



# ANNUAL REPORT 2016-17





# ANNUAL REPORT 2016-17



## Letter of Transmittal



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

### CHAIRMAN

Ref.No.NB.Secy./ 244 /AR-1/2017-18

12 June 2017

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

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

Dear Sir / Madam

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

- i. A copy of the audited Annual Accounts for the year ended 31<sup>st</sup> March 2017 alongwith a copy of the Auditors' Report and
- ii. Two copies of the Annual Report of the Board of Directors on the working of National Bank during the year ended 31<sup>st</sup> March 2017.

Yours faithfully

**Harsh Kumar Bhanwala**

## BOARD OF DIRECTORS

AS ON 31 MARCH 2017



**Shri Harsh Kumar Bhanwala**  
Chairman

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



**Dr. Satyanarayana Dash**



**Dr. Anup Kumar Dash**

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



**Shri R. Gandhi**



**Dr. Ashok Gulati**



**Dr. Nachiket Mor**

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



**Shri Suchindra Misra**



**Shri S. K. Pattanayak**



**Shri Amarjeet Sinha**

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



**Shri Suresh Chandra Gupta**



**Shri P. C. Meena**



**Smt. Pooja Singhal**



**Shri C. Parthasarathi**

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



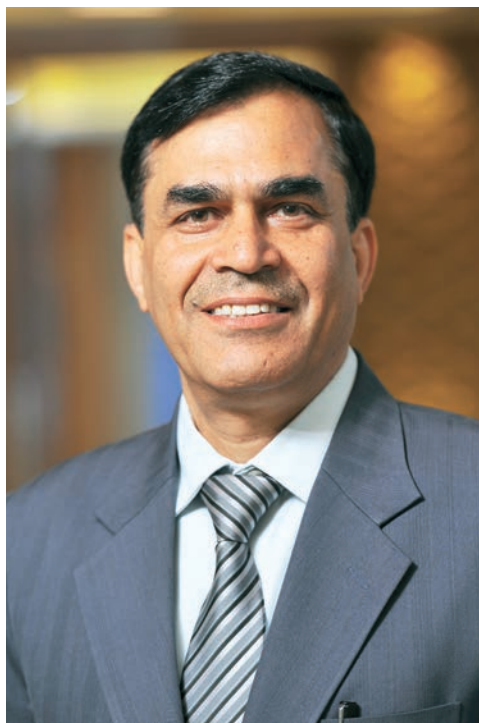
**Shri H. R. Dave**  
Deputy Managing Director



**Shri R. Amalorpavanathan**  
Deputy Managing Director

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





## FROM THE CHAIRMAN...

Transforming agriculture and the rural economy has been accorded high priority by Government of India (GoI) and NABARD. It is in this context that, GoI envisaged the transformative idea of “Doubling Farmers’ Income by 2022”. GoI’s major strategy for enhancing agricultural productivity is to increase the coverage of irrigation, with a focus on water-use efficiency through the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY). In this direction, a Long Term Irrigation Fund (LTIF) was created by GoI in NABARD during 2016-17, involving an initial corpus of ₹20,000 crore, for the funding of central and state shares for identified projects under PMKSY. During the first year of its operation, NABARD had sanctioned 82 irrigation projects with a loan of ₹49,890 crore.

Capital formation in rural economy is of critical importance for increasing agricultural productivity and off-farm employment. In this context, NABARD’s refinance disbursement under investment credit, which touched an all-time high of ₹53,506 crore during 2016-17, is expected to facilitate sustained growth in rural economy. Further, creation of rural infrastructure is a catalyst for achieving sustainable rural development, and Rural Infrastructure Development Fund (RIDF) continues to be a major source of funding for state governments. During 2016-17 an amount of ₹27,148 crore was sanctioned under RIDF XXII, with the share of irrigation and agriculture sector at 43 per cent, followed by rural connectivity at 34 per cent.

Climate change threatens our ability to achieve food security, eradicate poverty and achieve sustainable development. NABARD as the National Implementing Entity (NIE) under two international and one domestic funding mechanisms, has channelled funds for building climate change resilience of rural livelihoods, and for promoting climate smart agriculture, by generating several feasible projects on climate change adaptation.

Strategies for promoting agricultural growth and sustainability, also include an efficient value-chain approach through farmer producer organisations (FPOs). In this context, NABARD successfully supported promotion of 2,157 FPOs, under the Producers Organisation Development and Upliftment Corpus (PRODUCE) Fund created by GoI.

Considering the critical importance of financial inclusion in the country’s inclusive growth, NABARD has been supporting various innovative initiatives under financial inclusion through the Financial Inclusion Fund. In a special drive during the year, NABARD had extended support to DCCBs and RRBs for procuring more than 78 lakh EMV chip-based RuPay Kisan Cards, up to end-March 2017. Moreover, in order to generate demand for digital transactions, NABARD supported digital Financial Literacy Awareness Programmes (dFLAPs) and the deployment of two lakh Point of Sale (PoS) terminals in one lakh villages. Further, NABARD’s E-Shakti project on digitisation of SHGs now covers 24 districts across the country.

In order to provide a strong platform to rural artisans to take up collective business activities, it was decided to form ‘Off-Farm Producer Organisations (OFPOs)’ for supporting collectivisation of Off-Farm Sector activities like handloom, handicrafts, etc.

Reforms in the rural sector envisaged by GoI, along with amendments in APMC Acts and enactment of land leasing laws by state governments, could lead to the much needed transformation in the rural economy. Going forward, I am confident that NABARD will play a greater role in this transformative process, while traversing the road towards achieving the avowed objective of inclusive and sustainable rural development.

**Harsh Kumar Bhanwala**



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NABARD AT A GLANCE

( As on 31 March)

(Amount in ₹ crore)

Sources of Fund	2017	2016	Net Accretion	Uses of Funds	2017	2016	Net Utilisation
Capital	6,700	5,300	1,400	Cash and Bank Balances	11,612	16,056	-4,444
				Collateralised Borrowing and Lending Obligation	1,349	2,492	-1,143
Reserves & Surplus	24,771	22,126	2,645				
NRC (LTO) Fund	14,489	14,487	2	<b>Investments in</b>			
				a) GOI Securities	8,944	4,796	4,148
NRC (Stabilisation) Fund	1,589	1,587	2	b) ADFC Equity	175	175	0
				c) AFC Equity	1	1	0
Deposits (Tea/Rubber/Coffee)	219	266	-47	d) SIDBI Equity	48	48	0
				e) AICI Ltd.	60	60	0
Bonds and Debentures	50,537	39,123	11,414	f) NCDEX Ltd, UCX & MCX Ltd.	33	34	-1
				g) NABCONS	5	5	0
				h) CSC e-Governance Services India Ltd (Equity)	10	10	0
Borrowings from Gol	0	12	-12	i) Venture Funds	168	146	22
Borrowings JNN Solar Mission	15	15	0	j) Treasury Bills	2,421	836	1,585
				k) Commercial Paper	2,767	2,072	695
Foreign Currency Loan	684	722	-38	l) Non Convertible Bonds	1,307	427	880
				m) Equity Shares of Other Institutions	65	64	1
Commercial Paper	16,193	12,771	3,422	n) Debentures in Nature of Advance	3,676	4,955	-1,279
Borrowing against STD	750	0	750	o) Certificates of Deposit	2,311	7,895	-5,584
CBLO	7,319	0	7,319	p) Mutual Funds	4,001	4,695	-694
Certificates of Deposit	7,479	5,545	1,934	q) Investment Earmarked towards EOL	258	247	11
				r) Bills Rediscounting	198	0	198
				s)National e-Governance Services India Ltd	2	0	2
Term Money Borrowings	2,193	1,519	674	<b>Sub Total</b>	<b>26,450</b>	<b>26,466</b>	<b>-16</b>
Repo a/c	295	0	295	<b>Loans and Advances</b>			
RIDF Deposits	1,05,502	96,885	8,617	a) Production & Marketing Credit	73,553	69,719	3,834
				b) Conversion of Production Credit into MT Loans	1,065	447	618
STCRC Fund	45,009	53,991	-8,982	c) MT & LT Project Loans	1,01,532	84,469	17,063
				d) Loans under Warehouse Infrastructure Fund	3,402	2,362	1,040
ST RRB Credit Refinance Fund	10,003	15,997	-5,994	e) LT Non Project Loans	53	66	-13
				f) Other Loans	24,368	12,043	12,325
Warehouse Infrastructure Fund	3,531	3,550	-19	g) RIDF Loans	1,00,981	91,384	9,597
				h) Co-finance (Net of Provision)	1	3	-2
Food Processing Fund	150	100	50	<b>Sub Total</b>	<b>3,04,955</b>	<b>2,60,493</b>	<b>44,462</b>
Long Term Rural Credit Fund	30,000	18,997	11,003	<b>Fixed Assets</b>	391	353	38
				<b>Other Assets</b>	3,503	4,525	-1,022
Other Liabilities	14,647	11,373	3,274				
Other funds	6,185	6,019	166				
<b>Total</b>	<b>3,48,260</b>	<b>3,10,385</b>	<b>37,875</b>	<b>Total</b>	<b>3,48,260</b>	<b>3,10,385</b>	<b>37,875</b>

Capital as on 31.03.2016 and 31.03.2017 includes ₹300 crore and ₹1,400 crore received during the respective years from Gol towards share capital which has been kept as advance, pending adjustment of the same against share capital, after enhancement of authorised capital.

KEY DATA REFERENCES

Part A: Indian Economy and Rural Credit

GROWTH RATE OF GROSS VALUE ADDED AT BASIC PRICE AT CONSTANT (2011-12) PRICES (%)

Sector	2014-15	2015-16	2016-17 (PE)
GVA at basic price (at 2011-12 prices)	7.2	7.9	6.6
I. Agriculture	-0.2	0.7	4.9
II. Industry	7.5	8.8	5.6
III. Services	9.7	9.7	7.7

PE - Provisional Estimates  
Source: (1) Key Economic Indicators, June 2017, (Table 1), Office of the Economic Adviser, Ministry of Commerce and Industry, Gol. (2) Provisional estimates of National Income 2016-17, CSO, Ministry of Statistics and Programme Implementation, Gol (Press Note dated 31 May 2017).

GDP GROWTH AT CONSTANT (2011-12) PRICES (%)

Overall GDP growth	2014-15	2015-16	2016-17 (PE)
	7.5	8.0	7.1

PE - Provisional Estimates  
Source: (1) Key Economic Indicators, June 2017, (Table 3-B), Ministry of Commerce and Industry, Gol. (2) Provisional estimates of National Income 2016-17, CSO, Ministry of Statistics and Programme Implementation, Gol (Press Note dated 31 May 2017).

SECTORAL SHARE IN GVA AT BASIC PRICE AT CONSTANT (2011-12) PRICES (%)

Sector	2014-15	2015-16	2016-17 (PE)
I. Agriculture	16.50	15.40	15.20
II. Industry	31.30	31.40	31.10
III. Services	52.20	53.20	53.70

PE - Provisional Estimates  
Source: Provisional estimates of National Income 2016-17, CSO, Ministry of Statistics and Programme Implementation, Gol (Press Note dated 31 May 2017).

GROSS CAPITAL FORMATION IN AGRICULTURE AT CONSTANT (2011-12) PRICES (%) AND FOODGRAIN PRODUCTION

Particulars	2014-15	2015-16	2016-17
Share of agriculture and allied sectors in total GCF	7.76	6.93	NA
GCF in agriculture and allied sectors as per cent to GVA of the sector	17.27	16.27	NA
Production of foodgrains (million tonnes)	252.02	251.57 (4th AE)	273.38 (3rd AE)

AE: Advance Estimates NA: Not Available  
Source: (1) Key Economic Indicators, June 2017, (Table 7), Office of the Economic Adviser, Ministry of Commerce and Industry, GOI. (2) National Accounts Statistics, CSO, Ministry of Statistics and Programme Implementation, GOI.

DETAILS OF LANDHOLDINGS - SNAPSHOT

Total number of operational holdings in India (No.in million)	138.35
Average land holding size (ha)	1.15
Gross Cropped Area (million hectare) (2012-13)	194.40
Net Sown Area (million hectare) (2012-13)	139.93

(1) Agricultural Census, 2010-11, Agriculture Census Division, Directorate of Economics and Statistics, Department of Agriculture and Cooperation, Ministry of Agriculture and Farmers' Welfare, Government of India; (2) Agricultural Statistics at a Glance, 2015, Directorate of Economics and Statistics, Department of Agriculture and Cooperation, Ministry of Agriculture and Farmers' Welfare, Government of India



AGENCY-WISE GROUND-LEVEL CREDIT FLOW ( ₹crore)

Agency	2014-15	2015-16 (Provisional)	2016-17 (Provisional as on 28.02.2017)
Cooperative Banks	1,38,469.50	1,53,294.98	1,22,651.25
RRBs	1,02,482.91	1,19,260.88	1,03,973.52
CBs	6,04,375.82	6,42,954.06	7,33,200.93
<b>Total</b>	<b>8,45,328.23</b>	<b>9,15,509.92</b>	<b>9,59,825.70</b>

Note: RRBs - Regional Rural Banks; CBs - Commercial Banks  
 Source: As reported by concerned banks in ENSURE portal of NABARD

AGENCY-WISE TOTAL RUPAY KCCs ISSUED AS ON 31 MARCH 2017

Agency	Number of cards issued till 31 March 2017 (No.in lakhs)
Cooperative Banks	52.38
RRBs	100.71
Cumulative as on 31 March since inception (Cooperatives+RRB)	153.09

Source: Ensure Portal

PRADHAN MANTRI JAN-DHAN YOJANA  
 (AGENCY-WISE TOTAL NUMBER OF ACCOUNTS OPENED AS ON 14 June 2017)

Agency	Number of cards issued (No.in crore) in Rural/ Semi-Urban Area
Public Sector Banks	12.72
RRBs	4.00
Private Sector Banks	0.56
Cumulative (Public Sector Banks+RRBs+Private Sector Banks)	17.28

Source: <https://pmjdy.gov.in/account>

Part B: NABARD

	Particulars	2015-16	2016-17		
		Amount (₹ Crore)	Number (agency) \$	Amount (₹ Crore)	
I	Financial Support by NABARD				
	(i) Refinance - ST Credit (Maximum Outstanding)	71,217.01		74,392.93	
	a. ST (SAO) - StCB	53,774.18	26	62,609.99	
	b. ST (SAO) - RRB	16,000.45	56	10,002.39	
	c. ST (SAO) PSBs for PACS	226.54	2	270.81	
	d. Weaver StCBs	188.22	2	12.74	
	e. ST (OSAO) - StCB	603.42	4	1,042	
	f. ST (OSAO) - RRB	424.20	4	455.00	
	(ii) Refinance - Investment Credit	48,063.72		53,505.51	
	a. Agriculture and allied activities	27,065.19	5	29,344.60	
	b. NFS	14,092.51	5	18,501.40	
	c. SHG	6,906.02	5	5,659.51	
	(iii) Disbursements (Amount in ₹crore)	2015-16	2016-17	Cumulative disbursement as on 31 March 2017	Loan Outstanding as on 31 March 2017
	Rural Infrastructure Development Fund	23,510.19	25,599.66	2,15,605.20	1,00,981.48
	Long Term Infrastructure Fund	NA	9,086.02	9,086.02	9,086.02
	Warehouse Infrastructure Fund	1,361.53	1,168.51	3,529.02	3,293.76
	Food Processing Fund	20.57	123.92	144.49	139.79
	NABARD Infrastructure Development Assistance	1,222.12	2,456.21	6,146.32	4,980.03
	Direct refinance assistance to cooperative banks	5,539.65	4,739.73	21,903.58	2,565.20
	Credit Facility to Federations	7,013.50	15,755.00	33,173.50	6,961.00
	Producer Organizations including PACS as MSC (loan+grant)	165.16	88.84 *	739.07	334.73
	Tribal Development Fund (loan+grant)	175.00	155.00	1,340.00	11.44
	UPNRM (loan+grant)	38.20	20.39	403.52	101.22
	R&D Fund (grant)	35.44	15.91	258.07	NA
II	Development Initiatives	2014-15	2015-16	2016-17	
	Watersheds (number)/hectare	38/26,800	48/30,600	57/33,800	
	TDF projects (number)	52	23	40	
	Farmers' Clubs (number)	4,165	5,016	5,837	

\$ Agency refers to StCB, RRB, PSB  
 \* PO financing has since been discontinued by NABARD w.e.f October 2016.  
 NA - Not Applicable

## PRINCIPAL OFFICERS CHIEF GENERAL MANAGERS AS ON 31 MARCH 2017



**Shri M. V. Ashok**  
(DEAR/DPSP)



**Shri S. N. A. Jinnah**  
(Chennai)



**Shri K. Sayeed Ali**  
(SECY)



**Shri M. K. Mudgal**  
(HRMD/ LAW)



**Dr. S. Saravanel**  
(OFDD/Rajbhasha)



**Shri S. K. Bansal**  
(DOR)



**Dr. R. N. Kulkarni**  
(Maharashtra - OIC)



**Shri S. Selvaraj**  
(RMD)



**Shri K. Venkateswara Rao**  
(DOS)



**Shri M. I. Ganagi**  
(Karnataka)



**Dr. R. M. Kummur**  
(Chhattisgarh)



**Shri G. R. Chintala**  
(mCID)



**Shri Subrata Gupta**  
(DFIBT/DIT)



**Shri Jiji Mammen**  
(CEO, MUDRA)



**Shri A. K. Sahoo**  
(AD)



**Shri A. K. Panda**  
(Uttar Pradesh - OIC)



**Shri P. V. S. Surya Kumar**  
(BID/CCD)



**Smt. Padma Raghunathan**  
(FD/DSSI)



**Dr. B. G. Mukhopadhyay**  
(FSPD)



**Shri K. R. Rao**  
(Madhya Pradesh)



**Smt. T. S. Raji Gain**  
(FSDD)



**Shri Shankar A. Pande**  
(SPD)



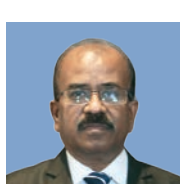
**Dr. U. S. Saha**  
(IDD)



**Shri V. V. V. Satyanarayana**  
(Andhra Pradesh)



**Smt. Sarita Arora**  
(Rajasthan)



**Dr. P. Radhakrishnan**  
(Telangana)



**Dr. P. M. Ghole**  
(Punjab - OIC)



**Shri Subrata Mandal**  
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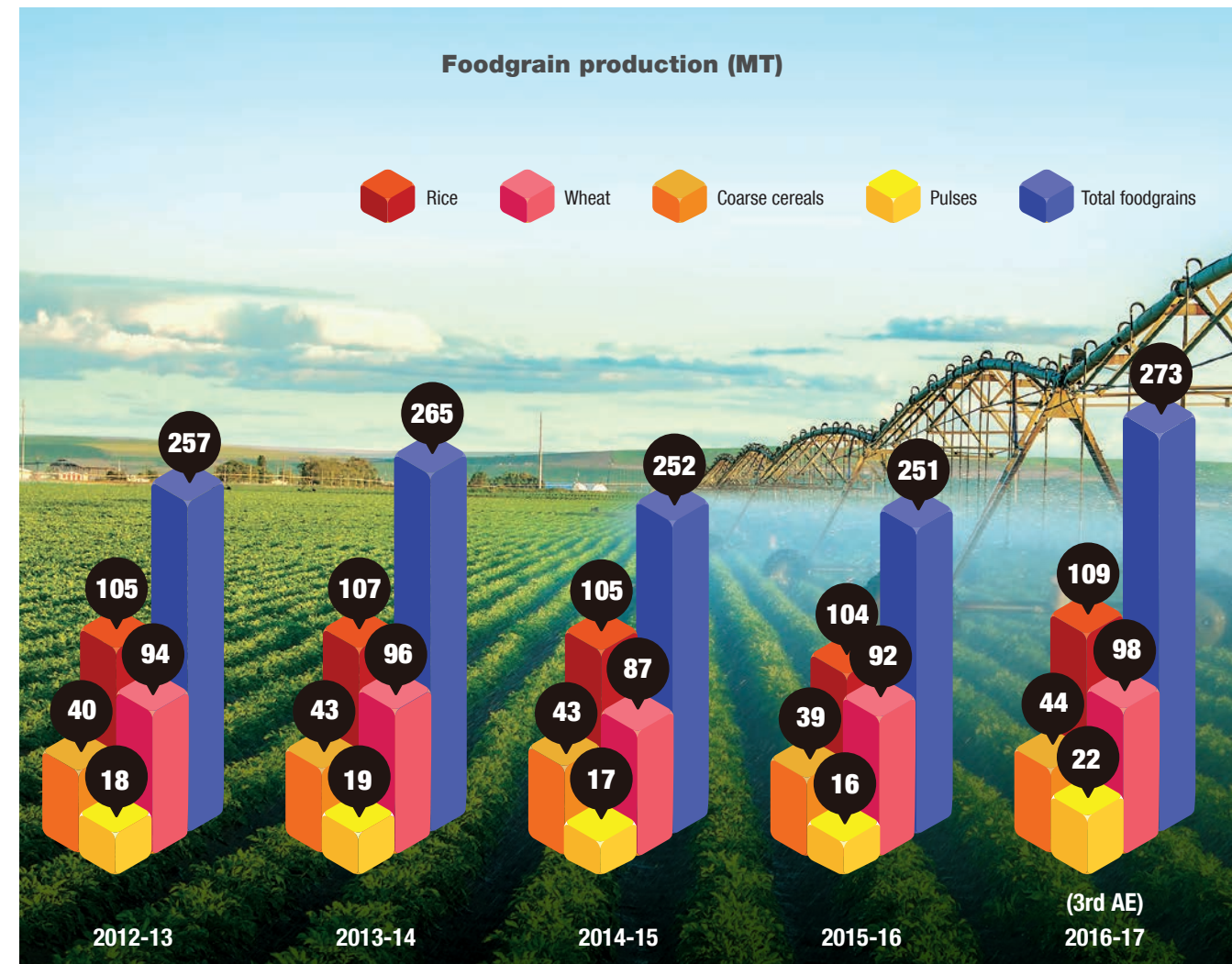


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**NABARD**

**Annual Report**  
**2016-17**



1

YEAR IN RETROSPECT

### 1.1 State of Indian Economy: 2016-17

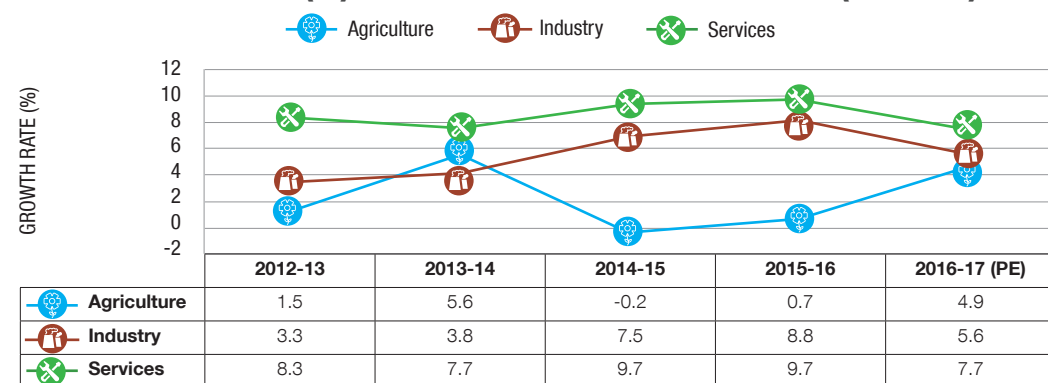
India remained the fastest growing large economy in the world during 2016-17, despite a slowdown due to unprecedented challenges faced by the domestic and the world economies. The Indian economy, which achieved a real Gross Domestic Product (GDP) growth of 8.0 per cent during 2015-16, is estimated to experience a decline to 7.1 per cent during 2016-17, according to provisional estimates (PE)<sup>1</sup>. Further, the growth of real Gross Value Added (GVA) at basic prices, which stood at 7.9 per cent during 2015-16, is estimated to decelerate to 6.6 per cent during 2016-17.

The estimates at the disaggregated level indicate that the agriculture sector expanded robustly year-on-year after two consecutive years of sub-one per cent growth (Exhibit 1.1), due to favourable monsoon rainfall. In the industrial sector, there was a significant loss of momentum across all categories, barring electricity generation. Further, there was also a slowdown in the services sector, due to deceleration in trade, hotels, transport and communication, along with financial, real estate and professional services.

<sup>1</sup> Provisional Estimates of National Income 2016-17, CSO, Ministry of Statistics and Programme Implementation, Government of India (Press Note dated 31 May 2017).



**Exhibit 1.1**  
**Sector-wise Growth Rate (%) of GVA at Basic Price at Constant (2011-12) Prices**

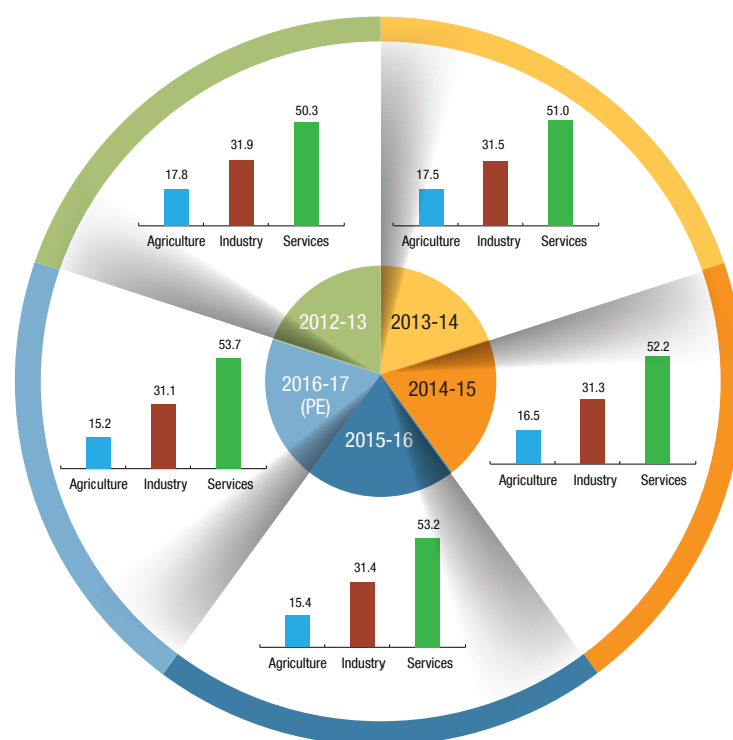


Note: PE – Provisional estimates.

Source: (1) Key Economic Indicators, June 2017, Ministry of Commerce and Industry, Gol. (2) Provisional estimates of National Income 2016-17, CSO, Ministry of Statistics and Programme Implementation, Gol.

The sectoral share of real GVA presented in Exhibit 1.2 indicates that the share of agriculture continued to decline and stood at 15.2 per cent in 2016-17, which is a normal phenomenon for any fast growing economy. While the share of services sector continued to grow, touching 53.7 per cent, that of industry declined marginally to 31.1 per cent during the year.

**Exhibit 1.2**  
**Sectoral Share (%) of GVA at Basic Price at Constant (2011-12) Prices**



Note: PE – Provisional estimates.

Source: Based on data accessed from CSO, Ministry of Statistics and Programme Implementation, Government of India (Press Note dated 31 May 2017).

Several developments during 2016-17 marked India's tectonic shift in its policy landscape, viz. the enactment of the Goods and Services Tax (GST) bills in the Parliament, which would lead to the creation of a common national market, improve tax compliance, boost investment and growth – and improve governance; demonetisation of specified bank notes (SBNs) with a view to “reaping enormous potential medium-term benefits in the form of reduced corruption, greater digitisation of the economy, increased flow of financial savings and greater formalisation of the economy” (RBI, 2017), followed by fast remonetisation; enactment of the Insolvency and Bankruptcy Code, 2016, for enabling effective and timely recovery or restructuring of defaulted assets; creation of Monetary Policy Committee (MPC) “to consolidate the gains from

macroeconomic stability by ensuring that inflation control will be less susceptible to the whims of individuals and the caprice of governments” (Government of India, 2017). With the above reforms in place, India's real GVA growth during 2017-18 is projected to strengthen to 7.3 per cent<sup>2</sup>.

## 1.2 Global Viewpoint

The International Monetary Fund (IMF), the World Bank and the Asian Development Bank (ADB) have estimated robust growth for India during 2017-18. IMF has projected India's growth rate at 7.2 per cent and 7.7 per cent for 2017 and 2018, respectively (IMF, 2017). According to IMF, medium-term growth prospects for India are favourable, with growth forecast to rise to about 8 per cent due to the implementation of key reforms, loosening of supply-side bottlenecks, and appropriate fiscal and monetary policies (*ibid.*).

ADB has estimated India's growth rate at 7.4 per cent and 7.6 per cent during 2017 and 2018, respectively, primarily on higher consumption (ADB, 2017). Much of the growth during 2016-17 came from strong agriculture and government services.

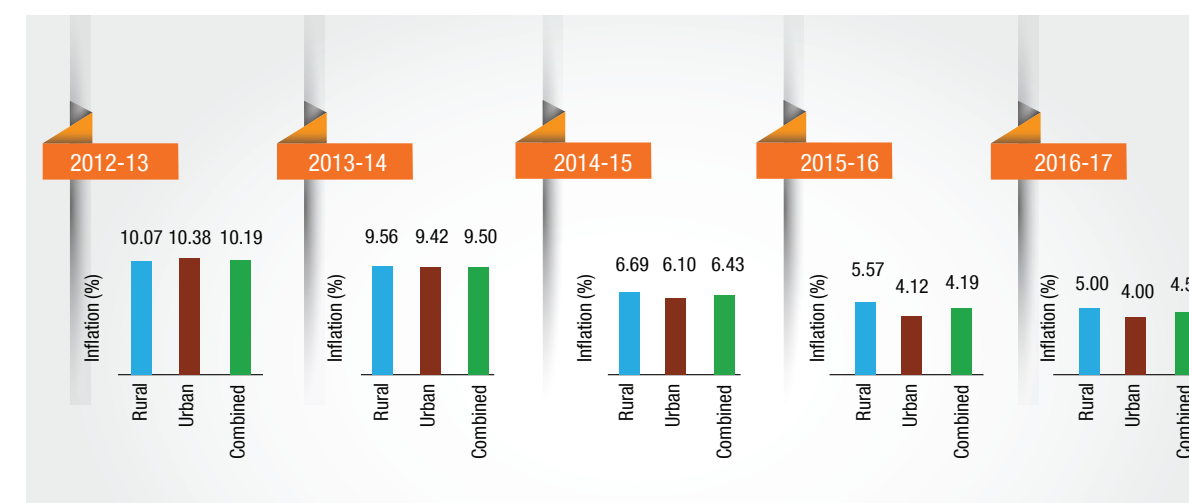
The World Bank has projected India's growth rate at 7.2 per cent and 7.5 per cent during 2017 and 2018, respectively (World Bank, 2017). Global growth, according to the World Bank, is estimated at 2.7 per cent in 2017 and 2.9 per cent in 2018.

## 1.3 Macroeconomic Challenges

### 1.3.1 Inflation

Inflation in India, based on Consumer Price Index (CPI) stood at a high of 10.2 per cent in 2012-13 and 9.5 per cent in 2013-14, but moderated to 6.4 per cent in 2014-15, 4.2 per cent in 2015-16 and 4.5 per cent in 2016-17 (Exhibit 1.3). During 2016-17, CPI-based inflation in rural and urban areas averaged 5.0 per cent and 4.0 per cent, respectively. Low inflation during the year was mainly driven by a sharp decline in food prices, especially those of vegetables and pulses, enabled by good monsoon rains. During 2016-17, retail inflation which reached a high of 6.0 per cent in July 2016, declined continuously to touch 3.2 per cent in January 2017, before rising to 3.8 per cent in March 2017 (Exhibit 1.4). This was below RBI's medium term target of 4.0 per cent.

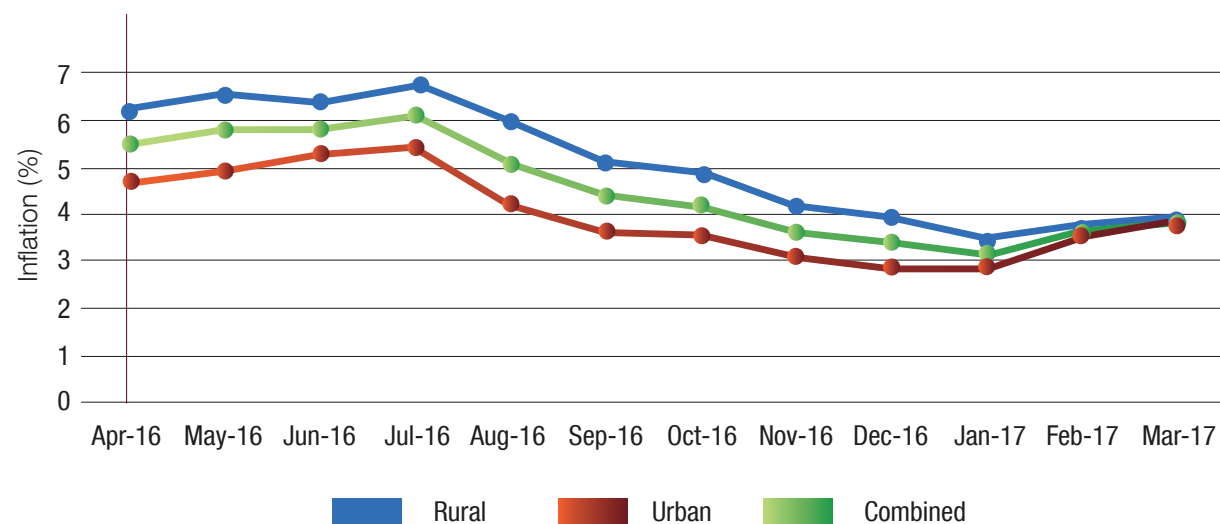
**Exhibit 1.3**  
**CPI Inflation (%) – General – Annual Average**



Source: Based on data sourced from CSO, Ministry of Statistics and Programme Implementation, Gol ([www.mospi.nic.in](http://www.mospi.nic.in))

<sup>2</sup> Second Bi-monthly Monetary Policy Statement, 2017-18, RBI.

**Exhibit 1.4**  
**CPI Inflation (%) – General**  
(April 2016 - March 2017)



Source: Based on data sourced from CSO, Ministry of Statistics and Programme Implementation, Gol ([www.mospi.nic.in](http://www.mospi.nic.in))

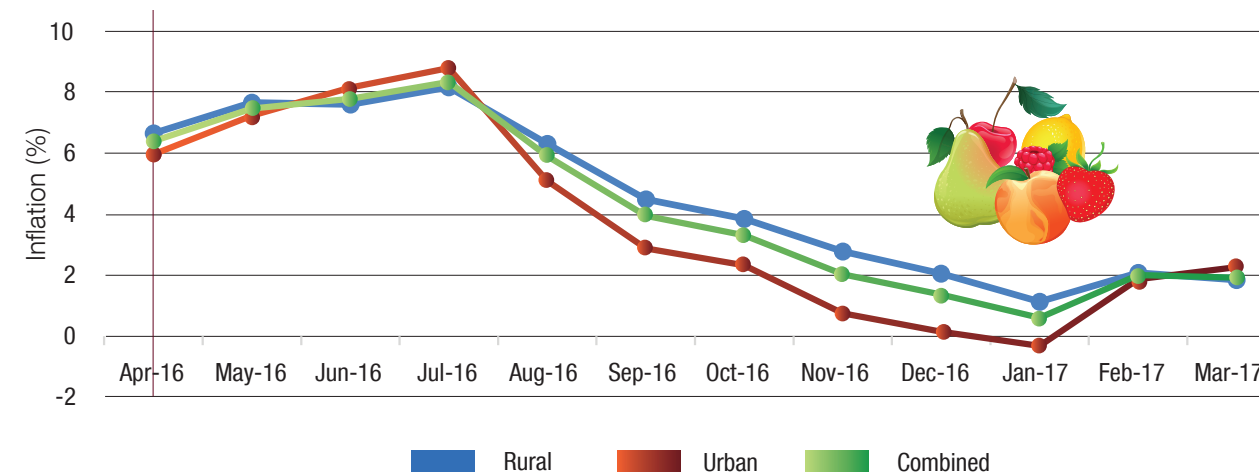
Food items have the highest weight of 45.9 per cent in CPI, and therefore, have the highest influence on retail inflation. While on the supply side, good monsoon rains led to significant increase in production of cereals, pulses and vegetables, the withdrawal of SBNs led to subdued demand, resulting in decline in inflation, during 2016-17. Inflation based on Consumer Food Price Index (CFPI) declined from a high of 8.4 per cent in July 2016 to an all-time low of 0.6 per cent in January 2017, before rising to 1.9 per cent in March 2017 (Exhibit 1.5), mainly on account of continued negative inflation of pulses and vegetables.

According to the first RBI Monetary Policy Statement for 2017-18: “proactive supply management will play a critical role in staving off pressures on headline inflation”. Moreover, expectations of a normal monsoon during 2017-18<sup>3</sup>, a strong rupee and subdued global crude oil prices, could keep average CPI inflation during 2017-18 at RBI's estimate of 2.0-3.5 per cent during the first half of the year and 3.5-4.5 per cent in the second half<sup>4</sup>. Achieving RBI's medium term inflation target of 4.0 per cent by March 2018 could be possible, if favourable conditions prevail.

<sup>3</sup> Normal monsoon at 98 per cent of LPA has been forecast by the Indian Meteorological Department (Press Release dated 06 June 2017).

<sup>4</sup> Second Bi-monthly Monetary Policy Statement 2017-18, RBI

**Exhibit 1.5**  
**Consumer Food Price Inflation (%)**  
(April 2016 - March 2017)



Source: Based on data sourced from CSO, Ministry of Statistics and Programme Implementation, Gol ([www.mospi.nic.in](http://www.mospi.nic.in))

### 1.3.2 Banking Sector

Decline in asset quality has been a key area of concern for the banking sector in general and public sector banks (PSBs) in particular. According to RBI the business growth of scheduled commercial banks (SCBs) remained subdued with PSBs continuing to lag behind their private sector peers (RBI, 2016). Further, the gross non-performing advances (GNPA) ratio of SCBs increased to 9.1 per cent in September 2016 from 7.8 per cent in March 2016, pushing the overall stressed advances ratio to 12.3 per cent (ibid.).

The legal framework in the country has been strengthened to facilitate resolution of stressed assets of banks, through the Insolvency and Bankruptcy Code, 2016 and the amendments to the SARFAESI and Debt Recovery Tribunal Acts. In line with the roadmap of the reforms package ‘Indradhanush’, the Union Budget 2017-18 has provided ₹10,000 crore for recapitalisation of PSBs in 2017-18, with provision for additional allocation, whenever required. Further, the Banking Regulation (Amendment) Ordinance, 2017 has been issued by Gol, authorising RBI to direct banks to resolve specific cases of bad loans by initiating resolution process under the Insolvency and Bankruptcy Code, 2016.

### 1.3.3 Poverty and Human Development

The incidence of poverty in India declined from 37.2 per cent in 2004-05 to 21.9 per cent<sup>5</sup> in 2011-12, with a sharper decline in the number of rural poor. The rural poverty ratio (25.7 per cent) was observed to be much higher than urban poverty ratio (13.7 per cent) in 2011-12. According to UNDP, 21.2 per cent of India's population live below poverty line (PPP \$1.90 a day) (UNDP, 2016).

India's ranking in Human Development Index (HDI) stood at 131 (2015) out of 188 countries, according to the Human Development Report 2016 (UNDP, 2016). Among the BRICS nations, India has the lowest rank with Russia at 49, Brazil at 79, China at 90 and South Africa at 119 (ibid.).

<sup>5</sup> Based on Tendulkar Committee methodology, using household consumption expenditure survey data collected by the NSSO in its 68th Round.



The expenditure on social services by the centre and the states, as a proportion of GDP was 7.0 per cent during 2016-17 (BE), with education and health sectors accounting for 2.9 per cent and 1.4 per cent respectively (Gol, 2017).

The social sector suffers from multiplicity of labour laws and the difficulty in their compliance have been an impediment to industrial development and employment generation. Gol has put forth a set of labour reforms, for bringing compliance in the system, catalysing the need of job creation and to ensure ease of doing business while ensuring safety, health and social security of every worker (Gol, 2017).

Implementation on a mission mode of various social sector schemes of Gol for inclusive growth, viz. Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS), Sarva Shiksha Abhiyan, Beti Bachao Beti Padhao, National Health Mission, Pradhan Mantri Jan Dhan Yojana (PMJDY), Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM), Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Accessible India Campaign, Swachh Bharat Abhiyan, Pradhan Mantri Awas Yojana – Gramin (PMAY-G), Shyama Prasad Mukherji Rurban Mission (SPMRM), among others, would enable India to achieve the Sustainable Development Goals (SDGs) of the United Nations by 2030.

#### 1.4 Agriculture in India - 2016-17: An Assessment

After two years of back-to-back poor monsoons and drought conditions in several parts of the country, agriculture in India picked up momentum during 2016-17, due to normal monsoon rains. Agriculture provides employment to about 48.9 per cent of the total workforce in India, but contributes only 15.2 per cent to the country's Gross Value Added (GVA)<sup>6</sup>. About 85 per cent of operational holdings in the country are in the small and marginal categories, and the average size of an operational holding is only 1.15 ha.

Enabling the agricultural sector to attain faster growth to achieve Gol's objective of "Doubling of Farmers' Income by 2022", calls for intensive focus on the eastern and north-eastern regions of the country, ushering in an "evergreen revolution"<sup>7</sup> and a "rainbow revolution,"<sup>8</sup> agricultural marketing reforms, creating efficient agri-value chains, promoting food/ agro processing industry, adequate and timely provision of agricultural credit and expansion in the coverage of farmers under an efficient crop insurance scheme.

Foodgrains production during 2016-17 is estimated at an all-time high of 273.4 million tonnes (MT), compared to 251.6 MT achieved during 2015-16 (Table 1.1). Favourable monsoon encouraged farmers to increase the area under cultivation of foodgrains during the *kharif* season 2016-17 by 55.6 per cent over the normal area<sup>9</sup>. The highest increase in acreage was in respect of pulses at 38.6 per cent over normal. Apart from good monsoon rains, farmers increased the acreage under pulses cultivation due to increase in minimum support price (MSP) including bonus. This was also in response to price signals from the previous year when *arhar* (pigeon pea) prices touched ₹200 per kg in retail stores. On the flip side, a 37 per cent year-on-year rise in pulses output—from 16.4 MT in 2015-16 to 22.4 MT in 2016-17—also led to wholesale prices dipping below MSPs for crops like *arhar* and *moong*, affecting farm incomes. The reported lack of procurement by state agencies added to the woes of farmers.

<sup>6</sup> Provisional Estimates of National Income 2016-17, Ministry of Statistics and Programme Implementation, Government of India (Press Note dated 31 May 2017).  
<sup>7</sup> Advocated by eminent agricultural scientist and "father of India's Green Revolution" Dr. M.S.Swaminathan, an "evergreen revolution" can lead to increase in farm productivity and efficiency through the use of biotechnology in the integrated management of natural resources and promotion of eco-technology based precision farming.  
<sup>8</sup> The concept of "rainbow revolution" is an integrated development of crop cultivation, horticulture, forestry, fishery, poultry, animal husbandry and food processing industry.  
<sup>9</sup> All India Crop Situation – Kharif 2016-17 as on 30 September 2016, Department of Agriculture, Cooperation and Farmers Welfare, Government of India

**Table 1.1**  
**Foodgrains Production (MT)**

Crop	2012-13	2013-14	2014-15	2015-16	2016-17(3rd AE)
Rice	105.24	106.65	105.48	104.41	109.15
Wheat	93.51	95.85	86.53	92.29	97.44
Coarse cereals	40.04	43.29	42.86	38.52	44.39
Pulses	18.34	19.25	17.15	16.35	22.40
<b>Total foodgrains</b>	<b>257.13</b>	<b>265.04</b>	<b>252.02</b>	<b>251.57</b>	<b>273.38</b>

**Note:** 3rd AE: Third Advance Estimate  
**Source:** Agricultural Statistics Division, Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Government of India

Higher prices of wheat and favourable moisture levels in late 2016 pushed farmers to plant more area under wheat which touched a record 31.8 million ha. The estimated production of 97.4 MT imply that wheat yields are at record levels, surpassing 3 tonnes per ha for the entire country.

Maize constitutes 9 per cent of cereal production and is third most important crop after rice and wheat with production close to 25 MT. Area under maize production has grown to 4 per cent of the cropped area due to substantial demand from poultry industry and the production of maize is likely to touch 50 MT by 2050.

Production of major oilseeds is expected to reach 27.5 MT in 2016-17. Major oilseeds viz. soybean, groundnut and rapeseed and mustard are expected to see double-digit growth in 2016-17. Soybean production is expected to exceed 14 MT during the year. Cotton production is estimated to increase by 8.6 per cent to nearly 32.6 million bales in 2016-17. Production of sugarcane is estimated to decline by 12.2 per cent to 306 MT (3rd AE) during 2016-17. An increase in the yield is expected to push production of the crop to 360.1 MT.

##### 1.4.1 Agriculture in Union Budget 2017-18

The highlights of the announcements on agriculture and farmers' welfare made in the Union Budget 2017-18 are presented in Box 1.1.

##### Box 1.1 Agriculture and Farmers' Welfare in Union Budget 2017-18

- ◆ The target for agricultural credit in 2017-18 has been fixed at ₹10 lakh crore.
- ◆ Special efforts will be made to ensure adequate flow of credit to the under serviced areas, the eastern states and Jammu & Kashmir.
- ◆ Support to NABARD for computerisation and integration of all 63,000 functional PACS with the Core Banking System (CBS) of District Central Cooperative Banks (DCCBs). This will be done in 3 years at an estimated cost of ₹1,900 crore, with financial participation from state governments.
- ◆ The coverage of Pradhan Mantri Fasal Bima Yojana (PMFBY) will be increased from 30 per cent of cropped area in 2016-17 to 40 per cent in 2017-18 and 50 per cent in 2018-19.
- ◆ Government will set up new mini labs in Krishi Vigyan Kendras (KVKs) and ensure 100 per cent coverage of all 648 KVKs in the country. In addition, 1,000 mini labs will be set up by qualified local entrepreneurs.
- ◆ Enhancement in the corpus of Long Term Irrigation Fund (LTIF) with NABARD from ₹20,000 crore to ₹40,000 crore.
- ◆ A dedicated Micro Irrigation Fund will be set up in NABARD with an initial corpus of ₹5,000 crore, to achieve the goal 'per drop more crop'.
- ◆ The coverage of National Agriculture Market (e-NAM) will be expanded from the current 250 markets to 585 APMCs. States will be urged to undertake market reforms and de-notify perishables from APMC.
- ◆ A model law on contract farming would be prepared and circulated among the states for adoption.
- ◆ A Dairy Processing and Infrastructure Development Fund will be set up in NABARD with a corpus of ₹8,000 crore over three years. The initial corpus will be ₹2,000 crore.

#### 1.4.2 Doubling of Farmers' Income by 2022

Government of India (GoI) has envisioned the achievement of doubling of farmers' income by the year 2022. The following seven-point strategy for doubling of farmers' income announced by the Hon'ble Prime Minister needs to be adopted by the central and state governments, and other stakeholders, viz. RBI, NABARD, banks, insurance companies, developmental agencies, research institutions/ agricultural universities, extension agencies, corporate sector, cooperatives, producer organisations/ producer companies, etc., for achieving the target within the stipulated time:

- (i) irrigation with focus on water-use efficiency "per drop more crop";
- (ii) quality seed and soil health;
- (iii) investments in warehouses and cold chains;
- (iv) value addition through food processing;
- (v) electronic National Agriculture Market (e-NAM);
- (vi) increase in the coverage and effective implementation of the new crop insurance scheme – Pradhan Mantri Krishi Bima Yojana (PMKBY);
- (vii) promotion of ancillary activities like dairy, poultry, bee-keeping and fisheries.

Adoption of this strategy would require massive investments in irrigation through Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), appropriate technology, agricultural research and extension, agricultural market infrastructure, and agriculture value chains, supported by adequate and timely availability of bank credit and crop insurance, leading to a significant increase in agricultural production and productivity. Diversification in the form of product (high value enterprises), process (precision farming), and time (delinking from seasonality), could be a major game changer for achieving doubling of farmers' income.

The Long Term Irrigation Fund (LTIF) with an initial corpus of ₹20,000 crore was instituted by GoI in NABARD during 2016-17, and another ₹20,000 crore was announced in the Union Budget 2017-18, for fast-tracking the implementation of incomplete major and medium irrigation projects under PMKSY (Box 1.1). Inefficiency in the use of water has led to depletion in groundwater availability and low agricultural productivity in the country. Incidentally, India uses 2 to 4 times more water to produce a unit of major crops than does China and Brazil. In order to raise agricultural productivity in India, it is imperative to expand the acreage under irrigation along with the adoption of appropriate technologies for efficient utilisation of water through suitable pricing. The Union Budget 2017-18 has announced the setting up of a Micro Irrigation Fund with NABARD with a corpus of ₹5,000 crore (Box 1.1). This would enable the achievement of "per drop more crop".

A critical problem faced by India's agricultural sector is the fragmented and distortions-ridden state of agricultural markets. The electronic National Agriculture Market (e-NAM) envisages setting up of an appropriate common e-market platform that would be deployed in 585 regulated wholesale markets in States/Union Territories (UT) desirous of joining the e-platform. The e-NAM could lead to significant benefits to farmers through higher returns, while benefitting buyers through lower transaction costs, and consumers through stable prices. It will also facilitate the emergence of integrated value chains in major agricultural commodities across the country, and encourage the setting up of scientific storage and movement of agri-commodities.

India is the largest producer of milk in the world, accounting for 17 per cent of the world's production. Dairying is an important secondary source of income for millions of rural households engaged in agriculture. A focus on dairy value chain could significantly improve the income of smallholder farmers. Dairy Processing and Infrastructure Development Fund which is being set up in NABARD with a corpus of ₹8,000 crore over 3 years, and an initial corpus of ₹2,000 crore (Box 1.1), would have a significant impact on the dairy sector and lead to the enhancement in the income of dairy farmers.

The major recommendations of the National Seminar on Doubling of Farmers' Income by 2022, organised by NABARD are presented in Box 1.2.

#### Box 1.2 National Seminar on Doubling of Farmers' Income by 2022



NABARD had organised a National Seminar on "Doubling of Farmers' Income by 2022" on its 35th Foundation Day on 12 July 2016 at Vigyan Bhawan, New Delhi, with a view to broad basing the discourse on key issues, challenges and strategies related to the achievement of doubling of farmers' income by 2022. Shri Radha Mohan Singh, Hon'ble Union Agriculture Minister and Shri Arjun Ram Meghwal, Hon'ble Union Minister of State for Finance graced the occasion. The seminar was attended by policy makers, academicians, bankers, farmers' representatives, and other stakeholders.

The major recommendations of the Seminar are as under:

- ◆ **Increase in Farm Productivity:** PMKSY and Long Term Irrigation Fund (LTIF); micro-irrigation; appropriate technology, quality seeds, plant nutrients and investment in R&D; increase cropping intensity; reinvigorating agri-extension system.
- ◆ **Diversification of Activities:** High value crops, allied activities, non-farm/ off-farm activities, and wage employment.
- ◆ **Agriculture Market Reforms and Rural Infrastructure:** electronic National Agriculture Market (e-NAM); long term farmer-friendly policy governing exports; long term planning for rural infrastructure, with RIDF playing an important role.
- ◆ **Credit:** address the glaring inter-regional disparities in agri-credit; thrust on agri-term loans; use Jan Dhan-Aadhar-Mobile (JAM) approach to plug leakages and hasten the lending process; regular agenda in SLBC and DCC.
- ◆ **Synergy in Government Programmes:** PMKSY, e-NAM, PMFBY, PMJDY, DBT, FDI in food processing sector.
- ◆ **Land Issues:** innovative models for resource pooling through Farmers' Producer Organisations (FPOs); digitisation of land records in all states; amendment of land leasing laws of states in accordance with the recommendations of the Report of the Expert Committee on Land Leasing of NITI Aayog.



### 1.4.3 Capital Formation in Agriculture

Capital formation in agriculture is of critical importance for the sustainability of agricultural growth. The percentage share of Gross Capital Formation (GCF) in agriculture and allied sector in the Gross Value Added (GVA) from agriculture declined from 18.3 per cent in 2011-12 to 16.3 per cent in 2015-16 (Table 1.2).

**Table 1.2**  
**GVA and GCF in Agriculture and Allied Sector (at constant 2011-12 prices)**

(Amount in ₹ crore)

Year	Gross Value Added	Gross Capital Formation	Share of GCF in GVA of Agriculture & allied sector (%)
2011-12	15,01,816	2,74,432	18.27
2012-13	15,24,398	2,53,308	16.62
2013-14	15,88,237	2,84,134	17.89
2014-15	16,06,140	2,77,436	17.27
2015-16	16,17,208	2,63,147	16.27

Source: (1) National Accounts Statistics, CSO, MOSPI, Gol (Press Release 31 May 2017)

(2) Key Economic Indicators, April 2017, (Table 10), Office of the Economic Adviser, Ministry of Commerce & Industry, Gol, www.eaindustry.nic.in

Considering the importance of agriculture and allied sector in increasing income and employment, and also achieving inclusive growth, it is imperative to increase investment in the sector. The declining GCF to GVA ratio in agriculture can be attributed to the decline in public sector investments. Hence, budgetary allocations for capital expenditure in agriculture and allied sector need to be increased by states. Budgetary estimates (2016-17) for capital expenditure in agriculture and allied sector in respect of select states are presented in Table 1.3. The major states in terms of share of budgetary estimates for capital expenditure on agriculture and allied sector in the total budget for the sector are Kerala, Gujarat, Telangana, Maharashtra, Madhya Pradesh, Jharkhand, West Bengal, Andhra Pradesh, Karnataka and Assam.

**Table 1.3**  
**Budgetary Estimates of Select States for Agriculture and Allied Sector**

Capital Expenditure – 2016-17

(Amount in ₹ crore)

State	Budget Estimate 2016-17: Agriculture & allied sector (Revenue+ Capital expenditure)	Budget Estimate 2016-17: Agriculture & allied sector (Capital expenditure)	Share (%) of Capital Expenditure to Budget estimate for Agriculture & allied sector (Col. 3 as % of Col. 2)
1	2	3	4
Kerala	17,740	11,130	62.74
Gujarat	16,309	9,441	57.89
Telangana	34,618	18,645	53.86
Maharashtra	25,661	13,100	51.05
Madhya Pradesh	17,426	8,241	47.29
Jharkhand	5,736	2,650	46.20
West Bengal	9,647	4,435	45.97
Andhra Pradesh	16,260	7,382	45.40
Karnataka	23,038	10,014	43.47
Assam	8,259	3,357	40.65
Odisha	14,493	5,623	38.80
Uttar Pradesh	21,961	8,191	37.30
Rajasthan	10,647	2,855	26.81
Chhattisgarh	11,815	2,496	21.13
Tamil Nadu	14,977	3,112	20.78
Punjab	9,697	1,345	13.87
Haryana	6,230	819	13.15

Note: Agriculture and allied sector includes agriculture and allied activities, irrigation and flood control

Source: Calculations based on State Finances: A Study of Budgets 2016-17, RBI

Private investments which have the major share in capital formation in agriculture and allied sector, depend mainly on agriculture term loans. Therefore, private sector investments need to be increased by accelerating investment credit in agriculture and allied sector, with a focus on value chain financing. Studies have shown that higher government spending on infrastructure and other capital investments have a crowding-in effect on private investments by raising the marginal efficiency of private capital. Hence, public investments in agriculture need to be increased to facilitate further investments in the private sector.

### 1.4.4 Strategies for Agricultural Growth

Inter-state disparities in agriculture are the reality with some states growing faster. Table 1.4 gives growth rates and GSDP for 10 major states. Strategies for agricultural growth in four states, viz. Madhya Pradesh, Uttar Pradesh, Bihar and Odisha, are presented in Box 1.3.

#### Box 1.3 Strategies for agriculture in a few states

Study on agricultural growth and its linkages to poverty alleviation in a few selected states of India conducted by Indian Council for Research on International Economic Relations (ICRIER), New Delhi brought out far reaching policy lessons. A few highlights of these studies on Bihar, Madhya Pradesh (MP), Odisha and Uttar Pradesh (UP) are briefly given below. The table below gives comparative picture of the states in respect of a few parameters. Lower incomes, higher poverty ratio, and predominance of small and marginal holdings (except for MP), tiny average holdings, heavy dependence of work force on agriculture, compared to all India averages, are hallmarks of these states.

Particulars	Bihar	Madhya Pradesh	Odisha	Uttar Pradesh	All India
% work force dependent on agriculture (Census 2011)	74	70	62	59	55
Average size of holding (ha) (Agri Census, 2010-11)	0.39	1.78	1.04	0.76	1.15
% of Small and Marginal holdings (Agri Census, 2010-11)	97	71	92	92	85
Average monthly Income of Agri HH (NSSO Situation Assessment Survey, 2012-13)	3,557	6,209	4,976	4,701	6,426
Poverty ratio-Overall	33.7	31.7	32.6	29.4	21.9
Poverty ratio-Rural	34.1	35.7	35.7	30.4	25.7

**Madhya Pradesh:** The agricultural sector in the state grew at around 9.7 per cent per annum during 2005-06 to 2014-15, the highest registered by any major state of India. The last five years have been even more spectacular (14.2 per cent per annum).

The major factors that have contributed to agricultural growth in Madhya Pradesh are:

- (i) additional irrigation through tube wells and canals;
- (ii) increased power supplies to agriculture;
- (iii) assured and remunerative price for wheat (including bonus over MSP) by strengthening wheat procurement system;
- (iv) expansion of all-weather roads and
- (v) suitable incentives and signals for the private sector for increasing the level of investments to reap the benefits of trunk infrastructure and improved services.

Public investment in the development of infrastructure in the state (especially roads, power supplies and canal irrigation) has also played a vital role in transforming agriculture in the state. Three main recommendations to stimulate agricultural growth are:

- improve the quality and quantity of rural power supply by strengthening transmission and distribution and by separation of feeders for irrigation and household use;
- increase the density of surfaced roads in rural areas, and
- improve procurement and marketing infrastructure to reduce market risk of farmers.

**Uttar Pradesh:** The state has the potential to double its agri-growth from the present 2.5 per cent to 5 per cent per annum. Presently, this most populous state of India has 59 percent of its workforce engaged in agriculture, as per Census 2011, but with an average holding size of just 0.76 ha and predominance of small and marginal holdings. 29 per cent of its population was below the poverty line in 2011-12. As per the Situation Assessment Survey of NSS (2012-13), average monthly income of an agri-household in UP was the third lowest in the country.

...contd.

Box 1.3 (contd.)

However, doubling of agri-growth rate can be achieved by:

- erecting a robust procurement system of wheat and paddy ensuring the Minimum Support Price to farmers;
- propelling the dairy sector by raising milk processing levels from about 12 per cent to at least 30 per cent over the next five years;
- rationalising sugarcane pricing based on the Rangarajan Committee (2012) formula and freeing up molasses from all reservations;
- introducing innovative farming practices and technologies in cultivation of fruits and vegetables;
- infrastructural investments in rural roads, power supply to rural areas especially through solar power, and improved irrigation, especially in the Bundelkhand region.

**Bihar:** Over the last decade or so, agriculture in Bihar grew at 4.7 per cent, which faster than the national average of 3.6 per cent. The growth has been more impressive at 7.1 per cent during the last five years. There was diversification towards dairy sector, too. However, productivity levels of rice, wheat and dairy is much lower than the national average.

Five major recommendations to stimulate agricultural growth and productivity in Bihar are as follows:

- improve the quality and quantity of rural power supply by strengthening transmission and distribution and obtaining separation of feeders for irrigation;
- increase in the intensity of surfaced roads in rural areas;
- improve procurement and marketing infrastructure;
- improve health and reproduction management of dairy animals;
- obtain a quantum increase in poultry by employing the integrator model as has been done in states like Andhra Pradesh and Odisha.

**Odisha:** The per capita income of the state is just about 60 per cent of the national average though Odisha is blessed with abundant natural resources such as water and minerals. Agriculture accounts for nearly 20 per cent of GSDP but engages about 62 per cent of the workforce, which denotes its abysmal state. The contribution of agriculture to the GSDP recorded a meagre average annual growth (0.9 per cent) during past five years (2010-2014). Agriculture being the prominent livelihood of the majority in the state, holds the key position for poverty alleviation and economic growth.

For a sustained agriculture growth in the state, initiatives in three broad areas are warranted:

- a better control over water, especially in increasing irrigation facilities from its current level of about 39 per cent of gross cropped area, exploitation of large untapped groundwater and harvesting its rain water (normal rainfall 1451 mm), is important.
- all weather connectivity needs focus to increase the mobility of farm labour and machineries, and to connect the hinterlands with market centres for better return to farmers.
- diversification of agriculture towards high value products like horticulture, livestock, etc. with promotion of a well-coordinated value chain is essential for bringing a rich dividend to farmers.

Source:

Gulati, Ashok, Pallavi Rajkhowa and Pravesh Sharma, 2017. *Making Rapid Strides- Agriculture in Madhya Pradesh: Sources, Drivers, and Policy Lessons*, Working Paper 339, March, 2017, Indian Council for Research on International Economic Relations, New Delhi

Hoda, Anwarul, Pallavi Rajkhowa and Ashok Gulati, 2017. *Unleashing Bihar's Agriculture Potential: Sources and Drivers of Agriculture Growth*, Working Paper 336, March, 2017, Indian Council for Research on International Economic Relations, New Delhi

Hoda, Anwarul, Pallavi Rajkhowa and Ashok Gulati, 2017. *Transforming Agriculture in Odisha: Sources and Drivers of Agriculture Growth*, Working Paper 336, March, 2017, Indian Council for Research on International Economic Relations, New Delhi

Verma, Smriti, Ashok Gulati and Siraj Hussain, 2017. *Doubling Agricultural Growth in Uttar Pradesh: Sources and Drivers of Agricultural Growth and Policy Lessons*, Working Paper 335, March, 2017, Indian Council for Research on International Economic Relations, New Delhi

Table 1.4

Growth in GSDP-Agriculture in 10 Major States

States	GSDP – Agriculture at factor cost (Base 2004-05) (₹ crore) 2014-15	CAGR (%) of GSDP-Agriculture at constant prices 2010-11 to 2014-15
Uttar Pradesh	96,482.01	4.04
Madhya Pradesh	72,497.26	19.07
Maharashtra	48,635.79	-2.59
West Bengal	47,797.96	1.69
Rajasthan	47,126.74	1.59
Andhra Pradesh	44,558.76	3.47
Karnataka	43,001.76	2.10
Punjab	34,938.47	1.10
Bihar	31,567.35	4.60
Haryana	28,706.76	2.41

Source: Handbook of Statistics on Indian States 2015-16, RBI

Further, solar irrigation has great potential for increasing agricultural production and income of farmers. As shown in Box 1.4, solar irrigation could act as a new cash crop for farmers, increasing their productivity and income.

Box 1.4

Solar Irrigation – A new cash crop for farmers

India is ranked 11th in solar power generation in the world. The country's cumulative solar capacity stood at 12.28 GW on 31 March 2017. Gol has taken a number of initiatives like various schemes under National Solar Mission, 10 year tax exemption, 30-40 per cent subsidy to farmers for solar water pumps (SWPs) for irrigation, 70 per cent subsidy of the installation cost of a solar PV power plant in the north eastern states, and a 30 per cent subsidy in other regions, in order to achieve India's target of adding 100 GW of energy through solar power, by the year 2022.

There is an incentive model to prevent overuse of groundwater under solar powered irrigation. If farmers are given the option of selling surplus power to the grid, then they could minimise water pumping and thus conserve water. After meeting their irrigation requirements, the excess solar power could be evacuated to the grid to earn revenue by selling surplus power. This model could act as an incentive to adopt solar energy in the country, by reducing groundwater exploitation and also augmenting farmers' income (Gulati *et al.*, 2016).

The Dhundi Solar Pump Irrigator's Cooperative Enterprise (SPICE) in Gujarat, which began operations in early 2016, is the first solar irrigation cooperative in the world. This initiative was started as a pilot by the International Water Management Institute (IWMI). The farmers replaced diesel pump with solar pump set on their fields. Members of the cooperative have been using solar power to run their solar pumps, and are also pooling the surplus energy to sell to Madhya Gujarat Vidyut Company Ltd. (MGVCL) at ₹ 4.63 per unit under a 25-year power purchase agreement (PPA). Further, IWMI-Tata Program and Climate Change, Agriculture and Food Security (CCAFS) programme will offer ₹ 1.25 per unit as Green Energy Bonus and another ₹ 1.25 per unit as Groundwater Conservation Bonus. By April 2017, the cooperative had earned more than ₹ 3,40,000 from energy sales (IWMI, 2017).

This model may be scaled up by cooperatives of 40-50 such solar pump owners in each village so as to pool their power and evacuate power to the grid.

Another solar power application in agriculture is planting solar panels in fields. Solar panels can be set up over the entire farmer fields to harvest crops as well as power. It is like having a second crop of solar power at a height of 15-20 feet with the crops below on the field. Studies across the globe have proved that shade of solar panels have no negative impact on crop growth, if arranged in a particular configuration that allows sufficient sunlight and wind to pass through to the plants (Gulati *et al.*, 2016).

...contd.



Box 1.4 (contd.)

The Dhundi SPICE's six solar pumps, with an aggregate capacity of 56.4 kilowatt-peak (kWp), can potentially generate about 85,000 kWh of energy annually (IWMI, 2017).

References:

Gulati, Ashok, Stuti Manchanda and Rakesh Kacker (2016). "Harvesting Solar Power in India!" Working Paper No. 329, ICRIER, New Delhi.  
IWMI (2017). *The Promise of Dhundi Pump Irrigators' Cooperative*, May, 2017.

### 1.4.5 Credit to Agriculture and Allied Sector

During 2016–17, banks had disbursed ₹9,59,826 crore (provisional as on 28 February 2017) credit to the agriculture sector (including agriculture and allied, agri-infrastructure and ancillary activities), against a target of ₹9,00,000 crore. Commercial banks, Regional Rural Banks (RRBs) and cooperative banks disbursed (provisional) ₹7,33,201 crore, ₹1,03,974 crore and ₹1,22,651 crore, respectively (Table 1.5).

**Table 1.5**  
**Agency-wise Ground Level Credit Flow**

(Amount in ₹ crore)

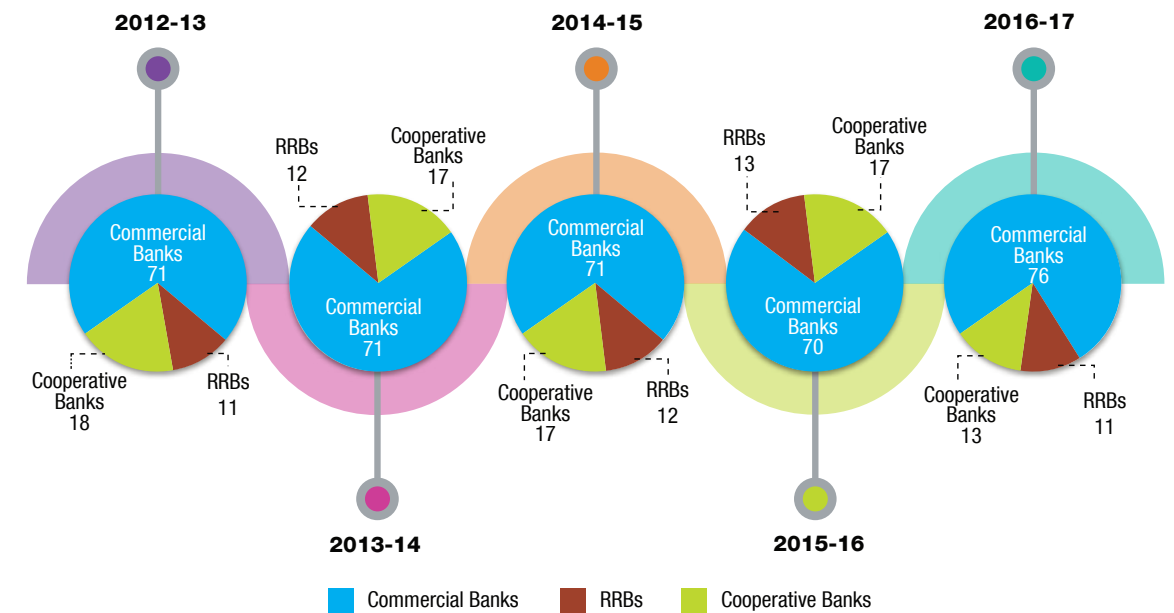
Agency	2012-13	2013-14	2014-15	2015-16 (provisional)	2016-17* (provisional)
CBs	4,32,491	5,27,506	6,04,376	6,42,954	7,33,201
RRBs	63,681	82,653	1,02,483	1,19,261	1,03,974
Coops	1,11,203	1,19,964	1,38,469	1,53,295	1,22,651
<b>Total</b>	<b>6,07,375</b>	<b>7,30,123</b>	<b>8,45,328</b>	<b>9,15,510</b>	<b>9,59,826</b>

CBs – Commercial Banks; RRBs – Regional Rural Banks; Coops – Cooperative Banks

**Source:** \*Provisional (as on 28 February 2017) as reported by concerned banks in ENSURE portal of NABARD. Data on agricultural term loan include agri and agri-allied, agri-infra and ancillary activities. Out of total term loan disbursement, share of Indirect Term Loan is ₹1,27,070.52 crore (not given to non-corporate farmers as per definition of RBI)

The agency-wise share of credit flow to the agricultural sector during the last five years is furnished in Exhibit 1.6. Agricultural credit disbursement continues to be dominated by commercial banks, followed by co-operative banks and RRBs.

