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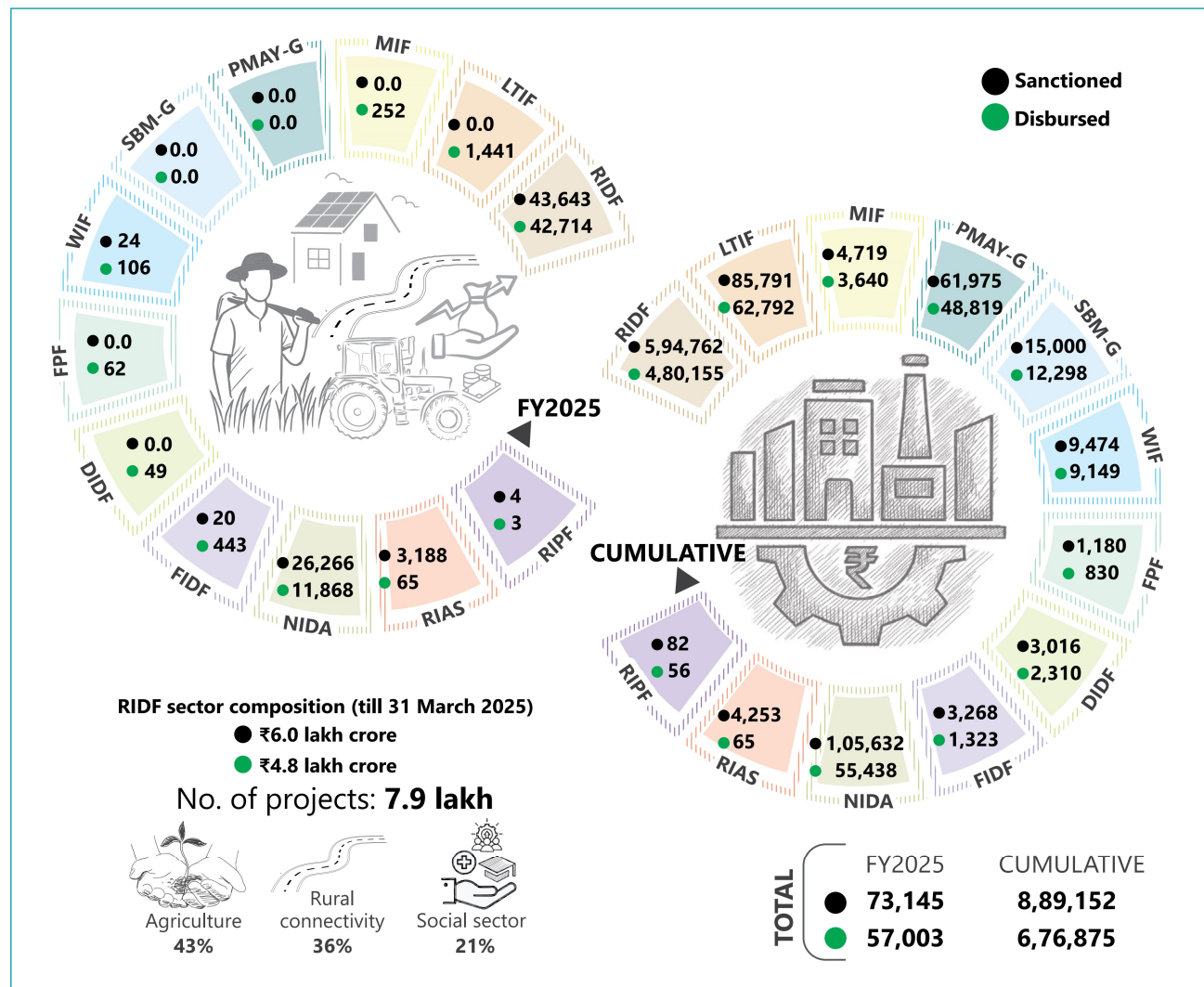
- 5.1 Rural Infrastructure Development Fund
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FINANCING RURAL INFRASTRUCTURE DEVELOPMENT

