NABARD

ANNUAL REPORT 2024–25

National Bank for Agriculture and Rural Development

NABARD

ANNUAL REPORT 2024–25

National Bank for Agriculture and Rural Development

Notes to the NABARD Annual Report 2024–25

1. AY before a calendar year denotes the agriculture year or the 12-month period ending 30 June of the year. For instance, AY2025 ends on 30 June 2025.
2. FY before a calendar year denotes the fiscal year or the 12-month period ending 31 March of the year. For instance, FY2025 ends on 31 March 2025.
3. Given the phasing of projects, disbursement in any FY may not correspond to sanction for that FY.
4. As a result of rounding off, numbers in tables (or percentages in figures) may not add to the totals (or 100%).
5. Unless otherwise mentioned '$' in this report refers to US$.
6. Regions as defined by NABARD:

   South: Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Puducherry, and Lakshadweep

   West: Gujarat, Goa, Maharashtra, Dadra & Nagar Haveli, and Daman & Diu

   North: Haryana, Himachal Pradesh, Punjab, Rajasthan, Jammu & Kashmir, Delhi, and Chandigarh

   Central: Madhya Pradesh, Chhattisgarh, Uttar Pradesh, and Uttarakhand

   East: Bihar, Jharkhand, Odisha, West Bengal and Andaman & Nicobar Islands

   North East: Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim
7. Arrows at the end of boxes, showcases, tables, etc., indicate that the exhibit is continuing to the next page.

On the cover: From rural crafts and trades to vibrant enterprise ecosystems—India's Rural MSMEs are forging livelihoods, expanding opportunity, and powering Viksit Bharat.

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NABARD

अध्यक्ष
Chairman

Ref.No.NB.Secy/ 57317 / AR-1 / 2025-26

10 July 2025

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

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

Dear Sir

Letter of Transmittal

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 of National Bank for the year ended 31 March 2025 along with 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 March 2025.

Yours faithfully

(Shaji K. V.)

प्लॉट क्र सी-24, 'जी' ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051. टेली: +91 22 2653 0000 • फ़ैक्स: +91 22 2653 0113 • ई मेल: chairman@nabard.org
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BOARD OF DIRECTORS as on 31 March 2025

Chairman appointed under Section 6(1)(a) of the NABARD Act, 1981

Shri Shaji K. V.

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

Smt Revathy Iyer

Dr Ravindra H. Dholakia

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

Shri Devesh Chaturvedi

Shri Shailesh Kumar Singh

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

Shri M. Selvendran

Dr Surendra Narayan Pandey

Smt Y. W. Ringu

Directors appointed under Section 6(3) of the NABARD Act, 1981

Shri Goverdhan Singh Rawat

Dr Ajay K. Sood

NABARD

FROM THE CHAIRMAN...

India sustained its position as the world's fastest-growing major economy in 2024–25, achieving a resilient GDP growth of 6.5% amidst a challenging global backdrop marked by heightened geopolitical tensions and trade disruptions. This performance was underpinned by strong macro-financial fundamentals—moderating inflation, robust corporate health, a stable financial system, and a sustainable external sector. Importantly, the agriculture sector demonstrated significant momentum in gross value added (GVA), supported by healthy rural demand and improved credit flows.

The Union Budget 2025–26 reaffirmed the Government's unwavering commitment to inclusive rural development through the announcement of a comprehensive "Rural Prosperity and Resilience" programme, focusing on investment, technology adoption, and skilling. In the agriculture sector, policy emphasis centred on increasing productivity, achieving self-sufficiency in key commodities like pulses and edible oils, improving supply chain efficiencies, and promoting climate-resilient farming.

As India's apex development finance institution for agriculture and rural development, NABARD responded dynamically to these evolving priorities. We not only sustained the thrust on key areas of strategic interventions in the form of facilitating adequate flow of credit, deepening financial inclusion, building rural infrastructure, and cultivating sustainable farming practices, but also dynamically adapted its programmes and policies to the changing priorities and emerging needs of the rural economy.

Credit disbursed to the agriculture sector during the year scaled a new peak of ₹28.7 lakh crore, surpassing the target of ₹27.5 lakh crore, which led to further increase in the credit intensity of the sector to 53 % of agriculture sector gross value added (GVA). Refinancing at concessional rate is the key instrument through which NABARD supports credit flows to the sector. During FY2025, it disbursed short-term refinance of ₹1.9 lakh crore and long-term refinance of ₹1 lakh crore. Financing of rural infrastructure development, the most prominent component of NABARD's developmental interventions, contributes to raising farm productivity and boosting non-farm activities by enhancing rural connectivity and market access. Cumulatively up to FY2025, ₹6.8 lakh crore has been disbursed for rural infrastructure.

NABARD's focus on institutional development of Regional Rural Banks (RRBs) and Rural Cooperative Credit Institutions (RCCIs) has been instrumental in deepening financial inclusion, by enhancing access to finance at grassroots level. During the year, NABARD strived to further strengthen its governance systems, promote business diversification, upgrade technology, build human resource and risk management capabilities, and expand business outreach. Under the Unnati Phase II initiative, NABARD launched the Primary Agricultural Credit Societies (PACS) Accelerator Programme to enable PACS to diversify into non-credit business activities. In its pilot phase, the programme is being implemented in 30 PACS, with plans to scale it up to 10,000 PACS. NABARD is a key stakeholder in setting up a Shared Services Entity (SSE) for RCCIs, which aims at strengthening their institutional and financial sustainability by providing them with access to professional, technology-driven, and cost-effective support services.

To deepen financial inclusion, NABARD has played a key role in empowering grassroots institutions such as Self-Help Groups (SHGs) and Farmer Producer Organisations (FPOs) through capacity building, credit facilitation, and market linkages. In FY2025, ₹2.1 lakh crore of loans were disbursed to 55.6 lakh SHGs under the Self-Help Group–Bank Linkage Programme (SHG–BLP) and 49.8 lakh JLGs were supported by banks. NABARD is also aligning its interventions with the government's flagship schemes such as Lakhpati Didi and Namo Drone Didi, which are designed to empower Women SHGs through skill development, technological integration, and entrepreneurship.

NABARD has been facilitating formation of FPOs to enhance the bargaining power and operational efficiency of marginal and small farmers. In its efforts in building robust institutional ecosystems for FPOs through financial assistance, capacity building, market integration, and convergence with government schemes, NABARD has sanctioned financial support for 7,439 FPOs cumulatively as on 31 March 2025.

Rural Micro, Small and Medium Enterprises (MSMEs) lie at the heart of India's inclusive growth story, serving as engines of non-farm employment generation, rural entrepreneurship and innovation. Start-ups are driving transformative changes in rural India, empowered by India's robust digital infrastructure on the one hand, and in responding to the rising frequency and intensity of climate shocks on the other by offering innovative solutions. NABARD is progressively revamping its approach to support rural MSMEs, aimed at harnessing the emerging opportunities and addressing the challenges facing MSMEs. Recognising the importance of structured platforms that channel capital to enterprises with measurable social outcomes, NABARD has successfully piloted the Social Stock Exchange (SSE)—a unique initiative that positions it at the intersection of finance and social impact. It sanctioned the establishment of three new rural business incubation centres (RBICs) during the year for fostering rural entrepreneurship and enabling effective conversion of innovative ideas into viable business models, which increased the total number of sanctioned RBICs to 10, and 9 of them were functional as on 31 March 2025.

Environmental sustainability has emerged as a key new dimension of economic development, warranting policy attention to both risk mitigation and adaptation. NABARD remains committed to sharpening and strengthening its role as a national implementing agency for sustainability programmes, and emerging as a thought leader in proposing and supporting adoption of climate-resilient practices in agriculture and in rural areas. Accordingly, in FY2025, NABARD launched its Climate Strategy 2030—a comprehensive framework grounded in four key pillars of accelerating green lending, market making, internal green transformation and strategic resource mobilisation. The introduction of the NABARD Green Lending Facility (NGLF) has strengthened our foray into the domain of climate finance. Green Literacy Modules

have also been introduced to enhance institutional capacity and community awareness on climate action.

With a balance sheet size of ₹9.8 lakh crore as of end March 2025, and rising mix of borrowed funds from markets, NABARD has pursued an asset expansion cum diversification strategy recognising the multiple dimensions of rural development and the need for a multi-pronged approach to generate the needed development impact. Following the application of Basel III regulatory framework to All India Financial Institutions (AIFIs) with effect from 1 April 2024, NABARD has successfully completed this transition during the year, adopting requisite changes across policies, processes, and systems, bringing thereby greater focus on the financial soundness of its operations while planning and executing development programmes. To safeguard financial soundness of RFIs, NABARD is moving decisively towards risk-based monitoring. The consolidated capital to risk-weighted assets ratio (CRAR) of RRBs reached an all-time high of 14.4% as on 31 March 2025, and their asset quality improved significantly, as evident from the decline in their gross non-performing assets (GNPA) to 5.3%, which is the lowest in past 13 years. Phase IV of the amalgamation of RRBs, driven by the goal of 'One State–One RRB', that was initiated during the year, is expected to result in a stronger and more competitive system of RRBs in the country, going ahead.

A momentous milestone for NABARD this year was the Grameen Bharat Mahotsav (GBM) — a flagship development initiative that showcased India's rural entrepreneurial strength and cultural richness and diversity. The event brought to the fore the wide range of developmental impact being generated by NABARD at the grassroots level and displayed our deep commitment to realising the vision of Viksit Bharat with a more prosperous rural India.

In a dynamic macro-financial environment, recognising the growing expectations of the people from us to pursue aspirational development goals, NABARD would continue to adapt, with a mindset of continuous learning and innovation.

I take this opportunity to extend my gratitude to the Government of India, Reserve Bank of India, all state governments, our valued banking partners, rural financial institutions, cooperatives, civil society organisations, and other development collaborators, whose trust and partnership inspire us and guide our actions.

With our dedicated teams, strong partnerships, and the motivating power of our mission, I am confident that NABARD will continue to drive transformational change in the rural economy.

Shaji K. V.
Chairman

NABARD AT A GLANCE

(Amount in ₹ crore as on 31 March)

Sources of Funds	*FY2025*	*FY2024*	*% growth over FY2024*
Own Funds (Capital, reserves & surplus)	**80,494**	**72,867**	**10.5**
National Rural Credit (Long-Term Operations) & National Rural Credit (Stabilisation) Funds	**16,110**	**16,106**	0.0
Deposits	**2,75,991**	**3,01,958**	-8.6
Short-Term Cooperative Rural Credit Fund	32,079	50,518	-36.5
Short-Term Fund for Regional Rural Banks	7,024	15,158	-53.7
Long-Term Rural Credit Fund	38,945	45,175	-13.8
Tea, coffee, and rubber deposits	40	52	-23.1
Rural Infrastructure Development Fund deposits	1,94,483	1,86,685	4.2
Warehouse Infrastructure Fund	2,870	3,890	-26.2
Food Processing Fund	550	480	14.6
Borrowings in bond market	**3,27,367**	**2,86,151**	14.4
Bonds & debentures	2,01,837	1,60,621	25.7
Tax-free Bonds	5,000	5,000	0.0
Bonds for Long Term Irrigation Fund	57,667	57,667	0.0
Bonds for Pradhan Mantri Awas Yojana–Gramin	48,810	48,810	0.0
Bonds for Swachh Bharat Mission–Grameen	12,298	12,298	0.0
Bonds for Micro-Irrigation Fund	1,755	1,755	0.0
Borrowings in money market	**2,51,220**	**2,01,083**	24.9
Certificates of deposit (discounted value)	37,939	23,630	60.6
Commercial papers (discounted value)	57,386	52,113	10.1
Term money borrowings	10	2,508	-99.6
Term loans from banks	1,03,656	94,007	10.3
Foreign currency loan	518	552	-6.2
Borrowings for Jawaharlal Nehru National Solar Mission	3	3	0.0
Triparty Repo Dealing and Settlement & Repo	51,708	28,270	82.9
Borrowings against short-term deposits	0	0	0.0
Others (Liabilities and Funds)	**33,449**	**32,698**	2.3
Other liabilities	26,110	24,501	6.6
Other funds	7,339	8,197	-10.5
Total	**9,84,631**	**9,10,863**	8.1

Uses of Funds	*FY2025*	*FY2024*	*% growth over FY2024*
(A) Cash and investments	**1,37,111**	**1,07,048**	**28.1**
Cash and bank balance	44,360	29,899	48.4
Government securities and other investments	91,752	69,694	31.6
Triparty repo lending	999	7,455	-86.6
Refinance to enhance ground level credit for rural production and investment	**4,91,885**	**4,68,593**	**5.0**
Production and marketing credit	1,69,225	1,58,706	6.6
Medium- and long-term project loans*	2,52,697	2,68,248	-5.8
Direct refinance to district central cooperative banks	27,768	20,504	35.4
Producers Organisation Development Fund	0	1	-100.0
Credit facility to federations	41,677	20,583	102.5
Green Climate Fund	518	552	-6.2
Infrastructure creation loans	**2,85,820**	**2,65,192**	**7.8**
Rural Infrastructure Development Fund	1,84,724	1,70,007	8.7
Long Term Irrigation Fund	51,804	53,617	-3.4
Dairy processing and Infrastructure Development Fund	1,367	1,508	-9.4
Warehouse Infrastructure Fund	2,582	3,386	-23.7
NABARD Infrastructure Development Assistance	40,879	32,404	26.2
Food Processing Fund	386	431	-10.4
Micro-Irrigation Fund	2,872	3,037	-5.4
Fisheries and Aquaculture Infrastructure Development Fund	1,141	802	42.3
Rural Infrastructure Assistance to State Governments	65	0	–
Social sector investments	**61,117**	**61,117**	**0.0**
Pradhan Mantri Awas Yojana-Gramin	48,819	48,819	0.0
Swachh Bharat Mission-Grameen	12,298	12,298	0.0
Others	**298**	**337**	**-11.6**
Other Loans (Including Jawaharlal Nehru National Solar Mission)	2	5	-60.0
Long-term non-project loans	296	332	-10.8
(B) Sub-total of loans and advances	**8,39,120**	**7,95,239**	**5.5**
(C) Fixed assets & other assets	**8,400**	**8,576**	**-2.1**
Total = A+B+C	**9,84,631**	**9,10,863**	**8.1**

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

NABARD AT A GLANCE

(Amount in ₹ crore)

A) Financial support (disbursements)

I) Refinance: Short-term credit (maximum outstanding) (₹ crore)

Particulars	*FY2025*	*FY2024*	*% change from FY2024*
ST-SAO, StCB	32,079	50,518	-36.5
ST-SAO, RRB	7,024	15,158	-53.7
ST-OSAO, StCB	31,124	26,109	19.2
ST-OSAO, RRB	16,439	11,905	38.1
Additional ST-SAO, StCB	72,866	57,659	26.4
Additional ST-SAO, RRB	29,351	21,804	34.6

Notes:

1. RRB = Regional Rural Bank; StCB = State Cooperative Bank; ST–SAO = Short-Term Credit for Seasonal Agricultural Operations; ST–OSAO = Short-Term Credit for Purposes Other than Seasonal Agricultural Operations
2. ST (OSAO), RRB includes ₹80 crore from small finance banks.

II) Refinance: Investment credit (₹ crore)

Particulars	*FY2025*	*FY2024*	*% change from FY2024*
Agriculture and allied activities	41,457	52,807	-21.5
Non-farm sector	25,010	53,678	-53.4
Self-help groups	28,657	22,344	28.2
Rural housing	4,274	3,658	16.8

III) Credit support (₹ crore)

Particulars	*FY2025*	*FY2024*	*% change from FY2024*
Rural Infrastructure Development Fund	42,714	42,564	0.4
Long Term Irrigation Fund	1,441	2,605	-44.7
Warehouse Infrastructure Fund	106	367	-71.1
Food Processing Fund	61	106	-42.4
NABARD Infrastructure Development Assistance	11,868	7,304	62.5
Direct refinance assistance to cooperative banks	37,217	26,869	38.5
Credit facility to federations	65,991	39,240	68.2
Dairy Processing and Infrastructure Development Fund	49	176	-72.2
Fisheries and Aquaculture Infrastructure Development Fund	443	289	53.3
Rural Infrastructure Assistance to State Governments	65	0	-

B) Development initiatives

Particulars	*FY2025*	*FY2024*	*% change from FY2024*
Watershed development projects (no.)	11	60	-81.7
Area (hectare)	2,193	60,000	-96.4
Families benefitted (no.)	4,448	24,261	-81.7
Springshed development projects (no.)	3	14	-78.6
Area (hectare)	900	4,200	-78.6
Families benefitted (no.)	189	882	-78.6
Projects under Tribal Development Fund (no.)	4	59	-93.2
Area (acre)	200	14,561	-98.6
Families benefitted (no.)	1,675	18,844	-91.11

CHIEF GENERAL MANAGERS

C Udayabhaskar
DPSP

Gyanendra Mani
Chhattisgarh

Rajiv Siwach
Rajasthan

Susheela Chintala
DMFI

Raghunath Balagangadharan
Punjab

Kuldeep Singh
DEAR, RAJBHASHA

Baiju N Kurup
Kerala

Purushottam Kumar Bhardwaj
West Bengal

Nirupam Mehrotra
BIRD Lucknow

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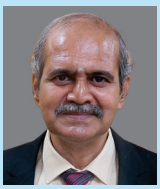
Odisha

Bhallamudi Sridhar
Jammu & Kashmir

Maddi Srinivasa Rao
NBSC Lucknow



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Andhra Pradesh

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Telangana

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Madhya Pradesh

R Anand
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RMD

Vinod Chandrasekharan
FD, AD

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SPD

Archana Singh
ID

OFFICER ON DEPUTATION

U Dinesh Shanbhag
CVD

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V Balasubramanian
DDMABI

Arobinda Kumar Sarkar
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Anil S Kotmire
Tripura

Partha Mandal
Manipur

V S Balasubramanian
BIRD Mangaluru

J R Blah
Meghalaya

Vaseeharan S S
New Delhi

Damodar Mishra
Arunachal Pradesh

Ajay Kumar Sinha
Sikkim

Sandeep Dharkar
Goa

Pankaja Borah
Mizoram

Pauliankap Bulte
Nagaland

Rahul Narendra Damani
Andaman & Nicobar

Surinder Singh
Srinagar Cell

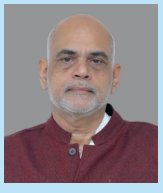
MDs/CEOs OF SUBSIDIARIES

N Neeraja
NABFINS

Dr Hara Gopal Yandra
NABCONS

Prasad Rao
NABKISAN

Rahul Uppal
NABSanrakshan



Bibhu Prasad Kar
NABFOUNDATION

Vikas Bhatt
NABVENTURES

Maheep Panwar
NABSAMRUDDHI

All designations and affiliations as on 31 March 2025.

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Independent Auditor's Report

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ABBREVIATIONS

AF	Adaptation Fund
BC	Business Correspondent
BIRD	Bankers Institute of Rural Development
CBS	Core Banking Solutions
DCCB	District Central Cooperative Bank
DIDF	Dairy Processing and Infrastructure Development Fund
DPR	Detailed Project Report
FIF	Financial Inclusion Fund
FIDF	Fisheries and Aquaculture Infrastructure Development Fund
FPF	Food Processing Fund
FPO	Farmer Producer Organisation
GCF	Green Climate Fund
GLC	Ground Level Credit
LEDP	Livelihood and Enterprise Development Programme
LREDP	Landscape-based Regenerative Resilient Rainfed Ecosystem Development Programme
LTIF	Long Term Irrigation Fund
MEDP	Micro Enterprise Development Programme
MIF	Micro Irrigation Fund
MSMEs	Micro, Small, and Medium Enterprises
NAFCC	National Adaptation Fund for Climate Change
NBFC	Non-Banking Financial Company
NER	North East Region
NRLM	National Rural Livelihoods Mission
NIDA	NABARD Infrastructure Development Assistance
PACS	Primary Agricultural Credit Societies
RFI	Rural Financial Institution
RIDF	Rural Infrastructure Development Fund
RIAS	Rural Infrastructure Assistance to State Governments
RRB	Regional Rural Bank
SCARDB	State Cooperative Agriculture and Rural Development Bank
SHG	Self-Help Group
SSE	Shared Services Entity
StCB	State Cooperative Bank
TRIBES	Tribal Resilience Initiative for Building Environmentally Sustainable Livelihoods

1

1.1 Global Macro-financial Conditions

1.2 Domestic Macroeconomic Developments

1.3 Robust Growth in Agriculture Boosted Rural Demand

1.4 Rural Economic Activity Remained Buoyant

1.5 The Macroeconomic Outlook

Appendix to Chapter 1

INDIA AND THE WORLD— THE ECONOMY IN 2024–25

Global growth remained below its long-term average in 2024, hamstrung by geo-economic conflicts, weak productivity growth, halted pace of disinflation, high debt levels, and volatile financial markets. Risks to global growth have amplified in 2025 from the escalation of protectionist tariffs, geopolitical tensions and the associated heightened uncertainty, notwithstanding the salubrious impact of softer international crude oil prices.

Despite a challenging global macro-financial landscape, the Indian economy recorded resilient growth in FY2025, supported by a notable decline in domestic inflation, sustained fiscal thrust on capital expenditure, strong corporate balance sheets, a sound external balance position, and a stable financial system. Robust agricultural growth and vibrant rural demand conditions bolstered the growth momentum. Looking ahead, growth in FY2026 could be expected to receive support from accommodative monetary policy, ample liquidity conditions, deregulation, and fiscal measures aimed at boosting consumption demand through income tax reforms. Unresolved tariff disputes and spillovers from weaker global growth, however, could negatively impact the growth outlook.

1.1 GLOBAL MACRO-FINANCIAL CONDITIONS

Global growth at 3.3% in 2024 was below its long-term average growth of 3.7% recorded during 2000-2019 (Table 1.1). In 2025, as per the assessment of the IMF in its World Economic Outlook, April 2025, global growth is projected to decelerate to 2.8%, impacting both Advanced Economies (AEs) and Emerging and Developing Economies (EMDEs), as a consequence of the escalation in protectionist tariffs and extreme uncertainty. Global trade policy uncertainty index spiked to a record high level, not seen after 1960. The Global Economic Policy Uncertainty Index also scaled new peaks, tending closer to the highest levels reached at the time of the COVID-19 pandemic. Bond, equity and foreign exchange markets went through episodic bouts of volatility.

After the notable disinflation experienced globally in 2024 that raised expectations of sharper interest rate cuts, the pace of disinflation slowed considerably and headline inflation in the first quarter of 2025 hovered above the inflation targets in most countries. With the inflation and growth outlook of countries turning more uncertain till the trade and geopolitical tensions are resolved, financial markets remain on the edge amid lackluster business confidence.

According to the World Trade Organization (WTO) global merchandise trade volume expanded at a steady pace over the successive quarters of 2024 and initial months of 2025, but thereafter, particularly following the wave of tariff escalations and subsequent selective temporary deferment, merchandise trade is projected to contract by 0.2 % in 2025. The contraction could be higher, by 1.5%, if the situation deteriorates. Services, accounting for 26.4% of global trade in 2024, registered higher growth than merchandise trade in recent years, in terms of volume. In value terms, services trade increased by 9% in 2024, as against 2% increase for merchandise trade. In 2025, growth in services trade is also expected to decelerate, because of the indirect impact of tariffs operating through weaker overall global demand conditions. Commodity prices, both oil and non-oil, remained volatile in this environment. While crude oil (Brent) prices surged to above $ 80 per barrel in October 2024 and again in January 2025, there was a sharp downward correction by March 2025 and prices fell closer to $ 60 per barrel in early May 2025. After hardening over a brief period in June 2025 in response to renewed geopolitical tensions, oil prices retreated quickly. Gold prices scaled new historical high levels in 2025.

Table 1.1: Global economic indicators (year-on-year growth %)

Indicators	*2023*	*2024*	*2025*
World output	3.3	3.3	2.8
Advanced economies (AEs)	1.7	1.8	1.4
Emerging market and developing economies (EMDEs)	4.4	4.3	3.7
World trade volume (goods and services)	0.7	3.8	1.7
World trade volume (goods)	-1.0	2.9	-0.2
World trade volume (commercial services)	6.8	6.8	4.0
World consumer prices	6.7	5.7	4.3
AEs	4.6	2.6	2.5
EMDEs	8.1	7.7	5.5
Commodity prices($)			
Oil	-16.4	-1.8	-15.5
Non-fuel	-5.7	3.7	4.4

Sources:
- IMF (2025), World Economic Outlook, April 2025, International Monetary Fund, Washington, D.C. https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025.
- World trade volume (goods), World trade volume (commercial services): WTO (2025), Global Trade Outlook and Statistics, World Trade Organization, Geneva, Switzerland, April. https://www.wto.org/english/res_e/booksp_e/trade_outlook25_e.pdf.

1.2 DOMESTIC MACROECONOMIC DEVELOPMENTS

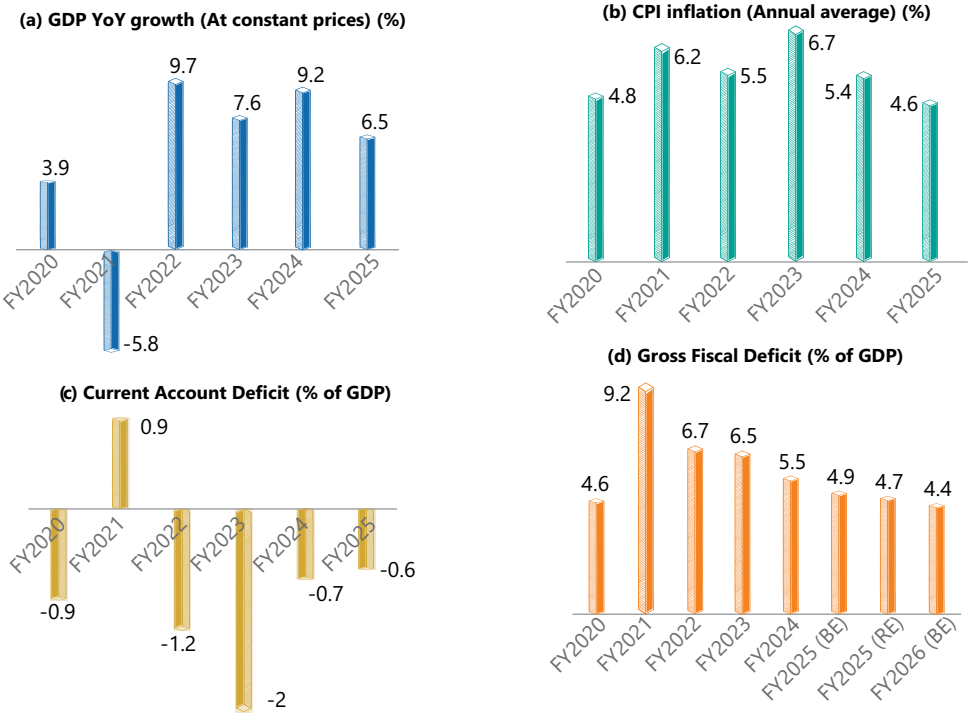
1.2.1 Resilient Growth in a Sound Macroeconomic Policy Setting

India's gross domestic product (GDP) growth remained resilient during FY2025, aided by sound domestic macroeconomic conditions in the form of moderation in inflation, sustained thrust on public sector capex and fiscal consolidation, a sustainable level of current account deficit, financial sector stability and healthy balance sheets of corporates. GDP growth at 6.5% in FY2025, however, decelerated from the robust growth of 9.2% recorded in FY2024, but India still remained as the fastest growing major economy in the world, in an unfavorable global environment marred by geoeconomic conflicts and escalation in trade tensions (Figure 1.1).

Inflation, measured by year-on-year change in the consumer price index (CPI), moderated sharply in the last two months of the year to below 4%, and the average inflation for the year at 4.6% was also lower than the average inflation experienced over the previous five years (Figure 1.1). Core CPI (excluding food and fuel) inflation remained subdued all through the year, aided by past tightening of monetary policy and fiscal consolidation, besides firmer anchoring of inflation expectations under the flexible inflation targeting (FIT) framework of monetary policy. With broad based moderation in inflation in the last quarter of the year, and revised softer outlook for inflation in FY2026, the RBI lowered the policy rate cumulatively by 100 basis points and injected ample liquidity to shift the overall liquidity conditions in the system into a surplus, which helped in easing interest rates across the term structure.

India's external balance position remained sound. The current account deficit at $23.3 billion (0.6% of GDP) in FY2025 was lower than the deficit of $26.0 billion (0.7% of GDP) recorded in FY2024. India's current account balance in fact recorded a surplus of $13.5 billion in Q4 FY2025. Higher services exports and remittance inflows helped in containing the current account deficit during the year in an unfavourable global environment for merchandise trade.

Figure 1.1: Key Macroeconomic Trends



BE = Budget Estimates, GDP = Gross Domestic Product, RE = Revised Estimates, YoY = Year-on-Year.

Note: In Figure 1.1 (d), fiscal figures may vary from those published in the Union Budget due to revisions in GDP data.

Sources:

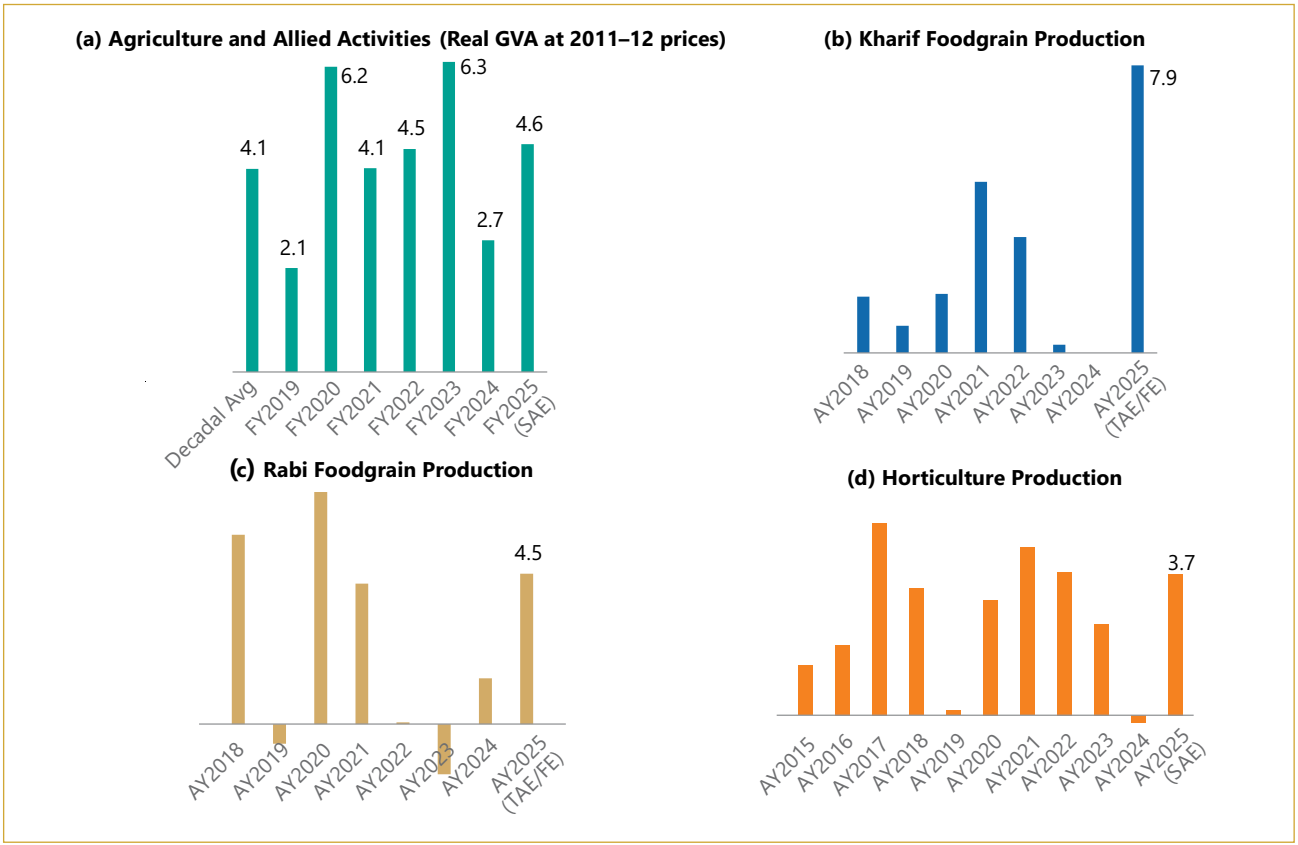
- Figure 1.1 (a): GOI (2025), Provisional Estimates of Annual GDP for 2024-25 and Quarterly Estimates of GDP for Q4 of 2024-25, National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2132688.
- Figure 1.1 (b): GOI (various years), Central Statistical Office, Ministry of Statistics and Programme Implementation, Government of India.| RBI (2025), Monetary Policy Statements (2024–25), Reserve Bank of India, Mumbai.
- Figure 1.1 (c): Database on Indian Economy, Reserve Bank of India. https://cimsdbie.rbi.org.in/DBIE/#/dbie/home.
- Figure 1.1 (d): Union Budgets, Ministry of Finance, Government of India.

Fiscal policy sustained the delicate balancing act of further fiscal consolidation while supporting growth through targeted public expenditure. While the former could help overall growth in the economy by improving resource allocation, the latter, in the form of higher capital expenditure and tax-cut induced more disposable income for the middle class could spur a virtuous broad-based growth process where both investment and consumption demand support growth, which was needed at a time when sectoral indicators had started showing signs of moderation in urban demand. The fiscal deficit as % of GDP is budgeted to decline to 4.4% of GDP, while capital expenditure of the central government at ₹11.2 lakh crore is 10 % higher than revised estimates for the last year (of ₹10.2 lakh crore), and personal income tax reforms with a special focus on the middle class will entail a boost to consumption by transferring about ₹1 lakh crore in the form of a lower tax burden. It is evident from the robust GDP growth of recent years that the combination of fiscal consolidation and improved quality of expenditure has been supportive of growth.

1.3 ROBUST GROWTH IN AGRICULTURE BOOSTED RURAL DEMAND

Gross value added (GVA) in agriculture and allied activities registered a strong growth of 4.6% in FY2025, aided by a robust pick up in the production of both foodgrains and horticulture output (Figure 1.2). After witnessing subdued growth in kharif foodgrains production and horticulture production in AY2024, and weak rabi foodgrains production during the last three years, the vigorous rebound in momentum of activity in AY2025 in all three segments contributed to the broad-based expansion of the farm sector in AY2025 (Figure 1.2). With about one fifth of the average rural household income accruing from cultivation and another 7% from livestock rearing (as per NABARD's All India Rural Financial Inclusion Survey, 2021-22), a healthy growth in the farm sector GVA provided a major boost to rural demand. Total production of horticulture crops at 3,677.2 lakh MT (second advance estimates) exceeded total foodgrains production of 3,539.6 lakh MT (third advance estimates), as in the previous years.

Figure 1.2: Agriculture and allied sector GVA, foodgrains, and horticulture production: YoY Growth (%)



FE = Final Estimates, GVA = Gross Value Added, SAE = Second Advance Estimates, TAE = Third Advance Estimates, YoY = Year-on-Year.
Sources:

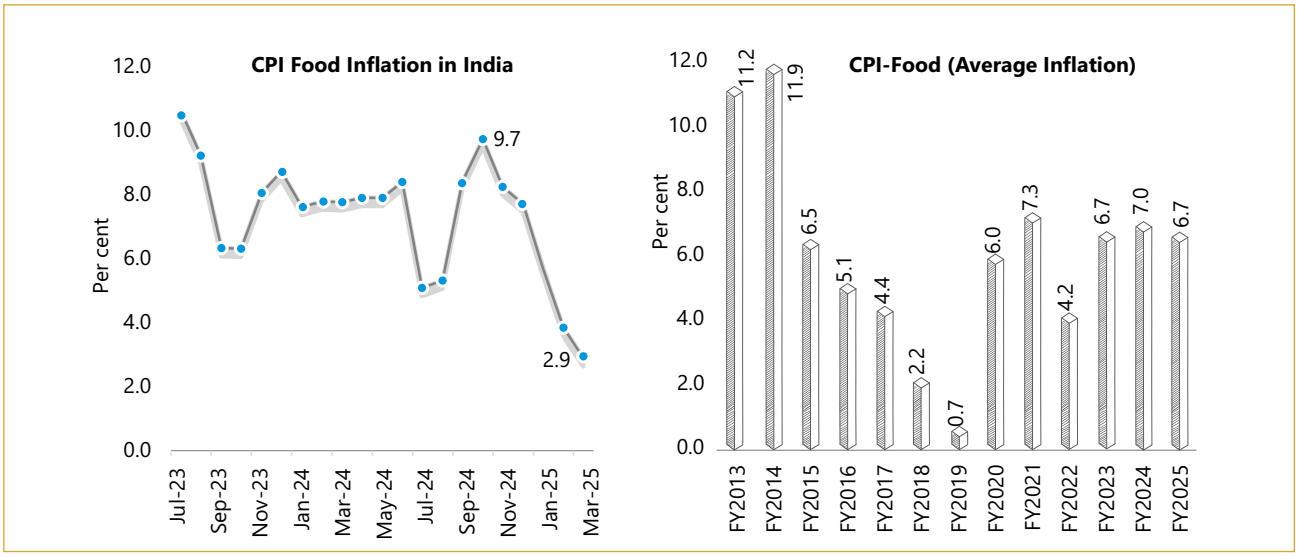
- Figure 1.2 (a): Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India.
- Figure 1.2 (b, c, d): Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India.

1.3.1 Food Inflation Moderated Sharply During the Year

Food accounts for 45.86 % of the average consumption basket in India (as per the current consumption basket used in measuring CPI inflation) and, therefore, lower food inflation helps not only in achieving overall price stability but also in supporting stronger growth because of improved purchasing power of income and the

associated boost to real demand in the economy. During the second half of the year, food inflation softened from 9.7% in October 2024 to 2.9% in March 2025, but the average food inflation in FY2025 stayed elevated at 6.7%. In the last five out of six years, average annual food inflation has been 6% or more, suggesting the need for sustained measures to augment crop yields, improve food supply chains to reduce mark ups, and reduce food waste (Figure 1.3).

Figure 1.3: CPI Food Inflation



Source: MoSPI and RBI

The average consumption pattern of the Indian households has changed since 2011-12, as evident from the findings of the household consumption expenditure survey (HCES, 2022-23) relating to the period August 2022–July 2023, which was released after a gap of 11 years, and (HCES, 2023-24) relating to the period August 2023–July 2024 (Table 1.2). While the share of food declined significantly in 2022–23 relative to 2011–12 for both rural and urban areas, the corresponding shares increased marginally in 2023–24 over 2022–23, which indicates that when food inflation remains elevated, a higher proportion of consumption (for given disposable income) may be devoted to food. With the share of food in the average consumption basket remaining still high in 2023–24, supply side measures will continue to be critical for non-inflationary growth in the economy.

Table 1.2: Share of cereals/food as a percentage of average MPCE

Period	*Rural*		*Urban*	
	Cereals	*Food*	*Cereals*	*Food*
1999–2000	22.2	59.4	12.4	48.1
2004–05	17.5	53.1	9.6	40.5
2009–10	13.8	57.0	8.2	44.4
2011–12	10.8	52.9	6.7	42.6
2022–23	4.9	46.4	3.6	39.2
2023–24	5.0	47.0	3.8	39.7

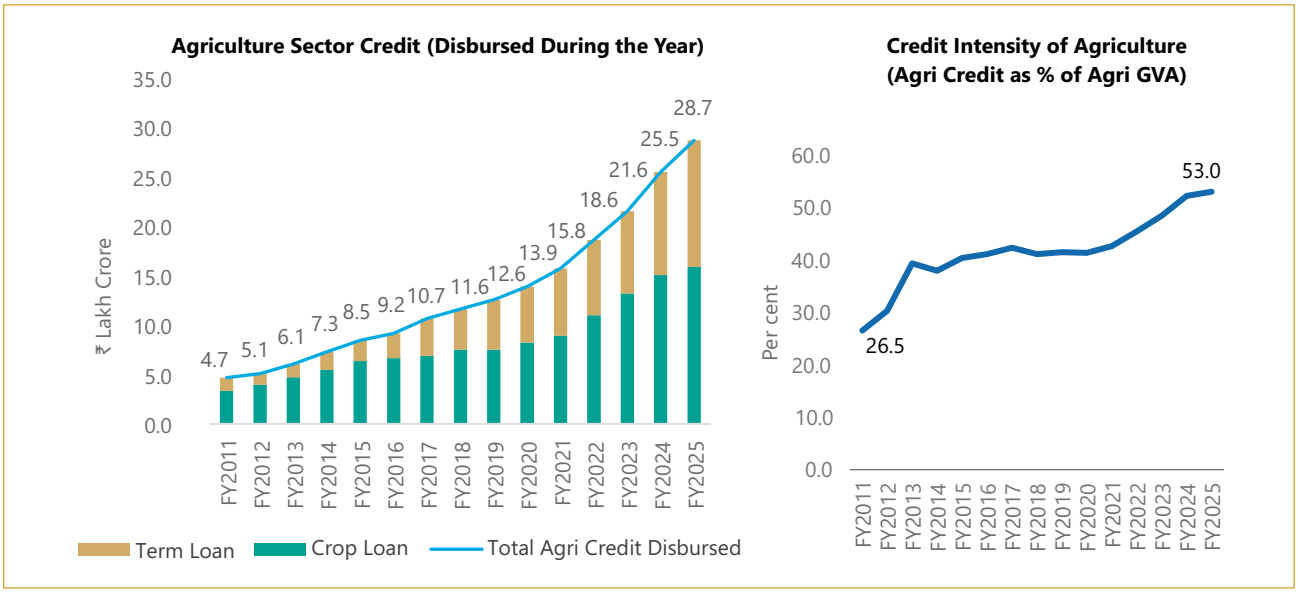
MPCE = Monthly Per Capita Consumption Expenditure.

Source: NSSO (2024), Survey on Household Consumption Expenditure: 2023-24, NSS Report no. 592, National Sample Survey Office, Ministry of Statistics and Programme Implementation, Government of India.

1.3.2 Farm Sector Buoyancy Spurred by Sustained High Growth in Credit Flows to Agriculture

Sustained policy emphasis of the Government in the form of mandating targeted flow of credit to agriculture under the priority sector norms and comprehensive coverage of Kisan Credit Card (KCC) beneficiaries through the KCC saturation drive has led to consistent uptrend in the credit intensity of agriculture. While the annual target set for the flow of credit to the agriculture sector has consistently been overachieved in recent years, importantly, the share of investment credit (term loan) has also progressively increased to more than 40% now, contributing to increase in both crop yields and value addition. In FY2025, as against the target of ₹27.5 lakh crore, actual disbursement of farm credit was at ₹28.7 lakh crore, for both crop production and farm sector investment taken together. Credit intensity, i.e., credit flows to the agriculture sector as percentage of annual agricultural GVA, which was at about 10% at the beginning of the current century, has surpassed 50% now (Figure 1.4). With the increase in KCC limit in the Union Budget for FY2026 from ₹3 lakh to ₹5 lakh for receiving interest rate subventions under the modified interest subvention scheme, and also the increase in the limit of collateral free agricultural lending per borrower by the RBI from ₹1.6 lakh to ₹2 lakh, the uptrend in credit intensity could be expected to continue.

Figure 1.4: Credit Flows to Agriculture

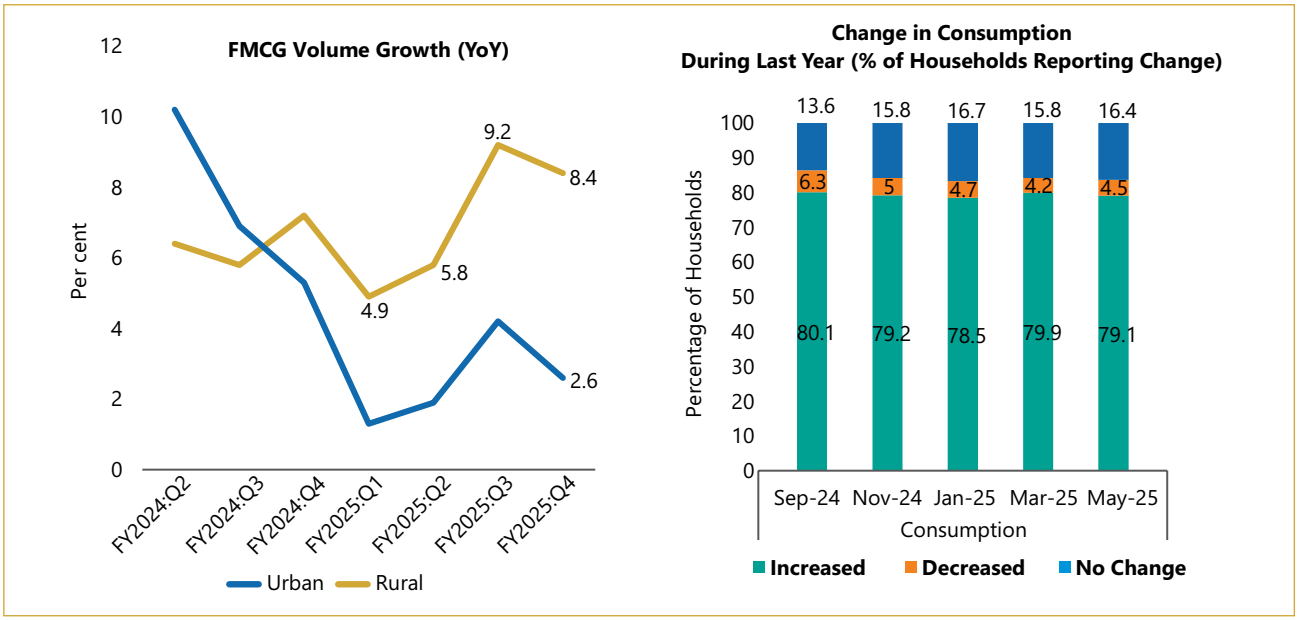


Source: NABARD

1.4 RURAL ECONOMIC ACTIVITY REMAINED BUOYANT

Several indicators of economic activity suggested stronger consumption-led growth momentum in rural areas during the year. Volume growth in fast moving consumer goods (FMCG) not only exceeded the subdued pace of growth witnessed in urban areas but also showed gradual acceleration over successive quarters of FY2025 before slackening modestly in the last quarter (Figure 1.5). As per NABARD's bi-monthly Rural Economic Conditions & Sentiments Survey, consumption expenditure of rural households remained upbeat all through the five rounds of the survey (conducted in September 2024, November 2024, January 2025, March 2025 and May 2025), with a high percentage of them (79.1% in May 2025) reporting to have experienced an increase in their consumption expenditure during the last one year (i.e., 12 months preceding the period

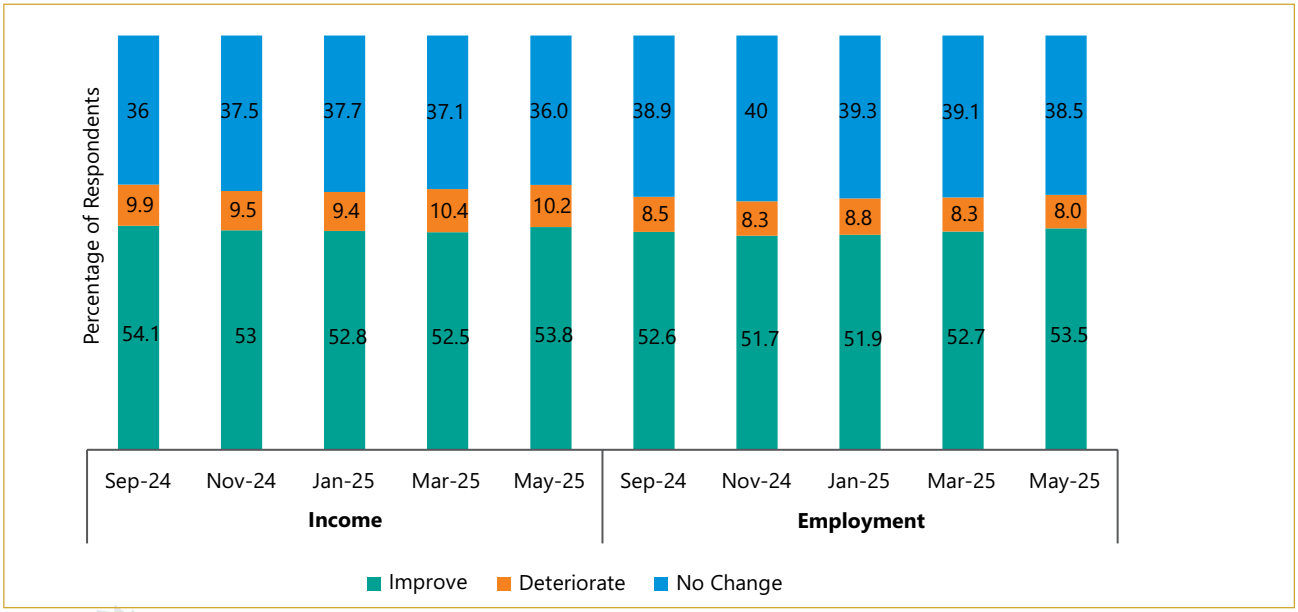
Figure 1.5: Rural Consumption Demand in 2024–25



Source: NIELSENIQ and NABARD

when they participated in the survey round). Importantly, the share of those households in total households that reported to have experienced a decline in their consumption remained low over all the five rounds of the survey (at only 4.5% in May 2025). A majority of the households (more than 50%) also have consistently revealed that they expect an improvement in their income and employment conditions during the next quarter (Figure 1.6).

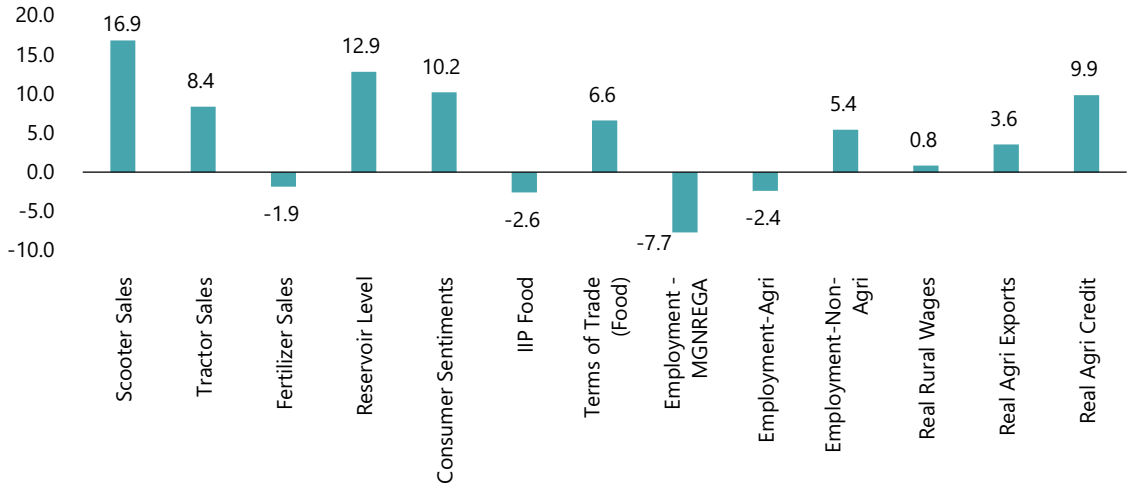
Figure 1.6: Rural Household Sentiments – Income and Employment (Expected Change During Next Quarter)



Source: NABARD

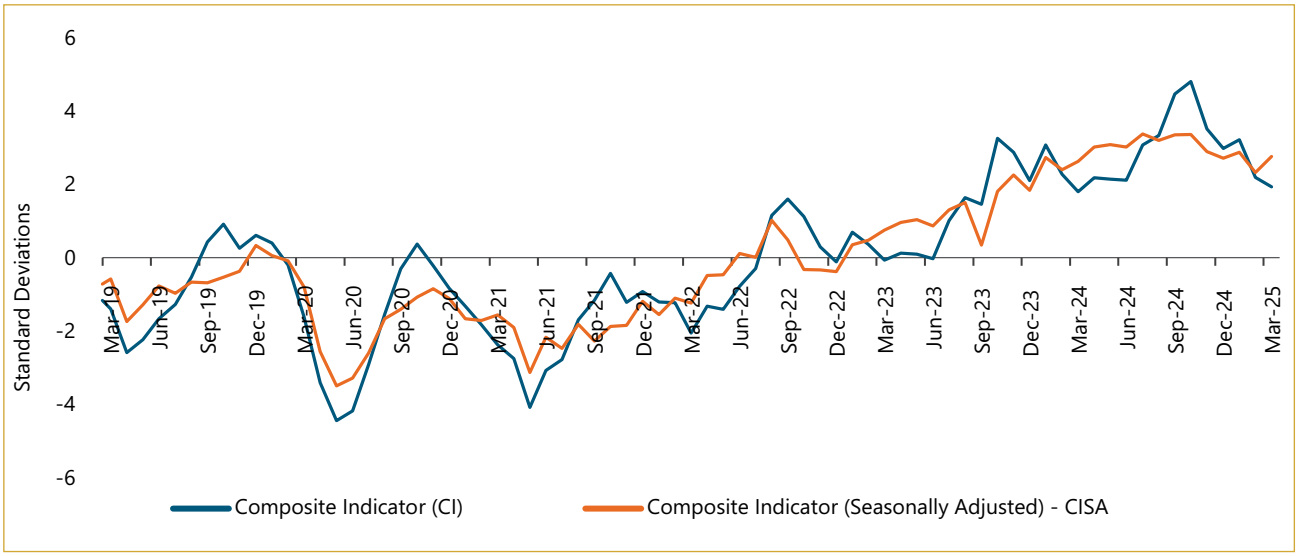
The state of the rural economy could be tracked by assessing movements in several high-frequency (monthly) indicators individually, and also by constructing a composite index of rural economic activity. The set of multiple indicators comprise scooter, fertilizer, and tractor sales, agricultural and non-agricultural employment, agricultural exports, bank credit flows to agriculture, MGNREGA demand, rural wages, terms of trade (i.e., the ratio of food prices to non-food prices, as sourced from the wholesale price index), reservoir water level (which could impact crop prospects), and rural sentiment (as per the CMIE survey). Nominal indicators (like agricultural exports, agricultural credit and rural wages) are deflated by CPI-rural inflation to ensure comparability across indicators. For assessing the performance in FY2025 over FY2024, the twelve-month average values for each indicator are generated first, and then the growth rate is estimated from these annual average values. As per this approach, several indicators exhibited robust growth in FY2025 (Figure 1.7). It may be noted that a decline in employment under MGNREGA and employment in agriculture coincided with expansion in non-agri employment, and therefore, all these three indicators taken together point to an improvement in the state of the rural economy.

Figure 1.7: Rural Activity Indicator (% Change in Annual Average Values of FY2025 over FY2024)



When multiple high frequency indicators move in opposite direction, and their relative significance to the state of the rural economy is not very clear, the well-known dimension reduction technique, the principal component analysis (PCA), could be employed to construct a composite indicator. The composite indicator of rural economic activity for India shows that the momentum of rural economic activity was buoyant in FY2025, with some moderation in the second half (Figure 1.8).

Figure 1.8: Composite Indicator of Rural Economic Activity



Source: NABARD

Note: Since the underlying variables are heterogeneous, they are standardised first (each with zero mean and unit variance). Higher/ lower values of the index, therefore, are in terms of standard deviations above/below the average value. Since monthly data often have seasonality, they are de-seasonalised for constructing a seasonally adjusted composite index also.

1.4.1 Policy Initiatives Drive Transformative Changes in the Rural Economy

Recognising that the challenges facing the rural economy and the agriculture sector remain complex but interconnected, a multipronged policy approach has been adopted by the Government for driving transformative changes in the rural economy. Some of the major recent policy interventions are set out in Table A1.1. These initiatives collectively aim at reducing poverty, raising income of farmers, enhancing resilience to climate shocks, promoting adoption of technology and modern cropping practices to enhance farm productivity, strengthening marketing infrastructure and rural supply chain, harnessing the potential of digital infrastructure and deepening financial inclusion. In the Union Budget for FY2026, several specific measures were announced to raise farm sector productivity and enhance rural prosperity (Box A1.1).

1.5 THE MACROECONOMIC OUTLOOK

India's resilient growth performance in the recent years has been an outcome of its sound macroeconomic policies and past structural reforms, but the required rate of annual GDP growth for achieving the envisioned status of an advanced economy by 2047 is higher, warranting sustained focus on pro-growth policies to raise the country's growth potential. The Union Budget for FY2026 has rightly emphasised reforms as the fuel for the four powerful engines of growth – Agriculture, MSME, Investment, and Exports – to achieve the destination of Viksit Bharat. Policies for reducing resource misallocation, enhancing competition, and supporting innovations would be critical to raise the medium-term growth potential of the country. In the near term, however, India's growth outlook has been impacted by the escalation of protectionist tariffs and elevated levels of uncertainty in the global economy, which could impinge on two of the four engines of growth directly, i.e., exports and investment.

Global trade growth is now assessed by the WTO to contract in 2025, with North America expected to experience a contraction in imports by 9.6%. For India, USA being its key export market, an early completion of its bilateral trade agreement with the USA and/or resolution of the tariff tensions globally, would be critical for improving India's export prospects. Buoyant services exports, and new opportunities for merchandise exports that may arise for India—depending on how other countries retaliate or negotiate their tariff structure, however, may limit the adverse impact of any contraction in global trade on India's exports and growth prospects. Private investment demand in India was subdued even before the wave of tariff escalations started, and the potential risk of cheaper imports entering India from other countries, expected moderation in domestic demand reflecting spillovers from likely global growth slowdown, possible lowering of tariff protection by India in some sectors as part of trade agreement, and volatile financial markets may depress investment sentiment. With more than one third of India's merchandise exports coming from MSMEs and about one tenth of exports coming from the farm sector, if the overall global trade situation deteriorates, even agriculture and MSMEs may witness some downside risks to their prospects. Successful completion of the India-UK trade deal, however, is a major upside for the growth outlook.

In this unfavourable global environment, domestic macroeconomic policy setting has distinctly turned growth supportive. With the sharp moderation in inflation since February 2025, hovering below 4%, and the projected lower inflation for FY2026 by RBI, monetary policy rate has been lowered cumulatively by 100 bps, system level liquidity position has been switched to a perpetual surplus using relevant liquidity management instruments, and policy deregulations have provided impetus for boosting credit growth. The Union Budget for FY2026 has provided direct stimulus to consumption demand of ₹1 lakh crore, besides sustaining the thrust on capital expenditure and raising incentives for the states to augment their capex, which together provide the fiscal impulse to growth. India's growth process being dominated by services, an adverse external environment for merchandise trade may not pose much downside risks to overall growth. Softer commodity prices, reflecting weak global demand, and an above normal monsoon projected by the IMD are likely to offset the adverse impact of spillovers from any slowdown in global trade and growth. Healthy balance sheet positions of the Indian corporates and major financial sector entities should also help in preserving resilience of the growth process. Taking into account the balance of risks, the RBI has assessed CPI inflation in 2025-26 to average at 3.7% with projected GDP growth pegged at 6.5%. This growth inflation balance is likely to help sustain India's global enviable position as among the fastest growing major economies with overall macro-financial stability.

In FY2025, buoyant rural demand and robust performance of agriculture sector had helped in limiting the adverse impact of weakening urban demand and subdued growth in manufacturing. For sustaining the same level of support to overall non-inflationary growth in FY2026, implementing key reforms announced in the budget would be critical, ranging from giving special attention to 100 aspirational districts where growth potential remains untapped to enhancing climate resilience, achieving self-sufficiency in edible oil and pulses, improving supply chains for vegetables, raising productivity though adoption of technology and modern cropping practices, and creating greater non-farm employment opportunities. A favourable monsoon outlook and adequate flow of credit to agriculture ensured through priority sector lending norms and targeted financial inclusion measures provide congenial conditions for the sector. It is important, however, to ensure that food inflation remains contained during the year, through timely supply side measures, if needed, so as to avoid any domestic adverse supply shock induced disruption to growth and macro stability. Both decline in rural inflation and fiscal transfers from the government under different welfare schemes have helped in improving rural living conditions, but to enhance rural economic prosperity on a durable basis it would be critical to sustain the policy thrust on creating adequate non-farm employment opportunities, by incentivising rural MSMEs, start-ups, rural housing, e-commerce and local innovations, while also containing risks to employment from wider adoption of artificial intelligence (AI) for greater business efficiency and productivity.

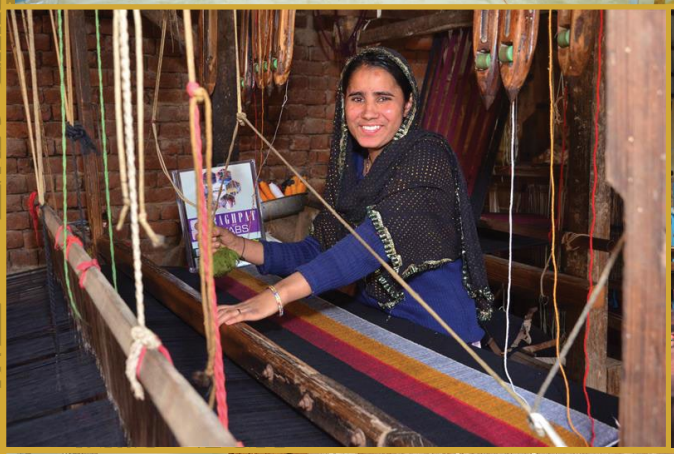
APPENDIX TO CHAPTER 1

Table A1.1: Transformative Policy Changes in the Farm Sector

Sr. No.	*Name of the Scheme*	*Objectives*
01.	Market Intervention Scheme and Price Support Scheme (MIS-PSS)	The Government introduced a new component of Price Differential Payment under Market Intervention Scheme (MIS) from AY2025 season for direct payment of the price difference between the Market Intervention Price (MIP) and the selling price to the farmers of perishable crops. States/UTs have an option to choose either the physical procurement of the crop or to make the differential payment between the MIP and Sale Price to the farmers. This was introduced to protect farmers of perishable crops from making distress sale in the event of a bumper crop during the peak arrival period when the prices tend to fall below cost of production. Additionally, a new feature has been included under MIS to reimburse central nodal agencies for the storage and transportation costs of Tomato, Onion, and Potato (TOP) crops when moved from surplus-producing states to consumer markets, ensuring farmer welfare and market stability.
02.	Modified Interest Subvention Scheme (MISS)	Under the Modified Interest Subvention Scheme (MISS), the limit of the subsidized KCC loans have been increased from ₹3 lakh to ₹5 lakh. Further, the collateral-free agricultural loan limit has also been increased from ₹1.6 lakh to ₹2 lakh per borrower. These changes shall strengthen financial inclusion, support the agricultural sector, and foster credit-driven economic growth, aligning with the government's long-term vision for sustainable agriculture.
03.	Namo Drone Didi	A Central Sector Scheme, it aims at providing drones to the Women Self-Help Groups (SHGs), with Central Financial Assistance @ 80% of the cost of drone and accessories/ancillary charges up to a maximum of ₹8 lakh. The Cluster Level Federations (CLFs) of SHGs may raise the balance amount (total cost of procurement minus subsidy) as loan under Agriculture Infrastructure Fund (AIF), and interest subvention @ 3% on the AIF loan will be provided to the CLFs.
04.	Digital Agriculture Mission	The Government approved the Digital Agriculture Mission with a total allocation of ₹2,817 crore to build a robust digital ecosystem for Indian agriculture, enabling timely access to accurate crop-related information and fostering the development of farmer-centric digital innovations. The Mission aims to develop a Digital Public Infrastructure (DPI) for Agriculture, encompassing platforms like AgriStack, the Krishi Decision Support System, and a comprehensive Soil Fertility and Profile Map. The AgriStack DPI is built upon three core registries maintained by State Governments and Union Territories—Geo-Referenced Village Maps, a Crop Sown Registry, and a Farmer Registry. As part of the Mission's goals, the Government aims to generate Farmer IDs for 11 crore farmers across the country by FY2027 and implement a Digital Crop Survey in all States and UTs starting from Kharif 2025.
05.	Agri Fund for Start-ups & Rural Enterprises (AgriSURE)	Agri Fund for Start-ups & Rural Enterprises (AgriSURE), a ₹750 crore Category-II Alternative Investment Fund was established to boost rural innovation and entrepreneurship. This blended capital fund is comprised of ₹250 crore each from the Department of Agriculture and Farmers Welfare and NABARD, with an additional ₹250 crore mobilized from financial institutions. Under the management of NABVENTURES, a NABARD subsidiary, the fund aims to support scalable agri-based start-ups and rural enterprises across the agricultural value chain.
06.	Credit Guarantee Scheme for e-NWR Based Pledge Financing (CGS-NPF)	With the objective to reduce distress sales, the Government of India launched the Credit Guarantee Scheme for electronic Negotiable Warehouse Receipts (e-NWRs) based Pledge Financing (CGS-NPF), providing a ₹1,000 crore corpus to support post-harvest financing for farmers. Under this scheme, farmers can access credit by pledging their produce stored in Warehousing Development and Regulatory Authority (WDRA) accredited warehouses, backed by e-NWRs.

Box A1.1: Highlights of Measures Announced in the Union Budget FY2026 for Agriculture and Rural Economy

1. Prime Minister Dhan-Dhaanya Krishi Yojana – Through the convergence of existing schemes and specialized measures, the programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters, and aim to (1) enhance agricultural productivity, (2) adopt crop diversification and sustainable agriculture practices, (3) augment post-harvest storage at the panchayat and block level, (4) improve irrigation facilities, and (5) facilitate availability of long-term and short-term credit. This programme is likely to help 1.7 crore farmers.
2. Aatmanirbharta in Pulses – Government will launch a 6-year "Mission for Aatmanirbharta in Pulses" with a special focus on Tur, Urad and Masoor.
3. Comprehensive Programme for Vegetables & Fruits – A comprehensive programme to promote production, efficient supplies, processing, and remunerative prices for farmers will be launched in partnership with states.
4. National Mission on High Yielding Seeds – A National Mission on High Yielding Seeds will be launched, aimed at (1) strengthening the research ecosystem, (2) targeted development and propagation of seeds with high yield, pest resistance and climate resilience, and (3) commercial availability of more than 100 seed varieties released since July 2024.
5. Mission for Cotton Productivity – This 5-year mission will facilitate significant improvements in productivity and sustainability of cotton farming and promote extra-long staple cotton varieties. The best of science & technology support will be provided to farmers.
6. Building Rural Prosperity and Resilience – A comprehensive multi-sectoral 'Rural Prosperity and Resilience' programme will be launched in partnership with states, to address under-employment in agriculture through skilling, investment, technology, and invigorating the rural economy.
7. Grameen Credit Score – The Grameen Credit Score, a framework will be developed by public-sector banks for the credit needs of members of Self-Help Groups (SHGs) and people in rural areas.
8. Development of Fisheries in India's EEZ – Government will bring a framework for sustainable harnessing of fisheries from Indian Exclusive Economic Zone (EEZ) and High Seas, with a special focus on the Andaman & Nicobar and Lakshadweep Islands.
9. Jal Jeevan Mission – Since 2019, 15 crore households representing 80% of India's rural population have been provided access to potable tap water connections. To achieve 100% coverage, the Mission is extended until 2028 with an enhanced total outlay.
10. Gene Bank for Crops Germplasm – The 2nd Gene Bank with 10 lakh germplasm lines will be set up for future food and nutritional security. This will provide conservation support to both public and private sectors for genetic resources.



2

2.1 Introduction
2.2 Definition of MSMEs in India
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INDIA'S RURAL MSME SECTOR: AN ENGINE OF INCLUSIVE GROWTH

> "The MSME sector is the backbone of India's manufacturing and industrial growth. MSMEs play a transformative role in the economic growth of our country. We are committed to nurturing and strengthening this sector."
>
> *– Hon'ble Prime Minister Narendra Modi*

2.1 INTRODUCTION

The micro, small, and medium enterprises (MSME) sector has long been the backbone of India's economy. With 6.5 crore MSMEs registered on the Udyam Registration Portal including Udyam Assist Platform (UAP), employing over 28 crore individuals,[1] the sector contributes substantially to the nation's economic output—accounting for 30.1% of gross domestic product,[2] 35.4% of manufacturing output,[3] and 45.7% of export earnings.[4] These figures underscore the sector's critical role in advancing India's ambition to become a global manufacturing hub.

Though 6.5 crore MSMEs were registered on the Udyam Portal including UAP as of June 2025, this does not indicate full formalisation of the sector. A substantial proportion of enterprises—particularly in rural areas—continues to operate informally. It is estimated that over 7.3 crore unincorporated non-agricultural establishments are engaged in manufacturing, trade, and other services (excluding construction), underscoring the extensive informal character of the sector.[5]

Within this broader landscape, rural MSMEs hold distinct relevance due to their grassroots presence and developmental impact. They are deeply embedded in India's cultural, artisanal, agricultural, and socio-economic fabric, enabling decentralised industrialisation and sustaining livelihoods in villages and peri-urban regions. Rural MSMEs are diverse in form and function—ranging from handloom cooperatives and agro-processing units to repair shops and cottage industries. These enterprises help reduce the rural-urban divide, discourage distress migration, and build resilient local economies. Importantly, rural MSMEs also serve as platforms for gender empowerment and community-based entrepreneurship, providing livelihoods to marginalised groups, including Scheduled Castes (SC), Scheduled Tribes (ST), and women.

Despite their growing significance to the economy, rural MSMEs face multiple constraints that hinder their scalability, competitiveness, and integration into broader markets.[6] These include inadequate access to finance, weak infrastructure, low technological penetration, and poor market linkages. Moreover, issues such as informality, skill gaps, and regulatory burdens further marginalise these businesses.

This chapter seeks to offer a comprehensive understanding of rural MSMEs in India, exploring their sectoral characteristics, challenges, policy context, and future opportunities. A special emphasis is placed on the role of NABARD—India's apex development finance institution in supporting rural MSMEs and empowering rural communities. NABARD has emerged as a vital enabler for rural MSMEs through its credit interventions, capacity-building efforts, and institutional partnerships. As India envisions a Viksit Bharat (developed India), the strategic strengthening of rural MSMEs will be critical for inclusive, sustainable, and decentralised economic transformation.

2.2 DEFINITION OF MSMEs IN INDIA

Given the wide diversity in terms of size, capital base, and operations of MSMEs, a clear classification framework was essential to distinguish them from large-scale industries. The MSME Development Act, 2006 marked a paradigm shift by including the services sector within the MSME definition and extending coverage to medium enterprises through a composite classification norm based on investment and turnover.

To align with the evolving economic landscape and enhance MSMEs' access to capital, technology, and scale, the Ministry of MSME revised the investment and turnover thresholds in the Union Budget 2025–26, with effect from 1 April 2025 (Table 2.1).

Table 2.1: Definition of MSMEs in India

Category	*Investment limit*	*Turnover limit*
Micro	Up to ₹2.5 crore	Up to ₹10 crore
Small	Up to ₹25 crore	Up to ₹100 crore
Medium	Up to ₹125 crore	Up to ₹500 crore

MSMEs = Micro, Small, and Medium Enterprises.
Source: GOI (2025), Notification on MSME-related provisions, Ministry of Micro, Small and Medium Enterprises, Government of India, 21 March. https://www.dcmsme.gov.in/Notification-S.O-no-1364-E-dated-21.03.2025-Revised-Definition.pdf.

The revised classification norm is applied uniformly across all enterprises, encompassing both the manufacturing and services sector. This revision is intended to support MSMEs in scaling up their operations, adopting advanced technologies, and enhancing access to capital. It is also expected to strengthen their growth potential and generate greater employment opportunities for the youth.

2.3 RURAL MSMEs OF INDIA

2.3.1 Rural–urban distribution

While MSMEs are prevalent across the country, a sharp distinction exists between rural and urban enterprises. About 54% of the 734 lakh "unincorporated manufacturing, trade and other services sector enterprises" operate in rural areas in agriculture-linked sectors like agro-processing, dairy, handlooms, and crafts (Table 2.2). These enterprises are more likely to be micro in scale, informal in structure, and owned by women or self-help group (SHG) members.

Table 2.2: Distribution of MSMEs by category in rural and urban areas (number in lakh)

Sector	*Micro*	*Small*	*Medium*	*Total*	*Share (%)*
Rural	397.2	0.3	0.01	397.5	54.2
Urban	335.5	1.0	0.03	336.5	45.8
All	732.6	1.3	0.04	734.0	100.0

MSMEs = Micro, Small, and Medium Enterprises.
Source: The National Sample Survey Office, 73rd Round, "Unincorporated Non-Agricultural Enterprises", 2015–16 (latest full round), data as quoted in MOSPI (2024), *Annual Survey of Unincorporated Sector Enterprises (ASUSE) 2023–24*, Ministry of Statistics and Programme Implementation, Government of India, October 2023–September 2024. https://www.mospi.gov.in/sites/default/files/publication_reports/ASUSE_2023_24_Full_Report-L.pdf.

2.3.2 Characteristics of rural MSMEs

Sectoral profile of rural MSMEs

Rural MSMEs operate across a range of sectors, often leveraging agricultural linkages, local skills, and natural resources. Some of the dominant sectors include:

- **Agro-processing**: Enterprises involved in processing of grains, pulses, dairy, spices, pickles, and forest produce. These are especially prominent in Maharashtra, Punjab, Madhya Pradesh, and Tamil Nadu.

- **Handlooms and handicrafts**: Clusters producing textiles, bamboo products, pottery, leather goods, and metal crafts—prevalent in states like Odisha, Assam, West Bengal, and Uttar Pradesh.
- **Food and beverages**: Household-scale production of pickles, snacks, jams, jaggery, traditional sweets, and packaged foods with local branding.
- **Animal husbandry and allied activities**: Dairy, poultry, goat rearing, and fisheries-based enterprises, often supported by SHGs and cooperatives.
- **Rural services**: Enterprises offering services such as mobile repair, tailoring, hairdressing, transportation, and hospitality in small towns and growth centres.

Size, scale, and ownership

- **Size and informality**: The vast majority of rural MSMEs are micro in size, often employing fewer than five workers. Many are informal, operating without Udyam registration or GST numbers. As per the UDYAM Portal, micro enterprises account for over 99% of the total registered enterprises, while small and medium enterprises together constitute less than 1%.
- **Ownership structure**:
  - ◇ **Proprietary and family-owned**: The dominant form of ownership, particularly in food processing, local services, and retail trade.
  - ◇ **Self-help groups**: Women-led groups engaged in collective enterprise such as food processing, tailoring, or soap making, often under NABARD-supported schemes.
  - ◇ **Cooperatives**: Particularly active in dairy (e.g., Gujarat, Karnataka), handlooms (e.g., Tamil Nadu, Kerala), and tribal forest produce (e.g., Chhattisgarh, Jharkhand).
  - ◇ **Farmer producer organisations**: Emerging form of collective enterprise focused on agri-processing, storage, and marketing.

Unique operational characteristics

- **Resource-based enterprises**: Most rural MSMEs are tied to local agricultural cycles or forest produce availability.
- **Seasonality**: Many rural enterprises are seasonal in nature, such as those dependent on harvest cycles or festive demand.
- **Low technological intensity**: While access to smartphones and digital payments has improved, most rural MSMEs use basic tools and have low mechanisation levels.
- **Proximity to markets**: Rural MSMEs tend to cater to local or nearby markets due to transportation and distribution constraints. Exceptions exist where NABARD or state schemes have enabled wider market reach.

2.3.3 Economic and social importance of rural MSMEs

Rural employment, livelihood diversification, poverty alleviation, and economic resilience

Rural MSMEs play a pivotal role in India's non-farm employment landscape by absorbing surplus labour from agriculture, especially in regions with low productivity and small landholdings. They offer diversified livelihood opportunities across dairy, poultry, aquaculture, grain milling, tailoring, woodworking, food processing, and textile sectors. With a rural worker–population ratio of 61.4% (versus 49.6% urban), these enterprises are key to retaining labour in the rural economy.[7]

Many rural MSMEs are SHG-led and operate as home-based, seasonal, or part-time ventures. These provide meaningful economic avenues for women and disadvantaged communities. Approximately 22% of rural MSMEs are women-owned,[8] with active participation in sectors such as dairy, weaving, tailoring, and food-based enterprises. At the national level, 26.2% of unincorporated establishments are headed by female proprietors, with an even higher share of 58.4% in the unincorporated manufacturing sector.[9] Youth engagement is also growing, particularly in digital services, electronics repair, and transportation.

Initiatives like NABARD's Micro Enterprise Development Programme, Livelihood and Enterprise Development Programme, and GOI's National Rural Livelihoods Mission (NRLM), which focus on building skills and enterprise capacity among SHG members, have transformed women's SHGs into vibrant economic units across states such as Tamil Nadu, Kerala, and Chhattisgarh. Earnings from these enterprises are frequently reinvested in household welfare, thereby improving health, education, and nutrition outcomes. In many districts, rural MSMEs have helped curb distress migration by offering local, year-round employment, for example, in handloom clusters in Assam and food-processing units in Maharashtra.

Rural MSMEs contribute significantly to poverty reduction, even when operating on thin margins. The income generated often supports health, education, and social mobility, thereby contributing to multi-dimensional poverty alleviation.

Retention of traditional skills and local identity

In addition to their economic contributions, rural MSMEs safeguard traditional skills and cultural identity. Artisanal clusters engaged in bamboo craft, handloom weaving, pottery, and tribal artwork serve not only as income-generating enterprises but also as custodians of community heritage.

With institutional support from NABARD and other agencies, these clusters are being revitalised through branding, geographical indication (GI) tagging, and market exposure via trade fairs. These efforts enhance rural incomes while strengthening India's cultural economy and soft power.

2.3.4 Challenges faced by rural MSMEs

Limited access to finance

Access to affordable and timely finance remains the foremost constraint for rural MSMEs.

- The credit gap for rural MSMEs is estimated at 32%, with women-led MSMEs facing an even higher gap of 35%, compared to 20% for male-led enterprises. To bridge this gap, a larger proportion of women rely on informal sources of credit.[10]
- Many rural enterprises do not meet the formal lending criteria due to lack of collateral, credit history, or registration documents.
- Even when credit is available, it is often short-term, underfinanced, or linked to consumption rather than productive needs.
- Consequently, a large segment continues to rely on informal lenders, which leads to high interest burdens and restricts growth potential.

Technological gaps and low productivity

Rural MSMEs often lack access to updated machinery, production processes, and digital tools.

- Most of them operate with low levels of mechanisation, affecting quality, productivity, and consistency.

- Many enterprises are unaware of or untrained in newer technologies such as e-commerce platforms, inventory software, and digital accounting apps.
- Even where awareness exists, poor internet access, high device costs, and lack of digital literacy inhibit adoption.

The result is a wide productivity gap between rural and urban MSMEs, particularly in high-potential sectors like food processing, apparel, and handicrafts.

Infrastructure deficits

In rural and semi-urban areas, MSMEs still face a lack of essential infrastructure such as power, roads, and communication services, which hinders their efficiency and overall development.[11] Inadequate infrastructure remains a binding constraint.

- Poor roads and limited access to logistics services raise transportation costs and limit market access.
- Unreliable electricity supply affects production schedules and leads to wastage, especially in perishable product-based enterprises.
- Limited access to affordable workspaces, storage, and cold chains hampers business expansion.
- Broadband and mobile network gaps prevent access to digital tools and government e-services.

Market access and linkages

Rural MSMEs face difficulty in accessing profitable markets.

- Absence of aggregation mechanisms limits economies of scale and bargaining power.
- Poor packaging, branding, and standardisation reduce market appeal and shelf-life.
- Lack of marketing skills and platforms, particularly digital ones, means many rely on word-of-mouth or low-margin local channels.
- Participation in exhibitions or public procurement processes is limited by complex procedures and lack of handholding.

Skills deficit and capacity constraints

- Rural entrepreneurs often lack exposure to formal business practices, including bookkeeping, quality control, pricing strategies, and legal compliance.
- Technical skills relevant to specific trades (e.g., food processing, tailoring, and carpentry) are limited to traditional methods.
- There is low uptake of formal skilling programmes due to lack of awareness, mobility issues (especially for women), or irrelevant curricula.

Gender-specific challenges

Women-led MSMEs face unique difficulties.

- Limited mobility and time due to domestic responsibilities.
- Difficulty in accessing finance, especially in the absence of male guarantors or property titles.
- Low participation in digital platforms and marketing networks.
- Underrepresentation in formal skilling programmes.

Targeted efforts—such as women-specific loan products under MUDRA and NABARD's SHG–Bank Linkage Programme—have helped, but significant gaps remain, which NABARD aims to bridge via its training and handholding programmes, especially LEDPs.

2.4 GOVERNMENT SUPPORT FOR MSMEs

The Government of India has implemented a comprehensive suite of initiatives to strengthen the MSME sector, recognising its pivotal role in fostering inclusive economic growth. These efforts reflect a strategic focus on enhancing competitiveness, improving access to finance and technology, and integrating MSMEs into domestic and global value chains.

National initiatives such as Digital India and Skill India are equipping MSMEs with essential digital capabilities and infrastructure. Additionally, the "Districts as Export Hubs" initiative, led by the Directorate General of Foreign Trade, aims to promote e-commerce exports, thereby fostering a dynamic ecosystem for MSME growth.

These wide-ranging initiatives can be grouped under key functional areas that align with the core needs of MSMEs, including employment generation, access to finance, infrastructure development, market integration, technology adoption, and sector-specific support.[12]

1. Employment generation and skill development

a. Prime Minister's Employment Generation Programme (PMEGP): A credit-linked subsidy scheme that promotes employment by facilitating the establishment of micro enterprises in the non-farm sector. Margin money subsidies (15%–35%) are provided for loans up to ₹50 lakh for manufacturing units and ₹20 lakh for service units.

b. Entrepreneurship Skill Development Programme: Designed to promote new enterprises and build capacity among existing MSMEs, this scheme offers (i) one-day Entrepreneurship Awareness Programmes, (ii) six-week Entrepreneurship-cum-Skill Development Programmes (E-SDP), and (iii) one-week Advanced E-SDPs across various trades.

c. Assistance to Training Institutions Scheme: Provides capital grants to national-level institutions[13] and up to ₹3 crore to state-level entrepreneurship development institutes for infrastructure development and entrepreneurship training.

d. Coir Vikas Yojana: An umbrella scheme implemented by the Coir Board for industry-wide development. Sub-schemes include:

   i. Science & Technology (R&D)
   ii. Skill Upgradation
   iii. Mahila Coir Yojana
   iv. Export and Domestic Market Promotion
   v. Functional Trade and Industry Support Services

e. A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship: Supports rural entrepreneurship by establishing "Livelihood Business Incubators", and funding plant, machinery (₹1 crore for government agencies; ₹75 lakh for private agencies), and operational costs (₹1 crore for government as well as private agencies).

f. Tool rooms and technical institutions: Focus on integrated sectoral development by providing tooling facilities, training programmes, product development, and consultancy services to MSMEs.

2. Financial assistance and credit support

a. Credit Guarantee Scheme for Micro and Small Enterprises: Offers collateral-free and third-party guarantee-free loans.

b. Additional guarantee schemes include:
   i. Mutual Credit Guarantee Scheme for MSMEs
   ii. Credit Guarantee Scheme for Start-ups
   iii. Credit Guarantee Fund for Micro Units
   iv. Credit Guarantee Scheme for Stand-Up India
   v. Credit Guarantee Fund Scheme for Factoring

c. Self-Reliant India Fund: Aims to channel capital to MSMEs through daughter funds via equity, quasi-equity, and debt to support growth, innovation, and employment generation.

d. Raising and accelerating MSME performance: A World Bank-supported Central Sector Scheme that enhances MSMEs' access to markets, finance, and technology through improved outreach, institutional strengthening, and centre–state collaboration.

e. PM MUDRA Yojana: Offers collateral-free institutional credit for non-farm enterprises, especially targeting women and marginalised entrepreneurs. Loan categories include:
   i. Shishu: up to ₹50,000
   ii. Kishore: ₹50,000–₹5 lakh
   iii. Tarun: ₹5–10 lakh
   iv. Tarun Plus: ₹10–20 lakh

f. Second loan for upgradation of existing PMEGP/MUDRA units: Provides assistance for scaling and technology upgrade, with up to 15% subsidy (20% in North East Region [NER] and hill states). The balance is provided as term loans by banks.

