by Model APMC Act, 2003 included (i) Establishment of Private Wholesale Markets as an alternative market system; (ii) Direct Marketing by promoters, exporters, graders, packers; (iii) Establishment of farmers markets to give an opportunity to the producers to sell their produce directly to consumers;

(iv) Public-Private Partnership (PPP) in market extension activities for modernising the marketing system; (v) Setting up of special markets and special commodity markets to provide proper marketing infrastructure needed for the commodity; (vi) Single point levy of market fee to solve the problem of cascading market fees and higher marketing costs; (vii) Promotion of e-trading for reducing cost of intermediation and improving market efficiency etc.

The progress of reforms in agricultural marketing has been rather slow and not uniform across the States. In 16 States (Andhra Pradesh, Arunachal Pradesh, Assam, Goa, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Mizoram, Nagaland, Odisha, Rajasthan, Sikkim, Tripura and Uttarakhand) reforms have been carried out on direct marketing, contract farming and markets in private/ co-operative sectors. Partial amendments have been made by Madhya Pradesh and Delhi for direct marketing, Haryana, Punjab and Chhattisgarh for contract farming and Punjab and Chhattisgarh for private markets. APMC Act in Tamil Nadu has provisions for reforms. Only nine States (Andhra Pradesh, Rajasthan, Maharashtra, Odisha, Himachal Pradesh, Karnataka, Mizoram, Madhya Pradesh and Haryana) have notified such amended Rules for some areas in their respective States.

In the year 2010, the Ministry of Agriculture, GoI had set up an Empowered Committee of State Ministers in charge of Agricultural Marketing to persuade the States/ UTs to implement reforms in agriculture marketing through adoption of Model APMC Act/APMC Rules, suggest further reforms necessary to provide barrier free national market for benefit of farmers and consumers and also suggest measures to promote grading, standardisation, packaging and quality specifications of the agricultural produce. In its Report submitted in 2013, the Committee made several recommendations, prominent of which are: (i) Substitution of present system of licensing of traders/commission agents with a modern and progressive system of registration having open and transparent criteria, (ii) Development of Terminal Market Complexes at various locations to facilitate the backward and forward linkages, (iii) Waiving off market fee on fruits and vegetables to encourage private investment, (iv) Enhancement of private sector investment in market infrastructure development projects, by providing subsidy/viability gap funding to make them viable and treat them as "infrastructure project" so as to help attract Foreign Direct Investment (FDI) and External Commercial Borrwoings (ECB) for their development, (v) Fixation of market fee/cess including rural development fund, social development fund and purchase tax, etc. at maximum 2 per cent of the value and the commission charges at maximum 2 per cent for food grains/oilseeds and 4 per cent for fruits and vegetables, (vi) levy of market fee only for the first transaction between farmer and trader and in subsequent sales between trader to trader/consumer, only service charge related to service provided in the State to be levied and no market fee be levied for the subsequent transactions, (vii) provision for e-trading in mandis, at least at district level to ensure transparency in transactions, etc.

Developments in banking sector

Indian financial system is dominated by banking sector as the banking flows account for more than half of the total financial flows in the economy. Tapering of growth momentum in the domestic economy coupled with adverse global economic environment posed challenges for Indian banks. Though the banks have shown overall resilience, Return on Assets (RoA), the most commonly used indicator reduced from 1.08 per cent in 2011-12 to 1.03 per cent in 2012-13. Net interest margin (NIM) as a percentage of average assets of banks reduced from 2.9 per cent to 2.8 per cent during the same period. Capital to Risk weighted Assets Ratio (CRAR) remained above the stipulated 9 per cent norm during 2012-13. Basel III capital regulation has been implemented in India from 1 April 2013 in phases.

Box : 2

Committee on Comprehensive Financial Services for Small Businesses and Low Income Households

RBI constituted a Committee under the Chairmanship of Dr. Nachiket Mor (Member, Central Board, RBI) in September 2013 to lay out a clear blue print for a comprehensive and integrated supply-side response from formal financial sector to the challenges of financial inclusion and financial depth so as to ensure that full financial inclusion and an optimal level of financial deepening is achieved. The Committee submitted its Draft Report in December 2013. The Committee envisaged Six Vision Statements to be achieved by January 1, 2016 i.e. (i) Universal Electronic Bank Account (UEBA), (ii) Ubiquitous access to payment services and deposit products at reasonable charges, (iii) Sufficient access to affordable formal credit, (iv) Universal access to a range of deposit and investment products at reasonable charges, (v) Universal access to a range of insurance and risk management products at reasonable charges, (vi) Right to Suitability.

The Committee's recommendations are under consideration of RBI. Some of the recommendations having impact on rural credit include the following ;

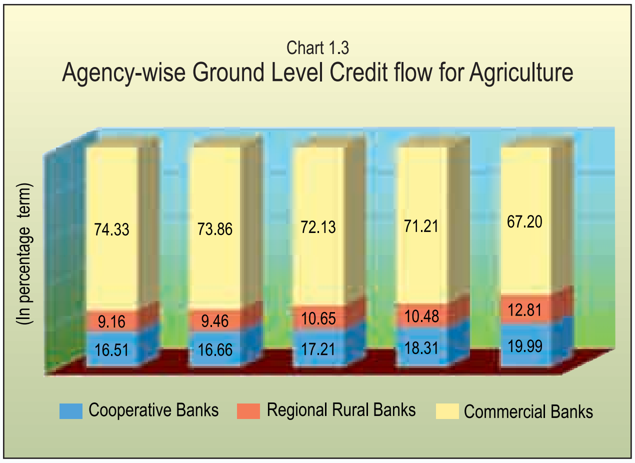
- Credit to GDP ratio at district level should be more than 10 per cent by January 1, 2016 which should reach 50 per cent by 2020
- Let banks freely price farm loans based on their risk models and government may transfer subventions/ waivers directly to farmers instead of interest subsidies/loan waivers
- Make universal reporting to credit bureaus mandatory for all loans including SHG, KCC, GCC loans, etc.
- Reorient the focus of NABARD, CGTMSE, SIDBI and NHB to be market makers and providers of risk based credit enhancements rather than providers of direct finance, automatic refinance or automatic credit guarantees
- Allow refinance by NABARD or credit support by CGTMSE as risk based guarantees and not automatic
- Increase total borrowing limit immediately for the small borrowers to ₹1 lakh across all lenders
- Revise the Priority Sector Lending (PSL) targets to 50 per cent from present norm of 40 per cent adjusted net bank credit
- Keep the regulatory focus on total indebtedness of the small borrowers vis-à-vis their debt-servicing.

These norms lay more focus and importance on quality, consistency and transparency of the capital base.

Increasing Non Performing Assets (NPAs) were an area of concern for the banking sector as the gross NPA ratio at aggregate level stood at 3.6 per cent at the end of March 2013 against 3.1 per cent at the end of March 2012. The slippage ratio i.e. additions to NPAs during 2012-13 as per cent of standard advances at the beginning of the year showed an increasing trend. Slowdown of the economy, credit concentration in certain sectors and lenient appraisal/monitoring were reported to be the contributory factors for the decline in asset quality of the banks. The improvement in recovery efforts, information sharing among the banks coupled with up-turn in economy are expected to improve the position.

Agriculture credit

As against the target of ₹7,00,000 crore of credit flow to agriculture sector for 2013-14, the banking system has disbursed ₹7,23,225 crore (provisional) as on 31 March 2014, achieving 103 per cent of the target. Commercial Banks, Co-operative Banks and Regional Rural Banks (RRBs) disbursed ₹5,21,496 crore, ₹1,18,422 crore and ₹83,307 crore against their respective targets of ₹4,75,000 crore, ₹1,25,000 crore and ₹1,00,000 crore. The achievements in respect of Commercial Banks,



Co-operative Banks and RRBs were in the order of 110 per cent, 95 per cent and 83 per cent, respectively. (Table 1.6)

The commercial banks accounted for 72 per cent of share followed by co-operatives (16%) and RRBs (12%) (Chart 1.3). The sub sector-wise ground level credit disbursed to agriculture and allied activities during 2007-08 to 2011-12 reflect the fact that investment credit has continued to remain stagnant around 28 to 30 per cent of the total credit disbursed for agriculture (Table 1.7).

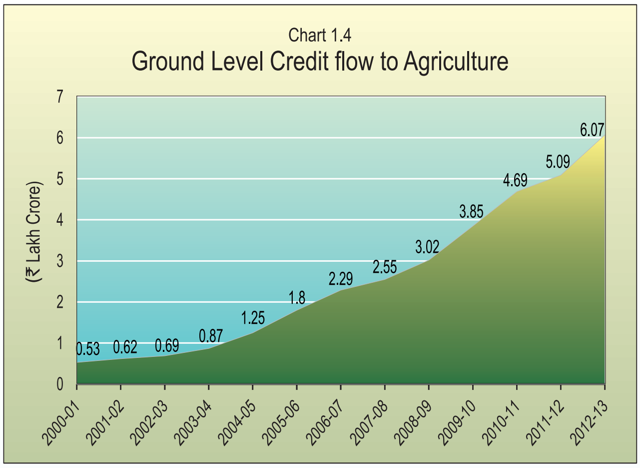
Kisan Credit Card Scheme

The Kisan Credit Card (KCC) scheme introduced in August 1998 has emerged as an innovative credit delivery mechanism to meet the production credit requirements of the farmers in a timely and hassle-free manner. The scheme is under implementation in the entire country by the vast institutional credit framework involving commercial banks, RRBs and Co-operatives and has received wide acceptability amongst bankers and farmers. The scheme was revised in 2012 to make room for ATM enabled debit card, operation through wider delivery channels including mobile handsets, in-built cost escalation for assessing limits, wider coverage under crop loans, etc. As per the data available, during 2013-14 (upto August 2013), 10.78 lakh KCCs were issued by co-operative banks and the amount outstanding was ₹3,124.51 crore. During the same period, RRBs had issued 7.83 lakh KCCs with outstanding amount of ₹6,184.50 crore. The cumulative number of operative KCCs issued by co-operative banks and RRBs upto August 2013 were 357.65 lakh and 105.79 lakh, respectively. The amount outstanding was ₹96,732.14 crore and ₹55,864.71 crore, respectively, for the above two agencies.

Agriculture credit – major concerns

Small operational land holdings : As per the Agriculture Census (2010-11), out of 138 million farming holdings in the country, 117 million are small and marginal holdings. From 62 per cent in 1960-61, small and marginal landholdings constitute around 85 per cent of total number of land holdings and hold nearly 44 per cent of the cultivated area. The average size of operational land holding stood at 1.16 ha. posing challenge to the viability of agriculture. Aggregation/ collectivisation seems to be the plausible solutions to this challenge. Aggregation is relevant for production as well as marketing as it reduces transaction costs for availing services/inputs and also enables the producers to negotiate for better prices. Co-operative farming, collective farming, producers organisations, joint liability groups (JLGs), leasing out land or contract farming are some possible ways of aggregation. Leasing out land to individuals/tenants on a long-term basis with an unequivocal legal undertaking that the tenant would acquire no right on land can be contemplated as a long term solution. This will give comfort to the owners and the same will help in tenants getting the necessary support services which will ultimately increase the income generated out of agriculture.

Slow off-take of Investment Credit : Flow of credit has increased impressively over the last thirteen years (2000-01 to 2012-13), especially after the 'doubling period' (2004-07), showing more than 10 fold increase (Chart 1.4). Around ₹34 lakh crore have been disbursed during the 13 years. As per 12th Five Year Plan Estimates, ₹35 to ₹42 lakh crore are expected to be invested during the plan period. Clearly, agriculture credit has emerged

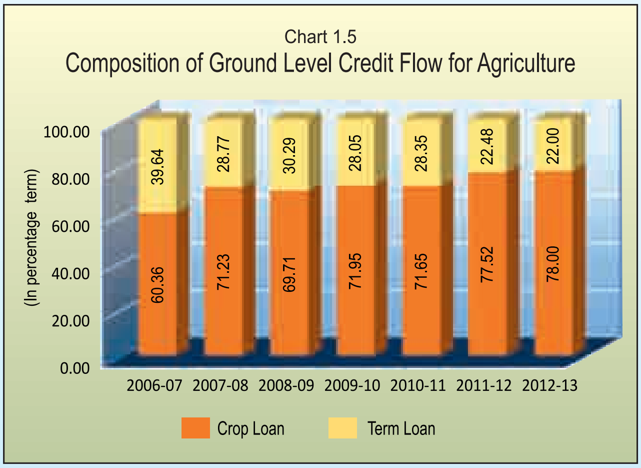


as a major strategy for accelerating investments in agriculture.

Even though credit flow has increased over the years, the long term credit in agriculture or investment credit has showed a declining trend over the years. The share of long term credit in overall ground level credit flow reduced from 40 per cent in 2006-07 to 22 per cent in 2012-13 (Chart 1.5). Since investment credit is the major driver of private sector capital formation in agriculture, the persistent decline in its share raises concern about the agricultural production and productivity.

Some other issues related to agriculture credit which need to be pondered over may be flagged as under :

- Out of roughly 14 crore farm households, only half are covered by formal banking institutions, leaving the remaining to informal sources or for self financing. Though financial inclusion has been one of the major agenda for the banks, in order to achieve 100 per cent financial inclusion of farm households, there is still a long way to go.



- The region-wise inequalities in credit disbursements when compared with real sector indicators highlight the mismatch between the financial flows and real sector indicators (Table 1.8). For instance, eastern region accounted for 15 per cent in Gross Cropped Area (GCA) and 15 per cent in Gross Irrigated Area (GIA) whereas its share in agricultural credit was around 7 per cent. Similarly, central region with a share of 27 per cent in GCA and 32 per cent in GIA accounted for 15 per cent of credit flow in 10th FYP and 13 per cent in 11th FYP. This suggests that the large potential may have remained untapped. Thus, even though agriculture credit has grown impressively, in terms of potential, there could be a large unmet demand. Policy needs to find solutions that can set right the regional inequalities.

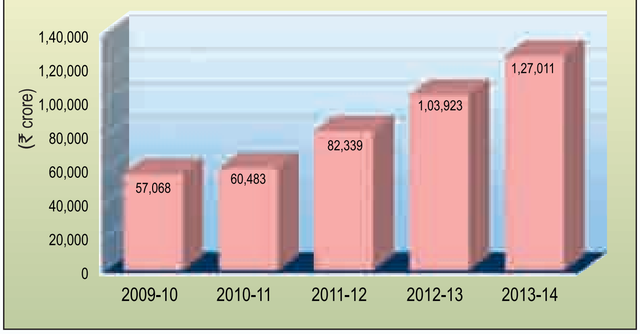
In retrospect, the year 2013-14 showed signs of a downturn in the economy even though agriculture kept the hope of the economy alive. The agricultural sector showed promise notwithstanding the emerging issues and concerns. The growth in agriculture sector still continues to be vital for the overall inclusive growth. The developments in the sector have implications for NABARD which is committed towards sustainable agriculture and rural development.

NABARD during the year

NABARD is a financial institution with a focus on development. Its financial operations and development initiatives are placed broadly on three planks, 'institutions', 'people' and 'State'. Eventually, all three converge on people, especially, the people with small

Chart 1.6

Financial Support extended by NABARD



means. The total financial support extended by NABARD during 2013-14 stood at ₹1,27,011 crore, as against ₹1,03,923 crore extended during 2012-13, registering an increase of 23 per cent (Chart 1.6).

The major components of financial support consisted of refinance to Rural Financial Institutions (RFIs) for extending short term and long term investment credit, direct lending to co-operatives, support to State Governments under Rural Infrastructure Development Fund (RIDF), support to State owned institutions/ corporations under NABARD Infrastructure Development Assistance (NIDA), NABARD Warehousing Fund and development initiatives including natural resource management, micro finance, non farm sector, technology transfer, etc.

Supporting Rural Financial Institutions ...

NABARD's association with Rural Financial Institutions (RFIs) goes much beyond providing refinance assistance and encompasses a wide array of support and services which prepare a solid ground for RFIs to operate. While financial support through refinance window enhances their lending portfolio, capacity building, supervision of their financial health, guidance in credit planning and such other crucial aspects of NABARD's association enable the RFIs to successfully take up challenges arising from time to time.

One of the main functions of NABARD is to extend financial support to Rural Financial Institutions (RFIs) for their on-lending operations. In addition to this, NABARD provides support to build the capacities of the RFIs to adapt themselves to the changing financial environment. It also helps the RFIs in attaining prescribed regulatory norms so as to enable them to survive and compete in rural credit market. During 2013-14, NABARD continued

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to support the RFIs, especially, the co-operatives and RRBs through short term and long term refinance. Apart from this, NABARD played a major role in credit planning and monitoring at district and State level. Further, it served as the inter face/nodal point/agency between the Government and the RFIs in implementation of various GoI schemes.

Supporting Business Operations of RFIs

Refinance support to RFIs for increasing the flow of short term credit

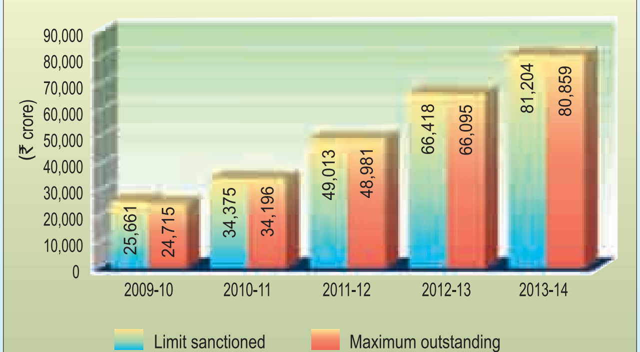
NABARD refinances short term loans extended by co-operative banks and RRBs for production, marketing and procurement activities. Under the short term refinance portfolio, during 2013-14, NABARD sanctioned credit limits aggregating ₹81,204 crore. The short term refinance sanctioned has maintained an increasing trend during the last five years (Chart 2.1). The maximum outstanding during 2013-14 was ₹80,859 crore, an increase of 22 per cent over the previous year. (Table 2.1).

Policy Guidelines for State Co-operative Banks

In tune with the overall agriculture growth strategy, NABARD's refinance policy was to extend higher quantum of refinance for priority States/areas. Accordingly, the maximum refinance support available to State Co-operative Banks (StCBs) for the short term operations was fixed at 50 per cent of their Realistic Lending Programme (RLP) for general areas. For the Eastern Region (Bihar, West Bengal, Odisha, Jharkhand, Chhattisgarh and 28 districts of Eastern Uttar Pradesh) under Bringing Green Revolution to Eastern India (BGREI) Scheme of GoI it was higher at 55 per cent; while for North Eastern Region (NER), Jammu & Kashmir, Sikkim, Andaman & Nicobar Islands, Himachal Pradesh and Uttarakhand, it was the highest at 70 per cent within the approved Capital to Risk Weighted Assets Ratio (CRAR) and Non Performing Asset (NPA) norms fixed from time to time.

Chart 2.1

Short term Refinance for the last five years



Refinance for Seasonal Agricultural Operations - StCBs

Based on the above policy, during 2013-14, credit limits under Short Term - Seasonal Agricultural Operations (ST-SAO) were sanctioned to 23 StCBs aggregating ₹53,989.15 crore as against ₹44,527.52 crore sanctioned to 23 StCBs during 2012-13. The credit limits included; (a) ₹5,420.67 crore for the Oilseeds Production Programme (OPP), (b) ₹570.88 crore for National Pulses Development Programme (NPDP) and (c) ₹1,929.55 crore for credit requirements of tribals under the Development of Tribal Population (DTP) Programme. The StCBs reached a maximum outstanding of ₹53,902.98 crore during 2013-14 with utilisation rate of 99.84 per cent. The StCBs in northern region continued to dominate in terms of share (32%) in the aggregate credit limit sanctioned, followed by StCBs in Southern Region (20%), central region (18%), western region (18%) and eastern region (11%). The share of refinance availed by the StCBs in the NER continued to be low (less than 1 per cent) despite relaxations. Assam, Meghalaya, Nagaland, Tripura and Sikkim StCBs were sanctioned credit limits aggregating ₹44.50 crore, out of which ₹38.87 crore was utilised.

A consolidated Short Term – Other than Seasonal Agricultural Operations (ST-OSAO) limit was sanctioned to StCBs on behalf of eligible CCBs. The StCBs with net NPA not exceeding 20 per cent as on 31 March 2012 were considered eligible for refinance. Relaxations in NPA norms by 5 per cent was made for StCBs in NER. A consolidated ST (Others) limit of ₹193 crore was sanctioned to three StCBs (Andhra Pradesh, Haryana and Tamil Nadu). The StCBs reached a maximum utilisation of ₹85 crore.

Vegetable Cultivation

Support to Weavers

Refinance assistance was extended to StCBs on behalf of eligible CCBs to meet the working capital requirements of primary, apex and regional weavers societies. Consolidated limits were sanctioned to StCBs on behalf of eligible CCBs. Refinance assistance for weavers was also routed through commercial banks to co-operative societies for production and marketing of handloom products made by individual weavers, handloom weaver groups and master weavers. In addition, refinance was provided to RRBs and commercial banks to meet the working capital requirements of Mutually Aided Co-operative Societies (MACS) and Producer Groups. Short term credit was also available to StCBs and Scheduled Commercial Banks for financing working capital requirements of State Handloom Development Corporations for production/procurement and marketing of handloom products.

During 2013-14, ST (weavers) credit limits aggregating ₹251.12 crore were sanctioned to three StCBs (Tamil Nadu, Puducherry and Andhra Pradesh) on behalf of eligible CCBs for production, procurement and marketing activities as against ₹264.69 crore during 2012-13. The maximum outstanding during 2013-14 was ₹142.90 crore.

Policy Guidelines for Regional Rural Banks

The refinance policy in respect of Regional Rural Banks (RRBs) was also guided by the similar thrust on priority States/areas, as in the case of co-operative banks. The normal quantum of refinance provided to RRBs was fixed at maximum of 30 per cent of their Realistic Lending Programme (RLP) for general region, 35 per cent for eastern region (Bihar, West Bengal, Odisha, Jharkhand, Chhattisgarh and 28 districts of Eastern Uttar Pradesh) under BGREI and 55 per cent for NER, Jammu & Kashmir, Sikkim, Andaman & Nicobar Islands, Himachal Pradesh and Uttarakhand. In order to facilitate increase in off-take of refinance under ST (SAO), the quantum of refinance was increased by 10 per cent of the RLP in respect of RRBs within the approved NPA norms for all the States except NER, Jammu & Kashmir, Sikkim, Andaman & Nicobar Islands, Himachal Pradesh and Uttarakhand, subject to the condition that RRBs will ensure at least 50 per cent coverage for small and marginal farmers in their crop loan disbursement. Further, RRBs with net NPA upto 5 per cent, Investment Deposit (ID) ratio upto 30 per cent and Capital Deposit (CD) ratio of more than 70 per cent as on 31 March 2013 were allowed refinance to the extent of 60 per cent of their RLP.

Refinance for Seasonal Agricultural Operations - RRBs

During 2013-14, NABARD sanctioned credit limit of ₹25,876.31 crore to 61 RRBs under ST (SAO) as against ₹20,343.09 crore sanctioned to 77 RRBs in 2012-13. The limits include; (i) ₹1,899.92 crore for Oilseeds Production Programme (OPP), (ii) ₹396.81 crore for Development of Tribal Population (DTP) and (iii) ₹37.00 crore for National Pulses Development Programme (NPDP). Uttar Pradesh (18%), Andhra Pradesh (12%) and Rajasthan (11%) accounted for larger shares in credit limits sanctioned. The RRBs reached a maximum outstanding of ₹25,964.88 crore during 2013-14 with utilisation rate of 100.34 per cent. Seven RRBs in NER were sanctioned credit limit of ₹182.50 crore, out of which, ₹176.80 crore was utilised during 2013-14.

Refinance assistance is extended from NABARD to RRBs under Section 21(1) of the NABARD Act 1981, for financing Marketing of Crops, Pisciculture and certain approved purposes other than SAO. The RRBs having net NPAs upto 5 per cent as on 31 March 2012 are eligible for refinance. However, with a view to increase the credit flow in the NER, Jammu & Kashmir, Himachal Pradesh and Uttarakhand, the net NPA norms were relaxed by 5 per cent in these States. The aggregate limit for ST (OSAO) sanctioned during 2013-14 was ₹755.00 crore as against ₹995.50 crore in the previous year. The maximum outstanding including previous year's outstanding was ₹628.05 crore

Support for Seasonal Agricultural Operations - Commercial Banks

The Primary Agricultural Credit Societies (PACS) have wider presence in the rural areas and there is a growing realisation among the bankers about the need to leverage the deep penetration of PACS for providing agricultural credit. The Scheme for providing refinance assistance to Public Sector Banks (PSBs) for financing PACS which began in 2011-12 continued during 2013-14. Credit limit aggregating ₹134.54 crore was sanctioned to PSBs for financing PACS to provide crop loans to farmers and the limit was fully utilised.

Interest rates on refinance assistance

The rates of interest on refinance varied according to the purpose of refinance. The rate of interest was 4.5 per cent for ST (SAO) whereas it was 10.50 per cent for ST (OSAO). The interest rate on refinance for Medium Term (MT) conversion loan was 7.35 percent. (Table 2.2)

Loans to farmers against Negotiable Warehouse Receipts

During the year 2011-12, GoI had introduced a Scheme for extending concessional post-harvest loans to Small and Marginal Farmers (SF/MF) having Kisan Credit Cards, against Negotiable Warehouse Receipts (NWR), for a period of upto six months at 7 per cent rate of interest. The basic objective of the scheme is to discourage distress sale of produce by farmers, encourage them to store their produce in warehouses and sell it at a remunerative price at a future date. In the process, it will induce development of modern warehousing facilities in the rural areas. The Scheme continued during 2013-14 and refinance of ₹0.96 crore was extended by NABARD for the purpose.

Refinance assistance to StCBs/RRBs is available at an interest rate of 4.5 per cent per annum or as decided by GoI from time to time. Advances to farmers against pledge of agricultural produce are not to be treated as cover for borrowings made for financing Seasonal Agricultural Operations (SAO) and vice versa, since separate credit limits are sanctioned for SAO and marketing of crops to banks by NABARD. The terms and conditions such as audit, NPA Norms, quantum of refinance, exposure norms etc., governing sanction of credit limits and allowing drawals under Short Term (Others- marketing of crops) for co-operative banks and RRBs were made applicable for this Scheme also.

Direct refinance assistance to CCBs for Short Term Multipurpose Credit

Direct refinance assistance to CCBs was introduced on a pilot scale in 2010-11. Under this product, credit limit is sanctioned to co-operative banks for lending to farmers, traders, artisans, etc. through their branches and through PACS for variety of purposes such as; working capital requirements, repair and maintenance of farm equipment and other productive assets, storage/grading/packaging of produce, marketing activities, crop loan above ₹3 lakh, redemption of old debts and other socio-economic needs, etc. In addition to these, all purposes which are covered under Section 21(1) (i) to (v) of NABARD Act, 1981 are also eligible for refinancing under this product. Credit limit is sanctioned to well governed and financially strong 'A' & 'B' categories of co-operative banks and those banks licensed by RBI. The credit limit sanctioned is in the nature of cash credit accommodation and the CCBs/StCBs may draw and repay, provided the loan outstanding in the account does not exceed the credit limit sanctioned. During 2013-14, refinance assistance aggregating ₹4,530.85 crore was sanctioned to 48 CCBs and five StCBs and disbursement stood at ₹3,429.84 crore. Major purposes of refinance included, sanctioning of working capital limits to traders, repair and maintenance of farm equipment and other productive assets, marketing activities, crop loan above ₹3 lakh, etc.

Refinance assistance was provided to eligible StCBs/CCBs for sanction of pledge limits to sugar factories in co-operative and private sector against pledge of sugar stocks for prompt payment to farmers towards procurement of sugarcane and also to meet their internal expenditure. During 2013-14, three CCBs were sanctioned refinance assistance of ₹259.25 crore for this purpose.

Support for Developing PACS as Multi Service Centres

With the modernisation in agriculture, the farmers expect better yield as well as better returns on the agricultural produce. In order to live up to the challenges of modernisation, the farmers should have access to use the latest farm technology for increasing agriculture production, productivity, marketing and storage of produce. PACS are presently reaching out to their members to meet the credit requirements. However, there is an imminent need to develop PACS as a *One Stop Shop* unit for meeting the overall needs of the farmers. This is also required to increase the business portfolio of PACS so as to make it a self-sustainable entity by providing additional services like custom hiring of agricultural implements, enabling collective purchase of inputs, having good quality storage capacity as per Negotiable Warehouse Receipt System, processing unit, marketing facilities, etc.

Keeping in mind the wide coverage of PACS at the ground level and the limited products at their disposal, NABARD extended financial support to StCBs/CCBs/PACS to develop PACS as Multi Service Centres (MSCs) for meeting the various requirements of the farmers. During 2013-14, 625 PACS were supported with sanction of financial assistance to the tune of ₹265.99 crore, of which, 96 per cent (₹255.41 crore) was loan component and the remaining four per cent (₹10.58 crore) was towards accompanying measures. The disbursement as on 31 March 2014 stood at ₹159.35 crore (₹157.95 crore as loan and ₹1.40 crore towards accompanying measures) and included assistance for establishment of agro service centres, rural retail outlets, agri-marketing infrastructure, rice mill, rural godown (including onion godown), farm machinery/implements for custom hiring, transport vehicle for agri produce and strengthening backward/forward linkages through on-lending to members for agriculture/allied activities.

Credit Facility to Marketing Federations, Corporations and Co-operatives

As a part of business initiatives, a separate line of credit has been made available to Marketing Federations/Co-operatives/Corporations to promote the marketing of agricultural produce and other agricultural activities. The credit support could be both for cash credit limit (upto 12 months) for meeting the procurement cost under Price Support Scheme and supply of seeds, fertilizers, pesticides, plant protection material, etc. to the farmers and term loans for setting up of marketing infrastructure including grading and value addition. The repayment to such loans is in accordance with the activity supported.

During 2013-14, short term loan of ₹3,110 crore was sanctioned to Marketing Federations/Corporations for procurement of paddy through PACS and disbursement stood at ₹2,710 crore including the disbursements pertaining to sanctions of 2013-14. This helped farmers to get prompt payments for their produce from federations/corporations. The States covered under the initiative are Chhattisgarh, Odisha, Rajasthan, Karnataka and West Bengal.

Refinance support to RFIs for increasing the flow of long term credit

NABARD extends refinance support to commercial banks, RRBs and co-operative banks for long term lending to create assets and capital formation in agriculture and allied sector. Refinance is available for farm and non-farm sector activities having a repayment period of 3-15 years and advanced for the purposes such as farm investments, allied activities, small and micro enterprises, agro-processing, organic farming, non-conventional energy, Self Help Groups (SHGs), rural housing, etc.

Policy Guidelines

While the eligibility criteria for refinance for the year 2013-14 continued to be linked to net NPA in case of scheduled commercial banks, StCBs, Primary Urban

Co-operative Banks (PUCBs) and RRBs, whereas for State Co-operative Agriculture and Rural Development Banks (SCARDBs), it was linked to their risk profile. Scheduled commercial banks, PUCBs, NEDFi with net NPA exceeding 3 per cent were not eligible for availing refinance during the year. Unlicensed StCBs and CCBs, StCBs with net NPA above 20 per cent or 'C/D' category Audit Classification were not considered eligible for refinance. Further alongwith net NPA, the CRAR norms have also been included in the refinance policy for the year 2013-14. Refinance would not be available to licensed StCBs/CCBs having CRAR below 4 per cent as on 31 March 2012. In case of StCBs with CRAR more than 4 per cent but individual CCBs with less than 4 per cent, no refinance would be available to individual StCBs on behalf of such CCBs. SCARDBs coming under high risk category and RRBs with net NPA above 15 per cent were not considered eligible for availing refinance. In case of refinance to amalgamated RRBs, refinance was provided to amalgamated RRBs which are yet to be included in the Second Schedule of the RBI Act, 1934 as a special case till scheduling is done. RBI registered NBFCs having AAA rating from a SEBI approved rating agency, with five years' lending experience and with Net NPA not exceeding 3 per cent as on 31 March 2012 were also made eligible for refinance.

Refinance was provided to Scheduled commercial banks, StCBs, RRBs and the subsidiaries of NABARD *i.e.,* NABFINS, ABFL and ADFT at 100 per cent of the eligible bank loan for all activities under 'Thrust areas' in all regions. Refinance to SCARDBs was extended under loan system at 90 per cent of the eligible bank loan disbursed.

Special Package for North Eastern and Other Regions

For increasing the credit flow to the States in the Eastern Region (West Bengal, Odisha, Bihar, Jharkhand and Andaman & Nicobar Islands), NER (Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim), Hilly States (Jammu & Kashmir, Himachal Pradesh and Uttarakhand), Lakshadweep and Chhattisgarh, NABARD continued to extend relaxation in Net NPA norms by 5 and 3 per cent for StCBs and RRBs, respectively and provide refinance at 100 per cent of the eligible bank loan for all client institutions except SCARDBs and NBFCs for all purposes.

Security Norms

Refinance to all SCARDBs was against State Government Guarantee. For release of refinance to SCARDBs and StCBs in the event of Government Guarantee not forthcoming, alternative security like pledge of Government Securities or Fixed Deposit Receipts issued by Scheduled Banks or good working StCBs was considered, subject to fulfillment of certain terms and conditions as prescribed by NABARD.

Interest Rates on Refinance

During 2013-14, the rate of interest was revised eight times in the range of 9.65 to 11 per cent per annum depending upon the type of agency and quantum of refinance. The revised interest rate on refinance to commercial banks and RRBs against loans to MFIs for on-lending to clients was 3 per cent less than that being charged by banks, subject to the minimum interest rates prevailing for various agencies in various regions of the country.

Refinance Disbursement

During 2013-14, the refinance disbursement was ₹21,486.17 crore as against the target of ₹16,990.00 crore. Long term refinance disbursement has shown a steady increase over the years, signifying NABARD's

Chart 2.2
Long-term Refinance Disbursement during last five years

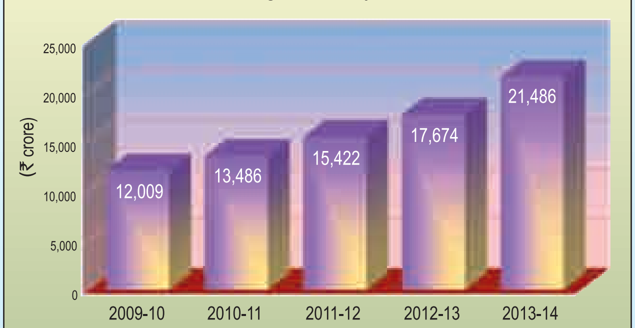
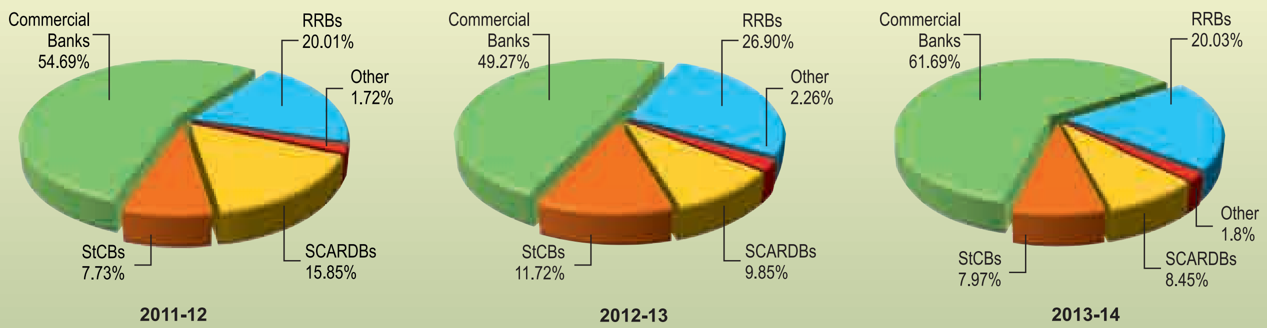


Chart 2.3

Agency-wise Share in Refinance Disbursement



effort to increase capital formation in agriculture (Chart 2.2).

Commercial banks availed refinance amounting to ₹13,254.62 crore (61.69%), followed by RRBs ₹4,303.66 crore (20.03%), SCARDBs ₹1,814.95 crore (8.45%), StCBs ₹1,713.34 crore (7.97%) and others (PUCBs/ ADFCs/NABFINS) ₹399.61 crore (1.86%) (Table 2.3) (Chart 2.3).

The spatial distribution of refinance disbursement during 2013-14 indicate that, major share have been accounted for by the States in the southern region (47.50%), followed by northern (20.53%), western (14.24%), eastern (8.53%), central (8.40%) and north-eastern region (0.80%) (Table 2.4) and (Chart 2.4).

Sector-wise disbursement of refinance revealed that, lending for Non Farm Sector (NFS) activities accounted for major chunk of refinance at 38 per cent followed by SHGs (18%), Farm Mechanisation (14%) (Table 2.5).

Interface/Nodal Agency for GoI Schemes

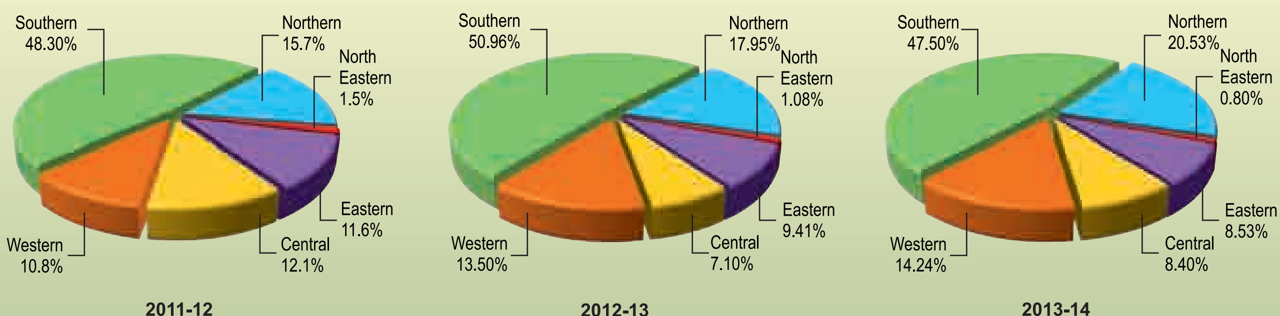
NABARD continued to act as the nodal agency/interface between the stakeholders with regard to a number of GoI sponsored schemes.

Revival, Reform and Restructuring Package for Handloom Sector

NABARD is associated with the implementation of ₹3,884 crore centrally sponsored scheme on Revival,

Chart 2.4

Region-wise Share in Refinance Disbursement



Reform and Restructuring Package for Handloom Sector. The scheme aims at revival of handloom sector by waiver of overdue loans along with its capacity building, technological up-gradation, introduction of Common Accounting System (CAS) and Management Information System (MIS). The focus of the assistance under the Package is to ease the existing choked credit lines to the handloom sector, with fresh flow of credit, to be supported by 3 per cent interest subvention and credit guarantee through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) floated by Small Industries Development Bank of India (SIDBI). So far, 26 States have signed tripartite Memorandum of Understanding (MoU) with GoI and NABARD. Thirty Nine Apex Weavers Co-operative Societies from tripartite agreement signed States, 9,869 Primary Weavers Co-operative Societies and 53,759 Individual Handloom Weavers and 6,314 Weaver SHGs have been assisted under the scheme with a cumulative sanction of ₹1,076.73 crore. Fourteen States have also carried out the legal reforms in their Co-operative Societies Act as envisaged under the Package.

Comprehensive Package for the Handloom Sector

NABARD has been designated as the 'implementing agency' for channelising the margin money and interest subsidy under the Comprehensive Package for the Handloom Sector announced by The Ministry of Textiles (MoT), GoI in 2012. In the Union Budget 2013-14, GoI approved concessional credit to handloom sector at 6 per cent and interest subvention to maximum of 7 per cent. The margin money assistance was enhanced to 20 per cent of loan amount subject to maximum ₹10,000 per weaver with effect from September 2013. During 2013-14, a sum of ₹13.06 crore was released to various banks in 19 States benefiting 33,381 handloom weavers.

Interest Subvention to Farmers

The interest subvention of 2 per cent per annum available to public sector banks, private sector scheduled commercial banks (in respect of loans given by their rural and semi urban branches), co-operative banks and RRBs for deploying their own funds for crop loans upto ₹3.00 lakh per farmer, provided the ultimate borrower gets such loans at 7 per cent interest rate per annum and the additional subvention (rebate) of 3 per cent available to the prompt payee farmers continued during 2013-14 also. Thus, the interest paid on crop loans by such farmers was effectively 4 per cent per annum. This was to reward prompt payment by farmers which in turn helped lending institutions in de-clogging the line of credit. Suitable interest subvention was given to NABARD for providing concessional refinance to StCBs and RRBs at 4.5 per cent interest rates. So far, aggregate interest subvention of ₹4,079.46 crore and ₹1,210.56 crore has been provided by GoI under Interest Subvention Scheme 2011-12 and 2012-13, respectively.

GoI Package for Sugar Industry

Package for Restructuring of Term Loans to Co-operative Sugar Mills - Settlement of Interest Subvention claims

NABARD continued to act as nodal agency for restructuring of term loans of co-operative sugar mills. Out of ₹245.24 crore received from GoI towards interest subvention, ₹236.57 crore was disbursed till 31 March 2014 to 76 co-operative sugar mills in Maharashtra and Odisha after due scrutiny and sanction of claims by NABARD.

Scheme for Extending Financial Assistance to Sugar Undertakings - SEFASU 2014

GoI issued Operational Guidelines of the Scheme (SEFASU-2014) in January 2014, advising financing banks to provide loans to sugar mills for the clearance of cane price arrears of previous sugar seasons and timely settlement of cane price of current sugar season relating to Fair and Remunerative Price (FRP) fixed by the Central Government. State Bank of India (SBI) is appointed as 'Nodal Bank' for interacting with Department of Food and Public Distribution and managing the subsidy funded for onward reimbursement to respective banks. NABARD would co-ordinate on behalf of co-operative banks and RRBs and would submit the claims to SBI for reimbursement.

Capital Investment Subsidy Schemes

Rural Godowns

The Capital Investment Subsidy Scheme on Rural Godowns or Grameen Bhandaran Yojana introduced in 2001-02 and being implemented by Directorate of Marketing and Inspection (DMI), GoI aims at creation of scientific storage facilities for rural farmers, thereby reducing wastage of farm produce, product deterioration and distress sales. During 2013-14, subsidy of ₹326.24 crore was released in respect of 2,732 units. Cumulatively, ₹1,361 crore was released as on 31 March 2014 for 27,556 units.

Agricultural Marketing Infrastructure, Grading and Standardisation

The Scheme on Agricultural Marketing Infrastructure, Grading and Standardisation being implemented by Directorate of Marketing and Inspection (DMI), GoI aims at establishing and strengthening infrastructure for marketing, grading, standardisation and quality certification of produce in the agriculture and allied sectors. The Scheme became operational with effect from October 2004. During 2013-14, a subsidy of ₹188.12 crore was released in respect of 1,119 units. Cumulatively, ₹807.01 crore was released as on 31 March 2014 for 7,250 units.

Agri-Clinics and Agri-Business Centres

The Scheme was launched in April 2002 by MoA, GoI with the objective of supplementing the efforts of Government extension system by providing extension and other services to farmers on payment basis or free of cost, to support agricultural development and to create gainful self-employment opportunities for the unemployed agricultural graduates, agricultural diploma holders, biological science graduates with PG in agriculture related courses, etc. During 2013-14, subsidy of ₹6.20 crore was released in respect of 147 units. Cumulatively, ₹24.77 crore was released as on 31 March 2014 for 887 units.

Marketing of agricultural produce in Rajasthan

Scheme for installation of Solar Off-Grid and Decentralised Applications

The subsidy cum refinance Scheme under Jawaharlal Nehru National Solar Mission (JNNSM) launched by Ministry of New & Renewable Energy (MNRE), GoI in 2010 was revised as Capital Subsidy Scheme for Solar Lighting & Small Capacity PV Systems with effect from March 2012. The scheme covers projects specifically approved by the Project Approval Committee of the MNRE. During 2013-14, an amount of ₹76.26 crore was released as subsidy in respect of 64,178 units. Cumulatively, ₹185.84 crore was released as on 31 March 2014 for 1,77,920 units.

National Project on Organic Farming

The National Project on Organic Farming is a Central Sector Scheme introduced in the Xth Plan for promotion of organic farming in the country. During 2013-14, a subsidy of ₹3.41 crore was released in respect of six units. Cumulatively, ₹17.42 crore has been released as on 31 March 2014 for 651 units.

Schemes under Animal Husbandry Sector

Dairy Entrepreneurship Development Scheme

The Scheme was launched in 2010-11 for encouraging modern dairy farms for production of clean milk and heifer rearing farms to conserve good breeding stock. The Scheme also aims at up-grading traditional technology to handle milk on a commercial scale and bringing about structural changes in the unorganised sector so as to facilitate initial processing of milk at the village level itself.

During 2013-14, a subsidy of ₹417.15 crore was released in respect of 1,22,284 units, taking the cumulative release to ₹677.05 crore for 1,86,325 units.

Poultry Venture Capital Fund (Subsidy)

The Poultry Venture Capital Fund (Subsidy) Scheme was launched for encouraging poultry farming activity especially in non-traditional States, improving production of poultry products which have ready market all over country, providing quality meat to consumers in hygienic conditions and improving hygienic sale of poultry meat and products in urban areas through poultry dressing and marketing outlets. During 2013-14, a subsidy of ₹33.18 crore was released in respect of 1,729 units. Cumulatively, ₹56.27 crore was released as on 31 March 2014 for 2,692 units.

Integrated Development of Small Ruminants and Rabbits

The Scheme originally introduced in December 2009 was modified as capital subsidy scheme during 2010-11. The main objective of the scheme is to encourage commercial rearing of sheep, goats and rabbits by farmers. During 2013-14, subsidy amounting to ₹6.31 crore was released for 1,159 units. Cumulatively, an amount of ₹22.09 crore was as released subsidy for 4,288 units.

Pig development

The Scheme was launched in 2010-11 for encouraging commercial pig rearing by farmers so as to improve the performance of native breed through cross breeding. During 2013-14, subsidy amounting to ₹6.35 crore was released for 1,097 units. Cumulatively, an amount of ₹22.67 crore was released as subsidy for establishment of 4,677 units.

Establishment of Poultry Estates and Mother Units for Rural Backyard Poultry

The Scheme aims at establishment of poultry estates having upto 100 broiler/layer units on the lines of industrial estates, where common infrastructure facilities, inputs supply and marketing arrangements would be provided. Two projects for establishment of Poultry Estates in Odisha and Sikkim have been sanctioned as on 31 March 2013. The Rural Backyard Poultry component of the scheme intends to promote rearing of low input breeds that can survive in rural areas and is intended for BPL beneficiaries. The funds sanctioned by GoI under Poultry Estates and Mother Units to various States for establishment of Poultry Estates were refunded to GoI as there was no response from the farmers and no claims were forthcoming, except from Sikkim.

Strengthening of RFIs

A. Rural Credit Co-operatives

The Co-operative Banks play a crucial role in the process of financial intermediation but at the same time they are vulnerable to disruptions created by economic shocks. NABARD endeavours to strengthen the capacity of these institutions through various developmental initiatives to enable them to withstand such shocks and compete effectively with other financial institutions in purveying ground level credit efficiently.

Performance of Rural Credit Co-operatives

Short Term Co-operative Credit Structure

As on 31 March 2013, the Short term Co-operative Credit Structure (STCCS) comprised about 92,432 Primary Agricultural Credit Societies (PACS), 370 Central Co-operative Banks (CCBs) and 32 State Co-operative Banks (StCBs), including Jharkhand State Co-operative Bank which came into existence from 01 September 2012.

i. Primary Agricultural Credit Societies: Primary Agricultural Credit Societies (PACS), the credit institutions at the grassroots level, deal directly with individual borrowers and grant short, medium and long-term loans. As on 31 March 2012, there were 92,432 PACS with a total membership of 11.36 crore, of which, borrowing members were 4.48 crore (40%). As compared to the previous year (2011), the total membership and the borrowing membership of PACS decreased by 6.27 per cent and 14.3 per cent respectively. The deposits mobilized and total loans issued by PACS as on

31 March 2012 stood at ₹50,253 crore and ₹1,07,300 crore respectively (Table 2.6).

PACS are resource poor and depend heavily on the higher tier for resources. Borrowing from CCBs constitute almost 50 per cent of the total resources of the PACS. Further, only about 10 per cent of the agricultural loans issued by the PACS under the three tier structure were supported through deposits mobilised by PACS and the remaining 90 per cent were provided by CCBs either from their own resources or through borrowings. As per available data, during 2011-12, 45,433 PACS earned profit of ₹1,405 crore and 36,375 PACS incurred loss of ₹3,427 crore.

ii. Co-operative Banks: The aggregate share capital of StCBs stood at ₹3,063 crore as on 31 March 2013 as against ₹3,508 crore as on 31 March 2012, indicating a decrease of 13 per cent. The share capital of CCBs was ₹10,084 crore as on 31 March 2013 as against ₹8,914 core as on 31 March 2012, reflecting an increase of 13 per cent. The deposits of StCBs at ₹94,508 crore as on 31 March 2013 reflected a growth of nine per cent whereas the deposits of CCBs at ₹2,08,137 crore reflected a growth of 11 per cent over 31 March 2012. The borrowings of StCBs as on 31 March 2013 was ₹50,856 crore, indicating an increase of 18 per cent over 31 March 2012. The borrowings of CCBs at ₹64,954 crore as on 31 March 2013 indicated an increase of 20 per cent over the previous year. Loans issued by StCBs and CCBs increased by 16 per cent and 34 per cent, respectively during the year 2012-13. Loans outstanding of StCBs was ₹91,894 crore and that of CCBs was ₹1,83,643 crore as on 31 March 2013, indicating an increase of 18 per cent and 17 per cent, respectively, over the previous year. (Table 2.7)

Long Term Co-operative Credit Structure

Long Term Co-operative Credit Structure (LTCCS) comprised 20 State Co-operative Agriculture and Rural Development Banks (SCARDBs) and 714 Primary Co-operative Agriculture and Rural Development Banks (PCARDBs). The share capital of SCARDBs stood at ₹1,829 crore and that of PCARDBs stood at ₹1,386 crore as on 31 March 2013. The borrowings by SCARDBs at ₹15,427 crore as on 31 March 2013 showed decline of 4 per cent whereas the borrowings by PCARDBs at ₹13,886 crore showed a decline of 0.3 per cent. During 2012-13, loans issued by SCARDBs and PACRDBs decreased by 16 per cent and 7 per cent respectively. (Table 2.8)

Working Results of Co-operatives

Profitability

During 2012-13, 29 out of 32 StCBs earned profit aggregating ₹1,117.55 crore while the remaining three StCBs incurred loss aggregating ₹53.66 crore. Thus, the StCBs as a whole posted profit of ₹1,063.89 crore. As regards the CCBs, while 327 out of 370 CCBs earned profit of ₹2,322 crore, 43 CCBs incurred loss to the extent of ₹493 crore resulting in overall profit of ₹1,829 crore. Under the LTCCS, 10 SCARDBs earned an aggregate profit of ₹175.05 crore whereas nine SCARDBs incurred aggregate loss of ₹277.08 crore during 2012-13, resulting in the SCARDBs registering loss at aggregate level. Similarly, 373 PCARDBs reported aggregate profit of ₹239.60 crore whereas 327 PCARDBs incurred loss of ₹517.59 crore, registering loss at aggregate level (Table 2.9).