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

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

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



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



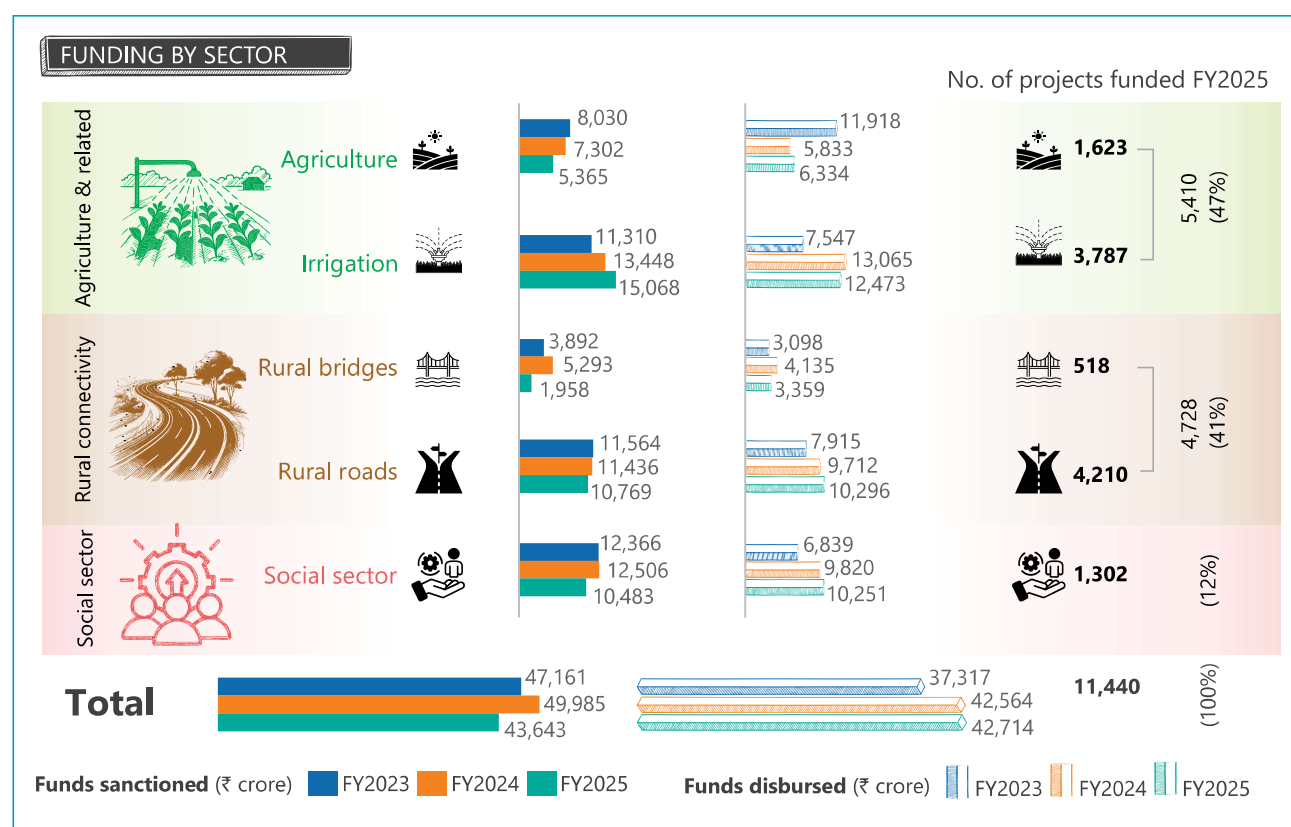
5.1 RURAL INFRASTRUCTURE DEVELOPMENT FUND¹