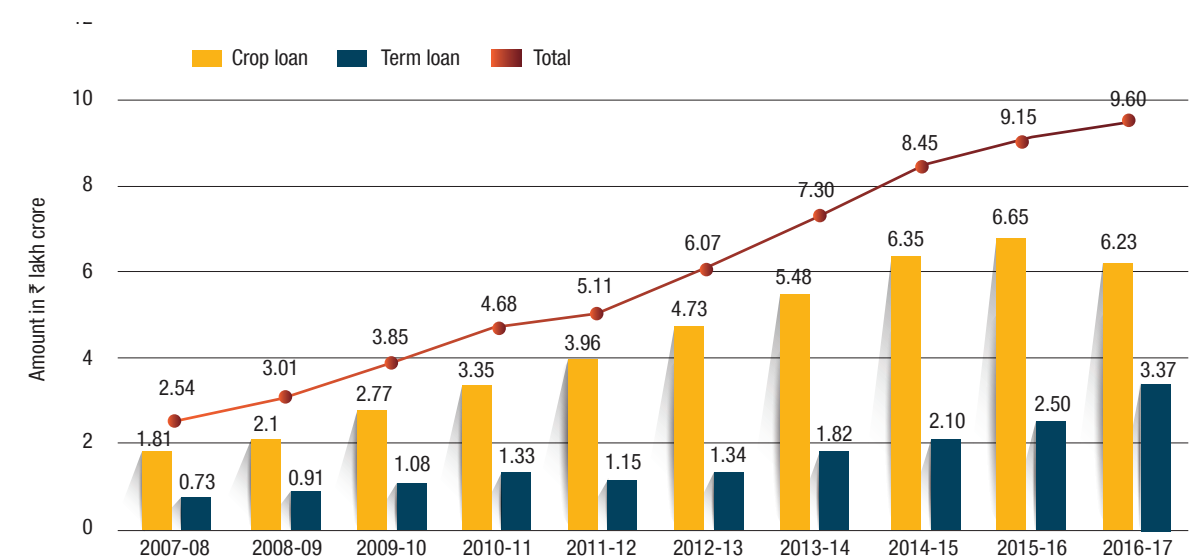
**Exhibit 1.6**  
**Agency-wise share (%) in Credit Flow to Agriculture**



**Note:** Figures for 2016-17 are provisional (as on 28 February 2017)

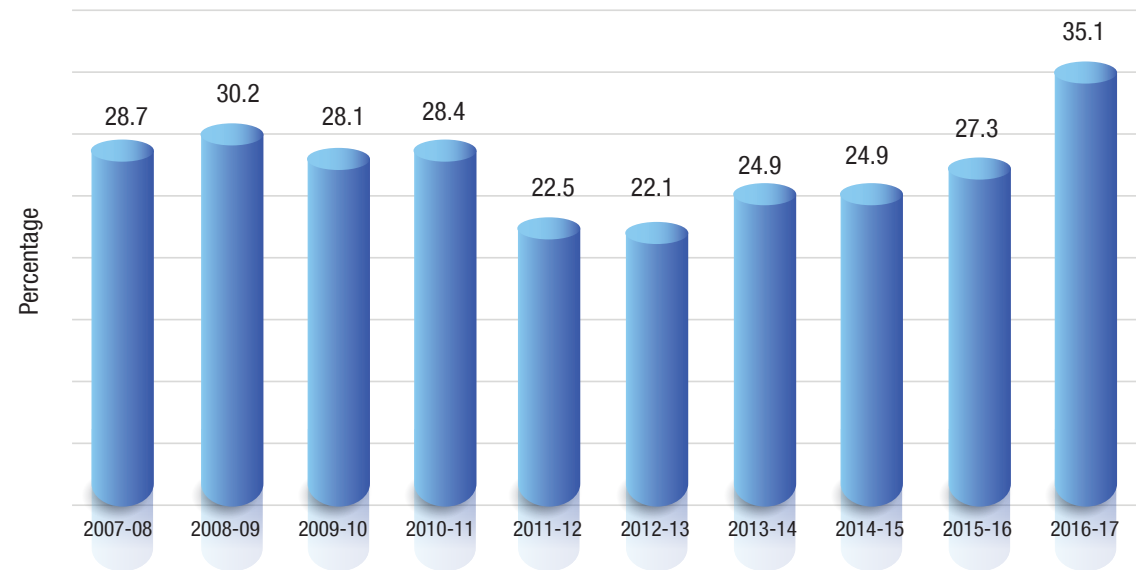
There has been an impressive growth in agricultural credit flow from ₹2.54 lakh crore to ₹9.60 lakh crore (provisional as on 28 February 2017) during the ten-year period from 2007–08 to 2016–17 (Exhibit 1.7). The share of term loan in the total agricultural credit disbursed declined steadily from 30.2 per cent in 2008–09 to 22.1 per cent in 2012–13, followed by a reverse trend, with the share of term loan touching 35.1 per cent 2016–17 (Exhibit 1.8). This is quite reassuring as it is expected to lead to the much needed increase in capital formation in agriculture.

**Exhibit 1.7**  
**Ground Level Credit Flow to Agriculture and Allied Sector**



**Note:** Figures for 2016-17 are provisional (as on 28 February 2017)

**Exhibit 1.8**  
**Share (%) of Term Loan in GLC to Agriculture & Allied Sector**



Note: Figures for 2016-17 are provisional (as on 28 February 2017)

Broad purpose-wise credit flow to agriculture during the last five years is furnished in Table 1.6.

**Table 1.6**  
**Ground-level disbursement to agricultural sector**

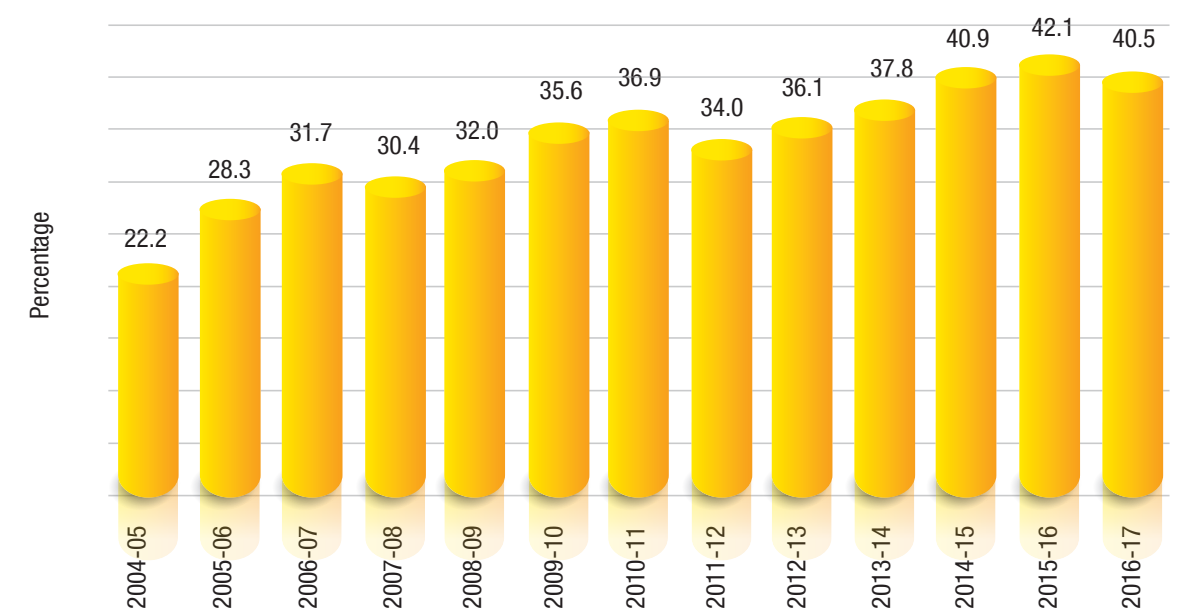
Year	Crop Loan	Term Loan	Total
2012-13	4,73,500	1,33,875	6,07,375
2013-14	5,48,435	1,81,688	7,30,123
2014-15	6,35,412	2,09,916	8,45,328
2015-16 (Provisional)*	6,65,313	2,50,197	9,15,510
2016-17 (Provisional) #	6,22,685	3,37,141	9,59,826

\* Provisional data based on SLBC in respect of Commercial Banks and reporting banks in respect of RRBs & Cooperative Banks.

# Data Source: Provisional (as on 28 February 2017) as reported by concerned banks in ENSURE portal of NABARD. Data on agriculture term loan include agri and agri allied, agri infra and ancillary activities. Out of total term loan disbursement, share of Indirect Term Loan is ₹ 1,27,070.52 crore (not given to non-corporate farmers as per definition of RBI).

The share of agriculture credit to agriculture GDP (at current prices) has shown an increasing trend over the last decade though it declined to 40.5 per cent in 2016-17 from 42.1 per cent in 2015-16 (Exhibit 1.9).

**Exhibit 1.9**  
**Ratio (%) of Agri-Credit to Agri-GDP (at current prices)**



Note: Data for the period 2004-05 to 2010-11 relate to GDP-Agriculture at current prices and those for the period 2011-12 to 2016-17 relate to GVA – Agriculture at current prices.

Source: Calculations based on data accessed from (1) CSO, MOSPI, Gol, (2) NABARD Annual Reports (various issues) and (3) Provisional data (as on 28 February 2017) on agriculture credit for 2016-17 as reported by concerned banks on ENSURE portal of NABARD.

#### 1.4.6 Agricultural Trade

India is a leading exporter of agricultural commodities. Its agricultural exports were valued at US\$35 billion in 2015, and its share in total world exports stood at 2.2 per cent, having grown from 1.1 per cent in 2000. However, the annual growth in India's exports of agricultural products experienced a sharp decline from 21 per cent in 2012 to (-) 19 per cent in 2015<sup>10</sup>.

Marginal and smallholder farmers lack access to the export market, as well as the wherewithal and knowhow to move from subsistence farming to profitable hi-tech farming for high-value produce, which could match international standards. Globalisation can have the greatest impact on the rural poor through their influence on the agricultural sector terms of trade, availability and cost of inputs, and corporate investments in the agribusiness sector through mechanisms like contract farming and corporate farming (Singh, 2016). Therefore, agricultural policy needs to focus on creating the right ecosystem for opening up of the export market for agricultural produce of small and marginal farmers. Integration with global markets can contribute to poverty reduction through contract farming and FPOs/ FPCs.

#### 1.4.7 Agricultural Land Leasing Policy

Marginal and smallholder farmers in India face several land related issues such as absence of proper secured land titles and predominance of tenant cultivators, restrictions on formal and transparent land leasing in agriculture, lack of digitisation and updating of land ownership records. There is a strong case for legalisation and liberalisation of land leasing as it would help promote agricultural efficiency, equity, occupational diversification and rapid rural transformation.

<sup>10</sup> World Trade Statistical Review 2016, WTO



NITI Aayog has prepared a model land leasing law, which has been adopted by Madhya Pradesh and Uttar Pradesh so far. According to NITI Aayog (2017) there is a need to ensure that by end March 2020, at least two thirds of the states would have liberal land-leasing laws that protect the rights of both the owner and the tenant and allow them to conclude written, mutually agreeable lease agreements.

A central sector scheme viz. National Land Records Modernization Programme, initiated in 2008, aims to build a transparent and integrated system of real-time land records based on land surveys, updating of survey and settlement records. Unfortunately, this scheme has not worked well due to underfunding and design problems. Therefore, according to NITI Aayog (2017), there is an urgent need to reform the scheme and also to provide proper funding to speedily build updated digitised records in at least two-thirds of the states by end-March 2020.

1.5 Rural Development

1.5.1 Budgetary Allocations by States

Budgetary estimates (2016-17) for capital expenditure in rural development in respect of select states are presented in Table 1.7. The major states in terms of share of budgetary estimates for capital expenditure on rural development in the total budget for the sector are Bihar, Uttar Pradesh, Maharashtra, Madhya Pradesh, Gujarat, Assam and Jharkhand.

Table 1.7  
Budgetary Estimates of Expenditure of Select States for Rural Development - 2016-17  
(Amount in ₹ crore)

State	Budget Estimate 2016-17: Rural Development (Revenue+ Capital expenditure)	Budget Estimate 2016-17: Rural Development (Capital expenditure)	Share (%) of Capital Expenditure to Budget estimate for Rural Development (Col. 3 as % of Col. 2)
1	2	3	4
Bihar	16,874	6,244	37.00
Uttar Pradesh	19,446	6,969	35.84
Maharashtra	16,610	4,483	26.99
Madhya Pradesh	11,416	2,651	23.22
Gujarat	5,744	1,238	21.55
Assam	5,424	1,133	20.89
Jharkhand	8,748	1,753	20.03
Punjab	704	141	20.02
Chhattisgarh	5,698	844	14.81
Rajasthan	15,124	864	5.71
Telangana	6,954	201	2.89
Odisha	8,293	149	1.79

Note: Rural Development also includes Special Area Programmes

Source: Calculations based on State Finances: A Study of Budgets 2016-17, RBI

1.5.2 Special Rural Development Schemes Implemented by States

In addition to implementing GoI schemes for rural development, states have also been implementing special and innovative schemes. The basic features of some of these schemes are presented in Box 1.5.

**Box 1.5**  
Major Agriculture and Rural Development Schemes implemented during 2016-17 - State Government Schemes

- ♦ Jalyukt Shivar Abhiyaan is implemented by Water Conservation Department to make Maharashtra a drought-free state through construction of cement and earthen dams, widening of streams, farm ponds, etc. by 2019.
- ♦ Under Bhoomi Bank Integration in Karnataka, all the agricultural land records under Bhoomi Project have been brought under computerisation and thereafter have been linked with Kaveri Project to facilitate noting of lien on Records of Rights & Encumbrance Certificate.
- ♦ Unified Marketing Platform is a joint venture by NCDEX Spot Exchange and Government of Karnataka to bring in efficiency and transparency in agricultural marketing system.
- ♦ Bhoochetana project, initiated by the Government of Karnataka has a goal of increasing average productivity of selected rainfed crops by 20 per cent.
- ♦ Under Mukhya Mantri Gram Setu Yojana, rural bridges are being constructed connecting uneven land areas and water bodies in Jharkhand.
- ♦ Under Yojana Banao Abhiyan, formed by merging two programmes of GoI, namely, Mission Antyodaya and Gram Panchayat Development Planning, village-level plans were prepared by people in approximately 30,000 villages across 4,402 Gram Panchayats in Jharkhand.
- ♦ Dobha, a water harvesting structure to be constructed in Jharkhand, will cover 32,615 villages of Jharkhand, giving subsidy of 90 per cent to small and marginal farmers and 50 per cent to other farmers.
- ♦ Chief Minister Fisheries Development Project has been implemented in Bihar to enhance fisheries production through construction of new pond in wet land and subsidy of 50 per cent or ₹ 5 lakh, whichever is lower, is available.
- ♦ The Industries Department, Bihar has implemented Chief Minister MSME Cluster Development Scheme where an interest subvention is also available, depending on the specific sector (priority/non-priority).
- ♦ Youth Start-Up Loan Scheme, started in Jammu & Kashmir, provides credit facility to young start-up entrepreneurs at low interest rates in the form of soft loans.
- ♦ To develop Andhra Pradesh as an Aqua hub and to enhance fish production, the scheme for Promotion of Fisheries promotes various developmental intervention for marine, brackish water, inland fisheries, reservoirs development and ornamental fishery trade.
- ♦ The scheme for promotion of Solar Power in Andhra Pradesh targets a minimum solar power capacity addition of 5,000 MW by 2020 for meeting the growing demand of power in the state. The scheme which involves 50 per cent subsidy, aims to develop solar parks with necessary utility infrastructure facilities, promote distributed generation that can help in avoiding upstream network, deploy solar powered agricultural pumpsets, and to promote local manufacturing facilities for employment generation.
- ♦ Meghalaya State 1000 Ponds and Meghalaya Aqua Cultural Mission envisages the creation of water area of 10,000 ha within a period of five years in addition to the reclamation of marshy areas and development of community water bodies for development of fishery clusters.
- ♦ To promote commercial dairy for Kamdhenu breed in Uttar Pradesh, interest rate at 12 per cent per year on loans, charged by banks, is reimbursed by the Government of Uttar Pradesh for five years up to the maximum limit of ₹ 32.82 lakh.
- ♦ Under the Veerchandra Garhwali Paryatan Yojana of Tourism Department, Government of Uttarakhand, 25 per cent subsidy (maximum ₹ 5 lakh) and bank loan of 63 per cent of project outlay of ₹ 20 lakh, is provided to unemployed youth for setting up enterprises in 10 identified activities related to tourism promotion.

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2

**NABARD’S ROLE IN PROMOTING CLIMATE SMART AGRICULTURE**

2.1

**Climate Smart Agriculture – A Way Forward**

Agriculture is crucial for food, nutritional and livelihood security in India, as it engages almost two-thirds of the workforce and accounts for 15.2 per cent in Gross Value Added (GVA). Several industries depend on agriculture for raw materials. Due to its close linkages with other economic sectors, growth in agricultural sector has a multiplier effect on the economy of the country. However, climate change and variability are the emerging challenges being faced by the agricultural sector for ensuring food security in the short and long terms. For making agriculture sustainable and climate-resilient, appropriate adaptation and mitigation strategies need to be developed. Assessing vulnerability of agriculture to climate change is the pre-requisite for developing and disseminating climate-smart technologies. Decision-makers and planners need this information to prepare strategies for addressing the adverse impacts of climate change and to prioritise vulnerable regions for resource allocations.

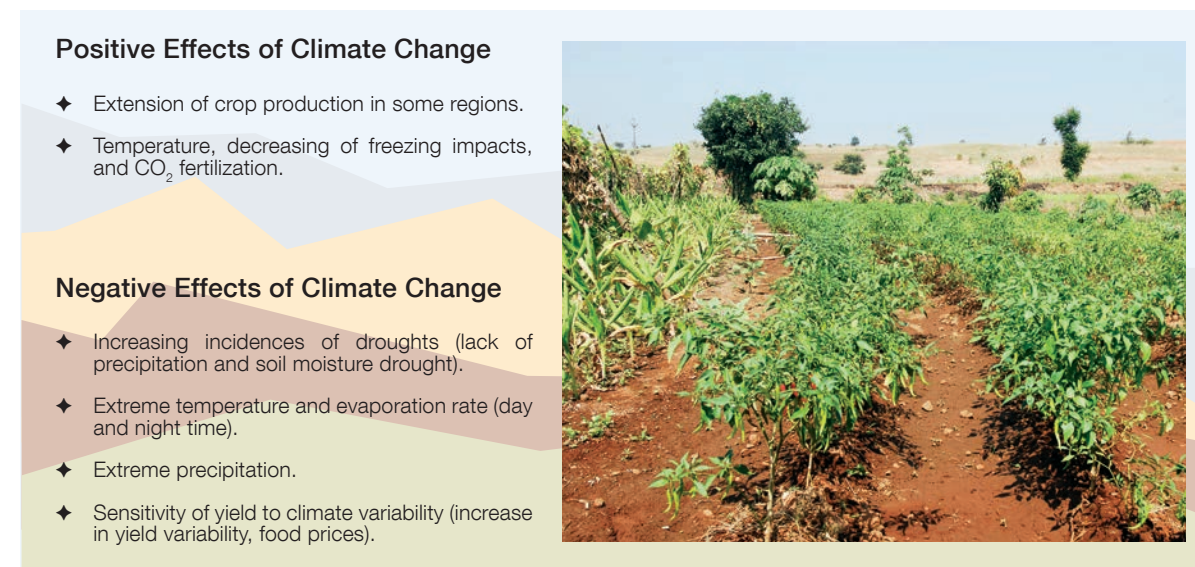
2.2

**Climate Change Pattern and Impacts**

The Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) has reiterated that climate change is real, and its impact is being felt across countries of the world. IPCC has warned that if the global society continues to emit greenhouse gases at current rates, the average global temperature could rise by 2.6 - 4.8°C by the year 2100. Mitigation action is immediately required to limit atmospheric concentration of greenhouse gases. The positive and negative effects of climate change are given in Exhibit 2.1.

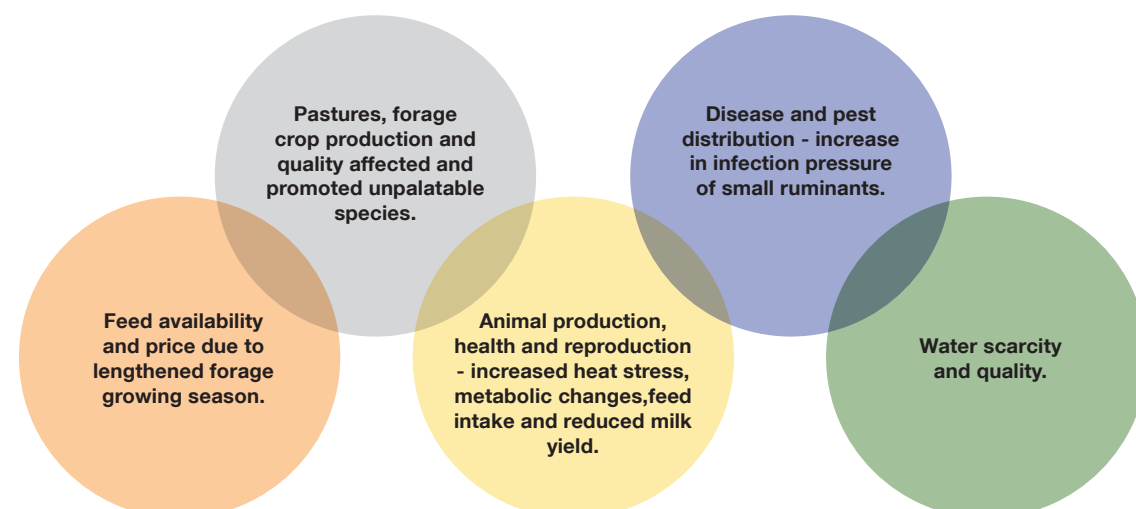


**Exhibit 2.1**  
**Likely Effects of Climate Change**



Due to increase in one degree temperature, there will be an adverse effect on the productivity of paddy (4-20 per cent), wheat (5-20 per cent) and maize (32-50 per cent) in India. Climate change impacts on the livestock sector are multiple, varied, and complex and these impacts would be on livestock productivity through increased heat stress, decreased fodder and water availability and on the health of animals (Exhibit 2.2). The IPCC assessment report (AR5) has comprehensively projected climate risks for the oceans. Ocean warming has caused shifts in species distribution, decline in body size, alteration of ocean productivity and fisheries catch potential, especially at lower latitudes.

**Exhibit 2.2**  
**Likely Effects of Climate Change on Livestock Sector**



The IPCC has concluded that marginalised people in society are highly vulnerable to climate change impacts. Hence, climate change poses an increasing threat to equitable and sustainable development. The climate change impacts are projected to slow economic growth, make poverty reduction more difficult, further erode food security, and prolong existing and create new poverty traps, particularly in urban areas and emerging hotspots of hunger.

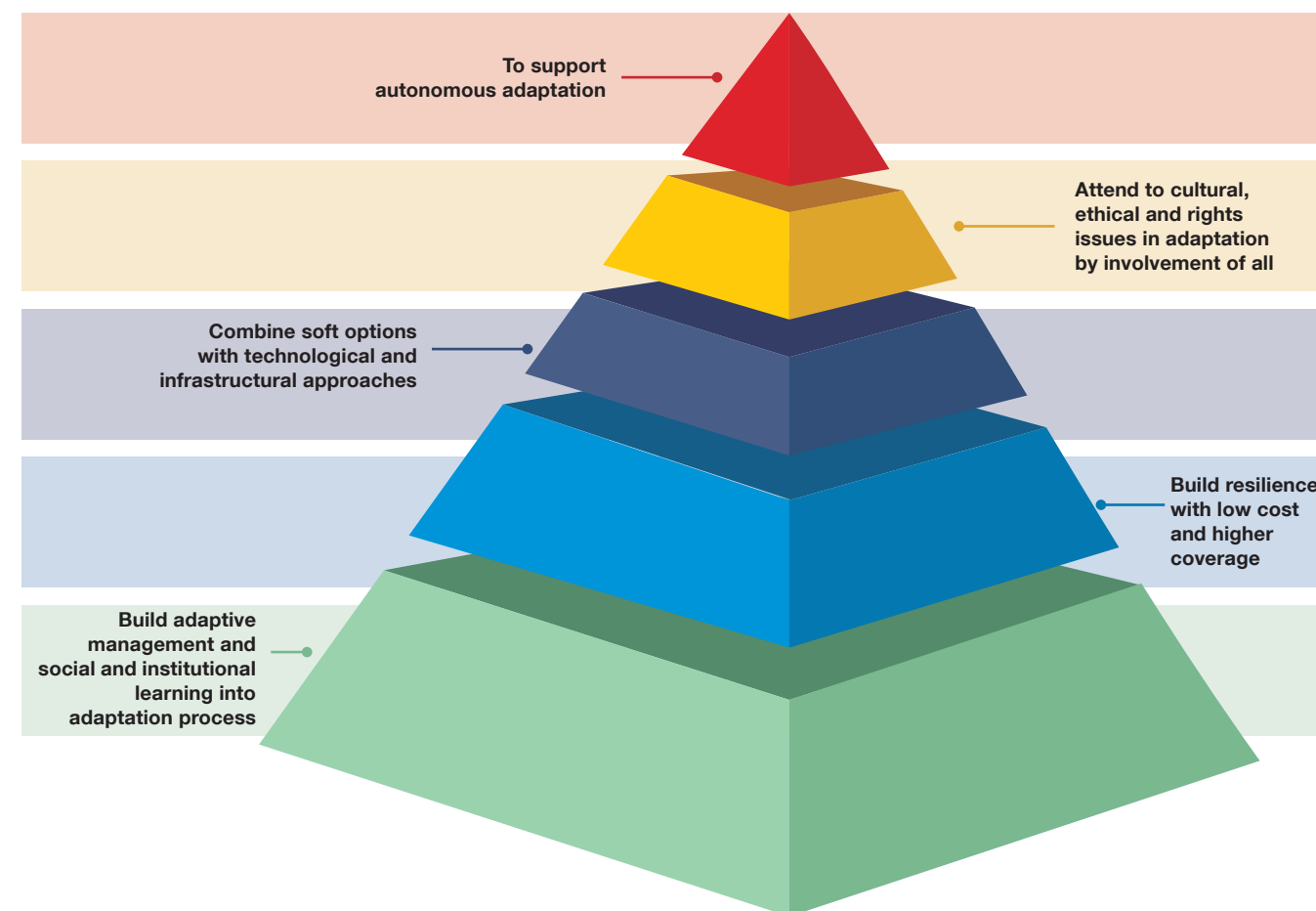
## 2.3 Mitigation and Adaptation Interventions – Possible Solutions

Mitigation is an anthropogenic intervention taken to reduce burning of fossil fuels, deforestation and livestock farming, which increase concentrations of green house gases (GHG) in the atmosphere. Mitigation has policy implications for the major sectors of the economy like energy, industries, transport, construction, waste management, agriculture, forestry, etc. The benefits of these mitigation actions include, in addition to the benefit of reduced GHG emissions, improved air quality, reduced health expenditure, increased energy efficiency and better energy security.

Adaptation is an adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities. Various types of adaptation can be distinguished, including anticipatory and reactive adaptation, private and public adaptation, and autonomous and planned adaptation (Exhibit 2.3).

**Exhibit 2.3**  
**Five Principles of Adaptation**

National Action Plan on Climate Change (NAPCC) and State Action Plans on Climate Change (SAPCC) have been prepared. Mitigation and adaptation strategies are highlighted in these plans.





### 2.3.1 Major Mitigation Strategies Adopted

- Clean energy generation up to 175 GW by 2022.
- National Solar Mission launched to install 100 GW of solar power by 2022.
- National Smart Grid Mission launched for efficient transmission and distribution network.
- Smart Cities Mission to develop new generation cities by building a clean and sustainable environment.
- Atal Mission for Rejuvenation and Urban Transformation (AMRUT) is a new urban renewal mission for 500 cities across India.
- 'Swachh Bharat Mission' (Clean India Mission) to make the country clean and litter free by 2019.
- Green Highways (plantation and maintenance) Policy to develop 1,00,000 km long 'tree-line' along both sides of national highways.
- Afforestation in 5 mha of area under Green India Mission.

### 2.3.2 Major Adaptation Strategies Adopted

- National Mission on Sustainable Agriculture (NMSA) launched for enhancing food security and protection of resources such as land, water, biodiversity and genetics.
- National Water Mission (NWM) for conservation of water, minimising wastage and ensuring equitable distribution.
- Soil Health Card Scheme.
- Paramparagat Krishi Vikas Yojana launched to promote organic farming practices.
- Pradhan Mantri Krishi Sinchayee Yojana launched to promote efficient irrigation.
- Neeranchal is a new programme to give additional impetus to watershed development.
- National Mission for Clean Ganga (Namami Gange) launched to rejuvenate the river.

## 2.4 Climate Smart Agriculture (CSA) – A New Approach

Climate Smart Agriculture (CSA) is defined as an integrative approach for transforming and reorienting agricultural development under the new realities of climate change. The Food and Agricultural Organization (FAO) defines CSA as “agriculture that sustainably increases productivity, enhances resilience (adaptation), reduces/removes GHGs (mitigation) where possible, and enhances achievement of national food security and development goals”. In this definition, the principal goal of CSA is identified as food security and development while productivity, adaptation, and mitigation are identified as the three interlinked pillars necessary for achieving this goal.

The global population has grown from 1 billion in the year 1800 to 7.5 billion in 2012, and it is expected to keep growing to touch an estimated 9.6 billion by mid-2050. Due to increase in population, the food requirement will increase by 60 per cent by 2050. Agricultural growth must keep pace with growing global population and provide the basis for economic growth and poverty reduction. Climate change is posing a big challenge under a business-as-usual scenario, due to adverse impacts on agriculture, requiring spiralling adaptation and related costs. In order to achieve food security and sustainable agricultural development goals, adaptation to climate change and lower emission intensities per output is required. This transformation must be accomplished without depletion of the natural resource base. Climate change is already having an adverse impact on agricultural productivity and food security, as a result of increased prevalence of extreme events and changed weather patterns which lead to reductions in production and lower incomes in vulnerable areas. These changes can also affect global food prices, thereby affecting the rural poor in particular, who are already coping with a degraded natural resource base. They



often lack knowledge about potential options for adapting their production systems and have limited assets and risk-taking capacity to access and use technologies and financial services. Hence, CSA which is an integrated approach, is the need of hour. Box 2.1 presents FAO's views on CSA.

Box 2.1

Key messages from FAO on Climate Smart Agriculture

- Agriculture and food systems must undergo significant transformation in order to meet the related challenges of food security and climate change.
- Increasing resource efficiency is essential both to increase and ensure food security in the long term and to contribute to mitigate climate change.
- Building resilience to every type of risk is essential to be prepared for uncertainty and change.
- Efficiency and resilience have to be considered together, at every scale and from both environmental, economic and social perspectives.
- Implementing climate-smart agriculture can be a major driver of a Green Economy and a concrete way to operationalise sustainable development.
- Addressing food security and climate change requires concerted and coordinated involvement and action of all stakeholders on a long term perspective.
- Climate smart agriculture is neither a new agricultural system, nor a set of practices. It is a new approach, a way to guide the needed changes of agricultural systems, given the necessity to jointly address food security and climate change.

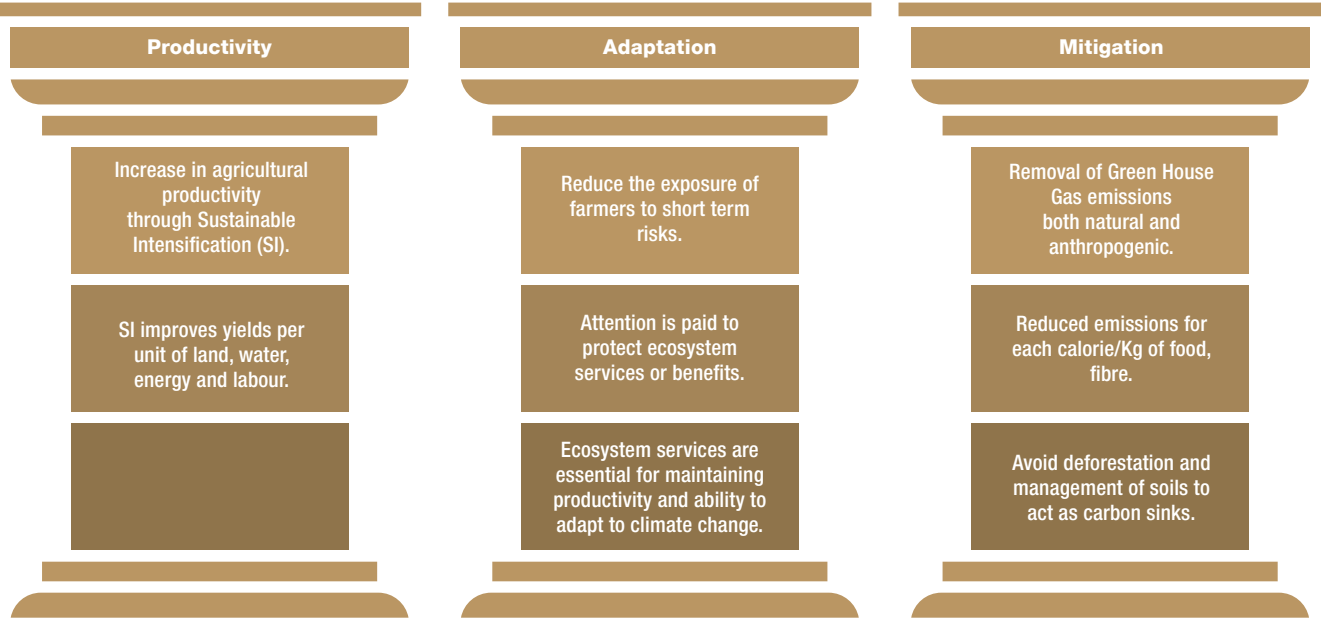


2.4.1 What is different about Climate Smart Agriculture?

The challenges being posed by climate change and climate variability require changes in technologies and production approaches so that food insecurity and poverty alleviation can be addressed effectively. CSA approaches entail greater investment in managing climate risks, and understanding and planning for adaptive transitions. So, the main features of CSA are integration of climate change into planning, development of sustainable systems for increased productivity, enhanced resilience and reduced emissions. It also maintains ecosystem services which provide essential services to farmers such as clean air, water, food and materials by adopting landscape approach.

CSA is a set of practices ranging from improved technologies, improved practices, insurance schemes, value chains and the strengthening of institutional and political enabling environments. It is a systematic integration of multiple interventions, including policy formulations, at the food system, landscape, and value chain levels. The CSA practices at one place may not be climate smart, but such interventions may be climate smart in another place. The CSA approaches must involve all the stakeholders such as women, the poorest and the most vulnerable groups. It also strives to involve all local, regional and national stakeholders in decision making. Only by doing so, it is possible to identify the most appropriate interventions and form the partnerships and alliances needed to enable sustainable development. The three pillars of CSA, viz. productivity, adaptation and mitigation are presented in Exhibit 2.4.

Exhibit 2.4  
Three Pillars of CSA Adaptation



2.5 NABARD and Climate Change Initiatives

NABARD in the recent past has taken up important steps for accessing national and international funding mechanisms to fulfil the need of climate change related finance. The details of various funds and their availability are highlighted in Table 2.1.

Table 2.1  
Details of the Ongoing Funding Mechanism

Adaptation Fund	Green Climate Fund	National Adaptation Fund (NAFCC)
1. NABARD as a National Implementing Entity (NIE)	1. NABARD as a Direct Access Entity (DAE)	1. NABARD is designated NIE by MoEF&CC, GoI
2. Accredited in July 2012	2. Accredited in July 2015	2. 21 projects sanctioned of worth ₹442.85 crore (US\$ 68 million)
3. 6 projects sanctioned in 6 states with financial support of US\$ 9.8 million	3. 1st project sanctioned by GCF with financial support of ₹223 crore (US\$ 34.36 million)	

2.6 NABARD and Climate Smart Agriculture

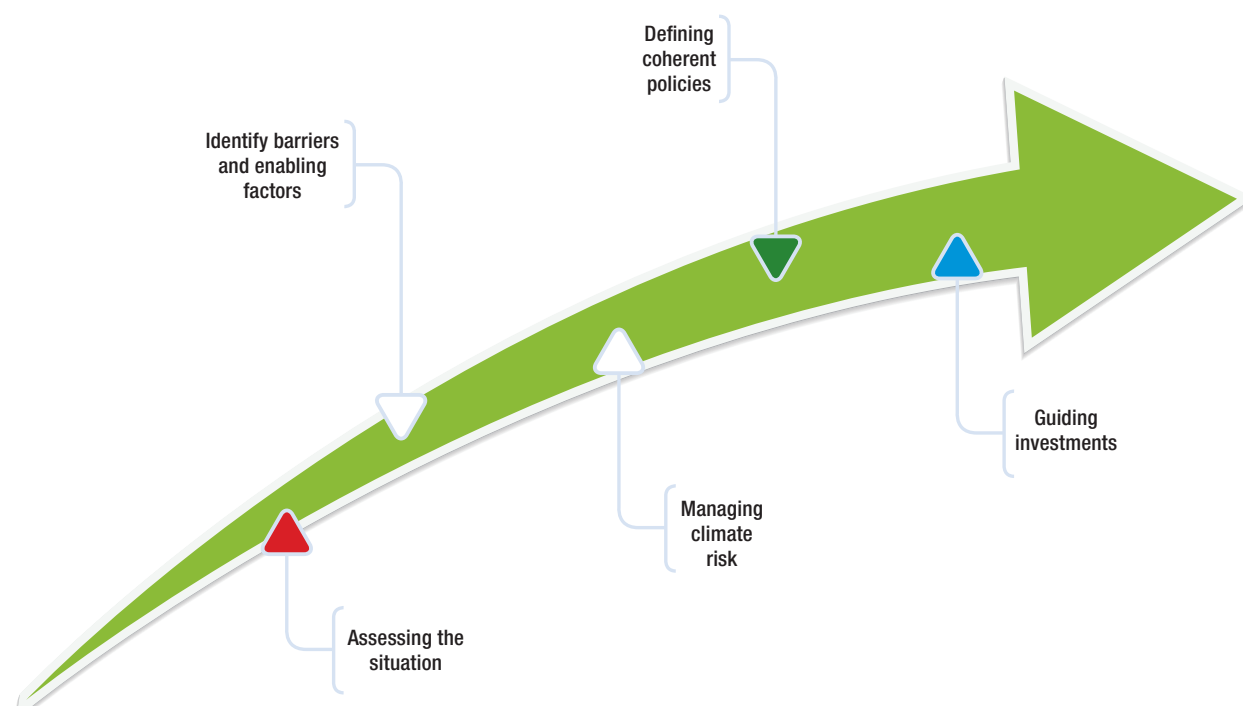
Emphasis has been given by NABARD for promotion of CSA under ongoing funding mechanisms. It has been observed through ongoing development programmes like WDF, TDF, UPNRM, etc., that the management of soil-crop-water interrelations can increase soil organic matter, improve the soil's nutrient retention capacity and enhance the soil biota. This integrated management can provide optimum physical and biological conditions for crop production. The various management practices which may be part of CSA are highlighted in Box 2.2.

Box 2.2  
Some CSA Approaches

- Water management/conservation, irrigation, and water table management.
- Rearing of regional breeds that are resilient to climate variability.
- Crop diversification with crop rotations and promotion of legume crops.
- Avoiding burning of crop residues and improving rice cultivation techniques.
- Integrated soil fertility management (inorganic and organic) by using mulch, compost, crop residues, green manure with fertilizers to address or prevent macro and micro-nutrient deficiencies.
- Precise management of nitrogen on the farm by using manure and nitrogen fixing plants.
- Herbicides and other weed management options.
- Physical conservation structures (such as bunds, drainage).
- Robust sources of information and extension that are tailored to local conditions. Direct seeding or zero tillage.
- Mulching through plastic cover, crop residues, cover crops, etc.
- Promotion of micro irrigation.
- Conservation agriculture and soil compaction management.
- Integrated nutrient management and growing nutrient efficient crop varieties.
- Integrated crop and livestock systems.
- Increased shade provision through trees.

NABARD proposes to play its role for CSA within the larger economic and policy frameworks by identification of supportive policies and programmes and by improving access to knowledge and monitoring of the implementers. Exhibit 2.5 presents the building block of CSA implementation.

### Exhibit 2.5 Building block of CSA implementation at country level



### 2.7 National and International Experiences of Climate Smart Agriculture – Few Examples

Various experts, farmers, scientists, extension workers and development partners are working around the world to test and apply a wide range of agricultural interventions, to help farmers to grow more food with less water and fertilizer, and plan for unpredictable weather. Few such practices are highlighted below:

- ♦ In Vietnam, about 7 lakh hectares of food crops were heavily damaged by climate-induced natural disasters in 2016. As a result, paddy production fell by 8 lakh tonnes, and about 11 lakh people in affected areas were put at a greater risk of food insecurity. To reverse the dire situation, paddy cultivated area in several central provinces had been diverted to other crops such as fruit trees and grapes, which require less water for raising and can serve as an alternative source of income for farmers. When weather permits, the land can be easily switched back to paddy production. On sloping land areas of Vietnam's northern mountainous regions and central provinces, annual food crops are intercropped with forests, fruit or industrial trees. Such agro-forestry systems help farmers diversify their income, control soil erosion, and improve ecosystems and the environment. In addition, they help reduce greenhouse gas emissions and sequester carbon.
- ♦ Climate change also impacts pollination service which is an essential ecosystem service for crop production. Over 75 per cent of the leading global food crops are dependent on pollination service provided by animals. The global monetary value of this service has been estimated to US\$ 214 billion per year. Pollinators, especially bees, affect 35 per cent of world crop production. Many pollinators and the crops that are dependent on them are sensitive to high temperatures and drought. In the tropics, most pollinators are already living close to their optimal range of temperature tolerance. Temperatures are expected to increase from 2.6 to 4.8°C in the course of the 21st century. Consequently, climate change may have detrimental effects on pollination.

CSA implemented on the landscape level can help protect this vital ecosystem service by building the agro-ecosystem's resilience through the protection of the species, resources and processes that control ecosystem functioning.

- ♦ In Haryana, laser land levelling, climate information services, and nutrient experts, have seen widespread adoption. Government of Haryana has started a programme to launch an additional 500 Climate Smart Villages (CSVs) in the state.
- ♦ Urea Deep Placement (UDP) technique, developed by the International Fertilizer Development Center (IFDC), is a good example of a climate smart solution for rice systems. The usual technique for applying urea is through a broadcast application. This is considered as an inefficient practice, with 60 to 70 per cent nitrogen losses contributing to GHG emissions and water pollution. In the UDP technique, urea is made into 'briquettes' of 1 to 3 grams that are placed at 7 to 10 cm soil depth after the paddy is transplanted. This technique decreases nitrogen losses by 40 per cent and increases urea efficiency to 50 per cent. It increases yields by 25 per cent with an average 25 per cent decrease in urea use. UDP has been actively promoted by the Bangladesh Department of Agricultural Extension with IFDC assistance. In 2009, UDP was used on half a million hectares by a million farmers and there are plans to expand its use to 2.9 million more families on 1.5 million hectares.

### 2.8 Details of Climate Smart Interventions under Adaptation Fund

Two projects worth ₹21 crore (US\$ 3.48 million) were sanctioned under Adaptation Fund on "Enhancing adaptive capacity and increasing resilience of small and marginal farmers (West Bengal)" and "Climate smart actions and strategies in North Western Himalayan region for sustainable livelihoods of agriculture-dependent hill communities (Uttarakhand)" to NABARD. These projects have varied types of climate smart interventions such as soil and water conservation, advisory services to farmers, etc.



Drip irrigation by pots



Cultivation along the pond side



### 2.9 Details of Climate Smart Interventions under National Adaptation Fund for Climate Change (NAFCC)

Ten projects worth ₹205 crore (US\$ 32 million) were sanctioned under National Adaptation Fund to 10 states namely Himachal Pradesh, Manipur, Kerala, Mizoram, Jammu & Kashmir, Telangana, Haryana, Madhya Pradesh, Maharashtra and Gujarat. The sanctioned project showcased varied types of climate smart project interventions such as soil and water conservation, zero tillage, promotion of drought resistant varieties, solar energy for irrigation, micro irrigation, installation of automatic weather station, etc., are under implementation. Broad interventions are presented in Table 2.2.



Seed bank of the traditional crop varieties



Display of the agro advisories for local communities



Construction of water ponds at Gudayur



Flood hardy varieties of Pokkali/Kaipad paddy



Solar farming on the agricultural field



**Table 2.2**  
**Climate Smart Agriculture Interventions of the Sanctioned (during 2016-17)**  
**NAFCC Projects**

Sr. No.	Name of Project	Project Interventions
1	Sustainable Livelihoods of Agriculture-Dependent Rural Communities in Drought Prone District of Himachal Pradesh through Climate Smart Solutions	Promotion of drip and sprinkler irrigation, inter-cropping of maize and pulses, SRI cultivation, introduction of legumes and fruits and, climate proofing of the watershed.
2	Model Carbon Positive Eco-Village in Phayeng of Manipur	Climate proofing of the canal systems, introduction of horticultural species, SRI, integrated pest and nutrient management and scientific piggery.
3	Promotion of Integrated Farming System of Kaipad in Coastal Wetlands of North Kerala	Promote simultaneous cultivation of rice and shrimp/fish for better productivity and harvest in Pokkali and Kaipad coastal wetlands, provide support for purchasing farm and fishing equipments.
4	Sustainable Agriculture Development through Expansion, Enhancement and Modelling in Mizoram	Provide seasonal climate forecast, install automated weather stations, promote soil and moisture conservation works, reduce area under Jhum cultivation, and construct rain water harvesting structures.
5	Climate Resilient Sustainable Agriculture in Rain-fed Farming (Kandi) areas of Jammu and Kashmir	Introduction of poly houses, crop diversification, organic farming, farmers' orientation on tillage and residue management.
6	Resilient Agricultural Households through Adaptation to Climate Change in Telangana	Demonstration of micro irrigation in high value crops, farm ponds, alternate furrow/strategic irrigation, bore-well recharge structures, popularisation of cash crops, integrated farming systems approach for increasing economic resilience.
7	Scaling-up Climate Resilient Agriculture Practices towards Climate Smart Villages (CSVs) in Haryana	Promotion of conservation agriculture-based management practices (zero tillage, DSR, residue management), cropping system optimisation/diversification, decision support (Nutrient Expert) and sensor (Green-Seeker) precision water management (laser levelling, micro-irrigation), stress resilient cultivars, seed and fodder banks powered with value-added weather forecasts and ICT based agro-advisories.
8	Enhancing Adaptive Capacity to Climate Change through Development of Climate Smart Villages in Select Vulnerable Districts of Madhya Pradesh	Development of climate compatible crop, water, energy, nutrient management practices and agro-advisory services, promotion of drought tolerant varieties, water harvesting, etc.
9	Efficient Water Management and Agriculture Technology Adoption for Climate Adaptive and Resilient Farming System in 51 villages of Nandurbar and Buldhana Districts of Maharashtra State	Preparation of Land Use and Water Budgeting Plan, System of Crop Intensification for paddy and wheat, establishment of community paddy nurseries, promotion of drip and sprinklers, installation of solar pumps, etc.
10	Climate Change Adaptation for Natural Resource Dependent Communities in Kachchh, Gujarat: Strengthening Resilience through Water and Livelihood Security and Ecosystem Restoration	Construction of 30 units of Bhungroo (water management system that injects and stores excess rainfall underground and lifts it out for use in dry spells). Bring 800 ha of agricultural area under drip irrigation, installation of 100 solar pumps, distribution of 200 fodder kits, restoration of grassland in 500 ha and 100 ha of grassland as seedbank.

To conclude, climate change may have key impacts on overall food availability but the approach and practices coupled with appropriate technologies can address impacts of climate change through adoption of climate smart agriculture interventions.



### 3

## SUPPORTING RURAL FINANCIAL INSTITUTIONS

The goal of sustainable rural prosperity presupposes the existence of strong financial institutions with a view to meeting the credit needs of the rural population. NABARD, as an apex development financial institution has been pursuing this goal by supporting financial institutions through various financial and non-financial support, policy interventions and effective supervision.

### 3.1 Short Term Credit

NABARD sanctioned credit limits aggregating ₹76,526.61 crore as short term refinance to supplement the resources of State Cooperative Banks (StCBs) on behalf of District Central Cooperative Banks (DCCBs) and Regional Rural Banks (RRBs) during 2016-17 which was utilised to an extent of 97 per cent (₹74,392.93 crore). This line of credit assists the rural financial institutions (RFIs) to meet the production and working capital needs of farmers, weavers, artisans, etc., thus channeling ground level credit flow towards agricultural and allied activities.

Further, NABARD had introduced a new line of credit, viz. Additional Short Term (Seasonal Agricultural Operations) [ST-SAO] during the year 2016-17 to help banks tide over their liquidity problems as the disbursement of crop loan should not suffer due to non-availability of sufficient funds. As on 31 March 2017, an amount of ₹10,581.11 crore has been disbursed under this line of credit.



### 3.1.1 Policy Guidelines for StCBs

For better overall utilisation of budgetary allocation, NABARD rationalised refinance limits of StCBs for short term operations. For the financial year 2016-17, these limits were set at:

- ◆ 40 per cent of their Realistic Lending Programme (RLP) for general areas;
- ◆ 45 per cent of the RLP for the eastern region including Bihar, West Bengal, Odisha, Jharkhand, Chhattisgarh and 28 districts of eastern Uttar Pradesh;
- ◆ 60 per cent of RLP for the north eastern region (NER), Jammu and Kashmir, Sikkim, Andaman and Nicobar Islands, Himachal Pradesh and Uttarakhand;
- ◆ Consequent to demonetisation, Gol had allocated an additional amount of ₹20,000 crore for ST-SAO enabling an increase of 15 per cent of RLP from above rates

The policy of linking refinance eligibility with the capital to risk weighted assets ratio (CRAR) of StCBs continued during 2016-17, for better accountability.

### 3.1.2 Short Term - Seasonal Agricultural Operations (ST-SAO) Refinance to StCBs

During the year 2016-17, an amount of ₹65,000 crore was allocated under Short Term Cooperative Rural Credit (STCRC) Fund by Government of India (Gol) which includes additional allocation of ₹20,000 crore for enabling uninterrupted credit flow by cooperatives as against ₹54,000 crore during the previous year. As a result, aggregate credit limits of ₹64,717 crore were sanctioned to 26 StCBs during 2016-17, against which the utilisation was ₹62,609.99 crore (97 per cent).

The ST-SAO credit limit for StCBs included the following components:

- ◆ ₹5,429.23 crore for the National Mission on Oilseeds and Oil Palm (NMOOP-Oilseeds);
- ◆ ₹2,250.95 crore for credit requirements under Development of Tribal Population (DTP) ; and
- ◆ ₹625.13 crore for National Food Security Mission-Pulses (NFSM-Pulses).

### 3.1.3 Additional ST-SAO – New line of credit

During 2016-17 an amount of ₹7,264.80 crore was disbursed to StCBs and ₹200 crore to State Cooperative Agriculture and Rural Development Banks (SCARDBs) under this line of credit.

### 3.1.4 Short Term - Other than Seasonal Agricultural Operations (ST-OSAO) Refinance to StCBs

During 2016-17 the quantum of refinance under ST-OSAO was raised to 100 per cent of RLP to ensure flow of credit in rural areas in sectors which have a high potential for creating employment opportunities. A consolidated ST (Others) limit of ₹1,050 crore was sanctioned to StCBs (Andhra Pradesh, Kerala, Haryana and West Bengal), against which an amount of ₹1,042 crore was utilised.

### 3.1.5 Support to Weavers

In order to meet the working capital requirements of primary, apex and regional weaver societies, refinance assistance was extended to StCBs on behalf of eligible DCCBs. During 2016-17, an aggregate limit of ₹21.61 crore was sanctioned to Andhra Pradesh and Puducherry StCBs for production, procurement and marketing activities of weavers against which ₹12.74 crore was utilised.

### 3.1.6 Policy Guidelines for RRBs

As in the case of the StCBs, the refinance policy for RRBs also reflected a similar rationalisation of refinance support. The maximum refinance sanctioned to RRBs for short-term operations was fixed at:

- ◆ 20 per cent of their RLP for general areas;
- ◆ 25 per cent of the RLP for the eastern region including Bihar, West Bengal, Odisha, Jharkhand, Chhattisgarh and 28 districts of eastern Uttar Pradesh;
- ◆ 45 per cent of RLP for NER, Jammu and Kashmir, Sikkim, Andaman & Nicobar Islands, Himachal Pradesh and Uttarakhand.

### 3.1.7 ST-SAO Refinance to RRBs

During 2016-17, an amount of ₹10,000 crore was allocated under Short Term RRB Refinance (STRRB) Fund by Gol as against ₹16,000 crore during the previous year. Consequently, credit limits aggregating ₹10,000 crore were sanctioned to 56 RRBs under ST-SAO and was utilised to the full extent.

The ST-SAO credit limit for RRBs included the following components:

- ◆ ₹719.75 crore for NMOOP-Oilseeds;
- ◆ ₹131.55 crore for credit requirements under DTP ; and
- ◆ ₹15.92 crore for NFSM-Pulses.

### 3.1.8 Additional ST-SAO – New line of credit

During the year 2016-17 an amount of ₹3,116.31 crore was disbursed to RRBs of 11 states under this new line of credit.

### 3.1.9 ST-OSAO Refinance to RRBs

As in the case of StCBs, quantum of refinance was raised to 100 per cent of RLP during 2016-17 from 60 per cent in 2015-16. Consequently, credit limit of ₹455 crore was sanctioned to RRBs in Tamil Nadu, Puducherry and Kerala, against which the utilisation was 100 per cent, as on 31 March 2017.

### 3.1.10 ST-SAO Refinance to Commercial Banks

To ensure flow of credit to farmers, ST-SAO is provided to Scheduled Commercial Banks (SCBs) for financing the Primary Agricultural Credit Societies (PACS)/ceded societies in such areas where the DCCBs are financially weak or are unable to finance PACS adequately. During 2016-17 an amount of ₹270.81 crore was disbursed to SCBs.

### 3.1.11 Loans to Farmers against Negotiable Warehouse Receipts

In order to discourage distress sale by farmers and to encourage them to store their produce in accredited warehouses against warehouse receipts, Gol extended the benefit of 2 per cent interest subvention to banks for making advances from their own funds. Banks were eligible for subvention for credit support up to ₹3 lakh at an interest rate of 7 per cent per annum to small and marginal farmers having Kisan Credit Cards (KCCs), for a period of up to six months post-harvest, against Negotiable Warehouse Receipts (NWRs) for keeping their produce in accredited warehouses.

NABARD provides refinance to banks at an interest rate of 4.5 per cent for loans up to ₹3 lakh granted to SF/MF having KCC against NWRs. Keeping in view the ground level situation, as also with a view to increasing the flow of credit under this scheme, the quantum of refinance to StCBs was increased from 60 per cent to 100 per cent of their RLP.

### 3.1.12 Medium Term Conversion

NABARD provides medium term conversion support to StCBs and RRBs, in order to provide relief to farmers distressed from crop damage due to natural calamities. Under this refinance option, ST crop loans advanced under SAO are converted to Medium Term Conversion (MT-C) loans.

An amount of ₹2,789.19 crore was sanctioned and disbursed to Madhya Pradesh StCB during 2016-17 under this line of credit.

### 3.1.13 Loans to State Governments

NABARD provides long-term (LT) loans to state governments to contribute to the share capital of cooperative credit institutions. This reimbursement-based support is intended to encourage larger lending programmes by these cooperatives to meet agricultural credit requirements.

### 3.2 Refinance Support to Rural Financial Institutions for Increasing Flow of Long Term Credit

NABARD extends long-term (LT) refinance support for asset creation and capital formation—both, critical for agricultural growth and rural development—to SCBs, RRBs, cooperative banks, Small Finance Banks (SFBs), NBFCs and NBFC-MFIs. Refinance is available for farm, farm-related and non-farm activities with repayment periods ranging from 3 to 15 years. The purposes for loans extended under LT refinance include farm investments, allied activities, micro, small and medium enterprises (MSMEs), agro-processing, organic farming, non-conventional energy, self-help groups (SHGs), joint liability groups (JLGs) and rural housing.

#### 3.2.1 Policy Guidelines for LT Refinance Support

##### (a) Common and salient features for major agencies:

For the year 2016-17, the eligibility criteria for refinance for major agencies were broadly as under:

**(i) Compliance with minimum CRAR norms:** 7 per cent as on 31 March 2015 for StCBs, 9 per cent as on 31 March 2015 for RRBs and SCBs (as per Basel II), 10 per cent as on 31 March 2015 for PUCBs and 15 per cent as on 31 March 2016 for SFBs, NBFCs and NBFC-MFIs.

**(ii) Net NPA (maximum) norms:** Up to 20 per cent as on 31 March 2015 for StCBs, up to 15 per cent as on 31 March 2015 for RRBs, up to 6 per cent as on 31 March 2015 for public sector scheduled commercial banks, up to 4 per cent as on 31 March 2015 for private sector scheduled commercial banks, up to 3 per cent as on 31 March 2015 for PUCBs and up to 3 per cent as on 31 March 2016 for SFBs, NBFCs and NBFC-MFIs.

**(iii) Audit completion and submission of audit report to NABARD:** For RRBs by 30 June 2016, for StCBs and SCARDBs by 30 September 2016.

**(iv) Compliance with Sec. 42(6)(a)(i) of RBI Act and Sec. 11(1) of B. R. Act, 1949 (AACS):** This has been dispensed with, as compliance with minimum prescribed CRAR and categorisation of RRBs / StCBs as per the risk rating module developed in-house, are comprehensive.

##### (v) NBFCs: The eligibility of RBI-registered NBFCs also included:

- ◆ Minimum 'AA' rated by a SEBI approved rating agency; and
- ◆ Lending experience of 5 years or more.

The eligibility of NBFC-MFIs to avail LT refinance from NABARD was one notch below top rating of 'mFR1' / 'MF1'.

**(vi) Extent of refinance:** 100 per cent to StCBs, RRBs, PUCBs, SCARDBs, SCBs, SFBs and subsidiaries of NABARD for all 'thrust areas'. For all other approved purposes for investment credit (including Krishak Sathi Yojana), to the extent of 95 per cent. For all activities 90 per cent for NBFC / NBFC-MFIs rated AAA or equivalent, 85 per cent for NBFC / NBFC-MFIs rated one notch below top and 80 per cent for NBFC / NBFC-MFIs rated two notches below top.

**(vii) Pricing norms for refinance:** Base interest rate on refinance was decided by the ALCO. Rates of premium on base interest rate were as per the classification of StCBs, RRBs and SCARDBs.

**(viii) Position on completion of statutory audit as on 31 March 2016:** Risk assessment for StCBs and SCARDBs during April 2016 to September 2016 was based on their audited financial position as on 31 March 2015. From October 2016 to March 2017, risk assessment for these two agencies was based on their audited financial position as on 31 March 2016. Risk assessment for RRBs during April 2016 to June 2016 was based on their audited financial position as on 31 March 2015. From July 2016 to March 2017, risk assessment for RRBs was based on their audited financial position as on 31 March 2016. For all institutions, in case of improvement or deterioration in any of the financial parameters as on 31 March 2016, (after completion of statutory audit), the same was reckoned for eligibility of refinance.

**(ix)** Unlicensed StCBs and DCCBs, and those with audit classification 'C'/'D' were considered ineligible for refinance. In case of StCBs with CRAR of 7 per cent or more, but individual DCCBs with less than 7 per cent, no refinance was available to StCBs on behalf of such DCCBs.

#### (b) Concession to plantation and horticulture

Keeping in view the broad objectives of the National Mission on Sustainable Agriculture (NMSA), NABARD introduced a scheme to provide refinance at concessional rate to cooperative banks and RRBs for specific activities under plantation and horticulture as well as for other area-based schemes prepared under banking plan. Refinance was available up to 100 per cent and the rate of interest was 0.5 per cent per annum less than the prevailing rate of interest on refinance.

#### (c) Concessions for women SHGs under NRLM

NABARD provided concessional refinance at 4.5 per cent to StCBs and RRBs against loans provided by them to women SHGs. This concession was offered to banks, lending at an interest rate of 7 per cent per annum, for loans up to ₹3 lakh per SHG in 250 districts identified under National Rural Livelihood Mission (NRLM) of the Ministry of Rural Development, Government of India (MoRD, Gol).

#### (d) Thrust areas

Refinance was extended to SFBs, SCBs, StCBs, RRBs, SCARDBs and subsidiaries of NABARD up to 100 per cent of the eligible bank loan for all activities under 'thrust areas' in all regions and 95 per cent for other activities.

#### (e) Special package for NE and other regions

NABARD continued relaxation in net NPA norms by 5 per cent for StCBs and by 3 per cent for RRBs and provided refinance support of up to 100 per cent of the eligible bank loan for all client institutions barring NBFCs, to increase the credit flow for all purposes in the following regions/state/UT:

- ◆ Eastern region—West Bengal, Odisha, Bihar, Jharkhand and Andaman & Nicobar Islands;
- ◆ NER—Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim;
- ◆ Hilly region—Jammu and Kashmir, Himachal Pradesh and Uttarakhand;
- ◆ Lakshadweep and Chhattisgarh.

In case of NBFCs in NERs, and states in hilly and eastern regions, their eligibility to avail LT refinance from NABARD continued to be relaxed from 'AA' to 'A', subject to fulfilment of other prescribed terms and conditions. Similarly, eligibility of NBFC-MFIs in these states to avail LT refinance also continued to be relaxed by a notch from one notch below top rating.

#### (f) Long Term Rural Credit Fund

To boost capital formation in agriculture Gol had set up Long Term Rural Credit Fund (LTRCF) with NABARD in 2014-15 to exclusively provide LT refinance support to cooperative banks and RRBs. The allocation to LTRCF was ₹15,000 crore during 2016-17. The interest rate on refinance was revised downwards to 5.15 per cent per annum w.e.f. 23 December 2016, with an advisory that the banks pass on this benefit to the borrowing farmers.

#### (g) Rates of interest on refinance

The rate of interest on LT credit for refinance ranged between 8.1 per cent and 10.95 per cent per annum depending upon the type of agency and quantum of refinance. Interest rates were revised three times during 2016-17.

#### (h) Security norms

All financial institutions borrowing from NABARD are required to execute a General Refinance Agreement with NABARD. The assets created out of loan is the primary security held by the concerned bank. However, all such securities held or which may be held by such borrowing institution, shall be held by such institution, in trust, for NABARD.

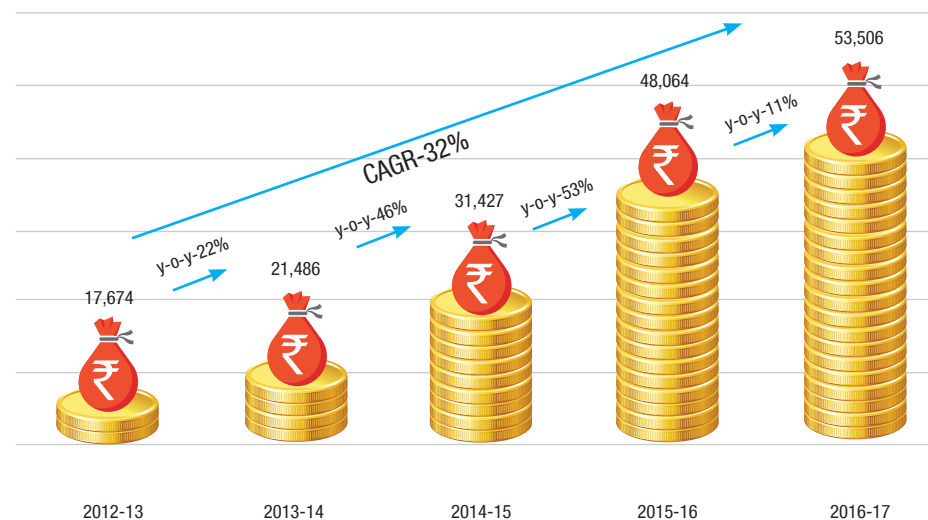
Refinance provided to non-scheduled StCBs was made available against guarantee provided by the concerned state government. In the absence of government guarantee, alternative security such as government securities, fixed deposit receipts (FDRs), etc. issued by scheduled banks or good working StCBs were considered for release of refinance to these banks. Refinance to SCARDBs was made only against government guarantee.



### 3.2.2 Refinance Disbursement by NABARD

Over the past five years LT refinance recorded a CAGR of 32 per cent. This has provided the much needed boost to capital formation in agriculture and rural sector. During 2016-17 an amount of ₹53,505.51 crore was disbursed as refinance against a target of ₹50,000 crore (Exhibit 3.1) (Table 3.1).

**Exhibit 3.1**  
**Annual LT refinance disbursement and y-o-y growth (%) (Amount in ₹ crore)**



### (a) Agency-wise LT Refinance Disbursement

**Table 3.1**  
**Agency-wise disbursement of refinance**

Agency	2014-15		2015-16		2016-17	
	Disbursed	Share(%)	Disbursed	Share(%)	Disbursed	Share(%)
SCBs	13,675.20	43.51	22,823.54	47.49	25,834.00	48.28
RRBs	10,220.91	32.52	12,139.68	25.26	11,369.83	21.25
StCBs	3,818.09	12.15	6,231.12	12.96	6,433.59	12.02
SCARDBs	2,923.97	9.30	3,258.26	6.78	3,398.34	6.35
NABARD	489.13	1.56	611.12	1.27	531.75	0.99
Subsidiaries						
NBFCs	300.00	0.95	3,000.00	6.24	5,938.00	11.1
<b>Total</b>	<b>31,427.30</b>	<b>100.00</b>	<b>48,063.72</b>	<b>100.00</b>	<b>53,505.51</b>	<b>100.00</b>

During 2016-17 out of the total disbursements of ₹53,505.51 crore the maximum share of 48.28 per cent went to SCBs followed by RRBs (21.25 per cent), StCBs (12.02 per cent), NBFCs (11.10 per cent), SCARDBs (6.35 per cent) and NABARD Subsidiaries (0.99 per cent).

### (b) Region-wise Disbursement

Spatial distribution of LT refinance disbursement indicates that a major share had gone to states from the southern region (~ 45 per cent), followed by northern (~ 20 per cent), western (~ 17 per cent), central (~ 10 per cent), eastern (~ 8 per cent) and north-eastern regions (1 per cent) (Table 3.2).

**Table 3.2**  
**Region-wise disbursement of refinance**

Region	2014-15		2015-16		2016-17	
	Disbursement	Share (%)	Disbursement	Share (%)	Disbursement	Share (%)
Northern	5,260.99	16.70	7,106.08	14.8	10,501.94	19.63
North Eastern	385.45	1.20	481.37	1.00	445.18	0.83
Eastern	3,711.66	11.80	5,500.73	11.4	4,385.48	8.20
Central	3,131.63	10.00	4,498.64	9.4	5,165.43	9.65
Western	4,951.66	15.80	6,812.78	14.2	9,037.25	16.89
Southern	13,985.92	44.50	23,664.12	49.2	23,970.23	44.80
<b>Total</b>	<b>31,427.30</b>	<b>100.00</b>	<b>48,063.72</b>	<b>100.00</b>	<b>53,505.51</b>	<b>100.00</b>

### States in a region

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

### (c) Purpose-wise Disbursement

Non-farm sector (NFS) activities accounted for a major chunk of refinance with over 35 per cent share, followed by farm mechanisation (~ 21 per cent) and land development (~11 per cent) as the other major purposes for which LT credit was soaked up (Table 3.3).