Accumulated losses

The accumulated losses of the StCBs declined from ₹713.70 crore as on 31.3.2012 to ₹602.57 crore as on 31 March 2013. The accumulated losses of CCBs declined from ₹4,350.31 crore to ₹3,202.14 crore during the corresponding period. Out of 107 CCBs having accumulated losses, 11 CCBs carried accumulated losses of above ₹100 crore each, which is a matter of concern. The SCARDBs registered an increase of 11 per cent in accumulated losses from ₹1,725.27 crore to ₹1,922.66 crore during the said period. The accumulated losses of PCARDBs increased from ₹4,545.51 crore as on 31 March 2012 to ₹4,765.81 crore as on 31 March 2013 (Table 2.10).

Non Performing Assets and Recovery Performance

At the aggregate level, the percentage of Non Performing Assets (NPAs) to loans outstanding in respect of StCBs reduced to 6.16 per cent as on 31 March 2013 as against 6.98 per cent as on 31 March 2012. Region-wise analysis showed that the NPA levels of the StCBs in the eastern, north eastern and western region were far higher than the All India level. As on 30 June 2012, the recovery of StCBs stood at 94.62 per cent (Table 2.11).

At the aggregate level, the percentage of NPAs to loan outstanding in respect of CCBs decreased from 10.25 per cent as on 31 March 2012 to 9.83 per cent as on 31 March 2013. The CCBs in northern and southern region reported NPA levels lower than that of the All India average whereas CCBs in all other regions showed NPAs at higher than All India level (Table 2.12).

At the aggregate level, the percentage of NPAs to loan outstanding in respect of SCARDBs increased from 33.20 per cent as on 31 March 2012 to 35.97 per cent as on 31 March 2013. While the SCARDBs in southern, eastern and northern regions reported NPA levels lower than that of the All India average, SCARDBs in central, north eastern and western regions showed higher NPAs than the All India level. As on 30 June 2012, the recovery of SCARDBs was 32.26 per cent (Table 2.13).

At the aggregate level, the percentage of NPAs to loan outstanding in respect of PCARDBs as on 31 March 2013 was around 37 per cent which was marginally higher than that of the previous year. There were variations at the regional level. As on 30 June 2012, the recovery of PCARDBs stood at 42.68 per cent (Table 2.14).

The consolidated NPA position of co-operatives as on 31 March 2013 is indicated in Table 2.15.

Financial Soundness Indicators

As on 31 March 2013, two StCBs had CRAR at less than 4 per cent, six StCBs had CRAR in the range of 4 to 7 per cent, seven StCBs had CRAR in the range of 7 to 9 per cent and 17 StCBs had CRAR at 9 per cent or above (Table 2.16).

As on 31 March 2013, 45 CCBs had CRAR at less than 4 per cent, 47 CCBs had CRAR in the range of 4 to 7 per cent, 70 CCBs had CRAR in the range of 7 and 9 per cent and 208 CCBs had CRAR of 9 per cent and above (Table 2.17).

Costs and Margins

During 2012-13, CCBs (based on data from 281 CCBs) as a group earned financial return of 7.87 per cent while the cost of funds worked out to 5.48 per cent, resulting in financial margin of 2.39 per cent. The average operating cost worked out to 1.72 per cent, leaving an operating margin of 0.67 per cent. The CCBs as a whole earned a positive net margin of 0.44 per cent during 2012-13, which was same as earned during 2011-12.

Merger of Long Term and Short Term structure in Chhattisgarh

The proposal for merger of LTCCS with STCCS mooted by the Government of Chhattisgarh was recommended by NABARD and approved by the RBI in June 2013. The notification in this regard was published in the Official Gazette on 30 August 2013 and the process for merger is underway. The actual date of the merger will be decided by the State Goverment on completion of the required formalities.

Core Banking in Co-operatives

As one of the biggest initiative towards institution building, NABARD is facilitating the process of bringing the co-operative banks into the Core Banking Solution (CBS) platform. Co-operative banks in the NABARD facilitated CBS project made rapid progress during 2013-14 with 6,795 out of a total of 6,818 branches migrating to CBS as on 31 March 2014. Barring one bank in Karnataka and one bank in Uttar Pradesh, 199 Banks in the 19 States/UTs migrated fully to CBS by 31 March 2014.

Due to the rapid pace of implementation of CBS it has become possible to extend many new financial services even in the remotest branch in the most far flung areas of the country. This project covered places from Kutch in the West to Arunachal Pradesh (Ziro Branch) in the far East and from Ladakh in the remote North to Andaman and Nicobar in the Southern tip. Co-operative banks

Box : 3
Core Banking Solutions – Bridging Boundaries

Etawah CCB was the first CCB under NABARD's project in Uttar Pradesh which went live on CBS. Implementation of CBS in the bank was complete in January 2013 and the bank is now on the National Payment Systems. Since the salary account of most of the school and college teachers of the district is maintained in the bank, their salary is credited on the first day the month to their account through NEFT.

Yavatmal CCB in Maharashtra is a bank having a network of 83 branches. The bank was under total branch automation (TBA) prior to implementation of CBS which was completed in July 2013. In the initial phase selected customers were identified for issue of debit card though all depositors would be eventually issued cards. With this, the bank has taken a step forward in providing quality banking services to its account holders. Over a period of time it would also reduce transaction costs of the bank.

In Chattisgarh, apart from the StCB, five out of six CCBs are under NABARD facilitated CBS project. In all these banks, sale proceeds of foodgrain procurement from farmers is directly credited to their respective Savings Banks accounts through NEFT. Transaction in individual bank accounts is conveyed through SMS to the individual farmers in the local language. SMS facility given to farmers has resulted in benefits such as : (a) saving of time for farmers, (b) advertisement of bank products to its customers and (c) quick intimation of un-accounted transaction in the account of the customer resulting in redressal of frauds

in the remotest parts of the country are using the latest banking software used by most of the leading public/private sector banks in the country. Once the CBS process stabilises, customers will be able to access services like anywhere any time banking and transfer/receive funds through electronic mode by using RTGS/NEFT facilities, etc. Many of the beneficiaries of the various Social Sector schemes are customers of these banks. The benefits under direct benefit transfer would get automatically credited to the eligible customers of the bank and would benefit them immensely. Users of the Banks are also being provided with corporate e-mails which is expected to give a massive fillip to corporate communication. One hundred and seventy nine banks outside NABARD project are also implementing CBS under different ownership models. As on 31 March 2014, out of a total of 8,107 branches in the banks outside NABARD project, 6,437 branches had gone live.

Capacity Building Initiatives

Co-operative Development Fund

Assistance from the Co-operative Development Fund (CDF) is available to various institutions in the form of soft loans/grants for infrastructure development of PACS, resource mobilisation, human resource development, capacity building and operational streamlining, setting up of PACS Development Cells (PDCs) in CCBs, etc. which in turn contribute to their functional efficiency. Assistance is also available for setting up computer labs in banks adopting CBS under ASP model supported by NABARD, accreditation of PACS godowns through NABCONS, etc. Agricultural Co-operative Staff Training Institutes (ACSTIs) of StCBs, Integrated Training Institutes (ITIs) and Junior Level Training Centres (JLTCs) of SCARDBs continued to get support under CDF. During 2013-14, financial assistance of ₹9.58 crore was disbursed under CDF with a cumulative disbursements of ₹124.37 crore as on 31 March 2014.

PACS Development Cell Scheme

NABARD extended grant assistance to set up PDCs in CCBs as a dedicated focal point to help PACS for development and growth of their business in a systematic manner. PDCs are being developed in 115 co-operative banks in 13 States. During 2013-14, a two week long training programme was conducted for the Resource

Persons appointed under the Scheme and Resource Persons have drawn up the Action Plan for the PDCs and selected PACS. As on 31 March 2014, 62 Resource Persons have been trained in BIRD, Lucknow.

Accreditation of Rural Godowns

Warehousing Development and Regulatory Authority (WDRA) has registered NABCONS, the subsidiary of NABARD, as an Accreditation Agency for warehouses owned by PACS and other Primary Co-operative Societies like LAMPS, FSS and Marketing Societies. During 2013-14, NABARD sanctioned ₹23.00 crore to NABCONS for accreditation of 91 Godowns owned by PACS and such primary societies. As on 31 March 2014, 125 godowns owned by PACS have been accredited by NABCONS.

Scheme of Financial assistance for Training of Co-operative Banks Personnel

NABARD has been extending funding support under Scheme of Financial assistance for Training of Co-operative Banks Personnel (SOFTCOB) to Agricultural Co-operative Staff Training Institutes (ACSTIs) of StCBs, Integrated Training Institutes (ITIs) and Junior Level Training Centres (JLTCs) of SCARDBs. In order to ensure quality training delivery and motivate CTIs to come upto certain reasonable mark, the assistance under SOFTCOB was extended to C-PEC accredited training institutions only. During 2013-14, NABARD provided technical and financial support of ₹5.08 crore under SOFTCOB.

Training on Corporate Governance for BoDs/ CEOs of StCBs/CCBs

The Board of Directors (BoDs) of co-operative banks have the responsibility of overseeing the performance of the respective banks and have to ensure that they function in accordance with the principles of corporate governance. Further, they have to ensure that the guidelines issued by RBI/NABARD with regard to viability and sustainability are followed and good governance is provided. Keeping this in mind, NABARD sanctioned various programmes to Bankers Institute of Rural Development (BIRD), National Institute for Rural Banking (NIRB), Vaikunth Mehta National Institute of Co-operative Management (VAMNICOM), Pune and National Co-operative Development Co-operation, TOPIC, Gurgaon for conducting training programme on Corporate Governance for Financial Co-operatives (CGFC) for benefit of Board members and CEOs of StCBs/CCBs. During 2013-14, NABARD sponsored 15 training programmes for the officials of the co-operative banks.

Organisational Development Initiatives

Organisational Development Initiatives (ODI), being conducted by NABARD since 1994-95 is a re-engineering process which facilitates and aims at achieving change in the organisational attitudes and cultures. ODIs help in motivating the employees paving the way for increased productivity and profits for the organisation. During 2013-14, ODI Programmes were conducted in three CCBs and three RRBs.

Regional Rural Banks

Performance of RRBs

Post amalgamation, the number of RRBs in the country as on 31 March 2014 stood at 57, with a network of 19,082 branches covering 642 notified districts in 26 States and the UT of Puducherry. The aggregate deposits of RRBs registered a growth of 13 per cent, borrowings 34 per cent, loans and advances (outstanding) 17 per cent and investments 2 per cent, respectively (Table 2.18).

The provisional financial results of RRBs for the year 2013-14, indicates that all 57 RRBs have earned profits aggregating ₹2,833 crore as compared to 63 out of 64 RRBs earning aggregate profit of ₹2,275 crore in 2012-13. The proportion of RRBs that are sustainably viable *viz.*, earning profits and carrying no accumulated losses has increased from 83 per cent (53 out of 64 RRBs) as on 31 March 2013 to 86 per cent (49 out of 57) as on 31 March 2014. The aggregate reserves of RRBs increased to ₹15,736 crore and net worth increased to ₹21,199 crore as on 31 March 2014. There were 8 RRBs with accumulated losses and their accumulated losses had decreased by 17 per cent over the previous year.

The recovery performance of RRBs improved marginally from 81.2 per cent as on 30 June 2012 to 81.9 per cent as on 30 June 2013. Nine RRBs had recovery of more than 90 per cent, 19 RRBs had recovery in the range of 80 to 90 per cent, 28 RRBs had recovery in the range of 60 and 80 per cent and one RRB had recovery of less than 60 per cent (Table 2.19). The aggregate gross NPA of all RRB declined from 6.1 per cent as on 31 March 2013 to 4.4 per cent as on 31 March 2014.

Committee on Human Resource Policy for RRBs - Post CBS

As directed by GoI, a Committee was constituted in NABARD to revisit the existing Human Resource Policy for assessment of manpower/staffing pattern, skill development needs of RRBs in the event of implementation of CBS and other related technological up-gradation. The committee submitted its report to GoI in November 2012.The tenure of the Committee was extended upto 30 June 2013 with amendment of terms of reference to prepare roadmap for implementation of the recommendations and monitoring of the same. The Committee finalised the RRB- wise road map and time frame for implementation of technology adoption by all RRBs as per the amended terms of reference. The second Part of the Report of the Committee was submitted to GoI for consideration during March 2013. Approval of GoI in the matter is awaited.

Committee for fixing Inter-Se seniority of RRBs – Post amalgamation

As advised by GoI, a Committee was constituted by NABARD, with members of 11 new Sponsor banks of amalgamated RRBs to fix the norms for Inter-Se seniority of RRBs in post amalgamation scenario. After approval from GoI, the guidelines on fixation of Inter-Se seniority of RRB staff post amalgamation as submitted by the Committee was issued to all concerned in November 2013.

Recapitalisation of RRBs

Dr. K.C. Chakrabarty Committee had reviewed the financial position of all RRBs in 2010 and recommended for recapitalisation of 40 out of 82 RRBs for strengthening their CRAR to the level of 9 per cent by 31 March 2012. Accepting the recommendations of the committee, the GoI alongwith other shareholders decided to recapitalise the RRBs by infusing funds to the extent of ₹2,200 crore, with proportion of shareholding being 50:35:15 for GoI : Sponsor Banks : State Governments. As on 31 March 2014, an amount of ₹2,076.51 crore was released to 38 RRBs in 20 States. The released amount includes GoI's contribution of ₹1,038.14 crore, State Government's contribution of ₹311.49 crore and Sponsor bank's contribution of ₹726.78 crore. The recapitalisation is complete in respect of 38 RRBs (five each in Odisha and Rajasthan, three each in Madhya Pradesh and West Bengal, two each in Uttarakhand, Jharkhand, Chhattisgarh, Bihar, Maharashtra and Jammu & Kashmir and one each in Assam, Arunachal Pradesh, Nagaland, Tripura, Mizoram, Karnataka, Tamil Nadu, Gujarat, Manipur and UT of Puducherry). Govt. of Uttar Pradesh has not released any amount in respect of two RRBs identified by the committee. An additional recapitalisation fund of ₹96.92 crore has been released to Central Madhya Pradesh Gramin Bank including GoI's contribution of ₹48.46 crore, State Government's contribution of ₹14.54 crore and Sponsor Bank's contribution of ₹33.92 crore.

Appointment of Chairman of RRBs

As per the guidelines issued by GoI for selection of the Chairman of RRBs, the Sponsor Bank will have a Selection Committee with representatives from RBI, NABARD, Sponsor Bank and an external expert. The recommendation of this Committee will be subject to approval by the Board of the Sponsor Bank for appointment of Chairman of RRBs.

Empanelment of Statutory Auditors for RRBs

The norms for selection of auditors for conducting audit of RRBs have been revised by NABARD with the approval from GoI on a yearly basis. For 2013-14 the approval of empanelment of auditors was received from GoI and forwarded to all RRBs / Sponsor Banks / ROs for facilitating commencement of audit with effect from 1 April 2014.

Branch Expansion

As a strategy towards broader financial inclusion, the RRBs were advised to undertake an aggressive branch expansion programme particularly in hitherto unbanked areas. RRBs had opened 913 and 947 new branches during 2011-12 and 2012-13, respectively. During 2013-14, the RRBs opened 438 branches, taking the cumulative number of branches to 19,082 as on 31 March 2014. The RRBs have been allocated 22,000 villages and at places where opening of brick and mortar branch is not considered viable, the banks are allowed to start Ultra Small Branches (USBs) and thereafter at places where the USB reaches the desired level of business, the same can be upgraded into regular bank branches.

Financial Inclusion with focus on Information and Communication Technology

Financial inclusion is a key element in the strategy to achieve inclusive growth. It is a crucial enabler of economic and social development. In India where a large segment of the population still lives outside the ambit of formal financial services, the need to focus on financial inclusion assumes greater significance. Extension of banking services to hitherto unserved areas and adoption of technology increase the availability of and access to financial services and hence addresses the supply side. Promotion of financial literacy encourages the demand for financial services.

Financial Inclusion Fund and Financial Inclusion Technology Fund

NABARD continued to manage two dedicated funds *i.e.*, (i) Financial Inclusion Fund (FIF) for meeting the cost of developmental and promotional interventions and (ii) Financial Inclusion Technology Fund (FITF) for meeting the cost of technology adoption for financial inclusion. With effect from 01 April 2012, the relative margin (interest differentials) available to NABARD in excess of 0.5 per cent in respect of deposits placed by banks under RIDF and STCRC is being credited to FIF/FITF. The position of contributions/accruals to the FIF was ₹1,761.87 crore and FITF was ₹203.04 crore as on 31 March 2014. The Advisory Board with representation from GoI, RBI, National Association of Software and Services Companies (NASSCOM), Insurance Regulatory and Development Authority (IRDA) and Institute for Development and Research in Banking Technology (IDRBT) under the chairmanship of NABARD, guides and renders policy advice in respect of management of these Funds. As on 31 March 2014, the cumulative sanctions under FIF and FITF were ₹502.80 crore and ₹408.45 crore, respectively, against which, disbursements were ₹135.35 crore and ₹221.55 crore, respectively (Table 2.20). The Micro Finance Development and Equity Fund (MFDEF) was closed on 31 March 2013 and the activities being financed thereunder are now being covered under FIF. Further, the commitments made under erstwhile MFDEF as on 31 March 2013 was taken as sanctions under FIF during 2013-14. There is a proposal to merge FIF and FITF into a single Fund. The RBI and NABARD have agreed to the proposal and the issue is under examination by the GoI.

Major initiatives under FIF

Support to Co-operative Banks and RRBs for setting up Financial Literacy Centres from FIF

The scheme for supporting RRBs and co-operative banks for setting up Financial Literacy Centres (FLCs) with an outlay upto ₹5 lakh per FLC under FIF was continued during 2013-14. As on 31 March 2014 grant assistance of ₹37.69 crore has been sanctioned to RRBs and co-operative banks for setting up 801 FLCs in 19 States.

Demonstration of Banking Technology through Mobile Van – Raigad DCCB, Maharashtra

Assistance to RRBs for demonstrating banking technology

Based on a suggestion received from the RRBs, a Scheme has been prepared for providing assistance to RRBs under FIF for demonstrating among villagers the use of ATM and Point of Sale (PoS) device. The assistance will cover the cost of vehicle fitted with ATM, PoS device and other related items, subject to a maximum of ₹10 lakh per unit.

Aflatoun Financial Education Programme – Mel Jol

The project sanctioned to the NGO (Mel Jol) with grant assistance of ₹27.67 lakh aims at bringing financial literacy to 43,000 school going children in 300 schools across three States (Andhra Pradesh, Bihar and Maharashtra). This will be achieved through the innovative and interactive Aflatoun School model. Under this model, school children open 'Aflatoun Banks' and take up the role of bank staff on their own. The school teachers act as banking (business) facilitators/ correspondents.

Financial Literacy Programme for Rural Adults – Common Service Centres e-Governance Services India Ltd

Common Service Centres (CSCs) have been established as per the National e-Governance Plan launched by GoI in 2006. They have existing infrastructure including ICT enabled kiosks and CSCs are already into financial inclusion as Business Correspondents (BCs)/ Business Correspondent Agents (BCAs). An amount of ₹47.30 lakh has been sanctioned to CSC e-Governance Services India Ltd. (CEGSIL), a Special Project Vehicle (SPV) promoted by Department of Electronics and Information Technology, GoI, for the financial literacy programme in Chhattisgarh and Madhya Pradesh. The objective of the programme is to roll out financial literacy in a coordinated phased manner through the CSC Village Level Entrepreneurs (VLEs) in the above two States. It aims to provide financial literacy training to 10,000 persons in the rural areas of these States.

Support for migration of data of PACS to CBS of Co-operative banks

Assistance is available under FIF for migration of data of PACS on the CBS server of co-operative bank where the PACS are willing to work as BC of a co-operative bank.

Major initiatives under FITF

ICT Solution adopting BC / BF model by RRBs

Assistance was sanctioned to RRBs for implementing ICT based solutions to cover all the villages in the command area of RRBs. As on 31 March 2014, grant assistance of ₹156.51 crore were sanctioned for 56 RRBs from FITF, against which, disbursements was ₹47.79 crore.

Support for CBS for weak RRBs

As a part of the scheme to support weak RRBs for migration to CBS an assistance of ₹228.21 crore was sanctioned to 27 weak RRBs, out of which, ₹167.28 crore was disbursed as on 31 March 2014.

Assistance for Rupay KCC and RuPay Debit Card

Guidelines regarding issue of KCCs in the form of interoperable RuPay Card by CCBs and RRBs with assistance from FITF were issued. Similarly, guidelines were issued for assistance for issue of RuPay Debit Cards under Financial Inclusion Plans of RRBs and co-operative banks.

Support to Co-operative Banks/ RRBs for additional PoS devices

Based on the demand from the RRBs, it was decided to extend support under FITF to RRBs and co-operative banks to purchase additional PoS devices for branches as stand-by as also for issue to input suppliers.

Support to RRBs and Co-operative Banks for ATM Inter-change charges

NABARD has also been providing financial support to RRBs for issuing RuPay KCC cards to their existing clients.

With a view to encouraging ATM penetration in rural areas, NABARD has designed a scheme to support RRBs and co-operative banks by way of reimbursing their ATM interchange charges on KCC ATM-cum-Debit cards. The scheme will cover transactional cost/interchange charges arising out of the use of RuPay KCC on an ATM other than the parent bank's ATM.

Special Project Unit - Kisan Credit Card

The guidelines of Revised KCC Scheme, 2012 specifies that the eligible KCC customers will be issued smart card/debit card (bio-metric smart card compatible for use in ATM/Hand held swipe machines), with facility for withdrawal/disbursement of loan through ATM/PoS/ micro ATMs using these cards. NABARD with a view to facilitate early action in this direction, set up a Special Unit – Kisan Credit Card (SPU-KCC) in January 2013 with a mandate to encourage co-operative banks and RRBs to issue RuPay Kisan Cards. The core objective of the Unit is to facilitate issue of such cards by these banks through guidance, co-ordination with National Payment Corporation of India (NPCI), interaction with sponsor banks of RRBs and co-operative banks. The overarching goal is to develop cash less eco system by enabling the farming community to avail all new banking facilities at par with urban areas of the country. The SPU-KCC undertakes the policy formulation, capacity building and networking with various stakeholders to achieve the above objectives. It has floated Schemes providing financial support to RRBs and co-operative banks for issuing RuPay Kisan Cards.

Raigad CCB was the first co-operative bank in the country to issue RuPay Kisan Cards in May 2013. Subsequently, six more CCBs also launched RuPay Kisan Cards during the year. The driving force behind this was the initiatives

Box : 4
RuPay Kisan Cards

'RuPay', a new card payment scheme launched by NPCI, is conceived to fulfil RBI's vision to offer a domestic, open-loop, multilateral system which will allow all Indian banks and financial institutions in India to participate in electronic payments. RuPay has come out with its RuPay Kisan Card which leverages the benefits of both KCC and RuPay. RuPay Kisan Cards involves a number of positive features such as :

- Unlike Visa and Master Card networks, RuPay does not charge any entry fee.
- Since it is a PIN based product, it provides highest security.
- It provides advanced features such as processing of adjustment file to enable Tip and Surcharge processing on SMS platform.
- Administration costs and quarterly charges of RuPay Kisan Cards are only a fraction when compared to other current international card brands.
- It is a smart card which can be used at the nearest ATM/PoS.

and concerted efforts taken by NABARD to bring the so called 'technology downtrodden' co-operative banks onto payment systems. Six intensive zone-wise workshops were conducted during 2013-14 for the CEOs of StCBs/CCBs to orient them with the goal to provide all the eligible borrowers with ATM-cum-Debit – RuPay Kisan Cards. Subsequently, for all the frontline implementing officers of co-operative banks, six exhaustive and elaborate training programmes were conducted to equip them with both theoretical and technological know-how of implementing payment system for issuing RuPay Kisan Cards.

The RRBs were also equally active in issuing RuPay Kisan Cards. The Steering Committee comprising major sponsor banks of RRBs met five times during 2013-14 to resolve various operational difficulties relating to the issue of RuPay Kisan Cards by RRBs. These interventions facilitated 43 RRBs to issue 7.11 lakh RuPay Kisan Cards to their customers.

Further, to give thrust for issuance of RuPay Kisan Cards by RRBs and co-operative banks, NABARD continued to provide financial support for issuance of cards, installation of micro ATMs, integration of PoS and CBS and migration of KCC accounts data from PACS to CBS of CCBs. As at the end of March 2014, a total grant support of ₹33 crore was sanctioned to 26 RRBs and eight co-operative banks for helping in issuing 52 lakh RuPay Kisan Cards, installation of 10,000 micro ATMs and for demonstrating banking technology through mobile vans (in 10 RRBs and four co-operative banks) at the doorstep of rural population. Keeping in view the success achieved during 2013-14, NABARD would be up-scaling the efforts to ensure that all the eligible KCC holders of RRBs and co-operative banks are provided with an interoperable ATM-cum-Debit Card.

Supervising RFIs

As part of its supervisory function, NABARD conducts statutory inspection of StCBs, CCBs and RRBs and voluntary inspection of SCARDBs, Apex level Co-operative Societies and Federations. Considering the unique nature of all these institutions, the supervisory role of NABARD, apart from ensuring conformity with banking regulations and prudential norms, is a very comprehensive and holistic one, encompassing on-site inspections, off-site surveillance, portfolio studies, monitoring, guiding and facilitating functions. The periodicity of statutory inspections of all StCBs and those CCBs and RRBs not complying with minimum

Box : 5

A Spark Ignited : Raigad Central Co-operative Bank

Raigad is a small district in Maharashtra's Konkan Region. The district has made buzz in the co-operative banking sector as being the first CCB to successfully implement RuPay Kisan Cards. The CCB has changed itself alongwith the changing banking environment. In 1997, way before Vaidyanathan Committee was formed, it started amalgamating its PACS with a view to remain viable. Anticipating the changing banking scenario, it started computerisation of its branches since the year 2000.

The launching RuPay Kisan Cards had posed several challenges for the CCB. Although, the CCB had completed its CBS implementation in 2010, it had to take a number of critical decisions such as joining as direct or sub-member, selection of switch vendor, finalisation of vendor, etc. for issue of RuPay Kisan Cards. The most challenging task was to change the mindset of the staff as well as the customers to accept card based payments systems. After addressing the technical, procedural and attitudinal issues, Raigad CCB was the first CCB in the country to launch RuPay Kisan Cards in May 2013. With this, the farmers can directly withdraw money from nearest ATM or PoS instead of searching for a bank branch or society.

capital requirements as stipulated under the B. R Act, 1949 (AACS)/RBI Act, 1934 and voluntary inspections of all SCARDBs continues to be annual. The statutory inspections of those CCBs and RRBs with positive net worth and voluntary inspections of Apex Co-operative Societies/Federations are conducted once in two years.

Inspection of Banks

During 2013-14, 296 inspections covering Statutory Inspection of 282 RFIs (32 StCBs, 208 CCBs and 42 RRBs) and voluntary inspection of 13 SCARDBs and one Apex Co-operative Society were conducted as programmed for the year. Some of the major supervisory concerns brought out by the inspections included : (i) non-compliance with the statutory provisions, (ii) improper application of Income Recognition and Asset Classification (IRAC) norms, (iii) high level of NPAs/erosion in the value of assets, (iv) deficiencies in sanction, appraisal of loans/advances and laxity in post disbursement supervision, (v) inadequate financial margin/high cost of management/adverse working results, (vi) non-judicious funds management, (vii) inadequate risk management systems, (viii) poor corporate governance in co-operative banks, (ix) weaknesses in internal checks and control system resulting in frauds, (x) deficiencies / irregularities in investment portfolio, (xi) violation of norms under Credit Monitoring Arrangement (CMA)/exposure norms, (xii) non-compliance with Know Your Customer (KYC)/ Anti-Money Laundering (AML)/Combating Financing Terrorism (CFT) standards, (xiii) poor adoption of Asset Liability Management (ALM) system, etc. The defects were communicated to the banks concerned, Registrar of Co-operative Societies (RCS), State Governments in respect of co-operative banks and Sponsor Banks in respect of RRBs for corrective action.

Board of Supervision

The Board of Supervision (BoS) constituted by the Board of Directors of NABARD in 1999, met in February 2014. The BoS deliberated upon : (i) status of capital of Banks, (ii) migration in the rating of RRBs from 31.03.2010 to 31.03.2012, (iii) status paper on Licensing of Co-operative banks and scheduling of RRBs and (iv) other issues such as status paper on banks' compliance with provisions of with Section 11(1), Section 22(3)(a) and 22(3)(b) of B. R. Act, 1949 (AACS) and Section 42(6)(a)(i) and (ii) of RBI Act, 1934 and status paper on complaints pending for more than four months. As directed by BoS, NABARD has issued guidelines to supervised banks for strengthening internal checks and control system.

Health of Supervised Banks

State/Central Co-operative Banks

Compliance to minimum share capital requirement

As on 31 March 2014, all the 32 StCBs and 345 CCBs out of total 371 CCBs were complying with the provisions of Section 11(1) of the B.R. Act, 1949 (AACS) *i.e.*, minimum capital requirements. Twenty six CCBs were not complying with the provisions of the Act, ibid.

Grant of License

Based on the suggestions of Committee on Financial Sector Assessment (CFSA), (Chairman: Dr. Rakesh Mohan, the then Deputy Governor of RBI), RBI had revised/relaxed the licensing norms for rural co-operative banks in October 2009. During 2013-14, one StCB and three CCBs were granted license by RBI as per the revised licensing norms. With this, as on 31 March 2014, all the 32 StCBs and 348 CCBs out of total 371 CCBs had received banking license from RBI.

License for Jharkhand StCB

Consequent to the bifurcation of Bihar between Bihar and Jharkhand, Jharkhand StCB came into existence and based on NABARD's recommendations, RBI granted license to the StCB in August 2013. Subsequently, RBI based on NABARD's recommendations, approved the proposal of the Government of Jharkhand for amalgamation of eight CCBs in Jharkhand with the Jharkhand StCB subject to fulfilment of certain conditions.

Scheduling of Banks

With inclusion of Chhattisgarh StCB in the Second Schedule of RBI Act, 1934, on 26 August 2013, 17 StCBs out of total 32 StCBs had received the scheduled status.

Regional Rural Banks

Compliance to minimum share capital requirement

As on 31 March 2014, one RRB out of 57 RRBs did not comply with the minimum capital requirements as per Section 42(6)(a)(i)of the RBI Act, 1934. The bank has prepared specific plan for recomplying with the statutory capital requirements and the same is being monitored by its Sponsor Bank.

Scheduling of Banks

In the second phase of amalgamation of RRBs initiated by GoI, till 31 March 2014, 43 RRBs were amalgamated to form 18 new RRBs. In respect of the new entities formed after amalgamation, the compliance to the norms under Section 42(6)(a) (i) & (ii) of the RBI Act, 1934 was examined and suitable recommendations were made by NABARD to the RBI in respect of 17 RRBs for scheduling. Out of these amalgamated RRBs, 13 RRBs have been scheduled by RBI upto 31 March 2014.

Important Policy Directions

A number of instructions involving policy matters were issued to StCBs/CCBs and RRBs. Major policy decisions communicated to StCBs/CCBs included : (i) instructions/ guidelines to supervised co-operative banks for strict adherence to compliance with Credit Information Companies (Regulation) Act, 2005, (ii) instructions to supervised banks to ensure registration with submission to the Financial Intelligence Unit – India (FIU-IND), for submission of the various returns under KYC/AML guidelines of RBI.

RBI has prescribed to StCBs and CCBs a Minimum Capital adequacy norm (CRAR) of 9 per cent to be achieved in a phased manner. StCBs and CCBs were advised to maintain a mandated minimum CRAR of 7 per cent on an on-going basis with effect from 31 March 2015 and 9 per cent with effect from 31 March 2017. Consequent to the consolidation of RRBs, all RRBs have been advised by RBI to maintain a minimum CRAR of 9 per cent on an on-going basis with effect from 31 March 2014. RRBs have also been advised to introduce 'Mark to Market' (MTM) valuation in respect of their SLR securities with effect from 1 April 2014.

Supervisory interventions

Besides discharging the statutory responsibility of conducting inspection of banks, NABARD has also been striving hard for capacity building of personnel of supervised banks through conduct of workshops/ seminars/training programmes on various emerging issues such as KYC/AML, CMA, prevention of frauds, internal checks and controls, corporate governance, investment management, ALM, compilation of revised OSS returns, risk management, CRAR, etc. for the supervised entities. For a holistic and more effective approach towards supervision, NABARD continued to have close co-ordination with RBI in informal as well as formal arrangements like periodic co-ordination meetings. NABARD also forged partnerships with other related agencies, especially, GIZ and Institute of Chartered Accountants of India (ICAI) for improving transparency and effectiveness of audit of the supervised banks and strengthening the risk management system in the banks.

Assisting in credit planning

Potential Linked Credit Plans

NABARD prepares Potential Linked Credit Plans (PLPs) for all districts (except metro districts) of the country every year to provide a meaningful link between development and credit planning for supporting agriculture and rural development. It provides estimates of credit which can be potentially absorbed at the district level for various sub-sectors of agriculture, non-farm sector and other priority sector under Priority Sector, besides providing a holistic perspective of infrastructural gaps and ways to fill the same. During 2013-14, 652 such plans were prepared to guide the banks in their credit planning exercise for 2014-15. The sector-wise credit projections captured in the PLPs were utilised for arriving at the credit targets for agriculture and allied sector, in particular and priority sector in general, for 2014-15.

State Focus Paper

Based on the data emerging from the PLPs, State specific State Focus Papers (SFPs) for 2014-15 were prepared by ROs of NABARD to present a comprehensive picture of potential available in various sectors of the rural economy, critical infrastructure gaps to be filled in and linkage support to be provided by various Government Departments. Credit Seminars were organised in all States/UTs for discussing with the officials of the State Government Departments, financial institutions and other stakeholders to bridge the infrastructure gaps for facilitating potential credit flow.

District Level Offices

As on 31 March 2014, NABARD had 409 District Development Manager Offices across the country to focus on credit planning, monitoring, developmental and promotional activities in these districts. In addition, 133 districts are tagged to specific DDM districts and the remaining are operated from the respective Regional Offices, thus covering all the districts of the country.

THEME

Livelihoods: The smorgasbord for poverty alleviation

'Eradicate extreme poverty and hunger' is the first of the eight Millennium Development Goals enunciated by the United Nations. The second sub-goal under this is to 'Achieve full and productive employment and decent work for all, including women and young people'[1]. But, with its 1.23 billion population, India is a nightmare for any planner or policy maker attempting to provide a gainful occupation-employment or self-employment for all working age people. With a falling employment growth in organised sector, the urban informal sector and rural sector including agriculture sustain the livelihoods of vast millions. For these millions livelihood is mainly about finding an opportunity to work or take up an activity which brings in some income. This implies that a vast majority of working age population in India just exists on the margins of a meaningful livelihood.

Livelihoods can be made up of a range of on farm and off farm activities which together provide a variety of procurement strategies for food and cash. Livelihoods, especially rural livelihoods, are shaped and defined by the socio-cultural contexts and macro physical and policy environments. Within this vulnerability context, households tend to develop the most appropriate livelihood strategies, depending on their capabilities, the institutional arrangements and policy environments that define the availability and access to various resources, services and entitlements. In other words, at any point of time, the extent of capital assets and endowments held by the household in combination with socio economic structures and institutions, determines the set of livelihood strategies and opportunities for the household that results in certain outcomes like cash incomes or their well-being. Livelihood activities are strategies adopted by the households to meet their elementary human needs, such as food, water, shelter, clothing, sanitation, health care etc. The ultimate outcome objective is to achieve a desired and sustainable state of life, wellbeing and welfare of the household.

The framework of analysis adopted for the assessment of livelihoods should consist of understanding

- Livelihood assets and activities
- Livelihood outcomes
- Vulnerability and coping strategies
- Livelihood opportunities and inherent risks
- Sustainable development of livelihood activities - Constraints and challenges

Prior to embarking on strategies for livelihood promotion, it is necessary to understand the extent and range of populations facing vulnerable livelihoods. The categories and numbers of people facing livelihood challenges are as indicated:

Sl. No.	Description	% of population and numbers
1	Persons below the poverty line	25.7 % of rural population
2	Forest dwellers	93 millions
3	Absolutely landless families	18-20 million
4	Street vendors	10-12 million
5	Manual scavengers	1 million
6	Single women	25.9 million
7	Women farmers	90 million
8	Disabled persons	21 million
9	Seasonal and casual workers in informal sector or informal jobs in formal sector	140 million (29 % of total workforce)
10	Vulnerable workers (as per ILO definition)	80 million (17 % of total workforce)

Source: State of India Livelihoods Report-2013[2]

It may be noticed that a prominent part of population which faces livelihood challenges is associated with agriculture and rural areas, which are the focus of NABARD's mandate. But rural livelihoods are beset with heterogeneity, where there are many low skilled, poorly remunerated agricultural jobs and a small number of

[1] www.un.org/milleniumgoals

[2] Ashok Kumar Sircar, 'Policy Initiatives and Policy Paralysis' in 'State of India's Livelihoods Report-2013', ACCESS Development Services, New Delhi

high skilled jobs that offer workers pathways out of poverty. This is also reflected in the rural non-farm economy where low productivity, self and wage employment coexists with employment in dynamic enterprises. Improving the productivity, profitably and sustainability of small and marginal farm holdings is the main pathway out of poverty in using agriculture for livelihood enhancement. At the macro-institutional level, the entirety of NABARD's financial services are aimed at enhancing rural livelihoods, but it also has a host of interventions in specific areas which have a goal of creating new livelihood opportunities and improving the existing ones. These interventions are focussed on making agriculture more sustainable, making product markets work better, promote innovations through science and technology and improve access to financial services.

One of the earliest developmental interventions of NABARD in enhancing livelihoods levels is the Farmers' Club programme which started in 1983. These clubs serve as platforms for technology transfer, improved farming practices, organised market access as well as input sourcing and smoother credit supply. The natural evolution for a well-functioning Farmers' Club is into a Producer Organisation in a company or cooperative form. The watershed development programmes of NABARD are also designed as comprehensive and sustainable livelihood programmes rather than as plain soil and moisture conservation programmes. The model achieves its goals by paying attention to modified cropping pattern, subsidiary agricultural activities, additional livelihood opportunities for the landless on the watersheds and empowering women to take up on and off farm income generating activities.

The Wadi Programme of NABARD works towards a long term sustainable impact on the tribal families focussing on creating livelihoods rather than mere generation of short term employment. This approach is characterised by:

- Building upon an existing resource base –natural, human and social
- Facilitating an enrichment of this resource base to develop into productive assets, confident and skilled people, and dynamic community organisations that can interact with the mainstream.
- Focus on various aspects of living-food security, cash incomes, quality of life and meaningful occupation-rather than merely generating wage labour

The livelihood approach thus generates a remunerative engagement for the entire family. Further the interlocked factors that contribute to poverty require that unless they are all addressed no intervention will be effective. This requires a convergent rather than piecemeal approach. The evolution of Wadi Programme has been based on these requirements in mind. It has therefore emerged as an environmentally sound livelihoods approach.

The journey traversed so far by the NABARD promoted Self- Help Group-Bank Linkage Programme crossed many milestones-from linking a pilot of 500 SHGs of rural poor two decades ago to reach over seven million groups last year. The poor in the country have demonstrated that inspite of being poor, they are, perhaps, the most 'bankable' clients and most willing to help each other for a better tomorrow. While livelihood promotion and enterprise development has not been a leitmotif of this programme, there have been many success stories of poor SHG members showing exemplary entrepreneurial qualities to come out of the vicious circle of poverty and indebtedness with the help of SHGs. The

Vegetable cultivation with bank loan

tremendous impact on the social status of poor rural women becoming bread earners for their households through the instrument of SHGs has been corroborated by many research studies. For mature SHGs which have already accessed credit, NABARD has been supporting need based skill development programmes. Often the requirement for skill development or refinement of skill sets of the SHG members is a felt need which is supported through resource NGOs and other support organisations locally. These are on-location training programmes which attempt to bridge skill deficits or facilitate optimisation of production activities already pursued by the SHG members. Experience reveals that a brief input of enterprise related skill does promote entrepreneurial talents of members of matured SHGs to set up and manage microenterprises as a livelihood option.

The IFAD supported Women's Empowerment and Livelihoods Programme being implemented by NABARD in seven districts of UP and Bihar since 2009 is based on the SHG philosophy but has an additional thrust of livelihood promotion after the SHGs mature. The goal of the programme is holistic empowerment of rural poor women and adolescent girls supported by sustainable and improved livelihood opportunities. It also aims at strengthening of local institutions related to livelihood development. The purpose of the programme is the strengthening of community level institutions for social and economic empowerment and provision of access to productive resources and social services. It aims for

Woman engaged in Broom making activity

Woman engaged in Lac Bangle making activity

provision of sustainable livelihood base integrated with wider economy and creation and expansion of 50,000 micro enterprises. Mid Term Review Mission of IFAD had recommended the intensification of livelihoods through skill building. It also advised that input supply facilitation and output marketing should be arranged through partnerships with utility service providers.

Generally, robustness and resilience of a livelihood system - at individual, household, as well as at local and regional level - are tested and rated for the extent of diversity of its composition and the diversity in income sources. Livelihoods become more resilient and sustainable when they are adequately diversified. However, there can be livelihood contexts where the local and regional livelihood patterns would be reasonably diversified, while many individual households in the region may not be adequately diversified. The reasons for this mismatch are many. Addressing such mismatches is a challenge and calls for focused household approaches to livelihoods development. It is widely believed that the more diversified a livelihood system is, the better its performance in terms of risk coping and resilience. As the objective of providing livelihoods to the rural poor is to provide them with continuous sources of income, it is desirable to insulate them from the possible risks arising out of that. One option could be to provide them with multiple livelihoods which may include a mix of farm and non-farm activities. However, from an economic perspective, few doubts still persist, specifically with regard to its efficiency and growth, such as, relation between diversification and factor productivity, resource management and income maximisation. Yet, there is general consensus that diversification as a risk management strategy helps building robustness and sustaining rural livelihoods, at least in the short run, especially in context where livelihoods are more prone to risks and uncertainties.

In adhering to this principle of diversification, NABARD turned its attention to rural non-farm sector as early as 1986. Over the years it has implemented a slew of livelihood promotion and enhancement interventions in rural non-farm sector. These include the rural entrepreneurship development programmes, cluster development programmes aiming to revive and support traditional local craft clusters and rural industrial clusters as well as incubate clusters for new and innovative activities, marketing support programmes and training cum production centre concept. These programmes exemplify as to how, with the support of a nodal agency we would be able to map the potential, facilitate the implementation process and provide continuous handholding support to the targeted clients with end to end solutions in livelihood promotion.

Woman managing Kirana Shop

A number of programmes are being implemented by various agencies in rural areas. The programmes may relate to agriculture, plantation and horticulture, micro and minor irrigation, sericulture, animal husbandry, dairy, poultry, fisheries, MSMEs, renewable energy, vermi-compost, etc. which are supported with financial, technical, extension, infrastructural linkages from a wide spectrum of institutions. Convergence of all such initiatives will lead to maximum benefits for the poor. In rural India the most substantial intervention with respect to livelihoods and social protection is the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), which since its inception, generated 1,348 crore person days of employment involving an expenditure of around Rs 2 lakh crores[3].

While MNREGA has been hailed a success in making work an entitlement, it has also been subject to severe criticism on grounds of design and implementation. Critics say that it is temporary distress alleviation, not a long term solution, to the challenge of ensuring livelihood protection or promotion. It has been argued that the Act's promise of 100 days of guaranteed employment of unskilled workers interferes with the labour market, preventing it from making its natural adjustments, and leads to a stunting of skills. Guaranteed unskilled employment would mean that there is little motivation to acquire skills. Large scale financial irregularities and low quality of assets generated through MNREGA are two large scale implementation issues[4].

The sole government programme with 'livelihood' in its title is the National Rural Livelihoods Mission (NRLM), launched in 2011 by restructuring the erstwhile SGSY scheme. NRLM's components are: formation, federation and financing of women SHGs; livelihoods programme for rural women farmers and agricultural labourers; value addition in non-timber forest produce in tribal districts;

[3] Mahatma Gandhi National Rural Employment Guarantee Programme-2013, 'Report to the People', Ministry of Rural Development, Government of India, New Delhi

[4] Savitha Suresh Babu and Kirti Vardhana, 'Social Protection and Livelihoods' in 'State of India's Livelihoods Report-2013', ACCESS Development Services, New Delhi

gender rights issues and various skill development programmes. It aims to cover all the rural districts in the country in a period of eight years, in phases. It has incorporated several key shifts from earlier programmes. First, it responds to demand from states. Second, it provides a professional support structure for programme implementation at all levels. Third, it takes a 'saturation' approach to ensure maximum coverage of the rural poor. Further it takes a nuanced view that the poor have multiple livelihoods as a coping strategy, and as such, aims to embrace the entire household portfolio. Till date the major thrust of NRLM is on the formation and credit linkage of SHGs and implementing the interest subvention scheme for SHGs. Little field level activity is seen in the area of livelihoods. Recognising the complexity of the task, NRLM should partner with all civil society organisations including NGOs and other development agencies, including those of governments, many of which are partner institutions of NABARD in the SHG-Bank linkage programme, rather than aiming to roll out the programme through a monolithic bureaucratic set up.

The key to implementation of a successful livelihood programme lies in the support available to the people at each level. As the rural poor have generally limited or little knowledge of new livelihood activities that can be undertaken by them, the role of modern technical support and training at each level will be important. For example, they may need continuous technical inputs for undertaking activities like SRI method of rice cultivation. NABARD's experience in supporting numerous skill building and technology transfer programmes have revealed that the poor are extremely receptive to modern technology which has a positive impact on the overall output. Hence, focus must be on providing them with the requisite technology at the time of production, storage, packing and grading, marketing, etc. The technology service providing agencies should be encouraged to prepare a pool of trained people from the community who can propagate similar skills, especially related to traditional activities, among the communities.

The livelihood support can be pursued by the rural poor either in individual modes or a group mode. However, the latter is a better option as it will provide them with greater degree of flexibility on matters of training, procuring inputs, marketing, etc. The scope of a few members of an SHG graduating to start or expand economic activities and requiring much higher levels of loans than required by other SHG members is increasingly being seen as a possibility. In such cases, a smaller Joint Liability Group (JLG) from members of an SHG or new SHG may evolve.

Market is one of the major constraints which the poor face in their quest for livelihoods. Instances of middlemen forming cartels to exploit the producers are not rare. To counter these threats, efforts need to be undertaken in focusing on products which can be easily consumed by the locals. Further, a proper assessment of seasonal demand and supply position of various products, its quality, price, etc. in the nearby markets may have to be undertaken. Availability of proper storage facilities for perishable items may also help in denting the marketing risk involved. Community Service Centres, Federations of SHGs or PACS can play the role of producer organisation and facilitate the process of input supply, quality and production monitoring and market support.

Implementing a livelihood programme requires identification of strategic interventions. These interventions can broadly be defined as those which can help in triggering the starting process, providing basic inputs, identifying sources of financial assistance, capacity building, transfer of cutting edge technology, marketing arrangements, storage facilities, etc. The scale of support required at each level has to be defined and the targeted clients linked with the input providers. The option of pursuing a livelihood programme should always be left to the discretion of individuals, families and communities. No decision should be imposed upon them as it may not yield the desired impact. In other words all livelihood interventions should be community driven. Thus, with livelihoods being the '*principe sous-jacent*' of all its financial and developmental interventions, NABARD would be the foremost contributor to the achievement of the first of the Millennium Development Goals as far as India is concerned

Towards Inclusive Growth ......

Inclusive growth is a concept which provides equitable opportunities for every section of the society to participate in the process of growth. It refers to pace and pattern of growth, both of which are inter linked and hence must be addressed together. Rapid pace of economic growth is necessary for substantial poverty reduction but this growth to be sustainable in the long run should be broad based across the sectors.

NABARD's strategy to promote inclusive growth involves creating peoples' institutions at ground level, nurturing them, building their capacity and linking them to banking institutions. NABARD's developmental initiatives are diverse and include interventions in the farm sector, non-farm sector and micro finance. The farm sector initiatives focus on natural resource management, technology transfer and increased productivity. The non-farm sector revolves around supporting marketing activities, promotion of entrepreneurship and rural innovations. Up-scaling micro finance programmes, assisting research and development activities are the other developmental initiatives of NABARD. All these initiatives converge

Farmers at their wadi in Adavaram village in Chittoor district, Andhra Pradesh successfully in 'including' the people at the bottom of the pyramid in the process of development.

Inclusive natural resource management for sustainable agricultural growth

Watershed Development Programmes

As per the Report of The World Commission on Environment and Development, (The World Bank), 1987 : "Sustainable development is the development that meets the need of present without compromising the ability of the future generation to meet their own needs". Integrated approach and scientific management of natural resources are essential for sustainable development. Regeneration of environment through watershed approach offers scope for achieving sustainable development. Watershed is not only a geographical unit, it is also an area on which the community depends for its resources and identifies it as its own. Hence, there is a need for participatory approach in watershed development.

NABARD's watershed development programmes envisage community participation in planning, execution and management of watersheds and traverses broadly through Capacity Building Phase (CBP) and Full Implementation Phase (FIP). NABARD anchors four programmes *i.e.,* (i) Participatory Watershed Development Programme under Watershed Development Fund (WDF) in 18 States, (ii) Prime Minister's Relief Package for distressed districts in four States, (iii) Integrated Watershed Development Programme (IWDP) in Bihar and (iv) Indo-German Watershed Development Programme (IGWDP) in four States to promote watershed development. These four programmes cover an area of around 19 lakh ha.

The Participatory Watershed Development Programme aims at consolidation of isolated watershed programmes for bringing about effectiveness of participatory approach in watershed development. It is financed from Watershed Development Fund (WDF), set up in NABARD in 1999-2000 with an initial corpus of ₹200 crore contributed by GoI and NABARD in equal proportion. The Fund was augmented over the years by way of interest differential earned under RIDF and interest accrued on the unutilised portion of the Fund. The total corpus of WDF stood at ₹929.64 crore as on 31 March 2014. During 2013-14, 40 new projects were sanctioned taking the cumulative number of sanctioned projects to 479 covering an area of 5.52 lakh ha. in 16 States, with a total commitment of ₹302.10 crore.

Prime Minister's Relief Package for distressed districts is being implemented since 2006 in 31 distressed districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra with the aim to bring in 9.30 lakh ha. (30,000 ha. per district) under participatory watershed management programme. A cumulative amount of ₹719.92 crore was released under the package upto 31 March 2014 against the total commitment of ₹1,023 crore towards 779 watershed projects.

The watershed projects were entirely grant based in distressed districts while the assistance was grant-cum-loan in non-distressed districts. During 2013-14, grant assistance of ₹158.76 crore and loan assistance of ₹0.49 crore was disbursed for the watershed projects. The cumulative disbursement as on 31 March 2014 was ₹939.01 crore (₹932.06 crore as grant and ₹6.95 crore as loan).