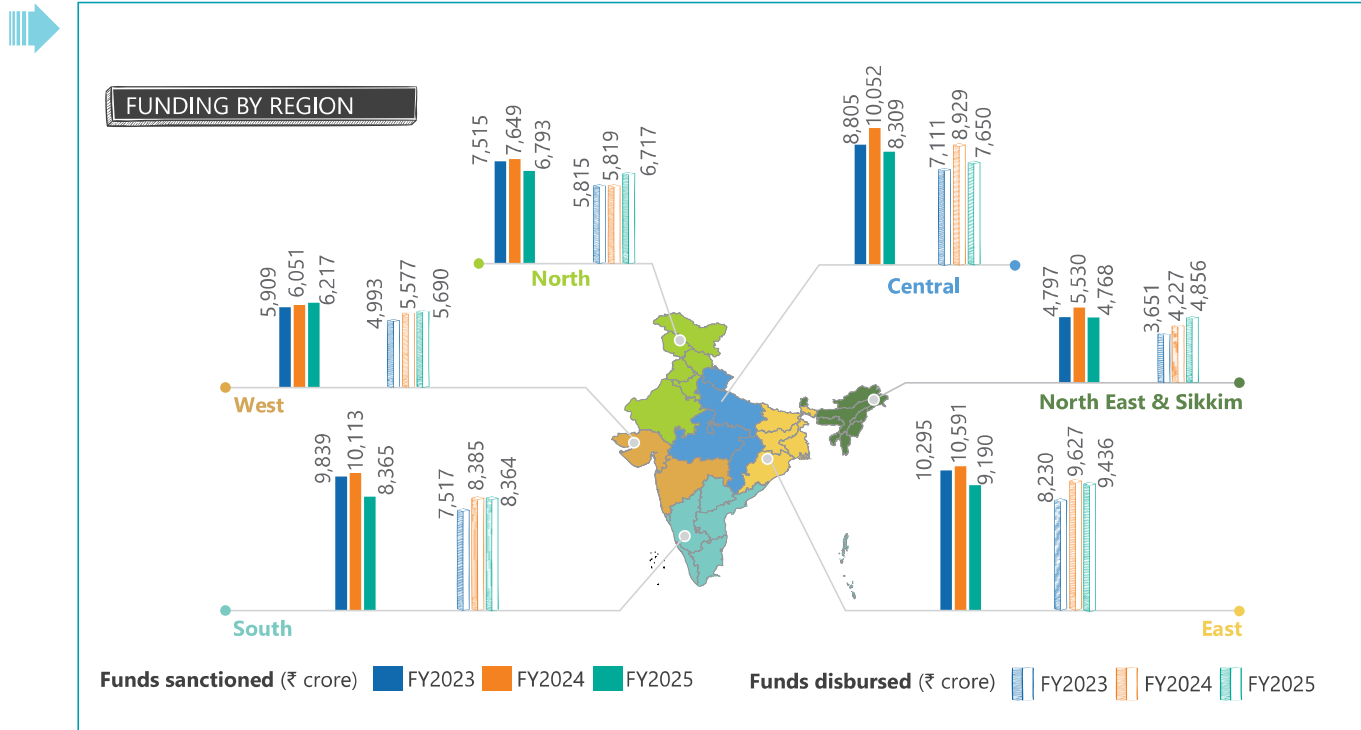
The Rural Infrastructure Development Fund (RIDF) was established by NABARD in 1996 to provide financing to state governments and state-owned corporations for infrastructure development in sectors such as irrigation, rural roads and bridges, health, education, and agriculture-related infrastructure. Through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