**Table 3.3**  
**Purpose-wise disbursement of refinance**

Purpose	2014-15		2015-16		2016-17	
	Disbursed	Share(%)	Disbursed	Share(%)	Disbursed	Share(%)
Minor Irrigation	1,147.17	3.65	1,174.30	2.44	1,145.01	2.14
Land Development	1,300.16	4.14	1,554.50	3.23	5,751.80	10.75
Farm Mechanisation	2,383.60	7.59	5,672.29	11.80	11,076.36	20.70
Plantation and Horticulture	2,033.45	6.47	1,983.37	4.13	2,631.11	4.92
PF/SGP/ AH- Other	672.52	2.14	1,237.16	2.57	1,088.34	2.03
Fisheries	64.15	0.20	370.52	0.77	210.57	0.40
Dairy Development	1,770.63	5.62	2,833.98	5.90	2,117.62	3.95
Bio-Gas	-	-	-	-	0.59	0.00
Forestry	8.29	0.03	5.90	0.01	0.83	0.00
Storage Godown and Market Yard	294.21	0.94	413.37	0.86	108.52	0.20
Non-Farm Sector	11,117.83	35.38	14,055.88	29.24	18,505.13	34.59
SC/ST-AP	2.47	0.01	36.14	0.08	0.00	0.00
SHG	4,493.67	14.29	6,906.02	14.37	5,659.51	10.58
Others	6,139.15	19.54	11,820.29	24.59	5,210.12	9.74
<b>Total</b>	<b>31,427.30</b>	<b>100.00</b>	<b>48,063.72</b>	<b>100.00</b>	<b>53,505.51</b>	<b>100</b>

### 3.3 Direct Lending for ST Multipurpose Credit

While NABARD has been providing refinance for various business purposes to StCBs on behalf of DCCBs, Direct Lending (DL) to DCCBs was conceived as an additional line of credit to DCCBs for increasing ground level credit (GLC). The product is intended to serve the entire co-operative structure rather than focusing on a single layer of the co-operative system. DCCBs were able to raise funds independent of StCBs.

Credit limit is sanctioned to co-operative banks for lending through PACS to farmers, traders, artisans, etc., for purposes like:

- ◆ Working capital requirements
- ◆ Repair and maintenance of farm equipment and other productive assets
- ◆ Storage/grading/packaging of produce
- ◆ Marketing activities, crop loan, etc.

#### 3.3.1 Direct Lending - Reach

An amount of ₹5,538.74 crore was sanctioned during 2016-17 to 64 DCCBs and two StCBs, including ₹530 crore sanctioned to seven DCCBs against pledge of sugar stocks of cooperative and private sugar factories. The disbursement for the period was ₹4,739.73 crore (Table 3.4). During the year nine new DCCBs were sanctioned credit limits.

**Table 3.4**  
**State-wise Sanction & Disbursement under Direct Lending during 2016-17**

(Amount in ₹crore)		
States	Sanction	Disbursement
Bihar	5.00	5.00
Chhattisgarh	50.00	50.00
Gujarat	791.00	753.00
Haryana	10.00	244.00
Himachal Pradesh	150.00	130.00
Karnataka	845.00	892.05
Kerala	150.00	150.00
Maharashtra	780.00	385.00
Madhya Pradesh	550.00	292.00
Odisha	300.00	300.00
Rajasthan	660.37	349.48
Uttar Pradesh	1,207.37	1,184.20
Uttarakhand	40.00	5.00
<b>Total</b>	<b>5,538.74</b>	<b>4,739.73</b>

### 3.4 Credit Facility to Federations (CFF)

Under CFF, short term credit (less than 12 months) support is available for meeting marketing needs of agricultural commodities, inputs supply, value and supply chain management by corporations, federations, cooperatives, registered companies, etc. So far, this facility has covered procurement of food grains by marketing federations and civil supplies corporations and coarse grains procurement by marketing federations, marketing of fertilizers by federations and oil seeds/ milk processing by the respective co-operative unions.

During the year credit limit of ₹2,000 crore was sanctioned to HAFED, Haryana for procurement of food grains and marketing activities, ₹75 crore was sanctioned to TSSDCL, Telangana for procurement and distribution of seeds and ₹30 crore sanctioned to Assam State Agriculture Marketing Board (ASAMB) towards paddy procurement, for the first time. During the year total credit limit sanctioned was ₹12,160 crore. Disbursement during the year was ₹15,755 crore.

### 3.5 Financial Support to Develop PACS as Multi Service Centres

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

Keeping in mind the wide coverage of PACS at the ground level and the limited products at their disposal, NABARD extended financial support to StCBs/DCCBs/PACS to develop PACS as Multi Service Centres (MSCs) for meeting the various requirements of the farmers. During 2016-17, 123 PACS were supported with sanction of financial assistance to the tune of ₹63.88 crore, of which ₹58.82 crore was the loan component and the remaining ₹5.06 crore was towards accompanying measures. The disbursement as on 31 March 2017 stood at ₹77.65 crore (₹74.25 crore as loan and ₹3.40 crore towards accompanying measures) and included assistance for establishment of agro service centres, rural retail outlets, agri-marketing infrastructure, rice mill, rural godown, RO water plant, tent house and catering business, farm machinery / implements for custom hiring, transport vehicle for agri-produce and strengthening backward/forward linkages through on-lending to members for agriculture/ allied activities.

### 3.6 Government of India Sponsored Schemes

#### 3.6.1 Interest Subvention to Farmers

The 2 per cent interest rate subvention to banks for deploying their own funds for crop loans of up to ₹3 lakh per farmer—provided the loans were granted at 7 per cent with an additional incentive of 3 per cent for prompt repayment—continued during 2016-17. The incentive to prompt paying farmers was intended to help lending institutions unclog the line of credit with an effective interest rate of 4 per cent. This benefit was available to public sector banks, private sector banks (on loans disbursed by rural and semi urban branches), cooperative banks and RRBs.

To provide relief to farmers affected by natural calamities, the subvention scheme was extended to banks for the first year on the restructured amount of crop loans during 2016-17. Such restructured loans will revert to normal rate of interest from the second year onwards as per RBI policy.

Interest subvention was available to NABARD for providing concessional refinance to StCBs and RRBs at 4.5 per cent. Under the scheme, Gol had provided aggregate interest subventions amounting to ₹5,111.06 crore (2013-14), ₹4,082.48 crore (2014-15) and ₹760.98 crore (2015-16). All interest subvention claims up to 2013-14 have since been received from Gol.

#### 3.6.2 Government of India Scheme for Sugar Undertakings

##### (a) Gol Package to Cooperative Sugar Mills

NABARD continued as the nodal agency to restructure term loans of cooperative sugar mills (CSMs) during 2016-17. NABARD had settled claims amounting to ₹245.24 crore till 31 March 2017 in respect of 73 CSMs of Maharashtra and one CSM of Odisha.

##### (b) Scheme for Extending Financial Assistance to Sugar Undertakings

Under the scheme for extending financial assistance to sugar undertakings (SEFASU-2014), financing banks provide loans to cooperative sugar mills to clear cane price arrears of previous sugar seasons and settle cane price of current sugar season in a timely manner, as per fair and remunerative price (FRP), periodically fixed by the central government. State Bank of India (SBI) was appointed the nodal bank to manage the subsidy for onward reimbursement to respective banks. NABARD coordinates the claims with SBI for reimbursement on behalf of cooperative banks and RRBs.



SBI had remitted an aggregate amount of ₹650.51 crore in the respective accounts in the states of Goa, UP, Haryana, Gujarat, Tamil Nadu, Maharashtra, Karnataka, Madhya Pradesh, Andhra Pradesh, Punjab and Uttarakhand as on 31 March 2017.

### (c) Scheme of Soft Loan to Sugar Mills to pay cane dues of Sugar Season 2014-15

Gol extended a soft loan scheme for sugar mills to remunerate sugarcane farmers (as per FRP) for arrears of sugar season 2014-15 on 23 June 2015 (modified later on 18 August 2015). The quantum of soft loan sanctioned to the sugar mills functional during 2013-14 and 2014-15 sugar seasons was capped at 11 per cent of the reported production of white sugar during sugar season 2013-14.

The scheme had a one year moratorium on loan repayment. Loans sanctioned by lending banks by 30 September 2015 and disbursed by 16 October 2015, were eligible for interest subvention facility up to 10 per cent simple interest or actual rate charged by the banks, whichever was lower extended to the sugar mills for a period of one year or less from Gol. Interest subvention was released quarterly through SBI, the nodal bank.

SBI had remitted an aggregate amount of ₹129.09 crore in the respective accounts in the states of Goa, UP, Haryana, Tamil Nadu, Maharashtra, Karnataka, Madhya Pradesh, Andhra Pradesh and Uttarakhand as on 31 March 2017.

### 3.6.3 Handloom Sector Packages

#### (a) Revival, Reform and Restructuring Package for Handloom Sector

The revival, reform and restructuring (RRR) package for handloom sector is being implemented since 2011-12. Twenty-seven states have signed tripartite MoUs for the centrally-sponsored scheme with Gol and NABARD. Under RRR, 39 apex weavers' cooperative societies (AWCS), 9,642 primary weavers cooperative societies (PWCS), 6,310 SHGs and 54,226 individual weavers have been assisted since the beginning. To settle claims under the package an amount of ₹741 crore was released by Gol in 4 tranches.

#### (b) Comprehensive Package for the Handloom Sector

NABARD is the implementing agency to channelise interest subsidy to banks of up to 7 per cent for providing concessional credit to handloom sector at 6 per cent for three years. The assistance is limited to the difference between the prevailing rate of interest and that charged by banks at 6 per cent. The margin money assistance to enable weavers, SHGs and JLGs to leverage it to borrow from the banks had also been enhanced from ₹4,200 at the start of the scheme to 20 per cent of loan amount subject to maximum ₹10,000 per weaver, w.e.f. 27 September 2013. Under the scheme, banks are allowed to claim interest subsidy upfront. The package closed on 31 August 2016.

### 3.6.4 Capital Investment Subsidy Schemes

NABARD is the pass-through agency for channelising subsidy for a number of Capital Investment Subsidy Schemes (CISSs) mentioned as under:

#### (a) Agricultural Marketing Infrastructure

On 1 April 2014, Ministry of Agriculture (MoA), Gol introduced the agricultural marketing infrastructure (AMI) sub-scheme under integrated scheme for agricultural marketing (ISAM). The scheme offers credit-linked back-ended capital subsidy (25 per cent or 33.33 per cent) of the capital cost in eligible storage and marketing infrastructure, depending upon the area and category of beneficiary with a subsidy ceiling of ₹4 crore for storage projects and ₹5 crore for marketing projects.

The AMI sub-scheme envisages creation of 4,000 marketing infrastructure projects with an aggregate storage capacity of 230 lakh tonnes across the country with a central assistance of ₹4,000 crore. During 2016-17, subsidy of ₹333.82 crore was released for 740 units (cumulatively, ₹3,719.90 crore released for 40,992 units).

#### (b) Agri-Clinics and Agri-Business Centres

The scheme was launched in April 2002 by MoA, Gol to supplement the public extension and other services to farmers on payment or free of cost. The scheme, while supporting agricultural development also aims to create self-employment opportunities for unemployed agricultural graduates and rural youth with knowledge of agriculture. During 2016-17 subsidy amounting to ₹13.40 crore was released for 276 units (cumulatively, ₹55.56 crore released for 1,628 units).

### (c) Schemes for Promoting Solar Energy

#### (i) Scheme for promoting Solar Photovoltaic Water Pumping Systems for irrigation purpose

To promote solar photovoltaic pumping system, independent of grid supplied power for irrigation purposes, the Ministry of New and Renewable Energy (MNRE), Gol launched a credit-linked and back-ended capital subsidy scheme on 3 November 2014. The scheme envisages subsidising 30,000 units across the country. An amount of ₹60.71 crore (including advance parking) had been released as subsidy during 2016-17 for 2,049 units. A cumulative subsidy of ₹81.33 crore was released under the scheme for 2,833 units.

#### (ii) Scheme for promoting Solar Lighting

To promote solar lighting, Gol launched MNRE Solar Lighting Scheme 2016 to support LED based systems only w.e.f. 29 February 2016. The scheme supports six models each of LED based lighting systems, and solar home systems (Solar Power Packs-DC/AC models) and provides subsidy at ₹160 per Wp for 40 Wp and at ₹100 per Wp for systems above 40 Wp to 300 Wp. During 2016-17, 657 units with subsidy of ₹11.59 crore (including advance parking) was released.

### (d) National Project on Organic Farming

The National Project on Organic Farming (NPOF) is a central scheme to promote organic farming in the country. An amount of ₹2.88 crore was released as subsidy for 20 units under bio-fertilizer, bio-pesticides and fruit and vegetable waste compost units during 2016-17. Cumulatively, ₹26.06 crore was released for 711 units including vermi-hatcheries, which as an activity was discontinued on 11 August 2010.

### (e) Animal Husbandry Sector Schemes

#### (i) Dairy Entrepreneurship Development Scheme

The Dairy Entrepreneurship Development Scheme (DEDS) was launched in 2010-11 to encourage enterprises such as modern dairy farms producing clean milk and heifer rearing farms to conserve good breeding stock. The DEDS also aims at technology upgradation to handle commercial milk production at the village level to effect structural changes in the sector. An amount of ₹116.87 crore for 22,526 units was released during 2016-17 (cumulatively ₹1,049.56 crore for 2,69,049 units).

#### (ii) National Livestock Mission – EDEG component

The National Livestock Mission (NLM) was launched by Gol in 2014-15 for quantitative and qualitative improvement in livestock production along with capacity building. Under NLM an amount of ₹2,800 crore was earmarked in the XII Five Year Plan to support a) Livestock development; b) Pig development in NER; c) Fodder and feed development and d) Skill development, technology transfer and extension. Livestock development includes development of livestock other than cattle and buffalo.

'Entrepreneurship Development and Employment Generation' (EDEG) component of NLM includes Poultry Venture Capital Fund (PVCF), Integrated Development of Small Ruminants and Rabbits (IDSRR), Pig Development (PD) and Salvaging and Rearing of Male Buffalo Calves (SRMBC).

◆ **PVCF:** During 2016-17, a subsidy of ₹28 crore was released to support 1,629 units (cumulatively ₹179.85 crore released for 9,666 units) engaged in poultry activities, capacity building, improved poultry products, technology upgradation of processing units and rearing of high potential poultry species like quails, ducks and turkeys.



◆ **IDSRR:** During 2016-17, a subsidy of ₹13.84 crore was released to support 4,336 units (cumulatively, ₹106.80 crore for 26,800 units) for developing goat and sheep for wool, meat and milk, establishing goat and rabbit breeding farms, and sheep, goat and rabbit commercial rearing.

- ◆ **PD:** During 2016-17, a subsidy of ₹5.18 crore was released to support 475 units (cumulatively ₹57.80 crore for 8,101 units) for encouraging commercial and scientific rearing of pigs and creation of necessary infrastructure.
- ◆ **SRMBC:** As on 31 March 2017, a cumulative subsidy of ₹23.74 lakh for 35 units was released under this scheme that aimed at increasing availability of buffalo meat, by-products and leather for export as well as domestic markets.

### 3.7 Status of Rural Financial Institutions and Efforts to Strengthen them

#### 3.7.1 Rural Credit Cooperatives

Institutional finance for agriculture and rural development has been on the priority agenda of policy makers since Independence. Cooperative banks and RRBs play a very crucial role in financial intermediation in agriculture and rural development, but are vulnerable to disruption created by economic shocks. NABARD endeavours to strengthen the capacity of these institutions through various developmental and supervisory initiatives to enable them withstand such shocks effectively.

#### 3.7.2 Financial Performance of Rural Credit Co-operatives

##### (a) Short Term Co-operative Credit Structure

As on 31 March 2016, the Short Term Co-operative Credit Structure (STCCS) comprised 92,789<sup>1</sup> PACS, 370 DCCBs and 33 StCBs.

##### (i) Primary Agricultural Credit Societies

PACS, the credit institutions at the grassroots level, deal directly with individual borrowers and grant short, medium and long term loans. As on 31 March 2015, there were 92,789 PACS with a total membership of 12.11 crore, of which, borrowing members were 4.98 crore (41 per cent). As compared to the previous year, while the total membership decreased by 6.9 per cent, the borrowing membership of PACS increased by 3.5 per cent. The deposits mobilised and total loans issued by PACS as on 31 March 2015 stood at ₹84,616 crore and ₹1,59,050 crore, respectively (Table 3.5). During 2014-15, as per available data in respect of 81,093 PACS, 43,653 PACS earned profit of ₹2,829 crore; the remaining 37,440 PACS incurred loss of ₹4,378 crore. (Source: NAFSCOB).

**Table 3.5**  
**Performance of PACS (including FSS & LAMPS)**

(As on 31 March)

Particulars	(Amount in ₹ crore)	
	2014	2015
Number	93,042	92,789
Membership (number in lakh)	1,301	1,211
Borrowing Members (number in lakh)	481	498
Owned Funds	18,923	21,675
Deposits	81,895	84,616
Borrowings	95,835	99,980
Loans Issued	1,71,419	1,59,050
Loans Outstanding	1,30,053	1,47,225

Source: NAFSCOB - PACS data for 2014 and 2015

##### (ii) Cooperative Banks

The aggregate share capital of StCBs stood at ₹5,646 crore as on 31 March 2016 as against ₹5,376 crore as on 31 March 2015, registering an increase of 5 per cent. The share capital of DCCBs was ₹16,008 crore as on 31 March 2016 as against ₹13,514 crore as on 31 March 2015, reflecting an increase of 18.5 per cent. The deposits of StCBs at ₹1,09,257 crore as on 31 March 2016 reflected a growth of 6 per cent, while the deposits of DCCBs (figures available in respect of 363 out of 370 DCCBs) at ₹2,91,599 crore reflected a growth of 11 per cent over 31 March 2015 position.

The borrowings of StCBs as on 31 March 2016 was ₹68,774 crore, indicating an increase of 0.07 per cent over 31 March 2015. The borrowings of DCCBs at ₹81,891 crore as on 31 March 2016 indicated an increase of around 1 per cent over the previous year. Loans outstanding of StCBs was ₹1,22,854 crore and that of DCCBs was ₹2,36,852 crore as on 31 March 2016, indicating an increase of 7.25 per cent and 6.22 per cent, respectively over the previous year (Table 3.6).

**Table 3.6**  
**Growth of Short-Term Co-operative Credit Structure**

(As on 31 March)

Particulars	(Amount in ₹ crore)					
	StCBs			DCCBs		
	2015	2016	Growth (%)	2015	2016	Growth (%)
Total number of banks	32	33	3.12	370	370	0
Share Capital	5,376.19	5,646.57	5.02	13,514.20	16,007.88	18.45
Reserves	6,959.42	7,333.58	5.37	13,513.71	14,356.05	6.23
Deposits	1,02,808.85	1,09,257.39	6.27	2,62,114.20	2,91,599.39	11.25
Borrowings	68,725.43	68,774.83	0.07	81,154.82	81,891.21	0.91
Loans Outstanding	1,14,545.55	1,22,854.23	7.25	2,22,977.15	2,36,852.20	6.22

Note: \* Data available in respect of 363 DCCBs.

##### (b) Long Term Co-operative Credit Structure

As on 31 March 2016, the Long Term Co-operative Credit Structure (LTCCS), comprised 18<sup>2</sup> SCARDBs, of which 13<sup>3</sup> are fully functional with a network of 616 branches of SCARDBs at ground level. There are 627 Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) having 784 branches. The share capital of SCARDBs stood at ₹908.40 crore and that of PCARDBs stood at ₹1,093.27 crore as on 31 March 2016. The borrowings by SCARDBs at ₹14,594 crore as on 31 March 2016 showed a decrease of 9.27 per cent whereas the borrowings by PCARDBs at ₹14,265 crore showed a decrease of 12.84 per cent, respectively during 2015-16 (Table 3.7).

**Table 3.7**  
**Growth of Long-Term Co-operative Credit Structure**

(As on 31 March)

Particulars	(Amount in ₹ crore)					
	SCARDBs			PCARDBs		
	2015	2016	Growth (%)	2015	2016*	Growth (%)
Total number of banks	18	13	---	589	601	---
Share Capital	976.12	908.40	-6.93	1,329.53	1,093.27	-17.77
Reserves	6,434.59	4,325.75	-32.77	4,024.03	2,611.38	-35.10
Deposits	1,953.03	2,349.92	20.32	1,015.70	1,353.06	33.21
Borrowings	16,085.42	14,593.81	-9.27	16,367.21	14,265.15	-12.84
Loans Outstanding	21,218.32	20,409.05	-3.81	14,812.01	12,682.35	-14.37

Note: \* Data Provisional

##### (c) Working Results of Co-operative Banks

##### (i) Profitability

During 2015-16, 28 out of 33 StCBs earned profit aggregating ₹714.32 crore while the remaining 5 StCBs incurred loss aggregating ₹113.83 crore. Thus, the StCBs as a whole posted profit of ₹600.49 crore. As regards DCCBs, while 310 out of 359 DCCBs for which data are available, earned profit of ₹1,627.24 crore, 49 DCCBs incurred loss to the extent of ₹553.68 crore resulting in overall profit of ₹1,073.56 crore, for the year 2015-16.

<sup>1</sup> Primary Agricultural Credit Societies (PACS) data are available only as on 31 March 2015

<sup>2</sup> These 18 SCARDBs were situated in the states of Haryana, Himachal Pradesh, J&K, Punjab, Rajasthan, Assam, Tripura, Bihar, Odisha, West Bengal, Madhya Pradesh, Uttar Pradesh, Gujarat, Maharashtra, Karnataka, Kerala, Tamil Nadu and Puducherry

<sup>3</sup> Out of the above 18 SCARDBs, Assam, Bihar, Odisha, Madhya Pradesh and Maharashtra are no longer functional



Under the LTCCS, 8 SCARDBs earned an aggregate profit of ₹97.57 crore whereas 5 SCARDBs incurred an aggregate loss of ₹36.12 crore during 2015-16, resulting in the SCARDBs registering a net profit of ₹61.45 crore at the aggregate level. At present, only 13 SCARDBs are fully functional. Hence, compared to previous year, data for five SCARDBs is no longer included. PCARDBs, on the other hand, reported a net loss position of ₹226.18 crore at aggregate level (Table 3.8).

**Table 3.8**  
**Working Results of Co-operative Banks**

(As on 31 March)

(Amount in ₹ crore)								
Agency	StCBs		DCCBs		SCARDBs		PCARDBs	
Year	2014-15	2015-16	2014-15	2015-16#	2015	2016^#	2015	2016
Total (No.)	32	33	370	370	18	13^	714	NA
In Profit (No.)	28	28	308	310	8	8	319	NA
Profit Amount	1,106.93	714.32	1,748.55	1,627.24	108.46	97.57	175.76	118.53
In Loss (No.)	4	5	62	49	10	5	381	NA
Loss Amount	24.94	113.83	1,103.72	553.68	497.91	36.12	557.89	344.70
Net Profit Amount	1,081.99	600.49	644.83	1,073.56	-389.45	61.45	-382.13	-226.17

**Note:** # The profitability figures of 359 DCCBs out of 370 DCCBs have been reported for the year 2015-16

^ At present, only 13 SCARDBs are fully functional

NA: Not Available

#### (ii) Accumulated losses

The accumulated losses of the StCBs increased from ₹663 crore as on 31 March 2015 to ₹697 crore as on 31 March 2016. The accumulated losses of DCCBs increased from ₹4,652 crore to ₹4751 crore during the period. The figures pertaining to SCARDBs show a huge decline in accumulated losses from ₹2,546 crore as on 31 March 2015 to ₹212 crore as on 31 March 2016. This is because the SCARDBs that contributed the most to accumulated losses (Maharashtra and M.P.) are under liquidation and hence are no longer functioning. The accumulated losses of PCARDBs declined from ₹5,245 crore as on 31 March 2015 to ₹2,987 crore as on 31 March 2016 due to the same reason as well (Table 3.9).

**Table 3.9**  
**Accumulated Losses**

(As on 31 March)

(Amount in ₹ crore)				
Year	StCBs	DCCBs	SCARDBs	PCARDBs
2015	663.25	4,651.58	2,545.74	5,245.47
2016	697.30	4,750.52	211.92^	2,987.36

**Note:** ^Huge reduction visible in accumulated losses as Maharashtra and M.P. SCARDBs are under liquidation

#### (d) Non -Performing Assets and Recovery Performance

At the aggregate level, the percentage of NPAs to loans outstanding in respect of StCBs reduced to 4.5 per cent as on 31 March 2016, as against 5 per cent as on 31 March 2015. Region-wise analysis showed that the NPA levels in percentage terms of the StCBs in the eastern, north eastern and western regions were higher than the all-India level. As on 30 June 2016, the recovery of StCBs stood at 91.7 per cent.

At the aggregate level, the percentage of NPAs to loan outstanding in respect of DCCBs decreased from 9.9 per cent as on 31 March 2015 to 9.4 per cent as on 31 March 2016. As in the case of StCBs, the NPA levels in percentage terms of the DCCBs in the eastern, north-eastern and western regions were higher than the all-India level.

At the aggregate level, the percentage of NPAs to loan outstanding in respect of SCARDBs as on 31 March 2016 was 22.26 per cent, which was lower than that of the previous year. While in percentage terms the SCARDBs in the southern region reported NPA levels lower than that of the all-India average, those in the north

eastern and eastern regions showed higher NPAs. As on 30 June 2015, the recovery of SCARDBs stood at 51.05 per cent.

At the aggregate level, the percentage of NPAs to loan outstanding in respect of PCARDBs as on 31 March 2016 was 37.03 per cent, which was higher than that of the previous year (36.20 per cent). However, the total NPA level declined from ₹5,361 crore to ₹4,651 crore. This is because of non-functioning of PCARDBs in the central and western regions. As on 30 June 2015, the recovery of PCARDBs stood at 55.47 per cent.

The consolidated NPA position of co-operatives as on 31 March 2016 is indicated in Table 3.10.

**Table 3.10**  
**Composition of Gross NPAs of Co-operative Banks**

(As on 31 March 2016)

(Amount in ₹ crore)				
Assets Classification	StCBs	DCCBs #	SCARDBs*	PCARDBs*
Sub-Standard	1,887.16 (33.9%)^	9,387.63 (42%)	2,559.00 (50.54%)	2,563.61 (52.77%)
Doubtful	2,489.22 (44.7%)	10,673.04 (47.7%)	4,061.00 (48.22%)	2,657.59 (46.61%)
Loss Assets	1,187.72 (21.3%)	2,313.11 (10.3%)	60.00 (1.22%)	34.13 (0.61%)
<b>Total NPAs</b>	<b>5,564.10</b>	<b>22,373.78</b>	<b>6,680</b>	<b>5,255.33</b>

**Note:** \*Provisional

^Figures in brackets indicate the % of NPAs under the category as a % of total NPAs

#Data available in respect of 363 DCCBs out of 370 DCCBs

#### (e) Financial Soundness Indicators

The CRAR positions of StCBs and DCCBs are given in Table 3.11 and Table 3.12, respectively.

**Table 3.11**  
**StCBs- CRAR**

(As on 31 March)

Year	CRAR %				
	< 4	4 to 7	7 to 9	9 & above	Total
2014-15	2	0	9	21	32
2015-16	2	0	3	28	33

**Note:** Please see Exhibit 3.3

**Source:** ENSURE Portal - Data based on the available information by the individual banks

**Table 3.12**  
**DCCBs- CRAR**

(As on 31 March)

Year	CRAR %				
	< 4	4 to 7	7 to 9	9 & above	Total
2014-15	30	11	106	223	370
2015-16	16	13	81	261	371

**Note:** Please see Exhibit 3.3. The total of 371 DCCBs for the year 2015-16 also include Tamil Nadu Industrial Cooperative Bank Ltd (TAICO Bank)

**Source:** ENSURE Portal - Data based on the available information by the individual banks

### (f) Scheme for Revival of 23 unlicensed DCCBs

At the all-India level, 23 out of 370 DCCBs operating in four states (16 in Uttar Pradesh, 3 in Maharashtra, 3 in Jammu and Kashmir (J&K) and 1 in West Bengal) did not meet the licensing requirement of 4 per cent CRAR, as on 31 March 2014. GoI had announced a special scheme for revival of these 23 DCCBs in November 2014 with a package assistance of ₹2,375.42 crore (GoI share at ₹673.29 crore). Financial assistance under the scheme was extended to enable these DCCBs to achieve 7 per cent CRAR by 31 March 2015.

During 2014-15, Maharashtra, Uttar Pradesh and West Bengal had signed MoU for revival of 20 unlicensed DCCBs (Maharashtra – 3, Uttar Pradesh – 16 and West Bengal – 1). During 2015-16, J&K had signed the MoU for revival of three DCCBs.

Under the scheme, GoI had released its entire share of assistance amounting ₹673.29 crore to NABARD. Post release of state government share, as envisaged in the scheme, by the three state governments (Maharashtra, Uttar Pradesh and West Bengal), NABARD had released GoI share of ₹562.07 crore to the three states. The additional requirements of funds by the 20 DCCBs in these three states was arrived at ₹462.91 crore by NABARD through its statutory inspection and all the three state governments have released the same. A total amount of ₹2,560.29 crore (GoI share of ₹562.07 crore and state government share of ₹1,998.22 crore) was released to all 20 DCCBs.

Post release of the additional capital requirements by the state governments of Maharashtra, West Bengal and Uttar Pradesh, all the 20 DCCBs in these three states were granted license by RBI.

The developments on various parameters/deliverables under the scheme achieved by these banks are being monitored by constituting a State Level Implementation Committee (SLIC) (Box 3.1).

#### Box 3.1 Progress under the Scheme

- ◆ Out of 23 DCCBs in three states, viz. Maharashtra (three), Uttar Pradesh (16) and West Bengal (one), have been issued license by RBI.
- ◆ In the state of J&K, three DCCBs are yet to be issued license by RBI. The state government has not yet released its share. The entire share of GoI for the state of J&K under the scheme amounting to ₹111.22 crore, was kept in readiness with NABARD. However, in terms of clause 16(a) of MoU, NABARD shall disburse the GoI's share of assistance only after the Government of J & K disburses its share as per the sharing pattern envisaged in the scheme.
- ◆ Monitorable Action Plans (MAPs) drawn for 20 DCCBs in UP, Maharashtra and West Bengal.
- ◆ SLIC constituted in UP, Maharashtra and West Bengal and monitoring is being done.
- ◆ 16 DCCBs in UP and three DCCBs in Maharashtra have reviewed functioning of PACS and have identified non-viable PACS.
- ◆ CBS has been implemented in three banks in Maharashtra and one in West Bengal. Remaining 16 DCCBs in UP are in the process of adopting CBS.
- ◆ 16 DCCBs in UP and three DCCBs in Maharashtra have put corporate governance in place.

### (g) Other Developments/ Initiatives

#### (i) State Level Institutional Development Plan (SLDP)

Each state has to prepare a state-specific State Level Institutional Development Plan for all the cooperatives in the state with the involvement of the stakeholders with regard to the issues identified in the cooperative sector, by the Regional Offices (ROs) of NABARD. The plan is to be prepared with the objective of improving the financial health of the RFIs. The plan may include the approach, strategies and actions in the areas of financials, governance, management, internal systems and control, HR, technology, ICT products/services, etc.

#### (ii) Maintenance of CRAR in Cooperative Banks

RBI, on 7 January 2014, had stipulated that a minimum level of 9 per cent CRAR is to be achieved and maintained by banks as on 31 March 2017 on an ongoing basis. In order to facilitate the process, NABARD has been in constant touch with the banks and the state governments, emphasising the need for achieving the stipulated CRAR level of 9 per cent. In order to enable StCBs/DCCBs to achieve the mandated CRAR, several state governments have provided funds to banks as per their requirements.

#### (iii) Monitoring of Cooperative Banks

The designated Nodal Officers at NABARD's ROs for each cooperative bank in the state are monitoring the progress of the cooperative banks and have been advised to ensure that all the financial parameters of the banks are thoroughly analysed in the diagnostic studies of the banks. Special emphasis is given on accumulated losses, profitability, business diversification and NPA management along with improvement of the bank from 'D' and 'C' rating to the next higher level.

#### (h) Review of Cooperative Banks

The National Review Meet of CEOs of StCBs was held in New Delhi on 11 July 2016 under the chairmanship of Chairman, NABARD. The performance of the banks in relation to their business, corporate governance, financial status and regulatory compliances were reviewed.

A National Meet of State Cooperative Banks on Information Technology, Financial Inclusion and Business Development was held at NABARD Head Office, Mumbai on 2 March 2017. The discussions were mainly on technology, supervisory and business development concerns of cooperative banks having bearing on their long term sustainability.

#### Box 3.2 Amalgamation of 7 DCCBs with Jharkhand State Coop. Bank Ltd.

##### Background

- ◆ Creation of the state of Jharkhand in terms of Bihar Reorganisation Act 2000 – Government of Jharkhand (GoJ) decided to have a two-tier STCCS as per Cabinet decision.
- ◆ Amalgamation necessitated owing to STCCS having several structural weaknesses.
- ◆ Rationale of and benefits from amalgamation
- ◆ Proposed two-tier STCCS, viz. StCB at Apex, DCCBs being Regional Offices of StCB and PACS at the bottom level.
- ◆ Need for a responsive and vibrant rural cooperative bank (RCB) to take care of credit needs of farmers in an efficient way.
- ◆ Need for simplified management structure and inducting professionals for managing amalgamated entity.
- ◆ Leading to better administration, branch control, and efficiencies – transformation into a dynamic institution for efficient delivery of financial services.
- ◆ Rationalisation, standardisation of processes and systems.
- ◆ Proposed amalgamation would result in healthy CRAR of amalgamated entity.
- ◆ Economies of scale will be available to the new entity.
- ◆ Technology is to be leveraged for ensuring financial inclusion.

##### Sequence of events

- ◆ Jharkhand State Cooperative Bank (JStCB) got banking license in August 2013, after which the approval of RBI was sought for amalgamation of all DCCBs with JStCB for moving to two-tier STCCS.
- ◆ Initially, RBI granted 'in-principle approval' for amalgamation of eight DCCBs with JStCB in October 2013, and the final approval was to be accorded subject to fulfilment of specified conditions. Subsequently, due to representation of Dhanbad DCCB before Hon'ble High Court, proposal for amalgamation of seven DCCBs was approved by RBI.
- ◆ GoJ complied with the conditions in January 2017 and recommended for final approval for amalgamation of 8 DCCBs with JStCB and sought approval of RBI.
- ◆ GoJ recapitalised ₹50 crore to JStCB in February 2017 towards complying the minimum CRAR of 9 per cent - NABARD undertook snap scrutiny of proposed amalgamated entity with financial position as on 28 February 2017. Snap scrutiny arrived at CRAR of 22.39 per cent and positive net worth of ₹103.26 crore. Accordingly, NABARD recommended to RBI for final approval of amalgamation.
- ◆ RBI, vide its letter dated 30 March 2017, accorded final approval of amalgamation subject to fulfilment of certain conditions within a period of six months.

##### Present status

- ◆ GoJ issued notification on 31 March 2017 amalgamating seven DCCBs with JStCB.
- ◆ The new entity came into existence w.e.f. 1 April 2017.



(i) Capacity Building in Cooperative Credit Structure

(a) Cooperative Development Fund

In order to improve their functional efficiency, the cooperative credit institutions viz., StCBs, SCARDBs, DCCBs, PACS and Cooperative Federations need to undertake various initiatives such as development of human resources, better MIS, conduct of special studies, seminars or workshops and other institution building activities. Cooperative Development Fund (CDF) was created in NABARD to support the efforts of these institutions. Assistance from CDF is provided in the form of grant, soft loan or a combination of both.

During the year 2016-17, ₹16.69 crore was disbursed under CDF (cumulatively ₹157.35 crore) for various promotional programmes conducted by different tiers of both Short Term and Long Term Cooperative Credit Structure. The major areas of assistance under CDF include SOFTCOB, PDC, capacity building programmes by Bankers Institute of Rural Development (BIRD) and cooperative institutions. During the year 2016-17, under SOFTCOB, 1,269 training programmes were conducted by the Cooperative Training Institutions (CTIs), covering 30,810 participants from different cooperative banks and PACS. BIRD too conducted 36 training programmes for 889 participants from the cooperative credit structure.

(b) C-PEC

Centre for Professional Excellence in Cooperatives (C-PEC), established in BIRD, Lucknow is a centre promoted by NABARD in collaboration with GIZ to coordinate the training efforts of various CTIs. While it accredits national and state level CTIs, it also evolves uniform standards for training and curricula, facilitates building of professional competence among staff and management of CCS through distance learning or e-learning and undertakes certification of trainers.

As on 31 March 2017, C-PEC membership stood at 6,657 which include 43 accredited CTIs, 23 StCBs, 186 DCCBs and 5,405 PACS. The C-PEC has so far standardised 27 training programmes for the benefit of CTIs. C-PEC has taken initiative in certification of Trainers/Staff of Cooperative Credit Structure (CCS) by conducting one CTFC (Certified Trainer for Financial Cooperatives) programme, CPCB level I and II and CPS for PACS secretaries. During the year, under CTFC, 16 candidates had successfully completed the course, under CPCB level I and II, 59 candidates and seven candidates were declared successful respectively. For CPS programme, C-PEC had also translated the reading material in regional languages. Under CPC programme, 132 candidates have passed successfully. C-PEC had also conducted stakeholders conference and annual conference of Principals/Directors of CTIs.

(c) PACS Development Cell

In order to enable PACS to deliver more efficient financial and non-financial services in a viable manner to their members, PACS Development Cells (PDCs) have been created in DCCBs and StCBs. The PDCs, currently established and functional in 96 DCCBs have identified 2,525 PACS operating in 21 states to strengthen them through training, handholding, guiding, exposure visits and other suitable interventions. With the help of PDCs, 1,858 PACS have prepared business development plans.

3.7.3 Regional Rural Banks

(a) Financial Performance as 31 March 2016 (audited position)

Post amalgamation, the number of RRBs in the country as on 31 March 2016 stood at 56, with a network of 20,920 branches covering 644 notified districts in 27 states and the UT of Puducherry. At the aggregate level, deposits, advances and investments as on 31 March 2016 registered a growth of 14.83 per cent, 14.14 per cent and 4.18 per cent, respectively, while borrowings declined by 19.41 per cent (Table 3.13).

Table 3.13  
Indicators of Performance of RRBs

(As on 31 March)

Particulars	(Amount in ₹crore)	
	2015	2016
No. of RRBs	56	56
Branch Network (No.)	20,024	20,920
Share Capital	197.00	6,387.00*
Share Capital Deposit	6,175.00	---
Tier II bonds	---	97.00
Reserves	18,712.00	20,665.00
Deposits	2,73,018.00	3,13,499.00
Borrowings	59,422.00	47,888.00
Investments	1,62,781.00	1,69,592.00
Gross Loans & Advances Outstanding	1,80,955.00	2,06,538.00
RRBs earning Profit (No.)	51	50
Amount of Profit (A)	2,921.00	2,206.00
RRBs incurring Losses (No.)	5	6
Amount of Losses (B)	176.00	188.00
Net Profit of RRBs (A – B)	2,745.00	2,018.00
Accumulated Losses	1,072.00	1,050.00
RRBs with accumulated losses (No.)	8	8
Recovery (%) (As on 30 June)	79.50	82.55
NPA to loans outstanding (%)	6.15	6.80
Net worth	24,011.00	26,099.00

Note: \*post RRBs Act Amendment, 2015 Share Capital Deposit has been converted into Share Capital by the RRBs

Fifty RRBs were in profit and 6 were in loss during 2015-16. The aggregate profit earned which stood at ₹2,921 crore during 2014-15, declined to ₹2,206 crore during 2015-16. The aggregate losses reported increased from ₹176 crore during 2014-15 to ₹188 crore during 2015-16. The overall net profit of RRBs declined from ₹2,745 crore as on 31 March 2015 to ₹2,018 crore as on 31 March 2016. The proportion of RRBs that are sustainably viable i.e. those earning profits and carrying no accumulated losses had decreased from 84 per cent (47 out of 56) as on 31 March 2015, to 82 per cent (45 out of 56) as on 31 March 2016.

(b) Recovery Performance

The recovery performance of RRBs increased from 79.50 per cent as on 30 June 2014 to 82.55 per cent as on 30 June 2015. Also, 21 out of 56 RRBs had recovery level above the all-India average, with nine RRBs having recovery level above 90 per cent. Further, 35 RRBs had recovery levels less than the all-India average, with one RRB having recovery of less than 60 per cent (Table 3.14).

**Table 3.14**  
**Frequency Distribution of States according to Levels of Recovery of RRBs**  
 (As on 30 June 2015)

Recovery (%)	States
All India average	82.55
< 60	Nagaland (1)
> 60 and < 82.55	Andhra Pradesh (3), Arunachal Pradesh (1), Assam (2), Bihar (1), Chhattisgarh (1), Gujarat (1), Himachal Pradesh (1), J&K (2), Jharkhand (2), Karnataka (2), Maharashtra (2), Madhya Pradesh (2), Manipur (1), Meghalaya (1), Mizoram (1), Odisha (2), Tripura (1), Uttarakhand (1),Uttar Pradesh (4), West Bengal (3)
82.55 to 90	Andhra Pradesh (1) Gujarat (2), Haryana (1), Karnataka (1), Madhya Pradesh (1), Rajasthan (2), Telangana (1), Uttar Pradesh (3)
>90	Bihar (2), Kerala (1), Puducherry (1), Punjab (3), Tamil Nadu (2)

**(c) Non-Performing Assets**

The gross NPA of all RRBs increased from 6.15 per cent, as on 31 March 2015 to 6.80 per cent as on 31 March 2016. While 32 RRBs reported Gross NPAs less than 5 per cent as on 31 March 2015, 26 RRBs had reported Gross NPA less than 5 per cent as on 31 March 2016.

**(d) Other Developments/Initiatives**

**(i) Amendment of APPR 2010**

The recruitment and promotion process of the staff of RRBs is guided by Appointment and Promotion Rules (APPR), 2010. Over the years due to change in various norms, court rulings and Gol instructions, it was necessary to have a relook into the existing APPR, 2010. NABARD on its part has provided all support to Gol and the revised RRB (Appointment of Officers and Employees) Rules, 2017 was notified by Gol on 29 March 2017. All RRBs have been advised by NABARD to follow the revised rules scrupulously.

**(ii) Broad Policy Framework – CWE**

The Common Written Examination for recruitment of staff in RRBs is conducted by the Institute of Banking Personnel Selection (IBPS), the approved agency. For smooth conduct of the recruitment process, NABARD prepared a detailed broad policy framework within which the preliminary, written and interview process is to be conducted by IBPS. The preparation of the broad policy framework as approved by Gol has facilitated conduct of CWE by IBPS.

**(iii) Joint Consultative Council (JCC)**

As per Gol letter F.No.2/1/2008-RRB dated 5 February 2009, JCC meeting is to be held half yearly, to discuss various human resources (HR) related issues concerning the RRBs. The JCC members include representatives of national level associations of RRBs, representatives of sponsor banks, state governments and NABARD. The Chairman of NABARD acts as the Chairman of JCC. The last meeting was held on 19 October 2015 to sort out various issues related to “Other Allowances” to be extended to the employees and officers of RRBs. Based on the recommendations of the Sub Committee, Gol vide letter No.F.No.8/1/2015-RRB dated 20 October 2016 advised all the RRBs regarding all the allowances payable to RRBs staff as included in 10th BPS.

As per the Rules of JCC approved by Gol, NABARD reconstituted the JCC by inducting new members on 1 December 2015. The issues for discussion are called from national level RRB unions/associations and compiled. The Action Taken Report (ATR) of the last JCC was also prepared. One JCC meeting was held during the year on 30 March 2017.

**(iv) Additional increment to Graduate Office Assistants in RRBs**

In some of the RRBs, graduate employees were not granted two additional graduate increments after issuance of RRBs (Appointment and Promotion of Officers and Employees) Rules, 2010 on 13 July 2010. Keeping in view the judgement of Honourable High Court of Meghalaya, Gol has clarified that the Central Government has not issued any instructions requiring graduation increment/graduation pay to be stopped in respect of employees of RRBs, even after issue of RRBs (Appointment and Promotion of Officers and Employees) Rules, 2010 when graduation was made the minimum qualification for recruitment of Office Assistants (Multipurpose). NABARD has issued circular dated 15 February 2017 in this regard.

**(v) Recapitalisation of RRBs**

The CRAR of 56 RRBs as on 31 March 2016 ranged between 6.66 per cent and 21.75 per cent. During 2015-16, ₹2.59 crore was released to Ellaquai Dehati Bank as the residual amount of Gol share. With the above recapitalisation assistance Ellaquai Dehati Bank was able to maintain CRAR above the regulatory requirement of 9 per cent as on 31 March 2016.

As on 31 March 2016, four RRBs viz. Arunachal Pradesh Rural Bank, Manipur Rural Bank, Rajasthan Marudhara GB and Odisha GB had CRAR below 9 per cent. On the recommendation of NABARD, Gol had approved the recapitalisation of three RRBs viz.Odisha GB (₹ 129.67 crore), Arunachal Pradesh RB ₹6.09 crore), Manipur RB (₹4.66 crore).

As on 31 March 2017, Manipur Rural Bank and Arunachal Pradesh Rural Bank had received share capital contribution from sponsor bank and state government only. NABARD had also requested the sponsor banks to evolve a comprehensive action plan to comply with CRAR norms on a continuous basis for RRBs sponsored by them.

**(vi) Review Meeting**

Two half-yearly review meetings were organised on 11 July 2016 and 28 February 2017 by NABARD to review the performance of RRBs. Issues faced by RRBs were discussed and suitable action plan for various stakeholders were identified and communicated. The performance of the RRBs is regularly monitored by NABARD. NABARD had also conducted two review meetings for RRBs having sub-par performance. As on 31 March 2016, 32 RRBs were considered having sub-par performance under four parameters.

**3.8 Supervising Rural Financial Institutions**

As a part of its supervisory function, NABARD conducts statutory inspections of StCBs, DCCBs and RRBs, and voluntary inspections of SCARDBs, apex level cooperative societies and federations. During Financial Year (FY) 2016-17, 302 statutory inspections and 12 voluntary inspections were programmed. Details of the inspections programmed and conducted till 31 March 2017 are presented in Table 3.15.

**Table 3.15**  
**Inspections programmed and conducted as on 31 March 2017**

(in number)						
Inspections	StCBs	DCCBs	RRBs	SCARDBs*	Others*	Total
Programmed	33	219	56	11	2	321
Conducted	33	213	56	10	2	314

Note: \*Voluntary

Inspections of six DCCBs in Jharkhand were not taken up, as the State Government of Jharkhand proposed the merger of those DCCBs with the Jharkhand StCB, which was approved by the RBI on 30 March 2017. Since refinance outstanding in respect of Bihar SCARDB is very small, inspection of Bihar SCARDB was not taken up.

**3.8.1 Board of Supervision (BoS)**

The BoS, constituted in 1999 as an internal committee of the Board of Directors of NABARD met four times during 2016-17. It reviewed, inter-alia, status of licensed StCBs/DCCBs having Capital to Risk Weighted Assets Ratio (CRAR) below the minimum regulatory prescription of 9 per cent by 31 March 2017, Short Term Cooperative Credit Structure (StCB and DCCBs) in the states of Madhya Pradesh, West Bengal, Haryana and Jharkhand, frauds reported by banks, compliance with provisions of the various acts applicable to banks, unlicensed cooperative banks and RRBs with sub-par performance.



3.8.2 Major Supervisory Concerns

The major supervisory concerns brought out by the inspections are presented in Exhibit 3.2.

Exhibit 3.2  
Concerns emerging from Inspections



The supervisory concerns were advised to the banks, Registrars of Cooperative Societies and the concerned state governments in case of rural cooperative banks, and to the RRBs and their sponsor banks to initiate corrective actions at their level.

3.8.3 Licensing and Scheduling of the Supervised Banks (Other than SCARDBs and Apex Societies)

With the inclusion of Telangana StCB in the 2nd Schedule to the RBI Act, 1934 by the RBI, the number of scheduled StCBs stood at 20. The summary of status of the banks' compliance with the minimum share capital requirement, licensing and scheduling norms is given in Table 3.16.

Table 3.16  
Health of Supervised Banks

Parameters	StCBs	DCCBs	RRBs
Total Number of Banks	33	364 *	56
<b>Compliance with the minimum share capital requirement</b>			
Compliance with the Sec 11(1) of BR Act,1949 (AACS)	33	348	NA
Non-compliance with the Sec 11(1) of BR Act, 1949 (AACS)		18	NA
Compliance with the Sec 42(6)(a)(i) of the RBI Act, 1934	20	NA	56
<b>Licensing of Cooperative Banks</b>			
Licensed Banks	33	361	NA
Un-Licensed Banks	0	3	NA
<b>Scheduling of Banks</b>			
Scheduled of Banks	20	NA	56
Un-Scheduled Banks	13	NA	0

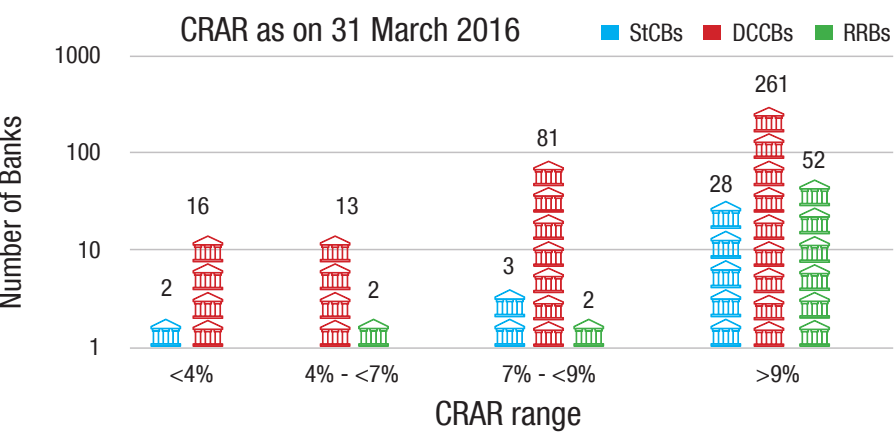
Note: \* Includes Tamil Nadu Industrial Cooperative Bank Ltd (TAICO Bank), with amalgamation seven DCCBs in Jharkhand on 30 March 2017 with the Jharkhand StCB the total number of DCCBs in India stands reduced from 371 to 364

NA: Not applicable

3.8.4 Review of CRAR of Supervised Entities

As against the regulatory prescribed minimum level of 7 per cent in case of StCBs/DCCBs and 9 per cent in case of RRBs, the status of CRAR of the supervised banks as on 31 March 2016 is presented in Exhibit 3.3. The low level of CRAR was mainly on account of disproportionate high risk weighted assets vis-à-vis capital funds.

Exhibit 3.3  
Number of banks by CRAR range



Source: ENSURE Portal – Data based on the available information submitted by the individual banks

3.8.5 Important Policy Initiatives

The supervisory instructions on the following important aspects were issued to the banks during the year:

(i) **Frequency of Inspections:** It was linked to the risk perception of an individual bank. Accordingly, different banks under one category would henceforth be inspected with different frequencies, depending upon their individual risk profile.

(ii) **Compliance Monitoring Mechanism:** New structured mechanism was introduced to ensure time bound and specific compliance to the inspection findings, by the highest authorities of the supervised banks.

(iii) **Complaints/Grievances Redressal Mechanism:** A well-defined mechanism was introduced to ensure early and satisfactory redressal of grievances against banks.

(iv) **Frauds:** Revised instructions were issued to RRBs on classification, reporting and monitoring of frauds. The instructions necessitate, inter-alia, immediate reporting of all those cases of frauds to the government investigation agencies where the amounts involved are ₹3 crore or more each.



### 3.8.6 Other Supervisory Interventions

The important supervisory interventions by NABARD are as under:

(i) Commencing from 1 April 2015, NABARD has put in place a platform titled ENSURE to ascertain timely receipt of key financial data from StCBs/DCCBs and RRBs and its structured analysis. The platform is open to refinement in its scope and content and is thus capable of handling any emergent situation. From September 2016, ENSURE has been issuing early warning signals at quarterly intervals to all supervised entities on the basis of the supervisory returns submitted by them. Supervised entities have also been provided direct access to those reports. After introduction of ENSURE, the data submission by the banks has vastly improved. Further, NABARD is in the process of developing analytics for performance monitoring.

(ii) Undertook the aggregation of data on Specified Bank Notes (SBNs) received by all DCCBs, and then the KYC verification of the tenderers of those SBNs and of the members of the PACS who had deposited SBNs with the DCCBs.

(iii) Organised one Regional Workshop at BIRD, Mangalore for the personnel associated with the supervision of banks at the ROs from the Southern Zone for better interaction on new policy initiatives, various supervisory concerns and the supervisory stance.

(iv) Conducted training programmes for capacity building of personnel of the supervised banks and also of NABARD on emerging supervisory issues.

### 3.9 Credit Planning Functions

#### 3.9.1 Potential Linked Credit Plans

In order to support agriculture and rural development and to meaningfully link development and credit planning, NABARD prepares Potential Linked Credit Plans (PLPs) for each district in the country (except metro districts) every year. The PLPs provide the estimate of credit which can be potentially absorbed at the district level for various agricultural sectors and sub-sectors, off-farm and non-farm sector, other priority sectors, etc., besides presenting a holistic view of the infrastructural gaps and the ways to fill the same. During 2016-17, NABARD prepared 664 PLPs to guide credit planning by the banks for the year 2017-18. The sector-wise credit projections captured in the PLPs were then utilised to arrive at the credit targets for agricultural and allied sectors in particular and priority sector, in general, for 2017-18.

#### 3.9.2 State Focus Paper

Based on the data emerging from the PLPs, state specific State Focus Papers (SFPs) for 2017-18 were prepared by the ROs of NABARD to draw a comprehensive picture of the credit potential in various sectors of the rural economy, critical infrastructure gaps to be bridged and the linkage support that the government departments would need to provide. State Credit Seminars were organised in all states and union territories (UTs) to discuss how to bridge the infrastructure gaps to facilitate future credit flow, with officials of various state government departments, financial institutions and other stakeholders.

#### 3.9.3 District-level Offices

NABARD has 423 District Development Manager (DDM) offices across the country to focus on credit planning, monitoring and coordination between various developmental and promotional activities within each district. In addition, 161 adjacent districts are tagged to specific DDMs, while the remaining districts are overseen by the respective ROs. Thus, all districts of the country are covered.

#### 3.9.4 External Expert Committee constituted to review the Institution of DDMs

With a view to suggesting measures for improving the effectiveness of DDMs and repositioning them, an External Expert Committee (EEC) under the Chairmanship of Dr. S. K. Goel, IAS, Retired Additional Chief Secretary, Government of Maharashtra and former Director in the Board of NABARD was constituted. The Committee suggested a role alignment of DDMs in the context of changing priorities of NABARD. The report of the committee was placed in the 216th meeting of the Board of Directors held on 06 March 2017. The same has been accepted for implementation.



## 4

## INCLUSIVE GROWTH FOR SUSTAINABLE RURAL PROSPERITY

Inclusive growth is essential for sustainable growth and rural prosperity. Reducing poverty, improving the quality of life, and ensuring that all sections of the society benefit from the economic growth of the country are the primary objectives of an inclusive growth plan. Over the past three and a half decades NABARD has played a very important role in enhancing the resilience of agriculture against climate change, promoting and financing of farmer producer organisations, development of tribal farmers through wadi, watershed programmes and also taking up various activities under microfinance, financial inclusion, off-farm sector, research and development and consultancy services.

### 4.1 NABARD's Climate Change Actions

Climate change threatens our ability to achieve food security, eradicate poverty and achieve sustainable development. It has both direct and indirect effects on agricultural productivity, including changing rainfall patterns, drought, floods and the geographical redistribution of pests and diseases. NABARD has played a very important role in enhancing the capacity of farmers to adopt practices that contribute to sustainable productivity growth while also responding to climate change.



#### 4.1.1 Adaptation Fund under UNFCCC

In order to combat the negative effect of climate change, NABARD as India's National Implementing Entity (NIE) for the Adaptation Fund (AF) created under the United Nations Framework Convention on Climate Change (UNFCCC), has generated several feasible projects on climate change adaptation. During the year 2016-17, one project was sanctioned by AF with an outlay of US\$ 2.56 million. Cumulatively, six projects in six states amounting to US\$ 9.86 million, were sanctioned by the AF. With the sanction of these six projects, NABARD has achieved the interim allocation of US\$ 10 million for India (country cap) fixed by the AF. The details of projects are presented in Table 4.1.

**Table 4.1**  
**Projects sanctioned by the Adaptation Fund**

Sr. No.	Name of Project	State	Project Outlay (US\$ Million)
1	Conservation and Management of Coastal Resources as a Potential Adaptation Strategy for Sea Level Rise	Andhra Pradesh	0.69
2	Enhancing Adaptive Capacity and increasing Resilience of Small and Marginal Farmers in Purulia and Bankura Districts of West Bengal	West Bengal	2.51
3	Building Adaptive Capacities of Small Inland Fishermen Community for Climate Resilience and Livelihood Security	Madhya Pradesh	1.79
4	Climate Proofing of Watershed Development Projects in the States of Rajasthan and Tamil Nadu	Tamil Nadu and Rajasthan	1.34
5	Climate Smart Actions and Strategies in North Western Himalayan Region for Sustainable Livelihoods of Agriculture Dependent Hill Communities	Uttarakhand	0.97
6	Building Adaptive Capacities in Communities, Livelihoods and Ecological Security in the Kanha-Pench Corridor	Madhya Pradesh	2.56
<b>Total</b>			<b>9.86</b>

#### 4.1.2 Green Climate Fund

The Green Climate Fund (GCF) is a fund within the framework of the UNFCCC founded as a mechanism to assist developing countries in adaptation and mitigation practices to counter climate change. NABARD, which has been accredited as NIE during the 10th GCF Board Meeting held in July 2015, aims to deploy GCF resources for climate resilient development and low emission strategies in India. The Empowered Committee, constituted by Ministry of Environment, Forest and Climate Change (MoEF&CC), Government of India (GoI), for consideration of Green Climate Fund (GCF) proposals, approved three concept notes submitted by NABARD for the development of detailed project reports (DPRs) and submission to GCF during 2016-17. One DPR titled "Ground water recharge and solar micro irrigation to ensure food security and enhance resilience in vulnerable tribal areas of Odisha", having a total outlay of US\$ 166.27 million and a GCF grant of US\$ 34.36 million, approved in 2015-16 by Empowered Committee was submitted to GCF for sanction.

#### 4.1.3 National Adaptation Fund for Climate Change

Government of India has established the National Adaptation Fund for Climate Change (NAFCC) to support adaptation actions to combat the challenges of climate change in sectors like agriculture, water, and forestry. NABARD has been designated as NIE for implementation of adaptation projects under NAFCC by MoEF&CC, Government of India (GoI). Under this arrangement, NABARD facilitates identification of project ideas/concepts from State Action Plan for Climate Change (SAPCC), project formulation, appraisal, sanction, disbursement of fund, monitoring and evaluation and above all capacity building of stakeholders including state governments. The projects are sanctioned by National Steering Committee on Climate Change (NSCCC) constituted by MoEF&CC, GoI. During the year 2016-17, nine projects were sanctioned under NAFCC, with an outlay of ₹207.70 crore. Cumulatively, 21 projects with a total amount of ₹442.88 crore were sanctioned by NSCCC under NAFCC.

#### 4.1.4 Training and Capacity Building of Stakeholders

NABARD has taken up various initiatives for sensitisation and capacity building on aspects related to climate finance including project development, execution, monitoring and evaluation under various national and international funding arrangements as well as Green Financing. NABARD's training establishments, viz. National Bank Staff College (NBSC) and Bankers' Institute of Rural Development (BIRD) have imparted training to NABARD officials as well as officials from state government departments and civil society organisations.

During the year NABARD co-hosted an international "Climate Finance Readiness Workshop" during 23-25 August 2016 at Mumbai in collaboration with AF, United Nations Environment Programme (UNEP), the Ministry of Environment (MoE) of Japan and Climate Action Network South Asia (CANSA). The workshop brought together over 50 participants from Asia-Pacific and East European countries to share the best practices and lessons learned in accessing international climate finance including requirements related to accreditation and project cycle management. A national workshop on Private Sector Facility under GCF was jointly organised by NABARD and MoEF&CC, GoI at New Delhi on 29 August 2016 with an aim to sensitise the private sector institutions on GCF and financing arrangements. Further, 16 state level and regional training programmes and workshops were organised during 2016-17.



## 4.2 Farm Sector Promotion Fund (FSPF) - Policy Initiatives

Keeping in view the current challenges being faced by Indian agriculture and emerging approaches to deal with such issues, the objectives of FSPF have been redefined and regrouped, viz. promotion of innovations in agriculture and allied sectors, enhancing productivity of agriculture and allied sectors and creating market access, promotion of climate resilient agriculture in vulnerable/distressed districts, promotion of agricultural value chains, promotion of farmers' collectives including training and capacity building and supporting expert advisory services, and policy advocacy including building up of a human capital in rural areas. A wide array of illustrative list of activities has been included under each objective to garner proposals from the eligible institutions. Farm innovations and strengthening of producer organisations (POs) have been accorded top priority under the revised policy.

### 4.2.1 Progress under Farmers' Club Programme (FCP)

During the year 2016-17, 5,837 Farmers' Clubs were sanctioned, taking the cumulative number of Farmers' Clubs to 1.54 lakh as on 31 March 2017. Apart from facilitating farmers of the club in accessing credit, extension services, technology and markets, the Farmers' Clubs acted as Self Help Promoting Institutions (SHPIs) and Business Facilitators/Business Correspondents.

### 4.2.2 Digitisation of Farmers Clubs

Farmers' Club Programme (FCP) aims at 'Development through Credit' and provides various services such as credit counselling, market linkage, exploring new business avenues, socio-economic development, etc.

NABARD conducted a pilot project on digitisation of Farmers' Clubs in seven states viz., Odisha, Tamil Nadu, Maharashtra, Haryana, Gujarat, Andhra Pradesh and Telangana. Based on the learnings from the pilot, the portal 'Krishak Sarathi' was redesigned and the project is being up-scaled to the entire nation. The digitisation of Farmers' Clubs would help the farmers by enhancing the sustainability of the clubs, and providing access to various advisories like weather, price and market. It would also facilitate NABARD to improve monitoring and control of the FCP.

### 4.2.3 Water Campaign

A nationwide Water Campaign was launched by NABARD in May 2016, just before the onset of monsoon, with the support of various stakeholders/partner agencies such as banks, NGOs, PRIs, KVKs, etc. Around 40,000 villages were covered under the campaign. Considering the encouraging response from state governments during Water Campaign 2016, the strategy has been redesigned during 2017, covering around 1,00,000 villages in vulnerable/water stressed areas and more specifically, where the ground water is over-exploited. The campaign was formally launched on 22 March 2017, in all the major states through NABARD's ROs in the presence of representatives of state governments, State Level Bankers' Committees (SLBCs), partner NGOs, agricultural universities, water experts, Farmers' Club volunteers and other stakeholders.

The campaign essentially focuses on creating awareness among the rural community about various methods of water conservation, preservation and its efficient utilisation at different levels, using modern technologies like micro irrigation (per drop more crop), traditional water management practices, adopting improved package of agronomic practices, etc.

For a localised and more effective approach, around 8,000 village volunteers (Krishi Jal Doots) were identified to increase awareness about various methods of rainwater harvesting, efficient use of water, recharging ground water and integrated farming systems, besides facilitating the creation of water conservation structures and adoption of water efficient practices/technologies, through convergence with the ongoing schemes of governments/banks. State-wise Master Trainers for extending handholding support to Krishi Jal Doots, and association of bank officials and extension departments during the village campaign, are the key features of the Water Campaign.

## 4.3 Support to Producer Organisations

Indian farming is characterised by a large number of marginal and small holders (almost 85 per cent) who are exposed to multiple risks and vulnerability. The fragmented and dispersed nature of farm holdings poses major problems for on-farm productivity improvement and the resultant farm incomes, especially, in the rainfed areas. The immediate recourse for the marginal and small farmers to tide over the state of vulnerability and deprivation, is to scale up their operations, and provide access to technologies, credit and market, through formation of Farmer Producer Companies (FPCs)/Farmer Producer Organisations (FPOs).

### 4.3.1 Promotion of Farmer Producer Organisations (FPOs)

The Union Finance Minister while presenting Union Budget for 2014-15, announced setting up of Producers Organisation Development and Upliftment Corpus (PRODUCE) Fund of ₹200 crore in NABARD to be utilised for the promotion of 2,000 FPOs in the next two years.

The broad objective of the Fund is to promote and nurture FPOs by way of extending the required financial and non-financial support during the nascent/formative stage. It is critical to support FPOs in terms of awareness creation, capacity building, technical support, professional management, market access, regulatory requirements, etc. and provide handholding support for a minimum period of three to five years and the same is met as grant under the Fund. The requirements of the FPOs for their business have to be met out of their own funds, equity mobilised, institutional credit, profit generated, etc., depending upon the local needs.

As on 31 March 2017, 2,157 FPOs were mobilised by the Producer Organisation Promoting Institutions (POPIs) and sanctions were accorded by the Regional Offices (ROs) of NABARD for their capacity building/nurturing and further development for three years. These FPOs are under various stages of formation, with 1,924 FPOs having completed their registration formalities by 31 March 2017. Out of these FPOs, 1,349 were registered under the Companies Act (as amended in 2013), and the remaining FPOs were registered under the Cooperative Societies Act, Societies Registration Act or Trust Act. As on 31 March 2017, cumulative share capital collected by FPOs stood at ₹41.60 crore and around seven lakh farmer members were covered. A grant of ₹63.69 crore was disbursed during the year, out of ₹191.46 crore sanctioned. In order to ensure that adequate social capital is built and effective capacity building measures are taken, NABARD executed an agreement with the individual POPIs.

A National Advisory Committee (NAC) headed by Chairman, NABARD, and State Level Consultative Committees (SLCC) were constituted to look into various aspects, viz. capacity building and governance aspects of FPOs, social capital and farmers' perspectives, financial requirements of FPOs, risk mitigation, credit guarantee, tax related issues, convergence requirement, process involved and market linkages, etc. Two meetings of NAC and 32 SLCC meetings were held during the year, for bringing greater synergy and convergence with government initiatives. During 2016-17, short-term certificate course for CEOs of FPOs was conducted at BIRD, and around 220 CEOs completed the course. As on 31 March 2017, NABARD partnered with 795 POPIs and 19 Resource Support Agencies (RSAs) in various states for nurturing and hand holding of FPOs.

The major activities in which FPOs are engaged include production and marketing of commodities like cereals, pulses, spices, jaggery, vermicomposting, onion, fruits, vegetables, certified seeds, etc. Majority of FPOs are undertaking farm aggregation, marketing and input distribution activities. About 1,515 FPOs are undertaking business activities, and their business turnover is about ₹100 crore.

### 4.3.2 NABARD's Direct Assistance to Producer Organisations

In its endeavour to support POs/collectives in a comprehensive manner, NABARD directly extended financial assistance of ₹9.03 crore (₹8.36 crore as loan and ₹0.67 crore as grant) to 13 POs during 2016-17. The disbursements amounted to ₹11.19 crore (₹10.49 crore as loan and ₹0.70 crore as grant). In addition, loans worth ₹14.45 crore were sanctioned to 51 FPOs during 2016-17 through NABKISAN Finance Ltd., a subsidiary of NABARD.





4.4 Watershed Development Programmes

NABARD has been implementing the following Watershed Development Programmes:

- ◆ Participatory Watershed Development Programme under Watershed Development Fund (WDF)
- ◆ Indo-German Watershed Development Programme (IGWDP)
- ◆ Soil Restoration and Rehabilitation of Degraded Soils for Food Security (Climate Proofing Soil Project) through KfW and GIZ, Germany

4.4.1 Participatory Watershed Development Programme

Watershed Development Fund (WDF) was created in NABARD in 1999–2000 with an initial corpus of ₹200 crore. The corpus was augmented over the years by the interest differential earned under Rural Infrastructure Development Fund (RIDF) and the interest accrued on the unutilised portion of the Fund. The financial assistance under the programme was in the form of grant or grant-cum-loan. As on 31 March 2017, the total corpus stood at ₹1,210.49 crore. During 2016-17, 57 new projects for the capacity building phase were sanctioned, taking the cumulative number of projects (both ongoing and completed) to 600. The projects covered an area of 5.94 lakh ha in 18 states, with a commitment of ₹417 crore.

Under grant-cum-loan mode, 41 projects in Karnataka and 141 projects in Tamil Nadu were sanctioned. All the 41 projects in Karnataka have been completed. As on 31 March 2017, the cumulative loan disbursed to these state governments amounted to ₹59.14 crore.

4.4.2 Indo-German Watershed Development Programme (IGWDP)

IGWDP, a bilateral aid programme, is being implemented by village watershed committees (VWCs) in association with NGOs in Maharashtra, Andhra Pradesh, Gujarat and Rajasthan. It focuses on regeneration of natural resources. The details of the projects are given in Table 4.2.