Integrated Watershed Development Programme (IWDP) is being implemented by NABARD under the Special Plan for Bihar as component of Rashtriya Sam Vikas Yojana (RSVY). It aims to develop 80,000 ha. of wasteland in eight districts *i.e.*, Aurangabad, Banka, Bhabua, Gaya, Jamui, Munger, Nawada and Rohtas with an allocation of ₹60 crore. Under the programme, a total of 79 projects covering an area of around 83,000 ha. were sanctioned, of which, two projects were closed and 77 projects were completed successfully. Out of the total fund allocation of ₹60 crore, an amount of ₹55.98 crore was disbursed for 77 projects.

Indo-German Watershed Development Programme in collaboration with KfW : Indo-German Watershed Development Programme (IGWDP), a bi-lateral aid programme between the Indian and German Government is being implemented by Village Watershed Committees (VWCs) in association with NGOs, with focus on regeneration / rehabilitation of natural resources. The programme is being implemented in the States of Maharashtra, Andhra Pradesh, Gujarat and Rajasthan (Table 3.1).

IGWDP Phase – III (2005-2014) in Maharashtra involved a commitment of €19.94 million (about ₹140 crore) from KfW, Germany. Hundred and fourteen watershed projects covering an area of 1.19 lakh ha. in 6 districts were sanctioned under the programme, of which, 104 were completed, four were terminated and six are in FIP. During 2013-14, grant assistance of ₹0.93 crore was disbursed, taking the cumulative disbursement to ₹120.11 crore.

IGWDP (2004-2014) in four districts of Andhra Pradesh (Adilabad, Karimnagar, Medak and Warangal) involves a commitment of €8.69 million (about ₹48.66 crore) from KfW Germany. Thirty six watershed projects covering an area of around 41,000 ha. were sanctioned under the programme, of which, 13 were completed and 23 are in FIP. During 2013-14, grant assistance of ₹4.46 crore was disbursed, taking the cumulative disbursement to ₹51.97 crore.

IGWDP in Gujarat (2006-2015) envisages a commitment of €9.20 million (approx. ₹51.52 crore) from KfW, Germany. Thirty three projects, covering an area of around 38,000 ha. in four districts (Dahod, Panchmahal, Sabarkantha and Vadodara) were sanctioned under this programme, of which, 30 are in FIP and three were terminated. During 2013-14, grant assistance of ₹7.99 crore was disbursed, taking the cumulative disbursement to ₹30.32 crore.

IGWDP (2006-2016) in Rajasthan involves commitment of grant assistance of €11.00 million (about ₹61.60 crore) from KfW, Germany. Thirty Five projects covering an area of about 35,000 ha. in five districts (Banswara, Chittorgarh, Durgapur, Pratapgarh and Udaipur) were sanctioned under this programme, of which, 31 are in FIP and four were terminated. During 2013-14, grant assistance of ₹6.12 crore was disbursed taking the cumulative disbursement to ₹28.63 crore.

In an effort to rope in its subsidiaries in the watershed development programme, NABARD sanctioned three pilot projects to Agri Business Finance (AP) Ltd. (ABFL), Hyderabad for financing 'watershed plus' activities in three watersheds in Chittoor district of Andhra Pradesh. The total loan amount sanctioned to ABFL was ₹2.28 crore and an amount of ₹2.03 crore was disbursed to ABFL as on 31 March 2014.

Watershed development programmes implemented by NABARD has created replicable models of participatory watershed management and helped in augmentation of natural resources and improvement in livelihood opportunities of watershed communities.

Integrated Development of Tribals

Tribals constitute 8.6 per cent of the population, cover 15 per cent of the geographical area and depend on forests, livestocks and agriculture for their sustenance. The isolated existence has resulted in limited integration of tribals with the main stream society and economy. The real challenge is to integrate them with the main stream economy without disturbing their ecological existence and socio-cultural system.

Tribal Development Fund

As an integral component for providing sustainable livelihood opportunities, NABARD has laid special emphasis on holistic development of tribal communities with orchard cultivation or 'wadi' as the core element. During 2013-14, NABARD continued to make efforts towards enhancing livelihood opportunities for tribal communities by supporting projects under Tribal Development Fund (TDF). The TDF programme, in its

Box : 6
Indebted to 'Wadi'

Farmer Mehtab Bathua in his farm

Mehtab Bathua, a farmer belonging to Bhilala community in Burhanpur district of Madhya Pradesh was cultivating soyabean, cotton and jowar in kharif season and wheat in rabi season in his 3.5 acres of land. Poor yield coupled with high cost of cultivation had pushed him into debt. He was inducted into NABARD's Wadi project under the TDF by Aga Khan Rural Support Programme (India), the NGO acting as Project Implementing Agency (PIA) in the area. Mango and guava sapling was provided to him to plant the same in one acre of land. Since mango and guava yield return after a gap of three to four years, in order to get income during the intervening period, Mehtab cultivated chilli on 1.5 acres of land. The PIA supplied a part of improved variety of chilli seeds free of cost to the farmer and the remaining part of the seeds was purchased by him. The PIA provided guidance on preparation of pesticides by using locally available material and also helped in continuous monitoring of crop. Mehtab could harvest 40 quintals of chilli from his land. He sold the chillies and earned ₹1.30 lakh, which enabled him to clear debt to the tune of ₹70,000. The farmer is indebted to Wadi Programme for moving him out of the debt trap.

(Source : NABARD Parivar, Volume : 26 Issue 3-4)

9th year of implementation has enhanced livelihoods for tribal communities, covering tribal livelihoods such as wadis, organic wadis, mixed wadis (perennials + creeper vegetables + spices), credit support for marketing activities and value chain interventions for processing and marketing. During 2013-14, financial assistance of ₹241.67 crore (₹215.04 crore as grant and ₹26.63 crore as loan) was sanctioned for 68 projects benefitting around 52,367 tribal families in 18 States. The cumulative sanction under the Fund as on 31 March 2014 was ₹1,699.77 crore and disbursement was ₹810.90 crore, covering 4.31 lakh tribal families in 556 projects across 26 States/UTs.

Adivasi Development Programmes with support from external agencies

Phase II (2006-2016) of KfW-NABARD-V-Adivasi Development Programme, Gujarat (ADPG) is being implemented in seven clusters in two districts (six clusters in Dang and one cluster in Valsad) with components of wadi (orchard of mango and cashew nut), soil conservation, water resources development, women/landless labourers family development and health. KfW has sanctioned a grant assistance of €7 million (approx. ₹38.15 crore) for this programme for covering 4,700 families in these districts. Under this Phase, 5,922 families were identified, 5,790 acre of wadi established

Box : 7

A Long way to Development

'Yanadis', a marginalised tribal community reside in the densely forested corridor in Chittoor, Nellore and Prakasham districts of Andhra Pradesh. Being located in the rain shadow area, the region is drought prone and hence, the Yanadis depend primarily on forest produce or migrate to neighbouring towns in search of livelihood opportunities. Development was a distant dream for these tribals. Malnutrition, high infant mortality, child labour were rampant among the Yanadis.

In the year 2008, NABARD introduced 'Maa Thotta' an integrated horticulture based livelihood initiative under TDF. The aim was to provide sustainable livelihood to tribals by connecting the missing links. NABARD partnered with five NGOs *i.e.* Pragathi, MASS, RASS, IRDA and SNOW in tribal dominated villages in Chittoor district with the objective to bring at least one acre of land per family under horticulture to improve the livelihood opportunities. Maa Thotta supported various activities like soil and water conservation, plantation, water resource development, health care, women empowerment, credit linkage, capacity building and convergence with Government Programmes.

The initiative has transferred the 'Yanadis' from being hunters, farm labourers to proud owners of land where they grow forest species, fruits such as mango and guava and short duration crops such as ground nuts, vegetables and pulses. The tribals have also taken up activities like milch animal rearing, broom making, basket making, backyard poultry, etc. as supplementary income generating activities. As per admission of 'Yanadi' tribals, prior to Maa Thotta they never thought that they could grow enough to eat but now they could actually sell vegetables in the local market and earn ₹2,000 per month. Indeed the Yanadis have come a long way.

Tailoring class under livelihood development programme

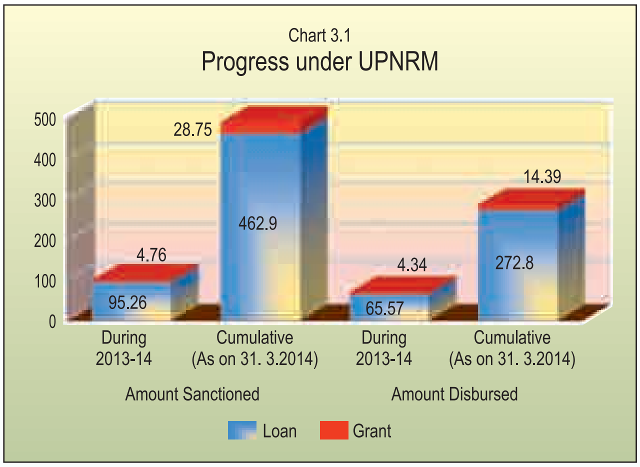
Cable connection speak about development of 'Yanadis'

Source : NABARD Parivar, Volume : 26 Issue 3-4

and 503 wadi tukadis (group of 8-10 wadi holders) formed as on 31 March 2014. Cumulative disbursement under ADPG II was ₹19.08 crore (Table 3.1). The Adivasi Development Programme in Maharashtra (ADPM) is under implementation in Nashik and Thane districts since the year 2000 with KfW assistance of €14.32 million (₹82.22 crore). Around 13,848 families were covered under the programme as against the target of 13,000 families and wadi area coverage reached 12,294 acres as against the target of 10,000 acres. As on 31 March 2014, the cumulative disbursement under ADPM was ₹79.34 crore.

Umbrella Programme on Natural Resource Management

The success of IGWDP and Adivasi Development Programme prompted NABARD to collaborate with KfW and GIZ for implementing Umbrella Programme on Natural Resource Management (UPNRM). The programme is being implemented since 2007-08 and aims to boost rural livelihoods by supporting community managed sustainable natural resource management projects. It is a shift from project- based to programme-based funding and grant-based to loan-based funding.



Box : 8

Umbrella Programme on Natural Resource Management Diverse Strengths, Local Impacts.......

More than 2.53 lakh people in 20 States	***Far Reaching :*** Two hundred and twenty eight projects sanctioned covering more than 2.53 lakh people across 19 States and one UT of India.
175% increase in income 48% BPL	***Pro Poor :*** Average annual income of households increased by 175 per cent and the wellbeing of 48 per cent of BPL beneficiaries enhanced.
45% Women	***Gender Friendly :*** Women participants constitute 45 per cent and are engaged in Self Help Groups (SHGs), Joint Liability Groups (JLGs), co-operatives and producer companies finding sustainable ways of improving family livelihoods
81% from SC, ST and OBC	***Inclusive :*** Marginalised communities from scheduled castes, scheduled tribes and other backward castes constituted 81 per cent of the project participants.
7 Public-Private Partnership	***Inducing Private Investment :*** Seven public private partnership projects sanctioned thereby attracting private investment for financing sustainable livelihood activities in rural areas.
Over 15 Sub-sectors	***Sub Sectoral Approach :*** Showcasing financial business models in the fields of sustainable agriculture, organic farming, animal husbandry, agro-forestry, non-timber forest produce, medicinal plants, efficient irrigation and water management, System of Rice Intensification (SRI), Sustainable Sugarcane Initiatives (SSI), fish farming, ecotourism, renewable energy, agro-processing, marketing of agri-products, drinking water, waste management, etc.
3,000 ha. of green farming	***Environmentally Sustainable :*** Facilitated production of around 15,900 tonnes of organic manure and 3,400 tonnes of vermi-compost substituting chemical fertilizers and fostered green farming on approximately 3,000 ha. of land.
33,400 tonnes of CO_2 sequestered and 12,500 trees saved	***Climate Friendly :*** Agro-forestry project in Odisha, registered as a Clean Development Mechanism (CDM) project with UNFCC is assisting carbon sequestration to the tune of 33,400 tonnes annually. Further, 1,229 biogas plants were set up in villages saving around 12,500 trees.
96 m.m^3 of water saved and 13,000 tonnes of CO_2 mitigated	***Water Efficient :*** System of Rice Intensification (SRI) and drip irrigation systems saved around 89 million cubic meters and 7 million cubic meters of water, respectively. Water use efficiency has indirectly increased energy savings equal to an annual mitigation of around 13,000t of CO_2.

Box : 9

The Growth Story – From daily wager to entrepreneur

Every success story has a humble beginning with so many twists and turns. The story of Kanchanba of Samarpur village of Satalasana block of Mehsana district in Gujarat is one of them. In 1998, Kanchanba turned into a landless labour when she mortgaged her land for repairing her house. In 2002, she joined SHG and subsequently, availed loan of ₹20,000 from the Group to free her land and regain her status as a farmer. She continued to be a member of SHG. NABARD's intervention under UPNRM in the year 2009 through the channel partner VIKSAT proved a blessing for Kanchanba. She availed loan of ₹15,000 for purchase of a cow. Her prompt repayment record boosted the confidence of VIKSAT to provide her additional credit for successive improvement in livelihoods. In 2010, she availed loan of ₹25,000 for purchase of buffalo and repaid the loan within one year. In 2012, she availed loan of ₹70,000 for setting up cattle feed selling centre in her village. In 2013, she repaid the loan and availed a loan of ₹80,000 for expanding her business of selling cattle feed. Kanchanba is now a proud owner of 3 acres of land, one borewell, two cows, three buffaloes and one pucca house. She earns an annual income of ₹1,80,000 (₹90,000 from selling milk, ₹60,000 from agriculture and ₹30,000 from sale of cattle feed). Truly, Hard work and tenacity of Kanchanba coupled with NABARD's support has weaved an inspiring success story.

The Ideal Borrower Syndrome

Changing the Gears

Source : Umbrella Programme on Natural Resources Management – Gujarat, 2013

The total fund envisaged under Phase I of the programme is €30.90 million (€19.40 million from KfW, €8.50 million from GIZ and €3.00 million from NABARD). Under Phase II, KfW has committed credit lines amounting to €52 million and Accompanying Measures (AM) of €2 million.

An amount of ₹132.65 crore as Financial Co-operation (FC) loan under Phase II, ₹2.94 crore towards AM, ₹0.07 crore towards FC grant from KfW and ₹0.06 crore from GIZ under Technical Co-operation (TC) were received during 2013-14. The cumulative FC loan and AM received from KfW under Phase I was €15.00 million and €1.92 million, respectively and FC loan under Phase II was €16.4 million.

During 2013-14, 59 projects were sanctioned with a loan assistance of ₹95.26 crore and grant assistance of ₹4.76 crore, taking the cumulative sanction to ₹491.65 crore (loan ₹462.90 crore and grant ₹28.75 crore) (Table 3.2 and Chart 3.1). The Channel Partners supported under UPNRM are NGOs, MFI, Producers' Companies, Private

Limited Companies and Co-operatives spread over 19 States *viz.,* Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Karnataka, Maharashtra, Odisha, Tamil Nadu, Kerala, West Bengal, Himachal Pradesh, Madhya Pradesh, Uttarakhand, Jharkhand, Uttar Pradesh, Arunachal Pradesh and Rajasthan and one UT (Andaman & Nicobar Islands).

Dealing with challenges from climate change

Realising the importance of challenges arising out of the climatic change, NABARD has taken a lead in promoting initiatives and facilitating development in an ecologically sustainable manner.

Climate change adaptation project in Maharashtra: NABARD is supporting climate change adaptation project in 25 villages of Akola and Sangamner Talukas of Ahmednagar district of Maharashtra in collaboration with Swiss Agency for Development and Co-operation (SDC). The project is being implemented by Watershed Organisation Trust (WOTR). The project involves a cost of ₹23.79 crores, of which, the grant support under WDF amounts to ₹21.38 crores. An amount of ₹14.86 crore was disbursed till 31 March 2014. The key interventions of the project include; social mobilisation, watershed structures, lift irrigation system, water budgeting, bio-diversity, renewable energy and innovative activities. The key output envisaged from the project are revitalisation of local ecology, promotion of local bio-diversity, awareness among communities on renewable energy resources and localised weather information, awareness of ecologically sustainable and economically viable income generation activities, benefits to women and children through reduced drudgery and convergence of village level climate change adaptation measures through Government programmes, etc.

Climate proofing projects of watersheds in Tamil Nadu and Rajasthan

Climate proofing projects are being implemented by Centre for Improved Rural Health and Environmental Protection (CIRHEP) in Appiyampatti and Poosaripetty watersheds of Dindigul district of Tamil Nadu. The projects are designed with agriculture based resilience approach. In Rajasthan, climate proofing projects are envisaged in Anjeni and Rawatpura watersheds. The projects are designed with focus on pasture land development and fodder planning. The project costs are being shared by NABARD and GIZ. The total project outlay is ₹2.84 crore and ₹2.69 crore for two projects each in Rajasthan and Tamil Nadu, respectively.

Climate Change Adaptation under Adaptation Fund of United Nations Framework Convention on Climate Change

In the year 2012, NABARD was accredited by the Adaptation Fund Board (AFB) of United Nations Framework Convention on Climate Change (UNFCCC) as the only National Implementing Entity (NIE) for India. The NIEs are those national legal entities nominated by Parties (to the Kyoto Protocol) that are recognised by the Board as meeting the fiduciary standards established by the Board. The NIEs will bear full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund and will bear all financial, monitoring and reporting responsibilities. AFB in its 23rd meeting held in March 2014 endorsed the following three project concepts amounting to US$5.5 million and sanctioned project formulation grant assistance of US$ 89,600 : (i) building climate resilience agriculture and water management in Tamil Nadu and Rajasthan (US$1.227 million), (ii) improving the adaptive capacity of fishermen in Madhya Pradesh (US$1.738 million) and (iii) developing climate resilient livelihood systems for rural farmers in West Bengal (US$2.534 million)

These projects would enable development of climate change resilient livelihood systems for the vulnerable communities in the States.

During 2013-14, NABARD took up several initiatives for capacity building of its officers and various stakeholders *viz.,* State Government Departments, NGOs, Research Institutions, etc. by organising National level Interface on climate change, State level Workshops. NABARD is collaborating with international agencies like SDC, GIZ and ADAPT (Asia Pacific) towards fulfilling its responsibility as NIE. NABARD has been co-opted as member in the Sub-group on Adaptation, Loss & Damage constituted by the Ministry of Environment & Forest (MoEF), GoI with the objective of firming up of India's position in the context of forthcoming UNFCCC agreement during 2014-15.

Support to Producers' Organisations

Indian farming is characterised by a large number of marginal and small holders (almost 85 per cent) who are exposed to multiple risks and vulnerability. The fragmented and dispersed nature of farm holding poses major problems for on-farm productivity and the resultant farm incomes, especially, in the rainfed areas. The immediate recourse for the marginal and small farmers to tide over the state of vulnerability and deprivation is to scale up the operations, access technologies, credit and market through formation of farmers Producer Collectives/Organisations. The PACS which are on-lending to members and participating in the forward and /or backward linkages also are recognised as active Producer Organisations (POs).

In its endeavour to support POs/collectives in a comprehensive manner, NABARD sanctioned financial assistance of ₹122.57crore (₹118.62 crore as loan and ₹3.95 crore as grant) to 44 POs during 2013-14. The disbursements amounted to ₹38.30 crore (₹37.87 crore as loan and ₹0.43 crore as grant). The cumulative sanctions to POs amounted to ₹210.81 crore and disbursements to ₹74.08 crore covering a total of 91 POs in the country.

In order to encourage the POs to actively participate in the supply /value chain management two major initiative were taken during 2013-14. These were: (i) providing short term loan repayable in 18 months for meeting working capital requirements of the POs so as to upscale their business activities in a systematic manner; (ii) providing financial assistance to POs through implementing agencies like financial institutions, NGOs, voluntary agencies and Trusts so that they can access credit and leverage on the business and technical capabilities of the facilitating agencies.

The major activities of the POs so far assisted by NABARD include dairy (including collection, processing and marketing of milk), fishery (including purchase of fishing equipment and commercial fish production), organic vegetable cultivation in poly houses, marketing infrastructure (including agri-malls), and agro-processing infrastructure (including cotton ginning, spice processing units), horticulture and marketing of lac and forest produce, setting up of poultry and small ruminants units, setting up of pelletised cattle feed plant, promotional interventions in pilot project on value chain management, modernisation of cold storage, etc. Besides, eco-tourism, embroidery, jewellery making and support to potters are a few initiatives relating to non-farm sector support under Producer Organisation Development Fund (PODF). The financial support provided to the bamboo societies in Assam for supply of raw materials to Hindusthan Paper Corporation and the loan provided for encouraging scientific orange cultivation in three blocks of Jhalawar district of Rajasthan, through the facilitation of Jhalawar CCB are the special highlights of the initiatives taken during 2013-14.

Development through productivity augmentation and technology transfer

Farm Innovation and Promotion Fund

The Farm Innovation Promotion Fund (FIPF) was created out of the operating profits of NABARD to support innovative ventures in farm sector. During 2013-14, grant assistance of ₹0.82 crore was sanctioned for 15 projects in five States and assistance of ₹13.00 crore was released under FIPF to support innovations related to agriculture and allied sectors. Cumulatively, 200 projects were sanctioned with financial support of ₹82.08 crore in 24 States as on 31 March 2014.

Farmers' Technology Transfer Fund

The Farmers' Technology Transfer Fund (FTTF) was created out of the operating profit of NABARD to support technology transfer projects. Two hundred and forty two projects in 13 States involving assistance of ₹9.13 crore were sanctioned during 2013-14 and cumulatively, 1,524 projects were sanctioned with financial support of ₹89.95 crore. Major programmes financed and implemented under the Fund are Farmers' Club Programme, Pilot Project on Augmenting Productivity of Lead Crops, System of Rice Intensification (SRI), Master Farmers Training Programme, Village Development Programme (VDP), Capacity Building for Adoption of Technology (CAT), Farmers' Training and Rural Development Centre (FTRDC), etc. During 2013-14, an assistance of ₹35.32 crore was disbursed for various interventions.

Farmers' Club Programme

Around 16,279 new Farmers' Clubs, the informal change agents at the grass root level were formed during 2013-14, taking the total number of Farmers' Clubs to 1.43 lakh as on 31 March 2014. Apart from facilitating farmers in accessing credit, extension services, technology and markets, the Farmers' Clubs acted as Self Help Promoting Institutions (SHPIs) and BFs/BCs. NGOs promoted maximum number of clubs (11,192), followed by co-operative banks (1,742), RRBs (1,433), commercial banks (1,056) and State Agricultural Universities (SAUs)/ Krishi Vigyan Kendra (KVKs)/other agencies (856) during 2013-14. As SHPIs, Farmers' Clubs had promoted 791 SHGs and 191 JLGs, all of which were credit linked. The region-wise distribution of clubs indicated that the eastern region had the highest share (30%), followed by the southern (24%), central (22%), northern (11%) and western (10%), while NER accounted for (3%) in formation of clubs. To improve their effectiveness, Farmers' Clubs of adjoining villages/blocks/districts formed 106 Federations in 14 States. In addition to this, 457 Farmers' Clubs were functioning as BFs/ BCs.

As an Information and Communication Technology (ICT) initiative, 53,955 mobile connections were provided to Farmers' Clubs to avail information on weather advisory, market prices, crop advisory through SMS on mobile phones involving Reuters' Market Light (RML). A pilot project in collaboration with Agrimet Division, Indian Meteorology Department, Pune was launched in Maharashtra during 2012-13 for dissemination of weather related information to 10 KVKs covering 10 districts in the State so as to enable them to provide crop advisory services to farmers through Farmers' Clubs. About 17 lakh SMS based advisory services/ messages were provided to 50,000 farmers through 10 KVKs.

NABARD sanctioned grant assistance of ₹1.99 crore for 35 projects across 18 States to train around 718 farmers as master farmers, who in turn, trained 16,315 farmers to act as a cadre in technology transfer, credit counselling and market advocacy. Twelve Farmers' Training and Rural Development Centres (FTRDCs) were provided with grant assistance aggregating to ₹1.33 crore covering eight States.

Village Development Programme

The Village Development Programme (VDP) of NABARD envisages integrated and holistic development of villages in consultation with village community with convergence of various development programmes of NABARD and Government. The second phase of the programme covers 1,132 villages spread across 24 States. During 2013-14, an assistance of ₹2.35 crore was disbursed for various interventions under the programme with cumulative disbursement of ₹9.86 crore as on 31 March 2014.

Capacity Building for Adoption of Technology

Under Capacity Building for Adoption of Technology (CAT), during 2013-14, 392 exposure visits were arranged for farmers in collaboration with select research institutes, KVKs and SAUs, to build the capacity of around 11,736 farmers for adopting new/innovative methods of farming. Disbursement under CAT during 2013-14 was ₹1.63 crore, taking cumulative disbursement to ₹7.20 crore as on 31 March 2014.

Pilot Project on Augmenting Productivity of Lead Crops

NABARD had launched the 'Pilot Project on augmenting productivity of lead crops/activities through adoption of Sustainable Agricultural Practices' in 2009-10, to bridge

Box : 10

Augmenting Productivity of Lead Crops – Pilot Project in Balasore district of Odisha

With an objective to deliver 'end-to-end solutions' in technology transfer, extension and capacity building at farmers' level, a Pilot Project on 'Augmentation of Farm Productivity' was launched by NABARD in Balasore district of Odisha in the year 2012. The Pilot Project aims at increasing the productivity of identified lead crops *i.e.,* paddy, green gram, black gram, ground nut and mustard by 30 per cent and the net income at farmers' level by 50 per cent over a period of three years. One of the key deliverables of the Project is to reach out to about two lakh farmers through the representative progressive partner farmers (master farmers propagating standard farm practices), over the project period. The total financial outlay for implementing the project is ₹3,211.86 crore which includes credit, farmers contribution and grant assistance of ₹48.08 crore from FIPF of NABARD. An assistance of ₹11.34 crore was released during 2013-14 with cumulative utilisation at ₹18.91 crore for the project.

The implementation of the Project so far has yielded appreciable results. The data for the last two cropping seasons shows an increase of 29 per cent in yield for the project farmers. The impact of the interventions is visible in the varietal shift in favour of late varieties and water resistant varieties like Pratikshya and Swarna Sub, etc. The farm practices such as seed treatment, line sowing, use of farm yard manure such as azolla and vermi-compost as well as integrated pest management have benefitted farmers significantly. Nearly 60 per cent of paddy crop in the district was affected due to cyclone (Phailin) and subsequent floods in the month of October 2013. The project farmers could realise higher yield compared to the huge crop loss and very poor yield witnessed by other famers in the district. Nearly 48 per cent of farmers achieved yield more than 15 quintals per acre which is quite significant considering the fact that cyclone and floods had happened at flowering stage in paddy. Close co-ordination among the stakeholders and continuous monitoring has kept the project on right track despite natural calamities.

Lush Paddy field in Balasore Project

SRI cultivation in Balasore project

the yield gap of lead crops through adoption of sustainable agricultural practices and cost reduction resulting in improved standard of living of the rural farming community. A total of 58 clusters, comprising 482 villages in Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal were sanctioned under the project as on 31 March 2014. Assistance of ₹3.84 crore was disbursed during 2013-14, taking cumulative disbursement under the pilot project to ₹14.72 crore as on 31 March 2014.

System of Rice Intensification

NABARD supported a Programme on System of Rice Intensification (SRI), a combination of simple agronomic and management practices to improve productivity and reduce cost of production. The programme is being implemented with effect from Kharif 2010 and envisaged to cover 84,000 farmers with cultivation in 84,000 acres under SRI. It was implemented in an area of 36,935 ha. covering 1.42 lakh farmers in 2,380 villages across 13 States. Assistance of ₹1.06 crore was disbursed during 2013-14 in respect of spill over units, thus, taking the cumulative disbursement to ₹20.55 crore as on 31 March 2014. Grain yield and straw yield under SRI indicated an increase of 194 per cent and 189 per cent, respectively. The number of effective tiller per hill and the grains per panicle showed significant increase under SRI. The seed requirement under SRI at 2-2.5 kg. per acre of paddy was much lower than 20-25 kg. per acre required under traditional cultivation. The cost of cultivation reduced while income level of small and marginal farmers improved under SRI.

Supplementing Income through Non-Farm Sector

Importance of rural non-farm sector in poverty alleviation and promotion of livelihood avenues is well recognized. The need for diversification from farm to non-farm sector is indispensable in view of the scarce land availability and dwindling employment opportunities in agricultural sector. NABARD continued to support promotion and development of non-farm sector during 2013-14.

NABARD-SDC - Rural Innovation Fund

NABARD constituted the Rural Innovation Fund (RIF) with the corpus of ₹139.90 crore in collaboration with the Swiss Agency for Development and Co-operation (SDC) in 2005-06. The Fund supports innovative, risk friendly projects in farm, non-farm and micro finance sectors with potential to promote sustainable livelihood opportunities in rural areas. During 2013-14, 60 new projects were sanctioned with the financial commitment of ₹4.37 crore. The total number of projects sanctioned under RIF stood at 631 as on 31 March 2014. Total commitment amounted to ₹69.29 crore. Disbursement of ₹8.59 crore was made during 2013-14 and cumulative disbursement as on 31 March 2014 stood at ₹66.95 crore.

Rural Non-Farm Sector Policy Initiatives

NABARD revisited its rural non-farm sector policy during 2012-13 in order to fine tune it to the ground level requirements and align it with national priorities. The broad contours of the new policy involve supporting interventions in a project mode taking care of the entire value chain. Financial support is provided as grant, loan cum grant and support to channel partners for providing 'end to end' solutions. Assistance of ₹18.24 crore was provided for various projects/ interventions during 2013-14 for development of non-farm sector.

Marketing Initiatives

Exhibitions and Melas

NABARD supports and provides marketing platforms to rural artisans and producers to exhibit their traditional

Chairman, NABARD interacting with craftsmen at Surajkund Fair

art-crafts, other crafts, produce and products. Interventions such as exhibitions and melas not only facilitate the artisans in utilising their expertise as a source of livelihood but also help them in enhancing their income. Keeping this in view, NABARD has been supporting marts and haats at district level, exhibitions at State level and large fairs at National level. During 2013-14, NABARD organized/sponsored 235 melas/ exhibitions in different parts of the country with financial assistance of ₹3.25 crore.

Mahalaxmi SARAS Mela at Mumbai, the Exhibition-cum-Sale of products by rural artisans is organised every year by the Government of Maharashtra, jointly with NABARD. The event provides market access to the rural artisans for their products and an opportunity for the urban customers to have a feel of the artistic diversity of the country. NABARD extended grant assistance of ₹25 lakh for Saras in 2013-14. Fifty stalls were allotted to NABARD wherein 58 exhibitors from 26 States displayed their crafts.

NABARD has been supporting Surajkund International Craft Fair for the last four years through sponsoring of stalls for rural artisans. During 2013-14, NABARD extended a grant support of ₹35 lakh for the Fair. Government of Haryana, the organiser of the Fair allotted 35 stalls for display of crafts of artisans supported by NABARD.

Strengthening of Rural Haats/Rural Mart

NABARD provides support to Rural Haats and Rural Marts to facilitate marketing of farm and non-farm products. Since inception, assistance amounting to ₹23.85 crore has been provided for 387 Rural Haats and 576 Rural Marts across 26 States.

Rural Entrepreneurship Development and Skill Development Programmes

NABARD supports Rural Entrepreneurship Development Programmes (REDPs) and Skill Development Programmes (SDPs) for facilitating generation of self employment and wage employment opportunities in rural areas. During 2013-14, financial assistance of ₹3.64 crore was sanctioned for conduct of 753 REDPs/SDPs through Rural Development Self Employment Training

Institute (RUDSETIs)/ Rural Self Employment Training Institute (RSETIs). Cumulatively, NABARD has supported 28,798 REDPs/SDPs, with grant assistance of ₹104.99 crore, imparting training to around 7.35 lakh unemployed rural youth as on 31 March 2014.

Cluster Development

NABARD has been implementing the Cluster Development Programme under the National Programme on Rural Industrialisation (NPRI) since 1999-2000. The programme envisages comprehensive strategy aimed at holistic development of clusters so as to increase the income and improve the standard of living of the artisans through various planned interventions. NABARD has approved a total of 120 clusters in 110 districts across 22 States. The handloom (57), handicrafts (43), food processing and rural tourism (seven each) were the prominent clusters supported under the programme. Focus was given on development of clusters in NER, with as many as 23 clusters being supported in the NER and backward region. An amount of ₹0.55 crore was disbursed during 2013-14 towards implementation of the programme.

Swarozgar Credit Card Scheme

NABARD acted as the nodal agency for monitoring of Swarozgar Credit Card (SCC) Scheme introduced to provide adequate, timely and uninterrupted credit to the small artisans, handloom weavers and other self-employed persons including micro-entrepreneurs, SHGs, etc. During 2013-14, around 1.11 lakh new SCCs were issued with an aggregate credit limit of ₹461.28 crore. Cumulatively, 15.07 lakh SCCs were issued by banks, involving credit limit of ₹6,275.23 crore as on 31 March 2014.

Weaver engaged in the activity at CFC under Cluster Development

Scaling up microfinance Initiatives

Progress of micro finance programme

Starting from a modest scale as a pilot in the year 1992, the SHG-Bank linkage programme has turned into a solid structure with more than 73.18 lakh savings-linked Self Help Groups (SHGs) covering over 9.50 crore poor households as on 31 March 2013. The total savings of these SHGs with banks amounted to ₹ 8,217.25 crore. The number of credit-linked SHGs under the programme stood at 44.51 lakh (Table 3.3).

Expanding the outreach of SHG Bank Linkage programme

The SHG Bank Linkage programme continued its phenomenal journey during 2013-14 in terms of growth in the savings of SHGs and loans disbursed by banks to them. Efforts were undertaken to plug the gap in the outreach of the programme in identified States *viz.*, Assam, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh and West Bengal. The district wise potential mapping in these States revealed low coverage of the programme in 241 out of 346 districts. For ensuring a balanced growth of the programme, the potential for promotion of SHGs was mapped taking district as the basic unit for planning for all the districts of the country.

Product level changes suggested under SHG-2 (March 2012) for making SHG Bank linkage programme more client friendly, *inter alia,* included allowing voluntary savings for SHG members and extending initial loans to SHGs as flexible cash credit facility instead of term loans. The impact of this initiative was visible during 2012-13 by way of 25 per cent increase in outstanding saving amount with banks.

Expenditure towards promotional grants

NABARD spent a sum of ₹51.39 crore during 2013-14 from FIF, Women Self Help Group (WSHG) Development Fund and Rural Promotion Fund (RPF) for various micro finance related activities such as; formation and linkage of SHGs through SHPIs, training and capacity building of stakeholders, livelihood promotion, documentation, awareness and innovations, etc.

Support to partner agencies/SHPIs

NABARD continued to extend support to NGOs, RRBs, CCBs, Farmers' Clubs and Individual Rural Volunteers (IRVs) for promoting and nurturing SHGs. During 2013-14, grant assistance of ₹36.33 crore was sanctioned to these agencies. The cumulative assistance sanctioned to various agencies was ₹262.83 crore for promoting 7.46 lakh SHGs. Cumulative assistance of ₹79.04 crore was released for formation of 4.99 lakh SHGs as on 31 March 2014. The NGOs were the most dominant SHPI, forming more than 3.79 lakh SHGs. (Table 3.4).

Training and capacity building of stakeholders

NABARD continued its efforts towards training and capacity building of stakeholders engaged in micro finance programme by conducting 4,492 training programmes and trained around 1.28 lakh participants from various stakeholders/groups during 2013-14. With this, cumulatively, around 31.61 lakh participants have been imparted training as on 31 March 2014, leading to a strong back-up team for implementation of the programme.

Special Initiatives in backward region

Rajiv Gandhi Mahila Vikas Pariyojana

NABARD continued to support Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP), a special initiative of the Rajiv Gandhi Charitable Trust (RGCT) for promotion and credit linkage of SHGs and formation of SHG Federations in select districts of Uttar Pradesh in association with participating banks. Under this project, as on 31 March 2014, 1,05,996 SHGs were promoted, of which, 34,417 SHGs were credit linked and 4,142 cluster level organisations and 115 block level organisations were also set up.

Priyadarshini Programme

NABARD is the Lead Programme Agency for implementation of Women Empowerment and Livelihood Programme in Mid Gangetic Plains, known as 'Priyadarshini Programme'. The programme involving a total outlay of US$32.73 million is assisted by International Fund for Agriculture Development (IFAD) and Ministry of Women and Child Development (MWCD), GoI. It is being implemented in five districts of Uttar Pradesh (Bahraich, Raebareili, Shravasti, Sultanpur and Amethi) and two districts of Bihar (Madhubani and Sitamarhi). It envisages holistic empowerment of around 1.2 lakh rural poor women and adolescent girls through formation and nurturing of around 12,000 SHGs over a period of eight years. NABARD engaged resource NGO for the purpose of capacity building of the programme staff and field NGOs for implementation of the programme at the grass root level. A total number of 47 Community Service Centres, each covering about 200-250 SHGs have been set up in the programme area. The field NGOs have formed a total of 9,129 SHGs as on 31 March 2014, of which, 6,861 SHGs have been savings linked and 2,580 SHGs credit linked. An amount of ₹394.81 lakh was released as seed capital to 3,122 SHGs. A total number of 3,020 training programmes on group dynamics, social issues, book keeping, skill development, life skill development, legal aid, gender issues, exposure visit within the State, etc, were conducted covering 79,813 SHG members. The progress under the programme is reviewed by MWCD, GoI, IFAD and Senior Management of NABARD regularly. Two funds *viz.,* Innovation Fund and Community Asset Fund have been set up under the programme for promotion of community level institutions and livelihood activities. A sum of ₹32.05 lakh was spent out of the Innovation Fund as on 31 March 2014.

Scheme for promotion of women SHGs in backward /Left Wing Extremism affected districts of India

The scheme for promotion of women SHGs in backward/ Left Wing Extremism (LWE) affected districts is being implemented in association with GoI in 150 select districts spread across 28 States through Anchor NGOs. These Anchor NGOs work as SHPIs for promotion and credit linkage of SHGs with banks. They also act as business facilitator for tracking and monitoring the SHGs and are responsible for loan repayments. Under the Scheme, around 1.49 lakh Women SHGs were savings linked and around 49,773 of these SHGs were credit linked as on 31 March 2014. A cumulative amount of ₹34.38 crore was released as grant assistance out of the Women SHG Development Fund (WSHG) for various activities under the Scheme.

Other Developments/Initiatives

Financing of Joint Liability Groups

Joint Liability Groups (JLGs) are positioned as a strategic intervention for purveying credit to small farmers, marginal farmers, tenant farmers, small artisans, etc. thereby reducing their dependence on informal sources of credit. The objectives of promoting JLGs are to augment flow of credit to tenant farmers, extend collateral free loans to them and build mutual trust and confidence between banks and JLG members. Grant assistance of ₹76.74 crore was sanctioned for promotion of 3.99 lakh JLGs across the country as on 31 March 2014. During 2013-14, ₹1,392.58 crore was disbursed by banks to around 1.29 lakh JLGs and the cumulative loan disbursement as on 31 March 2014 was ₹6,075.91 crore to 6.58 lakh JLGs.

Micro-Enterprise Development Programme

NABARD's endeavour to up-grade the skills of the SHG members through Micro-Enterprise Development Programme (MEDP) so as to enable them to start micro enterprises continued during 2013-14, with around 56,473 members trained through 1,898 MEDPs during the year. Cumulatively, around 2.97 lakh SHG members have been trained through 10,809 MEDPs as on 31 March 2014.

Pilot project on managing over indebtedness and debt trap of poor households

A Pilot Project for enabling 500 over indebted rural households to come out of their debt trap through effective financial education, credit counselling, debt swapping, voluntary saving and other livelihood initiatives is being implemented in Kamareddy cluster of Nizamabad district, Andhra Pradesh through Andhra Pradesh Mahila Abhivruddhi Sangham (APMAS), Hyderabad. The survey conducted by APMAS to study the cash flow of the poor households reveals that 51 per cent of the annual household receipts are through loans and borrowings, followed by 41 per cent from various income generating activities and 8 per cent from other sources. Similarly, out of their annual household expenditure, consumption and social needs account for 51 per cent followed by repayment of loans, investments in economic activities and savings for future needs at 27 per cent, 21 per cent and one per cent, respectively. It was observed that 71 per cent of the total borrowings of rural poor were sourced from informal channels like money lenders, relatives, chit funds, etc. The survey further brought out that unexpected expenditure on health and low agriculture income due to failure of crops / rains, spurious pesticides, wild animal attacks, low output prices etc., are major factors behind the households falling in debt trap and defaulting in repayment of their loans.

Moving poor households out of poverty

The Action Research Project was sanctioned to 'Rang De', an on-line social investment portal to study the impact of repeated doses of micro credit on the rural women. Under the project, 300 beneficiaries having an annual income of less than ₹40,000 are to be provided recurring doses of loans over a period of three years. Only 50 per cent of the beneficiaries are to be mentored during the period of support to study the impact of mentoring on micro enterprises. The project is being implemented in three States *viz.,* Bihar, Maharashtra and Madhya Pradesh covering 100 beneficiaries each. So far, ₹26.39 lakh has been disbursed to 285 beneficiaries and repayment of ₹3.85 lakh has been received. A link has been created in the home page of 'Rang De's website, which takes the visitor to individual profiles and loan position of NABARD assisted borrowers.

Assessing SHGs and JLGs for Bank finance

Financing of SHGs by banks has undergone a paradigm shift with the spread of the SHG Bank linkage programme, substantial increase in quantum of credit disbursed and adoption of cash credit system of lending which has also led to increasing delinquencies in SHG financing. Developing appropriate norms for selection of SHGs is critical for mitigating credit risks and ensuring the quality of financing done by banks. Accordingly, norms were developed for assessing SHGs for credit linkage and the same was circulated to all the banks. These norms can be followed by the financing banks at the time of first credit linkage of SHGs and also for repeat linkage of mature SHGs including cases where higher quantum of credit is requested *(i.e.* credit in excess of four times of the group corpus). Similar norms were also suggested to enable banks to take up appraisal of JLGs for financing.

NABARD Financial Services Limited

NABARD reiterated its effort to strengthen micro finance sector by continuing its assistance to NABARD Financial Services Limited (NABFINS), an MFI which commenced its operations in November 2009. NABARD is the major shareholder of the MFI, other shareholders being Government of Karnataka, Canara Bank, Bank of Baroda, Union Bank of India, Federal Bank and Dhanalakshmi Bank. During 2013-14, NABFINS disbursed loans to the extent of ₹642.90 crore to 17,027 SHGs through 162 BCs. The cumulative disbursement as on 31 March 2014 to 38,056 SHGs amounted to ₹1,310.44 crore. Apart from that, during 2013-14, NABFINS extended loans of ₹11.37 crore to 37 second level organisations like Federations, etc. NABFINS availed refinance of ₹331.89 crore from NABARD during 2013-14 and refinance outstanding as on 31 March 2014 stood at ₹538.50 crore.

Mobile based accounting system for SHGs

A mobile based book keeping system which helps SHGs to maintain their financial transaction electronically in their local language and allows monitoring of the same by all stakeholders was implemented for 100 SHGs in Dharampuri district of Tamil Nadu. Under this system, SHGs update their transactions, meeting details by sending SMS from their mobile phones which is loaded with the software developed by NABARD. After the success of the pilot to the satisfaction of all stakeholders, the project has been upscaled for 10,000 SHGs. The SHGs will be charged ₹35.00 per month for the services. NABARD has sanctioned ₹12.00 lakh as grant for bearing a part of SHGs monthly charges for first two years.

Tablet PC based accounting system for SHGs

Another pilot project was designed to monitor the day to day transactions of SHGs and updation of MIS on a real time basis by entering data in tablet PC. The field staff of NGO records the transactions and the SHGs get a copy of the records by paying fees. The pilot was successfully completed in January 2013 in 100 SHGs of Nandurbar district of Maharashtra. The project has now been upscaled for 50,000 SHGs where NABARD will give grant assistance upto ₹60 lakh to bear part of the monthly charges of SHGs during the first two years. The SHGs will pay a flat rate of ₹40 per month for the services for next three years.

Livelihood Initiative

Grant assistance of ₹44.07 lakh was sanctioned to 'Under The Mango Tree', an NGO to train and facilitate 1,000 SHG women over a period of two years in taking up bee-

Box : 11

SHGs : Paving Pathways .... to Possibilities

SHG-Bank linkage Programme has brought out the traditional skills, organisational skills and collective power of women, especially, from economically disadvantaged background to the forefront. The women SHG members have ventured into hitherto unexplored areas and proved that they can deliver when trusted and entrusted. NABARD brought out the booklet *'SHGs : Paving Pathways … to Possibilities'* highlighting the organisational skills of women SHG members for taking up assignments and contracts offered by State Government Departments. The booklet documented 50 Case Studies spanning across 13 States. Apart from traditional activities like running canteens, cooking mid-day meal in schools, stitching uniforms for school students, etc., SHGs were also managing rural call centres, recycling of plastic waste, procurement of food grains, distribution of electricity bills, etc. In each and every case the SHGs have lived upto the expectations in delivering services. The documentation of 'Possibilities' is expected to develop a strategic partnership between women and State Governments in improving delivery systems while providing livelihood opportunities.

Creating wealth from waste - SHG members in Ambaji Village, Gujarat

Making money from plastic - SHG members in Dindigul, Tamil Nadu

Learning is child's play now - SHG members managing mid day meal in Balaghat, Madhya Pradesh

Keeping God's own country clean - SHG members in Thiruvananthapurm, Kerala

Visit https://www.nabard.org/Publication/SHGs%20Paving_pathways.pdf for details.

Box : 12
Study on 'NPAs in SHG Lending'

National Institute of Bank Management (NIBM) was assigned to conduct a study on "Non Performing Assets (NPAs) in SHG loan portfolio of Banks" in four districts of Uttar Pradesh (Hardoi, Gorakhpur, Bareilly and Hamirpur) covering 500 SHGs. The objectives of the study were to analyse reasons for increasing NPAs in SHG lending and suggest preventive measures to keep the NPAs at low level. Of the 500 sample SHGs, 84 per cent were SGSY SHGs. The major reasons for increasing NPAs were: (i) lack of proper knowledge about group concept, (ii) absence of proper training and capacity building for bank linkage, book keeping, financial discipline, internal lending, (iii) inadequate hand holding support from SHPIs, (iv) weak follow up by bank branches, (v) inadequate income generation from economic activities, (vi) wilful default, etc. The preventive measures suggested included; proper selection of group members, improving effectiveness of SHPIs, supportive policy environment, involvement of BCs and BFs and e-book keeping for better transparency in SHG accounting.

keeping as livelihood activity. The bee-keeping activity would augment household income and concomitantly increase farm yield. The assured buy-back arrangement by the NGO ensures ready market for the produce. The project will be implemented in Dang district in Gujarat and Dhule district in Maharashtra, both being WSHG districts.

In-depth Studies

The SHG- Bank linkage programme has completed over two decades. In this journey of twenty years, over seventy three lakh SHGs, predominantly women have gained access to financial services from the formal banking system. This has helped feminize the credit portfolio of banks to a marginal extent and made substantial impact on the lives and livelihoods of SHG families. To study this phenomenon and glean ground realities for fine-tuning the policies, NABARD initiated five studies at the total cost of ₹63.02 lakh. The topics of the study included: (i) Role of Voluntary Savings in SHG/SHG members, (ii) SHGs as Agents of Social Change, (iii) Transaction Cost – Perspective of SHG and MFI Clients, (iv) SHG Federations as Livelihood Supporting Organisations and (v) Quality and sustainability of SHGs in Bihar and Odisha. The studies are being conducted by reputed institutions such as IFMR, Chennai, IIM, Lucknow and APMAS, Hyderabad.

Implementation of National Rural Livelihood Mission

The Ministry of Rural Development (MoRD), GoI launched the National Rural Livelihood Mission (NRLM) by restructuring Swarnajayati Gram Swarojgar Yojana (SGSY) and replacing the same with effect from 1 April 2013. The interest subvention scheme under NRLM for eligible women SHGs in identified 150 districts is being implemented by NABARD for RRBs and co-operative banks. Under the scheme, the women SHGs in 150 districts shall be eligible for interest subvention to avail the credit upto ₹3 lakhs at 7 per cent per annum. Further, the SHGs will be provided with an additional 3 per cent subvention on prompt repayment of loan.

Incentive Scheme for Tracking and Revival of Dormant SHGs

The phenomenal growth of SHG-Bank Linkage programme has brought with it issues like inactive groups and dormancy in SHGs. Lack of support by promoting agencies/individuals after the completion of project period has often led to dormancy in SHGs. Various stakeholders have also voiced the need to chalk out a suitable approach to address the issue of revival of these dormant SHGs. Accordingly, it was decided to introduce an incentive scheme for tracking and revival of dormant SHGs on a selective basis. The approach to revival of dormant SHGs would be a bank-led initiative so as to ensure continuance of banking support to dormant SHGS, after the revival. Under the scheme promotional grant assistance upto ₹3,000 per SHG revived will be provided as incentive to banks. Banks may engage the services of suitable agencies and share the incentive available from NABARD on mutually agreed terms.

SHG Bank Linkage Programme - Revised Handbook on Training Modules

Keeping in view the expansion of SHG Bank Linkage Programme, changing needs, policies, priorities, etc., NABARD undertook a comprehensive Training Need Assessment (TNA) with the assistance of GIZ. A National Level Training Consultation Meet on SHG-bank Linkage training was also organised and findings of the study were deliberated upon with all stakeholders. Based on the recommendations made at the consultation meet, the existing training modules were revised and a revised handbook on Training Programmes under SHG-Bank Linkage was forwarded to all scheduled commercial banks and RRBs.

Financial Awareness and Education toolkit for SHG members

With a view to give further impetus to the SHG–Bank Linkage movement, NABARD during 2013-14, in partnership with GIZ designed and developed 'Financial Awareness and Education toolkit for SHG members' under Rural Financial Institutional Programme (RFIP). This kit introduces SHG members to general banking concepts like simple savings and credit products, insurance, etc. The toolkit *inter alia* contains financial education training modules, awareness and education brochures, pamphlets, posters, charts and games. The toolkit is written in a very simple language and can be used by all stakeholders engaged in SHG- Bank Linkage programme.

Promoting Research and Development

Research and Development (R & D) Fund was set up in 1982-83 as mandated by NABARD Act 1981. The Fund provides financial support to select agencies for promoting applied research projects/studies, organising seminars/conferences/workshops, training and upgrading skills of personnel of client institutions. The corpus of the Fund has been kept at ₹50 crore. During 2013-14, ₹15.59 crore was utilised for supporting activities like research projects/studies (₹0.44 crore), seminars (₹0.72 crore), NABARD Chair Professor Scheme (₹0.33 crore), training (₹14.09 crore) and others (₹0.01 crore). Cumulative disbursement as on 31 March 2014 stood at ₹186.48 crore.

Research Projects/Studies

During 2013-14, two research projects involving ₹21.79 lakh were sanctioned. Further, six projects/studies sanctioned earlier were completed during 2013-14.

The study on *'Problems of Arhatiyas (middlemen/ commission agents) vis-a-vis farmers in Punjab'* was conducted by the Department of Economics and Sociology, Punjab Agricultural University, Ludhiana to examine the working of producers group or federations, farmers' club, co-operative societies, etc, *vis-a-vis* arhatiyas (middlemen/commission agents) in Punjab agriculture. The study was conducted in six districts of Punjab (Hoshiarpur, Ludhiana, Amritsar, Patiala, Bathinda and Mansa) with a sample size of 360 commission agents and farmers. The study indicates that the commission agents not only acted as mediator between the farmers and the buyers of agricultural produce but also provided credit to the farmers either from their own funds or by acting as a link between farmers and other sources of credit. They supplied most of the farm inputs and domestic articles to the farmers on credit from their own shops or connected shops and charged high prices for even lower quality articles/goods. The repayment of credit was assured through indirect payment system in agricultural marketing.