5.1.1 Trends and patterns

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

Figure 5.2: Performance of RIDF as on 31 March 2025



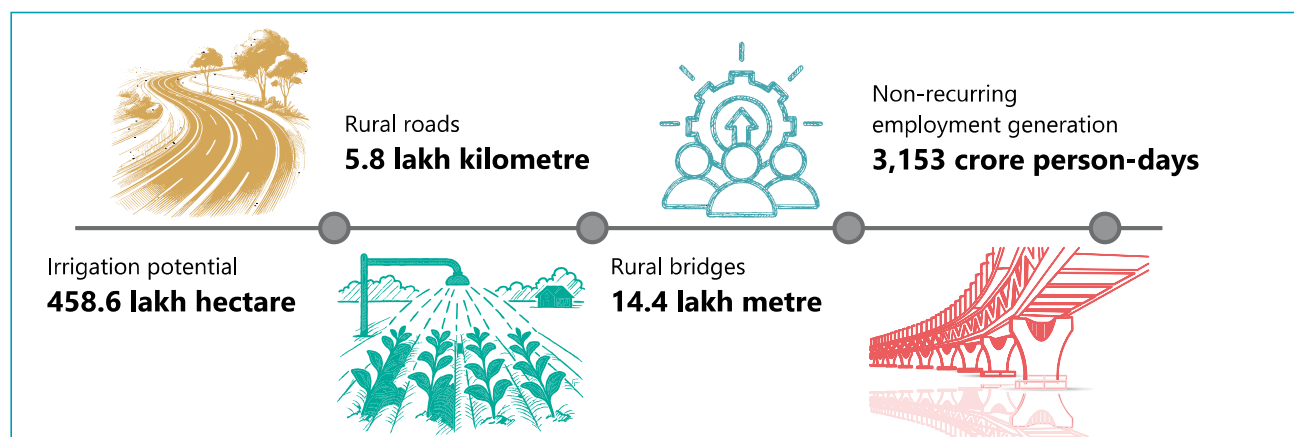


RIDF = Rural Infrastructure Development Fund.

5.1.2 Output>>Outcomes>>Impact

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

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



RIDF = Rural Infrastructure Development Fund.



Showcase 5.1: Securing drinking water access in rural Tamil Nadu

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

Executing entity: Tamil Nadu Water Supply and Drainage Board

Total financial outlay: ₹479 crore

RIDF (Tranche XXV) loan: ₹381.8 crore

Timeline: Sanctioned in FY2021; completed in FY2024

Challenge

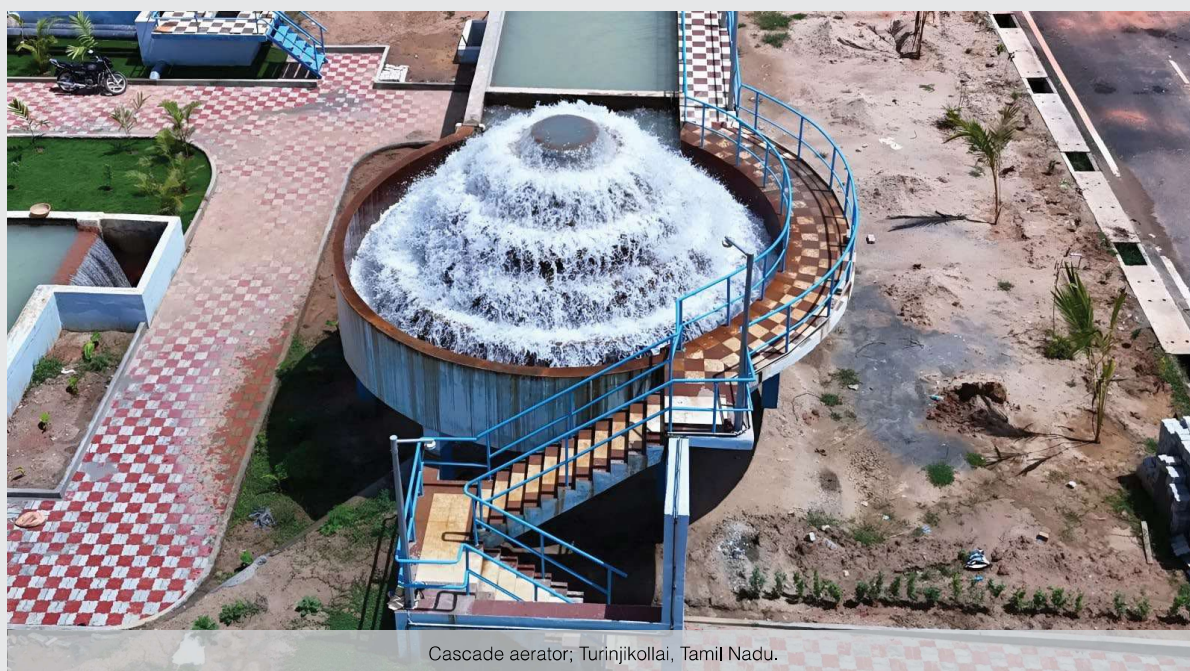
Tittakudi Municipality, five town panchayats, and 625 rural habitations were facing acute water scarcity. The project addressed this challenge by ensuring a potable water supply of 135 litres per capita per day (LPCD) for town panchayats and 55 LPCD for rural habitations, in alignment with norms set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

Interventions

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

Impact

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



Cascade aerator; Turinjikollai, Tamil Nadu.