3. Cluster development and infrastructure

a. Micro & Small Enterprises Cluster Development Programme enhances sustainability and competitiveness through:
   i. common facility centres—up to 80% assistance for projects up to ₹30 crore; and
   ii. infrastructure development—up to 70% assistance for projects up to ₹15 crore.

b. Scheme of Fund for Regeneration of Traditional Industries:
   i. promotes collectives, value addition, and sustainable employment in traditional industries; and
   ii. includes government support—up to ₹2.5 crore (≤500 artisans); ₹5 crore (>500 artisans).

c. Promotion of MSMEs in NER and Sikkim, supporting infrastructure development through 90% financial assistance for:
   i. mini technology centres—up to ₹13.5 crore;
   ii. new/existing industrial estates—up to ₹13.5 crore/₹9 crore;
   iii. tourism sector projects – up to ₹4.5 crore; and
   iv. building costs—up to ₹1 crore (excluding land).

4. Marketing and export promotion

a. Procurement and Marketing Support Scheme aims to improve market access via:
   i. participation in trade fairs and exhibitions, and awareness generation on Government e-Marketplace, packaging, and export procedures;
   ii. increased capacity building and expansion of retail outlets for Geographical Indication products.

b. International Cooperation Scheme facilitates MSME participation in international events and market access through:
   i. market development assistance,
   ii. capacity building of first-time micro and small enterprises (MSE) exporters, and
   iii. international market intelligence dissemination.

c. National SC-ST Hub Scheme supports SC and ST entrepreneurs through:
   i. 25% capital subsidy (up to ₹25 lakh) and
   ii. mentoring, marketing, and procurement support under Public Procurement Policy (2012).

5. Innovation and technology upgrade

MSME Champions Scheme aims to unify and converge interventions for competitiveness and global reach through the following:
   i. MSME-Sustainable (ZED): Encourages high-quality, environmentally friendly manufacturing.
   ii. MSME-Innovative: Supports incubation, intellectual property rights, and design.
   iii. MSME-Competitive (Lean): Promotes lean manufacturing techniques for enhanced efficiency.

6. Sector-specific schemes

a. Khadi Gramodyog Vikas Yojana
   i. Enhances productivity and income for Khadi artisans through modernised infrastructure, skill revival, marketing, and exports.
   ii. Sub-schemes include Khadi Vikas Yojana and Gramodyog Vikas Yojana.

b. PM Vishwakarma Scheme: Recognises and empowers traditional artisans with:
   i. skill development and modern tools,
   ii. collateral-free credit up to ₹3 lakh in two tranches (₹1 lakh + ₹2 lakh), and
   iii. interest subvention, digital incentives, and market linkages.

7. MSME portals

a. Udyam Registration Portal: Official platform for paperless MSME registration using PAN and GSTIN, issuing a permanent identity number and certificate.

b. Udyam Assist Platform: Facilitates informal micro enterprises to register and formalise operations.

c. Other MSME portals:

i. My MSME Portal

ii. MSME Samadhan

iii. MSME Sambandh

iv. MSME Champions Portal

v. MSME Sampark Portal

8. Policy framework

Public Procurement Policy for MSEs (2018): Mandates 25% of all procurement by central ministries, departments, and central public sector enterprises to be sourced from micro and small enterprises. Within this 25%, 4% is reserved for SC/ST-owned MSEs, and 3% for women-owned MSEs.

2.5 NABARD'S ROLE IN SUPPORTING RURAL MSMEs

Building on its mandate to promote sustainable and inclusive rural development, NABARD has progressively expanded its support to the rural non-farm sector, including MSMEs. Recognising the critical role of rural enterprises in employment generation and income diversification, NABARD has aligned its interventions to strengthen this ecosystem. As an apex development financial institution, NABARD operates at the intersection of finance, capacity building, and institution building—making it a key enabler of the rural MSME ecosystem.

NABARD's efforts received further impetus through the amendment of the NABARD Act, 1981 via the NABARD (Amendment) Bill, passed on 2 January 2018. Under the original Act, NABARD was authorised to provide credit and related facilities to industries with investment up to ₹20 lakh in plant and machinery. The Amendment expanded this ceiling to ₹10 crore for enterprises in the manufacturing sector and ₹5 crore for those in the services sector. The earlier Act included experts from small-scale industries on NABARD's Board of Directors and Advisory Council and allowed financial assistance to banks lending to small-scale, tiny, and decentralised industries. The amended Act extended these provisions to cover MSMEs.

The key amendments to NABARD Act, 1981 were:

- the words "small-scale industries, industries in the tiny and decentralised sector, village and cottage industries and those engaged in the field of handicrafts and other rural crafts," shall be substituted with the words "village and cottage industries, micro enterprises, small enterprises and medium enterprises and those engaged in the field of handicrafts, handlooms and other rural crafts".
- "micro enterprise", "small enterprise", and "medium enterprise", shall have the same meanings as are respectively assigned to them in the Micro, Small and Medium Enterprises Development Act, 2006.

The development of the MSME ecosystem thus forms one of NABARD's core mandates, reflected in both its developmental and business interventions.

Financial assistance to banks and developmental support constitute key pillars of NABARD's approach to promoting credit flow, catalysing investment, generating employment, supporting collectivisation, enhancing livelihoods, and fostering sustainable economic growth among MSMEs.

The amendment expanded the scope of NABARD's refinance support to MSMEs, thereby enhancing the institution's capacity to facilitate inclusive rural industrial development.

NABARD's MSME interventions are closely aligned with central government policies that seek to promote enterprise-led development, generate rural employment, enhance incomes, support workforce diversification from agriculture to MSMEs, and reduce distress migration. Through strategic partnerships, memoranda of understanding with key stakeholders, and targeted capacity-building efforts, NABARD continues to support rural MSMEs through a robust mix of financial assistance, developmental programmes, and institutional strengthening (Table 2.3).

Table 2.3: NABARD's interventions to support MSMEs

1. Financial support	
Focus area	*Description*
Access to capital and refinancing	Provision of refinancing to eligible financial institutions to support capital access and investment by MSMEs. Collaborative action with banks and other lenders to improve outreach.
Credit planning	Credit projections for MSMEs prepared using district-level PLPs in consultation with stakeholders, identifying exploitable sector potential.
SRS for MSME activities	Implementation of targeted refinance schemes for: (i) micro food processing enterprises, (ii) watershed and wadi project areas, (iii) transformation of PACS into MSCs, (iv) infrastructure under AIF, and (v) aspirational districts and those with low PSL.
Channel for subsidy disbursal	Serving as the nodal agency for disbursing subsidies under SCLCSS for SC/ST entrepreneurs.
Support via subsidiaries	(i) NABSAMRUDDHI financing MSMEs in green energy, wellness, textiles, and handicrafts. (ii) NABKISAN providing finance to FPOs. (iii) NABVENTURES supporting start-ups.
MSME lending through RRBs	Mapping branches to MSME clusters and introducing tailored loan products through RRBs, thus enabling RRBs to expand their MSME loan portfolio by 17.6% to ₹57,890 crore in FY2024.
2. Developmental support	
Focus area	*Description*
Entrepreneurship and skill development	Promoting rural entrepreneurship and micro enterprise creation through skill development initiatives, with emphasis on women and marginalised groups. Supporting programmes such as MEDP and LEDP.
Technical and cluster support	Enabling technology upgrade, quality improvement, and marketing. Supporting producer collectives, particularly in handloom and handicrafts, through FPO/OFPO formation, DPR-mode projects, and tourism-linked models.
Marketing support	Facilitating market access for rural producers via rural haats, mobile marts, exhibitions, M-Suvidha, and similar initiatives. Showcasing 116 GI products and 22 OFPOs at the Grameen Bharat Mahotsav 2025 in partnership with DFS.
Cultural heritage and IPR	Supporting GI-related pre- and post-registration activities and the establishment of GI facilitation centres.
Start-up and innovation ecosystem	Promoting innovation through the establishment of RBICs (10 supported to date) and by operating a Catalytic Capital Fund for start-ups with prototypes or minimum viable products.
Scheme convergence	Initiating scheme convergence by district development managers working with district industries centres for alignment and integration of central and state-level MSME schemes.

3. Collaborations and strategic partnerships

Focus area	*Description*
MOUs and partnerships	Formalisation of MOUs with: • NRLM to support SHG graduation to entrepreneurship; • NSCFDC, NBCFDC, and NSKFDC to support marginalised communities through skilling and finance.
Sectoral promotion activities	Sponsorship of seminars, conferences, and programmes such as Startup Mahakumbh hosted by organisations including PHDCCI, ASSOCHAM, and start-up missions.
FPO capacity development	Developing FPO accelerator programmes to address skill and capacity gaps among producer organisations.

AIF = Agriculture Infrastructure Fund, ASSOCHAM = Associated Chambers of Commerce and Industry of India, CLCSS = Credit Linked Capital Subsidy Scheme, DFS = Department of Financial Services, DPR = Detailed Project Report, FPO = Farmer Producer Organisation, GI = Geographical Indication, IPR = Intellectual Property Right, LEDP = Livelihood and Enterprise Development Programme, MEDP = Micro Enterprise Development Programme, MOU = Memorandum of Understanding, MSC = Multi-Service Centre, MSME = Micro, Small, and Medium Enterprise, NBCFDC = National Backward Classes Finance and Development Corporation, NRLM = National Rural Livelihoods Mission, NSCFDC = National Scheduled Castes Finance and Development Corporation, NSKFDC = National Safai Karamcharis Finance and Development Corporation, OFPO = Off-Farm Producer Organisation, PACS = Primary Agricultural Credit Society, PHDCCI = PHD Chamber of Commerce and Industry, PLP = Potential Linked Credit Plan, PSL = Priority Sector Lending, RBIC = Rural Business Incubation Centre, RRB = Regional Rural Bank, SC = Scheduled Caste, SCLCSS = Special Credit Linked Capital Subsidy Scheme, SHG = Self-Help Group, SRS = Special Refinance Scheme, ST = Scheduled Tribes.

Note: Wadi is an orchard-based livelihood programme.

2.6 WAY FORWARD

The vision of Viksit Bharat @2047 calls for a resilient and dynamic economic ecosystem with energetic contributions from all key sectors of the economy. Within this framework, MSMEs possess significant potential to act as engines of inclusive and sustainable growth. Their agility, deep understanding of local contexts—particularly in rural areas—and entrepreneurial drive position them as the appropriate agents of change to achieve India's long-term development goals.

To unlock this potential, it is essential to foster the growth of rural entrepreneurs and MSMEs through a coordinated set of interventions spanning finance, capacity building, technology, and market integration.

NABARD plays a pivotal role in shaping a sustainable and competitive rural MSME ecosystem. Its innovative strategies and targeted initiatives support rural enterprises in meeting global standards while maintaining their local relevance. Key strategic areas include:

- **Skill and entrepreneurship development:** NABARD supports skill and entrepreneurship development programmes to nurture rural talent, create employment opportunities, and promote women-led MSMEs. These initiatives strengthen enterprise readiness and sustainability, especially in underserved areas.
- **Infrastructure and digitalisation:** Investments in modern infrastructure and digital tools are transforming the rural MSME landscape, helping MSMEs create a strong digital footprint and compete more effectively in national and international markets. NABARD promotes digital solutions tailored to small enterprises, including:
  - ◊ Digital enhancements to existing equipment and machinery
  - ◊ Integration with e-commerce platforms
  - ◊ Adoption of digital payment systems and digital lending models
- **Incubation and mentorship:** NABARD fosters incubation and mentorship ecosystems by connecting MSMEs with industry experts, successful entrepreneurs, and support platforms. Hybrid (physical

and digital) incubation centres and peer-learning communities help enterprises acquire the skills and knowledge required to grow and innovate.

- **Cluster development:** The development of rural MSME clusters, supported by aggregation models, promotes resource efficiency, shared infrastructure, and collective problem-solving. Cluster-based value chains enhance competitiveness and facilitate integration into global supply chains.
- **Marketing support:** To improve market access, NABARD supports MSMEs through participation in trade fairs and exhibitions, while promoting the use of digital tools for branding, promotion, and customer engagement.
- **Streamlined access to finance:** Addressing the rural credit gap, NABARD facilitates access to tailored financial products and digital lending platforms, with a focus on unserved and underserved enterprises.
- **Environmental sustainability:** In alignment with national sustainability goals, NABARD promotes green technologies and resource-efficient business practices across rural MSMEs, reducing their environmental impact and enhancing long-term viability.
- **Collaboration and convergence:** By nurturing partnerships with public and private stakeholders, NABARD broadens the resource base for rural MSMEs, facilitating access to capital, technology, infrastructure, and markets. These collaborations strengthen the overall MSME ecosystem and drive inclusive growth.

2.7 CONCLUSION

The MSME sector continues to expand, playing a critical role in employment generation and contributing significantly to the national economy. While government initiatives and institutional partnerships have created an enabling environment for MSMEs, persistent challenges, such as limited access to affordable credit and gaps in technological adoption, remain.

To overcome these barriers, a holistic approach is needed—one that integrates finance, infrastructure, skill development, market linkages, and institutional capacity building. NABARD, with its extensive district-level presence, developmental mandate, and collaborative network, is uniquely positioned to lead this transformation.

By strengthening the rural MSME sector, NABARD can help unlock the full potential of grassroots enterprises and contribute meaningfully to the vision of Viksit Bharat—an India that is prosperous, inclusive, and globally competitive by 2047.

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3

3.1 Climate Action

3.2 LREDP, Landscape-based Regenerative Resilient Rainfed Ecosystem Development Programme

3.3 TRIBES, Tribal Resilience Initiative for Building Environmentally Sustainable Livelihoods

3.4 Way Forward

INVESTING IN A SUSTAINABLE TOMORROW

Climate change presents substantial risks to the rural economy as livelihoods in rural areas remain intrinsically linked to natural resources. Erratic weather patterns—such as unpredictable rainfall, extended droughts, and recurrent floods—adversely affect agricultural output, which constitutes a major source of income for most rural households. Climate-induced livelihood disruptions often lead to forced migration towards urban centres, posing both social and economic challenges. These impacts are relatively severe for small and marginal farmers, women, and other vulnerable groups, underscoring the need for strengthening climate resilience of agriculture and rural development interventions.

Recognising the increasing complexity of climate-change induced challenges, NABARD is proactively empowering rural households—particularly women, small and marginal farmers, weaker sections, and tribal communities—to secure sustainable livelihoods. This is being achieved through the promotion of climate change adaptation measures, support for tribal families in developing wadis (orchards), and the implementation of participatory watershed and soil management initiatives, among others.

3.1 CLIMATE ACTION

Climate financing plays a pivotal role in empowering vulnerable and marginalised communities to enhance their resilience to climate change through sustainable livelihood solutions. In line with its mandate to foster inclusive and equitable rural development, NABARD prioritises investments that promote sustainable livelihoods across India's diverse rural landscape. The availability of varied funding sources, combined with a collaborative implementation approach, enables NABARD to address a wide range of concerns in climate-vulnerable regions. These initiatives are supported through a blend of international and national climate finance mechanisms, including the Adaptation Fund (AF), the National Adaptation Fund for Climate Change (NAFCC), and the Green Climate Fund (GCF).

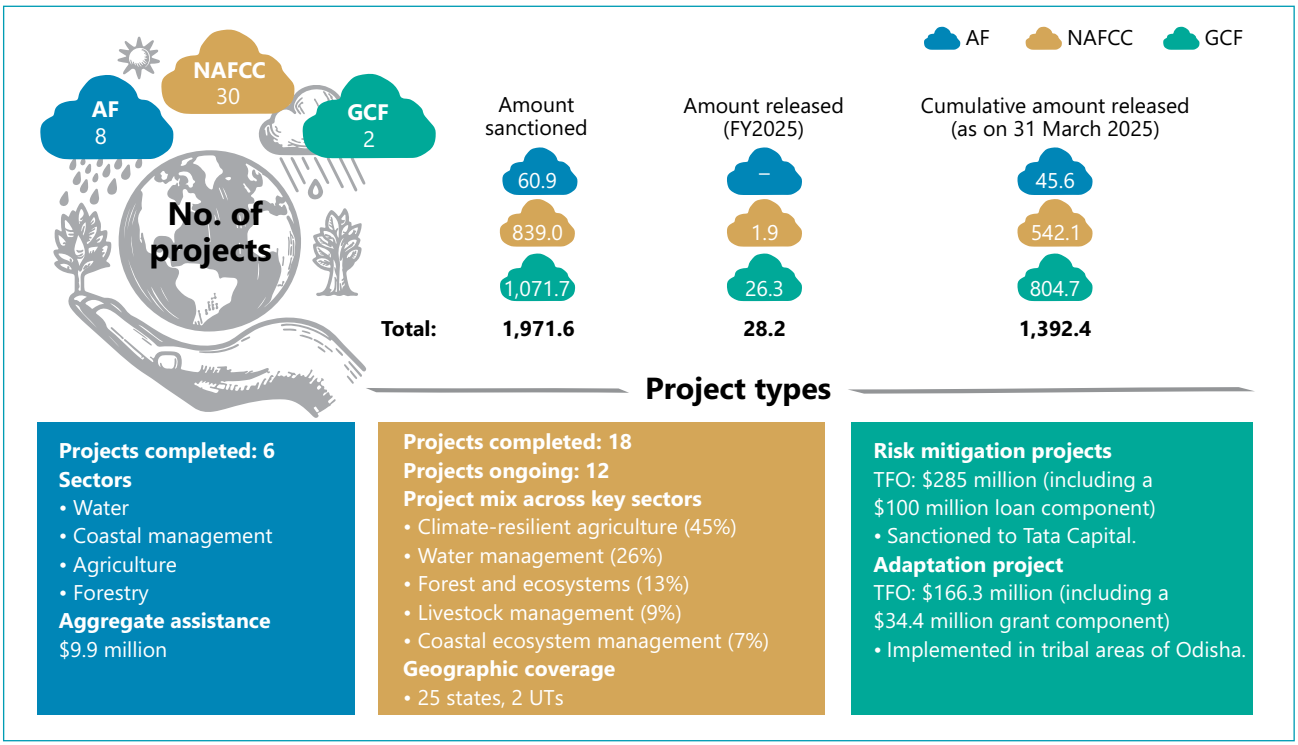
3.1.1 Overview

Up to 31 March 2025, NABARD has supported 40 climate change projects across India, with a total commitment of ₹1,971.6 crore (Figure 3.1, Showcase 3.1). While the AF and NAFCC primarily support adaptation, disaster risk reduction, and ecosystem restoration, the GCF focuses on mitigation initiatives such as clean energy and sustainable infrastructure.

Experience from field-level interventions underscores that locally driven, nature-based solutions tend to be low-risk, cost-effective, and yield more sustainable outcomes. Furthermore, actively involving communities as co-owners in project planning and execution significantly strengthens implementation, monitoring, and long-term ownership.

Locally driven, nature-based solutions, involving communities, tend to be low-risk, cost-effective, and yield more sustainable outcomes, with better implementation and monitoring.

Figure 3.1: Climate change initiatives by fund type (₹ crore)



AF = Adaptation Fund, GCF = Green Climate Fund, NAFCC = National Adaption Fund for Climate Change, TFO = Total Financial Outlay, UT = Union Territory.

Notes:

i. Adaptation Fund includes two readiness grant projects, namely, South–South Co-operation Grant for supporting national implementing entity accreditation in Afghanistan and Readiness Grant for development of environmental, social, and governance framework.

ii. Figures in parentheses under NAFCC-funded projects by sector represent share of the sector in total number of NAFCC projects.

Showcase 3.1: Coastal ecosystem restoration through community-driven livelihood development

Project: Coastal Habitat Restoration in the Gulf of Mannar, Tamil Nadu

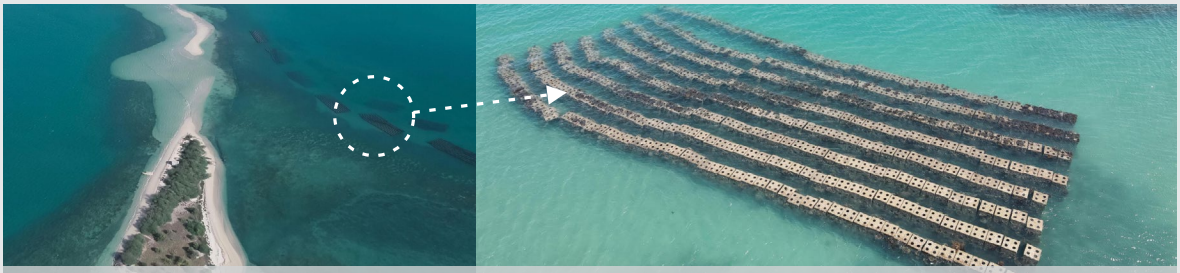
Fund: National Adaptation Fund for Climate Change (NAFCC)

Executing entity: Department of Environment, Government of Tamil Nadu

Implementing Agency: NABARD (National Implementing Entity for NAFCC)

Geographical coverage: Ramanathapuram, Thoothukudi, Tirunelveli, and Kanyakumari districts

Project outlay: ₹24.7 crore



Restoration of coral and sea grass habitats; Gulf of Mannar, Tamil Nadu.

Challenge

The project addressed severe habitat degradation caused by coral mining, coastal erosion, and sea-level rise, particularly around Vaan Island. These environmental threats significantly impacted marine biodiversity and the livelihoods of fishing communities.

Farmer harvesting seafood (top); SHG member processing seafood (bottom); Gulf of Mannar, Tamil Nadu.

Key interventions

- Restoration of coral and seagrass habitats across 4 square kilometres
- Deployment of 6,000 artificial reef modules around Vaan Island
- Development of community infrastructure, including a training centre, eco-tourism amenities, and net-mending sheds
- Execution of biodiversity and socioeconomic baseline surveys

Impact

- **Livelihoods**
  - 809 individuals directly benefited
  - 435 individuals who initiated micro-enterprises, earned ₹4,000–₹15,000 per month
  - 1,801 self-help group (SHG) members supported through revolving fund assistance
- **Ecology**
  - Notable increase in coral and seagrass cover
  - Expanded landmass from 2.3 hectares (ha) to 3 ha
- **Community engagement**
  - Over 26,000 individuals covered through awareness and outreach programmes
  - Women trained in sustainable livelihoods, including garment manufacturing, seafood processing, and basic health services

3.1.2 Initiatives in FY2025 for better project implementation

1. **Policy landscape**
   a. NABARD contributed to several national-level policy dialogues and provided inputs for framing guidelines, including those on climate-resilient agriculture, the National Adaptation Plan, the climate finance taxonomy, and the implementation framework for voluntary carbon markets (VCMs) in the agriculture, fisheries, and aquaculture sectors.

b. Memoranda of Understanding (MOUs) were signed with the Ministry of Agriculture & Farmers Welfare (MoA&FW) and the Ministry of Fisheries, Animal Husbandry and Dairying to support the implementation of VCMs. Under this initiative, 11 projects were registered on the Verra Verified Carbon Standard Global Carbon Registry on behalf of MoA&FW.
c. An MOU was signed with the National Dairy Development Board to promote sustainable and inclusive growth in the dairy sector.
d. NABARD partnered with the Food and Agriculture Organization (FAO) of the United Nations through an MOU to develop innovative financial mechanisms for delivering broad-based benefits to farmers and stakeholders, supporting sustainable agriculture, agri-food system transformation, and rural development.
e. NABARD@2030 Climate Strategy was launched, built on four strategic pillars:
    i. Accelerating green lending
    ii. Market development
    iii. Internal green transformation
    iv. Strategic resource mobilisation

2. **Climate finance**
    a. The NABARD Green Lending Facility (NGLF), a flexible green credit product, was launched on 28 January 2025. Two projects were sanctioned under this facility, with a combined loan assistance of ₹845 crore. The facility is accessible to a wide range of stakeholders, from state governments to start-ups engaged in rural green initiatives.
    b. A refinance product titled "Rural Home Loans Bundled with Rooftop Solar" was introduced to encourage the adoption of solar energy in rural households. The scheme offers an interest rate rebate on refinance for rural financial institutions.
    c. The Climate Change Fund–Interest Differential was operationalised using interest differential generated in FY2024. During FY2025, 11 projects received grant assistance totalling ₹4.5 crore.
    d. A detailed analysis of the State Action Plans on Climate Change of six states was undertaken to assess green financing potential. Based on these assessments, strategic meetings were held with the Finance Secretary, Government of West Bengal, and the Secretary, Department of Animal Husbandry and Dairying, Government of Bihar, to understand financing needs and sensitise stakeholders about the NGLF.
    e. New green finance products were developed, targeting areas such as climate-resilient dairy systems, solar-powered agricultural pumps, rural electric mobility, and energy efficiency in agricultural value chains.

3. **Other initiatives**
    a. Four high-level stakeholder consultations were held with industry experts, start-ups, and sector specialists across domains such as bioethanol, carbon markets, green hydrogen, and scalable green technologies in agriculture. Insights from these sessions were documented to identify financing opportunities and challenges in the green sector.
    b. An MOU was signed with the Government of Goa to support the establishment of a blended finance facility. The formulation of a special purpose vehicle for this initiative is in its final stages.
    c. Carbon credit assessments were piloted in select projects under the Tribal Development Fund (TDF) supported projects in Telangana, Odisha, and Chhattisgarh, in collaboration with NABCONS. An agreement was signed between NABCONS and Rabobank to monetise the carbon credits generated.
    d. Six green literacy training modules were developed, covering topics such as climate risk assessment for bankers, carbon markets, greening of financial systems, sustainable finance, and strategies for financial

institutions to leverage green financing. Gamified versions of these modules are being developed to enhance user engagement and improve learning outcomes.

e. NABARD's green taxonomy was operationalised, tagging projects worth ₹1,842 crore as "green". This "green portfolio" forms the basis for resource mobilisation through instruments such as "green bonds".

f. During FY2025, NABARD discussed collaboration in areas of mutual interest with many multilateral and bilateral organisations such as the World Bank, Asian Development Bank (ADB), FAO, European Union, European Investment Bank, West Asian Development Bank, Agriculture and Rural Development Bank (Cambodia), Rabobank, Enterprise Singapore, and Fiji Development Bank. In this context, it also hosted country delegations from Cambodia, Nigeria, New Zealand, and Fiji. Several key international collaborations were established during FY2025:

   i. Preparation and submission of two preliminary project reports to the Department of Economic Affairs, Government of India, in partnership with the World Bank:
      (1) Climate Finance Innovations for Fostering Resilience in India
      (2) Collaboration on a Green-Tagging Framework for the agriculture sector
   ii. Partnership with ADB for execution of the Solar Rooftop Implementation Programme in India.
   iii. Submission of a funding proposal to the GCF for the project "Harnessing Insurance for Climate Resilience in Indian Agriculture", endorsed by the GCF. The proposal seeks $20 million in GCF assistance as debt (total financing of $115 million), aimed at expanding insurance coverage in the agriculture sector.
   iv. In collaboration with the United Nations Development Programme, steps were taken to scale up the Data in Climate Resilient Agriculture (DiCRA) portal on a pan-India basis.

3.2 LREDP, LANDSCAPE-BASED REGENERATIVE RESILIENT RAINFED ECOSYSTEM DEVELOPMENT PROGRAMME

NABARD has been pioneering the promotion of participatory watershed development in India since 1992. In 1999–2000, the Watershed Development Fund was established in NABARD with an initial corpus of ₹200 crore, contributed equally by the Government of India and NABARD.

Building on this legacy, the watershed development programme has evolved into the Landscape-based Regenerative Resilient Rainfed Ecosystem Development Programme (LREDP)—a climate-resilient, agroecological initiative aimed at revitalising India's rainfed agriculture (Box 3.1). The programme prioritises water conservation, soil health, and livelihood security, while aligning with the Sustainable Development Goals, India's Nationally Determined Contributions, and Land Degradation Neutrality targets. Moving beyond conventional engineering, the LREDP integrates bioengineering, climate adaptation, and regenerative practices.

LREDP prioritises water conservation, soil health, and livelihood security, while integrating bioengineering, climate adaptation, and regenerative practices.

Box 3.1: Key features of the Landscape-based Regenerative Resilient Rainfed Ecosystem Development Programme

- Climate-adaptation measures: Integration of interventions based on climate vulnerability assessments.
- Water-efficient cropping: Promotion of water budgeting and crop diversification practices to optimise resource use.
- Soil health improvement: Transition from mono-cropping to poly-cropping systems to enhance soil vitality.
- Sustainable farming: Emphasis on natural farming and agroecological methods to reduce dependency on chemical inputs.
- Environmental safeguards: Application of NABARD's green taxonomy and environmental screening to ensure sustainability compliance.
- Bio-engineering focus: Replacement of conventional engineering with bio-engineering solutions to promote long-term ecological stability.
- Integrated planning: Preparation of comprehensive banking plans to support convergence with financial institutions.
- Technology integration: Use of geospatial tools and geotagging for real-time asset tracking and project transparency.
- Carbon revenue potential: Monitoring of carbon sequestration for possible participation in carbon markets.
- Result-oriented framework: Implementation of clearly defined outcomes, linked to specific output indicators, for performance measurement.

The interventions under watershed development are instrumental in enhancing soil and water conservation, improving agricultural productivity, and enabling climate-resilient livelihoods, particularly for smallholders and tenant farmers in rainfed and degraded landscapes. As on 31 March 2025, NABARD has sanctioned 3,761 watershed development projects across India, with a cumulative disbursement of ₹2,355.2 crore, covering 27.2 lakh hectares of land. In FY2025, 14 new projects were sanctioned, extending coverage to an additional 6,384 hectares, with disbursements amounting to ₹109.9 crore (Box 3.2).

Box 3.2: Participatory Sustainable Groundwater Management in Overexploited Blocks/Watersheds

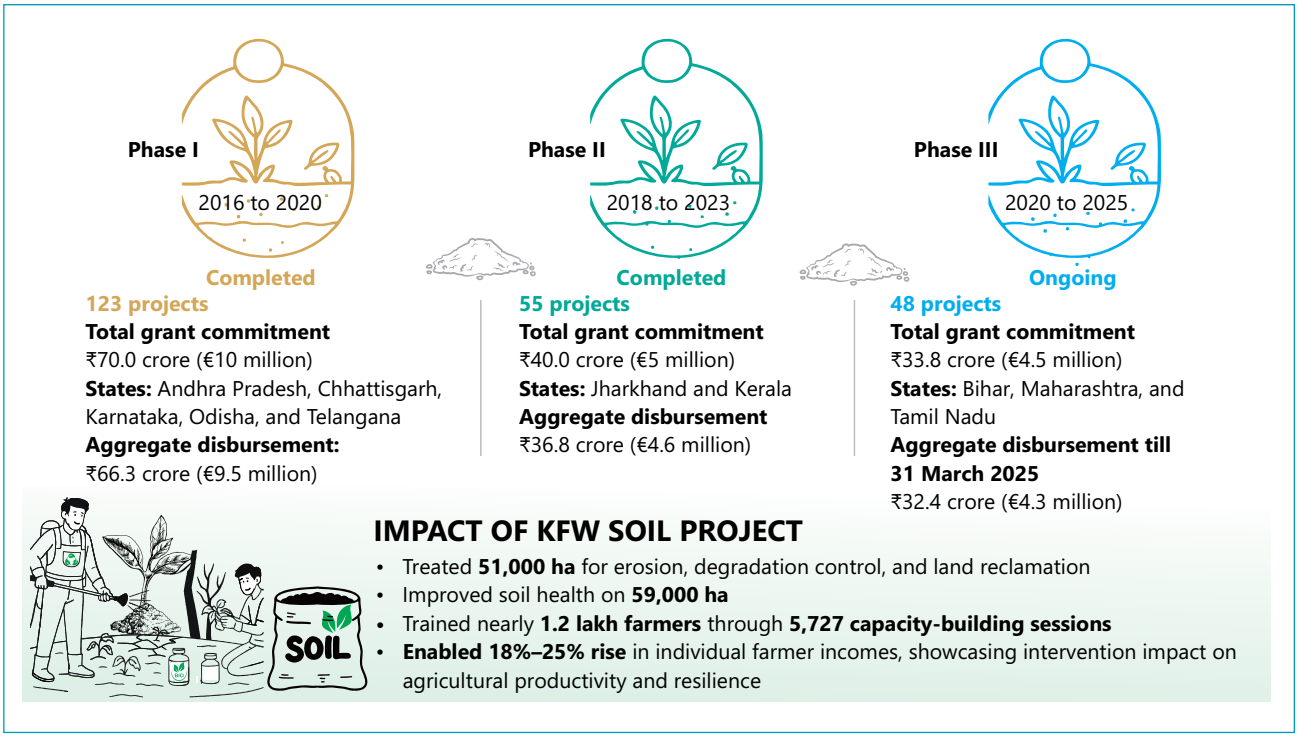
A first-of-its-kind pilot initiative titled "Participatory Sustainable Groundwater Management in Overexploited Blocks/ Watersheds" has been launched across five states—Punjab, Haryana, Rajasthan, Uttar Pradesh, and Tamil Nadu. This pioneering programme aims to promote community-led, demand-side water management at the micro-watershed and village level.

The initiative seeks to foster sustainable groundwater usage through active local engagement, with the overarching goal of transitioning villages currently categorised as overexploited to a safe status. Detailed project reports incorporating comprehensive water budgeting, are being prepared for the selected regions as a part of strategic planning and implementation.

3.2.1 Restoration and rehabilitation of degraded soils for food security

NABARD, in partnership with KfW Development Bank under the SEWOH (One World – No Hunger) initiative, has been implementing the KfW Soil Programme since August 2017. The programme focuses on the rehabilitation and regeneration of degraded soils to mitigate climate risks while enhancing agricultural productivity and community incomes in watershed areas. Implemented in three phases, it covers 226 projects across ten states (Figure 3.2, Box 3.3).

Figure 3.2: Soil restoration and rehabilitation initiative under KfW Soil Programme



ha = hectare, KfW = Kreditanstalt für Wiederaufbau.

Note: The exchange rates in the three phases were not the same.

Simultaneously, NABARD is also supporting the Soil Protection and Rehabilitation for Food Security in India (ProSoil) project under a technical cooperation agreement with GIZ.[1] This project is being implemented in five districts of Maharashtra and two districts of Madhya Pradesh, with a total grant support of €18.9 million from GIZ. The primary objective is to promote soil conservation practices to enhance crop productivity in vulnerable rural regions.

NABARD, in partnership with GIZ, is also implementing "Support to Agroecological Transformation Processes in India" (NAB-SuaTI), which is a strategic initiative designed to embed agroecological approaches within NABARD's natural resource management portfolio, with a total financial outlay of €3 million.

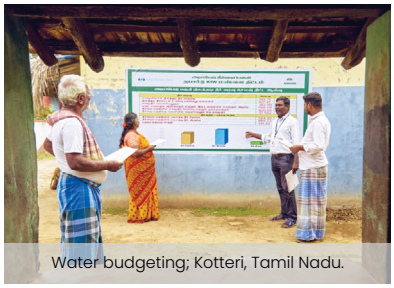
Box 3.3: Case study on water budgeting in Kotteri Watershed, Tamil Nadu

Context

Located in Cuddalore district, Tamil Nadu, the Kotteri Watershed spans an area of 1,232.9 hectare and receives an average annual rainfall of 1,050 mm.

Purpose

Implemented under the KfW Soil Programme supported by NABARD, the intervention focuses on restoring soil health and strengthening climate resilience.



Water budgeting; Kotteri, Tamil Nadu.

Activity

A comprehensive water budgeting exercise was undertaken to assess the region's water dynamics and inform strategic interventions.

Key findings

- **Total water demand**: 416.4 hectare-metre (ha-m)
  - ◊ Domestic: 44.9 ha-m
  - ◊ Agricultural: 371.5 ha-m
- **Water storage capacity**: 33.8 ha-m
  - ◊ Farm bunds: 15.5 ha-m
  - ◊ Sunken pits: 6.1 ha-m
  - ◊ Water absorption trenches: 4.9 ha-m
- **Water supply sources**:
  - ◊ Rainfall recharge: 90.6 ha-m
  - ◊ Other sources: 28.4 ha-m
- **Water deficit**: (–)162.7 ha-m

Outcomes and recommendations

The findings point to a **significant level of water deficit,** underscoring the need to:

- **strengthen water storage infrastructure** through expanded use of farm bunds, percolation tanks, and recharge structures;
- **promote water conservation measures** such as
  - ◊ rainwater harvesting,
  - ◊ groundwater recharge, and
  - ◊ micro-irrigation systems to improve water use efficiency;
- **encourage crop diversification,** particularly during the **rabi season**, to reduce water demand without compromising income; and
- **foster community engagement** through sustained awareness-building and participatory planning to ensure long-term water sustainability and promote **climate-resilient agriculture** in the region.

3.2.2 Springshed Development Programme for Climate Change Adaptation

The Springshed-based Watershed Development Programme has been renamed the Springshed Development Programme for Climate Change Adaptation. It focuses on rejuvenating drying springs in Himalayan areas and the North East Region (NER), as also other hilly regions of India to improve access to drinking and irrigation water.

As on 31 March 2025, 160 projects have been sanctioned across the NER and other hilly regions, with a cumulative disbursement of ₹33.2 crore (Showcase 3.2). In FY2025 alone, three new springshed projects were sanctioned, against which an amount of ₹8.3 crore has been disbursed.

Showcase 3.2: Expanding cultivation through springwater access

Project: Khirganga Springshed

Location: Farsali Walli Village, Bageshwar, Uttarakhand

Challenge

Limited access to irrigation confined vegetable cultivation to just 0.04 hectare, restricting crop diversity and capping income between ₹8,000–₹10,000.

Key interventions

- Construction of staggered contour trenches to enhance spring discharge and reduce soil erosion
- Development of an irrigation tank linked to a traditional *guhl* (water channel) for efficient storage and distribution of springwater

Impact

Enhanced irrigation availability enabled expansion of cultivated land and increased crop output, resulting in income rising to ₹28,000—an improvement of 2.5 times. This demonstrates the significant gains possible through low-cost, community-driven water management interventions.

Tank and *guhl* for harnessing spring water; Bageshwar, Uttarakhand.

Trenching in catchment area of springshed irrigation; Bageshwar, Uttarakhand.

3.2.3 Geospatial technology-based monitoring

NABARD Bhuvan Portal

To advance the digitalisation of watershed and allied projects, NABARD, in collaboration with the National Remote Sensing Centre (Indian Space Research Organisation), Hyderabad, has developed the NABARD Bhuvan Portal—a dedicated geospatial platform. Featuring an extensive repository of geotagged assets, the portal facilitates efficient mapping, utilisation monitoring, project tracking, and evidence-based assessment of outcomes.

As on 31 March 2025, the NABARD Bhuvan portal hosts 1,179 onboarded projects with 2 lakh geotagged assets. Following its migration to NABARD's server last year, the portal is now fully operational and being actively leveraged for project monitoring and evaluation.

Geospatial technology-based planning for watershed projects

The use of geospatial technology in watershed planning continues to grow, supporting more precise, transparent, and outcome-driven interventions. Open-source tools such as QGIS, Google Earth, Bhuvan, and Water Resources Information System are being employed to assess groundwater potential and classify

land. In FY2025, nine on-site training programmes were held across seven states—Tamil Nadu, Telangana, Karnataka, Bihar, Rajasthan, West Bengal, and Jammu & Kashmir—with technical support from GIZ. These were complemented by virtual trainings focused on preparing detailed project reports (DPRs). As on 31 March 2025, 13 DPRs have been developed using geospatial applications, strengthening climate-resilient planning in rainfed areas.

3.2.4 JIVA—agroecology programme

JIVA, an agroecology programme grounded in agroecological principles, was initially piloted through 24 projects across 11 states spanning five agroecological zones (Box 3.4). Building on the success of these pilots, the programme is now being scaled up to 25 additional projects in 12 states, with a renewed emphasis on the northeastern, eastern, and central regions, covering eight agro-climatic zones (Showcase 3.3).

Showcase 3.3: Transformative impact of natural farming in Patratu, Jharkhand

Project: Patratu JIVA Project (Pilot Phase)

Location: Patratu Block, Ramgarh District, Jharkhand

Implementing agency: Gramin Seva Sangh

Challenges addressed

- High cost of agricultural inputs
- Dependence on chemical fertilisers and pesticides
- Low crop productivity
- Limited awareness of natural farming techniques
- Inadequate livestock management practices

Key interventions

- Capacity building of 80 lead farmers across 8 JIVA clusters in 6 villages
- Promotion and use of bio-inputs such as Jeevamrit, Beejamrit, Ghanjeevamrit, and Neemastra
- Cultivation in over 90 acres using diverse indigenous crop varieties including paddy, vegetables, pulses, and oilseeds
- Establishment of 43 kitchen gardens (any-time-meal models) and 43 bio-resource units

Farmer harvesting crop produced using bio-inputs (above); Mahila Kalyan Samuh, SHG meeting underway in Armadag village (below); Patratu Block, Ramgarh District, Jharkhand.

Impact

- Significant reduction in input costs and notable improvement in soil health
- Increase in paddy yields from 17–18 quintals per acre to 20–22 quintals per acre
- Transition to year-round cultivation, enhanced market access, and improved farm income
- Improved household nutrition and strengthened food security
- Enhanced community cohesion and collective ownership through participatory action

Box 3.4: Scaling agroecological transformation through JIVA

Geographical coverage

Andhra Pradesh, Chhattisgarh, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Telangana, Uttarakhand, Jharkhand, and Tamil Nadu

Key interventions

- Natural farming practices implemented by 1,349 farmers in 607 hectare (ha) of land.
- 30 external farmer resource persons engaged through Rythu Sadhikara Samstha with technical support from GIZ to provide field-level facilitation.
- Capacity building of around 720 farmers, including 230 women, to develop them as lead farmers or farmer resource persons for peer-to-peer extension.
- Pre-monsoon dry sowing demonstrated on 217 ha of land.
- Establishment of 32 bio-resource centres, 24 custom hiring centres, and 21 seed banks to support field operations.

Outcomes and impact

- Kitchen gardens established in nearly 1,500 households, enhancing dietary diversity and nutrition security.
- Shift from mono-cropping to diversified farming systems with 8–20 crops, including millets, pulses, vegetables, and fruits, integrated with livestock and agroforestry.
- Surplus produce marketed through local outlets and rural haats, strengthening local food systems.
- Notable improvement in household food consumption and nutritional intake.
- Seasonal income increase of ₹10,000–₹15,000 reported by participating farmers.
- Enhanced soil health indicators, including improved moisture retention, soil structure, and microbial activity through use of bio-inputs and continuous crop cover.
- Effective pest and disease management through the application of bio-pesticides observed.
- Greater willingness among participating farmers to expand the area under natural farming, with growing interest from new farmers encouraged by the observed benefits.

3.3 TRIBES, TRIBAL RESILIENCE INITIATIVE FOR BUILDING ENVIRONMENTALLY SUSTAINABLE LIVELIHOODS

The TDF was established in FY2004 with an initial corpus of ₹50 crore. It is NABARD's primary financing instrument for tribal livelihoods, initially focused on horticulture and later expanded to include non-orchard activities such as livestock, sericulture, and non-timber forest products.

For greater inclusivity, empowerment, and upliftment of tribal communities, NABARD's Tribal Development Programme has been reimagined as the Tribal Resilience Initiative for Building Environmentally Sustainable Livelihoods (TRIBES). As the programme component executed under NABARD's broader tribal development strategy, TRIBES is a rebranded, refocused implementation effort targeting Particularly Vulnerable Tribal Groups, aspirational districts, and regions facing credit deficits. It supports both land-based and non-land-based livelihood activities to enhance resilience and sustainability.

While TDF forms the financial backbone through which NABARD allocates and grants concessional refinance towards tribal development, TRIBES, utilising TDF funding, focuses on specific tribal segments, agroecological practices, and structured project implementation aimed at enhancing resilience and promoting sustainable livelihoods (Box 3.5, Showcase 3.4).

Box 3.5: Tribal Development Fund: Achievements and outcomes up to 31 March 2025

Progress till 31 March 2025

- A total of 1,030 projects have been sanctioned, benefitting approximately 6.3 lakh tribal families and covering 5.8 lakh acres of land.
- Around 2.9 crore trees have been planted under the initiative, with a potential to sequester 6.3 lakh metric tonne of CO_2 annually.
- During FY2025, four new projects were sanctioned with a financial outlay of ₹12.3 crore, benefitting 2,000 families.
- During FY2025 a total of ₹123.6 crore was disbursed towards ongoing and newly sanctioned projects.

Orchards developed under TRIBES improving incomes, food security, and quality of life.

Impact

- **Income growth:** Household incomes increased by 15%–68% due to diversified farming systems and expansion of allied activities.
- **Productivity gains:** Horticultural interventions and improved water access resulted in a 15%–49% rise in productivity.
- **Women's empowerment:** Participation in women's self-help groups increased by 40%, with a 15% rise in decision-making roles.
- **Food security:** Beneficiaries experienced a 25% improvement in year-round food security due to diversified food baskets.
- **Quality of life:** Improved income, amenities, and sanitation standards contributed to an enhanced quality of life.
- **Migration reduction:** Seasonal and distress migration declined by 5%–25% across project locations.
- **Employment generation:** Farm-based employment days increased from 140 to 250 days per year.
- **Educational advancement:** Increased enrolment of girl children, improved access to education (up to 97% in some areas), and a fourfold increase in household education expenditure was observed.

Key achievements under TRIBES during FY2025 include the following:

1. Three *bodi*-based integrated farming projects were initiated in Gadchiroli, Maharashtra, aimed at rainwater harvesting, irrigation, and aquaculture.[2]
2. A study on *Van Dhan Vikas Kendras* in Rajasthan and Jharkhand identified potential areas for collaboration with the Ministry of Tribal Affairs, Government of India.
3. "Seb Mahotsav 1.0," a first-of-its-kind tribal produce festival held in Uttarkashi, Uttarakhand, facilitated the sale of apples and kiwis worth ₹2 lakh in just six hours.
4. "Gaon ki Pathshala," an initiative launched in Chittorgarh, Rajasthan, by the project-level committee, enlisted local graduates to provide free education to 130 enrolled village children.
5. A compendium titled *Chasing Dreams – Inspiring Stories of Success,* highlighting transformative stories under tribal development projects, was released on NABARD's 43rd Foundation Day, 12 July 2024.

Showcase 3.4: Building resilient livelihoods through TRIBES in Jalpaiguri, West Bengal

Context: In Nagrakata Block, Jalpaiguri, West Bengal, a large number of landless families struggled with economic instability due to limited livelihood opportunities.

Key challenges

- Limited access to sustainable sources of income.
- High incidence of migration in search of livelihood.
- Inadequate access to agricultural and livestock assets.
- Poor nutritional intake and substandard living conditions.

Grant assistance: To address these challenges, NABARD sanctioned a project under the TRIBES initiative in March 2021, with a grant assistance of ₹116.4 lakh.

Executing entity: Khagenhat Welfare Organisation

Goat rearing stabilising incomes and reducing seasonal migration among landless households; Jalpaiguri, West Bengal.

Objective: The project aimed to support 200 landless families through targeted interventions including livestock distribution, promotion of organic kitchen gardens, and formation of farmer producer organisations (FPOs) for improved market integration and input delivery.

Key interventions

- Distribution of small livestock (primarily goats) to 200 landless beneficiaries
- Promotion and adoption of organic kitchen gardening practices
- Facilitation of FPO formation to enhance input delivery systems and market linkages

Outcome: The project recorded a minimal livestock mortality rate of 1.6%, indicating the positive impact of the best practices in livestock care and management.

Impact on a beneficiary family

- Household income rose by ₹70,000 annually.
- Household members discontinued seasonal migration as the family achieved livelihood stability locally.
- Livestock numbers within the household tripled, contributing to improved food security and supplementary income.
- The introduction of organic kitchen gardens led to noticeable improvement in household nutrition and health.

3.4 WAY FORWARD

As NABARD advances into FY2026, it remains committed to promoting sustainable development and scaling up its support for climate-smart agriculture through ecosystem-based adaptation by mainstreaming low-carbon technologies into its rural development programmes. Key strategic priorities will include strengthening institutional capacities, broadening access to both global and domestic climate finance, and deepening public–private–community partnerships to amplify the reach and impact of climate action.

In response to the increasing exposure to climate risks, NABARD plans to adopt a more agile and proactive approach to climate resilience. This includes integrating advanced tools—such as satellite-based early warning systems and climate risk modelling—into planning and financing frameworks to support an inclusive, sustainable, and resilient trajectory of development.

NOTES

1. GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH.
2. *bodi*: a pond-like water structure within agricultural fields.

4

4.1 Microfinance as a Catalyst for Rural Empowerment

4.2 Initiatives for Sustainable Livelihoods

4.3 Farmer Producer Organisations

4.4 Strengthening the Rural MSME Sector

4.5 Supporting Rural Entrepreneurs, Start-ups, Marketing, and Branding

4.6 Fostering Research and Promoting Knowledge Sharing

4.7 Way Forward

Appendix to Chapter 4

INCLUSIVE DEVELOPMENT THROUGH SUSTAINABLE LIVELIHOODS

NABARD has played a pivotal role in advancing inclusive rural development by promoting livelihoods, building skills, strengthening institutions, and fostering both financial and digital inclusion. Its integrated approach has yielded tangible outcomes at the grassroots level, generating millions of sustainable livelihood and entrepreneurship opportunities. Through its multifaceted financial and developmental interventions, NABARD has nurtured a robust ecosystem that has significantly contributed to the emergence of self-sustaining rural communities and the broader economic growth of the nation.

4.1 MICROFINANCE AS A CATALYST FOR RURAL EMPOWERMENT

4.1.1 Towards seamless self-help group–bank collaboration

NABARD has been instrumental in advancing rural banking innovation through the Self-Help Group–Bank Linkage Programme (SHG–BLP). This initiative has facilitated access to affordable and sustainable credit and financial services for 17 crore rural households, in collaboration with mainstream banks (Table 4.1).

Table 4.1: Performance of the Self-Help Group–Bank Linkage Programme in FY2025

Particulars	*Status as on 31 March 2025 (Change over FY2024)*			
	SHGs (in lakh)	*Change*	*Aggregate Amount*	*Change*
Loans disbursed during FY2025	55.6	1%	₹2,08,282.7 crore	–0.5%
Loans outstanding	84.9	10%	₹3,04,258.7 crore	17%
Savings with banks	143.3	–1%	₹71,433.3 crore	10%
Non-performing assets			*1.7%*	*–15%*
Average loan disbursed per SHG during FY2025			*₹3.7 lakh*	*–2%*

SHG = Self-Help Group.

The SHG–BLP has empowered rural women by facilitating access to timely and affordable credit, encouraging savings, strengthening social capital, and promoting entrepreneurship in rural households. These outcomes have contributed to enhanced income generation and reduced dependence on private moneylenders. In addition, NABARD reinforces the SHG–bank interface by supporting Village Level Programmes in collaboration with banks and the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY–NRLM) under the Ministry of Rural Development, Government of India (GOI). Village Level Programmes provide support for SHG account opening, access to formal banking services, credit linkage, repayment discipline, and broader participation in the financial system.

4.1.2 Deepening the impact of joint liability groups

NABARD is promoting the extension of collateral-free credit by banks to joint liability groups (JLGs), thereby enabling poor and marginalised members to undertake diverse farm and non-farm activities that strengthen livelihoods and mitigate risks. In FY2025, banks supported 49.8 lakh JLGs, taking the cumulative number to 380.7 lakh JLGs as on 31 March 2025.

4.1.3 Skill development for efficient programme implementation

NABARD launched a series of training and capacity-building initiatives targeting key stakeholders, including bankers, non-governmental organisations, government officials, SHGs, SHG federations, and trainers. In FY2025, a total of 0.4 lakh participants received training through various programmes. As on 31 March 2025,

cumulative training had been imparted to around 50 lakh participants under the Financial Inclusion Fund and 5.4 lakh participants under the Women SHG (WSHG) programme.

4.1.4 Pilot on Money Purse Application

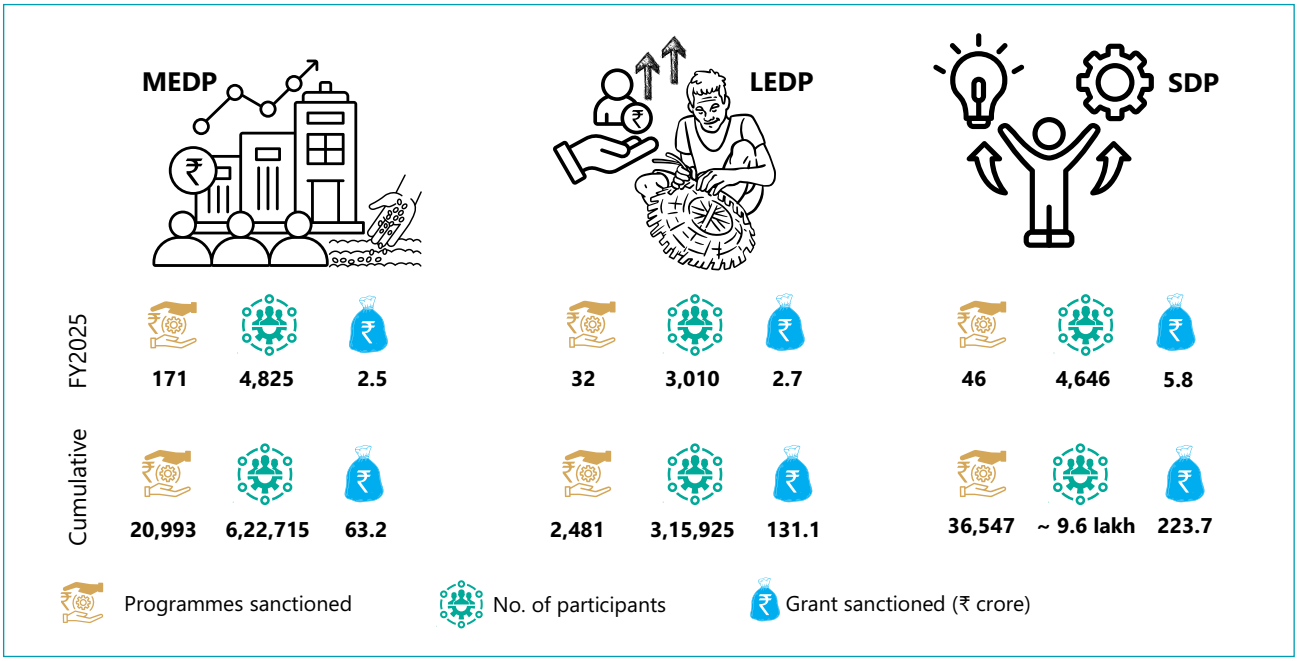
To deliver efficient, real-time financial services to SHG members at their doorstep, reduce turnaround time and transaction costs for banks and SHGs, and capture individual member-wise financial data to enable dynamic, real-time grading of SHGs, a pilot on the Money Purse (MP) Application was sanctioned in FY2024. It has been initiated in collaboration with Odisha Gramya Bank and Kerala State Cooperative Bank. Through the digitisation of SHG transactions and the use of technology, the MP App is expected to provide seamless member-level data to credit information companies and build credit histories to facilitate credit access to individual members for livelihood activities.

4.2 INITIATIVES FOR SUSTAINABLE LIVELIHOODS

4.2.1 Skill and entrepreneurship development programmes

Adopting a demand-driven and outcome-focused approach to promote both wage and self-employment in rural India, NABARD implements Micro Enterprise Development Programmes, Livelihood and Enterprise Development Programmes, and Skill Development Programmes (SDPs) (Figure 4.1). These initiatives focus on promoting sustainable rural livelihoods by skilling, entrepreneurship, and enterprise development. Targeted support is provided in areas such as capacity building, market linkages, and financial access to empower individuals and communities.

Figure 4.1: Skilling and entrepreneurship development programmes (as on 31 March 2025)



LEDP = Livelihood and Enterprise Development Programme, MEDP = Micro Enterprise Development Programme, SDP = Skill Development Programme.

4.2.2 M-Suvidha: Empowering women with skills to set up micro enterprises

Strategised as an end-to-end intervention, M-Suvidha offers need-based and location-specific skill development projects for women, promoting sustainable rural livelihood solutions across farm and off-farm sectors. The scheme is being implemented in a detailed project report (DPR) mode. Under the pilot, an amount of ₹40.5 lakh was sanctioned to Women Organization for Mass Action to strengthen the livelihoods of 500 SHG members in Virudhunagar district, Tamil Nadu. Upon completion of the project, a credit flow of ₹1 crore is anticipated.

4.2.3 Partnership-driven approach to skilling and entrepreneurship development

As part of a strategic alliance to benefit rural WSHGs, NABARD and DAY–NRLM signed a landmark memorandum of understanding (MOU) on 27 February 2024. The MOU aims to pilot digital transactions through SHG federations, introducing transparency and efficiency to minimise turnaround time for members. It also seeks to explore the deployment of WSHG members as business correspondents of banks. An amount of ₹1,005 lakh was sanctioned to State Rural Livelihood Missions under the MOU and ₹300.8 lakh was released towards various interventions.

A key area of collaboration includes support for SHG marketing infrastructure such as the establishment of rural haats, rural marts, and participation in exhibitions/melas, and "Stall-in-Mall" initiatives, in accordance with guidelines under NABARD's Gramya Vikas Nidhi (GVN). Subsequently, 20 rural marts, 8 exhibitions, 1 rural haat, and 1 Stall-in-Mall project were sanctioned.

NABARD has entered into MOUs with the National Scheduled Caste Finance and Development Corporation (NSFDC), National Backward Class Finance and Development Corporation (NBCFDC), and National Safai Karmacharis Finance and Development Corporation to strengthen inclusive development initiatives.

Based on jointly shortlisted courses and programmes, eight SDPs amounting to ₹1 crore were sanctioned to NSFDC and NBCFDC. This collaboration is expected to complement NABARD's developmental interventions by facilitating credit support on highly concessional terms to marginalised and deprived communities, thereby enhancing their access to sustainable livelihood opportunities.

4.2.4 Lakhpati Didi initiative

In alignment with the Lakhpati Didi initiative of the GOI, a model scheme was formulated for regional rural banks (RRBs) to extend finance to individual members of mature WSHGs engaged in income-generating activities across the farm and non-farm sectors. The RRBs were advised to adopt the scheme with suitable modifications.

4.2.5 Activities under Social Stock Exchange and CBF–SSE

The Capacity Building Fund–Social Stock Exchange (CBF–SSE) was established in FY2023 with a corpus of ₹100 crore and is housed within NABARD. The fund supports awareness and capacity-building activities for stakeholders such as non-profit organisations (NPOs), for-profit enterprises, social impact assessors, investors, and others associated with the SSE. NABARD remains actively engaged in developing a sustainable SSE ecosystem.

NABARD has subscribed to ₹65 lakh worth of Zero Coupon Zero Principal instruments for three SSE listings, with contributions from the GVN and the Tribal Development Fund. Through coordinated efforts involving NABARD, the National Stock Exchange (NSE), the Bombay Stock Exchange (BSE), and other stakeholders, 11 NPOs were listed on the SSE. To facilitate onboarding, NABARD decided to offer a one-time incentive of ₹5 lakh to the first 20 listed NPOs. As on 31 March 2025, 142 NPOs had been registered on both the BSE–SSE and NSE–SSE.

4.3 FARMER PRODUCER ORGANISATIONS

Farmer producer organisations (FPOs) are collectives of farmers formed to enhance market access, strengthen collective bargaining power, and improve incomes through aggregation and value addition. NABARD has been a pioneer in promoting FPOs through its Producers Organisation Development Fund and the Producers Organisation Development and Upliftment Corpus Fund. It also serves as one of the implementing agencies for the Central Sector Scheme (CSS) aimed at forming and promoting 10,000 FPOs (Table 4.2, Box 4.1, and Figure 4.2).

Table 4.2: Promotion of FPOs by fund (amount in ₹ crore)

Particulars		*PRODUCE*	*PODF-ID*	*CSS*	*Total*
FPOs sanctioned (number)	Overall target	2,000	3,000	1,694	6,694
	Cumulative	2,154	3,591	1,694	7,439
	Achieved in FY2025	-	84	-	84
FPOs registered (number)	Cumulative	2,094	2,427	1,694	6,215
	In FY2025[a]	-	151	8	159
Grant sanctioned	Cumulative	221.3	457.8	806.2	1,485.3
	In FY2025	-	80.9	29.2	110.1
Grant utilised	Cumulative	200.0	257.3	338.7	796.0
	In FY2025	-	43.8	106.0	149.8
Farmers covered as shareholders (lakh)		10.2	11.1	6.3	27.6
Cumulative share capital collected by FPOs		113.3	121.1	104.6	339.0
Balance corpus, 31 March 2024		0.0	260.0	-	260.0
Corpus used during FY2025		0.0	43.8	106.0	149.8
Balance corpus, 31 March 2025		-	223.6[b]	-	223.6

[a] Of the 159 FPOs registered during FY2025, 127 had been sanctioned in FY2024.

[b] Includes interest on unutilised fund.

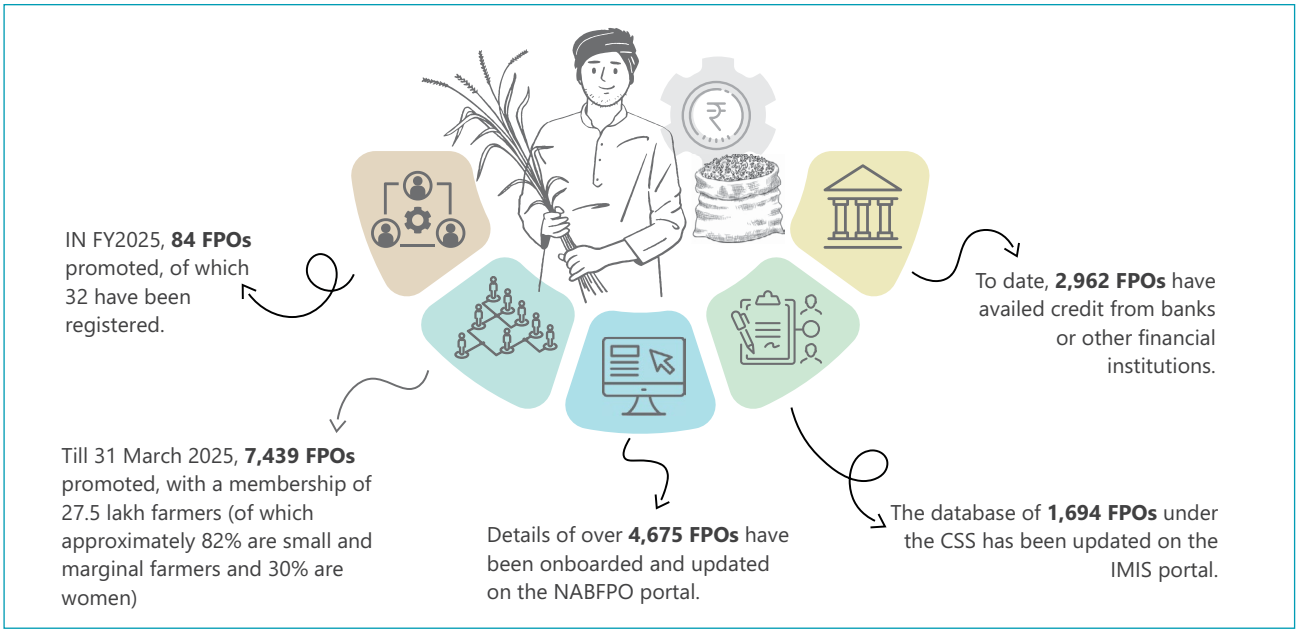
CSS = Central Sector Scheme, FPO = Farmer Producer Organisation, PODF-ID = Producers Organisation Development Fund-Interest Differential, PRODUCE = Producers Organisation Development and Upliftment Corpus.

Box 4.1: FPO Credit League 2025

The "FPO Credit League 2025" is a novel initiative by NABARD's Madhya Pradesh Regional Office, inspired by the popular televised format Shark Tank. The initiative brought together 30 FPOs and 14 FIs to foster collaboration for sustainable agricultural development. The FPOs presented their business plans, while the FIs gained insights into the intricacies of FPO operations. Based on evaluations, the credit league resulted in in-principle approval of credit support ranging from ₹5 lakh to ₹40 lakh, amounting to a total of ₹4 crore for 29 participating FPOs.

FI = Financial Institution, FPO = Farmer Producer Organisation.

Figure 4.2: Promotion of FPOs till FY2025 (highlights)



CSS = Central Sector Scheme, FPO = Farmer Producer Organisation, IMIS = Integrated Management Information Systems.

Note: NABFPO (nabfpo.nabard.org) is the portal developed by NABARD for digitised FPO data including members' profiles for use by the stakeholders.

4.3.1 FPO promotion and development initiatives in FY2025

- NABARD sanctioned ₹25 crore to the National Commodity & Derivatives Exchange (NCDEX) for a one-year Price Protection Programme for FPOs, encouraging farmers to use put options in the commodity market. The programme extended premium subsidies totalling ₹4.8 crore for hedging 6,604 metric tonne of commodities—specifically cumin, coriander, and turmeric—with participation from 81 FPOs and 1,22,109 farmers.
- In partnership with the Small Farmers' Agribusiness Consortium and the Open Network for Digital Commerce (ONDC), NABARD is conducting FPO melas titled "TARANG – Celebrating Collectivisation" at 50 locations across 24 states and Union Territories (UTs). These events aim to showcase FPO and Off-Farm Producer Organisation (OFPO) products, facilitate branding and marketing, and enhance nationwide sales through the ONDC network. In FY2025, 26 melas were organised in the second phase across 14 states and UTs.
- NABARD sanctioned ₹388.2 lakh for an FPO Accelerator Project in collaboration with the State of Maharashtra Agribusiness and Rural Transformation (SMART) project under the Government of Maharashtra, covering 40 FPOs.
- Under the CSS on the formation and promotion of 10,000 FPOs, a Credit Guarantee Fund with a corpus of ₹1,000 crore—jointly contributed by the Ministry of Agriculture and Farmers Welfare and NABARD—has been established under the trusteeship of NABSanrakshan Trustee Private Ltd., a wholly owned subsidiary of NABARD. To date, 97 eligible lending institutions have been onboarded with NABSanrakshan, and credit guarantee cover amounting to ₹558.9 crore has been sanctioned for 2,259 FPOs (covering 3,054 guarantees).
- A saturation drive was conducted to facilitate licensing of FPOs promoted under the CSS on formation and promotion of 10,000 FPOs. Licences issued include: 1,198 for seeds, 1,090 for fertilisers, 914 for pesticides, 815 for mandi operations, 1,061 for the Food Safety and Standards Authority of India, and 350 for the Goods and Services Tax. In total, 1,130 FPOs have been onboarded on the ONDC platform.

- NABARD sponsored a roundtable conference on networking of women FPOs at the Bankers Institute of Rural Development, Lucknow. The conference focused on sharing success stories of women-led FPOs and supporting the development of a conducive FPO ecosystem.
- Chaired by Deputy Managing Director, NABARD, a task force has been constituted with representation from the State Bank of India, NABKISAN, NABSanrakshan, Axis Bank, and the Madhya Bharat FPO Consortium. The task force is responsible for developing a strategic action plan for FPO financing, finalising financial guidelines, and preparing a Lendability Assessment Tool to serve as a ready reference for bankers.
- NABARD has launched an FPO product catalogue, which is being promoted through its social media channels. This initiative aims to help farmers realise better prices by leveraging the potential of digital marketing while promoting farm sector development.

4.3.2 Promoting the farm sector

NABARD supports farm innovations, technology transfer, and capacity building through its Farm Sector Promotion Fund (FSPF). The fund has a corpus of ₹60 crore and is replenished annually through appropriation of NABARD's profits. As on 31 March 2025, cumulative disbursements under the FSPF stood at ₹281.83 crore.

FSPF projects implemented under DPR mode

Under the DPR mode, support is extended to projects in agriculture and allied sectors that promote innovation, enhance productivity, improve market access, and strengthen value chains. Focus areas include climate-resilient agriculture in vulnerable districts, farmer collectives, and hi-tech interventions leveraging the Internet of Things (IOT), information and communication technology (ICT), artificial intelligence, and machine learning (Showcase 4.1). These projects are typically sanctioned for 2–3 years.

Since the inception of the fund, 2,070 projects have been sanctioned under the DPR mode, with total grant assistance of ₹156.2 crore disbursed. Of these, 101 projects were sanctioned in FY2025, involving grant assistance of ₹29.04 crore.

Innovative projects in DPR mode

During the year, 12 innovative DPR-mode projects were sanctioned, including:

- the establishment of a drone pilot training hub at Kerala Agricultural University, Thrissur, Kerala;
- the implementation of a green skilling and livelihood programme for adults with intellectual disability in Telangana;
- the setting up of digital traceability mechanisms for the Ikat textiles production process to enhance sustainability and marketability for the weavers in Telangana; and
- an initiative to transform SHG women into micro enterprise owners in Haryana.

Showcase 4.1: Innovative IOT-based shrimp farming pilot in Hisar and Sirsa districts, Haryana

Project: Pilot project on IOT-based shrimp farming in Hisar and Sirsa district

Location: Meerkan and Karamsana villages in Hisar and Sirsa districts, respectively

Executing entity: The project is being implemented with NABARD support by Expert Skill Development in collaboration with Eruvaka Technologies.

Grant assistance: ₹24.8 lakh

Objectives

- To establish live demonstration units of IOT-based shrimp farming, enabling capacity building for both existing and potential shrimp farmers in Sirsa and Hisar.
- To evaluate and compare the performance of the IOT ecosystem with traditional shrimp farming methods.
- To develop and standardise a complete set of practices aligned with the IOT-enabled shrimp farming ecosystem.
- To assess the economic viability of shrimp cultivation using the IOT ecosystem.

Farmer displaying IOT-based shrimp farming produce; Mirkan, Hisar, Haryana.

Interventions

- Under this two-year initiative, IOT units have been installed at three sites covering a total area of 7 acres—one site in Hisar (3 acres in Meerkan village) and two sites in Sirsa district (2 acres each in Baragudha and Karamsana villages).
- The project involves the use of smart devices such as Pond Mother (automatic feeder), Shrimp Talk (an acoustics-based intelligent feeding system), and Pond Guard for real-time monitoring of critical water parameters like dissolved oxygen and pH levels.
- The cloud-based pond management software, PondLogs, enables farmers to access pond data via mobile phones, allowing them to make informed decisions.
- In the medium to long term, access to historical data from pond operations is expected to enhance farmers' creditworthiness and reduce insurance premium costs.
- Solar-powered devices offer timely alerts, remote operability, and ease of cultivation, improving the overall farming experience.

Output>>Outcomes>>Impact

- **Feed efficiency**: More efficient feed utilisation has reduced overall feed costs, with improvements in feed conversion ratio ranging from 17% to 23%.
- **Survival rates**: Increased survival rates of shrimp, varying between 12% and 90%.
- **Labour efficiency**: Reduction in labour costs by up to 50% and manual drudgery minimised through real-time monitoring and decision support.
- **Profitability**: Farmers witnessed a 32% increase in profits, with returns of ₹1.5 lakh to ₹2 lakh per acre per culture cycle.
- **Net additional income**: Due to input savings and better price realisation, farmers earned approximately ₹1.3 lakh per acre in a single four-month culture cycle.
- **Scalability**: The successful demonstration and impact of the technology have led to an increase in the area under shrimp farming in Sirsa district.
- **Replicability:** The project model is scalable and replicable across all salinity-affected districts in the state.

CAT—Capacity Building for Adoption of Technology

The CAT programme provides grant support to build farmers' capacity through training and exposure visits, facilitating the adoption of new technologies and best practices in agriculture and allied sectors. Since the inception of the FSPF, 2,866 exposure visits have been supported with grant assistance of ₹24 crore, benefitting 84,485 farmers.

In FY2025, 92 exposure visits were conducted, reaching 2,425 farmers with a total grant assistance of ₹1.7 crore.

4.4 STRENGTHENING THE RURAL MSME SECTOR

The promotion of rural micro, small, and medium enterprises (MSMEs) is critical in reducing rural India's dependence on agricultural income by encouraging alternative livelihood options. The sector not only offers supplementary sources of income but also reduces rural unemployment, enhances livelihoods, and contributes to economic growth by complementing agricultural activities.

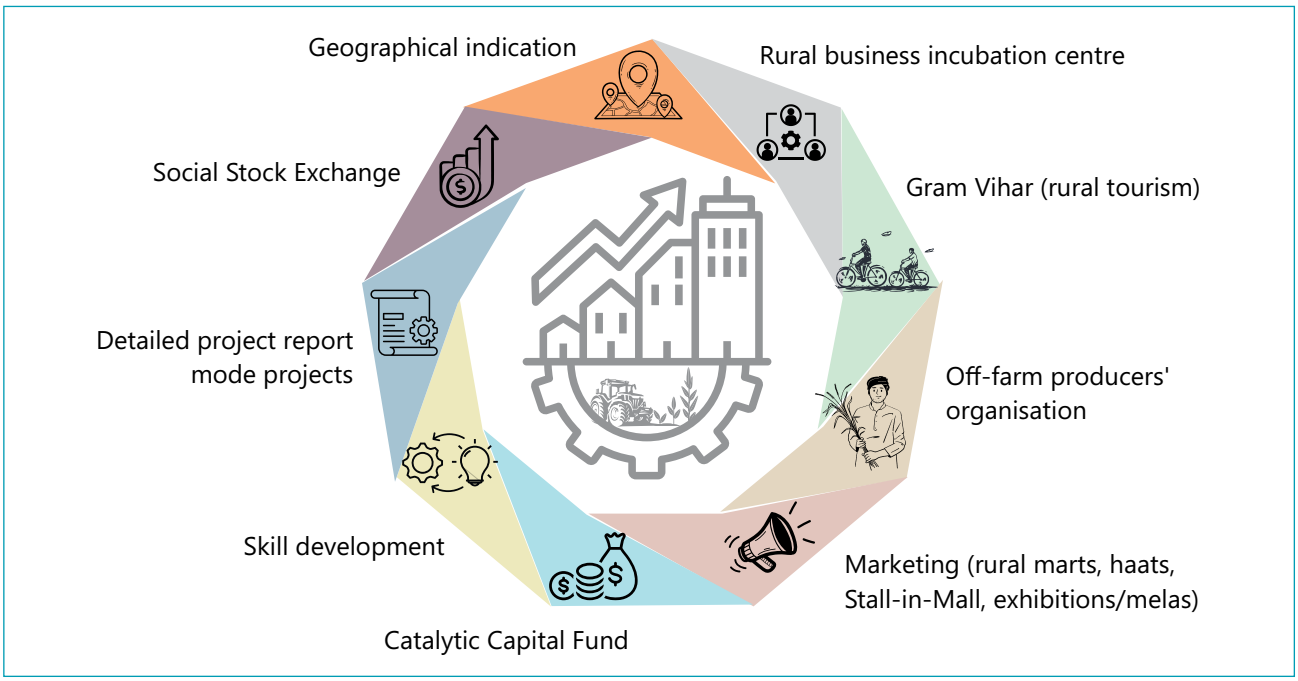
NABARD is adopting a strategic approach to support rural MSMEs, with a comprehensive range of interventions focused on sectors such as handloom, handicrafts, and agro-processing. These include skilling, product diversification, marketing initiatives, branding, packaging, geographical indication (GI) registration, and more—aimed at generating local employment through value addition, design innovation, and enterprise development.

4.4.1 Performance under Gramya Vikas Nidhi

Gramya Vikas Nidhi was established in FY2016 to support MSME off-farm activities in rural areas. Its primary objective is to foster entrepreneurship, skill development, and livelihood diversification beyond traditional agriculture. The fund is utilised to promote and strengthen grassroots institutions such as SHGs and off-farm producer organisations (OFPOs).

During FY2025, disbursements under GVN amounted to ₹57.8 crore, while ₹57.7 crore was sanctioned for various projects across different GVN schemes (Figure 4.3).

Figure 4.3: Interventions under GVN



GVN = Gramya Vikas Nidhi.

As on 31 March 2025, NABARD has sanctioned grant assistance of ₹40.9 crore for the promotion and development of 79 OFPOs in 27 states, covering 26,810 beneficiaries, of which 18 are all-women organisations with a total of 6,890 members (Showcase 4.2).

Showcase 4.2: Enhancing livelihoods through Channapatna Lacware Handicraft—a GI-based OFPO success story

Name of OFPO: Artisan Pride Off-Farm Producer Organisation

Location: Mandya, Karnataka

Executing entity: Movement for Alternatives and Youth Awareness (MAYA)

Activity: Production of GI-tagged Channapatna Lacware Handicraft

Turnover (FY2025): ₹1.2 crore

Background

Established in 2019 with a modest membership of 10, Artisan Pride OFPO expanded rapidly to 50 members in 2020 and 250 by 2021. The organisation has created sustainable employment opportunities for all its members and aims to increase membership to approximately 450 in the near future.

Artisan Pride OFPO member displaying Channapatna Lacware toys; Mandya, Karnataka.

Intervention

With strategic guidance from NABARD, the OFPO has streamlined operations by reducing turnaround time, scaling production, and enhancing productivity.

Outcomes

- The OFPO has achieved consistency in product quality and costing while introducing product diversification.
- The organisation has entered the e-commerce space through platforms such as Amazon, Flipkart, ONDC, IndiaMart, and the Government e-Marketplace portal.
- A retail outlet has been established.
- An exclusive website—https://artisanpride.in/—has been launched.

Impact

- Income enhancement: Average monthly income of artisans has doubled from ₹6,000 to ₹12,000.
- Inclusivity: Artisans across different skill levels have seen income growth of at least 100%.
- Market access: Entry into multiple e-commerce platforms has expanded visibility and sales.
- Employment generation: Sustainable livelihoods have been created for over 250 artisans, with further expansion anticipated.
- Business growth: Improved operational efficiency and diversification have contributed to a turnover of ₹1.23 crore in FY2025.

Channapatna Lacware toy-making in progress; Mandya, Karnataka.

GI = Geographical Indication, OFPO = Off-farm Producer Organisation.

4.5 SUPPORTING RURAL ENTREPRENEURS, START-UPS, MARKETING, AND BRANDING

4.5.1 Rural business incubation centres

Rural business incubation centres (RBICs) are early-stage support institutions that form a vital part of the start-up ecosystem. They assist entrepreneurs in developing their businesses by offering the necessary infrastructure and high-quality incubation services.

NABARD provides end-to-end assistance for establishing RBICs at agricultural universities and similar institutions (Showcase 4.3).

Showcase 4.3: MABIF—Scaling rural innovation through enterprise development

Name of the rural business incubation centre: Madurai Agri-Business Incubation Forum (MABIF)

Location: Tamil Nadu Agricultural University (TNAU), Madurai

Supported by: NABARD

Context

MABIF was established in 2017 with NABARD support, and was hosted by TNAU, Madurai. Since then, MABIF has continued to expand its role in promoting agri-innovation, supporting start-ups, and strengthening institutional linkages in the rural enterprise ecosystem of Tamil Nadu.

Initiatives

- Supported the incubation of over 170 start-ups in the agriculture and rural sectors.
- Provided a comprehensive suite of incubation services, including:
  - Co-working and office spaces
  - Training and conference halls
  - Laboratories and specialised equipment
  - Animal feed manufacturing unit
  - Bio-floc aquaculture system
- Established an **Intellectual Property Rights (IPR) Cell**, issuing advisories on:
  - Patents
  - Plant variety protection
  - Trademarks
  - Geographical indications (GIs)
- Set up a **GI Facilitation Centre** with NABARD support to assist in:
  - GI product registration
  - Producer capacity building
  - Marketing and brand positioning
- Acted as a **Cluster-Based Business Organisation (CBBO)** for **25 FPOs** across Tamil Nadu.

Incubation services: multihead packaging machine; MABIF, TNAU, Madurai.

Outcomes

- Enhanced start-up engagement and service delivery through improved infrastructure and capacity.
- Expanded institutional support to farmer collectives through CBBO activities.

- Formalised IPR and GI processes to support value addition and product differentiation.
- Strengthened market readiness and investor confidence for rural agri-enterprises.

Impact

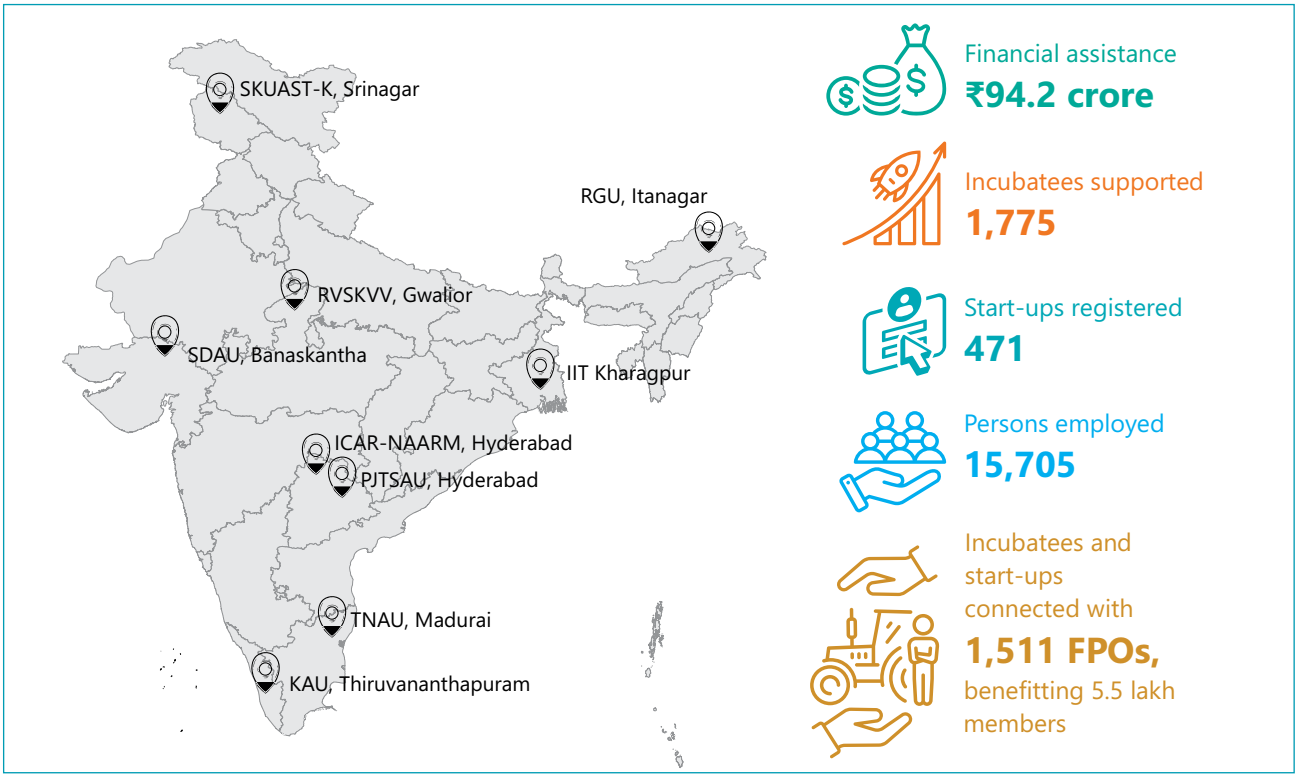
- Positioned MABIF as a leading model for rural incubation, integrating technology, entrepreneurship, and grassroots capacity building.
- Empowered rural start-ups to scale innovations in agri-business.
- Supported farmer producers' organisations and producer groups to access markets, improve governance, and enhance incomes.
- Demonstrated the potential of incubation centres to drive structural transformation in rural enterprise development.

In FY2025, three new RBICs were sanctioned at:

- Rajiv Gandhi University, Arunachal Pradesh;
- Sher-e-Kashmir University of Agricultural Sciences and Technology, Srinagar, Jammu & Kashmir; and
- Kerala Agricultural University, Thiruvananthapuram, Kerala.

This takes the total number of sanctioned RBICs to 10, of which 9 were functional as on 31 March 2025 (Figure 4.4).

Figure 4.4: NABARD support to RBICs as on 31 March 2025



FPO = Farmer Producer Organisation, ICAR–NAARM = Indian Council of Agricultural Research–National Academy of Agricultural Research Management, IIT = Indian Institute of Technology, KAU = Kerala Agricultural University, PJTSAU = Professor Jayashankar Telangana State Agricultural University, RBIC = Rural Business Incubation Centre, RGU = Rajiv Gandhi University, RVSKVV = Rajmata Vijayaraje Scindia Krishi Vishwa Vidyalaya, SDAU = Sardarkrushinagar Dantiwada Agricultural University, SKUAST–K = Sher-e-Kashmir University of Agricultural Sciences and Technology of Kashmir, TNAU = Tamil Nadu Agricultural University.