The study on '*Impact of Economic Reforms on Tribal Poverty*' was conducted by Indian Statistical Institute, Kolkata in five districts in the States of Odisha (Koraput), Jharkhand (Dumka and Jamtara) and West Bengal (Purulia and Jalpaiguri) covering more than 100 villages and 1,000 tribal households. The study examined the socio-economic condition, feasible and sustainable ways of income generation, stake and involvement over local resources of the tribes like Paharia, Mal, Birhor and Sutar. The study observed a decline in the quality of basic education, health care and social protection to the poor tribes, which is matter of serious concern.

The study on '*Standardisation of packaging technologies for commercially important cut flowers and dissemination of technical knowhow to the farmers/entrepreneurs*' was conducted by Department of Floriculture and Landscaping, Dr Y. S. Parmar University of Horticulture and Forestry, Nauni, Solan in their experimental farm. The study indicated that the area under flower in the State increased from 5 ha. in 1991 to 913 ha. in 2012-13 with flower business worth ₹100 crore. Farmers were producing good quality flowers but were not receiving remunerative prices due to improper post- harvest handling including packaging and storage. Appropriate packaging of cut flowers for optimum duration offers potential advantage of extending their vase life and maintaining flower quality. Low temperature storage keep flowers in good conditions for long duration and helps growers to regulate the supply of flowers to the market. Use of suitable wrapping materials and storage durations treatment given to flowers in the entire marketing chain from growers to wholesalers, retail florists and ultimate users was found to be useful. Improved post-harvest techniques are immensely important in reducing losses and increasing flower value in international market for profitability of flower industry.

A study on '*Status of tenants/sharecroppers and their access to credit in computerised land records environment*' was conducted in the State of Andhra Pradesh (Karimnagar), Karnataka (Mandya), Punjab (Ludhiana), Assam (Kamrup) and West Bengal (Howrah). The study revealed that the land records in Andhra Pradesh, Karnataka, Punjab and West Bengal have been computerised. In Assam, land records have been computerised in all districts except in hill districts (Karbi Anglong and NC Hills). However, in none of the States, the programme of computerisation of land records has led to any change in the status of tenants. Though name of the tenants are to be entered in Record of Rights (RoR), the same is not being done in Andhra Pradesh, Punjab, Assam and West Bengal. In Karnataka, since tenancy was permitted to only a few categories of land owners, there was no formal tenancy and tenant farmers do not have any document in support of their rights on land. However, access to computerised RoR reduced the time taken for submitting copy of land records to bank, which in turn helped the farmers in availing bank loan without undue delay. The banks are also able to access information on property rights by viewing/checking records, including abstracts of past transactions.

Seminars, Conferences and Workshops

During 2013-14, NABARD sanctioned grant assistance of ₹0.97 crore to various universities, research institutes and other agencies for organizing 115 seminars/ conferences/workshops covering subjects/areas related to agriculture and rural development. The grant was extended for publication of background papers, proceedings of the seminars/conferences/workshops, thus facilitating wider dissemination of the recommendations and action points and initiate suitable policy interventions.

NABARD Chair Professor Scheme

Chair Unit of NABARD was instituted in four institutes i.e. Indian Agricultural Research Institute (IARI), New Delhi, National Council of Applied Economic Research

Box : 13

All India Baseline Survey on Producer Companies

NABARD Chair Professor, Dr. Amar KJR Nayak from XIMB undertook a research project on *'All India Baseline Survey on Producer Companies'*. The objective of the Study was to assess the current status (December 2013) of the Producer Companies (PCs) in terms of organisational design and structure of ownership and to evaluate the performance of the existing PCs on various business parameters, determine the constraints faced by these companies and find out possible mechanisms to address them. Based on the information gathered from 55 PCs spread across Madhya Pradesh, Bihar, Jharkhand, Odisha, West Bengal, Meghalaya, Uttarakhand, Gujarat, Maharashtra, Haryana, Punjab, Andhra Pradesh, Tamil Nadu, Karnataka and Kerala, the Survey attempted to arrive at the optimal design positions of key variables such as size, scope, technology, management and ownership for a sustainable community/producer organisation.

The survey highlighted the following learning points which can serve as guiding principles for a sustainable PC :

- Since social capital formation is the foundation for long term financial performance of the members as well as the PC, sufficient time and budget need to be devoted for building social capital among the members.
- Inefficiency at the community level organisations and the last mile delivery are the major bottlenecks in case of PCs. Hence, capacity building of the grass root level functional co-ordinators of the PC is extremely important.
- The small and marginal farmer members of the PCs require a whole lot of services which include emergency credit, credit for consumption and production purpose, retail services on consumables, agricultural support services, etc. These services are provided mostly by the local traders and local shop keepers. It is essential for the PCs to provide these services so as to relieve the members from paying high service charges.
- A PC requires basic infrastructure such as; space to hold meetings, run the day-to-day operations, store surplus produce, carry out activities like drying, grading and value addition, etc. In addition to these, with expansion of scale of operations it needs its own transportation and marketing outlets. Adequate attention need to be paid to these, starting with allocation of minimum two ha. to a PC having 250 members.
- Building of a community based, producer driven organisation is knowledge intensive and requires collaboration with experts having background in social work, agriculture and management. These experts may be drawn up from local academic institutions so as to guide the members at each stage.
- The below par performance of the PCs with respect to financial returns of the individual members was largely attributed to various design parameters such as size, scope, technology, management and ownership. Each of these variables need to be simultaneously optimised for the sustainability of Producer Company.

(NCAER), New Delhi, Xavier Institute of Management Bhubaneswar (XIMB) and Alagappa Agricultural University, Tamil Nadu in 2011. The Chair Professors pursued research in designated key areas.

Offering consultancy

NABARD Consultancy Services

NABARD Consultancy Services (NABCONS) is a wholly owned company promoted by NABARD. NABCONS operates from its offices located in Mumbai, Head Office, Zonal Office (ZO), New Delhi and all ROs of NABARD. It is engaged in providing consultancy in all spheres of agriculture, rural development and allied areas. During 2013-14, NABCONS contracted assignments worth ₹45.83 crore as against ₹35. 61 crore for the year 2012-13, registering an increase of 29 percent. NABCONS executed 175 assignments during 2013-14 for a professional fee of ₹25.70 crore as compared to ₹22.53 crore for the year 2012-13. The total income of the company during 2013-14 aggregated to ₹28.62 crore compared to ₹25.75 crore for the year 2012-13.

Adapting to the business challenges and client needs, NABCONS adopted a project management consultancy approach for assignments. The major verticals of the organisation are: (i) Agriculture and Rural Development (ii) Food processing and Storage, (iii) Third Party Monitoring of infrastructure projects, (iv) Socio-economic impact evaluation studies, (v) Animal Husbandry, (vi) International Visitors Programmes. The manpower of the organisation was strengthened by recruiting young talents from prominent institutions of the country. A number of prestigious assignments were undertaken by NABCONS during 2013-14.

Agriculture and Rural Development

Agriculture has been the core business area of NABCONS since its inception. The range of assignments in this vertical include conduct of feasibility studies and preparation of Detailed Project Reports for entrepreneurs in agriculture and allied sectors, appraisal of Projects posed by entrepreneurs to banks for financing, conduct of techno economic viability studies, monitoring and evaluation of State and Central Government Schemes, preparation of district and state level agricultural plans for state governments etc. Major assignments under execution include : (i) Monitoring, Evaluation, Learning and Documentation (MELD) under Integrated Watershed Management Programme (IWMP) for Government of Maharashtra, (ii) Detailed Project Report (DPR) on Forestry Department, Government of Jharkhand, (iii) Perspective Plan for Green India Mission for Forest Department, Government of Uttarakhand, (iv) Monitoring and Evaluation of Forestry Works under CAMPA in Jammu & Kashmir, (v) Evaluation of Forestry works for Department of Forestry, Government of Karnataka, (vi) Accreditation of PACS warehouse for various States.

Box : 14

Project Management Consultancy for Construction of Rural Godowns – Odisha

NABCONS contracted Project Management Consultancy assignment worth ₹20 crore with Odisha State Agriculture Marketing Board (OSAMB), Bhubaneswar in October 2013. The project involves preparation of DPR including technical specification, technical information, schedule of quantities and prices, drawings etc. and project management consultancy for 544 godowns including architectural designing, structural engineering, selection of contractors, on-site monitoring and supervision, etc. NABCONS has to ensure completion of construction of the rural godowns, checking and certification of bills of contractor and quality standards and forwarding to the Executing Agency with recommendation for payment.

Food processing and Storage

NABCONS has been empanelled by Ministry of Food Processing Industries (MoFPI), GoI as a Project Management Consultant (PMC) as well as Project Management Advisor (PMA) for development of Mega Food Parks and is currently acting as a PMC for Mega Food Park projects in Jammu & Kashmir and Puducherry. It is also empanelled as consultant under National Mission on Food Processing by Government of West Bengal and Uttar Pradesh. It conducted important studies in the sector such as: (i) Preparation of DPR and project management consultancy of PACS warehouse, Government of Odisha, (ii) Transaction advisory for Cold storage, ripening chamber & pack house in Chhattisgarh for Government of Chhattisgarh, (iii) DPR for setting up of cold storage at Ghaziabad for Central Railside Warehousing Corporation, (iv) Transaction advisory for Cold Storage, Maharashtra State Warehousing Corporation.

Third Party Monitoring of Infrastructure projects

This vertical undertakes the assignments of verification and monitoring of infrastructure to assess the returns on public investment. Some of the major assignments executed during the year 2013-14 include : (i) Preparation of Water mission programme, Government of Meghalaya, (ii) Third Party Monitoring of Sarva Shikhsha Abhiyan, Government of Jammu & Kashmir, (iii) Third Party Monitoring of New Land Use Policy, Government of Mizoram, (iv) TPM of Infrastructure projects, Government of Jammu & Kashmir.

Socio-economic Evaluation Studies

NABCONS has a strong expertise in conducting Monitoring and Evaluation studies in Socio Economic Sector. Some of the major assignments executed during the year 2013-14 include : (i) Impact Assessment of CSR Projects, Bhilai Steel Plant, (ii) Study and Recommend models for expansion of Financial Services through Technology Interventions in Rural Areas, SERP Hyderabad, (iii) Evaluation of Bhoochetana Scheme, Government of Karnataka.

Animal Husbandry

Some of the major assignments executed during the year 2013-14 include : (i) Evaluation of Regional Fodder Stations for Department of Animal Husbandry and Fisheries, Ministry of Agriculture, (ii) Monitoring and Evaluation of Foot and Mouth Disease Control Programmes (FMDCP) for Small Farmers Agri-Business Consortium, (iii) Evaluation of Integrated Livestock Development Programme under Rashtriya Krishi Vikas Yojana (RKVY) in Chhattisgarh for Animal Husbandry and Veterinary Services Department, Govt. of Chhattisgarh.

International visitors programme

During 2013-14, NABCONS organised following four international visitors programmes *viz.* (i) functional visit of officers from Bangladesh; (ii) Tanzania Micro Finance Policy Makers; (iii) Training on dairy, agro processing and minor irrigation for Development Bank of Ethiopia; (iv) Exposure visit for officials from BAAC, Thailand.

Financing Rural Infrastructure ......

Over the years, Rural Infrastructure Development Fund (RIDF) has emerged as a major source of rural infrastructure financing for the States. Fund constraints faced by the State Governments and the imminence of infrastructure for agricultural growth calls for alternative avenues like private investment and Public Private Partnerships to supplement public investment in infrastructure. Investment in warehousing, cold chains and other marketing infrastructure need to be prioritised so as to give a fillip to agriculture sector.

Availability of adequate infrastructure in rural as well as urban areas is the *sine qua non* for economic development of a nation. Access to rural infrastructure has a strong positive association with rural economic development and strong negative association with incidence of poverty. It is necessary to accelerate investment in rural infrastructure in order to generate additional employment, create new economic opportunities, ensure delivery of related services and enhance credit absorption. All these ultimately lead to

Jaishpatna Bridge in Odisha financed under RIDF

improvement in quality of life and reduce the vulnerability of rural poor.

Conventionally, public investment is considered as the major provider of rural infrastructure. It has enabling and encouraging effect on the private investment in agriculture. Lack of public investment in infrastructure influences the viability and effectiveness of private investment in a negative manner. However, it has not been possible to step up public investment in a big way. To address this concern, Government of India, instituted Rural Infrastructure Development Fund (RIDF) in 1995 in NABARD, entrusting it with the responsibility of channelising financial resources to the State Governments for rural infrastructure development.

Rural Infrastructure Development Fund

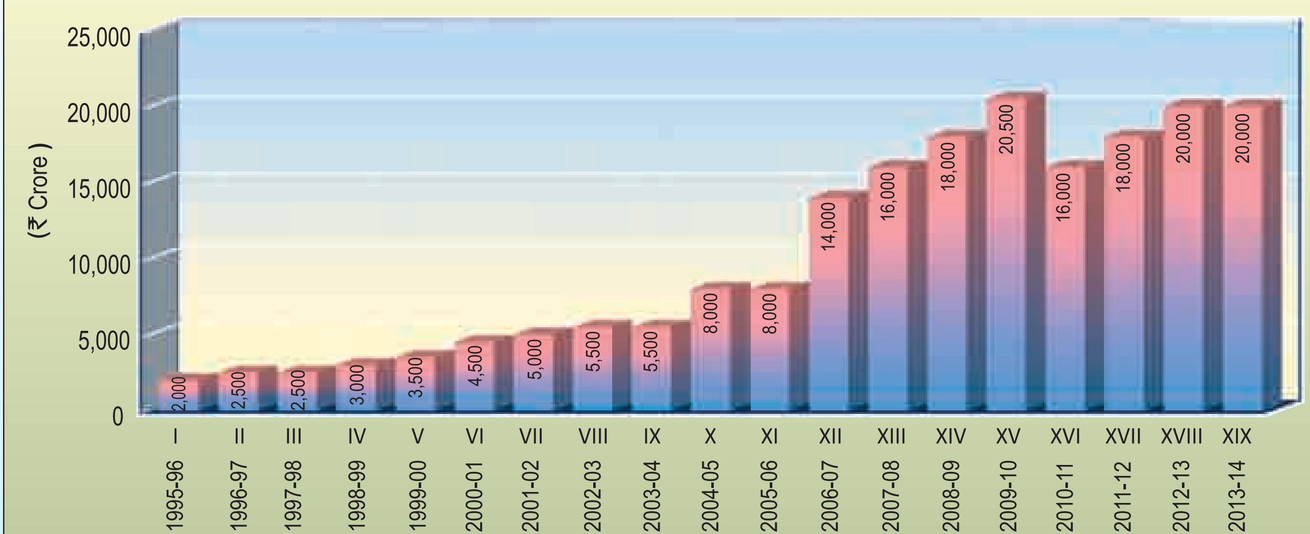
Rural Infrastructure Development Fund (RIDF), has emerged as NABARD's major partnership with the State Governments over the years. The Fund has continued with yearly allocations in the successive Union Budgets. It has become a major source of finance which channelises the shortfall in the mandatory involvement of commercial banks in the priority sector lending to the State Governments in the form of loans. With the experience gained, in addition to its role of managing the RIDF, NABARD has made efforts in looking at rural infrastructure as an independent discipline for financing and facilitating creation of rural infrastructure through various other initiatives.

Allocations

From an initial allocation of ₹2,000 crore under RIDF I for the year 1995-96, the allocation has now reached the level of ₹20,000 crore under RIDF XIX (2013-14), taking the cumulative resources routed through RIDF to ₹1,92,500 crore (inclusive of ₹18,500 crore under a separate window for funding rural roads under Bharat Nirman Programme). The Union Budget for 2013-14 allocated an amount of ₹20,000 crore under RIDF XIX. The successive allocations to the RIDF in the Union Budgets are reflected in Chart 4.1.

Chart 4.1

Tranche-wise Allocations – RIDF I to XIX



Kovilpatti Higher Secondary School, Trichy, Tamil Nadu financed under RIDF

Diversified sectors/activities

RIDF initially focused on incomplete irrigation, flood protection and watershed management projects. Over the years, financing has become more broad based. RIDF now covers 31 activities, which can be classified under three broad categories *i.e.*, (i) Agriculture and related sectors which are eligible for loans upto 95 per cent of project cost, (ii) Social sectors where loans can be upto 90 per cent of project cost in North Eastern and hilly States and 85 per cent of project cost in all other States and (iii) Rural connectivity where loans are extended upto 90 per cent of project cost in North Eastern and hilly States and 80 per cent of project cost in all other States.

Operations of RIDF XIX

Allocation across States and terms of financing

The overall allocation of ₹20,000 crore under RIDF XIX during 2013-14 was allocated among all States on the basis of norms prescribed by the Project Sanctioning Committee (PSC). The norms are, rural population, geographical area, infrastructure index, implementation efficiency and rural CD ratio. Each of the norms has an equal weightage in the total allocation given to a State. As is the practice in earlier tranches, the implementation phase for projects sanctioned under RIDF XIX is spread over 3-5 years, varying with type of the project and also location of the State. The maximum phasing in the case of major and medium irrigation projects and other stand-alone projects involving RIDF loan of ₹50 crore and above was five years. NABARD provides funds on 'reimbursement basis', except for the initial 20 per cent of the project cost given as 'mobilisation advance'. North Eastern States and hilly regions have more flexible phasing and higher percentage of mobilisation advance at 30 per cent. Each drawal by the State Government is treated as a separate loan and is repayable over a period of seven years, including two years moratorium. Depending on the drawals by State Government, NABARD sources the funds from commercial banks. Borrowings of State Government under RIDF are governed by Article 293 (3) of the Constitution under which GoI determines its borrowing powers from the market and financial institutions during a year. With effect from 1 April 2012, the interest rates payable to banks on deposits placed with NABARD and loans disbursed by NABARD from RIDF have been linked to the Bank Rate prevailing at that point of time (Table 4.1).

Sanctions and Disbursements

During 2013-14, 28,732 projects involving a loan of ₹22,746.67 crore were sanctioned under RIDF XIX, with rural road projects accounting for maximum share (31%), followed by irrigation projects (26%), social sector (16%), agri-related projects (14%) and rural bridges (13%). Disbursement during 2013-14 was ₹17,354.07 crore (Table 4.2).

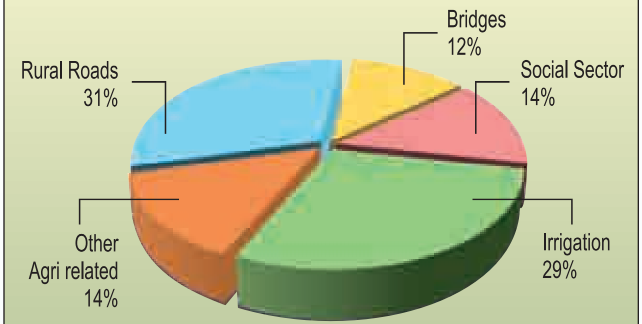
Progress since inception

So far, 19 tranches of RIDF have been announced, one in each year. The tranche XIX is being implemented during 2013-14. While tranches XII to XIX are on-going, tranches I to XI have been closed. Over the years, RIDF

Chart 4.2

Sector-wise share in Amount sanctioned under RIDF

(Cumulative as on 31 March 2014)



has emerged as an attractive financing option for the State Governments. Resources are getting better distributed across the States with greater share going to the less developed States in Eastern and North Eastern Region (25 per cent at present as compared to 18 per cent under closed tranches). Since inception of RIDF, around 5.37 lakh projects involving an amount of ₹2,02,606.54 crore (including Bharat Nirman) were sanctioned under various tranches (Table 4.3 to Table 4.5). Of the cumulative RIDF loans sanctioned as on 31 March 2014, agriculture and related sectors accounted for 43 per cent (including 29 per cent for irrigation), rural roads 31 per cent and bridges 12 per cent. The balance 14 per cent of the loans was sanctioned under social sector projects. The sector wise position is presented in Chart 4.2.

As on 31 March 2014, an amount of ₹1,46,842.81 crore was disbursed against the cumulative phasing of ₹1,66,769 crore for projects under various tranches (RIDF I to XIX). This includes projects sanctioned under Bharat Nirman and Warehousing also. Thus, the States have availed about 88 per cent of the phased amount (Table 4.5). As per the phasing of projects under various tranches (RIDF I to XIX), State Governments had a total pool of projects of ₹1,84,107 crore (excluding Bharat Nirman) as on 31 March 2014. The State-wise analysis of ratio of disbursements to phased amount reveals that Goa (499%) topped the list, followed by Uttarakhand (95%), Tamil Nadu (93%) and Mizoram (93%) (Table 4.6).

Deposits/Repayments

The cumulative deposits and repayments under RIDF stood at ₹1,44,931.25 crore and ₹61,068.42 crore, respectively, as on 31 March 2014. During 2013-14, an amount of ₹17,664 crore was received as deposits from commercial banks. An amount of ₹12,559.56 crore was repaid to banks towards repayment of RIDF deposits during 2013-14. The total RIDF deposits outstanding as on 31 March 2014 was ₹83,862.83 crore. The total RIDF loan outstanding as on 31 March 2014 was ₹78,957.08 crore.

Monitoring of RIDF projects

Though the primary responsibility of monitoring of RIDF projects vests with State Governments, NABARD monitors the projects mainly to facilitate timely completion of projects, avoid cost over-runs, ensure compliance to quality parameters and identify new investment opportunities. The High Power Committee (HPC) Chaired by the Chief/Finance Secretary of the State has proven to be an effective forum for monitoring overall implementation of RIDF in each State. Besides review at the highest level and regular desk monitoring, NABARD is involved in field level monitoring also.

Rural road in Manoharpur, Rajasthan financed under RIDF

Box : 15

Check Dam across Cauvery River

The check dam built across the Cauvery river in Trichy district of Tamil Nadu to shore up water around the drinking water sources besides recharging groundwater for agricultural purposes has virtually turned into a picnic spot attracting scores of residents in summer, earning the epithet "Mini Courtallam"- an euphemism for series of natural waterfalls. The check dam was built at a cost of ₹32 crore with RIDF loan of ₹30.4 crore under Tranche XVII. The structure runs for a length of 550 metres across the river and stands about 1.5 metres in height from the bed level with 3 sand vents provided on both of its flanks to flush out sand deposited in the dam and for shoring up water released from the Mettur reservoir. Completion of the project in record time by Water Resources Department of PWD, Government of Tamil Nadu has helped in supplying water to mega schemes like Ramanathampuram Combined Water Supply Scheme and Trichy city water works, besides benefitting farm area in adjoining villages by recharging the groundwater table for large scale irrigation of agricultural crops even during summer. Farmers as well as rural and city inhabitants have hailed the launch of this innovative structure in Cauvery and demanded more such structures with NABARD assistance in future.

During 2013-14, 1,834 projects were monitored by NABARD through field visits. Due to effective monitoring of projects from the initial stage *i.e.,* floatation of tender documents, issuance of work orders and holding of periodical meetings with Implementing Departments, the incidence of non-starter projects is low.

Economic/Social benefits

The RIDF investments have resulted in multitude of benefits including, creation of additional irrigation potential of 218.40 lakh ha, provision of rural connectivity through 3.76 lakh km. rural road network and 8.84 lakh meters long rural bridges. The irrigation projects generated 110.25 lakh mandays of recurring employment and 31,536 lakh mandays of non-recurring employment. The hydel power projects generated 222 MW of power in rural areas. Other power projects reduced the transmission and distribution losses amounting to 22,341 lakh units in a year by bringing about systems improvements. (Table 4.7 and Table 4.8)

Beyond RIDF

Future investments in rural infrastructure

Experience shows that many State Governments are facing constraint of borrowing power under Article 293

(3) of the Constitution of India limiting the Government's availment of adequate resources for financing rural infrastructure. The competing demands on budgetary resources and the limitations on borrowing from the market reduce the capability of State Governments to adequately fund rural infrastructure. More over the capacity of the government machinery to execute and deliver infrastructure projects in rural areas is limited in many States. It is thus clear that public sector resources will continue to fall short of the required infrastructure investments. Therefore, there is a need to look beyond RIDF and facilitate private sector investments to supplement governmental resources. In order to encourage the private sector to join hands with the State machinery to provide and maintain infrastructure in rural areas, innovative funding methods including the PPP mode, annuity payments, viability gap funding, etc., need to be developed and implemented. The magnitude of the requirement for funds, opportunities for partnerships to develop the delivery side and the close liaison with all State Governments perhaps make NABARD an appropriate agency to take this initiative forward.

NABARD Infrastructure Development Assistance

NABARD Infrastructure Development Assistance (NIDA) is a line of credit support for funding rural infrastructure projects. NIDA is designed to fund State owned institutions/ corporations on both on-budget as well as off-budget for creation of rural infrastructure outside the ambit of RIDF borrowing. The assistance under NIDA is available on flexible interest terms with longer repayment period. Since inception, 27 projects have been sanctioned under NIDA for various purposes such as warehousing, power transmission, cyclone damage power restoration, roads, irrigation, etc. (Table 4.9)

The cumulative sanctions and disbursements under NIDA since inception stood at ₹4,783.03 crore and ₹1,857.58 crore, respectively, as on 31 March 2014. During 2013-14, six projects involving an amount of ₹1,149 crore was sanctioned and ₹575 crore was disbursed. The major States covered under direct assistance through NIDA are Andhra Pradesh, Bihar, Haryana, Gujarat, Punjab, Karnataka, Rajasthan, Tamil Nadu, Uttarakhand and West Bengal.

NABARD Warehousing Scheme 2013 -14

GoI for the purpose of ensuring food and nutritional security has emphasized on the creation and augmentation of adequate decentralised, modern and scientific storage infrastructure in the public as well as private sector. As a step towards attaining these objectives, the Hon'ble Union Finance Minister in the Budget 2013-14 announced an allocation of ₹5,000 crore to NABARD for financing construction of warehouses, godowns, silos and cold storage units designed to store agricultural produce both in public and private sectors.

As a corollary to this, RBI in July 2013 advised about the creation of Warehouse Infrastructure Fund (WIF) with NABARD with a corpus of ₹5,000 crore for the year 2013-14 which would be contributed by the banks having shortfall in achievement of priority sector targets and sub-targets. Consequently, NABARD formulated NABARD Warehousing Scheme 2013-14 (NWS) for utilisation of WIF with focus on Eastern and North Eastern States and all other foodgrains deficit States. The Scheme was approved by GoI in August 2013

Progress under NABARD Warehousing Scheme 2013-14

During 2013-14, an amount of ₹5,004 crore was committed under the Scheme for construction of dry and wet storage facilities, covering 3,706 warehouses spread across the country creating an additional scientific storage capacity of 10.1 million MT. With this, the cumulative commitment for warehousing under

Box : 16
Funding for Better Price Discovery – National Collateral Management Services Ltd.

In order to unleash the efficiency of private sector in augmenting scientific storage facilities in the country, NABARD took the initiative of extending for the first time, direct financing to private corporates under NWS 2013-14. National Collateral Management Services Ltd. (NCMSL), a leading organisation in agri-commodity risk management providing bouquet of services ranging from warehousing and warehousing receipt financing to collateral management services was extended a loan of ₹128 crore for creation of 25 warehouses in 10 States with a scientific storage capacity of 3.75 lakh MT. These warehouses are WDRA compliant and modern structures with galvalume sheets and turbo ventilators. These warehouses would adopt state-of-the-art collateral management services and help the farmers to realise better price discovery and also provide them much needed post-harvest liquidity.

RIDF XVII, XVIII and WIF aggregated to ₹8,675 crore creating an additional capacity of 17.1 million MT, thus making NABARD the leading financial institution funding the creation of storage space for agricultural commodities. These warehouses will be WDRA compliant and would serve the national priorities of food security and minimise post-harvest losses as well as benefit farmers by way of better price discovery and post-harvest liquidity.

During 2013-14, State Governments (₹2,880 crore), State Government Corporations (₹1,844 crore), Central Government Corporations (₹105 crore), Dairy Co-operatives/panchayats (₹47 crore) and private corporates (₹128 crore) were funded under NABARD Warehousing Scheme. For the first time, Prime Lending Rate (PLR) based direct lending projects were sanctioned to Central Warehousing Corporation (CWC), Central Rail Side Warehousing Corporation (CRWC) as well as to private corporates, prominent of which was National Collateral Management Services Ltd. (NCMSL). Further, projects for vertical silos, cold storages and cold chain including reefer vans were funded under the Scheme. Besides assistance was also extended to State Governments in Tamil Nadu, Gujarat and Odisha for providing warehousing facilities at the primary agricultural co-operative level benefitting the farmers directly.

Rural Infrastructure Promotion Fund

Rural Infrastructure Promotion Fund (RIPF) was created with an initial corpus of ₹25 crore in 2011 to promote capacity building initiatives and efforts for creation of innovative/ experimental/promotional infrastructure, especially in rural sector and rural areas. The Fund also supports activities like exposure visits, studies, knowledge sharing workshops/ conferences/ publicity/ documentation, creation of experimental infrastructure projects by Gram Panchayats, SHGs, SHG Federations, Farmers' Clubs, FC Federations, NGOs and villages under VDPs. The activities supported under RIPF would lead to increase in business under RIDF and promote sustainable infrastructure development in rural areas.

During 2013-14, ₹117.05 lakh was disbursed under RIPF for various activities like evaluation studies, workshops, exposure visits and experimental infrastructure projects. NABARD initiated an exercise of Geographic Information System (GIS) mapping of the warehouses/cold storages assisted under various subsidy schemes of GoI. The data regarding warehouses financed by banks under Gramin Bhandaran Yojana (GBY) and cold storages financed under various subsidy schemes of GoI have been captured under this initiative. This will enable the users to have visual information regarding availability of storage infrastructure with co-ordinates of location, ownership and capacity on a map at State, district, taluka/mandal and village level.

Rural infrastructure - Way forward

There is huge potential for development of micro infrastructure in rural areas but there is no existing mechanism for integrated development of intra village infrastructure. NABARD backed by its experience in RIDF is in a position to take a lead in this direction. The potential infrastructure in this segment include minor irrigation, drinking water supply, sanitation, agricultural and allied sector, warehouse and storage, rural connectivity, education, rural health, etc. Investments in this direction can be increased by focussing on tapping low-cost funding sources with appropriate financial instruments, setting-up an appropriate delivery model, through triangulation of the State Governments, financial institutions and private sector infrastructure agencies.

Organisation and Resources……..

Prudent management of financial and human resources are crucial for achieving the goals set for an Organisation. NABARD has also put in place a sound resource management system to accomplish the task assigned to it. Through several technology savvy measures it has enabled the human resources to rise upto the expectations. In the process, NABARD's efforts have been recognized at various fora and laurels have come its way.

Sound organisation management, human resource development and prudent financial management are important for the systematic growth of an organization. NABARD continued its endeavour to bring about optimum utilisation of the resources, both human and financial for efficient delivery of multi-dimensional tasks.

Management

Board of Directors

The Board of Directors met seven times during 2013-14. The Sanctioning Committee for loans under RIDF also met nine times during the year. One meeting of the Executive Committee (EC) was held during the year.

NABARD wins ABCI awards

The following changes took place in the composition of the Board during 2013-14 :

(a) Dr. Harsh Kumar Bhanwala assumed charge of the office of the Chairman on 18 December 2013. Dr. Prakash Bakshi demitted office of the Chairmanship on 30 September 2013 on completion of his term. Smt. Snehlata Shrivastava, Additional Secretary, Department of Financial Services, Ministry of Finance who was holding additional charge of the office of the Chairmanship of NABARD with effect from 01 October 2013 demitted office on 17 December 2013.

(b) Shri L. C. Goyal, Secretary, Ministry of Rural Development, Government of India was appointed Director on the Board with effect from 01 October 2013 vice Shri S Vijay Kumar.

(c) Shri Arvind Kumar, Joint Secretary, Ministry of Finance, Government of India was appointed Director on the Board with effect from 26 July 2013 vice Shri Umesh Kumar.

(d) Shri Bharat Lal Meena, Principal Secretary, Department of Agriculture, Government of Karnataka was appointed Director on the Board with effect from 27 July 2013.

(e) Shri Deepak Sanan, Additional Chief Secretary, Department of Agriculture, Government of Himachal Pradesh was appointed Director on the Board with effect from 01 July 2013 vice Shri R D Dhiman. Shri Dhiman, who was appointed as Director on the Board on 04 June 2013 replaced Dr. A R Sihag, appointed as a Director on 09 April 2013. Both Dr. Sihag and Shri Dhiman ceased to be Directors during the year.

(f) Shri P Kharkongor, Principal Secretary, Department of Agriculture, Government of Meghalaya was appointed Director on the Board with effect from 09 April 2013.

(g) Dr. Sudhir Kumar Goel, Additional Chief Secretary (Agriculture and Marketing), Government of Maharashtra was appointed Director on the Board with effect from 27 July 2013.

(h) Shri D B Gupta, Principal Secretary, Ministry of Agriculture, Government of Rajasthan ceased to be a Director on the Board of Directors of NABARD on 26 July 2013 on expiry of tenure.

Senior Management

Management Committee, an important governance structure, comprising Chairman, Executive Director (ED) and Chief General Managers (CGMs) of Business Departments, met three times during 2013-14. The Committee deliberated on important issues having inter-departmental or larger policy ramifications.

Human Resources Management

Staff Strength

The total staff strength of the Bank as on 31 March 2014 stood at 4,241 comprising 2,760 (65%) officers (Group 'A'), 671 (16%) clerical (Group 'B') and 810 (19%) Messenger & Maintenance Staff (Group 'C'). Of the total, 783 belong to Scheduled Castes (18.5%) and 368 to Scheduled Tribes (8.7%) (Table 5.1). The staff strength of ex-servicemen and physically handicapped employees stood at 61 and 95, respectively, constituting 1.4 per cent and 2.3 per cent of the total staff strength.

Recruitment and Promotion

During 2013-14, 22 persons were appointed as Assistant Project Managers (on contract) for augmenting Banks' network in the North Eastern Region and Jammu & Kashmir. One candidate was recruited in Group 'C'. A total of 271 promotions were effected in various Grades / Groups during the year. Out of above, 247 promotions were within the officers' Grade whereas 24 staff members were promoted from Group 'B' to Group 'A' cadre (Table 5.2)

Training

NABARD through its three training establishments *viz.*, BIRD Lucknow, BIRD Bolpur, BIRD Mangalore continued to fulfill the training needs of its own staff members as well as that of its client institutions. During 2013-14, 68 in-house (1,462 participants) and 46 on- location (992 participants) training programmes were conducted for the staff of NABARD (Table 5.3). Similarly, 212 in-house training programmes benefiting 5,082 participants and 155 on-location training programmes benefiting 4,573 participants of client institutions were also conducted during 2013-14 (Table 5.4).

Incentive Scheme for Part Time/Distance Learning

During 2013-14, 27 employees participated under the incentive scheme and pursued different Part time/ Distance Learning courses from various Institutions/ Universities.

Scheme for Training and Development of Senior Officers

To give focused attention on the training needs of senior officers of the Bank, a new Scheme was introduced from 01 April 2013 through which senior officers could self-identify appropriate training programmes in reputed Institutes and participate in the same. Out of the 97 officers who had applied under the Scheme, 73 have already attended the programmes.

Training at External Institutions

During 2013-14, 94 officers were deputed by NABARD to participate in various training programmes, workshops, seminars and conferences organised by various Institutions of repute. Further, with a view to enhance the technical capacity of employees, NABARD has customised training programmes at various Institutions like IIT Roorkee, NIFM Faridabad, etc. through which 119 officers were trained.

Human Resource Initiatives

SC/ST Welfare Measures

The Bank continued to adhere to instructions issued by GoI on reservation for SC/ST employees in recruitment and promotions. The Board of Directors of NABARD also reviewed the Implementation of Reservation Policy in the Bank during its meeting held in November 2013. Quarterly meetings of the Senior Executives and Chief Liaison Officer with representatives of the All India NABARD Progressive Employees' Welfare Association were held at HO and ROs. Pre-promotional training programmes for SC/ST staff members were conducted. Other benefits extended to SC/ST employees included granting scholarship of ₹5.51 lakh to 170 wards of SC/ ST employees. A study visit was undertaken by the Parliamentary Committee on Welfare of Other Backward Classes and NABARD officials participated in the Parliamentary Committee meeting. With the approval of the Board, NABARD has decided to provide pre-promotion and pre-recruitment training to the members of OBC communities.

Administrative and Other Matters

Industrial Relations

Industrial relations in the Bank continued to be harmonious during 2013-14. Periodic discussions were held between the Management and the National Bank officers' Association and the All India NABARD Employees' Association.

Joint Consultative Committee

The Joint Consultative Committee (JCC) comprising representatives from the Bank Management and National Bank Officers' Association met once during 2013-14 to discuss HR related issues.

Grievance Redressal System

Two meetings of Grievance Redressal Committee and three meetings of Appellate Committee were held during 2013-14. Twenty seven grievances and nine appeals were received, of which, 17 grievances and nine appeals were heard/processed.

Right to Information (RTI) Act, 2005

As part of its goal of achieving transparency and complying with statutory obligations, NABARD has been providing necessary information under RTI Act. Thirty Four senior level officers (30 in ROs, three in TEs and one at HO) were designated as Central Public Information Officers (CPIOs). Shri P. Satish, Chief General Manager was the Appellate Authority at HO, Mumbai. Shri V. Ramakrishna Rao, Executive Director was designated as Transparency Officer. During 2013-14, 1,125 applications and 138 appeals were processed and desired information was provided to the applicants/ appellants within the time limit prescribed by the Act. Eleven hearings on appeals made to Central Information Commission were also attended.

Vigilance

NABARD having voluntarily accepted the jurisdiction of the Central Vigilance Commission, Government of India, had set up the Central Vigilance Cell at the Head Office and the Regional Vigilance Cells in the Regional Offices and at the Bank's Training Establishments. Primary objective of the Cell is to ensure that the organisation is able to function in a corrupt free environment and minimise the reputational risk on this account. Preventive Vigilance Inspections of three Regional offices *viz.,* Tamil Nadu, Uttarakhand and West Bengal were conducted during 2013-14. NABARD observed 'Vigilance Awareness Week' from 28 October to 2 November 2013 at HO and all ROs/TEs. Vigilance pledge was administered to all the employees on the occasion. Department of Financial Services, MoF and Central Vigilance Commission appointed a full time external Chief Vigilance Officer (CVO), Shri N J Nampoothiri who has taken charge with effect from 18 November 2013.

Inspection and Concurrent Audit

The internal audit of bank's financial transactions and operations were ensured through a system of concurrent audit of all 33 accounting units and periodic inspection of ROs/TEs and HO Departments. During 2013-14, inspection of 20 ROs, two TEs, 18 HO Departments and four Subsidiaries of NABARD were conducted. The Audit Committee of the Board (ACB) met four times during the year and reviewed the findings of inspection, compliance thereof, performance of the concurrent auditors and the half yearly/ annual accounts and balance sheet of the bank. The Risk Management Committee of the Board (RMCB) met twice during 2013-14 and reviewed the risk arising out of the operations of the Bank and suggested measures for mitigating risk. Inspection Department monitored the recovery of dues from the clients under various lending programmes on a fortnightly basis and apprised top management.

Office premises/Residential quarters

On completion of the building projects, Karnataka RO has been shifted to the new premises in Bengaluru and Bankers Institute of Rural Development (BIRD), Mangalore to its new Campus. While construction of

New Premises, BIRD, Mangalore

office building at Jammu and Kashmir (Office Premises) and Itanagar (Office Premises and Staff Quarters) are nearing completion, construction of staff quarters at Raipur is in progress. The formalities to take possession of 66 residential flats at Ranchi are being completed. The works of construction of residential quarters and Annexe Building at Chandigarh have been entrusted to CPWD and construction work has started. The Lease Deed in respect of plot of land at Dehradun for construction of Office Building has been executed. The acquisition of plot of land for construction of Regional Office building and Staff Quarters at Shillong is under process. As part of initiatives for conservation of energy, the intelligent lighting and ventilation systems, tested on pilot basis in 2012-13, were successfully implemented in various utility areas of HO Building. The early warning smoke detection system was upgraded to a state-of-the-art technology.

Information Technology Initiatives

NABARD took up several initiatives during 2013-14 to enable its human resources adopt a more user friendly and risk free Information Technology (IT).

Active Directory Domain Services

Active Directory Domain Services (AD DS), a Microsoft technology service, was introduced in the Bank to provide a common platform to organise and manage IT resources centrally. It also authenticates and authorises users to access and use the IT resources in the corporate network. A set of novel IT infra-service initiatives like Windows Server Update Services for deploying operating system patches and Central Anti-virus Management Services for distributing security updates were also rolled out over AD DS for the benefit of all staff members at HO/ROs/TEs. These services have enabled the creation of a standardised framework and collaborative work environment for future IT developments.

Introduction of e-mail Archival Solution

A robust mail archival solution was put in place from November 2013 in the Bank to archive all incoming/outgoing e-mails of important user accounts. This solution helps to archive e-mail content automatically in perpetuity for future reference and use. This helped in complying with various Government regulations and industry guidelines adding to e-mail storage and security.

Enhancing Internet Infrastructure

As Internet is a critical requirement in today's environment, an additional connectivity for Internet services was deployed in the HO through a dedicated 8 Mbps (1:1) Internet bandwidth over Leased-Line. With the advent of this facility, an up-time availability of 99.999 per cent was achieved in the HO.

State-of-the-Art Disaster Recovery Site for NABARD

A full-fledged Disaster Recovery (DR) site on Co-Location model for Bank's business critical software applications is in the process of being hosted at BSNL's Data Center (DC) in different seismic zone and has TIER III certification from Uptime Institute. The DR site is also TIA 942 compliant as well as ISO 27001 & ISO 20001 certified. The site is also seismic compliant (IS 1893:1984). This move ensures availability of data and would enable business continuity even in the wake of large scale disaster affecting Bank's Data Center at Mumbai.

Alternate dealing site

A fully functional dealing site for Bank's treasury operations was set-up at an alternate location in Mumbai. The site would enable Bank's dealers to continue critical treasury related business transactions in the event of disruption of services at the primary site.

NABNET - Banks' Corporate Intranet

NABNET - NABARD's Corporate Intranet was upgraded with the release of new version (v3) in December 2013 with improved user interface and responsive design to render suitably on Computers, Tablets and Phones. Various Popular Modules like Blog, Intercom, RO contacts integrated with Google Maps, Internal and External Circulars were improved upon. New Modules like Hindi Glossary (Hindi Shabdavali), File Manager, User Photo Updates, Publication and Reports were also introduced.

Video Conferencing – adding new dimensions

Video Conferencing (VC) canvas was widened, thus enabling NABARD to interact with outside agencies *viz*. RBI, GoI and other organisations across the globe. A total of around 4,000 conferences / seminars / workshops / training sessions / interviews have been conducted using the VC facility, saving lot of time and cost for the Bank.

Introducing Desktop Conferencing

Polycom Real Presence Desktop Solution, a novel video conferencing facility on user Desktop has been introduced in the Bank enabling senior officers of the Bank to engage effectively with the management and the outside world.

Other activities

Spark, a corporate cross-platform Instant Messaging (IM) service was customised in-house and launched in October 2013 in the Bank, opening new vistas in corporate communication leading to enhanced business productivity. Microsoft Office was chosen as office productivity suite for the Bank as a whole to ensure total compatibility with the external environment.

Corporate Communications

Launching of New Website

The revamped website of NABARD with additional and special features was launched on the occasion of its Foundation Day on July 12, 2013. It now incorporates programme-based presentation of content, Google-enabled office locator, exclusive pages for ROs, bilingual content, FAQs, provisions for search and site map, SMS and e-mail integration, decentralised content management and Web Content Accessibility Guidelines (WCAG) compatibility for visually challenged.

NABARD Wins Awards

NABARD won awards in three categories at the 53rd Annual Awards of the Association of Business Communicators of India (ABCI) held in October 2013 in Mumbai. These included 'GOLD' for 'NABARD Parivar - Photography', 'SILVER' for 'Nabnet - Corporate Intranet' and 'BRONZE' for '30 Years of Taking Rural India >> Forward – Prestige Publications'. NABARD Parivar won the second prize in the 'Special Edition' category at the In-house Communication Excellence (ICE) Awards.

Promotion of Rajbhasha

Use of Official Language Hindi

During 2013-14, NABARD continued its efforts to augment progressive use of official language Hindi in Bank's day-to-day working. Quarterly meetings of Official Language Implementation Committee were held to monitor the implementation of official language policy of GoI at both RO and HO level. As per policy

Box : 17

"Revolution from Above – India's Future and the Citizen Elite"

– Prof. Dipankar Gupta

Prof. Dipankar Gupta, distinguished academician and Director, NABARD delivered a lecture on "Revolution from Above – India's Future and the Citizen Elite" in August 2013. Prof. Gupta, in his lecture, made out a case that at every historical juncture when democracy made significant advances, it was the citizen elite, or elite of calling, who led the charge, often going against the popular demands and sentiments. The citizen elite are the ones who set the agenda that masses follow, thereby taking the country forward on the path of true democracy. As India has not delivered meaningfully in terms of universal health, education and livelihood, it too needs a band of citizen elite to initiate change. This change can only be effected by 'revolution from above'.

issued by Official Language Department, Ministry of Home Affairs, Department of Financial Services, Ministry of Finance and annual time-bound programme, all-out efforts were made to achieve targets during 2013-14. Odisha, Jammu & Kashmir, Goa, Andaman and Nicobar Island, West Bengal, Arunachal Pradesh and BIRD Mangalore were notified under the Rule 10(4) of Official Language Rules, 1976.

As part of its efforts towards capacity building of staff to use Hindi in their day-to-day official work, 94 workshops at ROs and HO were conducted wherein 1,165 staff members were trained in Hindi noting, drafting and use of unicode for Hindi typing. In addition, one Rajbhasha orientation programme for Senior Officers of various ROs and another exclusively for Senior Officers of North East ROs were conducted. Further, workshops for PLP and inspection reports writing in Hindi were conducted during the year.

All India Inter-bank Hindi seminar on ‘Development Banking and Hindi’ was organised at BIRD, Lucknow. The Officials of Department of Financial Services, Ministry of Finance, GoI, Department of Official Language, Ministry of Home Affairs, GoI, financial institutions, commercial banks and eminent personalities of Hindi literature participated in the seminar. Further, seminar on ‘Role of language in Financial Inclusion’ was organised at HO and members of TOLIC, Mumbai participated in the seminar.

During 2013-14, Rural Development Banking Glossary was updated and uploaded on Bank’s website and a CD was released. Rashtriya Bank ‘Srijana’, Hindi house journal of the Bank was published regularly. Cash Award Scheme was continued during 2013-14 and 84 staff members in Region ‘A’, 77 in Region ‘B’ and 84 in Region ‘C’ participated in the Scheme. Rajbhasha Shield for 2012-13 were awarded to Uttar Pradesh, Haryana among the bigger ROs and New Delhi and Uttarakhand among the smaller ROs in ‘A’ Region, Punjab, Gujarat and Maharashtra ROs in ‘B’ Region and Andhra Pradesh, Jammu & Kashmir and Goa ROs in ‘C’ Region.

Visits of Parliamentary Committees

During 2013-14, the following Parliamentary Committees held discussions with NABARD

i. **Study Visit of the Committee on Papers laid on the Table, Rajya Sabha :** The Committee visited Chennai, Kodai and Mumbai from 29 May 2013 to 2 June 2013 to hold discussions with concerned officials on laying of Annual Reports and Audited Accounts of Organisations.

ii. **Visit of Sub-committee of Parliamentary Committee on Official Language :** The Sub Committee visited Chandigarh on 3 June 2013 to hold discussions with officials of PSBs and NABARD.

iii. **Visit of the Committee on Government Assurances, Rajya Sabha :** The Committee visited Bengaluru and Mumbai from 9 to 12 July 2013 to discuss on fulfilment of assurances given to the following parliamentary Questions :

   a. USQ No. 2363 dated 19.03.2013 regarding siphoning of money by financial institutions in debt waiver scheme and

   b. USQ No. 1451 dated 06.12.2012 regarding liberal lending by banks.

iv. **Visit of the 3rd Sub-committee of the Committee of Parliament on Official Language** : The Committee visited Mumbai from 21 to 23 September 2013 to hold discussions on implementation of official language with the New India Assurance Co. Ltd, NABARD and Bank of India.

v. **Visit of the Committee on welfare of OBC employees :** The Committee visited Mumbai from 21 to 23 September 2013 to hold discussions regarding reservation in employment and welfare measures for OBCs in NABARD.

vi. **Visit of Parliamentary Standing Committee on Industry :** The Committee visited Mumbai from 3 to 8 October 2013 to discuss the issues pertaining to Small Scale Industries.

vii. Study Tour of Committee on Welfare of OBC: The Committee visited Thiruvananthapuram, Chennai and Bangalore during 11 to 16 November 2013 to discuss the issues and welfare of OBC employees of the Bank.

viii. Visit of Committee on Government Assurances, Rajya Sabha: The Committee visited Thiruvananthapuram and Mumbai from 19 to 24 January 2014 for examination of the fulfilment of the assurances arising out of the Parliament Question No. 2363 dated 19.03.2013 regarding siphoning of money by financial institutions in Debt Waiver Scheme.

ix. Visit of the 3rd Sub-committee of the Committee of Parliament on Official Language : The sub-committee visited Central Government Offices/Undertakings in Ahmedabad. It also visited NABARD, Ahmedabad on 23 January 2014.

Financial Performance & Management of Resources

NABARD, like any other financial institution has put in place a sound resource management system. The financial resources of NABARD increased from ₹2,13,170 crore as on 31 March 2013 to ₹2,54,574 crore as on 31 March 2014, registering an increase of 19 per cent over the previous period. The total market borrowings of NABARD stood at ₹2,02,680 crore as on 31 March 2014, constituting 80 per cent of the total resources of the Bank. The sources and uses of Funds are indicated in Tables 5.5 and 5.6.

Sources of Funds

Capital, Reserves & Surplus

The paid up capital as on 31 March 2014 was ₹4,700 crore against the authorised capital of ₹5,000 crore, with the share of GoI being 99.6 per cent and that of RBI at 0.4 per cent. GoI contributed ₹700 crore to NABARD's paid up capital during 2013-14. The amount of reserves and surplus increased to ₹17,156 crore as on 31 March 2014 from ₹15,234 crore as on 31 March 2013.

National Rural Credit (Long Term Operations) & National Rural Credit (Stabilisation) Funds

The National Rural Credit (Long Term Operations) and National Rural Credit (Stabilisation) Funds are utilised for investment operations and for conversion/re-schedulement of short-term credit, respectively. These funds are augmented by internal accruals and contributions made by RBI. During 2013-14, an amount of ₹1 crore was contributed by RBI to each of these funds.

Deposits

STCRC Fund

With a view to augment NABARD's resources for extending ST credit facilities to co-operative institutions, the Short Term Co-operative Rural Credit (Refinance) Fund was set up in 2008-09 with a corpus of ₹5,000 crore contributed by Scheduled Commercial Banks not achieving their priority sector lending obligations. The Fund was augmented by an additional allocation of ₹10,000 crore each for the year 2011-12 and 2012-13 and ₹30,000 crore for the year 2013-14. The outstanding balance under STCRC Refinance Fund stood at ₹50,000 crore as on 31 March 2014.