5.1.3 New initiatives in FY2025

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

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

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

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





5.2 RURAL INFRASTRUCTURE PROMOTION FUND²

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

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

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

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

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

Project cost

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

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

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

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



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



Interventions

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

Output>>Outcomes>>Impact

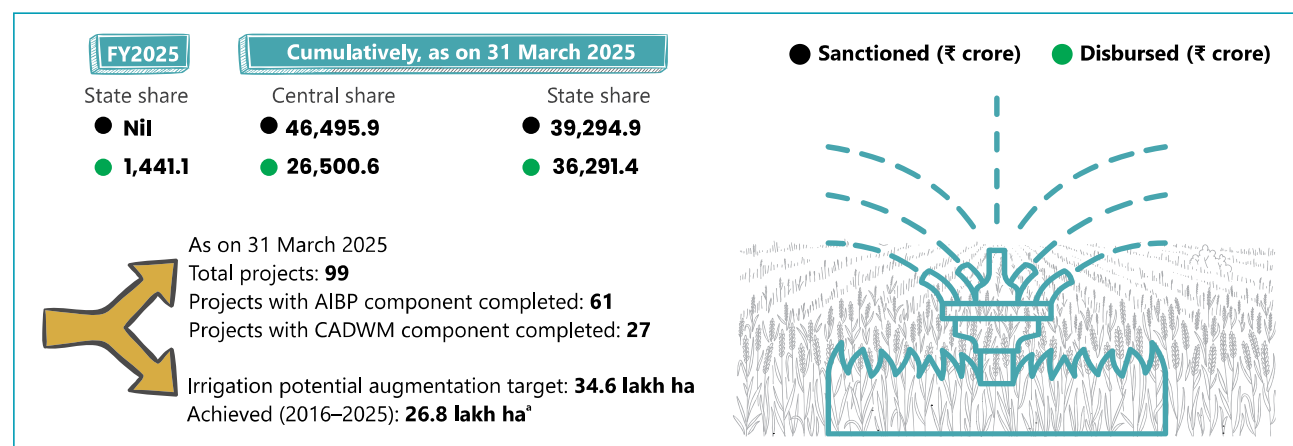
- Reduction in electricity bills
- Lower pollution levels and carbon footprint
- Time savings on cooking contributing to women's empowerment
- Promotion of sustainable development and use of alternate energy
- Enhanced energy savings and environmental benefits from cool roofing
- Decrease in indoor air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