Note: Start-ups are registered with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India

4.5.2 Catalytic Capital Fund to support agri and rural start-ups

NABARD established the Catalytic Capital Fund (CCF) in March 2020 to support rural and agri start-ups during the critical "valley of death" phase. Currently, assistance is extended to start-ups that have developed at least a prototype or minimum viable product, primarily through RBICs and NABARD subsidiaries. During FY2025, ₹4.02 crore was disbursed under the CCF for supporting 17 start-ups.

4.5.3 Skill and entrepreneurship development among rural youth

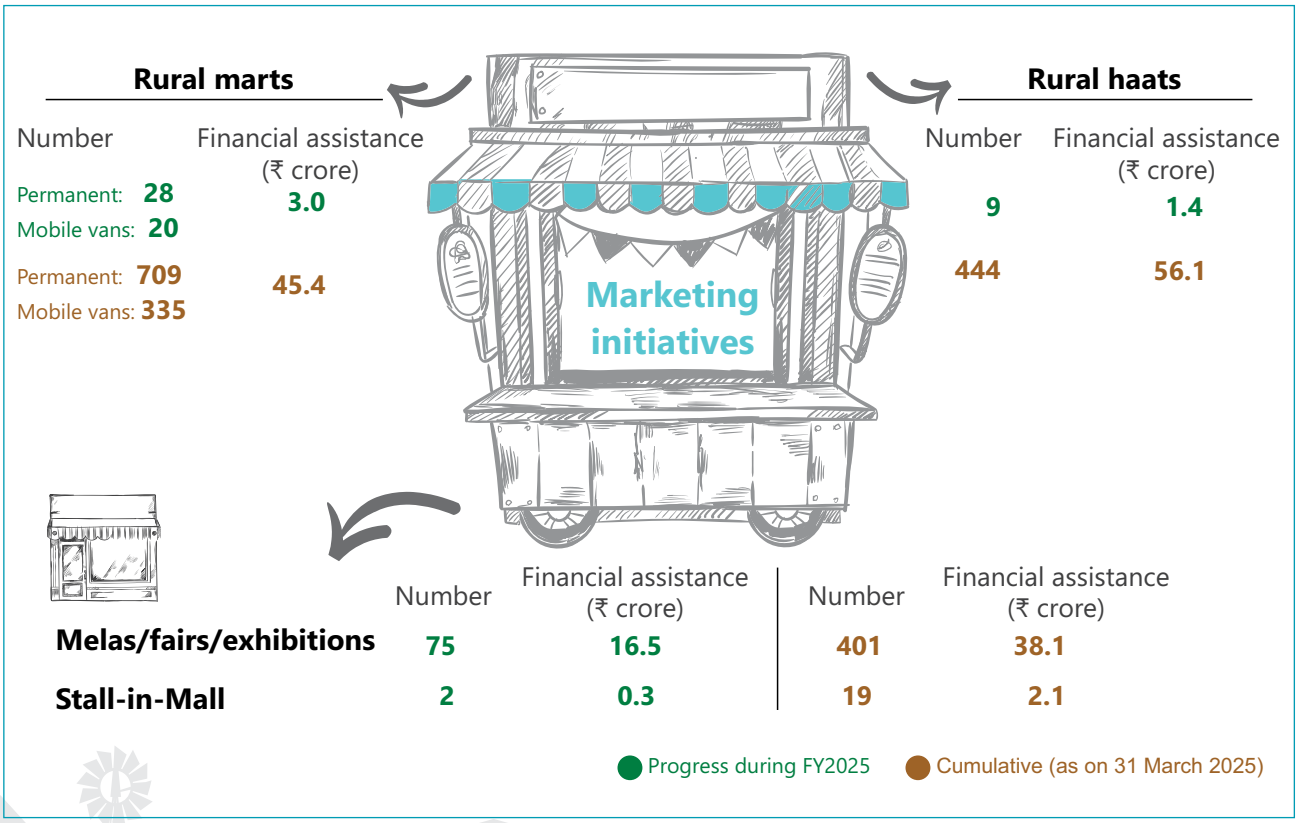
NABARD continues to support capacity-building initiatives aimed at promoting skill development and entrepreneurship among rural youth, including those from disadvantaged sections of society. In FY2025, ₹5.8 crore was sanctioned for conducting 46 skill development programmes.

As on 31 March 2025, a total of 36,547 skill development programmes had been sanctioned, with grant assistance of ₹223.7 crore, to enhance the employability of rural youth through vocational and enterprise-related training.

4.5.4 Marketing initiatives

To improve market access and price realisation for rural producers, NABARD has been extending support for the establishment of rural haats and marts, and for facilitating the participation of artisans and craftspersons in national and regional exhibitions and melas (Figure 4.5, Showcase 4.4).

Figure 4.5: Progress of marketing initiatives



As part of efforts to promote the Pradhan Mantri Vishwakarma Scheme, NABARD's regional offices have been advised to allocate space within NABARD-sanctioned rural haats and rural marts to certified Vishwakarmas, thereby providing marketing support for their products.

In FY2025, a new activity was introduced under the Rural Mart scheme to exclusively encourage SHG women to operate food cafés or dhabas, providing them with enhanced livelihood opportunities and visibility in local markets.

To celebrate and scale up the momentum of rural development, NABARD organised a national-level sale-cum-exhibition event, Grameen Bharat Mahotsav 2025, which served to showcase India's rural innovation, enterprise, and cultural heritage. The event was inaugurated by the Hon'ble Prime Minister of India and brought together stakeholders from across the country (Box A4.1).

Showcase 4.4: "Stall in Mall"—Bringing rural innovation to urban spaces

Location: PVP Square Mall, Vijayawada, Andhra Pradesh

Duration: 18 December 2024–13 March 2025

Supported by: NABARD

Executing entity: Nestham Rural & Urban Development Society

Stall-in-Mall: With NABARD support, artisanal products displayed in exclusive stalls at PVP Square Mall; Vijayawada, Andhra Pradesh.

Context

Artisans and craftspersons from rural areas often face challenges in accessing urban markets and showcasing their products to an urban and affluent consumer base. Recognising this gap, NABARD initiated a market linkage platform under the "Stall-in-Mall" scheme to enhance visibility and income opportunities for rural producers.

Initiative

A 91-day "Stall-in-Mall" exhibition was organised at PVP Square Mall in Vijayawada in collaboration with Nestham Rural & Urban Development Society. The event brought together 48 rural artisans specialising in handlooms and handicrafts, providing them with direct exposure to urban consumers in a high-footfall retail environment.

Outcomes

- Participation of 48 rural artisans over a sustained 3-month period.
- Showcasing of a diverse range of handloom and handicraft products.
- First-hand experience in engaging with urban buyers and learning retail marketing techniques.

Impact

- Total sales generated amounted to **₹50 lakh,** contributing directly to income enhancement.
- Artisans secured **bulk and repeat orders,** improving business sustainability.
- Exposure to urban markets led to a significant **expansion in market reach** and increased confidence in customer engagement.
- The initiative contributed to the **long-term transformation of livelihoods** through market access and skill building.

4.5.5 Gram Vihar (rural tourism)

To give a fillip to the rural tourism sector and promote sustainable employment for rural communities, NABARD introduced a new scheme titled Gram Vihar, which focused on rural and eco-tourism. The scheme encourages activities such as homestays, day tours, rural transportation, sale of artefacts, folk music and dance performances, and the preservation of local arts, crafts, culture, and traditions.

Gram Vihar enables tourists to spend time in rustic settings and experience authentic rural lifestyles. In FY2025, four projects were identified and considered for DPR preparation.

4.5.6 Promotion of GI products

As on 31 March 2025, NABARD has supported the registration and post-registration activities of 464 GI products, of which 138 products have secured GI tags. In FY2025 alone, seven products from the Andaman and Nicobar Islands received GI registration with NABARD support.

With a focused and inclusive approach, support was approved for 181 new products during FY2025, ensuring coverage across all states and UTs (Showcase 4.5).

Further, support was extended for the registration of:
- 1,600 authorised users for 13 GI products of Arunachal Pradesh, and
- 4,500 authorised users for six GI products of Maharashtra.

During the **Grameen Bharat Mahotsav** held in January 2025, **116 GI products** from 16 states and UTs were displayed and offered for sale, showcasing India's rich artisanal heritage (Box A4.1).

Showcase 4.5: Heritage honoured—from local legacy to national identity through GI registration of Tripura Pachra

Project: GI Registration of Tripura Pachra

Executing entity: Tripura Rural Livelihood Mission

Context

Tripura's traditional **Pachra** weaving represents a vibrant and intricate craft, deeply rooted in the cultural heritage of the state. Hand-woven from natural fibres and characterised by fine detail and indigenous design, **Pachra** products are both functional and artistic. Recognising its heritage value and commercial potential, NABARD supported the initiative to facilitate GI registration for Pachra, thereby elevating its status and expanding opportunities for the artisan community.

Initiatives

- Engaged **150 artisans**, fostering a strong sense of community and collaboration.
- Focused on preserving and promoting the traditional **Pachra** craft, known for its hand-woven, natural-fibre-based designs.
- Established **marketing collaborations** with local and regional markets to increase product visibility.
- Initiated **partnerships with governmental and non-governmental bodies** to strengthen support for artisans in scaling production and expanding market access.

Outcomes

- Increased awareness and recognition of Tripura **Pachra** as a unique cultural product.
- Expanded market reach through formal tie-ups and collaborative networks.
- Strengthened institutional support for the craft ecosystem in the region.

Impact

- Artisans reported a **significant increase in income** due to improved market access and the anticipated benefits of GI registration.
- The project reinforced traditional skills while positioning **Pachra** as a potential national and global cultural identity product.
- Created a replicable model for linking traditional crafts with market access and intellectual property tools.

Indigenous women artisans enjoying better incomes and expanded market access for Tripura Pachra with its GI registration.

GI = Geographical Indication.

4.6 FOSTERING RESEARCH AND PROMOTING KNOWLEDGE SHARING

NABARD leverages its dedicated Research and Development Fund to support applied socioeconomic studies, seminars, publications, student engagement schemes, and training. These efforts are aimed at expanding the knowledge base in agriculture and rural development, and disseminating insights among policymakers, stakeholders, and the broader public.

4.6.1 NAFIS 2021–22

NABARD released the findings of the second All India Rural Financial Inclusion Survey (NAFIS) 2021–22 in October 2024. The survey captured primary data from 1 lakh rural households across 28 states and 2 UTs on a wide range of economic and financial indicators. It offers a comprehensive analysis of household income,

savings, credit, insurance, pensions, remittances, and financial literacy, providing valuable insights into the state of financial inclusion and livelihoods in rural India.

4.6.2 Rural Economic Conditions and Sentiments Survey

The Rural Economic Conditions and Sentiments Survey (RECSS) is conducted bi-monthly, capturing macroeconomic data from 6,000 households across 600 villages nationwide. It covers key parameters such as income, consumption, financial savings, borrowings, interest rates, and inflation expectations. The findings serve as a valuable input for evidence-based policymaking. As on May 2025, five rounds of RECSS reports have been published (September 2024, November 2024, January 2025, March 2025, and May 2025).

4.6.3 Supporting research studies, seminars, and conferences

Of the 20 in-house and collaborative research studies currently underway, three were sanctioned in FY2025. In the same year, NABARD supported 125 seminars and conferences covering diverse themes such as sustainable rural development, digital transformation in horticulture, agro-entrepreneurship, sustainable development, and the blue economy.

4.6.4 Student engagement schemes

NABARD continues to foster academic engagement through the Student Internship Scheme (SIS) and the Citation for Outstanding Ph.D. Thesis, encouraging young scholars to contribute to rural development research.

4.6.5 Publications

1. In FY2024, NABARD began publishing policy briefs to highlight key findings and recommendations from its research. As on 31 March 2025, seven issues of *NAB Policy Briefs* have been released.
2. Periodic bulletins such as *EcoThink* (monthly) and *EcoWatch* (fortnightly) continue to inform internal committees and departments.
3. Thirteen papers have been published under NABARD's *Research and Policy Series*, offering authoritative insights and policy suggestions on relevant issues.
4. NABARD released the second edition of its *Impact Report for FY2023–24*, documenting field-level outcomes of its interventions across the triple bottom line—People, Planet, and Profit. The report also maps NABARD's initiatives to the Sustainable Development Goals, reflecting its commitment to promoting sustainability.

4.7 WAY FORWARD

Grassroots institutions such as SHGs, JLGs, FPOs, and OFPOs play a crucial role in promoting inclusive rural development. While SHGs and JLGs drive financial inclusion and social cohesion, FPOs and OFPOs enhance income generation through aggregation, value addition, and improved price realisation. These institutions also serve as key conduits for delivering government schemes and development programmes.

Looking ahead, NABARD will focus on strategically scaling up FPOs, OFPOs, and rural MSMEs to increase rural employment opportunities, improve livelihoods, and promote sustainable economic growth while continuing to support the building of a resilient, robust, and diversified farm sector.

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APPENDIX TO CHAPTER 4

Box A4.1: Grameen Bharat Mahotsav

Event: Grameen Bharat Mahotsav 2025

Dates: 4–9 January 2025

Organised by: NABARD, under the aegis of the Department of Financial Services (DFS), Ministry of Finance, Government of India

Theme: Building a Resilient Rural India for a Viksit Bharat 2047

Initiatives

- The Mahotsav featured **panel discussions** on key topics such as:
  - ◊ Leveraging GI products for economic prosperity
  - ◊ Scaling up organic agriculture
  - ◊ Building scalable rural women-led enterprises
  - ◊ Promoting inclusive development, particularly in the NER
- Provided a **national platform for rural artisans, entrepreneurs, and SHGs** to exhibit products and innovations.
- Emphasised **financial inclusion, capacity building**, and **digital commerce,** particularly for women entrepreneurs and cooperatives.
- Created opportunities for **market linkages** and strengthened visibility for rural businesses.
- NABARD also served as the **lead sponsor of the AgriTech Pavilion** at **Startup MahaKumbh 2025,** New Delhi, where **30 start-ups** incubated by NABARD-supported RBICs showcased their products and technologies.

Impact

- Strengthened rural entrepreneurship and **enhanced self-reliance** across Indian villages.
- Fostered **sustainable livelihoods** through organic farming, digital marketing, and cooperative empowerment.
- Catalysed rural–urban market integration, enabling long-term rural economic growth.
- Promoted inclusive development by **amplifying women's economic participation** and drawing national focus to underrepresented regions such as the NER.

Grameen Bharat Mahotsav 2025 was well-attended by a wide range of participants from across the country.

Shri Shaji K. V., Chairman, NABARD, presenting memento to the Hon'ble Prime Minister of India.

Hon'ble Prime Minister addressing the audience.

Hon'ble Prime Minister visiting stalls and interacting with artisans.

GI = geographical indication, NER = North East Region, RBIC = Rural Business Incubation Centre, SHG = Self-Help Group.

5

5.1 Rural Infrastructure Development Fund

5.2 Rural Infrastructure Promotion Fund

5.3 Long Term Irrigation Fund

5.4 Micro Irrigation Fund

5.5 NABARD Infrastructure Development Assistance

5.6 Post-harvest Infrastructure

5.7 Other Infrastructure Initiatives

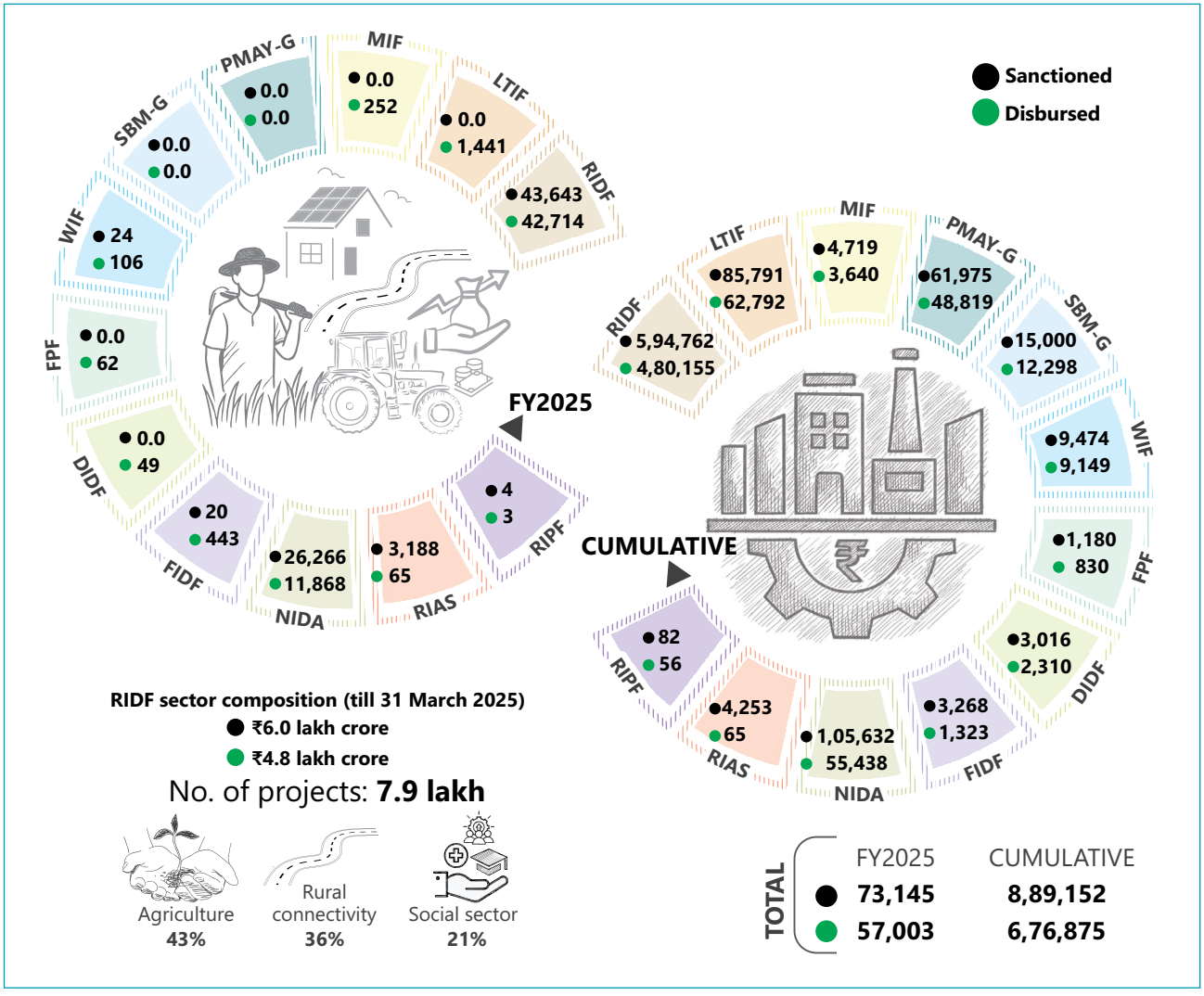
5.8 Way Forward

FINANCING RURAL INFRASTRUCTURE DEVELOPMENT

Rural infrastructure development is a critical driver of inclusive and sustainable growth in rural areas. This entails mobilising and allocating financial resources for the creation and maintenance of essential physical and social infrastructure such as roads, irrigation systems, bridges, drinking water supply and sanitation, power supply, health facilities, and digital connectivity. Adequate and timely investment in rural infrastructure not only stimulates economic activity by improving access to markets and services but also plays a pivotal role in narrowing the urban–rural divide.

Through the provision of low-cost loans to state governments and local bodies, NABARD facilitates the creation of durable infrastructure assets that improve agricultural productivity, enhance connectivity, and expand market access. This support aims to bridge the rural infrastructure gap, thereby strengthening the resilience and long-term development potential of rural communities. As on FY2025, cumulative sanctions under infrastructure financing from NABARD stood at ₹8.9 lakh crore, with disbursements amounting to ₹6.8 lakh crore (Figure 5.1).

Figure 5.1: NABARD-managed infrastructure funds for rural India as on 31 March 2025 (₹ crore)



DIDF = Dairy Processing and Infrastructure Development Fund, FIDF = Fisheries and Aquaculture Infrastructure Development Fund, FPF = Food Processing Fund, LTIF = Long Term Irrigation Fund, MIF = Micro Irrigation Fund, NIDA = NABARD Infrastructure Development Assistance, PMAY-G = Pradhan Mantri Awas Yojana-Gramin, RIAS = Rural Infrastructure Assistance to State Governments, RIDF = Rural Infrastructure Development Fund, RIPF = Rural Infrastructure Promotion Fund, SBM-G = Swachh Bharat Mission-Grameen, WIF = Warehouse Infrastructure Fund.

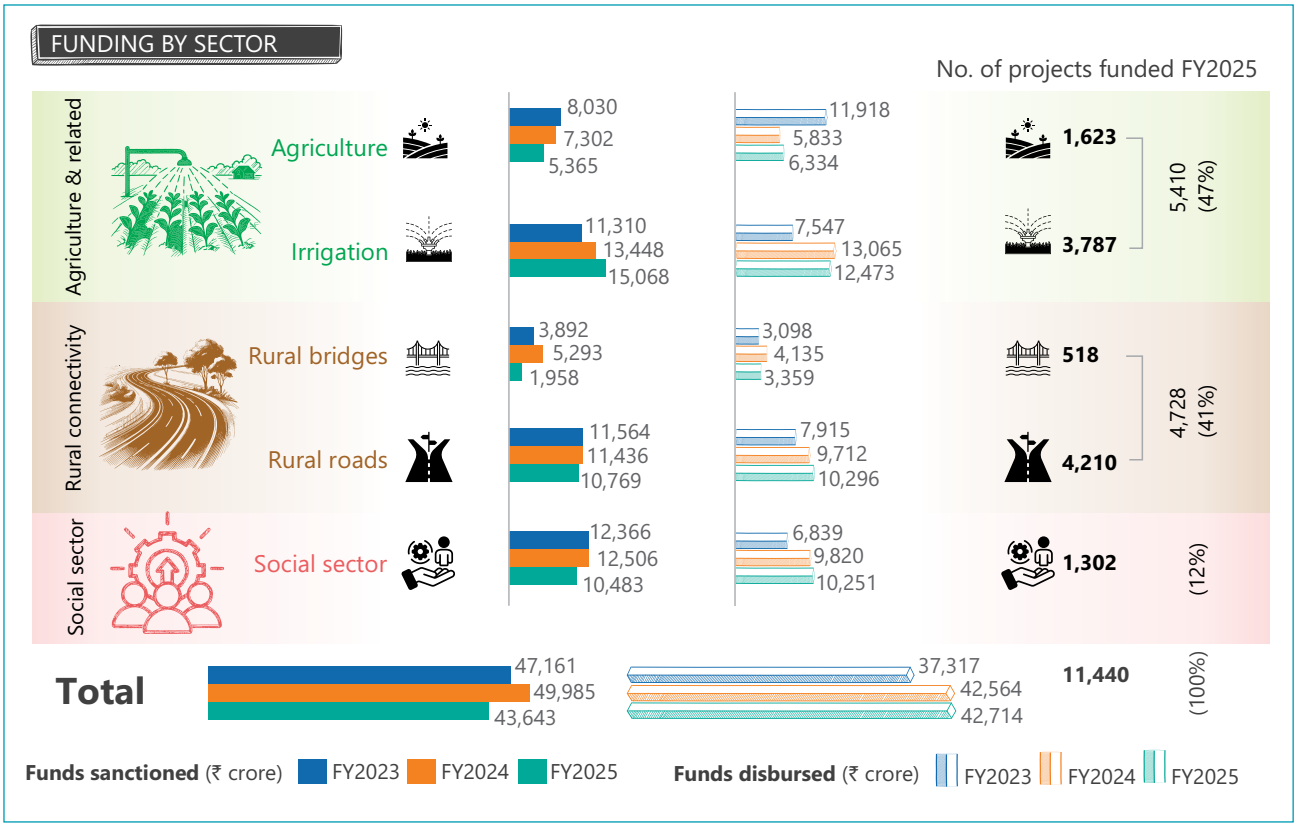
5.1 RURAL INFRASTRUCTURE DEVELOPMENT FUND[1]

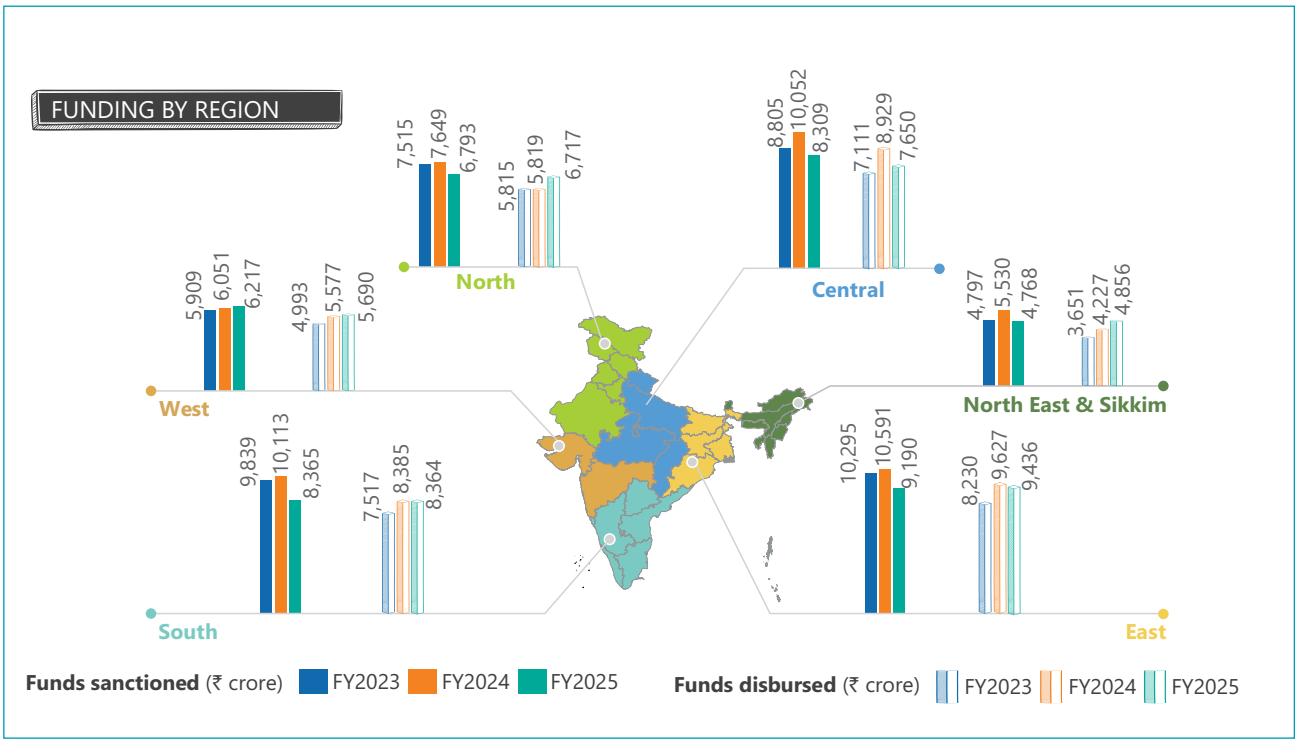
The Rural Infrastructure Development Fund (RIDF) was established by NABARD in 1996 to provide financing to state governments and state-owned corporations for infrastructure development in sectors such as irrigation, rural roads and bridges, health, education, and agriculture-related infrastructure. Through targeted investments, the RIDF plays a crucial role in strengthening rural resilience, promoting inclusive growth, advancing rural development, and improving the quality of life in underserved areas.

5.1.1 Trends and patterns

In FY2025 (RIDF Tranche XXX), NABARD received an allocation of ₹35,000 crore under the RIDF and sanctioned ₹43,643.1 crore towards financing rural projects in agriculture and allied sectors, the social sector, and rural connectivity (Figure 5.2).

Figure 5.2: Performance of RIDF as on 31 March 2025



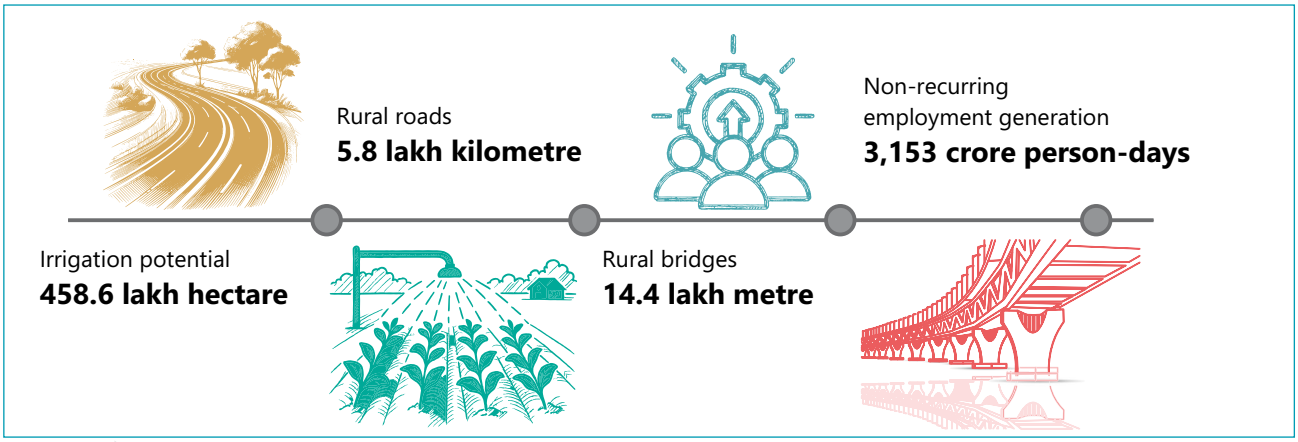


RIDF = Rural Infrastructure Development Fund.

5.1.2 Output>>Outcomes>>Impact

The impact of RIDF has been substantial, contributing to enhanced agricultural output, improved rural livelihoods, and a more equitable development trajectory by reaching remote and underdeveloped regions. Through its focused investments, the RIDF continues to play a pivotal role in strengthening rural resilience and advancing inclusive growth (Figure 5.3, Showcase 5.1).

Figure 5.3: Outputs and outcomes under RIDF as on 31 March 2025



RIDF = Rural Infrastructure Development Fund.

Showcase 5.1: Securing drinking water access in rural Tamil Nadu

Project: Rural drinking water supply project, Cuddalore District, Tamil Nadu

Executing entity: Tamil Nadu Water Supply and Drainage Board

Total financial outlay: ₹479 crore

RIDF (Tranche XXV) loan: ₹381.8 crore

Timeline: Sanctioned in FY2021; completed in FY2024

Challenge

Tittakudi Municipality, five town panchayats, and 625 rural habitations were facing acute water scarcity. The project addressed this challenge by ensuring a potable water supply of 135 litres per capita per day (LPCD) for town panchayats and 55 LPCD for rural habitations, in alignment with norms set by the Central Public Health and Environmental Engineering Organisation.

Interventions

- Water source: Treated stormwater runoff from Neyveli Lignite Corporation (NLC) Mine-II using ultra-filtration technology
- Infrastructure developed
  - Collection sump with a capacity of 22 lakh litre
  - Transmission mains: 183.6 km
  - Feeder mains: 734.4 km
  - Service reservoirs: 789 units

Impact

- Population benefited (design): 7.9 lakh persons (total water requirement: 39.4 million litres per day [MLPD])
- Drinking water capacity created: 31.3 MLPD
- Employment generated: 229 recurring person-days per year; 38.42 lakh non-recurring person days cumulatively

Cascade aerator; Turinjikollai, Tamil Nadu.

5.1.3 New initiatives in FY2025

During FY2025, NABARD supported the state share component of key flagship Government of India (GOI) schemes by sanctioning projects worth ₹3,608.9 crore under the Jal Jeevan Mission and ₹784.2 crore under the Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM–KUSUM).

To enhance operational efficiency and transparency, the following modules were introduced in the RIDF web portal:

- The Proposal Submission and Appraisal Module, a loan origination system, was rolled out on the RIDF web portal.
- End-to-end digitalisation of RIDF operations was advanced through the onboarding of monitoring, compliance, and reporting modules, thereby streamlining processes and improving stakeholder experience.

In addition, NABARD issued Operational Guidelines on Adherence to Green Taxonomy Policy for RIDF-supported projects. NABARD was also felicitated with the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) award for its performance in infrastructure financing during FY2024.

NABARD was felicitated at the 47th Annual Meeting of the ADFIAP, 15–17 May 2024, Phnom Penh, Cambodia. NABARD was represented by Shri G. S. Rawat, Deputy Managing Director, Shri H. Manoj, General Manager; Ms Nazia Nizamuddin, General Manager; and Ms Trapti Mishra, Deputy General Manager.

5.2 RURAL INFRASTRUCTURE PROMOTION FUND[2]

The Rural Infrastructure Promotion Fund (RIPF) is a dedicated fund operated by NABARD to support the promotion, capacity building, and development of rural infrastructure initiatives across India (Showcase 5.2). The fund plays a key role in identifying and scaling up good practices, enhancing stakeholder engagement, and fostering sustainable, technology-driven solutions for rural development.

As on 31 March 2025, cumulative sanctions under RIPF stood at ₹82 crore, with disbursements amounting to ₹55.7 crore.

Showcase 5.2: Solarising anganwadis for sustainable development and women's empowerment in Kerala

Project: To establish Anganwadi no. 129 in Kerala as a grassroots demonstration model of energy efficiency for replication elsewhere under Integrated Child Development Services.

Executing entity: Energy Management Centre Kerala, Department of Power, Government of Kerala

Project cost

- Total financial outlay: ₹2.9 lakh
- NABARD assistance: ₹2.5 lakh

Challenge: Anganwadi No. 129 was located in a remote area near to a tribal settlement where grid electricity supply was intermittent.

Objectives: The project aimed to solarise the anganwadi to ensure uninterrupted power supply and improve energy efficiency. Specifically, it sought to

- reduce carbon emissions by replacing traditional stoves with energy-efficient induction stoves;
- enable emission-free power supply through solar energy;
- achieve significant energy savings; and
- empower women by reducing time spent on cooking through the use of clean, efficient energy.

A 2-kilowatt grid-connected solar photovoltaic system; Anganwadi no. 129, Kerala.

Interventions

- Installation of a 2 kilowatt grid-connected solar photovoltaic system
- Procurement of energy-efficient appliances, including electric induction stoves, energy-efficient utensils, 5-star- rated brushless direct current fans, star-rated LED tube lights, electric bicycles, etc.
- Installation of cool roofing systems
- Provision of electric vehicle charging points

Output>>Outcomes>>Impact

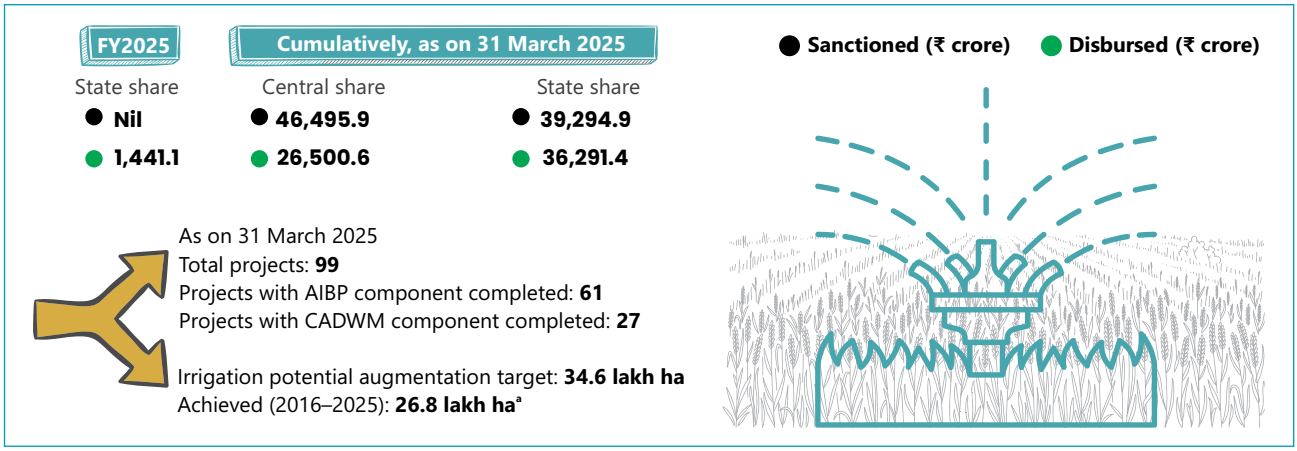
- Reduction in electricity bills
- Lower pollution levels and carbon footprint
- Time savings on cooking contributing to women's empowerment
- Promotion of sustainable development and use of alternate energy
- Enhanced energy savings and environmental benefits from cool roofing
- Decrease in indoor air pollution

5.3 LONG TERM IRRIGATION FUND[3]

The Long Term Irrigation Fund, introduced in the Union Budget for FY2017, supports state governments in expediting irrigation projects through concessional financing. The fund, extended up to FY2026, covers 60 ongoing projects under the Accelerated Irrigation Benefit Programme and 85 projects under Command Area Development and Water Management (CADWM), with up to 2% interest subvention from the GOI (Figure 5.4).

The funding assistance extended during 2016–2025 for 99 irrigation projects helped create an irrigation potential of 26.8 lakh hectare (ha) against the targeted irrigation potential of 34.6 lakh ha. Further, 22.2 lakh ha of culturable cultivated area has been developed under the CADWM programme.

Figure 5.4: Performance of LTIF as on 31 March 2025



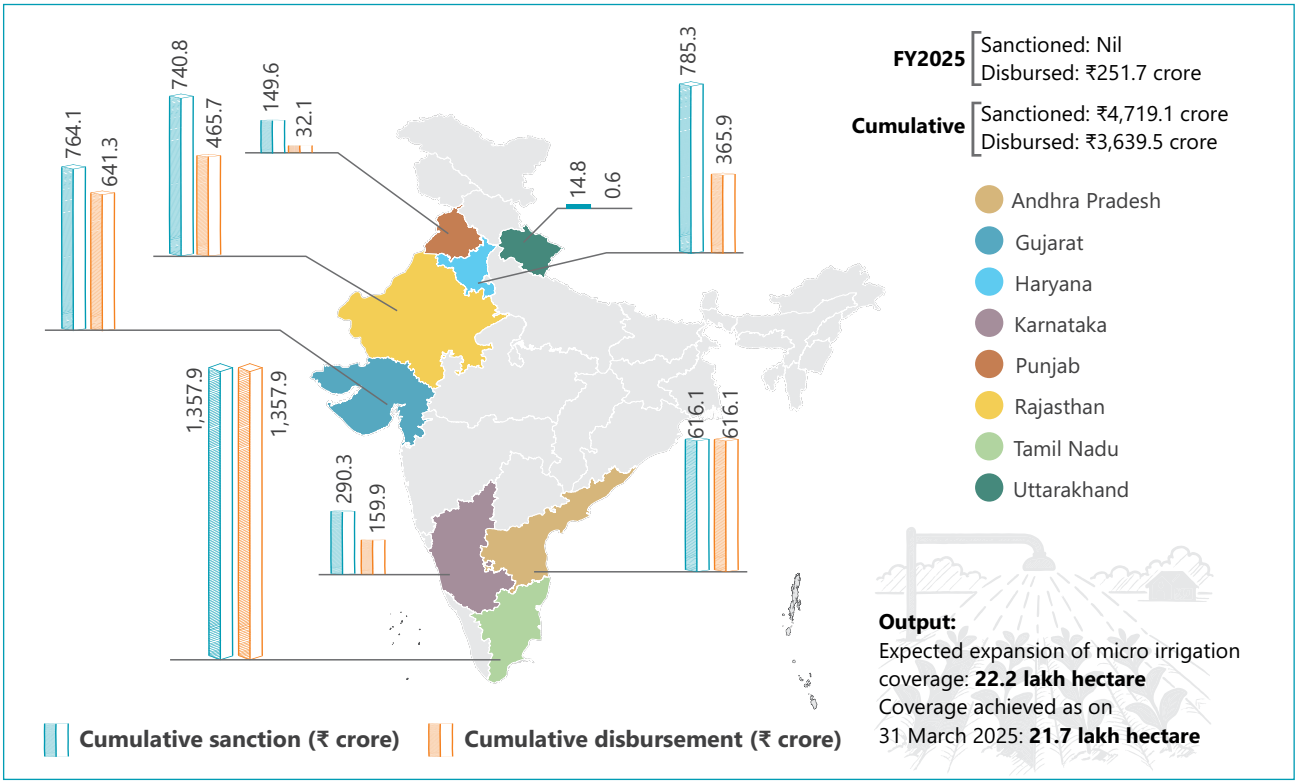
[a] as shared by Ministry of Jal Shakti, Government of India.

AIBP = Accelerated Irrigation Benefit Programme, CADWM = Command Area Development and Water Management, ha = hectare, LTIF = Long Term Irrigation Fund.

5.4 MICRO IRRIGATION FUND[4]

The Micro Irrigation Fund (MIF), set up in FY2020 with an initial corpus of ₹5,000 crore, was established in NABARD to support state governments in expanding micro irrigation coverage beyond the provisions of the Pradhan Mantri Krishi Sinchayee Yojana. The fund, administered by the Ministry of Agriculture & Farmers Welfare, was augmented by another ₹5,000 crore during the 15th Finance Commission period, with loans extended to states at a 2% interest subvention from the GOI (Figure 5.5).

Figure 5.5: Performance of MIF as on 31 March 2025

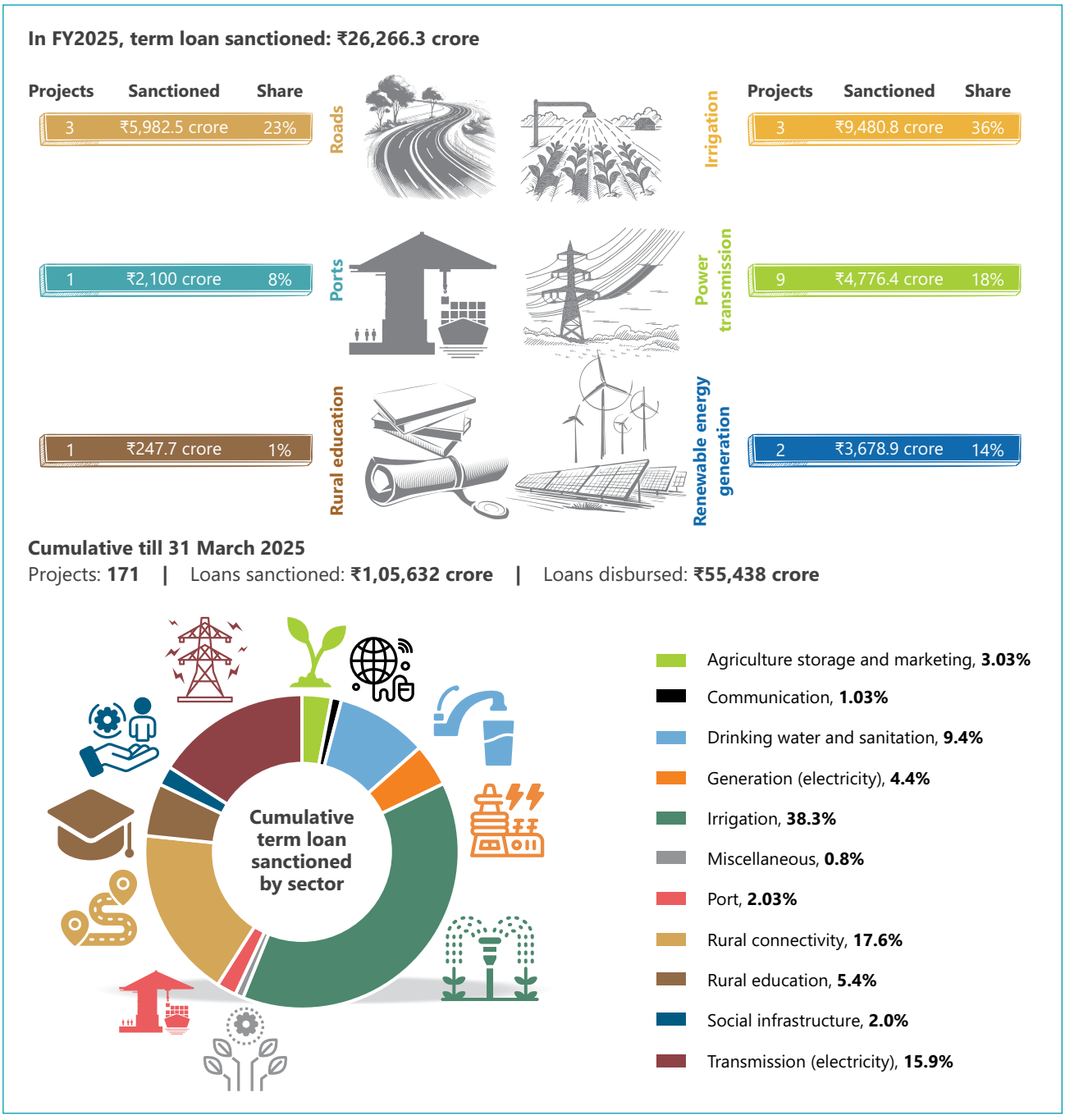


MIF = Micro Irrigation Fund.

5.5 NABARD INFRASTRUCTURE DEVELOPMENT ASSISTANCE[5]

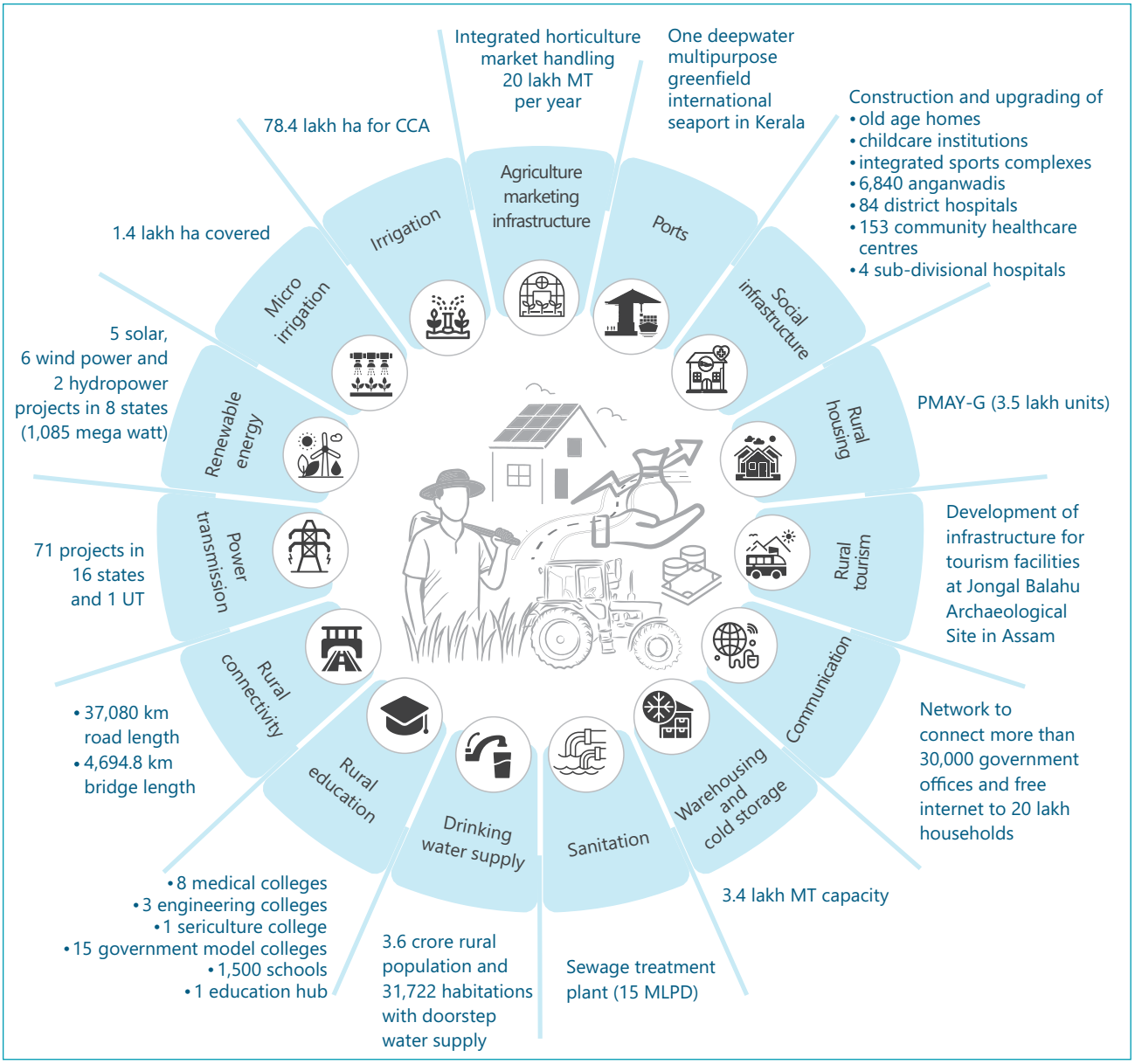
NABARD Infrastructure Development Assistance provides flexible, long-term financing to state governments, state-owned agencies, and other eligible entities for a diverse portfolio of projects, including social and commercial infrastructure, renewable energy, power transmission, drinking water and sanitation, and rural connectivity (Figures 5.6 and 5.7).

Figure 5.6: Performance of NIDA as on 31 March 2025



NIDA = NABARD Infrastructure Development Assistance.
Note: Miscellaneous incudes micro irrigation, rural housing, and tourism facilities.

Figure 5.7: Expected outcomes of projects funded under NIDA



CCA = Culturable Command Area, ha = hectare, km = kilometre, MLPD = million litres per day, MT = metric tonne, NIDA = NABARD Infrastructure Development Assistance, PMAY-G = Pradhan Mantri Awaas Yojana-Gramin, UT = Union Territory.

5.6 POST-HARVEST INFRASTRUCTURE

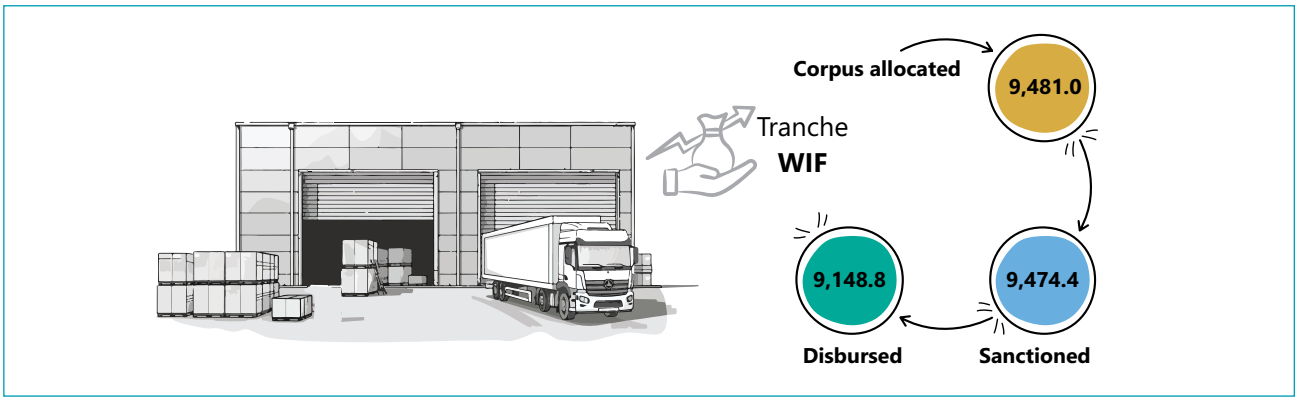
NABARD has been offering loans and subsidies for setting up post-harvest infrastructure such as warehouses, cold storage facilities, processing units, packaging centres, etc. (Figures 5.8–5.10).

5.6.1 Warehouse Infrastructure Fund[6]

The Warehouse Infrastructure Fund (WIF) extends loans to public and private sector entities for the development of warehouses, silos, cold storages, and other cold chain infrastructure. By strengthening storage facilities, WIF

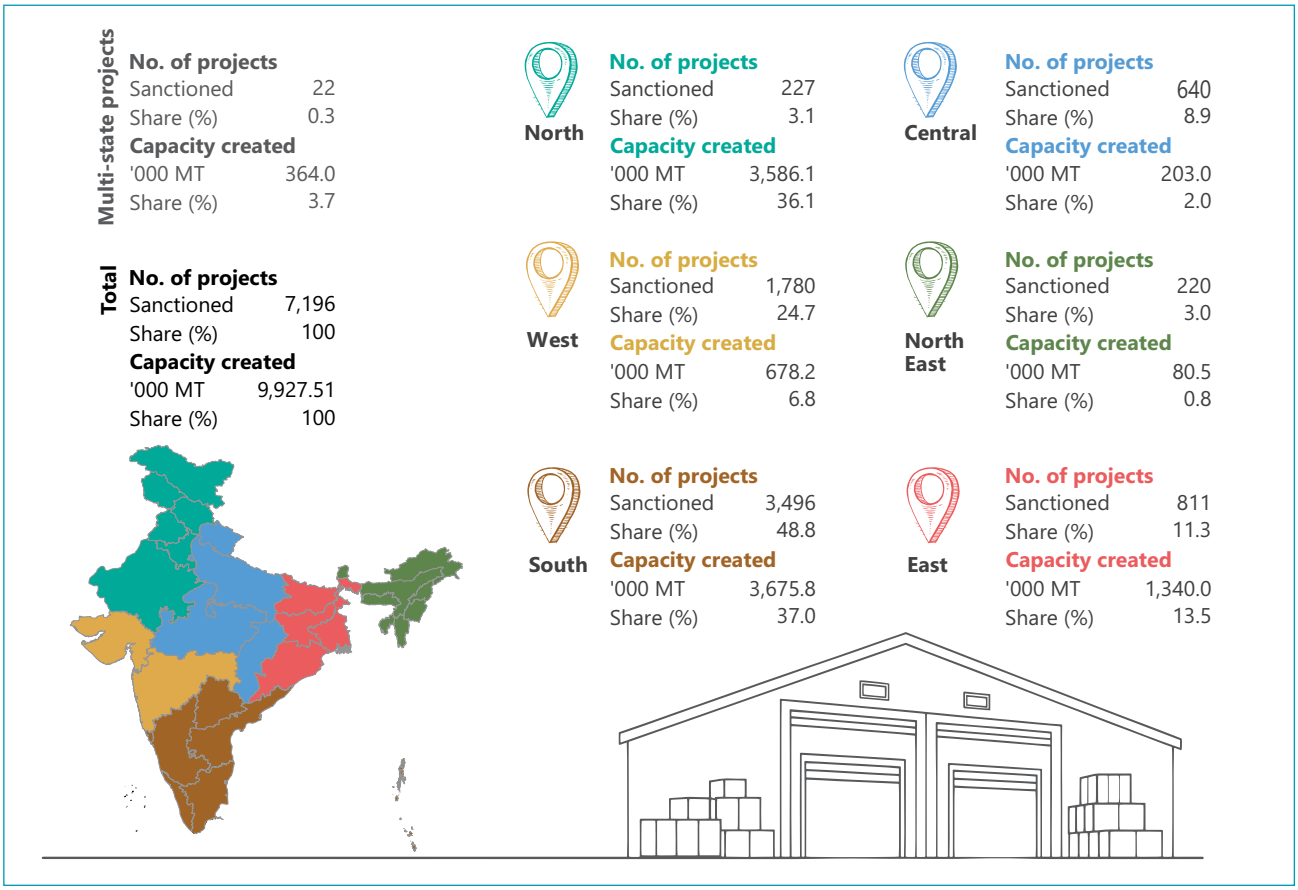
aims to minimise post-harvest losses, improve market access for farmers, and enhance the efficiency of the agricultural supply chain (Showcase 5.3).

Figure 5.8: Sanctions and disbursements under WIF as on 31 March 2025 (₹ crore)



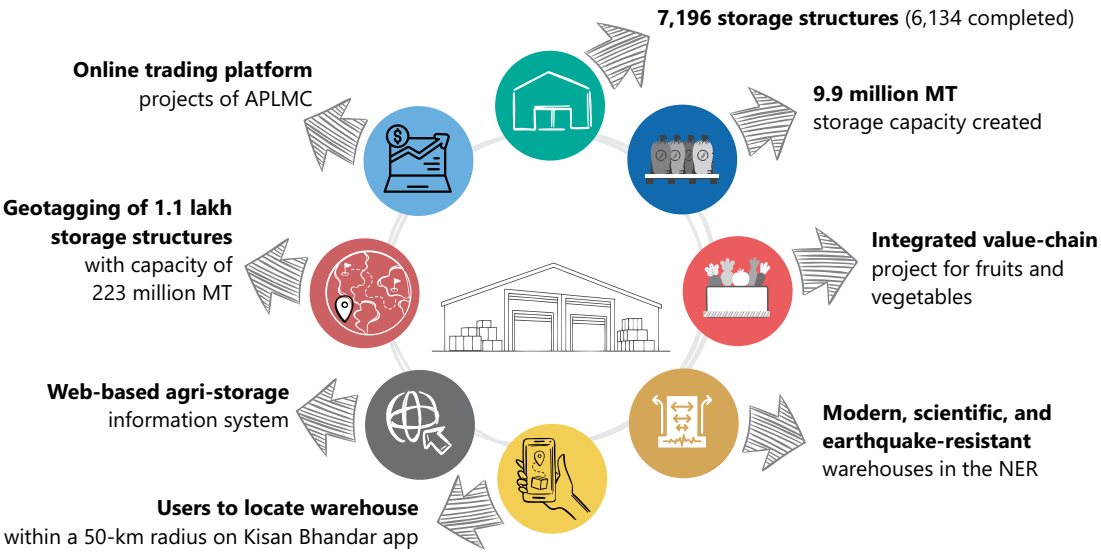
WIF = Warehouse Infrastructure Fund.

Figure 5.9: Region-wise performance of WIF as on 31 March 2025



MT = metric tonne, WIF = Warehouse Infrastructure Fund.

Figure 5.10: Output under WIF as on 31 March 2025



APLMC = Agricultural Produce and Livestock Market Committee, km = kilometre, MT = metric tonne, NER = North East Region, WIF = Warehouse Infrastructure Fund.

Under WIF, a dedicated web portal has been developed to host data on geo-tagged infrastructure. The Kisan Bhandar app, available for both Android and iOS devices, enables farmers, traders, and producers to locate nearby geo-tagged assets. An enhanced version of the app and portal, known as the Dynamic Kisan Bhandar App, is scheduled to be launched shortly.

Showcase 5.3: Enhancing foodgrain storage and farmer resilience through rural godown infrastructure in Auraiya, Uttar Pradesh

Project Name: Construction of 5,000 metric tonne (MT) godown at M.S. Dibiyapur, Auraiya, Uttar Pradesh

Executing entity: Uttar Pradesh State Warehousing Corporation

Expenditure incurred: ₹4.6 crore

NABARD support: ₹3.2 crore

Year of completion: 2022

Location: Auraiya district, Uttar Pradesh

Output

Storage capacity created: 5,000 MT

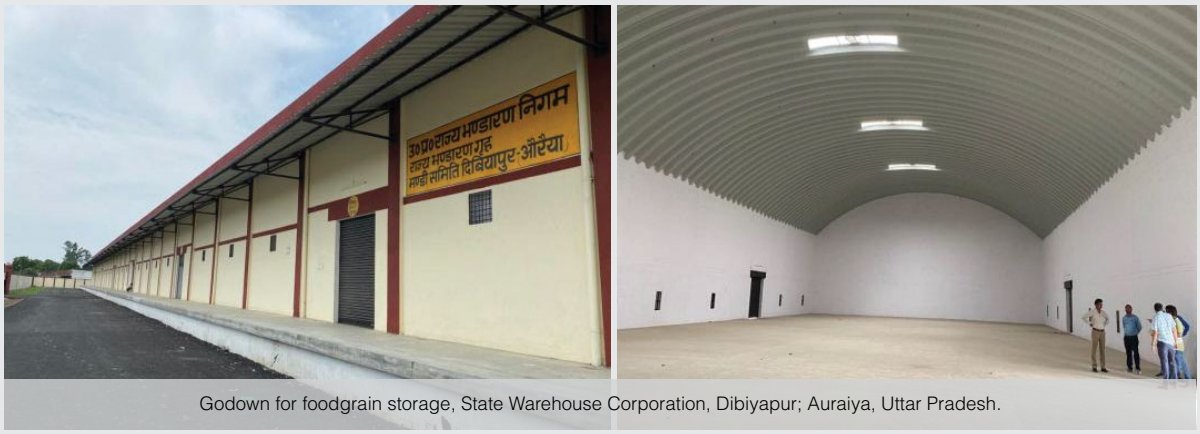
Number of geotagged structures: 1

Estimated number of beneficiaries: 1,500–2,000 farmers

Impact

- The godown is being utilised for the storage of foodgrains.
- It enables farmers to avoid distress sales and secure better prices for their produce.
- Proper storage reduces post-harvest losses and protects produce during natural calamities.

- The facility is estimated to generate recurring employment for 5 to 7 persons annually.
- It is also expected to generate non-recurring employment for 10 to 15 persons.
- Commodities proposed for storage include *bajra* (pearl millet), wheat, and rice.



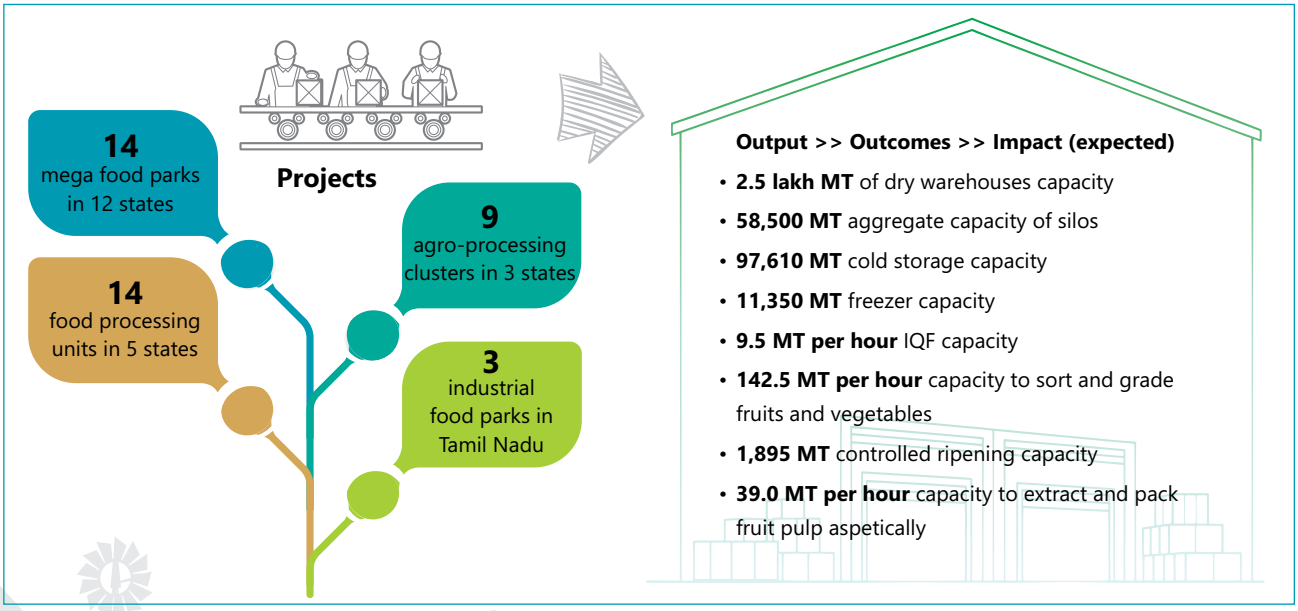
Godown for foodgrain storage, State Warehouse Corporation, Dibiyapur; Auraiya, Uttar Pradesh.

5.6.2 Food Processing Fund[7]

The Food Processing Fund (FPF) was established with an initial corpus of ₹2,000 crore to provide affordable credit to agro-processing units located within designated food parks. The initiative aims to strengthen the food processing sector by reducing post-harvest losses, promoting value addition, and generating employment, particularly in rural areas.

As of FY2025, NABARD has committed ₹1,179.7 crore in financial assistance for projects across 16 states, including North East Region (NER) states such as Assam, Manipur, and Meghalaya (Figure 5.11, Showcase 5.4).

Figure 5.11: NABARD-supported food processing infrastructure as on 31 March 2025



IQF = individually quick frozen, MT = metric tonne.

Showcase 5.4: Establishment of a modern state-of-the-art rice mill in Assam

Project: Establishment of a rice milling unit equipped with programmable logic controller systems to enhance efficiency and product quality

Executing entity: Dhansiri Nutrient Foods

Location: Northeast Mega Food Park, Nathkuchi Village, Tihu Block, Nalbari District, Assam

Financial details

- Total financial outlay: ₹2,471.5 lakh
- NABARD assistance: ₹1,400 lakh (term loans sanctioned on 13 September 2019 and 11 January 2022)
- Grant-in-aid: ₹480 lakh from the Ministry of Food Processing Industries, Government of India
- Completion date: 30 June 2022

Installed capacity

Product type	*Capacity per annum (metric tonne)*
Paddy (input)	39,000
Rice, bran, etc. (output)	27,300
1. Steamed rice	16,380
2. Boiled rice	10,920

Output>>Outcomes>>Impact

- Activities included pre-cleaning, de-husking, polishing, grading, colour sorting, and bagging of milled rice
- Employed 25 skilled youth
- Generated approximately 10,800 person-days of recurring employment annually
- Benefited over 500 farmers, of which 200 were directly engaged
- Enhanced farmers' incomes through reduced transportation costs and better price realisation
- Promoted local branding and market presence under the label TIHU
- Expanded marketing reach across the North East Region states and into neighbouring countries such as Nepal, Bhutan, and Bangladesh

Rice mill at Northeast Mega Food Park, Nathkuchi Village; Nalbari, Assam.

5.6.3 New initiatives during FY2025 in FPF and WIF

In FY2025, the following initiatives helped improve the implementation of the FPF and WIF:

1. The State Projects Department facilitated the onboarding of regional rural banks and cooperative banks onto the e-Kisan Upaj Nidhi portal. This initiative aims to ease farmers' access to pledge finance and promote awareness about the Credit Guarantee Scheme–eNWR Pledge Financing.
2. Standard operating procedures for both FPF and WIF were developed to streamline operations and enhance transparency.
3. Training programmes for warehouse personnel on the use of the Dynamic Kisan Bhandar App and portal were conducted in Mumbai, Alibaug (Raigad district), and Lucknow.

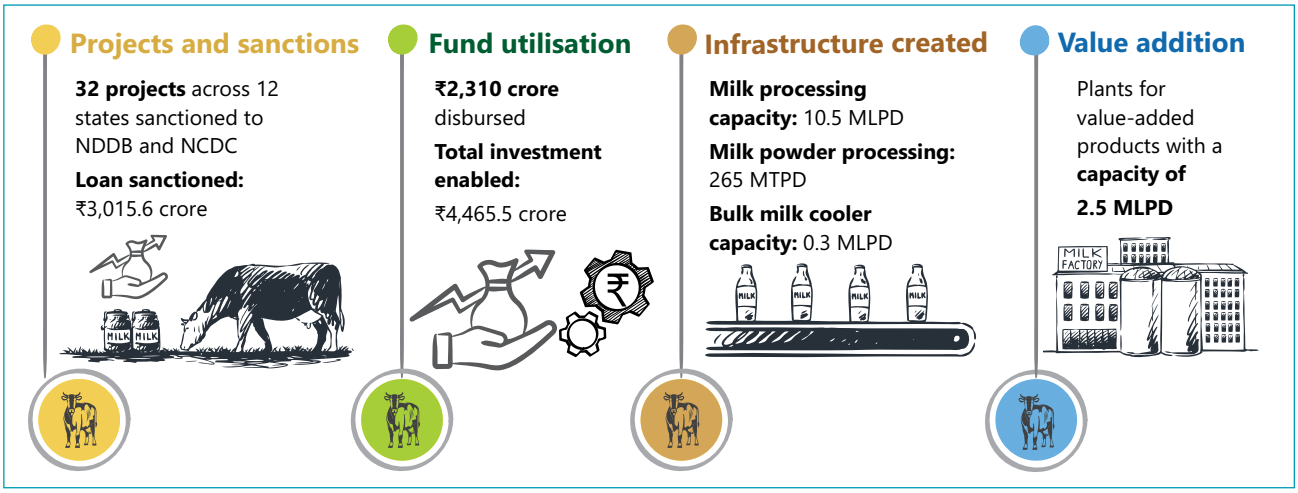
5.7 OTHER INFRASTRUCTURE INITIATIVES

5.7.1 Dairy Processing and Infrastructure Development Fund

The Dairy Processing and Infrastructure Development Fund was announced in the Union Budget 2017–18 to modernise milk processing plants and machinery, and to create additional infrastructure for processing higher volumes of milk and enhancing value addition, particularly in the cooperative sector. The fund has a total corpus of ₹8,004 crore. Under the scheme, loans were to be extended by NABARD over a five-year period from FY2019 to FY2023 to the National Dairy Development Board and the National Cooperative Development Corporation for further lending to eligible end borrowers (Figure 5.12).

The Union Cabinet approved the subsuming of DIDF under Animal Husbandry Infrastructure Development Fund, to be implemented under Infrastructure Development Fund with an outlay of ₹29,110.2 crore up to FY2026. Under the extended AHIDF scheme, NABARD has been included as one of the loaning entities and accordingly NABARD has institutionalised the scheme for lending to dairy cooperatives.

Figure 5.12: Performance of DIDF as on 31 March 2025



DIDF = Dairy Processing and Infrastructure Development Fund, MLPD = million litres per day, MTPD = metric tonnes per day, NCDC = National Cooperative Development Corporation, NDDB = National Dairy Development Board.

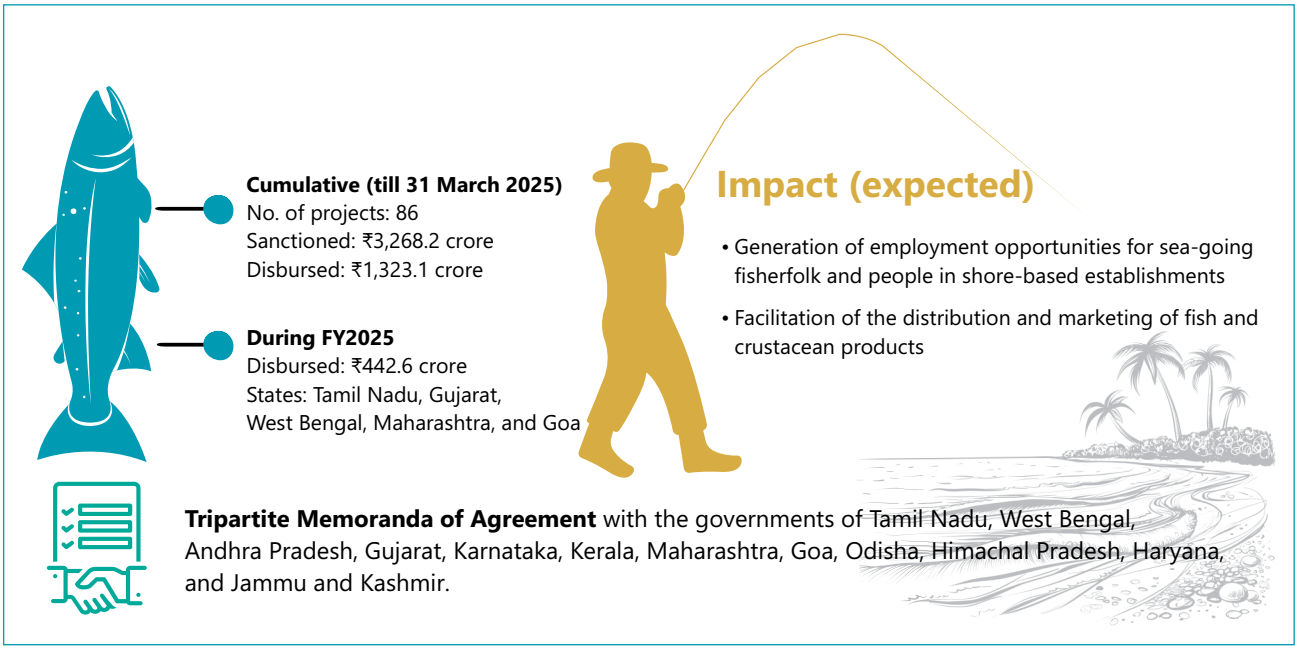
5.7.2 Fisheries and Aquaculture Infrastructure Development Fund

To boost fisheries infrastructure, GOI launched the Fisheries and Aquaculture Infrastructure Development Fund (FIDF) in the Union Budget for FY2019, with a total corpus of ₹7,522.48 crore for five years (FY2019 to FY2023). The scheme has since been extended until 31 March 2026, within the approved fund size.

Under FIDF, concessional loans are provided by nodal loaning entities to states, Union Territories, cooperatives, and private entrepreneurs at interest rates not below 5% per annum. These loans are supported by a 3% interest subvention and offer a repayment period of up to 12 years, including a two-year moratorium.

A credit guarantee facility is also available for eligible FIDF projects through NABSanrakshan, providing a 25% guarantee cover up to a maximum of ₹12.5 crore under the Credit Guarantee Fund of Infrastructure Development Fund of the Department of Animal Husbandry and Dairying (Figure 5.13).

Figure 5.13: Performance of FIDF as on 31 March 2025



FIDF = Fisheries and Aquaculture Infrastructure Development Fund.

5.7.3 Rural Infrastructure Assistance to State Governments

The Rural Infrastructure Assistance to State Governments (RIAS) was introduced by NABARD in FY2021 to provide financial assistance to state governments for the development of critical rural infrastructure that promotes rural livelihoods and strengthens the local economy.

Focus areas under RIAS include states in the East zone (Bihar, Chhattisgarh, Jharkhand, Odisha, Eastern Uttar Pradesh, and West Bengal), states in the NER, aspirational districts, and border districts. However, infrastructure projects in all parts of the country remain eligible for funding under RIAS. A differential approach is applied in focus areas in terms of loan quantum, margin requirements, and pricing, to promote infrastructure development in regions with significant deficits.

In FY2025, the RIAS was revamped to include expanded geographical coverage, programme-mode funding, and a "credit-plus" approach. As part of the credit-plus approach, NABARD may extend value-added services such as project or programme management and implementation support, technical assistance, capacity building and training, and environmental and social impact assessments.

In FY2025, term loans amounting to ₹3,187.5 crore were sanctioned to the state governments of Chhattisgarh, Kerala, and Rajasthan (aspirational district: Baran) for projects and programmes across sectors such as irrigation, affordable housing, agriculture, and climate sustainability. As on 31 March 2025, cumulative disbursement under RIAS stood at ₹65.2 crore.

5.8 WAY FORWARD

The financing of rural infrastructure must evolve to meet the dynamic needs of rural India while ensuring sustainability, inclusivity, and resilience. Going forward, NABARD is committed to deepening its engagement in climate-resilient and green infrastructure projects by integrating sustainability across all stages of planning and financing.

NABARD will also focus on optimising public–private partnerships and adopting innovative financing models such as blended finance and impact bonds to attract private and institutional investments in rural areas. Strengthening partnerships with state governments, local bodies, and cooperatives remains essential for inclusive and decentralised development.

Furthermore, expanding access to credit for community-based and decentralised infrastructure, especially in remote and tribal areas, will be pivotal for inclusive rural transformation. With a strategic, coordinated, and innovation-driven approach, rural infrastructure development can serve as a catalyst for equitable economic growth and improved quality of life in rural India.

NOTES

1. https://www.nabard.org/content1.aspx?id=573&catid=8&mid=8.
2. https://www.nabard.org/auth/writereaddata/File/Rural%20Infrastructure%20Promotion%20Fund%20(RIPF).pdf.
3. https://www.nabard.org/content1.aspx?id=655&catid=8&mid=8.
4. https://www.nabard.org/content1.aspx?id=1720&catid=8&mid=8.
5. https://www.nabard.org/content1.aspx?id=2800&catid=8&mid=8
6. https://www.nabard.org/content1.aspx?id=571&catid=8&mid=8.
7. https://www.nabard.org/content.aspx?id=570.

6

6.1 Credit Planning

6.2 Credit Refinance Snapshot

6.3 New Initiatives in Credit Refinance in FY2025

6.4 Other Credit Expansion Instruments

6.5 Improving Credit Delivery Ecosystem Efficiency

6.6 Deepening Financial Inclusion

6.7 Way Forward

CREDIT PLANNING AND DELIVERY FOR FINANCIAL INCLUSION

Guided by its core objective of fostering rural development through improved access to credit, NABARD has, over the past four decades, addressed the diverse financial needs of grassroots communities. Its refinance policy and suite of credit products have contributed significantly to enhanced credit uptake—particularly in the agricultural sector—driving growth in foodgrain and horticulture production.

To advance development through credit, NABARD adopts a three-pronged approach:

- It plays a pivotal role in credit planning and monitoring.
- It ensures last-mile credit delivery through refinance and direct finance products.
- It deepens financial inclusion to stimulate rural credit demand.

6.1 CREDIT PLANNING

In the Indian economy, timely and adequate supply of institutional credit to agriculture and rural sector is paramount for ensuring national food security and rural prosperity. Considering that a majority of cultivators in the country are small and marginal farmers, timely credit flows assume even greater significance. Effective credit planning must, therefore, incorporate a robust assessment of demand-side requirements.

In this context, the government sets annual ground-level credit (GLC) targets for the agriculture sector, to be met by scheduled commercial banks (SCBs), regional rural banks (RRBs), and rural cooperative banks (RCBs).[1]

NABARD prepares district-wise potential-linked credit plans (PLPs) annually, which assess the credit potential under the priority sector, identifying opportunities that can be leveraged at the district level. In addition, PLPs offer a comprehensive view of existing infrastructural gaps and required support services.

During FY2025, a total of ₹28.7 lakh crore of agriculture credit was disbursed as on 31 March 2025 (provisional), against a target of ₹27.5 lakh crore—reflecting an achievement of 105% (Figure 6.1). NABARD also prepared 761 PLPs projecting credit flows for FY2026, covering 782 districts and Union Territories. These serve as a critical input for banks in developing their credit plans from a supply-side perspective.

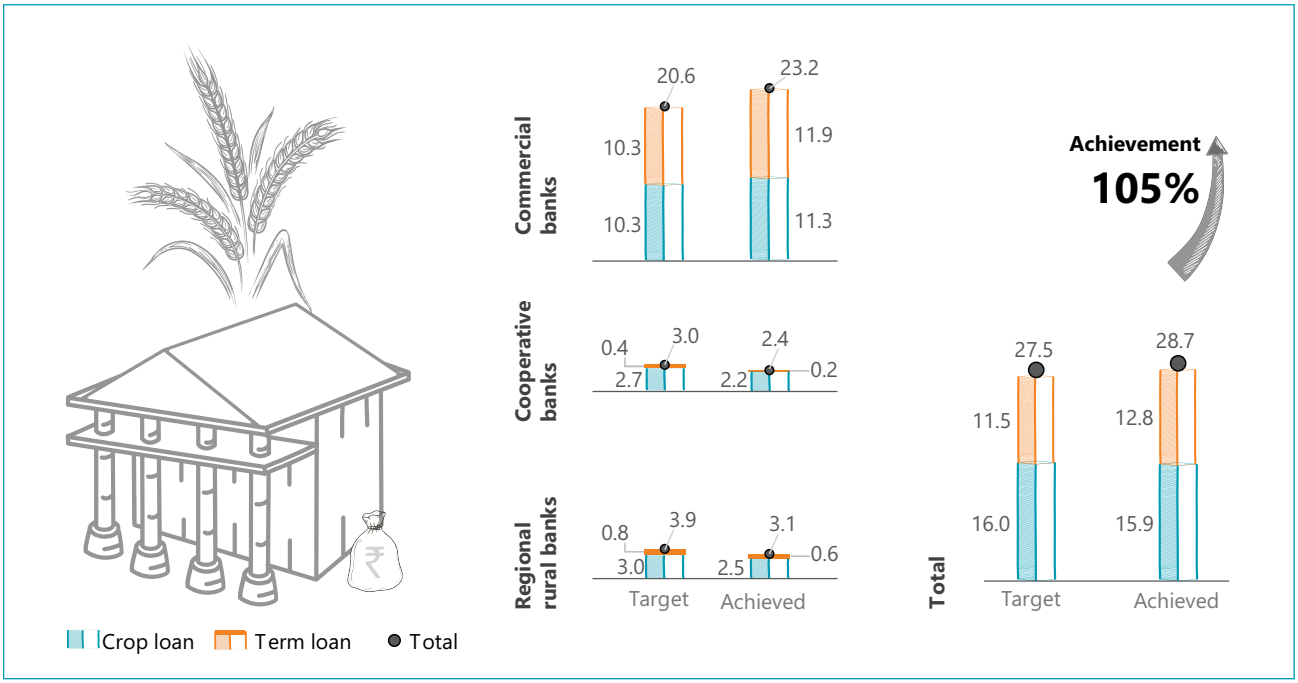
At the state level, the credit potentials assessed in district-level PLPs are consolidated into State Focus Papers (SFPs). These papers outline the overall credit potential, identify sectoral and infrastructural gaps, and propose strategic interventions. They also indicate the support required from government departments to realise the identified potential and opportunities.

To this end, NABARD has positioned 507 district development managers (DDMs) across the country to oversee credit planning, monitor credit flow, and facilitate coordination among district-level development stakeholders and agencies.

6.1.1 Digitalisation of PLP–SFP process architecture

In FY2025, the process of preparing PLPs and SFPs was fully digitalised to enhance document quality by reducing manual interventions and improving overall readability. Data sourcing for PLPs is now being automated through the ENSURE portal. Likewise, the SFPs for FY2026 have been prepared digitally by collating inputs submitted by DDMs via ENSURE during the PLP preparation process.

Figure 6.1: Agricultural GLC by agency as on 31 March 2025 (provisional) (₹ lakh crore)



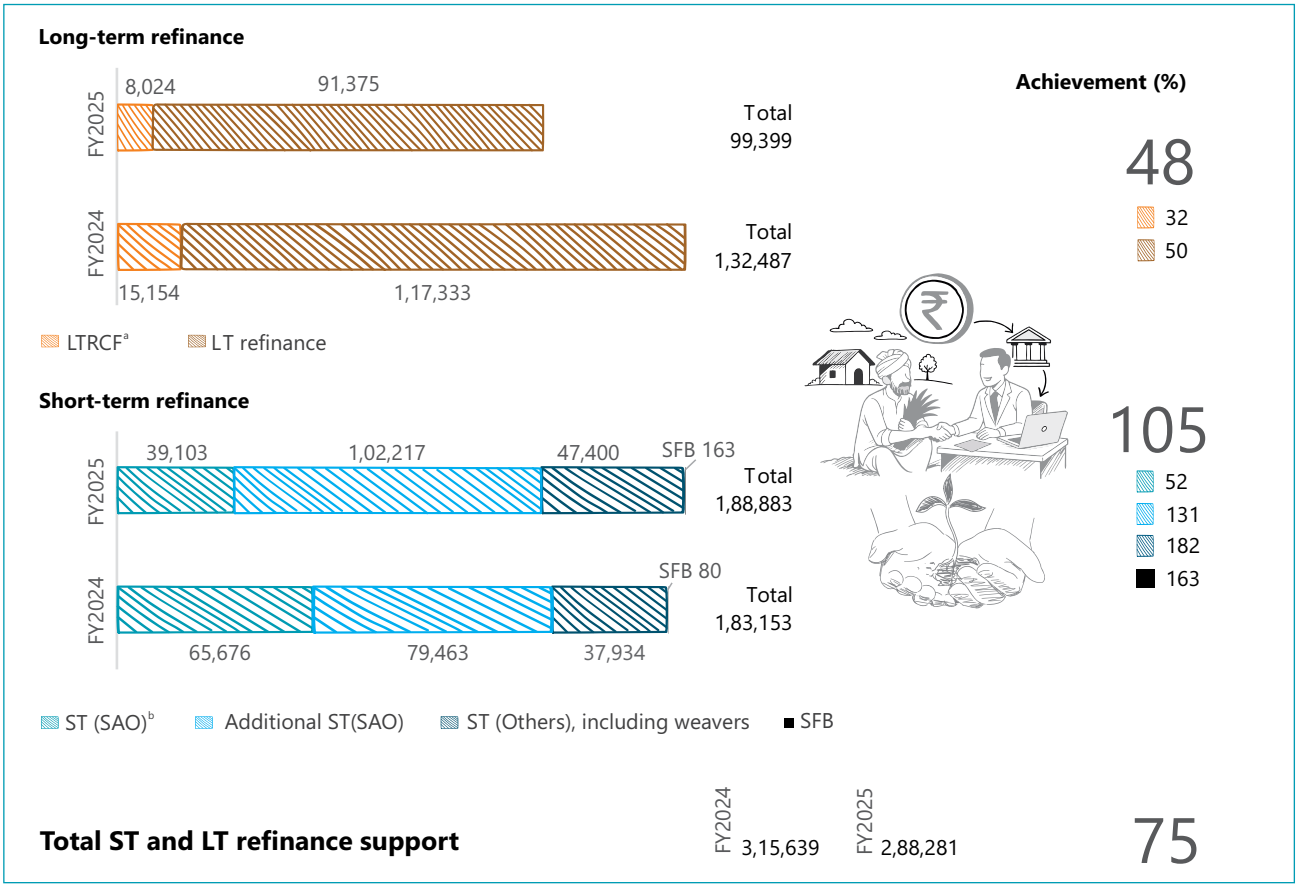
GLC = Ground-Level Credit.