Table 4.2  
Regeneration of natural resources under IGWDP

State	Period of implementation	Fund committed (Amount in ₹ crore)	No of projects implemented	Area covered (ha)	Amount disbursed (Amount in ₹ crore)
Maharashtra Phase III	(2005-2014)	151.00 (€19.94 million)	114	1,19,088	121.84
Andhra Pradesh	(2005-2015)	66.00 (€8.69 million)	36	41,633	59.95
Gujarat	(2006-2016)	69.90 (€9.20 million)	28	38,000	38.34
Rajasthan	(2006-2016)	83.60 (€11 million)	31	35,000	44.93
Total			209	2,33,721	265.06

Note: All the IGWDP programmes have been completed

4.4.3 Implementation of Soil Restoration and Rehabilitation of Degraded Soils for Food Security (Climate Proofing Soil Project) through KfW, Germany

NABARD had signed an agreement with KfW, Germany, for implementation of the above programme during the period starting from August 2016 to December 2019. The project will be implemented in five states viz. Telangana, Andhra Pradesh, Karnataka, Chhattisgarh and Odisha, covering 32 districts, and 123 completed watershed projects under WDF. Selection of districts and states has been made based on the Rainfed Area Priority Index (RAPI) developed by Central Research Institute for Dryland Agriculture (CRIDA). An amount of €10 million from KfW will be provided to NABARD for implementation of the programme. Out of 123 climate proofing projects, 120 projects were sanctioned as on 31 March 2017 with financial commitment of ₹58.53 crore.

4.4.4 New Initiatives

◆ Web-based Monitoring of Watershed Projects

NABARD signed an MoU with National Remote Sensing Centre (NRSC), Hyderabad on 31 December 2015 for monitoring of IGWDP watershed projects through Geospatial technologies on a pilot basis in Gujarat, Rajasthan, and Andhra Pradesh (one-time evaluation of completed projects) and NABARD-assisted watershed projects under WDF in Madhya Pradesh. Separate web portal and mobile app have been developed under this initiative. Project Facilitating Agencies (PFAs) concerned have been given the access for uploading the data on the web portal. The project is helping NABARD in online and real time tracking of physical and financial progress and impact evaluation of watershed projects (pre and post) through use of remote sensing, GIS and GPS technologies.

◆ Springshed Development Programme in NER

NABARD has been implementing watershed projects in the country since the 1990s. The projects are implemented in the states having major dryland/rainfed regions except north eastern region (NER), which has different topographical and geological conditions. Further, due to adverse impact of climate change in the recent past in the region, the springs which are the lifeline in the NER are getting dried up, affecting agriculture and livelihood of rural community. To address the issue, NABARD is promoting innovative and integrated concept of springshed based participatory watershed development programme in NER, including Sikkim on a pilot basis with financial support under WDF.

The programme was launched in January 2017, and the entry point activities are being undertaken in the programme areas. The approach is expected not only to address drinking water scarcity in the region but also, help farmers doing farming during off-season as well, for their alternate livelihood.

◆ Sustainable Development Policy (SDP)

During implementation of watershed projects, including centrally sponsored Integrated Watershed Management Programme (IWMP), the major focus was on conservation of basic natural resources like soil and water. However, in order to address the issue of sustainable development in the watershed programme, NABARD has come out with a Sustainable Development Policy (SDP), wherein, the critical issues of technology transfer, agriculture extension, credit intensification, Integrated Pest Management (IPM), Integrated Nutrient Management (INM), etc., are being



addressed in the post-watershed development period, through capacity building and leadership development of the watershed community, convergence of various centrally sponsored schemes like National Food Security Mission, National Mission for Sustainable Agriculture, Mission for Integrated Development of Horticulture, etc., including social security schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Swasthya Bima Yojana (PMSBY), Atal Pension Yojana (APY), Pradhan Mantri Jan Dhan Yojana (PMJDY), etc. The pilot was rolled out in eight states during 2016-17. During the year, 336 SDP projects were sanctioned with a financial commitment of ₹32.59 crore.

#### ◆ Climate-proofing Projects in Watersheds

Climate Change has been impacting agricultural production, productivity and livelihood of the farmers, especially in dryland and rainfed areas. In order to reduce vulnerability of the rural community due to the impact of climate change, NABARD had taken up climate change adaptation initiatives under WDF. Climate-proofing projects under WDF are under implementation in four states, viz. Himachal Pradesh, Jharkhand, Tamil Nadu and Maharashtra. During 2016-17, 42 new climate proofing projects were sanctioned with a commitment of ₹16.26 crore.



#### 4.5 Tribal Development Fund<sup>1</sup>

The cumulative sanctions under Tribal Development Fund (TDF) stood at ₹2,029.84 crore, as on 31 March 2017, while disbursement stood at ₹1,340.31 crore, covering 5.03 lakh families with 673 projects across 27 states and union territories. During 2016-17, 40 projects were sanctioned by 17 ROs. While ₹151.43 crore was disbursed as grants, and ₹4.15 crore was disbursed as loan. Out of 40 projects, 11 TDF projects were sanctioned under CSR/co-funding arrangement, viz. Assam (two), Jharkhand (two), Maharashtra (two), Odisha (one), Rajasthan (one), Uttar Pradesh (two) and, West Bengal (one) (Showcase 4.1, 4.2, 4.3).

<sup>1</sup> TDF programme focuses on the development of 'wadis' or small orchards, organic wadis, mixed wadis (perennials plus creeper vegetables plus spices), credit-support for marketing activities, and value-chain interventions for processing and marketing.

#### 4.6 Adivasi Development Programme

In Phase II (2006–2016) of KfW–NABARD–V–Adivasi Development Programme, Gujarat (ADPG II), cumulative disbursement stood at ₹30.20 crore as on 31 March 2017. The programme is being implemented with a grant assistance of €7 million sanctioned by KfW, in Dang and Valsad Districts of Gujarat, and has so far assisted 5,922 families in *wadi* development, soil conservation, water-resources development, women/landless family development and health-care.

#### Tribal Development Fund projects bring smiles to farmers

##### Showcase 4.1 Gobinda Teron, Kamrup district, Assam

Gobinda Teron of Marlap village was permanently in debt from money lenders in Meghalaya at high interest rates and had nothing to lose from devoting one acre of his low yielding land for planting 250 rubber plants provided to him as grant under TDF project. As it takes six years to generate income from rubber plantation, other short term crops like pineapple, orange, areca nut, broom stick, bamboo, black pepper, jackfruit, etc., also provided under project started generating income from first year onwards. With such combination of crops, his income from wadi crops is more than ₹50,000 per annum, which may increase several times, once the rubber



A happy and satisfied Gobinda Teron in his wadi



Rubber plant with areca nut and broom stick as intercrop



Orange and areca nut plants in wadi area



House built by Gobinda Teron in his wadi area

plants start yielding. He has cleared all his debts and is now a free man. He has his own bank account and for the first time he had secured a loan of ₹25,000 under KCC. Gobinda Teron recalls with gratitude that, but for the TDF project, he would have found it very difficult to get his elder daughter married.



#### Showcase 4.2 Ramlal Mandi, Bankura district, West Bengal

Ramlal Mandi, a Santal, aged 45 years, is the inhabitant of Gobindasole mauza under Raotara Gram Panchayat of Ranibandh block, Bankura district, West Bengal. Ramlal raised orchard (wadi) on one acre Tora (barren and uncultivable) land with 40 mango (30 Amrapali, 10 Langra), 30 cashew (VR-4) and 200 border plants in 2007-08 under the Ranibandh TDF project.

From 2007- 2010, all orchard (wadi) related activities viz. pit digging, filling and planting, basins and weeding, fertiliser application, irrigation, spraying, soil conservation works and water resource development, etc., were done by his family members and they earned wages as per the project provision. For the purpose of irrigation a dug well with concrete ring was constructed and 30x40 (30 cashew plants and 40 mango plants) model was adopted as soil conservation measure in his orchard.



Ramlal's orchard attained fruit bearing stage in third year (2009-10) itself as he had done timely cultural operations and kept close watch on the orchard plants along with his family members. In the fourth year (2010-11), Ramlal's orchard was ready for commercial production.

After experiencing the marketing of wadi products between 2011-12 and 2013-14 at individual level, Ramlal felt that a temporary store house and a centralised marketing system should be developed at Project Implementing Agency's (PIA) office at Jhilimili with the joint supervision of PIA and Farmers' Groups from the following year.

Ramlal said, "During the last 3 years, income from sale i.e. ₹6,720 (at wholesale rate) of fruit crops and wage earned through orchard project not only helped him to meet his children's educational expenses but it supported his paddy cultivation also." Ramlal is expecting higher income from the next year onwards from his orchard. Ramlal's example inspired the neighbouring people to raise new orchards in the area.



#### Showcase 4.3 Priya and Chinnaswami, Gopenari, Tamil Nadu

Both Priya and Chinnaswami never had the chance to attend school. They are illiterate and their personal skills have always been restricted to the tasks they need to run a household and family.

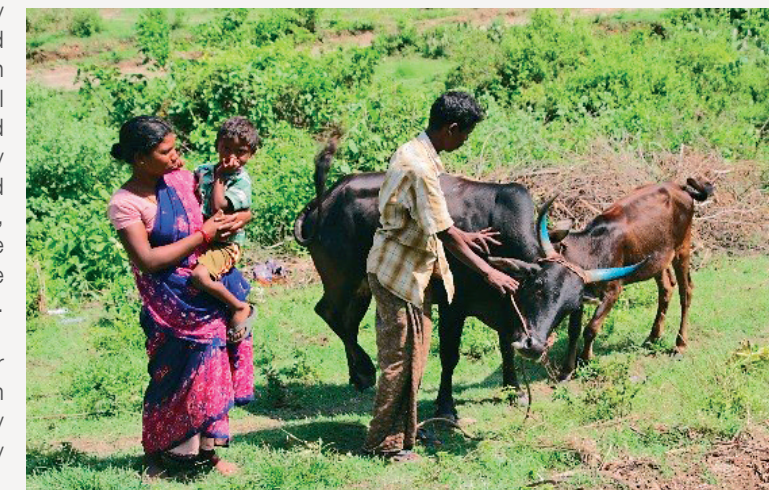


They have hardly been able to make ends needs. Furthermore, Priya is very happy that her husband does not drink unlike other men in the area. They worked as coolies on the farm of a non-tribal owner, earning a daily wage of ₹150 together.

When the VPC (Village Planning Committee) members of Gopenari introduced the NABARD project to Priya and Chinnaswami, they saw it as a chance to improve their income and took interest in it. The explanation given by the village community leaders, made it easy

for them to understand the project's objectives without any doubts. As the young couple does not own land, they had registered for non-wadi support.

NABARD had provided the family an amount of ₹18,000 which enabled them to acquire two cows, with which they started their journey in animal rearing. Today, Priya and her husband already own five cows. They easily meet their own milk needs now and sell the remaining milk to a milk society, which provides them a weekly income of ₹700. Further, they can sell the dung to farmers in the neighbourhood.



The extra income has eased their financial situation and enabled them to buy 10 goats. The goats are mainly kept as a kind of insurance as they can be sold in times of difficulties.

Besides improving their income, the non-wadi support has had a great impact on stabilising the family's life: so they do not just have a better, but also a sustainably safe source of earning. NABARD not only helps them to purchase the animals, but also provides insurance in case of death. Furthermore, two trainings about tending animals have given Priya and Chinnaswami the skills to do their work independently, even after the end of the project. A veterinarian visits them every second month and is also available in case of emergency. In addition, monthly meetings with the VPC and Project Implementing Agency's staff members give the couple the chance to discuss their problems and demands.

As the non-wadi work mainly takes part around the house, the parents are able to spend much more time with their children, too. Additionally, NABARD provides school materials for the children and organises many additional programmes, in which whole families are taught the importances of education, hygiene and health.

Smiling, Priya explains that in future she would like to have at least 20 goats and the additional income these animals would provide, shall be saved for the higher studies of her daughter.



4.7 Umbrella Programme for Natural Resource Management

The Umbrella Programme for Natural Resource Management (UPNRM) is a loan-cum-grant based Indo-German programme, being implemented since 2007-08 by NABARD in collaboration with KfW and GIZ. It aims to boost rural livelihoods by supporting community managed sustainable natural resource management projects. An amount of ₹21.18 crore was sanctioned out of which ₹20.21 crore has been disbursed during the year.

4.7.1 Highlights of UPNRM

- ◆ 44 per cent of project participants represent women.
- ◆ 78 per cent of project participants represent SC/ST/OBC.
- ◆ 90 per cent of the projects were directly related to conservation of natural resources.

4.8 Scaling Up Microfinance Initiatives

4.8.1 Progress of SHG-Bank Linkage Programme

The SHG-Bank Linkage Programme (SBLP), pioneered by NABARD about two and a half decades ago, starting with a pilot of 500 SHGs, covered about 79 lakh self-help groups (SHGs) and nearly 10.1 crore poor households in India as on 31 March 2016. The rural poor, thought to be unbankable prior to the SBLP era, now have credit outstanding of more than ₹57,119 crore with the formal lending institutions. About 18 lakh SHGs availed credit support of ₹37,287 crore from various banks during 2015-16, at an average of ₹2.03 lakh per SHG. During 2015-16, there was net addition of 2.06 lakh SHGs with savings linkage. Credit disbursement during the year increased by 35.2 per cent over the previous year, the outstanding of institutional credit to SHGs as on 31 March 2016 increased by 10.8 per cent over the year and SHGs' savings balance with banks went up from ₹11,059 crore to ₹13,691 crore during the period (Table 4.3). The progress combined with reduced NPA level from 7.4 per cent to 6.5 per cent confirms growing strength of SBLP.

Table 4.3  
Progress of SHG–Bank Linkage Programme  
(As on 31 March)

(Amount in ₹crore)

Particulars	2015		2016	
	Number of SHGs	Amount	Number of SHGs	Amount
Loans disbursed during the year	16,26,238	27,582.00	18,32,323	37,287.00
Loans outstanding	44,68,180	51,545.00	46,72,621	57,119.00
Savings with banks	76,97,469	11,059.00	79,03,002	13,691.00

4.8.2 Repositioning the SHG-Bank Linkage Programme

Rejuvenating and revitalising the SBLP was assiduously taken up by NABARD for deepening and widening of access to financial services, aiming at covering all eligible poor rural households in the country with a focus on resource poor states. Renewed emphasis was placed on livelihood interventions for SHG members, and a livelihood enterprise development model was introduced for implementation on a pilot basis. Increased coordination with National Rural Livelihoods Mission (NRLM) yielded in synergising the training efforts and support to the SHGs and understanding each other's views. E-Shakti Pilot on digitisation of SHGs was expanded to 22 new districts of the country. Promotion and nurturing of SHGs by existing and new partners continued to be supported to encourage financial inclusion, increasing bank outreach, credit linkage, handholding and livelihood promotion. The efforts at capacity building of stakeholders and improving interface as well as recognition of good performance further energised the SBLP movement.

4.8.3 Expenditure towards promotional grants

During 2016-17, a sum of ₹41.33 crore from the Financial Inclusion Fund (FIF) and ₹21.31 crore from Women Self Help Group (WSHG) Fund were released as grant for various microfinance related activities such as formation and linkage of SHGs, training and capacity building of stakeholders, livelihood promotion, documentation, awareness and innovations, etc.

4.8.4 Support to partner agencies/SHPIs

NABARD continued to extend support to NGOs, RRBs, DCCBs, Farmers' Clubs, Individual Rural Volunteers (IRVs), SHG Federations and PACS for promoting and nurturing SHGs. Not-for-profit MFIs are also eligible for grant support to act as SHPIs in priority states. During 2016-17, grant assistance of ₹33.17 crore was sanctioned to these agencies for promotion of SHGs. The cumulative assistance sanctioned to various agencies was ₹363.96 crore for promoting 8.35 lakh SHGs, against which assistance of ₹126.90 crore was released for formation of 6.03 lakh SHGs as on 31 March 2017. NGOs were the most dominant SHPIs, forming more than 78 per cent SHGs and availing 89 per cent grant assistance.

4.8.5 Training and capacity building of stakeholders

NABARD continued its efforts towards training and capacity building of stakeholders engaged in microfinance programme. During 2016-17, 3,761 training programmes were conducted covering 1.39 lakh participants from various banks/stakeholders. With this, cumulatively, around 36.24 lakh participants have been imparted training. In addition, 870 training programmes covering 31,823 participants were conducted under WSHG Fund during 2016–17. The cumulative number of participants trained with support from WSHG Fund was 0.77 lakh.

4.8.6 Promotion of women SHGs in backward/Left Wing Extremism affected districts of India

The scheme for promotion of women SHGs in 150 backward/Left Wing Extremism (LWE) affected districts spread across 29 states is being implemented with support of Gol. The anchor NGOs work as SHPIs for promotion and credit linkage of SHGs. They are also expected to act as business facilitators for tracking and monitoring the SHGs and are responsible for loan repayments by SHGs. Under the project 1.95 lakh Women-SHG's have been savings-linked and 1.08 lakh of them have been credit-linked. A cumulative amount of ₹89.21 crore was utilised as grant assistance out of the WSHG Fund for various activities.

4.8.7 Digitisation of SHGs - E-Shakti project

Launched on 15 March 2015, the pilot project E-Shakti for digitisation of SHGs in two districts, viz. Ramgarh (Jharkhand) and Dhule (Maharashtra) witnessed a positive impact, where the credit linkage in numbers jumped by 148 per cent, and amounted to ₹39.79 crore (55 per cent increase). Buoyed with the encouraging results, the project





was broadened during the year to include another 22 districts across the country viz. Nalbari (Assam), Muzaffarpur (Bihar), Rajnandgaon (Chhattisgarh), Mehsana (Gujarat), Mandi (Himachal Pradesh), Ambala (Haryana), Udhampur (J&K), Hazaribagh (Jharkhand), Mysuru (Karnataka), Kasaragod (Kerala), Indore (MP), Wardha (Maharashtra), West Garo Hills (Meghalaya), Jagatsinghpur (Odisha), Bikaner and Jhalawar (Rajasthan), West Tripura (Tripura), Barabanki and Varanasi (Uttar Pradesh), Dehradun (Uttarakhand), West Medinipur (West Bengal) and UT of Puducherry.

Under the project, demographic and financial data of SHGs in the districts are hosted on a dedicated website viz., <https://eshakti.nabard.org> so that the entire e-book keeping of SHGs with vital information on individual profiles of members like Aadhaar, occupation, housing, sanitation, insurance and micro pension (if any), bank account, savings, etc., are available on real time basis to various stakeholders including NABARD, banks, developmental agencies, SHPIs, SHGs and their federations for informed planning and suitable interventions. The Unique Selling Point (USP) of the project is the periodic transactional updates of SHG data which are carried out using a user friendly bilingual Android based application on mobile phones. The system generates an auto SMS in local language to members of SHGs upon uploading of data from Mobile App which ensures total transparency. A host of useful MIS including concurrent grading of the SHGs is available on the website for stakeholders.

More than 1.28 lakh SHGs, including those from National Rural Livelihoods Mission (NRLM) have so far been on-boarded on the **E Shakti** platform encompassing 14.73 lakh rural households in about 18,000 villages and 188 bank branches.

The rich database under **E Shakti** can be used by various state government departments like Panchayati Raj, Health and Family Welfare, Women and Child Development, Education, etc. Even the private sector, if interested in the database, can use it for providing goods and services to the rural market and CSR activities.

#### 4.8.8 Financing of Joint Liability Groups

Joint Liability Groups (JLGs) are positioned as a strategic intervention for purveying credit to small farmers, marginal farmers, tenant farmers, oral lessees, small artisans, etc., thereby reducing their dependence on informal sources for credit needs. JLGs are meant for augmenting flow of credit to tenant/ landless farmers, extending collateral free loans to them and building mutual trust and confidence between banks and JLG members. During 2016-17, 5.05 lakh JLGs were promoted and financed by banks, taking the cumulative number of JLGs promoted and financed by banks to 22.57 lakh.

Apart from extending 100 per cent refinance support to banks under JLG financing, NABARD continued to extend financial support for awareness creation and capacity building of all stakeholders of the programme. NABARD also provides incentive for formation and nurturing of JLGs to banks and other JLG promoting agencies. Cumulatively, grant assistance of ₹153.37 crore was sanctioned to facilitate promotion of 8.64 lakh JLGs across the country.

#### 4.8.9 Micro Enterprise Development Programme

NABARD's endeavour in skilling the SHG members through Micro Enterprise Development Programme (MEDP) continued during 2016-17 (Box 4.1). Around 24,491 members were trained through 817 MEDPs during the year for enabling them to start micro enterprises. Cumulatively, around 4.36 lakh SHG members have received training through 14,499 MEDPs.

#### Box 4.1 Micro Enterprise Development Programme - A Beacon for Stand Up India Success Stories of MEDP

Skill development is an important tool for improving the employability and enhancing the productivity of the working poor, and thereby reducing poverty and exclusion. Rural poor women typically face difficulties or discrimination in accessing good quality skill training. Keeping this in view NABARD continued supporting skill and entrepreneurship development trainings to members of matured SHGs through Micro Enterprise Development Programmes (MEDPs). The programme which started during 2005-06 has imparted skill development trainings in farm and non-farm sectors to over four lakh SHG members for enabling them to establish micro enterprises.



Large number of trained women SHG members have successfully started their own micro enterprises, and availed loans from banks/SHGs. With a view to disseminating the learnings from successful livelihood generation through MEDPs, a booklet documenting 45 representative success stories from across 18 states was brought out by NABARD. The booklet titled "Micro Enterprise Development Programme - A Beacon for Stand Up India" incorporates the challenges faced and supporting factors, leading to success and is a testimony to the ingenuity and multitasking ability of rural poor

women.

Rhythm of Happiness  
Prabha Vanitha Vikasana Samithi - Women Singarimelam (drum beaters) troop of Pudukkad in Palakkad district of Kerala.

#### 4.8.10 Livelihood and Enterprise Development Programme (LEDP)

Livelihood and Enterprise Development Programme (LEDP) had been initiated on a pilot basis in December 2015 with a view to creating sustainable livelihoods among SHG members, and to attain optimum benefit from skill upgradation. LEDP envisages conduct of livelihood promotion in both farm and off-farm activities under project mode in clusters in contiguous villages. There is a provision for intensive training for skill building, refresher training, backward-forward linkages, handholding and escort support. This also encompasses the complete value chain and offers end-to-end solutions to the SHG members. As on 31 March 2017, 108 projects have been sanctioned by various ROs with a total outlay of ₹481 lakh. Of the total projects, 57 are being implemented in WSHG districts and 51 are in non-WSHG districts. Of the 108 sanctioned LEDPs, 58 are under farm sector activities. Moreover, about 13,000 SHG members are getting benefitted from the livelihood initiatives.

#### 4.8.11 Coordination with National Rural Livelihoods Mission

NABARD and NRLM of Gol continued their collaboration in the areas of mutual interest—training of trainers, capacity building of rural branch managers, digitising SHGs, supporting WSHGs and undertaking livelihood and enterprise development programmes, studies, etc., during the year.

NRLM implements an interest subvention scheme for eligible women SHGs. The scheme is being administered by NABARD for RRBs and cooperative banks in 250 districts under Category I. The State Rural Livelihoods Mission (SRLM) in each state, implements this scheme for all other (Category II) districts. The scheme allows eligible women SHGs to avail bank credit up to ₹3 lakh at 7 per cent interest per annum. In Category I districts, these women SHGs are also provided with an additional interest incentive of 3 per cent on prompt repayment of loan. The scheme continued during 2016–17.

The NRLM has since decided to provide all assistance to WSHGs in intensive blocks promoted under the WSHG scheme being implemented by NABARD.

#### 4.8.12 Collaboration with IRCTC- Livelihood for SHG members

With the objective of enabling livelihoods for SHGs, IRCTC had taken an initiative of collaborating with NABARD for providing marketing avenues to SHGs for their products including catering of local cuisine in trains through their website. A collaborative workshop was hosted, funded and organised by NABARD at BIRD, Lucknow on e-catering and e-marketing in May 2016 with the objective of bringing IRCTC and NGOs/SHGs on a common platform. IRCTC has offered the following activities through SHGs:

1. E-catering of local cuisine on trains through SHGs.
2. Installation of Water Vending Machines in 'D' and 'E' class Railway Stations.

##### ♦ E-Catering of local cuisine by SHGs

NABARD in collaboration with IRCTC has mounted a pilot on e-catering of local cuisine on trains in Sindhudurg district of Maharashtra. Under the pilot, NABARD Maharashtra RO has sanctioned grant assistance of ₹6.23 lakh under LEDP to Human Welfare and Research Foundation. The project of e-catering services was launched by Hon'ble Union Railway Minister on 3 December 2016 at Sawantwadi railway station in Sindhudurg district of Maharashtra.

##### ♦ Installation of Water Vending Machines by SHGs

IRCTC has also proposed to provide space to select SHGs in rural/semi urban railway stations (D and E categories) for installation of Water Vending Machines (WVMs). A bankable model scheme for setting up WVMs has been prepared and circulated with an advice to identify suitable stations under 'D' and 'E' categories, in consultation with local IRCTC where WVM can have consumer demand so that the interested NGOs/SHGs can take up the project with the assistance of bank loan. Some stations have been identified for installing of WVMs and discussions are being held with IRCTC to initiate the same.

#### 4.8.13 Signing of MoU with BRLF

Bharat Rural Livelihoods Foundation (BRLF) a society promoted by Gol registered under the Societies Registration Act, 1860 has a mission to facilitate and upscale civil society action in partnership with government for transforming livelihoods and lives of rural households with an emphasis on women particularly in the Central Indian Tribal Region. The MoU envisages collaboration between NABARD and BRLF in matters of engaging with the NGOs, partner organisations to support the project programmes for bringing synergy in speeding livelihood developments in the neediest areas of our country.

#### 4.8.14 Second Meeting of SBLP Strategic Advisory Board

A Strategic Advisory Board was constituted in NABARD in 2015 to give focus on strategic action plan on SBLP, evolving quality standards, financial literacy, digitisation of SHGs, livelihood promotion, etc. The Second Meeting of the Strategic Advisory Board was held on 29 September 2016. The Board highlighted the importance of SBLP in terms of outreach, efficiency in delivery, cost effectiveness, accessibility and affordability in the changing financial ecosystem. The Advisory Board recommended action points for addressing issues such as credit gap, low level of credit flow to SHGs, tackling NPAs, increasing banks' outreach with alternative models, meeting the training needs, etc.

### 4.9 Towards Greater Financial Inclusion

Financial Inclusion is one of the critical determinants of national inclusive growth and its importance increases manifold in a country like India. There are few, if any, instances of an economy transiting from an agrarian system to a post-industrial modern society without broad-based financial inclusion. The poor, the illiterate and those living in remote areas represent the country's vulnerable - their vulnerability compounded by their unequal access to financial literacy, products and services. They belong to homogenous social and economic groups, living in geographical clusters – both urban and rural. Formal financial institutions have been shy of serving such marginalised groups for 2 main reasons, viz. small ticket loans and high transaction costs. Opening brick and mortar branches to cater to such groups was not commercially viable for the banks, even for the rural cooperative banks (RCBs) and RRBs that have a mandate to serve them.

NABARD has been working towards bringing the excluded population into the formal banking system by addressing both demand and supply side constraints through support for SBLP, JLGs, Financial Literacy Awareness Programmes (FLAPs), Core Banking Solution (CBS) in RCBs and RRBs, connectivity of banking outlets through Very Small Aperture Terminal (V-SAT), etc.

#### 4.9.1 Financial Inclusion Fund

Based on the recommendations of the Committee on Financial Inclusion headed by Dr C Rangarajan, the Union Budget 2007-08 announced the constitution of two funds, viz. Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF). These funds were housed in NABARD with a corpus of ₹500 crore each, contributed by RBI, Gol and NABARD in the ratio of 40:40:20.

After the initial funding for a few years, the nature of contribution to these funds changed to relative margin in excess of 0.5 per cent available to NABARD on Rural Infrastructure Development Fund (RIDF) and Short Term Cooperative Rural Credit (STCRC) deposits by banks. These two funds were merged in July 2015 into a single fund called Financial Inclusion Fund and RBI revised the operational guidelines. On 31 March 2017, the total balance in the fund was ₹2,186.49 crore. The sanction and disbursement under FIF are given in Table 4.4.

**Table 4.4**  
**Sanction and Disbursement under FIF**  
(As on 31 March)

Name of Fund	2014-15		2015-16*		2016-17*	
	Sanction	Disbursement	Sanction	Disbursement	Sanction	Disbursement
FIF	203.57	100.67	464.31	157.23	1,131.46	628.33
FITF	101.32	30.83	-	-	-	-
Net Total	304.89	131.50	464.31	157.23	1,131.46	628.33
Disbursements refunded (FIF+FITF)	-	10.76	-	8.63	-	1.31
<b>Grand Total</b>	<b>304.89</b>	<b>142.26</b>	<b>464.31</b>	<b>165.86</b>	<b>1,131.46</b>	<b>629.64</b>

\* FIF and FITF were merged into one single fund

At the end of financial year 2016-17, cumulative sanctions under FIF stood at ₹2,687.23 crore (net of withdrawn sanction of ₹124.68 crore) with disbursements of ₹1,301.19 crore (of which ₹27.23 crore has been refunded).

#### 4.9.2 Key Policy Initiatives under FIF during the year

##### (a) Educating through Financial Inclusion

NABARD has supported FI through various initiatives keeping in mind its importance to augment demand for financial services.

##### ♦ Financial Literacy Awareness Programmes (FLAPs) in Schools

Children are quick to learn as their young minds are inquisitive and mouldable. Hence, financial literacy at a young age would instill financial habits that would carry into their adulthood. In this context, NABARD supports banks and NGOs for conducting Financial Literacy Awareness Programmes (FLAPs) for students of Std. VIII and above in rural areas. FLAPs are conducted for around 100 students each, spread over 2 working days for graduated learning.



◆ **Support to Rural Self-Employment Training Institute (RSETIs)**

Under the initiative of Ministry of Rural Development (MoRD), GoI, RSETIs were to be set up in each district to impart training and skill upgradation to the rural BPL youth to foster entrepreneurship development amongst them.

Developing skills enable the youth to take up gainful income generating activities. Accordingly, under the revised guidelines of FIF, support is available to banks for running of Business and Skill Development Centres, including RSETIs, to the extent not provided by state governments. A one-time support up to a maximum of ₹3 lakh per RSETI for purchase of training equipment and its maintenance is available under the Fund. However, the reimbursement towards maintenance will be restricted to 10 per cent of the cost of equipment purchased.

**(b) Connecting through Banking Technology**

Financial access leads to greater financial inclusion. But according to Global Findex 2014, around 200 crore people did not have access to basic financial services. The challenge in an increasingly connected digital world is to provide easy, quick and cheap access to financial products and services. This is no longer the domain of banks and postal networks. New players, such as mobile operators and fintech companies, are increasingly bringing in disruptive technologies into traditional banking.

◆ **V-SAT connectivity in Left Wing Extremism (LWE) Districts**

Expansion of banking network in LWE affected districts is critical for the empowerment of people in those areas. But lack of/or erratic connectivity is a major deterrent for the banks to open new branches in LWE districts. Support for V-SAT connectivity is provided from FIF to all banks for new branches being opened in identified LWE districts, on a first-come, first-served basis. The support is restricted to 7 branches per district.

◆ **North Eastern Region (NER) Package**

Connectivity and power issues can badly affect banking services and more so in remote areas. In this connection, all cooperative banks in the NER (including Sikkim) and Andaman and Nicobar Islands, that have been allotted Sub Service Areas (SSAs), will be eligible for support for solar powered V-SATs from FIF. The scheme is only for fixed point banking outlet managed by the cooperative banks.

Business Correspondent Agents (BCAs) can help banks in providing banking services to far-flung places, but they cannot be expected to provide their services for free. In the NER given lower number of transactions, viability of having BCAs is a major issue. In order to circumvent this problem, a part of the monthly commission, subject to a cap of ₹3,000 per BCA per month is reimbursed from the fund in case of RRBs.

◆ **Support for CBS implementation in recently licensed DCCBs**

CBS is the backbone of modern banking, without which banks cannot offer anytime and anywhere banking. Recently licensed DCCBs in Jammu & Kashmir, Maharashtra, Uttar Pradesh and West Bengal have been made eligible for support for implementing CBS under ownership or Application Service Provider (ASP) model under FIF, subject to fulfilment of certain conditions.

◆ **EMV (Europay, Mastercard and Visa) RuPay Kisan Cards**

RuPay Kisan Cards provide an impetus to cashless transactions amongst the farming community. However, the discontinuation of issuance of magnetic strip-based cards after 30 September 2016 and the higher procurement cost of EMV chip-based cards were deterrents for the cooperative banks and RRBs. Hence, NABARD has extended support to cooperative banks and RRBs in procuring EMV chip-based RuPay Kisan Cards.

**(c) Incentives to Migrate to Digital Transactions**

◆ **AEPS (Aadhaar Enabled Payment System) Transactions**

In order to provide impetus to Aadhaar-based biometric transactions, it was decided to extend support for incentivising these transactions. A scheme has been formulated to give incentive to merchants through acquiring banks. The support is 0.5 per cent of transaction value with a cap of ₹10 per Aadhaar-enabled Point of Sale (PoS)-based transaction (for transactions up to ₹2,000). This compensation to the merchant, through the acquiring banks is till 31 March 2017, but may be extendable by another three months upon review.

◆ **Lucky Grahak Yojana/Digi Dhan Vyapar Yojana**

To promote digital transactions for personal consumption expenditures, two schemes viz., Lucky Grahak Yojana and Digi-धन (Digi-Dhan) Vyapar Yojana was funded through FIF for consumers and merchants, respectively. National Payments Corporation of India (NPCI) determines the winners for the cash rewards (Daily, Weekly and Mega Prizes) by choosing them through an electronic draw of lots from amongst the digital Transaction IDs generated from 8 November 2016 during the course of such transactions.

The first draw for the scheme was on 25 December 2016, which will continue on a daily basis & weekly basis with the Mega Draw on 14 April 2017 for AEPS, Unified Payments Interface (UPI), Unstructured Supplementary Service Data (USSD) and RuPay transactions. The scheme will incentivise small value transactions from ₹50 to ₹3,000.

**Box 4.2**

**Digital Financial Literacy Awareness Programme (dFLAPs)**

The transition from a cash-based economy to a less cash one, requires not only the creation of digital payment systems but also the generation of demand for digital transactions. These transactions increase as the customer-base becomes more inclined to use digital systems. This can only happen by removing hesitancy and ignorance through financial literacy drives. During the year, NABARD decided to recast FLAPs with a focus on digital transactions. These dFLAPs were organised in rural areas to spread awareness and to demonstrate hands-on experience on various banking technologies promoting digital transaction.

Other modes of transactions like mobile banking, mobile apps, USSD-based transaction are also explained/demonstrated in dFLAPs held across the country.

**Box 4.3**

**PoS Terminals in Tier 5 and 6 Centres**

The use of electronic channels for accessing banking and payment services is on the rise and is poised for significant growth in the country. In the ecosystem of electronic/ alternate payment mechanisms, card payments are perhaps the most recognisable. The impetus to Financial Inclusion given by Pradhan Mantri Jan Dhan Yojana (PMJDY) has made it possible to flood the hinterlands with RuPay cards.

However, with hardly any of the 1.50 million PoS terminals deployed beyond Tier 1 and Tier 2 centres, these PMJDY-related RuPay cards were generally used for cash withdrawals. Given the prevailing situation where we are moving towards digital payments, it was necessary to create an ecosystem in rural India where the populace could use its cards to carry out digital transactions and not just use it on cash-dispensing machines.

Hence, NABARD has extended support from FIF for deployment of 2 lakh PoS/mPoS terminals in 1 lakh villages in Tier 5 and Tier 6 centres. With this, merchant-based transactions are also expected to pick up in rural India.

#### 4.10 Off-Farm Sector

Promotion of Off-Farm Sector (OFS) assumes significance in the context of reducing over-dependence of our rural population on agriculture and to provide alternative livelihood options. It also helps in arresting large scale migration of rural population to urban centres on account of unemployment/underemployment in rural areas.

NABARD has evolved several refinance and promotional schemes for the development of Non-Farm/Off-Farm sector over the past three decades, and has been making constant efforts to refine/rationalise the programmes in response to field level needs.

The major initiatives/achievements during 2016-17 are given below:

##### 4.10.1 Promotional Programmes

###### (a) Upscaling of projects under Rural Innovation

During 2016-17, 6 projects were sanctioned (2 in Tamil Nadu, 2 in Chhattisgarh and 2 in Manipur) with a financial commitment of ₹32.26 lakh. The total number of projects sanctioned under the erstwhile RIF and OFSPF stood at 693, with a total commitment of ₹73.55 crore, as on 31 March 2017.

###### (b) Skill Development: REDP/SDP

NABARD supported Rural Entrepreneurship Development Programmes (REDPs) and Skill Development Programmes (SDPs) for facilitating generation of self-employment and wage employment opportunities for the rural youth. During 2016-17 financial assistance of ₹1.95 crore was disbursed for conducting 681 entrepreneurship development programmes. Cumulatively, NABARD has supported 31,022 REDPs/SDIs with grant assistance of ₹111.72 crore, imparting training to around 8.02 lakh unemployed rural youths as on 31 March 2017.

###### (c) Marketing Initiatives: Exhibitions/Melas

NABARD supports and provides marketing platform to rural artisans and producers to exhibit their traditional art-crafts, produce and products through exhibitions and melas which facilitate the artisans in not only utilising their expertise as a source of livelihood but also help them in enhancing their income. During 2016-17, NABARD organised/sponsored 220 melas/exhibitions in different parts of the country with financial assistance of ₹367.62 lakh.

One of the prominent events was “Mahalaxmi SARAS Mela”, an annual exhibition-cum-sale of products made by rural artisans, for which grant assistance is provided by NABARD. The Mela is organised in Mumbai by the Gol and the Government of Maharashtra, jointly with NABARD. During 2016-17, 50 stalls were allotted to NABARD in which 51 exhibitors from 28 states displayed their crafts. Grant assistance of ₹40 lakh was sanctioned towards conducting the SARAS Mela.

NABARD has also been supporting the Surajkund International Craft Fair, Haryana organised by the Ministry of Tourism and Textile, Gol and the Haryana Tourism Department for the last six years, by sponsoring stalls for rural artisans. During 2016-17, it extended grant support of ₹64.60 lakh for the fair by sponsoring 50 stalls.

Another unique event organised during the year was ‘Third Deccan Haat 2016’, an exhibition-cum-sale of handicrafts and handlooms held at Hyderabad. The event was organised in collaboration with five major commercial banks, two RRBs and Telangana State Cooperative Apex Bank Ltd. The demonstration of Aadhaar enabled payments, PoS transactions, online account opening, etc., by bankers in the various corporate stalls attracted the visitors.

##### 4.10.2 Loan-cum-Grant Projects

###### (a) Rural Housing

As a part of NABARD's mandate to bring about rural development and secure rural prosperity, and also to align our policies with Gol's mission for providing ‘Housing for all by 2022’, a comprehensive rural housing policy was approved by the Board with the objective of meeting huge unmet needs of rural housing in the country. During the year 2016-17, NABARD had sanctioned ₹169.59 crore as loan and ₹1.05 crore as grant assistance to three cooperatives in two states viz. Karnataka and Kerala for rural housing under direct financing. As on 31 March 2017, an amount of ₹180.10 crore towards loan and ₹0.75 crore towards grant was disbursed under rural housing.

###### (b) Creation of Off-Farm Producer Organisation (OFPO)

In order to provide a strong platform to rural artisans to take up collective business activities, including capacity building, business planning and providing marketing linkages, it was decided to form “Off-Farm Producer Organisation” as a demand was felt for supporting collectivisation of Off-Farm Sector activities like handloom, handicrafts, etc. Initially, the scheme is to be implemented on a pilot basis for the clusters promoted under the earlier Cluster Development Programme of NABARD in select states with a focus on NER. As on 31 March 2017, three OFPOs with grant assistance of ₹53.43 lakh were sanctioned by Jammu & Kashmir, Tamil Nadu and West Bengal ROs of NABARD.

###### (c) Revision in policy regarding Rural Haat, Rural Mart, Exhibitions

The existing schemes for marketing assistance under Rural Mart, Rural Haat and Exhibitions were reviewed, and it was decided to continue providing financial assistance for these initiatives, with certain modifications.

As on 31 March 2017, 19 Rural Haats with grant assistance of ₹191.57 lakh were sanctioned by 10 ROs viz. Andhra Pradesh (3), Assam (3), two each in Karnataka, Manipur, Mizoram, Nagaland and Telangana and one each in Bihar, Kerala and Chhattisgarh.

In all, 76 Rural Marts with grant assistance of ₹209.01 lakh were sanctioned by 16 ROs viz. Punjab (16) Tamil Nadu (11), Kerala (10), Rajasthan (5), 4 each in Andhra Pradesh, Assam, Karnataka, Odisha, 3 each in Andaman & Nicobar Islands, Arunachal Pradesh, UP and Uttarakhand, two each in Telangana and West Bengal and one each in Bihar and Himachal Pradesh.

###### d) Other projects

An amount of ₹22.50 lakh as loan was sanctioned by Karnataka RO towards marketing of coconut products by ‘Econut Coconut Producer Co. Ltd.’ Loan amount of ₹7.52 lakh and grant assistance of ₹2.40 lakh was sanctioned by Nagaland RO towards ‘Pre-Entrepreneurship Training cum Production programme’.

##### 4.10.3 Thrust areas of Government of India

###### (a) Credit Linked Capital Subsidy Scheme (CLCSS)

The Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of Micro and Small Enterprises was launched by Gol in October 2000. The scheme aims at facilitating technology upgradation of MSE units in the specified products/ sub-sectors by way of induction of well-established and improved technologies approved under the scheme for which capital subsidy is extended by Gol. NABARD was designated as one of the nodal agencies for channelising subsidy under the scheme for cooperative banks, RRBs and commercial banks. During 2016-17, a subsidy of ₹0.94 crore was given for 15 units taking cumulative subsidy to ₹67.50 crore for 1,303 units.

###### (b) Pradhan Mantri Mudra Yojana (PMMY)

PMMY was launched by the Hon'ble Prime Minister of India on 8 April 2015 for developing and refinancing last mile financial intermediaries like banks, NBFCs, MFIs, etc. which are in the business of lending to micro / small business entities, engaged in manufacturing, trading and service activities. NABARD has been monitoring the achievement of RRBs under PMMY. All the RRBs have been requested to upload district-wise data in the portal.



Gol on 30 April 2016 had allocated overall PMMY target of ₹14,860 crore for 2016-17. The category-wise achievement of RRBs under PMMY as on 31 March 2017 are given in Table 4.5.

**Table 4.5**  
**Achievement of RRBs under PMMY during 2016-17**

(Amount in ₹ crore)

Sr. No.	Category	Financial Target (2016-17)	Achievement (as on 31.3.2017)		
			No of A/cs	Amount	% of Achievement
1	Shishu(Loans upto ₹50,000)	NA	9,26,498	2,762.59	--
2	Kishore(Above ₹50,000 and upto ₹5 lakh)	NA	4,99,471	6,987.20	--
3	Tarun(Above ₹5 lakh and upto ₹10 lakh)	NA	20,364	1,489.21	--
	<b>Total</b>	<b>14,860</b>	<b>14,46,333</b>	<b>11,239.00</b>	<b>75.62</b>

**(c) Stand-Up India Scheme**

Hon'ble Prime Minister, in his Independence Day address on 15 August 2015 had announced the 'Stand-Up India' initiative of Gol. The scheme envisages bank loans between ₹10 lakh and ₹1 crore to at least one SC or ST borrower and at least one woman borrower per bank branch for setting up greenfield enterprise. The enterprise must be in non-farm sector-manufacturing, services or trading sector. The scheme will cover all commercial banks and RRBs. Offices of NABARD, including DDM Offices and SIDBI have been designated as Stand Up Connect Centres (SUCC).

During the year 2016-17, NABARD conducted two 'Trainers' Training Programmes' for NABARD officials at BIRD, Lucknow, two training programmes for executives of Helpline/Contact Centre at PNB Training Centre, Gurugram, Haryana and SBI Contact Centre, Vadodara, Gujarat were also conducted through BIRD, Lucknow. All ROs of NABARD conducted State Level Awareness Workshop under Stand Up India Scheme.

**4.11 Promoting Research and Development**

The Research and Development (R & D) Fund provides financial support to various agencies, academic and research institutions for the promotion of applied research projects and studies; organisation of seminars/conferences/ workshops, training, techno-economic and other surveys in the field of rural banking; agriculture and rural development; setting up of NABARD Chair Units in universities and reputed institutions and student internship programme. The corpus of the fund has been kept at ₹50 crore and the expenditure incurred every year is replenished from NABARD's profits.

**4.11.1 Research Projects and Studies (In-house and Collaborative)**

◆ **Projects**

During 2016-17, 9 projects, involving an expenditure of ₹158 lakh were sanctioned to various agencies like Indian Council for Research on International Economic Relations (ICRIER), Centre for Research in Rural & Industrial Development (CRRID), etc. The grant assistance released for various projects/studies (including collaborative studies) in 2016-17 amounted to ₹186 lakh. Further, 11 projects/studies sanctioned earlier were completed during the year.

A study on "Evaluative Field Study on Women Farmer Participation in the Farming Sector of Kerala with focus on Hired Land Farming and JLG Activities" was conducted by Kerala Agricultural University. The study has suggested introduction of legal measures allowing 'safe leasing' of land to specified groups (local SHGs/ farmer producer companies with appropriate definitions) and restricted terms and conditions to avoid entry of vested interest groups; introduction of a credit facility from banks in line with the Andhra Pradesh Act of Licensed Cultivators, 2011, etc.

Madras Institute of Development Studies, Chennai conducted a study on Farmers' Club Programme (FCP) for redesigning the Policy Guidelines on Farmers' Club Programme. The study recommended the need for revival of dormant FCs by classifying FCs as Vibrant/Passive Plus/Passive Minus/Inoperative and also strategies that need to be devised.

A study on "Impact Assessment of Post-Harvest Loss of Farmers Income: A Study to Formulate Policy for Loss Reduction of Fruit and Vegetable Crops in South Gujarat" was conducted by Navsari Agricultural University. The study indicated that the rate of post-harvest losses was high at 25 to 30 per cent in horticultural produce. The study suggested policy issues like initiation of disease and pest management, infrastructure for processing of fruits and vegetables, standardization of pre-and post-harvest management practices, etc. for reduction of the same.

◆ **Collaborative Studies**

During the year 2016-17, a study on 'Critical Evaluation of the Estimates of Rural Indebtedness and Assets through All India Debt & Investment Surveys (AIDIS)' was sanctioned to Economic & Political Weekly Research Foundation (EPWRF), Mumbai. Further, three study reports viz. 'An Impact Assessment Study of JLGs in the Changing Socio-Economic Context of Kerala' by Knowledge Futures Trust, Thiruvananthapuram; 'Scope for Eco-Tourism in Rajasthan' by Swami Keshwanand Rajasthan Agricultural University, Bikaner and 'Income Enhancement by Farmers' Participation in Horticulture Value Chain' by Chaudhary Charan Singh National Institute of Agricultural Marketing (NIAM), Jaipur, are at their final stages.

◆ **In-house Studies**

(i) An **All India Comprehensive Study on Interest Subvention Scheme (ISS)** was conducted based on the suggestions from Department of Financial Services (DFS), Ministry of Finance (MoF), Gol, covering 280 bank branches across 28 districts in 15 states. Major objectives of the study were to obtain a comprehensive picture of the interest subvention scheme, utilisation of short-term (ST) credit by farmers and the distortions created by it (if any), in the composition and flow of ground-level credit (GLC). The report submitted to DFS in May 2016, concluded that the subvention scheme had a positive influence on flow of ST credit to agriculture. Further, the scheme had created a positive impact on the farm economy by way of increased use of sufficient quantity and quality of core inputs like farm machinery, seed, fertilizers, etc. At the field level, the results confirmed reduction in the cost of funds, positive influence on cropping intensity, shift in cropping pattern in favour of high value crops, etc.

(ii) **Quick Study on Labour Army/Labour Banks in Kerala:** In view of the paucity of labour and lower wage rate that exists in the agriculture sector compared to other sectors, labour aggregations have come up in various parts of Kerala, benefitting both cultivators as well as labourers. In this backdrop, a quick study was conducted in Kerala with an objective to understand the concept, agencies involved, their role and its feasibility for replication. Benefits to farmers on account of the collectives were increased with a revival of agricultural activities, given the assured availability of labour and quality work, thereby arresting the process of declining paddy cultivation; reduction in cost of cultivation; increased productivity due to timely and precise cultivation practices inculcating professionalism in farming practices. Labour Banks, once stabilised, can be a suitable mechanism to improve investment especially in farm mechanisation.

(iii) **A Quick Field Level Study of Joint Liability Groups** covering 240 JLGs from 6 states of Uttar Pradesh, Tamil Nadu, Assam, Maharashtra, Rajasthan and Bihar was undertaken with the objective to understand the status of JLGs at the ground level; factors influencing their proper functioning; issues faced in accessing institutional credit and changes that have occurred on account of their formation. The members felt that joining JLGs has reduced their dependence on private money lenders directly, facilitated in expansion of area under cultivation, irrigated area, cultivation of commercial crops and hence, increased net income to the members. JLG membership has also enabled them get better income from non-farm activities and group based direct sale of outputs in addition to increased investments made in allied activities.

(iv) A study on **Implementation of Kisan Credit Card Scheme** was conducted covering 980 farmers in 6 states viz., Assam (NER), Bihar (Eastern Region), U. P. (Central Region), Punjab (Northern Region), Maharashtra (Western Region) and Karnataka (Southern Region). The overall impression was that the implementation of KCC scheme has certainly benefitted agriculturists, albeit in varying magnitude to different farmers depending upon the availability and quality of land resources and their capacity to manage various resources. The study recommended that KCC should be up-scaled, and interest subvention as well as the rebate for prompt repayment may be allowed to continue so that farming remains profitable for farmers.

#### 4.11.2 Seminars/Conferences/ Workshops

NABARD sanctioned grant assistance of ₹ 260.61 lakh to various universities, research institutes and other agencies for organising 205 seminars, conferences, symposia and workshops on agriculture and rural development during 2016-17. The agencies organised seminars, conferences, workshops, etc. on areas such as climate change, doubling farmers' income, human and animal health, strategies for sustainable development goals, technology and innovations in agriculture, etc. Grant was extended for sponsorship and publication of background papers, proceedings of the seminars/conferences/workshops, thus facilitating wider dissemination of the recommendations/ action points and initiate suitable policy interventions.

#### 4.11.3 NABARD Chair Professor Scheme

During the year 2016-17, three NABARD Chair Units were established at National Dairy Research Institute, Karnal; Tata Institute of Social Sciences, Mumbai and G.B.Pant University of Agriculture and Technology, Pantnagar. The Chair Professors in these institutes are working on "Group Dynamics of Smallholders in Representative Agri-ecosystems", "Macroeconomic and policy aspects of rural finance in India, microfinance industry in India with special reference to SHG-Bank linkage programme of NABARD" and "Field level variability in productivity due to biotic and abiotic stresses in changing climate using advanced technologies and its use in crop insurance," respectively. The total number of NABARD Chair Units as on 31 March 2017 stood at eight.

#### 4.11.4 NABARD Student Internship Scheme

NABARD offers summer internships to meritorious students pursuing postgraduate degrees in agriculture, agri-business, economics, social sciences or management in reputed institutes, with the expectation that the students will bring fresh perspective on themes of interest to NABARD. A total of 52 students completed internship under the scheme in 2016-17 and submitted reports covering 15 broad themes, including 'Credit Support to Handloom Weavers – Problems & Prospects', 'Issues Related to Rural Housing' and 'Financial Inclusion-Issues & Constraints'.

#### 4.11.5 Publications

During the year 2016-17, the following publications were brought out under R & D Fund:

- ♦ NABARD Knowledge Series (No. 3): "Financing for Farmer Producer Organisations".
- ♦ Occasional Paper (No. 64): "Study on Implementation of Kisan Credit Card Scheme".
- ♦ Rural Pulse: Six issues were published on the following themes:
  - 】 "Doubling Farmers' Income: Way Forward"
  - 】 "Drought and Agriculture in India"
  - 】 "Concept of Farmer in NSSO's Situation Assessment Surveys of 2003 and 2013: Incomparability Issues and Implications"
  - 】 "Food Inflation in India – Trends & Policy Issues"
  - 】 "Backward District Indicators – An Analysis"
  - 】 "Area Development Schemes for Dairy in North-East India: Replicable Models for Doubling Farmers' Income"

#### 4.11.6 Sponsored Research

Out of the 19 studies sanctioned under four themes during 2014-15 and 2015-16, viz. (i) Agriculture Value Chain, (ii) Rural Infrastructure and Rural-Urban Interface, (iii) Rural Service Sector and (iv) Resource Management Options for Rainfed Agriculture, 18 studies were completed. Some of the findings are presented in Box 4.4. During 2016-17, sponsored research on Doubling Farmers Income has been initiated.

### Box 4.4 Sponsored Research - Findings

#### (i) Agriculture Value Chain

Processors and farmers were working in total isolation, and majority of the farmers preferred APMC market due to relationship with Arthias for loan, convenience and apprehension of lower price elsewhere in wheat value chain.

##### ♦ In case of Dry Fish Value Chain in North East:

- 】 Small scale processors equally benefitted from value chain.
- 】 Insufficient infrastructure at storage, parking, market shed, platform, financial institutions, etc. and poor financing facilities reported.
- 】 Variation in net margin of chain actors (ranged from 6 per cent to 25 per cent of total revenue) was observed.

##### ♦ In case of Tomato Value Chain in Agriculture:

- 】 Grading and Wastage cost at APMC higher (40 per cent) than Supermarket (25 per cent).
- 】 Producers' share in consumers' rupee is higher in Super Market Channel (60 per cent) than Traditional APMC channel (42 per cent), though the later is dominant.

##### ♦ Cattle Feed Value Chain:

- 】 Production of compound feed to cater to nutritional requirement of animals and use of bio-technology were needed.
- 】 Awareness on sound animal nutrition practices, quality and safety was needed.

#### (ii) Rural Infrastructure and Rural-Urban Interface

- 】 Infrastructure helped primary sector to move beyond subsistence levels, improved access to urban centres, medical facilities and industrial products, etc.
- 】 Access to information and lack of education major impediments to development.
- 】 Farmers under improved water bodies willing to pay double compared to the control sample as investment in water bodies improved incomes
- 】 Access to irrigation and holding KCC improved access to credit.
- 】 Comprehensive credit policy is needed for newly connected areas.

#### (iii) Rural Service Sector

- 】 Rural Service Sector is a major contributor to employment and income.
- 】 Enterprises were indebted mostly to non-institutional agencies as high risks and lack of collateral were the main reasons for lack of lending by formal institutions.
- 】 Ease of access, timeliness of operations, and coping with labour shortage were among the benefits of custom hiring centres.
- 】 Projects fail more due to lack of entrepreneurial skill than lack of credit.

#### (iv) Resource Management Options for Rainfed Agriculture

##### ♦ Risk Management in Agriculture

- 】 Farm income variance increased owing to price volatility especially in crops like cotton.
- 】 Ex-ante and ex-post strategies for risk coping and mitigation such as diversification, micro-irrigation, etc. was recommended.
- 】 Programme like 'Dhara Vikas' enhanced water security, diversified livelihood options.
- 】 Watersheds led to increase in area cultivated and irrigated but there was only marginal increase in yields.
- 】 Resilience of households and their risk perception to climatic shocks improved.
- 】 Income, savings and consumptions improved.
- 】 Higher wages, credit shortage, lack of awareness of technologies and heavy investment were found to be major constraints in technology adoption.
- 】 Village commons suggested for risk coping.
- 】 Early warning system recommended.



#### 4.11.7 NABARD All India Rural Financial Inclusion Survey (NAFIS)

NABARD commissioned NABARD All India Rural Financial Inclusion Survey (NAFIS) - 2016-17 covering the reference year 2015-16. The survey is aimed at generating state and national level estimates related to the livelihood status and financial inclusion status for rural India. The survey is expected to yield a comprehensive data base and series of pertinent indicators that will be useful for various stakeholders such as GoI, RBI, bankers, researchers and academicians, and assumes national importance for evidence based policy making.

NABARD has assigned the task of undertaking the survey to Academy of Management Studies (AMS), Lucknow. The survey is being carried out across 29 states of the country, covering a total of about 40,000 rural households across Tier-3 to Tier-6 centres (having population below 50,000 as per RBI's classification). The survey is expected to be completed during 2017.

#### 4.12 Offering Consultancy: NABARD Consultancy Services

NABARD Consultancy Services Pvt. Ltd. (NABCONS) is a wholly owned company promoted by NABARD. During the year GIS Laboratory and Engineering Unit were set up to better achieve the objectives of the assignments and provide more technologically enriched reports. During the year 2016-17, NABCONS had contracted 155 assignments with a professional fee of ₹125.15 crore and 201 assignments, including the assignments carried forward from previous years, were executed. The total income earned from execution of assignments during the year was ₹51.18 crore. The various business areas are aligned under eight major verticals viz. Agriculture & Animal Husbandry, Skills for Livelihood, Third Party Monitoring of Infrastructure Projects, Capacity Building, Socio-economic Studies, Food Processing and Storage, Banking & Finance and International Visitors Programme.



## 5

### FINANCING RURAL INFRASTRUCTURE

Development of rural infrastructure is of critical importance for improving productivity in agriculture and allied activities, as well as that of off-farm sector, providing market linkages through efficient value-chain management, and improving the standard of living of the rural population. Therefore, it is imperative to support the development of rural infrastructure through public investment in sectors like irrigation, road and bridges, and social sector projects. Also, investments by the private sector, as well as through public private partnership (PPP) are very important for creation of rural infrastructure.

#### 5.1 Rural Infrastructure Development Fund – Genesis and Coverage

The Rural Infrastructure Development Fund (RIDF) was set up in NABARD during 1995-96 with a corpus of ₹2,000 crore, with a view to funding rural infrastructure projects such as medium and minor irrigation, and watershed development which were lying incomplete for want of financial resources. The fund is supported with deposits from scheduled commercial banks with shortfall in the mandated lending to priority sector and/or agriculture and/or weaker sections. RIDF now covers 36 activities which are broadly classified as: (i) agriculture and related sectors, (ii) rural connectivity and (iii) social sector.

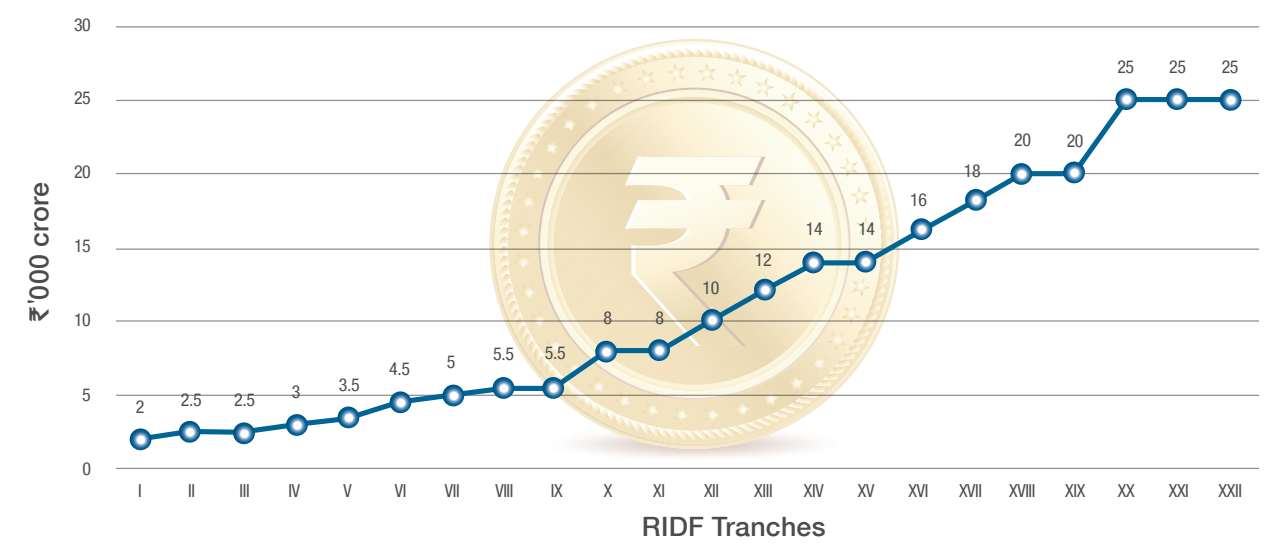
The share of RIDF in public investment in rural infrastructure is quite significant. Also, the share of RIDF loan to outstanding liabilities of states has shown an increasing trend from tranche-I to tranche-XXII. RIDF has not only emerged as an attractive financing option for state governments, it has also helped in redirecting shortfall in priority sector credit back to the rural economy. Investments in rural infrastructure enable expansion of rural financial markets, ushering in inclusive growth in the less developed regions of the country. On a cumulative basis,



around 26 per cent of RIDF funds flow to eastern and north-eastern regions as compared to 20 per cent for the closed Tranches viz. RIDF I-XIV. Seen in conjunction with the overall increase in RIDF allocations, this is a significant increase in actual value of loans to these regions over the past eight years.

The cumulative allocation under RIDF tranches I to XXII has reached ₹2,67,500 crore, against which sanctions and disbursements were ₹2,87,129 crore and ₹2,15,605 crore, respectively (Exhibit 5.1). This includes ₹18,500 crore (in four tranches from RIDF-XII to RIDF-XV) to fund rural roads under a separate window viz. Bharat Nirman Programme. Agriculture and related sectors, cumulatively had the highest share (43 per cent) followed by rural connectivity, including rural roads and rural bridges, at 41 per cent and social sector projects at 16 per cent. RIDF Tranches I-XIV stand closed with a funding of ₹86,000 crore with an overall utilisation of 91 per cent.

Exhibit 5.1  
RIDF Tranche-wise allocations



5.2 RIDF Operations

5.2.1 Normative Allocation and Terms of Financing

The corpus of RIDF is allocated to states on the basis of prescribed criteria taking into consideration i) rural population, ii) geographical area, iii) composite infrastructure development index, iv) utilisation index; and v) inverse of rural credit–deposit ratio. The interest rates payable to banks on deposits placed with NABARD and loans disbursed by NABARD under the RIDF were linked to the prevailing bank rate with effect from 1 April 2012. The present rate of interest vis-à-vis the shortfall in priority sector lending are given in Table 5.1.

Table 5.1  
Deposit & Lending Rates and Terms of Financing under RIDF

Deposit Rates		
Sr. No.	Shortfall in overall priority sector lending targets	Rate of Interest
1	Less than 5 percentage points	Bank rate minus 2 percentage points
2	5 and above, but less than 10 percentage points	Bank rate minus 3 percentage points
3	10 percentage points and above	Bank rate minus 4 percentage points
Lending Rate		
Loans disbursed from RIDF on or after 1 April 2012		Bank rate minus 1.5 percentage points

Showcase 5.1  
RIDF XXII : More equitable RIDF allocation for Eastern and North Eastern Regions

NABARD has been endeavouring to ensure equitable funding under RIDF for the backward regions of the country, including the north eastern region (NER).



Shallow Tube Wells of Assam

The year 2016-17 witnessed a surge in sanction of RIDF assistance for diverse projects in the NER, which included loans for installation of 38,900 Shallow Tube Wells (STWs) in 27 districts of Assam (RIDF loan ₹436.60 crore) with a view to augmenting farm production, 112 road projects (RIDF loan ₹306.84 crore) and establishment/renovation of soil testing labs (RIDF loan ₹84.46 crore) in Assam, anti-erosion and flood control works in Manipur (RIDF loan ₹7.99 crore), drinking water project (RIDF Loan ₹9.11 crore) catering to the needs of 15,198 persons, construction of rural roads in five districts of Nagaland (RIDF loan ₹32.40 crore) with a view to enabling rural connectivity for better price realisation of agricultural produce, and bridges in Meghalaya (RIDF loan ₹7.92 crore).



Anti-erosion & Flood Control Works along Thoubal river in Manipur



5.3 RIDF XXII

A corpus of ₹25,000 crore was allocated under RIDF-XXII. During the year 2016-17, a total number of 17,842 projects involving a loan of ₹27,147.61 crore were sanctioned to various state governments under RIDF-XXII (Table 5.2). The focus of RIDF continued to be on creation of irrigation and agri-related infrastructure, involving a total sanctioned amount of ₹11,561.91 crore, with the sector accounting for the highest share of 43 per cent of total sanctions. The sanctions under irrigation projects alone amounted to ₹8,327.39 crore i.e. 31 per cent of total sanctions. During 2016-17, preference was given to small irrigation structures, such as tube-wells, lift irrigation, piped supply of water to farmers’ field to increase water use efficiency, installation of solar pumping systems, generation of renewable energy, etc. and also to social sector projects such as drinking water, public health institutions, etc.

Table 5.2  
Sector-wise No. of projects and amounts sanctioned under RIDF XXII  
(As on 31 March 2017)

(Amount in ₹ crore)					
Sr. No.	Sector	No. of Projects	Share in Total (%)	Amount Sanctioned	Share in Total (%)
A. Agriculture & Related Sectors					
1	Agriculture (other than irrigation)	1,277	7	3,234.52	12
2	Irrigation	7,699	43	8,327.39	31
	<b>Total (A)</b>	<b>8,976</b>	<b>50</b>	<b>11,561.91</b>	<b>43</b>
B. Rural Connectivity					
3	Rural Bridges	842	4	2,042.42	8
4	Rural Roads	4,388	25	7,100.52	26
	<b>Total (B)</b>	<b>5,230</b>	<b>29</b>	<b>9,142.94</b>	<b>34</b>
C. Social Sector Projects					
5	Social Sector	3,636	21	6,442.76	23
	<b>Total (C)</b>	<b>3,636</b>	<b>21</b>	<b>6,442.76</b>	<b>23</b>
	<b>G. Total (A+B+C)</b>	<b>17,842</b>	<b>100</b>	<b>27,147.61</b>	<b>100</b>

Showcase 5.2  
Madhya Pradesh- Mohanpura Major Multipurpose Project (MMJP)

The Mohanpura irrigation project in Rajgarh district of Madhya Pradesh is a major multi-purpose project (MJP) in the lower Chambal upper zone over river Newaj. River Newaj is among the three major rivers constituting the zone of lower Chambal sub-basin. The command area includes four drought-prone tehsils viz., Rajgarh, Khichlipur, Sarangpur and Zirapur of Rajgarh district.

The headworks/ dam of the MMJP (Unit I) was financed during 2015-16 under RIDF XXI with a loan of ₹441.52 crore. During 2016-17, Unit II of the Mohanpura MJP viz., the left bank irrigation system covering rising mains, pump houses and SCADA was sanctioned under RIDF XXII involving a total loan amount of ₹431.48 crore.

On completion, the project will provide pressurised piped irrigation up to 1 ha Chak coupled with the use of micro irrigation techniques to enhance efficiency of water use in a total area of 87,000 ha. In addition to the irrigation potential, rise of water table in the command area is perceived to pave the way for surface based water supply schemes in the fluoride affected villages spread over five blocks in Rajgarh district. An estimated 4.64 lakh population in 387 villages will be benefitted under the project.



Showcase 5.3  
Telangana - “Mission Bhagiratha”

“Mission Bhagiratha”, formally launched by the Hon’ble Prime Minister of India on 07 August 2016, is a flagship programme of Telangana state. This project envisages drawing of about 63 TMC of water from dependable and sustainable water sources in the state and pumping to nearby higher altitudes and then supply by gravity to the habitations after treatment. ‘Mission Bhagiratha’ envisages provision of drinking water to all habitations in seven districts by giving water connection to individual houses. Under the Mission, 64 projects involving RIDF loan of ₹962.72 crore have been sanctioned under RIDF XXII for intra village water supply. These projects shall ensure providing 100 LPCD of treated water to 2,987 habitations in Medak, Rangareddy, Nalgonda, Warangal, Khammam, Mahabubnagar and Nizamabad districts benefitting 7.72 lakh rural households.



The project will be implemented in four years involving over 1.30 lakh km pipelines of which transmission lines of 51,227 km and about 78,941 km of intra village distribution pipelines.

The piped drinking water supply project is being implemented in three stages. Under Phase I, construction of intake wells at the water source will be undertaken. In the primary stage of Phase II, the water will be distributed from the source to the mandals/blocks. The secondary stage of Phase II is supplying the water from the mandals to villages.



5.4 Disbursements under RIDF (Tranche I - XXII)

As on 31 March 2017, an amount of ₹77,275 crore was disbursed against the phased amount of ₹85,133 crore for the closed tranches i.e. RIDF I–XIV, which indicates 91 per cent utilisation of funds against sanctioned assistance.