5.3 LONG TERM IRRIGATION FUND³

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

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

Figure 5.4: Performance of LTIF as on 31 March 2025



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

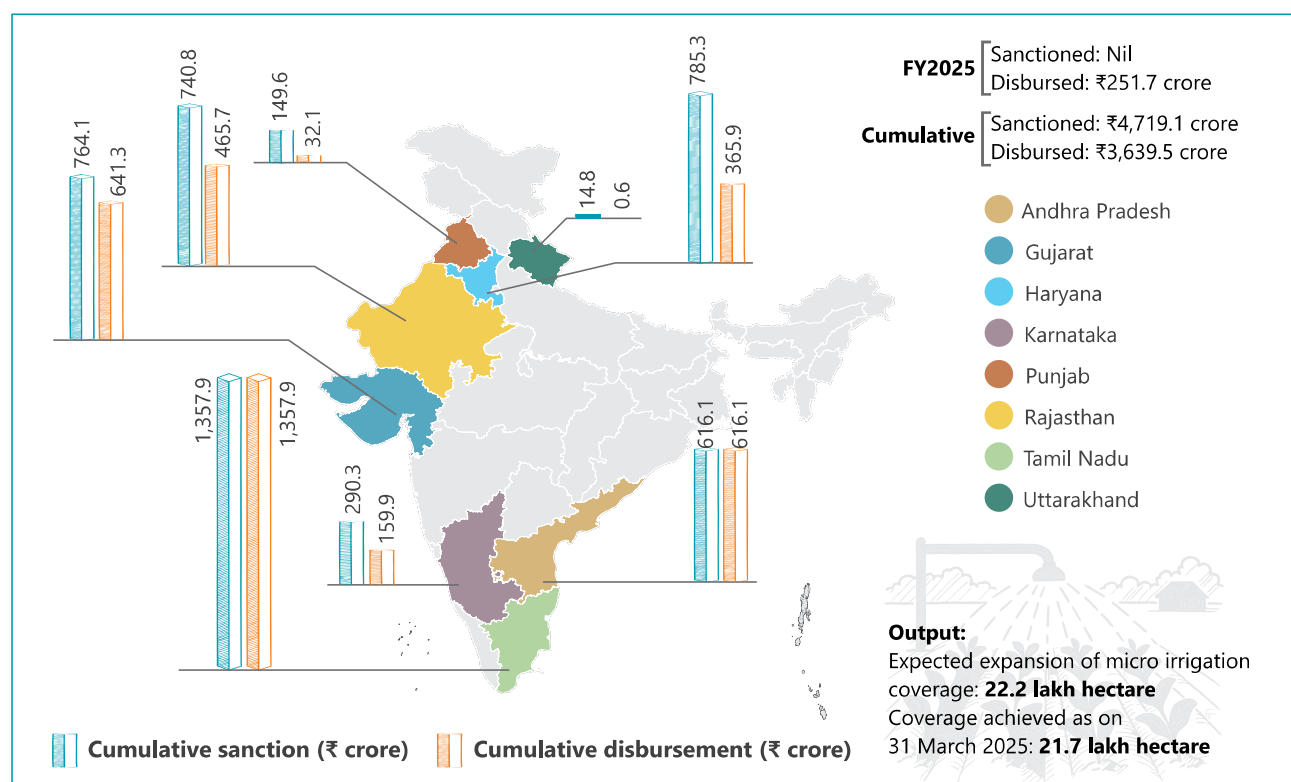
AIBP = Accelerated Irrigation Benefit Programme, CADWM = Command Area Development and Water Management, ha = hectare, LTIF = Long Term Irrigation Fund.



5.4 MICRO IRRIGATION FUND⁴

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

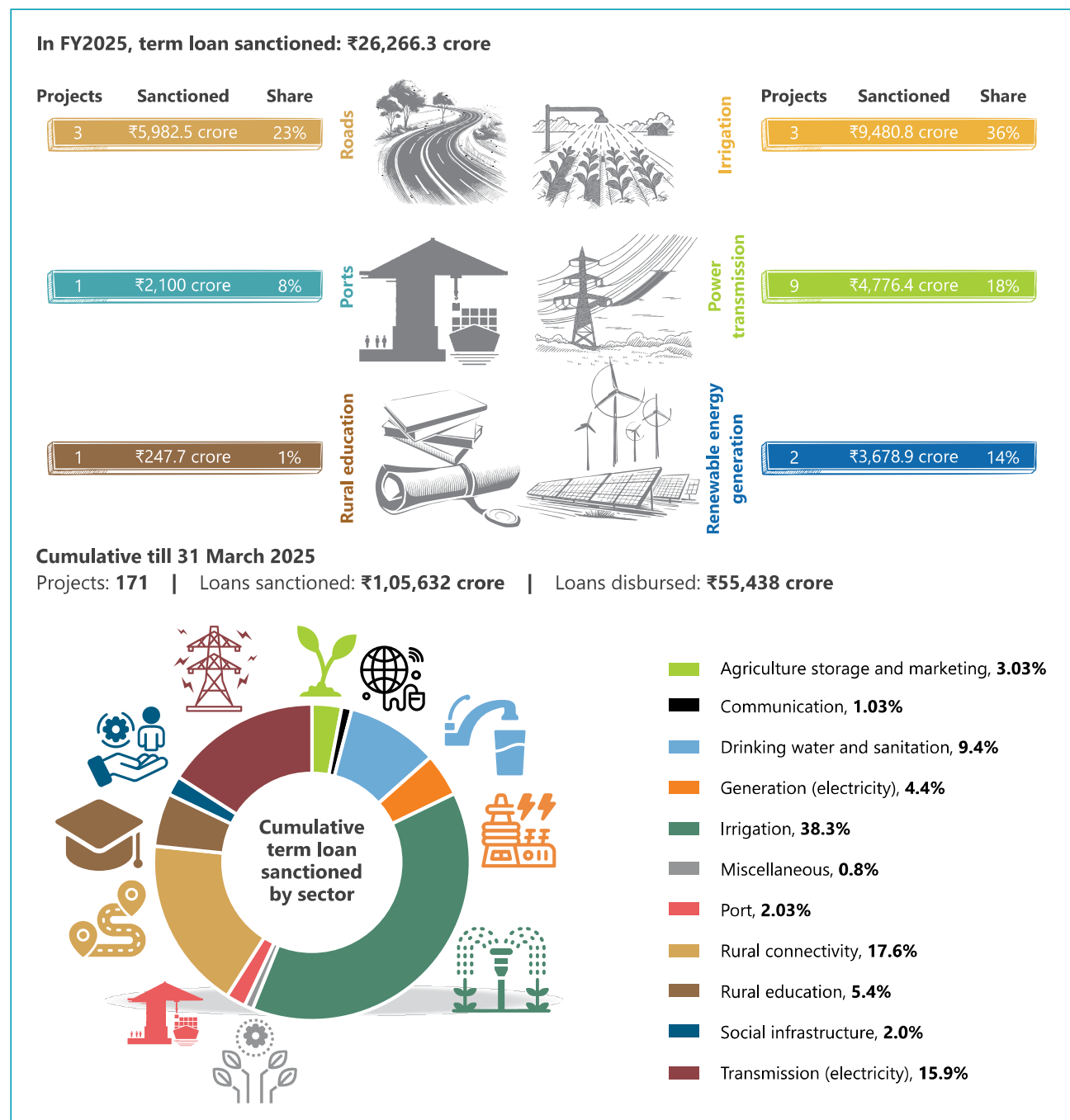
Figure 5.5: Performance of MIF as on 31 March 2025