Short Term Rural Credit (Refinance) Fund for RRBs

With a view to augment NABARD's resources for ST credit facilities to RRBs, the Short Term Rural Credit (Refinance) Fund for RRBs was set up in 2012-13 with a corpus of ₹10,000 crore contributed by Scheduled Commercial Banks not achieving their priority sector lending obligations. The fund was augmented by an additional allocation of ₹20,000 crore during 2013-14. The outstanding balance under this Fund stood at ₹30,000 crore as on 31 March 2014.

Tea, Coffee and Rubber deposits

The amount outstanding under deposits from tea, coffee and rubber companies stood at ₹333 crore as on 31 March 2014, as against ₹302 crore as on 31 March 2013, reflecting an increase of ₹31 crore.

RIDF Deposits

During 2013-14, RIDF Deposits from commercial banks under RIDF XIV to XIX were mobilised aggregating ₹17,664 crore with repayments being ₹12,559 crore under RIDF VI to XVI and XVII Warehousing & Infrastructure (WI). The outstanding balance under RIDF deposits stood at ₹83,863 crore as on 31 March 2014 against ₹78,758 crore as on 31 March 2013.

Warehousing Infrastructure Fund

A corpus of ₹5,000 crore has been allocated for Warehousing Infrastructure Fund (WIF) during 2013-14. Out of which, as on 31 March 2014, outstanding balance under WIF Deposits was ₹1,250 crore.

Borrowings

In order to meet the increasing credit demand, NABARD has been augmenting its resources from market borrowings by way of Corporate Bonds, Commercial Papers, Certificate of Deposits, Term Money Borrowings, etc. The details of the market borrowings by the Bank are as under :

Capital Gains Bonds

Capital Gains Bonds aggregating ₹0.29 crore were redeemed during 2013-14. The amount outstanding as on 31 March 2014 was ₹1.29 crore.

Corporate Bonds

Corporate Bonds amounting to ₹11,437 crore were redeemed during 2013-14, while no fresh bonds were issued. The amount outstanding at the end of 31 March 2014 stood at ₹31,229 crore as against ₹42,666 crore as on 31 March 2013.

Bhavishya Nirman Bonds

No fresh Bhavishya Nirman Bonds (BNB) were issued during 2013-14. The outstanding balance under BNB stood at ₹4,975 crore as on 31 March 2014.

NABARD Rural Bonds

No fresh bonds were issued during 2013-14. The outstanding balance under Rural Bonds stood at ₹9.60 crore as on 31 March 2014.

Commercial Papers

Fresh borrowings through Commercial Papers (CPs) of ₹7,100 crore were mobilised and redeemed during 2013-14. There is no outstanding balance as on 31 March 2014 as against ₹1,936 crore as on 31 March 2013.

Term Money Borrowings

Term Money Borrowings (TMB) of three to six months tenor were mobilized in order to meet short-term requirements. TMB worth ₹301 crore were raised and repayments to the tune of ₹211 crore were made, leaving an outstanding of ₹228 crore as on 31 March 2014 as against ₹138 crore as on 31 March 2013.

GoI Borrowings

There were no fresh borrowings from GoI during 2013-14 whereas repayments of ₹3.83 crore under various externally aided projects were made. The outstanding in respect of borrowings from GoI stood at ₹40 crore, as on 31 March 2014 as against ₹43 crore as on 31 March 2013.

Borrowings in Foreign Currency

During 2013-14, the redemptions under KfW were to the tune of ₹39.88 crore, mobilisation amounting to ₹139.77 crore were undertaken and increase in loan liability on account of re-hedging was to the tune of ₹152 crore, leaving the outstanding borrowings at ₹715 crore as on 31 March 2014 as against ₹463 crore as on 31 March 2013. The foreign exchange risk on these loans as well as interest payments have been fully hedged at an average annual cost of 5.00 per cent for 10 years.

Uses of Funds

ST Loans, MT (Conversion) Loans

The ST(SAO) loans outstanding against advances to the StCBs at ₹52,698.64 crore, RRBs at ₹25,964.77 crore and commercial banks for financing PACS at ₹334.54 crore together with ST(OSAO) loans to StCBs at ₹202.93 crore and RRBs at ₹605.27 crore had resulted in increased loans outstanding for production and marketing credit at ₹79,806.15 crore as on 31 March 2014, compared to the loan outstanding at ₹65,176 crore under this segment as at the end of March 2013. There has been an increase of 22.45 percent in the outstanding of credit under this segment.

Project Loans under RIDF

Loans provided to State Governments for implementation of rural infrastructure development stood at ₹78,957.08 crore as on 31 March 2014 compared to outstanding at ₹75,061 crore as on 31 March 2013.

Non-Project Loans

The outstanding in respect of Long Term (LT) loans granted to State Governments for contributing to the share capital of co-operative credit institutions stood at ₹82.87 crore as on 31 March 2014 compared to ₹109 crore as on 31 March 2013.

Investment Credit

Refinance assistance aggregating ₹54,924.17 crore as on 31 March 2014 was extended to banks in respect of medium and long term investment loans provided by them as against the assistance at ₹48,504 crore provided at the end of 31 March 2013. During 2013-14, refinance provided by NABARD for investment credit activities increased by 13.24 per cent.

Co-finance

The Bank has entered into agreements with commercial banks/RRBs to co-finance various projects. The outstanding balance as on 31 March 2014 stood at ₹22.67 crore, as against ₹37 crore (net of provision) as on 31 March 2013.

NABARD Infrastructure Development Assistance

The outstanding loans under NABARD Infrastructure Development Assistance (NIDA) stood at ₹1,750.27 crore as on 31 March 2014 as against ₹1,281 crore as on 31 March 2013.

Direct lending to Central Co-operative Banks

A short-term multi-purpose credit product designed for direct lending to CCBs for meeting the working capital and farm asset maintenance needs of the individual borrowers and affiliated PACS has been launched since 2011-12. The quantum of outstanding under this line of credit stood at ₹2,011.61 crore as on 31 March 2014 as against ₹1,350 crore as on 31 March 2013.

Loans under Warehouse Infrastructure Fund

Consequent upon the announcement of an allocation of₹5,000 crore to NABARD in the budget for 2013-14 for supporting creation of infrastructure for storage of agricultural commodities and based on the instructions issued by Reserve Bank of India for creation of Warehouse Infrastructure Fund (WIF) in NABARD, the Bank has formulated a scheme *viz.,* NABARD Warehousing Scheme 2013-14 (NWS), which envisages extension of loans to public and private sectors for construction of warehouses, silos, cold storage and other cold chain infrastructure. The outstanding loans under NWS stood at ₹415.65 crore as on 31 March 2014.

Other Loans

Other loans extended out of different Funds (CDF, MFDEF, WDF, TDF, KfW UPNRM, FIPF, JNN Solar

Mission, PODF, etc.) stood at ₹3,163.34 crore as on 31 March 2014.

Investment of Surplus Funds

The quantum of surplus deployed by NABARD in various financial instruments stood at ₹28,521.80 crore as on 31 March 2014. Out of this, ₹15,334.16 crore was deployed in Government securities and other financial instruments and an aggregate sum of ₹13,187.64 crore was kept in the form of Short Term Bank Deposits in order to meet liquidity and contingency requirements as on 31 March 2014.

Income and Expenditure

The total income of NABARD during 2013-14 amounted to ₹15,442.33 crore as against ₹12,883 crore for the year 2012-13. The profit before tax (PBT) and profit after tax (PAT) were at ₹2,788 crore and ₹1,860.25 crore, respectively as on 31 March 2014, as against the previous year's PBT and PAT at ₹2,637 crore and ₹1,808 crore, respectively. An amount of ₹310 crore, ₹1 crore, ₹1 crore and ₹1,177.73 crore was transferred to Special Reserve u/s 36(1) (viii) of IT Act 1961, NRC (LTO) Fund, NRC (Stabilisation) Fund and Reserve Fund, respectively. Further, an aggregate amount of ₹555.08 crore was transferred to various Funds, *viz.,* Research and Development Fund, Investment Fluctuation Reserve and Farmers' Technology Transfer Fund (FTTF).

Capital Adequacy

The capital to risk-weighted assets ratio (CRAR) was at 16.61 per cent as on 31 March 2014 as compared to 18.24 per cent as on 31 March 2013, as against a minimum 9 per cent norm stipulated by RBI.

Asset-Liability Management

The Asset-Liability Management Committee (ALCO) of the Bank oversees the monitoring and management of market risk, liquidity risk and interest rate risks, as per the comprehensive ALM / liquidity management policies approved by the Board. The role of ALCO includes, inter-alia, reviewing the Bank's structural liquidity and interest-rate sensitivity positions *vis-a-vis* prudential limits prescribed by the RBI/Board. Besides, evaluating the market risk of treasury operations, the ALCO reviews at periodic intervals the interest rates fixed for various products and effect modification in the interest rates wherever considered essential taking into account the market scenario.

List of Tables

Table 1.1: Economic Indicators

Particulars	2011-12	2012-13 1RE	2013-14 AE
Overall GDP at Factor Cost at constant (2004-05) prices (Annual % change)	6.7	4.5	4.7
Agriculture & Allied Sector (Annual % change)	5.0	1.4	4.7
Industry Sector (Annual % change)	7.8	1.0	0.7
Services Sector (Annual % change)	6.6	6.9	7.0
Foodgrains Production (Annual % change)	5.9	(-) 0.8	2.8
Industrial Production (Annual % change)	2.7	1.9	0.3
Inflation (WPI) (Average) (%)	8.8	7.5	5.9
Inflation (CPI) (Average) (%)	8.4	10.2	9.5
Domestic Savings (as % of GDP)	31.4	30.1	30.5
Investment (as % of GDP)	36.4	34.7	31.4
Fiscal Deficit (as % of GDP)	(-) 5.7	(-) 4.9	(-) 4.5
Imports (in US$) (Annual % change)	31.1	0.5	(-) 7.2
Exports (in US$) (Annual %)	23.7	(-) 1.0	3.9
Current Account Deficit (as % of GDP)	(-) 4.2	(-) 4.7	(-) 1.7
Exchange Rate US$/₹ (Average)	48.1	54.0	60.4

1RE : 1st Revised Estimates, AE : Advanced Estimates
Source : Central Statistics Office (CSO), GoI.

Table 1.2 : Sectoral Growth Rates of GDP (2004-05 prices)

Sector	2009-10	2010-11	2011-12	2012-13 1RE	2013-14 AE
Agri & Allied	1.0 (14.7)	7.9 (14.5)	5.0 (14.4)	1.4 (13.7)	4.7 (13.9)
Industry	8.4 (28.1)	9.2 (28.2)	7.8 (28.2)	1.0 (27.3)	0.7 (26.2)
Services	10.5 (57.2)	10.2 (57.3)	6.6 (57.4)	7.0 (59.0)	7.0 (59.9)
GDP (at Factor Cost)	6.7 (100.0)	9.3 (100.0)	6.7 (100.0)	4.5 (100.0)	4.7 (100.0)

Note : Figures in parentheses indicate percentage shares in GDP;
1 RE : 1st Revised Estimates; AE : Advanced Estimates
Source : Central Statistics Office (CSO), GoI.

Table 1.3: Trends in Rainfall and Water Storage

Particulars	South West Monsoon *		
	2011	2012	2013
Cumulative rainfall (% variation from normal)	1	(-)2	6
Number of subdivisions with Normal / Excess Rainfall	33	23	30
Deficient/Scanty Rainfall / No Rainfall	3	13	6
Reservoir Status (%of FRL$@)	86	75	86

Notes: Normal: +19%; Excess: +20% or more; Deficient: (-)20 to (-)59%; Scanty: (-)60% or less; No Rainfall: (-)100%
** : Cumulative position between 1 June and 30 September;*
$: Full Reservoir Level in 81 major reservoirs (accounting for 67% of total reservoir capacity in the country) as at the end of the season
@ : As on 30 September in the case of SW Monsoon and 31 December in the case of NE Monsoon
Source: Indian Meteorological Department, Economic Survey, Various Issues,

Table 1.4 : Production of major crops

(Million tonnes)

Year/Crops	2010-11	2011-12	2012-13 FE	2013-14 (3rd AE)	2013-14 (% Change over 2012-13)
Food Grains	244.8	259.3	257.1	264.4	2.8
Rice	96.0	105.3	105.2	106.3	1.0
Wheat	86.9	94.9	93.5	95.8	2.5
Coarse Cereals	43.7	42.0	40.0	42.7	6.7
Pulses	18.2	17.1	18.3	19.6	7.1
Non Foodgrains Crops					
Major Oilseeds	32.5	29.8	30.9	32.4	4.8
Groundnuts	8.3	6.9	4.7	9.5	102.1
Soyabeans	12.7	12.2	14.7	11.9	(-)19.1
Rapeseeds & Mustard	8.2	6.6	8.0	7.8	(-)2.5
Cotton#	33.0	35.0	34.2	36.5	6.7
Sugarcane	342.4	361.0	341.2	348.3	2.0

FE : Final Estimates; 3rd AE : 3rd Advanced Estimates; # Million bales of 170 kgs each;
Source : Agricultural Statistical Division, Ministry of Agriculture, GoI

Table 1.5 : Gross Capital Formation in Agriculture & Allied Sectors (2004-05) prices

Year	GDP from Agriculture & Allied Sectors at 2004-05 prices (₹ crore)	GCF in Agriculture & Allied Sectors at 2004-05 prices (₹ crore)			GCF in Agriculture & Allied Sectors as % of GDP from Agriculture & Allied Sectors		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
2004-05	5,65,426	16,187	59,909	76,096	2.9	10.6	13.5
2005-06	5,94,487	19,940	66,664	86,604	3.4	11.2	14.6
2006-07	6,19,190	22,987	69,070	92,057	3.7	11.2	14.9
2007-08	6,55,080	23,255	82,484	1,05,741	3.5	12.6	16.1
2008-09	6,55,689	20,572	1,06,555	1,27,127	3.1	16.3	19.4
2009-10	6,60,987	22,693	1,10,469	1,33,162	3.4	16.7	20.1
2010-11	7,13,477	19,918	1,11,306	1,31,224	2.8	15.6	18.4
2011-12	7,39,495	22,095	1,24,483	1,46,578	3.0	16.8	19.8

Source: Central Statistics Office, National Accounts Division, GoI.

Table 1.6 : Agency-wise Ground Level Credit Flow

(₹ crore)

Agency	2009-10	2010-11	2011-12	2012-13*	2013-14*	CAGR (%) (2009-10 to 2012-13)	Growth 2013-14 (% change over 2012-13)
Co-ops	63,497	78,007	87,963	1,11,203	1,18,422	20	6
RRBs	35,217	44,293	54,450	63,681	83,307	22	31
CBs	2,85,800	3,45,877	3,68,616	4,32,491	5,21,496	14	21
Total	**3,84,514**	**4,68,291@**	**5,11,029**	**6,07,375**	**7,23,225**	**16**	**19**

**: Provisional data for 2012-13 and 2013-14, @: Includes ₹114 crore by other agencies*

Table 1.7 : Sub sector wise Ground Level Credit disbursement to Agriculture Sector during 2007-08 to 2011-12

(₹ crore)

Sr. No.	Sector/Sub-Sector	2007-08	2008-09	2009-10	2010-11	2011-12
I	Crop Loan (ST-Production Credit)	1,81,394	2,10,461	2,76,656	3,35,550	3,96,158
II	Term Loans					
i.	Minor Irrigation	2,840	3,180	5,197	4,362	1,522*
ii	Land Development	2,553	2,887	3,669	3,615	1,216*
iii	Farm Mechanisation	8,303	8,334	10,211	12,799	2,084*
iv	Plantation & Horticulture	5,910	6,045	6,407	6,611	867*
v	Animal Husbandry#	9,034	10,398	10,260	12,774	2,798*
vi	Fisheries	1,248	1,281	1,854	1,931	143*
vii	Hi-tech agriculture	33,325	41,694	50,797	82,774	0*
viii	Others $	10,051	17,628	19,463	7,875	4,553*
	Total Term Loans (MT & LT Investment Credit)	73,264	91,447	1,07,858	1,32,741	1,14,871@
	Total (I+II)	2,54,658	3,01,908	3,84,514	4,68,291	5,11,029

 # : Animal Husbandry includes Dairy Development, Poultry Farming and Sheep / Goat / Piggery
$: "Others" include Storage/Market Yards, Forestry/Waste Land Development, Bullock and Bullock Carts, Bio- gas, etc.
** : Data in respect of Co-op Banks and RRBs only. Commercial Banks data not received from RBI*
@ : Amount includes Term loan of ₹1,01,688 crore in respect of Commercial Banks

Table 1.8 : Regional Distribution

Regions	Average Share in Agricultural		Real Sector Indicators		
	10th FYP	11th FYP	Share in GCA	Share in GIA	Cropping Intensity
Northern	28.69	27.44	20.11	26.32	148
North Eastern	0.38	0.44	2.83	0.68	128
Eastern	6.67	7.27	14.65	15.25	151
Central	15.10	13.20	27.26	31.66	139
Western	14.17	14.10	16.47	9.74	114
Southern	34.99	37.55	18.68	16.36	124
Total	**100.00**	**100.00**	**100.00**	**100.00**	

Table 2.1 : Short term refinance (Production Credit)

(₹ crore)

Year	Limit sanctioned	Maximum outstanding
2009-10	25,661	24,715 (96.31)
2010-11	34,375	34,196 (99.48)
2011-12	49,013	48,981 (99.94)
2012-13	66,418	66,095 (99.51)
2013-14	81,204	80,859 (99.58)

Figures in the parentheses refer to percentage achievement.

Table 2.2 : Rate of Interest on Refinance

Sl. No.	Purpose	Agency	Interest Rate
1	SAO	i) StCB/RRB	4.5
		ii) CCB & PACS through RRB / CB (PSB)	4.5
2	Post harvest loans to small and marginal farmers against NWR	StCB / RRB	4.5
3	ST (Others – other than weavers)	StCB	10.50
4	ST (Weavers – Primary and Apex/ Regional Weavers Co-operative Societies)	StCB	10.50
5	ST – Weavers - Financing of Primary Weavers Co-operative Societies	Scheduled Commercial Banks	10.50
6	ST-Other than SAO loans (ST- OSAO)	RRB	10.50
7	ST - Working capital requirements of SHDC	StCB & Scheduled Commercial Banks	10.50
8	MT (Conversion) loan	StCB/RRB	7.35 @*

@ : at 3% below the rate charged to the ultimate borrower with a minimum of 7.35%. ** : Revised to 7.35% (minimum) from 04.03.2013*

Table 2.3 : Agency-wise Disbursement of Refinance (Investment Credit)

(₹ crore)

Agency	2011-12			2012-13			2013-14		
	Target	Disb.	% share	Target	Disb.	% share	Target	Disb.	% share
SCARDBs	2,445.00	2,444.93	15.85	2,300.00	1,741.31	9.85	2,000.00	1,814.95	8.45
StCBs	1,205.00	1,192.29	7.73	2,378.00	2,071.06	11.72	1,975.00	1,713.34	7.97
CBs	8,030.00	8,433.75	54.69	6,524.00	8,708.77	49.27	8,500.00	13,254.62	61.69
RRBs	3,035.00	3,086.19	20.01	5,138.00	4,753.66	26.90	3,915.00	4,303.66	20.03
PUCBs	60.00	54.08	0.35	100.00	69.29	0.39	100.00	30.00	0.14
ADFCs/ NABFINS	220.00	210.46	1.37	500.00	330.20	1.87	500.00	369.60	1.72
NEDFi	0.00	0.00	0.00	50.00	0.00	0	0.00	0.00	0
Total	**14,995.00**	**15,421.70**	**100.00**	**16,990.00**	**17,674.29**	**100.00**	**16,990.00**	**21,486.17**	**100.00**

Table: 2.4 : Region-wise Disbursement of Refinance

(₹ crore)

Agency	2011-12			2012-13			2013-14		
	Target	Disb.	% share	Target	Disb.	% share	Target	Disb.	% share
Northern	2,928.00	2,426.37	15.70	3,302.00	3,172.83	17.95	3,216.00	4,411.75	20.53
North Eastern	258.00	232.86	1.50	320.00	190.75	1.08	211.00	171.71	0.80
Eastern	1,415.00	1,783.53	11.60	1,716.00	1,663.47	9.41	1,494.00	1,833.15	8.53
Central	1,927.00	1,867.05	12.10	2,216.00	1,254.81	7.10	1,789.00	1,804.03	8.40
Western	1,598.00	1,671.16	10.80	1,791.00	2,385.48	13.50	1,890.00	3,058.84	14.24
Southern	6,869.00	7,440.73	48.30	7,645.00	9,006.95	50.96	8,390.00	10,206.69	47.50
TOTAL	**14,995.00**	**15,421.70**	**100.00**	**16,990.00**	**17,674.29**	**100.00**	**16,990.00**	**21,486.17**	**100.00**

Northern: Haryana, Himachal Pradesh, Punjab, Rajasthan, Jammu & Kashmir, Delhi and Chandigarh
North Eastern: Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim
Eastern: Bihar, Jharkhand, Orissa, West Bengal and Andaman & Nicobar Islands
Central: Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Uttarakhand
Western: Gujarat, Goa, Maharashtra, Dadra & Nagar Haveli and Daman & Diu
Southern: Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Puducherry and Lakshwadeep Islands

Table 2.5 : Sector-wise Disbursement of Refinance

(₹ crore)

Purpose	2011-12			2012-13			2013-14		
	Target	Disb.	% share	Target	Disb.	% share	Target	Disb.	% share
Minor Irrigation	1,071.00	660.51	4.28	1,189.00	739.27	4.18	1,189.00	518.98	2.42
Land Development	1,243.00	504.07	3.27	700.00	817.69	4.63	700.00	834.06	3.88
Farm Mechanisation	1,714.00	2,134.51	13.84	2,401.00	2,282.79	12.92	2,401.00	3,063.04	14.26
Plantation and Horticulture	750.00	1,547.50	10.03	1,600.00	1,361.92	7.71	1,600.00	690.44	3.21
PF/SGP/ AH-Other	536.00	680.20	4.41	555.00	411.29	2.33	555.00	623.86	2.90
Fisheries	160.00	91.88	0.60	255.00	37.85	0.21	255.00	21.80	0.10
Dairy Development	975.00	889.88	5.77	1,200.00	872.87	4.94	1,200.00	933.21	4.34
Forestry	21.00	15.97	0.10	20.00	7.80	0.04	20.00	6.39	0.03
Storage Godown and Market Yard	429.00	157.47	1.02	600.00	295.30	1.67	600.00	385.61	1.79
SGSY	0.00	211.98	1.37	0.00	111.72	0.63	0.00	62.78	0.29
Non Farm Sector	4,298.00	3,574.21	23.18	4,400.00	5,150.88	29.14	4,400.00	8,231.98	38.31
SC/ST-AP	0.00	4.26	0.03	0.00	19.35	0.11	0.00	14.70	0.07
SHG	3,642.00	3,072.59	19.93	3,500.00	3,916.64	22.16	3,500.00	3,813.14	17.75
Others*	156.00	1,876.67	12.17	570.00	1,648.92	9.33	570.00	2,286.18	10.64
Total	**14,995.00**	**15,421.70**	**100.00**	**16,990.00**	**17,674.29**	**100.00**	**16,990.00**	**21,486.17**	**100.00**

** : Includes rural godowns, ACABC, agro industries, agro processing, etc.*

Table 2.6 : Performance of PACS (including FSS &LAMPS)
(As on 31 March)

(₹ crore)

Particulars	2011	2012
Number	93,413	92,432
Membership (lakh)	1,21,225	1,13,596
Borrowing Members (lakh)	52,388	44,886
Owned Funds	14,456	15,996
Deposits	37,238	50,253
Borrowings	54,000	88,836
Loans issued	91,304	1,07,300
Loans outstanding	87,768	91,243

(Source: NAFSCOB)

Table 2.7 : Growth of Short-Term Co-operative Credit Structure
(As on 31 March)

(₹ crore)

Particulars	StCBs			CCBs		
	2012	2013	Growth (%)	2012	2013	Growth (%)
Number	31	32#		370	370	
Share Capital	3,508	3,063	(-) 12.69	8,914	10,084	13.1
Reserves	11,824	11,384	(-) 3.72	24,785	32,665	31.8
Deposits	86,429	94,508	9.34	1,87,770	2,08,137	10.8
Borrowings	43,424	50,856	17.59	53,924	64,954	20.5
Loans Issued	84,080	97,639	16.19	1,69,590	2,27,184	34.0
Loans Outstanding	77,644	91,894	18.35	1,57,184	1,83,643	16.8

#: Jharkhand StCB was formed in September 2012. Note: Data as on 31 March 2013 provisional.

Table 2.8 : Growth of Long-Term Co-operative Credit Structure
(As on 31 March)

(₹ crore)

Particulars	SCARDBs			PCARDBs		
	2012	2013	Growth (%)	2012	2013	Growth (%)
Number	20$	20$	–	714	714	–
Share Capital	1,827	1,829	0.10	1383	1,386	0.22
Reserves	4,613	5,172	12.12	3407	3,492	2.49
Deposits	1,029	1,065	3.50	566	601	6.18
Borrowings	16,099	15,427	(-)4.18	13928	13,886	(-)0.30
Loans Issued	4,206	3,526	(-)16.16	3707	3,434	(-)7.36
Loans Outstanding	19,417	18,775	-3.31	12600	12,457	(-)1.13

Note: Data as on 31 March 2013 provisional. *$: Manipur SCARDB is defunct*

Table 2.9 : Working Results of Co-operative Banks

(₹ crore)

Agency	StCBs		CCBs		SCARDBs $		PCARDBs	
Year	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Total (No.)	31	32	370	370	20	20	714	714
In Profit (No.)	27	29	328	327	10	10	376	373
Profit Amount	759.90	1,117.55	1,511.00	2,322.00	118.63	175.05	225.83	239.60
In Loss (No.)	4	3	42	43	9	9	324	327
Loss Amount	139.75	53.66	332.00	493.00	425.92	277.08	443.98	517.59

Note: Data for the year 2012-13 provisional.
$: Manipur SCARDB is defunct. Hence SCARDB data is in respect of 19 SCARDBs only.
13 PCARDBs in Kerala have not reported profitability figures for 2011-12 and 2012-13. One PCARDB was in no profit / no loss.

Table 2.10 : Accumulated Losses
(As on 31 March)

(₹ crore)

Year	StCBs	CCBs	SCARDBs	PCARDBs
2012	713.70	4,350.31	1,725.08	4,545.51
2013	602.57	3,202.14	1,922.66	4,765.81

Note: Data as on 31 March 2013 provisional.

Table 2.11 - Region-wise Working Results of StCBs

(₹ crore)

Region	2011-12		2012-13		Total NPAs		NPA as % to loans outstanding		Recovery (%) (As on 30 June)	
	Profit	Loss	Profit	Loss	2011-12	2012-13	2011-12	2012-13	2011	2012
Central	111.04	0.00	104.11	0.00	463.27	532.53	4.10	3.76	96.31	97.00
Northern	132.66	0.00	162.18	0.00	410.47	460.41	2.31	2.14	97.30	97.51
Eastern	59.49	31.49	93.95	51.54	746.77	825.90	8.68	8.27	91.83	91.39
Western	195.23	0.00	457.53	0.60	2,350.72	2,077.78	16.17	13.87	96.66	96.76
Southern	204.02	107.77	229.71	0.00	956.16	1,237.25	4.08	4.27	97.53	93.81
North-Eastern	57.46	0.49	70.07	1.51	491.19	530.90	24.47	23.21	44.55	46.27
All-India	**759.90**	**139.75**	**1,117.55**	**53.65**	**5,418.58**	**5,664.77**	**6.98**	**6.16**	**95.62**	**94.62**

Note: Data for the year 2012-13 provisional.

Table 2.12 : Region-wise Working Results of CCBs

(₹ crore)

Region	2011-12					2012-13					As on 31 March				Recovery % as on 30 June	
	CCBs (No.)	Profit		Loss		CCBs (No.)	Profit		Loss		Total NPAs		NPA as % to Loans outstanding			
		No.	Amt.	No.	Amt.		No.	Amt.	No.	Amt.	2012	2013	2012	2013	2011	2012
Central	104	88	389.48	16	152.32	104	85	512.00	19	191.00	3,251.00	3,909.00	17.62	17.81	72.05	71.44
Northern	73	61	116.67	12	82.31	73	63	185.00	10	51.00	1,758.00	1,772.00	6.54	5.75	87.39	89.97
Eastern	64	56	99.30	8	69.00	64	59	159.00	5	55.00	1,464.00	1,732.00	13.63	14.02	75.91	73.19
Western	49	45	524.00	4	20.00	49	45	927.00	4	90.00	5,187.00	5,904.00	11.90	11.72	72.22	63.94
Southern	80	78	382.00	2	8.37	80	75	537.00	5	107.00	4,455.00	4,735.00	7.75	6.95	91.62	90.87
All-India	**370**	**328**	**1,511.45**	**42**	**332.00**	**370**	**327**	**2,320.00**	**43**	**494.00**	**16,115.00**	**18,052.00**	**10.25**	**9.83**	**80.78**	**79.33**

Note: Data for the year 2012-13 provisional.

Table 2.13 : Region-wise Working Results of SCARDBs

(₹ crore)

Region	Banks	Profit/ Loss(+) / (-)		As on 31 March				Recovery (%) (As on 30 June)	
				Total NPAs		NPA as % to loans outstanding			
	2013	2012	2013	2012	2013	2012	2013	2011	2012
Central	3	(-) 200.88	(-) 67.03	2,732.70	2,963.99	54.70	68.98	38.77	14.89
Eastern	3	(-) 50.95	0.63	322.83	362.62	27.25	26.23	28.57	28.24
North-Eastern	3	(-) 5.57	(-) 3.69	17.36	19.61	44.51	50.58	56.73	50.72
Northern	5	52.90	22.54	1,332.84	1,393.66	21.69	22.86	58.52	60.03
Southern	4	23.72	21.02	665.30	669.90	12.60	12.49	57.98	59.47
Western	2	(-) 126.51	(-) 75.50	1,356.78	1,344.63	78.84	76.52	14.73	11.55
All-India	**20**	**(-) 307.29**	**(-) 102.03**	**6,427.81**	**6,754.41**	**33.20**	**35.97**	**40.17**	**32.26**

Note: Data for the year 2012-13 provisional.

Table 2.14 : Region-wise Working Results of PCARDBs

(₹ crore)

Region	2011-12 No.	2011-12 Profit No.	2011-12 Profit Amt.	2011-12 Loss No.	2011-12 Loss Amt.	2012-13 No.	2012-13 Profit No.	2012-13 Profit Amt.	2012-13 Loss No.	2012-13 Loss Amt.	Total NPAs 2012	Total NPAs 2013	NPA % to Loans Outstanding 2012	NPA % to Loans Outstanding 2013	Recovery % As on 30 June 2011	Recovery % As on 30 June 2012
Central	50	13	1.53	37	57.64	50	13	1.31	37	64.71	625.27	638.67	65.28	68.18	29.86	11.49
Eastern	70	9	5.19	61	35.20	70	9	4.36	61	17.93	338.40	248.36	34.00	24.98	55.20	54.63
North Eastern	No PCARDBs															
Northern	145	101	45.29	44	129.72	145	98	61.16	47	197.08	2,281.76	2,368.47	39.21	42.00	45.54	45.99
Southern	406	252	147.76	154	80.36	406	252	146.70	154	96.81	1,057.89	1,041.53	23.49	22.82	69.80	60.19
Western	29	1	26.06	28	141.06	29	1	26.06	28	141.06	322.60	322.66	99.86	99.86	18.82	16.89
All-India	700 @	376	225.83	324	443.98	700 @	373	239.59	327	517.59	4,625.93	4,619.69	36.71	37.09	47.33	42.68

Note: Data provisional @: Out of 714 PCARDBs, 13 PCARDBs in Kerala have not reported profitability figures and one PCARDB is in No profit/No Loss. Hence their data is not reflected in the above.

Table 2.15 : NPA Position of Co-operatives
(As on 31 March 2013)

(₹ crore)

Assets Classification	StCBs	CCBs	SCARDBs	PCARDBs
Total NPAs (amount)	5,664.77	18,052.00	6,754.41	4,619.69
NPA %	6.16	9.83	35.97	37.09

Note: Data Provisional

Table 2.16 : StCBs- CRAR

Year	CRAR (%) < 4	4 < 7	7 < 9	9 & above	Total
2011-12	5	7	4	15	31
2012-13 *	2	6	7	17	32

**: Data provisional*

Table 2.17 : CCBs- CRAR

Year	CRAR (%) < 4	4 < 7	7 < 9	9 & above	Total
2011-12	49	83	51	187	370
2012-13 *	45	47	70	208	370

**: Data provisional*

Table 2.18 : Indicators of Performance of RRBs
(As on 31 March of given year)

(₹ crore)

Particulars	2013	2014 @
No .of RRBs	64	57*
Branch Network (No.)	17,861	19,082
Share Capital	197	197
Share Capital Deposit	6,001	6,170
Reserves	13,247	15,736
Deposits	2,11,488	2,39,504
Borrowings	38,073	51,208
Investments	1,08,548	1,10,514
Loans & Advances Outstanding	1,37,078	1,59,660
RRBs earning Profit (No.)	63	57
Amount of Profit (A)	2,275	2,833
RRBs incurring Losses (No.)	1	0
Amount of Losses (B)	2.07	0
Net Profit of RRBs (A – B)	2,273	2,833
Accumulated Losses	1,091	903
RRBs with accumulated Losses (No.)	11	8
Recovery (%) (As on 30 June)	81.2	81.9
NPA to loans outstanding (%)	6.1	4.4
Net worth	18,355	21,199

** : As on 31 March 2014, number of RRBS reduced to 57 after amalgamation.*
@ : Audited data in respect of all RRBs except JKGB.

Table 2.19 : Frequency Distribution of States according to Levels of Recovery of RRBs
(As on 30 June 2013)

Recovery (%)		States
< 60	1	Jharkhand (1)
> 60 and < 80	28	Andhra Pradesh (3), Arunachal Pradesh (1), Assam (1), (Bihar (1), Chhatisgarh (1), Gujarat (1), J & K (1), Jharkhand (1), Karnataka (2), Maharashtra (2), Madhya Pradesh (1), Manipur (1),Nagaland (1), Odisha (2), Tripura (1) Uttar Pradesh (6), West Bengal (2)
80 to 90	19	Andhra Pradesh (2), Assam (1), Bihar (1), Gujarat (2), Haryana (1), Himachal Pradesh (1), J & K (1), Madhya Pradesh (2), Meghalaya (1), Mizoram (1), Rajasthan (3), Uttar Pradesh (1), Uttarakhand (1), West Bengal (1)
>90	9	Bihar (1), Karnataka (1), Kerala (1), Puducherry (1), Punjab (3), Tamil Nadu (2)

** No. of RRBs as on 30 June 2013 was 57*

Table 2.20 : Progress under FIF & FITF

(₹ crore)

Name of the Fund	2010-11		2011-12		2012-13		2013-14		Cumulative Upto 31 March 2014	
	S	D	S	D	S	D	S	D	S	D
FIF	19.00	9.21	75.96	18.90	67.02	33.31	321.05	65.58	502.80*	135.35
FITF	101.11	54.01	221.07	128.39	22.01	17.14	42.23	20.25	408.45@	221.55
Total	**120.11**	**63.22**	**297.03**	**147.29**	**297.03**	**50.45**	**363.28**	**85.83**	**911.25**	**356.90**

S-Sanctions D-Disbursements ** : Includes sanctions of ₹56.00 crore for two projects treated as withdrawn.*
@ : Includes assistance of ₹14.72 crore for 12 projects treated as withdrawn/ closed.

Table 3.1: Externally Aided on-going Projects
(As on 31 March 2014)

(₹ lakh)

Sl. No.	Name of the Project	Effective from	Closing date	External assistance (million)	Disbursements made by NABARD		Amount received by NABARD	
					During 2013-14	Cumm. Upto 31.03.14	During 2013-14	Cumm. Upto 31.03.14
1.	**KfW-NABARD-ADP**							
i.	Adivasi Development Programme in Gujarat (Phase II)*	28 Mar 2006	31 Dec 2016	€7.00	175.59	1,908.08	0.00	2,393.57
ii.	IX-Adivasi Development Programme in Maharashtra	02 Jun 2000	31 Dec 2011	€14.32	0.00	7,934.48*	0.83	8,270.57*
	KfW-NABARD-IGWDP							
i.	Indo-German Watershed Development Programme in Andhra Pradesh	15 Jul 2002	30 Jun 2014	€8.69	446.16	5,197.16	672.48	5,139.34
ii.	Indo-German Watershed Development Programme in Maharashtra (Phase III)	27 Aug 2005	30 Jun 2014	€19.94	92.87	12,011.27	0.00	11,991.94
iii.	Indo-German Watershed Development Programme in Gujarat	17 Feb 2006	31 Dec 2015	€9.20	798.85	3,032.03	544.45	2,576.85
iv.	Indo-German Watershed Development Programme in Rajasthan	07 Dec 2006	31 Dec 2016	€11.00	611.99	2,862.57	505.72	2,465.95
3.	KfW-Sewa Bank Project	28 Jun 2002	31 Dec 2013	€4.09	-	1,922.53	-	1,941.95
4	**KfW-Umbrella Programme for Natural Resources Management (UPNRM)-Phase I & Phase II**							
	(i) FC Loan-Phase I	16 Sep 2009	30 Dec 2014	€15.00	6,557.18	27,280.98	0	9,510.50
	FC Loan-Phase II	19 Dec 2012	30 Dec 2017	RIL - €42 IDA- €10			2,551.07 10,714.51	2,551.07 10,714.51
	(ii) FC Grant	16 Sep 2009	30 Dec 2014	€1.4	16.53	50.16	6.81	39.92
	(iii) Grant for Accompanying Measures-Phase I	16 Sep 2009	31 Dec 2014	€3.00	426.77	1,427.90	294.27	1,307.12
	Grant for Accompanying Measures-Phase II	19 Dec 2012	30 Dec 2017	€2.00	-	-	-	-
5	GIZ-UPNRM-TC	26 Jul 2010	31 Dec 2015	€8.5	68.12	238.61	58.34	254.67
6	GIZ-RFIP-TC	01 Jan 2009	31 Dec 2015	€13.15 (of which 1.0 is FC component)	102.96	525.02	42.17	444.14

** : Amount includes interest received on unutilised balance + Grant received from KfW*
TC- Technical Cooperation *FC - Financial Cooperation*
SEWA - Self Employed Women's Association *RIL- Reduced Interest Loan*
IDA-International Development Assistance

Table 3.2 : Progress under UPNRM

Amount Sanctioned				Amount Disbursed			
During 2013-14		Cumulative (As on 31. 3.2014)		During 2013-14		Cumulative (As on 31.3.2014)	
No. of Projects - 59		No. of Projects - 208					
Loan	95.26	Loan	462.90	Loan	65.57	Loan	272.80
Grant	4.76	Grant	28.75	Grant	4.34	Grant	14.39
Total	**100.02**	**Total**	**491.65**	**Total**	**69.91**	**Total**	**287.19**

Table 3.3 : Progress of the Microfinance Programme
(As on 31 March 2013)

(Amount in ₹ crore)

Sl. No.	Particulars	Self-Help Groups (Number in Lakh)				Micro-Finance Institutions (MFIs)			
		2012 @		2013 @		2012 *		2013 *	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
1	Loans disbursed during the year	11.48 (2.10)	16,534.77 (2643.56)	12.20 (1.81)	20,585.36 (2207.47)	465 (12)	5,205.29 (239.42)	426 (41)	7,839.51 (408.27)
2	Loans Outstanding	43.54 (12.16)	36,340.00 (8,054.83)	44.51 (11.93)	39,375.30 (8597.08)	1,960 (129)	11,450.35 (1,597.11)	2,042 (102)	14,425.84 (1,880.63)
3	Savings Accounts with banks	79.60 (21.23)	6,551.41 (1,395.25)	73.18 (20.48)	8,217.25 (1821.65)	-	-	-	-

@ : Figures in parentheses indicate the share of SHGs covered under SGSY.
** : Figures in parentheses indicate the asistance of SIDBI to MFIs.*

Table 3.4 : Grant assistance extended to partners of SHG-BLP
(As on 31 March 2014)

(Amount in ₹ Lakh)

Agency	Cumulative Sanction upto 31.03.2014		Disbursement upto 31.03.2014	
	Amount	SHG (No)	Amount	SHG (No)
NGOs	23,175.34	5,74,866	7,229.16	3,78,890
RRBs	764.24	49,800	195.81	46,164
Co-op Banks	1,416.98	83,069	369.97	52,501
IRVs	460.12	26,883	82.27	11,228
Farmers' Clubs	40.63	2,544	20.40	9,832
SHG Federation	28.61	250	1.85	46
PACS	397.45	8,533	4.28	85
Total	**26,283.37**	**7,45,945**	**7,903.74**	**4,98,746**

Table 4.1 : Deposit Rates under RIDF		
Sl. No.	**Shortfall in agriculture lending target for domestic commercial banks and higher of shortfall in overall priority sector lending target or aggregate shortfall in sub-targets of MSE and exports for foreign banks**	**Rate of Interest**
1	Less than 2 percentage points	Bank Rate minus 2 percentage points
2	2 and above, but less than 5 percentage points	Bank Rate minus 3 percentage points
3	5 and above, but less than 9 percentage points	Bank Rate minus 4 percentage points
4	9 percentage points and above	Bank Rate minus 5 percentage points
Lending Rates		
5	Loans disbursed from RIDF on or after April 01,2012	Bank Rate minus 1.5 percentage points

Table 4.2 : Sector-wise Projects and Amounts Sanctioned under RIDF XIX
(as on 31 March 2014)

(₹ crore)

Sector	No. of Projects	Share in Total (%)	Amount Sanctioned	Share in Total (%)
Rural Roads	9,247	32	7,064.77	31
Social Sector	5,107	18	3,683.14	16
Irrigation	8,732	30	5,997.37	26
Rural Bridge	1,021	4	2,951.87	13
Agriculture related	4,625	16	3,049.52	14
Total	**28,732**	**100**	**22,746.67**	**100**

Table 4.3 : Sector-wise Projects and Amounts Sanctioned under RIDF I to XIX
(as on 31 March 2014)

(₹ crore)

Sector	No. of Projects	Share in Total (%)	Amount Sanctioned	Share in Total (%)
Rural Roads	1,03,046	19	57,606.92	31
Social Sector	1,00,372	19	26,134.23	14
Irrigation	2,73,475	51	53,613.57	29
Rural Bridge	17,446	3	22,268.95	12
Agriculture related	42,442	8	24,482.87	14
Total	**5,36,781**	**100**	**1,84,106.54**	**100**

Table 4.4 : Activity-wise cumulative sanctions RIDF I to XIX
(As on 31 March 2014)

(₹ crore)

Sl. No.	Sector	Total Sanctions (Cumulative I to XIX)		
		No. of projects	Amount	Achievement (%)
I	**Irrigation sector**			
1	Minor	2,70,663	25,558.80	13.88
2	Medium	399	7,628.95	4.14
3	Major	368	18,361.09	9.97
4	Micro Irrigation	2041	2,062.30	1.12
II	**Roads & Bridges**			
1	Roads	1,03,046	57,606.92	31.29
2	Bridges	17,446	22,268.95	12.10
III	**Social Sector**			
1	Drinking Water	12,853	15,678.90	8.52
2	Primary/Middle Schools	21,210	1,522.67	0.83
3	Secondary Schools/Colleges/Rural Service Centre	18,515	4,958.00	2.69
4	Public Health	14,040	2,206.78	1.20
5	Pay & Use Toilets	3,634	405.36	0.22
6	Anganwadi Centres	30,079	1,359.97	0.74
7	Rural Library	41	2.55	0.00
IV	**Power Sector**			
1	System Improvement	691	1,197.87	0.65
2	Mini Hydel	81	1,256.40	0.68
V	**Other Agriculture Projects**			
1	Soil conservation	5,720	1,608.20	0.87
2	Flood protection	2,790	5,551.98	3.02
3	Watershed Development	2,520	2,260.50	1.23
4	Drainage	784	1,653.84	0.90
5	Forest Development	2,769	986.69	0.54
6	Rural Market/Yard/Godown	1,705	881.35	0.48
7	Fishing harbour/jetties	282	719.15	0.39
8	Rain Water Harvesting	4,054	802.56	0.44
9	CADA	30	588.94	0.32
10	Inland Waterways	1	10.00	0.01
11	Food Park	5	41.37	0.02
12	Seed / Agri / Horti. farms	1,606	363.54	0.20
13	Cold Storage	8	27.52	0.01
14	Animal Husbandry	9,720	1,707.67	0.93
15	Rubber Plantation	21	20.13	0.01
16	Meat Process			0.00
17	Riverine Fisheries	297	73.14	0.04
18	Modern Abattoir	21	64.66	0.04
18	Citizen Information Centres	221	249.35	0.14
19	Vill.Know.Centre/E-Vikas Kendras	5,302	583.43	0.32
20	Rural Industrial Estates/Centres	8	116.40	0.06
21	Comprehensive Infrastructure	249	83.77	0.05
VI	**Rural Godowns/Warehousing**	**3,561**	**3,636.84**	**1.98**
	Grand Total	**5,36,781**	**1,84,106.54**	**100.00**
	Bharat Nirman Programme		**18,500.00**	
	TOTAL :	**5,36,781**	**2,02,606.54**	

Table 4.5 : Allocations, Sanctions and Disbursements
(As on 31 March 2014)

(₹ crore)

Tranche	Allocation	Cumulative Amount			% Utilised
		Sanctioned	Phased	Disbursed	
Closed Tranches (I to XI)	50,000	50,184	50,184	44,282	88
Bharat Nirman	18,500	18,500	18,500	18,500	100
Ongoing Tranches					
XII	10,000	10,020	8,917	8,929	100
XIII	12,000	12,509	11,105	11,004	99
XIV	14,000	14,624	13,623	12,343	91
XV	14,000	15,484	14,047	11,869	84
XVI	16,000	18,202	17,110	12,846	75
XVII (including warehousing)	18,000	19,761	16,768	12,295	73
XVIII (including warehousing)	20,000	20,577	11,392	9,884	87
XIX	20,000	22,747	5,123	4,891	95
Total*	**1,92,500**	**2,02,607**	**1,66,769**	**1,46,843**	**88**

Table 4.6 : Utilisation Percentage of RIDF (I TO XIX)
(As on 31 March 2014)

(₹ crore)

Sl. No.	States	Sanctioned Amount	Phased Amount	Actually Drawn	Utilisation (%)
	South Zone				
1	Andhra Pradesh	16,862.06	14,778.15	12,190.06	82
2	Karnataka	8,701.57	7,199.48	6,347.16	88
3	Kerala	6,335.16	5,090.27	3,653.41	72
4	Tamil Nadu	12,646.77	10,608.64	9,864.49	93
5	Puducherry	420.83	331.34	204.38	62
	West Zone				
6	Goa	914.05	121.31	604.94	499
7	Gujarat	14,165.99	12,732.42	11,399.02	90
8	Maharashtra	10,665.42	9,425.63	7,686.9	82
	North Zone				
9	Haryana	4,298.64	3,562.59	3,028.49	85
10	Himachal Pradesh	4,425.58	3,822.67	3,061.73	80
11	Jammu & Kashmir	4,316.01	4,367.95	3,678.57	84
12	Punjab	6,448.94	5,670.26	4,525.27	80
13	Rajasthan	13,255.25	11,294.18	8,926.7	79
14	Uttar Pradesh	15,966.48	12,813.22	11,685.66	91
15	Uttarakhand	3,852.91	2,881.49	2,724.59	95
	Central Zone				
16	Chhatisgarh	3,959.99	2,613.58	2,379.79	91
17	Madhya Pradesh	14,146.14	6,426.79	8,853.72	138
	East Zone				
18	Bihar	8,789.69	7,586.40	5,290.27	70
19	Jharkhand	5,644.67	4,653.27	3,874.16	83
20	Odisha	9,675.86	7,177.95	6,090.43	85
21	West Bengal	10,631.22	8,634.59	7,114.54	82
	North East & Sikkim				
22	Arunachal Pradesh	977.32	802.83	737.94	92
23	Assam	3,054.32	2,397.90	1,853.9	77
24	Manipur	329.36	205.38	168.42	82
25	Meghalaya	607.87	581.45	502.54	86
26	Mizoram	505.91	366.29	342.02	93
27	Nagaland	748.79	708.78	441.84	62
28	Tripura	1,283.4	952.71	765.7	80
29	Sikkim	476.34	461.73	346.17	75
	RIDF Total	**1,84,106.54**	**1,48,269.25**	**1,28,342.81**	**87**
	Bharat Nirman	**18,500.00**	**18,500.00**	**18,500.00**	**100**
	Grand Total	**2,02,606.54**	**1,66,769.25**	**1,46,842.81**	**88**

Table 4.7 : Cumulative Economic and Social Benefits
(as on 31 March 2014)

Sl. No.	Particulars	Additional Benefits
1	Irrigation Potential (lakh ha.)	218.40
2	Rural Roads (kms)	3,75,932
3	Rural Bridges (mts.)	8,84,174
4	Gross Domestic Product (₹ crore)	41,977
5	Recurring Employment (No. of jobs)	1,10,25,072
6	Non Recurring Employment :	
	A. Irrigation (lakh mandays)	31,536
	B. Rural Roads and Rural Bridges (lakh mandays)	46,705
	C. Others (lakh mandays)	25,311
7	Power Sector	
	A. Hydel Power Generation (MW)	221.75
	B. System Improvements to minimize Transmission and Distribution Losses (lakh units /year)	22,341

Table 4.8 : State-wise Expected Benefits under RIDF
(As on 31 March 2014)

Sl. No.	State	Potential			Value (₹ crore)	Recurring Employment (Nos.)	Non-recurring Employment (lakh mandays)		
		Irrigation (ha)	Road Km	Bridge Mt			Irri.	RR & RB	Others
1	Andhra Pradesh	24,08,960	33,543	59,770	4,301	20,68,939	5,457	5,739	3,556
2	Arunachal Pradesh	0	1,185	2,945	0	0	0	310	82
3	Assam	5,39,499	1,014	56,956	349	1,17,709	154	945	240
4	Bihar	7,27,528	5,408	66,477	2,034	3,35,206	384	3,879	676
5	Chhattisgarh	3,67,253	10,031	31,603	965	73,224	873	1,029	77
6	Goa	94,924	310	4,002	46	12,519	115	249	21
7	Gujarat	18,61,457	20,124	4,346	1,331	14,50,602	1,661	990	1,239
8	Haryana	9,57,912	3,117	4,903	1,835	1,69,260	735	463	220
9	Himachal Pradesh	1,17,644	9,343	21,761	719	7,82,572	711	755	390
10	Jammu & Kashmir	1,34,595	11,518	16,157	225	1,17,417	238	1,466	203
11	Jharkhand	3,10,417	9,751	92,861	226	98,066	407	1,522	544
12	Karnataka	4,85,705	39,785	48,451	1,157	1,56,674	1,775	3,160	1,164
13	Kerala	3,07,525	4,830	31,463	664	1,02,844	411	853	623
14	Madhya Pradesh	16,57,926	16,252	41,257	5,590	11,82,107	3,744	2,006	454
15	Maharashtra	7,13,556	28,397	71,696	1,508	2,71,790	3,429	3,121	347
16	Manipur	19,550	0	0	29	8,808	20	0	147
17	Meghalaya	7,992	1,326	4,250	10	7,621	61	268	67
18	Mizoram	5,190	760	283	3	1,976	12	65	34
19	Nagaland	7,471	2,415	759	8	3,727	22	199	268
20	Odisha	15,66,824	7,368	96,357	3,099	8,23,244	2,817	3,515	805
21	Puducherry	3,373	237	704	1	2,133	344	50	76
22	Punjab	13,62,659	9,052	8,543	6,239	2,80,016	1,148	976	933
23	Rajasthan	4,62,359	63,041	14,224	799	3,10,305	1,375	3,457	3,869
24	Sikkim	2,755	553	450	2	604	12	156	59
25	Tamil Nadu	5,84,328	41,377	78,122	926	5,04,505	709	4,471	2,569
26	Tripura	15,237	13	21,703	38	26,974	17	460	160
27	Uttar Pradesh	55,27,520	28,125	64,506	7,339	11,06,528	3,285	2,311	2,490
28	Uttarakhand	1,79,276	10,906	18,196	474	1,00,045	442	1,217	80
29	West Bengal	14,10,965	16,152	21,427	2,059	9,09,660	1,181	3,071	3,916
	Total	**2,18,40,399**	**3,75,932**	**8,84,174**	**41,977**	**1,10,25,072**	**31,536**	**46,705**	**25,311**

Table 4.9 : Assistance under NIDA
(Cumulative as on 31 March 2014)

Purpose	No. of projects	Loan Sanctioned (₹ crore)	Share (%)
Ware housing	2	220.12	5
Transmission	14	2,674.24	56
Solar Power	2	59.73	1
Cyclone damage restoration	4	1,063.24	22
Roads	2	375.87	8
Irrigation	2	244.08	5
Hydro Power	1	145.74	3
Total	**27**	**4,783.03**	**100**

Table 5.1 : Total Staff Strength
(As on 31 March 2014)

Cadre	Total	Of which	
		SC	ST
Group `A'	2,760	412	212
Group `B'	671	93	56
Group `C'	810	283	100
Total	**4,241**	**788**	**368**

Table 5.2 : Promotions Effected
(During 2013-14)

Particulars	Total	SC	ST
Promotions within officers' cadre	247	28	15
Group `B' to officers' cadre	24	0	1
Total	**271**	**28**	**16**

Table 5.3 : Training For Employees and Officers of NABARD
(Academic Year 2013-14)

Establishment	Number of Programme	Number of Participants
BIRD, Lucknow (In House Training)	68	1,462
BIRD Lucknow (On Location Training)	46	992

Table 5.4 : Training For Client Institutions

Training Establishment	Academic Year 2013-14			
	In House Training		On Location Training	
	Programmes	Participants	Programmes	Participants
BIRD, Lucknow	80	1,905	85	2,464
BIRD, Bolpur	57	1,323	36	1,039
BIRD, Mangalore	75	1,854	34	1,070

Table 5.5 : Sources of Funds					
					(Amount in ₹ crore)
Sl. No.	Particulars	31.03.2013		31.03.2014	
		Amount	Share (%)	Amount	Share (%)
1.	Capital, Reserves & Surplus	19,234.00	9.0	21,856.00	8.6
2.	NRC (LTO) and NRC (Stabilisation) Funds	16,062.00	7.5	16,066.00	6.3
3.	Deposits	302.00	0.2	333.00	0.1
4.	RIDF Deposits	78,758.00	37.0	83,863.00	33.0
5.	STCRC Fund	25,000.00	11.7	50,000.00	19.6
6.	ST Fund for RRBs	10,000.00	4.7	30,000.00	11.8
7.	Bonds & Debentures	47,666.00	22.4	36,215.00	14.2
8.	Certificate of Deposits	0	0	0	0
9.	Commercial Papers	1,936.00	1.0	0	0
10.	Term Money Borrowings	138.00	0	228.00	0.1
11.	Loan against STDS	0	0	0	0
12.	Borrowings from GoI	43.00	0	40.00	0
13.	Foreign Currency Loan	463.00	0.2	715.00	0.3
14.	Borrowing under CBLO	493.00	0.2	0	0
15.	Other Liabilities/Funds	13,075.00	6.1	14,008.00	5.5
16.	Warehousing Infrastructure Fund (WIF)	0	0	1250.00	0.5
	Total	**2,13,170.00**	**100.0**	**2,54,574.00**	**100.0**

Table 5.6 : Uses of Funds				
				(₹ crore)
Particulars	31.03.2013		31.03.2014	
	Amount	Share (%)	Amount	Share (%)
Cash and Bank Balance	8,466.00	4.0	13,411.00	5.3
Government Securities and other Investments	5,464.00	2.6	15,071.00	5.9
CBLO	532.00	0.2	211.00	0.1
Production and Marketing Credit	65,176.00	30.5	79,806.00	31.3
Conversion of Production Credit into MT Loans	64.00	0	0	0
MT & LT Project Loans *	48,504.00	22.8	54,924.00	21.6
LT Non Project Loans	109.00	0.1	83.00	0
Loans out of RIDF	75,061.00	35.2	78,957.00	31.1
Co Finance Loans(net of provision)	37.00	0	23.00	0
NIDA Loan	1,281.00	0.6	1,750.00	0.7
Direct Refinance to DCCBs	1,350.00	0.6	2,012.00	0.8
RIDF- Warehousing infrastructure	758.00	0.4	0	0
NABARD Warehousing Scheme	0	0	416.00	0.2
Other Loans	2,881.00	1.4	3,163.00	1.2
Fixed Assets & Other Assets	3,487.00	1.6	4,747.00	1.9
Total	**2,13,170.00**	**100.0**	**2,54,574.00**	**100.0**

** : Including the amount subscribed to Special Development Debentures of SCARDBs which are in the nature of Deemed Advances.*

NABARD

Annual Accounts

2013-14

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors of
National Bank for Agriculture and Rural Development

Report On the Financial Statements

1. We have audited the accompanying financial statements of National Bank for Agriculture and Rural Development (the Bank) as at March 31, 2014, which comprise the Balance Sheet as at March 31, 2014, Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 15 Regional Offices and 1 Training Centre visited by us for the purposes of audit and the same including Head Office account for 79.79% of advances, 99.86% of deposits and term money borrowings, 84.92% of interest income and 99.96% of interest expenses. These Offices and Training Centre have been selected in consultation with the Bank. We have not visited balance offices of the Bank i.e. 14 Regional Offices and 2 Training Centres and have reviewed their returns at the Head Office.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, as shown by books of bank, and to the best of our information and according to the explanations given to us
   a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at March 31, 2014 in conformity with accounting principles generally accepted in India;
   b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit in conformity with accounting principles generally accepted in India, for the year covered by the account; and
   c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in Schedule 'A' and Schedule 'B' of Chapter IV of National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984.
8. As required by the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984, we report that:
   a. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
   b. The transactions of the Bank, which have come to our notice have been within the powers of the Bank.
   c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards .

For G. M. Kapadia & Co.
Chartered Accountants
(Firm Registration No 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
Date: May 27, 2014
Place: New Delhi

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
BALANCE SHEET AS ON 31 MARCH 2014

(₹ in thousands)

Sr. No.	FUNDS AND LIABILITIES	SCHEDULE	As on 31.03.2014	As on 31.03.2013
1	Capital (Under Section 4 of the NABARD Act, 1981)		4700,00,00	4000,00,00
2	Reserve Fund and other Reserves	1	17156,54,80	15234,16,74
3	National Rural Credit Funds	2	16066,00,00	16062,00,00
4	Funds out of grants received from International Agencies	3	119,05,11	125,38,44
5	Gifts, Grants, Donations and Benefactions	4	896,47,72	977,39,94
6	Other Funds	5	3883,77,93	4154,75,73
7	Deposits	6	165445,96,23	114060,85,46
8	Bonds and Debentures	7	36215,19,72	47665,96,47
9	Borrowings	8	1018,27,20	3109,16,17
10	Current Liabilities and Provisions	9	9072,87,36	7780,75,05
	Total		**254574,16,07**	**213170,44,00**
	Forward Foreign Exchange Contracts (Hedging) as per contra		780,89,06	592,83,13

(₹ in thousands)

Sr. No	PROPERTY AND ASSETS	SCHEDULE	As on 31.03.2014	As on 31.03.2013
1	Cash and Bank Balances	10	13622,08,45	8997,18,59
2	Investments	11	23310,83,37	15713,76,85
3	Advances	12	212894,36,50	184972,17,32
4	Fixed Assets	13	325,28,17	315,45,20
5	Other Assets	14	4421,59,58	3171,86,04
	Total		**254574,16,07**	**213170,44,00**
	Forward Foreign Exchange Contracts (Hedging) as per contra		780,89,06	592,83,13
	Commitment and Contingent Liabilities	17	–	–
	Significant Accounting Policies and Notes on Accounts	18	–	–

Schedules referred to above form an integral part of accounts

As per our attached report of even date
G M Kapadia & Co.
Chartered Accountants

Rajen Ashar
Partner

A K Panda
Chief General Manager
Accounts Department
New Delhi
Date : 27 May, 2014

Harsh Kumar Bhanwala
Chairman

H. R. Khan
Director

Deepak Sanan
Director

M. L. Sharma
Director

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in thousands)

Sr.No.	INCOME	SCHEDULE	2013-14	2012-13
1	Interest received on Loans and Advances		13091,04,98	11204,14,41
2	Income from Investment Operations / Deposits		2159,68,42	1497,05,25
3	Other Income(Refer Note B-8 of Schedule 18)		191,59,58	182,22,42
	Total "A"		**15442,32,98**	**12883,42,08**
Sr.No.	**EXPENDITURE**	**SCHEDULE**	**2013-14**	**2012-13**
1	Interest and Financial Charges (Refer Note B-7 of Schedule-18)	15	11297,51,80	8954,82,59
2	Establishment and Other Expenses	16 A	1259,00,67	1106,84,06
3	Provisions	16 B	73,13,34	164,77,39
4	Depreciation		24,67,08	19,81,87
	Total "B"		**12654,32,89**	**10246,25,91**
5	Profit before Tax (A - B)		2788,00,09	2637,16,17
6	Provision for			
	a) Income Tax		957,55,97	843,89,54
	b) Deferred Tax -(Asset) (Refer Note B-11 of Schedule 18)		(29,81,02)	(14,80,00)
7	**Profit after Tax**		**1860,25,14**	**1808,06,63**
	Significant Accounting Policies and Notes on Accounts	18	-	-

Schedules referred to above form an integral part of accounts

PROFIT AND LOSS APPROPRIATION ACCOUNT

(₹ in thousands)

Sr.No.	APPROPRIATIONS / WITHDRAWALS	2013-14	2012-13
1	Profit for the year brought down	1860,25,14	1808,06,63
2	Add : Withdrawals from funds against expenditure debited to Profit & Loss A/c		
	a) Co-operative Development Fund (Refer Schedule 1)	9,58,30	21,88,45
	b) Research and Development Fund (Refer Schedule 1)	15,59,52	17,03,31
	c) Producers Organisation Development Fund (Refer Schedule 1)	1,83,33	39,02
	d) Investment Fluctuation Reserve (Refer Schedule 1)	63,93,15	63,18,37
	e) Farm Innovation & Promotion Fund (Refer Schedule 1)	13,00,66	10,06,41
	f) Rural Infrastructure Promotion Fund	1,17,10	1,12,51
	2.1 Withdrawals of Funds which have been closed		
	i) Financial Inclusion Technology Fund (Refer Note B-6 of Schedule 18)	49,90,37	–
	ii) mFDEF Reserve	-	80,00,00
	iii) mFDEF (Refer Note B-5 of Schedule 18)	29,54,30	14,98,76
3	**Profit available for Appropriation**	**2044,81,87**	**2016,73,46**
	Less: Transferred to:		
	a) Special Reserves u/s 36(1) (viii) of IT Act, 1961 (Refer Schedule 1)	310,00,00	330,00,00
	b) National Rural Credit (Long Term Operations) Fund (Refer Schedule 2)	1,00,00	1,00,00
	c) National Rural Credit (Stabilisation) Fund (Refer Schedule 2)	1,00,00	1,00,00
	d) Research and Development Fund (Refer Schedule 1)	15,59,52	17,03,31
	e) Investment Fluctuation Reserve (Refer Schedule 1)	524,38,45	33,22,07
	f) Farmers Technology Transfer Fund (Refer Schedule 5)	15,10,94	-
	g) Reserve Fund	1177,72,96	1634,48,08
	Total	**2044,81,87**	**2016,73,46**

Refer Schedule 18 for Significant Accounting Policies and Notes on Accounts.

As per our attached report of even date
G M Kapadia & Co.
Chartered Accountants

Rajen Ashar
Partner

A K Panda
Chief General Manager
Accounts Department
New Delhi
Date : 27 May, 2014

Harsh Kumar Bhanwala, Chairman
H. R. Khan, Director
Deepak Sanan, Director
M. L. Sharma, Director

SCHEDULES TO BALANCE SHEET
Schedule 1 - Reserve Fund and Other Reserves

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Exp/Add/Adjust during the year	Transferred From P&L Appropriation	Transferred to P&L Appropriation	Balance as on 31.03.2014
1	Reserve Fund	9581,57,90	(20,81)	1177,72,95	-	**10759,10,04**
2	Research and Development Fund	50,00,00	-	15,59,52	15,59,52	**50,00,00**
3	Capital Reserve	74,80,53	-	-	-	**74,80,53**
4	Investment Fluctuation Reserve	226,24,70	-	524,38,46	63,93,16	**686,70,00**
5	Co-operative Development Fund	103,11,55	-	-	9,58,30	**93,53,25**
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	5085,00,00	-	310,00,00	-	**5395,00,00**
7	Producers' Organizations Development Fund	49,60,98	-	-	1,83,32	**47,77,66**
8	Rural Infrastructure Promotion Fund	23,87,49	-	-	1,17,10	**22,70,39**
9	Farm Innovation & Promotion Fund	39,93,59	-	-	13,00,66	**26,92,93**
	Total	**15234,16,74**	**(20,81)**	**2027,70,93**	**105,12,06**	**17156,54,80**
	Previous year	13407,68,57	5,42,78	2014,73,46	193,68,07	15234,16,74

Schedule 2 - National Rural Credit Funds

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2014
1	National Rural Credit (Long Term Operations) Fund	14481,00,00	1,00,00	1,00,00	14483,00,00
2	National Rural Credit (Stabilisation) Fund	1581,00,00	1,00,00	1,00,00	1583,00,00
	Total	**16062,00,00**	**2,00,00**	**2,00,00**	**16066,00,00**
	Previous year	16058,00,00	2,00,00	2,00,00	16062,00,00

Schedule 3 - Funds Out of Grants received from International Agencies

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Grants received / adjusted during the year	Interest credited to the fund	Exp/Disb/ Adjust. during the year *	Balance as on 31.03.2014
1	National Bank - Swiss Development Coop. Project	55,61,77	-	-	-	55,61,77
2	Rural Innovation Fund (RIF) (Refer Note B-1 & 3 of Schedule 18)	55,89,52	-	3,08,94	8,58,64	50,39,82
3	Rural Promotion Fund (Refer Note B-1of Schedule 18)	10,55,40	1,62,88	-	70,92	11,47,36
4	KfW - NABARD V Fund for Adivasi Programme	3,31,75	-	-	1,75,59	1,56,16
	Total	**125,38,44**	**1,62,88**	**3,08,94**	**11,05,15**	**119,05,11**
	Previous year	139,20,78	5,86,16	3,65,37	23,33,87	125,38,44

* - Includes approved claims of reimbursements pending disbursements

NABARD is acting as a banker / custodian / trustee on behalf of GOI /RBI/ Other Entities and is holding the above funds pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

Schedule 4 - Gifts, Grants, Donations and Benefactions

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Grant received during the year	Interest Credited to the fund	Refunded / Adjusted against the expenditure	Balance as on 31.03.2014
A.	**Grants from International Agencies**					
1	KfW - NB - IX Adivasi Development Programme - Maharashtra (Refer Note B-3 of Schedule 18)	3,35,26	83	19,64	10	3,55,63
2	KfW UPNRM - Accompanying Measures Refer (Note B-3 & 4 of Schedule 18)	17,91	2,94,27	9	3,12,27	-
3	KfW NB UPNRM - Financial Contribution (Refer Note B-4 of Schedule 18)	(52)	6,81	-	6,29	-
4	KfW UPNRM - Risk Mitigation Fund (Refer Note B-2 of Schedule 18)@	2,49,54	1,42,91	-	1,18,00	2,74,45
5	International Fund for Agriculture Development (IFAD) Priyadarshini (Refer Note B-4 of Schedule 18)	27,05	11,25,00	-	11,52,05	-
6	KfW-NB-Indo German Watershed Development Programme - Phase III - Maharashtra (Refer Note B-3 of Schedule 18)	1,36,10	-	4,59	92,87	47,82
7	Indo German Watershed Development Programme - Andhra Pradesh (Refer Note B-3 & 4 of Schedule 18)	-	6,72,48	1,03	6,73,51	-
8	Indo German Watershed Development Programme - Gujarat (Refer Note B-4 of Schedule 18)	-	5,44,45	-	5,44,45	-
9	Indo German Watershed Development Programme - Rajasthan (Refer Note B-4 of Schedule 18)	-	5,05,72	-	5,05,72	-
10	KfW Umbrella Programme on Natural Resource Management Fund (Refer Note B-2 of Schedule 18)	11,74,13	3,00,79	-	2,24,34	12,50,58
11	GIZ Rural Financial Institutions Program (RFIP)	48,66	42,18	-	78,11	12,73
12	GIZ UPNRM Technical Collaboration	25,60	58,34	-	68,12	15,82
B.	**Government Subsidy Schemes**					
1	Capital Investment Subsidy for Cold Storage Projects - NHB	99,06	15,55,64	-	15,10,30	1,44,40
2	Capital Subsidy for Cold Storage TM North East	-	33,33	-	33,33	-
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	-	12,79,56	-	12,23,26	56,30
4	Capital Investment Subsidy for Rural Godowns	70,20,62	301,11,70	-	368,63,00	2,69,32
5	On-farm Water Management for Crop Production	-	-	-	(7,17)	7,17
6	Bihar Ground Water Irrigation Scheme (BIGWIS)	104,59,80	-	-	27,30,38	77,29,42
7	Cattle Development Programme - Uttar Pradesh (Refer Note B-3 of Schedule 18)	1,84	-	10	-	1,94
8	Cattle Development Programme - Bihar (Refer Note B-3 of Schedule 18)	4,37	-	25	-	4,62
9	National Project on Organic Farming	1,15,11	3,00,00	-	3,35,02	80,09
10	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4,01,62	-	-	(27,80)	4,29,42
11	Centrally Sponsored Scheme on Integrated Development of Small Ruminants and Rabbits	67,59	6,14,40	-	6,30,45	51,54
12	Kutch Drought Proofing Project	21,64	-	-	-	21,64
13	Dairy and Poultry Venture Capital Fund	16,15,41	-	-	10,40,57	5,74,84
14	Poultry Venture Capital Fund	4,17,70	-	-	17,27	4,00,43
15	Poultry Venture Capital Fund (Subsidy)	5,00,83	40,00,00	-	33,73,14	11,27,69
16	Capital Subsidy for Agriculture Marketing Infrastructure, Grading and Standardisation	46,06,13	200,95,73	-	219,47,15	27,54,71

Schedule 4 - Gifts, Grants, Donations and Benefactions

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Grant received during the year	Interest Credited to the fund	Refunded / Adjusted against the expenditure	Balance as on 31.03.2014
17	Centrally Sponsored Scheme for establishing Poultry Estate	3,34,92	(17,55)	-	46	3,16,91
18	Multi Activity Approach for Poverty Alleviation - Sultanpur, Uttar Pradesh (Refer Note B-3 of Schedule 18)	3,94	-	23	-	4,17
19	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh (Refer Note B-3 of Schedule 18)	1,06	-	5	-	1,11
20	CCS - on Pig Development	4,83,08	7,80,00	-	7,68,35	4,94,73
21	Dairy Entrepreneurship development Scheme	183,48,74	284,30,00	-	419,35,59	48,43,15
22	CSS - JNN Solar Mission	9,67,11	-	-	1,92,30	7,74,81
23	CSS - JNNSM - Solar Lighting a/c - subsidy recd	50,83,30	23,71,00	-	73,47,27	1,07,03
24	CSS - on Rural Slaughter Houses	9,92	(9,92)	-	-	-
25	Capital Subsidy Scheme - Agri Clinics Agri Business Centres	2,37,48	8,75,00	-	8,37,33	2,75,15
26	Artificial Recharge of Groundwater in Hard Rock Area	25,41,84	-	-	25,41,84	-
27	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	104,91,52	-	-	(157,75,21)	262,66,73
28	Women's Self Help Groups [SHGs] Development Fund	83,00,81	84,18,30	-	17,38,63	149,80,48
C.	**Interest Relief / Subvention**					
1	Interest Subvention (Sugar Term Loan)	46,05	9,60,00	-	1,38,82	8,67,23
2	Scheme for providing Financial Assistance to Sugar Undertakings - 2007 (SEFASU - 2007)	17,37	79,31,42	-	78,83,52	65,27
D	**Revival Package of Short Term Cooperative Credit Structure**					
1	Human Resources Development	4,20	(3,73)	-	47	-
2	Implementation Cost	8,61	(7,17)	-	1,05	39
E	**Revival Package for Long Term Co-operative Credit Structure (LTCCS)**	**20,00,00**	**-**	**-**	**-**	**20,00,00**
F	**Revival reform and Restructure of Handloom Sector**					
1	Implementation Cost [RRR - Handloom Package] a/c - grant received (Refer Note B-4 of Schedule 18)	(1,53,16)	-	-	(1,53,16)	-
2	Expenditure on Loss Asset [RRR - Handloom Package] a/c - grant received	2,80,35	-	-	1,30,46	1,49,89
3	Recap Assist [RRR - Handloom Package] to AWCS a/c -	61,73,21	94,30,12	-	31,87,58	124,15,75
4	Recap Assist [RRR - Handloom Package] to PWCS a/c -	102,02,62	203,59,64	-	242,90,60	62,71,66
5	Recap Assist [RRR - Handloom Package] to individual weaver a/c -	33,26,11	1,27,58	-	(1,74,79)	36,28,48
6	Technical Assistance [RRR - Handloom Package]	2,00,00	-	-	-	2,00,00
7	HRD [RRR - Handloom Package]	1,92,56	-	-	7,86	1,84,70
8	Interest Subvention [RRR - Handloom Package] (Refer Note B-4 of Schedule 18)	3,65	-	-	3,65	-
9	Comprehensive Handloom Package	12,04,91	(21,02)	-	11,04,86	79,03
10	Centre for Professional Excellence in Co-operatives - (C-PEC) (Refer Note B-3 of Schedule 18)	84,29	52,80	5,93	32,53	1,10,49
	Total	**977,39,94**	**1413,60,61**	**31,91**	**1494,84,74**	**896,47,72**
	Previous year	**657,92,20**	**1577,42,26**	**43,60**	**1258,38,11**	**977,39,94**

Includes approved claims of reimbursements pending disbursements

@ includes ₹1.02 crore being provided for Income Tax.

NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

Schedule 5 - Other Funds

(₹ in thousands)

Sr No	Particulars	Opening Balance as on 01.04.2013	Additions/ Adjustments during the year	Transferred from P & L Appropri-ation	Interest Credited	Expendit-ure/Disb. during the year	Trans-ferred to P&L Appropri-ation	Balance as on 31.03.2014
1	Watershed Development Fund (i) (Refer Note B-3 of Schedule 18)	1686,38,48	-	-	96,13,88	852,88,56	-	929,63,80
2	Interest Differential Fund - (Forex Risk)	182,32,87	26,79,06	-	-	-	-	209,11,93
3	Interest Differential Fund - (Tawa)	10,00	-	-	-	-	-	10,00
4	Adivasi Development Fund	5,77,50	-	-	-	-	-	5,77,50
5	Tribal Development Fund (ii) (Refer Note B-3 of Schedule 18)	1406,51,12	3,22,26	-	79,23,54	398,82,85	-	1090,14,07
6	Financial Inclusion Fund (Refer Note B-3 & 6 of Schedule 18) (iii)	825,67,97	787,50,82	-	78,91,41	65,58,77	-	1626,51,43
7	Financial Inclusion Technology Fund (Refer Note B-6 of Schedule 18)	(13,23,02)	64,87,00	-	-	20,24,41	49,90,37	(18,50,80)
8	Farmers Technology Transfer Fund	61,20,81	-	15,10,94	-	35,31,75	-	41,00,00
	Total	**4154,75,73**	**882,39,14**	**15,10,94**	**254,28,83**	**1372,86,34**	**49,90,37**	**3883,77,93**
	Previous year	4157,12,24	1170,54,83	-	245,44,18	1403,36,76	14,98,76	4154,75,73

Includes approved claims of reimbursements pending disbursements
i. Includes ₹ 692.12 crore being income taxes paid including interest
ii. Includes ₹ 174.59 crore being income taxes paid including interest
iii. Includes ₹ 438.90 crore being income taxes paid
NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/ Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

Schedule 6 - Deposits

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Central Government	-	-
2	State Governments	-	-
3	Others		
	a) Tea / Rubber / Coffee Deposits	333,13,06	302,46,02
	b) Commercial Banks (Deposits under RIDF)	83862,83,17	78758,39,44
	c) Short Term Cooperative Rural Credit Fund	50000,00,00	25000,00,00
	d) ST RRB Credit Refinance Fund	30000,00,00	10000,00,00
	e) Warehouse Infrastructure Fund	1250,00,00	-
	Total	**165445,96,23**	**114060,85,46**

Schedule 7 - Bonds and Debentures

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	SLR Bonds	–	–
2	Non Priority Sector Bonds	31229,10,00	42666,40,00
3	Capital Gains Bonds	1,29,40	1,58,00
4	Bhavishya Nirman Bonds	4975,19,96	4975,19,96
5	NABARD Rural Bond	9,60,36	22,78,51
	Total	**36215,19,72**	**47665,96,47**

Schedule 8 – Borrowings

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
	(A) In India		
1	Central Government	39,59,18	43,42,21
2	JNN Solar Mission	35,82,00	35,82,00
3	Reserve Bank of India	-	-
4	**Others :**		
	(i) Commercial Paper	-	1935,59,46
	(ii) Borrowing under Collateralised Borrowing and Lending Obligation	-	493,25,00
	(iii)Term Money Borrowings	227,85,00	138,18,00
	(iv) Commercial Banks	-	-
	(v) Borrowing against STD	-	-
	(B) Outside India		
	(i)International Agencies	715,01,02	462,89,50
	Total	**1018,27,20**	**3109,16,17**

Out of the above, borrowings under CBLO are secured

Schedule 9 - Current Liabilities and Provisions

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Interest / Discount Accrued	7461,96,10	6522,01,72
2	Sundry Creditors *	455,80,98	332,65,55
3	Subsidy Reserve (Co-finance,Cold Storage)	1,12,82	1,12,82
4	Subsidy Reserve - CSAMI under RIDF	16,72,05	2,27,06
5	Provision for Gratuity (Refer Note B-28 of Schedule 18)	-	-
6	Provision for Pension (Refer Note B-28 of Schedule 18)	15,16,16	14,75,09
7	Provision for Encashment of Ordinary Leave (Refer Note B-28 of Schedule 18)	6,59,13	13,20,63
8	Provision for Post Retirement Medical Benefit (Refer Note B-28 of Schedule 18)	86,34,06	-
9	Unclaimed Interest on Bonds	2,09,68	1,95,78
10	Unclaimed Interest on Term Deposits	78	61
11	Term Deposits Matured but not claimed	33,18	76,17
12	Bonds matured but not claimed	489,51	4,18,91
13	Application money received pending allotment of Bonds	-	-
14	Provisions and Contingencies		
(a)	Depreciation in Value of Investment - G. Sec.	63,82,69	-
(b)	Amortisation of G. Sec. - HTM	3,57,80	1,78,90
(c)	For Standard Assets	887,04,00	798,97,00
(d)	Depreciation in value of investments – equity	69,75	59,28
(e)	Non-performing assets	-	-
(f)	Countercyclical Provisioning Buffer (Refer Note B-26 of Schedule 18)	25,51,00	25,51,00
(g)	Sacrifice in interest element of restructured loans (Refer Note B-34.7 of Schedule 18)	37,17,37	48,48,52
(h)	Provision for Other Assets & Receivables	4,00,30	12,46,01
	Total	**9072,87,36**	**7780,75,05**

** - includes an amount of ₹ 44.74 crore towards mFDEF (refer note B – 5 of Schedule 18)*

Schedule 10 - Cash and Bank Balances

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Cash in hand	5	5
2	**Balances with :**		
	A) Banks in India		
	i) Reserve Bank of India	107,31,18	611,40,67
	B) Others		
	a) in Current Account	11,64,31	127,86,77
	b) Deposit with Banks	13187,64,00	7725,00,00
	c) Remittances in Transit	104,40,17	1,34,98
	d) Collateralised Borrowing and Lending Obligations	211,08,74	531,56,12
	C) Outside India	-	-
	Total	**13622,08,45**	**8997,18,59**

Schedule 11 – Investments

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	**Government Securities**		
	a) Securities of Central Government (Refer Note B-7 of Schedule 18)	3007,34,59	2413,90,41
	[Face Value ₹3053,31,00,000 (₹2174,08,20,000)]		
	[Market Value ₹2916,58,70,419 (₹2105,40,99,310)]		
	b) Treasury Bills	2754,46,32	-
	[Face Value ₹2822,80,00,000 (₹0)]		
	[Market Value ₹2754,46,32,458 (₹0)]		
2	**Other Approved Securities**	**-**	**-**
3	**Equity Shares in :**		
	(a) Agricultural Finance Corporation Ltd. [1,000 (1,000) - Equity shares of ₹10,000 each]	1,00,00	1,00,00
	(b) Small Industries Development Bank of India [1,60,00,000 (1,60,00,000) - Equity shares of ₹10 each]	48,00,00	48,00,00
	(c) Agriculture Insurance Company of India Ltd. [6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]	60,00,00	60,00,00
	(d) Multi Commodity Exchange of India Ltd. [15,62,500 (15,62,500) - Equity shares of ₹10 each]	1,25,00	1,25,00
	(e) National Commodity and Derivatives Exchange Ltd. [56,25,000 (56,25,000) - Equity shares of ₹10 each]	16,87,50	16,87,50
	(f) Universal Commodity Exchange Ltd [UCX] [1,60,00,000 (1,60,00,000) Shares of ₹10 each]	16,00,00	16,00,00
	(g) Other Equity Investments		
	(i) Coal India Ltd. ₹42,60,305 [17,389 (17,389) - Equity shares of ₹10 each]	42,60	42,60
	(ii) Power Grid Corporation of India Ltd. ₹25,73,280 [28,592 (28,592) - Equity shares of ₹10 each]	25,73	25,73
	(iii) Manganese Ore India Ltd. ₹43,94,625 [11,719 (11,719) - Equity shares of ₹10 each]	43,95	43,95
	(iv) Punjab & Sindh Bank ₹9,54,960 [7,958 (7,958) - Equity shares of ₹10 each]	9,55	9,55
	(v) State Bank of India [3194880 shares of ₹10 each]	49,99,99	-
4	**Debentures and Bonds**		
	(i) Special Dev Debentures of SCARDBs (Refer Note B-26 of Schedule 18)	8239,44,23	10249,49,17
	(ii) Non Convertible Debentures	235,10,39	385,10,39
5	**Shareholding in subsidiaries and Joint Venture**		
	(i) NABARD Financial Services Ltd, Karnataka [7,60,06,300(7,60,06,300] - Equity shares of ₹10 each]	76,00,63	76,00,63
	(ii) Agri - Business Finance [Andhra Pradesh] Ltd. [1,31,61,000(1,31,61,000) - Equity shares of ₹10 each]	13,22,81	13,22,81
	(iii) Agri Development Finance [Tamil Nadu] Ltd. [1,55,54,200 (52,00,000) - Equity shares of ₹10 each]	15,63,85	5,20,00
	(iv) NABARD Consultancy Services Pvt. Ltd. [50,00,000 (50,00,000) - Equity shares of ₹10 each]	5,00,00	5,00,00
6	**Others**		
	(a) Mutual Fund	901,00,17	-
	(b) Commercial Paper [Face Value ₹50,00,00,000 (₹50,00,00,000)]	464,09,46	47,70,28
	(c) Certificate of Deposit [Face Value ₹7481,75,00,000 (₹2,45,00,00,000)]	7345,14,17	2334,08,18
	(d) SEAF - Indian Agri- Business	7,57,77	4,84,71
	(e) APIDC - Ventures Life Fund III	10,18,90	7,60,04
	(f) BVF (Bio-Tech Venture Fund) - APIDC-V Investment [49835.46 (50,000) Class A Units of ₹1,000 each]	4,98,35	4,98,35
	(g) Omnivore India Capital Trust	8,06,80	3,00,00
	(h) India Opportunities	4,60,14	2,42,47
	(i) IvyCap Ventures Fund	2,00,00	-
	(j) Tata Capital Innovation Fund	22,60,47	16,85,08
	Total	**23310,83,37**	**15713,76,85**

All the above investments are in India

Schedule 12 - Advances

(₹ in thousands)

Sr. No.	Particulars			As on 31.03.2014	As on 31.03.2013
1	**Refinance Loans**				
	(a)	Production & Marketing Credit		79806,15,00	65175,58,35
	(b)	Conversion Loans for Production Credit		-	64,40,55
	(c)	Other Investment Credit			
		(i)	Medium Term and Long Term Project Loans (Refer Note B - 26 of Schedule 18)	46684,71,84	38254,74,52
		(ii)	Interim Finance	-	-
		(iii)	Direct refinance to DCCBs	2011,61,11	1349,81,15
		(iv)	NABARD (Warehousing) Refinance Scheme	-	758,09,55
		(v)	JNN Solar Mission	19,72,66	26,63,15
2	**Direct Loans**				
	(a)	Loans under Rural Infrastructure Development Fund		78957,07,51	75060,96,10
	(b)	Loans under Warehouse Infrastructure Fund		415,64,61	-
	(c)	Long Term Non-Project Loans		82,86,85	109,36,58
	(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)		1750,27,07	1281,26,54
	(e)	Loans to Producers' Organisation Development (PODF) (Net of provision)		259,21,18	82,93,15
	(f)	Credit Facility to Federations[CFF]		2594,67,19	2500,00,00
	(g)	**Other Loans:**			
		(i)	Co-operative Development Fund Programme Loans	1,73,49	2,17,46
		(ii)	Micro Finance Development Equity Fund Programme Loans	32,40,23	48,44,19
		(iii)	Watershed Development Fund Programme Loans	38,09,85	41,17,64
		(iv)	Tribal Development Fund Programme Loans	13,17,31	11,26,83
		(v)	KfW UPNRM Loans (Net of provision)	141,99,69	113,15,05
		(vi)	Farm Innovation & Promotion Fund Programme Loans	22,84	21,26
		(vii)	NFS Promotional Activities Programme Loans (Net of provision)	9,53,76	2,70,73
		(viii)	Farmers Technology Transfer Fund	88,73	28,63
	(h)	Co-Finance Loans (Net of provision)		22,67,22	36,71,40
	(i)	CP - HCC Deemed Advance		51,68,36	52,24,49
	Total			**212894,36,50**	**184972,17,32**

Schedule 13 - Fixed Assets

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	LAND : Freehold & Leasehold (Refer Note B-22 of Schedule 18)		
	Opening Balance	162,84,71	147,57,06
	Additions/adjustments during the year (Refer Note B – 23 of Schedule 18)	(1,39)	15,35,04
	Sub-Total	162,83,32	162,92,10
	Less: Cost of assets sold/written off	-	7,39
	Closing Balance (at cost)	162,83,32	162,84,71
	Less: Amortisation of Lease Premia	46,47,60	44,54,95
	Book Value	**116,35,72**	**118,29,76**
2	PREMISES (Refer Note B-22 of Schedule 18)		
	Opening Balance	265,98,81	265,84,45
	Additions/adjustments during the year	38,37,03	14,36
	Sub-Total	304,35,84	265,98,81
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	304,35,84	265,98,81
	Less: Depreciation to date	182,35,09	171,56,99
	Book Value	**122,00,75**	**94,41,82**
3	FURNITURE & FIXTURES		
	Opening Balance	59,09,32	58,30,24
	Additions/adjustments during the year	39,91	1,34,49
	Sub-Total	59,49,23	59,64,73
	Less: Cost of assets sold/written off	2,70,15	55,41
	Closing Balance (at cost)	56,79,08	59,09,32
	Less: Depreciation to date	55,22,62	57,12,08
	Book Value	**1,56,46**	**1,97,24**
4	COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS		
	Opening Balance	82,11,62	82,61,75
	Additions/adjustments during the year	14,43,39	2,93,70
	Sub-Total	96,55,01	85,55,45
	Less: Cost of assets sold/written off	7,83,55	3,43,83
	Closing Balance (at cost)	88,71,46	82,11,62
	Less: Depreciation to date	77,38,46	75,04,06
	Book Value	**11,33,00**	**7,07,56**
5	VEHICLES		
	Opening Balance	5,46,73	6,30,32
	Additions/adjustments during the year	1,08,04	94,65
	Sub-Total	6,54,77	7,24,97
	Less: Cost of assets sold/written off	1,05,32	1,78,24
	Closing Balance (at cost)	5,49,45	5,46,73
	Less: Depreciation to date	3,04,95	2,68,76
	Book Value	**2,44,50**	**2,77,97**
6	Capital Work in Progress [Purchase of Staff Quarters & Office Premises] (Refer Note A - 4 (i) of Schedule 18)	71,57,74	90,90,85
	Total	**325,28,17**	**315,45,20**

Schedule 14 - Other Assets

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Accrued Interest	3739,09,95	2712,41,85
2	Deposits with Landlords	1,09,81	1,14,84
3	Deposits with Government Departments and Other Institutions	3,36,31	3,20,66
4	Housing loan to staff	158,14,64	166,11,71
5	Other Advances to staff	87,79,89	76,95,04
6	Advances to Landlords	2,03	1,58
7	Sundry Advances	38,00,27	47,25,71
8	Provision for Gratuity (Refer Note B-28 of Schedule 18)	-	-
9	Advance Tax (Net of Provision for Income Tax)	110,14,88	29,49,91
10	Deferred Tax Assets (Refer Note B-11 of Schedule 18)	115,76,02	85,95,00
11	Expenditure recoverable from Government of India/International Agencies (Refer Note B- 4 of Schedule 18)	25,43,58	7,66,07
12	Discount Receivable	142,72,20	41,63,67
	Total	**4421,59,58**	**3171,86,04**

Schedule 15 - Interest and Financial Charges

(₹ in thousands)

Sr. No.	Particulars	2013-14	2012-13
1	Interest Paid on		
	(a) Deposits under RIDF	4839,86,21	4413,67,65
	(b) Short Term Cooperative Rural Credit Fund	1439,68,04	609,45,67
	(c) ST RRB Credit Refinance Fund	570,87,24	120,51,67
	(d) Term Deposits	-	64,64
	(e) Tea / Coffee / Rubber Deposits	20,65,22	18,90,81
	(f) CBS Deposits	2,29,42	2,31,40
	(g) Deposits / Borrowings	-	10
	(h) Loans from Central Government	2,88,85	4,00,74
	(i) Borrowings from Reserve Bank of India (Refer Note B-9 of Schedule 18)	149,79,00	-
	(j) Bonds	3776,24,17	3170,58,34
	(k) Commercial Paper	139,69,58	234,18,09
	(l) Term Money Borrowings	9,68,92	12,27,96
	(m) Borrowing against ST Deposit	8	67
	(n) Discount Cost Paid on Certificate of Deposits	-	47,02,66
	(o) Borrowings from International Agencies	21,19,71	19,77,46
	(p) Watershed Development Fund	96,13,88	104,47,35
	(q) Micro Finance Development and Equity Fund	-	3,99,71
	(r) Rural Innovation Fund	3,08,94	3,62,88
	(s) Financial Inclusion Fund	78,91,41	27,84,73
	(t) Indo German Watershed Development Programme - Andhra Pradesh	1,03	53
	(u) Indo German Watershed Development Programme – Rajasthan	-	47
	(v) Indo German Watershed Development Programme - Gujarat	-	1,38
	(w) KfW UPNRM - Accompanying measures	9	69
	(x) KfW - NB Indo German Watershed Development Programme - Phase III – Maharashtra	4,58	11,65
	(y) KfW - NB - IX Adivasi Development Programme	19,64	16,42
	(z) Commitment Charges -KfW UPNRM Borrowings	18,70	-
	(aa) Multi Activity Approach for Poverty Alleviation BAIF Project - Sultanpur, Uttar Pradesh	23	3,89
	(ab) Multi Activity Approach for Poverty Alleviation BAIF Project -Rae Bareli, Uttar Pradesh	6	1,00
	(ac) Cattle Development Programme (UP & Bihar)	36	4,52
	(ad) Tribal Development Fund	79,23,54	109,12,39
	(ae) Centre for Professional Excellence in Co-operatives (C - PEC)	5,91	3,05
	(af) Warehouse Infrastructure Fund	8,15,07	-
2	Discount on Collateralised Borrowing and Lending Obligations	45,71,03	41,76,19
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	3,46,72	5,08,04
4	Swap Charges	9,44,17	5,09,84
	Total	**11297,51,80**	**8954,82,59**

Schedule 16 A - Establishment and Other Expenses

(₹ in thousands)

Sr. No.	Particulars	2013-14	2012-13
1	Salaries and Allowances (Refer Note B-12 of Schedule 18)	717,47,90	558,78,85
2	Contribution to / Provision for Staff Superannuation Funds	274,67,15	287,41,18
3	Other Perquisites & Allowances	29,11,48	26,16,68
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	48,87	67,69
5	Directors' & Committee Members' Fees	3,31	5,22
6	Rent, Rates, Insurance, Lighting, etc.	37,41,69	30,27,66
7	Travelling Expenses	33,61,66	32,49,39
8	Printing & Stationery	3,16,86	3,39,32
9	Postage, Telegrams & Telephones	9,99,93	9,56,96
10	Repairs	13,89,62	11,22,06
11	Auditors' Fees	44,26	10,39
12	Legal Charges	90,72	83,95
13	Miscellaneous Expenses	48,61,17	43,39,09
14	Expenditure on Miscellaneous Assets	5,06,15	6,33,58
15	Expenditure on Study & Training	44,49,11	39,60,16
	[Including ₹16,57,33,430.00 (₹12,44,93,380.32) pertaining to establishment expenses of Training Establishments]		
16	Expenditure on promotional activities under		
	(i) Cooperative Development Fund	9,58,30	21,88,45
	(ii) Farm Innovation and Promotion Fund	13,00,66	10,06,41
	(iii) Producers' Organization Development Fund	1,83,33	39,02
	(iv) Rural Infrastructure Promotion Fund	1,17,10	1,12,51
	(v) Exp. for NFS Promotional Measures/ Activities	10,41,09	19,01,86
17	Wealth Tax	3,60,31	4,03,63
	Total	**1259,00,67**	**1106,84,06**

Schedule 16 B – Provisions

(₹ in thousands)

Sr. No.	Particulars	2013-14	2012-13
	Provisions for :		
1	Standard Assets	88,07,00	125,66,00
	2 (a) Non Performing Assets	(12,63,00)	33,26,00
	2 (b) Non Performing Assets - staff	20	-
3	Sacrifice in interest element of restructured Accounts (Refer Note B-34.7 of Schedule 18)	(11,31,15)	(2,88,48)
4	Other Assets / Receivable	(8,45,71)	8,73,87
5	Amount written off - Co - Finance	17,46,00	-
	Total	**73,13,34**	**164,77,39**

Schedule 17 - Commitments and Contingent Liabilities

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Commitments on account of capital contracts remaining to be executed	44,52,67	25,79,62
	Sub Total "A"	44,52,67	25,79,62
2	Contingent Liabilities		
(i)	Claims against the Bank not acknowledged as debt. (Refer Note B-30 of Schedule 18)	-	23,93
	Sub Total "B"	-	23,93
	Total (A + B)	**44,52,67**	**26,03,55**

Schedule 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation:

The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Bank) and are consistent with those used in the previous year.

2. Use of Estimates:

Preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations for the reporting period. Although these estimates are based on the management's best knowledge, the actual results could differ for these estimates. Such differences are recognized in the year of outcome of such results.

3. Revenue recognition:

3.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:

i) Interest on non-performing assets identified as per Reserve Bank of India (RBI) guidelines.

ii) Income by way of penal interest charged due to delayed receipt of loan dues or non–compliance with terms of loan.

iii) Service Charges on loans given out of various Funds.

iv) Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.

3.2 Discount on Bonds and Commercial Papers issued are amortized over the tenure of Bonds and Commercial Papers. Issue expenses relating to flotation of bonds are recognized as expenditure in the year of issue of Bonds.

3.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

3.4 Expenditure incurred on Subsidy scheme includes approved claims of reimbursements pending disbursements.

3.5 Income from Venture Capital funds is accounted on realization basis.

3.6 Provision for Wealth Tax is made, in accordance with the provisions of Wealth Tax Act, 1957.

3.7 Recovery in non-performing assets (NPA) is appropriated in the following order:

i) penal interest

ii) cost & charges

iii) overdue interest and interest

iv) principal

4. Fixed Assets and Depreciation

a) Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.

b) Land includes free hold and leasehold land.

c) Premises include value of land, where segregated values are not readily available.

d) Depreciation on premises situated on free hold land is charged at 10% p.a., on written down value basis.

e) Depreciation on leasehold land and premises situated thereon is computed and charged at 5% on written down value basis or the amount derived by amortizing the premium/cost over the remaining period of leasehold land, on straight-line basis, whichever is higher.

f) Fixed Assets costing ₹1 lakh and less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹10,000/-. All software costing ₹1 lakh each and less, purchased independently are charged to the Profit and Loss Account.

g) Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

Type of Assets	Depreciation Rate
Furniture and Fixtures	20%
Computer & Software	33.33%
Office Equipment	20%
Vehicles	20%

h) Depreciation is charged for the full year, irrespective of the date of purchase of asset. No depreciation is charged in the year of sale.

i) Capital work in progress includes capital advances and is disclosed under Fixed Assets.

5. Investments

a) In accordance with the RBI guidelines, Investments are classified into "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) categories (hereinafter called "categories").

b) Securities that are held principally for resale within 90 days from the date of purchase are classified as "HFT". Investments that the Bank intends to hold till maturity are classified as "HTM". Securities which are not to be classified in the above categories are classified as "AFS".

c) Investments classified under Held to Maturity category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortized over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category "HTM" is made, wherever necessary. Provision for diminution/ amortization, in value of such investments, is included under Current Liabilities and Provisions.

d) Profit on redemption of investment categorized under "HTM" is recognized in Profit & Loss A/c and then transferred to Reserve A/c.

e) Investments under "AFS" are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Net depreciation, if any, is provided for investments in the category classified as "AFS" and appreciation is ignored.

f) Investments under "HFT" are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Depreciation/ appreciation is recognized in the category for investments classified as "HFT".

g) Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.

h) Treasury Bills are valued at carrying cost.

i) Unquoted Shares are valued at breakup value, if the latest Audited Accounts of the investee companies are available, or at ₹1/- per Company as per RBI guideline.

j) Brokerage, commission, etc. paid at the time of acquisition, are charged to revenue.

k) Brokerage, paid on acquisition/disposal of equities traded on stock exchange is capitalized.

l) Broken period interest paid/received on debt investment is treated as interest expenses/ income and is excluded for cost/ sale consideration.

m) Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.

n) Amortization/Gain/Loss on Revaluation of Government Securities are charged to Profit and Loss Account.

6. Advances and Provisions thereon

a) Advances are classified as per RBI guidelines. Provision for standard assets and non–performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.

b) In case of restructuring/rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present value of future principal and interest as per the revised agreement is provided for.

c) Advances are stated net of provisions towards Non-performing Advances.

d) No Provision for Non-Performing Loans in respect of loans granted out of the funds are being made, as losses, if any are recoverable from the respective funds. Accordingly, such loans are classified as performing assets.

7. Foreign Currency Transactions

As per Accounting Standard (AS-11) (Revised 2003) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India; following accounting treatment is given to foreign exchange transactions:

a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Foreign Exchange Dealers Association of India (FEDAI) as at the close of the year and resultant Exchange difference on revaluation is charged to Profit and Loss Account under the head 'Gain/Loss on revaluation of foreign Deposits & Borrowings' and

b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

8. Accounting for Foreign Exchange Contracts

a) Foreign Exchange Contracts are to hedge the repayment of Foreign currency borrowings.

b) The foreign exchange contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain/loss on revaluation is recognized in the Profit and Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'. Premium/discount are accounted over the life of the contract.

c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit and Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'.

9. Employee Benefits

All personnel transferred from RBI are considered as employees of the Bank and provisions for Employee Benefits are made accordingly. Actuarial valuation, wherever required, are carried out at each balance sheet date.

a) Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

b) Post-Employment Benefits:

i) Defined Contribution Plan

The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis.

The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the "NPS- Corporate Sector Model", a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

ii) Defined Benefit Plan

a. Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

b. Provision for pension is made based on actuarial valuation, in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust.

iii) Other Long Term benefits

All eligible employees of the Bank are eligible for compensated absences. All the eligible employees are also eligible for post-retirement medical benefits. The cost of providing other long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

10. Taxes on Income

a) Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/appeals.

b) Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.

c) Deferred tax assets relating to unabsorbed depreciation/ business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.

d) Tax paid/provided on taxable income earned by the funds are accounted as expenditure of respective funds.

11. Segment Reporting

a) Segment revenue includes interest and other income directly identifiable with / allocable to the segment.

b) Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank income".

c) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".

d) Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

12. Impairment of Assets

a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

i) the provision for impairment loss, if any, required; or

ii) the reversal, if any, required for impairment loss recognized in the previous periods.

b) Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

13. Provisions, Contingent Liabilities and Contingent Assets

13.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:

a) the Bank has a present obligation as a result of a past event;

b) a probable outflow of resources is expected to settle the obligation; and

c) the amount of the obligation can be reliably estimated.

13.2 Contingent liability is disclosed in the case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,

b) a present obligation when no reliable estimate is possible, and

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

13.3 Contingent assets are neither recognized, nor disclosed.

13.4 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

14. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.

B. NOTES FORMING PART OF THE ACCOUNTS

1. In accordance with the Memorandum of Understanding entered into with the Swiss Agency for Development Cooperation, repayment of loan, service charges and other receipts made out of Rural Innovation Fund (RIF) are being credited to the Rural Promotion Fund (RPF). During the year ₹1.62 crore (₹0.67 crore) has been credited to the said fund.