5.4.1 Region-wise cumulative utilisation under RIDF

A cumulative RIDF loan amount of ₹2,15,605 crore was disbursed to various state governments, as on 31 March 2017, against an amount of ₹2,34,304 crore required to be disbursed as per phasing of projects sanctioned under RIDF I to XXII (includes projects sanctioned under the Bharat Nirman), indicating 92 per cent utilisation by the states (Table 5.3). The cumulative utilisation (ratio of disbursed amount to phased amount) as on 31 March 2017 was the highest in the northern region (98 per cent), with Uttar Pradesh at 127 per cent and Jammu & Kashmir at 100 per cent. Amongst the other regions, Goa (122 per cent) in the western region (88 per cent), Tamil Nadu (96 per cent) in the southern region (89 per cent), Sikkim (99 per cent) and Manipur (96 per cent) in the NER (87 per cent), and Odisha (93 per cent) and Jharkhand (93 per cent) in the eastern region (91 per cent), being the leading states. At the other end of the spectrum were Nagaland (68 per cent), Kerala (77 per cent), Puducherry (78 per cent) recorded relatively low utilisation of phased sanction.

Table 5.3  
Region wise Resource Utilisation under RIDF (Tranche-I to XXII)  
(As on 31 March 2017)

(Amount in ₹ crore)

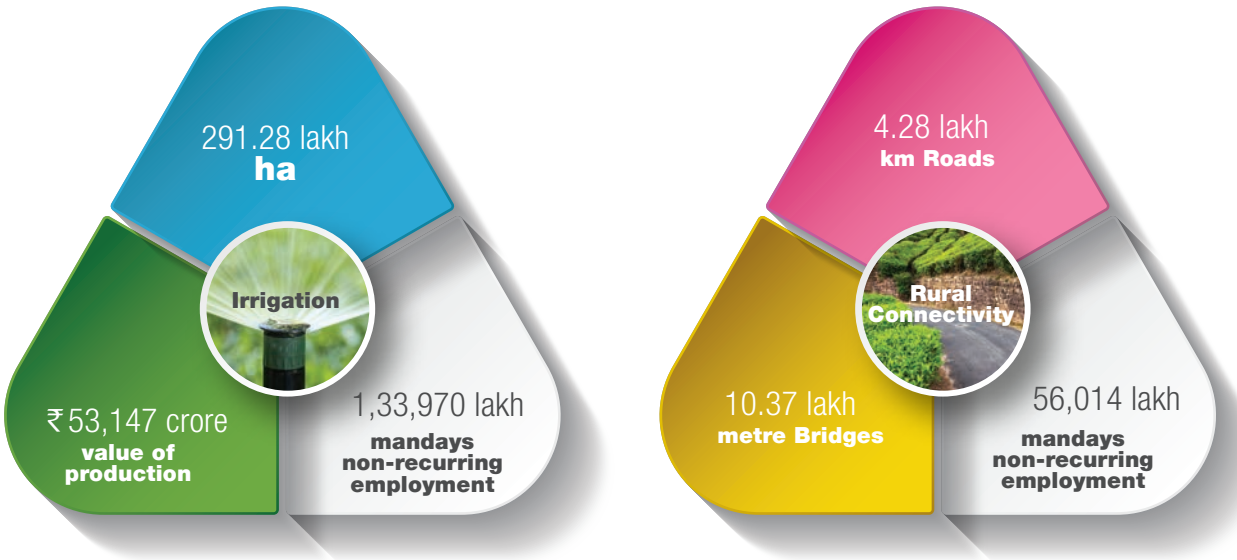
Sr. No.	States	Sanctioned		Phased		Disbursed (as on 31 March 2017)		Utilisation % of phased amount
		Amount	Share of RIDF Total (%)	Amount	Share of RIDF Total (%)	Amount	Share of RIDF Total (%)	
1	Southern Region	62,564	23	51,270	24	45,596	23	89
2	Western Region	37,371	14	32,658	15	28,565	14	88
3	Northern Region	73,765	27	57,638	27	56,578	29	98
4	Central Region	26,552	10	21,637	10	19,027	10	88
5	Eastern Region	56,194	21	43,154	20	39,124	20	91
6	North Eastern Region & Sikkim	12,183	5	9,447	4	8,215	4	87
7	<b>RIDF Total</b>	<b>2,68,629</b>	<b>100</b>	<b>2,15,804</b>	<b>100</b>	<b>1,97,105</b>	<b>100</b>	<b>91</b>
8	Bharat Nirman	18,500		18,500		18,500	100	100
9	<b>GRAND TOTAL</b>	<b>2,87,129</b>		<b>2,34,304</b>		<b>2,15,605</b>		<b>92</b>

5.5 Economic and Social Benefits

RIDF has emerged as an important source of funding for state governments for creating critical rural infrastructure. Several factors have contributed to the effectiveness of RIDF as a source of public funding of rural infrastructure projects which include timely appraisal and sanction, quick release of funds to state governments based on actual progress in the implementation of projects and monitoring of RIDF by a High Power Committee chaired by the Chief Secretary of the concerned state government, monitoring at the ground level by state government department, and project monitoring by NABARD on a selective basis. It is observed that the share of RIDF loan to outstanding liabilities of states had increased from 1 per cent at end-March 2005 to 2.3 per cent (Revised Estimate) at end-March 2016 and 2.4 per cent (Budget Estimate) at end-March 2017<sup>1</sup>.

RIDF investments have helped in the creation of additional irrigation potential and construction of a network of rural road and bridges for better connectivity in far flung areas (Exhibit 5.2). Social sector projects assisted under RIDF have brought about improvement in the quality of rural life through education, health and sanitation, drinking water supply and other projects. In terms of cumulative economic benefits, RIDF has contributed significantly to the GDP and generated sizeable recurring and non-recurring employment in rural areas.

Exhibit 5. 2  
Irrigation and Rural Connectivity Projects–Estimated Physical Potential and Generation of Rural Employment



5.6 RIDF Impact Evaluation

Impact evaluation studies commissioned by NABARD have validated the significant gains in rural income levels, diversification of rural livelihood activities, improvement in quality of life of the rural population, and a greater traction for rural banking business.

Other tangible economic benefits emanating from RIDF and concurred by the recent studies include the following:

- ◆ Diversification in cropping pattern & increase in productivity
- ◆ Increase in household income
- ◆ Creation of new assets by rural households
- ◆ Stability in farm income
- ◆ Increase in expenditure on education
- ◆ Impact on credit flow / financial inclusion in command area
- ◆ Increase in value and use of land

During 2016-17, special emphasis was laid on agriculture-related projects, particularly irrigation projects, to minimise the impact of agrarian distress (Box 5.1). Conscious efforts were also made to support initiatives for adaptation and mitigation of climate change (Box 5.2).

<sup>1</sup> Source: Appendix Table 12 of State Finances: A study of Budgets of 2016-17, RBI



## Box 5.1 Irrigation Infrastructure for Enhancing Farmers' Income

In alignment with the purpose of RIDF initiatives since 1995-96, NABARD sanctioned more than ₹8,327 crore for irrigation projects under RIDF during 2016-17 comprising 31 per cent share in the total sanctions during the year. This was aimed at creating additional irrigation potential of 1.6 million hectare (ha), primarily located in drought prone and un-irrigated areas of Madhya Pradesh, Gujarat, Odisha and Uttar Pradesh. Some of the projects of critical importance sanctioned during the year include the following:

### Andhra Pradesh - Micro Irrigation Project

Micro irrigation projects aim at supporting installation of micro irrigation system (drip/sprinklers) by the farmers for improving water use efficiency and realising better yield and quality of produce. The projects envisage effective convergence between Gol and state government programmes, and also contribution from the benefitting farming community. Under RIDF XXII, 13 projects involving RIDF loan of ₹142.55 crore were sanctioned, covering an area of 45,300 ha under micro irrigation in all districts of the state.

### Chhattisgarh - Installation of 11,000 Solar Powered Pumpsets

Installation of 11,000 solar pumps in Chhattisgarh, sanctioned under RIDF XXII for ₹171.03 crore, is a part of the comprehensive scheme by the Government of Chhattisgarh viz. Saur Sujala Scheme for distribution of 51,000 solar powered irrigation pumpsets to farmers before 31 March 2019. The highlights of the project are as under:

- ◆ Targeted beneficiaries are mainly small farmers in un-electrified areas/remote habitations
- ◆ The 5hp systems can deliver about 1,24,000 litres of water/day with 70 metres dynamic head
- ◆ Farmers are saved the burden of electricity charges

### Gujarat - Saurashtra Narmada Avtaran Irrigation (SAUNI) Yojana

The SAUNI Yojana is a project for use of additional 1 million acre feet flood water of Narmada in the Saurashtra region of Gujarat, through a series of four link pipelines. During 2016-17, phase I of Link - 2 and Link - 4 of SAUNI Yojana involving RIDF loan of ₹860.48 crore was sanctioned under RIDF XXII. Some of the direct and indirect benefits of the projects are as follows:

- ◆ Assured irrigation facilities – 55,607 ha of Link-2 and 70,389 ha of Link-4
- ◆ Change in cropping pattern and increase in cropping intensity, increase in agriculture production and income
- ◆ Availability of quality drinking water saving in scarcity relief
- ◆ Recharge of groundwater
- ◆ Improvement in purchasing power due to employment generation
- ◆ Improved fodder availability and increase in milk production
- ◆ Salinity ingress prevention in coastal areas

### Odisha - Minor Irrigation Project

Construction of 5,123 private Shallow Tube Wells (STWs) and River Lift Irrigation Projects (RLIPs) under Jananidhi II in 27 districts of Odisha (RIDF Loan ₹129.40 crore) benefiting additional area of 13,501 ha under Jananidhi –II programme. In view of the current drought situation in the state, these small lift irrigation projects will be of immense help to tackle drought situations with low investment cost.

### Uttar Pradesh - Minor Irrigation Project

Construction of 2,000 new STWs in 29 districts of Uttar Pradesh (RIDF Loan: ₹471.66 crore). Tube wells are the main sources of irrigation (covering 70 per cent of the total irrigated area) for small and marginal farmers in the state of Uttar Pradesh. The project shall provide irrigation facility to 1,00,000 ha cultivable command area (CCA). The project will lead to augmenting income and employment for landless labourers, and small and marginal farmers.

## Box 5.2 RIDF support for adaptation and mitigation of Climate Change

Climate Change has emerged as a huge challenge for sustainability of agriculture and rural livelihoods. NABARD, as the National Implementing Entity (NIE) under three important funding mechanisms viz., Adaptation Fund (AF) and Green Climate Fund (GCF) of UNFCCC and the National Adaptation Fund for Climate Change (NAFCC) of Gol, has been channelising funds for building climate change resilience through various adaptation and mitigation measures.

Conscious efforts are being made to support projects of various state governments, having direct impact on challenges posed by Climate Change. Some such important infrastructure projects supported under RIDF during 2016-17 include projects for renewable energy (mainly solar power), solar powered irrigation pumping systems, projects for judicious use of scarce irrigation water resources, involving micro irrigation devices such as drips and sprinklers and piped conveyance of canal water to farmers fields, afforestation, watershed development and other natural resource management projects.

- ◆ **Renewable Energy Projects:** i) Construction of 10 MW canal top grid connected solar photovoltaic (SPV) power plant in Uttar Dinajpur district of West Bengal (₹58.75 crore), ii) Construction of 2.5 MW canal top SPV power plant in Lalitpur district of Uttar Pradesh (₹11.14 crore), iii) Setting up of three grid connected SPV power plants in three districts of Kerala (₹21.69 crore). All these projects are in line with the priority and technologies approved by the Ministry of New and Renewable Energy (MNRE), Gol.
- ◆ **Irrigation Projects:** i) Installation of 1,000 solar powered STWs in Assam (₹30.91 crore), ii) 11,000 solar powered pumpsets for irrigation in 27 districts of Chhattisgarh (₹171.03 crore), iii) Chinki micro irrigation project (part III) in two districts of Madhya Pradesh (₹603.17 crore), iv) Micro irrigation projects covering all districts of Andhra Pradesh (₹142.55 crore), v) Construction of 725 check dams in Jharkhand (₹416.93 crore), v) Mohanpura major piped irrigation project in Rajgarh district of Madhya Pradesh (₹431.48 crore), vi) SAUNI major piped irrigation project in Gujarat (₹816.50 crore).
- ◆ **Natural Resource Management and Greening Projects:** i) Development of water catchment through afforestation (Greening Rajasthan Phase III) in 17 districts of Rajasthan (₹141.01 crore), ii) Project for rejuvenation of water catchment of Vaigai and Noyyal rivers in Tamil Nadu (₹22.57 crore), iii) 31 watershed development and MI projects in Kerala (₹87.48 crore), iv) Forest development projects in six districts of West Bengal (₹11.48 crore), v) Integrated land development projects in Nagaland (₹14.61 crore).

In addition to the above, NABARD has also supported initiatives like anti-sea erosion and flood protection projects in Maharashtra, Kerala, Uttar Pradesh and Manipur; improved water management projects in Madhya Pradesh, Gujarat, Odisha, Karnataka, Madhya Pradesh, etc. All these initiatives are expected to minimise carbon foot prints in the rural areas and pave the way for a green and clean future.  
(amounts in the parentheses indicate RIDF loans)

## 5.7 Monitoring of RIDF Projects

The High Power Committee (HPC), chaired by the Chief Secretary or Principal Secretary (Finance) of the concerned state government has proved to be an effective forum for monitoring the overall implementation of RIDF in respective states. Though the state governments have the primary responsibility of overseeing the implementation and monitoring, NABARD has also been monitoring the implementation of RIDF projects to facilitate timely completion of tranches and projects sanctioned, avoidance of cost overruns, ensure compliance with quality parameters and identify new investment opportunities. During 2016–17, NABARD undertook monitoring field visits to 2,866 projects in various states. Major observations and issues were taken up with the concerned departments in the respective states to bring about improvement in the pace and quality of project implementation.

### 5.8 Process Improvements during 2016-17

Steps taken by NABARD during 2016-17 to improve the existing processes of sanction and implementation of projects under RIDF include the following:

- ◆ An increase in the sanctioning power of the Internal Sanctioning Committee of RIDF loan proposals from ₹50 crore to ₹100 crore.
- ◆ Refinement in the existing policies on weightage to parameters for normative allocation, cap for sanctions under rural connectivity, norms for cost of land acquisition, norms for admissibility of various items for RIDF loan, viz. supervisory charges, pre-appraisal charges, moveable assets, payment of statutory nature, etc., financing of public health institutions and criteria for size of loan for field monitoring and third party monitoring of RIDF projects.
- ◆ Fixation of benchmark costs for major items of investment.

### 5.9 Long Term Irrigation Fund (LTIF)

#### 5.9.1 Background

Out of about 141 million ha of net area sown in the country, around 65 million ha (45 per cent) is presently covered under irrigation. Substantial dependency on rainfall makes cultivation in unirrigated areas a high-risk and less productive profession. Empirical evidences suggest that assured or protective irrigation encourages farmers to invest more in farming technology and inputs leading to productivity enhancement and increased farm income. Against this backdrop, the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) was launched during 2015-16, for extending the coverage of irrigation ‘har khet ko pani’ (water to all farms) and improving water use efficiency ‘per drop more crop’ in a focused manner.

A large number of major and medium irrigation projects taken up under Accelerated Irrigation Benefits Programme (AIBP) are languishing mainly due to inadequate provision of funds. A substantial amount of funds already invested on these projects were locked up and benefits envisaged could not be achieved. With a view to ensuring completion of these projects, the Hon’ble Union Finance Minister, during his Budget speech 2016-17, announced the creation of a dedicated Long Term Irrigation Fund (LTIF) in NABARD with an initial corpus of ₹20,000 crore for the funding of central and state shares for the identified projects under PMKSY. The LTIF corpus comprises budgetary resources including additional share capital contribution to NABARD by the Ministry of Finance and market borrowings by NABARD, including Gol’s fully-serviced bonds. The Fund is being used for financing and fast tracking of incomplete major and medium irrigation projects identified by Ministry of Water Resources, River Development and Ganga Rejuvenation (MoWR, RD & GR), Gol in a mission mode so that the projects can be completed by December 2019. This will enable additional irrigation in 7.6 million hectare.

#### 5.9.2 About the Fund

As on 01 April 2016, Gol had estimated the total funds requirement for completion of all the 99 identified projects as ₹77,908 crore, which includes central share of ₹31,655 crore and state share of ₹46,253 crore. Gol will provide additional equity and requisite cost free funds every year from 2016-17 to 2019-20 to enable NABARD to raise required amount of market borrowing as also to maintain reasonable lending rate.

In order to incentivise the states, loans will be extended under LTIF with a tenure of 15 years, including moratorium of 3 years on principal repayment and at an interest rate of 6 per cent per annum for the year 2016-17, inclusive of 0.60 per cent margin of NABARD. This interest rate shall be subject to change from time to time as may be decided by NABARD in consultation with Gol.

#### 5.9.3 Eligible Projects and Works

Of the incomplete irrigation projects under AIBP, the Ministry of Water Resources, Gol has prioritised 99 projects (106 including sub projects) for completion with loan assistance from LTIF for meeting the respective shares of the central and state governments, both for project works under AIBP and Command Area Development & Water Management works (CADWM).

#### 5.9.4 Progress

As on 31 March 2017, NABARD had sanctioned an aggregate loan assistance of ₹30,854.62 crore to National Water Development Agency (NWDA) (a society under MoWR) towards central share for 81 irrigation projects in 16 states, against which an aggregate loan amount of ₹3,336.88 crore was disbursed to NWDA for 69 projects (Table 5.4).

**Table 5.4**  
**State-wise distribution of projects sanctioned towards central share under LTIF**  
(As on 31 March 2017)

Sr. No.	State	No. of projects identified by Gol for loans under LTIF	No. of projects sanctioned by NABARD towards central share of LTIF loan	Sr. No.	State	No. of projects identified by Gol for loans under LTIF	No. of projects sanctioned by NABARD towards central share of LTIF loan
1	Andhra Pradesh	8	3	10	Kerala	2	0
2	Assam	3	1	11	Manipur	2	2
3	Bihar	2	1	12	Madhya Pradesh	21	21
4	Chhattisgarh	3	1	13	Maharashtra	26	24
5	Goa	1	0	14	Odisha	8	8
6	Gujarat	1	1	15	Punjab	2	2
7	Jammu & Kashmir	4	1	16	Rajasthan	2	2
8	Jharkhand	1	1	17	Telangana	11	5
9	Karnataka	5	5	18	Uttar Pradesh	4	3
Total						106*(including sub-projects)	81

State share has been sanctioned to 7 out of 18 participating state governments, to the tune of ₹16,053.44 crore towards 63 irrigation projects. Against this, an aggregate loan amount of ₹3,334.98 crore was released (Table 5.5).

**Table 5.5**  
**Details of State-wise amount of loan sanctioned and released towards State Share under LTIF**

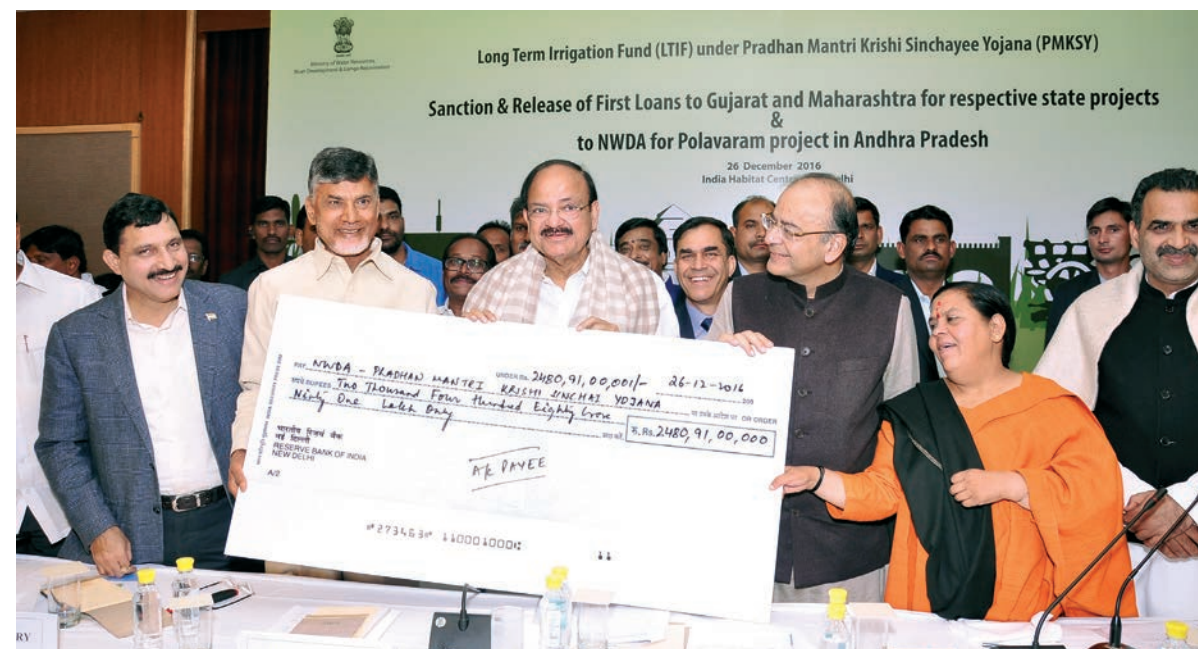
(Amount in ₹ crore)			
Sr. No.	State	Amount Sanctioned	Amount Disbursed
1	Andhra Pradesh	513.87	97.90
2	Gujarat	3,611.03	620.55
3	Jharkhand	518.10	204.33
4	Madhya Pradesh	2,863.18	500.00
5	Maharashtra	7,242.74	1,723.58
6	Manipur	73.56	0.00
7	Odisha	1,230.96	188.62
Total		16,053.44	3,334.98

The remaining 11 states are at different stages to complete the loan related documentation, like signing of MoAs, executing mandate with RBI, etc., so that state share of the LTIF loan can be sanctioned and released.



**Table 5.6**  
**Aggregate position of sanction and disbursement under LTIF**

Particulars	Sanction	Disbursement
Central share to NWDA for LTIF Projects (81projects, 16 states)	30,854.62	3,336.88
Central share to NWDA for Polavaram Project	2,981.54	2,414.16
State Share to State Governments for LTIF Projects (63 projects, 7 states)	16,053.44	3,334.98
<b>Total</b>	<b>49,889.60</b>	<b>9,086.02</b>



### Box 5.3

#### Micro Irrigation Fund

### 5.10 NABARD Infrastructure Development Assistance

The major sectors covered under NIDA are agriculture, roads and bridges, rural transport, renewable energy, power transmission, irrigation, warehouses, drinking water and sanitation, social and commercial infrastructure in rural areas, etc.

- ◆ A micro irrigation project was sanctioned to Telangana State Horticulture Development Corporation amounting to ₹874 crore.
- ◆ An amount of ₹150 crore was sanctioned to Green Infra Wind Energy Limited, being refinance (take out finance) support.
- ◆ A power transmission project of ₹493.20 crore was sanctioned to Jharkhand Urja Sancharan Nigam Ltd., Jharkhand.
- ◆ Term loan of ₹34.97 crore was also sanctioned to Andhra Pradesh State Warehousing Corporation (APSWC) for the setting up of Export Oriented Anchor Unit for spices at Guntur and Export Certified Integrated Processing & Cold Storage Complex for aqua products at Visakhapatnam and Bhimavaram.

**Table 5.7**  
**Purpose-wise cumulative NIDA Loans**  
(As on 31 March 2017)

(Amount in ₹ crore)			
Sector	Units	Loan Sanction	Disbursement
Bridge	1	462.60	185.00
Cyclone Damage Restoration	4	1,063.25	1,169.12
Drinking Water	2	3,144.80	1,384.37
Road	6	3,328.55	360.00
Sewerage	1	70.69	59.48
Solar Power	2	448.01	72.96
Wind Power	2	225.00	203.10
Warehousing	3	220.12	206.16
Transmission	26	5,364.93	2,184.79
Market Yard	1	59.97	0.00
Hydro Power	1	145.74	0.00
Renewable Energy	1	95.00	0.00
Irrigation	2	1,118.08	321.34
<b>Total</b>	<b>52</b>	<b>15,746.74</b>	<b>6,146.32</b>

Warehousing forms a crucial link in the overall logistics in value chain. Considering the role to be played by both public and private sectors for further augmenting the scientific storage capacity in the country for foodgrains as well as perishable food products (by way of strengthening of cold chain and supply logistics) and also to give a pointed focus for extending financial support to these players in this sector by NABARD, GoI had instituted a separate fund called Warehouse Infrastructure Fund (WIF) with a corpus of ₹5,000 crore during 2013-14, which was continued during 2014-15 also with a further corpus of ₹5,000 crore. No further addition was made to the corpus.

The major objectives of WIF were to provide credit to public and private sectors for the creation and augmentation of decentralised modern scientific storage in the country, so as to facilitate a better price discovery mechanism for the farmers; to ensure better post-harvest liquidity; and to address the issue of distress sale of produce immediately after harvest. With the sanction of 9,096 projects, envisaging the creation of scientific storage facilities of about 9.97 million metric tonnes (MMT) from WIF, NABARD has emerged as the leader in this key component in supply chain management, thereby providing impetus for overall development of post-harvest infrastructure in the country. The sanction and disbursement of loan under WIF is given in Table 5.8.

**Table 5.8**  
**Sanction & disbursement of loans under WIF**  
(As on 31 March 2017)

(Amount in ₹ crore)			
As on 31 Mar 2017	WIF 2013-14	WIF 2014-15	Total
Corpus	4,481.00	5,000.00	9,481.00
Sanctions	3,254.00	5,594.00	8,848.00
Utilisation (%)	73	112	93
Drawable as per phasing up to 31.03.2017	3,254.00	3,964.00	7,218.00
Disbursement as on 31.03.2017	1,892.00	1,637.00	3,529.00
Disbursement- Achievements (%)	58	29	40

Agency-wise number of projects sanctioned, amount sanctioned and disbursements under WIF 2013-14 and WIF 2014-15 for the period ending 31 March 2017 are presented in Table 5.9.

**Table 5.9**  
**Projects sanctioned and disbursements made from WIF**  
(As on 31 March 2017)

(Amount in ₹ crore)							
Sr. No.	Agency	No. of projects	WIF loan sanctioned	Cumulative disbursement	% disbursement	Projects completed	% completed
<b>1</b>	<b>WIF 2013-14</b>						
a.	State Govt.	3,082	2,752.00	1,578.00	57	2,166	70
b.	State Govt. Undertaking	76	368.00	202.00	55	53	70
c.	Private/PLR	27	134.00	112.00	84	16	59
	<b>Total</b>	<b>3,185</b>	<b>3,254.00</b>	<b>1,892.00</b>	<b>58</b>	<b>2,235</b>	<b>70</b>
<b>2</b>	<b>WIF 2014-15</b>						
a.	State Govt.	5,747	4,565.00	1,526.00	26	498	9
b.	State Govt. Undertaking	163	1,010.00	92.00	9	22	13
c.	Private/ PLR	1	19.00	19.00	100	1	100
	<b>Total</b>	<b>5,911</b>	<b>5,594.00</b>	<b>1,637.00</b>	<b>26</b>	<b>521</b>	<b>9</b>
	<b>Grand Total</b>	<b>9,096</b>	<b>8,848.00</b>	<b>3,529.00</b>	<b>33</b>	<b>2,756</b>	<b>30</b>

RBI has accorded permission to NABARD, for utilisation of available corpus under WIF by providing fresh sanctions for warehousing infrastructure as well as marketing Infrastructure in APMCs.

#### Box 5.4 Controlled Atmosphere Cold Storage

NABARD sanctioned a controlled atmosphere (CA) cold storage, with a capacity of 5,000 MT to M/s Uttam Fruits and Vegetables in Gujarat primarily for storing processable varieties of potato, apple and lemon, involving a loan amount of ₹19 crore out of WIF 2014-15. The state-of-the-art CA store with the most advanced plant and machinery, sensors for carbon dioxide, monitors for ethylene and nitrogen gases to prevent moisture loss and control respiratory mechanism of fruits and vegetables during storage, has been completed and started commercial operations.

## 5.12 Food Processing Fund

In the backdrop of abundant supply of agricultural produce and growing domestic demand for processed foods, the food processing sector facilitates the reduction of wastage of agricultural produce and creates significant employment opportunities. With a view to promoting food processing industry in the organised sector on a cluster basis, GoI instituted the Food Processing Fund (FPF) with a corpus of ₹2,000 crore during 2014-15 in NABARD for providing affordable credit for setting up of designated food parks notified by the Ministry of Food Processing Industries (MOFPI), GoI and establishing food processing units therein. The Fund is available till the corpus is fully utilised by NABARD.

As on 31 March 2017, NABARD had sanctioned term loan for 14 Mega Food Park (MFP) projects and two processing units in designated food parks. With the withdrawal of four mega food park projects, the effective projects stood at ten mega food parks and two processing units, involving a committed term loan of ₹464.49 crore. With a disbursement of ₹123.92 crore during the financial year 2016-17, the cumulative disbursement from the Fund in respect of the sanctioned projects stood at ₹144.49 crore.

### 5.12.1 Impact of the Projects Sanctioned

An area of about 745 acres would be developed in the 10 mega food park projects which act as Central Processing Centres (CPCs). These 10 CPCs would be supported by 37 Primary Processing Centres (PPCs) to be established at suitable places in the catchment zone of respective mega food parks. These PPCs and CPCs help in sourcing of agricultural produce directly from the farmers by the processing units to be established in the mega food parks, thereby creating a direct marketing access to the user industry.

#### Box 5.5 Initiatives of NABARD – Food Park

With a view to equipping its state level officials handling FPF portfolio on various aspects of project financing covering, inter alia, operational guidelines, borrower appraisal and due diligence, project appraisal, financial appraisal, credit risk assessment, legal aspects and documentation, credit monitoring, accounting, etc., NABARD Head Office organised an on-location workshop on 17 and 18 June 2016 at Tumkur, Karnataka. As a part of the programme, a visit was made to India Food Park, an operating mega food park in Tumkur district, promoted by M/s Integrated Food Park Pvt. Ltd. to create awareness about the concept and components of a mega food park.

As per the latest consolidated list of Designated Food Parks (DFPs) notified by MoFPI, GoI, there are 165 DFPs in the country where creation of infrastructure and the proposals for the establishment of processing units would be eligible for financing from the Fund. Major states having notified DFPs are Himachal Pradesh (19) Andhra Pradesh (14), Odisha (14), Maharashtra (10), Tripura (10), West Bengal (9), Manipur (9), Karnataka (9), and Madhya Pradesh (9). Accordingly, in order to create awareness in states where good number of DFPs are available, 14 Regional Offices of NABARD viz. Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Kerala, Madhya Pradesh, Manipur, Mizoram, Maharashtra, Odisha, Karnataka, Rajasthan, Telangana and West Bengal have conducted stakeholders' meets inviting representatives from the state government, promoters of DFPs in the state, District Industries Centres and prospective entrepreneurs.

The mega food parks would provide diversified as well as the much needed core processing infrastructure for the common use of the food processing units to be established in these mega food park units. The sanctioned projects when completed would create 1.48 lakh metric tonnes (MT) of dry warehouses for storing raw material and finished goods (for non-perishable products); 0.81 lakh MT of silos for bulk storing of grain raw material; 0.47 lakh MT of cold storage capacity for storing perishable finished goods; 0.11 lakh MT of freezer capacity for storing finished products requiring freezing temperatures; 9.50 MT of capacity for producing individually quick frozen fruit and vegetables per hour; 2,040 MT of controlled ripening capacity and 36.50 MT of pulping and aseptic packing of fruit pulps per hour. These mega food parks are expected to develop an area of 392 acres with all the required basic enabling facilities for establishing food processing units therein.





## 6

## ORGANISATION AND INITIATIVES

### 6.1 Management

#### 6.1.1 Board of Directors

The Board of Directors (BoD) met five times during 2016-17. The Executive Committee met five times and the Sanctioning Committee for loans under the Rural Infrastructure Development Fund (RIDF) met nine times during the year. The Internal Sanctioning Committee for Loans under RIDF met eleven times during the year.

The Audit Committee and the Risk Management Committee of the Board each met four times during the year. The IT Committee of the Board was constituted during the year to guide and direct the Bank on adoption, management and security of information technology (IT) system. The IT Committee met twice during the year.

The appointments of Directors in the Board of NABARD that took place during the year 2016-17 are furnished in Table 6.1.

Table 6.1  
Appointments of Directors in the Board of NABARD

Sr. No.	Particulars
1	Shri Suchindra Misra, Joint Secretary (Department of Financial Services, Government of India) and Shri Amarjeet Sinha, Secretary (Department of Rural Development, Government of India) were appointed as Directors with effect from 14 June 2016 and 28 July 2016, vice Smt. Snehlata Shrivastava and Shri Jitendra Shankar Mathur, respectively.
2	Shri R. Gandhi, Deputy Governor (Reserve Bank of India) was appointed as Director with effect from 20 July 2016, vice Shri Harun R. Khan.
3	Prof. Ashok Gulati was appointed as Director with effect from 9 March 2017.
4	Dr. Bhagwan Sahai, Additional Chief Secretary (Agriculture & Marketing), Government of Maharashtra was appointed as Director with effect from 27 April 2016, vice Shri Dinesh Kumar Jain. Dr. Bhagwan Sahai ceased to be Director with effect from 26 July 2016.
5	Smt. G. Latha Krishna Rao, Additional Chief Secretary and Development Commissioner (ACS & DC), Government of Karnataka ceased to be Director with effect from 26 July 2016.
6	Shri C. Parthasarathi, Secretary and Agriculture Production Commissioner (Agriculture and Cooperation), Government of Telangana and Shri Suresh Chandra Gupta, Additional Chief Secretary and Agriculture Production Commissioner (Agriculture and Cooperation), Government of Sikkim were appointed as Directors with effect from 27 July 2016.
7	Shri P. C. Meena, Additional Chief Secretary and Agriculture Production Commissioner, Government of Madhya Pradesh was appointed as Director with effect from 22 June 2016.
8	Smt. Pooja Singhal, Secretary (Agriculture, Animal Husbandry and Cooperative Department), Government of Jharkhand was appointed as Director with effect from 27 March 2017 vice Dr. N. M. Kulkarni, who was appointed as Director with effect from 22 June 2016.
9	Dr. Anup Kumar Dash, was appointed as Director with effect from 25 April 2016.

6.1.2 Senior Management

The Management Committee (MC), an important arm of governance, comprising the Chairman, Deputy Managing Directors and select Chief General Managers, met 16 times during 2016-17. During these meetings, it deliberated on important issues, both inter-departmental as well as those with wider policy ramifications.



6.2 Human Resource Development Initiatives

6.2.1 Staff Strength in the Bank

The staff position of the bank as on 31 March 2017 is presented in Table 6.2.

Table 6.2  
Position of Staff Strength as on 31 March 2017

Cadre	Total	Of which		
		General*	SC	ST
Group A	2,640	2,050	394	196
Group B	732	568	106	58
Group C	706	386	232	88
Total	4,078	3,004	732	342

\* Including OBCs

- Of the 207 officers promoted/empanelled for the panel year 2017 (1 January 2017 to 31 December 2017), 31 belonged to Scheduled Caste (SC) and 11 belonged to Scheduled Tribe (ST) categories. Further, during 2016-17, four Group C employees were promoted as Assistant Care Taker in Group B Services.

- During 2016-17, 125 officers were appointed in Group A Services. These included 98 officers as Assistant Manager (RDBS), six officers as Assistant Manager (Rajbhasha), seven officers as Assistant Manager (Protocol and Security Services) and 14 officers as Manager (RDBS).

- During the above period 61 Development Assistants (including three Development Assistants (Hindi) joined the services of the Bank.

6.2.2 Welfare Measures for SCs, STs and OBCs

- Senior Executives and the Chief Liaison Officer held quarterly meetings with representatives of All India NABARD Progressive Employees Welfare Association at Head Office (HO), Mumbai. At the Regional Offices (ROs) of NABARD, respective Liaison Officers and ROs-in-Charge held meetings with local units of NABARD Progressive Employees Welfare Associations.

- Half yearly meetings of Senior Executives and the Chief Liaison Officer/Liaison Officer with the Welfare Association for Other Backward Classes (OBCs) were also held during the year at Head Office, Mumbai.

- NABARD adhered strictly to the norms declared by Government of India regarding reservations for SCs, STs and OBCs in recruitment and promotions.

- A workshop on implementation of Government of India's reservation policy was organised for NABARD officers, as well as members of SC, ST and OBC welfare associations during 26 – 27 December 2016 at National Bank Staff College (NBSC), Lucknow.

- Pre-recruitment training was imparted to 50 and 43 SC/ST/OBC candidates during the recruitment process of Officers and Clerical cadres, respectively.

6.2.3 Training and Development

Training needs, both in-house and for clients, are met through programmes delivered by the National Bank Staff College (NBSC), Lucknow and Bankers' Institutes of Rural Development (BIRD), at Lucknow, Bolpur and Mangalore. During 2016-17, 2,048 participants availed training in 97 training programmes rolled out by NBSC, of which 30 were on-location. Out of a total number of 462 programmes rolled out by three BIRD campuses, 98 programmes were delivered on-location (Table 6.3).

Table 6.3  
Number of Participants for Programmes conducted by BIRD during 2016-17

Clients	BIRD Campus		
	Lucknow	Mangalore	Bolpur
Commercial Banks	1,089	237	106
RRBs	1,246	555	634
Cooperative Banks	1,560	850	822
NABARD	192	163	30
Others	2,433	1,408	1,081
Total	6,520 (253)	3,213 (116)	2,673 (93)


Note: Figures in brackets are the total number of programmes.





### Specific training initiatives undertaken during the year:


- During the year an MoU was signed with Asia-Pacific Rural and Agricultural Credit Association (APRACA) during 67th EXCOM Meeting held at Kathmandu, Nepal, for continuing APRACA Centre of Excellence (ACE) at NBSC, Lucknow, for a period of five years w.e.f. 10 September 2016, focussing on linkage banking and other activities.
- During the year 2016-17, NABARD was taken on Board of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), Philippines as a member for collaborating in the area of Training and Development.
- During the year, 72 senior officers of NABARD attended self-identified programmes of relevance to the Bank.
- NABARD deputed 185 officers in various grades to participate in training programmes, workshops, seminars and conferences organised by institutions of repute.
- Officers recruited in Grades A and B, during the year 2015-16, were put through an intensive training programme viz., Rural Immersion Programme and attached with various reputed NGOs to acquaint them with the entire rural spectrum.
- Two induction training programmes for newly recruited Group A staff were conducted during the year.
- Three refresher training programmes, viz. one for Group B and two for Group 'C' at N. M. Sadguru Water and Development Foundation, Dahod, Gujarat, were conducted during the year.

### 6.2.4 Other HR Initiatives

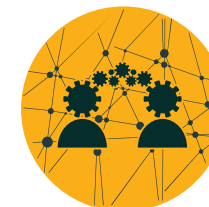
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**Housing Loan Group Insurance Scheme**  
Housing Loan Group Insurance Scheme was renewed for the policy period 3 July 2016 to 2 July 2017. The scheme covers the housing loan outstanding balance together with accrued interest, thereby protecting terminal benefits payable to the family in case of death of an employee while in service.
- 

**Optional Group Term Insurance Plan**  
Optional Group Term Insurance Plan (OGTIP) for existing employees on voluntary basis and for new recruits (joined on or after 1 August 2013) at Bank's cost with free cover limit of ₹50 lakh, was renewed for the policy period 1 December 2016 to 30 November 2017.
- 

**Group Mediciclaim Policy**  
The Group Mediciclaim Policy for retired staff was renewed for one year with effect from 15 August 2016.
- 

**Industrial Relations**  
Industrial relations in NABARD continued to be harmonious during the year. Periodic discussions were held between the management and the All-India National Bank Officers' Association/All India NABARD Employees' Association. The Memorandum of Settlement on revision of the scales of pay, allowances and other service conditions of the workmen employees was signed between NABARD and the All India NABARD Employees' Association on 1 March 2017, on the basis of well-established principles of wage negotiations. The Memorandum became effective for a period of five years from 01 November 2012. The scales of pay, allowances and other service conditions of the officers of NABARD were also revised after discussion with the National Bank Officers' Association.



## 6.3 Right to Information (RTI) Act, 2005 and Resolution of Grievances

### 6.3.1 Right to Information Act, 2005

Pursuing its goals of transparency, proactive disclosure and compliance to statutory obligations, NABARD has been effectively providing information sought under the Right to Information (RTI) Act, 2005.

36 senior level officers, including 31 at ROs, four at training establishments and one at HO have been designated as Central Public Information Officers to comply with the statutory obligations under the RTI Act, 2005. Shri K. Sayeed Ali, Chief General Manager was the Appellate Authority and Shri M. V. Ashok, Chief General Manager was the Transparency Officer.

During the year, 1,259 RTI applications and 142 appeals requesting for information were received. 1,061 RTI applicants were provided with information and Appellate Orders were issued against 157 appeals. NABARD officials attended 15 hearings on appeals made to the Central Information Commissioner.

### 6.3.2 Grievance Redressal

During 2016-17, 28 grievance applications and five appeals were received. The Grievance Redressal Committee (GRC) met four times and the Grievance Redressal Appellate Committee (GRAC) met twice during the year. The GRC discussed 33 cases and resolved 31 cases. The GRAC discussed five cases and resolved all the cases.



## 6.4 Vigilance Sensitisation

During the year, the Central Vigilance Cell stressed on the preventive aspect of vigilance. Staff of all the ROs were sensitised on various aspects of vigilance during the conduct of Preventive Vigilance Inspections (PVIs) of ROs/TEs by CVC, HO. PVIs of eleven ROs and one HO department were conducted during the year. All the newly recruited officers were also given inputs on vigilance systems and procedures, and related matters during their Induction Training Programme.

A workshop on 'Procurement Process' was held at NABARD HO for the senior officers of Public Sector Undertakings and Financial Institutions. The Ex-Chief Technical Examiner, Central Vigilance Commission and Ex-Adviser CVC handled the sessions on procurement process. Case studies were also discussed during the workshop.

Vigilance Awareness Week was observed from 31 October to 05 November 2016 by all staff at HO and all ROs/TEs. More than 30,000 students from different schools and colleges across India participated in various quiz competitions, elocutions/ lectures organised at HO/ROs/TEs. Competitions were also organised for school children to impart and inculcate the values of vigilance. A Walkathon was organised around Bandra-Kurla Complex, Mumbai on the occasion, to disseminate the message of corruption-free society and ethical values through the use of placards to the common man on the streets. As an outreach activity for promoting integrity, e-pledge was administered by NABARD to more than 6,500 villagers and 35,000 school and college children.

6.5 Information Technology Initiatives

NABARD endeavours to induct and implement emerging information technology (IT) tools to help improve business operations. It is also involved in the formulation of policy guidelines regarding IT security, hardware/software procurement, and other IT related issues. Some of the key initiatives taken are as under:

- Implementation of Centralised Loan Management and Accounting System (CLMAS) has enabled automation of work-flow and application of business rules. CLMAS was in parallel run with InstaAccount, the legacy accounting software which has been phased out from 1 April 2017.
- A web-based Data Collection and Management System (DCMS), named 'ENSURE' works as an enterprise level software for data collection both from internal and external sources. Several new areas/ clients were brought under ENSURE.
- As part of the journey towards Digital India and in an attempt to move towards a less-paper office, NABARD has commenced implementation of the Enterprise Content Management (ECM) solution in the Bank.
- The Disaster Recovery site has been strengthened with better internet connectivity, bandwidth, perimeter firewall and alternate Wide Area Network (WAN).
- An alternate WAN over Multi-Protocol Label Switching (MPLS) network has been implemented to serve as a redundant/failover connectivity.
- During the year, Navpravartan, a digital platform for inviting feedback from staff members at HO/ROs/TEs was developed through NABNET.



6.6 Corporate Communications

6.6.1 ABCI confers NABARD with “Champion of Champions” Award

Over the past few years, a conscious effort has been made in the area of developing a dynamic brand identity for NABARD as a unique development financial institution. Our efforts in this direction have received industry appreciation at various levels.

In a first ever such achievement in over three decades, NABARD was conferred the elite 'Champion of Champions' award in the prestigious 56th Annual Awards of the Association of Business Communicators of India (ABCI) (Exhibit 6.1). The awards were curated by an international jury out of nearly 2,000 nominations and presented on 28 October 2016.

Exhibit 6.1  
Award Categories



6.6.2 NABARD Stands Tall Globally

NABARD's Corporate Brochure 'Beyond Numbers 2016' won three awards in the Fall 2016 League of American Communications Professionals (LACP) awards, the biggest international forum of communication professionals (Table 6.4).

Table 6.4  
Awards achieved by NABARD under LACP

Publication	Category	Rank
NABARD Corporate Brochure 2016	2016 Impact Awards – Corporate Reputation (Integrated Report)	GOLD
NABARD Corporate Brochure 2016	2016 Impact Awards – Corporate Reputation (CSR Report)	GOLD
NABARD Corporate Brochure 2016	2016 Spotlight Awards – Global Communications (Print Report)	BRONZE
Youtube/nabardonline	2016 Impact Awards – Corporate Reputation	BRONZE



### 6.6.3 NABARD as Rural Development Partner in Excellence in Journalism Awards

To give a fillip to journalists covering agriculture and rural development, NABARD sponsored an award category in the prestigious Ramnath Goenka Excellence in Journalism Awards 2016. The awards were given away by Hon'ble Prime Minister Shri Narendra Modi at a function held in New Delhi on 2 November 2016.

### 6.6.4 Documentation of Success Stories

The Corporate Communications Department (CCD), HO, in collaboration with ROs has been instrumental in building a legacy by documentation of NABARD's successful initiatives. These heart-warming real life stories have been transformed into posters and films to highlight the impact of NABARD's field level interventions. Forty-eight films spread across eight states of Himachal Pradesh, Uttarakhand, Rajasthan, Gujarat, MP, Punjab, Maharashtra and Goa were documented.

### 6.6.5 Manual for Written Communication

To support a robust and uniform communication system, a manual for written communication was brought out. The manual seeks to standardise the systems, procedures and formats for all types of written communication, both internal and external. It suggests formats, language protocol, content, style of presentation, etc., for three broad areas:

- (i) internal office notes
- (ii) internal communication
- (iii) external communication with various stakeholders

More importantly, the formats of the manual will be embedded into ECM, which is being implemented.

### 6.6.6 Launching of Revamped Corporate Website

The revamped corporate website [www.nabard.org](http://www.nabard.org) was launched on 13 February 2017. It has new generation features responsive to all devices, which have enhanced search and security features. The enhanced features include social media interface, films embedded on the web page, thematic success stories, State Focus Papers (SFPs), news and events module and an information library.

### 6.6.7 Registration of NABARD Logo

The Hindi and English Logos of NABARD have been registered with the Trade Marks Registry, Government of India under Trade Marks Act, 1999.



### 6.7 Visits of Parliamentary Committees

During 2016-17, the following Parliamentary Committees held discussions with NABARD:

- ◆ Study visit of the Committee on Subordinate Legislation, Rajya Sabha at Bhopal, Mumbai, Bengaluru and Hyderabad during 18 May to 25 May, 2016.
- ◆ Study tour of the Committee on Subordinate Legislation, Lok Sabha at Leh, Srinagar and Jammu during 6 June to 11 June, 2016.
- ◆ Study visit of Parliamentary Committee on Empowerment of Women at Mumbai, Mangalore, and Coorg during 29 June to 5 July, 2016.
- ◆ Study visit of Committee on Papers Laid on Table, Rajya Sabha at Mumbai, Kozhikode, Thiruvananthapuram and Bengaluru during 23 September to 30 September, 2016.
- ◆ Visit of the Committee on Government Assurances, Rajya Sabha at Hyderabad, Vishakhapatnam and Kolkata during 17 October to 23 October, 2016.



Study visit of Parliamentary Committee on Empowerment of Women at Mumbai

- ◆ Department Related Standing Committee on Industry, Rajya Sabha at Mumbai & Goa during 19 December to 22 December, 2016.
- ◆ Department Related Standing Committee on Commerce at Bengaluru, Kochi and Thiruvananthapuram during 7 January to 11 January, 2017.
- ◆ Study visit of the Committee on Subordinate Legislation, Rajya Sabha at Ahmedabad, Mumbai, Hyderabad and Bengaluru during 4 January to 11 January, 2017.
- ◆ Visit of the Committee on Government Assurances, Rajya Sabha at Rajkot, Sasangir and Bhuj during 14 January to 20 January 2017.

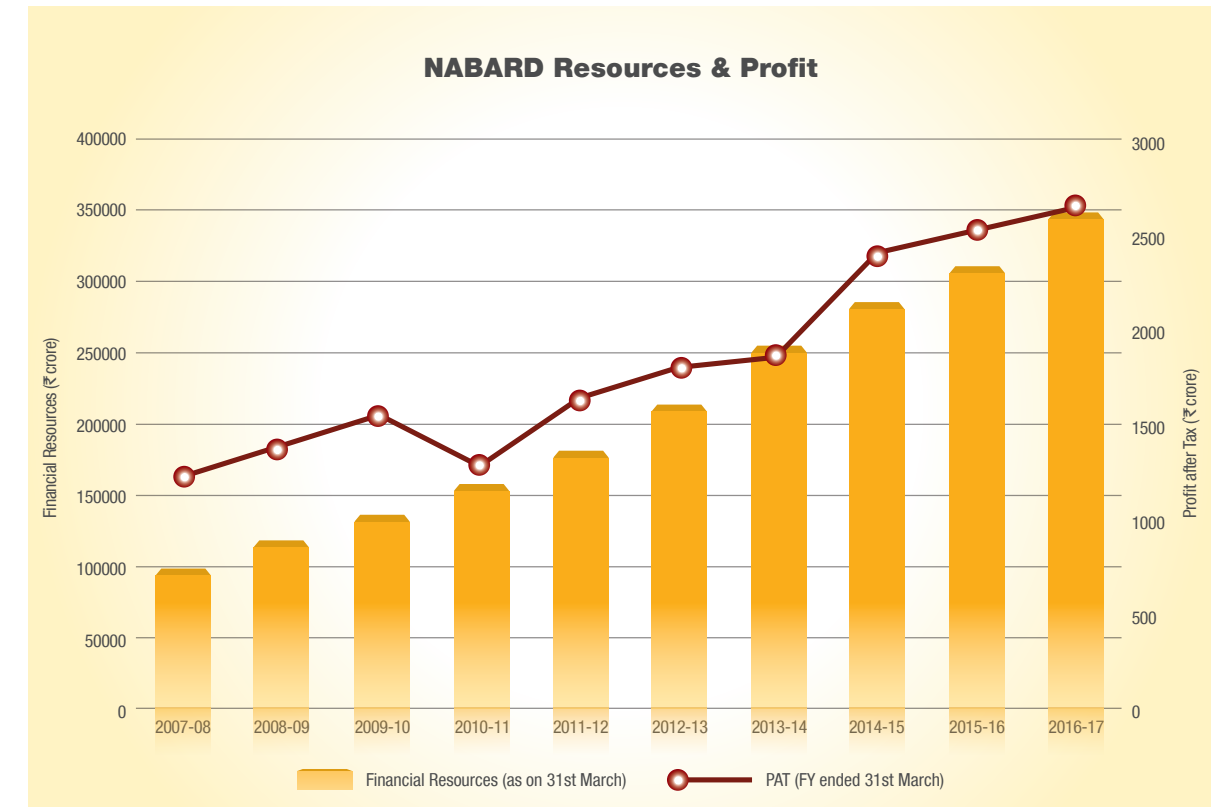
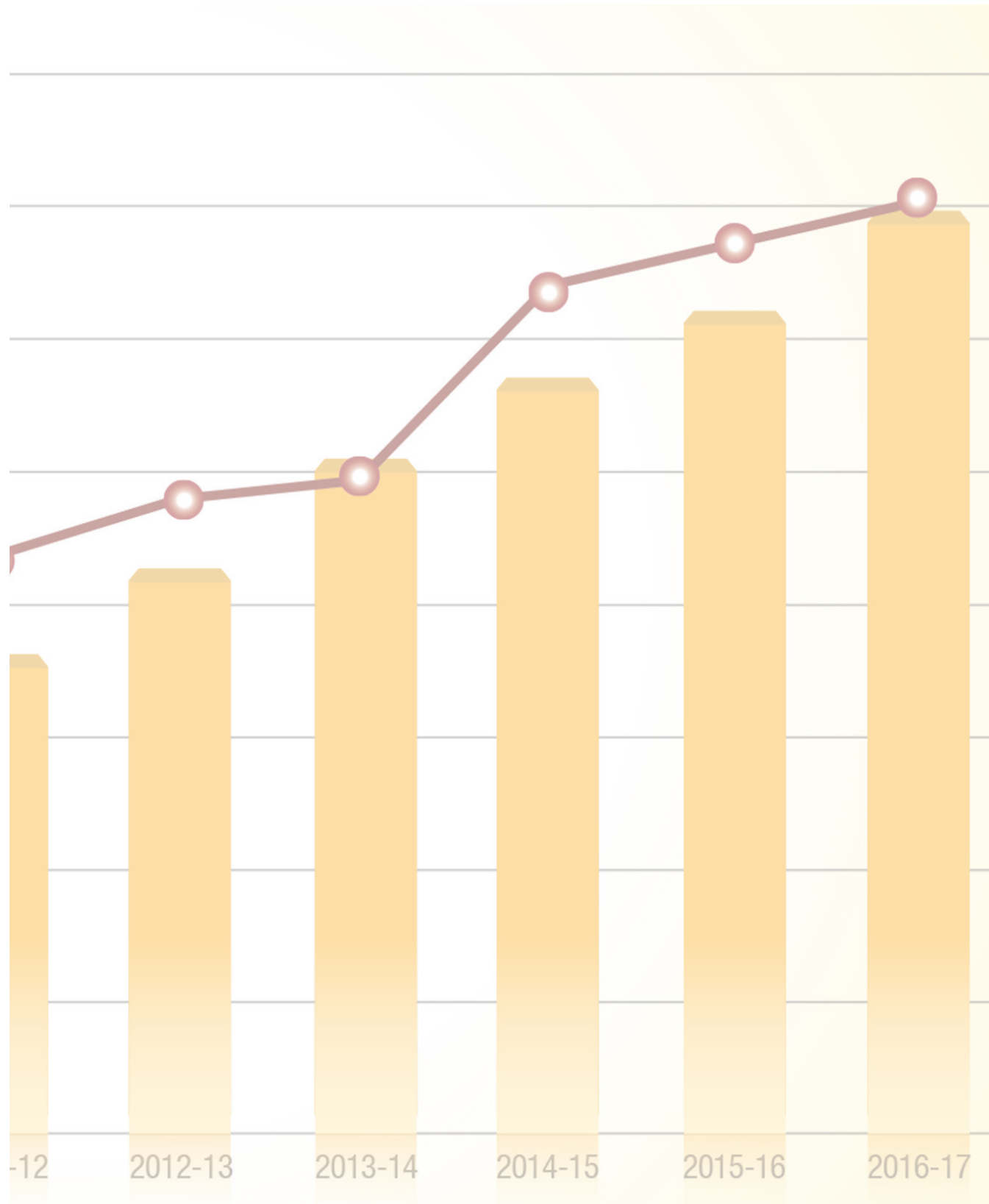


### 6.8 Promotion of Rajbhasha

Provisions of the Official Languages Act, 1963 and Official Languages Rules, 1976 were complied with and efforts were made to increase the progressive use of Hindi in day-to-day work of NABARD during 2016-17. Further, steps were taken to achieve the targets given under the time-bound programme of Government of India for the year 2016-17. Guidelines, manuals, reference literature, publications, etc., were prepared and published in Hindi for the benefit of clients, ultimate beneficiaries and staff members. Progressive use of Hindi was reviewed regularly on quarterly basis in the meetings of Official Languages Implementation Committees headed by the Deputy Managing Director at HO and respective ROs-in-Charge.

NABARD continued its efforts towards capacity building of its staff members in use of Hindi during the year, through conduct of workshops for improving noting and drafting skills, preparing Potential Linked Credit Plans (PLPs) in Hindi and for using voice typing tool. In addition, Rajbhasha Orientation Programmes for senior officers and Rajbhasha Nodal Officers of the north eastern region were also conducted. Hindi Day was celebrated in all offices and Rajbhasha shields were awarded to best performing HO departments and ROs. *Parangat* course devised by Gol for making the staff members having working knowledge of Hindi, proficient in Hindi was introduced in HO and some ROs.

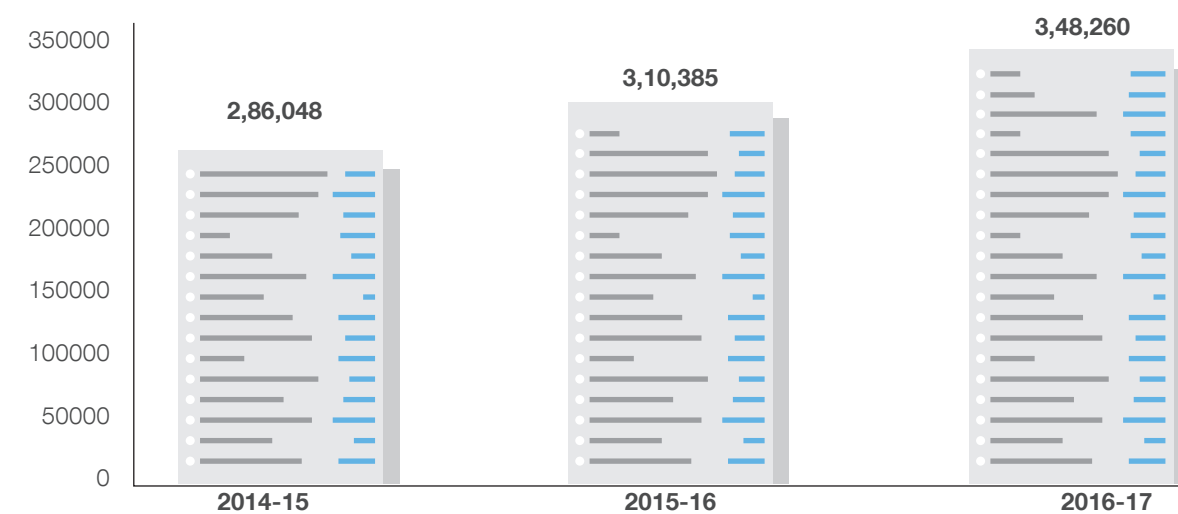
Rajbhasha inspection of eight ROs and seven HO departments was conducted during the year. House Journal 'Rashtriya Bank Srijana' continued to be published on quarterly basis. The journal bagged prestigious awards.



## 7 RESOURCE MANAGEMENT AND FINANCIAL PERFORMANCE

The financial resources at the disposal of NABARD were ₹3,48,260 crore on 31 March 2017 (Exhibit 7.1) (Table 7.1) as against ₹3,10,385 crore on 31 March 2016 – an increase of 12 per cent. NABARD’s total market borrowings were ₹2,79,880 crore (as on 31 March 2017), constituting 80 per cent of the combined resources of the Bank.

**Exhibit 7.1**  
**Balance Sheet Size as on 31 March (₹ crore)**





## 7.1 Sources of Funds

### 7.1.1 Capital, Reserves & Surplus

NABARD's authorised and paid-up capital was ₹5,000 crore on 31 March 2017 with the Government of India (GoI) holding 99.6 per cent and the Reserve Bank of India (RBI) 0.4 per cent share. Further, an amount of ₹300 crore was received from GoI during 2015-16 and ₹1,400 crore received during the 2016-17 towards share capital, which has been kept as advance, pending adjustment of the same against share capital after enhancement of authorised capital. NABARD's reserves and surplus increased from ₹22,126 crore on 31 March 2016 to ₹24,771 crore on 31 March 2017.

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

The National Rural Credit (Long Term Operations) Fund is utilised for investment credit refinance, while the National Rural Credit (Stabilisation) Fund is deployed for conversion or re-schedulement of short-term credit refinance. These funds are augmented by internal accruals and contributions received from the RBI. During 2016-17, the RBI contributed ₹1 crore to each of these funds. Balances in NRC (LTO) fund and NRC (Stabilisation) fund was ₹14,489 crore and ₹1,589 crore, respectively, as on 31 March 2017.

### 7.1.3 Deposits

#### (a) Short-Term Cooperative Rural Credit Fund

To augment NABARD's resources to extend short-term credit facilities to cooperative institutions, Short –Term Cooperative Rural Credit (STCRC) (Refinance) Fund was set up in 2008-09 with an allocation of ₹5,000 crore, contributed by scheduled commercial banks that had not achieved their priority sector lending obligations. The fund continues to receive allocations. The outstanding balance of the STCRC Fund was ₹45,009 crore as on 31 March 2017, which was the allocation for the year.

GoI had directed NABARD to undertake short term borrowings at prevailing market rates for a sum up to ₹20,000 crore for on lending to cooperative banks at 4.5 per cent as a part of post demonetisation measures for farmers accessing short term Kharif crop loans from cooperative banks. During the month of February and March 2017, an amount of ₹17,881 crore was borrowed from the market and disbursed to cooperative banks under this facility.

#### (b) Long Term Rural Credit Fund

A new line of credit to fulfil the requirements of cooperatives and RRBs to fund investment credit was set up in 2014-15 with a corpus of ₹5,000 crore, contributed by scheduled commercial banks to the extent of the shortfall in their priority sector lending operations. The outstanding balance under this fund was ₹30,001 crore on 31 March 2017.

#### (c) Tea, Coffee and Rubber Deposits

The outstanding balance under deposits from tea, coffee and rubber companies was ₹219 crore on 31 March 2017, as compared to ₹266 crore on 31 March 2016.

#### (d) RIDF Deposits

During 2016-17, Rural Infrastructure Development Fund (RIDF) deposits from commercial banks were mobilised under RIDF XVII-XXII tranches, aggregating ₹25,650 crore. Repayments made during the period were ₹17,032 crore under RIDF X-XIX tranches. The outstanding balance under the RIDF deposits was ₹1,05,503 crore on 31 March 2017, against ₹96,885 crore on 31 March 2016.

### 7.1.4 Borrowings

To meet the growing demand for credit, NABARD has been augmenting its resources via market borrowings, such as issuing corporate bonds, commercial papers, certificates of deposit and term money borrowings.

#### (a) Capital Gains Bonds

The outstanding balance under Capital Gains Bonds was ₹1.29 crore on 31 March 2017.

#### (b) Corporate Bonds

Corporate Bonds amounting to ₹9,508 crore were redeemed during 2016-17, while fresh bonds amounting to ₹11,840 crore were issued. The amount outstanding at the end of 31 March 2017 was ₹31,479 crore as against ₹29,147 crore as on 31 March 2016.

#### (c) Bhavishya Nirman Bonds

Redemption of two series of Bhavishya Nirman Bonds was made during 2016-17. The outstanding principal balance of these bonds was ₹4,971 crore on 31 March 2017 as against ₹4,975 crore on 31 March 2016.

#### (d) Certificates of Deposit

Borrowings of ₹7,479 crore were mobilised during 2016-17 through the issuance of Certificates of Deposit. Redemption of ₹5,545 crore Certificates of Deposit was done during 2016-17. Outstanding borrowing under Certificates of Deposit was ₹7,479 crore as on 31 March 2017.

#### (e) Commercial Papers (CP)

Fresh borrowings through commercial papers, aggregating ₹48,238 crore, were mobilised during 2016-17. CPs amounting to ₹44,816 crore were redeemed during the period. As on 31 March 2017, the outstanding balance was ₹16,193 crore as against ₹12,771 crore as on 31 March 2016.

#### (f) Term Money Borrowings

To meet short-term requirements for funds, term money borrowings with tenors of three to six months were mobilised. Repayments of ₹4,236 crore were made and fresh term money borrowings worth ₹4,910 crore were raised during 2016-17. The amount outstanding on 31 March 2017 was ₹2,193 crore, compared to ₹1,519 crore on 31 March 2016.

#### (g) GoI Borrowings

While there were no fresh borrowings from GoI during 2016-17, the entire outstanding amount of ₹12.25 crore was repaid during the year.

#### (h) Tax Free Bonds

The outstanding balance against Tax Free Bonds mobilised in 2016 was ₹5,000 crore on 31 March 2017. No fresh bonds under this category were issued during 2016-17.

#### (i) Long Term Irrigation Fund (LTIF)

This fund was announced in the Union Budget 2016-17. GoI had projected a total disbursement of ₹20,000 crore for various irrigation projects under Long Term Irrigation Fund (LTIF), during 2016-17. Under a special dispensation, GoI agreed to service bond issuance up to the extent of ₹6,300 crore while the remaining amount of ₹13,700 crore was proposed to be raised by NABARD from market borrowings.

NABARD borrowed ₹2,187 crore towards GoI serviced bonds and ₹4,485 crore towards NABARD share during the year 2016-17. Additionally, ₹2,414 crore was borrowed by issuing NABARD bonds for lending towards Polavaram irrigation project.

#### (j) Foreign Currency Borrowings

The redemption under borrowings from KfW was to the tune of ₹46 crore during the year. An amount of ₹8 crore was mobilised, while the outstanding borrowings was ₹684 crore on 31 March 2017, as against ₹722 crore on 31 March 2016. The foreign exchange risk on these loans and interest thereof has been fully hedged at an average annual cost of 5.73 per cent for 3 to 10 years.

**Table 7.1**  
**Sources of Funds (Audited)**  
(As on 31 March)

Particulars	2016		2017	
	Amount	Share (%)	Amount	Share (%)
Capital, Reserves & Surplus	27,426	8.84	31,471	9.04
NRC (LTO) and NRC (Stabilisation ) Funds	16,074	5.18	16,078	4.62
Tea, Coffee and Rubber Deposits	266	0.09	219	0.06
RIDF Deposits	96,885	31.21	1,05,503	30.29
STCRC Fund	53,991	17.39	45,009	12.92
ST Fund for RRBs	15,997	5.15	10,003	2.87
LTRC	18,997	6.12	30,001	8.61
Bonds & Debentures (including BNB)	34,123	10.99	36,451	10.47
Commercial Paper	12,771	4.11	16,193	4.65
Certificates of Deposit	5,545	1.79	7,479	2.15
Tax Free Bonds	5,000	1.61	5,000	1.44
Term Money Borrowings	1,520	0.49	2,193	0.63
Borrowings from Gol	12	0.00	0	0.00
Borrowings JNN Solar Mission	15	0.00	15	0.00
Foreign Currency Loan	722	0.23	684	0.20
Warehouse Infrastructure Fund	3,550	1.14	3,531	1.01
Food Processing Fund	100	0.03	150	0.04
LTIF	0	0.00	9,086	2.61
CBLO & Repo	0	0.00	7,614	2.19
Borrowings against STD	0	0.00	750	0.22
Other Liabilities	11,373	3.66	14,647	4.21
Other Funds	6,018	1.94	6,183	1.78
<b>Total</b>	<b>3,10,385</b>	<b>100.00</b>	<b>3,48,260</b>	<b>100.00</b>

### 7.2 Uses of Funds

#### 7.2.1 ST Loans, MT (Conversion) Loans

The total outstanding under ST-SAO and ST (OSAO) as on 31 March 2017 was ₹73,553.37 crore, as against ₹69,718.82 crore as at the end of the previous year, registering an increase of 5.50 per cent. Under ST-SAO, the shares of StCBs, RRBs, CBs and SCARDBs were ₹59,314.12 crore, ₹12,258.70 crore, ₹270.81 crore and ₹200 crore, respectively. Under ST-OSAO, the outstandings of StCBs and RRBs were ₹1,054.74 crore and ₹455 crore, respectively.

The outstanding loans under MT Conversion as on 31 March 2017 was ₹1,065 crore as against ₹446.90 crore as at the end of the previous year.

#### 7.2.2 Long Term Loan

Refinance assistance aggregating ₹1,05,207.49 crore as on 31 March 2017 was outstanding against banks in respect of the medium and long term investment loans provided by them as against ₹89,423.54 crore at the end of 31 March 2016, thereby registering an increase of 17.65 per cent.

#### 7.2.3. Direct lending to District Central Cooperative Banks

A Short-term multipurpose credit product designed for direct lending to DCCBs for meeting the working capital and farm asset maintenance needs of the individual borrowers and affiliated PACS was launched during 2011-12. The quantum of outstanding under this line of credit was ₹2,565.20 crore as on 31 March 2017 as against ₹3,250.75 crore as on 31 March 2016.

#### 7.2.4 Direct Loans

##### ♦ RIDF

The outstanding loans provided to state governments for implementation of RIDF projects was ₹1,00,981.48 crore as on 31 March 2017 compared to ₹91,384.12 crore as on 31 March 2016.