Releasing of the PLPs and SFPs in districts of Rajasthan and Kerala.

6.2 CREDIT REFINANCE SNAPSHOT

Besides credit planning, NABARD augments rural credit flow through refinance activities (Figure 6.2).

Figure 6.2: Long-term and short-term refinance support (₹ crore)



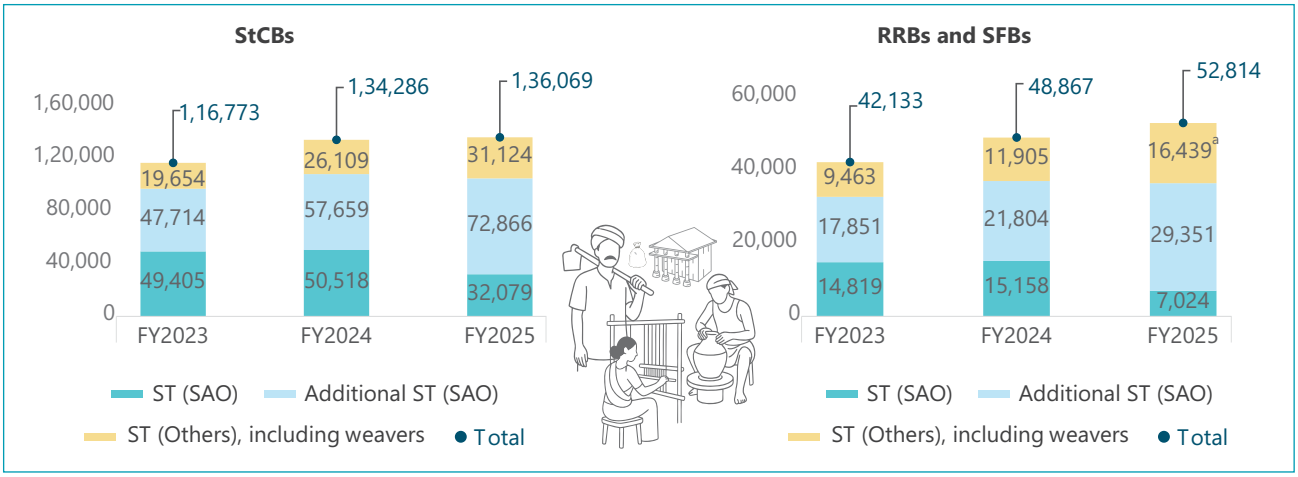
a. As against target of ₹25,000 crore, RBI released ₹8,024 crore.
b. As against target of ₹75,000 crore, RBI released ₹39,103 crore.
LT = Long-Term, LTRCF = Long Term Rural Credit Fund, RBI = Reserve Bank of India, SFB = Small Finance Bank, ST = Short-Term, ST (SAO) = Short-Term Credit for Seasonal Agricultural Operations.

6.2.1 Performance of short-term refinance

For meeting the production and working capital needs of farmers, weavers, and rural artisans, NABARD provides refinance under the short-term (ST) facility. During FY2025, total ST refinance disbursed is ₹1.9 lakh crore, of which 72% was disbursed to state cooperative banks (StCBs) (Figure 6.3).

Disbursements under NABARD's ST credit support registered a year-on-year increase of 3.1% over FY2024. Region-wise, the southern region accounted for the highest share of ST refinance at 45.7%, followed by the north (17.7%), central (15.9%), and east (12.1%). The western region has a very small share (8.3%) in ST refinance disbursement (Figure 6.4).[2]

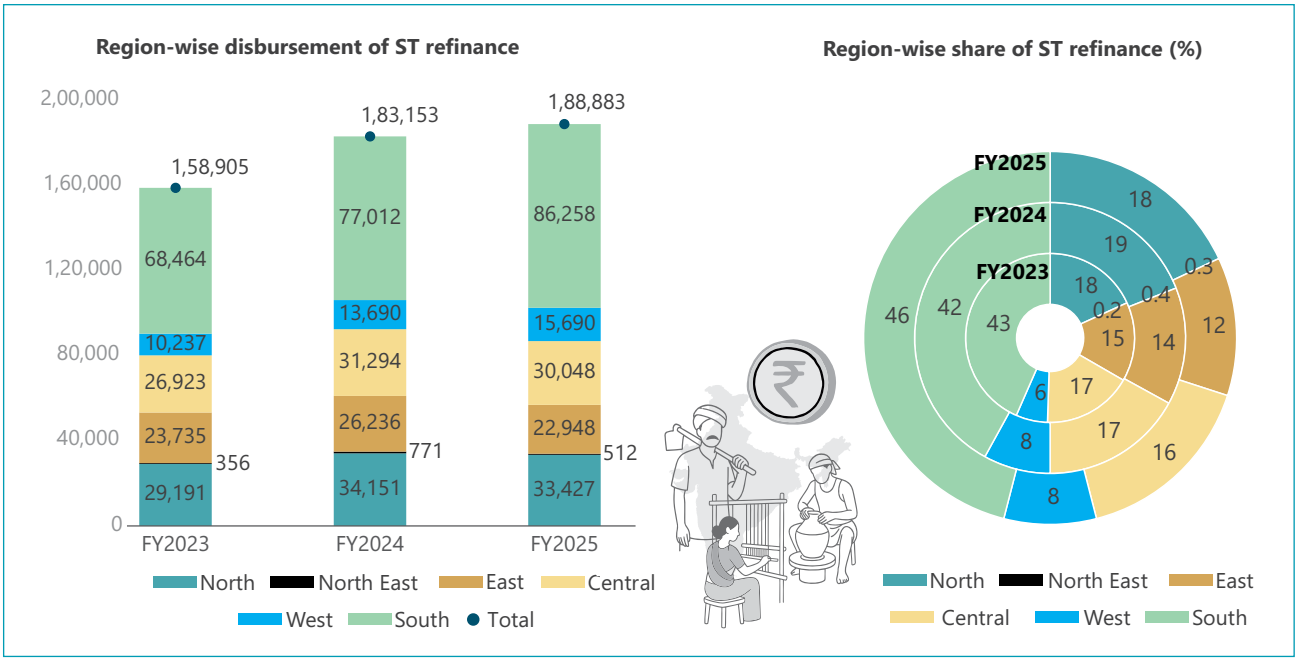
Figure 6.3: Disbursement of short-term refinance by agency (₹ crore)



a. ₹163 crore disbursed to SFBs.

RRB = Regional Rural Bank, SFB = Small Finance Bank, ST = Short-Term, StCB = State Cooperative Bank, ST (SAO) = Short-Term Credit for Seasonal Agricultural Operations.

Figure 6.4: Disbursement and share of short-term refinance by region (₹ crore)



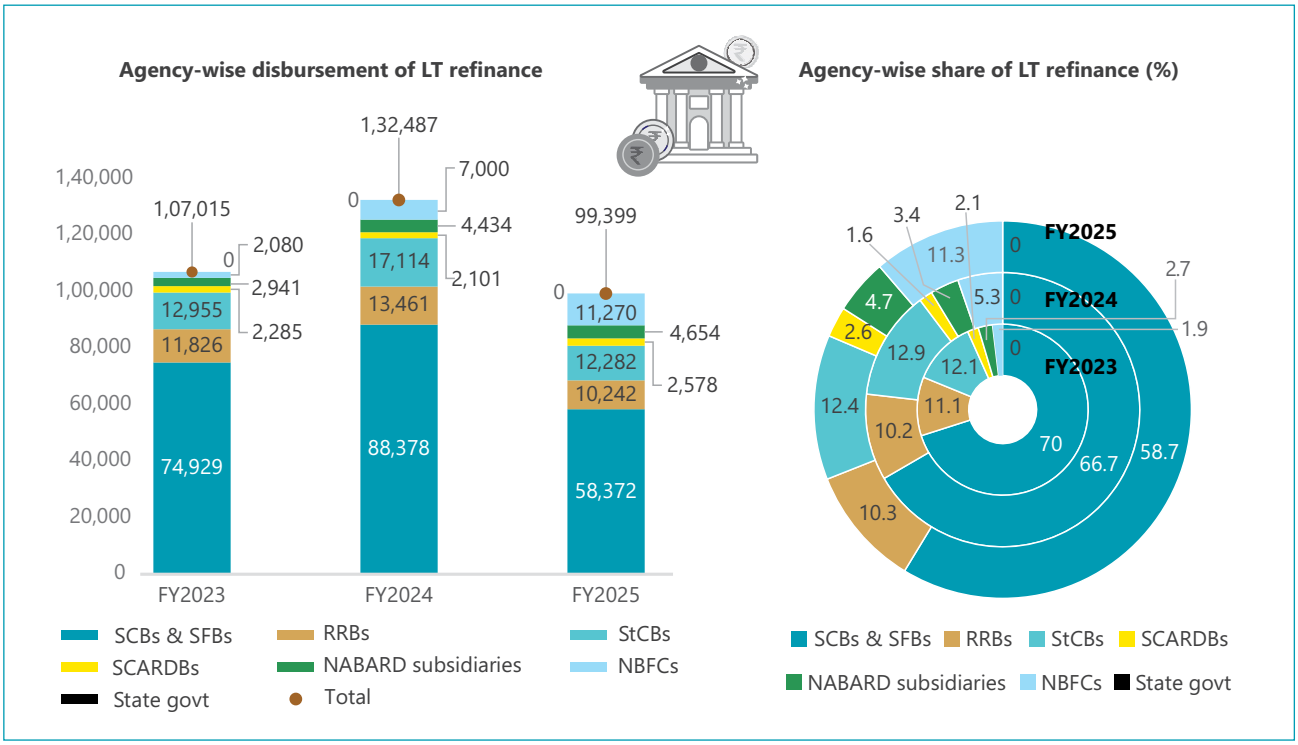
ST = Short-Term.

Notes:
i. Figures may not add up to total due to rounding off.
ii. For the list of states and Union Territories by region, see Note 2 at the end of Chapter 6.

6.2.2 Performance of long-term refinance

Disbursements under long-term (LT) refinance were ₹99,399 crore during FY2025 (Figure 6.5). A sizeable share (59%) of the disbursement went to SCBs including small finance banks, followed by StCBs (12%) and NBFCs (11%). Regional disparity is visible even in LT refinance as the major share of refinance offtake was in the south (41.8%), followed by the west (25.9%), north (11.1%), east (9.9%), central (9.5%), and the north-east regions (1.7%) (Figure 6.6).

Figure 6.5: Disbursement of long-term refinance by agency (₹ crore)

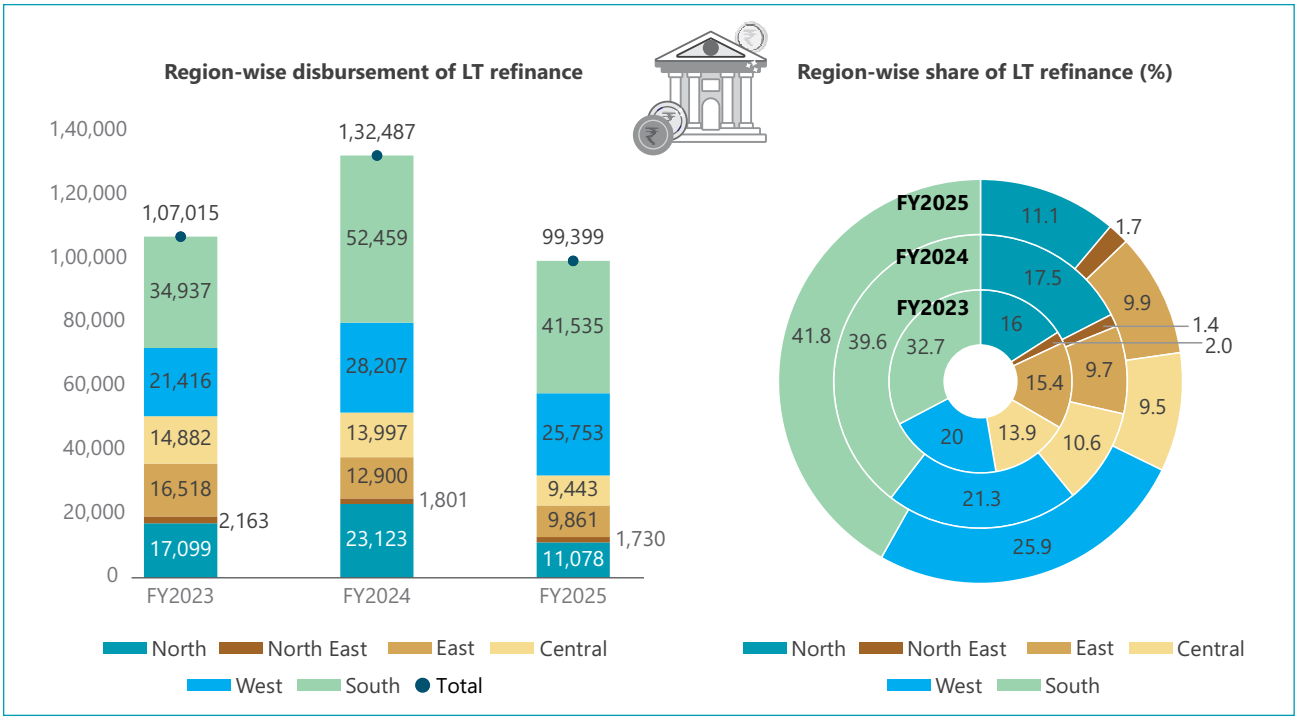


LT = Long-Term, NBFC = Non-Banking Financial Company, RRB = Regional Rural Bank, SCARDB = State Cooperative Agriculture and Rural Development Bank, SCB = Scheduled Commercial Bank, SFB = Small Finance Bank, StCB = State Cooperative Bank.

Note: Figures may not add up to total due to rounding off.

LT and ST refinance from NABARD enhances capacity of RFIs for sustainable lending.

Figure 6.6: Disbursement and share of long-term refinance by region (₹ crore)



LT = Long-Term.

Notes:
i. Figures may not add up to total due to rounding off.
ii. For the list of states and union territories by region, see Note 2 at the end of Chapter 6.

6.3 NEW INITIATIVES IN CREDIT REFINANCE IN FY2025

6.3.1 Special refinance schemes

- **Installation of Solar Rooftop Systems in the Residential Sector**: This scheme aims to promote solar energy adoption in rural areas and small towns by providing concessional refinance for rooftop solar systems ranging from 200 watt (W) to 10 kW. Refinance is sanctioned under the Automatic Refinance Facility (ARF), streamlining access for financial institutions.
- **Rural Housing with Solar Rooftop**: This initiative encourages the integration of solar power in rural residential housing by bundling home loans with rooftop solar systems. Implemented by NABARD, the scheme offers a 0.5% interest rebate on a reimbursement basis, supported by a corpus of ₹200 crore. Refinance is sanctioned under the ARF.
- **Aspirational Districts**: This scheme supports sustainable economic activities, livelihoods, and employment generation in aspirational districts and those with low coverage under priority sector lending (PSL). By offering concessional refinance, the scheme seeks to boost credit offtake and improve the socio-economic conditions of rural populations in these regions.

- **Animal Husbandry Infrastructure Development**: Designed to address infrastructure gaps and attract investment in the animal husbandry sector, this scheme provides concessional refinance for activities eligible for support from the Animal Husbandry Infrastructure Development Fund of the Government of India (GOI).

6.3.2 Launch of ENSURE 2.0 and integration with the AIF portal

NABARD has been implementing the Agriculture Marketing Infrastructure (AMI) Scheme, with claims submitted online via the ENSURE 1.0 portal over the past few years. To enhance functionality and ease of operations, NABARD has developed and launched ENSURE 2.0, incorporating advanced features.

Following GOI approval for convergence of the AMI Scheme with the Agriculture Infrastructure Fund (AIF) Scheme, ENSURE 2.0 has been integrated with the AIF portal. This integration enables seamless transfer of eligible claims to ENSURE for processing and disbursement of subsidies under the AMI Scheme.

6.4 OTHER CREDIT EXPANSION INSTRUMENTS

Apart from the ST and LT refinance support, NABARD also channels funds into special schemes which are summarised below along with new refinance products (Figure 6.7).

Special schemes and new products in refinancing are changing lives (clockwise): PACS as MSCs, solar rooftop systems, micro food processing, and WLGSP.

Figure 6.7: Performance of special refinance schemes and new refinance products in FY2025

Aspirational districts

SRS to promote sustainable economic activities, livelihood, and employment in aspirational districts and districts with low PSL.
Disbursement in FY2025: ₹157.2 crore

Solar rooftop systems

SRS to support solar rooftop installation in residential sector.
Disbursement in FY2025: ₹44.6 crore
SRS bundling rural home loans with rooftop solar systems.
- Corpus of ₹200 crore
- 0.5% interest rebate on a reimbursement basis

PACS as MSCs

SRS to convert PACS to MSCs over 3 years commencing from FY2021.
Disbursement in FY2025: ₹321.8 crore

WLGSP

Concessional refinance extended for WLGSP being piloted by the Ministry of Cooperation, GOI. In Phase II, the project is being rolled out across five PACS per district; implementation is currently underway.

Micro food processing

Concessional assistance for micro food processing activities being promoted under the Aatmanirbhar Bharat Abhiyan.
Disbursement in FY2025: ₹291.3 crore

Financing under AIF

Concessional refinance assistance being extended to RRBs, RCBs, and NABARD subsidiaries to finance activities eligible under AIF.
Disbursement in FY2025: ₹123.3 crore

WASH

Concessional refinance available to banks and eligible financial institutions for WASH activities in rural and semi-urban areas.
Disbursement in FY2025: ₹97.0 crore

AIF = Agriculture Infrastructure Fund, GOI = Government of India, MSC = Multi-Service Centre, PACS = Primary Agricultural Credit Society, PSL = Priority Sector Lending, RCB = Rural Cooperative Bank, RRB = Regional Rural Bank, SRS = Special Refinance Scheme, WASH = Water, Sanitation, and Hygiene, WLGSP = World's Largest Grain Storage Plan in the Cooperative Sector.

Note: For greater details on these refinance products, please see NABARD (2023), *Annual Report 2022–23*, National Bank for Agriculture and Rural Development, Mumbai, p.75. https://www.nabard.org/pdf/2023/annual-report-2022-23-full-report.pdf.

Interest subvention, assistance to sugar mills for ethanol production, Kisan Credit Card (KCC) saturation and credit-linked subsidies are some of the other products that NABARD has been effectively managing for the GOI (Figure 6.8).

Figure 6.8: Performance of other credit products in FY2025

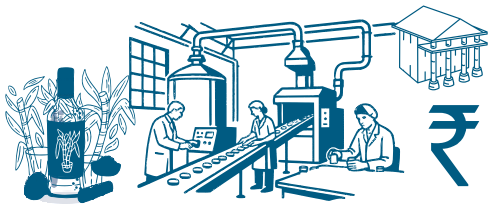
Interest subvention schemes

- Crop loan IS scheme for RCBs and RRBs
- IS to loans to small and marginal farmers both for raising crops as well as against NWRs
- IS towards prompt repayment incentive to farmers in animal husbandry and fisheries
- IS on ST loans (for crops, animal husbandry, or fisheries) to farmers who have KCCs
- IS scheme under DAY–NRLM for RCBs and RRBs

Disbursement in FY2025

- For ST crop loans: ₹9,831.4 crore
- To WSHGs through RCBs and RRBs under DAY–NRLM: ₹1,159.8 crore

Financial assistance to sugar mills for increasing ethanol production capacity



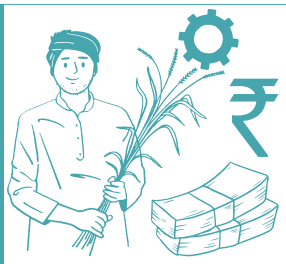
FY2025

- IS of ₹604 crore through RCBs, RRBs, and SCBs

Cumulatively, till 31 March 2025

- IS of ₹1,535 crore

Implementation of CSSs of GOI



Channelling subsidy for agriculture projects and priority sector activities

Performance during FY2025

Particulars	ACABC	New AMI Scheme	Old AMI Scheme
No. of units	267	3,160	1
Subsidy released (₹ crore)	13.2	669.0	0.5

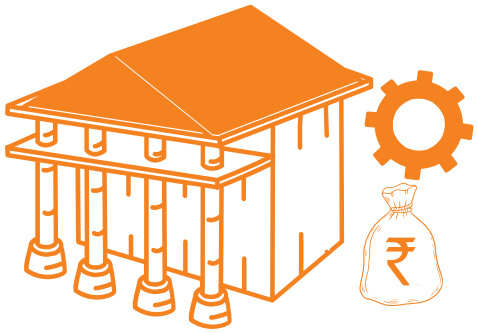
Cumulative performance as on 31 March 2025

No. of units	3,964	10,658	42,261
Subsidy released (₹ crore)	160.0	2,053.3	4,467.4
Scientific storage capacity (thousand MT)	-	27,600.6	60,853.3

KCC saturation drive

Phase	No. of KCCs sanctioned (lakh)	Limits sanctioned (₹ crore)
I	12.6	8,450
II	172.3	1,77,482.3

DRA to cooperative banks

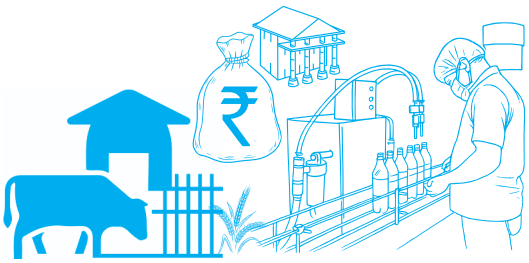


DRA is extended to StCBs and DCCBs for them to meet credit needs related to working capital, repair and maintenance of farm equipment and other productive assets; storage/grading/packaging of produce; marketing activities; food credit consortium; non-farm activities; working capital loans against pledge limits sanctioned to cooperative and private sugar factories; etc.

In FY2025

- Sanction: ₹38,002.5 crore; 41.7% higher than FY2024
- Disbursement: ₹37,216.6 crore; 38.5% higher than FY2024
- The outstanding position as on 31 March 2025 was ₹27,767.6 crore against ₹20,504.1 crore as on 31 March 2024.
- Credit availed by StCBs and DCCBs of Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, and West Bengal.

Credit facility to federations



ST credit is extended to agricultural marketing federations, civil supplies corporations, dairy cooperatives, milk unions, and federations to support procurement of inputs and agricultural commodities, and marketing operations.

In FY2025

- Sanction: ₹51,950 crore; 34.2% higher than FY2024
- Disbursement: ₹65,991 crore; 68% higher than FY2024
- The outstanding position as on 31 March 2025 was ₹41,677 crore against ₹20,583 crore as on 31 March 2024.
- Support to marketing federations and state civil corporations procuring food grains, to ensure timely payment to farmers at MSP.
- Assistance to Andhra Pradesh, Bihar, Chhattisgarh, Haryana, Odisha, Tamil Nadu, and Telangana, aiding over 73 lakh farmers by procurement of foodgrains of over 509 lakh MT.

ACABC = Agri-Clinics and Agri-Business Centres, AMI = Agriculture Marketing Infrastructure, CSS = Capital Subsidy Scheme, DAY–NRLM = Deendayal Antyodaya Yojana–National Rural Livelihood Mission, DCCB = District Central Cooperative Bank, DRA = Direct Refinance Assistance, GOI = Government of India, IS = Interest Subvention, KCC = Kisan Credit Card, MSP = Minimum Support Price, MT = metric tonne, NWR = Negotiable Warehouse Receipt, RCB = Rural Cooperative Bank, RRB = Regional Rural Bank, SCB = Scheduled Commercial Bank, ST = Short-Term, StCB = State Cooperative Bank, WSHG = Women Self-Help Group.

Notes:

i. AMI scheme supports the development and upgrading of gramin haats to Gramin Agriculture Markets.
ii. ACABC scheme supplements the efforts of public extension by facilitating the setting up of agri-ventures by qualified agricultural professionals.
iii. For more details, please see NABARD (2023), *Annual Report 2022–23*, National Bank for Agriculture and Rural Development, Mumbai, p.76–77. https://www.nabard.org/pdf/2023/annual-report-2022-23-full-report.pdf.

6.5 IMPROVING CREDIT DELIVERY ECOSYSTEM EFFICIENCY

NABARD remains committed to driving innovation and bringing about impactful change in the rural credit landscape by adopting modern technologies and agile strategies. Over the past year, NABARD has both strengthened its existing credit ecosystem and launched new initiatives aimed at enhancing transparency, efficiency, and data-driven decision-making.

- **Core Banking Solutions (CBS) in RCBs:** To align RCBs with commercial banking standards, NABARD has enabled 216 banks to adopt cloud-based CBS platforms. In FY2025, support continued for upgrading to advanced platform versions, consistent with industry norms.

- **Centralised Account Aggregator (AA) Platform for RCBs and RRBs:** In line with directions from the Department of Financial Services (DFS), Ministry of Finance (MOF), GOI, NABARD initiated the development of a centralised AA infrastructure for hosting Financial Information Provider (FIP) and Financial Information User (FIU) modules. With in-principle approval from the Reserve Bank of India (RBI), this platform will be offered as a service to willing RCBs and RRBs, promoting financial inclusion, secure data-sharing, and cost efficiency.
- **Shared Aadhaar Data Vault (ADV) for RCBs:** To strengthen Aadhaar data security, NABARD is exploring a shared ADV model for rural financial institutions (RFIs), with the aim of reducing costs and enhancing compliance.
- **BASE platform implementation for direct benefit transfers:** To facilitate direct benefit transfers, NABARD is enabling RCBs to adopt the Bharat Aadhaar Seeding Enabler (BASE) platform. It allows citizens to seed, deseed, or transfer Aadhaar information online. The platform will be implemented in approximately 200 RCBs initially, with phased expansion. NABARD is also working with Unique Identification Authority of India (UIDAI) to streamline Aadhaar verification infrastructure for client institutions.
- **Development of digital technology for credit delivery, interest subvention, etc.**
  - ◇ **eKCC Portal:** In collaboration with 24x7 Moneyworks Consulting Pvt. Ltd., NABARD developed a portal integrated with the RBI Innovation Hub's Unified Lending Interface to digitise the KCC process. Farmers can apply for loans online with in-principle approvals granted within minutes. In FY2025, 12 banks joined the portal, with over 300 live loan cases tested. Future phases will expand offerings to include other loans such as personal loans or loans to micro, small, and medium enterprises. The portal integrates with state land records, satellite imagery, CIBIL, and UIDAI for streamlined underwriting.
  - ◇ **AIF Interest Subvention portal:** Launched on 28 June 2024 by the Hon'ble Union Agriculture Minister, this portal (https://aifis.nabard.org) automates processing of interest subvention and credit guarantee fee claims under the AIF scheme. As on 31 March 2025, 27 banks have submitted approximately 14,000 claims worth ₹41 crore.[3] Further onboarding and dashboard integration for real-time tracking are planned for FY2026.

The AIF interest subvention portal launched by Hon'ble Union Minister of Agriculture and Farmer Welfare (A&FW), Shri Shivraj Singh Chouhan, in the presence of Hon'ble Minister of State for A&FW, Shri Bhagirath Choudhary; Shri Shaji K. V., Chairman, NABARD; Additional Secretary, Joint Secretary, and senior officers of the Department of A&FW.

- ◇ **NRLM Interest Subvention (NRLM-IS) portal:** This platform processes claims under the Deendayal Antyodaya Yojana–National Rural Livelihood Mission for RRBs and RCBs financing women self-help groups (SHGs). Since its launch on 11 January 2024, 202 banks have been registered. Claims worth ₹1,376 crore have been processed for 22.7 lakh SHG accounts, saving rural banks an estimated ₹9.6 crore in processing costs. This marks the first instance of RCBs submitting NRLM-IS claims through a digital process.

- **Digitalising Agri-Value Chain Finance (AVCF):** A pilot AVCF initiative focused on input provision, crop production, and post-harvest procurement was implemented in Bihar, Karnataka, and Maharashtra. Loans totalling ₹5.1 crore were disbursed via State Bank of India and Bank of India. Insights from the purpose-bound Programmable Central Bank Digital Currency pilot under the UNNATI initiative will be utilised in future implementation.
- **Technology Facilitation Fund (TFF):** Launched on 14 September 2023, TFF supports agri-tech startups addressing rural challenges. With a ₹50 crore corpus, it funds tech solutions aimed at improving agricultural productivity and sustainability. A proof of concept under TFF enabled traceability in the apple supply chain in Jammu & Kashmir. Using QR-coded boxes, the initiative mapped 622 farmers and 887 farms, enhancing product traceability and consumer confidence through a total grant support of ₹10.3 lakh. In addition, an equity investment of ₹3.8 crore was made in 24X7 Moneyworks Consulting Pvt. Ltd.
- **Cyber insurance for RCBs:** To bolster cyber resilience, NABARD secured cyber insurance for RCBs and RRBs for the second consecutive year. A centralised bidding process yielded industry-low premium rates, saving ₹9 crore. The 12-month policy (effective from 1 April 2025) offers a consolidated Limit of Liability of ₹2,000 crore, with premiums at 0.54%—notably lower than the market average of 0.75%–1.25%. This initiative relieves RFIs from issuing individual RFPs while ensuring broad coverage.

6.6 DEEPENING FINANCIAL INCLUSION

NABARD's renewed strategy for financial inclusion focuses on bridging regional disparities and ensuring equitable access to formal financial services across the country. Priority is accorded to Special Focus Districts (SFDs), including aspirational districts, left-wing extremism (LWE)-affected areas, credit-deficient regions, and districts in hilly states, the North East Region, and the Andaman & Nicobar Islands. With targeted support from the Financial Inclusion Fund (FIF), NABARD has reinforced last-mile connectivity through infrastructure creation, digital enablement, policy advocacy, and financial literacy initiatives tailored for underserved rural communities.

6.6.1 Financial literacy and capacity building

Financial literacy remained central to NABARD's inclusion strategy. The organisation supported a range of initiatives to enhance understanding of financial products and digital services, particularly in unbanked areas. These included financial and digital literacy camps, reimbursement of examination fees for banking correspondents, deployment of demonstration vans and kiosks, and *nukkad nataks* (street plays) to drive behavioural change.

Nukkad natak for financial literacy and awareness; Kota, Rajasthan.

6.6.2 Technology adoption and infrastructure support

To strengthen the financial ecosystem on the supply side, NABARD facilitated the onboarding of banks to digital platforms and supported improvements in connectivity and regulatory compliance. Key activities included deployment of micro-ATMs and point-of-sale devices, introduction of dual-authentication facilities at banking correspondent points, and provision of connectivity and power infrastructure in SFDs.

6.6.3 New activities supported under FIF during FY2025

As on 31 March 2025, cumulative sanctions under FIF stood at ₹6,233.3 crore, with disbursements totalling ₹3,540.5 crore. During FY2025 alone, ₹290.3 crore was sanctioned, and ₹191.6 crore disbursed. New initiatives include:

- **Learning Management System (LMS) for rural self-employment training institutes (RSETIs):** NABARD, in collaboration with Indian Institute of Technology Madras, is developing REAP—RSETI e-Learning AI Platform, a centralised LMS to support skill development across 64 courses in 12 languages with 4,400 hours of curated content. The initiative aims to benefit around 6 lakh rural trainees annually with a sanctioned budget of ₹18.6 crore. So far, IIT Madras has developed 85 hours of content for 15 courses.
- **Automation of JanSuraksha Schemes for RRBs:** To digitise and streamline the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY), NABARD is facilitating onboarding of all 43 RRBs[4] to the JanSuraksha portal,[5] implemented by Online PSB Loans Ltd. As on 31 March 2025, 26 RRBs are live on the platform, enabling end-to-end digital enrolment and claim settlement.
- **Incentive scheme for customer service points (CSPs)/business correspondents (BCs) of banks operating in hilly states/Union Territories:** Launched on 26 April 2024, this scheme offers ₹1,000 per month to the top two performing CSPs/BCs per village in Tier 5 and Tier 6 centres in Himachal Pradesh, Uttarakhand, Jammu & Kashmir, and Ladakh. A total of ₹688.8 lakh has been sanctioned, benefitting 5,740 BC agents during FY2025 (Showcase 6.1).
- **Support under the FIF for rural connectivity—HTS-VSAT, Dual LTE and SD-WAN technologies:** To enhance banking connectivity in remote areas, NABARD extended grant-based reimbursement to banks for deploying HTS-VSAT, Dual LTE, and SD-WAN technologies.[6] So far, 163 devices have been deployed with a sanction of ₹373.1 lakh, improving network reliability across over 1,000 villages.
- **Special Campaign 4.0—Rural Financial Literacy:** Organised during 17 September–31 October 2024 under the guidance of the DFS, MOF, GOI, this campaign combined *swachhata* (cleanliness) with financial awareness. NABARD partnered with 43 RRBs to conduct 591 camps and street plays, with grant support of ₹96.8 lakh. Outcomes included:
  - ◇ 1,29,354 new Pradhan Mantri Jan Dhan Yojana accounts
  - ◇ 1,73,147 fresh PMJJBY enrolments
  - ◇ 4,09,915 new PMSBY enrolments
  - ◇ 66,601 new Atal Pension Yojana enrolments

Showcase 6.1: Empowering rural banking agents in Meghalaya

Melodis Syiemlieh, a member of a self-help group for six months, was appointed as a business correspondent (BC) by the Meghalaya State Rural Livelihoods Society (MSRLS) on 14 September 2021. Linked to the Meghalaya Rural Bank, Rynjah Branch, she was tasked with advancing financial inclusion in five remote villages, reaching approximately 4,500–5,000 households.

In her role, Syiemlieh has actively supported financial literacy initiatives and facilitated services such as account opening, cash deposits and withdrawals, fund transfers, and online banking transactions. Equipped with a NABARD-sponsored micro-ATM, she provides doorstep banking services, including balance enquiries and real-time transactions, in regions with limited banking infrastructure.

Under NABARD's Incentive Scheme for BCs operating in the North East Region, hilly states, and Union Territories, Syiemlieh received a total incentive of ₹12,000 during FY2025 upon achieving the benchmark of 50 successful transactions per month. This recognition has further strengthened her commitment to delivering accessible and responsive financial services.

Impact highlights:

- Financial empowerment: Through regular financial literacy sessions, she has raised awareness among rural residents on banking practices and government welfare schemes.
- Doorstep banking: She provides essential banking services to senior citizens and underserved groups in isolated areas, eliminating the need to travel to bank branches.
- Recognition for excellence: In acknowledgment of her service and dedication, she was conferred an award by MSRLS, Shillong on 2 February 2024.

Melodis Syiemlieh, supported under NABARD's Incentive Scheme for BCs, awarded for excellence in service; MSRLS, Shillong.

6.7 WAY FORWARD

To further deepen and sustain financial inclusion, NABARD is undertaking forward-looking initiatives that integrate gender sensitivity, digital engagement, and grassroots-level capacity building:

1. **Gender Intentionality Scorecard (GIS) cum dashboard:** This digital monitoring tool is being developed in collaboration with Women's World Banking. This tool is designed to assess how deliberately financial institutions, particularly RRBs, incorporate women in their financial inclusion strategies. The GIS evaluates performance across five key dimensions—accounts, social security, credit, digital footprint, and workforce participation—using a comprehensive set of 62 parameters. The dashboard will enable comparative assessments and inform targeted gender-responsive interventions.
2. **Development of interactive financial literacy game:** To address persistent gaps in financial literacy through an innovative approach, NABARD and the National Centre for Financial Education (NCFE) signed a Memorandum of Understanding on 22 May 2024. Under this collaboration, NCFE will develop a next-generation, mobile-based interactive financial literacy game. The game will leverage advanced technologies and will feature:
   a. multi-lingual support, including regional languages;
   b. offline accessibility for remote areas; and
   c. gamified learning modules tailored for rural users.

3. **Pilot project on community resource entities in skilling ecosystem:** In accordance with RBI recommendations, NABARD will pilot the concept of community resource entities (CREs) to act as a trusted intermediary layer within the skilling and livelihood ecosystem. The pilot will be launched across 20 blocks in Bihar and Chhattisgarh over one year. These CREs will serve as facilitators, linking rural aspirants with skilling centres, financial institutions, and employers—thereby improving alignment between skill supply and demand, and enhancing access to livelihood opportunities.

NOTES

1. Rural financial institutions include RCBs, RRBs, SCBs, small finance banks, non-banking financial companies–micro-finance institutions, and local area banks.
2. States and Union Territories by region
   - South: Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Puducherry, and Lakshadweep
   - West: Gujarat, Goa, Maharashtra, Dadra & Nagar Haveli, and Daman & Diu
   - North: Haryana, Himachal Pradesh, Punjab, Rajasthan, Jammu & Kashmir, Delhi, and Chandigarh
   - Central: Madhya Pradesh, Chhattisgarh, Uttar Pradesh, and Uttarakhand
   - East: Bihar, Jharkhand, Odisha, West Bengal, and Andaman & Nicobar Islands
   - North East: Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Tripura, Nagaland, and Sikkim
3. As on 31 May 2025, a total of 99,724 claims amounting to ₹205.8 crore have been submitted for settlement.
4. With effect from 1 May 2025, 43 RRBs were merged into 28 RRBs as part of the 'One State, One RRB' policy.
5. JanSuraksha portal enables end-to-end digital enrolment and claim settlement with respect to PMJJBY and PMSBY.
6. HTS = High Throughput Satellites, LTE = Long-Term Evolution, SD-WAN = Software-Defined Wide Area Network, VSAT = Very Small Aperture Terminal.

7

7.1 Supervised Entities of NABARD

7.2 Major Developments in the Supervisory Ecosystem during FY2025

7.3 Other Supervisory Initiatives

7.4 Information Technology and Cyber Security Initiatives

7.5 Way Forward

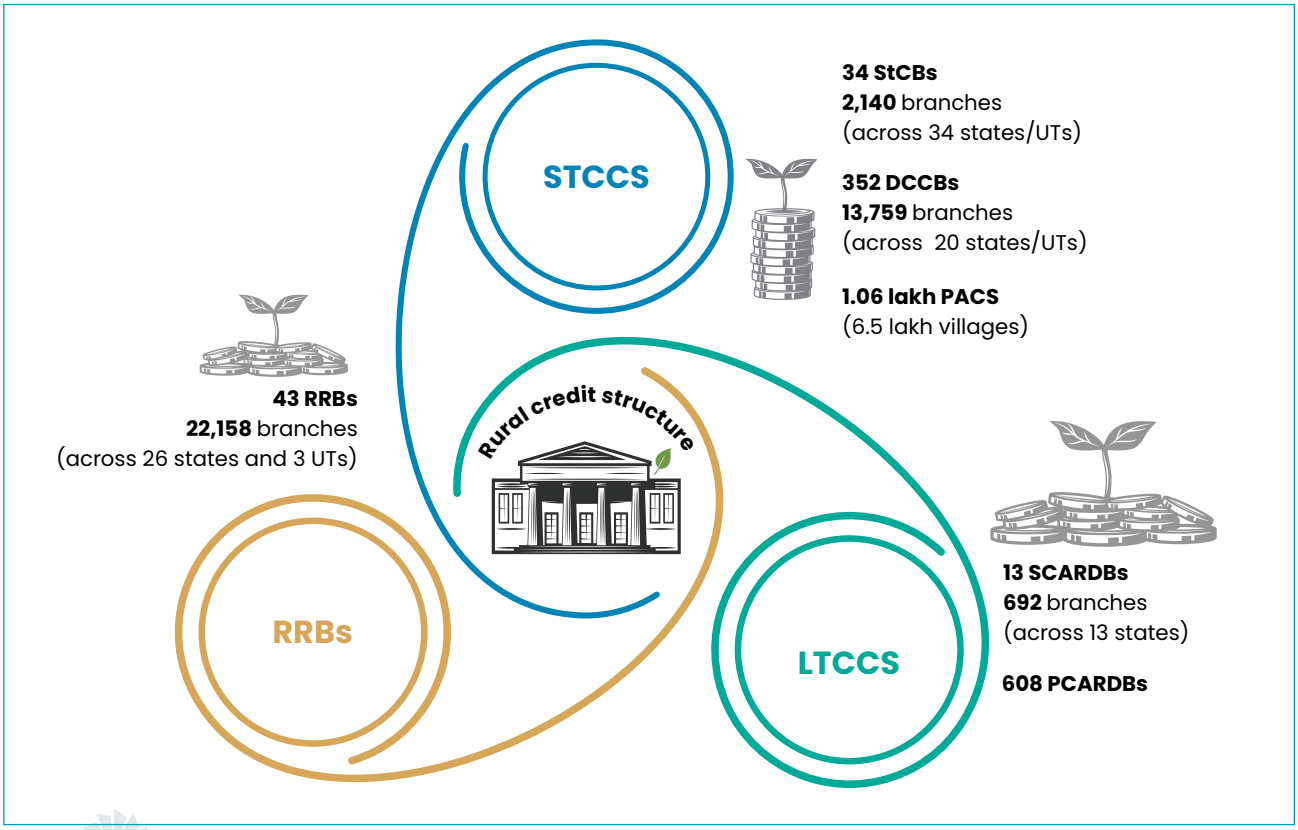
SUPERVISORY ROLE OF NABARD

Robust supervision of financial entities is essential for maintaining institutional integrity, safeguarding the interests of the depositors, and ensuring the smooth functioning of the financial ecosystem. As the apex institution in the field of agriculture and rural finance, NABARD plays a critical supervisory role over rural financial institutions (RFIs). This responsibility extends beyond routine oversight, reflecting a proactive commitment to the twin goods of deepening financial inclusion and fostering the development of RFIs. In addition, NABARD acts as a key advisor, supporting non-compliant banks in implementing corrective measures to restore financial stability and ensure long-term sustainability.

7.1 SUPERVISED ENTITIES OF NABARD

Regional rural banks (RRBs) and rural cooperative banks (RCBs) play a vital role in delivering financial services across rural India. As NABARD supervised entities (SEs), these institutions are subject to regular inspections by NABARD to ensure regulatory compliance and financial soundness. The RRBs and RCBs are regulated by the Reserve Bank of India (RBI) and supervised by NABARD under Section 35(6) of the Banking Regulation (BR) Act, 1949 and the BR Act, 1949 (As Applicable to Co-operative Societies), respectively. NABARD's supervisory activities encompass statutory inspections of state and district central cooperative banks (StCBs and DCCBs) and RRBs, as well as voluntary inspections of state cooperative agriculture and rural development banks (SCARDBs), apex weavers' societies, marketing federations, and other relevant entities, availing refinance from NABARD (Figures 7.1–7.2).

Figure 7.1: Rural institutional credit structure (as on 31 March 2025)



DCCB = District Central Cooperative Bank, LTCCS = Long-Term Cooperative Credit Structure, PACS = Primary Agricultural Credit Society, PCARDB = Primary Cooperative Agriculture and Rural Development Bank, RRB = Regional Rural Bank, SCARDB = State Cooperative Agriculture and Rural Development Bank, StCB = State Cooperative Bank, STCCS = Short-Term Cooperative Credit Structure, UT = Union Territory.

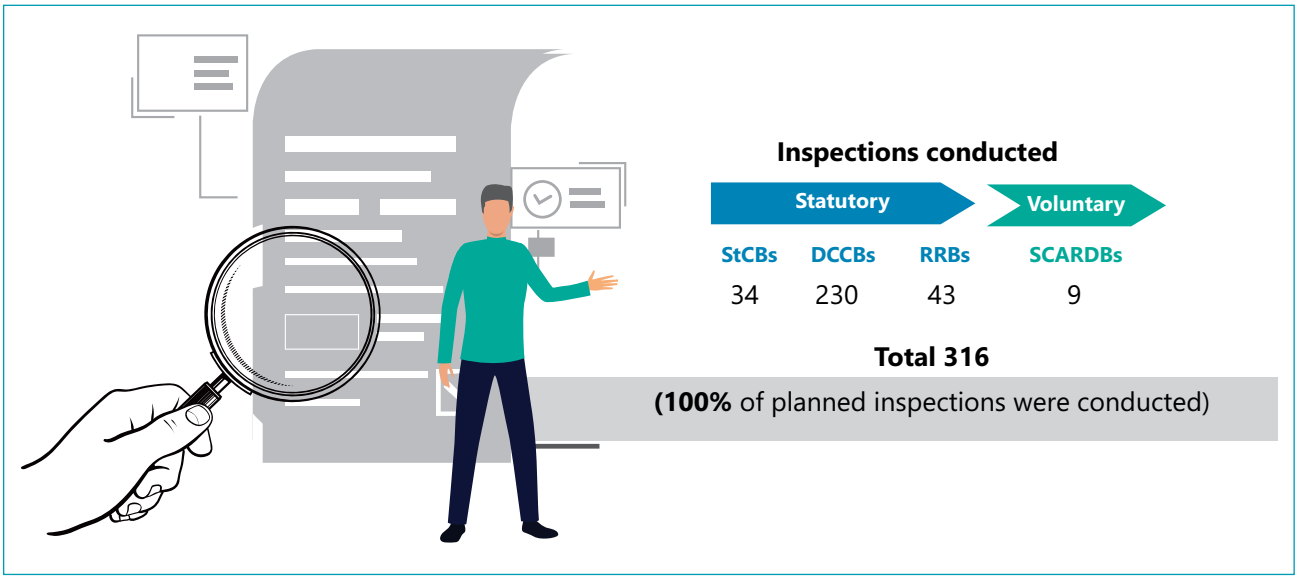
Notes:

1. Number of SEs as on 31 March 2025.
2. PACS and PCARDBs are not statutorily supervised entities.
3. Number of PACS as on 31 March 2023 (provisional data).
4. Of the 34 StCBs, 24 are Scheduled under the Second Schedule of the Reserve Bank of India Act, 1934.
5. The 352 DCCBs include Tamil Nadu Industrial Cooperative Bank, which is considered a DCCB only for the purposes of regulation and supervision. Malappuram DCCB has since been merged with Kerala StCB but the matter is subjudice.
6. There are variations in the cooperative credit structure across states. Not all STCCS have three tiers; some states have two-tier structure as well.
7. SCARDBs (13) categorised by nature of operations:
   a. Unitary (lending directly) (5): Gujarat, Jammu & Kashmir, Puducherry, Tripura, and Uttar Pradesh;
   b. Federal (lending through PCARDBs) (6): Haryana, Karnataka, Kerala, Punjab, Rajasthan, and Tamil Nadu; and
   c. Mixed (lending through both PCARDBs as well as directly) (2): Himachal Pradesh and West Bengal.
8. LTCCS
   a. The provisions of BR Act, 1949 are not applicable to these institutions.
   b. They do not have access to low-cost deposits.
   c. They depend heavily on borrowed funds for lending.
9. RRBs
   a. The RRBs are sponsored by 12 scheduled commercial banks.
   b. With effect from 1 May 2025, 43 RRBs were merged into 28 RRBs as part of the "One State, One RRB" policy.
   c. RRBs are operational in the UTs of Puducherry, Jammu &Kashmir, and Ladakh.
   d. 92% (provisional data) of the RRB branches are located in rural/semi-urban areas.
   e. There are no RRBs in the states of Goa and Sikkim.

Sources:

RBI (2024), Report on Trend and Progress in Banking in India, 2023–24, Reserve Bank of India, Mumbai. https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/0RTP261220247FFF1F49DFC04C508F300904A90C7439.PDF.

Figure 7.2: Supervision by NABARD in FY2025



DCCB = District Central Cooperative Bank, RRB = Regional Rural Bank, SCARDB = State Cooperative Agriculture and Rural Development Bank, StCB = State Cooperative Bank.

Notes:

1. DCCBs include Tamil Nadu Industrial Cooperative Bank Ltd.
2. Supervision undertaken in FY2025 with respect to status of supervised entities as on 31 March 2024.

7.2 MAJOR DEVELOPMENTS IN THE SUPERVISORY ECOSYSTEM DURING FY2025

FY2025 witnessed notable advancements in NABARD's supervisory framework, reaffirming its commitment to reinforcing the resilience and stability of RFIs. Key developments included implementation of the Enhanced CAMELSC-based supervisory rating model with differential approach, alongside targeted initiatives to refine supervisory tools and strengthen the capabilities of supervised entities.[1]

7.2.1 Enhanced CAMELSC-based supervisory approach

The Enhanced CAMELSC-based supervisory rating model (E-CAMELSC) represented a significant evolution in NABARD's supervisory strategy. Rolled out comprehensively from 1 April 2023, this interim supervisory approach serves as a critical step towards a more robust risk-based supervision framework. The E-CAMELSC offers a structured methodology for evaluating the performance of SEs by integrating both qualitative and quantitative indicators. This holistic assessment is designed to establish the soundness of an institution's risk management systems, which are fundamental to institutional resilience. Based on their business size, 148 banks were inspected during FY2025 under the E-CAMELSC model. The principal developments during the year that further enhanced this approach are outlined below.

1. **Refinement in Enhanced CAMELSC Rating Model:** Recognising the evolving banking landscape, the E-CAMELSC supervisory rating model was significantly revised in April 2023. This update aligned the model's performance rating parameters with contemporary legal, regulatory, and supervisory guidelines, while also reflecting the increasing scale and complexity of banking operations. The revised model is structured to evaluate banks based on their financial position as on 31 March 2025.
2. **Review of guidelines on stress testing:** Given the climate of potential economic uncertainties, robust stress testing capabilities are imperative. During the year, a comprehensive review of the existing stress testing guidelines for banks was undertaken. This focused on enhancing the availability of data at the bank level and refining the stress testing template to facilitate the creation of realistic stress scenarios. These scenarios aim to reflect potential shifts in loan exposures within bank portfolios, thereby strengthening their capacity to withstand adverse conditions.
3. **Guidance notes on implementation of risk management systems in SEs:** Under the E-CAMELSC supervisory framework, the quality and effectiveness of risk management systems in SEs remain a priority. To reinforce this focus, guidance notes were issued to SEs, detailing the implementation of sound risk management frameworks across key areas such as operational risk management, credit risk management, business continuity planning, capital management, and, notably, liquidity risk management, with updated guidance on the latter issued in FY2025. This proactive support aims to enable SEs to establish and maintain effective risk management practices.
4. **Capacity building and training programmes:** Recognising the significance of skilled personnel in effective supervision, a series of targeted capacity building and training programmes were conducted during the year. These initiatives, grounded in both the theoretical and practical aspects of inspection under the E-CAMELSC model, were tailored for inspecting officers (IOs) and staff of supervised banks. This investment in human capital aimed to deepen understanding and promote effective application of the enhanced supervisory framework.

7.2.2 Digitalisation of inspection process through SuperSoft application

The SuperSoft application was launched on the occasion of NABARD's 41st Foundation Day on 12 July 2022. Since its inception, all statutory inspections have been conducted through this digital platform. During FY2025, statutory inspections of 307 banks—comprising 43 RRBs, 34 StCBs, and 230 DCCBs—were undertaken using the SuperSoft application.

As part of ongoing enhancements, the following modules were developed and operationalised in SuperSoft 2.0 during the year:

1. **Branch inspection module for RRBs:** This module enables inspection teams to conduct inspections of RRB branches and share their reports with the main team for reference.
2. **Inspection report scrutiny and grading module:** This functionality allows NABARD to scrutinise and grade inspection reports directly within the SuperSoft platform.
3. **Information technology/information security (IT/IS) examination module:** Designed for use by the Cyber Security and Information Technology Examination (CSITE) Cell of the Department of Supervision, NABARD at both the Head Office and the regional offices, this module facilitates the conduct of IT/IS examinations via the SuperSoft application.
4. **ENSURE 2.0 and SuperSoft API integration:** This integration ensures seamless data transfer between platforms, eliminating the need for manual uploads and simplifying the inspection workflow, while also improving data quality in SuperSoft.
5. **Management Information System (MIS) reports module:** A suite of nine MIS reports has been developed within SuperSoft to enable real-time monitoring of the inspection process—from planning and execution to dispatch and closure.
6. **Notifications module:** This module ensures timely email alerts for users, enabling prompt completion of tasks by minimising delays.
7. **Movement register module:** This feature tracks the movement of inspection reports and related documents at various levels, ensuring timely task execution and enhanced process accountability.

7.2.3 FATF *Mutual Evaluation Report*

The Financial Action Task Force (FATF) has released its *Mutual Evaluation Report* for India, commending the country's efforts to implement robust measures against illicit finance, including money laundering and the financing of terrorism (ML/TF). The report highlights that India has attained a high level of technical compliance with the FATF recommendations. Accordingly, India has been placed under the "regular follow-up" category, which represents the highest rating tier assigned by FATF. Among the G20 nations, only the United Kingdom, France, and Italy—along with India—have received this recognition.

As outlined in the report, NABARD is expected to continue strengthening its understanding of ML/TF risks, as well as enhancing its supervisory capacity. This is to be achieved through ongoing training initiatives and increased engagement with other regulatory bodies, such as the RBI.

7.3 OTHER SUPERVISORY INITIATIVES

7.3.1 Fraud monitoring and KYC/AML[2]

To enhance the effectiveness of fraud monitoring and review, NABARD issued the following policy directives:

- Policies on monitoring fraud risk management in SEs.
- Policies on monitoring and examining KYC, AML, and CFT/CPF frameworks in SEs.

1. **Collaboration and meetings**
   a. Financial sector regulators meetings: NABARD actively participated in meetings of financial sector regulators held in New Delhi. These deliberations focused on the status of AML software implementation, NABARD's induction into the FPAC, and the signing of an MOU with FIU-IND.
   b. FPAC: NABARD recently became a member of the FPAC platform established by FIU-INDIA. This initiative facilitates ongoing collaboration between FIU-INDIA and various stakeholders involved in AML/CFT efforts.

c. MOU with FIU-IND: NABARD and FIU-IND executed an MOU on 3 September 2024 to enable:
   i. exchange of relevant intelligence and information available in respective databases;
   ii. conduct of outreach and training programmes for SEs; and
   iii. organisation of quarterly meetings and appointment of a nodal officer, among other measures.

2. **CKYC records registry awareness**: CERSAI organised three awareness programmes on the CKYC Records Registry at Siliguri, Jabalpur, and BIRD, Mangaluru on 10 May 2024, 20 May 2024, and 3 June 2024, respectively. NABARD officers addressed participants on various dimensions of KYC, AML, and CFT compliance.
3. **Cyber fraud prevention**
   a. Cyber frauds involving money mules are increasingly targeting RRBs and RCBs amid growing digitalisation in the financial sector.
   b. To counter these threats, NABARD is actively collaborating with the I4C under the Ministry of Home Affairs, as well as the RBI. Key initiatives include:
      i. dissemination of RBI advisories concerning the use of money mule accounts for cyber-enabled frauds to RRBs and RCBs;
      ii. encouraging SEs to register on the "Suspect Registry" maintained by I4C; and
      iii. conducting sensitisation programmes for SE officers, in collaboration with I4C, on the generation of alerts and the requisite follow-up actions.

7.3.2 Capacity building

Bank supervision is a highly specialised domain, and IOs must be trained to "see through the fog in times of crisis" and to "sense distress well in advance." Accordingly, several capacity-building initiatives were undertaken during FY2025.

1. **Senior Supervisory Managers (SSMs) Programme**: In collaboration with the College of Supervisors (COS), RBI, the National Bank Staff College (NBSC), Lucknow organised a dedicated programme for SSMs of NABARD on 4–6 November 2024, Mumbai. The programme aimed to strengthen the SSM function and enhance the capabilities of SSMs and their teams within NABARD. A total of 35 officers (comprising 26 SSMs and 9 other officers from Head Office and technical establishments) attended the programme.
2. **Training programmes at COS, RBI**: During FY2025, 54 officers participated in 32 programmes conducted by the COS, RBI. These covered a broad range of topics including supervision, risk management, data analytics, econometrics, application of advanced tools for analysis of supervisory and raw data, governance, report writing, leadership, communication, financial statements, and fintech.

7.3.3 Complaints Management System

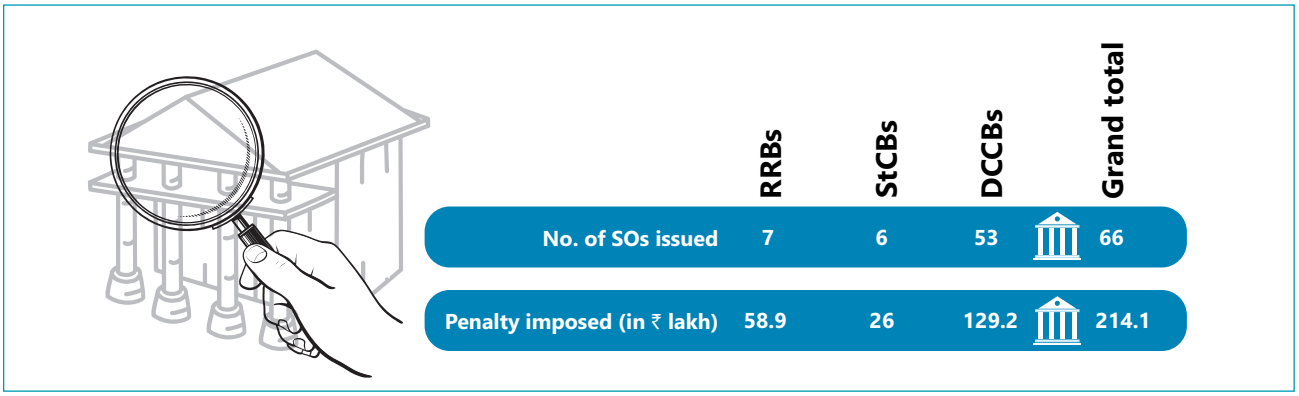
The Complaints Management System (CMS) module was launched on 1 April 2022 to facilitate the seamless transmission of complaints to regional offices, enable effective monitoring and resolution of complaints, and support the generation of MIS reports.

With effect from 1 April 2025, the Centralised Public Grievance Redress and Monitoring System portal was adopted on a full-fledged basis by NABARD to ensure the effective resolution and management of grievances and complaints received against SEs.

7.3.4 References from Enforcement Department, RBI

The RBI established the Enforcement Department (EFD) in 2017 to ensure regulatory compliance and undertake enforcement actions against various Regulated Entities of the RBI. The EFD also issues Show Cause Notices and Speaking Orders to SEs of NABARD, namely RRBs, StCBs, and DCCBs (Figure 7.3).

Figure 7.3: Enforcement actions taken during FY2025



DCCB = District Central Cooperative Bank, RRB = Regional Rural Bank, SO = Speaking Order, StCB = State Cooperative Bank.

7.4 INFORMATION TECHNOLOGY AND CYBER SECURITY INITIATIVES[3]

To enhance the monitoring of cyber security preparedness across SEs, the CSITE Cell, established in NABARD in 2018, undertook several initiatives during FY2025.

1. **Expanding human resources in CSITE**: The CSITE Cell was augmented with the induction of six external consultants. This enabled the expansion of IT/IS examinations to cover a greater number of SEs, facilitated desk-based scrutiny of VICS returns, supported the examination of compliance submissions by SEs in response to IT/IS findings, allowed for the timely issuance of alerts and advisories, and enhanced the handling of other critical functions of CSITE.
2. **Operationalisation of IT/IS examinations**: The Board of Supervision, at its 88th meeting, approved the operationalisation of IT/IS examinations of RRBs and RCBs, based on their digital maturity and degree of integration with the payments ecosystem. The objective of these examinations is to assess the cyber security framework of SEs through scrutiny of:
   a. IT/IS and cyber security policies;
   b. adequacy of the frameworks;
   c. functioning of relevant committees;
   d. implementation of prescribed cyber security controls based on entity classification; and
   e. compliance with advisories and alerts issued by RBI, NCIIPC, CERT-In, and IDRBT.

   During FY2025, 38 SEs (including 20 RRBs, 9 StCBs, and 9 DCCBs) were taken up for IT/IS examination by the NABARD Head Office; additionally, regional offices conducted IT/IS examinations of 35 DCCBs.
3. **Cyber Security Awareness Month**: CSITE observed Cyber Security Awareness Month in October 2024, during which the following activities were conducted:
   a. webinar for top management (Chairperson/CEO/MD) of SEs;
   b. cyber security session at NABARD, Head Office for Heads of Department, CTO, and CISO;
   c. webinar for faculty members of Cooperative Training Institutes;
   d. one-day workshop at BIRD, Mangaluru for CISOs of SEs;
   e. workshop at NBSC, Lucknow for NABARD's IOs;
   f. issuing of a guidance note for conducting IT/IS examinations;
   g. dissemination of digital content on cyber security including:
      i. *Cyber Security Handbook* for SEs; and
      ii. "31 Days' Challenge" to enhance cyber security awareness among SE staff.

4. **Capacity-building through cyber security awareness workshops**: CSITE provided faculty support for 28 virtual and 3 physical cyber security workshops. Of these, 26 were conducted for SEs on cyber security best practices, and 5 were targeted at regional offices for capacity building in IT/IS examination.
5. **High-level engagement**: CSITE engaged in eight high-level meetings with agencies such as the I4C, CERT-In, and MHA, ensuring it remained abreast of emerging cyber threats. The participation of senior officers from CSITE in these meetings underscored NABARD's commitment to addressing digital fraud and improving the cyber resilience of SEs.
6. **Advisories issued to SEs on enhancing cyber security measures**: Various circulars were disseminated to SEs to strengthen cyber security measures, including:
   a. Cyber security audit: SEs were advised to follow MeitY's guidelines for conducting regular cyber security audits of their IT infrastructure, websites, and applications (including APIs), especially upon system changes, using CERT-In empanelled agencies.
   b. Vulnerability Assessment/Penetration Testing (VA/PT): SEs were advised to undertake vulnerability assessments for critical applications and applications in the DMZ on a half-yearly basis, and penetration testing on an annual basis, through CERT-In empanelled organisations.
   c. Sharing of common observations: CSITE shared common observations arising from IT/IS examinations and the scrutiny of VICS returns with all SEs.
   d. Cyber incidents and alerts: During FY2025, 60 cyber incidents were reported. CSITE issued 16 advisories/alerts to SEs, drawing from alerts/advisories issued by CERT-In, RBI, and other agencies.

7.5 WAY FORWARD

The following supervisory processes have been identified for implementation by NABARD during FY2025:

1. Capacity building of IOs across regional offices through the organisation of zonal workshops and specialised programmes in collaboration with NBSC and BIRD.
2. Capacity building of development assistants in partnership with NBSC.
3. Scaling up of IT/IS examinations to cover a greater number of SEs, with examinations of Level 1 and Level 2 entities conducted by regional offices, and those of Level 3 and Level 4 entities by the Head Office.
4. Regular updating of existing guidelines pertaining to the cyber security framework, IT/IS examinations, and audit processes applicable to SEs.
5. Automation of the IT/IS examination module.
6. Automation of the Alerts/Advisories module.

NOTES

1. C = Capital Adequacy, A = Asset Quality, M = Management, E = Earnings, L = Liquidity, S = Systems and Controls, C = Compliance.
2. Abbreviations used in this section: AML = Anti-Money Laundering, BIRD = Bankers Institute of Rural Development, CERSAI = Central Registry of Securitisation Asset Reconstruction and Security Interest of India, CFT = Combating the Financing of Terrorism, CKYC = Central Know Your Customer, CPF = Counter Proliferation Financing, FIU-IND = Financial Intelligence Unit–India, FPAC = FIU-India Initiative for Partnership in AML/CFT/CPF, I4C = Indian Cyber Crime Coordination Centre, KYC = Know Your Customer, MOU = Memorandum of Understanding, RBI = Reserve Bank of India, RCB = Rural Cooperative Bank, RRB = Regional Rural Bank, SE = Supervised Entity.
3. Abbreviations used in this section: API = Application Programming Interface, BIRD = Bankers Institute of Rural Development, CERT-In = Indian Computer Emergency Response Team, CISO = Chief Information Security Officer, COE = Centre of Excellence, CSITE = Cyber Security and Information Technology Examination, CTO = Chief Technology Officer, DCCB = District Central Cooperative Bank, DMZ = Demilitarised Zone, I4C = Indian Cyber Crime Coordination Centre, IDRBT = Institute for Development and Research in Banking Technology, IO = Inspecting Officer, IS = Information System, IT = Information Technology, MeitY = Ministry of Electronics and Information Technology, MD = Managing Director, MHA = Ministry of Home Affairs, NCIIPC = National Critical Information Infrastructure Protection Centre, RCB = Rural Cooperative Bank, RBI = Reserve Bank of India, RO = Regional Office, RRB = Regional Rural Bank, SE = Supervised Entity, StCB = State Cooperative Bank, VICS = Vulnerability Index for Cyber Security.

8

8.1 Short-Term Rural Cooperative Credit Structure

8.2 Long-term Cooperatives

8.3 Important Developments in the Short-term Cooperative Credit Structure

8.4 Regional Rural Banks

8.5 Way Forward

Appendix to Chapter 8

EMPOWERING RURAL FINANCIAL INSTITUTIONS

Rural financial institutions (RFIs), that include rural cooperative banks (RCBs) and regional rural banks (RRBs), play a pivotal role in delivering financial services to support agriculture and rural development.[1] With their extensive networks and wide outreach, these institutions have significantly contributed to expanding the scope of institutional credit by promoting banking habits among poor populations and those living in remote areas. To improve access to banking and transform RFIs into robust, financially sustainable, and operationally efficient entities, NABARD undertakes a range of institutional development initiatives to strengthen both RRBs and RCBs. These initiatives include enhancing governance systems and institutional culture, promoting business diversification, upgrading technology, building human resource capabilities, and expanding outreach. Collectively, these efforts aim to improve credit delivery at the grassroots level and strengthen the competitiveness of RFIs vis-à-vis other financial institutions.

8.1 SHORT-TERM RURAL COOPERATIVE CREDIT STRUCTURE

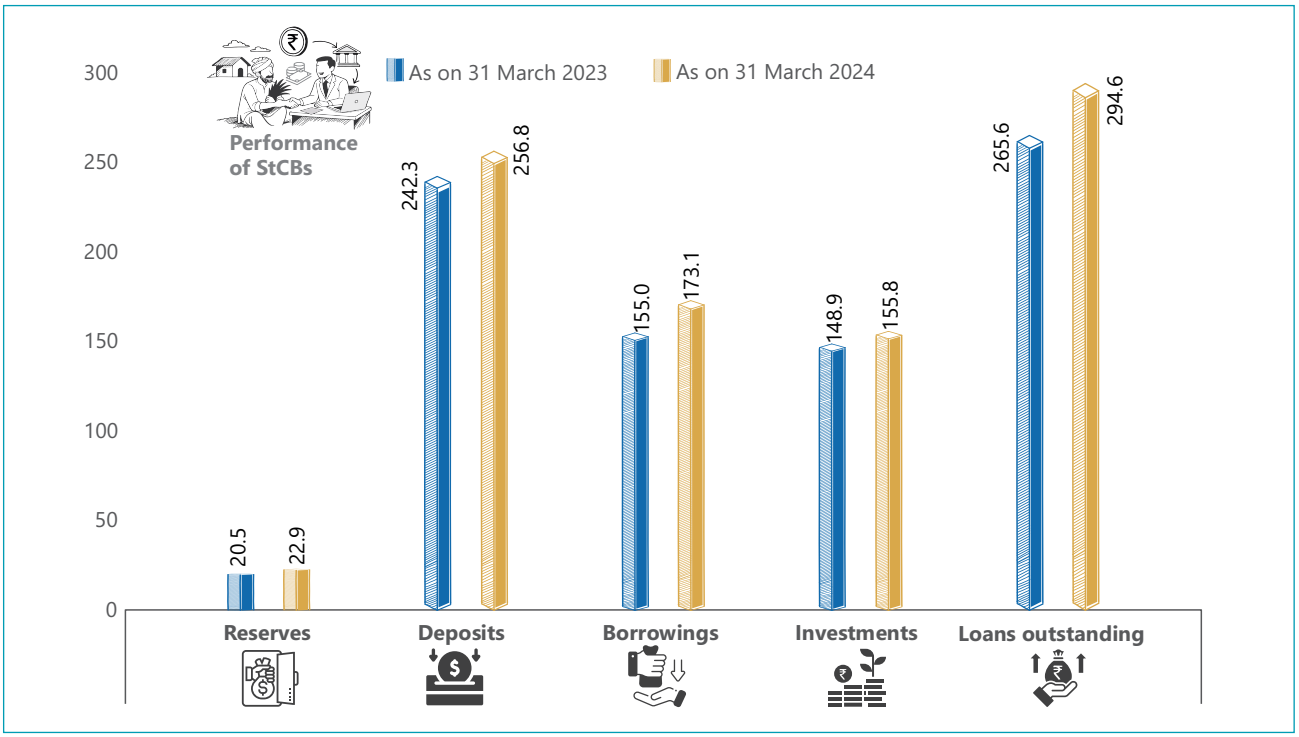
The short-term co-operative credit structure (STCCS) comprises three types of financial institutions, viz. state cooperative banks (StCBs) at the state/apex level, district central cooperative banks (DCCBs) at the district level, and primary agricultural credit societies (PACS) at the village level. In addition to PACS, other types of primary societies are also affiliated to DCCBs. However, not all states follow the conventional three-tier structure. Twelve states have a three-tier system, seven states have a mixed-tier system (comprising both three-tier and two-tier structures), and fifteen states have a two-tier structure.

Transforming rural lives and livelihoods with short-term credit.

As on 31 March 2025, the STCCS consisted of 34 StCBs (with 2,140 branches), 351 DCCBs (with 13,759 branches), and nearly 1.06 lakh PACS.[2] The StCBs and DCCBs fall under the regulatory purview of the Reserve Bank of India (RBI) through the Banking Regulation (BR) Act, 1949 (AACS), and NABARD has been authorised under Section 35(6) of the BR Act to conduct inspections of these institutions. The PACS are outside the purview of the BR Act and are not permitted to use, as part of their name or in connection with their business, the words "bank", "banker", or "banking". The StCBs and DCCBs recorded improved financial performance in FY2024 over FY2023 (Figures 8.1 and 8.2).

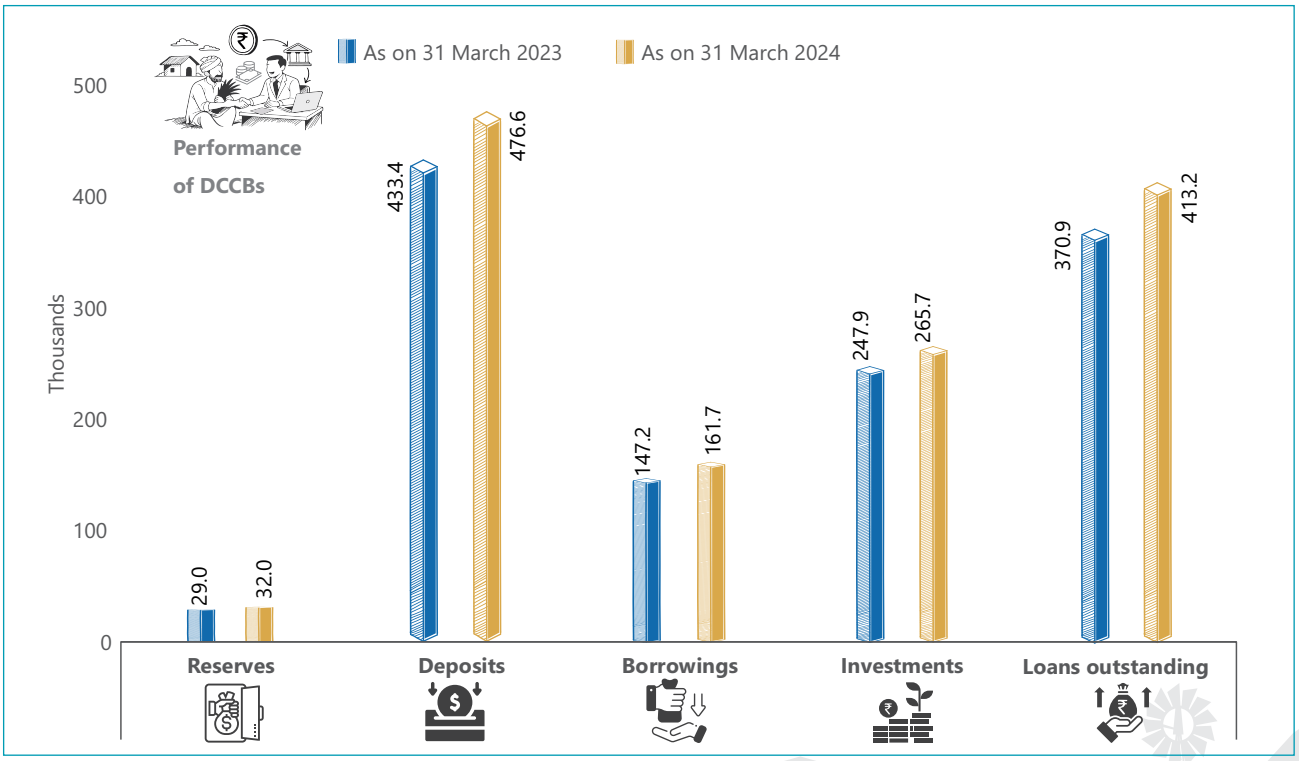
The consolidated financial performance of StCBs and DCCBs is detailed in Appendix Table A8.1.

Figure 8.1: Performance of StCBs in FY2024 over FY2023 (₹ in '000 crore)



StCB = State Cooperative Banks.

Figure 8.2: Performance of DCCBs in FY2024 over FY2023 (₹ in '000 crore)



DCCB = District Central Cooperative Bank.

8.2 LONG-TERM COOPERATIVES

The long-term cooperative credit structure typically operates within a two-tier framework comprising state cooperative agriculture and rural development banks (SCARDBs) and primary cooperative agriculture and rural development banks (PCARDBs).

Among the 13 states and Union Territories (UTs) with functional SCARDBs, 5 states follow a unitary structure, with SCARDBs operating branches but without separate PCARDBs; 6 states have a federal structure operating through PCARDBs; and 2 states follow a mixed model, where SCARDBs operate both through PCARDBs and their own branches. As agricultural and rural development banks are not governed by the BR Act, 1949, they are not permitted to mobilise demand deposits from non-members, and such deposits are not covered under the Deposit Insurance and Credit Guarantee Scheme.

A summary of the financial position of SCARDBs and PCARDBs is provided in Table A8.2.

8.3 IMPORTANT DEVELOPMENTS IN THE SHORT-TERM COOPERATIVE CREDIT STRUCTURE

8.3.1 Formation and strengthening of new multipurpose primary cooperatives

On 15 February 2023, the Union Cabinet approved a five-year plan to revitalise the cooperative movement through the formation of two lakh new multipurpose primary cooperatives (M-PACS), including dairy and fishery cooperatives. The initiative aims to ensure nationwide coverage of all categories of primary societies. NABARD and state governments have jointly targeted the formation of 95,327 M-PACS during this period.

The Hon'ble Union Home Minister and Minister of Cooperation launched the *Margdarshika* (Action Plan) on 19 September 2024, outlining the roadmap for establishing and strengthening new M-PACS, dairy, and fisheries cooperative societies in each Panchayat. Subsequently, on 25 December 2024, the minister inaugurated 10,000 newly formed cooperatives. As of FY2025, a total of 18,406 new societies were established, comprising 5,175 M-PACS, 11,900 multipurpose dairy cooperative societies, and 1,331 multipurpose fisheries cooperative societies—reflecting substantial progress in cooperative development efforts.

8.3.2 National Campaign on Cooperation among Cooperatives

A pilot project was launched in FY2024 in Banaskantha and Panchmahal DCCBs of Gujarat to promote routing of all financial transactions of primary dairy cooperative societies (PDCS) and other cooperative bodies through the cooperative banking network, with the objective of strengthening and making the cooperative sector self-reliant. Under the initiative, PDCS were equipped with micro-ATMs through grant support from NABARD's Financial Inclusion Fund (FIF) provided to StCBs and DCCBs to encourage doorstep digital transactions.

The DCCBs also issued RuPay Kisan Credit Cards (KCCs) to dairy farmers, whose bank accounts were simultaneously opened with these banks. Awareness on the initiative was created through financial literacy camps, also supported through FIF. Subsequently, the pilot was scaled up to cover all districts of Gujarat and it recorded significant progress.

Following the success in Gujarat, the project was launched for national-level implementation on 19 September 2024 in New Delhi at a conference chaired by the Hon'ble Union Home Minister and Minister of Cooperation. NABARD is supporting StCBs and DCCBs with procurement of micro-ATMs and organisation of financial literacy programmes. A digital dashboard has been developed by NABARD to monitor the campaign's progress across various states and UTs.

Key outcomes of the campaign included (i) a rise in the number of deposit accounts by 19.6 lakh, (ii) an increase in deposits with RCBs by ₹6,284 crore, and (iii) the issuance of 1.95 lakh RuPay KCCs. These initiatives substantially contributed to advancing financial inclusion and promoting self-reliance within the cooperative sector.

8.3.3 Cooperative Governance Index for RCBs

Robust governance systems and a positive institutional culture are essential for ensuring the financial stability of RCBs. Towards this end, a web-based Cooperative Governance Index (CGI) portal is under development. The CGI encompasses both qualitative and quantitative attributes, grouped into 11 categories, further subdivided into 19 sub-categories and 135 individual parameters.

Each parameter is assessed on a scale of 0–100 to quantify the state of governance. The total score, capped at 100, reflects performance across all categories, sub-categories, and parameters. Specific weightages are assigned to each attribute, and negative marking is applied for non-compliance with prescribed governance standards.

8.3.4 PACS Accelerator Pilot

Technology-enabling PACS with drone, a demo; Kharkhoda PACS, Meerut, Uttar Pradesh.

Under the Unnati Phase II initiative, NABARD is implementing the "PACS Accelerator Programme" to support PACS in diversifying into non-credit business activities. As part of the pilot phase, the programme is being implemented across 30 PACS in the states of Rajasthan, Uttar Pradesh, and Telangana. The programme is anchored on four key pillars: (i) market-based activity selection, (ii) timely financing by DCCBs, (iii) on-ground enablement and infrastructure support, and (iv) capacity building. Detailed project reports have been prepared for 36 non-credit activities to facilitate financing by DCCBs. NABARD officers are providing handholding support to PACS for the successful implementation of the identified business activities. A comprehensive training plan has also been developed for capacity building of PACS personnel. NABARD aims to scale up the initiative to cover 10,000 PACS in FY2026.

8.3.5 Project implemented under the Cooperative Development Fund

The Cooperative Development Fund (CDF) was established by NABARD in FY1993 with an initial corpus of ₹10 crore, which has since been augmented periodically through contributions from NABARD's annual profits. As on 31 March 2025, a cumulative amount of ₹381.5 crore has been disbursed from the CDF since its inception. Following replenishment and appropriation, the balance of the corpus is ₹200 crore as on 1 April 2025. A summary of the grant support provided under CDF is presented in Appendix Table A8.3.

Some of the key outcome indicators under the CDF as on 31 March 2025 are listed below:

1. The major share of CDF assistance is directed towards training-related activities under the Scheme of Financial Assistance for Training of Cooperative Banks Personnel (SOFTCOB). Over the past three years, cooperative training institutions (CTIs) have conducted more than 4,000 programmes, covering over one lakh participants across various tiers of the cooperative structure. NABARD undertook a comprehensive revision of the SOFTCOB guidelines in FY2025 to enhance their effectiveness.
2. Under the CDF scheme, NABARD established the Centre for Professional Excellence in Cooperatives (C-PEC) at the Bankers Institute of Rural Development (BIRD), Lucknow. The C-PEC aims to enhance the

quality of training systems and develop policies to promote professionalism and skilled human resources within the STCCS. Its core activities include accreditation of CTIs, standardisation of training programmes, preparation of operational and technical manuals, conduct of certification courses and training-of-trainers programmes, among others. The fund is also utilised for training activities conducted by NABARD's training establishments (BIRDs at Lucknow, Mangaluru, and Kolkata). Efforts are underway to strengthen C-PEC by digitalising all its operational functions and expanding the scope of its activities.

3. In 2020, NABARD introduced a CDF-supported scheme for establishing Business Diversification and Product Innovation Cells (BDPICs) within StCBs. As on 31 March 2025, 20 BDPICs are operational, with total financial support of ₹15.5 crore.
4. Assistance from CDF is also available for the transformation of PACS into multi-service centres (MSCs). Under this scheme, PACS avail grant support for accompanying activities such as project preparation, exposure visits, capacity building of functionaries, documentation, and technology adoption. During FY2025, ₹366.1 lakh was disbursed under this initiative.
5. PACS Development Cells (PDCs) have been established in StCBs and DCCBs to support capacity building and institutional strengthening of PACS through training, handholding, guidance, exposure visits, and other relevant interventions. These efforts aim to enable PACS to deliver both financial and non-financial services in an efficient and viable manner. As on 31 March 2025, 95 StCBs and DCCBs have been supported in setting up PDCs, covering 2,556 PACS across 20 states. A revised guideline is currently being prepared, drawing on insights from past experience.
6. A Comprehensive Support Plan under the CDF has been extended to the states in the North East Region of India (including Sikkim), Andaman and Nicobar Islands, and Jammu & Kashmir, providing capacity building and infrastructure support. As on 31 March 2025, a total amount of ₹1,009 lakh has been sanctioned to the StCBs in these areas.

8.3.6 Development of an umbrella digital portal

As part of its digital transformation agenda under the ENGAGE initiative, NABARD is developing an umbrella digital portal to track the performance of schemes under the CDF and other institutional initiatives. The launch of this portal is planned for September 2025.

8.3.7 Efforts to establish new StCBs and DCCBs

To expand the outreach of RCBs across all states and UTs, NABARD has prepared an approach paper recommending the establishment of additional institutions within the cooperative banking structure. The paper proposes the creation of 240 new DCCBs, subject to the preparation of viability plans, as well as 2 new StCBs in the UTs of Ladakh and Lakshadweep. It also consolidates the applicable regulatory and statutory guidelines governing the formation of StCBs and DCCBs. The Ministry of Cooperation, Government of India (GOI), has circulated this approach paper to state governments for consideration. As part of this initiative, the RBI has approved the bifurcation of the existing Salem DCCB to create a new DCCB in Namakkal district.

8.3.8 Preparation of turnaround plan and development action plan by RCBs

To strengthen weak RCBs, NABARD has initiated the preparation of a turnaround plan (TAP) for each such institution. Under a comprehensive framework, RCBs falling under Category C and D based on NABARD's latest inspection ratings, as well as those under the Supervisory Action Framework–Self-Initiative for Turnaround, have been advised to formulate and implement a multipronged TAP. The TAP is designed to address not only financial parameters but also critical operational dimensions including business diversification, internal checks and controls, governance, cost rationalisation, human resource development, technology adoption, and financial inclusion—ensuring holistic improvement.

NABARD has circulated a standardised template to guide the preparation of TAPs and conducted training programmes through BIRD for officials of the identified RCBs. All targeted banks have submitted their respective TAPs, and progress is being monitored through various platforms, including reviews by the Ministry of Cooperation.