MIF = Micro Irrigation Fund.

5.5 NABARD INFRASTRUCTURE DEVELOPMENT ASSISTANCE⁵

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

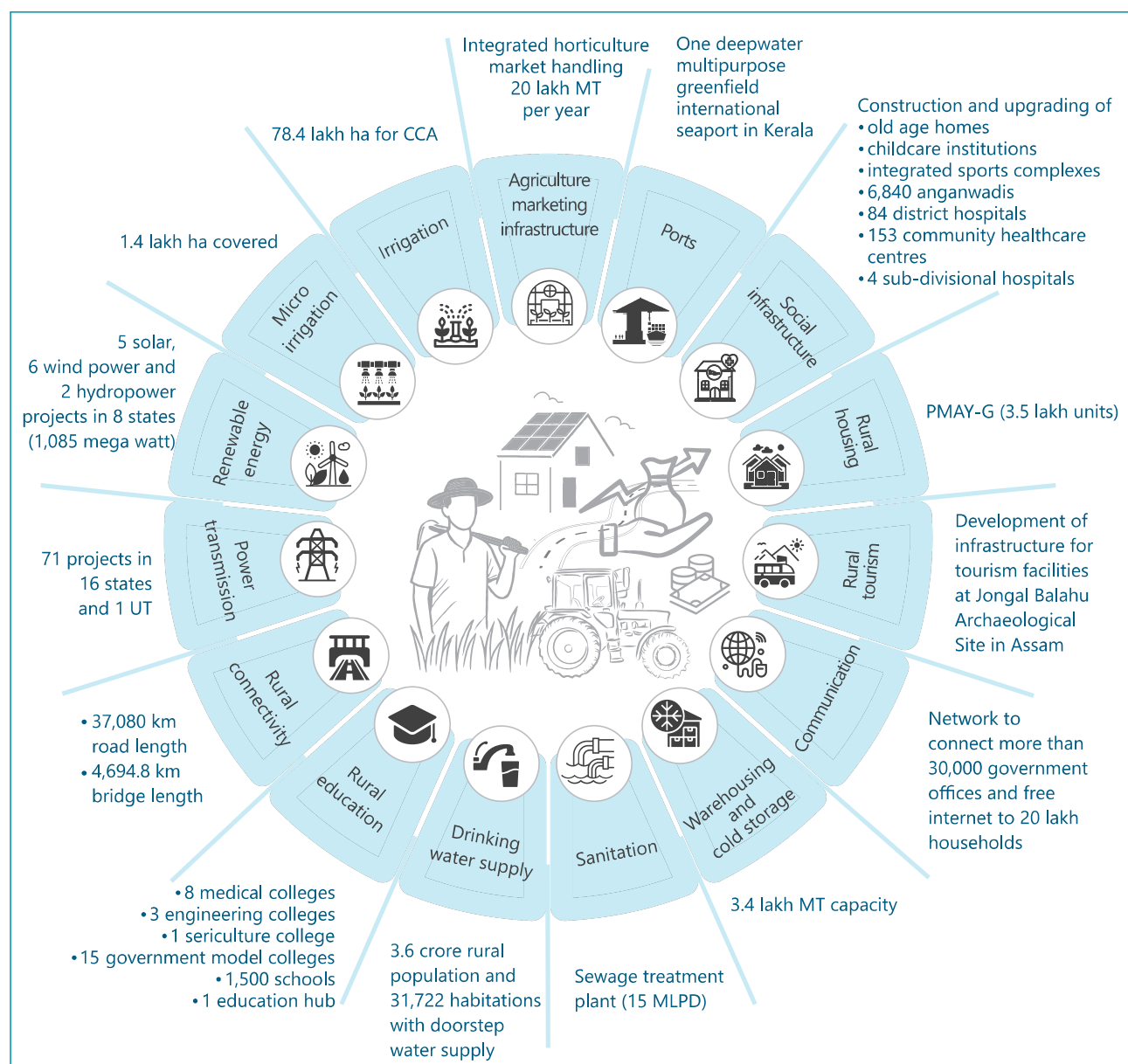
Figure 5.6: Performance of NIDA as on 31 March 2025