##### ♦ Warehouse Infrastructure Fund

The fund is used for extension of loans to public and private sector companies/ agencies for construction of warehouses, silos, cold storage and other cold chain infrastructure. The outstanding loans under NABARD Warehousing Scheme (NWS) was ₹3,402.11 crore as on 31 March 2017 as against ₹2,361.95 crore as on 31 March 2016.

##### ♦ NABARD Infrastructure Development Assistance

The outstanding loans under NABARD Infrastructure Development Assistance (NIDA) was ₹4,978 crore as on 31 March 2017 as against ₹3,238.89 crore as on 31 March 2016.

##### ♦ Producers' Organisation Development Fund (PODF)

The outstanding loans under PODF was ₹316.58 crore as on 31 March 2017 as against ₹377.77 crore as on 31 March 2016.

##### ♦ Credit Facilities to Federations

The outstanding loans under Credit Facilities to Federations was ₹6,961 crore as on 31 March 2017 as against ₹4,948.50 crore as on 31 March 2016.

##### ♦ Food Processing Fund

The fund is used for providing affordable credit for establishment of designated Food Parks and for setting up of individual processing units in such designated Food Parks. An amount of ₹139.79 crore was outstanding as on 31 March 2017 as against ₹20.57 crore during the previous year.

##### ♦ Long Term Irrigation Fund (LTIF)

As a part of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) announced in the Union Budget 2016-17, the Long Term Irrigation Fund (LTIF) was instituted in NABARD to increase irrigation infrastructure. An amount of ₹9,086.02 crore was outstanding as on 31 March 2017.

##### ♦ Non-Project Loans

The outstanding in respect of long term loans granted to state governments for contributing to the share capital of co-operative credit institutions, was ₹53.43 crore as on 31 March 2017 compared to ₹66.38 crore as on 31 March 2016.

##### ♦ Other Loans

Other loans extended out of different funds (CDF, MFDEF, WDF and TDF, KfW UPNRM, Farm Sector and Off-farm Sector Promotion Fund, JNN Solar Mission) and Co-Finance Loans was ₹321.73 crore as on 31 March 2017 as against ₹209.85 crore as on 31 March 2016.

##### ♦ Investment of Surplus Funds

The quantum of surplus deployed by NABARD in various financial instruments including deposits with banks was ₹32,711.03 crore as on 31 March 2017. Out of this, ₹22,515.97 crore was deployed in Government Securities and other financial instruments, ₹8,846 crore was kept in the form of Short Term Bank Deposits and ₹1,349.06 crore in Collateralised Borrowing and Lending Obligations in order to meet liquidity and contingency requirements, as on 31 March 2017.



(Amount in ₹ crore)

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

The total income of NABARD during 2016-17 amounted to ₹22,276.91 crore (Exhibit 7.2) as against ₹20,730.12 crore for the year 2015-16. The profit before tax (PBT) and profit after tax (PAT) (Exhibit 7.3) were at ₹3,816.83 crore and ₹2,645.50 crore, respectively as on 31 March 2017, as against the previous year's PBT and PAT at ₹3,652.75 crore and ₹2,523.81 crore, respectively. After meeting the tax obligations, the net surplus has been appropriated by transferring of amounts to various funds maintained in NABARD including R & D Fund, Reserve Funds, NRC (LTO) Fund, NRC Stabilisation Fund and other funds.

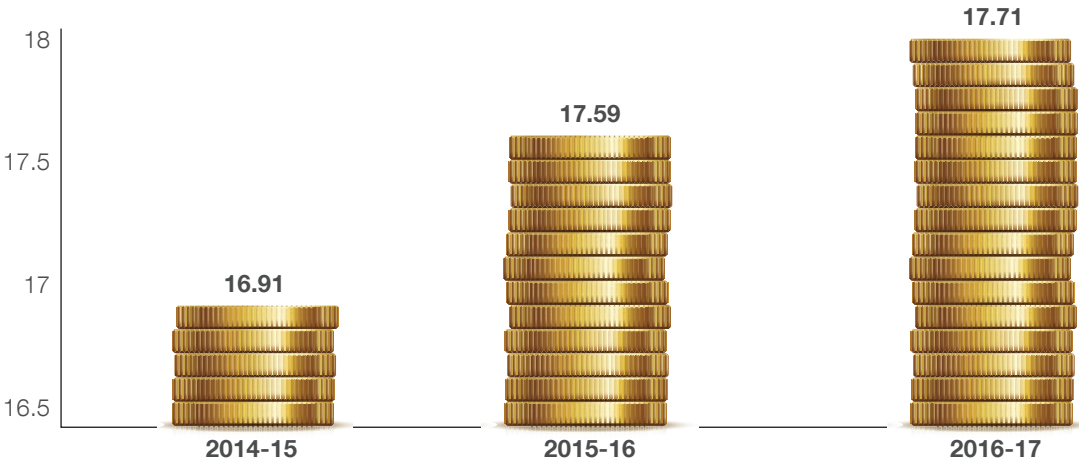
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### 7.4 Capital Adequacy

The capital to risk-weighted assets ratio (CRAR) was at 17.71 per cent as on 31 March 2017 as compared to 17.59 per cent as on 31 March 2016 (Exhibit 7.6).

**Exhibit 7.6**  
**Capital Adequacy Ratio (%) as on 31 March**



### 7.5 Inspection and Concurrent Audit

During the year 2016-17, the Inspection Department conducted 42 inspections viz. 21 Regional Offices, 02 Training Establishments, 15 Head Office Departments and 04 Subsidiaries of NABARD to ensure compliance with the regulations and norms pertaining to financial transactions and operations.

The Audit Committee of the Board met four times during 2016-17 to review the quarterly financial results, annual accounts and balance sheet of the Bank, inspection report by RBI and compliance thereof, synopsis of inspection reports of Regional Offices, Head Office Departments, Training establishments and NABARD Subsidiaries, position of intermediary accounts, performance of Concurrent Auditors, etc.

### 7.6 Risk Management

An independent Risk Governance structure has been put in place for Integrated Enterprise Risk Management covering Credit, Market, Operational and Compliance risks. The revised Integrated Enterprise Risk Management Policy guidelines covering these risks were put in place in tune with changing needs of our business portfolios and adherence to the regulator’s guidelines.

Two Requests for Proposal (RfPs) were floated during the year for engaging a consultant for (i) identifying Central Risk Management Software (CRMS) for NABARD and (ii) preparation of Enterprise-wide Business Continuity Management Plan for NABARD, not only to ensure safety of data, hardware, software, etc., but also safeguarding the staff in the organisation.

The Risk Appetite Statement of NABARD was formulated, identifying 9 major risk categories viz., Strategic risk, Financial risk, Reputation risk, Supervision risk, Human Capital risk, Technology risk, Operational risk, External risk and Compliance risk and their tolerance levels for each risk as no risk appetite, low risk appetite, moderate risk appetite, or high risk appetite.

Operational audit was carried out in respect of 11 NPA accounts to internalise the findings. Close monitoring of NPA and SMA accounts was undertaken with a view to improve asset quality. It has been decided to establish Monitoring Teams in HO Departments and Monitoring Cells in ROs, to ensure functional independence between the credit sanction and credit administration functions.

With a view to strengthening the market risk and liquidity risk framework in the Bank, Stress Testing, Scenario Analysis and Earning at Risk Analysis were undertaken during the year.

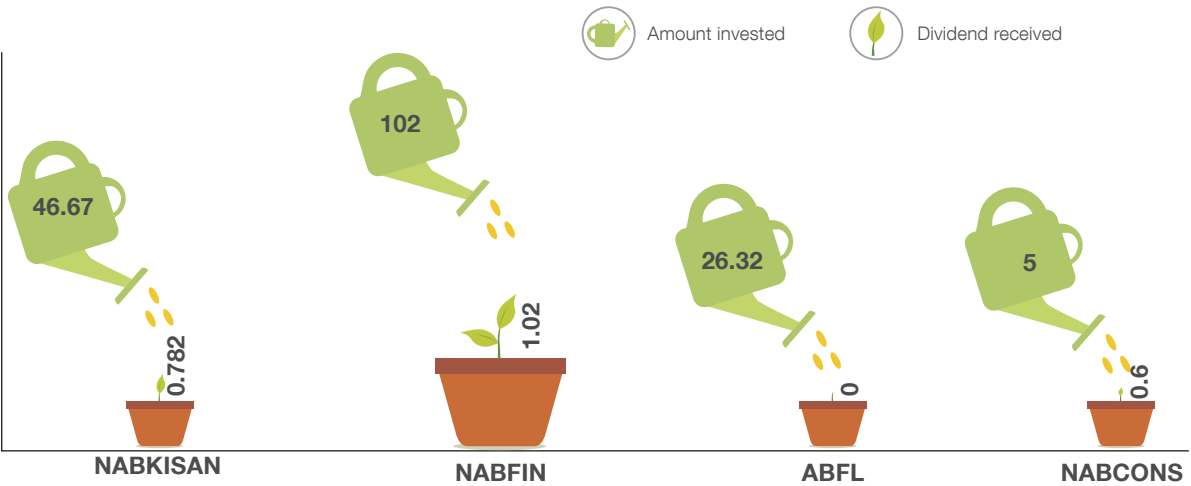
NABARD manages Operational Risk by ensuring a comprehensive system of internal controls and systems through risk mitigation mechanism. Action initiated as part of operational risk management include introduction of Risk Registers, issuance of Fraud Risk Management Policy Guidelines, review of Disaster Recovery Drills, review of Compliance Risk Returns, etc.

### 7.7 Subsidiaries of NABARD

- Following are the four subsidiaries of NABARD.
- NABKISAN Finance Services Limited, Mumbai
  - NABARD Financial Services Limited, Bengaluru (NABFINS)
  - Agri Business Finance Limited, Hyderabad (ABFL) (renamed as NABSAMRUDDHI Finance Limited, Hyderabad)
  - NABARD Consultancy Services Private Limited, New Delhi (NABCONS)

NABARD’s investment in its subsidiaries is presented in Exhibit 7.7. During the year 2016-17, ABFL was renamed ‘NABSAMRUDDHI’ and it expanded its operation from Andhra Pradesh to other states, as it is set for pan India expansion. The Company is also likely to set up its corporate office in Mumbai and focus on wholesale lending to housing, MSME and other non-farm sector activities.

**Exhibit 7.7**  
**Investment in Subsidiaries (₹ crore)**





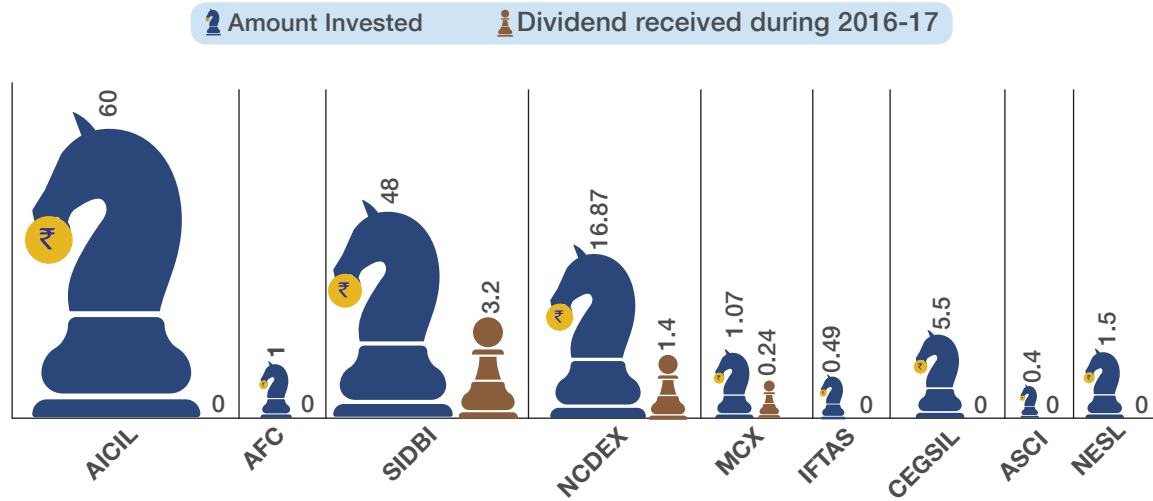
7.8 Strategic Investments of NABARD

NABARD has invested in the following eight companies, the operations of which has an impact on agriculture in general and farmers in particular.

1. Agriculture Insurance Company of India Ltd. (AICIL)
2. AFC India Ltd.
3. Small Industries Development Bank of India (SIDBI)
4. National Commodity and Derivatives Exchange Ltd. (NCDEX)
5. Multi Commodity Exchange of India Ltd. (MCX)
6. Indian Financial Technology & Allied Services (IFTAS)
7. CSC e-Governance Services India Limited (CeGSIL)
8. Agriculture Skill Council of India (ASCI)
9. National E-Governance Services Limited (NESL)

No. of investment: 9  
Amount Invested: ₹ 153.90 crore  
Dividend received as on 31.03.2017: ₹ 4.84 crore

Exhibit 7.8  
Strategic Investments of NABARD (₹ crore)



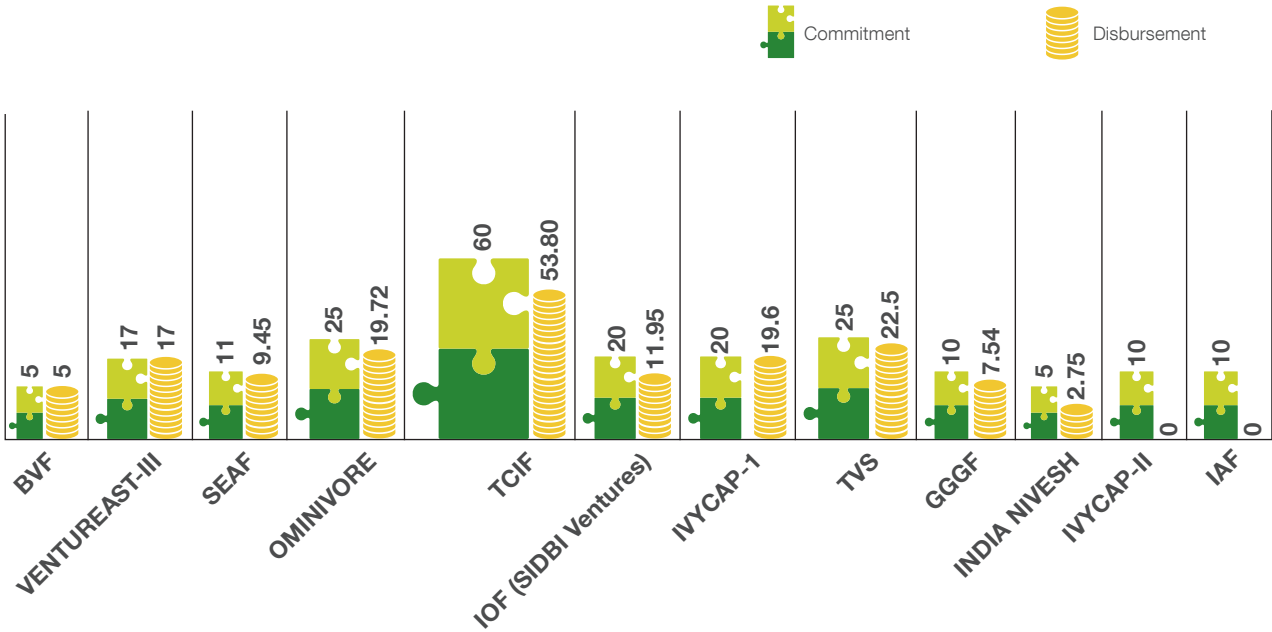
7.9 Investments in Venture Capital Funds

NABARD invests in venture capital funds (VCFs) to facilitate venture investments in agriculture and rural development so as to promote technological innovations and technology dissemination in the sector. The summary of VCF investments is given in Table 7.3, and the fund-wise status of investments and disbursements are presented in Exhibit 7.9. NABARD's commitments in VCF has led to venture capital investments to the tune of ₹ 650 crore in 37 portfolio companies that will have direct or indirect impact on agriculture and rural development. Noteworthy innovations brought out by the portfolio companies that will benefit farmers are solar operated micro cold storage and solar dryers, bio stimulants from seaweeds, e-dairy farming, smart agriculture technology, supply chain aggregation through mobile application platform, etc.

Table 7.3  
Investments in Venture Capital Funds

No. of funds committed	12	Name of Funds
Total Commitments	₹ 218 crore	1. Biotechnology Venture Fund (BVF)
Drawdown released (as on 31.12.2016)	₹ 178 crore	2. Ventureast Life Fund III
Returns received (as on 31.12.2016) Gains/Dividend	₹ 2.21 crore	3. SEAF India Agribusiness Fund (SEAF)
		4. Omnivore India Capital Trust (Omnivore)
		5. Tata Capital Innovations Fund (TCIF)
		6. India Opportunities Fund (IOF)
		7. IvyCap Ventures Trust Fund – I (IvyCap-I)
		8. TVS Shriram Growth Fund (TVS)
		9. Golden Gujarat Growth Fund (GGGF)
		10. India Nivesh Growth & Special Situations Fund
		11. IvyCap Ventures II
		12. India Advantage Fund

Exhibit 7.9  
Investment in venture capital funds (₹ crore)





**NABARD**

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**Annual Accounts  
2016-17**



# Balance Sheet, Profit & Loss Account and Cash Flow 2016-17 of NABARD



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of National Bank for Agriculture and Rural Development (the Bank), which comprise the Balance Sheet as at March 31, 2017, Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 13 Regional Offices and 1 Training Centre visited by us for the purposes of audit and the same including Head Office account for 76.12% of advances, 99.71% of deposits and term money borrowings, 79.46% of interest income and 99.79% of interest expenses. These Offices and Training Centre have been selected in consultation with the Bank. We have not visited balance offices of the Bank i.e. 17 Regional Offices and 2 Training Centres and have reviewed their returns at the Head Office.

### Management's Responsibility for the Standalone Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984, 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, and 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

1. In our opinion, as shown by books of bank, and to the best of our information and according to the explanations given to us;
  - a. the Balance Sheet, read with the notes thereon, containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at March 31, 2017, in conformity with accounting principles generally accepted in India;
  - b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit in conformity with accounting principles generally accepted in India, for the period ended on that date; and
  - c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account 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.

As required by the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984, we 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, 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 training centres not visited by us.

In our opinion, the aforesaid Standalone Financial Statements comply with the applicable Accounting Standards.

### For Vyas & Vyas

Chartered Accountants  
(Firm Registration No 000590C)

### O.P.Vyas

Partner  
(Membership No. 014081)  
Place: Guwahati  
Date: 26 May 2017



## BALANCE SHEET

### NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT BALANCE SHEET AS ON 31 MARCH 2017

(₹ in thousands)

Sr. No.	FUNDS AND LIABILITIES	SCHEDULE	As on	As on
			31.03.2017	31.03.2016
1	i) Capital (Under Section 4 of the NABARD Act, 1981)		5000,00,00	5000,00,00
	ii) Advance towards Share Capital (Refer Note B-31.1 of Schedule 18)		1700,00,00	300,00,00
	<b>Total</b>		<b>6700,00,00</b>	<b>5300,00,00</b>
2	Reserve Fund and other Reserves	1	24770,97,15	22126,00,69
3	National Rural Credit Funds	2	16078,00,00	16074,00,00
4	Gifts, Grants, Donations and Benefactions	3	4943,94,59	4895,17,31
5	Government Schemes	4	1240,99,19	1122,76,27
6	Deposits	5	194414,81,97	189786,33,74
7	Bonds and Debentures	6	50537,50,41	39123,49,36
8	Borrowings	7	34927,14,50	20584,37,09
9	Current Liabilities and Provisions	8	14646,90,02	11372,77,54
	<b>Total</b>		<b>348260,27,83</b>	<b>310384,92,00</b>
	Forward Foreign Exchange Contracts (Hedging) as per contra		603,37,41	700,35,41

(₹ in thousands)

Sr. No.	PROPERTY AND ASSETS	SCHEDULE	As on	As on
			31.03.2017	31.03.2016
1	Cash and Bank Balances	9	12961,09,69	18547,87,43
2	Investments	10	26450,35,95	26465,92,80
3	Advances	11	304955,05,69	260493,44,45
4	Fixed Assets	12	390,76,10	352,53,93
5	Other Assets	13	3503,00,40	4525,13,39
	<b>Total</b>		<b>348260,27,83</b>	<b>310384,92,00</b>
	Forward Foreign Exchange Contracts (Hedging) as per contra		603,37,41	700,35,41
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of accounts

As per our attached report of even date

**Vyas & Vyas**

Chartered Accountants

FRN. 000590C

**O P Vyas**

Partner

M No. 014081

Guwahati

Date: 26 May 2017

**A K Sahoo**

Chief General Manager

Accounts Department

Date: 26 May 2017

**Harsh Kumar Bhanwala**  
Chairman

**R Amalorpavanathan**  
Deputy Managing Director

**B. P. Kanungo**  
Director

**Anup Kumar Dash**  
Director

### NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

(₹ in thousands)

Sr. No.	INCOME	SCHEDULE	2016-17	2015-16
1	Interest received on Loans and Advances		19068,82,92	17711,70,59
2	Income from Investment Operations / Deposits		3020,57,37	2812,14,00
3	Other Income (Refer Note B-8 of Schedule 18)		187,50,66	206,27,32
	<b>Total "A"</b>		<b>22276,90,95</b>	<b>20730,11,91</b>

(₹ in thousands)

Sr.No.	EXPENDITURE	SCHEDULE	2016-17	2015-16
1	Interest and Financial Charges (Refer Note B-7 of Schedule-18)	14	16267,88,54	15438,61,32
2	Establishment and Other Expenses	15 A	1953,21,66	1461,10,00
3	Expenditure on Promotional Activities	15 B	43,66,08	45,53,65
4	Provisions	16	168,01,24	105,99,99
5	Depreciation		27,29,97	26,12,23
	<b>Total "B"</b>		<b>18460,07,49</b>	<b>17077,37,19</b>
6	<b>Profit before Tax (A - B)</b>		<b>3816,83,46</b>	<b>3652,74,72</b>
7	<b>Provision for</b>			
	a) Income Tax		1190,00,00	1140,00,00
	b) Deferred Tax - (Asset)		(18,67,00)	(11,06,00)
	(Refer Note B-10 of Schedule 18)			
8	<b>Profit after Tax</b>		<b>2645,50,46</b>	<b>2523,80,72</b>
	Significant Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of accounts

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT  
PROFIT AND LOSS APPROPRIATION ACCOUNT

(₹ in thousands)			
Sr. No.	APPROPRIATIONS / WITHDRAWALS	2016-17	2015-16
1	Profit for the year brought down	2645,50,46	2523,80,72
2	Add: Withdrawals from funds against expenditure debited to Profit & Loss A/c		
a)	Co-operative Development Fund ( Refer Schedule 1)	16,72,43	15,39,97
b)	Research and Development Fund ( Refer Schedule 1)	15,91,28	35,44,30
c)	Producers Organisation Development Fund ( Refer Schedule 1)	4,10,43	2,62,33
d)	Investment Fluctuation Reserve ( Refer Schedule 1)	122,43,39	0
e)	Rural Infrastructure Promotion Fund	1,58,41	2,60,42
f)	Farm Sector Promotion Fund ( Refer Schedule 1)	21,19,64	24,90,93
g)	Climate Change Fund	4,95	0
2.1	Withdrawals of Funds which have been closed		
i)	mFDEF ( Refer Note B-4 of Schedule 18)	1,46,00	3,21,00
3	Profit available for Appropriation	2828,96,99	2607,99,67
	Less: Transferred to:		
a)	Special Reserves u/s 36(1) (viii) of IT Act, 1961	650,00,00	550,00,00
b)	National Rural Credit (Long Term Operations) Fund (Refer Schedule 2)	1,00,00	1,00,00
c)	National Rural Credit (Stabilisation) Fund (Refer Schedule 2)	1,00,00	1,00,00
d)	Research and Development Fund (Refer Schedule 1)	15,91,28	35,44,30
e)	Investment Fluctuation Reserve ( Refer Schedule 1)	95,43,39	296,00,00
f)	Co-operative Development Fund	10,30,24	0
g)	Producers' Organizations Development Fund	61,09,81	0
h)	Farm Sector Promotion Fund ( Refer Schedule 1)	21,19,64	10,61,72
i)	Gramya Vikas Nidhi ( Refer Schedule 1)	20,00,00	20,00,00
j)	Climate Change Fund ( Refer Schedule 1)	5,04,95	5,00,00
k)	Reserve Fund	1947,97,68	1688,93,65
	<b>Total</b>	<b>2828,96,99</b>	<b>2607,99,67</b>

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

As per our attached report of even date

**Vyas & Vyas**

Chartered Accountants

**O P Vyas**

Partner

Guwahati

Date: 26 May 2017

**A K Sahoo**

Chief General Manager

Accounts Department

Date: 26 May 2017

**Harsh Kumar Bhanwala**  
Chairman

**R Amalorpavanathan**  
Deputy Managing Director

**B. P. Kanungo**  
Director

**Anup Kumar Dash**  
Director

SCHEDULES TO BALANCE SHEET  
SCHEDULE 1 - RESERVE FUND AND OTHER RESERVES

(₹ in thousands)						
Sr. No.	Particulars	Opening Balance as on 01.04.2016	Exp./Add./ Adjust. during the year	Transferred From P&L Appropriation	Transferred to P&L Appropriation	Balance as on 31.03.2017
1	Reserve Fund	14402,96,73	0	1947,97,68	0	16350,94,41
2	Research and Development Fund	50,00,00	0	15,91,28	15,91,28	50,00,00
3	Capital Reserve	74,80,53	0	0	0	74,80,53
4	Investment Fluctuation Reserve	951,00,00	0	95,43,39	122,43,39	924,00,00
5	Co-operative Development Fund	66,42,19	0	10,30,24	16,72,43	60,00,00
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	6435,00,00	0	650,00,00	0	7085,00,00
7	Producers' Organizations Development Fund	43,00,62	0	61,09,81	4,10,43	100,00,00
8	Rural Infrastructure Promotion Fund	17,80,62	0	0	1,58,41	16,22,21
9	Farm Sector Promotion Fund	60,00,00	0	21,19,64	21,19,64	60,00,00
10	Gramya Vikas Nidhi	20,00,00		20,00,00	0	40,00,00
11	Climate Change Fund	5,00,00	0	5,04,95	4,95	10,00,00
	<b>Total</b>	<b>22126,00,69</b>	<b>0</b>	<b>2826,96,99</b>	<b>182,00,53</b>	<b>24770,97,15</b>
	Previous year	19600,98,97	0	2605,99,67	80,97,95	22126,00,69

Schedule 2 - National Rural Credit Funds

(₹ in thousands)					
Sr. No.	Particulars	Opening Balance as on 01.04.2016	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2017
1	National Rural Credit (Long Term Operations) Fund	14487,00,00	1,00,00	1,00,00	14489,00,00
2	National Rural Credit (Stabilisation) Fund	1587,00,00	1,00,00	1,00,00	1589,00,00
	<b>Total</b>	<b>16074,00,00</b>	<b>2,00,00</b>	<b>2,00,00</b>	<b>16078,00,00</b>
	Previous year	16070,00,00	2,00,00	2,00,00	16074,00,00



### Schedule 3 - Gifts, Grants, Donations and Benefactions

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Additions / Adjustments during the year	Interest Credited	Expenditure / Disbursements during the year	Balance as on 31.03.2017
<b>A</b>	<b>Grants from International Agencies</b>					
1	KfW - NABARD V Fund for Adivasi Programme (Refer Note B-2 of Schedule 18)	<b>2,10,25</b>	95,21	7,54	1,95,26	<b>1,17,74</b>
2	KfW - NB - IX Adivasi Development Programme – Maharashtra	<b>3,92,03</b>	0	59,96	4,51,99	<b>0</b>
3	KfW UPNRM - Accompanying Measures (Refer Note B-2 of Schedule 18)	<b>26,50</b>	0	22	26,72	<b>0</b>
4	KfW NB UPNRM - Financial Contribution	<b>0</b>	0	0	0	<b>0</b>
5	KfW UPNRM - Risk Mitigation Fund	<b>0</b>	0	0	0	<b>0</b>
6	KfW UPNRM Fund	<b>0</b>	0	0	0	<b>0</b>
7	KfW - NB - Indo German Watershed Development Programme - Phase III - Maharashtra	<b>12,82</b>	0	0	12,82	<b>0</b>
8	Indo German Watershed Development Programme - Andhra Pradesh (Refer Note B-2 of Schedule 18)	<b>31,03</b>	85,72	2,85	2,55	<b>1,17,05</b>
9	Indo German Watershed Development Programme - Gujarat (Refer Note B-2 of Schedule 18)	<b>3,98,02</b>	0	21,56	1,19,83	<b>2,99,75</b>
10	Indo German Watershed Development Programme – Rajasthan (Refer Note B-2 of Schedule 18)	<b>0</b>	4,04,18	64	1,93,76	<b>2,11,06</b>
11	GIZ UPNRM Technical Collaboration	<b>61,49</b>	0	0	23,16	<b>38,33</b>
12	Climate Change - (AFB) - Project Formulation Grant	<b>20,56</b>	0	0	13,84	<b>6,72</b>
13	Climate Change - (AFB) - Project / Programme Implementation a/c	<b>6,80,12</b>	5,82,08	0	5,12,01	<b>7,50,19</b>
14	National Adaptation Fund for Climate Change a/c (Refer Note B-2 of Schedule 18)	<b>88,75,27</b>	98,04,72	7,12,69	27,58,56	<b>166,34,12</b>
15	GIZ Soil Project	<b>0</b>	74,35	0	15,55	<b>58,80</b>
16	KfW Soil Project	<b>0</b>	1,22,19	0	1,22,19	<b>0</b>

### Schedule 3 - Gifts, Grants, Donations and Benefactions

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Additions / Adjustments during the year	Interest Credited	Expenditure / Disbursements during the year	Balance as on 31.03.2017
<b>B</b>	<b>Other Funds</b>					
1	Watershed Development Fund (Refer Note B-2 of Schedule 18) (i)	<b>1108,74,45</b>	139,32,57	68,83,42	106,41,63	<b>1210,48,81</b>
2	Interest Differential Fund - ( Forex Risk )	<b>246,53,27</b>	(2,32,16)	0	0	<b>244,21,11</b>
3	Interest Differential Fund - ( Tawa )	<b>10,00</b>	0	0	0	<b>10,00</b>
4	Adivasi Development Fund	<b>5,77,50</b>	0	0	3	<b>5,77,47</b>
5	Tribal Development Fund (i) (Refer Note B-2 of Schedule 18) (ii)	<b>876,72,97</b>	350,95,71	57,91,12	269,03,35	<b>1016,56,45</b>
6	Financial Inclusion Fund (Refer Note B-2 of Schedule 18) (iii)	<b>2452,74,18</b>	335,37,76	142,77,35	744,40,14	<b>2186,49,15</b>
7	National Bank - Swiss Development Coop. Project	<b>55,61,77</b>	6,25,36	0	0	<b>61,87,13</b>
8	RPF & RIF - Off-Farm Sector Promotion Fund	<b>39,81,81</b>	0	0	8,41,82	<b>31,39,99</b>
9	Centre for Professional Excellence in Co-operatives - (C-PEC) (Refer Note B-2 of Schedule 18)	<b>2,03,27</b>	0	15,16	0	<b>2,18,43</b>
10	LTIF Interest Fluctuation Reserve Fund (Refer Note B-6 of Schedule 18)	<b>0</b>	2,52,29	0	0	<b>2,52,29</b>
11	mFDEF- (Closed Fund)	<b>0</b>	1,46,00	0	1,46,00	<b>0</b>
	<b>Total</b>	<b>4895,17,31</b>	<b>945,25,98</b>	<b>277,72,51</b>	<b>1174,21,21</b>	<b>4943,94,59</b>
	<b>Previous year</b>	<b>4209,50,61</b>	<b>1295,59,51</b>	<b>248,72,30</b>	<b>858,65,11</b>	<b>4895,17,31</b>

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

- (i) includes ₹48.22 crore being the income tax paid  
(ii) includes ₹120.14 crore being the income tax paid  
(iii) includes ₹116.07 crore being the income tax paid

#### SCHEDULE 4 - GOVERNMENT SCHEMES

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Additions / Adjustments during the year	Interest Credited	Expenditure / Disbursements during the year	Balance as on 31.03.2017
<b>A</b>	<b>Government Subsidy Schemes</b>					
1	Capital Investment Subsidy for Cold Storage Projects - NHB	38,42	2,47,76	0	2,30,72	55,46
2	Capital Subsidy for Cold Storage TM North East	8,40	0	0	0	8,40
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	4,72	94,58	0	79,58	19,72
4	On-farm Water Management for Crop Production	7,17	0	0	0	7,17
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	77,26,15	0	0	(65,73)	77,91,88
6	Cattle Development Programme - Uttar Pradesh (Refer Note B-2 of Schedule 18)	2,32	0	17	0	2,49
7	Cattle Development Programme - Bihar (Refer Note B-2 of Schedule 18)	5,52	0	41	0	5,93
8	National Project on Organic Farming	4,34,83	0	0	2,78,40	1,56,43
9	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4,29,45	0	0	0	4,29,45
10	Centrally Sponsored Scheme on Integrated Development of Small Ruminants and Rabbits	1,30,89	27,60,00	0	8,08,74	20,82,15
11	Dairy and Poultry Venture Capital Fund	22,28,70	0	0	16,89,95	5,38,75
12	Poultry Venture Capital Fund	4,98,69	0	0	3,06,32	1,92,37
13	Poultry Venture Capital Fund (Subsidy)	10,93,55	41,95,70	0	25,45,99	27,43,26
14	ISAM - Agricultural Marketing Infrastructure	51,07,96	615,89,00	0	465,43,11	201,53,85
15	ISAM - Grant Recd for Promotional Expenditure a/c	1,23	0	0	0	1,23
16	Centrally Sponsored Scheme for establishing Poultry Estate	1,66,72	0	0	0	1,66,72
17	Multi Activity Approach for Poverty Alleviation - Sultanpur Uttar Pradesh (Refer Note B-2 of Schedule 18)	4,98	0	37	0	5,35
18	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh (Refer Note B-2 of Schedule 18)	1,33	0	10	0	1,43
19	CSS on Pig Development	3,27,41	15,20,00	0	48,06	17,99,35
20	Dairy Entrepreneurship Development Scheme	38,28,69	240,00,00	0	125,20,13	153,08,56
21	CCS - S & R Male Buffalo Calves	3,19	20,00	0	0	23,19
22	CSS for Solar Mission	81	0	0	0	81
23	CSS - JNNSM - Solar Lighting a/c	17,60,39	8,80,46	0	16,73,17	9,67,68

#### Schedule 4 - Government Schemes

(₹ in thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Additions / Adjustments during the year	Interest Credited	Expenditure / Disbursements during the year	Balance as on 31.03.2017
24	CSS - Solar Photovoltaic Water Pumping	105,85,45	0	0	51,66,77	54,18,68
25	Capital Subsidy Scheme - Agri Clinic Agri Business Centres	45,17	13,41,90	0	11,47,47	2,39,60
26	CSS MNRE Lighting Scheme 2016 a/c	20,43,00	(8,80,46)	0	10,77,44	85,10
27	Artificial Recharge of Groundwater in Hard Rock Area	1,44,60	0	0	(3,16,16)	4,60,76
<b>B</b>	<b>Other Government Schemes</b>					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	283,47,79	0	0	(1,19,81)	284,67,60
2	Women's Self Help Groups [SHGs] Development Fund	116,28,17	0	0	21,39,02	94,89,15
3	PRODUCE FUND	177,82,96	0	0	41,52,17	136,30,79
4	Revival of 23 unlicensed DCCBs	111,22,00	0	0	0	111,22,00
5	Interest Subvention (Sugar Term Loan)	18	0	0	0	18
6	Scheme for providing Financial Assistance to Sugar Undertakings - 2007 (SEFASU - 2007)	65,27	0	0	0	65,27
7	Kutch Drought Proofing Project	21,64	0	0	0	21,64
8	Revival Package for Long Term Cooperative Credit Structure (LTCCS)	20,00,00	0	0	0	20,00,00
9	Revival Reform and Restructure of Handloom Sector					
i	Recap Assist [RRR - Handloom Package] to AWCS a/c	23,09,43	(19,74,49)	0	0	3,34,94
ii	Recap Assist [RRR - Handloom Package] to PWCS a/c	0	1,34,91	0	1,34,91	0
iii	Recap Assist [RRR - Handloom Package] to Individual weaver a/c	20,70,75	(19,57,04)	0	0	1,13,71
iv	Technical Assistance [RRR - Handloom Package]	0	7,44,00	0	7,44,00	0
v	HRD [RRR - Handloom Package]	1,67,20	0	0	4	1,67,16
vi	Interest Subvention [RRR - Handloom Package]	0	10,74,17	0	10,74,17	0
10	Comprehensive Handloom Package	1,31,14	25,15,52	0	26,25,68	20,98
	<b>Total</b>	<b>1122,76,27</b>	<b>963,06,01</b>	<b>1,05</b>	<b>844,84,14</b>	<b>1240,99,19</b>
	Previous year	1500,52,28	1175,33,23	1,03	1553,10,27	1122,76,27

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



## SCHEDULE 5 - DEPOSITS

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Central Government	0	0
2	State Governments	0	0
3	<b>Others</b>		
	a) Tea / Rubber / Coffee Deposits	219,13,63	265,80,60
	b) Commercial Banks (Deposits under RIDF)	105502,50,34	96885,03,14
	c) Short Term Cooperative Rural Credit Fund	45008,70,00	53991,30,00
	d) ST RRB Credit Refinance Fund	10002,90,00	15997,10,00
	e) Warehouse Infrastructure Fund	3531,00,00	3550,00,00
	f) Long Term Rural Credit Fund	30000,58,00	18997,10,00
	g) Fund for Food Processing Units	150,00,00	100,00,00
	<b>Total</b>	<b>194414,81,97</b>	<b>189786,33,74</b>

## SCHEDULE 6 - BONDS AND DEBENTURES

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Tax Free Bonds	5000,00,00	5000,00,00
2	Non Priority Sector Bonds	31479,00,00	29147,00,00
3	Capital Gains Bonds	1,29,40	1,29,40
4	Bhavishya Nirman Bonds	4971,21,01	4975,19,96
5	Bonds - LTIF	6899,00,00	0
6	Bonds - LTIF GOI fully serviced Bonds	2187,00,00	0
	<b>Total</b>	<b>50537,50,41</b>	<b>39123,49,36</b>

## SCHEDULE 7 – BORROWINGS

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
	<b>(A) In India</b>		
1	Central Government	0	12,25,24
2	JNN Solar Mission	14,55,68	14,55,68
3	Reserve Bank of India	0	0
4	<b>Others :</b>		
	(i) Certificate of Deposits	7478,85,53	5545,20,40
	(ii) Commercial Paper	16193,37,51	12771,01,32
	(iii) Borrowing under Collateralised Borrowing Lending Obligation	7318,66,34	0
	(iv) Term Money Borrowings	2192,73,31	1519,46,99
	(v) Repo a/c	295,40,36	0
	(vi) Borrowing against STD	749,99,75	0
	<b>(B) Outside India</b>		
	(i) International Agencies	683,56,02	721,87,46
	<b>Total</b>	<b>34927,14,50</b>	<b>20584,37,09</b>

Out of the above, borrowings under CBLO are secured against Government Securities including Treasury Bills

## SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Interest / Discount Accrued	9781,81,14	8838,54,15
2	Sundry Creditors	1737,81,80	928,11,91
3	Subsidy Reserve (Co-finance, Cold Storage)	52,59,05	14,38,95
4	Subsidy Reserve - CSAMI under RIDF	1,60	54,80
5	Provision for Gratuity ( Refer Note B-30 of Schedule 18)	174,05,97	1,51,34
6	Provision for Pension ( Refer Note B-30 of Schedule 18)	418,08,00	110,37,36
7	Provision for Encashment of Ordinary Leave ( Refer Note B-30 of Schedule 18)	305,50,50	244,26,47
8	Provision for Post-Retirement Medical Benefit ( Refer Note B-30 of Schedule 18)	126,88,23	116,86,22
9	Unclaimed Interest on Bonds	1,68,23	1,74,98
10	Unclaimed Interest on Term Deposits	1,74	61
11	Term Deposits Matured but not claimed	9,08	9,08
12	Bonds matured but not claimed	4,53,49	3,36,79
13	Bond Premium a/c - Tax Free Bonds	1,16,50	1,16,50
14	Commitment Charges Payable on KfW UPNRM Borrowings	9,63	0
15	<b>Provisions and Contingencies</b>		
(a)	Depreciation in Value of Investment a/c - G. Sec.	122,43,39	0
(b)	Amortisation of G. Sec. - HTM	8,33,13	6,48,10
(c)	For Standard Assets	1236,00,00	1063,00,00
(d)	Non-performing Investments	16,00,00	16,00,00
(e)	Countercyclical Provisioning Buffer	14,44,89	14,44,89
(f)	Sacrifice in interest element of restructured loans	0	3,25,42
(g)	Provision for Other Assets & Receivables	8,50,96	8,59,97
(h)	Provision for Income Tax [Net of Advance Tax]	636,82,69	0
	<b>Total</b>	<b>14646,90,02</b>	<b>11372,77,54</b>

## SCHEDULE 9 - CASH AND BANK BALANCES

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Cash in hand	1	3
2	<b>Balances with :</b>		
	<b>A) Banks in India</b>		
	i) Reserve Bank of India	2229,83,39	150,54,92
	ii) Others Banks	0	0
	<b>B) Other Banks in India</b>		
	a) in Current Account	527,91,15	643,70,73
	b) Deposit with Banks	8846,00,00	15227,00,00
	c) Remittances in Transit	8,29,39	35,07,80
	d) Collateralised Borrowing and Lending Obligations	1349,05,75	2491,53,95
	<b>(C) Outside India</b>	0	0
	<b>Total</b>	<b>12961,09,69</b>	<b>18547,87,43</b>

## SCHEDULE 10 – INVESTMENTS

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	<b>Government Securities</b>		
	<b>a) Securities of Central Government &amp; State Govt</b>	8944,24,48	4796,24,58
	[Face Value ₹8676,75,00,000 ( ₹4828,78,30,000)]		
	[Market Value ₹9018,36,99,746 (₹4907,77,65,515 )]		
	<b>b) Treasury Bills</b>	2421,35,28	836,44,45
	[Face Value ₹2438,76,90,000 (₹887,98,50,000)]		
	[Market Value ₹2421,35,28,106 (₹836,44,44,755 )]		
2	<b>Other Approved Securities</b>		
3	<b>Equity Shares in :</b>		
(a)	Agricultural Finance Corporation Ltd.	1,00,00	1,00,00
	[1,000 (1,000) - Equity shares of ₹10,000 each]		
(b)	Small Industries Development Bank of India	48,00,00	48,00,00
	[1,60,00,000 (1,60,00,000) - Equity shares of ₹10 each]		
(c)	Agriculture Insurance Company of India Ltd.	60,00,00	60,00,00
	[6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]		
(d)	Multi Commodity Exchange of India Ltd.	30,22	85,61
	[3,77,758 (10,70,096) - Equity shares of ₹10 each]		
(e)	National Commodity and Derivatives Exchange Ltd.	16,87,50	16,87,50
	[56,25,000 (56,25,000) - Equity shares of ₹10 each]		
(f)	Universal Commodity Exchange Ltd [UCX]	16,00,00	16,00,00
	[1,60,00,000 (1,60,00,000) Shares of ₹10 each]		
(g)	Indian Financial Technology and Allied Services [Equity]	49	49
	[ 4900 (4900) Shares of ₹10 each]		
(h)	CSC e-Governance Services India Ltd Equity	9,74,60	9,74,60
	[ 55,000 (55,000) Shares of ₹1000 each]		
(i)	Agriculture Skill Council of India	40	0
	[ 4,000 (0) Shares of ₹10 each]		
	National E-Governance Services India Ltd [Equity]	1,50,00	0
	[ 15,00,000 (0) Shares of ₹10 each]		
(j)	<b>Other Equity Investments</b>		
(i)	Coal India Ltd.	1,65,56	2,95,29
	[43,389 (77,389) - Equity shares of ₹10 each]		
(ii)	Power Grid Corporation of India Ltd.	0	15,83
	[0 (17,592) - Equity shares of ₹10 each]		
(iii)	MOIL Ltd.	25,20	43,95
	[6,719 (11,719) -Equity shares of ₹10 each]		
(iv)	State Bank of India	37,54,25	37,54,25
	[23,98,880 shares of ₹1 each (23,98,880 share of ₹1 each ) ]		
(v)	Punjab National Bank	23,87	71,61
	[12,000 (36,000) shares of ₹2 each]		
(vi)	Larsen & Toubro Limited	17,32	2,25,22
	[1,000 shares (13,000) of ₹2 each]		
(vii)	Oil and Natural Gas Corporation Ltd.	4,28,93	4,28,93
	[1,87,200 shares (1,24,800) of ₹5 each]		
(viii)	Steel Authority of India Ltd.	6,02,34	6,02,34
	[8,58,626 shares (8,58,626) of ₹10 each]		
(ix)	Bharat Heavy Electricals Ltd.	1,99,13	1,99,13
	[80,000 shares (80,000) of ₹2 each]		

## SCHEDULE 10 – INVESTMENTS

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
(x)	Indian Oil Corporation Ltd.	0	1,20,32
	[0 shares (35,000) of ₹10 each]		
(xi)	Maruti Suzuki India Ltd.	1,78,84	2,55,49
	[7,000 shares (10,000 ) of ₹5 each]		
(xii)	NTPC Ltd.	0	1,05,82
	[0 shares (70,000) of ₹10 each]		
(xiii)	Tata Consultancy Services Ltd.	2,39,88	2,39,88
	[10,000 shares (10,000 ) of ₹1 each]		
(xiv)	Larsen & Toubro Infotech Limited	11,35	0
	[ 1,599 (0) Shares of ₹2 each]		
(xv)	Hindustan Construction Co. Ltd	8,06,30	0
	[ 23,08,978 (0) Shares of ₹10 each]		
4	<b>Debentures and Bonds</b>		
(i)	Special Dev Debentures of SCARDBs (Refer Note B-24 of Schedule 18)	3676,14,23	4954,59,97
(ii)	Non-Convertible Debentures	1307,30,80	427,44,37
5	<b>Shareholding in subsidiaries and Joint Venture</b>		
(i)	NABARD Financial Services Ltd, Karnataka	102,00,63	102,00,63
	[10,20,06,300 (10,20,06,300) - Equity shares of ₹10 each]		
(ii)	NABSAMRUDDHI ( formerly known as Agri - Business Finance [Andhra Pradesh] Ltd.	26,38,91	26,38,91
	[ 2,63,22,000 (2,63,22,000) - Equity shares of ₹10 each]		
(iii)	NABKISAN ( formerly known as Agriculture Development Financial (TN) Ltd)	46,75,16	46,75,16
	[ 46,66,67,000 (46,66,67,000) - Equity shares of ₹10 each]		
(iv)	NABARD Consultancy Services Pvt. Ltd.	5,00,00	5,00,00
	[50,00,000 (50,00,000) - Equity shares of ₹10 each]		
6	<b>Others</b>		
(a)	Mutual Fund	4001,09,28	4695,35,32
(b)	Commercial Paper	2766,91,10	2072,16,47
	[Face Value ₹2900,00,00,000 ( ₹2150,00,00,000)]		
(c)	Certificate of Deposit	2311,32,08	7894,73,82
	[Face Value ₹2350,00,00,000 ( ₹995,00,00,000 )]		
(d)	Bill Rediscounting (Face Value ₹200,00,00,000 (₹0))	197,71,14	0
(e)	SEAF - Indian Agri- Business	9,50,08	9,26,26
(f)	APIDC - Venturies Life Fund III	14,38,07	13,93,47
(g)	BVF (Bio-Tech Venture Fund) - APIDC-V Investment	4,77,62	4,98,35
(h)	Ominovore India Capital Trust	19,72,25	17,73,40
(i)	India Oppurtinities	10,80,62	10,21,84
(j)	IvyCap Ventures Fund	19,60,00	19,60,00
(k)	Tata Capital Innovation Fund	55,11,31	49,23,86
(l)	TVS Shriram Growth Fund IB	19,82,59	20,06,37
(m)	Golden Gujarat Growth Fund	7,04,00	50,00
(n)	India Nivesh Growth and Special Situations Fund	2,75,00	0
(o)	Ivycap Ventures Fund - II	1,50,00	0
(p)	India Advantage Fund S4	2,90,00	0
(q)	Investment Earmarked towards EOL	258,25,14	247,19,31
	<b>Total</b>	<b>26450,35,95</b>	<b>26465,92,80</b>

All the above investments are made in India



## SCHEDULE 11 - ADVANCES

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
<b>1</b>	<b>Refinance Loans</b>		
(a)	Production & Marketing Credit	73553,36,92	69718,82,41
(b)	Conversion Loans for Production Credit	1065,00,22	446,89,97
(c)	Other Investment Credit		
(i)	Medium Term and Long Term Project Loans	101531,34,76	84468,94,25
(ii)	Direct refinance to DCCBs	2565,20,00	3250,75,00
(iii)	JNN Solar Mission	1,51,10	6,24,05
<b>2</b>	<b>Direct Loans</b>		
(a)	Loans under Rural Infrastructure Development Fund	100981,48,44	91384,11,85
(b)	Loans under Warehouse Infrastructure Fund	3402,10,63	2361,95,48
(c)	Long Term Non-Project Loans	53,43,12	66,38,22
(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)	4978,00,40	3238,89,45
(e)	Loans to Producers' Organisation Development (Net of provision)	316,57,82	377,76,82
(f)	Credit Facility to Federations[CFF]	6961,00,00	4948,50,00
(g)	Loans under Food Processing Fund	139,78,82	20,56,80
(h)	Loans under Long Term Irrigation Fund	9086,02,10	0
(i)	Direct Loan Sec-30 (Net of Provision)	0	0
<b>(i)</b>	<b>Other Loans:</b>		
(i)	Co-operative Development Fund Programme Loans	42,86	85,72
(ii)	Micro Finance Development Equity Fund Programme Loans (Net of Provision)	83,41	4,43,79
(iii)	Watershed Development Fund Programme Loans	37,47,02	39,97,15
(iv)	Tribal Development Fund Programme Loans (Net of provision)	11,38,51	14,63,91
(v)	KfW UPNRM Loans (Net of provision)	68,71,50	98,75,26
(vi)	Off Farm Sector Promotion Activities Programme Loans (net of provision)	200,54,11	41,26,86
(vii)	Farm Sector Promotion Activities Programme Loans	4,27	49,87
(j)	Co-Finance Loans (Net of provision)	79,68	3,17,59
	<b>Total</b>	<b>304955,05,69</b>	<b>260493,44,45</b>

## SCHEDULE 12 - FIXED ASSETS

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
<b>1</b>	<b>LAND : Freehold &amp; Leasehold ( Refer Note B-22 of Schedule 18)</b>		
	Opening Balance	168,58,61	162,43,60
	Additions/adjustments during the year	7,58,04	6,15,01
	Sub-Total	176,16,65	168,58,61
	Less: Cost of assets sold/written off	0	0
	Closing Balance (at cost)	176,16,65	168,58,61
	Less: Amortisation of Lease Premia	53,29,82	51,20,19
	<b>Book Value</b>	<b>122,86,83</b>	<b>117,38,42</b>
<b>2</b>	<b>PREMISES ( Refer Note B-22 of Schedule 18)</b>		
	Opening Balance	361,12,36	339,09,33
	Additions / Adjustments during the year	46,35,38	22,03,04
	Sub-Total	407,47,74	361,12,37
	Less: Cost of assets sold/written off	0	0
	Closing Balance (at cost)	407,47,74	361,12,37
	Less: Depreciation to date	240,89,20	227,19,80
	<b>Book Value</b>	<b>166,58,54</b>	<b>133,92,57</b>

## SCHEDULE 13 - OTHER ASSETS

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Accrued Interest	2883,08,91	3578,03,26
2	Deposits with Landlords	1,19,83	1,16,10
3	Deposits with Government Departments and Other Institutions	9,32,36	3,61,62
4	Housing loan to staff	121,13,40	140,44,51
5	Other Advances to staff	90,38,10	96,45,24
6	Advances to Landlords	92	1,14
7	Sundry Advances	41,37,95	38,25,15
8	Advance Tax (Net of Provision for Income Tax)	0	382,23,63
9	Deferred Tax Assets ( Refer Note B-10 of Schedule 18)	181,19,02	162,52,02
10	Expenditure recoverable from Government of India/International Agencies. (Refer Note B-3 of Schedule 18)	71,04,59	17,28,58
11	Discount Receivable	104,25,32	105,12,14
	<b>Total</b>	<b>3503,00,40</b>	<b>4525,13,39</b>

#### SCHEDULE 14 - INTEREST AND FINANCIAL CHARGES

(₹ in thousands)

Sr. No.	Particulars	2016-17	2015-16
<b>1</b>	<b>Interest Paid on</b>		
(a)	Deposits under RIDF	6038,85,05	5737,78,85
(b)	Short Term Cooperative Rural Credit Fund ( Refer Note B-7 of Schedule 18)	2452,44,43	2552,67,53
(c)	ST RRB Credit Refinance Fund ( Refer Note B-7 of Schedule 18)	694,02,10	1451,64,88
(d)	Tea / Coffee / Rubber Deposits	11,49,55	17,58,61
(e)	CBS Deposits	72	7,36
(f)	Loans from Central Government	52,33	1,01,17
(g)	Bonds ( Refer Note B-7 of Schedule 18)	3518,85,37	3330,72,32
(h)	Commercial Paper	879,02,24	972,06,16
(i)	Bonds - LTIF	107,35,80	0
(j)	Term Money Borrowings	98,45,04	65,08,57
(k)	Borrowing against ST Deposit	24,71	60
(l)	Discount Cost Paid on Certificate of Deposits	475,43,93	42,23,18
(m)	Borrowings from International Agencies	24,19,01	25,94,50
(n)	Watershed Development Fund	68,83,42	64,33,75
(o)	Financial Inclusion Fund	142,77,35	132,97,20
(p)	Indo German Watershed Development Programme - Andhra Pradesh	2,85	2,60
(q)	Indo German Watershed Development Programme - Rajasthan	64	0
(r)	Indo German Watershed Development Programme - Gujarat	21,56	16,80
(s)	KfW UPNRM - Accompanying measures	22	13,51
(t)	KfW - NB Indo German Watershed Development Programme - Phase III - Maharashtra	0	1,89
(u)	KfW - NB - IX Adivasi Development Programme	59,96	0
(v)	KfW NB V - Adivasi Project	7,54	4,57
(w)	Commitment Charges -KfW UPNRM Borrowings	0	11,96
(x)	Multi Activity Approach for Poverty Alleviation BAIF Project - Sultanpur, Uttar Pradesh	37	36
(y)	Multi Activity Approach for Poverty Alleviation BAIF Project -Rae Bareli, Uttar Pradesh	10	10
(z)	Cattle Development Programme (UP & Bihar)	59	57
(aa)	TDF Wadi [West Bengal]	57,91,12	49,82,53
(ab)	Centre for Professional Excellence in Co-operatives (C - PEC)	15,16	12,78
(ac)	Warehouse Infrastructure Fund	214,13,98	121,39,01
(ad)	Long Term Rural Credit Fund	1333,72,13	700,06,94
(ae)	Fund for Food Processing Units	7,23,53	5,98,75
(af)	National Adaptation Fund for Climate Change	7,12,69	1,06,67
2	Discount on Collateralised Borrowing and Lending Obligations	117,48,44	107,80,61
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	15,53,26	35,48,83
4	Capital Loss - Equity Shares of Other Institutions	55,44	42,29
5	Swap Charges	48,46	21,75,87
6	Repo Interest Expenditure	9,45	0
<b>Total</b>		<b>16267,88,54</b>	<b>15438,61,32</b>

#### SCHEDULE 15 A - ESTABLISHMENT AND OTHER EXPENSES

(₹ in thousands)

Sr. No.	Particulars	2016-17	2015-16
1	Salaries and Allowances ( Refer Note B-9 of Schedule 18)	676,77,85	715,26,42
2	Contribution to / Provision for Staff Superannuation Funds	957,43,35	463,66,78
3	Other Perquisites & Allowances	38,46,90	35,60,69

#### SCHEDULE 15 A - ESTABLISHMENT AND OTHER EXPENSES

(₹ in thousands)

Sr. No.	Particulars	2016-17	2015-16
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	33,79	22,66
5	Directors' & Committee Members' Fees	6,20	2,37
6	Rent, Rates, Insurance, Lighting, etc.	34,80,06	34,83,74
7	Travelling Expenses	36,89,38	32,20,14
8	Printing & Stationery	4,90,79	4,24,88
9	Postage, Telegrams & Telephones	19,92,80	12,98,49
10	Repairs	50,83,41	27,92,55
11	Auditors' Fees	30,92	31,04
12	Legal Charges	72,28	99,92
13	Miscellaneous Expenses	76,61,96	63,06,27
14	Expenditure on Miscellaneous Assets	8,12,76	8,07,15
15	Expenditure on Study & Training [Including ₹ 13,76,51,640.15 (₹ 13,23,77,118.71) pertaining to establishment expenses of Training Establishments]	46,99,21	62,33,87
16	Wealth Tax	0	(66,97)
<b>Total</b>		<b>1953,21,66</b>	<b>1461,10,00</b>

#### SCHEDULE 15 B - EXPENDITURE ON PROMOTIONAL ACTIVITIES

(₹ in thousands)

Sr. No.	Particulars	2016-17	2015-16
(i)	Cooperative Development Fund	16,72,43	15,39,97
(ii)	Producers' Organization Development Fund	4,10,43	2,62,33
(iii)	Rural Infrastructure Promotion Fund	1,58,41	2,60,42
(iv)	Exp. for NFS Promotional Measures/ Activities	22	0
(v)	Expenditure under Farm Sector Promotion Fund	21,19,64	24,90,93
(vi)	Expenditure under Climate Change Programme	4,95	0
<b>Total</b>		<b>43,66,08</b>	<b>45,53,65</b>

#### SCHEDULE 16- PROVISIONS

(₹ in thousands)

Sr. No.	Particulars	2016-17	2015-16
	<b>Provisions for :</b>		
1	Standard Assets	173,00,00	51,76,00
2 (a)	Non Performing Assets	(1,70,12)	66,10,64
2 (b)	Non Performing Assets - staff	0	1,47
3	Sacrifice in interest element of restructured Accounts	(3,25,42)	(11,95,58)
4	Other Assets / Receivable	(3,22)	7,46
<b>Total</b>		<b>16,801,24</b>	<b>105,99,99</b>

#### SCHEDULE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

(₹ in thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Commitments on account of capital contracts remaining to be executed	111,88,93	71,29,68
	<b>Sub Total "A"</b>	<b>111,88,93</b>	<b>71,29,68</b>
2	Contingent Liabilities		
(i)	Bank Guarantee	16,65,00	0
(ii)	Claims against the Bank not acknowledged as debt.	0	0
	<b>Sub Total "B"</b>	<b>16,65,00</b>	<b>0</b>
	<b>Total (A + B)</b>	<b>128,53,93</b>	<b>71,29,68</b>



## SCHEDULE 18

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of Preparation:

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

- Interest on non-performing assets identified as per Reserve Bank of India (RBI) guidelines.
- Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
- Service Charges on loans given out of various Funds.
- 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 floatation of bonds are recognized as expenditure in the year of issue of Bonds.

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

3.4 i) Income from Venture Capital funds is accounted on realization basis.

- Release of subsidy in which NABARD is acting as a pass through agency is accounted for on payment basis subject to availability of funds under the respective schemes.

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

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

- penal interest
- cost & charges
- overdue interest and interest
- Principal

##### 4. Fixed Assets and Depreciation

- 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.
- Land includes freehold and leasehold land.

- Premises include value of land, where segregated values are not readily available.
- Depreciation on premises situated on freehold land is charged at 10% p.a., on written down value basis.
- Depreciation on leasehold land and premises situated thereon is computed and charged at 5% on written down value basis or the amount derived by amortizing the premium/cost over the remaining period of leasehold land, on straight-line basis, whichever is higher.
- Fixed Assets costing ₹ 1 lakh and less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹ 10,000. All software costing ₹ 1 lakh each and less, purchased independently are charged to the Profit and Loss Account.
- 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%

- Depreciation is charged for the full year, irrespective of the date of purchase of asset. No depreciation is charged in the year of sale.
- Capital work in progress includes capital advances and is disclosed under Fixed Assets.

##### 5. Investments

- 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").
- 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".
- Investments classified under Held to Maturity category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortized over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category "HTM" is made, wherever necessary. Provision for diminution/ amortization, in value of such investments, is included under Current Liabilities and Provisions.
- Profit on redemption of investment categorized under "HTM" is recognized in Profit & Loss A/c and then transferred to Reserve A/c.
- Investments under "AFS" are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Net depreciation, if any, is provided for investments in the category classified as "AFS" and appreciation is ignored. The book value of the individual scrip are not changed after the revaluation.
- Investments under "HFT" are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Depreciation/appreciation is recognized in the category for investments classified as "HFT". The book value of the individual scrip is changed after revaluation.
- Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.
- Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.
- Unquoted Shares are valued at breakup value, if the latest Audited Accounts of the investee companies are available, or at ₹ 1/- per Company as per RBI guideline.
- Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.
- Brokerage, paid on acquisition / disposal of equities traded on stock exchange is capitalized.
- Broken period interest paid/received on debt investments is treated as interest expenses/ income and is excluded for cost/ sale consideration.
- Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/ market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.
- Amortization/Gain/Loss on Revaluation of Government Securities is charged to Profit and Loss Account.
- Weighted average cost method has been followed for accounting for investments.
- Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.

## 6. Advances and Provisions thereon

- 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.
- 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.
- Advances are stated net of provisions towards Non-performing Advances.
- Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the Profit and Loss account.

## 7. Foreign Currency Transactions

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

- Assets and liabilities in foreign currency, are revalued at the exchange rate notified by Reserve Bank of India (using FEDAI rates till last year) as at the close of the year and disclosed as a contra item in the Balance Sheet (as off Balance Sheet item). The liability towards foreign currency borrowings is fully hedged and stated in the Balance Sheet at the contracted value (as off balance sheet item).
- Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

## 8. Accounting for Foreign Exchange Contracts

- Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.
- The foreign currency borrowings which are hedged are stated at the contract rate.
- The foreign exchange unhedged contracts are revalued at the exchange rates notified by FEDAI at the year end. 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. Premium/ discount are accounted over the life of the contract.
- The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit and Loss Account under the head 'Profit / Loss on Foreign Currency Loan Account'.

## 9. Employee Benefits

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

### a) Short Term Employee Benefits:

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

### b) Post Retirement Benefits:

#### i) Defined Contribution Plan

The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis. The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the "NPS- Corporate Sector Model", a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

#### ii) Defined Benefit Plan

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

### iii) Other Long Term benefits

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

## 10. Taxes on Income

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

## 11. Segment Reporting

- 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".
- 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".
- 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

- As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:
  - the provision for impairment loss, if any, required; or
  - the reversal, if any, required for impairment loss recognized in the previous periods.
- Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

## 13. Provisions, Contingent Liabilities and Contingent Assets

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

- the Bank has a present obligation as a result of a past event;
- a probable outflow of resources is expected to settle the obligation; and
- the amount of the obligation can be reliably estimated.

13.2 Contingent liability is disclosed in the case of:

- a possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
- a present obligation when no reliable estimate is possible, and
- 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, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

## 14. Cash and cash equivalents

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



### 15. 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 bank had set up a Steering Committee headed by Deputy Managing Director to evaluate the changes in accounting system and impact of implementation of Ind AS on the financials including the adequacy of capital, taking into account the Basel III capital requirements. Efforts are being made by the bank to complete the implementation process as per the above timelines.

### B.NOTES FORMING PART OF THE ACCOUNTS

1. In terms of the agreement with Kreditanstalt Fur Wiederaufbau - German Development Bank (KfW), accretion/ income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as direct loans and disclosed under Schedule 11. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 7.

During the year, a sum of ₹6.51 crore is required towards NPA for loans granted under KfW UPNRM Scheme and the same has been charged to Profit & Loss Account, for want of UPNRM fund.

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

Sr. No.	Name of the Fund	Rate of Interest for 2016-17	Rate of Interest for 2015-16
1.	Watershed Development Fund	6%	6%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Maharashtra)	6%	6%
3.	KfW Accompanying Measures	6%	6%
4.	National Adaptation Fund for Climate change	6%	6%
5.	Tribal Development Fund	6%	6%
6.	Financial Inclusion Fund	6%	6%
7.	KfW NB- V Adivasi Development Programme- Gujarat	6%	6%
8.	Cattle Development Fund (UP & Bihar)	7.46%	7.88%
9.	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareilly)	7.46%	7.88%
10.	Center for Professional Excellence in Co-operatives.	7.46%	7.88%
11.	KfW NB- IX Adivasi Development Programme- Maharashtra	7.46%	--

3. Recoverable from Government of India / International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹71.05 crore (₹7.29 crore) being debit balance of various funds. The details of such funds are as under:

(Amount in ₹ crore)			
Sr No.	Name of the Fund	31-03-2017	31-03-2016
1	KfW- UPNRM – Accompanying Measures	1.84	---
2	KfW- NB IGWDP (Rajasthan)	0.00	5.31
3	KfW- Soil Project	11.47	---
4	KfW UPNRM Fund	27.45	11.44
5	KfW UPNRM- Financial Contribution	0.53	0.39
6	IFAD-MRCP	0.00	0.06
7	Others	29.76	0.09

4. Sundry creditors includes ₹30.67 crore (₹32.12 crore) being amounts outstanding to contributors in respect of Micro Finance Development and Equity Fund (MFDEF). An amount of ₹1.46 crore being the share of NABARD taken to Profit & Loss Appropriation account.
5. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5 percent in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund (WIF) deposits and Food Processing Fund, placed by the Commercial Banks is credited to Watershed Development Fund, Tribal Development Fund and Financial Inclusion Fund. Previous year, the amounts were credited to Tribal Development Fund and Financial Inclusion Fund.

6. Pursuant to the agreement with Government of India, the relative margin in excess of 0.60%, if any, in respect of Long Term Irrigation Fund shall be transferred to “LTIF Fluctuation Reserve Fund”, which will be used during the period when the relative margin is less than 0.60%. During the year an amount of ₹2.52 crore, being the excess margin earned has been transferred to the ‘LTIF Fluctuation Reserve Fund’ out of Interest Received account.
7. Subvention received/receivable from Government of India (GOI) under Seasonal Agricultural Operations (SAO) amounting to ₹422.36 crore (₹1353.14 crore) and ₹20.24 crore (₹17.12 crore) under National Rural Livelihood Mission (NRLM), being the difference between the cost of borrowing by NABARD and the refinance rate, has been reduced from interest and financial charges and shown as accrued interest and disclosed under Schedule 13.
8. Other receipts includes ₹126.35 crore (₹168.43 crore) received/receivable from GOI towards administration charges on providing refinance under interest subvention scheme to StCBs, RRBs and to DCCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for Seasonal Agricultural Operations and under NRLM scheme.
9. The salaries and allowances of the employees of the Bank are reviewed every five years. The review due from 01 November 2012 was settled on 01 March 2017 and the arrears of pay and allowances for serving and retired employees are being worked out by the bank. An amount of ₹538 crore was held as provision for arrears of salaries and allowances as on 31 March 2016, which was found to be adequate for meeting the additional cost. No additional provision was made during the current year. The effect of wage revision on superannuation benefits has been taken in to account.
10. The Bank, during the year, in accordance with AS 22 “Accounting for taxes on Income”, recognized in the Profit and Loss Account the deferred tax of ₹18.67 crore (₹11.06 crore). The details of the deferred tax are as under:

(Amount in ₹ crore)			
Sr. No.	Deferred Tax Assets	31 March 2017	31 March 2016
1	Provision allowable on payment basis	149.64	124.97
2	Depreciation on Fixed Assets	31.55	37.55
	<b>Total</b>	<b>181.19</b>	<b>162.52</b>

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.

11. The tax liability of the Bank for the Assessment Year 2002-03 amounting to ₹373.15 crore was assessed by the Income Tax Department. The Bank has provided and paid the said liability. However, the Bank has filed an appeal against the order of the CIT Appeals with the Income Tax Appellate Tribunal.
12. Income Tax Department had reopened the assessment for the Assessment Year 2006-07, during the FY 2011-12. An amount of ₹343.21 crore has been added to the income of the bank during the reassessment of the income. Out of the above,
  - (a) An addition of ₹132.08 crore has been made on account of differential interest accounted under the RIDF which was credited to Watershed Development Fund in terms of the RBI directions.
  - (b) Further, an amount of ₹211.13 crore has been added to the income on other accounts. In the opinion of the management, in respect of these additions, there is remote possibility of any tax outflow. The Bank has filed an appeal against the above order with CIT-Appeals and also a rectification application with Assessing Officer. Pending the outcome of the appeal/rectification application, the bank had accounted the tax including interest amounting to ₹97.83 crore under the head Watershed Development Fund as an expenditure of the fund, in accordance with the resolution of the Board.
  - (c) The bank has paid an amount of ₹162.16 crore out of the total demand of ₹254.22 crore by way of adjustment of refund of taxes of previous years and preferred an appeal with CIT (A) against the re-opening of the assessment.
  - (d) The CIT (A) vide his order dated 26 February 2016 has upheld NABARD's appeal and ruled against the reopening of completed assessment by IT department. The department has preferred appeal against the CIT(A) order with ITAT, Mumbai.