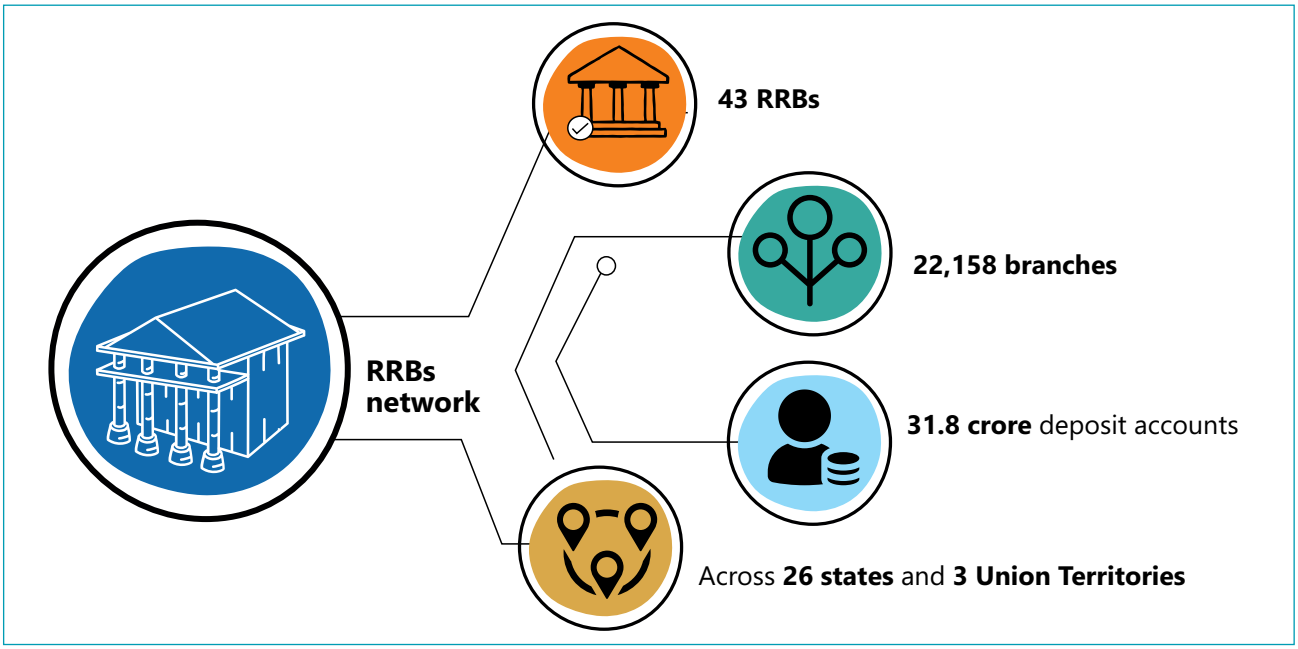
8.3.9 Internal Grievance Redressal Portal

To promote transparency, accountability, and robust internal controls, NABARD is developing a white-label web application for a centralised complaint/grievance redressal management system for RCBs. This portal will facilitate the timely and efficient resolution of customer grievances and support compliance with supervisory requirements. The development and testing phases—carried out with selected RCBs—have been completed.

8.4 REGIONAL RURAL BANKS

Established in 1975, the principal objective of RRBs is to promote rural economic development by providing credit and other financial services, particularly to small and marginal farmers, agricultural labourers, artisans, and small entrepreneurs. These banks support activities related to agriculture, trade, commerce, industry, and other productive sectors in rural areas, including associated and ancillary services (Figure 8.3).

Figure 8.3: Network of RRBs as on 31 March 2025



RRB = Regional Rural Bank.

Notably, 92% of RRB branches are located in rural or semi-urban areas, underscoring their vital role in deepening financial inclusion.

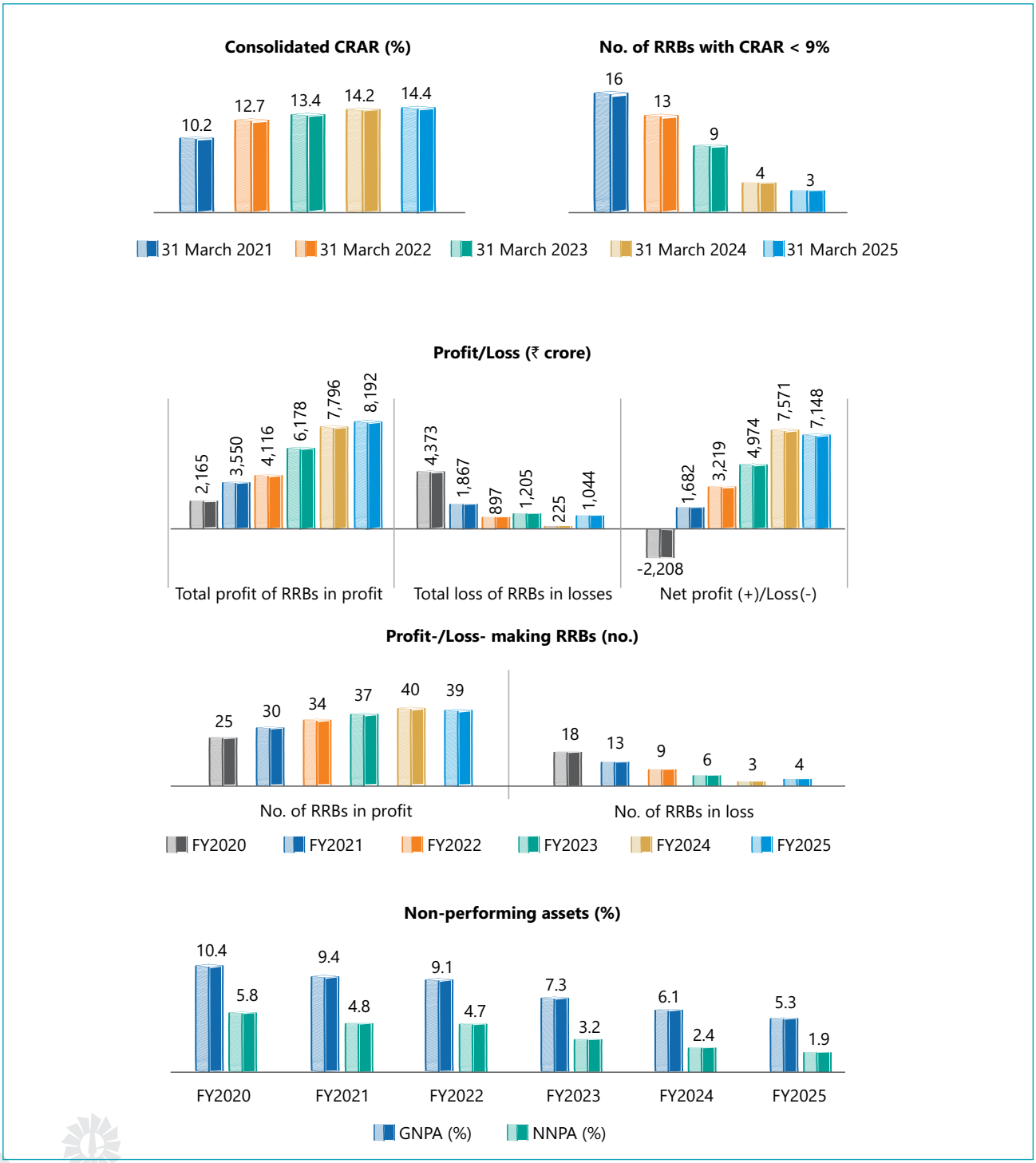
8.4.1 Financial performance of RRBs

The consolidated profit of all 43 RRBs was ₹7,148 crore during FY2025,[3] and the consolidated capital to risk-weighted assets ratio reached an all-time high of 14.4% as on 31 March 2025, up from 14.2% in the previous financial year.

Asset quality improved significantly, as reflected in the decline of gross non-performing assets to 5.3%—the lowest level recorded in the past 13 years. The expansion in credit activity led to an increase in the consolidated credit-to-deposit ratio, which rose to 73.8%—its highest level in over 38 years.

The improvement in key performance indicators is illustrated in Figure 8.4. A detailed summary of these indicators is provided in Table A8.4, while the performance of RRBs in achieving priority sector lending targets during FY2025 is outlined in Table A8.5.

Figure 8.4: Performance highlights of RRBs from FY2020 to FY2025



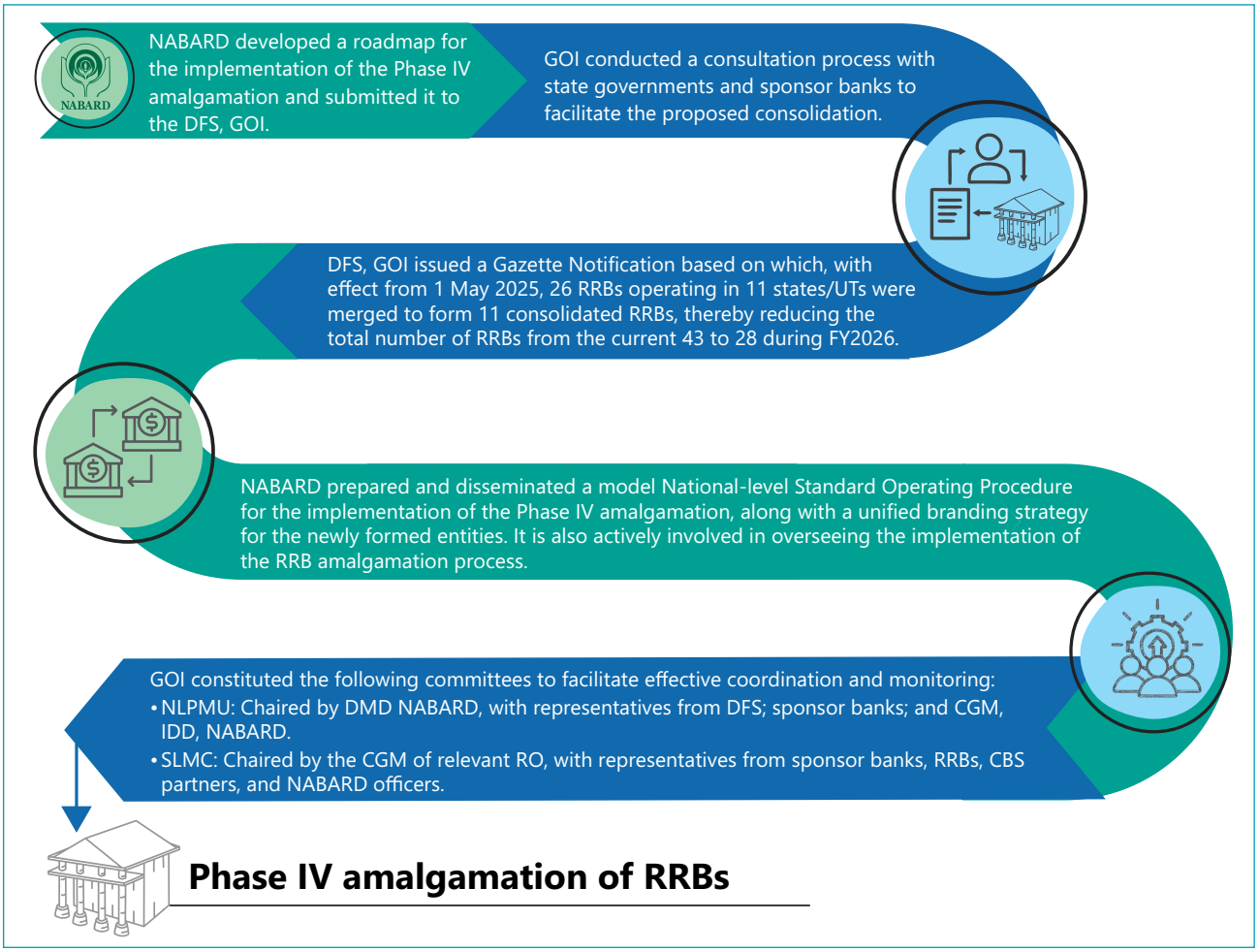
CRAR = Capital-to-Risk (Weighted) Assets Ratio, GNPA = Gross Non-Performing Asset, NNPA = Net Non-Performing Asset, RRB = Regional Rural Bank.

8.4.2 Important developments in the context of RRBs

Amalgamation of RRBs

During FY2025, GOI initiated the consultation process for Phase IV of the amalgamation of RRBs, with the objective of achieving the vision of "One State–One RRB". This initiative is expected to reduce the number of RRBs from the existing 43 to 28 (Figure 8.5). The Phase IV amalgamation seeks to preserve the unique value proposition of RRBs—their deep-rooted connect with rural communities—while simultaneously capitalising on scale efficiencies and cost rationalisation through consolidation.

Figure 8.5: Phase IV amalgamation of RRBs: Role of NABARD



CBS = Core Banking Solution, CGM = Chief General Manager, DFS = Department of Financial Services, DMD = Deputy Managing Director, GOI = Government of India, IDD = Institutional Development Department, NLPMU = National Level Project Monitoring Unit, RO = Regional Office, RRB = Regional Rural Bank, SLMC = State Level Monitoring Committee, UT = Union Territory.

Recapitalisation of RRBs

The GOI sanctioned ₹10,890 crore for capital infusion into RRBs during FY2022 and FY2023, with contributions shared among the stakeholders—GOI (50%: ₹5,445 crore), state governments (15%), and sponsor banks (35%). The objective was to strengthen RRBs as financially sustainable and self-reliant institutions.

Of the central government's share, ₹261 crore was disbursed during FY2025 to three RRBs—Aryavart Bank (₹137.7 crore), Baroda U.P. Bank (₹57.9 crore), and Kerala Gramin Bank (₹65.3 crore)—after the respective state governments and sponsor banks released their proportionate contributions. With this disbursement, all 22 RRBs have now received the full recapitalisation assistance sanctioned by all stakeholders.

Progress in implementation of Sustainable Viability Plans

Consequent to GOI's decision to sanction recapitalisation assistance to RRBs, all RRBs rolled out a three-year, Board-approved viability plan in FY2023, incorporating specific, measurable, achievable, relevant, time-bound (SMART) metrics and a clearly defined implementation framework. The plan aims to achieve sustainable viability through credit expansion, business diversification, asset quality improvement, cost rationalisation, technology adoption, and enhanced corporate governance.

NABARD played a key role in supporting RRBs in preparing the viability plans and continues to undertake periodic monitoring under the sustainable viability plan framework. The digital portal "RRB Darpan", developed by NABARD, has proven to be an effective tool for real-time monitoring and review of RRB performance. Against this backdrop, RRBs recorded steady improvements, achieving historic highs across several performance parameters during FY2025.

Initiatives for promoting MSME lending by RRBs

The GOI has prioritised increasing lending by RRBs to micro, small, and medium enterprises (MSMEs). To facilitate this, RRB branches were mapped to MSME clusters to align credit delivery with enterprise requirements. All RRBs have completed mapping their branches to identified MSME clusters within their operational areas. Many RRBs have begun introducing innovative and customised loan products for MSMEs, designed to meet the specific needs of borrowers in these cluster-mapped branches, thereby diversifying their loan portfolios.

RRBs in Focus

The "RRBs in Focus" mechanism functions as an early warning system to prevent further financial deterioration and possible inclusion under the Prompt Corrective Action framework.[4] NABARD provides ongoing guidance and technical assistance to these RRBs, supplementing other forms of institutional support.

A review meeting was convened on 17 September 2024 to assess the performance of the identified RRBs, during which the chairpersons of 11 RRBs delivered presentations outlining key aspects of their operations. These included progress against viability plan targets for FY2025 across various areas such as business diversification, technological upgradation, and mitigation of non-performing assets.

Bifurcation of assets and liabilities of APGVB

Consequent upon the bifurcation of the state of Andhra Pradesh under the Andhra Pradesh State Reorganisation Act, 2014 (6 of 2014), GOI notified the reorganisation of the area of operation of Andhra Pradesh Grameena Vikas Bank (APGVB) and Telangana Grameena Bank on 20 October 2014.[5] To operationalise these notifications, a working group was constituted by the GOI to recommend the bifurcation of assets and liabilities of APGVB between the states of Andhra Pradesh and Telangana.

During FY2024, the Department of Financial Services (DFS) approved the scheme for bifurcation of assets and liabilities of APGVB[6] and advised NABARD to complete the process in accordance with the working group's recommendations by the end of calendar year 2024. The bifurcation of 493 branches of APGVB was successfully completed, and these branches were merged with Telangana Grameena Bank with effect from 1 January 2025.

Arrear payment towards pension and computer increment

The Hon'ble Supreme Court, vide order dated 12 August 2024, directed GOI to implement the pension scheme and computer increment scheme, including the payment of arrears, for employees of RRBs. NABARD facilitated compliance with this directive by enabling RRBs to process and disburse the eligible arrears.

Further, NABARD requested the RBI to allow RRBs to amortise their additional pension liability. Based on this request, the RBI permitted RRBs to amortise the liability over a period not exceeding five years beginning with the financial year ending 31 March 2025, subject to a minimum of 20% of the total liability being expensed annually.

Centralised digital credit infrastructure

NABARD is developing a centralised digital lending platform, named the Centralised Digital Credit Infrastructure (CDCI), for implementation across RRBs. The platform is designed to digitalise, automate, and streamline credit processing and management for various loan products, that could potentially enhance operational efficiency and transparency. It is expected to provide a more agile and efficient solution than the current loan origination systems implemented in some RRBs. The CDCI is targeted for rollout by end of September 2025.

Revised human resource policy for RRBs

The DFS constituted a committee on 30 September 2022 to review matters related to recruitment, promotion, outsourcing in RRBs, and the appointment of chairpersons and sponsor bank officers on deputation to RRBs. The committee was chaired by Shri Shaji K. V., then Deputy Managing Director and currently Chairman, NABARD. The committee submitted its report in October 2023. During FY2025, several consultations were held with DFS and other stakeholders on various aspects of the committee's recommendations. A revised human resource policy for RRBs is expected to be issued by September 2025.

Other initiatives

1. **Transfer policy in RRBs:** To promote greater transparency and ensure a uniform and non-discretionary transfer mechanism in RRBs, DFS, in consultation with NABARD, issued revised guidelines on 20 February 2025 for framing transfer policies in RRBs.
2. **Model board agenda for RRBs**: To streamline board proceedings and strengthen governance, NABARD prepared a revised model agenda for board meetings of RRBs. The revised model agenda was circulated to all RRBs vide NABARD's letter dated 29 July 2024.

8.5 WAY FORWARD

8.5.1 Institutional development of cooperatives

- Commemoration of the International Year of Cooperatives in 2025 through various activities and events.
- Enhanced engagement with international cooperative organisations, including the International Cooperative Alliance and the World Council of Credit Unions.
- Roll-out of a common internal grievance redressal portal for RCBs to strengthen customer service and regulatory compliance.
- Implementation of CGI to assess and improve governance standards in RCBs.
- Scaling up of the PACS Accelerator Programme to promote diversification into non-credit activities and enhance member engagement in PACS.
- Release of a model technology policy for RRBs and RCBs to facilitate structured technology adoption.

- Launch of the Rural Cooperative Accelerator Programme to build a robust human resource ecosystem for the holistic development of the STCCS.
- Provision of enabling policy support through the CDF for technology-led initiatives in cooperatives.

8.5.2 Institutional development of RRBs

- Implementation of Phase IV of the amalgamation process for RRBs, along with a unified branding strategy to enhance visibility and business outcomes.
- Development and roll-out of CDCI for end-to-end automation of credit delivery in RRBs.
- Strengthened capacity building of NABARD's nominee directors through targeted workshops, doubt-clearing sessions, and release of a guidance manual.
- Support in designing innovative loan products to diversify RRB portfolios—for example, housing loans with first-loss default guarantees and products for the micro, small, and medium enterprise sector.
- Strategic repositioning of RRBs and RCBs as competitive alternatives to non-banking financial companies–microfinance institutions.

APPENDIX TO CHAPTER 8

Table A8.1: Consolidated performance of StCBs and DCCBs (amount in ₹ crore)

S. No.	Parameter	StCBs			DCCBs		
		31 March 2023	31 March 2024	Change % (YOY)	31 March 2023	31 March 2024	Change % (YOY)
1	Banks (no.)	34	34	-	351	351	-
2	Branches (no.)	2,102	2,140	1.8	13,698	13,759	0.4
3	Share capital	9,774	10,531	7.7	26,486	28,661	8.2
4	Reserves	20,544	22,861	11.3	28,729	31,701	10.3
5	Deposits	2,42,327	2,56,819	6.0	4,33,358	4,76,610	10.0
6	Borrowings	1,54,970	1,73,116	11.7	1,47,207	1,61,728	9.9
7	Investments	1,48,666	1,55,826	4.8	2,47,942	2,65,692	7.2
8	Loans outstanding	2,65,580	2,94,577	10.9	3,70,851	4,13,161	11.4
9	Assets/liabilities	4,51,840	4,88,266	8.1	6,97,304	7,65,577	9.8
10	Banks in profit (no.)	32	32	–	305	312	Improved
11	Amount of profit	2,518	2,726	8.3	2,879	3,297	14.5
12	Banks in loss (no.)	2	2	–	46	39	Improved
13	Amount of loss	60	35	-41.7	998	1,403	40.6
14	Net profit/loss	2,458	2,691	9.5	1,881	1,894	0.7
15	CD ratio (%)	109.6	114.7	Improved	85.6	86.7	Improved
16	CRAR (%)	13.3	12.9	Declined	12.1	11.9	Declined
17	Banks with CRAR <9% (no.)	2	2	–	41	39	Improved
18	GNPA (%)	5.4	4.9	Improved	9.6	8.9	Improved
19	NNPA (%)	2.1	2.0	Improved	3.9	3.4	Improved
20	PCR (%)	67.2	68.5	Improved	78.4	83.9	Improved

CD Ratio = Credit to Deposit Ratio, CRAR = Capital to Risk (Weighted) Assets Ratio, DCCB = District Central Cooperative Bank, GNPA = Gross Non-Performing Assets, NNPA = Net Non-Performing Assets, PCR = Provision Coverage Ratio, StCB = State Cooperative Bank, YOY = Year-on-Year.

Source: Offsite surveillance returns submitted by banks in ENSURE Portal of NABARD.

Table A8.2: Overview of financial position of SCARDBs and PCARDBs (amount in ₹ crore)

S. No.	Parameter	SCARDBs		PCARDBs	
		31 March 2023	31 March 2024[P]	31 March 2023	31 March 2024[P]
1	Number of institutions	13	13	608	609
2	Number of institutions for which data is available	13	13	607	608
3	Share capital	973	1,007	1,110	1,058
4	Reserves	5,621	5,761	4,518	4,600
5	Deposits	2,621	2,679	1,721	1,804
6	Borrowings	12,559	12,520	16,949	16,840
7	Loans outstanding	20,770	21,048	16,044	15,922
8	Investments	2,913	2,837	2,387	2,502
9	Total assets/liabilities	27,795	28,851	32,883	33,324
10	Banks in profit (no.)	10	9	352	345
11	Amount of profit	448	304	535	231
12	Banks in losses	3	4	255	263
13	Amount of loss	40	563	234	368
14	Net profit/loss	408	–259	301	–137
15	GNPA (amount)	7,571	8,070	6,371	6,144
16	GNPA (%)	36.4	38.3	39.7	38.6

[P] Data is provisional.

GNPA = Gross Non-Performing Assets, PCARDB = Primary Cooperative Agriculture and Rural Development Bank, SCARDB = State Cooperative Agriculture and Rural Development Bank.

Source: Data reported by SCARDBs.

Table A8.3: Fund utilisation under CDF in FY2025

S. No.	Purpose	Beneficiary agency	Utilisation (₹ lakh)
1	SOFTCOB	CTIs	1,655.1
2	PACS Development Cell	DCCBs/StCBs	2.0
3	Training conducted by BIRD	BIRD (Lucknow, Mangaluru, Kolkata)	443.3
4	Exposure visits	StCBs/DCCBs/PACS	75.6
5	Conference/seminar/workshop	NABARD/StCBs/DCCBs	43.0
6	Comprehensive Support Plan for NER states	StCBs	139.0
7	PACS computerisation	StCBs/DCCBs	1,902.1
8	BDPICs	StCBs	161.5
9	C-PEC	C-PEC	398.3
10	PACS as MSCs	PACS	366.1
11	Publications	RCBs	5.5
12	Other interventions	RCCIs	267.7
	Total		5,459.2

BDPIC = Business Diversification and Product Innovation Cells, BIRD = Bankers Institute of Rural Development, CDF = Cooperative Development Fund, C-PEC = Centre for Professional Excellence in Cooperatives, CTI = Cooperative Training Institute, DCCB = District Central Cooperative Bank, MSC = Multi-Service Centre, NER = North East Region, PACS = Primary Agricultural Credit Societies, RCB = Rural Cooperative Bank, RCCI = Rural Cooperative Credit Institutions, SOFTCOB = Scheme of Financial Assistance for Training of Cooperative Banks Personnel, StCB = State Cooperative Bank.

Table A8.4: Consolidated performance of RRBs (amount in ₹ crore)

S. No.	*Particulars*	*31-Mar-24*	*31-Mar-25[P]*	*Change % (YOY)*
1	Branches (no.)	22,069	22,157	0.4
2	Share capital	19,042	19,303	1.4
3	Reserves	46,659	53,800	15.3
4	Deposits	6,59,815	7,13,790	8.2
5	Borrowings	92,444	92,266	–0.2
6	Investments	3,19,099	3,14,249	–1.5
7	Loan outstanding	4,70,109	5,26,829	12.1
8	Total assets/liabilities	8,40,080	9,02,200	7.4
9	Banks in profit (no.)	40	39	Declined
10	Banks in loss (no.)	3	4	Increased
11	Net profit/loss	7,571	7,148	-5.6
12	CD ratio (%)	71.2	73.8	Improved
13	CRAR (%)	14.2	14.4	Improved
14	Banks with CRAR<9%	4	3	Improved
15	GNPA (%)	6.1	5.3	Improved
16	NNPA (%)	2.4	1.9	Improved
17	PCR (%)	62.6	65.2	Improved

[P] Data is provisional.

CD Ratio = Credit to Deposit Ratio, CRAR = Capital-to-Risk (Weighted) Assets Ratio, GNPA = Gross Non-Performing Assets, NNPA = Net Non-Performing Assets, PCR = Provision Coverage Ratio, RRB = Regional Rural Bank, YOY = Year-on-Year.

Source: Off-site surveillance returns submitted by banks to the ENSURE Portal and RRB Darpan Portal of NABARD.

Table A8.5: Achievement of PSL targets by RRBs in FY2025

S. No.	*Sector/Sub-sector*	*Target (%)*	*Achievement (%)*	*RRBs not meeting target/sub-target*
1	Overall priority sector	75.0	88.1	–
2	Agriculture	18.0	31.9	–
3	Small and marginal farmers	10.0	18.3	–
4	Non-corporate farmers	13.8	41.2	Arunachal Pradesh RRB (12.1%)
5	Micro enterprises	7.5	22.7	–
6	Weaker sections	15.0	34.7	–

PSL = Priority Sector Lending, RRB = Regional Rural Bank.

Note: Target and achievement presented as a percentage of adjusted net bank credit (ANBC) for FY2025 are computed on an average basis of achievement for all four quarters as per RBI guidelines. ANBC is as on corresponding date of the previous year.

NOTES

1. In this chapter, data on all RFIs is drawn from offsite surveillance returns submitted by banks in Ensure Portal of NABARD, unless otherwise mentioned.
2. DCCBs here include the three DCCBs in Jammu and Kashmir that are yet to be licensed, and exclude the Tamil Nadu Industrial Co-operative Bank, which is treated as a DCCB only for regulatory and supervisory purposes. The number of PACS includes farmer service societies and large-sized agricultural multipurpose societies. Data is sourced from the National Cooperative Database of the Ministry of Cooperation, Government of India.
3. Data on financial performance of RRBs for FY2025 is provisional.
4. RRBs which meet one of three criteria—CRAR < 10%; GNPA > 10%; Return on Assets (RoA) < 0% for the last two consecutive years—are categorised as "RRBs in Focus".
5. Through notification numbers S.O. 2718(E) and S.O. 2719(E).
6. Vide letter F.No. 15/15/2015(E)-RRB dated 13 November 2024.

9

9.1 Nurturing and Supporting Our People

9.2 Risk Management and Effective Internal Control

9.3 Strengthening Transparency and Vigilance

9.4 Building Sustainable Digital Infrastructure

9.5 Data Management and Modernisation of Information Systems

9.6 Parliamentary Committee Visits and Parliamentary Questions

9.7 Promotion of Rajbhasha

9.8 Aligning Marketing and Communications Strategy

9.9 Enhancement of the Work Environment

9.10 A Dynamic NABARD for India's Rural Development

PEOPLE—PROCESSES AND POLICIES

As a premier development institution of the country, investing in human capital has always been a strategic priority for NABARD. The focus on developing its people has played a seminal role in successfully planning and implementing transformational development initiatives, programmes, and policies. Over the years, we have cultivated a dynamic and dedicated workforce committed to fostering rural prosperity. This ethos of continuous development enables us to remain agile and reskill our personnel to meet the evolving needs of rural communities.

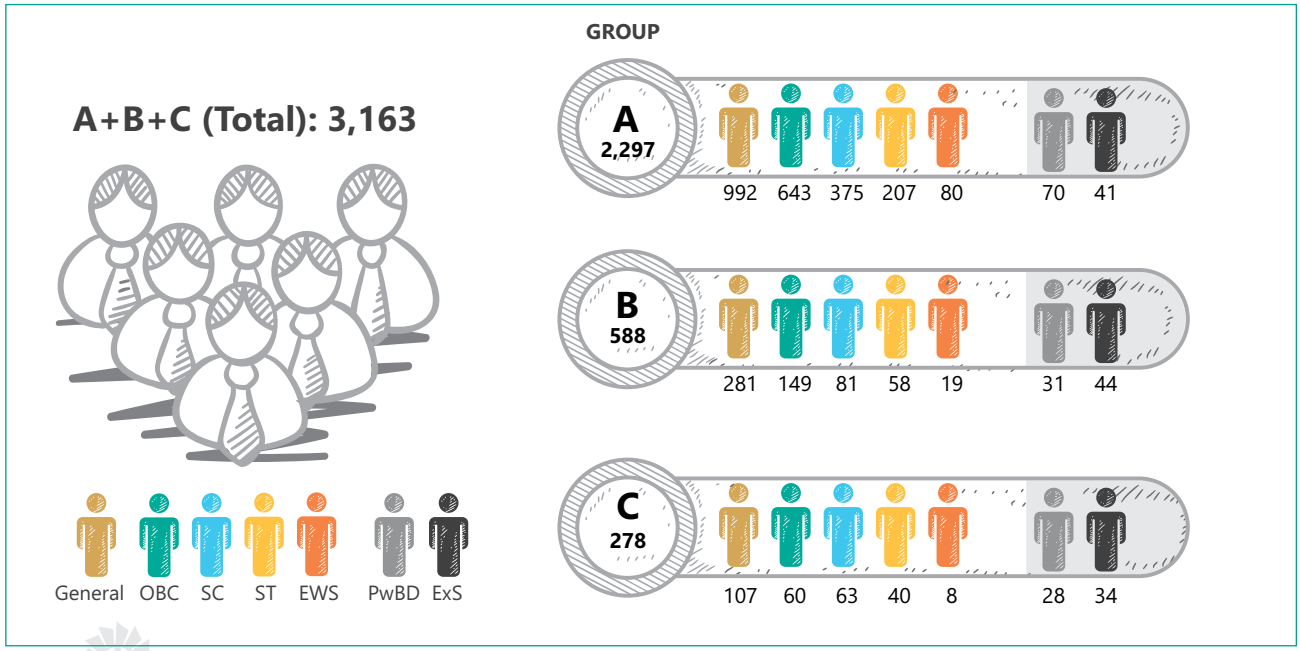
9.1 NURTURING AND SUPPORTING OUR PEOPLE

Human resources are the foundation of any institution, driving its growth and success. At NABARD, effective human resource management is integral to achieving our mission of rural development and economic advancement. Strategically designed training and capacity-building initiatives are regularly undertaken to enhance staff competencies, enabling them to address role-specific challenges. By placing our people at the centre of our operations, NABARD reinforces a skilled, resilient, and forward-looking workforce, well-positioned to deliver enduring development impact in rural India.

9.1.1 Staff composition

As on 31 March 2025, NABARD employed a total of 3,163 staff members across various cadres (Figure 9.1). In alignment with the Government of India's (GOI's) reservation norms, the recent Promotion Exercise for the Panel Year 2025 resulted in the empanelment of 256 officers for elevation to higher grades. Furthermore, 23 Group 'C' employees were promoted to Assistant Caretakers in Group 'B'. In direct recruitment, 237 Grade 'A' officers and 63 office attendants joined the organisation. NABARD takes pride in being an equal opportunity employer, with 769 women employees constituting nearly one-fourth of its workforce. The institution remains committed to ensuring fair and equitable career progression for all its personnel.

Figure 9.1: Staff composition as on 31 March 2025



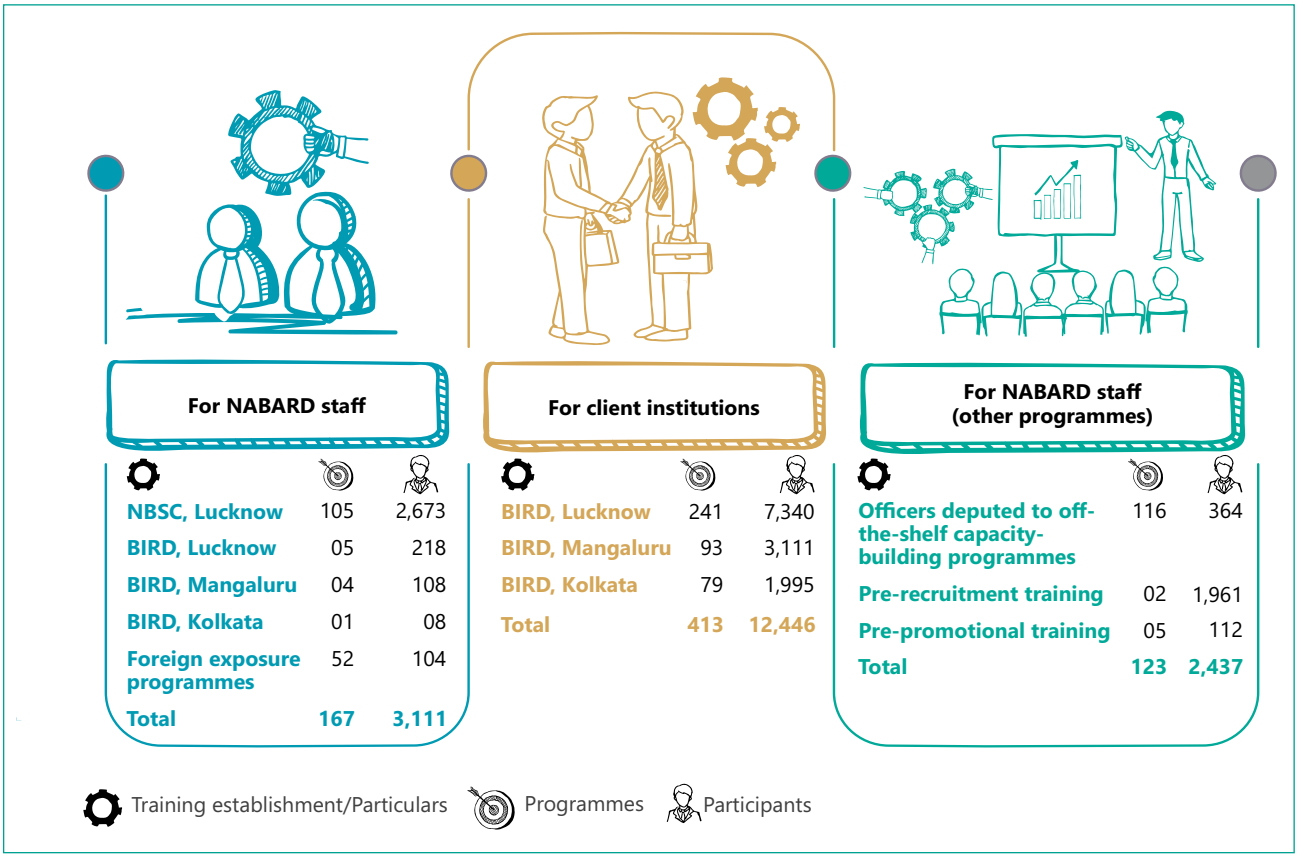
EWS = Economically Weaker Section, ExS = Ex-Servicemen, OBC = Other Backward Classes, PwBD = Person with Benchmark Disability, SC = Scheduled Caste, ST = Scheduled Tribe.

9.1.2 Unlocking potential: Competency and capacity development

NABARD remains committed to continuous learning and professional development. The National Bank Staff College (NBSC) and the three Bankers Institute of Rural Development (BIRD) located in Lucknow, Kolkata, and Mangaluru lead these capacity-building efforts. In FY2025, NBSC conducted 105 programmes, benefiting 2,673 officers and staff members (Figure 9.2). These initiatives incorporated e-learning modules, case studies, and exposure visits, fostering a dynamic and engaging learning environment. In addition, comprehensive training sessions were organised for client institutions.

Under the "Incentive Study Scheme", 106 employees enrolled in professional and distance learning courses offered by premier institutions, reaffirming NABARD's dedication to supporting continuous growth and advancement of its workforce.

Figure 9.2: Training outputs in FY2025



BIRD = Bankers Institute of Rural Development, NBSC = National Bank Staff College.
Note: Participants and programmes are not mutually exclusive. One participant might have attended more than one programme.

9.1.3 Staff welfare initiatives

1. A special pre-promotion training programme was conducted for Group 'B' staff belonging to Scheduled Castes or Scheduled Tribes who were eligible for promotion to Grade 'A'. The six-month training was delivered through both online and offline modes.
2. NABARD continued to provide insurance coverage to its employees through group insurance schemes, covering outstanding housing loans as well as healthcare-related needs.

3. Employees also continued to be covered under the Group Term Insurance Policy, ensuring life insurance protection for the workforce.

9.1.4 Other human resource initiatives

Industrial relations

Relations between management and staff at NABARD remained cordial and cooperative, further strengthening the institution's reputation as an exemplary workplace. Regular interactions were held with AINBOA, AINBEA, NPEWA, and AINREWA, fostering an environment of mutual respect and constructive dialogue across the organisation.[1]

Gender sensitivity

NABARD's Central and Regional Complaints Committees continue to address complaints in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) (POSH) Act, 2013. Additionally, nodal officers have been designated across various offices to support the SHe-Box portal—an initiative by GOI aimed at providing a single-window access for women to lodge complaints related to workplace harassment.

To promote gender sensitivity, awareness programmes were organised across regional offices (ROs), the Head Office (HO), and training establishments (TEs). These include dedicated sessions on POSH, aimed at sensitising all staff members, including newly recruited officers and assistants.

9.2 RISK MANAGEMENT AND EFFECTIVE INTERNAL CONTROL

9.2.1 Risk management initiatives

All-India Financial Institutions were required to transition to the Basel III regulatory framework with effect from 1 April 2024, as outlined in the Reserve Bank of India's (RBI's) Master Directions dated 21 September 2023. NABARD has successfully completed this transition, implementing the requisite changes across policies, processes, and systems. Well within the defined timelines, NABARD has adopted and complied with the requirements under all three pillars of Basel III: Capital Adequacy; Supervisory Review Process, including preparation of the Internal Capital Adequacy Assessment Process; and Market Disclosures.

9.2.2 Activity analysis

Credit risk

A comprehensive risk reassessment exercise was undertaken for 50 clients, resulting in ₹69,360 crore of refinance assistance. A similar exercise for 3 other clients led to ₹2,697 crore of direct finance assistance. Under the ENSURE 2.0 initiative, new returns were developed for Risk Management Committee and Default Forecasting and Monitoring Committee meetings. Validation of internal risk rating (IRR) models for credit and market risk was completed, and 15 new IRR models were developed in collaboration with CRISIL Ltd.

Operational risk

Omnibus internal grading tools for channel partners were developed, and corresponding operational guidelines were issued. Key risk indicators and their thresholds were reviewed and updated. The Business Continuity Management–Business Impact Analysis exercise was completed across all heads of department, regional

Box 9.1: "Risk Matters!"—Risk Awareness Month February 2025

Under the theme "Risk Matters!", the Risk Management Department organised a month-long series of activities aimed at enhancing risk awareness among NABARD staff. The initiative included daily text messages, bilingual motivational quotes on NABARD's Intranet, themed desktop screens, daily and special quiz contests with prizes, and an expert lecture series covering key aspects of risk management.

The Guest of Honour, Shri P.K. Gupta, the erstwhile Managing Director of the State Bank of India and the Non-official Expert on the Risk Management Committee of NABARD, addressed the participants in the closing ceremony.

From left to right: Shri G.S. Rawat, DMD; Shri P.K. Gupta, Guest of Honour; Shri R. Inigo Arul Selvan, CGM, RMD; and Dr A. K. Sood, DMD.

CGM = Chief General Manager, DMD = Deputy Managing Director, RMD = Risk Management Department.

offices, and training establishments. Risk assessments were conducted by the Human Resource Management Department, Department of Information Technology, and Department of Premises, Security and Procurement (DPSP) across all offices.

Market risk

Interest rate fixation was undertaken across various schemes, and an internal scoring model for Initial Public Offerings was developed. The evaluation criteria for debt mutual funds were revised to ensure improved credit quality and portfolio diversification. Broker review and empanelment were completed for FY2026.

Software development

The Risk and Control Self-Assessment web application has been developed. Digitisation of the Operational Risk Management framework has commenced, with plans underway to roll out the Incident and Loss Data Management framework. Three modules of the Asset–Liability Management software are live, with the final module in its advanced development stage. The Enterprise Risk Management System has been revamped in accordance with Basel III guidelines, with 21 out of 22 modules signed off.

In FY2025, regional risk awareness workshops were conducted at Mysore, Dehradun, Puri, Indore, and Hyderabad on topics related to Basel III, stressed assets management policy, standard operating procedures, and operational and credit risk aspects.

9.2.3 Internal inspection

In FY2025, NABARD undertook significant measures to strengthen internal controls through comprehensive risk-based internal audits. These internal audits covered 25 ROs, 20 HO departments, 2 TEs, and 7 subsidiaries.

A major achievement was the implementation of the I-Soft Module (HO/RO), which went live on 29 July 2024. This risk-based audit tool is designed to develop a detailed risk profile of all accounting units. It operates on a risk matrix framework, assessing key parameters of inherent business risk and implementing controls to ensure effective monitoring.

Besides I-Soft, the Information Systems Audit Module was launched on 4 February 2025 and the Concurrent Audit Cell Module on 24 February 2025. Digitisation efforts were further scaled up by including the large-scale registration of Central Know Your Customer data across all accounting units.

The Inspection Department convened several key meetings to reinforce governance and oversight mechanisms (Table 9.1). Additionally, a comprehensive credit audit was undertaken with regard to 24 high-value loan accounts (each having loan outstanding amounts exceeding ₹100 crore).

Table 9.1: Key oversight and accountability meetings convened in FY2025

S. No.	*Meeting type*	*Number held*
1	Audit Committee of the Board	6
2	Fraud Monitoring Committee	3
3	Central Staff Accountability Committee	8
4	Special Commitee of the Board for Monitoring and Follow-up of Cases of Fraud	1 (first)

9.3 STRENGTHENING TRANSPARENCY AND VIGILANCE

9.3.1 Vigilance structure and activities

Vigilance administration in NABARD forms an integral part of the overall management framework, aimed at fostering integrity, professionalism, productivity, and ethical conduct. In addition to overseeing control, monitoring, and supervision functions, the vigilance set-up actively promotes clean and transparent business practices. The Central Vigilance Department, based at the HO in Mumbai, is led by the Chief Vigilance Officer (CVO), who is appointed by the GOI in consultation with the Central Vigilance Commission (CVC).

Among the three facets of vigilance—preventive, punitive, and participative—NABARD places greater emphasis on preventive and participative approaches. Drawing from past experiences and incidents, the institution regularly undertakes system and process improvements. These refinements contribute to the streamlining of internal guidelines and procedures, reinforcing preventive vigilance measures.

Key vigilance-related initiatives undertaken during FY2025 included:

- eight preventive vigilance visits;
- 15 CTE-type inspections;[2]
- scrutiny of 11 inspection reports;

- resolution of complaints received;
- submission of returns to CVC, Department of Financial Services (DFS), RBI, and the Advisory Board for Banking and Financial Frauds;
- capacity-building sessions on vigilance matters, including addresses by the CVO to newly inducted direct recruit officers during their induction training programme, and district development managers (DDMs) during their bimonthly structured meetings; and
- observance of Vigilance Awareness Week (VAW) 2024 (Box 9.2).

As part of the VAW 2024 campaign, held from 16 August to 15 November 2024, the HO, in collaboration with ROs, TEs, and subsidiaries, organised various awareness programmes. The NBSC, Lucknow, delivered Massive Open Online Courses and conducted five refresher courses on Ethics and Governance, Conduct Rules, Organisational Systems and Procedures, Cyber Hygiene and Security, and Procurement Policies for officers and staff across India.

During the campaign, the CVO addressed officers of the Department of Supervision, NABARD, on vigilance-related matters, and attended a range of events including:

- a sensitisation workshop for officers of the DPSP at NBSC, Lucknow; and
- the valedictory function of VAW 2024 at the Gujarat RO.

Box 9.2: Vigilance Awareness Week 2024

Between 28 October and 3 November 2024, NABARD observed Vigilance Awareness Week (VAW) with the theme "Culture of Integrity for Nation's Prosperity" ("**सत्यनिष्ठा की संस्कृति से राष्ट्र की समृद्धि**"). As part of the celebrations, staff members across the organisation took the Integrity Pledge. At the NABARD Head Office (HO) in Mumbai, the Chairman administered the pledge to staff on 28 October 2024.

To raise awareness on vigilance, over 950 HO employees participated in a walkathon around the Bandra-Kurla Complex. The week also featured various activities, including an online quiz competition, extempore elocution, singing and slogan contests, and a drawing/painting competition for the children of staff members.

Theme-based messages were disseminated via NABARD's intranet and SMS alerts were sent to all officers and staff. In addition, mass anti-corruption awareness initiatives were conducted in educational institutions through sensitisation meetings, and in rural areas through Gram Sabha engagements.

Shri Shaji K.V., Chairman, NABARD administering the Integrity Pledge on 28 October 2024; NABARD HO, Mumbai.

Shri Shaji K.V., Chairman, NABARD flagging off the VAW walkathon on 25 October 2024; NABARD HO, Mumbai.

To promote vigilance awareness among the public in general and NABARD stakeholders in particular, as many as 199 gram sabhas, 64 seminars/workshops, and 33 other outreach activities were held in schools and colleges, pan India, in collaboration with ROs.

9.3.2 Right to Information Act, 2005

NABARD remains firmly committed to transparency and statutory compliance, ensuring timely dissemination of information under the Right to Information (RTI) Act, 2005. Senior officers have been designated as Central Public Information Officers across the HO, ROs, and TEs. At the HO in Mumbai, Dr Milind R. Bhirud, Chief General Manager (CGM), serves as the First Appellate Authority, while Smt Susheela Chintala, CGM, has been appointed as the Transparency Officer.

For the period ending March 2025, NABARD received and processed 2,025 RTI applications and 774 appeals, including those submitted at ROs and those forwarded to other public authorities. All requests were addressed within the stipulated timelines, in accordance with the provisions of the Act.

In FY2025, NABARD received six grievance redressal applications. The Grievance Redressal Committee convened three meetings during the year, successfully disposing of nine cases, which included three pending from the previous year.

9.4 BUILDING SUSTAINABLE DIGITAL INFRASTRUCTURE

9.4.1 Enterprise architecture

NABARD has embarked on its Enterprise Architecture (EA) journey with the objective of establishing scalable, secure, and user-centric operating models. This initiative is designed to optimise the organisation's information and communication technology infrastructure and applications, thereby delivering a seamless and unified experience to all stakeholders. An EA Board has been constituted to govern the framework and the EA Policy has been approved by the Board of Directors, NABARD. Full implementation is targeted for FY2026 and is expected to result in robust systems, reduced redundancy, improved operational efficiency, and optimal utilisation of IT resources.

9.4.2 Infrastructure and security

NABARD has undertaken a series of initiatives to enhance its digital infrastructure and strengthen cyber security. Through the deployment of advanced technologies, the organisation is addressing emerging risks in the cyber environment effectively.

1. **Office 365 renewal:** Upgraded with enhanced security features such as email data loss prevention, mobile device management, and multi-factor authentication, along with the implementation of a comprehensive data backup solution.
2. **Board meeting solution:** Introduction of BoardPAC, a digital platform that streamlines board meetings through one-touch video conferencing and automated workflows.
3. **Data centre and network upgrades:** Upgrades include enhanced endpoint protection, a Web Application Firewall, and a cyber forensic laboratory. Network performance has been boosted through a cloud-integrated web proxy and VLAN segregation.
4. **ISO 27001 certification:** The achievement of ISO 27001 certification has enhanced NABARD's information security credentials (Box 9.3).
5. **Online brand monitoring**: A brand monitoring solution has also been deployed for real-time insights into NABARD's footprint across various digital platforms.

6. **Cloud-based security solutions:** Implementation of cloud-based DDoS protection, Privileged Access Management, and Database Activity Monitoring to further reinforce cyber resilience and security governance.[3]
7. **Backup infrastructure:** NABARD has significantly upgraded its backup infrastructure, establishing a technologically advanced and efficient system for secure backup and restoration of digital data.

Box 9.3: NABARD awarded with ISO 27001:2022 certification

During FY2025, NABARD was awarded with the ISO 27001:2022 certification, which was formally unveiled by the Chairman on 1 January 2025. This internationally recognised standard for Information Security Management Systems affirms NABARD's commitment to maintaining the confidentiality, integrity, and availability of information. The certification was granted following a rigorous audit conducted by Alcumus ISOQAR, which confirmed NABARD's adherence to robust security practices, effective risk management, and compliance with applicable legal and regulatory requirements.

Shri Shaji K. V., Chairman, NABARD unveiled NABARD's ISO 27001:2022 certification on 1 January 2025.

9.4.3 Applications/software development

Significant progress has been made in application and software development to support NABARD's digital transformation agenda.

1. **Human Resource Management System (Empower):** The centralised HRMS, Empower, now features a mobile-responsive interface with tile-based navigation, catering to both serving and retired staff. It supports comprehensive functionalities including HR data management, payroll, and benefits administration.
2. **NABARD Software Factory (NSF):** Launched in June 2024, the NSF leverages the Mendix platform for rapid application development, significantly accelerating digital delivery. Key applications developed include:
   a. **DDMConnect**, which streamlines daily tasks of DDMs and
   b. **NABParikshan**, which facilitates asset verification in refinance operations.
3. **Centralised Loan Management and Accounting System (CLMAS):** The CLMAS that manages the full lifecycle of loans and grants underwent an upgrade of its technology stack in FY2025.
4. **Enterprise Content Management (ECM) Solution:** The ECM platform has enhanced workflow automation, supporting the creation and approval of 97,761 cases in FY2025. The newly added Inline Editor feature enables efficient note formatting within the ECM interface.
5. **DigiDak:** This digital correspondence platform recorded 34,369 inward and 97,512 outward entries during FY2025. Integration with Outlook and the onboarding of DDMs have further improved communication management, reflecting NABARD's commitment to operational excellence.

9.5 DATA MANAGEMENT AND MODERNISATION OF INFORMATION SYSTEMS

9.5.1 NABDATA (NABARD Data Warehouse)

The initial development of the Enterprise Data Warehouse—NABDATA—was completed on 31 December 2024. The first set of deliverables, including dashboards and reports, was published for user access in accordance with the finalised business requirement documents. With the objective of positioning NABDATA as a self-service portal, a new business intelligence software—Intellicus—was procured, and a vendor was onboarded to recreate the existing dashboards and report.

9.5.2 ENSURE 2.0

A new ENSURE portal was developed to replace the legacy ENSURE 1.0 and was rolled out during FY2025. The portal is now fully functional, offering complete return filing, reporting, application integration, and other capabilities. Additionally, potential-linked credit plans (PLPs) and state focus papers (SFPs) were digitised during the year.

9.5.3 ENGAGE

A new platform—ENGAGE (ENterprise GrAnt manaGEment)—was initiated in FY2025 to manage the complete lifecycle of grants. As part of this initiative, a GIS dashboard[4] was also developed to spatially represent projects and assets created through NABARD's interventions, using latitude and longitude data.

9.5.4 AGRISTACK

Three registries—Scale of Finance Registry, Unit Cost Registry, and Cooperative Banks & Branches Registry—were developed under the AGRISTACK initiative in coordination with its Project Management Unit team during FY2025. These registries will be updated annually and made accessible to all stakeholders for use in various products and services.

9.5.5 Data governance and management solution

Necessary approvals are being obtained for the procurement of a data governance and management solution to implement the full range of governance practices across applications. The software will facilitate the creation and regular update of technical documentation, data classification, quality assurance, modelling, and related activities as per the prevailing policy. Procurement and implementation are scheduled for FY2026.

9.5.6 RAG-based generative AI solution

To improve productivity, information access, and analytical capability, a RAG-based generative AI solution was conceptualised in FY2025.[5] Following receipt of internal approvals, implementation is planned for FY2026. This initiative is expected to significantly enhance seamless data access and support informed decision-making across the organisation.

9.5.7 DDMConnect App

To support DDMs in their daily responsibilities, the DDMConnect App was launched in October 2024 and became fully operational in November 2024. Designed as an integrated and intuitive tool, the app features modules such as MIS, Business and Grant Projects, Knowledge Hub, Briefcase, and To-Do Lists.[6]

9.5.8 Roadmap for FY2026

In FY2026, NABDATA is expected to evolve into a full-fledged self-service portal with advanced dashboards and stakeholder-specific reports. The digitisation of PLP/SFPs will be enhanced with visually rich, system-generated reports incorporating user feedback. The ENGAGE portal will achieve full integration of all grant schemes, while the GIS dashboard will be upgraded with additional layers and features for improved insight.

9.6 PARLIAMENTARY COMMITTEE VISITS AND PARLIAMENTARY QUESTIONS

In FY2025, various Parliamentary Committees held deliberations with multiple financial institutions, including NABARD (Table 9.2). During the year, NABARD responded to 311 Parliamentary Questions pertaining to a wide range of subjects, including the Monitoring Information System, Kisan Credit Card, cooperatives, primary agricultural credit societies, climate funds, farmer welfare schemes implemented by NABARD, crop loans, the Agriculture Marketing Infrastructure Scheme, farmer producer organisations, microfinance, the dairy sector, farmer indebtedness, and women entrepreneurship schemes.

Table 9.2: Parliamentary Committee visits relevant to NABARD in FY2025

S. No.	*Parliamentary Committee*	*Date*	*Nodal agency*	*Places visited*
1	Study Tour of the Standing Committee on Finance (2024–25) on the subject "Performance review of NABARD in Empowering and Providing Credit to the Agriculture and Rural Sector"	13 Nov 2024	State Bank of India	Mumbai
2	Study Visit of the Department-Related Parliamentary Standing Committee on the subject "Performance Evaluation and Review of Some Commodity Boards"	07 Jan 2025	State Bank of India	Mumbai
3	Study Visit of the Standing Committee on Rural Development and Panchayati Raj on the subject "Role of Public Sector Banks in the Implementation of Rural Development Schemes"	18 Jan 2025	Canara Bank	Bengaluru
4	Study Visit of the Parliamentary Standing Committee on Agriculture, Animal Husbandry and Food Processing on the subject "Functioning of Agricultural Credit System in the Country"	18 Jan 2025	Ministry of Agriculture and Farmer Welfare (hosted by NABARD)	Mumbai
5	Visit of the Third Sub-Committee of the Parliamentary Official Language Committee, which conducted an inspection of various offices located in Delhi and surrounding areas regarding the use of the official language	27 Dec 2024	Central Pollution Control Board	New Delhi

9.7 PROMOTION OF RAJBHASHA

During FY2025, NABARD continued to promote the use of Hindi in official work in accordance with the Official Languages Act, 1963, and the Official Languages Rules, 1976. Efforts were made to meet the targets outlined in the Annual Programme 2024–25, including the organisation of Hindi classes for staff and training sessions on Hindi correspondence and IT tools. The Parliamentary Committee on Official Language conducted a successful inspection of the New Delhi Regional Office.

As part of the Diamond Jubilee Year of Rajbhasha, NABARD designed a commemorative logo and organised several key initiatives such as an All-India Hindi Essay Competition, the release of a new Hindi booklet, and the unveiling of a Rajbhasha calendar. Other notable events included a *Katha Vachan* competition to mark the 144th birth anniversary of Munshi Premchand, a series of monthly language-based competitions, and participation in the Hindi Divas Exhibition at Bharat Mandapam, New Delhi.

The Rajbhasha Prabhag is also conducting the "Bharatiya Bhasha Sanskriti Competition" across all ROs, TEs, and the HO. Under this campaign, a monthly competition is held in different Indian languages. During FY2025, competitions were conducted in Malayalam and Punjabi.

9.8 ALIGNING MARKETING AND COMMUNICATIONS STRATEGY

During FY2025, NABARD strengthened its brand positioning and thought leadership through a focused and multifaceted marketing and communications strategy. Key initiatives included strategic media outreach, thematic advertising, curated social media content, and impactful collaborations.

NABARD combated the surge in fake news claiming direct lending to farmers under the non-existent "NABARD Dairy Loan Yojana" through a strategic media plan. NABARD's statement was covered in more than 70 publications, including leading financial magazines, mainlines,online portals, and different editions of leading regional publications in different regions of the country.

The release was covered by the Press Trust of India, India's largest news wire agency, and syndicated in leading financial publications like The Economic Times. Pre-campaign, over 40 instances of coverage propagating false information were recorded, which significantly came down after the campaign.

A major highlight was the celebration of the *Grameen Bharat Mahotsav*, a joint initiative of the DFS and NABARD to honour rural India. This initiative was complemented by widespread branding and publicity efforts that significantly expanded NABARD's public visibility. Strategic media campaigns across outdoor, print, and broadcast platforms ensured coverage in major publications and generated substantial engagement across digital platforms.

To further amplify its messaging, NABARD collaborated with History TV18 to produce the documentary series *NABARD's Rural Renaissance*, showcasing the transformational Self-Help Group (SHG) movement. Additionally, NABARD reinforced its thought leadership by participating in prominent events such as *The Hindu Agri Commodity Summit 2025* and the *Outlook Sustainability Summit 2025*, highlighting its commitment to sustainable rural development.

NABARD's social media presence witnessed notable growth, with the addition of a LinkedIn account and the blue-tick verification of its X (formerly Twitter) account. These platforms have enhanced both the organisation's brand visibility and its engagement with diverse stakeholders.

As a result of these proactive media engagements, NABARD secured over 15 interviews for its senior leadership and contributed authored articles to leading publications, further consolidating its position as a thought leader in rural finance and development.

9.9 ENHANCEMENT OF THE WORK ENVIRONMENT

NABARD has undertaken the construction of RO buildings and staff residential quarters in Sikkim, Tripura, Jharkhand, Meghalaya, Andhra Pradesh, and Goa to provide improved facilities and expanded accommodation for its staff. At the HO, workplace enhancements include the installation of a facial recognition-based Access Control System, an upgraded EPABX system,[7] and refurbished air-conditioning infrastructure. These developments reflect NABARD's commitment to fostering a secure, efficient, and comfortable working environment for its personnel.

9.10 A DYNAMIC NABARD FOR INDIA'S RURAL DEVELOPMENT

9.10.1 Ensuring transformation through Pragati 1.0

On 1 April 2023, NABARD launched its Five-Year Strategic Plan, "Pragati 1.0," aiming to achieve 386 milestones by FY2028 through 7 broad visions and 86 strategies. The plan focuses on inclusive growth, sustainable development, enhancing rural credit institutions' resilience, and significant business expansion. A mid-term review in March 2025 showed that 181 milestones had been achieved (Table 9.3). To support Pragati 1.0, NABARD initiated UNNATI as its repositioning exercise, extending the engagement with the Boston Consulting Group (India) as its strategy consultant.[8]

Table 9.3: Key achievements under Pragati 1.0

Phase I (July 2023 – June 2024)	*Phase II (July 2024 – June 2025)*
• RIAS 2.0: ₹3,187 crore sanctioned for projects in Rajasthan, Chhattisgarh, and Kerala. • FPO Accelerator: Supported a cohort of FPOs in Maharashtra and Karnataka. • SSE: Established to help cooperative banks save approximately ₹1,500 crore annually. • P-CBDC for Tenant Farmers: Pilot launched in Andhra Pradesh and Odisha, benefitting over 700 farmers. As on 31 March 2025, ₹4.6 crore sanctioned under the first loan use case utilising P-CBDC. Based on these learnings, expansion is planned for FY2026. • Partnerships with MDBs: Collaborated with World Bank, ADB, and JICA on climate resilience and green financing. • Climate financing: Introduced a green taxonomy and launched a climate finance facility in partnership with Government of Goa and the World Bank. NABARD aims to tag 5% of its assets to climate initiatives, with a substantial portion expected through MDB partnerships.	• PACS Accelerator: Pilot to diversify the activities of 30 PACS, with a roadmap to scale up to 10,000 PACS. • Cluster financing: Pilot for shrimp farmers and Aqua Exchange in Andhra Pradesh. NABKISAN sanctioned ₹10 crore to Kinara Capital for working capital to shrimp farmers and ₹4 crore for scaling Aqua Exchange. An MOU with Aqua Exchange is at an advanced stage, including development of a Shrimp Farm Scorecard. • Off-farm employment: Promoted rural SMEs through "Business in a Box" model. • EARTH Summit 2025: NABARD will partner in the EARTH Summit 2025, a rural innovation tech fest with the theme "Empowering Rural Innovation for Global Change", comprising two regional summits and one national summit. • Microfinance policy: Drafting of a new microfinance policy and establishment of an MFI Accelerator is underway.

ADB = Asian Development Bank; CBDC = Central Bank Digital Currency; EARTH = Empowering Agriculture, Rural Tech & Humanity; FPO = Farmer Producer Organisation; JICA = Japan International Cooperation Agency; MDB = Multilateral Development Bank; MFI = Microfinance Institution; MOU = Memorandum of Understanding; P-CBDC = Purpose Bound Loans for Tenant Farmers through Programmable Central Bank Digital Currency; PACS = Primary Agricultural Credit Societies; RIAS = Rural Infrastructure Assistance to State Governments; SME = Small and Medium Enterprise; SSE = Shared Services Entity.

9.10.2 Shared services entity: Transforming the rural cooperative ecosystem

NABARD, in collaboration with the Ministry of Cooperation, GOI is spearheading the establishment of a shared services entity (SSE), named Sahakar Sarathi Private Limited (SSPL), to provide centralised technological, operational, and support services for rural cooperative banks (RCBs). The initiative is designed to enhance service quality, reduce costs, and enable the swift adoption of emerging technologies. Regulatory approval for setting up the SSE was sought and has been granted to NABARD by the RBI.

The Sahakar Sarathi Private Limited will focus on three primary areas—technology, operations, and support functions. It aims to facilitate economies of scale, improve efficiency, and strengthen the digital capabilities of RCBs. NABARD, National Cooperative Development Corporation, and RCBs will equally contribute to SSPL's

authorised capital of ₹1,000 crore. The estimated annual cost savings are expected to exceed ₹1,500 crore from Year 5 onwards, provided all RCBs onboard and utilise its services.

NABARD conducted a strategic workshop for business/IT leads of select RCBs to gather insights about prevailing issues in their ecosystem and explore potential digital solutions to address them. It was followed by a national-level workshop for chairpersons and chief executive officers of state cooperative banks to further refine the implementation roadmap.

This transformational initiative aligns with the GOI's vision of strengthening the cooperative banking sector. By leveraging centralised digital infrastructure and standardised processes, SSPL will transform the operational landscape of RCBs, making them more competitive, efficient, and future-ready.

9.10.3 Global Fintech Fest 2024

NABARD, in collaboration with the Internet and Mobile Association of India, participated in the Global Fintech Fest 2024—India's largest annual fintech conference—held under the theme "Blueprint for the Next Decade of Finance".

NABARD's representation spanned multiple departments and subsidiaries, engaging in closed-door sessions, panel discussions, and a hackathon. The event served as a valuable platform for NABARD's officers and senior management to gain insights, exchange ideas, and engage with stakeholders across the fintech ecosystem.

NOTES

1. AINBEA = All India NABARD Employees' Association, AINBOA = All India NABARD Officers' Association, AINREWA = All India NABARD Retired Employees' Welfare Association, NPEWA = NABARD Progressive Employees' Welfare Association.
2. Following the same guidelines and formats established by the Chief Technical Examiner (CTE) of the CVC.
3. Distributed Denial of Service (DDoS) protection refers to a set of tools and strategies designed to defend against DDoS attacks.
4. GIS = Geographical Information System.
5. RAG = Retrieval-Augmented Generation, AI = Artificial Intelligence.
6. MIS = Management Information System.
7. EPABX = Electronic Private Automatic Branch Exchange.
8. For more details, see NABARD (2024), Box 9.4 in 'People—Processes and Policies', Chapter 9, in *Annual Report 2023–24*, National Bank for Agriculture and Rural Development, Mumbai. p. 135. https://www.nabard.org/nabard-annual-report-2023-24.aspx.

10

10.1 Sources of Funds

10.2 Uses of Funds

10.3 Income and Expenditure

10.4 NABARD's Investment in the Agriculture and Rural Development Ecosystem

Annexe to Chapter 10

LEVERAGING FINANCE FOR GROWTH

As on 31 March 2025, NABARD recorded a robust balance sheet of ₹9.8 lakh crore, reflecting a growth of 8.1% in its assets and liabilities over the previous year. Through FY2025, NABARD's developmental strategies and sound financial management continued to channelise development finance effectively into India's rural economy, in the face of geopolitical and global trade tensions and associated market uncertainties.

10.1 SOURCES OF FUNDS

10.1.1 Capital, reserves and NRC funds

Over the past five years, NABARD's balance sheet has grown by 50%, from ₹6.6 lakh crore in FY2021 to ₹9.8 lakh crore in FY2025, representing a compound annual growth rate of 8.4%. As on 31 March 2025, the paid-up capital stood at ₹17,080 crore, against an authorised share capital of ₹30,000 crore (Figure 10.1). At the close of FY2025, own funds—comprising 'capital' and 'reserves & surplus'—stood at ₹80,494 crore, representing 8.2% of the balance sheet. The National Rural Credit (NRC) funds amounted to ₹16,110 crore. NABARD contributed ₹2 crore each to the NRC (Long-Term Operations) Fund and the NRC (Stabilisation) Fund during FY2025.

10.1.2 Deposits

Over time, NABARD has used four funds for achieving targeted objectives by leveraging allocations from the shortfalls in priority sector lending by commercial banks. As on 31 March 2025, the aggregate outstanding under these funds stood at ₹2.8 lakh crore, accounting for 28% of total liabilities. These include the Short-Term Cooperative Rural Credit Fund, Short-Term Fund for Regional Rural Banks, Long-Term Rural Credit Fund, and the Rural Infrastructure Development Fund (RIDF) (Figure 10.1).

In FY2025, the Government of India (GOI) allocated ₹35,000 crore for RIDF. NABARD mobilised ₹36,818 crore and repaid ₹29,020 crore in various tranches under RIDF deposits. Additionally, ₹150 crore was mobilised and ₹80 crore repaid under the Food Processing Fund (FPF) deposits. As on 31 March 2025, the outstanding deposits stood at ₹2,870 crore under the Warehouse Infrastructure Fund and ₹550 crore under FPF.

10.1.3 Borrowings as on 31 March 2025

The total mobilised corpus during the year stood at ₹4.4 lakh crore, while NABARD's total outstanding borrowings were ₹5.8 lakh crore. Commercial papers, certificates of deposit (CDs), term loans, and non-convertible debentures made up more than 91% of NABARD's total borrowing portfolio.

Borrowings in the bond market

- During FY2025, NABARD issued bonds worth ₹72,388 crore and redeemed bonds worth ₹31,172 crore. Consequently, the outstanding amount under bonds and debentures increased by 14.4% during FY2025.
- No mobilisation occurred under the Extra-Budgetary Resources scheme of the GOI during FY2025. As a result, the outstanding amount against bonds raised for GOI schemes remained unchanged from the previous year.

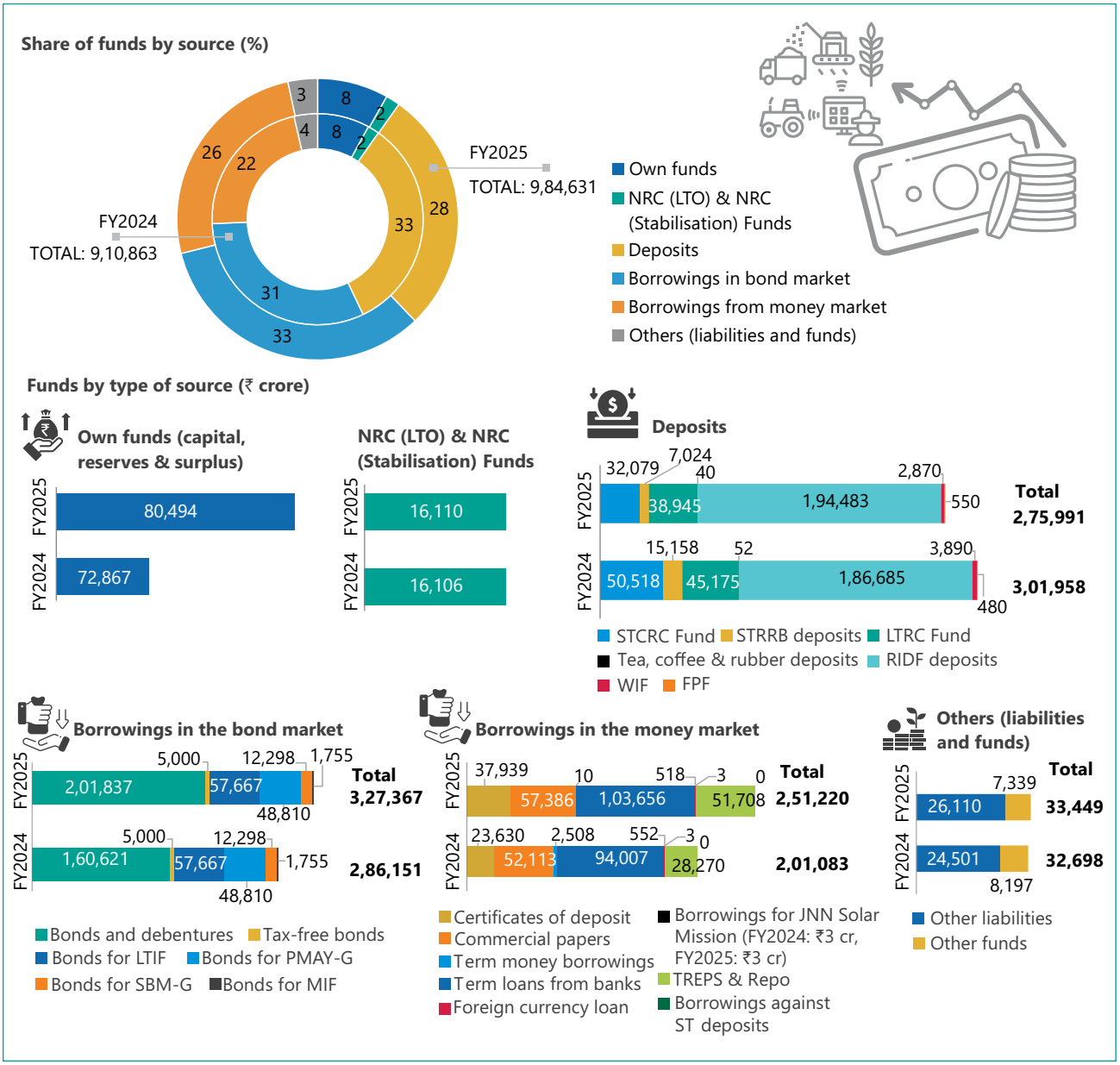
Borrowings in the money market

During the year, NABARD issued commercial papers to raise ₹1,57,500 crore and borrowed term loans worth ₹1,65,510 crore from commercial banks. Certificates of deposits worth ₹39,835 crore were mobilised in FY2025, taking the outstanding to ₹40,910 crore (face value) as on 31 March 2025.

Investment portfolio

To ensure optimum utilisation of funds, NABARD undertakes investment operations by deploying surplus amount in different instruments. The major investment portfolio of NABARD consists of government securities, treasury bills, short-term deposits, mutual funds, and CDs. NABARD's investments in these different instruments stood at ₹1,20,414 crore as on 31 March 2025. The composition of outstanding liabilities on 31 March 2025 is given in Figure 10.1.

Figure 10.1: Sources of funds (amount in ₹ crore)

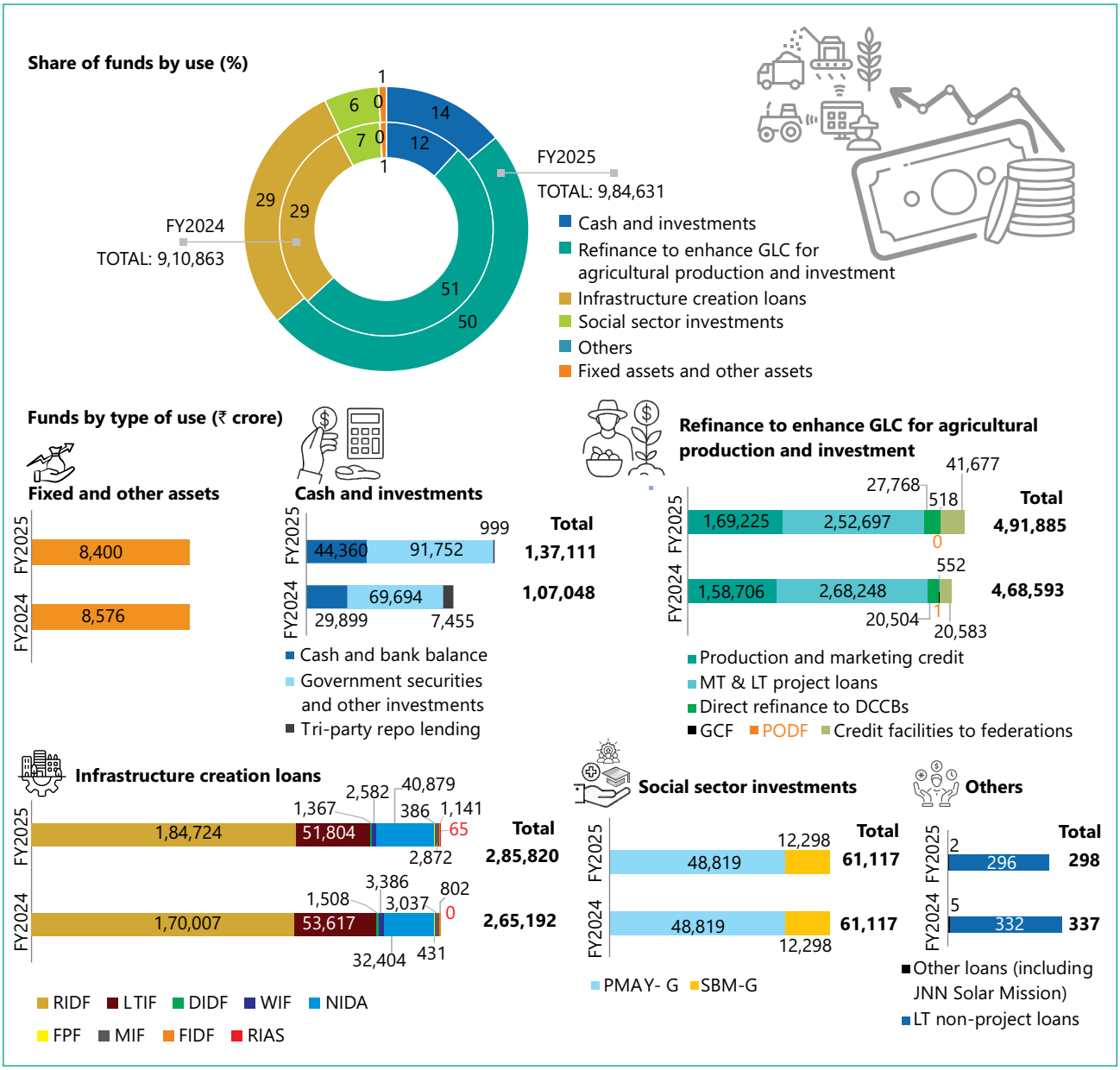


FPF = Food Processing Fund, JNN Solar Mission = Jawaharlal Nehru National Solar Mission, LTIF = Long Term Irrigation Fund, LTO = Long Term Operations, LTRC = Long-Term Rural Credit, MIF = Micro Irrigation Fund, NRC = National Rural Credit, PMAY–G = Pradhan Mantri Awaas Yojana–Gramin, RIDF = Rural Infrastructure Development Fund, SBM-G = Swachh Bharat Mission-Grameen, ST = Short-Term, STCRC = Short-Term Cooperative Rural Credit, STRRB = Short-Term Regional Rural Bank, TREPS = Tri-party Repo Dealing & Settlement, WIF = Warehouse Infrastructure Fund.

10.2 USES OF FUNDS

In FY2025, NABARD secured funding to support its development mandate. This included enhancing ground level credit (GLC) for rural production and investment, developing infrastructure, promoting social sector growth, managing cash and investments, and creating fixed assets (Figure 10.2).

Figure 10.2: Uses of funds (amount in ₹ crore)



DCCB = District Central Cooperative Bank, DIDF = Dairy Processing and Infrastructure Development Fund, FIDF = Fisheries and Aquaculture Infrastructure Development Fund, FPF = Food Processing Fund, GCF = Green Climate Fund, GLC = Ground-Level Credit, JNN Solar Mission = Jawaharlal Nehru National Solar Mission, LT = Long-Term, LTIF = Long Term Irrigation Fund, MIF = Micro Irrigation Fund, MT = Medium-Term, NIDA = NABARD Infrastructure Development Assistance, PMAY-G = Pradhan Mantri Awaas Yojana-Gramin, PODF = Producers Organisation Development Fund, RIDF = Rural Infrastructure Development Fund, RIAS = Rural Infrastructure Assistance to State Governments, SBM-G = Swachh Bharat Mission-Grameen, WIF = Warehouse Infrastructure Fund.

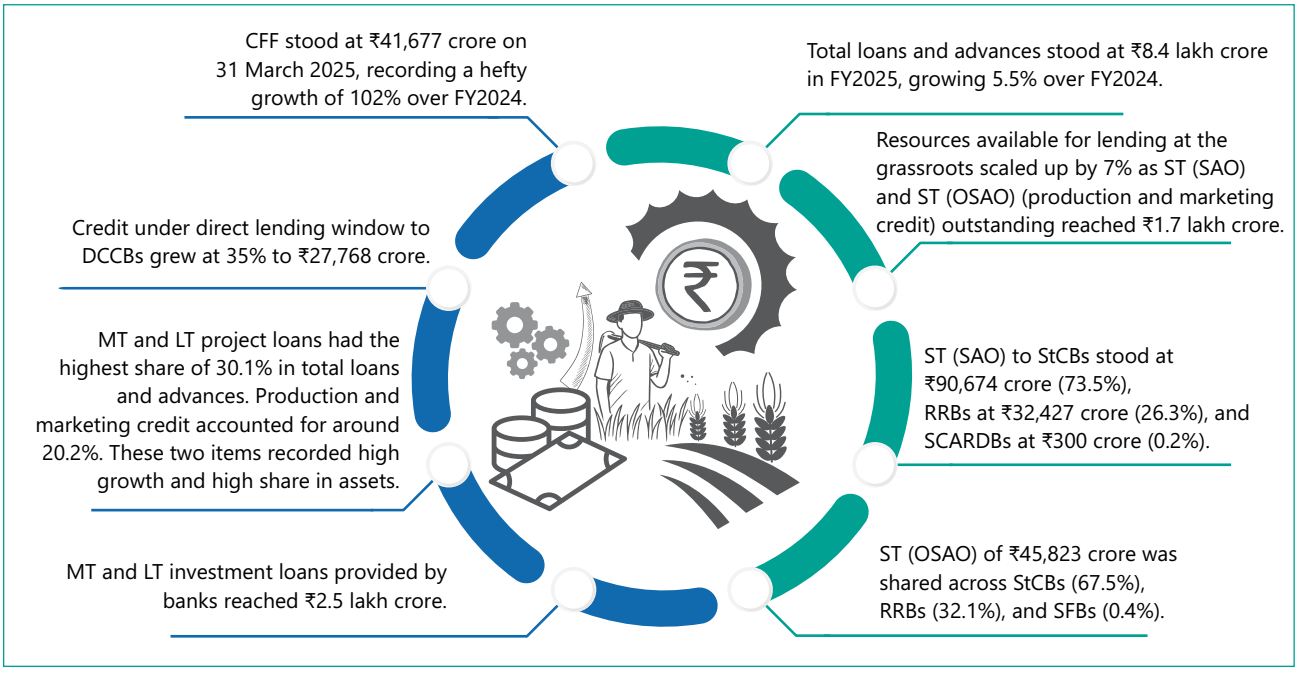
Note: MT and LT project loans include the amount subscribed to special development debentures of state cooperative agriculture and rural development banks which are in the nature of deemed advances.

NABARD extends loans and advances to rural financial institutions to boost GLC for farmers, supporting short-term seasonal agricultural operations and capital investments for various farming activities. Refinance options are available for working capital loans for weavers and artisans, marketing support under various credit lines, and converting short-term loans to medium-term loans during extreme market events.

Additionally, NABARD provides loans for infrastructure development, social sector projects, warehousing, and food processing to various entities, including state governments and state-owned corporations. It also lends directly to state governments for contributing to the share capital of district central cooperative banks. Funds are utilised for cash and investment management and creating fixed assets for business operations.

Figure 10.3 highlights the deployment of funds and year-on-year growth as on 31 March 2025, across various loans and advances extended by NABARD.

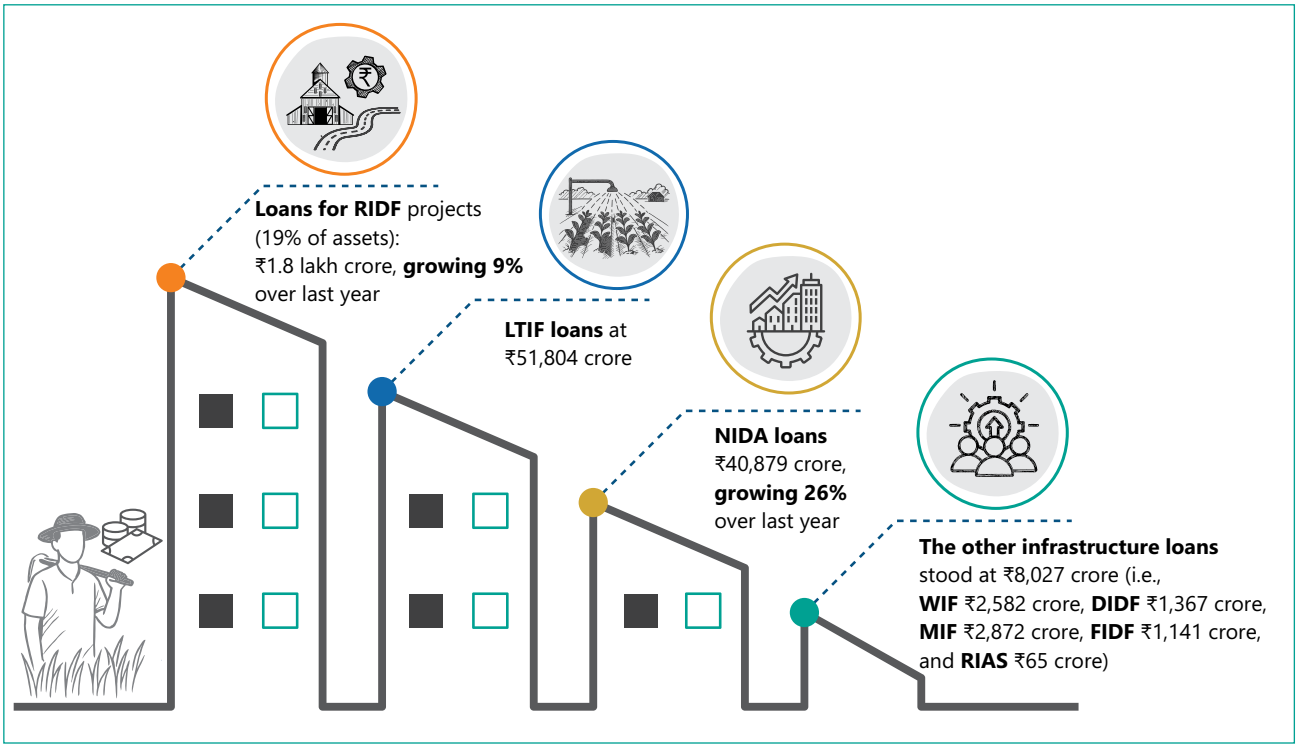
Figure 10.3: Shoring up GLC through refinance: Status as on 31 March 2025



CFF = Credit Facility to Federations, DCCB = District Central Cooperative Bank, GLC = Ground-Level Credit, LT = Long-Term, MT = Medium-Term, RRB = Regional Rural Bank, SCARDB = State Cooperative Agriculture and Rural Development Bank, SFB = Small Finance Bank, StCB = State Cooperative Bank, ST (OSAO) = Short-Term Other Seasonal Agricultural Operations, ST (SAO) = Short-Term Seasonal Agricultural Operations.