2. In terms of the agreement with Kreditanstalt Fur Wiederaufbau -German Development Bank (KfW), accretion/ income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as direct loans and disclosed under Schedule 12. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 8. In terms of the same agreement an amount of ₹ 1.18 crore has been withdrawn from Risk Mitigation Fund - UPNRM towards provision for NPA Loans under KfW UPNRM Loans

3. Interest on unutilized balances has been credited to the following funds as per the respective agreements/ as approved by the management. The details of rate of interest for respective funds are as under:

Sr No	Name of the Fund	Rate of Interest for 2013-14	Rate of Interest for 2012-13
1.	Watershed development Fund	6%	6%
2.	KfW- NB IGWDP (Andhra Pradesh, Maharashtra)	6%	6%
3.	KfW Accompanying Measures	6%	6%
4.	Rural Innovation Fund	6%	6%
5.	Tribal Development Fund	6%	6%
6.	Financial Inclusion Fund	6%	6%
7.	Cattle Development Fund (UP & Bihar)	5.85%	9.01%
8	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareilly)	5.85%	9.01%
9	Center for Professional Excel-lence in Co-operatives.	5.85%	9.01%
10	KfW NB IX- Adivasi Development Programme- Maharashtra	5.85%	9.01%

4. Recoverable from Government of India / International agencies (refer Schedule-14 of Balance Sheet) includes ₹24.63 crore (₹7.43 crore) being debit balance of various funds. The details of such funds are as under:

(₹ in crore)

Sr No	Name of the Fund	31-03-2014	31-03-2013
1	KfW- NB IGWDP (Andhra Pradesh)	0.41	2.69
2	KfW- NB IGWDP (Rajasthan)	3.88	2.82
3	KfW- NB IGWDP (Gujarat)	4.44	1.90
4	IFAD- Priyadarshni	0.83	---
5	NE Council Fund	---	0.02
6	KfW UPNRM- Accompanying Measures	1.15	---
7	KfW UPNRM- Financial Contribution	0.10	----
8	Implementation Cost [RRR - Handloom Package]	8.55	---
9	Interest Subvention [RRR - Handloom Package]	5.27	---

5. Pursuant to directions of the RBI to discontinue the Micro Finance Development and Equity Fund (MFDEF), an amount of ₹29.54 crore, being the excess contribution made by Bank is transferred to the Reserve Fund. The balance amount of ₹44.74 crore of the fund disclosed under the head Sundry Creditors under Schedule 9 included ₹32.40 crore being loans granted out of the funds and ₹12.34 crore repayable to other contributors.

6. Pursuant to the permission of RBI an amount of ₹64.87 crore has been transferred from Financial Inclusion Fund (FIF) to Financial Inclusion Technology Fund (FITF). An amount of ₹49.90 crore, being the excess contribution made by Bank to FITF, in earlier years is transferred to the Reserve Fund.

7. Subvention received/receivable from Government of India (GOI) under Seasonal Agricultural Operations (SAO) amounting to ₹1843.58 crore (₹1966.54 crore) and ₹ 0.62 crore (NIL) under National Rural Livelihood Mission (NRLM), being the difference between the cost of borrowing by NABARD and the refinance rate, has been reduced from interest and financial charges and shown as accrued interest and disclosed under Schedule 14.

8. Other income includes ₹134.59 crore (₹112.37 crore) received/receivable from GOI towards administration charges on providing refinance under interest subvention scheme to StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for Seasonal Agricultural Operations and under NRLM scheme.

9. Interest Expenditure includes an amount of ₹149.79 crore (NIL) crore paid to Government of India being the interest on the amount received from RBI for providing temporary liquidity support to Co-operative Banks and Regional Rural Banks against the first installment under Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS) 2008.

10. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5 percent in respect of Rural Infrastructure Development Fund (RIDF) deposits, Short Term Co-operative Rural Credit Refinance Fund (STCRC) Deposits and Short Term RRB Credit Refinance Fund (STRRB) deposits, placed by the Commercial Banks is credited to Financial Inclusion Fund (credited to Financial Inclusion Fund during previous year).

11. The Bank, during the year, in accordance with AS 22 "Accounting for taxes on Income", recognised in the Profit and Loss Account, the difference of ₹29.81 crore (₹14.80 crore) between net deferred tax assets of ₹115.75 crore and ₹85.95 crore as at 31 March 2014 and 31 March 2013 respectively, as detailed below:

(₹ in crore)

Sr. No.	Deferred Tax Assets	31 March 2014	31 March 2013
1	Provision for Retirement Benefits made in the books but allowable for tax purposes on payment basis	106.12	64.00
2	Depreciation on Fixed Assets	9.63	21.95
	Total	**115.75**	**85.95**

Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

12. The salaries and allowances of the employees of the Bank are reviewed every five years. The review is due from 01 November 2012. Pending such settlement an amount of ₹180.00 crore (₹73.60 crore) has been provided under the head "Salary and Allowances".

13. The tax liability of the Bank for the Assessment Year 2002-03 amounting to ₹373.15 crore was assessed by the Income Tax Department. The Bank has provided and paid the said liability. However, the Bank has filed an appeal against the order of the CIT Appeals with the Income Tax Appellate Tribunal.

14. Income Tax Department has reopened the assessments for the Assessment Year 2005-06 during the Financial Year 2011-12. The Bank has objected to such reopening and filed a writ petition against the IT Department in Bombay High Court. The court has held the petition in favour of Bank by their order pronounced on 16 April 2014.

15. Income Tax Department has reopened the assessment for the Assessment Year 2006-07, during the Financial Year 2011-12. An amount of ₹343.21 crore has been added to the income of the Bank during the re-assessment of the income. Out of above,

a) an addition of ₹132.08 crore has been made on account of differential interest accounted under the RIDF which was credited to Watershed Development Fund in terms of the RBI directions.

b) Further, an amount of ₹211.13 crore has been added to the income on other accounts. In the opinion of the management, in respect of these additions, there is remote possibility of any tax outflow. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the Bank has

- accounted the tax including interest amounting to ₹97.83 crore under the head 'Watershed Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and

- paid an amount of ₹108.60 crore out of the total demand of ₹254.22 crore by way of adjustment of refund of taxes of previous years.

16. During the reassessment of the income for the Assessment Year 2007-08 (reopened during Financial Year 2011-12) an additional tax liability of ₹157.47 crore was assessed on account of differential interest accounted under the RIDF/ STCRC. The Bank has provided and paid the said liability. However, the Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹129.99 crore is accounted under 'Tribal Development Fund' during Financial Year 2012-13.

17. Income Tax Department has reopened the assessment for the Assessment Year 2008-09 during the Financial Year 2012-13. An amount of ₹349.42 crore has been added to the income of the Bank during the re-assessment of the income. The addition has been made on account of differential interest accounted under the RIDF which was credited to Tribal Development Fund in terms of the RBI directions. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has accounted the tax including interest amounting to ₹174.59 crore under the head 'Tribal Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and paid the total demand of ₹174.59 crore.

18. Income Tax Department has reopened the assessment for the Assessment Year 2009-10 during the Financial Year 2012-13. An amount of ₹573.16 crore has been added to the income of the Bank during the reassessment of the income. Out of above, an addition of ₹527.52 crore has been made on account of differential interest accounted under the RIDF which was credited to 'Watershed Development Fund' in terms of the RBI directions. Further, an amount of ₹45.64 crore has been added to the income of the Bank on account of other disallowances. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the Bank has:

- accounted the tax including interest amounting to ₹236.45 crore under the head 'Watershed Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and

- provided the tax including interest of ₹ 20.45 crore to the Profit and Loss Account for the year .The Bank has paid the total demand of ₹256.90 crore.

19. During the assessment of the income for the Assessment Year 2010-11 a tax liability of ₹313.07 crore was assessed on account of differential interest accounted under the RIDF/STCRC and others. The Bank has provided and paid the liability. However, the Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹276.66 crore was accounted under 'Tribal Development Fund' during Financial Year 2012-13.

20. During the year, the Income Tax Department, for the Assessment Year 2011-12, has made an addition of ₹865.86 crore on account of differential interest accounted under the RIDF/STCRC which was credited to 'Watershed Development Fund' in terms of the RBI directions. Further, an amount of ₹156.65 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the Bank has:

-accounted the tax including interest amounting to ₹359.84 crore under the head 'Watershed Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and

-provided the tax including interest on account of disallowance amounting to ₹65.11 crore to the Profit and Loss Account for the year. The tax demand of ₹424.95 crore has been fully paid by the Bank.

21. Govt. of India vide Notification No. 25/2014 F No.225/229/2013/ITA.11 has notified NABARD as an eligible entity u/s 36 (1) (xii) of Income Tax Act, w.e.f. Assessment Year 2013-14. The Income Tax liability of the Bank has been computed accordingly.

22. 'Free hold land and lease Land' and 'Premises' include -

- ₹34.77 crore (₹34.77 crore) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed and
- ₹10.93crore (₹10.93crore) where lease agreements are yet to be executed

23. 'Free hold land and lease Land' -Additions/ Adjustments includes ₹0.55 crore refunded by State Infrastructure & Industrial Development Corporation of Uttarakhand Ltd. (SIIDCUL), Dehradun against excess cost charged at the time of acquisition of land.

24. Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(₹ in crore)

Particulars	Face Value	Book Value
Pledged for Business Segment (Securities)	40.00 (35.00)	37.26 (34.08)
Pledged for Business Segment (Collateralised Borrowing and Lending Obligation)	5197.00 (2382.00)	5103.61 (2363.05)

25. The market value of all investments held by NABARD under Held to Maturity (HTM) category was ₹1877.88 crore against the book value of ₹1337.49 crore. Out of this the market value of investment in Venture Capital Fund was ₹41.59 crore against the book value of ₹55.04 crore. Accordingly, the excess of book value over market value was ₹13.45 crore for which no provision was made as per RBI guideline.

26. Pursuant to the directives of RBI, the project loans provided to State Co-operative Agriculture and Rural Development Banks (SCARDBs) by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:

i) Classified as Investments and shown in Schedule – 11 under the head 'Debenture and Bonds'.

ii) Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'Deemed Advances'.

iii) 'Deemed Advances' for the purpose of IRAC norms, capital adequacy and computation of ratios etc.

iv) The value of Allotment Letters / Debenture Scrips, yet to be received, as at the year end, aggregates to Nil (Nil).

27. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹393.51 crore (₹299 crore) pertains to non-starter projects. Pending receipt of the proposal from State Government for adjustment of the amount with the respective/other projects, the amount has been classified as disbursement from the fund.

28. Disclosure required under AS 15 (Revised) on "Employee Benefits" is as under:

28.1 Defined Benefit Plans

Employees Retirement Benefit plans of the Bank include Pension, Gratuity, Leave Encashment and Post-retirement Medical Benefits, which are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

28.1.1Pension

a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹ in crore)

Particulars	2013-14	2012-13
Present value of defined benefit obligation at the beginning of year	1847.53	1556.87
Current Service Cost	32.06	33.85
Interest Cost	152.42	136.23
Actuarial gain/loss	112.97	196.28
Benefits paid	-73.65	-75.70
Present value of defined benefits obligations at the year end	2071.33	1847.53

b. Amount recognised in the Balance Sheet as on 31 March 2014 and previous years from 2009-10 to 2012-13:

(₹ in crore)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
	Pension	Pension	Pension	Pension	Pension
Present value of defined benefits obligations as at the year end	2071.33	1847.53	1556.87	1223.03	958.76
Fair value of plan assets as at the year-end @	2056.07	1832.69	1311.25	288.11	268.77
Liability recog-nized in the Balance sheet as at the year end	15.26	14.84	245.63	934.92	689.99

@ Includes the Bank's contribution of ₹417.56 crore(₹383.82 crore) towards PF for pension optees available with RBI. The confirmation of the balance is awaited from RBI.

c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crore)

Particulars	2013-14	2012-13
Current Service Cost	32.06	33.85
Interest Cost	152.42	136.23
Net Actuarial gain/loss	79.16	226.86
Expected return on Plan Assets	-131.12	-123.26
Expense recognized in the statement of Profit and Loss	132.52	273.68

d. Actuarial assumptions:

Particulars	2013-14	2012-13
Mortality Table (LIC)	2006-08 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	9.00%	8.25%
Salary growth (per annum)	5.50%	5.50%
Withdrawal rate	1.00%	1.00%

28.1.2 Gratuity

a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹ in crore)

Particulars	2013-14	2012-13
Present value of defined benefit obligation at the beginning of year	260.94	239.68
Current Service Cost	18.31	19.07
Interest Cost	21.53	20.97
Actuarial gain/ loss	-4.63	4.73
Benefits paid	-21.53	-23.51
Present value of defined benefits obligations at the year end	274.62	260.94

b. Amount recognized in Balance Sheet as on 31 March 2014 and Previous Years from 2009-10 to 2012-13

(₹ in crore)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Present value of defined benefits obligations as at the year end	274.62	260.93	239.68	242.57	221.2
Fair value of plan assets as at the year end	288.49	261.90	260.82	227.85	220.00
Liability recognized in the Balance Sheet as at the year end	-13.87	-0.97	-21.14	14.72	1.20

c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crore)

Particulars	2013-14	2012-13
Current Service Cost	18.31	19.07
Interest Cost	21.53	20.97
Net Actuarial gain/loss	3.15	5.97
Expected return on Plan Assets	-26.61	-21.78
Expense recognized in the statement of Profit and Loss	16.38	24.23

d. Actuarial assumptions:

Particulars	2013-14	2012-13
Mortality Table (LIC)	2006-08 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	9.00%	8.25%
Salary growth (per annum)	7.00%	5.50%
Withdrawal rate	1.00%	1.00%

28.1.3 Encashment of Ordinary Leave

a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹ in crore)

Particulars	2013-14	2012-13
Present value of defined benefit obligation at the beginning of year	197.26	153.03
Current Service Cost	2.48	1.16
Interest Cost	16.27	13.39
Actuarial gain/loss	22.31	43.42
Benefits paid	-12.44	-13.74
Present value of defined benefits obligations at the year end	225.88	197.26

b. Amount recognized in the Balance Sheet as on 31 March 2014 and Previous Years from 2009-10 to 2012-13.

(₹ in crore)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Present value of defined benefits obligations as at the year end	225.88	197.26	153.03	144.88	117.63
Funds earmarked by the Bank	219.28$	184.06$	137.14$	143.66$	127.55
Liability recognized in the Balance Sheet as at the year end	6.60	13.20	15.89	1.22	-9.91

$ Represents the amount invested with Insurance companies towards the liability for Leave Encashment.

c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crore)

Particulars	2013-14	2012-13
Current Service Cost	2.48	1.16
Interest Cost	16.27	13.39
Net Actuarial gain/loss	10.04	-1.84
Expected return on Plan Assets	-16.69	-13.29
Expense recognized in the statement of Profit and Loss	12.10	-0.58

d. Actuarial assumptions:

Particulars	2013-14	2012-13
Mortality Table (LIC)	2006-08 (Ultimate)	1994–96 (Ultimate)
Discount rate (per annum)	9.00%	8.25%
Salary growth (per annum)	7.00%	5.50%
Withdrawal rate	1.00%	1.00%

28.1.4 Post Retirement Medical Benefits

The present value of defined benefit obligation in respect of post-retirement medical benefits accounted in Profit and Loss Account is ₹86.35 crore (NIL).

28.1.5 Investment under Plan Assets of Pension, Gratuity & Leave Encashment Fund as on 31st March 2014

Particulars	Pension	Gratuity	Encashment of OL
	% of Plan Assets	% of Plan Assets	% of Plan Assets
Central Govt. Securities	34.50	---	---
State Govt. Securities	16.94	---	---
Insurer Managed Funds	---	100.00	100.00
Others	48.56	---	---
Total	100.00	100.00	100.00

28.2 The estimates of rate of escalation in salary considered in actuarial valuation, take into account NABARD related factors, inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

28.3 The aforesaid liabilities include liabilities of employees deputed to subsidiaries.

28.4 Defined Contribution Plan:

The bank contributes its share to Provident Fund with RBI. As per the terms the contribution is a defined contribution plan. During the year the bank has contributed ₹16.65 crore with RBI.

As per the New Pension Scheme for the employees w.e.f. 01 January 2012, the contribution by the Bank is a defined contribution. During the year the Bank has contributed ₹0.07 crore to the said scheme.

29. In the opinion of the management, there is no impairment to assets to which AS 28 – “Impairment of Assets” applies requiring any provision.

30. The movement in Contingent Liability as required in AS 29 “Provisions, Contingent Liabilities and Contingent Assets” is as under:

(₹ in crore)

Particulars	2013-14	2012-13
Opening Balance	0.24	0.24
Addition during the year	0.00	0.00
Deletion during the year	0.24	0.00
Closing Balance	0.00	0.24

31. Prior period items included in the Profit and Loss account are as follows:

(₹in crore)

Sr. No.	Particulars	2013-14	2012-13
1.	Income	0.23	--
2.	Revenue Expenditure	-0.23	9.93
3.	Post-Retirement Medical Benefits	93.18	--
4.	Fund Expenditure	-0.21	-5.82
Total		92.97	4.11

32. Capital Adequacy Ratio of the Bank as on 31 March 2014 was 16.61% (18.24%) as against a minimum of 9% as stipulated by RBI.

33. As per the information available with the Bank, there are no dues payable under Micro, Small and Medium Enterprises Development Act, 2006.

34. Other Disclosures

34.1 Capital

(a) Capital to Risk–Weighted Assets Ratio (CRAR)

(Percent)

Particulars	31 March 2014	31 March 2013
CRAR	16.61	18.24
Core CRAR	15.48	17.33
Supplementary CRAR	1.13	0.91

(b) Subordinated Debt

(₹ in crore)

Particulars	31 March 2014	31 March 2013
Amount of subordinated debt raised and outstanding as Tier II Capital	Nil	Nil

(c) Risk Weighted Assets

(₹ in crore)

Particulars	31 March 2014	31 March 2013
On – Balance Sheet Items	134053.11	107344.04
Off – Balance Sheet Items	86.98	43.88

34.2 Pattern of Capital contribution as on the date of the Balance Sheet:

The Bank has received an amount of ₹700 crore from Government of India (vide letter no. F.No.20/16/2010-AC dated 19 September 2013) towards Share Capital. Consequent to this the shareholding of Government of India and RBI in the Paid up capital of the Bank as on 31 March 2014 was at 99.57 : 0.43 as per details given below.

(₹ in crore)

Contributor	31 March 2014		31 March 2013	
Reserve Bank of India	20.00	0.43%	20.00	0.50%
Government of India	4,680.00	99.57%	3,980.00	99.50%
Total	4,700.00	100.00%	4000.00	100.00%

34.3 Asset Quality and Credit Concentration

(a) Net NPA position

Particulars	31 March 2014	31 March 2013
Percentage of Net NPAs to Net Loans & Advances	0.00891	0.01220

(b) Asset classification

(₹ in crore)

Classification	2013–14		2012–13	
	Amount	(%)	Amount	(%)
Standard	221358.91	99.956	195440.89	99.943
Sub–standard	6.23	0.003	1.02	0.001
Doubtful	88.55	0.040	109.32	0.055
Loss	1.02	0.001	1.02	0.001
Total	**221454.71**	**100.000**	**195552.25**	**100.000**

(c) Provisions made during the year

(₹ in crore)

Provisions against	2013–14	2012–13
Standard Assets	88.07	125.66
Non Performing Assets	-12.63	33.26
Investments (Net)	63.83	-33.22
Income Tax	873.02	843.90
Total	**1012.29**	**969.60**

(d) Movement in Net NPAs

(₹ in crore)

Particulars	2013–14	2012–13
(A) Net NPAs as at beginning of the year	23.84	37.15
(B) Add: Additions during the year	7.11	7.58
(C) Sub–total (A+B)	30.95	44.73
(D) Less: Reductions during the year	11.22	20.89
(E) Net NPAs as at the end of the year (C–D)	19.73	23.84

(e) Credit exposure as percentage to Capital Funds and as percentage to Total Assets

Category		2013–14 Credit Exposure as % to		2012–13 Credit Exposure as % to	
		Capital Funds	Total Assets	Capital Funds	Total Assets
I	Largest Single Borrower	38.12	3.11	58.66	5.39
II	Largest Borrower Group	Not Applicable		Not Applicable	
III	Ten Largest Single Borrowers for the year	306.36	24.98	301.76	27.74
IV	Ten Largest Borrower Groups	Not Applicable		Not Applicable	

(f) Credit exposure to the five largest industrial sectors as percentage to total loan assets: Not Applicable

34.4 Liquidity

Maturity pattern of Rupee Assets and Liabilities and Maturity pattern of Foreign Currency Assets and Liabilities

(₹ in crore)

Sr. No	Item	Less than or equal to 1 year	More than 1 year upto 3 years	More than 3 years upto 5 years	More than 5 years upto 7 years	More than 7 years	Total #
1	Rupee Assets	140904.50 (106789.15)	53679.04 (51910.68)	35933.08 (32934.32)	16593.90 (15288.74)	6508.49 (5446.19)	253619.01 (212369.08)
2	Foreign currency assets	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
	Total Assets	140904.50 (106789.15)	53679.04 (51910.68)	35933.08 (32934.32)	16593.90 (15288.74)	6508.49 (5446.19)	253619.01 (212369.08)
3	Rupee Liabilities	93292.27 (50534.11)	74731.88 (69136.60)	32458.29 (34100.45)	13932.30 (14415.15)	38489.26 (43719.88)	252904.00 (211906.19)
4	Foreign currency liabilities	46.58 (39.88)	93.18 (79.77)	64.31 (64.81)	159.45 (113.79)	351.49 (164.64)	715.01 (462.89)
	Total Liabilities	93338.85 (50573.99)	74825.06 (69216.37)	32522.60 (34165.26)	14091.75 (14528.94)	38840.75 (43884.52)	253619.01 (212369.08)

#Net of provision made as per RBI directives on Standard Assets as well as for diminution in value of Investments aggregating to ₹955.15 (₹801.35 crore)

34.5 Operating results

	Particulars	2013–14	2012–13
(a)	Interest income as a percentage to average working funds	6.75	6.58
(b)	Non interest income as a percentage to average working funds	0.08	0.09
(c)	Operating profit as a percentage to average working funds	1.27	1.45
(d)	Return on average Assets (%)	0.82	0.94
(e)	Net Profit per employee (₹ in crore)	0.44	0.41

34.6 Movement in the provisions

(a) Provision for Non Performing Assets (Loan Assets)

(₹ in crore)

Particulars	2013–14	2012–13
Opening balance as at the beginning of financial year	87.52	54.26
Add: Provision made during the year	12.80	33.26
Less: Write off, write back of excess provision (1a/c)	24.25	0.00
Closing balance at the close of financial year	76.07	87.52

(b) Provision for depreciation in investments

(₹ in crore

		Particulars	2013–14	2012–13
A		**Opening balance as at the beginning of the financial year**	**0.59**	**33.81**
B	Add			
	(i)	Provisions made during the year	74.16	0.00
	(ii)	Appropriation, if any, from Investment Fluctuation Reserve Account during the year	0.00	0.00
C		**Sub Total [A+B (i)+B (ii)]**	**74.75**	**33.81**
D	Less			
	(i)	Write off / Write back of excess provision	10.23	33.22
	(ii)	Transfer, if any, to Investment Fluctuation Reserve Account	0.00	0.00
		Sub Total [D]	**10.23**	**33.22**
E		**Closing balance as at the close of financial year (C–D)**	**64.52**	**0.59**

34.7 Restructured accounts

During the current financial year, no loan account has been restructured. An amount of ₹11.31 crore is recognized as reversal of sacrifice on accounts restructured in earlier periods.

34.8 Assets sold to securitisation company / reconstruction company : NIL (NIL)

34.9 Forward Rate Agreements and Interest Rate Swaps : NIL (NIL)

34.10 Interest Rate Derivatives : NIL (NIL)

34.11 Investments in Non Government Debt Securities: NIL (NIL)

34.12 Corporate Debt Restructuring (CDR)

No account has been subjected to CDR during the year.

34.13 Disclosure on risk exposure in Derivatives

The Bank does not trade in derivatives. However, it has hedged its liability towards borrowings from KfW Germany to the extent of 94.56 million (85.24 million) Euro and interest thereon for the entire loan period. Consequent upon hedging of foreign currency borrowings the same is shown at contracted value as per the Swap agreement. The Bank does not have any open exposure in foreign currency.

The value of outstanding principal amount of hedge contract at the year – end exchange rate stood at ₹780.89 crore (₹592.83 crore) and the value of outstanding principal liability in the books of account stood at contracted value i.e. ₹715.01crore (₹462.89 crore). The quantitative disclosure in this regard is as under:

(₹ in crore)

Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
1	Derivatives (Notional Principal amount)		
	A) For Hedging	780.89 (592.83)	NA
	B) For Trading	NA	NA
2	**Marked to Market Positions [1]**		
	a) Asset (+)	65.88 (129.94)	NA
	b) Liability (–)	NA	NA
3	Credit Exposure [2]	-148.97	NA
4	**Likely impact of one percentage change in interest rate (100*PV01)**		
	a) on hedging derivatives	22.13@	NA
	b) on trading derivatives	NA	NA
5	**Maximum and Minimum of 100*PV01 observed during the year**		
	a) on hedging	NA	NA
	b) on trading	NA	NA

@ If MIBOR rates decrease by 100 bps across tenure MTM gain will increase by ₹22.13 crore

34.14 Exposures where the FI had exceeded prudential exposure limits during the year: NIL (NIL)

34.15 Related Party Transactions

As the Bank is state controlled enterprise within the meaning of AS-18 “Related Party Transactions”, the details of the transactions with other state controlled enterprises are not given.

List of Related Parties:

a) Companies where entity has control:

Sr. No.	Companies
1.	Nabard Financial Services Ltd.
2.	Agri Business Finance (AP) Ltd.
3.	Agri Development Finance (Tamil Nadu) Ltd.
4.	Nabard Consultancy Services Pvt. Ltd.

b) Key Management Personnel:

Dr. Prakash Bakshi – Chairman (upto 30 September 2013)

Smt. Snehlata Shrivastava- Chairman (from 01 October 2013 to 17 December 2013)

Dr. Harsh Kumar Bhanwala- Chairman (from 18 December 2013)

(₹ in crore)

Name of the Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year	Outstanding
Dr. Prakash Bakshi	Key Management Personnel–Chairman	Remuneration including perquisites	0.10(0.20)	0.00
Dr. Harsh Kumar Bhanwala	Key Management Personnel–Chairman	Remuneration including perquisites	0.07(0.00)	0.00

No amounts, in respect of the related parties have been written off/back, or provided for during the year.

Related party relationships have been identified by the management and relied upon by the auditors.

34.16 Issuer categories in respect of investments made in Debt Securities

(₹ in crore)

Sr. No.	Issuer	Amount	Investment made through private placement	'Below investment grade' Securities held	'Unrated' Securities held	'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	101.82 (62.12)	-	-	-	39.70 (0.00)
2	FIs	352.03 (173.02)	125.01 (125.01)	–	–	17.90 (0.00)
3	Banks	7395.24 (2381.88)	–	–	–	7345.14 (2381.88)
4	Private Corporate	389.60 (294.21)	110.09 (260.09)	–	–	270.38 (125.00)
5	Subsidiaries/Joint ventures	109.87 (99.43)	–	–	–	–
6	Others (Net of Provision)$	961.03 (39.71)	–	–	–	–
7	Provision held towards depreciation	0.70 (0.59)	–	–	–	–
	Total (1 to 6 minus 7)	9308.89 (3049.78)	235.10 (385.10)	–	–	7673.12 (2506.88)

34.17 Non performing investments: NIL (NIL)

34.18 Disclosure on Repo transactions: NIL (NIL)

34.19 Concentration of Deposits, Advances, Exposure and NPAs

(a) Concentration of Deposits

(₹ in crore)

	2013-14	2012-13
Total Deposits of twenty largest depositors	141947.18	99506.35
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	85.88%	87.24%

(b) Concentration of Advances

(₹ in crore)

	2013-14	2012-13
Total Advances to twenty largest borrowers	105581.21	95360.04
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	47.73%	48.83%

(c) Concentration of Exposure

(₹ in crore)

	2013-14	2012-13
Total Exposure to twenty largest borrowers/ customers	106562.78	95765.83
Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/ customers	44.08%	46.63%

(d) Concentration of NPAs

(₹ in crore)

	2013-14	2012-13
Total Exposure to Top four NPA accounts	52.14	67.87

34.20 Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		2013-14	2012-13
1	Agriculture and allied activities	1.40	0.74
2	Industry (Micro & Small, Medium and Large)	79.82	88.98
3	Services	0.00	0.00
4	Personal Loans-Staff Loans	0.12	0.10

34.21 Movement of Gross NPAs

(₹ in crore)

Particulars	2013-14	2012-13
Gross NPAs as on 1st April of particular year (Opening Balance)	111.37	91.42
Additions (Fresh NPAs) during the year	9.55	19.95
Sub-total (A)	120.92	111.37
Less:-		
(i) Upgradations	0.87	0.00
(ii) Recoveries (excluding recoveries made from upgraded accounts)	6.79	0.00
(iii) Write-offs	17.46	0.00
Sub-total (B)	25.12	0.00
Gross NPAs as on 31st March of following year (closing balance) (A-B)	95.80	111.37

34.22 Overseas Assets, NPAs and Revenue: NIL (NIL)

34.23 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms): NIL (NIL)

34.24 Information on Business Segment

(a) **Brief Background**

The Bank has recognized Primary segments as under:

i) **Direct Finance:** Includes Loans given to state governments for rural infrastructure development, co-finance loans and loans given to voluntary agencies/non–governmental organisations for developmental activities.

ii) **Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.

iii) **Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.

iv) **Unallocated:** Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

(b) Information on Primary Business Segment

(₹ in crore)

	Direct Finance	Refinance	Treasury	Unallocated	Total
Segment Revenue	5528.36 (4789.58)	7711.89 (6548.54)	2159.68 (1498.84)	42.40 (48.24)	15442.33 (12885.20)
Segment Results	505.21 (210.75)	1412.26 (2052.99)	2087.83 (1452.51)	-1217.30 (-1079.09)	2788.00 (2637.16)
Total carrying amount of Segment Assets	86417.98 (79453.48)	137781.03 (117963.35)	29194.80 (14193.79)	1180.35 (1559.82)	254574.16 (213170.44)
Total carrying amount of Segment Liabilities	87425.90 (80271.76)	139725.41 (108422.67)	1106.65 (228.94)	26316.20 (24247.07)	254574.16 (213170.44)
Other Items:					
Cost to acquire Segment Assets during the year	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	18.16 (18.16)	18.16 (18.16)
Amortization & Depreciation	0.00 (0.00)	0.00 (0.00)	1.79 (0.00)	24.67 (19.82)	26.46 (19.82)
Non Cash Expenses	40.50 (87.06)	40.96 (68.78)	0.02 (0.04)	251.64 (232.87)	333.12 (388.74)

(c) Since the operations of the Bank are confined to India only, there is no reportable secondary segment.

35. Figures in brackets pertain to previous year.

36. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our attached report of even date
G M Kapadia & Co.
Chartered Accountants

Rajen Ashar
Partner

A K Panda
Chief General Manager
Accounts Department
New Delhi
Date : 27 May, 2014

Harsh Kumar Bhanwala
Chairman

H. R. Khan
Director

Deepak Sanan
Director

M. L. Sharma
Director

National Bank for Agriculture and Rural Development
Cash flow for the year ended 31 March 2014

(₹ in thousands)

Particulars	2013-2014	2012-2013
(a) Cash flow from Operating activities		
Net Profit as per Profit and Loss a/c before tax	2788,00,09	2637,16,17
Adjustment for:		
Depreciation	24,67,08	19,81,87
Provisions and Amortisations	(8,45,71)	8,73,87
Provision for Non Performing Assets	(12,62,80)	33,26,00
Provision for Standard Assets	88,07,00	125,66,00
Provision for sacrifice in interest element of Restructured Loan	(11,31,15)	(2,88,48)
Profit / Loss on sale of Fixed Assets	(13,75)	(28,71)
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	284,48,75	261,60,01
Income from Investment (including Discount Income)	(2161,47,32)	(1498,84,15)
Operating profit before (changes in operating assets)	**991,22,19**	**1584,22,58**
Adjustment for changes in working capital :		
(Increase) / Decrease in Current Assets	(6590,58,04)	(1727,57,98)
Increase / (Decrease) in Current Liabilities	1321,66,62	1435,58,19
Increase in Loans and Advances (Including Housing Loan & Other Advances to Staff	(25979,15,06)	(30409,49,99)
Cash generated from operating activities	**(30256,84,29)**	**(29117,27,20)**
Income Tax paid - Net of refund	(1038,20,94)	(1588,98,51)
(Out of above ₹1305.61 crore paid on account of taxability of RIDF/		
STCRC differential debited to Watershed Development / Tribal Development / Financial Inclusion Fund)		
Net cash flow from operating activities (A)	**(31295,05,23)**	**(30706,25,71)**
(b) Cash flow from Investing activities		
Income from Investment (including Discount Income)	2159,68,42	1497,05,24
Purchase of Fixed Asset	(45,95,33)	(115,77,62)
Sale of Fixed Assets	11,59,02	5,84,86
Increase / Decrease in Investment	(9605,32,57)	403,80,86
Net cash used / generated from investing activities (B)	**(7480,00,46)**	**1790,93,34**
(c) Cash flow from financing activities		
Grants / contributions received	(606,13,48)	882,25,38
Proceeds of Bonds	(11450,76,75)	9082,10,18
Increase / (Decrease) in Borrowings	(2090,88,97)	(1219,32,22)
Increase / (Decrease) in Deposits	51385,10,76	18663,10,23
Increase in Share capital	700,00,00	1000,00,00
Net cash raised from financing activities (C)	**37937,31,56**	**28408,13,57**
Net increase in cash and cash equivalent (A)+(B)+(C)	(837,74,13)	(507,18,80)
Cash and Cash equivalent at the beginning of the year	1272,18,58	1779,37,38
Cash and cash equivalent at the end of the year	**434,44,45**	**1272,18,58**

1. Cash and cash equivalent at the end of the year includes :	**2013-2014**	**2012-2013**
Cash in hand	5	5
Balance with Reserve Bank of India	107,31,18	611,40,66
Balances with other Banks in India	11,64,31	127,86,77
Remittances in Transit	104,40,17	1,34,98
Collateralised Borrowing and Lending Obligations	211,08,74	531,56,12
Total	**434,44,45**	**1272,18,58**

As per our attached report of even date
G M Kapadia & Co.
Chartered Accountants

Rajen Ashar
Partner

A K Panda
Chief General Manager
Accounts Department
New Delhi
Date : 27 May, 2014

Harsh Kumar Bhanwala, Chairman
H. R. Khan, Director
Deepak Sanan, Director
M. L. Sharma, Director

Consolidated Balance Sheet

Profit and Loss Account

&

Cash Flow

of

NABARD

&

Subsidiaries

(NABCONS, ADFT, ABFL, NABFINS)

2013-14

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors of
National Bank for Agriculture and Rural Development

Report On the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **National Bank for Agriculture and Rural Development** (the Bank) and its subsidiaries which comprise the Consolidated Balance Sheet as at March 31, 2014 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Other Legal and Regulatory Requirements

6. We report that the Consolidated Financial Statements have been prepared by Bank in accordance with the requirements of Accounting Standards (AS) 21 "Consolidated Financial Statements". In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the consolidated financial statements of the subsidiaries, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

b. in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and

c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

8. We did not audit the financial statements of 2 subsidiary companies, whose financial statements reflect total assets (net) ₹ 1221452.80 thousands as at March 31, 2014, total revenues of ₹ 108115.51 thousands and net cash inflow of ₹1808.86 thousands for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter
9. We have relied on the unaudited financial statements of 2 subsidiary companies whose financial statements reflect total assets (net) of ₹8402268.40 thousands as at March 31, 2014, total revenues (net) of ₹1175884.57 thousands and net cash inflows amounting to ₹829792.85 thousands for the year ended on that date. These unaudited financial statements as approved by the respective management of these companies have been furnished to us and our report in so far as it relates to the amounts included in respect of the subsidiary companies as mentioned above is based solely on such approved unaudited financial statements. Our opinion is not qualified in respect of this matter

For G. M. Kapadia & Co.
Chartered Accountants
(Firm Registration No 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
Date: May 27, 2014
Place: New Delhi

National Bank for Agriculture and Rural Development
Consolidated Balance sheet as on 31 March 2014

(₹ in thousands)

Sr No	Particulars	Schedule	As on 31.03.2014	As on 31.03.2013
	FUNDS AND LIABILITIES			
1	Capital		4700,00,00	4000,00,00
2	Reserve Fund and Other Reserves	1	17232,05,85	15286,51,67
3	National Rural Credit Funds	2	16066,00,00	16062,00,00
4	Funds Out of Grants received from International Agencies	3	119,05,11	125,38,44
5	Gifts, Grants, Donations and Benefactions	4	896,49,10	977,43,67
6	Other Funds	5	3883,77,93	4154,80,73
7	Minority Interest		52,53,10	42,05,30
8	Deposits	6	165445,96,23	114060,85,46
9	Bonds and Debentures	7	36214,23,07	47664,99,82
10	Borrowings	8	1021,29,36	3109,16,17
11	Current Liabilities and Provisions	9	9179,44,14	7794,20,42
	TOTAL FUNDS AND LIABILITIES		**254810,83,89**	**213277,41,68**
	PROPERTY AND ASSETS			
1	Cash and Bank Balances	10	13821,38,24	9193,95,57
2	Investments	11	23200,96,08	15614,33,41
3	Advances	12	213011,70,48	184962,87,39
4	Fixed Assets	13	327,60,14	317,38,08
5	Other Assets	14	4449,18,95	3188,87,23
	TOTAL PROPERTY AND ASSETS		**254810,83,89**	**213277,41,68**
Forward Foreign Exchange Contracts (Hedging) as per contra			780,89,06	592,83,13
Commitment and Contingent Liabilities		17		
Significant Accounting Policies and Notes on Accounts		18		

Schedules referred to above form an integral part of accounts

As per our attached report of even date
G M Kapadia & Co.
Chartered Accountants

Rajen Ashar
Partner

A K Panda
Chief General Manager
Accounts Department
New Delhi
Date : 27 May, 2014

Harsh Kumar Bhanwala
Chairman

H. R. Khan
Director

Deepak Sanan
Director

M. L. Sharma
Director

National Bank for Agriculture and Rural Development
Consolidated Profit and Loss Account for the year ended 31 March 2014

(₹ in thousands)

Sr No.	Particulars	Schedule	2013-14	2012-13
	Income:			
1	Interest Received on Loans and Advances		13183,02,54	11219,66,10
2	Income from Investment operations / Deposits		2169,05,36	1515,45,87
3	Other Income		218,05,08	205,48,32
	TOTAL INCOME		**15570,12,98**	**12940,60,30**
	Expenditure:			
1	Interest and Financial Charges	15	11297,40,59	8954,76,19
2	Establishment and other expenses	16 A	1297,87,59	1135,10,07
3	Depreciation		25,01,15	20,00,17
4	Provisions	16 B	78,44,03	166,14,95
	TOTAL EXPENDITURE		**12698,73,36**	**10276,01,39**
1	**Profit before Income Tax**		**2871,39,62**	**2664,58,91**
2	Provision for Income Tax		970,21,00	853,42,09
3	Deferred Tax Asset Adjustment		(29,96,67)	(14,92,59)
4	**Profit after Tax**		**1931,15,29**	**1826,09,41**
5	Minority Interest		5,81,50	3,19,00
6	**Profit available for Appropriation**		**1925,33,79**	**1822,90,41**
	Appropriations:			
7	Profit as above		1925,33,79	1822,90,41
8	Add: Withdrawals from various funds against expenditure debited to Profit & Loss Account		140,05,65	208,66,83
	Total Profit Available for Appropriation		**2065,39,44**	**2031,57,24**
	Transferred to:			
1	Special Reserve u/s 36(I)(viii) of the Income Tax Act, 1961		310,00,00	330,00,00
2	National Rural Credit (Long Term Operations) Fund		1,00,00	1,00,00
3	National Rural Credit (Stabilisation) Fund		1,00,00	1,00,00
4	Research & Development Fund		15,59,52	17,03,31
5	Investment Fluctuation Reserve		524,38,45	33,22,07
6	Farmers Technology Transfer Fund		15,10,94	-
7	Reserve Fund		1198,30,53	1649,31,86
	Total		**2065,39,44**	**2031,57,24**

As per our attached report of even date
G M Kapadia & Co.
Chartered Accountants

Rajen Ashar
Partner

A K Panda
Chief General Manager
Accounts Department
New Delhi
Date : 27 May, 2014

Harsh Kumar Bhanwala
Chairman

H. R. Khan
Director

Deepak Sanan
Director

M. L. Sharma
Director

SCHEDULES TO CONSOLIDATED BALANCE SHEET

Consolidated Schedule 1 - Reserve Fund and Other Reserves

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Exp./ Add./ Adjust. during the year	Transferred From P&L Appropriation	Transferred to P&L Appropriation	Balance as on 31.03.2014
1	Reserve Fund	9624,31,55	61,39	1198,30,53	1,75,38	10821,48,09
2	Research and Development Fund	51,75,00	25,00	15,59,52	15,59,52	52,00,00
3	Capital Reserve	82,66,80	3,26,73	-	-	85,93,53
4	Investment Fluctuation Reserve	226,24,70	-	524,38,45	63,93,15	686,70,00
5	Co-operative Development Fund	103,11,55	-	-	9,58,30	93,53,25
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	5085,00,00	-	310,00,00	-	5395,00,00
7	Producers' Organizations Development Fund	49,60,99	-	-	1,83,33	47,77,66
8	Rural Infrastructure Promotion Fund	23,87,49	-	-	1,17,10	22,70,39
9	Farm Innovation & Promotion Fund	39,93,59	-	-	13,00,66	26,92,93
	Total	**15286,51,67**	**4,13,12**	**2048,28,50**	**106,87,44**	**17232,05,85**
	Previous year	13442,36,69	10,00,64	2029,57,24	195,42,91	15286,51,67

Consolidated Schedule 2 - National Rural Credit Funds

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2014
1	National Rural Credit (Long Term Operations) Fund	14481,00,00	1,00,00	1,00,00	14483,00,00
2	National Rural Credit (Stabilisation) Fund	1581,00,00	1,00,00	1,00,00	1583,00,00
	Total	**16062,00,00**	**2,00,00**	**2,00,00**	**16066,00,00**
	Previous year	16058,00,00	2,00,00	2,00,00	16062,00,00

Consolidated Schedule 3 - Funds Out of Grants received from International Agencies

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Grants received / adjusted during the year	Interest credited to the fund	Exp./ Disb./ Adjust. during the year	Balance as on 31.03.2014
1	National Bank - Swiss Development Coop. Project	55,61,77	-	-	-	55,61,77
2	Rural Innovation Fund (RIF)	55,89,52	-	3,08,94	8,58,64	50,39,82
3	Rural Promotion Fund	10,55,40	1,62,88	-	70,92	11,47,36
4	KfW - NABARD V Fund for Adivasi Programme	3,31,75	-	-	1,75,59	1,56,16
	Total	**125,38,44**	**1,62,88**	**3,08,94**	**11,05,15**	**119,05,11**
	Previous year	139,20,78	5,86,16	3,65,37	23,33,87	125,38,44

* - *Includes approved claims of reimbursements pending disbursements*

NABARD is acting as a banker / custodian / trustee on behalf of GOI /RBI/ Other Entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

Consolidated Schedule 4 - Gifts, Grants, Donations and Benefactions

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Grant received during the year	Interest Credited to the fund	Refunded / Adjusted against the expenditure	Balance as on 31.03.2014
A.	**Grants from International Agencies**					
1	KfW - NB - IX Adivasi Development Programme - Maharashtra	3,35,26	83	19,64	10	3,55,63
2	KfW UPNRM - Accompanying Measures	17,90	2,94,27	9	3,12,26	-
3	KfW NB UPNRM - Financial Contribution	(52)	6,81	-	6,29	-
4	KfW UPNRM - Risk Mitigation Fund	2,49,54	1,42,91	-	1,18,00	2,74,45
5	International Fund for Agriculture Development (IFAD) Priyadarshini	27,05	11,25,00	-	11,52,05	-
6	KfW-NB-Indo German Watershed Development Programme - Phase III - Maharashtra	1,36,11	-	4,58	92,87	47,82
7	Indo German Watershed Development Programme - Andhra Pradesh	-	6,72,48	1,03	6,73,51	-
8	Indo German Watershed Development Programme - Gujarat	-	5,44,45	-	5,44,45	-
9	Indo German Watershed Development Programme - Rajasthan	-	5,05,72	-	5,05,72	-
10	KfW Umbrella Programme on Natural Resource Management Fund	11,74,13	3,00,79	-	2,24,34	12,50,58
11	GIZ Rural Financial Institutions Program (RFIP)	48,66	42,18	-	78,11	12,73
12	GIZ UPNRM Technical Collaboration	25,61	58,34	-	68,13	15,82
B.	**Government Subsidy Schemes**					
1	Capital Investment Subsidy for Cold Storage Projects - NHB	99,06	15,55,64	-	15,10,30	1,44,40
2	Capital Subsidy for Cold Storage TM North East	-	33,33	-	33,33	-
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	-	12,79,56	-	12,23,26	56,30
4	Capital Investment Subsidy for Rural Godowns	70,20,59	301,11,69	-	368,63,00	2,69,28
5	On-farm Water Management for Crop Production	-	-	-	(7,17)	7,17
6	Bihar Ground Water Irrigation Scheme (BIGWIS)	104,59,80	-	-	27,30,38	77,29,42
7	Cattle Development Programme - Uttar Pradesh	1,84	-	11	-	1,95
8	Cattle Development Programme - Bihar	4,37	-	26	-	4,63
9	National Project on Organic Farming	1,15,11	3,00,00	-	3,35,02	80,09
10	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4,01,63	-	-	(27,80)	4,29,43
11	Centrally Sponsored Scheme on Integrated Development of Small Ruminants and Rabbits	67,59	6,14,40	-	6,30,44	51,55
12	Kutch Drought Proofing Project	21,64	-	-	-	21,64
13	Dairy and Poultry Venture Capital Fund	16,15,41	-	-	10,40,57	5,74,84
14	Poultry Venture Capital Fund	4,17,70	-	-	17,27	4,00,43
15	Poultry Venture Capital Fund (Subsidy)	5,00,84	40,00,00	-	33,73,14	11,27,70
16	Capital Subsidy for Agriculture Marketing Infrastructure, Grading and Standardisation	46,06,14	200,95,73	-	219,47,16	27,54,71
17	Centrally Sponsored Scheme for establishing Poultry Estate	3,34,92	(17,55)	-	46	3,16,91
18	Multi Activity Approach for Poverty Alleviation - Sultanpur, Uttar Pradesh	3,94	1,38	23	-	5,55

Consolidated Schedule 4 - Gifts, Grants, Donations and Benefactions

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Grant received during the year	Interest Credited to the fund	Refunded / Adjusted against the expenditure	Balance as on 31.03.2014
19	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh	1,05	-	6	-	1,11
20	CCS - on Pig Development	4,83,07	7,80,00	-	7,68,35	4,94,73
21	Dairy Entrepreneurship development Scheme	183,48,75	284,30,00	-	419,35,60	48,43,15
22	CSS - JNN Solar Mission	9,67,12	-	-	1,92,31	7,74,81
23	CSS - JNNSM - Solar Lighting a/c - Subsidy recd	50,83,30	23,71,00	-	73,47,27	1,07,03
24	CSS - on Rural Slaughter Houses	9,92	(9,92)	-	-	-
25	Capital Subsidy Scheme - Agri Clinics Agri Business Centres	2,37,48	8,75,00	-	8,37,32	2,75,15
26	Artificial Recharge of Groundwater in Hard Rock Area	25,41,84	-	-	25,41,84	-
27	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	104,91,51	-	-	(157,75,22)	262,66,73
28	Women's Self Help Groups [SHGs] Development Fund	83,04,55	84,14,57	-	17,38,63	149,80,48
C.	**Interest Relief / Subvention**					
1	Interest Subvention (Sugar Term Loan)	46,04	9,60,00	-	1,38,82	8,67,23
2	Scheme for providing Financial Assistance to Sugar Undertakings - 2007 (SEFASU - 2007)	17,37	79,31,41	-	78,83,50	65,27
D	**Revival Package of Short Term Cooperative Credit Structure**					
1	Human Resources Development	4,20	(3,73)	-	47	-
2	Implementation Cost	8,61	(7,15)	-	1,07	39
E	**Revival Package for Long Term Co-operative Credit Structure (LTCCS)**	**20,00,00**	**-**	**-**	**-**	**20,00,00**
F	**Revival reform and Restructure of Handloom Sector**					
1	Implementation Cost [RRR - Handloom Package] a/c - Grant received	(1,53,16)	-	-	(1,53,16)	-
2	Expenditure on Loss Asset [RRR - Handloom Package] a/c - Grant received	2,80,35	-	-	1,30,47	1,49,88
3	Recap Assist [RRR - Handloom Package] to AWCS a/c -	61,73,21	94,30,12	-	31,87,59	124,15,74
4	Recap Assist [RRR - Handloom Package] to PWCS a/c -	102,02,62	203,59,64	-	242,90,60	62,71,66
5	Recap Assist [RRR - Handloom Package] to Individual weaver a/c	33,26,11	1,27,58	-	(1,74,79)	36,28,48
6	Technical Assistance [RRR - Handloom Package]	2,00,00	-	-	-	2,00,00
7	HRD [RRR - Handloom Package]	1,92,56	-	-	7,86	1,84,70
8	Interest Subvention [RRR - Handloom Package]	3,65	-	-	3,65	-
9	Comprehensive Handloom Package	12,04,91	(21,02)	-	11,04,87	79,02
G	**Centre for Professional Excellence in Co-operatives (C-PEC)**	**84,29**	**52,82**	**5,91**	**32,52**	**1,10,50**
	Total	**977,43,67**	**1413,58,28**	**31,91**	**1494,84,76**	**896,49,10**
	Previous year	657,95,94	1577,42,26	43,60	1258,38,11	977,43,67

Includes approved claims of reimbursements pending disbursements

NABARD is acting as a banker / custodian / trustee on behalf of GOI /RBI/ Other Entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

Consolidated Schedule 5 - Other Funds

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2013	Additions/ Adjustments during the year	Transferred from P & L Appropriation	Interest Credited	Expenditure/ Disb. during the year	Transferred to P&L Appropriation	Balance as on 31.03.2014
1	Watershed Development Fund	1686,38,48	-	-	96,13,88	852,88,57	-	929,63,79
2	Interest Differential Fund - (Forex Risk)	182,37,86	26,74,07	-	-	-	-	209,11,93
3	Interest Differential Fund - (Tawa)	10,00	-	-	-	-	-	10,00
4	Adivasi Development Fund	5,77,49	-	-	-	-	-	5,77,49
5	Tribal Development Fund	1406,51,12	3,22,26	-	79,23,54	398,82,85	-	1090,14,07
6	Financial Inclusion Fund	825,67,97	787,50,81	-	78,91,41	65,58,75	-	1626,51,44
7	Financial Inclusion Technology Fund	(13,23,00)	64,87,00	-	-	20,24,42	49,90,37	(18,50,79)
8	Farmers Technology Transfer Fund	61,20,81	-	15,10,94	-	35,31,75	-	41,00,00
	Total	**4154,80,73**	**882,34,14**	**15,10,94**	**254,28,83**	**1372,86,34**	**49,90,37**	**3883,77,93**
	Previous year	41571724	11705483	-	2454418	14033676	149876	41548073

Includes approved claims of reimbursements pending disbursements
i. Includes ₹ 692.12 crore being income taxes paid including interest
ii. Includes ₹ 174.59 crore being income taxes paid including interest
iii. Includes ₹ 438.90 crore being income taxes paid.
NABARD is acting as a banker / custodian / trustee on behalf of GOI /RBI/ Other Entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