- 13.** During the Reassessment of the income for the Assessment Year 2007-08 (reopened during 2011-12) an additional tax liability of ₹157.47 crore was assessed on account of differential interest accounted under the RIDF. The Bank has paid the said liability wherein ₹27.46 crore has been charged to Tribal Development Fund during the current year. However, the Bank had filed an appeal against the above order with CIT- Appeals. During the year 2015-16, the CIT (A) vide his order dated 30 March 2016 has upheld NABARD's appeal and ruled against the reopening of completed assessment by IT department. During the year 2016-17, pursuant to the CIT(A) order, an amount of ₹179.09 crore has been received as Refund. The Income Tax department has preferred appeal against the CIT(A) order with ITAT, Mumbai. Pending appeal with ITAT, the refund including interest thereon received from the IT department is kept in Income Tax Refund Account.
- 14.** Income Tax Department had reopened the assessment for the Assessment Year 2008-09 during the Financial Year 2012-13 and additional tax liability of ₹174.59 crore was assessed on account of differential interest accounted under the RIDF/STCRC. The Bank has paid said liability in prior years and preferred an appeal against the above order with CIT- Appeals. During the year 2015-16, the CIT (A) vide his order dated 30 March 2016 has upheld NABARD's appeal and ruled against the reopening of completed assessment by IT department. During the year 2016-17, pursuant to the CIT(A) order, an amount of ₹174.59 crore along with ₹28.81 crore as interest has been received as Refund. The Income Tax department has preferred appeal against the CIT(A) order with ITAT, Mumbai. Pending appeal with ITAT, the refund including interest thereon received from the IT department is kept in Income Tax Refund Account.
- 15.** Income Tax Department had reopened the assessment for the Assessment Year 2009-10 during the Financial Year 2012-13 and raised a demand of ₹256.90 crore due to RIDF differential interest and other disallowances which has been paid by the bank in prior years and preferred an appeal with CIT(A) against the re-opening of the assessment. During the year 2015-16, the CIT (A) vide his order dated 30 March 2016 has upheld NABARD's appeal and ruled against the reopening of completed assessment by IT department. During the year 2016-17, pursuant to the CIT(A) order, an amount of ₹256.90 crore along with ₹40.04 crore of Interest has been received as Refund. The Income Tax department has preferred appeal against the CIT(A) order with ITAT, Mumbai. Pending appeal with ITAT, the refund including interest thereon received from the IT department is kept in Income Tax Refund Account.
- 16.** During the Assessment of the income for the Assessment Year 2010-11 a tax liability of ₹313.07 crore was assessed on account of differential interest accounted under the RIDF/STCRC and others. The Bank has paid the liability in prior years. The Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹276.66 crore was accounted under Tribal Development Fund during FY 2012-13. During the year 2015-16, CIT (A) vide his order dated 26 February 2016 upheld bank's appeal for non-levy of income tax on differential interest accounted under the RIDF/STCRC. During the year 2016-17, pursuant to the CIT(A) order, an amount of ₹285 crore along with ₹61.34 crore of Interest has been received as Refund. The Income Tax department has preferred appeal against the CIT(A) order with ITAT, Mumbai. Pending appeal with ITAT, the refund including interest thereon received from the IT department is kept in Income Tax Refund Account.
- 17.** During the Assessment of the income for the Assessment Year 2011-12 a tax liability of ₹424.95 crore was assessed on account of differential interest accounted under the RIDF/STCRC and others. The Bank has paid the liability in prior years. However, the Bank has filed an appeal against the above order with CIT- Appeals.
- 18.** The Income Tax Department, for the Assessment year 2012-13, has made an addition of ₹1002.68 crore on account of differential interest accounted under the RIDF/STCRC which was credited to Tribal Development Fund in terms of the RBI directions. Further, an amount of ₹145.90 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. The Bank has paid the liability in prior years. However, the Bank has filed an appeal against the above order with CIT- Appeals.
- 19.** The Income Tax Department, for the Assessment year 2013-14, has made an addition of ₹1156.05 crore on account of differential interest accounted under the RIDF/STCRC which was credited to Tribal Development Fund in terms of the RBI directions. Further, an amount of ₹20.56 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. However, the Bank has filed an appeal against the above order with CIT- Appeals.

- 20.** During the year, the Income Tax Department, for the Assessment year 2014-15, has made an addition of ₹1289.70 crore on account of differential interest accounted under the RIDF/STCRC which was credited to Watershed Development Fund, Tribal Development Fund and Financial Inclusion Fund in terms of the RBI directions. Further, an amount of ₹36.00 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. However, the Bank has filed an appeal against the above order with CIT- Appeals.
- 21.** During the year, the Income Tax Department, for the Assessment year 2015-16, has made an addition of ₹1259.67 crore on account of differential interest accounted under the RIDF/STCRC which was credited to Watershed Development Fund, Tribal Development Fund and Financial Inclusion Fund in terms of the RBI directions. Further, an amount of ₹61.33 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. However, the Bank has filed an appeal against the above order with CIT- Appeals.
- 22.** Free hold land and Lease Land and Premises include ₹16.00 crore (₹19.58 crore) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.
- 23.** 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.
- 24.** 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:
- Classified as Investments and shown in Schedule – 10 under the head 'Debenture and Bonds'.
  - 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'.
  - 'Deemed Advances' for the purpose of IRAC norms, capital adequacy and computation of ratios etc.
- 25.** As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹495.09 crore (₹631.16 crore) pertains to non-starter projects. Pending receipt of the proposal from State Government for adjustment of the amount with the respective / other projects, the amount has been classified as disbursement from the fund.
- 26.** 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 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 ₹365.64 crore (₹31.78 crore).

The details of the debenture Trustee is as under:

Axis Trustee Services Limited,  
Axis House, Second Floor  
Wadia International Centre  
Pandurang Budhkar Marg  
Worli, Mumbai -400 025  
Telephone: 022 24255215/5216

- 27.** In terms of RBI Circular RBI/2015-16/104DBR.No.FID.FIC.3/01.02.00/2015-16 dated 01 July 2015 relating to Prudential Guidelines on Investment in Venture Capital Fund, an amount of ₹35.35 (10.58) crore made in the units of VCF was shifted from HTM category, on completion of 3 years, to AFS category



28. 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)	65.00 (40.00)	63.51 (40.22)
Pledged for Business Segment (Collateralised Borrowing and Lending Obligation)	8751.68 (4892.86)	9000.53 (4810.12)
Pledged for Business Segment (Securities) Default Fund	3.00 (0.00)	3.13 (0.00)
Pledged for Business Segment (Collateralised Borrowing and Lending Obligation) – Default Fund	5.00 (0.00)	4.63 (0.00)

29. The market value of all investments held by NABARD under Held to Maturity (HTM) category was ₹5107.50 crore against the book value of ₹4098.02 crore. Out of this, the market value of investment in Venture Capital Fund was ₹156.87 crore against the book value of ₹132.77 crore. Accordingly, the excess of book value over market value was ₹24.10 crore (₹3.40 crore) for which no provision was made as per RBI guidelines.

### 30. Disclosure required under AS 15 (Revised) on “Employee Benefits”

#### 30.1 Defined Benefit Plans

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

##### 30.1.1 Pension

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

(Amount in ₹ crore)		
Particulars	2016-17	2015-16
Present value of defined benefit obligation at the beginning of year	2911.93	2411.55
Current Service Cost	57.29	39.71
Interest Cost	232.95	207.39
Actuarial gain/loss	610.88	370.77
Benefits paid	-118.76	-117.49
Present value of defined benefits obligations at the year end	3694.29	2911.93

b. Amount recognised in the Balance Sheet as on 31 March 2017 and previous year from 2012-13 to 2015-16:

(Amount in ₹ crore)					
Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of defined benefits obligations as at the year end	3694.29	2911.93	2411.55	2071.33	1847.53
Fair value of plan assets as at the year end @	3276.21	2801.56	2351.61	2056.07	1832.69
Liability recognized in the Balance sheet as at the year end	418.08	110.37	59.94	15.26	14.84

@ Includes the Bank's contribution of ₹ 464.12 crore (₹427.04 crore) towards PF for pension optees available with RBI. The confirmation of the balance is awaited from RBI.

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

(Amount in ₹ crore)		
Particulars	2016-17	2015-16
Current Service Cost	57.29	39.71
Interest Cost	232.95	207.39
Net Actuarial gain/loss	610.88	349.18
Expected return on Plan Assets	-226.77	-154.70
Expense recognized in the statement of Profit and Loss	674.35	441.58

d. Actuarial assumptions:

(Amount in ₹ crore)		
Particulars	2016-17	2015-16
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	7.75%	8.00%
Salary growth (per annum)	6.50%	5.50%
Withdrawal rate	1.00%	1.00%

#### 30.1.2 Gratuity

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

(Amount in ₹ crore)		
Particulars	2016-17	2015-16
Present value of defined benefit obligation at the beginning of year	303.02	285.34
Current Service Cost	32.79	21.64
Interest Cost	24.24	24.53
Actuarial gain/ loss	156.44	-5.56
Benefits paid	-28.97	-22.93
Present value of defined benefits obligations at the year end	487.52	303.02

b. Amount recognized in Balance Sheet as on 31 March 2017 and P.Y. from 2012-13 to 2015-16

(Amount in ₹ crore)					
Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of defined benefits obligations as at the year end	487.52	303.02	285.34	274.62	260.93
Fair value of plan assets as at the year end	313.46	301.51	303.01	288.49	261.90
Liability recognized in the Balance sheet as at the year end	174.06	1.51	-17.67	-13.87	-0.97

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

(Amount in ₹ crore)		
Particulars	2016-17	2015-16
Current Service Cost	32.79	21.64
Interest Cost	24.24	24.53
Net Actuarial gain/loss	156.44	2.87
Expected return on Plan Assets	-34.61	-27.36
Expense recognized in the statement of Profit and Loss	178.86	21.68

d. Actuarial assumptions:

(Amount in ₹ crore)		
Particulars	2016-17	2015-16
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	7.75%	8.00%
Salary growth (per annum)	7.00%	7.00%
Withdrawal rate	1.00%	1.00%

#### 30.1.3 Encashment of Ordinary Leave

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

(Amount in ₹ crore)		
Particulars	2016-17	2015-16
Present value of defined benefit obligation at the beginning of year	265.45	239.69
Current Service Cost	11.62	4.41
Interest Cost	21.23	20.61
Actuarial gain/loss	24.15	12.83
Benefits paid	-16.95	-12.09
Present value of defined benefits obligations at the year end	305.50	265.45

b. Amount recognized in the Balance Sheet as on 31 March 2017 and P.Y. from 2012- 13 to 2015-16.

(Amount in ₹ crore)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of defined benefits obligations as at the year end	305.50	265.45	239.69	225.88	197.26
Funds earmarked by the Bank *	258.25	263.37	257.61	219.28	184.06
Liability recognized in the Balance sheet as at the year end	47.25	2.08	-17.92	6.60	13.20

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

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

( Amount in ₹ crore)

Particulars	2016-17	2015-16
Current Service Cost	11.62	4.40
Interest Cost	21.23	20.61
Net Actuarial gain/loss	24.15	16.68
Expected return on Plan Assets	-30.26	-16.48
Expense recognized in the statement of Profit and Loss	26.74	25.21

d. Actuarial assumptions:

Particulars	2016-17	2015-16
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	7.75%	8.00%
Salary growth (per annum)	7.00%	7.00%
Withdrawal rate	1.00%	1.00%

#### 30.1.4 Post-Retirement Medical Benefits

The present value of defined benefit obligation in respect of post-retirement medical benefits accounted in Profit and Loss Account is ₹ 10.02 crore (₹ 18.76 crore).

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

**30.1.6** The aforesaid liabilities include liabilities of employees deputed to subsidiaries.

#### 30.1.7 Amortisation of Post-retirement benefits

The entire liability towards post-retirement benefits are charged to Profit and Loss account and are not amortised.

#### 30.1.8 Investment under Plan Assets of Pension, Gratuity & Leave Encashment Fund as on 31 March 2017

Particulars	Pension	Gratuity	Encashment of OL
	% of Plan Assets	% of Plan Assets	% of Plan Assets
Central Govt. Securities	23.47	---	---
State Govt. Securities	22.39	---	---
Insurer Managed Funds	---	100.00	100.00
Others	54.14	---	---
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

#### 30.2 Defined Contribution Plan:

- The bank contributes its share to Provident Fund with RBI. As per the terms the contribution is a defined contribution plan. During the year the bank has contributed ₹ 16.95 crore (₹ 17.68 crore) with RBI.
- 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 ₹ 0.96 crore (₹ 0.26 crore) to the said scheme.

### 31. Capital

#### 31.1 Pattern of Capital contribution as on the date of the Balance Sheet:

The shareholding of Government of India and RBI in the Paid up capital of NABARD as on 31 March 2017 was at 99.60%: 0.40% as per details given below.

( ₹ crore)

Contributor	31 March 2017		31 March 2016	
Reserve Bank of India	20.00	0.40%	20.00	0.40%
Government of India	4,980.00	99.60%	4,980.00	99.60%
<b>Total</b>	<b>5,000.00</b>	<b>100.00%</b>	<b>5,000.00</b>	<b>100.00%</b>

NABARD has received an amount of ₹ 1400 crore (₹ 300 crore) from Government of India towards Share Capital and the same has been kept as Advance towards Capital a/c pending enhancement of Authorized Capital.

#### 31.2 Capital Adequacy

31.2.1 Capital adequacy ratio of the Bank as on 31 March 2017 was 17.71% (17.59%) as against a minimum of 9% as stipulated by RBI.

31.2.2 In accordance with RBI Instructions, assets financed from National Rural Credit – Long Term Operations (NRC LTO) Fund amounting to ₹ 14489 crore are excluded for the purpose of computing the CRAR.

31.3.3 The details of various parameters of Capital to Risk weighted Assets Ratio is given below:

(Amount in ₹ crore)

Sr. No.	Particulars	2016-17	2015-16
(i)	Common Equity	29939.49	25960.18
(ii)	Additional Tier 1 capital	0.00	0.00
(iii)	Total Tier 1 capital (i+ii)	29939.49	25960.18
(iv)	Tier 2 capital	2069.92	1923.93
(v)	Total Capital ( Tier 1+Tier 2)	32009.41	27884.11
(vi)	Total Risk Weighted Assets (RWAs)	180718.41	158484.58
(vii)	Common Equity Ratio (Common Equity as a percentage of RWAs)	16.57	16.38
(viii)	Tier 1 Ratio ( Tier 1 capital as a percentage of RWAs)	16.57	16.38
(ix)	Capital to Risk Weighted Assets Ratio (CRAR)	17.71	17.59
(x)	Percentage of the shareholding of the Government of India in the AIFI	99.60	99.60
(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

#### 32. Provisions on Standard Assets

(Amount in ₹ crore)

Particulars	2016-17	2015-16
Provisions towards Standard Assets	173.00	51.76

#### 33. Floating Provisions

(Amount in ₹ crore)

S.No	Particulars	2016-17	2015-16
(a)	Opening balance in floating provision account (counter cyclical provisioning buffer)	14.44	14.44
(b)	The quantum of floating 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	14.44	14.44



### 34. Asset Quality and specific provisions

#### 34.1 Non-Performing Advances

(Amount in ₹ crore)			
S. No.	Particulars	31.03.2017	31.03.2016
(i)	<b>Net NPA to Net Advances (%)</b>	0.0000	0.0088
(ii)	<b>Movement of NPAs (Gross)</b>		
(a)	Opening Balance	190.51	125.99
(b)	Additions during the year	3.28	72.63
(c)	Reductions during the year	30.56	8.11
(d)	Closing Balance	163.23	190.51
(iii)	<b>Movement of Net NPAs</b>		
(a)	Opening Balance	23.33	23.33
(b)	Additions during the year	1.81	21.48
(c)	Reductions during the year	25.14	21.48
(d)	Closing Balance	0.00	23.33
(iv)	<b>Movement of provisions for NPAs (excluding provision on standard assets)</b>		
(a)	Opening balance	167.17	102.66
(b)	Provision made during the year	10.06	66.32
(c)	Write off / write back of excess provision	14.00	1.81
(d)	Closing balance	163.23	167.17

#### 34.2 Non-Performing Investments

(Amount in ₹ crore)			
S. No.	Particulars	31.03.2017	31.03.2016
(i)	<b>Net NPI to Net Investments (%)</b>	0.00	0.00
(ii)	<b>Movement of NPIs (Gross)</b>		
(a)	Opening Balance	16.00	16.00
(b)	Additions during the year	0.00	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	16.00	16.00
(iii)	<b>Movement of Net NPIs</b>		
(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)	<b>Movement of provisions for NPIs</b>		
(a)	Opening balance	16.00	16.00
(b)	Provision made during the year	0.00	0.00
(c)	Write off / write back of excess provision	0.00	0.00
(d)	Closing balance	16.00	16.00

Investment of ₹ 16.00 crore in Universal Commodity Exchange Limited (UCX) is treated as an Non Performing Investment as the company was barred from operating as a Commodity Exchange following Forward Markets Commission (FMC) directive in July 2014. As per the RBI guidelines the investment in the company is valued at ₹ 1/-.

#### 34.3 Non-Performing Assets (34.1+34.2)

(Amount in ₹ crore)			
S. No.	Particulars	31.03.2017	31.03.2016
(i)	<b>Net NPA to Net Assets (Advances + Investments) (%)</b>	0.0000	0.0088
(ii)	<b>Movement of NPAs (Gross Advances + Gross Investments)</b>		
(a)	Opening Balance	206.51	141.99
(b)	Additions during the year	3.28	72.63
(c)	Reductions during the year	30.56	8.11
(d)	Closing Balance	179.23	206.51
(iii)	<b>Movement of Net NPAs</b>		
(a)	Opening Balance	23.33	23.33
(b)	Additions during the year	1.81	21.48
(c)	Reductions during the year	25.14	21.48
(d)	Closing Balance	0.00	23.33
(iv)	<b>Movement of provisions for NPAs (excluding provision on standard assets)</b>		
(a)	Opening balance	183.17	118.66
(b)	Provision made during the year	10.06	66.32
(c)	Write off / write back of excess provision	14.00	1.81
(d)	Closing balance	179.23	183.17

#### 34.4 Particulars of Accounts Restructured

Three loans were restructured during the current financial year. An amount of ₹3.25 crore (₹11.96 crore) is recognized as reversal of sacrifice on accounts restructured in earlier period.

(Amount in ₹ crore)

Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
Asset Classification		Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total
Details																					
1	Restructured Accounts as on 01 April 2016	No. of Borrowers										1	0	0	0	1	1	0	0	0	1
		Amount outstanding										0.70	0.00	0.00	0.00	0.70	0.70	0.00	0.00	0.00	0.70
		Provision thereof										0.03	0.00	0.00	0.00	0.03	0.03	0.00	0.00	0.00	0.03
2	Fresh restructures during the year	No. of Borrowers										1	1	1	0	3	1	1	1	0	3
		Amount outstanding										0.74	0.03	15.68	0.00	16.45	0.74	0.03	15.68	0.00	16.45
		Provision thereof										0.03	0.01	15.68	0.00	15.72	0.03	0.01	15.68	0.00	15.72
3	Upgradation to restructured standard category during 2016-17	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										1	0	0	0	1	1	0	0	0	1
		Amount outstanding										0.70	0.00	0.00	0.00	0.70	0.70	0.00	0.00	0.00	0.70
		Provision thereof										0.03	0.00	0.00	0.00	0.03	0.03	0.00	0.00	0.00	0.03
5	Downgradation of restructured accounts during the FY	No. of Borrowers																			
		Amount outstanding																			
		Provision thereof																			
6	Write offs of Restructured accounts during the FY	No. of Borrowers																			
		Amount outstanding																			
		Provision thereof																			
7	Restructured accounts as on 31 March 2017	No. of Borrowers										1	1	1	0	3	1	1	1	0	3
		Amount outstanding										0.74	0.03	15.68	0.00	16.45	0.74	0.03	15.68	0.00	16.45
		Provision thereof										0.03	0.01	15.68	0.00	15.72	0.03	0.01	15.68	0.00	15.72

### 34.5 Movement of Non-Performing Advances

(Amount in ₹ crore)

S. No.	Particulars	2016-17	2015-16
(i)	Gross NPAs as on 01 April	190.51	125.99
(ii)	Additions during the year	3.28	72.63
	<b>Sub total (A)</b>	<b>193.79</b>	<b>198.62</b>
	<b>Less :</b>		
(i)	Upgradations	0.61	1.23
(ii)	Recoveries (excluding recoveries made from upgraded accounts)	15.95	0.66
(iii)	Technical / Prudential Write offs	0.00	0.00
(iv)	Write offs other than those under (iii) above	14.00	6.22
	<b>Sub-total (B)</b>	<b>30.56</b>	<b>8.11</b>
	<b>Gross NPAs as on 31 March (A-B)</b>	<b>163.23</b>	<b>190.51</b>

### 34.6 Write-offs and recoveries

(Amount in ₹ crore)

Particulars	2016-17	2015-16
Opening balance of Technical / Prudential written off accounts as at April 1	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 on 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.

### 34.7 Overseas Assets, NPAs and Revenue

(Amount in ₹ crore)

Particulars	2016-17	2015-16
Total Assets	0.00	0.00
Total NPAs	0.00	0.00
Total Revenue	0.00	0.00

### 34.8 Depreciation and provisions on investments

(Amount in ₹ crore)

S. No.	Particulars	2016-17	2015-16
<b>(1)</b>	<b>Investments</b>		
(i)	Gross Investments		
	(c) In India	22774.22	21511.33
	(d) Outside India	---	---
(ii)	Provision for Depreciation		
	(a) In India	138.43	16.00
	(b) Outside India	---	---
(iii)	Net Investments		
	(a) In India	22635.79	21495.33
	(b) Outside India	---	---
<b>(2)</b>	<b>Movement of provisions held towards depreciation on investments</b>		
(i)	Opening balance	16.00	16.00
(ii)	Add: Provisions made during the year	122.43	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	0.00	0.00
(v)	Less: Transfer, if any, to Investment Fluctuation Reserve Account	0.00	0.00
(vi)	Closing balance	138.43	16.00

### 34.9 Provisions and Contingencies

(Amount in ₹ crore)

S.No	Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	2016-17	2015-16
1	Provisions for depreciation on Investment	122.43	0.00
2	Provision towards NPA	-1.70	66.12
3	Provision made towards Income tax	1171.33	1128.94
4	Other Provision and Contingencies (provision for other assets receivable)	-0.03	0.07

### 34.10 Provisioning Coverage Ratio (PCR)

PCR [ratio of provisioning (including counter cyclical provisioning buffer) to gross non-performing assets] as at close of business for the current year stood at 108.85% (95.34%).

### 34.11 Loan under Scheme for Sustainable Structuring of Stressed Assets (S4A)

During the current year, resolution plan for stressed loan account (HCC) 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:

Particulars	Amount (₹ in crore)
<b>Part – A</b>	
(i) Loan outstanding	24.63
<b>Part – B</b>	
(i) Equity Shares	8.06
(ii) Optionally Convertible Debentures	14.22
<b>Total</b>	<b>46.91</b>

The outstanding of the above loan account stood at ₹ 33.48 crore as on 31 March 2017. The account is continued as NPA and 100% provision held against the outstanding balance as per S4A guidelines.

### 35. Investment portfolio: constitution and operations

#### 35.1 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 2017
Securities sold under repo	4.94	295.40	98.44	295.40
i. Government securities	(0.00)	(0.00)	(0.00)	(0.00)
ii. Corporate debt securities				
Securities purchased under reverse repo	10.00	10.00	10.00	0.00
i. Government securities ii. Corporate debt securities	(0.00)	(0.00)	(0.00)	(0.00)

#### 35.2 Disclosure of Issuer Composition for Investment in Debt Securities

(Amount in ₹ crore)

Sr. 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	224.46 (180.45)	224.46 (180.45)	—	—	113.91 (61.00)
(ii)	FIs	48.00 (48.00)	48.00 (48.00)	—	—	48.00 (48.00)
(iii)	Banks	37.79 (38.26)	37.79 (38.26)	—	—	0.00 (0.00)
(iv)	Private Corporates	1212.78 (376.77)	1212.78 (376.77)	—	—	157.85 (25.75)
(v)	Subsidiaries / Joint Ventures	180.15 (180.15)	180.15 (180.15)	—	—	180.15 (180.15)
(vi)	Others	—	—	—	—	—
(vii)	Provision held towards depreciation	—	—	—	—	—
<b>Total</b>		<b>1703.18 (823.63)</b>	<b>1703.18 (823.63)</b>	<b>—</b>	<b>—</b>	<b>499.91 (182.75)</b>



35.3 Sale and Transfers to / from HTM Category

There is no sale / transfers of securities to / from HTM category during the current year.

36. Details of Financial Assets purchased/ sold

36.1 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

36.2 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

36.3 Operating Results

S.No	Particulars	2016-17	2015-16
(i)	Interest income as a percentage to working funds	6.84	6.88
(ii)	Non interest income as a percentage to working funds	0.06	0.07
(iii)	Operating Profit as a percentage to working funds	1.23	1.26
(iv)	Return on Assets (%)	0.82	0.85
(v)	Net Profit per employee (₹ crore)	0.65	0.62

37. Credit Concentration risk

37.1. Capital market exposure

(Amount in ₹ crore)			
S.No.	Particulars	2016-17	2015-16
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	1525.27	643.51
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 to stockbrokers for margin trading	0.00	0.00
10	All exposures to Venture Capital Funds (both registered and unregistered)	167.91	145.53
Total Exposure to Capital Markets		1693.18	789.04

37.2 Exposure to Country risk : NIL

37.3 Prudential Exposure Limits - Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the AIFI

37.3.1The number and amount of exposures in excess of the prudential exposure limits during the year: NIL

37.3.2 Credit exposure as percentage to Capital Funds and as percentage to Total Assets

(Amount in ₹ crore)					
	Category	2016-17		2015-16	
		Credit Exposure as % to		Credit Exposure as % to	
		Capital Funds	Total Assets	Capital Funds	Total Assets
I	Largest Single Borrower	76.56	7.03	32.54	2.72
II	Largest Borrower Group	Not Applicable		Not Applicable	
III	Twenty Largest Single Borrowers for the year	569.38	48.83	505.46	42.28
IV	Twenty Largest Borrower Groups	Not Applicable		Not Applicable	

37.3.3 Credit exposure to the five largest industrial sectors as percentage to total loan assets: Not Applicable

37.3.4 Factoring exposures : Not Applicable

37.3.5 Exposure where the FI had exceeded that Prudential Exposure Limits during the year : NIL

37.4 Concentration of borrowings / lines of credit, credit exposures and NPAs

(a) Concentration of borrowings and lines of credit

(Amount in ₹ crore)			
S. No.	Particulars	2016-17	2015-16
(i)	Total borrowings from twenty largest lenders	168502.98	167258.02
(ii)	Percentage of borrowings from twenty largest lenders to total borrowings	86.67	88.13

(b) Concentration of credit exposures

(Amount in ₹ crore)			
S. No.	Particulars	2016-17	2015-16
(i)	Total exposures to twenty largest borrowers	170052.61	131217.45
(ii)	Percentage of exposures to twenty largest borrowers to Total Advances of the AIFI	55.10	45.08

(c) Sector-wise concentration of exposures and NPAs

The sector wise concentration of exposure and NPAs is given below:

(Amount in ₹ crore)							
No.	Particulars	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
		FY 2016-17			FY 2015-16		
I.	Agricultural sector including allied agricultural activities	308771.13	140.00	1.26	265571.12	123.07	1.55
1	Central Government	0.00	0.00	0.00	0.00	0.00	0.00
2	Central PSUs	5751.04	0.00	0.00	0.00	0.00	0.00
3	State Governments	104369.90	0.00	0.00	91450.50	0.00	0.00
4	State PSUs	4978.00	0.00	0.00	3238.89	0.00	0.00
5	Scheduled Commercial Banks	41774.69	0.00	0.00	38415.69	0.00	0.00
6	Regional Rural Banks	40183.06	0.00	0.00	39639.94	0.00	0.00
7	Co-operative banks	77781.19	0.00	0.00	67569.98	0.00	0.00
8	Private sector (excluding banks)	11139.83	140.00	1.26	7949.08	123.07	1.55
9	Others SCRADB/LDB/NBFC-MFI/ ADFC	22793.41	0.00	0.00	17307.03	0.00	0.00
II.	Others (Construction Sector)	23.23	23.23	100.00	43.98	43.98	100.00
Total (I+II)		308794.36	163.23	0.05	265615.09	167.05	0.06

38. Derivatives

- (i) The Bank does not trade in derivatives. However, it has hedged its liability towards borrowings from KfW Germany to the extent of 87.13 million Euro (99.19 million Euro). Consequent upon hedging of foreign currency borrowings the same is shown at contracted value as per the Swap agreement. The bank does not have any open exposure in foreign currency.
- (ii) The value of outstanding principal amount of hedge contract at the year-end exchange rate stood at ₹603.37 crore (₹700.35 crore) and the value of outstanding principal liability in the books of account stood at contracted value i.e. ₹683.56 crore (₹721.87 crore). The quantitative disclosure in this regard is as under:

(Amount in ₹ crore)

Sr. No	Particular	Current Year		Previous Year	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	603.37	--	700.35	--
	b) For trading	--	--	--	--
(ii)	Marked to Market Positions				
	a) Asset (+)	--	--	--	--
	b) Liability (-)	80.18	--	21.52	--
(iii)	Credit Exposure [2]	18.77	--	45.26	--
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	2.31	--	0.04	
	b) on trading derivatives	--	--	--	--
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	--	--	--	--
	b) on trading	--	--	--	--

39. Letters of Comfort (LoCs) issued by AIFIs : NIL

40. Asset Liability Management

(Amount in ₹ crore)

Particulars	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	0.00 (0.00)	8182.96 (7305.34)	250.00 (0.00)	36753.42 (32141.04)	32755.79 (55373.99)	39998.44 (32598.12)	43709.85 (34972.56)	41631.22 (27395.28)	203281.68 (189786.34)
Advances	1628.35 (837.47)	1391.92 (334.89)	2561.45 (10738.51)	44151.56 (44020.13)	81524.76 (66256.81)	73034.23 (67292.75)	59705.93 (46144.55)	43364.18 (29028.02)	307362.38 (264653.13)
Investments	7770.89 (10245.82)	7811.79 (2338.82)	4044.29 (7939.58)	8660.38 (5011.79)	2046.88 (7811.73)	1106.26 (1298.68)	501.05 (527.04)	3524.42 (4033.94)	35465.95 (39207.39)
Borrowings	8376.80 (35.36)	4040.40 (15.54)	13170.84 (15465.08)	5061.82 (4859.58)	16114.13 (12981.66)	21204.05 (16008.12)	2417.09 (4606.08)	5000.00 (5000.00)	75385.13 (58971.43)
Foreign Currency assets	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Foreign Currency liabilities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	23.35 (23.29)	8.28 (23.29)	187.87 (71.77)	77.16 (174.39)	386.91 (492.12)	683.56 (721.88)

41. Draw Down from Reserves: NIL

42. Business Ratios

Particulars	2016-17	2015-16
Return on Equity (%)	9.08	9.80
Return on Assets (%)	0.82	0.85
Net Profit Per Employee (₹ crore)	0.65	0.62

43. Disclosure of Penalties imposed by RBI

During the current year there was no penalty imposed by the Reserve Bank of India under the Reserve Bank of India Act, 1934, for contraventions of any of the provisions of the Act or non-compliance with any other requirements of the Act, order, rule or condition specified by Reserve Bank of India.

44. Disclosure of Complaints

(a) Customer Complaints

S.No	Particulars	2016-17	2015-16
(a)	No. of complaints pending at the beginning of the year	2	11
(b)	No. of complaints received during the year	75	103
(c)	No. of complaints redressed during the year	77	112
(d)	No. of complaints pending at the end of the year	0	2

45. Off-Balance Sheet SPVs Sponsored (which are required to be consolidated as per accounting norms)

There are no SPVs sponsored by NABARD

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

(Amount in ₹ crore)

Particulars	2016-17	2015-16
Opening Balance	0.00	0.00
Addition during the year	16.65	0.00
Deletion during the year	0.00	0.00
Closing Balance	16.65	0.00

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

(Amount in ₹ crore)

Sr. No.	Particulars	2016-17	2015-16
1.	Income	0.00	0.00
2.	Revenue Expenditure	0.00	0.00
Total		0.00	0.00



#### 48. 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 are not given.

List of Related Parties:

a) Companies where entity has control:

Sr. No.	Companies
1.	Nabard Financial Services Ltd.
2.	NABSAMRUDDHI Finance Limited [Formerly known as Agri Business Finance (AP) Ltd.]
3.	NABKISAN Finance Ltd. [Formerly known as Agri Development Finance (Tamil Nadu) Ltd.]
4.	Nabard Consultancy Services Pvt. Ltd.

a. Key Management Personnel:

Name of the party	Designation
Dr. Harsh Kumar Bhanwala	Chairman
Shri Harishkumar Rasiklal Dave	Deputy Managing Director
Shri R Amalorpavanathan	Deputy Managing Director

b. Transactions with Key Management Personnel:

(Amount in ₹ crore)				
Name of the Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year	Outstanding
Dr. Harsh Kumar Bhanwala	Key Management Personnel–Chairman	Remuneration including perquisites	0.60(0.30)	0.00
Shri Harishkumar Rasiklal Dave	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.43(0.27)	0.00
Shri R Amalorpavanathan	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.57(0.25)	0.00

No amounts, in respect of the related parties have been written off/back, or provided for during the year. Related party relationships have been identified by the management and relied upon by the auditors.

#### 49. Information on Business Segment

##### (a) Brief Background

The Bank has recognised Primary segments as under:

- 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 Co-operative Banks etc.
- Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.
- Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.
- Unallocated:** Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

#### (b) Information on Primary Business Segment

(Amount in ₹ crore)

Business Segments	Treasury		Refinance		Direct Lending		Other Business		Total	
Particulars	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue	3026.69	2813.80	11317.47	10874.92	7906.14	7016.62	28.45	26.44	22278.75	20731.78
Result	1391.24	1620.76	3085.85	2624.64	1371.08	996.03	-1505.01	-1148.72	4343.16	4092.72
Unallocated Expenses									526.33	439.97
Operating Profit									3816.83	3652.75
Income Taxes									1171.33	1128.94
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									2645.50	2523.81
<b>Other Information</b>										
Segment Assets	33708.94	39920.65	181797.45	162332.12	129008.42	106030.43	3745.46	2101.71	348260.27	310384.91
Segment Liabilities	35365.39	20830.36	162534.44	153332.35	112201.19	103261.70	0.00	0.00	310101.01	277424.40
Unallocated Liabilities									38159.26	32960.51
Total Liabilities									348260.27	310384.91

(c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

50. Figures in brackets pertain to previous year.

51. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our attached report of even date

**Vyas & Vyas**

Chartered Accountants

Firm Registration No. 000590C

**O. P. Vyas**

Partner

Membership No.014081

Guwahati

26 May 2017

**A. K. Sahoo**

Chief General Manager

Accounts Department

**Harsh Kumar Bhanwala**

Chairman

**R Amalorpavanathan**

Deputy Managing Director

**B. P. Kanungo**

Director

**Anup Kumar Dash**

Director

## CASH FLOW

### NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT Cash flow for the year ended 31 March 2017

(₹ in thousands)

Particulars	2016-2017	2015-2016
<b>(a) Cash flow from Operating activities</b>		
Net Profit as per Profit and Loss a/c before tax	3816,83,46	3652,74,72
Adjustment for:		
Depreciation	27,29,97	26,12,23
Provisions and Amortisations	(322)	746
Provision for Non-Performing Assets	(1,70,12)	66,12,10
Provision for Standard Assets	173,00,00	51,76,00
Provision for sacrifice in interest element of Restructured Loan	(3,25,42)	(11,95,58)
Profit / Loss on sale of Fixed Assets	21,47	(20,11)
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	275,41,40	267,40,54
Income from Investment (including Discount Income)	(3022,42,39)	(2813,80,32)
<b>Operating profit before changes in operating assets</b>	<b>1265,35,15</b>	<b>1238,27,04</b>
Adjustment for changes in working capital :		
(Increase) / Decrease in Current Assets	7014,21,33	(3605,31,37)
Increase / (Decrease) in Current Liabilities	3274,12,48	1646,53,00
Increase in Loans and Advances (Including Housing Loan & Other Advances to Staff	(43325,81,69)	(13177,80,81)
<b>Cash generated from operating activities</b>	<b>(31772,12,73)</b>	<b>(13898,32,14)</b>
Income Tax paid - Net of refund	(807,76,37)	(1270,42,39)
(Out of above the ₹ 284.43 crore paid on account of taxability of RIDF/WIF/FPF differential debited to Tribal Development / Financial Inclusion Fund /WDF)		
<b>Net cash flow from operating activities (A)</b>	<b>(32579,89,10)</b>	<b>(15168,74,53)</b>
<b>(b) Cash flow from Investing activities</b>		
Income from Investment (including Discount Income)	3020,57,37	2812,14,00
Purchase of Fixed Asset	(71,06,40)	(59,87,06)
Sale of Fixed Assets	5,32,75	6,60,42
Increase / Decrease in Investment	(1261,03,85)	(6483,00,91)
<b>Net cash used / generated from investing activities (B)</b>	<b>1693,79,87</b>	<b>(3724,13,55)</b>
<b>(c) Cash flow from financing activities</b>		
Grants / contributions received	(104,95,20)	42,50,15
Proceeds of Bonds	11414,01,05	5116,00,00
Increase / (Decrease) in Borrowings	14342,77,40	11108,20,30
Increase / (Decrease) in Deposits	4628,48,24	3332,09,39
Increase in Share capital	1400,00,00	300,00,00
<b>Net cash raised from financing activities (C)</b>	<b>31680,31,49</b>	<b>19898,79,84</b>
Net increase in cash and cash equivalent (A)+(B)+(C)	794,22,26	1005,91,76
Cash and Cash equivalent at the beginning of the year	3320,87,43	2314,95,67
<b>Cash and cash equivalent at the end of the year</b>	<b>4115,09,69</b>	<b>3320,87,43</b>
<b>1. Cash and cash equivalent at the end of the year includes :</b>	<b>2016-2017</b>	<b>2015-2016</b>
Cash in hand	1	3
Balance with Reserve Bank of India	2229,83,39	150,54,92
Balances with other Banks in India	527,91,15	643,70,73
Remittances in Transit	8,29,39	35,07,80
Collateralised Borrowing and Lending Obligations	1349,05,75	2491,53,95
<b>Total</b>	<b>4115,09,69</b>	<b>3320,87,43</b>

As per our attached report of even date

**Vyas & Vyas**

Chartered Accountants

**O P Vyas**

Partner

M No. 014081

Guwahati

Date : 26 May 2017

**A K Sahoo**

Chief General Manager

Accounts Department

26 May 2017

**Harsh Kumar Bhanwala**

Chairman

**R Amalorpavanathan**

Deputy Managing Director

**B.P.Kanungo**

Director

**Anup Kumar Dash**

Director

# Consolidated Balance Sheet, Profit & Loss Account and Cash Flow 2016-17 of NABARD and Subsidiaries (NABCONS, NABKISAN, NABSAMRUDDHI, NABFINS)



# INDEPENDENT AUDITORS' REPORT

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

## Report On the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **National Bank for Agriculture and Rural Development** (hereinafter referred to as "Holding Bank") and its subsidiaries (the holding bank and subsidiaries together referred to as "the Group") which comprises the Consolidated Balance Sheet as at March 31, 2017 and the Consolidated Statement of Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

Holding Bank management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. The respective management of the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the management of the holding bank, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the holding bank's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion whether the holding bank has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and audit evidence obtained by the other auditors in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give information required and true and fair view in conformity with the accounting principles generally accepted in India:

1. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2017;
2. in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
3. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## Other Matters

We did not audit the financial statements / financial information of four subsidiaries, and whose financial statements reflect total assets of ₹1541.01 crores as at 31<sup>st</sup> March 2017, total revenues of ₹235.36 crores and net cash outflow amounting to ₹16.80 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (after tax) of ₹34.99 crores for the year ended 31<sup>st</sup> March 2017, as considered in the consolidated financial statements. 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.

Our opinion 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.

## Report on Other Legal and Regulatory Requirements

We report that the Consolidated Financial Statements have been prepared by holding bank in accordance with the requirements of Accounting Standards (AS) 21 "Consolidated Financial Statements". In our opinion, the consolidated Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.

## For Vyas & Vyas

Chartered Accountants  
(Firm Registration No 000590C)

## O.P.Vyas

Partner  
(Membership No. 014081)  
Place: Guwahati  
Date: 26 May 2017

CONSOLIDATED BALANCE SHEET

National Bank for Agriculture and Rural Development  
Consolidated Balance Sheet as on 31 March 2017

(₹ thousands)				
Sr. No.	FUNDS AND LIABILITIES	Schedule	As on 31.03.2017	As on 31.03.2016
1	(i) Capital (Under Section 4 of the NABARD Act, 1981)		5000,00,00	5000,00,00
	ii) Advance towards Capital		1700,00,00	300,00,00
2	Reserve Fund and Other Reserves	1	24920,64,82	22242,79,01
3	National Rural Credit Funds	2	16078,00,00	16074,00,00
4	Gifts, Grants, Donations and Benefactions	3	4943,94,59	4895,17,31
5	Government Schemes	4	1240,99,19	1122,76,27
6	Minority Interest	1A	98,19,17	81,79,24
7	Deposits	5	194414,81,97	189786,33,74
8	Bonds and Debentures	6	50536,53,76	39122,52,71
9	Borrowings	7	34989,49,17	20646,03,95
10	Current Liabilities and Provisions	8	14687,29,04	11431,20,67
	<b>Total</b>		<b>348609,91,71</b>	<b>310702,62,90</b>
	Forward Foreign Exchange Contracts (Hedging) as per contra		603,37,41	700,35,41

National Bank for Agriculture and Rural Development  
Consolidated Balance Sheet as on 31 March 2017

(₹ thousands)				
Sr. No.	PROPERTY AND ASSETS	Schedule	As on 31.03.2017	As on 31.03.2016
1	Cash and Bank Balances	9	13158,84,65	18926,11,72
2	Investments	10	26270,21,25	26285,78,12
3	Advances	11	305224,38,36	260559,55,68
4	Fixed Assets	12	404,10,04	364,06,27
5	Other Assets	13	3552,37,41	4567,11,11
	<b>Total</b>		<b>348609,91,71</b>	<b>310702,62,90</b>
	Forward Foreign Exchange Contracts (Hedging) as per contra		603,37,41	700,35,41
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of accounts.

As per our attached report of even date

**Vyas & Vyas**  
Chartered Accountants  
(Firm Registration No.000590C)

**O. P. Vyas**  
Partner  
(Membership No. 014081)  
Guwahati  
Date: 26 May 2017

**Harsh Kumar Bhanwala**  
Chairman

**R Amalorpavanathan**  
Deputy Managing Director

**A. K. Sahoo**  
Chief General Manager  
Accounts Department  
Guwahati  
Date: 26 May 2017

**B. P. Kanungo**  
Director

**Anup Kumar Dash**  
Director

National Bank for Agriculture and Rural Development  
Consolidated Profit and Loss Account for the year ended 31 March 2017

(₹ thousands)				
Sr. No.	INCOME	Schedule	2016-17	2015-16
1	Interest Received on Loans and Advances		19153,74,64	17789,54,51
2	Income from Investment operations / Deposits		3021,79,16	2812,14,00
3	Other Income		259,13,51	263,19,37
	<b>Total "A"</b>		<b>22434,67,31</b>	<b>20864,87,88</b>

Sr. No.	EXPENDITURE	Schedule	2016-17	2015-16
1	Interest and Financial Charges	14	16269,22,26	15439,85,37
2	Establishment and other expenses	15 A	2027,10,77	1516,55,42
3	Expenditure on Promotional Activities	15 B	43,66,09	45,53,65
4	Provisions	16	179,35,26	128,62,11
5	Depreciation		28,61,99	27,05,26
	<b>Total "B"</b>		<b>18547,96,37</b>	<b>17157,61,81</b>
<b>6</b>	<b>Profit before Income Tax (A-B)</b>		<b>3886,70,94</b>	<b>3707,26,07</b>
	(a) Provision for Income Tax		1215,95,60	1166,62,25
	(b) Deferred Tax Asset - (Asset)		(18,83,07)	(11,65,25)
<b>7</b>	<b>Profit after Tax</b>		<b>2689,58,41</b>	<b>2552,29,07</b>
8	Provision for Dividend and DDT of Subsidiaries		37,81	4,16,87
<b>9</b>	<b>Profit after Tax and Dividend</b>		<b>2689,20,60</b>	<b>2548,12,20</b>
10	Minority Interest		8,70,71	2,94,88
<b>11</b>	<b>Profit available for Appropriation</b>		<b>2680,49,89</b>	<b>2545,17,32</b>

Schedules referred to above form an integral part of accounts.

National Bank for Agriculture and Rural Development  
Consolidated Profit and Loss Appropriation Account for the year ended 31 March 2017

(₹ thousands)			
Sr. No.	APPROPRIATIONS/WITHDRAWALS	2016-17	2015-16
1	<b>Profit for the year brought down</b>	2680,49,89	2545,17,32
2	<b>Add:</b> Withdrawals from various funds against expenditure debited to Profit & Loss Account	183,46,53	84,18,94
<b>3</b>	<b>Total Profit Available for Appropriation</b>	<b>2863,96,42</b>	<b>2629,36,26</b>
	<b>Less: Transferred to:</b>		
1	Special Reserve u/s 36(l)(viii) of the Income Tax Act, 1961	650,00,00	550,00,00
2	National Rural Credit (Long Term Operations) Fund	1,00,00	1,00,00
3	National Rural Credit (Stabilisation) Fund	1,00,00	1,00,00
4	Co-operative Development Fund	10,30,24	0
5	Research & Development Fund	16,16,28	35,44,30
6	Investment Fluctuation Reserve	95,43,39	296,00,00
7	Producers' Organizarion Development Fund	61,09,81	0
8	Farm Sector Promotion Fund	21,19,64	10,61,72
9	Gramya Vikas Nidhi	20,00,00	20,00,00
10	Climate Change Fund	5,04,95	5,00,00
11	Reserve Fund	1982,72,11	1710,30,24
	<b>Total</b>	<b>2863,96,42</b>	<b>2629,36,26</b>

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

As per our attached report of even date

**Vyas & Vyas**  
Chartered Accountants  
(Firm Registration No.000590C)

**O. P. Vyas**  
Partner  
(Membership No. 014081)  
Guwahati  
Date: 26 May 2017

**Harsh Kumar Bhanwala**  
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Deputy Managing Director

**A. K. Sahoo**  
Chief General Manager  
Accounts Department  
Guwahati  
Date: 26 May 2017

**B. P. Kanungo**  
Director

**Anup Kumar Dash**  
Director



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

(₹ thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Exp./Add./ Adjust. during the year	Transferred from P&L Appropriation	Transferred to P&L Appropriation	Balance as on 31.03.2017
1	Reserve Fund	14506,37,04	2,03,49	1982,72,11	0	16487,05,66
2	Research and Development Fund	52,25,00	659	16,16,28	15,91,28	52,43,41
3	Capital Reserve	85,93,54	0	0	0	85,93,54
4	Investment Fluctuation Reserve	951,00,00	0	95,43,39	122,43,39	924,00,00
5	Co-operative Development Fund	66,42,19	0	10,30,24	16,72,43	60,00,00
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	6435,00,00	0	650,00,00	0	7085,00,00
7	Producers' Organizations Development Fund	43,00,62	0	61,09,81	4,10,43	100,00,00
8	Rural Infrastructure Promotion Fund	17,80,62	0	0	1,58,41	16,22,21
9	Farm Sector Promotion Fund	60,00,00	0	21,19,64	21,19,64	60,00,00
10	Gramya Vikas Nidhi	20,00,00	0	20,00,00	0	40,00,00
11	Climate Change Fund	5,00,00	0	5,04,95	4,95	10,00,00
	<b>Total</b>	<b>22242,79,01</b>	<b>2,10,08</b>	<b>2861,96,42</b>	<b>182,00,53</b>	<b>24920,64,82</b>
	<b>Previous year</b>	<b>19703,67,69</b>	<b>(7,27,00)</b>	<b>2627,36,26</b>	<b>80,97,94</b>	<b>22242,79,01</b>

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
Consolidated Schedule 1A - Minority Interest

(₹ thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Addition during the year	Adjustments during the year	Closing balance as on 31.03.2017
1	Share capital	62,67,03	5,66,64	0	68,33,67
2	Reserves and Surplus	19,12,21	8,70,71	2,02,58	29,85,50
	<b>Total</b>	<b>81,79,24</b>	<b>14,37,35</b>	<b>2,02,58</b>	<b>98,19,17</b>

**SCHEDULES TO CONSOLIDATED BALANCE SHEET**  
Consolidated Schedule 2 - National Rural Credit Funds

(₹ thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2017
1	National Rural Credit (Long Term Operations) Fund	14487,00,00	1,00,00	1,00,00	14489,00,00
2	National Rural Credit (Stabilisation) Fund	1587,00,00	1,00,00	1,00,00	1589,00,00
	<b>Total</b>	<b>16074,00,00</b>	<b>2,00,00</b>	<b>2,00,00</b>	<b>16078,00,00</b>
	<b>Previous year</b>	<b>16070,00,00</b>	<b>2,00,00</b>	<b>2,00,00</b>	<b>16074,00,00</b>

**SCHEDULES TO CONSOLIDATED BALANCE SHEET**  
Consolidated Schedule 3 - Gifts, Grants, Donations and Benefactions

(₹ thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Additions/ Adjustments during the year	Interest Credited to the fund	Expenditure / Disbursements during the year	Balance as on 31.03.2017
<b>A.</b>	<b>Grants from International Agencies</b>					
1	KfW - NABARD V Fund for Adivasi Programme	2,10,25	95,21	7,54	1,95,26	1,17,74
2	KfW - NB - IX Adivasi Development Programme - Maharashtra	3,92,03	0	59,96	4,51,99	0
3	KfW UPNRM - Accompanying Measures	26,50	0	22	26,72	0
4	KfW NB UPNRM - Financial Contribution	0	0	0	0	0
5	KfW UPNRM - Risk Mitigation Fund	0	0	0	0	0
6	KfW UPNRM Fund	0	0	0	0	0
7	KfW - NB - Indo German Watershed Development Programme - Phase III - Maharashtra	12,82	0	0	12,82	0
8	Indo German Watershed Development Programme - Andhra Pradesh	31,03	85,72	2,85	2,55	1,17,05
9	Indo German Watershed Development Programme - Gujarat	3,98,02	0	21,56	1,19,83	2,99,75
10	Indo German Watershed Development Programme - Rajasthan	0	4,04,18	64	1,93,76	2,11,06
11	GIZ UPNRM Technical Collaboration	61,49	0	0	23,16	38,33
12	Climate Change - (AFB) - Project Formulation Grant	20,56	0	0	13,84	6,72
13	Climate Change - (AFB) - Project / Programme Implementation a/c	6,80,12	5,82,08	0	5,12,01	7,50,19
14	National Adaptation Fund for Climate Change	88,75,27	98,04,72	7,12,69	27,58,56	166,34,12
15	GIZ Soil Project	0	74,35	0	15,55	58,80
16	KfW Soil Project	0	1,22,19	0	1,22,19	0
<b>B.</b>	<b>Other Funds</b>					
1	Watershed Development Fund (i)	1108,74,45	139,32,57	68,83,42	106,41,63	1210,48,81
2	Interest Differential Fund - ( Forex Risk )	246,53,27	(2,32,16)	0	0	244,21,11
3	Interest Differential Fund - ( Tawa )	10,00	0	0	0	10,00
4	Adivasi Development Fund	5,77,50	0	0	3	5,77,47
5	Tribal Development Fund (ii)	876,72,97	350,95,71	57,91,12	269,03,35	1016,56,45
6	Financial Inclusion Fund (iii)	2452,74,18	335,37,76	142,77,35	744,40,14	2186,49,15
7	National Bank - Swiss Development Coop. Project	55,61,77	6,25,36	0	0	61,87,13
8	RPF & RIF - Off-Farm Sector Promotion Fund	39,81,81	0	0	8,41,82	31,39,99
9	Centre for Professional Excellence in Co-operatives - (C-PEC)	2,03,27	0	15,16	0	2,18,43
10	LTIF Interest Fluctuation Reserve Fund	0	2,52,29	0	0	2,52,29
11	MFDEF (Closed Fund)	0	1,46,00	0	1,46,00	0
	<b>Total</b>	<b>4895,17,31</b>	<b>945,25,98</b>	<b>277,72,51</b>	<b>1174,21,21</b>	<b>4943,94,59</b>
	<b>Previous year</b>	<b>4209,50,61</b>	<b>1295,59,51</b>	<b>248,72,30</b>	<b>858,65,11</b>	<b>4895,17,31</b>

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

- (i) includes ₹ 48.22 crore being the income tax paid  
(ii) includes ₹ 120.14 crore being the income tax paid  
(iii) includes ₹ 116.07 crore being the income tax paid

### SCHEDULES TO CONSOLIDATED BALANCE SHEET Consolidated Schedule 4 - Government Schemes

(₹ thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Additions/ Adjustments during the year	Interest Credited to the fund	Expenditure/ Disbursements during the year	Balance as on 31.03.2017
<b>A.</b>	<b>Government Subsidy Schemes</b>					
1	Capital Investment Subsidy for Cold Storage Projects - NHB	38,42	2,47,76	0	2,30,72	55,46
2	Capital Subsidy for Cold Storage TM North East	8,40	0	0	0	8,40
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	4,72	94,58	0	79,58	19,72
4	On-farm Water Management for Crop Production	7,17	0	0	0	7,17
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	77,26,15	0	0	(65,73)	77,91,88
6	Cattle Development Programme - Uttar Pradesh	2,32	0	17	0	2,49
7	Cattle Development Programme - Bihar	5,52	0	41	0	5,93
8	National Project on Organic Farming	4,34,83	0	0	2,78,40	1,56,43
9	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4,29,45	0	0	0	4,29,45
10	Centrally Sponsored Scheme on Integrated Development of Small Ruminants and Rabbits	1,30,89	27,60,00	0	8,08,74	20,82,15
11	Dairy and Poultry Venture Capital Fund	22,28,70	0	0	16,89,95	5,38,75
12	Poultry Venture Capital Fund	4,98,69	0	0	3,06,32	1,92,37
13	Poultry Venture Capital Fund (Subsidy)	10,93,55	41,95,70	0	25,45,99	27,43,26
14	ISAM - Agricultural Marketing Infrastructure	51,07,96	615,89,00	0	465,43,11	201,53,85
15	ISAM - Grant Recd for Promotional Expenditure a/c	1,23	0	0	0	1,23
16	Centrally Sponsored Scheme for establishing Poultry Estate	1,66,72	0	0	0	1,66,72
17	Multi Activity Approach for Poverty Alleviation - Sultanpur Uttar Pradesh	4,98	0	37	0	5,35
18	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh	1,33	0	10	0	1,43
19	CSS on Pig Development	3,27,41	15,20,00	0	48,06	17,99,35
20	Dairy Entrepreneurship Development Scheme	38,28,69	240,00,00	0	125,20,13	153,08,56
21	CCS - S & R Male Buffalo Calves	3,19	20,00	0	0	23,19
22	CSS for Solar Mission	81	0	0	0	81
23	CSS - JNNSM - Solar Lighting a/c	17,60,39	8,80,46	0	16,73,17	9,67,68
24	CSS - Solar Photovoltaic Water Pumping	105,85,45	0	0	51,66,77	54,18,68
25	Capital Subsidy Scheme - Agri Clinic Agri Business Centres	45,17	13,41,90	0	11,47,47	2,39,60
26	CSS MNRE Lighting Scheme 2016 a/c	20,43,00	(8,80,46)	0	10,77,44	85,10
27	Artificial Recharge of Groundwater in Hard Rock Area	1,44,60	0	0	(3,16,16)	4,60,76

(₹ thousands)

Sr. No.	Particulars	Opening Balance as on 01.04.2016	Additions/ Adjustments during the year	Interest Credited to the fund	Expenditure/ Disbursements during the year	Balance as on 31.03.2017
<b>B.</b>	<b>Other Government Schemes</b>					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	283,47,79	0	0	(1,19,81)	284,67,60
2	Women's Self Help Groups [SHGs] Development Fund	116,28,17	0	0	21,39,02	94,89,15
3	PRODUCE FUND	177,82,96	0	0	41,52,17	136,30,79
4	Revival of 23 unlicensed DCCBs	111,22,00	0	0	0	111,22,00
5	Interest Subvention (Sugar Term Loan)	18	0	0	0	18
6	Scheme for providing Financial Assistance to Sugar Undertakings - 2007 (SEFASU - 2007)	65,27	0	0	0	65,27
7	Kutch Drought Proofing Project	21,64	0	0	0	21,64
<b>8</b>	<b>Revival Package for Long Term Co-operative Credit Structure (LTCCS)</b>	20,00,00	0	0	0	20,00,00
<b>9</b>	<b>Revival, Reform and Restructure of Handloom Sector</b>					
i	Recap Assistance [RRR - Handloom Package] to AWCS	23,09,43	(19,74,49)	0	0	3,34,94
ii	Recap Assistance [RRR - Handloom Package] to PWCS	0	1,34,91	0	1,34,91	0
iii	Recap Assistance [RRR - Handloom Package] to Individual Weaver	20,70,75	(19,57,04)	0	0	1,13,71
iv	Technical Assistance [RRR - Handloom Package]	0	7,44,00	0	7,44,00	0
v	HRD [RRR - Handloom Package]	1,67,20	0	0	4	1,67,16
vi	Interest Subvention [RRR - Handloom Package]	0	10,74,17	0	10,74,17	0
10	Comprehensive Handloom Package	1,31,14	25,15,52	0	26,25,68	20,98
	<b>Total</b>	<b>1122,76,27</b>	<b>963,06,01</b>	<b>1,05</b>	<b>844,84,14</b>	<b>1240,99,19</b>
	<b>Previous year</b>	<b>1500,52,28</b>	<b>1175,33,23</b>	<b>1,03</b>	<b>1553,10,27</b>	<b>1122,76,27</b>

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

### SCHEDULES TO CONSOLIDATED BALANCE SHEET Consolidated Schedule 5 - Deposits

(₹ thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Central Government	0	0
2	State Governments	0	0
3	Others		
	a) Tea / Rubber / Coffee Deposits	219,13,63	265,80,60
	b) Commercial Banks (Deposits under RIDF)	105502,50,34	96885,03,14
	c) Short Term Cooperative Rural Credit Fund	45008,70,00	53991,30,00
	d) ST RRB Credit Refinance Fund	10002,90,00	15997,10,00
	e) Warehouse Infrastructure Fund	3531,00,00	3550,00,00
	f) Long Term Rural Credit Fund	30000,58,00	18997,10,00
	g) Fund for Food Processing Units	150,00,00	100,00,00
	<b>Total</b>	<b>194414,81,97</b>	<b>189786,33,74</b>



**SCHEDULES TO CONSOLIDATED BALANCE SHEET**  
**Consolidated Schedule 6 - Bonds and Debentures**

(₹ thousands)			
Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Tax Free Bonds	5000,00,00	5000,00,00
2	Non Priority Sector Bonds	31479,00,00	29147,00,00
3	Capital Gains Bonds	1,29,40	1,29,40
4	Bhavishya Nirman Bonds	4970,24,36	4974,23,31
5	Bonds - LTIF	6899,00,00	0
6	Bonds - LTIF GOI Fully Serviced Bonds	2187,00,00	0
	<b>Total</b>	<b>50536,53,76</b>	<b>39122,52,71</b>

**SCHEDULES TO CONSOLIDATED BALANCE SHEET**  
**Consolidated Schedule 7 – Borrowings**

(₹ thousands)			
Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
	<b>(A) In India</b>		
1	Central Government	0	12,25,24
2	JNN Solar Mission	14,55,68	14,55,68
3	Reserve Bank of India	0	0
4	<b>Others :</b>		
	(i) Certificate of Deposits	7478,85,53	5545,20,40
	(ii) Commercial Paper	16193,37,51	12771,01,32
	(iii) Borrowing under Collateralised Borrowing and Lending Obligation	7318,66,34	0
	(iv) Term Money Borrowings	2192,73,31	1519,46,99
	(v) Commercial Banks	13,42,39	14,31,86
	(vi) Repo a/c	295,40,36	0
	(vii) Borrowing against STD	798,92,03	47,35,00
	<b>(B) Outside India</b>		
	(i) International Agencies	683,56,02	721,87,46
	<b>Total</b>	<b>34989,49,17</b>	<b>20646,03,95</b>

Out of the above, borrowings under CBLO are secured against Government Securities including Treasury Bills.