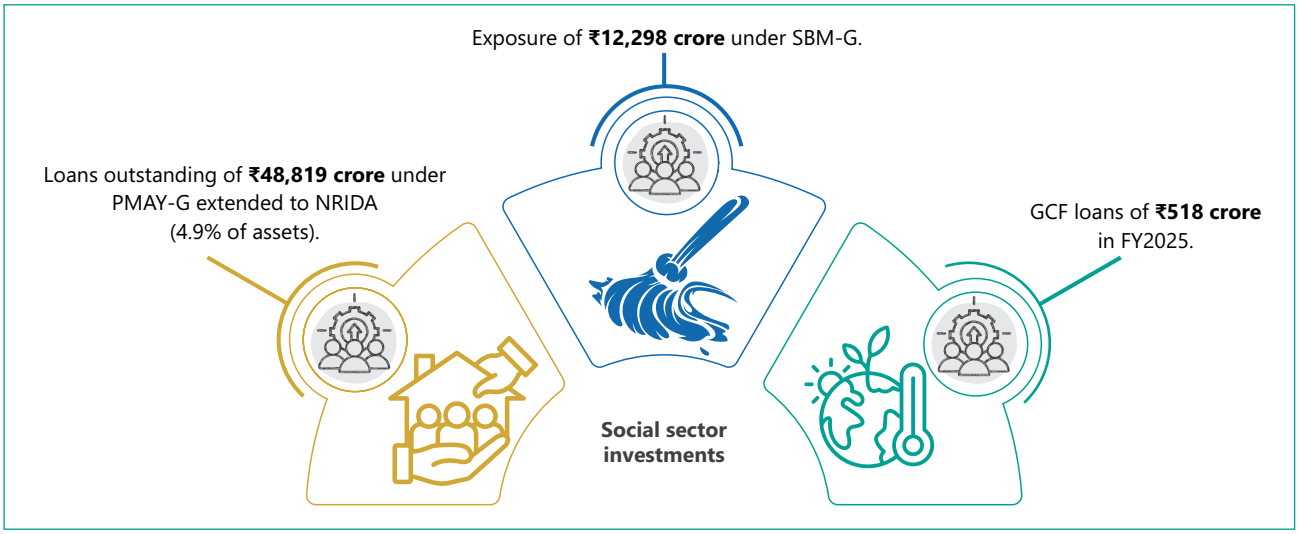
Note: The amounts shown are outstanding figures.

Figure 10.4: Infrastructure finance as on 31 March 2025



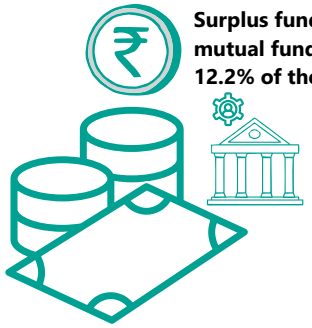
DIDF = Dairy Processing and Infrastructure Development Fund, FIDF = Fisheries and Aquaculture Infrastructure Development Fund, LTIF = Long Term Irrigation Fund, MIF = Micro Irrigation Fund, NIDA = NABARD Infrastructure Development Assistance, RIDF = Rural Infrastructure Development Fund, RIAS = Rural Infrastructure Assistance to State Governments, WIF = Warehouse Infrastructure Fund.
Note: The amounts shown are outstanding figures.

Figure 10.5: Social sector investments as on 31 March 2025



GCF = Green Climate Fund, NRIDA = National Rural Infrastructure Development Agency, PMAY-G = Pradhan Mantri Awaas Yojana-Gramin, SBM-G = Swachh Bharat Mission-Grameen.
Note: The amounts shown are outstanding figures.

Figure 10.6: Investment of surplus funds as on 31 March 2025



Surplus funds deployed in government securities, treasury bills, short-term deposits, mutual funds, and certificates of deposit stood at ₹1,20,414 crore, accounting for 12.2% of the balance sheet.

72% was deployed in government securities and other financial instruments.

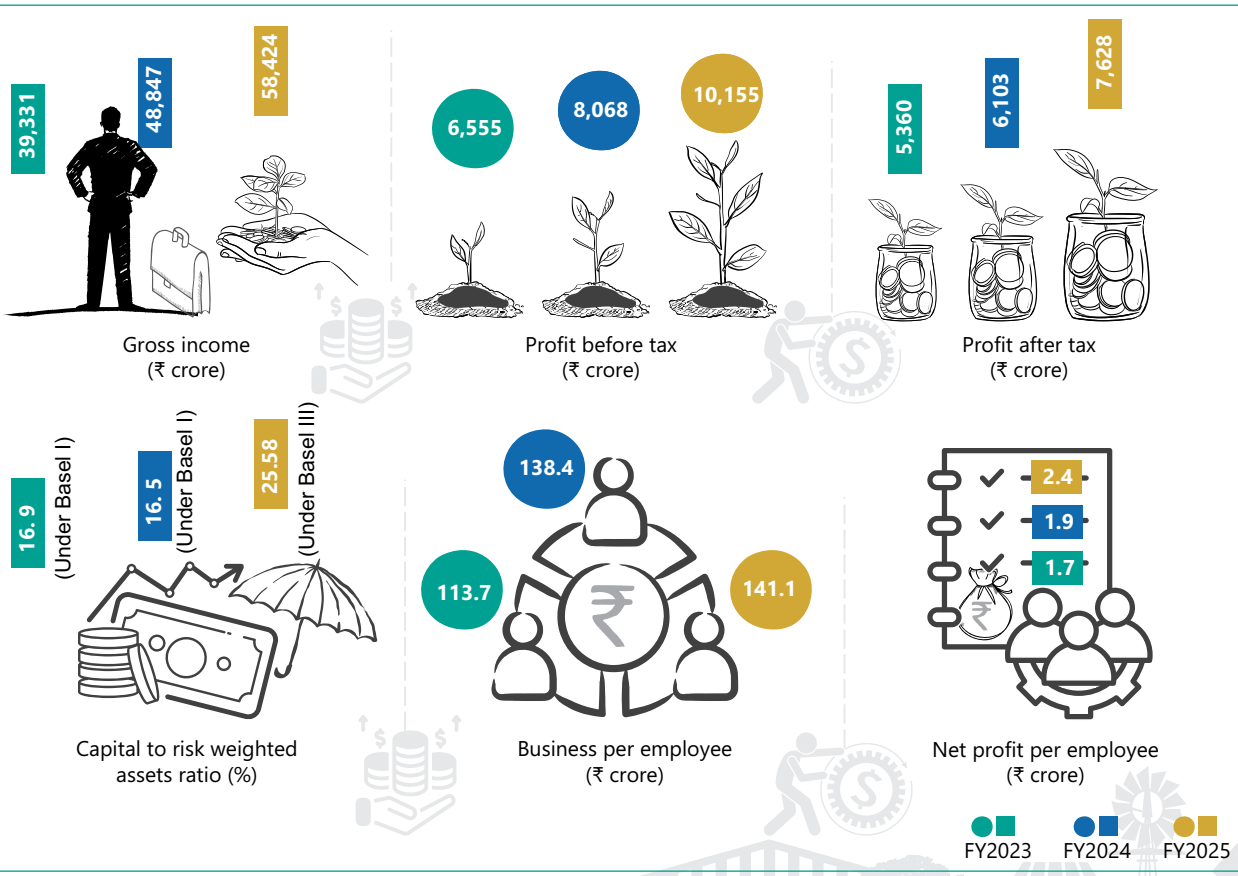
₹33,353 crore was kept in the form of short-term bank deposits to meet liquidity and contingency requirements.

Note: The amounts shown are outstanding figures.

10.3 INCOME AND EXPENDITURE

NABARD earned an income of ₹58,424 crore in FY2025, reflecting a 19.6% increase over FY2024 (Figure 10.7). The profit before tax for FY2025 was ₹10,155 crore, up from ₹8,068 crore in FY2024, while the profit after tax was ₹7,628 crore, compared to ₹6,103 crore in FY2024. The net surplus has been allocated to various funds maintained by NABARD, including the Research & Development Fund, Reserve Funds, NRC (LTO) Fund, and NRC (Stabilisation) Fund.

Figure 10.7: Income analysis



10.4 NABARD'S INVESTMENT IN THE AGRICULTURE AND RURAL DEVELOPMENT ECOSYSTEM

10.4.1 Implementation of BASEL III norms

On 21 September 2023, the Reserve Bank of India announced that the BASEL III capital framework would be applicable to every all-India financial institution, including NABARD, with effect from 1 April 2024, a requirement that NABARD has complied with.

10.4.2 Investment in NABARD subsidiaries

NABARD, through its subsidiaries, facilitates financial and technical support to farmer producer organisations, non-banking financial companies, self-help groups, joint liability groups, and micro, small, and medium enterprises by offering credit, consultancy, guarantees, and venture capital.

As on 31 March 2025, the total investment in the share capital of NABARD's subsidiaries stood at ₹649.6 crore (Figure 10.8). During FY2025, NABARD subscribed an additional share capital of ₹25 crore in NABVENTURES and ₹20 crore in NABARD Consultancy Services (NABCONS). NABARD received a dividend of ₹3 crore from NABKISAN, ₹2.3 crore from NABSAMRUDDHI, ₹10.2 crore from NABFINS, and ₹0.1 crore from NABCONS in FY2025.

Figure 10.8: Shareholding in subsidiaries of NABARD (in ₹ crore)

	NABCONS	nabfins	Nabkisan Finance Ltd.	NABSAMRUDDHI	NABVENTURES	NABFOUNDATION	NAB संरक्षण
Year of inception	2003	1997	1997	1997	2018	2019	2020
Share capital	25.0	161.7	171.5	123.8	50.0	50.0	50.0
Shareholding of NABARD (%)	100.0	63.1	87.8	91.1	100.0	100.0	100.0
Investment by NABARD	25.0	102.0	227.6	145.1	50.0	50.0	50.0
Dividend	0.1	10.2	3.0	2.3	–	–	–

Note: NABKISAN and NABSAMRUDDHI figures include premium.

10.4.3 Strategic investments and returns

During FY2025, NABARD made a strategic investment of ₹56.8 crore in Online PSB Loans Limited, a pioneering digital credit infrastructure company. The investment is intended to drive digital innovation for seamless credit delivery and enhanced financial inclusion within the rural ecosystem.

In addition, NABARD invested ₹3.84 crore in 24X7 Moneyworks Consulting to support the eKisanCredit initiative—a fully digitised loan origination platform that integrates land records, Aadhaar, eKYC, core banking systems, and ePACS. The platform enables end-to-end automation of the credit process.

As on 31 March 2025, NABARD had invested ₹1,166.8 crore in 12 strategically important companies operating in the agriculture and rural development sectors (Table 10.1). It received a total dividend of ₹26.4 crore from 5 of these investee companies.

Table 10.1: NABARD's strategic investments and returns

S. No.	*Company*	*Year of investment*	*NABARD's investment (₹ crore)*	*Stake (%)*	*Dividend (₹ crore)*
1	AFC India Ltd.	FY2000	1.0	6.7	
2	Agriculture Insurance Company of India Ltd	FY2004	60.0	30.0	15.0
3	Small Industries Development Bank of India*	FY2003 & FY2018	966.3	9.4	10.6
4	National Commodity and Derivatives Exchange Ltd*	FY2004	16.9	11.1	
5	Multi Commodity Exchange of India Ltd	FY2006	0.3	0.7	0.3
6	CSC e-Governance Services India Ltd*	FY2016	9.8	9.4	0.3
7	National E-Governance Services Ltd	FY2017	1.5	2.0	0.2
8	Agriculture Skill Council of India	FY2017	0.0	4.0	
9	National E-Repository Ltd	FY2018	10.5	13.0	
10	Open Network for Digital Commerce	FY2022 & FY2024	40.0	4.9	
11	Online PSB Loans Limited	FY2025	56.8	7.3	
12	24X7 Moneyworks Consulting Pvt Ltd	FY2025	3.8	10.0	
TOTAL			1,166.8		26.4

* Figures include premium.

CSC = Common Services Centre, PSB = Public Sector Bank.

Note: Components may not add up to total due to rounding off.

10.4.4 Investment in Alternative Investment Funds

NABARD invests in Alternative Investment Funds, registered with the Securities and Exchange Board of India, to promote entrepreneurship in existing or emerging activities related to agriculture and rural development. The objective is to facilitate the creation of income-generating, sustainable business models that can be replicated by rural entrepreneurs, while also supporting technological innovation and dissemination in the agriculture and rural sectors.

Together with the Ministry of Agriculture and Farmers Welfare, GOI, NABARD has established the Agri–SURE Fund to support innovative, technology-driven, high-risk, and high-impact initiatives within the agricultural and rural start-up ecosystem. The fund is managed by NABVENTURES Limited, a wholly owned subsidiary of NABARD.

In FY2025, NABARD also organised Agri–SURE Greenathon 2024, a hackathon focused on key challenges such as cost-effective smart agriculture, profitable agri-waste management, and economic viability of regenerative agriculture.

As on 31 March 2025, NABARD's total commitment to Alternative Investment Funds stood at ₹1,069 crore across 36 funds, compared to ₹729 crore across 31 funds as on 31 March 2024. During FY2025, NABARD committed ₹340 crore to 5 new funds. Cumulative disbursements stood at ₹666.4 crore. During the year, fund drawdowns totalled ₹163.1 crore, while ₹17.2 crore was refunded as capital. NABARD realised a capital gain of ₹13.8 crore and earned additional income, including dividend, amounting to ₹5.4 crore.

ANNEXE TO CHAPTER 10

PERFORMANCE OF NABARD SUBSIDIARIES IN FY2025

NABFINS

In FY2025, NABFINS Limited registered a strong performance, disbursing ₹3,082 crore—reflecting a 13% increase over the previous year (FY2024). As on 31 March 2025, the balance sheet size stood at ₹3,839 crore, with loan outstanding at ₹3,591 crore. The Profit Before Tax for FY2025 was ₹90.9 crore and Profit After Tax was ₹69.1 crore. NABFINS maintained an active borrower base exceeding 12.3 lakh, while gross non-performing assets stood at 5.4% as of the fiscal year-end.

By the close of FY2025, NABFINS was operating through 498 branches. Its geographical presence saw substantial expansion, spanning 18 states and 1 Union Territory (UT), and the company collaborated with 98 business correspondents. New branches established during the year extended services to 8 aspirational districts and 13 credit-starved districts, thereby enhancing outreach to underserved populations. Since inception, NABFINS has served over 30 lakh households and facilitated microcredit disbursement exceeding ₹16,473 crore—offered at the lowest interest rate among all non-banking financial company–microfinance institutions (NBFC–MFIs).

NABFINS functions through two primary business models: the business and development correspondent model and the direct lending model. Additionally, under the institutional lending model, NABFINS provides bulk loans to support other institutions serving microfinance borrowers.

NABFINS support to woman entrepreneur in textile business helps weave dreams into reality.

Key initiatives of NABFINS in FY2025 are listed below.

- **Training programmes**: In collaboration with the Rural Self Employment Training Institute (R-SETI) and Yali Infoventures, NABFINS trained women borrowers in jute bag-making and dairy-related activities.
- **Corporate social responsibility (CSR)**: NABFINS approved ₹2.2 crore for the establishment of training-cum-agro-processing centres in the Kalyana Karnataka region to support low-income households and farmers.
- **Climate policy capacity building**: NABFINS conducted training and capacity building programmes to familiarise the staff with the Climate Policy Initiative.

NABKISAN

NABKISAN Finance Limited (NABKISAN) reported a balance sheet size of ₹3,273 crore (as per Indian Generally Accepted Accounting Principles), reflecting a year-on-year growth exceeding 18%. The gross loan book outstanding stood at ₹3,068 crore, marking an annual increase of approximately 19%.

As on 31 March 2025, NABKISAN had sanctioned over 4,100 loans to farmer producer organisations (FPOs), amounting to ₹1,000 crore. Cumulatively, NABKISAN's interventions have impacted 2 million farmers across 21 states and 3 UTs.

Under the Agriculture Infrastructure Fund (AIF), NABKISAN has cumulatively sanctioned loans to 116 farmer producer companies (FPCs) amounting to ₹17.9 crore. During FY2025, NABKISAN supported two socially relevant projects under its CSR initiative, with a total outlay of ₹1.3 crore. As the implementation partner for three FPC financing schemes of the Government of Tamil Nadu, NABKISAN provided financial assistance of ₹20.3 crore to 291 FPCs during the year.

Additionally, NABKISAN serves as the implementation partner for the Odisha Credit Guarantee Scheme for FPOs. Under this scheme, NABKISAN has cumulatively extended credit guarantee coverage to 213 FPOs, amounting to ₹12 crore.

In FY2025, NABKISAN entered into a partnership with the Rabo Foundation to provide credit guarantee support for lending to agricultural corporates and start-ups. This enabled the company to support 11 start-ups with credit amounting to ₹16.5 crore—the highest ever extended by NABKISAN to this sector.

As an Eligible Lending Institution under the Government of India's Credit Guarantee Scheme for FPO Financing—managed by NABSanrakshan Trustee Private Limited—NABKISAN provided credit guarantees to 872 FPCs during FY2025, amounting to ₹168.9 crore.

NABCONS

NABARD Consultancy Services (NABCONS) is a distinguished consultancy organisation with ISO 9001:2015 and ISO/IEC 27001:2022 certifications. It is 100% owned by NABARD, with an authorised and paid-up capital of ₹25 crore.

It provides end-to-end consultancy services spanning project management consultancy (PMC), monitoring and evaluation, feasibility and techno-financial studies, impact assessments, preparation of detailed project reports (DPRs), policy formulation, diagnostic studies, and IT-enabled surveys. NABCONS operates across diverse sectors including agriculture and allied activities, water resources management, climate change and natural resource management, socio-economic development, food processing and storage, banking and finance, skills and livelihoods, civil engineering, international business, and information technology.

It has established longstanding partnerships with several ministries of the Government of India, state governments, statutory bodies, corporations, agencies, public sector undertakings, and various international organisations. NABCONS has built a strong track record of providing comprehensive end-to-end consultancy services.

FY2025 marked a year of exceptional achievements for NABCONS. The company posted its highest-ever revenue of ₹247 crore. The balance sheet size grew by 25%, increasing from ₹201 crore in FY2024 to ₹253 crore in FY2025. During the year, NABCONS secured new business worth ₹316 crore, and income from assignments reached ₹238 crore.

As a preferred consulting partner to both the central and state governments, NABCONS plays a significant role in implementing flagship programmes such as Jal Jeevan Mission (JJM), Atal Bhujal Yojana, AIF, Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU–GKY), and the Prime Minister Formalisation of Micro Food Processing Enterprises Scheme, among others. The organisation remains committed to supporting new government initiatives as they unfold.

In FY2025, NABCONS was appointed as the Project Implementing Agency (PIA) for the supply of small and medium enterprise (SME) machinery from India to Latin American and Caribbean (LAC) countries by the Ministry of External Affairs (MEA), Government of India. This assignment involves identifying viable and sustainable projects for SME development in partner countries and is expected to open new opportunities for NABCONS in LAC and other international markets.

In FY2025, NABCONS secured several notable assignments across a wide range of thematic and geographic areas listed below:

- PMC for providing personnel to the project management unit (PMU) for implementation of the Pradhan Mantri Matsya Kisan Samridhi Sah–Yojana.
- Preparation of DPRs for diversion of surplus water from Jakham to Jaisamand and Badgaon dams in the districts of Chittorgarh, Bhilwara, and Rajsamand.
- Cloud-based dairy digitalisation with enterprise resource planning (ERP) software on a Software-as-a-Service (SaaS) model at Mandya District Co-operative Milk Producers Society's Union Limited (engaged twice during the year).
- PIA for supply of SME machinery from India to Latin American and Caribbean countries, under the Ministry of External Affairs, Government of India (Box A10.1).
- PMU support for establishing new multipurpose primary agricultural credit societies, dairy, and fishery societies in uncovered panchayats.
- Third-party inspection agency for works under the Jal Jeevan Mission (JJM) in Rajasthan under the jurisdiction of the Public Health Engineering Department, Government of Rajasthan.
- PMC services for preparation, monitoring, supervision, and surveillance of rural water supply schemes under JJM in Karnataka and in various administrative units of Maharashtra.
- Evaluation of centrally sponsored schemes in agriculture and allied sectors for NITI Aayog.
- Implementation of the Carbon Credit Framework project under the Tribal Development Fund in Telangana, Odisha, and Chhattisgarh; in Goa in partnership with the Goa State Biodiversity Board; and with the Department of Horticulture, Government of Karnataka.
- Development of the "Integrated Agriculture Data Hub and Digital Farmer Services Platform" for the Directorate of Agriculture Development and Farmers' Welfare Department, Government of Kerala.
- Preparation of DPRs for distribution network and house service connections under the water supply scheme of the Siliguri Municipal Corporation, West Bengal, under AMRUT 2.0.

- Implementation of a dairy receivables platform on a SaaS model across unions and units of Bihar State Milk Co-operative Federation Limited.
- Technical support agency for DDU–GKY in ten Central Technical Support Agency states for the Ministry of Rural Development, Government of India.

Box A10.1: Small and medium enterprise sector development project in Latin American and Caribbean countries

In April 2023, the Minister of External Affairs, Dr S. Jaishankar, announced a grant of up to $1 million for the development of the small and medium enterprise (SME) sector in member states of the Caribbean Community (CARICOM). Under this initiative, the Government of India will supply plant and machinery to support and strengthen SMEs in these countries.

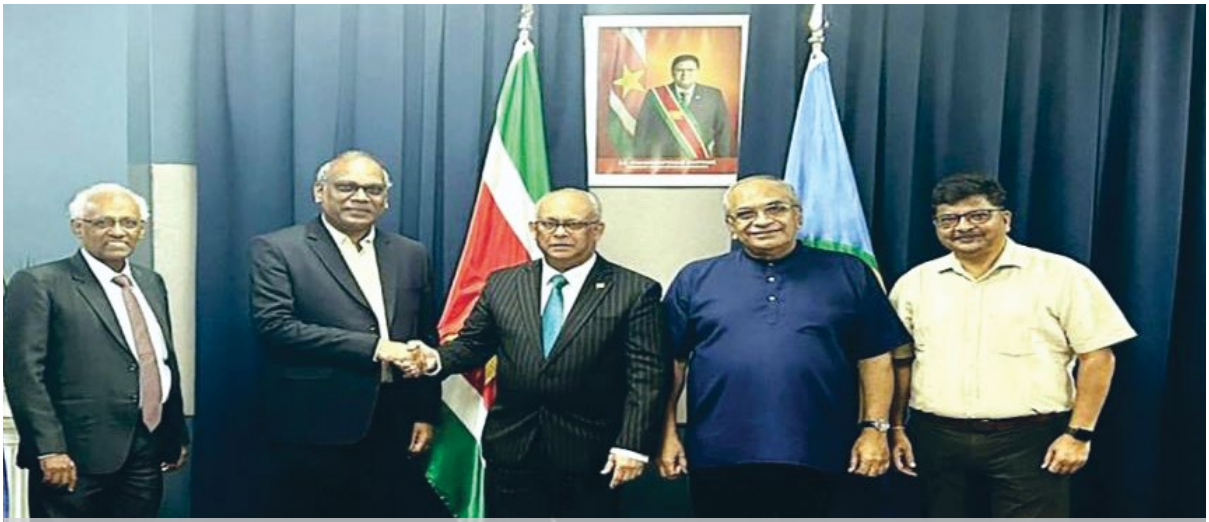
NABARD Consultancy Services (NABCONS) has been entrusted with implementing the SME development initiative in ten Latin American and Caribbean countries, including Suriname and Trinidad and Tobago, among others. As part of this engagement, NABCONS conducted visits to seven countries, held consultations with stakeholders, and prepared detailed project reports for five countries. The estimated value of the project is ₹80 crore.

NABCONS will also support the identification of Indian suppliers and oversee project commissioning, thereby promoting Indian-manufactured machinery in international markets.

Project objective: To strengthen SMEs through the supply of plant and machinery, accompanied by training and capacity building.

Implementation stages:

- Project development: Conducting feasibility studies in consultation with stakeholders.
- Project implementation: Identifying Indian suppliers and ensuring timely supply and installation of machinery.
- Project monitoring: Providing training and maintenance support, along with quarterly monitoring and reporting.



From left to right: Mr Sadagopachari Ramji (Chargé d'Affaires a.i., Embassy of India, Suriname), Dr Haragopal Yandra (Managing Director, NABCONS), Mr Albert Ramdin (Minister of Foreign Affairs, International Business and International Cooperation, Government of the Republic of Suriname), Mr Parmanand Sewdien (Minister of Agriculture, Animal Husbandry and Fisheries, Government of the Republic of Suriname), and Mr Bhushan Goyal (Consultant, NABCONS).

NABSAMRUDDHI

NABSAMRUDDHI Finance Limited (NSFL) achieved several key milestones during FY2025, crossing ₹2,100 crore in asset size and ₹2,000 crore in assets under management, reflecting growth rates of 17% and 14%, respectively.

The company has cumulatively disbursed approximately ₹450 crore in water, sanitation, and hygiene (WASH) loans through over 32 partners, benefiting around 75,000 borrowers. As on 31 March 2025, NSFL has reached more than 3.5 lakh ultimate beneficiaries across 25 states and 5 UTs, in collaboration with NBFCs, housing finance companies (HFCs), NBFC–MFIs, and other institutional clients.

Major initiatives undertaken by NSFL during FY2025 include:

- **Climate-ready WASH programmes**: With support from the NABARD, NSFL conducted 42 awareness programmes for rural borrowers of its partner, Trust of People.
- **Workshops**: Organised three workshops on household-level climate-ready WASH solutions in New Delhi, Kolkata, and Bengaluru, in collaboration with Sa-Dhan.
- **Participation**: Actively engaged in forums such as the India Sanitation Conclave, Sa-Dhan National Conference, Water Credit Forum by Water.org, and the Global Inclusive Finance Summit to promote green finance and WASH financing.

Under its CSR initiative, NSFL sanctioned ₹1 crore to NABFOUNDATION for:

- Promoting sustainable water security through rainwater harvesting in Jaisalmer, Rajasthan.
- Establishing training-cum-agro processing centres in the Kalyana Karnataka region.

NSFL received several awards during the year, including:

- The ISC–FICCI Sanitation Award under the category “Best Innovative Financial Accessibility Model for WASH: Impact, Downstream and Upstream Investors”, for its Climate-Ready WASH Funding Programme.
- The Sa-Dhan Water.org Award 2024 for outstanding contributions to WATSAN (water and sanitation) lending.
- The Elaben Memorial Award for “Best Women-Friendly Financial Institution”.

NABVENTURES

NABVENTURES Limited, a wholly owned subsidiary of NABARD, operates as an investment manager for alternative investment funds focused on agriculture and the rural sector. As of FY2025, the company manages two such funds—NABVENTURES Fund I (the flagship fund) and the Agri–SURE Fund.

NABVENTURES Fund I, with a corpus of ₹598 crore, successfully deployed its entire investible corpus during FY2025. It has achieved a partial exit from one of its portfolio companies at a return of 4.7 times the invested capital. As on 31 March 2025, cumulative commitments under the fund stood at ₹571.9 crore.

Agri–SURE Fund, launched on 3 September 2024, is a Securities and Exchange Board of India (SEBI)-registered Category II AIF with a total corpus of ₹750 crore. Contributions comprise ₹250 crore each from the Department of Agriculture and Farmers Welfare, Government of India, and NABARD. The remaining ₹250 crore is being mobilised from other institutional investors.

The Agri–SURE Fund has two components:

- Agri–SURE–Fund of Funds (FoF) Scheme: With a corpus of ₹450 crore, this scheme provides funding support to AIFs for onward investments in start-ups.

- Agri–SURE–Direct Scheme: With a corpus of ₹300 crore, it focuses on direct investments in early-stage start-ups engaged in agriculture and rural development.

The overall goal of the fund is to support approximately 85 start-ups over its 10-year tenure.

NABVENTURES Fund I has had a transformative impact on the following businesses:

- **Homeville**: The company builds credit networks and digital infrastructure for housing finance. Through Bharat Housing Network, it supports 45 HFCs and NBFCs across 17 states and over 500 cities, benefiting more than 8,000 individuals. Notably, 60% of the loans are in rural and semi-urban areas.
- **Eggoz**: Eggoz is a consumer brand that offers eggs and egg-based products. By directly procuring from farmers, it has increased farmer incomes by 30%. The company operates in 15 cities across North India and select metropolitan areas.
- **AdvaRisk**: It is a business-to-business fraud detection platform for banks, using artificial intelligence and machine learning to standardise land records across India. It manages a pan-India database of over 4 crore properties, serving 50 plus financial institutions with 95% AI accuracy.
- **Jai Kisan**: It is a rural financial technology (fintech) platform that has facilitated loans worth ₹7,500 crore for 8 lakh farmers across 11 states in south, west, and central India.
- **Vilcart**: A rural supply chain platform catering to kirana stores, Vilcart has generated ₹1,000 crore in revenue, reaching 87,000 retail outlets across 5 states and impacting more than 43.6 lakh families.
- **Unnati**: A fintech-enabled agritech platform providing agricultural inputs and services, Unnati connects 22.2 lakh farmers through 70,161 retail outlets in 181 districts. NABVENTURES Fund I achieved a partial exit from this investment at 4.7 times the committed capital.
- **Beyond Snack**: A premium banana chips brand that sources Nendran bananas from local farmers, Beyond Snack supports farmer groups and generates rural employment through value-added food processing.

NABFOUNDATION

NABFOUNDATION undertook a wide range of initiatives during FY2025, focusing on livelihood generation, sustainable agriculture and rural development, natural resource and climate change adaptation, gender sensitisation, skill and capacity development, and financial inclusion through digitisation.

During the year, NABFOUNDATION received sanction for six projects with a total financial outlay of ₹15.8 crore from NABARD and its subsidiaries and corporate partners across the thematic areas of education, health and sanitation, climate change, and livelihood generation.

Projects implemented or under implementation during the year benefited more than 1 lakh rural populace including 71 SHGs, 101 producer companies, 35 artisans, and over 500 tribal families. These interventions spanned 571 districts (including 81 aspirational districts), states in the North East Region and several UTs.

Select projects implemented or under implementation during FY2025 include:

- **Click Rameswaram**: Creation of livelihood opportunities for local artisans and youth through digital tourism promotion; over 4 lakh individuals accessed geotagged points of interest.
- **Animal Health and Fodder Improvement**: Enhancement of livestock productivity for 100 farmers in Paragaon, Kolhapur.
- **School Education Facility**: Improvement in infrastructure in eight schools across multiple states, enhancing the learning environment.

- **Empowering Transgender Community through Entrepreneurship and Support**: Livelihood enhancement of the transgender community in Tirupur, Tamil Nadu, through a mobile cafeteria unit.
- **Yatri Eco-Sanitation and Hygiene**: Construction and operation of a pay-and-use clean sanitation facility in Dhanushkodi, Tamil Nadu, generating a turnover of ₹3.5 lakh.
- **Restoring Irrigation Tanks to Assure Rural Water Resources and Environment**: Improvement in irrigation infrastructure in Madurai (Tamil Nadu) and districts of Maharashtra.
- **Kuposhan Se Bachav**: Awareness generation on malnutrition and promotion of kitchen gardens in Jashpur, Chhattisgarh, benefiting over 300 tribal families.
- **School Soil Health Programme**: Installation of mini soil health laboratories in 1,000 schools, enabling testing of 35,000 soil samples and uploading of results to the Soil Health Card portal of the government (www.soilhealth.dac.gov.in).
- **Jaisalmer Water Security**: Construction of rainwater harvesting structures across 10 villages in Jaisalmer, Rajasthan; construction is ongoing.
- **Training-cum-Agro-Processing Centres**: Establishment of centres in seven districts of the Kalyana Karnataka region.
- **Baseline survey for designing** agricultural interventions for project villages in Bilaspur, Chhattisgarh.
- **Nirmal Jal 2.0**: Setting up of a clean, affordable drinking water facility serving 10 villages of Alwar, Rajasthan.

NABSANRAKSHAN

NABSanrakshan Trustee Private Limited (NABSanrakshan), a wholly owned subsidiary of NABARD, was established in November 2020 to manage credit guarantee funds aimed at increasing the flow of institutional finance to priority sectors of the rural economy. The company supports sustainable and inclusive agricultural and rural development through targeted credit guarantees.

During FY2025, NABSanrakshan administered two flagship credit guarantee fund trusts— Credit Guarantee Fund Trust for FPOs (FPO Trust) and the Credit Guarantee Fund Trust for Animal Husbandry and Dairying (AHD Trust).

In FY2025, 97 eligible lending institutions (ELIs) were onboarded under the FPO Trust. Cumulatively, as on 31 March 2025, a total of 3,054 credit guarantees have been issued, covering loans amounting to ₹666.7 crore and benefiting 2,259 FPOs and 21.8 lakh farmers. The trust expanded its eligibility criteria to include NBFCs with rating of BBB and above, district central cooperative banks, and non-scheduled state cooperative banks.

Under the AHD Trust, cumulatively as on 31 March 2025, six credit guarantees have been issued, covering ₹113.6 crore in loans. The Animal Husbandry Infrastructure Development Fund scheme has been extended up to FY2026 and the Credit Guarantee Scheme for AHD has been expanded to include ELIs such as the National Cooperative Development Corporation, NABARD, and the National Dairy Development Board and dairy cooperatives as eligible borrowers. Further, a Credit Guarantee Scheme for Fisheries and Aquaculture was also introduced under the AHD Trust and four ELIs have been onboarded under this scheme.

NABSanrakshan is actively developing a comprehensive Credit Guarantee Management System to streamline and digitise the guarantee lifecycle process.

During the year, the company completed a project to improve educational facilities in Palghar, Maharashtra, and allocated funds for the establishment of a training-cum-agro processing centre in the Kalyana Karnataka region.

Looking ahead, NABSanrakshan is focused on:

- launching a unified Credit Guarantee Portal,
- expanding scheme coverage and improving existing schemes,
- facilitating greater credit flow to grassroots institutions,
- onboarding new schemes and expanding outreach to primary agricultural credit societies, and
- strengthening internal human resource capacity to support growth.

NABARD

ANNUAL REPORT 2024–25

CORPORATE GOVERNANCE

National Bank for Agriculture and Rural Development

CORPORATE GOVERNANCE

'Corporate governance' involves a set of relationships between a company's management, its board, its shareholders as well as other stakeholders which provides the structure through which objectives of a company are set, along with the means of attaining those objectives and monitoring performance. It helps define how authority and responsibilities are allocated, and how decisions are made.[1] Good governance aims at achieving high levels of accountability, efficiency, responsibility, transparency, and fairness in all areas of operation to increase the confidence of investors and other stakeholders.

To decentralise decision-making on policy and operational matters while ensuring checks and balances, NABARD has established several committees with Board approval. The performance and functioning of these committees are periodically reported to the Board as part of a robust control mechanism. The Board and these committees play a critical role in advancing corporate governance principles at NABARD, as detailed in the following sections.

Board of Directors

NABARD is governed by the National Bank for Agriculture and Rural Development Act, 1981, National Bank for Agriculture and Rural Development General Regulations, 1982 and National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984. The composition of the Board of Directors is as per NABARD Act, 1981 (Table 1).

TABLE 1: COMPOSITION OF THE BOARD OF DIRECTORS AS DEFINED IN THE NABARD ACT, 1981

NABARD Act—Section	*Designation*	*Strength*
6(1)(a)	Chairman	1
6(1)(b)	Experts from fields such as rural economics, rural development, cottage and village industries, cooperative banks, regional rural banks, etc.	3
6(1)(c)	Directors on the Board of Reserve Bank of India (RBI)	3
6(1)(d)	Officials of the central government	3
6(1)(e)	Officials of the state government	4
6(1)(f)	Shareholders (other than RBI, central government and other institutions owned or controlled by central government)	–
6(1)(g)	Managing Director	1
6(3)	Full-time directors appointed by the central government in consultation with RBI	2
	Total strength	17

The Board of Directors is the top decision-making body of NABARD. As per section 5(1) of NABARD Act, 1981, the general superintendence, direction, and management of the affairs and business of NABARD is vested in the Board of Directors, which is empowered to exercise all authorities and perform all actions on behalf of NABARD.

1 Reserve Bank of India's 'Discussion paper on Governance in Commercial Banks in India', June 2020.

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the amendment in Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements [LODR]) Regulations, 2015 framework in September 2021, Regulations 15 to 27 of the said framework related to the Corporate Governance were made applicable on 'high-value debt listed entities', which have listed their specified securities and have an outstanding value of listed non-convertible debt securities of ₹500 crore and above as on 31 March 2021. By virtue of this amendment, NABARD qualified as a 'high-value debt listed entity', making Regulations 15 to 27 applicable on a 'comply or explain' basis until 31 March 2023, and mandatory thereafter. SEBI first extended the deadline for compliance to these regulations related with corporate governance norms (i.e., 15 to 27 of LODR Regulations) till 31 March 2024 and then extended the deadline for compliance till 31 March 2025, in its board meeting held on 15 March 2024.

On 12 December 2024, SEBI notified the SEBI (LODR) (Third Amendment) Regulations, 2024 (Amendment Regulations) amending various regulations of the SEBI (LODR) Regulations, 2015. The Amendment Regulations ushered in numerous changes, broadly to address ease of doing business concerns.

Further, SEBI notified the SEBI (LODR) (Amendment) Regulations, 2025 on 27 March 2025 to amend the SEBI (LODR) Regulations, 2015. This amendment introduces Chapter V-A, which pertains to Corporate Governance for entities that have only non-convertible debt securities listed. The provisions of this Chapter will be applicable to listed entities which only have non-convertible debt securities listed with an outstanding value of ₹1,000 crore and above and do not have any listed specified securities. By virtue of this amendment, Chapter V-A will be applicable to NABARD instead of Regulations 15 to 27.

Accordingly, the NABARD management has been taking necessary steps to comply with the provisions of corporate governance within the stipulated time. As on 31 March 2025, there are 10 directors, of which 3 directors are executive/ whole-time directors and 7 directors are non-executive directors. NABARD complies with regulation 62D (1) (a) of the SEBI (LODR) Regulations, 2015 which requires the Board of Directors to have an optimum combination of executive and non-executive directors with at least one woman director and not less than 50% of the Board of Directors shall comprise non-executive directors. Attendance, number of directorships, core skills and competencies of each director of the Board are detailed in Tables 2 and 2A.

TABLE 2: ATTENDANCE, NUMBER OF DIRECTORSHIPS, CORE SKILLS AND COMPETENCIES OF EACH DIRECTOR ON THE BOARD DURING FY2025

Sr. No.	*Name of Director*	*Category*	*Attendance*		*Number of other boards on which director is a member*	*Core skills/ Competencies*	*Remarks*
			*Board Meetings held**	*Meetings attended*			
1.	Shri Shaji K. V.	Chairman	5	5	12	Agriculture Finance	
2.	Dr Urvish Shah@	Experts/Non-officials	5	5	1	Audit and Consultancy	Tenure ended on 29 December 2024
3.	Dr M. D. Patra	Directors of RBI	3	1	1	Central Banking	Tenure ended on 14 January 2025
4.	Smt. Revathy Iyer	Directors of RBI	5	5	1	Audit and Accounting	
5.	Dr Ravindra H. Dholakia	Directors of RBI	5	5	7	Teaching, Research, Training and Consultancy	
6.	Shri Manoj Ahuja	Officials of the central government	1	0	Nil	Administrative Service (IAS)	Tenure ended on 29 June 2024
7.	Shri Devesh Chaturvedi	Officials of the central government	3	0	Nil	Administrative Service (IAS)	
8.	Shri Shailesh Kumar Singh	Officials of the central government	5	0	Nil	Administrative Service (IAS)	
9.	Dr M. P. Tangirala	Officials of the central government	4	3	2	Administrative Service (IP & TAFS)	Tenure ended on 19 March 2025
10.	Shri Ashok Barnwal	Officials of the state government	1	0	3	Administrative Service (IAS)	Tenure ended on 26 June 2024

Sr. No.	Name of Director	Category	Attendance		Number of other boards on which director is a member	Core skills/ Competencies	Remarks
			Board Meetings held*	Meetings attended			
11.	Shri M Selvendran	Officials of the state government	3	1	3	Administrative Service (IAS)	
12.	Shri Vinod Kumar Suman	Officials of the state government	1	1	Nil	Administrative Service (IAS)	Tenure ended on 01 July 2024
13.	Dr Surendra Narayan Pandey	Officials of the state government	4	4	Nil	Administrative Service (IAS)	
14.	Smt. Y. W. Ringu	Officials of the state government	3	3	Nil	Administrative Service (IAS)	
15.	Shri Gopal Krishna Dwivedi	Officials of the state government	1	0	Nil	Administrative Service (IAS)	Tenure ended on 18 June 2024
16.	Shri Budithi Rajsekhar	Officials of the state government	2	0	Nil	Administrative Service (IAS)	Tenure ended on 30 December 2024 upon superannuation
17.	Shri Goverdhan Singh Rawat	Deputy Managing Director	5	5	1	Agriculture Finance	
18.	Dr Ajay K. Sood	Deputy Managing Director	5	5	1	Agriculture Finance	
Special Invitee on the Board of NABARD							
19.	Shri Pankaj Kumar Bansal	Representing Ministry of Cooperation	5	4	Nil	Administrative Service (IAS)	

Notes:
1. IAS = Indian Administrative Service, IP&TAFS = Indian Post & Telecommunication Accounts and Financial Service
2. * = 'Meetings held' include the number of meetings of the Board of Directors held during their tenure
3. @ = The director has attended the last two board meetings as a Special Invitee, as his tenure ended on 29 December 2024

TABLE 2A: DIRECTORSHIPS OF EACH DIRECTOR OF THE BOARD AS ON 31 MARCH 2025

Sr. No.	Name of Director(s)	Other companies in which directorship held	Nature of interest in such other companies
1	Shri Shaji K. V.	<u>Directorship</u> 1. NABARD Consultancy Services Ltd 2. NABVENTURES Ltd 3. NABSANRAKSHAN 4. NABFOUNDATION 5. DICGC <u>Governing Board</u> 6. Bankers Institute of Rural Development 7. IBPS 8. Entrepreneurship Development Institute of India 9. Indian Institute of Bank Management, Guwahati 10. National Institute of Bank Management 11. National Cooperative Development Corporation 12. Indian Banks' Association (IBA)	 1. Director 2. Nominee Director 3. Nominee Director 4. Director 5. Director 6. Member of Governing Council 7. Member of the Governing Board 8. Member of the Governing Body 9. Member of the Governing Board 10. Member of the Governing Board 11. Member of the Board of Governors 12. Member of the Management Committee
2	Smt. Revathy Iyer	Reserve Bank of India	Director
3	Dr Ravindra H. Dholakia	1. Gujarat State Fertilizers & Chemicals 2. Gujarat Industries Power Company Ltd 3. Gujarat State Petroleum Corporation 4. RBI 5. CAFRAL 6. CareEdge Global IFSC Ltd 7. Adani Ports & Special Economic Zone Ltd	1. Independent part-time Director 2. Independent part-time Director 3. Independent part-time Director 4. Independent part-time Director 5. Independent part-time Director 6. Independent part-time Director 7. Independent part-time Director

Sr. No.	Name of Director(s)	Other companies in which directorship held	Nature of interest in such other companies
4	Shri Devesh Chaturvedi	NIL	NIL
5	Shri Shailesh Kumar Singh	NIL	NIL
6	Shri M Selvendran	1. MPSEDC 2. MPMKVVL 3. MPONLINE	1. Managing Director 2. Managing Director 3. Chairman
7	Dr Surendra Narayan Pandey	NIL	NIL
8	Smt. Y. W. Ringu	NIL	NIL
9	Shri Goverdhan Singh Rawat	NABVENTURES Ltd.	Nominee Director
10	Dr Ajay K. Sood	NABARD Consultancy Services Ltd.	Nominee Director

Changes in the Board of Directors in FY2025

The following changes took place in the composition of the Board of Directors during FY2025 (Tables 3 and 4)

TABLE 3: BOARD MEMBERS WHO JOINED IN FY 2025

Sr. No.	Name	Designation	Joined
1.	Shri Budithi Rajsekhar	Special Chief Secretary, Agriculture & Cooperation Department Government of Andhra Pradesh	19 June 2024
2.	Dr Surendra Narayan Pandey	Secretary, Agriculture & Farmers' Welfare, Government of Uttarakhand	02 July 2024
3.	Shri Devesh Chaturvedi	Secretary, Ministry of Agriculture & Farmers' Welfare, Government of India	06 August 2024
4.	Shri M Selvendran	Secretary, Farmers Welfare & Agriculture Development Department, Government of Madhya Pradesh	14 October 2024
5.	Smt. Y. W. Ringu	Commissioner (Finance), Government of Arunachal Pradesh	14 October 2024

TABLE 4: BOARD MEMBERS WHO CEASED TO BE DIRECTOR IN FY2025

Sr. No.	Name of Director	Designation	Tenure ended
1.	Shri Gopal Krishna Dwivedi	Special Chief Secretary, Agriculture & Cooperation Department, Government of Andhra Pradesh	18 June 2024
2.	Shri Ashok Barnwal	Additional Chief Secretary, Government of Madhya Pradesh	26 June 2024
3.	Shri Manoj Ahuja	Secretary, Ministry of Agriculture & Farmers Welfare, Government of India	29 June 2024
4.	Shri Vinod Kumar Suman	Secretary, Agriculture, Government & Farmers Welfare, Government of Uttarakhand	01 July 2024
5.	Dr Urvish Shah	Director	29 December 2024
6.	Shri Budithi Rajsekhar	Special Chief Secretary, Agriculture & Cooperation Department, Government of Andhra Pradesh	31 December 2024
7.	Dr M. D. Patra	Deputy Governor, Reserve Bank of India	14 January 2025
8.	Dr M. P. Tangirala	Additional Secretary, Department of Financial Services, Ministry of Finance, Government of India	19 March 2025

Meetings of the Board and its Committees in FY 2025

During FY2025, NABARD followed all the prescribed norms of good governance in letter and spirit, and the Board and its committees met regularly as mandated, to maintain transparency and accountability of the organisation (Tables 5 and 6).

TABLE 5: NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS HELD

Sr. No.	*Board Meeting No.*	*Date of the meeting*
1.	257	24 May 2024
2.	258	30 July 2024
3.	259	12 November 2024
4.	260	14 February 2025
5.	261	28 March 2025

Committees of the Board of Directors

TABLE 6: MEETINGS HELD BY THE COMMITTEES OF THE BOARD

Sr. No.	*Board and Its Committees*	*Meetings required*	*Meetings held*
1.	Board	04	05
2.	Executive Committee	04	04
3.	Audit Committee	06	06
4.	Risk Management Committee	04	04
5.	Premises Committee	02	02
6.	Human Resources Committee	02	03
7.	IT Strategy Committee	04	05
8.	Sanctioning Committee	Need-based	04
9.	Stakeholders Relationship Committee	01	01
10.	Special Committee of the Board for Monitoring and Follow-up of cases of Frauds	Need-based	01
11.	Review Committee on Wilful Defaulters	Need-based	—
12.	Internal Sanctioning Committee	Need-based	12

Audit Committee of the Board

The Audit Committee of the Board (ACB) was constituted by the Board under Section 13(3) of NABARD Act, 1981 (Table 7).

Brief description of terms of reference:

1. The ACB may provide direction as also oversee the operation of the total audit functions. The total audit function includes organising, operationalising, and ensuring quality control of internal audits and inspections within the institution, as well as following up on statutory and external audits and RBI inspections.
2. As regards internal audit, the ACB may review the internal inspection/audit function in the institution—the system, its quality, and effectiveness in terms of follow-up. It may also focus on the follow-up on frauds and major areas of housekeeping.
3. Regarding statutory audits, the ACB may follow-up on all the issues raised in the reports. It may interact with the external auditors before the finalisation of the annual financial accounts and reports.
4. Review and follow-up of all the issues/concerns raised in the RBI's inspection reports.
5. Review of implementation of Ind AS.
6. Review of implementation of Basel III norms.
7. Review of implementation of risk-based internal audit.
8. Review and follow-up of Information Security (IS) audit observations.
9. Interaction with Rating Agencies.
10. Any other matter that the Board may assign to it.
11. All items specified in Part C of Schedule II of SEBI LODR.

TABLE 7: COMPOSITION OF THE AUDIT COMMITTEE OF THE BOARD AND ATTENDANCE OF MEMBERS DURING FY2025

Sr. No.	*Name*	*Category*	*Meetings held**	*Meetings attended*
1.	Dr Urvish Shah@	Experts/Non-officials	6	6
2.	Smt. Revathy Iyer	Directors on RBI Board	6	6
3.	Dr Ravindra H. Dholakia	Directors on RBI Board	6	6
4.	Shri Manoj Ahuja	Central government officials	1	0
5.	Shri Devesh Chaturvedi	Central government officials	4	0
6.	Smt. Y. W. Ringu	State government officials	4	2
7.	Shri Gopal Krishna Dwivedi	State government officials	1	0
8.	Shri Budithi Rajsekhar	State government officials	3	1
9.	Shri Goverdhan Singh Rawat	Deputy Managing Director	6	6
10.	Dr Ajay K. Sood	Deputy Managing Director	6	6

Notes:
1. RBI = Reserve Bank of India
2. * 'Meetings held' include the number of ACB meetings held during their tenure
3. @ The director has attended the last two ACB meetings as a Special Invitee as his tenure ended on 29 December 2024.

Risk Management Committee of the Board

The Risk Management Committee of the Board (RMCB) was constituted by the Board under Section 13(3) of the NABARD Act, 1981 (Table 8).

Brief description of terms of reference:

1. Devise policy and strategy for integrated risk management containing various risk exposures of the bank including

the credit risk. For this purpose, the RMCB should effectively coordinate between the Enterprise Risk Management Committee (ERMC), the Asset Liability Management Committee and other risk committees of the bank, if any.

2. Decide the policy and strategy for integrated risk management containing various risk exposures of the bank including the market risk.
3. Set policies and guidelines for market risk measurement, management, and reporting.
4. Ensure that market risk management processes (including people, systems, operations, limits, and controls) satisfy the bank's policy.
5. Review and approve market risk limits, including triggers or stop-losses for traded and accrual portfolios.
6. Ensure robustness of financial models, and the effectiveness of all systems used to calculate market risk.
7. Decide the operational risk policies and issues delegated to it by the Board.
8. Review profiles of operational risk throughout the organisation.
9. Decide operational risk capital methodology and resulting attribution.
10. Decide and review rating norms of various clients.
11. Decide the exposure norms for clients and client groups.
12. Review the exposure to clients at quarterly rests.
13. Set and approve expressions of risk appetite, within overall parameters set by the Board.
14. Reinforce the culture and awareness of operational risk management throughout the organisation.
15. Any other matter that the Board may assign to it.
16. All items specified in Part D of Schedule II of SEBI LODR.

TABLE 8: COMPOSITION OF THE RISK MANAGEMENT COMMITTEE OF THE BOARD AND ATTENDANCE OF MEMBERS DURING FY2025

Sr. No.	*Name*	*Category*	*Meetings held**	*Meetings attended*
1.	Dr Ravindra H. Dholakia, Chairman, RMCB	Directors on RBI Board	4	4
2.	Shri Shaji K. V.	Chairman, NABARD	4	4
3.	Smt. Revathy Iyer	Directors on RBI Board	4	4
4.	Shri Manoj Ahuja	Central government officials	1	0
5.	Shri Devesh Chaturvedi	Central government officials	2	0
6.	Smt. Y. W. Ringu	State government officials	2	2
7.	Shri Gopal Krishna Dwivedi	State government officials	1	0
8.	Shri Budithi Rajsekhar	State government officials	2	0
9.	Shri Goverdhan Singh Rawat	Deputy Managing Director	4	4
10.	Dr Ajay K. Sood	Deputy Managing Director	4	4
11.	Shri Praveen Kumar Gupta	Special invitee	4	3

Notes:
1. RBI = Reserve Bank of India
2. * 'Meetings held' include the number of RMCB meetings held during their tenure.

Stakeholders Relationship Committee of the Board

The Stakeholders Relationship Committee of the Board (SRC) was constituted by the Board in its 250th meeting held on 28 March 2023 under Section 13(3) of the NABARD Act, 1981, as mandated by Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

a) Name of the non-executive director heading the committee: The second meeting of SRC held on 17 December 2024 was chaired by Dr Ravindra H Dholakia;
b) Name and designation of the compliance officer: Shri Vinod Chandrasekharan, CGM;
c) Number of shareholders' complaints received during the financial year: 01;
d) Number of complaints not resolved to the satisfaction of the shareholders: Nil;
e) Number of pending complaints: Nil.

In addition to the above, NABARD also has in place other board-level committees constituted under Section 13(3) of the NABARD Act, 1981 (Table 9).

TABLE 9: ALL BOARD-LEVEL COMMITTEES AS ON 31 MARCH 2025

Sr. No.	*Committee*	*Composition*
1.	Executive Committee	Shri Shaji K. V., Chairman Smt. Revathy Iyer Shri Shailesh Kumar Singh Shri G. S. Rawat Dr Ajay K. Sood

Sr. No.	Committee	Composition
2.	Premises Committee	Dr Ajay K. Sood
		Shri G. S. Rawat
		Smt. Revathy Iyer
		Dr Ravi Sinha (Expert)
		Shri B. G. Fernandes (Expert)
3.	Human Resources Committee	Shri Shaji K. V.
		Dr Ravindra H. Dholakia
		Shri Shailesh Kumar Singh
		Shri G. S. Rawat
		Dr Ajay K. Sood
4.	Information Technology Strategy Committee	Shri G. S. Rawat
		Dr Ajay K. Sood
		Smt. Revathy Iyer
		Shri M. Selvendran
		Shri M.G. Ajayan (IT expert)
		Shri Allada Durga Prasad (IT expert)
5.	Sanctioning Committee	Shri Shaji K. V.
		Smt. Revathy Iyer
		Dr Ravindra H. Dholakia
		Shri Devesh Chaturvedi
		Shri Shailesh Kumar Singh
		Shri M Selvendran
		Smt. Y. W. Ringu
		Shri G. S. Rawat
		Dr Ajay K. Sood
6	Stakeholders Relationship Committee	Dr Ravindra H. Dholakia
		Shri Shailesh Kumar Singh
		Smt. Y. W. Ringu
		Shri G. S. Rawat
		Dr Ajay K. Sood
7	Special Committee of the Board for Monitoring and Follow-up of cases of Frauds	Dr Ravindra H. Dholakia
		Shri G. S. Rawat
		Dr Ajay K. Sood
8	Review Committee on Wilful Defaulters	Shri Shaji K. V.
		Smt. Revathy Iyer

Familiarisation Programmes and Remuneration of Directors

The copy of the latest letter dated 3 April 2019 received from Department of Financial Services, Ministry of Finance, pertaining to the payment to non-executive directors are available on the NABARD website.[2] The sitting fee of ₹40,000 and ₹20,000 per meeting was paid for attending the Board and Committee meetings, respectively. Further, an additional sitting fee of ₹5,000 per meeting was payable for chairing the committee meetings.

2 https://www.nabard.org/investor-relations.aspx

General Shareholder Information

NABARD was set up with an initial capital of ₹100 crore and its paid-up capital stood at ₹17,080 crore as on 31 March 2025. Consequent to the revision in the composition of share capital between the Government of India and the RBI, NABARD today is wholly owned by the Government of India.

Means of Communication

1. NABARD declares its financial results from time to time in leading Hindi and English newspapers to maintain transparency. Quarterly financial results are published in newspapers as well as on the NABARD, Bombay Stock Exchange and National Stock Exchange websites.
2. Newspapers wherein the results are normally published include Jan Satta (Hindi), LokSatta (Marathi), Financial Express (English), and Indian Express (English).
3. NABARD also highlights all the required information on its website – www.nabard.org

Other Disclosures

1. Disclosures on materially significant related party transactions that may potentially conflict with the interests of listed entity at large: **Included under Accounting Standard 18 (AS 18) of audited balance sheet of NABARD.**
2. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years: A penalty of ₹5,900 each (including GST) was imposed by NSE and BSE for delay in intimation under regulation 50(1) of SEBI (LODR) Regulations. A representation to waive penalty of ₹5,900 as imposed by BSE is under its active consideration.
3. Details of establishment of Vigil Mechanism Whistle Blower policy, and affirmation that no personnel have been denied access to the audit committee: a **Vigil Mechanism has been put in place for the members of NABARD's Board of Directors.**
4. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: The Corporate Governance norms as per Regulations 15 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) were applicable to NABARD on a 'comply or explain' basis until 31 March 2025. NABARD has complied with all applicable provisions of these regulations, subject to the provisions of the NABARD Act, 1981.

5. Web link where policy for determining 'material' subsidiaries is disclosed: The policy for determining 'material' subsidiaries is available on NABARD website at https://www.nabard.org/hindi/auth/writereaddata/File/policy-on-material-subs.pdf.
6. Web link where policy on dealing with related party transactions: Related party transactions are included under AS 18 of audited balance sheet of NABARD. The policy for dealing with related party transactions as approved by the Board in its 250th meeting held on 28 March 2023 is available on NABARD website at https://www.nabard.org/pdf/nabard-policy-on-rpts-final-26-03-2023.pdf.
7. Disclosure of commodity price risks and commodity hedging activities: **Not applicable to NABARD. Subsidiaries of NABARD are not permitted to deal with commodity/derivatives of commodities**.
8. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): **Not applicable to NABARD**.
9. A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority: **Not Applicable**.
10. Where the board had not accepted any recommendation of any committee of the board, which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof: **Nil**.
11. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
    a. number of complaints filed during the financial year-01
    b. number of complaints disposed of during the financial year-01
    c. number of complaints pending as on end of the financial year-00
12. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part (Tables 10 and 11).

TABLE 10: FEES FOR STATUTORY AUDITORS OF NABARD

(amount in ₹)

Annual audit fees	13,88,000
Fees for certification	6,30,000
Tax audit fees	4,16,400
Fees for quarterly limited review	9,01,000
Total fees	33,35,400

TABLE 11: FEES PAID BY SUBSIDIARIES TO THE STATUTORY AUDITORS

(amount in ₹)

Subsidiary	*Audit fee category*	*Fee*
NABKISAN	Statutory audit fees	2,25,000
NABSanrakshan	Statutory audit fees	60,000
NABVENTURE	Statutory audit fees	60,000
	Tax audit fees	36,000
	Secretarial audit fees	25,000
NABFOUNDATION	Statutory audit fees	53,100
NABFINS	Statutory audit fees	7,59,000
	Tax audit fees	50,000
NABSMRUDDHI	Statutory audit fees	2,60,000
NABCONS	Statutory audit fees	3,00,000
	Tax audit fees	65,000
	Lower TDS Deduction Certificate Assignment	1,00,000
	Handling faceless scrutiny assessment for AY 24-25	50,000
Total fees paid by subsidiaries		20,43,100

Disclosure by the listed entity and its subsidiaries of loans and advances made to firms/companies in which directors are interested—provided that this requirement is applicable to all listed entities except for listed banks. **NIL**

TABLE 12: SALARY AND ALLOWANCES PAID TO CHAIRMAN AND MANAGING DIRECTORS IN FY2025 (₹)

Name	*Basic*	*Dearness Allowance*	*Other (Arrears)*	*Total*	*Period*
Shri Shaji K.V.	27,00,000	14,37,750	-	41,37,750	1 April 2024 to 31 March 2025
Shri G. S. Rawat	21,95,000	11,27,530	17,87,257	51,09,787	1 April 2024 to 31 March 2025
Dr Ajay K. Sood	21,95,000	11,27,530	17,87,257	51,09,787	1 April 2024 to 31 March 2025

Declaration of Compliance with the Code of Conduct of Board of Directors and Senior Management

NABARD is established and governed by the NABARD Act, 1981 and the NABARD General Regulations, 1982, read with Additional General Regulations, 1984. Chapter V-A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (added vide SEBI's Notification dated 27 March 2025) with corporate governance norms is applicable to NABARD for it being a high-value debt listed entity. This chapter contains two sub-regulations pertaining to the Code of Conduct for the Board of Directors, namely:

i. Regulation 62D (10) (previously Regulation 17(5) before the amendment) of the SEBI (LODR) Regulations, 2015 provides that *"The board of directors shall lay down a code of conduct suitably incorporating the duties of independent directors as laid down in the Companies Act, 2013 for all members of the board of directors and senior management of the HVDLE."*

ii. Regulation 62O (3) (previously Regulation 26(3)) of the SEBI (LODR) Regulations, 2015 provides that *"All members of the Board of Directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis."*

The Code of Conduct for the Directors and Senior Management, drafted as per the Regulation 17(5) was approved by the Board of Directors in its 250th meeting held on 28 March 2023.

We hereby confirm that all members of the Board of Directors and senior management personnel have complied with the Code of Conduct of Board of Directors and Senior Management, which was obtained through an annual declaration as per Regulation 62O (3) for the year 2024–25, signed by them giving confirmation to that effect.

Shaji K.V.
Chairman

ANNEXES

Annexure I

CERTIFICATE ON CORPORATE GOVERNANCE

[As per Part E of schedule V of SEBI (LODR)]

To,
The Members,
The National Bank for Agriculture and Rural Development (NABARD)
Plot no. C-24, G-Block, Bandra-Kurla Complex, Bandra East,
Mumbai - 400051, Maharashtra, India.

I have examined the compliance with the conditions of Corporate Governance by **NABARD** for the year ended March 31, 2025, as stipulated in the specific Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), to the extent as applicable.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of procedures and implementation thereof, adopted by the NABARD for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the NABARD.

NABARD is established and governed by NABARD Act, 1981 and NABARD General Regulations, 1982 read with Additional General Regulations, 1984. Thus, Corporate Governance Structure and compliances are in accordance with applicability of the specific regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with NABARD Act, 1981 and NABARD General Regulations, 1982 read with Additional General Regulations, 1984.

Yours faithfully,
For: **M/s. Deep Shukla & Associates**
Company Secretaries
(Peer Review Certificate No.: 2093/2022)

Deep Shukla
Practicing Company Secretaries
FCS : 5652; CP : 5364
UDIN: F005652G000363625

Date: 16/05/2025
Place: Mumbai

Annexure II

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2025

[Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members,

The National Bank for Agriculture and Rural Development (NABARD)

Plot no. C-24, G-Block, Bandra-Kurla Complex, Bandra East,

Mumbai - 400051, Maharashtra, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NABARD**.

Based on my said verification of the NABARD's books, papers, minutes book, forms and returns filed and other records maintained by the NABARD and also based on the information provided by the NABARD during the conduct of secretarial audit, I hereby report that in my opinion, the NABARD has complied with the statutory provisions listed hereunder for the financial year ended on 31st March, 2025 and also that the NABARD has proper Board-processes and compliance-mechanism in place to the extent, in the manner:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the NABARD for the financial year ended on 31st March 2024 according to the provisions of:

(i) The National Bank for Agriculture and Rural Development, 1981 (NABARD Act, 1981)

(ii) The National Bank for Agriculture and Rural Development General Regulations, 1982 read with Additional General Regulations, 1984;

(iii) The Companies Act, 2013 (the Act) and the rules made thereunder as amended; *(Not Applicable to NABARD during the Audit Period)*

(iv) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as amended; *(Not Applicable to NABARD during the Audit Period)*

(v) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as amended; *(Not Applicable to NABARD during the Audit Period)*

(vi) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings*; (to the extent Applicable to NABARD during the Audit Period)*

(vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; *(Not Applicable to NABARD during the Audit Period)*
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015; *(to the extent Applicable to NABARD during the Audit Period)*
- (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; *(Not Applicable to NABARD during the Audit Period)*
- (e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; *(to the extent Applicable to NABARD during the Audit Period)*
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *(Not Applicable to NABARD during the Audit Period)*; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; *(Not Applicable to NABARD during the Audit Period)*

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India; *(Not Applicable to NABARD during the Audit Period)*
- (b) The Listing Agreements entered into by the NABARD with the Stock Exchange *viz* NSE Ltd and BSE Limited along

with Specific applicable Regulations under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as applicable for respective periods.

During the period under review, NABARD has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, *subject to following observations*:

- During the year three Directors were appointed, h*owever, as per the available record, NABARD has not obtained any such approval of shareholders within stipulated time as stipulated under Reg. 17(1C) (a) of SEBI (LODR). As explained by the management, NABARD is a wholly owned by Government of India and the Directors on its Board are also appointed by the Government. There is no requirement to obtain shareholder approval for the appointment/ re-appointment of new Directors as the appointment process itself takes care of the compliance of 17(1C)(a). In our view, reply which was given by the management is satisfactory to us.*
- *As per Regulation 20(3) of SEBI LODR, the Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders. As per available record we have not found any details of annual general meeting. As explained by the management, NABARD is fully owned by the Government of India and hence the Annual General Body meeting is not conducted. In our view, reply which was given by the management is satisfactory to us.*
- *As per available information, we have not found details of separate meetings of Independent Directors, as stipulated in Reg. 25(3) of SEBI (LODR). As explained by the management, Regulation 25(3) is mandatorily applicable with effect from 01 April 2025. Formal meeting of Independent Directors, as per regulations, will be held from FY 2025-26. In our view, reply which was given by the management is satisfactory to us.*
- *We have not found any record for constitution of Nomination and remuneration committee as stipulated in Regulation 19 of SEBI (LODR). As explained by the management, Regulation 19 requires the formation of NRC which was applicable on comply or explain basis till 31.03.2025 and SEBI vide amendment dated 27.03.2025 has inserted new Chapter to be followed by HVDLEs, under which 62G provides that "The board of directors shall ensure that the functions of the nomination and remuneration committee as specified in Part D of the Schedule II are either discharged by the board of directors or, a nomination and remuneration committee is constituted…". Presently, the nomination of Directors is being done and their remuneration are being fixed by Govt of India. In our view, reply which was given by the management is satisfactory to us.*

During the period referred above and based on our discussion we had with concerned authorities at NABARD, we put forth our following findings and statements:

NABARD is established and is governed by NABARD Act, 1981 and NABARD General Regulations, 1982 read with Additional General Regulations, 1984. NABARD is classified as 'High Value Debt Listed Entity' as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore provisions of Chapter IV are applicable on 'comply or explain' basis till March 31, 2025. Accordingly, NABARD applied for the exemption from the certain provisions under SEBI LODR including Regulation 18 and Regulation 19, by way of an application to SEBI for which response is awaited from them.

Further, NABARD is in compliance with the corporate governance structure and compliance requirements to the extent it is not inconsistent with NABARD Act and NABARD General Regulations.

I further report that:

- The Board of Directors of the NABARD is duly constituted with proper balance of Executive Directors, Non-Executive & Independent Directors.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the resolutions were passed with consent of majority of Directors.

I further report that:

- There is adequate system and process in place, in NABARD to commensurate with the size and operations of NABARD in order to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions, having a major bearing on the NABARD's affairs, in pursuance of the above referred laws, rules, guidelines and standards.

Disclaimer: *The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Further, based on clarification received from concerned officials, NABARD is established and governed by NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984. NABARD is in compliance with the specific regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984.*

For: **M/s. Deep Shukla & Associates**
Company Secretaries
(Peer Review Certificate No.: 2093/2022)

Deep Shukla
Practicing Company Secretaries
FCS : 5652; CP : 5364
UDIN: F005652G000363669

Date: 16/05/2025
Place: Mumbai

Annexure to Secretarial Report and forming part of the report

To,
The Members,
The National Bank for Agriculture and Rural Development (NABARD)
Plot no. C-24, G-Block, Bandra-Kurla Complex, Bandra East,
Mumbai - 400051, Maharashtra, India.

I further state that my said report of the even date has to be read along with this letter.

1. Maintenance of Secretarial/ Statutory Records is the responsibility of the Management of the NABARD. My responsibility is to express an opinion on these records based on the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the NABARD.
4. Wherever required I have obtained *orally,* the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis and shall not stand responsible for any non-compliance.
6. The Secretarial Audit report is neither an assurance as to the future viability of the NABARD nor of the efficacy or effectiveness with which the management has conducted the affairs of the NABARD.

Disclaimer: *The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Further, based on clarification received from concerned officials, NABARD is established and governed by NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984. NABARD is in compliance with the specific regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984.*

For: **M/s. Deep Shukla & Associates**
Company Secretaries
(Peer Review Certificate No.: 2093/2022)

Deep Shukla
Practicing Company Secretaries
FCS : 5652; CP : 5364
UDIN: F005652G000363669

Date: 16/05/2025

Annexure III

ANNUAL SECRETARIAL COMPLIANCE REPORT

[Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with amended provisions under Regulation 62M(2) of SEBI LODR dated March 27, 2025]

Annual Secretarial Compliance Report of "The National Bank for Agriculture and Rural Development (NABARD)" for the year ended March 31, 2025

We, Deep Shukla & Associates have examined:

(a) all the documents and records made available to us and explanation provided by **NABARD** ("the high value Debt Listed Entity"),
(b) the filings/ submissions made by the listed entity to the stock exchange(s),
(c) website of the listed entity
(d) other relevant document(s)/ filing, which has been relied upon to make this certification,

for the year ended March 31, 2025 ("Review Period") in respect of compliance with the provisions of :

(a) The National Bank for Agriculture and Rural Development Act, 1981 (NABARD Act, 1981);
(b) The National Bank for Agriculture and Rural Development General Regulations, 1982 read with Additional General Regulations, 1984;
(c) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder;
(d) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI"); ***[Not applicable during the review period]***;

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, are:-

(e) Regulations to the extent as applicable as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; *duly updated;*
(f) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (*to the extent as applicable)*
(g) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(h) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; ***[Not applicable during the review period]***
(i) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; ***[Not applicable during the review period]***
(j) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
(k) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (*to the extent as applicable)*
(l) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, as amended;
(m) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 2022;
(n) Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018; and circulars/guidelines issued thereunder;

And based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, *except* in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.	As per Reg. 17(1C) (a) of SEBI (LODR), a given listed entity shall ensure that approval of shareholders for appointment or reappointment of a person on the Board of Directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier	During the year the three Directors were appointed, however, as per the available record, NABARD has not obtained any such approval of shareholders within stipulated time	As explained by the management, NABARD is wholly owned by Government of India and the Directors on its Board are also appointed by the Government. There is no requirement to obtain shareholder approval for the appointment/ re-appointment of new Directors as the appointment process itself takes care of the compliance of 17(1C)(a). In our view, reply which was given by the management is satisfactory to us.
2.	As per Reg. 19 of SEBI (LODR), a listed entity must constitute the Nomination and remuneration committee	As per available record we have not found any such constitution	As explained by the management, Regulation 19 requires the formation of NRC which was applicable on comply or explain basis till 31.03.2025 and SEBI vide amendment dated 27.03.2025 has inserted new Chapter to be followed by HVDLEs, under which 62G provides that "The board of directors shall ensure that the functions of the nomination and remuneration committee as specified in Part D of the Schedule II are either discharged by the board of directors or, a nomination and remuneration committee is constituted...". Presently, the nomination of Directors is being done and their remuneration are being fixed by Govt of India. In our view, reply which was given by the management is satisfactory to us.
3.	As per Regulation 20(3) of SEBI LODR, the Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders	As per available record we have not found any details of annual general meeting	As explained by the management, NABARD is fully owned by the Government of India and hence the Annual General Body meeting is not conducted. In our view, reply which was given by the management is satisfactory to us.
4.	As per Regulation 25(3) of SEBI LODR, the independent directors of the listed entity shall hold at least one meeting in a [financial] year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.	As per available information, we have not found details of separate meetings of Independent Directors, as stipulated in Reg. 25(3) of SEBI (LODR)	As explained by the management, Regulation 25(3) is mandatorily applicable with effect from 01 April 2025. Formal meeting of Independent Directors, as per regulations, will be held from FY 2025-26. In our view, reply which was given by the management is satisfactory to us.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No	Action Taken by	Details of Violation	Details of action taken e.g. fines, warning letter, debarment, etc.	Observations/ Remarks of the Practicing Company Secretary
1.	NSE	As per Regulation 50(1) of SEBI LODR, listed entity is required to give prior intimation of board meeting to the stock exchange at least two working days in advance, excluding the date of intimation and date of meeting of Board of Directors. But the NABARD has kept only one working day.	NSE has imposed a fine of ₹5,000 plus GST on vide their email dated 5th Dec. 2024, 9th Dec. 2024 and 16th Dec. 2024	NABARD has submitted the clarification letter as well as waiver letter but the said request was rejected by NSE vide their letter dated 21st February, 2025.

Sr. No	Action Taken by	Details of Violation	Details of action taken e.g. fines, warning letter, debarment, etc.	Observations/ Remarks of the Practicing Company Secretary
2.	BSE Limited	As per Regulation 50(1) of SEBI LODR, listed entity is required to give prior intimation board meeting to the stock exchange at least two working days in advance, excluding the date of intimation and date of meeting of Board of Directors. But the NABARD has kept only one working day.	BSE has imposed a fine of ₹5,000 plus GST on vide their email dated 9th Dec. 2024 and 16th Dec. 2024	NABARD has submitted the clarification letter as well as waiver letter.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended… (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable				

(e) The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015

- During the period referred above and based on our discussion we had with concerned authorities at NABARD, we put forth our following findings and statements:
  NABARD is established and is governed by NABARD Act, 1981 and NABARD General Regulations, 1982 read with Additional General Regulations, 1984. NABARD is classified as 'High Value Debt Listed Entity' as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore provisions of Chapter IV are applicable on 'comply or explain' basis till March 31, 2025. Accordingly, NABARD applied for the exemption from the certain provisions under SEBI LODR including Regulation 18 and Regulation 19, by way of an application to SEBI for which response is awaited from them.
  Further, NABARD is in compliance with the corporate governance structure and compliance requirements to the extent it is not inconsistent with NABARD Act and NABARD General Regulations

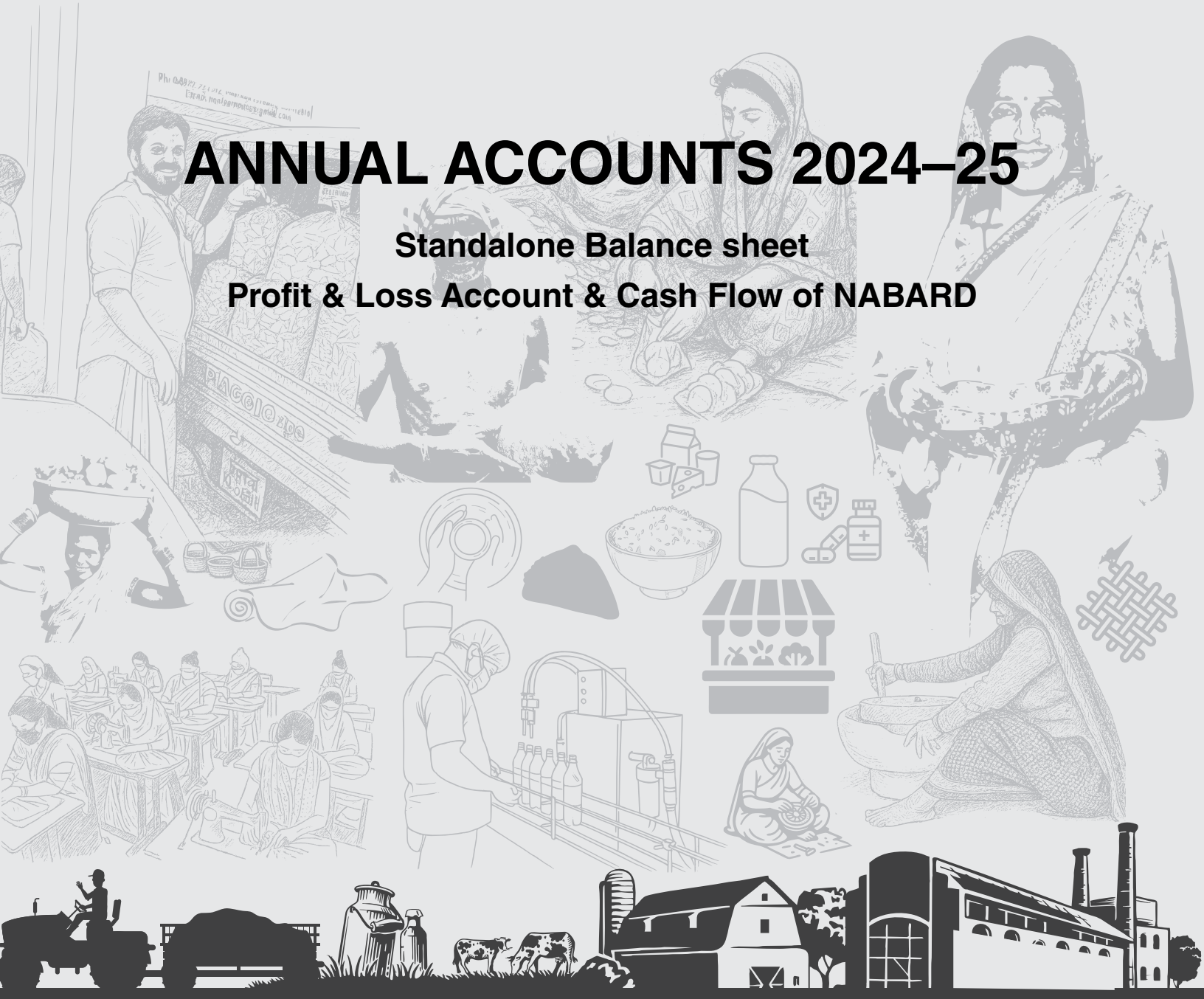
For: **M/s. Deep Shukla & Associates**
Company Secretaries
(Peer Review Certificate No.: 2093/2022)

Deep Shukla
Practicing Company Secretaries
FCS : 5652; CP : 5364
UDIN: F005652G000363581

Date: 16/05/2025
Place: Mumbai

NABARD

ANNUAL REPORT 2024–25



ANNUAL ACCOUNTS 2024–25

Standalone Balance sheet

Profit & Loss Account & Cash Flow of NABARD

National Bank for Agriculture and Rural Development

INDEPENDENT AUDITORS' REPORT

To
The President of India

Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the accompanying Standalone Financial Statements of National Bank for Agriculture and Rural Development ('the Bank' or 'NABARD'), which comprise the Balance Sheet as at March 31, 2025, Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information ('Standalone Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements are full and fair financial statements containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at March 31, 2025, its profits and cash flows for the year ended on that date and give the information in conformity with National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984 and the Accounting Standards notified by the Institute of Chartered Accountants of India ('ICAI') and accounting principles generally accepted in India.

2. Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') issued by the ICAI. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. Those Standards require that we comply with ethical requirements. We are independent of the Bank in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the year. These matters were addressed in the context of our audit of the Standalone Financial Statements, as a whole, and in forming our opinion thereon, we do not provide a separate opinion on the key audit matters. In our professional judgement, we have decided the following to be the key audit matter to be communicated in our report:

Key Audit Matter	*How our audit addressed the key audit matter*
1. Identification of Non-performing Advances, Income Recognition and Provision of Advances Advances include Refinance loans to banks, Financial Institutions, Micro Finance Institutions and NBFCs; and Direct loans to State Governments and Central Government. The Reserve Bank of India ('RBI') has prescribed the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' in respect of advances for banks ('IRACP Norms'). The identification of performing and non-performing advances involves establishment of proper mechanism and the Bank is required to apply significant degree of judgement to identify and determine the amount of provision required against each advance applying both quantitative as well as qualitative factors prescribed by the regulations. Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on: • Completeness and timing of recognition of nonperforming assets in accordance with criteria as per IRACP norms; • Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security; • Appropriate reversal of unrealized income on the NPAs. Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions under applicable IRACP Norms) and income recognition on advances: • Requires proper control mechanism and significant level of estimation by the Bank; • Has significant impact on the overall financial statements of the Bank; we have ascertained this area as a Key Audit Matter. (Refer Schedule 11 read with Note 6 of Schedule 18 to the standalone financial statements)	*Principal audit procedures performed* Identification of Non-performing Advances, Income Recognition and Provision on Advances included the following: • Understanding and considering the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI (IRACP Norms), including the additional provisions and asset classification benefit extended on restructured advances. • Understanding the key controls (including system based automated controls) for identification and provisioning of impaired accounts based on the extant guidelines on IRACP laid down by the RBI. • Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included: ◦ Considering testing of the exception reports generated from the application systems where the advances have been recorded. ◦ Considering the accounts reported by the Bank and other banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress. ◦ Reviewing account statements, drawing power calculation, security and other related information of the borrowers selected based on quantitative and qualitative risk factors. ◦ Reading of minutes of Credit Risk Monitoring committee meetings and performing inquiries with the Bank to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product. ◦ Considering key observations arising out of Internal Audits and Concurrent Audits conducted as per the policies and procedures of the Bank. ◦ Considering the RBI Financial Inspection report on the Bank, the Bank's response to the observations and other communication with RBI during the year. ◦ Examination of advances on a sample basis with respect to compliance with the RBI Master Circulars/Guidelines. ◦ Seeking independent confirmation of account balances from borrowers. ◦ Visits to regional offices and examination of documentation and other records relating to advances. • For non-performing advances identified, we, based on factors including stressed sectors and account materiality, tested on a sample basis the asset classification dates, reversal of unrealized interest, value of available security and provisioning as per IRACP norms. We recomputed the provision for NPA on such samples after considering the key input factors and compared our measurement outcome to that prepared by management.
2. Valuation of Investments, Identification of and provisioning for Non-Performing Investments Investments include investments made by the Bank in Central and State Governments Securities, Bonds, Debentures, Shares, Mutual Funds, VCFs and other approved securities. RBI Circulars and directives, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, non-recognition of income and provisioning against non-performing investments. The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FBIL/FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc.	*Principal audit procedures performed* Our audit approach/procedures towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs) and provisioning/depreciation related to Investments. In particular:

We identified valuation of investments and identification of NPI as a Key Audit Matter because of the management judgement involved in determining the value of certain investments (Bonds and Debentures, VCFs) based on applicable Regulatory guidelines and the Bank's policies, impairment assessment for HTM book based on management judgement, the degree of regulatory focus and the overall significance to the financial results of the Bank.

(Schedule 10 read with Note 5 of Schedule 18 to the standalone financial statements)

3. Multiple IT Systems and controls:

The Bank is dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The audit approach relies extensively on several reports generated by interface of these IT systems and inbuilt automated controls therein.

The major IT systems concerning the financial reporting process include:

- CLMAS – transactions processing, workflows and financial reporting system
- TALMS – Treasury Operations
- Empower HRMS – HR and payroll
- FAMS – Property, Plant and Equipment and processing of expenses
- Interface/interplay of one or more of above systems in building up or generating reports.

IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data.

Management of the Bank continuously endeavours several remediation activities and is in the process of bettering the implementation thereof aiming at minimization of the risks over IT applications in the financial reporting process.

These includes implementation of preventive and detective controls across critical applications and infrastructure.

Due to the pervasive nature, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.

- Evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, reversal of income on NPIs and provisioning/depreciation related to investments;
- Assessed and evaluated the process adopted for collection of information from various sources for determining market value of these investments;
- Tested on sample basis, the accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security;
- Carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained and if accrual of income is in accordance with the RBI Circular for those selected sample of NPIs.

Principal audit procedures performed

Reviewed the report of IS Audit carried out for half year ending September 30, 2024 by an independent firm of Chartered Accountants pertaining to IT systems, general controls including access rights over applications, operating systems and databases relied upon for financial reporting.

- Understanding the Bank's IT control environment and key changes in the course of our audit that were considered relevant to the audit;
- Selectively recomputing interest calculations and maturity dates;
- Selectively re-evaluating masters updation, interface with resultant reports;
- Selective testing of the interface of CLMAS with other IT systems like TALMS, Empower and several workflows;
- Having regard to the incidences of incorrect system entries getting posted in the accounting system, detailed inquiries were made into 'root cause analysis' and about lack of adequate checks and balances around such entries, to obtain suitable explanations and representations.
- Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system), so as to rectify the incorrect entries noticed during the audit.
- To avoid the scope of incorrect system entries, to have more useful system generated reports and to include more features/ fields into the system, management is under process of developing new modules that can be integrated into CLMAS CBS.

4. Information Other Than the Financial Statements and Auditor's Report Thereon

The Bank's Management and Board of Directors are responsible for the preparation of the other information, comprising of the information such as Report of Board of Directors and such other disclosures included in the Bank's annual report, excluding the Financial Statements and auditors' report thereon ('Other Information').

The Other Information is expected to be made available to us after the date of this auditors' report. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'.

5. Management's Responsibilities and Those Charged with Governance for the Standalone Financial Statements

The Bank's Management and the Board of Directors are responsible for the preparation of the Standalone Financial Statements in accordance with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984, that give a true and fair view of the financial position, financial performance, and cash flows of the Bank. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors are also responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

6. Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements. Our audit processes in accordance with the SAs issued by the ICAI are narrated in Annexure 1 to this report.

7. Other Matters

- The Bank has 32 (Thirty-two) Regional Offices (ROs) including Head Office (HO), 3 (Three) Training Establishments (TEs). The financial accounting systems of the Bank are centralized for the ROs and TEs. Out of the total ROs, we have visited 4 (four) ROs including Head Office which covers 35% of Advances, 100% of PSL Deposits, 100% of Borrowings as on 31 March 2025 and 20% of interest income on advances, 100% of interest expenses PSL Deposits and 100% of interest expenses on Borrowings for the year ended 31 March 2025. These ROs have been selected in consultation with the management of the Bank. In conduct of the audit we have relied on the various information and returns received from remaining ROs of the Bank not visited by us, generated through centralized database at HO.
- The financial statements of the Company for the year ended 31 March 2024 have been audited by the predecessor auditors. The report of the predecessor auditors dated 24 May 2024 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

8. Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account of the Bank including the heads and sub-heads have been drawn up as per Schedule 'A' and Schedule 'B' of Chapter IV of National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984.

We further report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) The transactions of the Bank, which have come to our notice in course of our audit, have been within the powers of the Bank.

c) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts and with the returns received from the regional offices and Staff Colleges not visited by us.

d) In our opinion, the Standalone Financial Statements comply with the applicable accounting standards, in all material aspects.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Registration No.: 121750W/W100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 25102306BMHKOC3892

Place: Mumbai
Date: 27 May 2025

ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT

(referred to in para 6 titled "Auditor's Responsibility for the Audit of the Standalone Financial Statements")

As part of an audit in accordance with SAs, we exercise professional judgement and maintain Professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period as per our professional judgement and are therefore Key Audit Matters. We describe such matters in our Auditor's Report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
STANDALONE BALANCE SHEET AS ON 31 MARCH 2025

(Amount in ₹ crore)

Sr. No.	*Funds and Liabilities*	*Schedule*	*As on 31.03.2025*	*As on 31.03.2024*
1	Capital		17,080.00	17,080.00
	(Under Section 4 of the NABARD Act, 1981)			
2	Reserve Fund and other Reserves	1	63,413.71	55,787.40
3	National Rural Credit Funds	2	16,110.00	16,106.00
4	Gifts, Grants, Donations and Benefactions	3	6,615.72	6,691.17
5	Government Schemes	4	723.61	1,506.36
6	Deposits	5	2,75,991.45	3,01,958.07
7	Bonds and Debentures	6	3,27,366.25	2,86,150.10
8	Borrowings	7	2,51,220.50	2,01,082.58
9	Current Liabilities and Provisions	8	26,109.70	24,500.88
	Total		**9,84,630.94**	**9,10,862.56**
	Foreign Currency Exposure Hedged with Cross Currency Swaps		529.50	579.49

Schedules referred to above form an integral part of financial statements

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
STANDALONE BALANCE SHEET AS ON 31 MARCH 2025

(Amount in ₹ crore)

Sr. No	*Property and Assets*	*Schedule*	*As on 31.03.2025*	*As on 31.03.2024*
1	Cash and Bank Balances	9	45,358.92	37,354.14
2	Investments	10	91,817.30	69,827.79
3	Advances	11	8,39,055.03	7,95,104.30
4	Property, Plant and Equipment (Fixed Assets)	12	559.91	548.84
5	Other Assets	13	7,839.78	8,027.49
	Total		**9,84,630.94**	**9,10,862.56**
	Foreign Currency Exposure Hedged with Cross Currency Swaps		529.50	579.49
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes to Accounts	18		

Schedules referred to above form an integral part of financial statements

As per our attached report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No: 121750W/W100010

For and on behalf of the Board

Ramesh Gupta
Partner
Membership No.: 102306
Mumbai
Date : 27 May 2025

Vinod Chandrasekharan
Chief General Manager
Accounts Department

Dr Ajay Kumar Sood
Deputy Managing Director

Goverdhan Singh Rawat
Deputy Managing Director

Shaji K. V.
Chairman

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

(Amount in ₹ crore)

Sr. No.	*Income*	*Schedule*	*2024-25*	*2023-24*
1	Interest on Loans and Advances		50,675.74	43,432.35
2	Income from Investment Operations/Deposits			
(a)	Interest on Investments		4,791.10	3,682.74
(b)	Dividend on Investments		43.72	45.22
(c)	Discount on Investments		1,332.67	749.17
(d)	Gain/Loss on sale and revaluation of Investments		1,482.03	867.33
3	Other Receipts		99.15	69.79
	Total "A"		**58,424.41**	**48,846.60**

	Expenditure	Schedule	2024-25	2023-24
1	Interest and Financial Charges (Refer Note B-28 of Schedule-18)	14	44,861.17	36,912.84
2	Establishment and Other Expenses	15 A	2,952.78	3,365.24
3	Expenditure on Promotional Activities	15 B	152.61	136.02
4	Provisions	16	246.45	316.81
5	Depreciation and Amortisation		56.79	47.78
	Total "B"		**48,269.80**	**40,778.69**
6	**Profit before Tax (A - B)**		**10,154.61**	**8,067.91**
7	**Provision for**			
	a) Income Tax		2,450.00	1,990.00
	b) Income Tax Adjustment for earlier years		-	-
	c) Deferred Tax (Refer Note B-21.5 of Schedule 18)		76.28	(25.21)
8	**Profit after Tax**		**7,628.33**	**6,103.12**
	Significant Accounting Policies and Notes to Accounts	18		

Note: Other Receipts include interest received on staff loans, rental income and other miscellaneous income.

Schedules referred to above form an integral part of financial statements

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
PROFIT AND LOSS APPROPRIATION ACCOUNT

(Amount in ₹ crore)

Sr. No.	*Appropriations/Withdrawals*	*2024-25*	*2023-24*
1	Profit for the year brought down	7,628.33	6,103.12
2	Add:		
	Withdrawals from funds against expenditure debited to Profit & Loss A/c[Refer Schedule 1]		
a)	Co-operative Development Fund	54.55	33.29
b)	Research and Development Fund	48.00	42.30
c)	Producers Organisation Development Fund - NABARD	0.29	3.95
d)	Rural Infrastructure Promotion Fund	3.18	3.09
e)	Farm Sector Promotion Fund	34.28	28.27
f)	Climate Change Fund	-	0.39
g)	Gramya Vikas Nidhi	57.69	63.50
h)	Catalytic Capital Fund	2.52	2.94
i)	Technology Facilitation Fund	3.94	0.59
3	Profit available for Appropriation	7,832.78	6,281.44
	Less: Transferred to: [Refer Schedule 1&2]		
a)	Special Reserves u/s 36(1) (viii) of IT Act, 1961	850.00	700.00
b)	National Rural Credit (Long Term Operations) Fund	1.00	1.00
c)	National Rural Credit (Stabilisation) Fund	1.00	1.00
d)	Research and Development Fund	98.00	42.30
e)	Co-operative Development Fund	154.55	33.29
f)	Producers Organisation Development Fund - NABARD	0.29	3.95
g)	Rural Infrastructure Promotion Fund	3.18	3.09
h)	Farm Sector Promotion Fund	34.29	28.27
i)	Gramya Vikas Nidhi	57.69	63.50
j)	Climate Change Fund	-	0.39
k)	Catalytic Capital Fund	2.52	2.94
l)	Technology Facilitation Fund	3.94	0.59
m)	NABARD Green Impact Fund	1,000.00	-
n)	NABARD Carbon Fund	300.00	-
o)	RRB Development Fund	100.00	-
p)	Reserve Fund	5,226.32	5,401.12
	Total	7,832.78	6,281.44

Schedules referred to above form an integral part of financial statements

As per our attached report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No: 121750W/W100010

For and on behalf of the Board

Ramesh Gupta
Partner
Membership No.: 102306

Vinod Chandrasekharan
Chief General Manager
Accounts Department

Mumbai
Date : 27 May 2025

Dr Ajay Kumar Sood
Deputy Managing Director

Goverdhan Singh Rawat
Deputy Managing Director

Shaji K. V.
Chairman

SCHEDULES TO BALANCE SHEET

Schedule 1 - Reserve Fund and Other Reserves

(Amount in ₹ crore)

Sr. No.	*Particulars*	*Opening Balance as on 01.04.2024*	*Additions/ Transferred from P&L Appropriation*	*Withdrawals/ Transferred to P&L Appropriation*	*Balance as on 31.03.2025*
1	Reserve Fund*	39,799.13	5226.32	-	45,025.45
2	Research and Development Fund	50.00	98.00	48.00	100.00
3	Capital Reserve	74.81	-	-	74.81
4	Investment Fluctuation Reserve	1,885.70	-	-	1,885.70
5	Co-operative Development Fund	200.00	154.55	54.55	300.00
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	13,150.00	850.00	-	14,000.00
7	Producers Organisation Development Fund - NABARD	300.00	0.29	0.29	300.00
8	Rural Infrastructure Promotion Fund	50.00	3.18	3.18	50.00
9	Farm Sector Promotion Fund	60.00	34.28	34.28	60.00
10	Gramya Vikas Nidhi	110.00	57.69	57.69	110.00
11	Climate Change Fund	20.00	-	-	20.00
12	Catalytic Capital Fund	20.00	2.52	2.52	20.00
13	Forex Fluctuation Reserve Fund	17.75	-	-	17.75
14	Technology Facilitation Fund	50.00	3.94	3.94	50.00
15	NABARD Green Impact Fund	-	1000.00	-	1,000.00
16	NABARD Carbon Fund	-	300.00	-	300.00
17	RRB Development Fund	-	100.00	-	100.00
	Total	**55,787.39**	**7,830.77**	**204.45**	**63,413.71**
	Previous year	**49,686.27**	**6,279.44**	**178.32**	**55,787.39**

* *Note:* The format prescribed in NABARD (Additional) General Regulations, 1984 for 'Reserve Fund and Other Reserves' has Profit and Loss Account as one of the sub-item. Since the Bank has the practice of transferring the balance in profit and loss account after all the appropriations to Reserve Fund, there remains no balance in profit and loss account due to which the same has not been separately disclosed above.

Schedule 2 - National Rural Credit Funds

(Amount in ₹ crore)

Sr. No.	*Particulars*	*Opening Balance as on 01.04.2024*	*Contribution by RBI*	*Transferred from P&L Appropriation*	*Balance as on 31.03.2025*
1	National Rural Credit (Long Term Operations) Fund	14,503.00	1.00	1.00	14,505.00
2	National Rural Credit (Stabilisation) Fund	1,603.00	1.00	1.00	1,605.00
	Total	**16,106.00**	**2.00**	**2.00**	**16,110.00**
	Previous year	**16,102.00**	**2.00**	**2.00**	**16,106.00**

Schedule 3 - Gifts, Grants, Donations and Benefactions

(Amount in ₹ crore)

Sr. No	*Particulars*	*Opening Balance as on 01.04.2024*	*Additions during the year*	*Interest Credited#*	*Expenditure / Adjustments during the year*	*Balance as on 31.03.2025*
A.	Grants from International Agencies					
1	KfW NB UPNRM - Financial Contribution	0.15	-	-	0.15	-
2	GIZ UPNRM Technical Collaboration	0.03	-	-	-	0.03
3	Climate Change - (AFB) - Project Formulation Grant	21.85	-	0.66	-	22.51
4	GIZ Soil Project	1.41	-	-	1.41	-
5	KfW Soil Project	1.46	9.76	-	11.22	-
6	GCF Project Grants	20.32	1.42	0.60	1.99	20.35
B.	Other Funds					
1	Watershed Development Fund	1,412.94	1.87	41.65	101.64	1,354.82
2	Interest Differential Fund - (Forex Risk)	223.43	-	-	-	223.43
3	Interest Differential Fund - TAWA	0.10	-	-	-	0.10
4	Adivasi Development Fund	5.77	-	-	-	5.77
5	Tribal Development Fund	1,173.23	2.90	34.14	123.68	1,086.59
6	Financial Inclusion Fund (i)	3,152.34	249.16	92.75	302.47	3,191.78
7	PODF-ID	259.98	-	7.40	43.73	223.65
8	National Bank - Swiss Development Cooperation Project	67.78	0.82	-	-	68.60
9	RPF & RIF - Off-Farm Sector Promotion Fund	22.89	0.40	-	2.46	20.83
10	Centre for Professional Excellence in Co-operatives - (C-PEC)	3.50	-	0.27	-	3.77
11	LTIF Interest Fluctuation Reserve Fund	188.73	17.39	5.66	-	211.78
12	National Adaptation Fund for Climate Change a/c	3.25	-	0.17	-	3.42
13	Capacity Building Fund for Social Stock Exchange	9.40	0.50	-	0.53	9.37
14	Climate Change Fund - ID (ii)	122.61	61.78	3.66	19.13	168.92
	Total	**6,691.17**	**346.00**	**186.96**	**608.41**	**6,615.72**
	Previous year	**6,711.28**	**569.42**	**188.68**	**778.21**	**6,691.17**

#Refer B-25 of Schedule 18

(i) includes Provision for Income tax on interest differential credited to the fund- ₹62.19 crore
(ii) includes Provision for Income tax on interest differential credited to the fund- ₹15.15 crore

Schedule 4 - Government Schemes

(Amount in ₹ crore)

Sr. No	*Particulars*	*Opening Balance as on 01.04.2024*	*Additions during the year*	*Interest Credited#*	*Expenditure / Adjustments during the year*	*Balance as on 31.03.2025*
A	Government Subsidy Schemes					
1	Capital Investment Subsidy for Cold Storage Projects - NHB	0.89	-	-	-	0.89
2	Capital Subsidy for Cold Storage TM North East	0.08	-	-	-	0.08
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	0.90	0.11	-	-	1.01
4	On-farm Water Management for Crop Production	0.07	-	-	-	0.07
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	78.98	-	-	-	78.98
6	Cattle Development Programme - Uttar Pradesh	0.04	-	0.00*	-	0.04
7	Cattle Development Programme - Bihar	0.10	-	0.01	-	0.11
8	National Project on Organic Farming	1.80	-	-	-	1.80
9	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4.29	-	-	-	4.29
10	Dairy and Poultry Venture Capital Fund	2.83	-	-	-	2.83
11	Poultry Venture Capital Fund	0.15	0.01	-	0.08	0.08
12	ISAM - Agricultural Marketing Infrastructure	451.47	171.81	-	611.69	11.59
13	National Livestock Mission - PVCF EDEG	81.57	0.25	-	81.52	0.30
14	Centrally Sponsored Scheme for establishing Poultry Estate	0.08	-	-	-	0.08
15	Multi Activity Approach for Poverty Alleviation - Sultanpur Uttar Pradesh	0.09	-	0.01	-	0.10
16	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh	0.02	-	0.00*	-	0.02
17	Dairy Entreprenueurship Development Scheme	11.64	1.70	-	12.09	1.25
18	CSS for Solar Mission	0.03	0.00*	-	0.03	0.00*
19	CSS - JNNSM - Solar Lighting	2.76	-	-	2.76	-
20	CSS - Solar Photovoltaic Water Pumping	0.03	-	-	0.03	-
21	Capital Subsidy Scheme - Agri Clinic Agri Business Centres	4.62	7.80	-	12.32	0.10
22	CSS MNRE Lighting Scheme 2016	0.11	1.04	-	-	1.15
23	Artificial Recharge of Groundwater in Hard Rock Area	4.62	-	-	-	4.62
24	CSS On Formation And Promotion Of FPO	0.67	0.25	-	0.92	-
B	Other Government Schemes					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR), 2008	283.71	0.23	-	-	283.94
2	Women's Self Help Groups [SHGs] Development Fund	6.23	-	-	5.02	1.21
3	Interest Subvention (Sugar Term Loan)	5.19	600.64	0.88	606.53	0.18
4	AMI - Workshop Assistance Fund	0.01	-	-	0.01	0.00*
5	Kutch Drought Proofing Project	0.22	-	-	-	0.22
6	Revival Package for Long Term Cooperative Credit Structure (LTCCS)	20.00	-	-	-	20.00

Sr. No	Particulars	Opening Balance as on 01.04.2024	Additions during the year	Interest Credited#	Expenditure / Adjustments during the year	Balance as on 31.03.2025
7	Revival Reform and Restructure of Handloom Sector	4.11	-	-	0.02	4.09
8	Interest Subvention (SAO, NRLM, NWR)	493.62	12,164.01	-	12,433.53	224.10
9	Arunachal Agri Start Up Scheme	0.50	-	-	-	0.50
10	Centrally sponsored Project-PACS Computerisation	44.93	44.06	1.12	72.63	17.48
11	AgriSURE-GoI	-	62.50	-	-	62.50
	Total	**1,506.36**	**13,054.41**	**2.02**	**13,839.18**	**723.61**
	Previous year	**1,106.99**	**11,269.63**	**5.78**	**10,876.04**	**1,506.36**

#Refer B-25 of Schedule 18

* Represents amount less than ₹50,000/-

Schedule 5 - Deposits

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2025	As on 31.03.2024
1	Central Government	-	-
2	State Governments	-	-
3	**Others**		
	a) Tea / Rubber / Coffee Deposits	40.23	52.80
	b) Deposits under RIDF	1,94,482.88	1,86,684.79
	c) ST Cooperative Rural Credit Fund	32,079.11	50,517.76
	d) ST RRB Credit Refinance Fund	7,023.74	15,157.91
	e) Warehouse Infrastructure Fund	2,870.00	3,890.00
	f) Long Term Rural Credit Fund	38,945.49	45,174.81
	g) Food Processing Fund	550.00	480.00
	Total	**2,75,991.45**	**3,01,958.07**

Schedule 6 - Bonds and Debentures

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Tax Free Bonds	5,000.00	5,000.00
2	Non Priority Sector Bonds	1,86,736.30	1,49,580.15
3	PMAY-G - GoI Fully Serviced Bonds	48,809.60	48,809.60
4	Bonds - LTIF	38,160.25	38,160.25
5	LTIF - GoI Fully Serviced Bonds	19,506.80	19,506.80
6	SBM (G) - GoI Fully Serviced Bonds	12,298.20	12,298.20
7	Micro Irrigation Fund (MIF) Bonds	1,754.60	1,754.60
8	Social Bonds	1,040.50	1,040.50
9	Infra Bonds	14,060.00	10,000.00
	Total	**3,27,366.25**	**2,86,150.10**

Schedule 7 - Borrowings

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Central Government	-	-
2	Reserve Bank of India	-	-
3	**Others**		
	(A) In India		
	(i) Certificate of Deposits	37,939.26	23,629.90
	(ii) Commercial Paper	57,386.19	52,112.64
	(iii) Tri Party Repo	51,708.00	28,270.07
	(iv) Term Money Borrowings	10.36	2,508.21
	(v) Term Loan from Banks	1,03,655.89	94,007.43
	(vi) JNN Solar Mission	2.81	2.81
	(B) Outside India		
	(i) International Agencies	517.99	551.52
	Total	**2,51,220.50**	**2,01,082.58**

Schedule 8 - Current Liabilities and Provisions

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Interest / Discount Accrued	12,196.55	10,185.96
2	Sundry Creditors	3,278.44	3,374.62
3	Subsidy Reserve (Co-finance, Cold Storage, CSAMI)	27.64	25.81
4	Provision for Gratuity (Refer Note B-21.2 of Schedule 18)	19.52	10.47
5	Provision for Pension (Refer Note B-21.2 of Schedule 18)	434.85	126.64
6	Provision for Encashment of Ordinary Leave (Refer Note B-21.2 of Schedule 18)	392.00	378.50
7	Provision for Post Retirement Medical Benefit (Refer Note B-21.2 of Schedule 18)	192.17	170.21
8	Provision for Salary Revision (Refer Note B-33 of Schedule 18)	667.17	318.17
9	Unclaimed Interest on Bonds	4.36	2.99
10	Bonds matured but not claimed	9.83	13.15
11	Bond Premium	80.97	50.12
12	Commitment Charges - Intl Borrowings	0.24	-
13	Provisions and Contingencies		
(a)	Depreciation in Value of Investment		
	(i) Government securities		
	(ia) Securities of Central & State Government	-	1,033.42
	(ib) Treasury Bills	-	-
	(ii) Other Approved securities	-	-
	(iii) Equity shares	-	-
	(iv) Debenture and Bonds	12.04	19.46
	(v) Subsidiaries and joint venture	-	-
	(vi) Others	9.63	-
(b)	Amortisation of Premium on Securities - HTM	6.28	147.16
(c)	For Standard Assets	3,523.46	3,302.00
(d)	Non-performing Investments	299.26	317.32
(e)	Countercyclical Provisioning Buffer / Floating Provision	2,014.45	2,014.45
(f)	Provision for Other Assets & Receivables	4.45	4.45
(g)	Provision for Income Tax (Net of Advance Tax) (Advance Tax paid during the year ₹2,565 (₹2,140))	2,936.39	3,005.98
	Total	26,109.70	24,500.88

Note: Non-Performing Advances have been adjusted against the Advances shown in Schedule-11

Schedule 9 - Cash and Bank Balances

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Cash in hand	-	-
2	Balances with :		
	A) Banks in India		
	(i) Reserve Bank of India	6,568.72	3,561.58
	(ii) Other Banks		
	a) In Current Account	4,437.74	3,747.24
	b) Deposit with Banks#	33,353.15	22,590.00
	(iii) Remittance in Transit	-	-
	(B) Banks outside India	-	-
3	Tri Party Repo-Lending	999.31	7,455.32
	Total	**45,358.92**	**37,354.14**

Includes Short Term Deposits with Banks (with maturity of 3 months and less) of ₹3,650.00 crore as on 31.03.2025 (As on 31.03.2024 ₹1,300.00 crore).

Schedule 10 - Investments

(Amount in ₹ crore)

Sr. No	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Government Securities		
	a) Securities of Central Government & State Government	53,060.25	34,497.72
	[Face Value ₹5,21,76,90,80,000 (₹3,29,78,86,70,000)]		
	b) Treasury Bills	11,297.96	18,806.69
	[Face Value ₹1,14,99,23,50,000 (₹1,96,58,33,80,000)]		
2	Other Approved Securities		
3	Equity Shares in :		
(a)	Agricultural Finance Corporation Ltd.	1.00	1.00
	[1,000 (1,000) - Equity shares of ₹10,000 each]		
(b)	Small Industries Development Bank of India	966.27	966.27
	[5,31,92,203 (5,31,92,203) - Equity shares of ₹10 each]		
(c)	Agriculture Insurance Company of India Ltd.	60.00	60.00
	[6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]		
(d)	Multi Commodity Exchange of India Ltd.	0.30	0.30
	[3,77,758 (3,77,758) - Equity shares of ₹10 each]		
(e)	National Commodity and Derivatives Exchange Ltd.	16.87	16.87
	[56,25,000 (56,25,000) - Equity shares of ₹10 each]		
(f)	CSC e-Governance Services India Ltd	9.75	9.75
	[55,000 (55,000) Equity shares of ₹1000 each]		
(g)	Agriculture Skill Council of India	0.00*	0.00*
	[4,000 (4000) Shares of ₹10 each]		
(h)	National E-Governance Services Ltd [Equity]	1.50	1.50
	[15,00,000 (15,00,000) Shares of ₹10 each]		
(i)	National e-Repository Ltd.	10.53	10.53

Sr. No	Particulars	As on 31.03.2025	As on 31.03.2024
	[1,05,30,000 (1,05,30,000) Shares of ₹10 each]		
(j)	Open Network for Digital Commerce	40.00	40.00
	[40,00,000 (10,00,000) Shares of ₹100 each]		
(k)	Online PSB Loans Limited	56.76	-
	[2,87,329 (NIL) Shares of ₹10 each]		
(l)	24x7 Moneyworks Consulting Private Limited	3.84	-
	[23,333 (NIL) Shares of ₹10 each]		
(m)	Other Equity Investments	20.02	20.02
4	**Debentures and Bonds**		
(i)	Special Dev Debentures of SCARDBs (Refer Note B-32 of Schedule 18)	65.19	134.06
(ii)	Non-Convertible Debentures	852.99	826.12
5	**Shareholding in subsidiaries and Joint Venture**		
(a)	**Shareholding in subsidiaries**		
(i)	NABFINS Ltd. (formerly known as NABARD Financial Services [Karnataka] Ltd.)	102.01	102.01
	[10,20,06,300 (10,20,06,300) - Equity shares of ₹10 each]		
(ii)	NABSAMRUDDHI Finance Ltd.	145.06	145.06
	[11,27,88,000 (11,27,88,000) - Equity shares of ₹10 each]		
(iii)	NABKISAN Finance Ltd.	227.57	227.57
	[15,05,00,063 (15,05,00,063) - Equity shares of ₹10 each]		
(iv)	NABARD Consultancy Services Pvt. Ltd.	25.00	5.00
	[2.50,00,000 (50,00,000) - Equity shares of ₹10 each]		
(v)	NABVENTURES Ltd	50.00	25.00
	[5,00,00,000 (2,50,00,000) - Equity shares of ₹10 each]		
(vi)	NABFOUNDATION	50.00	50.00
	[5,00,00,000 (5,00,00,000) - Equity shares of ₹10 each]		
(vii)	NABSANRAKSHAN TRUSTEE PVT LTD	50.00	50.00
	[5,00,00,000 (5,00,00,000) - Equity shares of ₹10 each]		
(b)	**Joint Venture**	-	-
6	**Others**		
(a)	Mutual Fund	6,602.32	5,293.40
(b)	Commercial Paper	1,453.08	185.05
	[Face Value ₹15,00,00,00,000 (₹2,00,00,00,000)		
(c)	Certificate of Deposit	16,100.04	7,900.10
	[Face Value ₹1,64,50,00,00,000.00 (₹79,70,00,00,000)		
(d)	Venture Capital Funds / AIFs	536.04	414.51
(e)	Investment Earmarked towards EOL [Refer note B-21.2 of Schedule 18]	10.95	39.26
(f)	InvITs	2.00	-
	Total	**91,817.30**	**69,827.79**

* Represents amount less than ₹50,000/-

Schedule 11 - Advances

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Refinance Loans		
(a)	Production & Marketing Credit	1,69,224.53	1,58,705.71
(b)	Other Investment Credit		
(i)	Medium Term and Long-Term Project Loans	2,52,632.27	2,68,113.97
(ii)	Direct refinance to DCCBs	27,767.64	20,504.10
2	Direct Loans		
(a)	Loans under Rural Infrastructure Development Fund	1,84,724.16	1,70,006.64
(b)	Loans under Warehouse Infrastructure Fund	2,581.85	3,385.86
(c)	Long Term Non-Project Loans	295.89	331.85
(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)	40,879.33	32,403.74
(e)	Loans to Producer Organisations	0.14	0.53
(f)	Credit Facility to Federations [CFF]	41,676.56	20,583.03
(g)	Loans under Food Processing Fund	386.48	431.38
(h)	Loans under Long Term Irrigation Fund	51,803.83	53,617.32
(i)	Pradhan Mantri Aawas Yojana - Gramin	48,819.03	48,819.03
(j)	Swacch Bharat Mission Grameen	12,298.20	12,298.20
(k)	Dairy Infrastructure and Development Fund	1,366.81	1,508.16
(l)	Loan Under GCF	517.99	551.52
(m)	Micro Irrigation Fund	2,871.83	3,036.88
(n)	Fisheries and Aquaculture Infrastructure Development Fund	1,141.38	801.50
(o)	Rural Infrastructure Assistance Scheme (RIAS)	65.16	-
(p)	Other Loans:		
(i)	Watershed Development Fund Programme Loans	1.66	3.69
(ii)	KfW UPNRM Loans	-	0.73
(iii)	Off Farm Sector Promotion Activities Programme Loans	0.29	0.46
	Total	8,39,055.03	7,95,104.30

Note: Advances are net-off the provisions for Non-performing Assets amounting to ₹2,005.32 crore (As on 31.03.2024 ₹1,983.25 crore).

Schedule 12 - Property, Plant and Equipment (Fixed Assets)

(Amount in ₹ crore)

Sr. No	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	LAND : Freehold & Leasehold (Refer Note B-31 of Schedule 18)		
	Opening Balance	195.79	195.79
	Additions/adjustments during the year	-	-
	Sub-Total	195.79	195.79
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	195.79	195.79
	Less: Amortisation of Lease Premium	67.16	65.70
	Book Value	**128.63**	**130.09**
2	PREMISES (Refer Note B-31 of Schedule 18)		
	Opening Balance	659.20	652.24
	Additions/Adjustments during the year	9.27	6.96
	Sub-Total	668.47	659.20
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	668.47	659.20
	Less: Depreciation to date	374.03	350.27
	Book Value	**294.44**	**308.93**
3	FURNITURE & FIXTURES		
	Opening Balance	67.23	66.70
	Additions/adjustments during the year	0.67	0.72
	Sub-Total	67.90	67.42
	Less: Cost of assets sold/written off	0.18	0.19
	Closing Balance (at cost)	67.72	67.23
	Less: Depreciation to date	63.77	61.62
	Book Value	**3.95**	**5.61**
4	COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS		
	Opening Balance	248.72	216.45
	Additions/adjustments during the year	34.69	34.34
	Sub-Total	283.41	250.79
	Less: Cost of assets sold/written off	6.57	2.07
	Closing Balance (at cost)	276.84	248.72
	Less: Depreciation to date	229.07	210.35
	Book Value	**47.77**	**38.37**
5	VEHICLES		
	Opening Balance	14.84	13.30
	Additions/adjustments during the year	6.99	6.06
	Sub-Total	21.83	19.36
	Less: Cost of assets sold/written off	5.86	4.52
	Closing Balance (at cost)	15.97	14.84
	Less: Depreciation to date	5.97	5.93
	Book Value	**10.00**	**8.91**
6	Capital Work in Progress (Including Premises, Furniture & Fixtures and Software Implementation)	75.12	56.93
	Total	**559.91**	**548.84**

Note: Depreciation to date includes opening depreciation, depreciation on addition & sale and depreciation for current financial year.

Schedule 13 - Other Assets

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Accrued Interest	6,006.03	5,564.26
2	Discount Receivable	-	294.78
3	Deposits with Landlords	1.56	1.39
4	Deposits with Government Departments and Other Institutions	54.21	54.14
5	Housing loan to staff	188.47	142.55
6	Other Advances to staff	96.13	95.00
7	Sundry Advances	83.83	75.04
8	Deferred Tax Assets (Refer Note B-21.5 of Schedule 18)	113.95	190.23
9	Receivable from Government of India/International Agencies. (Refer Note B-26 & 28 of Schedule 18)	1,193.46	1,486.25
10	Discount on issue of Bonds	94.98	121.42
11	Other Assets - Input Tax Credit - GST	7.16	2.43
	Total	**7,839.78**	**8,027.49**

Schedule 14 - Interest and Financial Charges

(Amount in ₹ crore)

Sr. No.	*Particulars*	*2024-25*	*2023-24*
1	**Interest Paid on**		
(a)	Deposits under RIDF	6,752.89	6,042.03
(b)	Short Term Cooperative Rural Credit Fund	1,975.77	2,169.93
(c)	ST RRB Credit Refinance Fund	574.67	653.48
(d)	Warehouse Infrastructure Fund	105.27	121.11
(e)	Long Term Rural Credit Fund	1,599.15	1,440.00
(f)	Fund for Food Processing Units	19.69	15.55
(g)	Tea / Coffee / Rubber Deposits	2.35	2.82
(h)	Term Money Borrowings	39.73	112.97
(i)	Bonds (Refer Note B-28 & 36 of Schedule 18)	21,322.39	16,367.23
(j)	Term Loan from Banks	6,153.59	5,280.67
(k)	Borrowings from International Agencies	6.20	16.28
(l)	Discount on Commercial Paper	2,506.68	2,182.71
(m)	Discount on Certificate of Deposits	2,020.56	1,620.20
(n)	Repo Interest Expenditure	10.58	14.50
(o)	Interest paid on funds	186.82	187.09
(p)	Borrowing against ST Deposit	-	3.18
(q)	Commitment Fee - INTL Borrowings	0.24	-
2	Discount on CBLO / TREPS	1,505.68	606.16
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	60.95	52.81
4	Swap Charges	17.96	24.12
	Total	**44,861.17**	**36,912.84**

Schedule 15 A - Establishment and Other Expenses

(Amount in ₹ crore)

Sr. No	*Particulars*	*2024-25*	*2023-24*
1	Salaries and Allowances (Refer Note B-33 of Schedule 18)	1,248.87	1,360.80
2	Contribution to / Provision for Staff Superannuation Funds	822.17	1,298.04
3	Other Perquisites & Allowances	310.37	227.03
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	0.20	0.21
5	Directors' & Committee Members' Fees	0.27	0.31
6	Rent, Rates, Insurance, Lighting etc.	44.79	41.70
7	Travelling Expenses	64.24	56.49
8	Printing & Stationery	7.04	6.16
9	Postage Telegrams & Telephones	31.07	23.49
10	Repairs	18.76	16.88
11	Auditors' Fees	0.34	0.26
12	Legal Charges	2.41	2.15
13	Miscellaneous Expenses	274.32	217.20
14	Expenditure on Miscellaneous Assets	12.93	9.20
15	Expenditure on Study & Training	115.00	105.32
	Total	**2,952.78**	**3,365.24**

Schedule 15 B - Expenditure on promotional activities

(Amount in ₹ crore)

Sr. No	*Particulars*	*2024-25*	*2023-24*
1	Cooperative Development Fund	54.55	33.29
2	Producers Organisation Development Fund-NABARD	0.29	3.95
3	Rural Infrastructure Promotion Fund	3.18	3.09
4	Expenditure under Farm Sector Promotion Fund	34.28	28.27
5	Expenditure under Climate Change Programme	-	0.39
6	Gramya Vikas Nidhi	57.69	63.50
7	Catalytic Capital Fund	2.52	2.94
8	Technology Facilitation Fund	0.10	0.59
	Total	**152.61**	**136.02**

Schedule 16- Provisions

(Amount in ₹ crore)

Sr. No.	*Particulars*	*2024-25*	*2023-24*
	Provisions for		
1	Standard Assets	221.46	370.00
2	Non-Performing Assets	33.49	(67.97)
3	Depreciation in value of Investment Account - Equity	(8.50)	14.78
	Total	246.45	316.81

Schedule 17 - Commitments and Contingent Liabilities

(Amount in ₹ crore)

Sr. No	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Commitments on account of capital contracts remaining to be executed (net of advance)	68.12	37.34
	Sub Total "A"	68.12	37.34
2	Contingent Liabilities		
(i)	Bank Guarantee	2.16	24.18
(ii)	Pending legal cases including Income Tax Appeals	415.00	416.17
	Sub Total "B"	417.16	440.35
	Total (A + B)	485.28	477.69

Schedule 18

Significant Accounting Policies and Notes forming Part of the Standalone Financial Statements for the year ended March 31, 2025

A. Significant Accounting Policies

1. Basis of Preparation:

The financial statements 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/ NABARD) 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 from 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 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 the floatation of bonds, including applicable stamp duty, 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
- i) Income from Venture Capital funds is accounted on realization basis.
- ii) Release of subsidy in which NABARD is acting as a pass through agency is accounted for, including service charges thereon, on payment basis subject to availability of funds under the respective schemes.

3.5 Recovery in non-performing assets (NPA) is appropriated in the following order:
- i) Penal interest
- ii) Cost and charges
- iii) Overdue interest and interest
- iv) Principal

3.6 In case of Compromise and Resolution/Settlement, recovery shall be appropriated as per the terms of respective compromise/resolution settlement.

3.7 In case of suit filed/decreed accounts, recovery shall be appropriated as under:-
- i) As per the directives of the concerned Court.
- ii) In the absence of specific directives from the Court, as mentioned at point 3.5 above.

4. Property Plant and Equipment (Fixed Assets)

4.1 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.

4.2 Land includes freehold and leasehold land.

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

4.4 Depreciation policy on premises situated on freehold land and leasehold land has been revised during the FY 2017-18 and calculated on straight line basis over the period of 30 years.

4.5 The upfront lease premium paid on leasehold land are amortized over the tenure of lease period @ 5% on opening written down value or the proportionate amount

of remaining lease premium on the remaining period of lease, whichever is higher.

4.6 Fixed Assets individually costing ₹1 lakh or 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.

4.7 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%

4.8 Depreciation is charged from the month (*in which*) the asset is capitalized in the year of purchase up to the month in which the asset is sold in the year of sale.

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

5. Investments

5.1 The transactions in Securities are recorded on "Settlement Date".

5.2 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").

5.3 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 under any of the above categories are classified as "AFS".

5.4 Investments classified under HTM 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.

5.5 Profit on redemption of investment categorized under "HTM" is recognized in Profit & Loss A/c.

5.6 Investments under "AFS" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. Net depreciation, if any, is provided for investments in the category classified as "AFS" and appreciation is ignored. The book values of the individual scrip are not changed after such revaluation.

5.7 Investments under "HFT" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd., AMFI etc. Net depreciation, if any, is provided for investments in the category classified as "HFT" and appreciation is ignored. The book values of the individual scrip are not changed after such revaluation.

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

5.9 Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.

5.10 Unquoted Shares are valued at breakup value, if the latest Audited Financial Statements of the investee companies are available, or at ₹1/- per Company as per RBI guidelines.

5.11 Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.

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

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

5.14

Sr. No.	*Existing category*	*Proposed category*	*Accounting policy*
1.	AFS/HFT	HTM	Lower of book value or market value. In cases where the market value is lower than the book value, the provision for depreciation held against the security (including the additional provision, if any, required based on valuation done on the date of transfer) shall be adjusted to reduce the book value to the market value and the security shall be transferred at the market value.
2.	HTM	AFS/HFT	Transfer at book value/ amortised cost. Such Securities shall be immediately re-valued consequent to transfer and resultant depreciation, if any, shall be provided.

Sr. No.	Existing category	Proposed category	Accounting policy
3.	AFS/HFT	HFT/AFS	Transfer at book value. Securities need not be re-valued on the date of transfer and the provisions for the accumulated depreciation, if any, held shall be transferred to the provisions for depreciation against the HFT securities and vice-versa.

5.15 Amortization/Gain/Loss on Revaluation of Government Securities is charged to Profit and Loss Account.

5.16 Weighted average cost method has been followed for accounting for investments.

5.17 Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.

5.18 Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.

5.19 The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be.

5.20 The derivatives transactions are undertaken for hedging purposes.

Hedge Swaps

Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at market value or lower of cost in the financial statement. Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/liabilities.

6. Advances and Provisions thereon

6.1 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.

6.2 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.

6.3 Advances are stated net of provisions towards Non-performing Advances.

6.4 Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the Profit and Loss account.

6.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 8 of the Balance Sheet under the head "Current Liabilities & Provisions" and are not considered for arriving at the Net NPAs.

7. Foreign Currency Transactions

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

7.1 Assets and liabilities in foreign currency are revalued at the exchange rate notified by FEDAI/FBIL as at the close of the year/reporting date. The hedged portion of the foreign currency borrowings are stated at the contracted value and the liability of hedged borrowing as per year-end exchange rate is disclosed as a contra item in the Balance Sheet (as off Balance Sheet item).

7.2 For hedged transactions, Income and Expenditure items are translated at the contracted rate as per the hedge agreements executed.

8. Accounting for Foreign Exchange Contracts

8.1 Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.

8.2 The foreign currency borrowings which are hedged are stated at the contract rate.

8.3 The foreign exchange unhedged contracts are revalued at the exchange rates notified by FEDAI/FBIL at the year-end/reporting date. The resultant gain/loss on revaluation is recognised in the Profit & Loss Account under the head Gains/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, for long term employee benefits are carried out at each balance sheet date.

9.1 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.

9.2 Post-Retirement Benefits:

i) **Defined Contribution Plan**

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. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

iii) **Other Long Term benefits**

All eligible employees of the bank are entitled for compensated absences. All the eligible employees are also entitled 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

10.1 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.

10.2 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.

10.3 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.

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

11. Segment Reporting

11.1 The Bank recognizes the Business segment as the Primary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

11.2 Segment revenue includes interest and other income directly identifiable with/allocable to the segment. Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank Income".

11.3 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".

11.4 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

12.1 As at each Balance Sheet date, the carrying amount of assets having the indication of impairment 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.

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

13. Provisions, Contingent Liabilities and Contingent Assets (AS-29)

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 possible 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 remote.

13.3 Contingent assets are neither recognized, nor disclosed.

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

14. Cash and cash equivalents

a) Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand and other short-term investments.

b) Cash Flow statement is reported using indirect method. The cash flow from operating, financing and investing activity is segregated based on the available information.

15. Prior Period Income/Expenses

Items of Income/Expenditure which are prior period in nature are disclosed separately only when the individual prior period income/expense exceeds 0.5% of Gross Income.

16. Implementation of Indian Accounting Standards (Ind AS)

In terms of the Press Release No. 11/10/2009 CL-V dated 18 January 2016 issued by the MCA, the bank would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 and thereafter. The implementation of Ind AS by AIFIs has been deferred by Reserve Bank of India until further notice.

B. Notes forming part of the Standalone Financial Statements

1. Capital

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

The authorized capital of the bank stood at ₹30,000 crore as on 31 March 2025. The entire paid up capital of the bank has been subscribed by Government of India. The details are given below:

Contributor	2024-25		2023-24	
	(₹ crore)	%	(₹ crore)	%
Government of India	17,080.00	100.00	17,080.00	100.00
Total	17,080.00	100.00	17,080.00	100.00

1.2 Capital Adequacy

1.2.1 Capital adequacy ratio works out as per RBI (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investment, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 dated 21 September 2023.

1.2.2 Capital adequacy ratio of the Bank as on 31 March 2025 was 25.58% (Basel III) (16.45% - Basel I) as against a minimum of 9% as stipulated by RBI.

1.2.3 In accordance with RBI Instructions, assets financed from National Rural Credit – Long Term Operations (NRC LTO) Fund amounting to ₹ 14,505 crore (₹14,503 crore) are excluded for the purpose of computing the CRAR.

1.2.4 The details of various parameters of Capital to Risk weighted Assets Ratio is given below:

(Amount in ₹ crore)

S. No.	Particulars	2024-25 (as per Basel III)	2023-24 (as per Basel I)
(i)	Common Equity	75530.63	69611.39
(ii)	Additional Tier 1 capital	0.00	0.00
(iii)	Total Tier 1 capital (i+ii)	75530.63	69611.39
(iv)	Tier 2 capital	3008.33	5398.41
(v)	Total Capital (Tier 1+Tier 2)	78538.96	75009.80
(vi)	Total Risk Weighted Assets (RWAs)	307015.65	456057.89
(vii)	Common Equity Ratio (Common Equity as a percentage of RWAs)	24.60	15.27
(viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	24.60	15.27
(ix)	Capital to Risk Weighted Assets Ratio (CRAR)	25.58	16.45
(x)	Percentage of the shareholding of the Government of India in the AIFI	100.00	100.00
(xi)	Amount of equity capital raised	0.00	0.00
(xii)	Amount of Additional Tier 1 capital raised; of which	0.00	0.00
	(a) Perpetual Non-Cumulative Preference Shares (PNCPS)	0.00	0.00
	(b) Perpetual Debt Instruments (PDI)	0.00	0.00
(xiii)	Amount of Tier 2 capital raised; of which	0.00	0.00
	(a) Debt capital instruments	0.00	0.00
	(b) Perpetual Cumulative Preference Shares (PCPS)	0.00	0.00
	(c) Redeemable Non-Cumulative Preference Shares (RNCPS)	0.00	0.00
	(d) Redeemable Cumulative Preference Shares (RCPS)	0.00	0.00

2. Free Reserves and provision

2.1 Provisions on Standard Assets

(Amount in ₹ crore)

Particulars	*2024-25*	*2023-24*
Provisions towards Standard Assets made during the year	221.46	370.00

2.2 Counter Cyclical Provisioning Buffer*:

(Amount in ₹ crore)

S. No.	*Particulars*	*2024-25*	*2023-24*
(a)	Opening balance in the floating provision account	2014.45	2014.45
(b)	The quantum of provisions made during the accounting year #	0.00	0.00
(c)	Amount of drawdown made during the accounting year	0.00	0.00
(d)	Closing balance in the floating provision account	2014.45	2014.45

The Board of Directors of the Bank decided to create floating provisions, in accordance with RBI guidelines, to be utilized for any unexpected or exceptional circumstances.

3. Asset Quality and specific provisions

3.1 Non-Performing Advances

(Amount in ₹ crore)

S. No.	*Particulars*	*2024-25*	*2023-24*
(i)	Net NPA to Net Advances (%)	0.00	0.00
(ii)	Movement of NPAs (Gross)		
(a)	Opening Balance	1983.29	2041.78
(b)	Additions during the year	34.09	0.00
(c)	Reductions during the year	(12.04)	(58.49)
(d)	Closing Balance	2005.34	1983.29
(iii)	Movement of Net NPAs		
(a)	Opening Balance	0.00	0.00
(b)	Additions during the year	0.00	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	0.00	0.00
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
(a)	Opening balance	1983.29	2041.78
(b)	Provision made during the year	34.09	0.00
(c)	Write off / write back of excess provision	(12.04)	(58.49)
(d)	Closing balance	2005.34	1983.29

3.2 Non-Performing Investments

(Amount in ₹ crore)

S. No.	*Particulars*	*2024-25*	*2023-24*
(i)	Net NPI to Net Investments (%)	0.00	0.00
(ii)	Movement of NPIs (Gross)		
(a)	Opening Balance	317.32	326.80
(b)	Additions during the year	2.00	0.00
(c)	Reductions during the year	(20.06)	(9.48)
(d)	Closing Balance	299.26	317.32
(iii)	Movement of Net NPIs		
(a)	Opening Balance	0.00	0.00
(b)	Additions during the year	0.00	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	0.00	0.00
(iv)	Movement of provisions for NPIs (excluding provision on standard assets)		
(a)	Opening balance	317.32	326.80
(b)	Provision made during the year	2.00	0.00
(c)	Write back of excess provision	(20.06)	(9.48)
(d)	Closing balance	299.26	317.32

3.3 Non-Performing Assets (3.1+3.2)

(Amount in ₹ crore)

S. No.	*Particulars*	*2024-25*	*2023-24*
(i)	Net NPA to Net Assets (Advances + Investments) (%)	0.00	0.00
(ii)	Movement of NPAs (Gross Advances + Gross Investments)		
(a)	Opening Balance	2300.61	2368.58
(b)	Additions during the year	36.09	0.00
(c)	Reductions during the year	(32.11)	(67.97)
(d)	Closing Balance	2304.59	2300.61
(iii)	Movement of Net NPAs		
(a)	Opening Balance	0.00	0.00
(b)	Additions during the year	0.00	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	0.00	0.00
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
(a)	Opening balance	2300.61	2368.58
(b)	Provision made during the year	36.09	0.00
(c)	Write off / write back of excess provision	(32.11)	(67.97)
(d)	Closing balance	2304.59	2300.61

3.4 Particulars of Accounts Restructured

During the current Financial Year, two loan accounts were restructured.

	Type of restructuring		*Under CDR Mechanism*					*Under SME Debt Restructuring*		
	Asset Classification		*Std*	*SS*	*Dful*	*Loss*	*Total*	*Std*	*SS*	*Dful*
	Details									
1	Restructured Accounts as on 01 April 2024	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
2	Fresh restructured/ Advances during the year	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
3	Upgradation to restructured standard category during the FY	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
5	Downgradation of restructured accounts during the FY	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
6	Write offs/Recoveries of Restructured accounts during the FY	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
7	Restructured accounts as on 31 March 2025	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								

* Provision includes the normal standard assets provision and additional provision due to restructuring.

(Amount in ₹ Crore)

Mechanism		*Others*					*Total*				
Loss	*Total*	*Std*	*SS*	*Dful*	*Loss*	*Total*	*Std*	*SS*	*Dful*	*Loss*	*Total*
		7	0	2	0	9	7	0	2	0	9
		220.97	0.00	14.23	0.00	235.20	220.97	0.00	14.23	0.00	235.20
		12.04	0.00	14.23	0.00	26.27	12.04	0.00	14.23	0.00	26.27
		3	0	0	0	3	3	0	0	0	3
		999.13	0	0	0	999.13	999.13	0	0	0	999.13
		45.96	0	0	0	45.96	45.96	0	0	0	45.96
		0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0
		2	0	0	0	2	2	0	0	0	2
		108.92	0	0	0	108.92	108.92	0	0	0	108.92
		5.45	0	0	0	5.45	5.45	0	0	0	5.45
		0	2	0	0	2	0	2	0	0	2
		0	24.32	0	0	24.32	0	24.32	0	0	24.32
		0	24.32	0	0	24.32	0	24.32	0	0	24.32
		5	0	0	0	5	5	0	0	0	5
		41.59	0	0	0	41.59	41.59	0	0	0	41.59
		3.08	0	0	0	3.08	3.08	0	0	0	3.08
		5	2	2	0	9	5	2	2	0	9
		1045.26	24.32	14.23	0	1083.81	1045.26	24.32	14.23	0	1083.81
		52.26	24.32	14.23	0	90.81	52.26	24.32	14.23	0	90.81

3.5 Loan under Scheme for Sustainable Structuring of Stressed Assets (S4A)

During the year 2016-17, resolution plan for one stressed loan account to the extent of ₹46.91 crore was considered under Scheme for Sustainable Structuring of Stressed Assets. The details of resolution plan is given below:

(Amount in ₹ crore)

Particulars	*2024-25*	*2023-24*
Part – A		
(i) Loan outstanding	0.00	0.00
Part – B		
(i) Equity Shares	0.00	0.00
(ii) Optionally Convertible Debentures	26.74	28.87
Total	26.74	28.87

The account is continued as NPI and 100% provision held against the outstanding balance as per S4A guidelines.

3.6 Movement of Non-Performing Assets

(Amount in ₹ crore)

S. No.	*Particulars*	*2024-25*	*2023-24*
(i)	Gross NPAs as on 01 April	1983.29	2041.78
(ii)	Additions (fresh NPAs) during the year	34.09	0.00
	Sub total (A)	2017.38	2041.78
Less :			
(i)	Upgradations	0.00	0.00
(ii)	Recoveries (excluding recoveries made from upgraded accounts)	0.44	58.37
(iii)	Technical / Prudential Write offs	0.00	0.00
(iv)	Write offs other than those under (iii) above	11.60	0.12
	Sub-total (B)	12.04	58.49
Gross NPAs as on 31 March (A-B)		2005.34	1983.29

3.7 Write-offs and recoveries

(Amount in ₹ crore)

Particulars	*2024-25*	*2023-24*
Opening balance of Technical / Prudential written off accounts as at 01 April	0.00	0.00
Add : Technical / Prudential write offs during the year	0.00	0.00
Sub total (A)	0.00	0.00
Less : Recoveries made from previously technical / prudential written off accounts during the year (B)	0.00	0.00
Closing balance as at 31 March (A-B)	0.00	0.00

Note: Technical or prudential write-off is the amount of non-performing loans which are outstanding in the books of the branches, but have been written-off (fully or partially) at Head Office level.

3.8 Overseas Assets, NPAs and Revenue

(Amount in ₹ crore)

Particulars	*2024-25*	*2023-24*
Total Assets	0.00	0.00
Total NPAs	0.00	0.00
Total Revenue	0.00	0.00

3.9 Depreciation and provisions on Investments

(Amount in ₹ crore)

S. No.	*Particulars*	*2024-25*	*2023-24*
(1)	Investments		
(i)	Gross Investments*		
	(a) In India	91752.11	69693.73
	(b) Outside India	0.00	0.00
(ii)	Provision for NPI*		
	(a) In India	299.26#	317.32
	(b) Outside India	0.00	0.00
(iii)	Net Investments*		
	(a) In India	91446.57	69376.41
	(b) Outside India	0.00	0.00
(2)	Movement of provisions held towards depreciation on investments		
(i)	Opening balance	317.32	326.80
(ii)	Add: Provisions made during the year	2.00	0.00
(iii)	Appropriation, if any, from Investment Fluctuation Reserve Account during the year	0.00	0.00
(iv)	Less: Write off / write back of excess provisions during the year	(20.06)	(9.48)

S. No.	Particulars	2024-25	2023-24
(v)	Less: Transfer, if any, to Investment Fluctuation Reserve Account	0.00	0.00
(vi)	Closing balance	299.26	317.32

* the figures are excluding investments in Special Dev Debentures of SCARDBs.
# In terms of RBI Circular no. RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19,2023- Investments in Alternative Investment Funds (AIFs) and subsequent clarification vide circular no. RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024, provision was made of ₹6.28 crore as on 31 March 2024. Further, Bank has reassessed the impact and there is no additional provision required for the year ended 31 March 2025.

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

(Amount in ₹ crore)

Particulars	Face Value	Book Value
Pledged for Business Segment (Securities)	237.00 (237.00)	237.69 (237.69)
Pledged for Business Segment (CBLO / Tri Party Repo)	56100.51 (39131.28)	68247.12 (39250.46)
Pledged for Business Segment (Securities) Default Fund	50.00 (50.00)	51.75 (51.75)
Pledged for Business Segment (CBLO / Tri Party Repo) – Default Fund	50.00 (50.00)	51.75 (51.75)

(b) Investments in Government securities include the following securities pledged with Reserve of India as collateral security for Intra Day Limit:

(Amount in ₹ crore)

Particulars	Face Value	Book Value
Pledged for Intra Day Limit (Securities)	5168.17 (527.00)	5396.34 (545.54)

5. Provisions and Contingencies

(Amount in ₹ crore)

S. No.	Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	2024-25	2023-24
1	Provisions for depreciation on Investment	(8.50)	14.78
2	Provision towards NPA (Advances + Investments)	24.99	(67.97)
3	Provision made towards Income tax	2450.00	1990.00

6. Provisioning Coverage Ratio (PCR)

PCR [ratio of provisioning (including counter cyclical provisioning buffer as per Note no 2.2 of Schedule- 18) to gross non-performing assets] as at close of business for the current year stood at 187.41% (187.56%).

7. Investment Portfolio: Constitution and operations

7.1 Repo Transactions

(Amount in ₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March 2025
Securities sold under repo				
i. Government securities	103.64 (1277.38)	4896.21 (5141.30)	154.95 (215.29)	4896.21 (0.00)
ii. Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Securities purchased under reverse repo				
i. Government securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
ii. Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

7.2 Disclosure of Issuer Composition for Investment in Debt Securities*

(Amount in ₹ crore)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	230.50 (155.55)	230.50 (155.55)	–	-	-
(ii)	Govt	64358.21 (53304.41)	64358.21 (53304.41)			
(ii)	FIs	4170.15 (619.97)	4170.15 (619.97)	–	–	–
(iii)	Banks	13197.93 (7280.13)	13197.93 (7280.13)	–	–	–
(iv)	Private Corporates	807.53 (855.62)	807.53 (855.62)	–	–	–
(v)	Subsidiaries / Joint Ventures	0.00 (0.00)	0.00 (0.00)	–	–	–
(vi)	Others	0.00 (0.00)	0.00 (0.00)	–	–	–
(vii)	Provision held towards depreciation	(297.26) (317.32)	(297.26) (317.32)	–	–	–
	Total	82467.06 (61898.36)	82467.06 (61898.36)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

* Debt securities consist of Govt. Securities including Treasury Bills, Non-Convertible Debentures, Commercial papers, Certificate of deposits etc shown at book value.

7.3 Sale and Transfers to/from HTM Category

During the year, State Govt. Development Loan (SDL) Securities were transferred from AFS to HTM category of the book value of ₹561.69 crore (face value ₹510.00 crore) and Central Government Securities were transferred from AFS to HTM category of the book value ₹4017.55 crore (face value ₹3580.68 crore) during the year.

The market value of all investments held by NABARD under Held to Maturity (HTM) category was ₹17139.62 crore against the book value of ₹15454.21 crore as on 31st March 2025

7.4 In terms of RBI (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investment, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 dated 21 September 2023 relating to Prudential Guidelines on Investment in Venture Capital Fund, an amount of ₹20.98 crore (₹31.84 crore) invested in the units of VCF was shifted from HTM category to AFS category, on completion of 3 years.

8. Details of Financials Assets purchased/sold

8.1 Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

A. Details of Sales: NIL

B. Details of Book Value of Investments in Security Receipts: NIL

8.2 Details of Non Performing Financial Assets Purchased/Sold

A. Details of non performing financial assets purchased: NIL

B. Details of non performing financial assets sold: NIL

9. Operating Results

S. No.	Particulars	2024-25	2023-24
(i)	Interest income as a percentage to working funds	6.60	6.14
(ii)	Non-Interest Income as a percentage to working funds	0.02	0.01
(iii)	Operating Profit as a percentage to working funds	1.18	1.06
(iv)	Net Profit per employee (₹ crore)*	2.41	1.92

* Average employees have been considered for calculation purposes.

10. Credit Concentration Risk

10.1 Capital Market Exposure

(Amount in ₹ crore)

S. No.	Particulars	2024-25	2023-24
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt $$	1936.47	1730.88
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	0.00	0.00
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	0.00
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	0.00	0.00
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0.00	0.00
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	0.00	0.00
7	Bridge loans to companies against expected equity flows / issues;	0.00	0.00
8	Underwriting commitments taken up by the AIFI in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	0.00	0.00
9	Financing stockbrokers for margin trading;	0.00	0.00
10	All exposures to Venture Capital Funds (both registered and unregistered)	536.04	414.51
Total Exposure to Capital Markets		2472.51	2145.39

$$ Equity shares, subsidiaries and other strategic investments

10.2 Exposure to Country Risk: NIL

11. Prudential Exposure Limits- Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the AIFI

11.1 The number and amount of exposures in excess of the prudential exposure limits during the year: NIL

11.2 Credit exposure as percentage to Capital Funds and as percentage to Total Assets.

(In percentage)

Sl. No.	Category	2024-25		2023-24	
		Credit Exposure as % to		Credit Exposure as % to	
		Capital Funds	Total Assets	Capital Funds	Total Assets
I	Largest Single Borrower	62.16	4.96	65.08	5.36
II	Largest Borrower Group	NIL		NIL	
III	Twenty Largest Single Borrowers for the year	516.20	41.17	560.16	46.13
IV	Twenty Largest Borrower Groups	NIL		NIL	

11.3 Credit exposure to the five largest industrial sectors as percentage to total loan assets: Not Applicable

11.4 There are no advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken and hence the details w.r.t estimated value of such intangible collateral is not applicable.

11.5 Factoring exposures: Not Applicable

11.6 Exposure where the FI had exceeded that Prudential Exposure Limits during the year: NIL

12. Concentration of borrowings/lines of credit, credit exposures and NPAs

12.1 Concentration of borrowings and lines of credit

(Amount in ₹ crore)

S. No	Particulars	2024-25	2023-24
(i)	Total borrowings from twenty largest lenders	575394.80	554469.25
(ii)	Percentage of borrowings from twenty largest lenders to total borrowings	67.01	70.00

12.2 Concentration of credit exposures

(Amount in ₹ crore)

S. No.	Particulars	2024-25	2023-24
(i)	Total exposures to twenty largest borrowers	405418.47	420172.85
(ii)	Percentage of exposures to twenty largest borrowers to Total Advances of the AIFI	48.20	52.70

12.3 **Sector-wise concentration of exposures and NPAs**

The sector wise advances is given below:

(Amount in ₹ crore)

S. No.	Particulars	2024-25			2023-24		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
I.	Agricultural sector including allied agricultural activities*	841125.53	2005.32	0.24	797221.61	1983.25	0.25
1	Central Government	83100.97	0.00	0.00	84124.79	0.00	0.00
2	Central PSUs	0.00	0.00	0.00	0.00	0.00	0.00
3	State Governments	232460.92	0.00	0.00	216838.69	0.00	0.00
4	State PSUs	48845.66	0.00	0.00	33188.01	0.00	0.00
5	Scheduled Commercial Banks	150213.33	0.00	0.00	168872.09	0.00	0.00
6	Regional Rural Banks	77440.90	0.00	0.00	76964.14	0.00	0.00
7	Co-operative banks	184097.41	0.00	0.00	170637.78	0.00	0.00
8	Private sector (excluding banks)	15685.00	124.29	0.79	13628.07	102.22	0.75
9	Others SCARDB/LDB/ NBFC-MFI/ADFC	49281.34	1881.03	3.82	32968.04	1881.03	5.71
II.	Others	284.61	0.02	0.01	237.59	0.04	0.02
1	Construction Sector	0.00	0.00	0.00	0.00	0.00	0.00
2	Staff Loans#	284.61	0.02	0.01	237.59	0.04	0.02
	Total (I+II)	841410.15	2005.34	0.24	797459.20	1983.29	0.25

* Includes major loans such as RIDF, WIF, NIDA etc.
# grouped under "Other Advance" in Schedule-13.

12.4 **Unhedged Foreign Currency Exposure:**

NIL (NIL)

13. Derivatives

13.1 **Forward Rate Agreement/Interest Rate Swap** – NIL

13.2 **Exchange Traded Interest Rate derivatives** – NIL

13.3 **Disclosure on Risk exposure in derivatives:**

Qualitative Disclosure

(i) The Bank uses Derivatives for hedging of exchange risk arising out of foreign currency borrowings. All derivatives undertaken by Bank are for hedging purposes with underlying as Foreign Currency Borrowings, which are not MTM, but only translated. The Bank does not undertake trading in Derivatives.

(ii) Internal Control guidelines for hedging are framed and approved by the Board. The derivative structure is undertaken only after approval of the competent authority. The particulars of derivative details undertaken are also reported to ALCO.

(iii) The Bank has put systems in place for mitigating the risk arising out of derivative deals. The Bank follows the accrual method for accounting the transactions arising out of derivative deals.

Quantitative Disclosures

(i) The Bank does not trade in derivatives. However, it has hedged its International Borrowings to the extent 61.68 million USD (69.48 million USD). Consequent upon hedging of foreign currency borrowings, the same is shown at contracted value as per the Swap agreement/forward contract.

(ii) The value of outstanding principal and interest amount of hedge contract at the year–end exchange rate stood at ₹529.50 crore (₹579.49 crore). The value of outstanding principal liability in the books of account stood at ₹517.99 crore (₹551.52 crore). The quantitative disclosure in this regard is as under:

(Amount in ₹ crore)

Sl. No.	Particular	2024-25		2023-24	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	517.99		551.52	
	b) For trading	--		--	
(ii)	Marked to Market Positions				
	a) Asset (+)			17.00	
	b) Liability (-)	(4.55)		--	
(iii)	Credit Exposure[2]	46.59		17.00	
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	16.66		(1.07)	
	b) on trading derivatives	--		--	
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	--		--	
	b) on trading	--		--	

14. Disclosure of Letters of Comfort (LoCs) issued by AIFIs : NIL

15. Asset Liability Management

The maturity pattern of assets and liabilities are prepared in terms of the ALCO policy of the bank as under:

(Amount in ₹ crore)

Particulars	1 -14 d	15-28d	29d-3m	>3m-6m	>6m-1y	>1y-3y	>3y-5y	>5y	Total
Deposits	0.00	0.00	650.00	10275.76	37948.11	47643.08	91876.66	87597.84	275991.45
Advances	36440.64	18538.21	108326.62	81047.63	187588.28	164289.17	137066.22	105758.26	839055.03
Investments	9570.56	1344.03	12889.44	8788.96	8178.41	6822.66	5133.09	39090.15	91817.30
Borrowings	58604.34	24708.39	99715.81	39756.90	69157.64	105500.91	76831.11	103793.66	578068.76
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency liabilities	0.00	0.00	0.00	14.31	0.00	95.69	95.69	312.30	517.99

16. Draw Down from Reserves: NIL

17. Business Ratio

Particulars	2024-25	2023-24
Return on Equity (%)	10.17	8.85
Return on Assets (%)	0.86	0.77
Net Profit Per Employee (₹ crore)	2.41	1.92
Leverage Ratio (%)	7.66	NA

18. Disclosure of Penalties imposed by RBI – NIL

19. Disclosure of Complaints

(a) Customer Complaints

S. No.	Particulars	2024-25	2023-24
(a)	No. of complaints pending at the beginning of the year	22	9
(b)	No. of complaints received during the year	71	85
(c)	No. of complaints redressed during the year	90	72
(d)	No. of complaints pending at the end of the year	3	22

20. Off-Balance Sheet SPVs Sponsored (which are required to be consolidated as per accounting norms) - There are no SPVs sponsored by NABARD.

21. Disclosure as per specific accounting Standards

21.1 **Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies.**

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

(Amount in ₹ crore)

S. No.	Particulars	2024-25	2023-24
1.	Income	0.00	0.00
2.	Revenue Expenditure	0.00	0.00
	Total	0.00	0.00

21.2 **Accounting Standard 15 – Employee Benefits**

Disclosure required under AS 15 (Revised) on "Employee Benefits"

21.2.1 Defined Benefit Plans

Employees Retirement Benefit plans of the bank include Pension in respect of employees who joined the bank on or before 31st December 2011, Gratuity, Leave Encashment and Post-Retirement Medical Benefits, which are defined benefit plans. The present value of obligation is determined based on actuarial valuation, by an independent Actuary, 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.

Principal Actuarial Assumptions and the basis of these assumptions

Actuarial Assumptions	Pension		Gratuity		Leave Benefits	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Discount Rate	6.61%	7.35%	6.61%	7.35%	6.61%	7.35%
Expected Return on Plan Assets	6.61%	7.35%	6.61%	7.35%	6.61%	7.35%
Rate of Escalation In salary	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Changes in Present value of the obligation

(Amount in ₹ crore)

	Pension		Gratuity		Leave Benefits	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Present value of Obligation at the beginning of period	9871.46	8481.01	416.71	422.29	378.50	365.22
Add: Current Service Cost	98.83	82.57	24.25	26.48	20.07	11.63
Add: Past Service Cost	0.00	0.00	49.47	0.00	0.00	0.00
Add: Interest Cost	699.59	621.80	30.63	32.09	27.82	27.76
Actuarial (gain)/loss	704.19	1261.65	19.01	18.81	21.73	49.55
Less : Benefits paid	(557.32)	(575.57)	(112.61)	(82.96)	(56.12)	(75.66)
Present value of defined benefits obligations at the year end	10816.75	9871.46	427.46	416.71	392.00	378.50

Changes in the Fair Value of the Plan Assets

(Amount in ₹crore)

	Pension		Gratuity		Leave Benefits	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Fair value of Plan Assets, at the beginning of period	9746.28	8482.47	407.45	397.74	86.58	121.52
Add: Expected return on Plan assets	693.65	625.20	29.95	30.23	6.36	9.24
Add: Contributions by Bank	321.60	1074.75	68.78	53.70	0.00	0.00
Actuarial gain/(loss)	177.68	139.43	14.37	8.74	(1.36)	2.80

	Pension		Gratuity		Leave Benefits	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Less : Benefits paid	(514.34)	(533.20)	(112.61)	(82.96)	(61.24)	(46.98)
Less: Reimbursement Payable by Employer	(42.97)	(42.37)	0.00	0.00	0.00	0.00
Fair value of Plan Assets as at the end of the period	10381.90	9746.28	407.94	407.45	30.34*	86.58*

* These investments are shown at Book Value in financial statements. The book value of these investments as on 31 March 2025 is ₹10.95 crore (₹39.26 crore).

Actual Return on Plan Assets

(Amount in ₹ crore)

	Pension		Gratuity		Leave Benefits	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Expected return on Plan Assets	693.65	625.20	29.95	30.23	6.36	9.24
Actuarial gain/(loss)	177.68	139.43	14.37	8.74	(1.36)	2.80
Actual Return on Plan Assets	871.33	764.63	44.32	38.97	5.00	12.04

Net Actuarial Gain / (loss) Recognized

(Amount in ₹ crore)

	Pension		Gratuity		Leave Benefits	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Actuarial gain / (loss) for the period - Obligations	(704.19)	(1261.65)	(19.01)	(18.81)	(21.73)	(49.55)
Actuarial gain / (loss) for the period - Plan Assets	177.68	139.43	14.37	8.74	(1.36)	2.80
Total Gain / (Loss) for the period	(526.51)	(1122.22)	(4.64)	(10.07)	(23.09)	(46.75)
Actuarial gain or (loss) recognised in the period	(526.51)	(1122.22)	(4.64)	(10.07)	(23.09)	(46.75)
Unrecognised Actuarial gain / (loss) at the end of the year	0.00	0.00	0.00	0.00	0.00	0.00

Amount recognized in Balance Sheet

(Amount in ₹ crore)

	Pension		Gratuity		Leave Benefits	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Present value of defined benefits obligations as at the year end	10816.75	9871.46	427.46	416.71	392.00	378.50
Less : Fair value of plan assets as at the year end*	10381.90	9746.28	407.94	407.45	0.00	0.00
Unrecognised Past Service cost - vested benefits – Carried Forward	0.00	0.00	0.00	0.00	0.00	0.00
Liability to be Recognised in the Balance Sheet	434.85	125.18	19.52	9.26	392.00	378.50
Liability Recognised in the Balance Sheet	434.85	126.64	19.52	10.47	392.00	378.50

*Since there is no separate trust for leave benefits, the fair value of plan assets for investments ₹30.34 crore (PY ₹86.58 crore) and is classified as investment at its book value.

Expense to be recognized in Profit and loss Account

(Amount in ₹ crore)

	Pension		*Gratuity*		*Leave Benefits*	
	2024-25	*2023-24*	*2024-25*	*2023-24*	*2024-25*	*2023-24*
Current Service Cost	98.83	82.57	24.25	26.48	20.07	11.63
Add: Past Service Cost	0.00	0.00	49.47	0.00	0.00	0.00
Add : Interest cost	699.59	621.81	30.63	32.09	27.82	27.76
Less : Expected return on Plan assets	(693.65)	(625.20)	(29.95)	(30.23)	0.00	0.00
Add : Net Actuarial (gain)/ loss recognized in Year	526.51	1122.22	4.64	10.07	21.73	49.55
Expenses to be recognized in the statement of profit and loss	631.28	1201.40	79.04	38.41	69.62	88.93
• Of which, out of earlier year provisions	0.00	0.00	0.00	0.00	0.00	0.00
• Contributions received from employees	0.00	0.00	0.00	0.00	0.00	0.00
• Charged to Profit and loss account	631.28	1201.40	79.04	38.41	69.62	88.93

*Since there is no separate trust for leave benefits and the investment made by the bank are held as investment in its books no effect in respect of expected return and actuarial gain/loss in respect of the same is considered in the above table.

21.2.2 **Defined Contribution Plan:**

a. The bank contributes its share to Provident Fund with NABARD Pension Fund Trust. As per the terms, the contribution is a defined contribution plan. During the year the bank has contributed ₹30.00 crore (₹38.34 crore) with NABARD Pension Fund Trust.

b. The employees recruited on or after 01 January 2012 are covered under New Pension Scheme, which is a defined contribution plan. During the year the bank has contributed ₹25.41 crore (₹23.38 crore) to the said scheme.

21.2.3 **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 ₹21.96 crore (₹21.88 crore).

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

21.2.3.2 **Amortisation of Post-retirement benefits**

The entire liability towards post-retirement benefits is charged to Profit and Loss account and are not amortized.

21.2.4 **Investment under Plan Assets of Pension, Gratuity & Leave Benefits Fund as on 31 March 2025**

Particulars	*Pension % of Plan Assets*	*Gratuity % of Plan Assets*	*Encashment of OL % of Plan Assets*
Central Govt. Securities	20.84	0.00	0.00
State Govt. Securities	37.08	0.00	0.00
Insurer Managed Funds	0.00	100.00	100.00
Others	42.08	0.00	0.00
Total	100.00	100.00	100.00

21.3 **Accounting Standard 17 – Segment Reporting Information on Business Segment**

(a) **Brief Background**

The Bank has recognised Primary segments as under:

i) Direct Finance: Includes Loans given to state governments and other agencies for rural infrastructure development, co-finance loans and loans given to voluntary agencies/non–governmental organizations for developmental activities and other direct loans to DCCBs.

ii) Refinance: Includes Loans and Advances

given to State Governments, Public Sector Banks, Private Banks, Small Finance Banks, Foreign 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) The segments other than the above three primary segments is other business segments. After finding out the results of the three primary segments based on the direct income and direct expenses, the balance amounts including un-allocable expenses/liabilities/assets are grouped under "Other Business".

(b) **Information on Primary Business Segment**

(Amount in ₹ crore)

Particulars	*Treasury*		*Refinance*		*Direct Lending*		*Other Business*		*Total*	
Business Segments	*2024-25*	*2023-24*	*2024-25*	*2023-24*	*2024-25*	*2023-24*	*2024-25*	*2023-24*	*2024-25*	*2023-24*
Revenue	7649.52	5341.75	28911.04	24528.07	21765.14	18909.70	98.71	67.08	58424.41	48846.60
Result	1425.27	618.77	3571.30	4439.17	7910.98	6172.90	(2752.95)	(3162.94)	10154.60	8067.90
Unallocated Expenses									0.00	0.00
Operating Profit									10154.60	8067.90
Income Taxes									2526.28	1964.78
Extraordinary profit / loss									0.00	0.00
Net Profit									**7628.32**	**6103.12**
Other Information										
Segment Assets	139058.27	101692.90	453289.86	430623.59	391092.15	368992.13	1076.71	9363.71	984516.99	910672.33
Segment Liabilities	150328.53	110712.29	351850.09	341185.02	389591.47	373276.76	89924.46	82682.51	981694.55	907856.58
Unallocated Assets									113.95	190.23
Total Assets									**984630.94**	**910862.56**
Unallocated Liabilities									2936.39	3005.98
Total Liabilities									**984630.94**	**910862.56**

Note: Unallocated Assets represent Deferred Tax Asset and Unallocated Liabilities represent Provision for Income Tax

(c) Since the operations of the Bank are confined to India only, there is no reportable secondary segment.

21.4 **Accounting Standard 18 – Related Party Disclosures**

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 (including its subsidiaries) are not disclosed.

List of Related Parties:

a) **Companies where entity has control:**

S. No.	*Companies*	*Relationship*
1.	NABFINS Limited	Subsidiary
2.	NABSAMRUDDHI Finance Limited	Subsidiary
3.	NABKISAN Finance Limited	Subsidiary
4.	Nabard Consultancy Services Pvt. Ltd.	Wholly owned Subsidiary
5.	NABVENTURES Limited	Wholly owned Subsidiary
6.	NABFOUNDATION	Wholly owned Subsidiary
7.	NABSanrakshan Trustee Private Limited	Wholly owned Subsidiary

b) **Key Management Personnel:**

S. No.	Name of the party	Designation
1.	Shri Shaji K. V.	Chairman
2.	Shri Goverdhan Singh Rawat	Deputy Managing Director
3.	Dr Ajay K. Sood	Deputy Managing Director

c) **Significant transactions with related parties**

(Amount in ₹ crore)

Items / Related	Subsidiaries	Associates/ Joint ventures	Key Management Personnel @	Relatives of Key Management Personnel	Total
Borrowings#	-	-	-	-	-
Deposit#	-	-	-	-	-
Placement of deposits#	-	-	-	-	-
Advances#	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Investments#	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Non funded commitments#	-	-	-	-	-
Leasing arrangements availed#	-	-	-	-	-
Leasing arrangements provided#	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Interest paid	-	-	-	-	-
Interest Received	-	-	-	-	-
Rendering of services*	-	-	-	-	-
Receiving of services*	-	-	-	-	-
Management Contracts**	-	-	1.44(0.52)	-	

@ Whole time directors of the Board
# The outstanding at the year end and the maximum during the year are to be disclosed
* Contract services etc. and not services like remittance facilities, locker facilities etc.
** Remuneration to Key Management Personnel.

21.5 **Accounting Standard 22 – Accounting for Taxes on Income**

The Bank recognizes deferred tax asset/liability on timing differences in accordance with AS 22 "Accounting for taxes on Income". During the year, the Bank has recognized deferred tax expense of ₹76.28 crore (-25.21 crore) in the Profit and Loss Account. The details of total deferred tax assets as on 31.03.2025 are as under:

(Amount in ₹ crore)

S. No.	Deferred Tax Assets	2024-25	2023-24
1	Provision allowable on payment basis	100.24	175.14
2	Depreciation on Fixed Assets	13.71	15.08
	Total	113.95	190.22

Recognition of Deferred Tax Liability 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.

As the loan book is growing year on year, Provision on Standard Assets is required to be created every year in line with the RBI Prudential Norms. Therefore, in accordance with the principles laid down in AS-22, the Bank does not recognise Deferred Tax Asset on account of Provision on Standard Assets, as there is no reasonable certainty of their realisation.

21.6 **Accounting Standard 28 – Impairment of Assets**

In the opinion of the Bank's management, there has been no indication requiring the testing of impairment to assets to which AS 28 – "Impairment of Assets" applies requiring the provision.

22. Leave travel concession benefits to employees are accounted for as and when the same is availed by the employees.
23. **Un-amortised Pension and Gratuity Liabilities:** Nil
24. Details of loans transferred/acquired during the year ended March 31, 2025 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:
    (a) Bank has not transferred any Non-Performing Assets (NPAs)/Technical written off accounts (TWO).
    (b) Bank has not acquired any stressed loans.
    (c) Bank has not transferred or acquired any loan not in defaults.
    (d) The distribution of the Security Receipts (SRs) held by bank across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies as at March 31, 2025: NIL
25. NABARD is acting as a banker/custodian/trustee on behalf of GOI/RBI/Other entities and is holding the following funds, pending 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. Interest on unutilized balances has been credited to the following funds as per the respective agreements/as approved by the management/Board of Directors. The details of rate of interest for respective funds are as under:

S. No.	*Name of the Fund*	*Rate of Interest for 2024-25*	*Rate of Interest for 2023-24*
1.	Watershed Development Fund	3%	3%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Rajasthan)	0%	3%
3.	KfW Accompanying Measures	0%	3%
4.	National Adaptation Fund for Climate change	0%	3%
5.	Tribal Development Fund	3%	3%
6.	Financial Inclusion Fund	3%	3%
7.	KfW NB- V Adivasi Development Programme-Gujarat	0%	3%
8.	Climate Change - (AFB) - Project Formulation Grant	3%	3%
9.	LTIF Interest Fluctuation Reserve Fund	3%	3%
10.	Producer Organisation Development Fund-Interest Differential	3%	3%
11.	Climate Change Fund -Interest Differential	3%	3%
12.	Green Climate Fund Project Grants	3%	3%
13.	Cattle Development Fund (UP & Bihar)	7.83%	7.29%
14.	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareilly)	7.83%	7.29%
15.	Center for Professional Excellence in Co-operatives.	7.83%	7.29%

26. Recoverable from Government of India/International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹2.00 crore (₹1.08 crore) being debit balance of various funds.
    The details of such funds are as under:

(Amount in ₹ crore)

S. No.	*Name of the Fund*	*2024-25*	*2023-24*
1.	KfW- Soil Project	0.92	0.00
2.	NAFCC	1.08	1.08
	Total	2.00	1.08

27. Pursuant to the directions of RBI, the relative margin available to the Bank in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund (WIF) deposits and Food Processing Fund (FPF), placed by various banks is credited to Financial Inclusion Fund and Climate Change Fund-ID in the ratio of 80:20.
28. Interest Subvention received/receivable from Government of India (GOI) under various schemes has been adjusted from Interest and financial charges under Schedule 14. The amount of interest subvention adjusted under different schemes is given below:

(Amount in ₹ crore)

S. No.	*Scheme*	*2024-25*	*2023-24*
1.	Long Term Irrigation Fund	567.95	558.87
2.	Seasonal Agricultural Operations (SAO)	140.96	(70.68)
3.	Dairy Infrastructure Development Fund (DIDF)	34.72	35.07
4.	National Rural Livelihood Mission (NRLM)	126.07	67.08
5.	Micro Irrigation Fund (MIF)	87.68	73.62
6.	Fisheries and Aquaculture Infrastructure Development Fund (FIDF)	25.85	17.94

29. Interest Margin 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 has been accounted

as interest income. The amount received/receivable from GOI under the scheme stood at ₹115.09 crore (₹122.26 crore).

30 The details of pending Income Tax Appeals with various authorities are given below:

S. No.	Assessment Year	Authority where Appeal is pending	Appeal preferred by	Amount of tax in dispute as on 31-03-2025 (₹ Crore)	Amount of tax in dispute as on 31-03-2024 (₹ Crore)
1	2002-03	High Court – Mumbai	IT Dept.	415.00	415.00
2	2006-07	High Court – Mumbai	IT Dept.	217.85	217.85
3	2007-08	High Court – Mumbai	IT Dept.	88.56	88.56
4	2008-09	High Court – Mumbai	IT Dept.	118.77	118.77
5	2009-10	High Court – Mumbai	IT Dept.	194.82	194.82
6	2010-11	High Court – Mumbai	NABARD	28.20	28.20
7	2010-11	High Court – Mumbai	IT Dept.	215.32	215.32
8	2011-12	High Court – Mumbai	NABARD	51.03	--
9	2012-13	High Court – Mumbai	NABARD	45.63	--
10	2013-14	High Court – Mumbai	NABARD	1.70	--
11	2011-12	Income Tax Appellate Tribunal (ITAT)	NABARD	--	51.07
12	2011-12	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	287.62
13	2012-13	Income Tax Appellate Tribunal (ITAT)	NABARD	--	45.63
14	2012-13	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	327.03
15	2013-14	Income Tax Appellate Tribunal (ITAT)	NABARD	--	1.70
16	2013-14	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	380.05
17	2014-15	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	450.61
18	2015-16	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	448.87
19	2019-20	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	254.38
20	2019-20	Income Tax Appellate Tribunal (ITAT)	NABARD	--	0.59
21	2016-17	Commissioner of Income Tax (Appeals)	NABARD	407.23	407.23
22	2017-18	Commissioner of Income Tax (Appeals)	NABARD	360.69	360.69
23	2018-19	Commissioner of Income Tax (Appeals)	NABARD	278.52	278.52
24	2022-23	Commissioner of Income Tax (Appeals)	NABARD	182.64	--

31. Free hold land and Lease hold Land and Premises include ₹11.85 crore (₹11.85 crore) paid towards various Office Premises and Staff Quarters for which conveyance is yet to be completed.

32. 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:

    32.1 Classified as Investments and shown in Schedule – 10 under the head 'Debenture and Bonds'.

    32.2 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'.

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

33. During the year, the Bank has accounted for ₹349.00 crore on estimated basis towards wage settlement effective from November 2022. The closing provision for wage settlement as on 31 March 2025 is outstanding at ₹667.17 crore.

34. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹633.71 crore (₹407.85 crore) pertains to projects yet to be grounded under ongoing Tranches (XXVII to XXIX) towards mobilisation advance. Pending receipt of the proposal from the State Government for adjustment of the amount with the respective/other projects, the amount has been classified as disbursement from the fund.