Consolidated Schedule 6 - Deposits

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Central Government	-	-
2	State Governments	-	-
3	Others		
	a) Tea / Rubber / Coffee Deposits	333,13,06	302,46,02
	b) Commercial Banks (Deposits under RIDF)	83862,83,17	78758,39,44
	c) Short Term Cooperative Rural Credit Fund	50000,00,00	25000,00,00
	d) ST RRB Credit Refinance Fund	30000,00,00	10000,00,00
	e) Warehouse Infrastructure Fund	1250,00,00	-
	Total	**165445,96,23**	**114060,85,46**

Consolidated Schedule 7 - Bonds and Debentures

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	SLR Bonds	-	-
2	Non Priority Sector Bonds	31229,10,00	42666,40,00
3	Capital Gains Bonds	1,29,40	1,58,00
4	Bhavishya Nirman Bonds	4974,23,31	4974,23,31
5	NABARD Rural Bond	9,60,36	22,78,51
	Total	**36214,23,07**	**47664,99,82**

Consolidated Schedule 8 - Borrowings

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Central Government	39,59,18	43,42,21
2	JNN Solar Mission	35,82,00	35,82,00
3	Reserve Bank of India	-	-
4	**Others :**		
	(A) In India		
	(i) Commercial Paper	-	1935,59,46
	(ii) Borrowing under Collateralised Borrowing Lending Obligation	-	493,25,00
	(iii) Term Money Borrowings	227,85,00	138,18,00
	(iv) Commercial Banks	3,02,16	-
	(v) Borrowing against STD	-	-
	(B) Outside India		
	(i) International Agencies	715,01,02	462,89,50
	Total	**1021,29,36**	**3109,16,17**

Consolidated Schedule 9 - Current Liabilities and Provisions

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Interest / Discount Accrued	7461,39,54	6521,56,37
2	Sundry Creditors	544,96,00	338,72,42
3	Subsidy Reserve (Co-finance,Cold Storage)	7,96,90	1,38,66
4	Subsidy Reserve - CSAMI under RIDF	16,72,05	2,27,06
5	Provision for Gratuity	8,03	16,33
6	Provision for Pension	15,16,16	14,75,10
7	Provision for Encashment of Ordinary Leave	6,88,43	13,35,76
8	Provision for Medical Benefit - Retired employees a/c [BS]	86,34,06	-
9	Unclaimed Interest on Bonds	2,09,68	1,95,78
10	Unclaimed Interest on Term Deposits	78	61
11	Term Deposits Matured but not claimed	33,18	76,17
12	Bonds matured but not claimed	4,89,51	4,18,91
13	Application money received pending allotment of Bonds	1,00	1,00
14	Provisions and Contingencies		
	(a) Depreciation in Value of Investment a/c - G. Sec.	63,82,69	-
	(b) Amortisation of G. Sec. - HTM	3,57,80	1,78,90
	(c) For Standard Assets	893,41,70	800,99,78
	(d) Depreciation in value of investments - equity	69,75	59,28
	(e) Non-performing assets	1,92,31	1,66,04
	(f) Countercyclical Provisioning Buffer	25,51,00	25,51,00
	(g) Sacrifice in interest element of restructured loans	37,17,37	48,48,52
	(h) Provision for Other Assets & Receivables	6,46,20	13,83,61
	Total	**9179,44,14**	**7792,01,30**

Consolidated Schedule 10 - Cash and Bank Balances

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Cash in hand	46,91	63,20
2	Balances with :		
	A) Banks in India		
	i) Reserve Bank of India	107,31,18	611,40,66
	B) Others		
	(a) in Current Account	101,22,14	134,12,30
	(b) Deposit with Banks	13296,89,10	7914,88,31
	(c) Remittances in Transit	104,40,17	1,34,98
	(d) Collateralised Borrowing and Lending Obligations	211,08,74	531,56,12
	C) Outside India	**-**	**-**
	Total	**13821,38,24**	**9193,95,57**

Consolidated Schedule 11 – Investments

(₹ in thousands)

Sr. No.	Particulars			As on 31.03.2014	As on 31.03.2013
1	**Government Securities**				
	a)	Securities of Central Government		3007,34,59	2413,90,41
		[Face Value ₹3053,31,00,000 (₹2174,08,20,000)]			
		[Market Value ₹2916,58,70,419 (₹2105,40,99,310)]			
	b)	Treasury Bills		2754,46,32	-
		[Face Value ₹2822,80,00,000 (₹0)]			
		[Market Value ₹2754,46,32,458 (₹0)]			
2	**Other Approved Securities**			**-**	**-**
3	**Equity Shares in :**				
	(a)	Agricultural Finance Corporation Ltd.	[1,000 (1,000) - Equity shares of ₹10,000 each]	1,00,00	1,00,00
	(b)	Small Industries Development Bank of India	[1,60,00,000 (1,60,00,000) - Equity shares of ₹10 each]	48,00,00	48,00,00
	(c)	Agriculture Insurance Company of India Ltd.	[6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]	60,00,00	60,00,00
	(d)	Multi Commodity Exchange of India Ltd.	[15,62,500 (15,62,500) - Equity shares of ₹10 each]	1,25,00	1,25,00
	(e)	National Commodity and Derivatives Exchange Ltd.	[56,25,000 (56,25,000) - Equity shares of ₹10 each]	16,87,50	16,87,50
	(f)	Universal Commodity Exchange Ltd [UCX]	[1,60,00,000 (1,60,00,000) Shares of ₹10 each]	16,00,00	16,00,00
	(g)	**Other Equity Investments**			
		(i) Coal India Ltd. ₹42,60,305	[17,389 (17,389) - Equity shares of ₹10 each]	42,60	42,60
		(ii) Power Grid Corporation of India Ltd. ₹25,73,280	[28,592 (28,592) - Equity shares of ₹10 each]	25,73	25,73
		(iii) Manganese Ore India Ltd. ₹43,94,625	[11,719 (11,719) - Equity shares of ₹10 each]	43,95	43,95
		(iv) Punjab & Sindh Bank ₹9,54,960	[7,958 (7,958) - Equity shares of ₹10 each]	9,55	9,55
		(v) State Bank of India	[3194880 shares of ₹10 each]	49,99,99	-
4	**Debentures and Bonds**				
	(i)	Special Development Debentures of SCARDBs		8239,44,23	10249,49,17
	(ii)	Non Convertible Debentures		235,10,40	385,10,39
5	**Others**				
	(a)	Mutual Fund		901,00,17	-
	(b)	Commercial Paper [Face Value ₹50,00,00,000 (₹50,00,00,000)]		464,09,46	47,70,28
	(c)	Certificate of Deposit [Face Value ₹7481,75,00,000 (₹2,45,00,00,000)]		7345,14,17	2334,08,18
	(d)	SEAF - Indian Agri- Business		7,57,77	4,84,71
	(e)	APIDC - Ventures Life Fund III		10,18,90	7,60,05
	(f)	BVF (Bio-Tech Venture Fund)- APIDC-V Investment [49835.46 (50,000) Class A Units of ₹1,000 each]		4,98,35	4,98,35
	(g)	Omnivore India Capital Trust		8,06,80	3,00,00
	(h)	India Opportunity Fund		4,60,13	2,42,46
	(i)	IvyCap Ventures Fund		2,00,00	-
	(j)	Tata Capital Innovation Fund		22,60,47	16,85,08
	Total			**23200,96,08**	**15614,33,41**

Consolidated Schedule 12 – Advances

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	**Refinance Loans**		
	(a) Production & Marketing Credit	79806,15,00	65175,58,35
	(b) Conversion Loans for Production Credit	-	64,40,55
	(c) Other Investment Credit :		
	(i) Medium Term and Long Term Project Loans	46684,71,84	38254,74,52
	(ii) Interim Finance	-	-
	(iii) Direct refinance to DCCBs	2011,61,11	1349,81,15
	(iv) NABARD (Warehousing) Refinance Scheme	-	758,09,55
	(v) JNN Solar Mission	19,72,66	26,63,15
2	**Direct Loans**		
	(a) Loans under Rural Infrastructure Development Fund	78957,07,51	75060,96,10
	(b) Loans under Warehouse Infrastructure Fund	415,64,61	-
	(c) Long Term Non-Project Loans	200,20,83	100,06,65
	(d) Loans under NABARD Infrastructure Development Assistance (NIDA)	1750,27,07	1281,26,54
	(e) Loans to Producers' Organisation Development (PODF)	259,21,18	82,93,15
	(f) Credit Facility to Federations [CFF]	2594,67,19	2500,00,00
	(g) Other Loans:		
	(i) Co-operative Development Fund Programme Loans	1,73,48	2,17,46
	(ii) Micro Finance Development Equity Fund Programme Loans	32,40,23	48,44,19
	(iii) Watershed Development Fund Programme Loans	38,09,86	41,17,64
	(iv) Tribal Development Fund Programme Loans	13,17,31	11,26,83
	(v) KfW UPNRM Loans	141,99,69	113,15,05
	(vi) Farm Innovation & Promotion Fund Programme Loans	22,84	21,26
	(vii) NFS Promotional Activities Programme Loans	9,53,76	2,70,73
	(viii) Farmers Technology Transfer Fund	88,73	28,63
	(g) Co-Finance Loans(Net of provision)	22,67,22	36,71,40
	(h) CP - HCC Deemed Advance	51,68,36	52,24,49
	Total	**213011,70,48**	**184962,87,39**

Consolidated Schedule 13 - Fixed Assets

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	**LAND : Freehold & Leasehold**		
	Opening Balance	162,84,71	147,57,06
	Additions/adjustments during the year	(1,39)	15,35,04
	Sub-Total	162,83,32	162,92,10
	Less: Cost of assets sold/written off	-	7,39
	Closing Balance (at cost)	162,83,32	162,84,71
	Less: Amortisation of Lease Premia	46,47,60	44,54,95
	Book Value	**116,35,72**	**118,29,76**
2	**PREMISES**		
	Opening Balance	265,98,81	265,84,45
	Additions/adjustments during the year	38,37,03	14,36
	Sub-Total	304,35,84	265,98,81
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	304,35,84	265,98,81
	Less: Depreciation to date	182,35,09	171,56,99
	Book Value	**122,00,75**	**94,41,82**
3	**FURNITURE & FIXTURES**		
	Opening Balance	59,62,59	58,30,24
	Additions/adjustments during the year	51,49	1,87,76
	Sub-Total	60,14,08	60,18,00
	Less: Cost of assets sold/written off	2,72,65	55,41
	Closing Balance (at cost)	57,41,43	59,62,59
	Less: Depreciation to date	55,38,08	57,24,08
	Book Value	**2,03,35**	**2,38,51**
4	**COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS**		
	Opening Balance	84,03,92	83,11,80
	Additions/adjustments during the year	15,06,03	4,37,87
	Sub-Total	99,09,94	87,49,67
	Less: Cost of assets sold/written off	7,83,55	3,45,75
	Closing Balance (at cost)	91,26,40	84,03,92
	Less: Depreciation to date	78,09,68	75,46,58
	Book Value	**13,16,72**	**8,57,34**
5	**VEHICLES**		
	Opening Balance	5,51,62	6,30,32
	Additions/adjustments during the year	1,08,04	99,75
	Sub-Total	6,59,66	7,30,07
	Less: Cost of assets sold/written off	1,05,33	1,78,45
	Closing Balance (at cost)	5,54,33	5,51,62
	Less: Depreciation to date	3,08,47	2,71,82
	Book Value	**2,45,86**	**2,79,80**
6	**Capital Work in Progress [Purchase of Staff Quarters & Office Premises]**	**71,57,74**	**90,90,84**
	Total	**327,60,14**	**317,38,08**

Consolidated Schedule 14 - Other Assets

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Accrued Interest	3747,02,73	2717,81,84
2	Deposits with Landlords	3,56,20	1,86,08
3	Deposits with Government Departments and Other Institutions	3,80,61	3,21,12
4	Housing loan to staff	158,14,64	166,11,71
5	Other Advances to staff	88,05,34	77,30,08
6	Advances to Landlords	2,06	1,62
7	Sundry Advances	50,09,95	55,10,82
8	Provision for Gratuity	-	-
9	Advance Tax (Net of Provision for Income Tax)	111,49,94	29,49,91
10	Deferred Tax Assets	117,06,86	87,00,45
11	Expenditure recoverable from Government of India / International Agencies.	27,12,99	9,24,57
12	Discount Receivable	142,77,63	41,69,03
	Total	**4449,18,95**	**3188,87,23**

Consolidated Schedule 15 - Interest and Financial Charges

(₹ in thousands)

Sr. No.	Particulars	2013-14	2012-13
1	Interest Paid on		
	a) Deposits under RIDF	4839,86,21	4413,67,65
	b) Short Term Cooperative Rural Credit Fund	1439,68,04	609,45,67
	c) ST RRB Credit Refinance Fund	570,87,24	120,51,67
	d) Term Deposits	-	64,64
	e) Tea / Coffee / Rubber Deposits	20,65,22	18,90,81
	f) CBS Deposits	2,29,42	2,31,40
	g) Deposits / Borrowings	1,48	5,34
	h) Loans from Central Government	2,88,85	4,00,74
	i) Borrowings from Reserve Bank of India	149,79,00	-
	j) Bonds	3776,11,48	3170,46,70
	k) Commercial Paper	139,69,58	234,18,09
	l) Term Money Borrowings	9,68,92	12,27,96
	m) Borrowing against ST Deposit	8	67
	n) Discount Cost Paid on Certificate of Deposits	-	47,02,66
	o) Borrowings from International Agencies	21,19,71	19,77,45
	p) Watershed Development Fund	96,13,88	104,47,35
	q) Micro Finance Development and Equity Fund	-	3,99,71
	r) Rural Innovation Fund	3,08,94	3,62,88
	s) Financial Inclusion Fund	78,91,41	27,84,73
	t) Indo German Watershed Development Programme - Andhra Pradesh	1,03	53
	u) Indo German Watershed Development Programme - Rajasthan	-	47
	v) Indo German Watershed Development Programme - Gujarat	-	1,38
	w) KfW UPNRM - Accompanying measures	9	69
	x) KfW - NB Indo German Watershed Development Programme - Phase III - Maharashtra	4,58	11,65
	y) KfW - NB - IX Adivasi Development Programme	19,64	16,42
	z) Commitment Charges -KfW UPNRM Borrowings	18,70	-
	aa) Multi Activity Approach for Poverty Alleviation BAIF Project - Sultanpur, Uttar Pradesh	23	3,89
	ab) Multi Activity Approach for Poverty Alleviation BAIF Project -Rae Bareli, Uttar Pradesh	6	1,00
	ac) Cattle Development Programme (UP & Bihar)	36	4,52
	ad) Tribal Development Fund	79,23,54	109,12,39
	ae) Centre for Professional Excellence in Co-operatives (C - PEC)	5,91	3,05
	af) Warehouse Infrastructure Fund	8,15,07	-
2	Discount on Collateralised Borrowing and Lending Obligations	45,71,03	41,76,19
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	3,46,72	5,08,04
4	Swap Charges	9,44,17	50984
	Total	**11297,40,59**	**8954,76,19**

Consolidated Schedule 16 A - Establishment and Other Expenses

(₹ in thousands)

Sr. No.	Particulars	2013-14	2012-13
1	Salaries and Allowances	728,76,72	566,97,05
2	Contribution to / Provision for Staff Superannuation Funds	275,60,55	288,14,59
3	Other Perquisites & Allowances	31,15,93	27,29,34
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	50,58	69,53
5	Directors' & Committee Members' Fees	3,91	7,02
6	Rent, Rates, Insurance, Lighting, etc.	39,00,42	31,40,60
7	Travelling Expenses	36,29,84	34,71,01
8	Printing & Stationery	3,59,75	3,73,88
9	Postage, Telegrams & Telephones	10,34,01	9,81,72
10	Repairs	14,03,46	11,39,13
11	Auditors' Fees	54,30	20,04
12	Legal Charges	1,57,89	1,33,69
13	Miscellaneous Expenses	66,74,70	56,75,84
14	Expenditure on Miscellaneous Assets	5,08,62	6,36,25
15	Expenditure on Study & Training	44,67,85	39,68,48
16	Expenditure on promotional activities under		
	(i) Cooperative Development Fund	9,58,30	21,88,45
	(ii) Farm Innovation and Promotion Fund	13,00,66	10,06,41
	(iii) Producers' Organization Development Fund	1,83,33	39,02
	(iv) Rural Infrastructure Promotion Fund	1,17,10	1,12,51
	(v) Exp. for NFS Promotional Measures/ Activities	10,69,36	19,01,86
17	Wealth Tax	3,60,31	4,03,63
	Total	**1297,87,59**	**1135,10,07**

Consolidated Schedule 16 B – Provisions

(₹ in thousands)

Sr. No.	Particulars	2013-14	2012-13
	Provisions for :		
1	Standard Assets	92,43,11	126,72,23
2 (a)	Non Performing Assets	(11,68,24)	33,74,45
2 (b)	Non Performing Assets - staff	20	-
3	Sacrifice in interest element of restructured Accounts	(11,31,15)	(2,88,48)
4	Other Assets / Receivable	(8,45,89)	8,56,75
5	Amount written off a/c - Co-Finance [LOS]	17,46,00	-
	Total	**78,44,03**	**166,14,95**

Consolidated Schedule 17 - Commitments and Contingent Liabilities

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Commitments on account of capital contracts remaining to be executed	44,52,67	25,79,62
	Sub Total "A"	44,52,67	25,79,62
2	Contingent Liabilities		
	(a) Claims against the Bank not acknowledged as debt	-	5,051
	Sub Total "B"	-	5,051
	Total (A + B)	**44,52,67**	**26,30,13**

Schedule 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

A. Significant Accounting Policies

1. Basis of Preparation:

The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Bank) and are consistent with those used in the previous year.

2. Basis of Consolidation

The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 – "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

The excess of the cost to the Bank of its investment, over the Bank's portion of net assets at the time of acquisition of shares is recognized in the financial statements as Goodwill. The excess of Bank's portion of net assets over the cost of investment therein is treated as Capital Reserve.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Bank's standalone financial statements. The figures pertaining to the Subsidiary Companies have been recast/ reclassified wherever necessary to bring them in line with the parent Bank's financial statements.

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Bank.

The Notes and Significant accounting policies to the Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the Group. In this respect, the Bank has disclosed such notes and policies which fairly present the needed disclosures, and such other notes and statutory conformation disclosed in the financial statements of the parent and the subsidiary companies which are not having any effect on the true and fair view of the Consolidated Financial statements are excluded.

The financial statements of the Bank and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions. The unrealized profits or losses resulting from the intra-group transactions have been eliminated and unrealized losses resulting from the intra-group transactions have also been eliminated unless cost cannot be recovered.

Share of minority interest in the net profit of the consolidated subsidiaries is identified and adjusted against the profit after tax to arrive at the net income attributable to shareholders. Share of minority interest in losses of the consolidated subsidiaries, if exceeds the minority interest in the equity, the excess and further losses applicable to the minority, are adjusted against the Group's interest.

Share of minority interest in net assets of consolidated subsidiaries is presented in the consolidated balance sheet separately from liabilities and the equity of the company's shareholders.

3. The consolidated financial statements present the accounts of the Bank with its following subsidiaries:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership (%)	
		2013-14	2012-13
Agri Development Finance (Tamilnadu) Ltd.(ADFT)	India	77.85	52.10
Agri Business Finance (AP) Ltd. (ABFL)	India	72.46	72.46
NABARD Financial Services Limited (NABFINS)	India	67.79	72.72
NABARD Consultancy Pvt. Ltd. (NABCONS)	India	100	100

4. **Use of Estimates:** Preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations for the reporting period. Although these estimates are based on the management's best knowledge, the actual results could differ for these estimates. Such differences are recognized in the year of outcome of such results.

5. Revenue recognition:

5.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:

i) Interest on non-performing assets identified as per Reserve Bank of India (RBI) guidelines.

ii) Income by way of penal interest charged due to delayed receipt of loan dues or non–compliance with terms of loan.

iii) Service Charges on loans given out of various Funds.

iv) Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.

5.2 Discount on Bonds and Commercial Papers issued are amortized over the tenure of Bonds and Commercial Papers. Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.

5.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

5.4 Expenditure incurred on Subsidy scheme includes approved claims of reimbursements pending disbursements.

5.5 Income from Venture Capital funds is accounted on realization basis.

5.6 Provision for Wealth Tax is made, in accordance with the provisions of Wealth Tax Act, 1957.

5.7 Recovery in non-performing assets (NPA) is appropriated in the following order:

i) penal interest

ii) cost & charges

iii) overdue interest and interest

iv) principal

5.8 Interest from the term loan disbursed and interest from banks are recognized on time proportion basis taking into account amount outstanding and the rate applicable.

5.9 Income from services

5.9.1 Income from Assignments: Income from assignments constitute the main source of income for the Company (Nabcons). Recognition of revenue and corresponding expenses incurred on particular assignments are taken into account at the time when the assignment are completed. An assignment is treated as completed:

- in case of preparation of DPR, as soon as the draft report has been issued to the party.
- in case of big assignments where execution is spread over to more than one year, the income has been recognized based on the milestones completed and deliveries effected.
- in case assignment is a time bound contract for more than a year, income is recognized in proportion to period completed.

5.9.2 -In case of foreign assignments, the income has been recognized as soon as the assignment is executed.

5.9.3 As per the view taken by the management, the assignments which are not likely to be continued were closed on "as is where is" basis and the amount received thereon has been treated as income.

5.9.4 An advance received on progressive basis for ongoing assignments is shown as a separate item as advance received from clients and treated as current liability. The expenses incurred on such assignments are shown as current assets.

5.9.5 In respect of Pass through and monitoring agency assignment, as per terms of agreement, Nabcons is entitled to deduct 1.5% of the amount released at the time of release of each installment towards professional fees. The income has been recognized at the time of release of each instalment amount.

6. Fixed Assets and Depreciation

a) Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.

b) Land includes free hold and leasehold land.

c) Premises include value of land, where segregated values are not readily available.

d) Depreciation on premises situated on free hold land is charged at 10% p.a., on written down value basis.

e) Depreciation on leasehold land and premises situated thereon is computed and charged at 5% on written down value basis or the amount derived by amortizing the premium/cost over the remaining period of leasehold land on straight-line basis, whichever is higher.

f) Fixed Assets costing ₹1 lakh and less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹10,000/-. All software costing ₹1 lakh each and less, purchased independently are charged to the Profit and Loss Account.

g) Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

Type of Assets	Depreciation Rate
Furniture and Fixtures	20%
Computer & Software	33.33%
Office Equipment	20%
Vehicles	20%

h) Depreciation is charged for the full year, irrespective of the date of purchase of asset. No depreciation is charged in the year of sale.

i) Capital work in progress includes capital advances and is disclosed under Fixed Assets.

j) In case of following subsidiaries the depreciation on fixed assets is provided on following basis:

Name of the Subsidiary	Method of Depreciation
Agri Development Finance (Tamilnadu) Ltd.(ADFT)	WDV as per Schedule XIV
Agri Business Finance (AP) Ltd. (ABFL)	WDV as per Schedule XIV
NABARD Financial Services Limited (NABFINS)	SLM as per Schedule XIV
NABARD Consultancy Pvt. Ltd. (NABCONS)	SLM as per Schedule XIV

7. Investments

a) In accordance with the RBI guidelines, Investments are classified into “Held for Trading” (HFT), “Available for Sale” (AFS) and “Held to Maturity” (HTM) categories (hereinafter called “categories”).

b) Securities that are held principally for resale within 90 days from the date of purchase are classified as “HFT”. Investments that the Bank intends to hold till maturity are classified as “HTM”. Securities which are not to be classified in the above categories are classified as “AFS”.

c) Investments classified under Held to Maturity category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortized over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category “HTM” is made, wherever necessary. Provision for diminution/ amortization, in value of such investments, is included under Current Liabilities and Provisions.

d) Profit on redemption of investment categorized under “HTM” is recognized in Profit & Loss A/c and then transferred to Reserve A/c.

e) Investments under “AFS” are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Net depreciation, if any, is provided for investments in the category classified as “AFS” and appreciation is ignored.

f) Investments under “HFT” are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Depreciation/ appreciation is recognized in the category for investments classified as “HFT”.

g) Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.

h) Treasury Bills are valued at carrying cost.

i) Unquoted Shares are valued at breakup value, if the latest Audited Accounts of the investee companies are available, or at ₹1/- per Company as per RBI guideline.

j) Brokerage, commission, etc. paid at the time of acquisition, are charged to revenue.

k) Brokerage, paid on acquisition/disposal of equities traded on stock exchange is capitalized.

l) Broken period interest paid/received on debt investment is treated as interest expenses/ income and is excluded for cost/ sale consideration.

m) Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.

n) Amortization/Gain/Loss on Revaluation of Government Securities are charged to Profit and Loss Account.

8. Advances and Provisions thereon

a) Advances are classified as per RBI guidelines. Provision for standard assets and non–performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.

b) In case of restructuring/rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present value of future principal and interest as per the revised agreement is provided for.

c) Advances are stated net of provisions towards Non-performing Advances.

d) No Provision for Non-Performing Loans in respect of loans granted out of the funds are being made, as losses, if any are recoverable from the respective funds. Accordingly, such loans are classified as performing assets.

9. Foreign Currency Transactions

a) As per Accounting Standard (AS-11) (Revised 2003) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India; following accounting treatment is given to foreign exchange transactions:

b) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Foreign Exchange Dealers Association of India (FEDAI) as at the close of the year and resultant Exchange difference on revaluation is charged to Profit and Loss Account under the head 'Gain/Loss on revaluation of foreign Deposits & Borrowings' and

c) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

10. Accounting for Foreign Exchange Contracts

a) Foreign Exchange Contracts are to hedge the repayment of Foreign currency borrowings.

b) The foreign exchange contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain/loss on revaluation is recognized in the Profit and Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'. Premium/discount are accounted over the life of the contract.

c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit and Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'.

11. Employee Benefits

All personnel transferred from RBI are considered as employees of the Bank and provisions for Employee Benefits are made accordingly. Actuarial valuation, wherever required, are carried out at each balance sheet date.

a) Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

b) Post Employment Benefits:

i) Defined Contribution Plan

The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis.

The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the "NPS- Corporate Sector Model", a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

ii) Defined Benefit Plan

a. Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

b. Provision for pension is made based on actuarial valuation, in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust.

iii) Other Long Term benefits

All eligible employees of the bank are eligible for compensated absences. All the eligible employees are also eligible for post-retirement medical benefits. The cost of providing other long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

12. Taxes on Income

a) Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/appeals.

b) Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.

c) Deferred tax assets relating to unabsorbed depreciation/ business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.

d) Tax paid/provided on taxable income earned by the funds are accounted as expenditure of respective funds.

13. Segment Reporting

a) Segment revenue includes interest and other income directly identifiable with / allocable to the segment.

b) Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank income".

c) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".

d) Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

14. Impairment of Assets

a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

i) the provision for impairment loss, if any, required; or

ii) the reversal, if any, required for impairment loss recognized in the previous periods.

b) Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

15. Provisions, Contingent Liabilities and Contingent Assets

15.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:

a) the Bank has a present obligation as a result of a past event;

b) a probable outflow of resources is expected to settle the obligation; and

c) the amount of the obligation can be reliably estimated.

15.2 Contingent liability is disclosed in the case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,

b) a present obligation when no reliable estimate is possible, and

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

15.3 Contingent assets are neither recognized, nor disclosed.

15.4 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

16. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.

B. NOTES FORMING PART OF THE ACCOUNTS

1. In accordance with the Memorandum of Understanding entered into with the Swiss Agency for Development Cooperation, repayment of loan, service charges and other receipts made out of Rural Innovation Fund (RIF) are being credited to the Rural Promotion Fund (RPF). During the year ₹1.62 crore (₹0.67 crore) has been credited to the said fund.

2. In terms of the agreement with Kreditanstalt Fur Wiederaufbau - German Development Bank (KfW), accretion/income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as direct loans and disclosed under Schedule 12. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 8. In terms of the same agreement, an amount of ₹1.18 crore has been withdrawn from 'Risk Mitigation Fund – UPNRM' towards provision for NPA Loans under KfW UPNRM Loans

3. Interest on unutilized balances has been credited to the following funds as per the respective agreements/as approved by the management. The details of rate of interest for respective funds are as under:

Sr. No.	Name of the Fund	Rate of Interest for 2013-14	Rate of Interest for 2012-13
1.	Watershed Development Fund	6%	6%
2.	KfW- NB IGWDP (Andhra Pradesh, Maharashtra)	6%	6%
3.	KfW Accompanying Measures	6%	6%
4.	Rural Innovation Fund	6%	6%
5.	Tribal Development Fund	6%	6%
6.	Financial Inclusion Fund	6%	6%
7.	Cattle Development Fund (UP & Bihar)	5.85%	9.01%
8	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareli)	5.85%	9.01%
9	Center for Professional Excellence in Co-operatives.	5.85%	9.01%
10	KfW NB IX- Adivasi Development Programme- Maharashtra	5.85%	9.01%

4. Recoverable from Government of India/International Agencies (Refer Schedule-14 of Balance Sheet) includes ₹24.63 crore (₹7.43 crore) being debit balance of various funds. The details of such funds are as under:

(₹ in crore)

Sr No.	Name of the Fund	31-03-2014	31-03-2013
1	KfW- NB IGWDP (Andhra Pradesh)	0.41	2.69
2	KfW- NB IGWDP (Rajasthan)	3.88	2.82
3	KfW- NB IGWDP (Gujarat)	4.44	1.90
4	IFAD- Priyadarshni	0.83	---
5	NE Council Fund	---	0.02
6	KfW UPNRM- Accompanying Measures	1.15	---
7	KfW UPNRM- Financial Contribution	0.10	----
8	Implementation Cost [RRR - Handloom Package]	8.55	---
9	Interest Subvention [RRR - Handloom Package]	5.27	---

5. Pursuant to directions of the RBI to discontinue the Micro Finance Development and Equity Fund (MFDEF), an amount of ₹29.54 crore, being the excess contribution made by Bank is transferred to the Reserve Fund. The balance amount of ₹44.74 crore disclosed under the head Sundry Creditors under Schedule 9 includes ₹32.40 crore being loans granted out of the funds and ₹12.34 repayable to other contributors.

6. Pursuant to the permission of RBI, an amount of ₹64.87 crore has been transferred from Financial Inclusion Fund (FIF) to Financial Inclusion Technology Fund (FITF). An amount of ₹49.90 crore, being the excess contribution made by Bank to FITF, in earlier years is transferred to the Reserve Fund.

7. Subvention received/receivable from Government of India (GOI) under Seasonal Agricultural Operations (SAO) amounting to ₹1843.58 crore (₹1966.54crore) and ₹ 0.62 crore (NIL) under National Rural Livelihood Mission (NRLM) respectively, being the difference between the cost of borrowing by NABARD and the refinance rate, has been reduced from interest and financial charges and shown as accrued interest and disclosed under Schedule 14.

8. Other income includes ₹134.59 crore (₹112.37 crore) received/receivable from GOI towards administration charges on providing refinance under interest subvention scheme to StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for Seasonal Agricultural Operations and under NRLM scheme.

9. Interest Expenditure includes an amount of ₹149.79 crore (NIL) paid to Government of India being the interest on the amount received from RBI for providing temporary liquidity support to Co-operative Banks and Regional Rural Banks against the first installment of under Agricultural Debt Waiver and Debt Relief scheme (ADWDRS) 2008.

10. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5 percent in respect of Rural Infrastructure Development Fund (RIDF) deposits, Short Term Co-operative Rural Credit Refinance Fund (STCRC) Deposits and Short Term RRB Credit Refinance Fund (STRRB) deposits, placed by the Commercial Banks is credited to Financial Inclusion Fund (credited to Financial Inclusion Fund during previous year).

11. The Bank, during the year, in accordance with AS 22 “Accounting for taxes on Income”,

recognized in the Profit and Loss Account the difference of ₹29.81 crore (₹14.80 crore) between net deferred tax assets of ₹115.75 crore and ₹85.95 crore as at 31 March 2014 and 31 March 2013 respectively, as detailed below:

(₹ in crore)

Sr. No.	Deferred Tax Assets	31 March 2014	31 March 2013
1	Provision for Retirement Benefits made in the books but allowable for tax purposes on payment basis	106.12	64.00
2	Depreciation on Fixed Assets	9.63	21.95
	Total	**115.75**	**85.95**

Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

12. The salaries and allowances of the employees of the Bank are reviewed every five years. The review is due from 01 November 2012. Pending such settlement an amount of ₹180.00 crore (₹73.60 crore) has been provided under the head “Salary and Allowances”.

13. The tax liability of the Bank for the Assessment Year 2002-03 amounting to ₹373.15 crore was assessed by the Income Tax Department. The Bank has provided and paid the said liability. However, the Bank has filed an appeal against the order of the CIT Appeals with the Income Tax Appellate Tribunal.

14. Income Tax Department has reopened the assessments for the Assessment Year 2005-06 during the financial year 2011-12. The Bank has objected to such reopening and filed a writ petition against the IT Department in Bombay High Court. The court has held the petition in favour of Bank by their order pronounced on 16 April 2014.

15. Income Tax Department has reopened the assessment for the Assessment Year 2006-07, during the FY 2011-12. An amount of ₹343.21 crore has been added to the income of the Bank during the re-assessment of the income. Out of above,

a) an addition of ₹132.08 crore has been made on account of differential interest accounted under the RIDF which was credited to Watershed Development Fund in terms of the RBI directions.

b) Further, an amount of ₹211.13 crore has been added to the income on other accounts. In the opinion of the management, in respect of these additions, there is remote possibility of any tax outflow. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has

-accounted the tax including interest amounting to ₹97.83 crore under the head Watershed Development Fund as an expenditure of the fund, in accordance with the resolution of the Board, and

-paid an amount of ₹108.60 crores out of the total demand of ₹254.22 crore by way of adjustment of refund of taxes of previous years.

16. During the Reassessment of the income for the Assessment Year 2007-08 (reopened during 2011-12) an additional tax liability of ₹157.47 crore was assessed on account of differential interest accounted under the RIDF/STCRC. The Bank has provided and paid said liability. However, the Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹129.99 crore is accounted under 'Tribal Development Fund' during Financial Year 2012-13.

17. Income Tax Department has reopened the assessment for the Assessment Year 2008-09 during the Financial Year 2012-13. An amount of ₹349.42 crore has been added to the income of the Bank during the re-assessment of the income. The addition has been made on account of differential interest accounted under the RIDF which was credited to 'Tribal Development Fund' in terms of the RBI directions. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has accounted the tax including interest amounting to ₹174.59 crore under the head Tribal Development Fund as an expenditure of the fund, in accordance with the resolution of the Board, and paid the total demand of ₹174.59 crores.

18. Income Tax Department has reopened the assessment for the Assessment Year 2009-10 during the Financial Year 2012-13. An amount of ₹573.16 crore has been added to the income of the Bank during the re-assessment of the income. Out of above, an addition of ₹527.52 crore has been made on account of differential interest accounted under the RIDF which was credited to 'Watershed Development Fund' in terms of the RBI directions. Further, an amount of ₹45.64 crore has been added to the income of the Bank on account other disallowances. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has:

-accounted the tax including interest amounting to ₹236.45 crore under the head 'Watershed Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and

- Provided the tax including interest of ₹ 20.45 crore to the Profit and Loss Account for the year .The bank has paid the total demand of ₹256.90 crores.

19. During the Assessment of the income for the Assessment Year 2010-11 a tax liability of ₹313.07 crore was assessed on account of differential interest accounted under the RIDF/STCRC and others. The Bank has provided and paid the liability. However, the Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹276.66 crore was accounted under 'Tribal Development Fund' during Financial Year 2012-13.

20. During the year, the Income Tax Department, for the Assessment year 2011-12, has made an addition of ₹865.86 crore to the income of the Bank on account of differential interest accounted under the RIDF/STCRC which was credited to 'Watershed Development Fund' in terms of the RBI directions. Further, an amount of ₹156.65 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. The Bank has filed an appeal against

the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has:

- accounted the tax including interest amounting to ₹359.84 crore under the head 'Watershed Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and
- Provided the tax including interest on account of disallowance amounting to ₹65.11 crore to the Profit and Loss Account for the year. The tax demand of ₹424.95 crore has been fully paid by the Bank.

21. Govt. of India vide Notification No. 25/2014 F No.225/229/2013/ITA.11 has notified NABARD as an eligible entity u/s 36 (1) (xii) of Income tax Act, w.e.f. A.Y.2013-14. The Income tax liability of the Bank has been computed accordingly.

22. 'Free hold land and lease Land' and 'Premises' include:

- ₹34.77 crore (₹34.77 crore) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.
- ₹10.93crore (₹10.93crore) where lease agreements are yet to be executed

23. 'Free hold land and lease Land' -Additions/ Adjustments includes ₹0.55 crore refunded by State Infrastructure & Industrial Development Corporation of Uttarakhand Ltd. (SIIDCUL), Dehradun against excess cost charged at the time of acquisition of land.

24. Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(₹ in crore)

Particulars	Face Value	Book Value
Pledged for Business Segment (Securities)	40.00 (35.00)	37.26 (34.08)
Pledged for Business Segment (Collateralised Borrowing and Lending Obligation)	5197.00 (2382.00)	5103.61 (2363.05)

25. The market value of all investments held by NABARD under Held to Maturity (HTM) category was ₹1877.88 crore against the book value of ₹1337.49 crore. Out of this, the market value of investment in Venture Capital Fund was ₹41.59 crore against the book value of ₹55.04 crore. Accordingly, the excess of book value over market value was ₹13.45 crore for which no provision was made as per RBI guideline.

26. The movement in Contingent Liability as required in AS 29 "Provisions, Contingent Liabilities and Contingent Assets" is as under:

(₹ in crore)

Particulars	2013-14	2012-13
Opening Balance	0.51	0.48
Addition during the year	0.00	0.03
Deletion during the year	0.51	0.00
Closing Balance	0.00	0.51

27. Prior period items included in the Profit and Loss account are as follows:

(₹ in crore)

Sr. No.	Particulars	2013-14	2012-13
1.	Income	0.23	--
2.	Revenue Expenditure	-0.24	9.93
3.	Post Retirement Medical Benefits	93.18	--
4.	Fund Expenditure	-0.21	-5.82
	Total	92.96	4.11

28 Information on Business Segment

(a) Brief Background

The Group has recognized Primary segments as under:

i) Development, co-finance loans and loans given to voluntary agencies/non–governmental organisations for developmental activities.

ii) **Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.

iii) **Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.

iv) **Unallocated:** Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

(b) Information on Primary Business Segment (₹ in crore)

	Direct Finance	Refinance	Treasury	Unallocated	Total
Segment Revenue	5628.14 (4821.02)	7711.89 (6548.54)	2159.68 (1497.05)	70.41 (73.99)	15570.12 (12940.60)
Segment Results	577.25 (226.27)	1412.26 (2052.99)	2087.83 (1452.51)	-1205.94 (-1067.18)	2871.40 (2664.59)
Total carrying amount of Segment Assets	86525.02 (79519.73)	137781.03 (117963.35)	29194.80 (14193.79)	1309.98 (1600.55)	254810.83 (213227.42)
Total carrying amount of Segment Liabilities	87532.94 (80338.01)	139725.41 (108422.67)	1106.65 (228.93)	26445.84 (24287.80)	254810.84 (213227.42)
Other Items:					
Cost to acquire Segment Assets during the year	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	18.92 (18.30)	18.92 (18.30)
Amortization & Depreciation	0.26 (0.12)	0.00 (0.00)	0.00 (0.00)	24.75 (19.89)	25.01 (20.01)
Non Cash Expenses	45.63 (88.61)	40.96 (68.78)	0.02 (0.04)	251.82 (232.87)	338.43 (390.30)

(c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

29. Figures in brackets pertain to previous year.

30. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our attached report of even date
G M Kapadia & Co.
Chartered Accountants

Rajen Ashar
Partner

A K Panda
Chief General Manager
Accounts Department
New Delhi
Date : 27 May, 2014

Harsh Kumar Bhanwala
Chairman

H. R. Khan
Director

Deepak Sanan
Director

M. L. Sharma
Director

National Bank for Agriculture and Rural Development
Consolidated Cash flow statement for the year ended 31 March 2014

(₹ in thousands)

Particulars	2013-14	2012-13
(a) Cash flow from Operating Activities		
Net profit as per Profit and Loss a/c before tax	28713962	26645891
Adjustment for:		
Depreciation	250115	200017
Provisions and Amortizations	(84571)	87387
Provision for Non performing Assets	(126280)	332600
Provision for Standard Assets	880700	1256600
Provision for Sacrifice in interest element of restructured loan	(113115)	(28848)
Interest credited to various funds	2844875	2616001
Other expenses	-	-
Income from Investment	(21616001)	(14989579)
Profit / Loss on sale of Fixed Asset	(1375)	(2873)
Expenditure from various funds	-	-
Operating profit before working capital changes	**10748310**	**16117196**
Adjustment for net change in:		
Current Assets	(65842622)	(17334894)
Current liabilities	14116005	14411182
Increase / Decrease in Loans and Advances	(261071622)	(304323808)
Cash generated from operating activities	**(302049929)**	**(291130324)**
Payment towards Income tax	(10552156)	(15963255)
Net cash flow from operating activities (A)	**(312602085)**	**(307093579)**
(b) Cash flow from Investing Activities		
Income from Investment	21151734	14970524
Purchase of Fixed Assets	(467110)	(1170836)
Sale of Fixed Assets	116165	58489
Increase / Decrease in Investments	(96053257)	4039086
Net cash used in Investing activities (B)	**(75252468)**	**17897263**
(c) Cash flow from Financing Activities		
Proceeds of Bonds / Shares	(114338649)	91518299
Increase / Decrease in Borrowings	(20878681)	(12193222)
Increase / Decrease in Deposits	514581281	186028785
Grants / contributions received	(6061210)	8822538
Dividend paid	7006000	9993027
Net cash raised from financing activities (C)	**380308741**	**284169427**
Net increase in cash and cash equivalent (A)+(B)+(C)	**(7545812)**	**(5026889)**
Cash and cash equivalent at the beginning of the period	12790726	17817615
Cash and cash equivalent at the end of the period	**5244914**	**12790726**

Cash and cash equivalent at the end of the period includes :	**2013-14**	**2012-13**
Cash in hand	4691	6320
Balance with Reserve Bank of India	1073118	6114066
Balances with other Banks in India	1012214	1341230
Remittances in Transit	1044017	13498
Collateralised Borrowing and Lending Obligations	2110874	5315612
Total	**5244914**	**12790726**

As per our attached report of even date
G M Kapadia & Co.
Chartered Accountants

Rajen Ashar
Partner

A K Panda
Chief General Manager
Accounts Department
New Delhi
Date : 27 May, 2014

Harsh Kumar Bhanwala
Chairman

H. R. Khan
Director

Deepak Sanan
Director

M. L. Sharma
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ABBREVIATIONS

ABFL	Agri Business Finance (AP) Ltd.
ACB	Audit Committee of Board
ACSTIs	Agricultural Co-operative Staff Training Institutes
ACABC	Agri-Clinics and Agri-Business Centre
ADFT	Agri Development Finance (Tamil Nadu) Ltd.
AFB	Adaptation Fund Board
ALCO	Asset and Liability Management Committee
ALM	Asset Liability Management
AMIGS	Agricultural Marketing Infrastructure, Grading and Standardisation
AML	Anti Money Laundering
ATM	Automated Teller Machine
BAAC	Bank For Agriculture and Agricultural Co-operatives
BADP	Backward Area Development Plan
BC	Business Correspondent
BCA	Business Correspondent Agents
BGREI	Bringing Green Revolution to Eastern India
BIRD	Bankers Institute of Rural Development
BNB	Bhavishya Nirman Bond
BoDs	Board of Directors
BPL	Below Poverty Line
CAD	Current Account Deficit
CAT	Capacity Building for Adoption of Technology
CBS	Core Banking Solution
CBP	Capacity Building Phase
CCB	Central Co-operative Bank
CDF	Co-operative Development Fund
CDR	Credit Deposit Ratio
CEO	Chief Executive Officer
CFSA	Committee on Financial Sector Assessment
CFT	Combating Financing Terrorism
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
CISS	Capital Investment Subsidy Scheme
CIRHEP	Centre for Improved Rural Health and Environmental Protection
CGFC	Corporate Governance for Financial Co-operatives
CLMAS	Centralised Loan Management and Accounting System
CMA	Credit Monitoring Arrangement
CPs	Commercial Papers
CPIS	Coconut Palm Insurance Scheme
C-PEC	Centre for Professional Excellence in Co-operatives
CPIO	Central Public Information Officer
CPI	Consumer Price Index
CRAR	Capital to Risk weighted Asset Ratio
CRWC	Central Rail side Warehousing Corporation
CSCs	Common Service Centres
CSO	Central Statistics Office
CSP	Customer Service Point
CTIs	Co-operative Training Institutes
CVO	Central Vigilance Officer
CWC	Central Warehousing Corporation
DDM	District Development Manager
DLT	District Level Trainers
DMI	Directorate of Marketing and Inspection
DPR	Detailed project Report
DTP	Development of Tribal Population
EC	Executive Committee
ECB	External Commercial Borrowings
ED	Executive Director
FDI	Foreign Direct Investment
FIF	Financial Inclusion Fund
FIP	Full Implementation Phase
FIPF	Farm Innovation Promotion Fund
FITF	Financial Inclusion Technology Fund
FLC	Financial Literacy Centre
FMC	Forward Markets Commission
FMP	Flood Management Programme
FMDCP	Monitoring of Foot and Mouth Disease Control Programme
FRP	Fair and Remunerative Price
FTRDC	Farmers Training and Rural Development Centre
FTTF	Farm Technology Transfer Fund
GBY	Gramin Bhandaran Yojana
GCA	Gross Cropped Area

GCC	General Credit Card
GCF	Gross Capital Formation
GDP	Gross Domestic Product
GIA	Gross Irrigated Area
GIS	Geographic Information System
GLC	Ground Level Credit
GoI	Government of India
IARI	Indian Agricultural Research Institute
ICT	Information and Communication Technology
IDRBT	Institute for Development and Research in Banking Technology
IFAD	International Fund for Agriculture Development
IGWDP	Indo-German Watershed Development Programme
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
IRAC	Income Recognition and Asset Classification
IRDA	Insurance Regulatory and Development Authority
ISAM	Integrated Scheme for Agricultural Marketing
IRV	Individual Rural Volunteer
ITI	Integrated Training Institute
IWDP	Integrated Watershed Development Programme
IWMP	Integrated Watershed Management Programme
JICA	Japan International Co-operation Agency
JLG	Joint Liability Group
JLTC	Junior Level Training Centre
JNNSM	Jawaharlal Nehru National Solar Mission
KCC	Kisan Credit Card
KYC	Know Your Customer
LAMPS	Large Size Adivasi Multi Purpose Societies
LTCCS	Long Term Rural Co-operative Credit Structure
LWE	Left Wing Extremism
MACS	Mutually Aided Co-operative Societies
MC	Management Committee
MEDP	Micro-Enterprise Development Programme
MELD	Monitoring, Evaluation, Learning and Documentation
MFDEF	Micro-finance Development and Equity Fund
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Programme
MIE	Multilateral Implementing Entity
MIS	Management Information System
MNAIS	Modified National Agricultural Insurance Scheme
MoFPI	Ministry of Food Processing Industries
MoU	Memorandum of Understanding
MoT	Ministry of Textiles
MRIN	Marketing Research and Information Network
MSC	Multi Service Centre
MWCD	Ministry of Women and Child Development
NABCONS	NABARD Consultancy Services Limited
NABFINS	NABARD Financial Services Limited
NAIS	National Agri Insurance Scheme
NASSCOM	National Association of Software and Services Companies
NBFC	Non Bank Finance Company
NCAER	National Council of Applied Economic Research
NCMSL	National Collateral Management Services Ltd
NEFT	National Electronic Fund Transfer
NER	North Eastern Region
NFS	Non Farm Sector
NFSA	National Food Security Act
NGO	Non Govt. Organisation
NIAM	National Institute for Agricultural Marketing
NIDA	NABARD Infrastructure Development Assistance
NIE	National Implementing Entity
NIRB	National Institute for Rural Banking
NRLM	National Rural Livelihood Mission
NRM	Natural Resource Management
NIFM	National Institute of Financial Management
NPA	Non Performing Assets
NPDP	National Pulse Development Programme
NPRI	National Programme on Rural Industrialisation
NSSO	National Sample Survey Organisation
NWR	Negotiable Warehouse Receipts
ODI	Organisational Development Initiatives
OPP	Oilseeds Production Programme
OSS	Off-site Surveillance System
PACS	Primary Agricultural Co-operative Societies
PDC	PACS Development Cell
PLPs	Potential Linked Credit Plans
PMA	Project Management Advisor

PMC	Project Management Consultant
POs	Producers Organisations
PODF	Producer Organisation Development Fund
PoS	Point of Sale
PPP	Public-Private Partnership
PSC	Project Sanctioning Committee
PUCB	Primary Urban Co-operative Bank
R&D	Research and Development
RCS	Registrar of Co-operative Societies
REDP	Rural Entrepreneurship Development Programme
REV	Real and Exchangeable Value
RFI	Rural Financial Institution
RFIP	Rural Financial Institution Programme
RFBK	Rashtriya Fasal Bima Karyakram
RGCT	Rajiv Gandhi Charitable Trust
RGMVP	Rajiv Gandhi Mahila Vikas Pariyojana
RIDF	Rural Infrastructure Development Fund
RIF	Rural Innovation Fund
RIPF	Rural Infrastructure Promotion Fund
RKVY	Rashtriya Krishi Vikas Yojana
RLP	Realistic Lending Programme
RRB	Regional Rural Bank
RSETI	Rural Self Employment Training Institute
RSVY	Rashtriya Sam Vikas Yojana
RTGS	Real Time Gross Settlement
RTI	Right to Information
RUDSETI	Rural Development Self Employment Training Institute
SCARDB	State Co-operative Agriculture and Rural Development Bank
SCC	Swarojgar Credit Card
StCB	State Co-operative Bank
SDC	Swiss Agency for Development and Corporation
SDP	Skill Development Programme
SFAC	Small Farmers' Agri Business Consortium
SFP	State Focus Paper
SGSY	Swarnajayanti Gram Swarozgar Yojana
SHPI	Self Help Group Promoting Institution
SIDBI	Small Industries Development Bank of India
SLT	State Level Trainer
SMR	Small and Multipurpose Reservoir
SOFTCOB	Scheme of Financial assistance for Training of Co-operative Banks Personnel
SRI	System of Rice Intensification
SSA	Sarva Shiksha Abhiyan
STCCS	Short Term Co-operative Credit Structure
ST-SAO	Short Term Seasonal Agricultural Operations
TC	Technical Co-operation
TDF	Tribal Development Fund
TMB	Term Money Borrowing
TMT	Top Management Team
TOPIC	Training of Personnel in Co-operatives
UNFCCC	United Nations Framework Convention on Climate Change
UPNRM	Umbrella Programme on Natural Resource Management
USB	Ultra Small Branches
VC	Video Conferencing
VDP	Village Development Programme
VWC	Village Watershed Committee
WAN	Wide Area Network
WBCIS	Whether Based Crop Insurance Scheme
WDF	Watershed Development Fund
WDRA	Warehousing Development and Regulatory Authority
WMS	Works Monitoring Software
WOTR	Watershed Organisation Trust
WSHG	Women Self HelpGroup

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