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
**Consolidated Schedule 8 - Current Liabilities and Provisions**

(₹ thousands)			
Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Interest / Discount Accrued	9780,88,46	8837,67,24
2	Sundry Creditors	1766,29,44	976,73,47
3	Subsidy Reserve (Co-finance, Cold Storage)	56,83,58	19,12,80
4	Subsidy Reserve - CSAMI under RIDF	1,60	54,80
5	Provision for Gratuity	174,21,99	1,65,21
6	Provision for Pension	420,26,10	110,47,36
7	Provision for Encashment of Ordinary Leave	306,60,10	244,71,03
8	Provision for Medical Benefit - Retired employees	126,88,23	116,86,22
9	Unclaimed Interest on Bonds	1,68,23	1,74,98
10	Unclaimed Interest on Term Deposits	1,74	61
11	Term Deposits Matured but not claimed	9,08	9,08
12	Bonds matured but not claimed	4,53,49	3,36,79
13	Bonds Premium - Tax Free Bonds	1,16,50	1,16,50
14	Commitment charges payable on KfW-UPNRM Borrowings	9,63	0
15	<b>Provisions and Contingencies</b>		
(a)	Depreciation in Value of Investment a/c - G. Sec.	122,43,39	0
(b)	Amortisation of G. Sec. - HTM	8,33,13	6,48,10
(c)	For Standard Assets	1240,32,96	1066,75,80
(d)	Non-Performing Investments	16,00,00	16,00,00
(e)	Countercyclical Provisioning Buffer	14,44,89	14,44,89
(f)	Sacrifice in interest element of restructured loans	0	3,25,42
(g)	Provision for Other Assets & Receivables	10,03,35	10,10,37
(h)	Provision for Income Tax [Net of Advance Tax]	636,13,15	0
	<b>Total</b>	<b>14687,29,04</b>	<b>11431,20,67</b>

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
**Consolidated Schedule 9 - Cash and Bank Balances**

(₹ thousands)			
Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Cash in hand	36	23
2	<b>Balances with:</b>		
	<b>A) Banks in India</b>		
	i) Reserve Bank of India	2229,83,39	150,54,92
	ii) Other Banks	0	0
	<b>B) Other Banks in India</b>		
	a) in Current Account	546,36,06	678,86,43
	b) Deposit with Banks	9025,29,70	15570,08,39
	(c) Remittances in Transit	8,29,39	35,07,80
	(d) Collateralised Borrowing and Lending Obligations	1349,05,75	2491,53,95
	C) Outside India	0	0
	<b>Total</b>	<b>13158,84,65</b>	<b>18926,11,72</b>

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
**Consolidated Schedule 10 - Investments**

(₹ thousands)			
Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
<b>1</b>	<b>Government Securities</b>		
	a) Securities of Central Government	8944,24,48	4796,24,58
	[Face Value ₹ 8676,75,00,000 (₹ 4828,78,30,000)]		
	[Market Value ₹ 9018,36,99,746(₹ 4907,77,65,515)]		
	b) Treasury Bills	2421,35,28	836,44,45
	[Face Value ₹ 2438,76,90,000 (₹ 887,98,50,000)]		
	[Market Value ₹ 2421,35,28,106 (₹ 836,44,44,755)]		
<b>2</b>	<b>Other Approved Securities</b>	0	0
<b>3</b>	<b>Equity Shares in:</b>		
	(a) Agricultural Finance Corporation Ltd.	1,00,00	1,00,00
	[1,000 (1,000) - Equity shares of ₹ 10,000 each]		
	(b) Small Industries Development Bank of India	48,00,00	48,00,00
	[1,60,00,000 (1,60,00,000) - Equity shares of ₹ 10 each]		
	(c) Agriculture Insurance Company of India Ltd.	60,00,00	60,00,00
	[6,00,00,000 (6,00,00,000) - Equity shares of ₹ 10 each]		
	(d) Multi Commodity Exchange of India Ltd.	30,22	85,61
	[3,77,758 (10,70,096) - Equity shares of ₹ 10 each]		
	(e) National Commodity and Derivatives Exchange Ltd.	16,87,50	16,87,50
	[56,25,000 (56,25,000) - Equity shares of ₹ 10 each]		
	(f) Universal Commodity Exchange Ltd [UCX]	16,00,00	16,00,00
	[1,60,00,000 (1,60,00,000) Shares of ₹ 10 each]		
	(g) Indian Financial Technology and Allied Services [Equity]	49	49
	[4900 (49) Shares of ₹ 10 each]		
	(h) CSC e-Governance Services India Ltd Equity	9,74,60	9,74,60
	[55,000 (55,000) Shares of ₹ 1000 each]		
	(i) Agriculture Skill Council of India	40	0
	[4,000 (0) Shares of ₹ 10 each]		
	(j) National E-Governance Services India Ltd [Equity]	1,50,00	0
	[15,00,000 (0) Shares of ₹ 10 each]		
<b>(k)</b>	<b>Other Equity Investments</b>		
	(i) Coal India Ltd.	1,65,56	2,95,29
	[43,389 (77,389) - Equity shares of ₹ 10 each]		
	(ii) Power Grid Corporation of India Ltd.	0	15,83
	[0 (17,592) - Equity shares of ₹ 10 each]		
	(iii) Manganese Ore India Ltd.	25,20	43,95
	[6,719 (11,719) -Equity shares of ₹ 10 each]		

(₹ thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
(iv)	State Bank of India [23,98,880 (23,98,880) shares of ₹ 10 each]	37,54,25	37,54,25
(v)	Punjab National Bank [12,000 (36,000) shares of ₹ 2 each]	23,87	71,61
(vi)	Larsen & Toubro Limited [1,000 shares (13,000) of ₹ 2 each]	17,32	2,25,22
(vii)	Oil and Natural Gas Corporation Ltd. [1,87,200 shares (1,24,000) of ₹ 5 each]	4,28,93	4,28,93
(viii)	Steel Authority of India Ltd. [8,58,626 shares (8,58,626) of ₹ 10 each]	6,02,34	6,02,34
(ix)	Bharat Heavy Electricals Ltd. [80,000 shares (80,000) of ₹ 2 each]	1,99,13	1,99,13
(x)	Indian Oil Corporation Ltd. [0 shares (35,000) of ₹ 10 each]	0	1,20,32
(xi)	Maruti Suzuki India Ltd. [7,000 shares (10,000) of ₹ 5 each]	1,78,84	2,55,49
(xii)	National Thermal Power Corporation Ltd. [0 shares (70,000) of ₹ 10 each]	0	1,05,82
(xiii)	Tata Consultancy Services Ltd. [10,000 shares (10,000) of ₹ 1 each]	2,39,88	2,39,88
(xiv)	Larsen & Toubro Infotech Limited [1,599 shares (0) of ₹ 1 each]	11,35	0
(xv)	Hindustan Construction Co. Ltd. [23,08,978 shares (0) of ₹ 10 each]	8,06,30	0
<b>4</b>	<b>Debentures and Bonds</b>		
(i)	Special Development Debentures of SCARDBs	3676,14,23	4954,59,98
(ii)	Non Convertible Debentures	1307,30,80	427,44,37
<b>5</b>	<b>Others</b>		
(a)	Mutual Fund	4001,09,28	4695,35,32
(b)	Commercial Paper [Face Value ₹ 21500,00,00,000 (₹ 2150,00,00,000)]	2766,91,10	2072,16,47
(c)	Certificate of Deposit [Face Value ₹ 7995,00,00,000 (₹ 7995,00,00,000)]	2311,32,08	7894,73,83
(d)	Bills Rediscounting [Face Value ₹ 200,00,00,000 (₹ 0)]	1977114	0
(e)	SEAF - Indian Agri- Business	9,50,08	9,26,26
(f)	APIDC - Ventures Life Fund III	14,38,07	13,93,47
(g)	BVF (Bio-Tech Venture Fund) - APIDC-V Investment	4,77,62	4,98,35
(h)	Ominovore India Capital Trust	19,72,25	17,73,40
(i)	India Opportunities	10,80,62	10,21,84
(j)	IvyCap Ventures Fund	19,60,00	19,60,00
(k)	Tata Capital Innovation Fund	55,11,31	49,23,86
(l)	TVS Shriram Growth Fund IB	19,82,59	20,06,37
(m)	Golden Gujarat Growth Fund	7,04,00	50,00
(n)	India Nivesh Growth Fund	2,75,00	0
(o)	IvyCap Venture Fund II	1,50,00	0
(p)	India Advantage Fund	2,90,00	0
(q)	Investment Earmarked towards EOL	258,25,14	247,19,31
	<b>Total</b>	<b>26270,21,25</b>	<b>26285,78,12</b>

All the above investments are in India

## SCHEDULE TO CONSOLIDATED BALANCE SHEET

### Consolidated Schedule 11 - Advances

(₹ thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
<b>1</b>	<b>Refinance Loans</b>		
(a)	Production & Marketing Credit	73682,58,42	69718,82,41
(b)	Conversion Loans for Production Credit	1065,00,22	446,89,97
(c)	Other Investment Credit :		
(i)	Medium Term and Long Term Project Loans	100536,85,00	83507,14,78
(ii)	Direct refinance to DCCBs	2565,20,00	3250,75,00
(iii)	JNN Solar Mission	1,51,10	6,24,05
<b>2</b>	<b>Direct Loans</b>		
(a)	Loans under Rural Infrastructure Development Fund	100981,48,44	91384,11,86
(b)	Loans under Warehouse Infrastructure Fund	3402,10,63	2361,95,48
(c)	Long Term Non-Project Loans (net of provision)	1188,04,05	1094,28,91
(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)	4978,00,40	3238,89,45
(e)	Loans under Producers' Organisation Development Fund (PODF)	316,57,82	377,76,82
(f)	Loans under Credit Facility to Federations [CFF]	6961,00,00	4948,50,00
(g)	Loans under Food Processing Fund	139,78,82	20,56,80
(h)	Loans under Long Term Irrigation Fund	9086,02,10	0
(i)	Direct Loans u/s 30 (Net of provision)	0	0
<b>(j)</b>	<b>Other Loans:</b>		
(i)	Co-operative Development Fund Programme Loans	42,86	85,72
(ii)	Micro Finance Development Equity Fund Programme Loans (net of provision)	83,41	4,43,79
(iii)	Watershed Development Fund Programme Loans	37,47,02	39,97,15
(iv)	Tribal Development Fund Programme Loans (net of provision)	11,38,51	14,63,91
(v)	KfW UPNRM Loans (net of provision)	68,71,50	98,75,26
(vi)	Off Farm Sector Promotion Activities Programme Loans (Net of provision)	200,54,11	41,26,86
(vii)	Farm Sector Promotion Activities Programme Loans	4,27	49,87
<b>(k)</b>	<b>Co-Finance Loans(Net of provision)</b>	<b>79,68</b>	<b>3,17,59</b>
	<b>Total</b>	<b>305224,38,36</b>	<b>260559,55,68</b>

## SCHEDULE TO CONSOLIDATED BALANCE SHEET

### Consolidated Schedule 12 - Fixed Assets

(₹ thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
<b>1</b>	<b>LAND : Freehold &amp; Leasehold</b>		
	Opening Balance	174,33,32	162,43,60
	Additions/adjustments during the year	7,64,60	11,89,71
	Sub-Total	181,97,92	174,33,31
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	181,97,92	174,33,31
	Less: Amortisation of Lease Premia	53,29,82	51,20,19
	<b>Book Value</b>	<b>128,68,10</b>	<b>123,13,12</b>
<b>2</b>	<b>PREMISES</b>		
	Opening Balance	363,26,00	339,09,33
	Additions/adjustments during the year	47,71,49	24,16,67
	Sub-Total	410,97,49	363,26,00
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	410,97,49	363,26,00
	Less: Depreciation to date	240,94,02	227,19,80
	<b>Book Value</b>	<b>170,03,47</b>	<b>136,06,20</b>
<b>3</b>	<b>FURNITURE &amp; FIXTURES</b>		
	Opening Balance	63,19,51	61,73,27
	Additions/adjustments during the year	90,26	2,39,08
	Sub-Total	64,09,77	64,12,35
	Less: Cost of assets sold/written off	99,99	92,83
	Closing Balance (at cost)	63,09,78	63,19,52
	Less: Depreciation to date	59,27,74	58,21,90
	<b>Book Value</b>	<b>3,82,04</b>	<b>4,97,62</b>



(₹ thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
<b>4</b>	<b>COMPUTER INSTALLATIONS &amp; OFFICE EQUIPMENTS</b>		
	Opening Balance	103,89,38	99,01,77
	Additions/adjustments during the year	8,24,65	8,28,24
	Sub-Total	112,14,03	107,30,01
	Less: Cost of assets sold/written off	2,98,49	3,40,62
	Closing Balance (at cost)	109,15,54	103,89,39
	Less: Depreciation to date	96,95,23	92,22,12
	<b>Book Value</b>	<b>12,20,31</b>	<b>11,67,27</b>
<b>5</b>	<b>VEHICLES</b>		
	Opening Balance	8,17,74	6,26,59
	Additions/adjustments during the year	2,17,00	4,18,63
	Sub-Total	10,34,74	10,45,22
	Less: Cost of assets sold/written off	1,59,20	2,27,48
	Closing Balance (at cost)	8,75,54	8,17,74
	Less: Depreciation to date	4,51,60	3,50,19
	<b>Book Value</b>	<b>4,23,94</b>	<b>4,67,55</b>
<b>6</b>	<b>Capital Work-in-Progress</b>	<b>85,12,18</b>	<b>83,54,51</b>
	<b>Total</b>	<b>404,10,04</b>	<b>364,06,27</b>

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
Consolidated Schedule 13 - Other Assets

(₹ thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Accrued Interest	2882,11,32	3577,28,03
2	Deposits with Landlords	1,60,35	2,63,57
3	Deposits with Government Departments and Other Institutions	10,44,47	3,61,70
4	Housing loan to staff	121,13,40	140,44,51
5	Other Advances to staff	91,22,13	97,29,13
6	Advances to Landlords	92	1,14
7	Sundry Advances	86,23,76	76,43,93
8	Advance Tax (Net of Provision for Income Tax)	0	382,34,01
9	Deferred Tax Assets	184,31,15	164,64,37
10	Expenditure recoverable from Government of India / International Agencies.	71,04,59	17,28,58
11	Discount Receivable	104,25,32	105,12,14
	<b>Total</b>	<b>3552,37,41</b>	<b>4567,11,11</b>

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
Consolidated Schedule 14 - Interest and Financial Charges

(₹ thousands)

Sr. No.	Particulars	2016-17	2015-16
<b>1.</b>	<b>Interest Paid on</b>		
a)	Deposits under RIDF	6038,85,05	5737,78,86
b)	Short Term Cooperative Rural Credit Fund	2452,44,43	2552,67,53
c)	ST RRB Credit Refinance Fund	694,02,10	1451,64,88
d)	Tea / Coffee / Rubber Deposits	11,49,55	17,58,61
e)	CBS Deposits	72	7,36
f)	Deposits / Borrowings	1,50,12	1,39,10
g)	Loans from Central Government	52,33	1,01,17
h)	Bonds	3518,68,97	3330,57,26
i)	Commercial Paper	879,02,24	972,06,16
j)	Bonds - LTIF	107,35,80	0
k)	Term Money Borrowings	98,45,04	65,08,57
l)	Borrowing against ST Deposit	24,71	60
m)	Discount Cost Paid on Certificate of Deposits	475,43,93	42,23,18
n)	Borrowings from International Agencies	24,19,01	25,94,50
o)	Watershed Development Fund	68,83,42	64,33,75
p)	Financial Inclusion Fund	142,77,35	132,97,20
q)	Indo German Watershed Development Programme - Andhra Pradesh	2,85	2,60

(₹ thousands)

Sr. No.	Particulars	2016-17	2015-16
r)	Indo German Watershed Development Programme - Rajasthan	64	0
s)	Indo German Watershed Development Programme - Gujarat	21,56	16,80
t)	KfW UPNRM - Accompanying measures	22	13,51
u)	KfW - NB Indo German Watershed Development Programme - Phase III - Maharashtra	0	1,89
v)	KfW - NB - IX Adivasi Development Programme	59,96	0
w)	KFW NB V - Adivasi Project	7,54	4,57
x)	Commitment Charges -KfW UPNRM Borrowings	0	11,96
y)	Multi Activity Approach for Poverty Alleviation BAIF Project - Sultanpur, Uttar Pradesh	37	36
z)	Multi Activity Approach for Poverty Alleviation BAIF Project -Rae Bareli, Uttar Pradesh	10	10
aa)	Cattle Development Programme (UP & Bihar)	59	57
ab)	Tribal Development Fund	57,91,12	49,82,53
ac)	Centre for Professional Excellence in Co-operatives (C - PEC)	15,16	12,78
ad)	Warehouse Infrastructure Fund	214,13,98	121,39,01
ae)	Long Term Rural Credit Fund	1333,72,13	700,06,94
af)	Fund for Food Processing Units	7,23,53	5,98,75
ag)	National Adaptation Fund for Climate Change	7,12,69	1,06,67
2	Discount on Collateralised Borrowing and Lending Obligations	117,48,44	107,80,61
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	15,53,26	35,48,83
4	Capital Loss - Equity Shares of Other Institutions	55,44	42,29
5	Swap Charges	48,46	21,75,87
6	Repo Interest Expenditure	9,45	0
	<b>Total</b>	<b>16269,22,26</b>	<b>15439,85,37</b>

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
Consolidated Schedule 15 A - Establishment and Other Expenses

(₹ thousands)

Sr. No.	Particulars	2016-17	2015-16
1	Salaries and Allowances	707,30,94	735,48,93
2	Contribution to / Provision for Staff Superannuation Funds	961,08,10	465,30,11
3	Other Perquisites & Allowances	41,50,93	39,18,43
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	41,48	29,06
5	Directors' & Committee Members' Fees	13,27	6,07
6	Rent, Rates, Insurance, Lighting, etc.	36,22,55	36,19,63
7	Travelling Expenses	42,28,51	36,06,95
8	Printing & Stationery	5,68,42	4,87,43
9	Postage, Telegrams & Telephones	20,54,47	13,65,44
10	Repairs	51,53,65	28,31,20
11	Auditors' Fees	45,15	44,42
12	Legal Charges	1,24,81	1,56,45
13	Miscellaneous Expenses	103,30,00	85,34,41
14	Expenditure on Miscellaneous Assets	8,12,76	8,07,15
15	Expenditure on Study & Training	47,25,73	62,36,71
16	Wealth Tax	0	(66,97)
	<b>Total</b>	<b>2027,10,77</b>	<b>1516,55,42</b>

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
Consolidated Schedule 15 B - Expenditure on Promotional Activities

(₹ thousands)

Sr. No.	Particulars	2016-17	2015-16
1	Cooperative Development Fund	16,72,43	15,39,97
2	Producers' Organization Development Fund	4,10,43	2,62,33
3	Rural Infrastructure Promotion Fund	1,58,42	2,60,42
4	Exp. for NFS Promotional Measures/ Activities	22	0
5	Expenditure under Farm Sector Promotion Fund	21,19,64	24,90,93
6	Expenditure under Climate Change Programme	4,95	0
	<b>Total</b>	<b>43,66,09</b>	<b>45,53,65</b>

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
Consolidated Schedule 16 - Provisions

(₹ thousands)

Sr. No.	Particulars	2016-17	2015-16
	Provisions for:		
1	Standard Assets	173,43,36	52,13,36
2 (a)	Non Performing Assets	9,41,39	75,76,87
2 (b)	Non Performing Assets - staff	0	1,47
3	Provision for Non performing Investment	0	0
4	Depreciation in Value of Investment Account - Equity	0	0
5	Sacrifice in interest element of restructured Accounts	(3,25,42)	(11,95,58)
6	Other Assets / Receivable	(24,07)	12,43,78
7	Amount written off - Co-Finance/Others	0	22,21
	<b>Total</b>	<b>179,35,26</b>	<b>128,62,11</b>

**SCHEDULE TO CONSOLIDATED BALANCE SHEET**  
Consolidated Schedule 17 - Commitments and Contingent Liabilities

(₹ thousands)

Sr. No.	Particulars	As on 31.03.2017	As on 31.03.2016
1	Commitments on account of capital contracts remaining to be executed	111,88,93	71,29,68
	<b>Sub Total "A"</b>	<b>111,88,93</b>	<b>71,29,68</b>
2	Contingent Liabilities		
	(i) Claims against the Bank not acknowledged as debt	7,30,35	28,60
	(ii) Bank Guarantee	16,65,00	0
	<b>Sub Total "B"</b>	<b>23,95,35</b>	<b>28,60</b>
	<b>Total (A + B)</b>	<b>135,84,28</b>	<b>71,58,28</b>

## SCHEDULE 18

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation:

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

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Bank's standalone financial statements. The figures pertaining to the Subsidiary Companies have been recast/ reclassified wherever necessary to bring them in line with the parent Bank's financial statements.

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Bank.

The Notes and Significant accounting policies to the Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the Group. In this respect, the Bank has disclosed such notes and policies which fairly present the needed disclosures, and such other notes and statutory conformation disclosed in the financial statements of the parent and the subsidiary companies which are not having any effect on the true and fair view of the Consolidated Financial statements are excluded.

The financial statements of the Bank and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions. The unrealized profits or losses resulting from the intra-group transactions have been eliminated and unrealized losses resulting from the intra-group transactions have also been eliminated unless cost cannot be recovered.

Share of minority interest in the net profit of the consolidated subsidiaries is identified and adjusted against the profit after tax to arrive at the net income attributable to shareholders. Share of minority interest in losses of the consolidated subsidiaries, if exceeds the minority interest in the equity, the excess and further losses applicable to the minority, are adjusted against the Group's interest.

Share of minority interest in net assets of consolidated subsidiaries is presented in the consolidated balance sheet separately from liabilities and the equity of the company's shareholders.



### 3. The consolidated financial statements present the accounts of the Bank with its following subsidiaries:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership (%)	
		2016-17	2015-16
NABKISAN Finance Ltd. (formerly known as "Agri Development Finance (Tamilnadu) Ltd." (ADFT))	India	80.84	86.22
NABSAMRUDDHI Finance Limited (formerly known as "Agri Business Finance Ltd." (ABFL))	India	78.83	84.03
NABARD Financial Services Limited (NABFINS)	India	67.01	67.01
NABARD Consultancy Services Pvt. Ltd. (NABCONS)	India	100	100

### 4. Use of Estimates:

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

### 5. Revenue recognition:

- 5.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:
  - i) Interest on non-performing assets identified as per Reserve Bank of India (RBI) guidelines.
  - ii) Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
  - iii) Service Charges on loans given out of various Funds.
  - iv) Expenses not exceeding ₹ 10,000 at each accounting unit, under a single head of expenditure.
- 5.2 Discount on Bonds and Commercial Papers issued are amortized over the tenure of Bonds and Commercial Papers. Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.
- 5.3 Dividend on investments is accounted for, when the right to receive the dividend is established.
- 5.4 Release of subsidy in which NABARD is acting as a pass through agency is accounted for on payment basis subject to availability of funds under the respective schemes.
- 5.5 Income from Venture Capital Funds are accounted on realization basis.
- 5.6 Provision for Wealth Tax is made, in accordance with the provisions of Wealth Tax Act, 1957.
- 5.7 Recovery in non-performing assets (NPA) is appropriated in the following order:
  - i) penal interest
  - ii) cost & charges
  - iii) overdue interest and interest
  - iv) Principal
- 5.8 Interest from the term loan disbursed and interest from banks are recognized on time proportion basis taking into account amount outstanding and the rate applicable.
- 5.9 Income from services
- 5.9.1 Income from Assignments: Income from assignments constitute the main source of income for the Company (NABCONS). Recognition of revenue and corresponding expenses incurred on particular assignments are taken into account at the time when the 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 big assignments where execution is spread over to more than one year, the income has been recognized based on the milestones completed and deliveries effected.
  - in case assignment is a time bound contract for more than a year income is recognized in proportion to period completed.
- 5.9.2 In case of foreign assignments, the income has been recognized as soon as the assignment is executed.
- 5.9.3 As per the view taken by the management, the assignments which are not likely to be continued were closed on "as is where is" basis and the amount received thereon has been treated as income.
- 5.9.4 An advance received on progressive basis for ongoing assignments is shown as a separate item as advance received from clients and treated as current liability. The expenses incurred on such assignments are shown as current assets.

- 5.9.5 In respect of Pass through and monitoring agency assignment, as per terms of agreement, NABCONS is entitled to deduct 1.5% of the amount released at the time of release of each installment towards professional fees. The income has been recognized at the time of release of each instalment amount.

### 6. Fixed Assets and Depreciation

- a) Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.
- b) Land includes free hold and leasehold land.
- c) Premises include value of land, where segregated values are not readily available.
- d) Depreciation on premises situated on free hold land is charged at 10% p.a., on written down value basis.
- e) Depreciation on leasehold land and premises situated thereon is computed and charged at 5% on written down value basis or the amount derived by amortizing the premium/cost over the remaining period of leasehold land, on straight-line basis, whichever is higher.
- f) Fixed Assets costing ₹ 1 lakh and less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹ 10,000/-. All software costing ₹ 1 lakh each and less, purchased independently are charged to the Profit and Loss Account.
- g) Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

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

- h) Depreciation is charged for the full year, irrespective of the date of purchase of asset. No depreciation is charged in the year of sale.
- i) Capital work in progress includes capital advances and is disclosed under Fixed Assets.
- j) In case of following subsidiaries the depreciation on fixed assets is provided on following basis

Name of the Subsidiary	Method of Depreciation
NABKISAN Finance Ltd. (formerly known as "Agri Development Finance (Tamil Nadu) Ltd." (ADFT))	WDV as per Schedule II
NABSAMRUDDHI Finance Limited (formerly known as "Agri Business Finance Ltd." (ABFL))	WDV as per Schedule II
NABARD Financial Services Limited (NABFINS)	SLM as per Schedule II
NABARD Consultancy Services Pvt. Ltd. (NABCONS)	WDV as per Schedule II

### 7. Investments

- a) In accordance with the RBI guidelines, Investments are classified into "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) categories (hereinafter called "categories").
- b) Securities that are held principally for resale within 90 days from the date of purchase are classified as "HFT". Investments that the Bank intends to hold till maturity are classified as "HTM". Securities which are not to be classified in the above categories are classified as "AFS".
- c) Investments classified under Held to Maturity category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortized over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category "HTM" is made, wherever necessary. Provision for diminution/ amortization, in value of such investments, is included under Current Liabilities and Provisions.
- d) Profit on redemption of investment categorized under "HTM" is recognized in Profit & Loss A/c and then transferred to Reserve A/c.
- e) Investments under "AFS" are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Net depreciation, if any, is provided for investments in the category classified as "AFS" and appreciation is ignored. The book value of the individual scrip are not changed after the revaluation.

- f) Investments under “HFT” are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Depreciation/appreciation is recognized in the category for investments classified as “HFT”. The book value of the individual scrip are changed after the revaluation.
- g) Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.
- h) Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.
- i) Unquoted Shares are valued at breakup value, if the latest Audited Accounts of the investee companies are available, or at ₹ 1/- per Company as per RBI guideline.
- j) Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.
- k) Brokerage, paid on acquisition/disposal of equities traded on stock exchange is capitalized.
- l) Broken period interest paid/received on debt investment is treated as interest expenses/ income and is excluded for cost/ sale consideration.
- m) Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/ market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.
- n) Amortization/Gain/Loss on Revaluation of Government Securities is charged to Profit and Loss Account.
- o) Weighted average cost method has been followed for accounting for investments.
- p) Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.

## 8. Advances and Provisions thereon

- a) Advances are classified as per RBI guidelines. Provision for standard assets and non-performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.
- b) In case of restructuring/rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present value of future principal and interest as per the revised agreement is provided for.
- c) Advances are stated net of provisions towards Non-performing Advances.
- d) Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the Profit and Loss account.

## 9. Foreign Currency Transactions

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

- a) Assets and liabilities in foreign currency, are revalued at the exchange rate notified by Reserve Bank of India (using FEDAI rates till last year) as at the close of the year and disclosed as a contra item in the Balance Sheet (as off Balance Sheet item). The liability towards foreign currency borrowings is fully hedged and stated in the Balance Sheet at the contracted value (as off balance sheet item).
- b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

## 10. Accounting for Foreign Exchange Contracts

- a) Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.
- b) The foreign exchange unhedged contracts are revalued at the exchange rates notified by FEDAI at the year end. 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. Premium/ discount are accounted over the life of the contract.
- c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit and Loss Account under the head 'Profit / Loss on Foreign Currency Loan Account'.

## 11. Employee Benefits

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

### a) Short Term Employee Benefits:

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

## b) Post Retirement Benefits:

### i) Defined Contribution Plan

The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis. The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the “NPS- Corporate Sector Model”, a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

### ii) Defined Benefit Plan

- a. Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.
- b. Provision for pension is made based on actuarial valuation, in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust.

### iii) Other Long Term benefits

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

## 12. Taxes on Income

- a) Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/appeals.
- b) Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.
- c) Deferred tax assets relating to unabsorbed depreciation/business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.
- d) Tax paid/provided on taxable income earned by the funds are accounted as expenditure of respective funds.

## 13. Segment Reporting

- a) Segment revenue includes interest and other income directly identifiable with / allocable to the segment.
- b) Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank income".
- c) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".
- d) Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

## 14. Impairment of Assets

- a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:
  - i) the provision for impairment loss, if any, required; or
  - ii) the reversal, if any, required for impairment loss recognized in the previous periods.
- b) Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

## 15. Provisions, Contingent Liabilities and Contingent Assets

- 15.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:
  - a) the Bank has a present obligation as a result of a past event;
  - b) a probable outflow of resources is expected to settle the obligation; and
  - c) the amount of the obligation can be reliably estimated.



- 15.2 Contingent liability is disclosed in the case of:
- a possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
  - a present obligation when no reliable estimate is possible, and
  - 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

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

## 17. 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 bank had set up a steering committee headed by Deputy Managing Director to evaluate the changes in accounting system and impact of implementation of Ind AS on the financials including the adequacy of capital, taking into account the Basel III capital requirements. Efforts are being made by the bank to complete the implementation process as per the above timelines.

## B. NOTES FORMING PART OF THE ACCOUNTS

1. In terms of the agreement with Kreditanstalt Fur Wiederaufbau - German Development Bank (KfW), accretion/ income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as direct loans and disclosed under Schedule 12. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 8.

During the year, a sum of ₹6.51 crore towards NPA for loans granted under KfW UPNRM Scheme and the same has been charged to Profit & Loss Account, for want of UPNRM fund.

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

Sr. No.	Name of the Fund	Rate of Interest for 2016-17	Rate of Interest for 2015-16
1.	Watershed Development Fund	6%	6%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Rajasthan)	6%	6%
3.	KfW Accompanying Measures	6%	6%
4.	National Adaptation Fund for Climate Change	6%	6%
5.	Tribal Development Fund	6%	6%
6.	Financial Inclusion Fund	6%	6%
7.	KfW NB- V Adivasi Development Programme- Gujrat	6%	6%
8.	Cattle Development Fund (UP & Bihar)	7.46%	7.88%
9.	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareli)	7.46%	7.88%
10.	Center for Professional Excellence in Co-operatives.	7.46%	7.88%
11.	KfW NB- IX Adivasi Development Programme - Maharashtra	7.46%	--

3. Recoverable from Government of India/International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹71.05 crore (₹ 17.29 crore) being debit balance of various funds. The details of such funds are as under:

(Amount in ₹ crore)

Sr. No.	Name of the Fund	31-03-2017	31-03-2016
1	KfW- UPNRM – Accompanying Measures	1.84	---
2	KfW- NB IGWDP (Rajasthan)	0.00	5.31
3	KfW- Soil Project	11.47	---
4	KfW UPNRM Fund	27.45	11.44
5	KfW UPNRM- Financial Contribution	0.53	0.39
6	IFAD-MRCP	0.00	0.06
7	Others	29.76	0.09

4. Sundry creditors includes ₹30.67 crore (₹32.12 crore) being amounts outstanding to contributors in respect of Micro Finance Development and Equity Fund (MFDEF). An amount of ₹ 1.46 crore being the share of NABARD taken to Profit & Loss Appropriation account.
5. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5 percent in respect of Rural Infrastructure Development Fund (RIDF) deposits, Short Term Co-operative Rural Credit Refinance Fund (STCRC) deposits, Short Term RRB Credit Refinance Fund (STRRB) deposits and Warehouse Infrastructure Fund (WIF) deposits, placed by the Commercial Banks is credited to Watershed Development Fund, Tribal Development Fund and Financial Inclusion Fund. Previous year, the amounts were credited to Tribal Development Fund and Financial Inclusion Fund.
6. Pursuant to the agreement with Government of India, the relative margin in excess of 0.60%, if any, in respect of Long Term Irrigation Fund shall be transferred to “LTIF Fluctuation Reserve Fund”, which will be used during the period when the relative margin is less than 0.60%. During the year an amount of ₹2.52 crore, being the excess margin earned has been transferred to the ‘LTIF Fluctuation Reserve Fund’ out of Interest Received account.
7. Subvention received/receivable from Government of India (GOI) under Seasonal Agricultural Operations (SAO) amounting to ₹422.36 crore (₹ 1353.14 crore) and ₹20.24 crore (₹ 17.12 crore) under National Rural Livelihood Mission (NRLM), being the difference between the cost of borrowing by NABARD and the refinance rate has been reduced from interest and financial charges and shown as accrued interest and disclosed under Schedule 13.
8. Other receipts includes ₹126.35 crore (₹168.43 crore) received/receivable from GOI towards administration charges on providing refinance under interest subvention scheme to StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agricultural Credit Societies (PACS) for Seasonal Agricultural Operations and under NRLM scheme.
9. The salaries and allowances of the employees of the Bank are reviewed every five years. The review due from 01 November 2012 was settled on 01 March 2017 and the arrears of pay and allowances for serving and retired employees are being worked out by the bank. An amount of ₹538 crore was held as provision for arrears of salaries and allowances as on 31 March 2016, which was found to be adequate for meeting the additional cost. No additional provision was made during the current year. The effect of wage revision on superannuation benefits has been taken into account.
10. The Bank, during the year, in accordance with AS 22 “Accounting for taxes on Income”, recognized in the Profit and Loss Account the deferred tax of ₹18.67 crore (₹ 11.06 crore). The details of the deferred tax are as under:

(Amount in ₹ crore)

Sr. No.	Deferred Tax Assets	31 March 2017	31 March 2016
1	Provision allowable on payment basis	149.64	124.97
2	Depreciation on Fixed Assets	31.55	37.55
	<b>Total</b>	<b>181.19</b>	<b>162.52</b>

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.

11. The tax liability of the Bank for the Assessment Year 2002-03 amounting to ₹373.15 crore was assessed by the Income Tax Department. The Bank has provided and paid the said liability. However, the Bank has filed an appeal against the order of the CIT Appeals with the Income Tax Appellate Tribunal.
12. Income Tax Department had reopened the assessment for the Assessment Year 2006-07, during the FY 2011-12. An amount of ₹343.21 crore has been added to the income of the bank during the reassessment of the income. Out of the above,
  - (a) An addition of ₹132.08 crore has been made on account of differential interest accounted under the RIDF which was credited to Watershed Development Fund in terms of the RBI directions.
  - (b) Further, an amount of ₹211.13 crore has been added to the income on other accounts. In the opinion of the management, in respect of these additions, there is remote possibility of any tax outflow. The Bank has filed an appeal against the above order with CIT-Appeals and also a rectification application with Assessing Officer. Pending the outcome of the appeal/rectification application, the bank had accounted the tax including interest amounting to ₹97.83 crore under the head Watershed Development Fund as an expenditure of the fund, in accordance with the resolution of the Board.
  - (c) The bank has paid an amount of ₹162.16 crore out of the total demand of ₹254.22 crore by way of adjustment of refund of taxes of previous years and preferred an appeal with CIT (A) against the re-opening of the assessment.
  - (d) The CIT (A) vide his order dated 26 February 2016 has upheld NABARD's appeal and ruled against the reopening of completed assessment by IT department. The department has preferred appeal against the CIT(A) order with ITAT, Mumbai.
13. During the Reassessment of the income for the Assessment Year 2007-08 (reopened during 2011-12) an additional tax liability of ₹157.47 crore was assessed on account of differential interest accounted under the RIDF. The Bank has paid the said liability wherein ₹27.46 crore has been charged to Tribal Development Fund during the current year. However, the Bank had filed an appeal against the above order with CIT- Appeals. During the year 2015-16, the CIT (A) vide his order dated 30 March 2016 has upheld NABARD's appeal and ruled against the reopening of completed assessment by IT department. During the year 2016-17, pursuant to the CIT(A) order, an amount of ₹179.09 crore has been received as Refund. The Income Tax department has preferred appeal against the CIT(A) order with ITAT, Mumbai. Pending appeal with ITAT, the refund including interest thereon received from the IT department is kept in Income Tax Refund Account.
14. Income Tax Department had reopened the assessment for the Assessment Year 2008-09 during the Financial Year 2012-13 and additional tax liability of ₹174.59 crore was assessed on account of differential interest accounted under the RIDF/STCRC. The Bank has paid said liability in prior years and preferred an appeal against the above order with CIT- Appeals. During the year 2015-16, the CIT (A) vide his order dated 30 March 2016 has upheld NABARD's appeal and ruled against the reopening of completed assessment by IT department. During the year 2016-17, pursuant to the CIT(A) order, an amount of ₹174.59 crore along with ₹28.81 crore as interest has been received as Refund. The Income Tax department has preferred appeal against the CIT(A) order with ITAT, Mumbai. Pending appeal with ITAT, the refund including interest thereon received from the IT department is kept in Income Tax Refund Account.
15. Income Tax Department had reopened the assessment for the Assessment Year 2009-10 during the Financial Year 2012-13 and raised a demand of ₹256.90 crore due to RIDF differential interest and other disallowances which has been paid by the bank in prior years and preferred an appeal with CIT(A) against the re-opening of the assessment. During the year 2015-16, the CIT (A) vide his order dated 30 March 2016 has upheld NABARD's appeal and ruled against the reopening of completed assessment by IT department. During the year 2016-17, pursuant to the CIT(A) order, an amount of ₹256.90 crore along with ₹40.04 crore of Interest has been received as Refund. The Income Tax department has preferred appeal against the CIT(A) order with ITAT, Mumbai. Pending appeal with ITAT, the refund including interest thereon received from the IT department is kept in Income Tax Refund Account.

16. During the Assessment of the income for the Assessment Year 2010-11 a tax liability of ₹313.07 crore was assessed on account of differential interest accounted under the RIDF/STCRC and others. The Bank has paid the liability in prior years. The Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹276.66 crore was accounted under Tribal Development Fund during FY 2012-13. During the year 2015-16, CIT (A) vide his order dated 26 February 2016 upheld bank's appeal for non-levy of income tax on differential interest accounted under the RIDF/STCRC. During the year 2016-17, pursuant to the CIT(A) order, an amount of ₹285 crore along with ₹61.34 crore of Interest has been received as Refund. The Income Tax department has preferred appeal against the CIT(A) order with ITAT, Mumbai. Pending appeal with ITAT, the refund including interest thereon received from the IT department is kept in Income Tax Refund Account.
17. During the Assessment of the income for the Assessment Year 2011-12 a tax liability of ₹424.95 crore was assessed on account of differential interest accounted under the RIDF/STCRC and others. The Bank has paid the liability in prior years. However, the Bank has filed an appeal against the above order with CIT- Appeals.
18. The Income Tax Department, for the Assessment year 2012-13, has made an addition of ₹1002.68 crore on account of differential interest accounted under the RIDF/STCRC which was credited to Tribal Development Fund in terms of the RBI directions. Further, an amount of ₹145.90 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. The Bank has paid the liability in prior years. However, the Bank has filed an appeal against the above order with CIT- Appeals.
19. The Income Tax Department, for the Assessment year 2013-14, has made an addition of ₹1156.05 crore on account of differential interest accounted under the RIDF/STCRC which was credited to Tribal Development Fund in terms of the RBI directions. Further, an amount of ₹20.56 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. However, the Bank has filed an appeal against the above order with CIT- Appeals.
20. During the year, the Income Tax Department, for the Assessment year 2014-15, has made an addition of ₹1289.70 crore on account of differential interest accounted under the RIDF/STCRC which was credited to Watershed Development Fund, Tribal Development Fund and Financial Inclusion Fund in terms of the RBI directions. Further, an amount of ₹36.00 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. However, the Bank has filed an appeal against the above order with CIT- Appeals.
21. During the year, the Income Tax Department, for the Assessment year 2015-16, has made an addition of ₹1259.67 crore on account of differential interest accounted under the RIDF/STCRC which was credited to Watershed Development Fund, Tribal Development Fund and Financial Inclusion Fund in terms of the RBI directions. Further, an amount of ₹61.33 crore has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. However, the Bank has filed an appeal against the above order with CIT- Appeals.
22. Free hold land and Lease Land and Premises include ₹16.00 crore (₹19.58 crore) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.
23. 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)	65.00 (40.00)	63.51 (40.22)
Pledged for Business Segment (Collateralised Borrowing and Lending Obligation)	8751.68 (4892.86)	9000.53 (4810.12)
Pledged for Business Segment (Securities) Default Fund	3.00 (0.00)	3.13 (0.00)
Pledged for Business Segment (Collateralised Borrowing and Lending Obligation) – Default Fund	5.00 (0.00)	4.63 (0.00)



24. The market value of all investments held by NABARD under Held to Maturity (HTM) category was ₹5107.50 crore against the book value of ₹4098.02 crore. Out of this, the market value of investment in Venture Capital Fund was ₹156.87 crore against the book value of ₹132.77 crore. Accordingly, the excess of book value over market value was ₹24.10 crore (₹3.40 crore) for which no provision was made as per RBI guidelines.

25. Dividend proposed by the subsidiaries for the year 2016-17, subject to the approval of shareholders in the ensuing Annual General Meeting:

(Amount in ₹ crore)

S. No.	Subsidiary	Proposed dividend
1	NABCONS	0.60
2	NABSAMRUDDHI	0.32

## 26. Non-Performing Investments

(Amount in ₹ crore)

S. No.	Particulars	31.03.2017	31.03.2016
(i)	<b>Net NPI to Net Investments (%)</b>	<b>0.00</b>	<b>0.00</b>
(ii)	<b>Movement of NPIs (Gross)</b>		
(a)	Opening Balance	16.00	16.00
(b)	Additions during the year	0.00	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	16.00	16.00
(iii)	<b>Movement of Net NPIs</b>		
(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)	<b>Movement of provisions for NPIs</b>		
(a)	Opening balance	16.00	16.00
(b)	Provision made during the year	0.00	0.00
(c)	Write off / write back of excess provision	0.00	0.00
(d)	Closing balance	16.00	16.00

Investment of ₹16.00 crore in Universal Commodity Exchange Limited (UCX) is treated as an Non Performing Investment as the company was barred from operating as a Commodity Exchange following Forward Markets Commission (FMC) directive in July 2014. As per the RBI guidelines the investment in the company is valued at ₹1/-.

## 27. Concentration of borrowings / lines of credit, credit exposures and NPAs

(a) Concentration of borrowings and lines of credit

(Amount in ₹ crore)

S. No.	Particulars	2016-17	2015-16
(i)	Total borrowings from twenty largest lenders	168502.98	167258.02
(ii)	Percentage of borrowings from twenty largest lenders to total borrowings	86.67	88.13

(b) Concentration of credit exposures

(Amount in ₹ crore)

S. No.	Particulars	2016-17	2015-16
(i)	Total exposures to twenty largest borrowers	170052.61	131217.45
(ii)	Percentage of exposures to twenty largest borrowers to Total Advances of the AIFI	55.05	45.06

## 28. Pattern of Capital contribution as on the date of the Balance Sheet:

The shareholding of Government of India and RBI in the Paid up capital of NABARD as on 31 March 2017 was at 99.60%: 0.40% as per details given below.

(Amount in ₹ crore)

Contributor	31 March 2017		31 March 2016	
Reserve Bank of India	20.00	0.40%	20.00	0.40%
Government of India	4,980.00	99.60%	4,980.00	99.60%
<b>Total</b>	<b>5,000.00</b>	<b>100.00%</b>	<b>5,000.00</b>	<b>100.00%</b>

NABARD has received an amount of ₹1400 crore (₹300 crore) from Government of India towards Share Capital and the same has been kept as Advance towards Capital a/c pending enhancement of Authorized Capital.

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

(Amount in ₹ crore)

Particulars	2016-17	2015-16
Opening Balance	0.29	0.00
Addition during the year	16.65	0.29
Deletion during the year	0.00	0.00
Closing Balance	16.94	0.29

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

(Amount in ₹ crore)

Sr. No.	Particulars	2016-17	2015-16
1.	Income	11.61	0.01
2.	Revenue Expenditure	0.00	0.02
3.	Post-Retirement Medical Benefits	0.00	0.00
4.	Fund Expenditure	0.00	0.00
<b>Total</b>		<b>11.61</b>	<b>-0.01</b>

31. Information on Business Segment

### (a) Brief Background

The Bank has recognized Primary segments as under:

- 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 Co-operative Banks etc.
- Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs, Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.
- Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.
- Unallocated:** Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

(b) Information on Primary Business Segment

(Amount in ₹ crore)										
Particulars	Treasury		Refinance		Direct Lending		Other Business		Total	
Business Segments	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue	3026.69	2813.80	11317.47	10894.96	8007.01	7087.17	85.35	68.95	22436.52	20864.88
Result	1391.24	2682.55	3085.85	1601.54	1431.75	996.58	-1479.84	-1117.47	4429.00	4163.20
Unallocated Expenses									542.29	455.94
Operating Profit									3886.71	3707.26
Income Taxes									1197.50	1159.14
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									2689.21	2548.12
<b>Other Information</b>										
Segment Assets	33708.94	39740.50	181797.45	162734.93	129258.67	106402.19	3844.86	1825.01	348609.92	310702.63
Segment Liabilities	35365.39	16269.13	162534.44	158998.38	112451.43	102683.19	0.00	0.00	310351.26	277950.70
Unallocated Liabilities									38258.65	32751.93
Total Liabilities									348609.92	310702.63

(c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

30. Figures in brackets pertain to previous year.

31. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our attached report of even date

**Vyas & Vyas**  
Chartered Accountants  
Firm Registration No.000590C

**O P Vyas**  
Partner  
Membership No.014081  
Guwahati  
26 May 2017

**A K Sahoo**  
Chief General Manager  
Accounts Department

**Harsh Kumar Bhanwala**  
Chairman

**R Amalorpavanathan**  
Deputy Managing Director

**B. P. Kanungo**      **Anup Kumar Dash**  
Director                      Director

CONSOLIDATED CASH FLOW

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT  
Consolidated Cash flow for the year ended 31 March 2017

(₹ in thousands)		
Particulars	2016-17	2015-16
<b>(a) Cash flow from Operating activities</b>		
Net Profit as per Profit and Loss a/c before tax	3886,70,93	3707,26,07
Adjustment for:		
Depreciation	28,61,99	27,05,26
Provisions and Amortisations	(24,07)	12,65,99
Provision for Non performing Assets	9,41,39	75,78,34
Provision for Standard Assets	173,43,36	52,13,36
Provision for sacrifice in interest element of Restructured Loan	(3,25,42)	(11,95,58)
Profit / Loss on sale of Fixed Assets	(21,47)	(20,34)
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	277,73,56	248,73,34
Income from Investment (including Discount Income)	(3021,79,15)	(2812,14,00)
<b>Operating profit before changes in operating assets</b>	<b>1350,41,12</b>	<b>1299,32,44</b>
Adjustment for changes in working capital :		
(Increase) / Decrease in Current Assets	200,19,25	1987,33,65
Increase / (Decrease) in Current Liabilities	2048,90,18	738,88,67
Increase in Loans and Advances (Including Housing Loan & Other Advances to Staff	(44844,41,99)	(14612,28,39)
<b>Cash generated from operating activities</b>	<b>(41244,91,44)</b>	<b>(10586,73,63)</b>
Income Tax paid - Net of refund	833,61,59	(1295,09,74)
(Out of above ₹372.03 crore paid on account of taxability of RIDF/ STCRC differential debited to Watershed Development / Tribal Development / Financial Inclusion Fund )		
<b>Net cash flow from operating activities (A)</b>	<b>(40411,29,85)</b>	<b>(11881,83,37)</b>
<b>(b) Cash flow from Investing activities</b>		
Income from Investment (including Discount Income)	3021,79,16	2810,47,69
Purchase of Fixed Asset	(74,01,98)	(69,68,86)
Sale of Fixed Assets	5,57,68	6,60,94
Increase / Decrease in Investment	6560,35,55	(9789,09,97)
<b>Net cash used / generated from investing activities (B)</b>	<b>9513,70,41</b>	<b>(7041,70,20)</b>
<b>(c )Cash flow from financing activities</b>		
Grants / contributions received	(110,83,44)	61,12,03
Proceeds of Bonds	11414,01,05	5116,00,00
Increase / (Decrease) in Borrowings	14343,45,21	11118,36,77
Increase / (Decrease) in Deposits	4628,48,24	3332,09,39
Tax on Dividend	0	(12,00)
Increase in Share capital	1400,00,00	300,00,00
<b>Net cash raised from financing activities (C)</b>	<b>31675,11,06</b>	<b>19927,46,19</b>
Net increase in cash and cash equivalent (A)+(B)+(C )	777,51,62	1003,92,62
<b>Cash and Cash equivalent at the beginning of the year</b>	<b>3356,03,33</b>	<b>2352,10,71</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>4133,54,95</b>	<b>3356,03,33</b>
<b>1. Cash and cash equivalent at the end of the year includes :</b>	<b>2016-17</b>	<b>2015-16</b>
Cash in hand	36	23
Balance with Reserve Bank of India	2229,83,39	150,54,92
Balances with other Banks in India	546,36,06	678,86,43
Remittances in Transit	8,29,39	35,07,80
Collateralised Borrowing and Lending Obligations	1349,05,75	2491,53,95
<b>Total</b>	<b>4133,54,95</b>	<b>3356,03,33</b>

As per our attached report of even date

**Vyas & Vyas**  
Chartered Accountants  
(Firm Registration No.000590C)

**O. P. Vyas**  
Partner  
(Membership No. 014081)  
Guwahati  
Date : 26 May 2017

**A. K. Sahoo**  
Chief General Manager  
Accounts Department  
Guwahati  
Date : 26 May 2017

**Harsh Kumar Bhanwala**  
Chairman

**R Amalorpavanathan**  
Deputy Managing Director

**B.P.Kanungo**  
Director

**Anup Kumar Dash**  
Director



## E-Mail Address of NABARD Head Office Departments at Mumbai

Chairman’s Secretariat	chairmansectt@nabard.org
Deputy Managing Director (Shri H. R. Dave)’s Secretariat	dmd.dave@nabard.org
Deputy Managing Director (Shri R. Amalorpavanathan)’s Secretariat	dmd.amal@nabard.org
Accounts Department	ad@nabard.org
Business Initiative Department	bid@nabard.org
Central Vigilance Cell	cvc@nabard.org
Corporate Communication Department	ccd@nabard.org
Corporate Planning Department	cpd@nabard.org
Department of Economic Analysis and Research	dear@nabard.org
Department of Financial Inclusion and Banking Technology	dfibt@nabard.org
Department of Information Technology	dit@nabard.org
Department of Premises, Security & Procurement	dpsp@nabard.org
Department of Refinance	dor@nabard.org
Department of Storage and Marketing	dsm@nabard.org
Department of Supervision	dos@nabard.org
Department of Subsidiaries and Strategic Investments	dssi@nabard.org
Farm Sector Development Department	fsdd@nabard.org
Farm Sector Policy Department	fspd@nabard.org
Finance Department	fd@nabard.org
Human Resources Management Department	hrmd@nabard.org
Inspection Department	id@nabard.org
Institutional Development Department	idd@nabard.org
Law Department	law@nabard.org
Micro Credit Innovations Department	mcid@nabard.org
NABARD Consultancy Services (NABCONS)	headoffice@nabcons.in
Nabkisan Finance Ltd.	nabkisan@nabard.org
Off Farm Development Department	ofdd@nabard.org
Rajbhasha Prabhag	rajbhasha@nabard.org
Risk Management Department	rmd@nabard.org
Secretary’s Department	secy@nabard.org
State Projects Department	spd@nabard.org

Telephone Nos.  
 Reception: 022-26539895/96/99  
 Protocol & Security: 022 - 26539046

## REGIONAL OFFICES/CELL/TRAINING ESTABLISHMENTS

### REGIONAL OFFICES/CELL

**ANDAMAN & NICOBAR**  
NABARD Complex, Kamaraj Road  
(VIP Road), PO-Junglighat  
Port Blair - 744 103  
Tel No: (03192) 233308  
Fax No: (03192) 237696  
Email id: portblair@nabard.org

**CHHATTISGARH**  
1st & 2nd Floor Pithalia Complex  
Opp. Trunk Exchange,  
Fafadih Chowk, K K Road  
Raipur - 492009 (C.G.)  
Tel. No. (0771) 2888499  
Fax No. (0771) 2888498  
Email id: raipur@nabard.org

**JAMMU & KASHMIR**  
NABARD TOWERS, Near Saraswati  
Dham , Rail Head Complex, Railway  
Road, Jammu - 180012  
Tel No: (0191) 2472355  
Fax No: (0191) 2472337  
Email id: jammu@nabard.org

**MANIPUR**  
Leiren Mansion 2nd Floor  
Lamphelpat  
Imphal - 795004  
Tel No: (0385) 2416192  
Fax No: (0385) 2416191  
Email id: imphal@nabard.org

**NABCONS New Delhi**  
NABARD Tower  
24, Rajendra Place  
1st Floor, NABARD Building  
New Delhi – 110008  
Tel No: (011) 41539353  
Fax No: (011) 41539187  
Email id: nabcons@nabard.org

**RAJASTHAN**  
3, Nehru Place, Tonk Road  
Jaipur - 302015  
Tel No: (0141) 2741633/2740821  
Fax No: (0141) 2742161  
Email id: jaipur@nabard.org

**ANDHRA PRADESH**  
1-1-61, RTC 'X' Roads  
Musheerabad  
Hyderabad - 500020  
Tel No: (040) 27613152  
Fax No: (040) 27612651  
Email id: apro@nabard.org

**GOA**  
3rd Floor, Nizari Bhavan  
Menezes Braganza Road  
Panaji - 403 001  
Tel No: (0832) 2220490 / 2420504 /  
2420053  
Fax No: (0832) 2223429  
Email id: panaji@nabard.org

**JHARKHAND**  
Opposite Adivasi College Hostel  
Karamtoli Road  
Ranchi - 834001  
Tel No : (0651) 2361107  
Fax No : (0651) 2361108  
Email id : ranchi@nabard.org

**MEGHALAYA**  
'U Pheit Kharmihpen Building  
2nd & 3rd Floor, Plot No. 28(2)  
Dhankheti, Shillong - 793003  
Tel No: (0364) 2221602 / 2503499 /  
2501518 / 2503507  
Fax No: (0364)-2227463  
Email id: shillong@nabard.org

**NEW DELHI**  
NABARD Tower,  
24, Rajendra Place  
New Delhi - 110008  
Tel No: (011 ) 41539353/ 25818707  
Fax No: (011) 41539187  
Email id: delhi@nabard.org

**SIKKIM**  
Om Niwas  
Church Road  
Gangtok - 737101  
Tel No: (03592) 203015 / 204173  
Fax No: (03592) 204062  
Email id: gangtok@nabard.org

**ARUNACHAL PRADESH**  
NABARD Tower  
Bank Tinali  
Post Box No. 133  
Itanagar – 791 111  
Tel No : (0360) 2213856  
Fax no: (0360) 2212675  
Email id: itanagar@nabard.org

**GUJARAT**  
NABARD Tower,  
Opp. Municipal Garden  
Post Box No. 8  
Usmanpura  
Ahmedabad - 380 013  
Tel No: (079) 27552257/58/59  
Fax No: (079) 27551584  
Email id: ahmedabad@nabard.org

**KARNATAKA**  
NABARD Towers,  
46, Kempe Gowda Road  
Bangalore - 560 009  
Tel No : (080) 22076400  
Fax No: (080) 22222148  
Email id: bangalore@nabard.org

**MIZORAM**  
Ramhlun Road (North),  
Bawngkawn,  
Aizawl - 796014  
Tel No: (0389) 2305290/ 2340029/  
2343428  
Fax No: (0389) 2340815  
Email id: aizawl@nabard.org

**ODISHA**  
Ankur, 2/1, Nayapalli Civic Centre  
Bhubaneswar – 751015  
Tel No: (0674) 2553884/  
2374301/2374302/2374303  
Fax No: (0674) 2552019  
Email id: bhubaneswar@nabard.org

**TAMIL NADU**  
48, Mahatma Gandhi Road  
Nungambakkam  
Post Box No.6074  
Chennai - 600034  
Tel No: (044) 2830 4444  
Fax No: (044) 28275732  
Email id: chennai@nabard.org

**ASSAM**  
G.S. Road, Dispur  
Guwahati – 781006  
Tel No: ( 0361) 2313228  
Fax No: (0361) 2235657  
Email id: guwahati@nabard.org

**HARYANA**  
Plot No.3, Sector 34-A  
Chandigarh-160022  
Tel no: (0172) 5046728/ 5046784  
Fax No: (0172) 2604033,  
Email id : haryana@nabard.org

**KERALA**  
NABARD  
Punnen Road, Statue  
Thiruvananthapuram - 695 001  
Tel No: (0471) 2701600 /2701700  
Fax No: (0471) 2324358  
Email id: trivandrum@nabard.org

**TELANGANA**  
1-1-61, RTC 'X' Roads  
Musheerabad  
Hyderabad - 500020  
Tel No: (040) 27612640  
Fax No: (040) 27611829  
Email id: hyderabad@nabard.org

**UTTAR PRADESH**  
11, Vipin Khand, Gomti Nagar  
Lucknow – 226010  
Tel No: (0522) 2307630/4005394  
Fax No: (0522) 2307631  
Email id: lucknow@nabard.org

**SRINAGAR CELL**  
459, Jawahar Nagar  
Behind DAV Institute  
Srinagar - 190 008  
Tel No: (0194) 2311471  
Fax No: (0194) 2310479  
Email id: srinagar@nabard.org

**BIHAR**  
Block –B, 4th & 5th Floor  
Maurya Lok Complex  
Dak Bunglow Road  
Patna – 800 001  
Tel No: (0612) 2223985  
Fax No: (0612) 2238424  
Email id : patna@nabard.org

**HIMACHAL PRADESH**  
Block No -32, SDA Commercial  
Complex  
Kasumpti, Shimla-171009  
Tel No: (0177) 2622258/ 2624380/  
2623323  
Fax No: (0177) 2622271  
Email id: shimla@nabard.org

**MADHYA PRADESH**  
E-5, Arera Colony, Bittan Market,  
Bhopal-462016  
Tel No: (0755) 2464775  
Fax No: (0755) 2466188  
Email id: bhopal@nabard.org

**TRIPURA**  
Shilpa Nigam Bhaban  
Ground Floor, Khejur Bagan  
Near Ginger Hotel PO -Kunjaban  
Agartala - 799006  
Tel No: (0381) 2412378  
Fax no: (0381) 2414125  
Email id: agartala@nabard.org

**WEST BENGAL**  
'Abhilasha', 6 Royd Street  
Kolkata - 700 016  
Tel No: (033) 22267943  
Fax No: (033) 22494507  
Email id: kolkata@nabard.org

**UTTARAKHAND**  
113/2, Rajpur Road,  
Hotel Sunrise Building  
Dehradun - 248 001  
Tel No: (0135) 2748611  
Fax No: (0135) 2748610  
Email id: dehradun@nabard.org

**MAHARASHTRA**  
54, Wellesley Road  
Shivaji Nagar  
Pune 411005  
Tel No: (020 ) 25500176/  
25500172/25541439  
Fax No: (020) 25542250  
Email id: pune@nabard.org

**NAGALAND**  
NSCB Head Office Admn. Building  
4th Floor, Circular Road, Khermahal  
Dimapur -797 112  
Tel No : (03862)  
234063/235600/235601  
Fax No: (03862) 227040  
Email id: dimapur@nabard.org

**PUNJAB**  
Plot No. 3, Sector 34-A  
Chandigarh - 160022  
Tel No : (0172) 5046701  
Fax No: (0172) 2604433  
Email id: chandigarh@nabard.org

**NABKISAN FINANCE LIMITED  
(REGISTERED OFFICE)**  
c/o NABARD,  
48, Mahatma Gandhi Road,  
Nungambakkam  
Chennai- 600034  
Tel No: (044) 28304658/ 28270138  
Fax No: (044) 42138700  
Email id: adftchennai@gmail.com

**CORPORATE OFFICE**  
c/o NABARD,  
Ground Floor, 'D' Wing,  
NABARD Head Office,  
Bandra Kurla Complex  
Bandra ( East)  
Mumbai – 400051  
Tel No: (022) 26539514/26539493  
Fax No: (022) 26530082  
Email id: nabkisan@nabard.org



# TRAINING ESTABLISHMENTS

**BOLPUR**  
 Bankers Institute of Rural  
 Development, Bolpur Lodge  
 P.O. Bolpur Dist. Birbhum  
 PIN – 731 204  
 West Bengal  
 Tel No.(03463) 253 261  
 Fax No: (03463) 252 295 /258 202  
 Email id: bird.bolpur@nabard.org

**LUCKNOW**  
 Bankers Institute of Rural Development  
 Sector H, LDA Colony,  
 Kanpur Road, Lucknow – 226012  
 Tel No: (0522) 2421954  
 Fax No: (0522) 2421006  
 Email id: bird@nabard.org

**MANGALURU**  
 Bankers Institute of Rural Development  
 Behind Government Polytechnic for  
 Women  
 Krishna Nagar Road,Bondel  
 Mangaluru-575 008  
 Tel No: (0824) 2888501 (Joint Director)  
 Fax No: (0824) 2225835 / 2225844  
 Email id: bird.mangaluru@nabard.org

National Bank Staff College (NBSC),  
 Lucknow  
 Sector H, LDA Colony,  
 Kanpur Road, Lucknow – 226012  
 Tel no: (0522) 2421065  
 Fax No. (0522) 2421035  
 Email id: nbsc@nabard.org



# Abbreviations

ABCI	Association of Business Communicators of India	CRIDA	Central Research Institute for Dryland Agriculture
ABFL	Agri Business Finance Limited	CRMS	Central Risk Management Software
ACE	APRACA Centre of Excellence	CRRID	Centre for Research in Rural & Industrial Development
ADB	Asian Development Bank	CSA	Climate Smart Agriculture
ADFIAP	Association of Development Financing Institutions in Asia and the Pacific	CSM	Cooperative Sugar Mill
AE	Advance Estimate	CSO	Central Statistics Office
AEPS	Aadhar Enabled Payment System	CSR	Corporate Social Responsibility
AF	Adaptation Fund	CSV	Climate Smart Village
AIBP	Accelerated Irrigation Benefits Programme	CTFC	Certified Trainer for Financial Cooperatives
AICIL	Agriculture Insurance Company of India Limited	CTI	Cooperative Training Institution
AIDIS	All India Debt and Investment Survey	CVC	Central Vigilance Cell
ALM	Asset Liability Management	CWE	Common Written Examination
AMI	Agricultural Marketing Infrastructure	DAE	Direct Access Entity
AML	Anti-Money Laundering	DAP	Development Action Plan
AMRUT	Atal Mission for Rejuvenation and Urban Transformation	DAY	Deendayal Antyodaya Yojana
		DBT	Direct Benefit Transfer
AMS	Academy of Management Studies	DCCB	District Central Cooperative Bank
APMC	Agricultural Produce Market Committee	DCC/DLCC	District Level Consultative Committee
APRACA	Asia-Pacific Rural and Agricultural Credit Association	DCMS	Data Collection and Management System
APSWC	Andhra Pradesh State Warehousing Corporation	DDM	District Development Manager
APY	Atal Pension Yojana	DEDS	Dairy Entrepreneurship Development Scheme
ASAMB	Assam State Agriculture Marketing Board	D-FLAP	Digital Financial Literacy Awareness Programme
ASP	Application Service Provider	DFP	Designated Food Park
AWCS	Apex Weavers' Cooperative Societies	DFS	Department of Financial Services
BCA	Business Correspondent Agent	DL	Direct Lending/ Direct Loan
BE	Budget Estimate	DPR	Detailed Project Report
BIRD	Bankers' Institute of Rural Development	DSR	Direct Seeded Rice
BPL	Below Poverty Line	DTP	Development of Tribal Population
BRICS	Brazil Russia India China South Africa	ECM	Enterprise Content Management
BRLF	Bharat Rural Livelihoods Foundation	EDEG	Entrepreneurship Development and Employment Generation
BoD	Board of Directors		External Expert Committee
CA	Controlled Atmosphere	EEC	Europay, Mastercard and Visa
CADWM	Command Area Development and Water Management	EMV	electronic National Agriculture Market
		e-NAM	Electronic Submission of Returns
CAGR	Compound Annual Growth Rate	ENSURE	Economic & Political Weekly Research Foundation
CANSA	Climate Action Network - South Asia	EPWRF	Food and Agriculture Organization
CB	Commercial Bank	FAO	Farmers' Club Programme
CBLO	Collateralised Borrowing and Lending Obligation	FCP	Foreign Direct Investment
CBS	Core Banking Solution	FDI	Fixed Deposit Receipt
CCA	Cultivable Command Area	FDR	Financial Inclusion Fund
CCAFS	Climate Change, Agriculture and Food Security	FIF	Financial Inclusion Technology Fund
CCD	Corporate Communications Department	FITF	Financial Literacy Awareness Programme
CCS	Cooperative Credit Structure	FLAP	Food Processing Fund
CDF	Cooperative Development Fund	FPF	Farmer Producer Company
CFF	Credit Facility to Federations	FPC	Farmer Producer Organization
CFPI	Consumer Food Price Index	FPO	Farm Sector Promotion Fund
CFT	Cluster Facilitation Teams/ Combating the Financing of Terrorism	FSPF	Farmers' Service Society
		FSS	Financial Year
CLCSS	Credit Linked Capital Subsidy Scheme	FY	Gross Capital Formation
CLMAS	Centralised Loan Management and Accounting System	GCF	Green Climate Fund
		GCF	Gross Domestic Product
CMA	Credit Monitoring Arrangement	GDP	Green House Gas
CP	Commercial Papers	GHG	Geographic Information System
CPCB	Certified Professional in Cooperative Banking	GIS	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
CPC	Central Processing Centre	GIZ	Ground Level Credit
C-PEC	Centre for Professional Excellence in Cooperatives		Gross Non-Performing Advances
CPI	Consumer Price Index	GLC	
CRAR	Capital to Risk Weighted Assets Ratio	GNPA	

Gol	Government of India	MMT	Million Metric Tonne	PBT	Profit Before Tax	SDI	Skill Development Intervention
GoJ	Government of Jharkhand	MNRE	Ministry of New and Renewable Energy	PCARDB	Primary Cooperative Agriculture and Rural Development Bank	SDP	Skill Development Programme
GPS	Global Positioning System	MNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme	PDC	PACS Development Cell	SEBI	Securities and Exchange Board of India
GRC	Grievance Redressal Committee	MoAFW	Ministry of Agriculture and Farmer's Welfare	PE	Provisional Estimate	SEFASU	Scheme for Extending Financial Assistance to Sugar Undertakings
GRAC	Grievance Redressal Appellate Committee	MoEF & CC	Ministry of Environment Forest and Climate Change	PFA	Project Facilitating Agency	SF	Small Farmer
GSDP	Gross State Domestic Product	MoF	Ministry of Finance	PIA	Project Implementing Agency	SFP	State Focus Paper
GST	Goods and Services Tax	MoFPI	Ministry of Food Processing Industries	PLP	Potential Linked Credit Plan	SHG	Self Help Group
GVA	Gross Value Added	MoRD	Ministry of Rural Development	PMAY-G	Pradhan Mantri Awas Yojana - Gramin	SHPI	Self Help Promoting Institution
GW	Gigawatt	MoSPI	Ministry of Statistics and Programme Implementation	PMFBY	Pradhan Mantri Fasal Bima Yojana	SI	Sustainable Intensification
HAFED	Haryana State Co-operative Supply and Marketing Federation Limited	MoU	Memorandum of Understanding	PMJDY	Pradhan Mantri Jan Dhan Yojana	SIDBI	Small Industries Development Bank of India
HDI	Human Development Index	MoWR, RD & GR	Ministry of Water Resources, River Development and Ganga Rejuvenation	PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana	SLBC	State Level Bankers Committee
HH	Household	MPLS	Multi-Protocol Label Switching	PMKBY	Pradhan Mantri Krishi Bima Yojana	SLCC	State Level Consultative Committee
HO	Head Office	MPC	Monetary Policy Committee	PMKSY	Pradhan Mantri Krishi Sinchai Yojana	SLDP	State Level Institutional Development Plan
HPC	High Power Committee	MSC	Multi Service Centre	PMKVY	Pradhan Mantri Kaushal Vikas Yojana	SLIC	State Level Implementation Committee
IBPS	Institute of Banking Personnel Selection	MSE	Micro and Small Enterprises	PMMY	Pradhan Mantri Mudra Yojana	SMA	Separately Managed Account
ICRIER	Indian Council for Research on International Economic Relations	MSME	Micro Small and Medium Enterprises	PMSBY	Pradhan Mantri Swasthya Bima Yojana	SMS	Short Message Service
ICT	Information and Communication Technology	MSP	Minimum Support Price	PODF	Producer Organisation Development Fund	SPICE	Solar Pump Irrigator's Cooperative Enterprise
IT	Information Technology	MTC	Medium-term Conversion	PO	Producer Organisation	SPMRM	Shyama Prasad Mukherji Rurban Mission
IDSRR	Integrated Development of Small Ruminants and Rabbits	MT	Million Tonne	POPI	Producer Organisation Promoting Institution	SRI	System of Rice Intensification
IFDC	International Fertilizer Development Center	MW	Megawatt	PoS	Point of Sale	SRLM	State Rural Livelihood Mission
IGWDP	Indo-German Watershed Development Programme	NABARD	National Bank for Agriculture and Rural Development	PPA	Power Purchase Agreement	SRMBC	Salvaging and Rearing of Male Buffalo Calves
IMF	International Monetary Fund	NABCONS	NABARD Consultancy Services Pvt. Ltd.	PPC	Primary Processing Centre	SOFTCOB	Scheme of Financial Assistance for Training of Cooperative Banks Personnel
INM	Integrated Nutrient Management	NABFINS	NABARD Financial Services Ltd	PPP	Public Private Partnership	SPV	Solar Photovoltaic
IPCC	Intergovernmental Panel on Climate Change	NAC	National Advisory Committee	PRI	Panchayat Raj Institution	SSA	Sub-Service Area
IPM	Integrated Pest Management	NAFCC	National Adaptation Fund for Climate Change	PRODUCE	Producers Organisation Development and Upliftment Corpus	StCB	State Cooperative Bank
IRCTC	Indian Railway Catering and Tourism Corporation	NAFIS	NABARD All India Rural Financial Inclusion Survey	PSB	Public Sector Bank	STCCS	Short Term Co-operative Credit Structure
IRV	Individual Rural Volunteer	NAPCC	National Action Plan on Climate Change	PUCB	Primary Urban Cooperative Bank	STCRC	Short Term Cooperative Rural Credit
ISAM	Integrated Scheme for Agricultural Marketing	NAFSCOB	National Federation of State Cooperative Banks Ltd.	PVCF	Poultry Venture Capital Fund	ST-OSAO	Short Term Other than Seasonal Agricultural Operations
ISS	Interest Subvention Scheme	NBFC	Non-banking Finance Companies	PVI	Preventive Vigilance Inspection	ST-SAO	Short Term Seasonal Agricultural Operations
IWMI	International Water Management Institute	NBSC	National Bank Staff College	PV	Photo Voltaic	ST	Scheduled Tribe
IWMP	Integrated Watershed Management Programme	NCDEX	National Commodity & Derivatives Exchange Limited	PWCS	Primary Weavers' Cooperative Societies	STW	Shallow Tube Well
JAM	Jan Dhan-Aadhar-Mobile	NER	North Eastern Region	RAPI	Rainfed Area Priority Index	SUCC	Stand-Up Connect Centres
JCC	Joint Consultative Council	NFSM	National Food Security Mission	RBI	Reserve Bank of India	SWP	Solar Water Pump
JLG	Joint Liability Group	NFS	Non-farm Sector	RCB	Rural Cooperative Bank	TDF	Tribal Development Fund
JNNSM	Jawaharlal Nehru National Solar Mission	NGO	Non-Governmental Organisation	R & D	Research and Development	TE	Training Establishment
JStCB	Jharkhand State Cooperative Bank	NIAM	National Institute of Agricultural Marketing	RDBS	Rural Development Banking Service	TSSDCL	Telangana State Seeds Development Corporation Ltd
KCC	Kisan Credit Card	NIDA	NABARD Infrastructure Development Assistance	REDP	Rural Entrepreneurship Development Programme	UDP	Urea Deep Placement
KfW	Kreditanstalt für Wiederaufbau	NIE	National Implementing Entity	RFI	Rural Financial Institution	UNDP	United Nations Development Programme
KVK	Krishi Vigyan Kendra	NLM	National Livestock Mission	RFP	Request for Proposal	UNEP	United Nation's Environment Programme
kWp	Kilowatt-peak	NMOOP	National Mission on Oil Seeds and Oil Palm	RIDF	Rural Infrastructure Development Fund	UNFCCC	United Nations Framework Convention on Climate Change
KYC	Know Your Customer	NMSA	National Mission on Sustainable Agriculture	RIF	Rural Innovation Fund	UPI	Unified Payments Interface
LACP	League of American Communications Professionals	NPA	Non Performing Asset	RLP	Realistic Lending Programme	UPNRM	Umbrella Programme for Natural Resource Management
LAMPS	Large-sized Adivasi Multi-Purpose Societies	NPCI	National Payments Corporation of India	RO	Regional Office	USP	Unique Selling Point
LEDP	Livelihood and Enterprise Development Programme	NPOF	National Project on Organic Farming	RRB	Regional Rural Bank	USSD	Unstructured Supplementary Service Data
LPA	Long Period Average	NRC (LTO)	National Rural Credit (Long-Term Operations)	RRR	Revival Reform and Restructuring	UT	Union Territories
LT	Long Term	NRLM	National Rural Livelihood Mission	RSA	Resource Support Agency	VCF	Venture Capital Fund
LTCCS	Long Term Co-operative Credit Structure	NRSC	National Remote Sensing Centre	RSETI	Rural Self-Employment Training Institute	V-SAT	Very Small Aperture Terminal
LTIF	Long Term Irrigation Fund	NSCCC	National Steering Committee on Climate Change	RTI	Right to Information	VPC	Village Planning Committee
LWE	Left Wing Extremism	NSSO	National Sample Survey Office	SAPCC	State Action Plan for Climate Change	VWC	Village Watershed Committee
MAP	Monitorable Action Plan	NWDA	National Water Development Agency	SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest	WAN	Wide Area Network
MC	Management Committee	NWM	National Water Mission	SAUNI	Saurashtra Narmada Avtaran Irrigation	WDF	Watershed Development Fund
MCX	Multi Commodity Exchange of India Limited	NWR	Negotiable Warehouse Receipt	SBI	State Bank of India	WDRA	Warehousing Development and Regulatory Authority
MEDP	Micro-Enterprise Development Programme	NWS	NABARD Warehousing Scheme	SBLP	SHG-Bank Linkage Programme	WIF	Warehouse Infrastructure Fund
MF	Marginal Farmer	OBC	Other Backward Classes	SBNs	Specified Bank Notes	WSHG	Women Self-Help Group
MFDEF	Microfinance Development and Equity Fund	OFPO	Off-Farm Producer Organisation	SCARDB	State Cooperative Agriculture and Rural Development Bank	WVM	Water Vending Machine
MFI	Micro Finance Institution	OFSPF	Off-Farm Sector Promotion Fund	SCB	Scheduled Commercial Bank		
MFP	Mega Food Park	OFS	Off-farm Sector	SC	Scheduled Caste		
MGVCL	Madhya Gujarat Vidyut Company Ltd.	OGTIP	Optional Group Term Insurance Plan	SDGs	Sustainable Development Goals		
MIS	Management Information System	PACS	Primary Agricultural Credit Society				
		PAT	Profit After Tax				



## Notes

## Notes







NABARD

National Bank for Agriculture and Rural Development

Plot C-24, 'G' Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai - 400 051

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