35. In respect of three Non-Performing Investments accounts, full provision had been made in the earlier years and the resolution process under NCLAT initiated. Pursuant to NCLAT orders, the bank has accounted for the receipts to the extent of ₹17.93 Crore.

36. In terms of Central Board of Direct Taxes, Ministry of Finance notification dated 18 February 2016, NABARD was allowed to raise tax free bonds having benefits

under section 10(15)(iv)(h) of the Income Tax Act 1961 amounting to ₹5,000 crore. Accordingly, ₹1,500 crore repayable in 10 year tenure was mobilized through Private Placement and ₹3,500 crore repayable in 10 & 15 year tenure was mobilized through public issue. The tax free bonds are in the nature of secured, redeemable and non-convertible bonds. These bonds are secured against pari passu charge on property situated in Mumbai and also first charge on specified book debts of NABARD. The interest charge to revenue pertaining to these bonds for the current year is ₹365.07 crore (₹365.64 crore).

The details of the debenture Trustee is as under:

Axis Trustee Services Limited,
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai - 400028
Telephone: +91 22 6230 0451

37. Figures in brackets pertain to previous year.
38. Previous year's figures have been regrouped/rearranged wherever considered necessary to conform to the current period's classification/presentation.

As per our attached report of even date.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm Registration No.: 121750W/W100010

For and on behalf of the Board

Ramesh Gupta	Vinod Chandrasekharan
Partner	Chief General Manager
Membership No.:102306	Accounts Department

Mumbai
Date - 27 May 2025

Dr Ajay Kumar Sood	Goverdhan Singh Rawat	Shaji K. V.
Deputy Managing Director	Deputy Managing Director	Chairman

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
Standalone Cash flow Statement for the year ended 31 March 2025

(Amount in ₹ crore)

Particulars	*2024-25*	*2023-24*
(a) Cash flow from Operating activities		
Net Profit as per Profit and Loss a/c before tax	10,154.61	8,067.91
Adjustment for:		
Depreciation and Amortisation	56.79	47.78
Provision for Non-Performing Assets	33.49	(67.97)
Provision for Standard Assets	221.46	370.00
Depreciation in value of Investment Account - Equity	(8.50)	14.78
Profit / (Loss) on sale of Fixed Assets	(1.05)	(0.75)
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	188.99	194.46
Interest Expenses on Borrowings & Deposits	44,861.17	36,912.84
Income from Investment (including Discount Income)	(7,649.52)	(5,344.46)
Operating profit before changes in operating assets	**47,857.44**	**40,194.58**
Adjustment for changes in working capital:		
(Increase) / Decrease in Current Assets	(8,254.68)	(16,198.84)
Increase / (Decrease) in Current Liabilities	(332.19)	2,499.61
(Increase) / Decrease in Loans and Advances (Including Housing Loan & Other Advances to Staff)	(44,183.85)	(64,420.38)
Cash generated from operating activities	**(4,913.28)**	**(37,925.03)**
Income Tax paid - Net of refund	(2,519.59)	(2,095.58)
Net cash flow from operating activities (A)	**(7,432.87)**	**(40,020.61)**
(b) Cash flow from Investing activities		
Income from Investment (including Discount Income)	7,649.52	5,344.46
Purchase of Fixed Asset	(79.43)	(74.61)
Sale of Fixed Assets	12.60	6.78
(Increase) / Decrease in Investment	(22,049.88)	(21,388.68)
Net cash used / generated from investing activities (B)	**(14,467.19)**	**(16,112.05)**
(c) Cash flow from financing activities		
Grants / contributions received	(1,045.19)	186.83
Proceeds of Bonds	41,216.15	39,472.85
Increase / (Decrease) in Borrowings	56,593.94	29,826.19
Increase / (Decrease) in Deposits	(25,966.62)	23,857.20
Interest Paid on Borrowings & Deposits	(42,850.58)	(36,912.84)
Net cash raised from financing activities (C)	**27,947.70**	**56,430.23**
Net increase in cash and cash equivalent (A)+(B)+(C)	6,047.64	297.56
cash and cash equivalent at the beginning of the year	8,608.82	8,311.26
Cash and cash equivalent at the end of the year	**14,656.46**	**8,608.82**

1. Cash and cash equivalent at the end of the year includes:	2024-25	2023-24
Cash in hand	-	-
Balance with Reserve Bank of India	6,568.72	3,561.58
Balances with other Banks in India	4,437.74	3,747.24
Short Term Deposits with Banks (with maturity of 3 months and less)	3,650.00	1,300.00
Total	14,656.46	8,608.82

Note: Cash flow Statement is prepared as per Indirect method.

As per our attached report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No: 121750W / W100010

For and on behalf of the Board

Ramesh Gupta
Partner
Membership No.: 102306

Vinod Chandrasekharan
Chief General Manager
Accounts Department

Mumbai
Date : 27 May 2025

Dr Ajay Kumar Sood
Deputy Managing Director

Goverdhan Singh Rawat
Deputy Managing Director

Shaji K. V.
Chairman

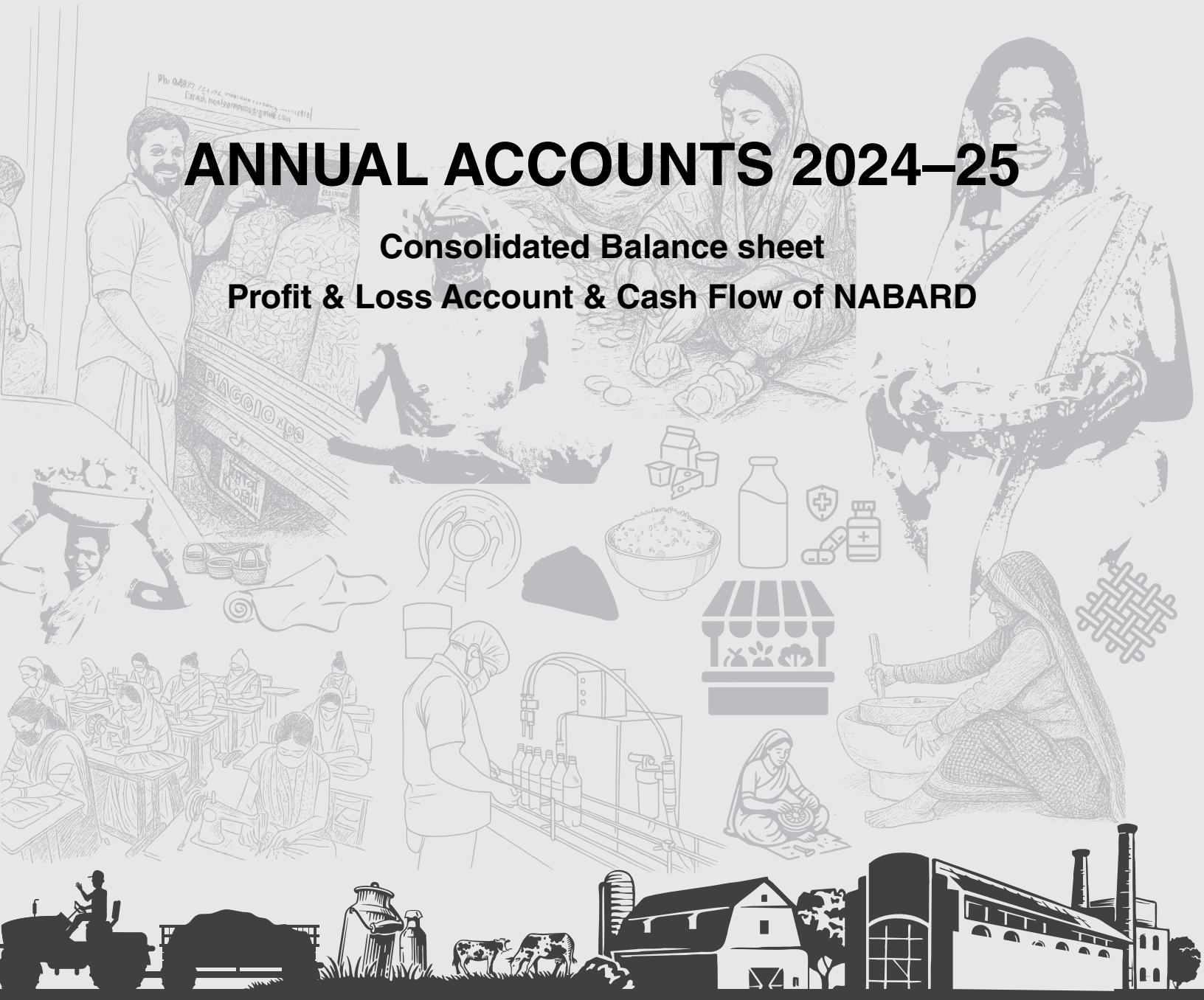
NABARD

ANNUAL REPORT 2024–25

ANNUAL ACCOUNTS 2024–25

Consolidated Balance sheet

Profit & Loss Account & Cash Flow of NABARD



National Bank for Agriculture and Rural Development

INDEPENDENT AUDITORS' REPORT

To
The President of India

Report on the Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying Consolidated Financial Statements of the National Bank for Agriculture and Rural Development ('the Holding Bank' or 'NABARD' or 'the Bank') and its subsidiaries (the Holding Bank and its subsidiaries collectively referred to as 'Group'), which comprise the Consolidated Balance Sheet as at March 31, 2025, Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate audited financial statements/management certified financial statements of subsidiaries, the aforesaid Consolidated Financial Statements are full and fair financial statements containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the consolidated state of affairs of the Group as at March 31, 2025, consolidated profits and its consolidated cash flows for the year ended on that date and read with the notes on the consolidated financial statements, give the information in conformity with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984 and the Accounting Standards notified by the Institute of Chartered Accountants of India ('ICAI') and accounting principles generally accepted in India.

2. Basis of Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ('SAs') issued by the ICAI. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. Those Standards require that we comply with ethical requirements. We are independent of the Group in accordance with the "Code of Ethics" issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion on the consolidated financial statements.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended on 31 March, 2025. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on the key audit matters. In our professional judgement, we have decided the following to be the key audit matter to be communicated in our report:

Key Audit Matter	*How our Audit addressed the key audit matter*
1. Identification of Non-performing Advances, Income Recognition and Provision of Advances. Advances include Refinance loans to banks, Financial Institutions, Micro Finance Institutions and NBFCs; and Direct loans to State Governments and Central Government. The Reserve Bank of India ('RBI') has prescribed the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' in respect of advances for Group ('IRACP Norms'). The identification of performing and non-performing advances involves establishment of proper mechanism and the Group is required to apply significant degree of judgement to identify and determine the amount of provision required against each advance applying both quantitative as well as qualitative factors prescribed by the regulations. Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on: • Completeness and timing of recognition of non performing assets in accordance with criteria as per IRACP norms; • Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security; • Appropriate reversal of unrealized income on the NPAs. Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions under applicable IRACP Norms) and income recognition on advances: • Requires proper control mechanism and significant level of estimation by the Group; • Has significant impact on the overall financial statements of the Group; we have ascertained this area as a Key Audit Matter. (Refer Schedule 11 read with note 8 of schedule 18 to the consolidated financial statement.)	Principal audit procedure performed Identification of Non-performing Advances, Income Recognition and Provision on Advances included the following: • Understanding and considering the Group accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI (IRACP Norms), including the additional provisions and asset classification benefit extended on restructured advances. • Understanding the key controls (including system based automated controls) for identification and provisioning of impaired accounts based on the extant guidelines on IRACP laid down by the RBI. • Performing other procedures including substantive audit procedures covering the identification of NPAs by the Group. These procedures included: ◦ Considering testing of the exception reports generated from the application systems where the advances have been recorded. ◦ Considering the accounts reported by the Group and other banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress. ◦ Reviewing account statements, drawing power calculation, security and other related information of the borrowers selected based on quantitative and qualitative risk factors. ◦ Reading of minutes of credit and risk committee meetings and performing inquiries with the Group to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product. ◦ Considering key observations arising out of Internal Audits and Concurrent Audits conducted as per the policies and procedures of the Group. ◦ Considering the RBI Financial Inspection report on the Group, the Group response to the observations and other communication with RBI during the year. ◦ Examination of advances on a sample basis with respect to compliance with the RBI Master Circulars/Guidelines. ◦ Seeking independent confirmation of account balances from borrowers. ◦ Visits to regional offices and examination of documentation and other records relating to advances. • For Non- performing advances identified, we, based on factors including stressed sectors and account materiality, tested on a sample basis the asset classification dates, reversal of unrealized interest, value of available security and provisioning as per IRACP norms. We recomputed the provision for NPA on such samples after considering the key input factors and compared our measurement outcome to that prepared by management.
2. Valuation of Investments, Identification of and provisioning for Non-Performing Investments. Investments include investments made by the Group in Central and State Governments Securities, Bonds, Debentures, Shares, Mutual Funds, VCFs and other approved securities. RBI Circulars and directives, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, non-recognition of income and provisioning against non-performing investments. The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various	Principal audit procedure performed Our audit approach/procedures towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs) and provisioning/depreciation related to Investments. In particular: • Evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, reversal of income on NPIs and provisioning/depreciation related to investments;

sources such as FBIL/FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc.

We identified valuation of investments and identification of NPI as a Key Audit Matter because of the management judgement involved in determining the value of certain investments (Bonds and Debentures, VCFs) based on applicable Regulatory guidelines and the Group policies, impairment assessment for HTM book based on management judgement, the degree of regulatory focus and the overall significance to the financial results of the Group.

(Refer Schedule 10 read with note 7 of schedule 18 to the consolidated financials statement.)

- Assessed and evaluated the process adopted for collection of information from various sources for determining market value of these investments;
- Tested on sample basis, the accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security;
- Carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained and if accrual of income is in accordance with the RBI Circular for those selected sample of NPIs.

3. Multiple IT Systems:

The Bank is dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The audit approach relies extensively on several reports generated by interface of these IT systems and inbuilt automated controls therein.

The major IT systems concerning the financial reporting process include:

- CLMAS – transactions processing, workflows and financial reporting system
- TALMS – Treasury Operations
- Empower HRMS – HR and payroll
- FAMS – Property, Plant and Equipment and processing of expenses
- Interface/interplay of one or more of above systems in building up or generating reports.

IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data.

Management of the Holding Bank's continuously endeavours several remediation activities and is in the process of bettering the implementation thereof aiming at minimization of the risks over IT applications in the financial reporting process.

These includes implementation of preventive and detective controls across critical applications and infrastructure.

Due to the pervasive nature, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.

Principal audit procedure performed

- Reviewed the report of IS Audit carried out for half year ending September 30, 2024 by an independent firm of Chartered Accountants pertaining to IT systems, general controls including access rights over applications, operating systems and databases relied upon for financial reporting.
- Understanding the Holding Bank's IT control environment and key changes in the course of our audit that were considered relevant to the audit;
- Selectively recomputing interest calculations and maturity dates;
- Selectively re-evaluating masters updation, interface with resultant reports;
- Selective testing of the interface of CLMAS with other IT systems like TALMS, Empower and several workflows;
- Having regard to the incidences of incorrect system entries getting posted in the accounting system, detailed inquiries were made into 'root cause analysis' and about lack of adequate checks and balances around such entries, to obtain suitable explanations and representations.
- Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system), so as to rectify the incorrect entries noticed during the audit.
- To avoid the scope of incorrect system entries, to have more useful system generated reports and to include more features/fields into the system, management is under process of developing new modules that can be integrated into CLMAS CBS.

4. Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Bank's Management and Board of Directors are responsible for the preparation of the other information, comprising of the information such as Report of Board of Directors and such other disclosures included in the Holding Bank's annual report, excluding the consolidated Financial Statements and auditors' report thereon ('Other Information').

The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the Consolidated Financial statements does not cover the other information and we do not express any form of assurance/ conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's Responsibilities Relating to other Information'.

5. Management's Responsibilities and Those Charged with Governance for the Consolidated Financial Statements

The Holding Bank's Management and the Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in accordance with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984 and accounting principles generally accepted in India including applicable Accounting Standards issued by ICAI and the circulars and guidelines issued by RBI from time to time that give a true and fair view of the consolidated financial position, consolidated financial performance, and consolidated cash flows of the Group. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the Holding Bank and of companies included in the Group are also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Holding Bank and of companies included in the Group are also responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements. Our audit processes in accordance with the SAs are narrated in Annexure 1 to this report.

7. Other Matters

1. The Bank has 32 (Thirty-two) Regional Offices (ROs) including Head Office (HO), 3 (Three) Training Establishments (TEs). The financial accounting systems of the Bank are centralized for the ROs and TEs. Out of the total ROs, we have visited 4 (four) ROs including Head Office which covers 35% of Advances, 100% of PSL Deposits, 100% of Borrowings as on 31 March 2025 and 20% of interest income on advances, 100% of interest expenses PSL Deposits and 100% of interest expenses on Borrowings for the year ended 31 March 2025. These ROs have been selected in consultation with the management of the Bank. In conduct of the audit we have relied on the various information and returns received from remaining ROs of the Bank not visited by us, generated through centralized database at HO.
2. We did not audit the financial statements/financial information of four subsidiaries, whose financial statements/financial information reflect total assets of ₹456.74 crores and net assets of ₹401.20 crores as at March 31, 2025, total revenue of ₹289.74 crores and net cash inflows amounting to ₹4.85 crores for the year ended on that date, as considered in the consolidated financial statements before giving effect to elimination of intra-group transactions. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

3. We did not audit the financial statements/financial information of three subsidiaries whose financial statements/financial information reflect total assets of ₹9273.55 crores and net assets of ₹1560.58 crores as at March 31, 2025, total revenue ₹1168.31 crores and total net cash inflows amounting to ₹42.00 crores for the year ended on that, as considered in the consolidated financial statements before giving effect to elimination of intra-group transactions. These financial statements/ financial information were prepared by the management under Indian Accounting Standards (IND AS) and for the purpose of consolidation, Holding Bank Management has prepared the separate financial statements under Indian GAAP and the same are unaudited. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements/financial information certified by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements/financial information are not material to the Group.
4. The opening balances of April 1, 2024, has been taken based on the consolidated financial statements for the year ended March 31, 2024 audited by the predecessor independent auditor, who vide their report dated May 24, 2024, have expressed an unmodified opinion.

Our opinion above on the consolidated financial statements and our Report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the management.

8. Report on Other Legal and Regulatory Requirements

We report that the Consolidated Financial Statements have been prepared by the Holding Bank in accordance with the requirements of Accounting Standard (AS) 21- 'Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

We further report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.
b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Bank so far as it appears from our examination of those books and the reports of the other auditors.
c) The consolidated Balance Sheet, the consolidated Profit and Loss Account, the consolidated cash flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
d) In our opinion, the aforesaid consolidated financial statements comply with the applicable Accounting Standards.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No.: 121750W/W100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN:25102306BMHKOD4595

Place: Mumbai
Date: 27 May 2025

Annexure 1 to the Independent Auditors' Report

(referred to in para 6 titled 'Auditor's Responsibility for the Audit of the Consolidated Financial Statements')

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Banks Internal Control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of the Holding Bank included in consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described under 'Other Matters' in this audit report.

Materiality is the magnitude of the misstatements in the consolidated financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2025

(Amount in ₹ crore)

Sr. No.	*Funds And Liabilities*	*Schedule*	*As on 31.03.2025*	*As on 31.03.2024*
1	Capital		17,080.00	17,080.00
	(Under Section 4 of the NABARD Act, 1981)			
2	Reserve Fund and Other Reserves	1	64,390.38	56,589.90
3	Minority Interest	1A	339.92	307.70
4	National Rural Credit Funds	2	16,110.00	16,106.00
5	Gifts, Grants, Donations and Benefactions	3	6,615.72	6,691.17
6	Government Schemes	4	723.61	1,506.36
7	Deposits	5	2,75,991.45	3,01,958.08
8	Bonds and Debentures	6	3,27,366.25	2,86,150.10
9	Borrowings	7	2,51,434.55	2,01,238.41
10	Current Liabilities and Provisions	8	26,467.31	24,779.51
	Total		**9,86,519.19**	**9,12,407.23**
	Foreign Currency Exposure Hedged with Cross Currency Swaps		529.50	579.49

Schedules referred to above form an integral part of the Consolidated Financial Statements

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2025

(Amount in ₹ crore)

Sr. No.	*Property and Assets*	*Schedule*	*As on 31.03.2025*	*As on 31.03.2024*
1	Cash and Bank Balances	9	46,026.32	37,839.75
2	Investments	10	91,452.51	69,487.97
3	Advances	11	8,40,446.45	7,96,339.15
4	Property, Plant and Equipment (Fixed Assets)	12	577.72	564.51
5	Other Assets	13	8,016.19	8,175.85
	Total		**9,86,519.19**	**9,12,407.23**
	Foreign Currency Exposure Hedged with Cross Currency Swaps		529.50	579.49
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes forming part of Consolidated Financials Statements	18		

Schedules referred to above form an integral part of the Consolidated Financial Statements

As per our attached report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No.: 121750W/W100010

For and on behalf of the Board

Ramesh Gupta
Partner
Membership No.: 102306

Vinod Chandrasekharan
Chief General Manager
Accounts Department

Mumbai
Date : 27 May 2025

Dr Ajay Kumar Sood
Deputy Managing Director

Goverdhan Singh Rawat
Deputy Managing Director

Shaji K. V.
Chairman

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

(Amount in ₹ crore)

Sr. No.	*Income*	*Schedule*	*2024-25*	*2023-24*
1	Interest on Loans and Advances		51,232.52	43,927.10
2	Income from Investment Operations/Deposits			
(a)	Interest on Investments		4,834.48	3,697.66
(b)	Dividend on Investments		28.16	45.22
(c)	Discount on Investments		1,332.67	749.16
(d)	Gain/Loss on Sale and Revaluation of Investments		1,489.57	871.53
3	Other Receipts		374.34	324.74
	Total (A)		**59,291.74**	**49,615.41**

Sr. No.	*Expenditure*	*Schedule*	*2024-25*	*2023-24*
1	Interest and Financial Charges (Refer Note B – 4 of Schedule – 18)	14	44,890.91	36,940.39
2	Establishment and Other Expenses	15 A	3,374.84	3,720.08
3	Expenditure on Promotional Activities	15 B	139.69	136.02
4	Provisions	16	387.09	333.30
5	Depreciation and Amortization		62.70	52.69
	Total (B)		**48,855.23**	**41,182.48**
6	**Profit before Tax (A-B)**		**10,436.51**	**8,432.93**
7	Provision for			
	a) Income Tax		2,535.19	2,082.24
	b) Deferred Tax		59.74	(20.55)
	(Refer Note B-6 of Schedule 18)			
8	**Profit after Tax**		**7,841.58**	**6,371.24**
9	Minority Interest		38.83	67.72
	Profit available for Appropriation		**7,802.75**	**6,303.52**
	Significant Accounting Policies and Notes to Accounts	18		

Note: Other Receipts include interest received on staff loans, rental income and other miscellaneous income.

Schedules referred to above form an integral part of the Consolidated Financial Statements

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

(Amount in ₹ crore)

Sr. No.	*Appropriations/Withdrawals*	*2024-25*	*2023-24*
1	**Profit for the year brought down**	**7,802.75**	**6,303.52**
2	**Add:** Withdrawals from various funds against expenditure debited to Profit & Loss Account	243.50	178.32
	(Refer Schedule 1)		
3	**Total Profit Available for Appropriation**	**8,046.25**	**6,481.84**
	Less: Transferred to		
	(Refer Schedules 1 & 2)		
(a)	Special Reserve u/s 36(I)(viii) of the Income Tax Act, 1961	850.00	700.00
(b)	Reserve Fund u/s 45-IC of RBI Act, 1934	38.43	-
(c)	National Rural Credit (Long Term Operations) Fund	1.00	1.00
(d)	National Rural Credit (Stabilisation) Fund	1.00	1.00
(e)	Co-operative Development Fund	154.55	33.29
(f)	Research & Development Fund	98.61	42.30
(g)	Producers Organisation Development Fund - NABARD	0.29	3.95
(h)	Rural Infrastructure Promotion Fund	3.18	3.09
(i)	Farm Sector Promotion Fund	34.29	28.27
(j)	Gramya Vikas Nidhi	57.69	63.50
(k)	Climate Change Fund	-	0.39
(l)	Catalytic Fund	2.52	2.94
(m)	Technology Facilitation Fund	3.94	0.59
(n)	NABARD Green Impact Fund	1,000.00	-
(o)	NABARD Carbon Fund	300.00	-
(p)	RRB Development Fund	100.00	-
(q)	Reserve Fund	5,400.75	5,601.52
	Total	**8,046.25**	**6,481.84**

As per our attached report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No.: 121750W/W100010

For and on behalf of the Board

Ramesh Gupta
Partner
Membership No.: 102306

Vinod Chandrasekharan
Chief General Manager
Accounts Department

Mumbai
Date: 27 May 2025

Dr Ajay Kumar Sood
Deputy Managing Director

Goverdhan Singh Rawat
Deputy Managing Director

Shaji K. V.
Chairman

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Schedule 1 - Reserve Fund and Other Reserves

(Amount in ₹ crore)

Sr. No.	*Particulars*	*Opening Balance as on 01.04.2024*	*Additions/ Adjustments during the year*	*Transferred from P&L Appropriation*	*Transferred to P&L Appropriation*	*Closing Balance as on 31.03.2025*
1	Reserve Fund*	40,414.07	(54.33)	5,455.15	39.04	45,775.85
2	Research and Development Fund	54.87	(0.34)	98.61	48.00	105.14
3	Capital Reserve	74.81	-	-	-	74.81
4	Reserve Fund u/s 45-IC of RBI Act, 1934	177.70	-	38.43	-	216.13
5	Investment Fluctuation Reserve	1,885.70	-	-	-	1,885.70
6	Co-operative Development Fund	200.00	-	154.55	54.55	300.00
7	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	13,150.00	-	850.00	-	14,000.00
8	Producers Organisation Development Fund - NABARD	300.00	-	0.29	0.29	300.00
9	Rural Infrastructure Promotion Fund	50.00	-	3.18	3.18	50.00
10	Farm Sector Promotion Fund	60.00	-	34.29	34.29	60.00
11	Gramya Vikas Nidhi	110.00	-	57.69	57.69	110.00
12	Climate Change Fund	20.00	-	-	-	20.00
13	Catalytic Fund	20.00	-	2.52	2.52	20.00
14	Development Corpus Fund	5.00	-	-	-	5.00
15	Foreign Exchange Fluctuation reserve Fund	17.75	-	-	-	17.75
16	Technology Facilitaion Fund	50.00	-	3.94	3.94	50.00
17	NABARD Green Impact Fund	-	-	1,000.00	-	1,000.00
18	NABARD Carbon Fund	-	-	300.00	-	300.00
19	RRB Development Fund	-	-	100.00	-	100.00
	Total	**56,589.90**	**(54.67)**	**8,098.65**	**243.50**	**64,390.38**
	Previous year	**50,288.37**	**(58.51)**	**6,538.37**	**178.33**	**56,589.90**

* *Note:* The format prescribed in NABARD Additional (General) Regulations, 1984 for 'Reserve fund and Other Reserves' has Profit and Loss a/c as one of the sub-item. Since the bank has the practice of transferring the balance in profit and loss account after all the apportions to Reserve fund, there remains no balance in profit and loss account due to which the same has not been separately disclosed above.

Consolidated Schedule 1A - Minority Interest

(Amount in ₹ crore)

Sr. No.	*Particulars*	*Opening Balance as on 01.04.2024*	*Addition during the year*	*Adjustments during the year*	*Closing balance as on 31.03.2025*
1	Share capital	91.66	-	-	91.66
2	Reserves and Surplus	216.04	32.22	-	248.26
	Total	**307.70**	**32.22**	**-**	**339.92**
	Previous year	**247.21**	**60.49**	**-**	**307.70**

Consolidated Schedule 2 - National Rural Credit Funds

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2024	Contribution by RBI	Transferred from P&L Appropriation	Closing Balance as on 31.03.2025
1	National Rural Credit (Long Term Operations) Fund	14,503.00	1.00	1.00	14,505.00
2	National Rural Credit (Stabilisation) Fund	1,603.00	1.00	1.00	1,605.00
	Total	**16,106.00**	**2.00**	**2.00**	**16,110.00**
	Previous year	**16,102.00**	**2.00**	**2.00**	**16,106.00**

Consolidated Schedule 3 - Gifts, Grants, Donations and Benefactions

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01-04-2024	Grants received/ adjusted during the year	Interest credited*	Exp./Disb./ Adjust. during the year	Closing Balance as on 31-03-2025
A.	**Grants from International Agencies**					
1	KfW NB UPNRM - Financial Contribution	0.15	-	-	0.15	-
2	GIZ UPNRM Technical Collaboration	0.03	-	-	-	0.03
3	Climate Change - (AFB) - Project Formulation Grant	21.85	-	0.66	-	22.51
4	GIZ Soil Project	1.41	-	-	1.41	-
5	KfW Soil Project	1.46	9.76	-	11.22	-
6	GCF Project Grants	20.32	1.42	0.60	1.99	20.35
B.	**Other Funds**					
1	Watershed Development Fund	1,412.94	1.87	41.65	101.64	1,354.82
2	Interest Differential Fund - (Forex Risk)	223.43	-	-	-	223.43
3	Interest Differential Fund - TAWA	0.10	-	-	-	0.10
4	Adivasi Development Fund	5.77	-	-	-	5.77
5	Tribal Development Fund	1,173.23	2.90	34.14	123.68	1,086.59
6	Financial Inclusion Fund *(i)	3,152.34	249.16	92.75	302.47	3,191.78
7	PODF-ID	259.98	-	7.40	43.73	223.65
8	National Bank - Swiss Development Cooperation Project	67.78	0.82	-	-	68.60
9	RPF & RIF - Off-Farm Sector Promotion Fund	22.89	0.40	-	2.46	20.83
10	Centre for Professional Excellence in Co-operatives - (C-PEC)	3.50	-	0.27	-	3.77
11	LTIF Interest Fluctuation Reserve Fund	188.73	17.39	5.66	-	211.78
12	National Adaptation Fund for Climate Change A/c	3.25	-	0.17	-	3.42
13	Capacity Building Fund for Social Stock Exchange	9.40	0.50	-	0.53	9.37
14	Climate Change Fund - ID *(ii)	122.61	61.78	3.66	19.13	168.92
	Total	**6,691.17**	**346.00**	**186.96**	**608.41**	**6,615.72**
	Previous year	**6,711.28**	**569.42**	**188.68**	**778.21**	**6,691.17**

* Refer Note B-1 of Schedule 18
* (i) includes provision for income-tax on interest differential credited to the fund - ₹62.19 crore
* (ii) includes provision for income-tax on interest differential credited to the fund - ₹15.55 crore

Consolidated Schedule 4 - Government Schemes

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2024	Additions/ Adjustments during the year	Interest Credited#	Expenditure/ Disbursements from the fund	Closing Balance as on 31.03.2025
A	Government Subsidy Schemes					
1	Capital Investment Subsidy for Cold Storage Projects - NHB	0.89	-	-	-	0.89
2	Capital Subsidy for Cold Storage TM North East	0.08	-	-	-	0.08
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	0.90	0.11	-	-	1.01
4	On-farm Water Management for Crop Production	0.07	-	-	-	0.07
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	78.98	-	-	-	78.98
6	Cattle Development Programme - Uttar Pradesh	0.04	-	0.00*	-	0.04
7	Cattle Development Programme - Bihar	0.10	-	0.01	-	0.11
8	National Project on Organic Farming	1.80	-	-	-	1.80
9	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4.29	-	-	-	4.29
10	Dairy and Poultry Venture Capital Fund	2.83	-	-	-	2.83
11	Poultry Venture Capital Fund	0.15	0.01	-	0.08	0.08
12	ISAM - Agricultural Marketing Infrastructure	451.47	171.81	-	611.69	11.59
13	NATIONAL LIVESTOCK MISSION - PVCF EDEG	81.57	0.25	-	81.52	0.30
14	Centrally Sponsored Scheme for establishing Poultry Estate	0.08	-	-	-	0.08
15	Multi Activity Approach for Poverty Alleviation - Sultanpur Uttar Pradesh	0.09		0.01	-	0.10
16	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh	0.02	-	0.00*	-	0.02
17	Dairy Entrepreneurship Development Scheme	11.64	1.70	-	12.09	1.25
18	CSS for Solar Mission	0.03	0.00*	-	0.03	0.00*
19	CSS - JNNSM - Solar Lighting a/c	2.76	-	-	2.76	-
20	CSS - Solar Photovoltaic Water Pumping	0.03	-	-	0.03	-
21	Capital Subsidy Scheme - Agri Clinic Agri Business Centres	4.62	7.80	-	12.32	0.10
22	CSS MNRE Lighting Scheme 2016 a/c	0.11	1.04	-	-	1.15
23	Artificial Recharge of Groundwater in Hard Rock Area	4.62	-	-	-	4.62
24	CSS On Formation And Promotion Of FPO	0.67	0.25	-	0.92	-
B	Other Government Schemes					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	283.71	0.23	-	-	283.94

Sr. No.	Particulars	Opening Balance as on 01.04.2024	Additions/ Adjustments during the year	Interest Credited#	Expenditure/ Disbursements from the fund	Closing Balance as on 31.03.2025
2	Women's Self Help Groups [SHGs] Development Fund	6.23	-	-	5.02	1.21
3	Interest Subvention (Sugar Term Loan)	5.19	600.64	0.88	606.53	0.18
4	AMI - Workshop Assistance Fund	0.01	-	-	0.01	0.00*
5	Kutch Drought Proofing Project	0.22	-	-	-	0.22
6	Revival Package for Long Term Cooperative Credit Structure (LTCCS)	20.00	-	-	-	20.00
7	Revival Reform and Restructure of Handloom Sector	4.11	-	-	0.02	4.09
8	Interest Subvention (SAO, NRLM, NWR)	493.62	12,164.01	-	12,433.53	224.10
9	Arunachal Agri Start Up Scheme	0.50	-	-	-	0.50
10	Centrally sponsored Project-PACS Computerisation	44.93	44.06	1.12	72.63	17.48
11	AgriSURE- GOI		62.50	-	-	62.50
	Total	**1,506.36**	**13,054.41**	**2.02**	**13,839.18**	**723.61**
	Previous year	**1,106.99**	**11,269.63**	**5.78**	**10,876.04**	**1,506.36**

Refer Note B-1 of Schedule 18
* Represents an amount less than ₹50,000

Consolidated Schedule 5 - Deposits

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2025	As on 31.03.2024
1	Central Government	-	-
2	State Governments	-	-
3	Others	-	
	a) Tea/Rubber/Coffee Deposits	40.23	52.81
	b) Deposits Under RIDF	1,94,482.88	1,86,684.79
	c) Short Term Cooperative Rural Credit Fund	32,079.11	50,517.76
	d) ST RRB Credit Refinance Fund	7,023.74	15,157.91
	e) Warehouse Infrastructure Fund	2,870.00	3,890.00
	f) Long Term Rural Credit Fund	38,945.49	45,174.81
	g) Food Processing Fund	550.00	480.00
	Total	**2,75,991.45**	**3,01,958.08**

Consolidated Schedule 6 - Bonds and Debentures

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Tax Free Bonds	5,000.00	5,000.00
2	Non-Priority Sector Bonds	1,86,736.30	1,49,580.15
3	PMAY-G - GOI Fully Serviced Bonds	48,809.60	48,809.60
4	Bonds - LTIF	38,160.25	38,160.25
5	LTIF- GOI Fully Serviced Bonds	19,506.80	19,506.80
6	SBM(G) - GOI Fully Serviced Bonds	12,298.20	12,298.20
7	Micro Irrigation Fund (MIF) Bonds	1,754.60	1,754.60
8	Social Bonds	1,040.50	1,040.50
9	Infra Bonds	14,060.00	10,000.00
	Total	**3,27,366.25**	**2,86,150.10**

Consolidated Schedule 7 - Borrowings

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Central Government	-	-
2	Reserve Bank of India	-	-
3	Others:		
	(A) In India		
	(i) Certificate of Deposits	37,939.26	23,629.90
	(ii) Commercial Paper	57,386.19	52,112.64
	(iii) CBLO/Tri Party Repo	51,707.99	28,270.07
	(iv) Term Money Borrowings	10.36	2,508.21
	(v) Term Loan from Banks	1,03,869.94	94,163.26
	(vi) JNN Solar Mission	2.81	2.81
	(B) Outside India		
	(i) International Agencies	518.00	551.52
	Total	**2,51,434.55**	**2,01,238.41**

Consolidated Schedule 8 - Current Liabilities and Provisions

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Interest/Discount Accrued	12,201.02	10,186.88
2	Sundry Creditors	3,329.30	3,417.76
3	Subsidy Reserve (Co-finance, Cold Storage, CSAMI)	7.38	28.50
4	Subsidy Reserve	22.32	-
5	Provision for Gratuity	23.78	12.17
6	Provision for Pension	434.85	126.64
7	Provision for Encashment of Ordinary Leave	396.92	381.90
8	Provision for Post-Retirement Medical Benefit	192.17	170.21
9	Provision for Salary revision	667.17	318.17
	(Refer Note B-21 of Schedule 18)		
10	Unclaimed Interest on Bonds	4.36	2.99
11	Bonds matured but not claimed	9.83	13.15
12	Bond Premium	80.97	50.12
13	Commitment Charges - International Borrowings	0.24	-
14	Provisions and Contingencies		
	a) Depreciation in Value of Investment		
	(i) Government securities		
	(ia) Securities of Central & State Government	-	1,033.42
	(ib) Treasury Bills	-	-
	(ii) Other Approved securities	-	-
	(iii) Equity shares	-	-
	(iv) Debenture and Bonds	12.04	19.46
	(v) Subsidiaries and joint venture	-	-
	(vi) Others	9.63	-
	b) Amortisation of Premium on Securities Held to Maturity	6.28	147.16
	c) For Standard Assets	3,572.61	3,330.41
	d) Non-performing Investments	300.59	358.54
	e) Counter Cyclical Provisioning Buffer/ Floating Provision	2,014.45	2,014.45
	f) Provision for Other Assets & Receivables	125.40	57.01
	g) Provision for Income Tax [Net of Advance Tax]	2,922.99	3,001.56
15	Other Liabilities	133.01	109.01
	Total	**26,467.31**	**24,779.51**

Note: Provision for Non-Performing Advances have been adjusted against the Advances shown in Schedule-11

Consolidated Schedule 9 - Cash and Bank Balances

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Cash in hand	0.00*	0.00*
2	Balances with:		
	(A) Banks in India		
	(i) Reserve Bank of India	6,568.72	3,561.58
	(ii) Other Banks		
	a) In Current Account	4,547.80	3,834.52
	b) Deposit with Banks	33,910.50#	22,988.33
	(B) Banks outside India	-	-
3	Tri Party Repo - Lending	999.30	7,455.32
	Total	**46,026.32**	**37,839.75**

Note: # includes Short Term Deposits with Banks (with maturity of 3 months and less) of ₹3,650.00 crore as on 31.03.2025 (₹1,300.00 crore as on 31.03.2024)

*Represents an amount less than ₹50,000

Consolidated Schedule 10 - Investments

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Government Securities		
	a) Securities of Central Government & State Government	53,061.47	34,498.94
	[Face Value ₹5,21,78,15,80,000 (₹3,29,78,86,70,000)]		
	b) Treasury Bills	11,297.96	18,806.69
	[Face Value ₹1,14,99,23,50,000 (₹1,96,58,33,80,000)]		
2	Other Approved Securities	5.40	5.40
3	Equity Shares in :		
(a)	Agricultural Finance Corporation Ltd.	1.00	1.00
	[1,000 (1,000) - Equity shares of ₹10,000 each]		
(b)	Small Industries Development Bank of India	966.28	966.27
	[5,31,92,203 (5,31,92,203) - Equity shares of ₹10 each]		
(c)	Agriculture Insurance Company of India Ltd.	60.00	60.00
	[6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]		
(d)	Multi Commodity Exchange of India Ltd.	0.30	0.30
	[3,77,758 (3,77,758) - Equity shares of ₹10 each]		
(e)	National Commodity and Derivatives Exchange Ltd.	16.88	16.87
	[56,25,000 (56,25,000) - Equity shares of ₹10 each]		
(f)	CSC e-Governance Services India Ltd Equity	9.75	9.75
	[55,000 (55,000) Shares of ₹1000 each]		
(g)	Agriculture Skill Council of India	0.00*	0.00*
	[4,000 (4,000) Shares of ₹10 each]		

Sr. No.	Particulars	As on 31.03.2025	As on 31.03.2024
(h)	National E-Goverance Services India Ltd [Equity]	1.50	1.50
	[15,00,000 (15,00,000) Shares of ₹10 each]		
(i)	National e-Respository Ltd.	10.53	10.53
	[1,05,30,000 (1,05,30,000) Shares of ₹10 each]		
(j)	Open Network for Digital Commerce	40.00	40.00
	[40,00,000 (40,00,000) Shares of ₹100 each]		
(k)	Online PSB Loans Limited	56.76	-
	[2,87,329 (NIL) Shares of ₹10 each]		
(l)	24x7 Moneyworks Consulting Private Limited	3.84	-
	[23,333 (NIL) Shares of ₹10 each]		
(m)	Other Equity Investments	20.02	20.02
4	Debentures and Bonds		
(a)	Special Development Debentures of SCARDBs	65.19	134.06
	(Refer Note B-10 of Schedule 18)		
(b)	Non-Convertible Debentures	852.99	858.37
5	Others		
(a)	Mutual Fund	6,604.32	5,293.40
(b)	Commercial Paper	1,453.08	185.04
	[Face Value ₹15,00,00,00,000 (₹2,00,00,00,000)]		
(c)	Certificate of Deposit	16,100.04	7,900.10
	[Face Value ₹1,64,50,00,00,000.00 (₹79,70,00,00,000)]		
(d)	Venture Capital Funds/AIFs	575.61	439.07
(e)	Investment Earmarked towards EOL	10.94	39.26
(f)	InvITs	2.00	-
(g)	Investment in Securitisation-PTC	236.65	201.40
	Total	91,452.51	69,487.97

*Represents an amount less than ₹50,000

Consolidated Schedule 11 - Advances

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Refinance Loans		
(a)	Production & Marketing Credit	1,69,224.53	1,58,705.71
(b)	Other Investment Credit:		
(i)	Medium Term and Long-Term Project Loans	2,52,632.27	2,68,113.97
(ii)	Direct refinance to DCCBs	27,767.64	20,504.10
2	Direct Loans		
(a)	Loans under Rural Infrastructure Development Fund	1,84,724.16	1,70,006.64
(b)	Loans under Warehouse Infrastructure Fund	2,581.85	3,385.86
(c)	Long Term Non-Project Loans	1,687.32	1,566.71
(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)	40,879.33	32,403.74
(e)	Loans under Producers' Organisation	0.14	0.52
(f)	Credit Facility to Federations [CFF]	41,676.56	20,583.03
(g)	Loans under Food Processing Fund	386.48	431.38
(h)	Loans under Long Term Irrigation Fund	51,803.83	53,617.32
(i)	Pradhan Mantri Awas Yojana - Gramin	48,819.03	48,819.03
(j)	Swacch Bharat Mission-Grameen	12,298.20	12,298.20
(k)	Dairy Infrastructure Development Fund (DIDF)	1,366.80	1,508.16
(l)	Loan under GCF	517.99	551.52
(m)	Micro Irrigation Fund	2,871.83	3,036.89
(n)	Fisheries and Aquaculture Infrastructure Development Fund	1,141.38	801.49
(o)	Rural Infrastructure Assistance Scheme (RIAS)	65.16	
(p)	Other Loans:		
(i)	Watershed Development Fund Programme Loans	1.66	3.69
(il)	KfW UPNRM Loans	-	0.73
(iii)	Off Farm Sector Promotion Activities Programme Loans	0.29	0.46
	Total	8,40,446.45	7,96,339.15

Note: The Advances are net off the provisions for Non-performing Assets amounting to ₹2,241.61 crore (₹2,101.94 crore as on 31.03.2024)

Consolidated Schedule 12 – Property, Plant and Equipment (Fixed Assets)

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	LAND: Freehold & Leasehold		
	(Refer Note B-8 of Schedule 18)		
	Opening Balance	201.23	201.23
	Additions/adjustments during the year	-	-
	Sub-Total	201.23	201.23
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	201.23	201.23
	Less: Amortisation of Lease Premia	67.15	65.69
	Book Value	134.08	135.54
2	PREMISES		
	(Refer Note B-8 of Schedule 18)		
	Opening Balance	663.08	656.11
	Additions/adjustments during the year	9.26	6.97
	Sub-Total	672.34	663.08
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	672.34	663.08
	Less: Depreciation to date	375.27	351.38
	Book Value	297.07	311.70
3	FURNITURE & FIXTURES		
	Opening Balance	73.37	71.66
	Additions/adjustments during the year	2.55	1.90
	Sub-Total	75.92	73.56
	Less: Cost of assets sold/written off	0.19	0.19
	Closing Balance (at cost)	75.73	73.37
	Less: Depreciation to date	68.30	65.15
	Book Value	7.43	8.22
4	COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS		
	Opening Balance	272.63	236.69
	Additions/adjustments during the year	40.63	38.44
	Sub-Total	313.26	275.13
	Less: Cost of assets sold/written off	7.62	2.50
	Closing Balance (at cost)	305.64	272.63
	Less: Depreciation to date	251.63	229.44
	Book Value	54.01	43.19
5	VEHICLES		
	Opening Balance	14.92	13.35
	Additions/adjustments during the year	6.98	6.09
	Sub-Total	21.90	19.44
	Less: Cost of assets sold/written off	5.86	4.52
	Closing Balance (at cost)	16.04	14.92
	Less: Depreciation to date	6.03	5.99
	Book Value	10.01	8.93

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
6	Capital Work in Progress [Including Premises, Furniture & Fixtures and Software Implementation]	75.12	56.93
	Total	**577.72**	**564.51**

Note: Depreciation to date includes opening depreciation, depreciation on addition & sale and depreciation for current FY.

Consolidated Schedule 13 - Other Assets

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Accrued Interest	5,976.67	5,529.01
2	Deposits with Landlords	3.75	3.15
3	Deposits with Government Departments and Other Institutions	54.24	54.16
4	Housing loan to staff	188.47	142.55
5	Other Advances to staff	98.10	96.62
6	Sundry Advances	250.56	235.74
7	Deferred Tax Assets (Refer Note B-6 of Schedule 18)	148.66	208.40
8	Receivable from Government of India/International Agencies (Refer Note B-2 and B-4 of Schedule 18)	1,193.46	1,486.25
9	Discount Receivable	-	294.78
10	Discount on Issue of Bonds	94.98	121.42
11	Other Assets - Input Tax Credit (GST)	7.30	3.77
	Total	**8,016.19**	**8,175.85**

Consolidated Schedule 14 - Interest and Financial Charges

(Amount in ₹ crore)

Sr. No.	*Particulars*	*2024-25*	*2023-24*
1	Interest Paid on		
(a)	Deposits under RIDF	6,752.89	6,042.03
(b)	Short Term Cooperative Rural Credit Fund	1,975.77	2,169.93
(c)	ST RRB Credit Refinance Fund	574.67	653.48
(d)	Warehouse Infrastructure Fund	105.27	121.11
(e)	Long Term Rural Credit Fund	1,599.15	1,440.00
(f)	Fund for Food Processing Units	19.69	15.55
(g)	Tea/Coffee/Rubber Deposits	2.35	2.82
(h)	Term Money Borrowings	39.73	112.97
(i)	Bonds (Refer Notes B-4 & B-12 of Schedule 18)	21,322.39	16,367.23
(j)	Term Loans from Banks	6,168.07	5,290.32
(k)	Borrowings from International Agencies	6.20	16.28
(l)	Borrowing against ST Deposit	(0.00)*	3.18
(m)	Discount on Commercial Paper	2,506.68	2,182.71
(n)	Discount on Certificate of Deposits	2,020.56	1,620.20
(o)	Repo Interest Expenditure	10.58	14.50
(p)	Interest on funds	186.82	187.09
(q)	Borrowing from RBI under SLF	-	-
(r)	Commitment Fee - International Borrowings	0.24	-
2	Discount on CBLO/Tri-Party Repo	1,505.68	606.16
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	76.21	70.71
4	Swap Charges	17.96	24.12
	Total	**44,890.91**	**36,940.39**

* Represents an amount less than ₹50,000

Consolidated Schedule 15 A - Establishment and Other Expenses

(Amount in ₹ crore)

Sr. No.	*Particulars*	*2024-25*	*2023-24*
1	Salaries and Allowances (Refer Note B-21 of Schedule 18)	1,431.89	1,505.87
2	Contribution to/Provision for Staff Superannuation Funds	836.10	1,309.09
3	Other Perquisites & Allowances	310.37	227.03
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	0.42	0.35
5	Directors' & Committee Members' Fees	1.04	1.03
6	Rent, Rates, Insurance, Lighting, etc.	54.58	49.15
7	Travelling Expenses	82.46	71.39
8	Printing & Stationery	9.22	8.53
9	Postage, Telegrams & Telephones	32.93	25.01
10	Repairs	21.47	19.32
11	Auditors' Fees	0.56	0.44
12	Legal Charges	5.41	4.19
13	Miscellaneous Expenses	460.46	384.16
14	Expenditure on Miscellaneous Assets	12.93	9.20
15	Expenditure on Study & Training	115.00	105.32
	Total	**3,374.84**	**3,720.08**

Consolidated Schedule 15 B - Expenditure on Promotional Activities

(Amount in ₹ crore)

Sr. No.	*Particulars*	*2024-25*	*2023-24*
1	Cooperative Development Fund	54.55	33.29
2	Producers Organization Development Fund - NABARD	0.29	3.95
3	Rural Infrastructure Promotion Fund	3.17	3.09
4	Expenditure under Farm Sector Promotion Fund	21.37	28.27
5	Expenditure under Climate Change Programme	-	0.39
6	Gramya Vikas Nidhi	57.69	63.50
7	Catalytic Capital Fund	2.52	2.94
8	Technology Facilitation Fund	0.10	0.59
	Total	139.69	136.02

Consolidated Schedule 16 - Provisions

(Amount in ₹ crore)

Sr. No.	*Particulars*	*2024-25*	*2023-24*
	Provisions for:		
1	Standard Assets	241.98	378.38
2	Non-Performing Assets	153.61	(59.86)
3	Depreciation in value of Investment Account - Equity	(8.50)	14.78
	Total	387.09	333.30

Consolidated Schedule 17 - Commitments and Contingent Liabilities

(Amount in ₹ crore)

Sr. No.	*Particulars*	*As on 31.03.2025*	*As on 31.03.2024*
1	Commitments on account of capital contracts remaining to be executed (Net of Advances)	68.12	11.85
	Sub Total "A"	68.12	11.85
2	Contingent Liabilities		
(i)	Bank Guarantee	21.94	32.35
(ii)	Claims against the Bank not acknowledged as debt	6.00	-
(iii)	Pending legal cases (including Income Tax Appeals)	415.19	371.38
	Sub Total "B"	443.13	403.73
	Total (A + B)	511.25	415.58

Schedule 18

Significant Accounting Policies and Notes forming Part of the Consolidated Financial Statements for the year ended March 31, 2025

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, accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Holding Bank/ NABARD) 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/deficit 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 Reserves & Surplus.

These consolidated financial statements comprise standalone financial statements of NABARD ("the Holding Bank" or "NABARD") and its subsidiaries which together constitute the group ("The Group"). 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 explanation to Para 6 of AS-21 'Consolidated Financial Statements' is as follows:

"All the notes appearing in the separate financial statements of the parent enterprise and its subsidiaries need not be included in the notes to the consolidated financial statements. For preparing consolidated financial statements, the following principles may be observed in respect of notes and other explanatory material that form an integral part thereof:

a) Notes which are necessary for presenting a true and fair view of the consolidated financial statements are included in the consolidated financial statements as an integral part thereof.

b) Only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in consolidated financial statements. In view of this, it is possible that certain notes which are disclosed in separate financial statements of a parent or a subsidiary would not be required to be disclosed in the consolidated financial statements when the test of materiality is applied in the context of consolidated financial statements.

c) Additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements need not be disclosed in the consolidated financial statements."

The consolidation of financial statements has been done on the basis keeping in view the above guidelines in AS-21 'Consolidated Financial Statements'

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	*Framework*	*Audited FS considered for consolidation*	*Country of Incorporation*	*Proportion of Ownership (%)*	
				2023-24	*2022-23*
NABKISAN Finance Limited (NABKISAN)	Ind AS	No*	India	87.77	87.77
NABSAMRUDDHI Finance Limited (NABSAMRUDDHI)	Ind AS	No*	India	91.09	91.09
NABFINS Limited (NABFINS)	Ind AS	No*	India	63.10	63.10
NABARD Consultancy Services Private Limited (NABCONS)	IGAAP	Yes	India	100	100
NABVENTURES Limited (NABVENTURES)	IGAAP	Yes	India	100	100
NABFOUNDATION	IGAAP	Yes	India	100	100
NABSANRAKSHAN Trustee Private Limited (NABSANRAKSHAN)	IGAAP	Yes	India	100	100

* The financial statements prepared under Ind AS have been audited by the statutory auditors of the respective subsidiaries. However, for the purpose of consolidation of financial statements, Ind AS not being applicable to NABARD, we have considered the IGAAP financial statements which have been prepared by the management of the respective subsidiaries and are unaudited.

NABARD holds 30% share of Agriculture Insurance Company India Ltd. As per AS 23 – 'Accounting for Investments in associates in consolidated financial Statements' significant influence is presumed when the investor holds 20% or more of the voting power of the investee. However, NABARD is represented in the Board of Directors as a Non-Executive Director. Thus, NABARD does not exercise Significant influence on AICIL as a result of which the financial statements of AICIL are not consolidated.

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 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 the floatation of bonds, including applicable stamp duty, 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 i) Income from Venture Capital Funds are accounted on realization basis.

ii) Release of subsidy in which NABARD is acting as a pass through agency is accounted for, including service charges thereon, on payment basis subject to availability of funds under the respective schemes.

5.5 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

5.6 In case of Compromise and Resolution/Settlement, recovery shall be appropriated as per the terms of respective compromise/resolution settlement.

5.7 In case of suit filed/decreed accounts, recovery shall be appropriated as under:

i) As per the directives of the concerned Court.

ii) In the absence of specific directives from the Court, as mentioned at point 5.5 above.

5.8 **NABCONS - Income from services**

5.8.1 Income from Assignments: Income from assignments constitute the main source of income for the Company. Recognition of revenue and corresponding expenses incurred on particular assignments are taken into account at the time when the assignments 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 other assignments where execution is spread over a period, the income has been recognized based on the milestones completed and deliveries effected, status of execution and period completed.
- in case assignment is a time bound contract for more than a year income is recognized in proportion to period completed.

5.8.2 As per the company's policy, 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.

5.8.3 Any advance received on progressive basis for ongoing assignments, where criteria/milestone for income booking as per Company policy as disclosed above has not been fulfilled, 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 and will be shown as expenses in the year in which corresponding income will be accounted for, as per policy of Company.

5.8.4 NABCONS has been appointed by Ministry of Rural Development (MoRD), Government of India as a Central Technical Support Agency (CTSA) in connection with implementation of the DDU-GKY scheme. As per the prevailing guidelines, NABCONS is entitled to receive Monitoring Cost @ 1.5% (inclusive of GST) of the total project cost, in respect of the allocated States, which is accounted for, as income at the time of release/sanction of each instalment released to SRLMs/SSDMs.

Besides above, NABCONS has also been appointed as the Technical Support Agency (TSA) by several States, income in respect of which, is recognised as per the agreed terms stated in MoU executed with SRLM/SSDM.

Thus, NABCONS has recognised income in respect of dues from MoRD/SRLMs, which have either been sanctioned/payable, but not paid owing to administrative reasons, paucity of funds etc.

In addition, NABCONS has also performed the assignment of Project Appraisal Agency. The income related to project appraisal has been recognised at the time of completion of deliverables/receipt of fees from PIAs. The Ministry of Rural Development (MoRD), Govt of India is in the process to roll-out DDU-GKY 2.0 for FY 2025-26, programme to be executed upto 31.03.2026.

6. Property, Plant and Equipment (Fixed Assets)

6.1 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.

6.2 Land includes freehold and leasehold land.

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

6.4 Depreciation policy on premises situated on freehold land and leasehold land has been revised during the FY 2017-18 and calculated on straight line basis over the period of 30 years.

6.5 The upfront lease premium paid on leasehold land are amortized over the tenure of lease period @ 5% on opening written down value or the proportionate amount of remaining lease premium on the remaining period of lease, whichever is higher.

6.6 Fixed Assets individually costing ₹1 lakh or 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.

6.7 In case of The Holding Bank, 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%

6.8 Depreciation is charged from the month in which the asset is capitalized in the year of purchase up to the month in which the asset is sold in the year of sale.

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

6.10 In case of subsidiaries the depreciation on fixed assets is provided on following basis:

Name of the Subsidiary	Method of Depreciation
NABKISAN	WDV as per Schedule II
NABSAMRUDDHI	SLM as per Schedule II
NABFINS	WDV as per Schedule II
NABCONS	SLM as per Schedule II
NABVENTURES	SLM and WDV as per Schedule II
NABFOUNDATION	SLM as per Schedule II
NABSANRAKSHAN	WDV as per Schedule II

7. Investments

7.1 The transactions in Securities are recorded on "Settlement Date".

7.2 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").

7.3 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".

7.4 Investments classified under HTM 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.

7.5 Profit on redemption of investment categorized under "HTM" is recognized in Profit & Loss A/c.

7.6 Investments under "AFS" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. Net depreciation, if any, is provided for investments in the category classified as "AFS" and appreciation is ignored. The book value of the individual scrip are not changed after such revaluation.

7.7 Investments under "HFT" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Private Limited., AMFI etc. Net Depreciation, if any, provided for investments in the category classified as "HFT" and appreciation is ignored. The book values of the individual scrip are not changed after such revaluation.

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

7.9 Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.

7.10 Unquoted Shares are valued at breakup value, if the latest Audited Financial Statements of the investee companies are available, or at ₹1/- per Company as per RBI guidelines.

7.11 Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.

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

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

7.14

Sr. No.	Existing category	Proposed category	Accounting policy
1.	AFS/HFT	HTM	Lower of book value or market value. In cases where the market value is lower than the book value, the provision for depreciation held against the security (including the additional provision, if any, required based on valuation done on the date of transfer) shall be adjusted to reduce the book value to the market value and the security shall be transferred at the market value.
2.	HTM	AFS/HFT	Transfer at book value/ amortised cost. Such Securities shall be immediately re-valued consequent to transfer and resultant depreciation, if any, shall be provided.
3.	AFS/HFT	HFT/AFS	Transfer at book value. Securities need not be re-valued on the date of transfer and the provisions for the accumulated depreciation, if any, held shall be transferred to the provisions for depreciation against the HFT securities and vice-versa.

7.15 Amortization/Gain/Loss on Revaluation of Government Securities is charged to Profit and Loss Account.

7.16 Weighted average cost method has been followed for accounting for investments.

7.17 Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.

7.18 Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.

7.19 The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be.

7.20 The derivatives transactions are undertaken for hedging purposes.

7.21 In case of subsidiaries, investments held for more than twelve months are valued at cost less provision for diminution, other than temporary, in the value of such investments except Corporate Bonds and Government Securities. Corporate Bonds and Government Securities are held at amortised cost. Investments that are readily realized and are intended to be held for less than twelve months, are held at lower of cost and fair value and the resultant decline, if any, is charged to the statement of Profit and Loss.

In case of NABSANRAKSHAN, cost included on FIFO basis is considered for calculation of profit or loss on redemption of mutual funds.

Hedge Swaps

Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at market value or lower of cost in the financial statement. Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/liabilities.

8. Advances and Provisions thereon

8.1 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.

8.2 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.

8.3 Advances are stated net of provisions towards Non-performing Advances.

8.4 Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the Profit and Loss account.

8.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 8 of the Balance Sheet under the head "Current Liabilities & Provisions" and are not considered for arriving at the Net NPAs.

9. Foreign Currency Transactions

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

9.1 Assets and liabilities in foreign currency are revalued at the exchange rate notified by FEDAI/FBIL as at the close of the year/reporting date. The hedged portion of the foreign currency borrowings are stated at the contracted value and the liability of hedged borrowing as per year-end exchange rate is disclosed as a contra item in the Balance Sheet (as off Balance Sheet item).

9.2 For hedged transactions, Income and Expenditure items are translated at the contracted rates as per the hedge agreements executed.

10. Accounting for Foreign Exchange Contracts

10.1 Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.

10.2 The foreign currency borrowings which are hedged are stated at the contract rate.

10.3 The foreign exchange unhedged contracts are revalued at the exchange rates notified by FEDAI/FBIL at the year-end/reporting date. The resultant gain/loss on revaluation is recognised in the Profit & Loss Account under the head Gains/Loss on revaluation of Forward Exchange Contract Account.

11. Employee Benefits

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

11.1 **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.

11.2 **Post Retirement Benefits:**

i) **Defined Contribution Plan**

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. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

iii) **Other Long Term benefits**

All eligible employees of the bank are entitled for compensated absences. All the eligible employees are also entitled 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

12.1 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.

12.2 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.

12.3 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.

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

13. Segment Reporting

13.1 The Bank recognizes the Business segment as the Primary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

13.2 Segment revenue includes interest and other income directly identifiable with/allocable to the segment. Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank Income".

13.3 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".

13.4 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

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

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

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

14.2 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 possible 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 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

a) Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand and other short-term investments.

b) Cash Flow statement is reported using Indirect method. The cash flow from operating, financing and investing activity is segregated based on the available information.

17. Prior Period Income/Expenses

Items of Income/Expenditure which are prior period in nature is disclosed separately only when the individual prior period income/expense exceeds 0.5% of Gross Income.

18. Implementation of Indian Accounting Standards (Ind AS)

In terms of the Press Release No. 11/10/2009 CL-V dated 18 January 2016 issued by the MCA, the bank would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 and thereafter. The implementation of Ind AS by AIFIs has been deferred by Reserve Bank of India until further notice.

B. Notes forming part of the Accounts

1. NABARD is acting as a banker/custodian/trustee on behalf of GOI/RBI/Other entities and is holding the following funds, pending 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. Interest on unutilized balances has been credited to the following funds as per the respective agreements/as approved by the management/Board of Directors. The details of rate of interest for respective funds are as under:

S. No	*Name of the Fund*	*Rate of Interest for 2024-25*	*Rate of Interest for 2023-24*
1.	Watershed Development Fund	3%	3%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Rajasthan)	0%	3%
3.	KfW Accompanying Measures	0%	3%
4.	National Adaptation Fund for Climate change	0%	3%
5.	Tribal Development Fund	3%	3%
6.	Financial Inclusion Fund	3%	3%
7	Kfw NB- V Adivasi Development Programme- Gujarat	0%	3%
8.	Climate Change - (AFB) - Project Formulation Grant	3%	3%
9	LTIF Interest Fluctuation Reserve Fund	3%	3%
10	Producer Organisation Development Fund-Interest Differential	3%	3%
11	Climate Change Fund -Interest Differential	3%	3%
12	GCF Project Grants	3%	3%
13	Cattle Development Fund (UP & Bihar)	7.83%	7.29%
14	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareilly)	7.83%	7.29%
15	Center for Professional Excellence in Co-operatives.	7.83%	7.29%

2. Recoverable from Government of India/International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹2.00 crore (₹1.08 crore) being debit balance of various funds. The details of such funds are as under:

(Amount in ₹ crore)

S. No.	*Name of the Fund*	*2024-25*	*2023-24*
2	KfW- Soil Project	0.92	0.00
3	NAFCC	1.08	1.08
	Total	2.00	1.08

3. Pursuant to the directions of RBI, the relative margin available to the Bank in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund (WIF) deposits and Food Processing Fund (FPF), placed by various banks is credited to Financial Inclusion Fund and Climate Change Fund - ID in the ratio of 80:20.
4. Interest Subvention received/receivable from Government of India (GOI) under various schemes has been adjusted from Interest and financial charges under Schedule 14. The amount of Interest subvention adjusted under different schemes is given below:

(Amount in ₹ crore)

S. No.	*Scheme*	*2024-25*	*2023-24*
1.	Long Term Irrigation Fund	567.95	558.87
2.	Seasonal Agricultural Operations (SAO)	140.96	(70.68)
3.	Dairy Infrastructure Development Fund (DIDF)	34.72	35.07
4.	National Rural Livelihood Mission (NRLM)	126.07	67.08
5.	Micro Irrigation Fund (MIF)	87.68	73.62
6.	Fisheries and Aquaculture Infrastructure Development Fund (FIDF)	25.85	17.94

5. Interest Margin 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 has been accounted as interest income. The amount received/receivable from GOI under the scheme stood at ₹115.09 crore (₹122.26 crore).

6. The Bank recognizes deferred tax asset/liability on timing differences in accordance with AS 22 "Accounting for taxes on Income". During the year, the Bank has recognized deferred tax expense of ₹59.73 crore (₹20.55 crore). in the Profit and Loss Account. The details of total deferred tax assets as on 31.03.2025 are as under:

(Amount in ₹ crore)

S. No.	Deferred Tax Assets	2024-25	2023-24
1	Provision allowable on payment basis	102.46	175.14
2	Depreciation on Fixed Assets	13.70	15.08
3	Others	32.50	18.17
	Total	148.66	208.39

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.

As the loan book is growing year on year, Provision on Standard Assets is required to be created every year in line with the RBI Prudential Norms. Therefore, in accordance with the principles laid down in AS-22, the Bank does not recognise Deferred Tax Asset on account of Provision on Standard Assets, as there is no reasonable certainty of their realisation.

7. The details of pending Income Tax Appeals with various authorities as at the end of FY 2024-25 are given below:

S. No.	Assessment Year	Authority where Appeal is pending	Appeal preferred by	Amount of tax in dispute as on 31-03-2025 (₹ Crore)	Amount of tax in dispute as on 31-03-2024 (₹ Crore)
1	2002-03	High Court – Mumbai	IT Dept.	415.00	415.00
2	2006-07	High Court – Mumbai	IT Dept.	217.85	217.85
3	2007-08	High Court – Mumbai	IT Dept.	88.56	88.56
4	2008-09	High Court – Mumbai	IT Dept.	118.77	118.77
5	2009-10	High Court – Mumbai	IT Dept.	194.82	194.82
6	2010-11	High Court – Mumbai	NABARD	28.20	28.20
7	2010-11	High Court – Mumbai	IT Dept.	215.32	215.32
8	2011-12	High Court – Mumbai	NABARD	51.03	--
9	2012-13	High Court – Mumbai	NABARD	45.63	--
10	2013-14	High Court – Mumbai	NABARD	1.70	--
11	2011-12	Income Tax Appellate Tribunal (ITAT)	NABARD	--	51.07
12	2011-12	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	287.62
13	2012-13	Income Tax Appellate Tribunal (ITAT)	NABARD	--	45.63
14	2012-13	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	327.03
15	2013-14	Income Tax Appellate Tribunal (ITAT)	NABARD	--	1.70
16	2013-14	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	380.05
17	2014-15	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	450.61
18	2015-16	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	448.87
19	2019-20	Income Tax Appellate Tribunal (ITAT)	IT Dept.	--	254.38
20	2019-20	Income Tax Appellate Tribunal (ITAT)	NABARD	--	0.59
21	2016-17	Commissioner of Income Tax (Appeals)	NABARD	407.23	407.23
22	2017-18	Commissioner of Income Tax (Appeals)	NABARD	360.69	360.69
23	2018-19	Commissioner of Income Tax (Appeals)	NABARD	278.52	278.52
24	2022-23	Commissioner of Income Tax (Appeals)	NABARD	182.64	--

8. Free hold land and Lease hold Land and Premises include ₹11.85 crore (₹11.85 crore) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.

9. In the opinion of the Bank's management, there is no impairment to assets to which AS 28 – "Impairment of Assets" applies requiring any provision.

10. 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:

a) Classified as Investments and shown in Schedule – 10 under the head 'Debenture and Bonds'.

b) 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'.

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

11. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹633.71 crore (₹407.85 crore) pertains to projects yet to be grounded under ongoing Tranches (XXVII to XXIX) towards mobilisation advance. Pending receipt of the proposal from the State Government for adjustment of the amount with the respective/other projects, the amount has been classified as disbursement from the fund.

12. In terms of Central Board of Direct Taxes, Ministry of Finance notification dated 18 February 2016, NABARD was allowed to raise tax free bonds having benefits under section10(15)(iv)(h) of the Income Tax Act 1961 amounting to ₹5,000 crore. Accordingly, ₹1,500 crore repayable in 10 year tenure was mobilized through Private Placement and ₹3,500 crore repayable in 10 & 15 year tenure was mobilized through public issue. The tax free bonds are in the nature of secured, redeemable and non-convertible bonds. These bonds are secured against pari passu charge on property situated in Mumbai and also first charge on specified book debts of NABARD. The interest charge to revenue pertaining to these bonds for the current year is ₹365.07 crore (₹365.64 crore).

The details of the debenture Trustee is as under:

Axis Trustee Services Limited,
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai - 400028
Telephone: +91 22 6230 0451

13. In terms of RBI (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investment, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 dated 21 September 2023 relating to Prudential Guidelines on Investment in Venture Capital Fund, an amount of ₹20.98 crore (₹31.84 crore) invested in the units of VCF was shifted from HTM category to AFS category, on completion of 3 years.

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

(Amount in ₹ crore)

Particulars	*Face Value*	*Book Value*
Pledged for Business Segment (Securities)	237.00 (237.00)	237.69 (237.69)
Pledged for Business Segment (CBLO/Tri Party Repo)	56100.51 (39131.28)	68247.12 (39250.46)
Pledged for Business Segment (Securities) Default Fund	50.00 (50.00)	51.75 (51.75)
Pledged for Business Segment (CBLO/Tri Party Repo) – Default Fund	50.00 (50.00)	51.75 (51.75)

(b) Investments in Government securities include the following securities pledged with Reserve of India as collateral security for Intra Day Limit:

(Amount in ₹ crore)

Particulars	*Face Value*	*Book Value*
Pledged for Intra Day Limit (Securities)	5168.17 (527.00)	5396.34 (545.54)

15. Provisions on Standard Assets

(Amount in ₹ crore)

Particulars	*2024-25*	*2023-24*
Provisions towards Standard Assets made during the year	241.97	378.37

16. Counter Cyclical Provisioning Buffer:

(Amount in ₹ crore)

S. No.	*Particulars*	*2024-25*	*2023-24*
(a)	Opening balance in the floating provision account	2014.45	2014.45
(b)	The quantum of provisions made during the accounting year#	0.00	0.00
(c)	Amount of drawdown made during the accounting year	0.00	0.00
(d)	Closing balance in the floating provision account	2014.45	2014.45

The Board of Directors of the Bank decided to create floating provisions, in accordance with RBI guidelines, to be utilized for any unexpected or exceptional circumstances.

17. The disclosures required to be given by financial institutions pursuant to RBI Master Direction-Reserve Bank of India (Financial Statements of All India Financial Institutions – Presentation, Disclosure and Reporting Directions 2016) dated 23 June 2016 not being considered relevant for consolidated financial statements of the group and hence the same are not contained in the notes.

18. In case of four subsidiaries, depreciation has been provided using Written Down Value method and is not adjusted in Consolidated Financial Statements as per Straight Line method. The impact of this on the consolidated financial statements is not material.
19. In case of NABFINS Limited, The RBI's Adjudication Committee has levied a penalty of ₹10 lakhs for non-adherence to guidelines related to restrictive practices, specifically forcing customers to opt for specific insurance products during the FY 2021-2022, the order of which was dated April 15, 2024 and the same was paid on April 29, 2024.
20. Leave Travel Concession benefits to employees are accounted for as and when the same is availed by the employees.
21. During the year, the group has accounted for ₹349.99 crore on estimated basis towards wage settlement effective from November, 2022. The closing provision for wage settlement as on 31 March 2025 is outstanding at ₹669.32 crore.
22. Prior period items included in the Profit and Loss account are as follows:

(Amount in ₹ crore)

S. No.	Particulars	2024-25	2023-24
1.	Income	0.00	0.00
2.	Revenue Expenditure	0.00	0.00
	Total	(0.00)	(0.00)

23. **Accounting Standard 18 – Related Party Disclosures**

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 (including its subsidiaries) are not given.

23.1 **Key Management Personnel (NABARD):**

Name of the party	Designation
Shri Shaji K. V.	Chairman
Shri Goverdhan Singh Rawat	Deputy Managing Director
Dr Ajay K. Sood	Deputy Managing Director

Key Management Personnel (Subsidiaries)

Name of Subsidiary	Name of the party	Designation
NABCONS	Shri Niraj Kumar Verma	Managing Director
	Dr Haragopal Yandra	Managing Director
	Smt Neha Chaudhary	Company Secretary
NABFINS	Shri A Jayasheelan	Chief Financial Officer
	Shri Mohan Prasad	Chief Operating Officer
	Smt Pooja Ahuja	Company Secretary
NABFOUNDATION	Shri Bibhu Prasad Kar	Chief Executive Officer
	Smt Sudha Vergese	Chief Financial Officer
	Aditi Shukla	Company Secretary
NABKISAN	Shri Prasad Rao	Managing Director & CEO
	Shri G Immanuvel	Chief Financial Officer
	Smt M Bhuvaneswari	Company Secretary
NABSAMRUDDHI	Smt Bonani Roychoudhury	Managing Director
	Shri LS Naveenkumar	Chief Financial Officer
	Smt Suzette Pereira	Company Secretary
NABSANRAKSHAN	Shri Rahul Uppal	Chief Executive Officer
	Shri Sunanda Kumar Sahoo	Company Secretary
NABVENTURES	Shri Vikas Bhatt	Managing Director
	Smt Deepti Helgaonkar	Chief Financial Officer
	Shri Tunu Sahu	Company Secretary

23.2 **Significant transactions with related parties**

(Amount in ₹ crore)

Items/Related	Key Management Personnel@	Relatives of Key Management Personnel	Total
Borrowings#	-	-	-
Deposit#	-	-	-
Placement of deposits#	-	-	-
Advances#			
Investments#			
Non funded commitments#	-	-	-
Leasing arrangements availed#	-	-	-
Leasing arrangements provided#	-	-	-
Purchase of fixed assets	-	-	-
Sale of fixed assets	-	-	-
Interest paid	-	-	-
Interest Received	-	-	-

Items/Related	Key Management Personnel@	Relatives of Key Management Personnel	Total
Rendering of services*	-	-	-
Receiving of services*	-	-	-
Management Contracts**	11.12 (10.46)	-	11.12 (10.46)

@ Whole time directors of the Board
# The outstanding at the year end and the maximum during the year are to be disclosed
*Contract Services etc. and not services like remittance facilities, locker facilities etc.
** Remuneration to Key Management Personnel

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 and other agencies for rural infrastructure development, co-finance loans and loans given to voluntary agencies/non-governmental organizations for developmental activities and other direct loans to to DCCBs.

ii) **Refinance:** Includes Loans and Advances given to State Governments, Public Sector Banks, Private Banks, Small Finance Banks, Foreign 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 T-Bills, short-term deposits, government securities, etc.

iv) The segments other than the above three primary segments is other business segments. After finding out the results of the three primary segments based on the direct income and direct expenses, the balance amounts including un-allocable expenses/liabilities/ assets are grouped under "Other Business".

(b) **Information on Primary Business Segment**

(Amount in ₹ crore)

Particulars	Treasury		Refinance		Direct Lending		Other Business		Total	
Business Segments	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Revenue	7649.52	5341.75	28911.04	24528.07	22404.11	19450.56	326.92	295.04	59291.59	49615.42
Result	1450.30	618.77	3571.30	4439.17	8129.71	6504.07	(2714.80)	(3129.09)	10436.51	8432.92
Unallocated Expenses									0.00	0.00
Operating Profit									10436.51	8432.92
Income Taxes									2594.93	2061.68
Extraordinary profit/loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit									**7841.58**	**6371.24**
Other Information										
Segment Assets	139343.11	101692.90	453289.86	430623.59	392465.48	370389.62	1272.07	9581.25	986370.53	912287.35
Segment Liabilities	150328.53	110712.29	351850.09	341185.02	391249.65	374674.25	90167.93	82922.63	983596.20	909494.19
Unallocated Assets									148.66	208.40
Total Assets									**986519.19**	**912495.75**
Unallocated Liabilities									2922.99	3001.56
Total Liabilities									**986519.19**	**912495.75**

Note: Unallocated Assets represent Deferred Tax Asset and Unallocated Liabilities represent Provision for Income Tax

(c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

25. Figures in brackets pertain to previous year.
26. Previous year's figures have been regrouped/rearranged wherever necessary.

As per our attached report of even date.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No.: 121750W/W100010

For and on behalf of the Board

Ramesh Gupta
Partner
Membership No: 102306

Vinod Chandrasekharan
Chief General Manager
Accounts Department

Mumbai
Date - 27 May 2025

Dr Ajay Kumar Sood
Deputy Managing Director

Goverdhan Singh Rawat
Deputy Managing Director

Shaji K. V.
Chairman

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

(Amount in ₹ crore)

Particulars	*2024-25*	*2023-24*
(a) Cash flow from Operating activities		
Net Profit as per Profit and Loss a/c before tax	10,436.51	8,432.92
Adjustment for:		
Depreciation and Amortisation	62.70	52.69
Provision for Non performing Assets	153.61	(59.86)
Provision for Standard Assets	241.98	378.38
Depreciation in value of Investment Account - Equity	(8.50)	14.78
Profit/(Loss) on sale of Fixed Assets	(1.11)	(1.74)
Interest credited to various Funds (including addition/adjustment made to Interest Differential Fund)	188.99	188.68
Interest Expenses on Borrowings & Deposits	44,890.91	36,940.39
Income from Investment (including Discount Income)	(7,642.18)	(5,290.17)
Amortisation of Discount/Premium on Issue of Bonds	41.93	25.03
Operating profit before changes in operating assets	**48,364.84**	**40,681.10**
Adjustment for changes in working capital:		
(Increase)/Decrease in Current Assets	(8,451.28)	(16,199.75)
Increase/(Decrease) in Current Liabilities	(520.82)	(23.20)
(Increase)/Decrease in Loans and Advances (Including Housing Loan & Other Advances to Staff	(44,239.49)	(64,302.78)
Cash generated from operating activities	**(4,846.75)**	**(39,844.63)**
Income Tax paid - Net of refund	(2,613.76)	(2,187.64)
Net cash flow from operating activities (A)	**(7,460.51)**	**(42,032.27)**
(b) Cash flow from Investing activities		
Income from Investment (including Discount Income)	7,642.18	5,290.17
Purchase of Fixed Asset	(77.64)	(76.49)
Sale of Fixed Assets	2.81	4.36
Increase/Decrease in Investment	(22,024.88)	(21,521.68)
Net cash used/generated from investing activities (B)	**(14,457.53)**	**(16,303.64)**
(c) Cash flow from financing activities		
Grants/contributions received	(1,045.19)	192.60
Proceeds of Bonds	41,231.50	39,506.45
Increase/(Decrease) in Borrowings	56,652.15	29,932.02
Increase/(Decrease) in Deposits	(25,966.62)	23,857.20
Interest Paid on Borrowings & Deposits	(42,876.77)	(34,780.38)
Increase in Share capital	-	-
Dividend paid during the year	(6.61)	(7.22)
Net cash raised from financing activities (C)	**27,988.46**	**58,700.67**
Net increase in cash and cash equivalent (A) + (B) + (C)	6,070.42	364.76

Particulars	*2024-25*	*2023-24*
Cash and Cash equivalent at the beginning of the year	8,696.10	8,331.34
Cash and cash equivalent at the end of the year	14,766.52	8,696.10

1. Cash and cash equivalent at the end of the year includes:	2024-25	2023-24
Cash in hand	-	-
Balance with Reserve Bank of India	6,568.72	3,561.58
Balances with other Banks in India	4,547.80	3,834.52
Short Term Deposits with Banks (with maturity of 3 months and less)	3,650.00	1,300.00
Total	14,766.52	8,696.10

Notes:
1. Cash Flow statement is prepared using indirect method.
2. The consolidated cashflow statement has been prepared based on the I-GAAP financial statements of the subsidiaries.

As per our attached report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No: 121750W/W100010

For and on behalf of the Board

Ramesh Gupta
Partner
Membership No.: 102306

Vinod Chandrasekharan
Chief General Manager
Accounts Department

Mumbai
Date: 27 May 2025

Dr Ajay Kumar Sood
Deputy Managing Director

Goverdhan Singh Rawat
Deputy Managing Director

Shaji K. V.
Chairman

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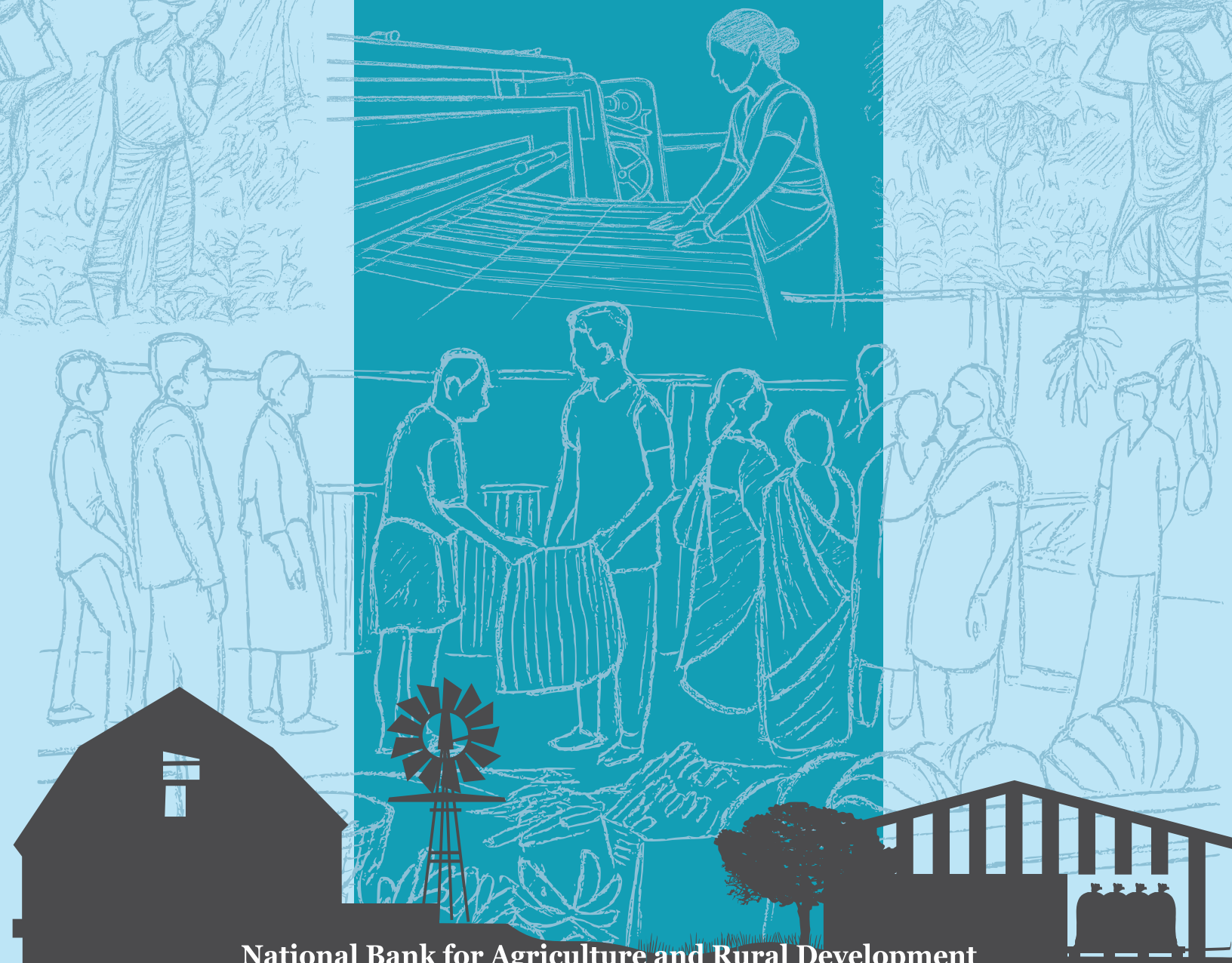

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