NIDA = NABARD Infrastructure Development Assistance.

Note: Miscellaneous includes micro irrigation, rural housing, and tourism facilities.



Figure 5.7: Expected outcomes of projects funded under NIDA



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

5.6 POST-HARVEST INFRASTRUCTURE

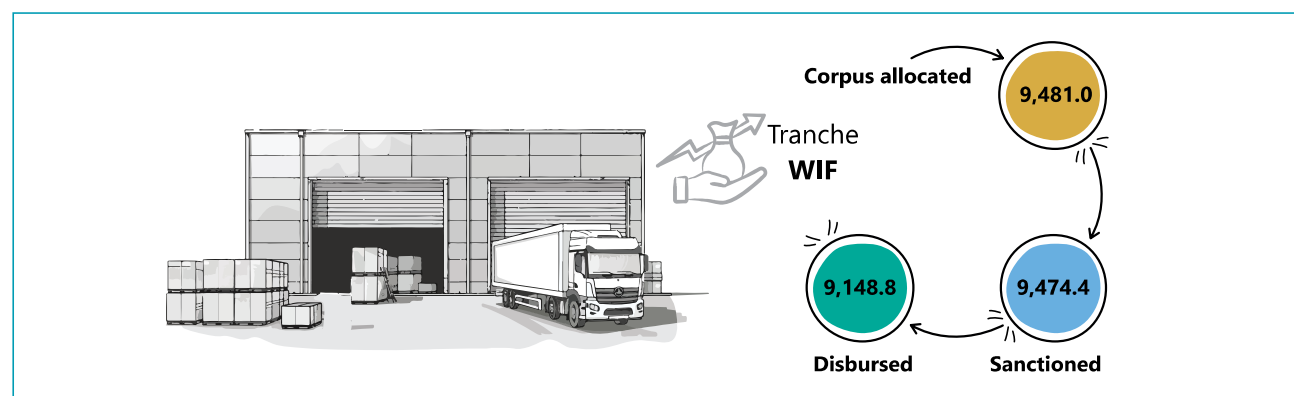
NABARD has been offering loans and subsidies for setting up post-harvest infrastructure such as warehouses, cold storage facilities, processing units, packaging centres, etc. (Figures 5.8–5.10).

5.6.1 Warehouse Infrastructure Fund⁶

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

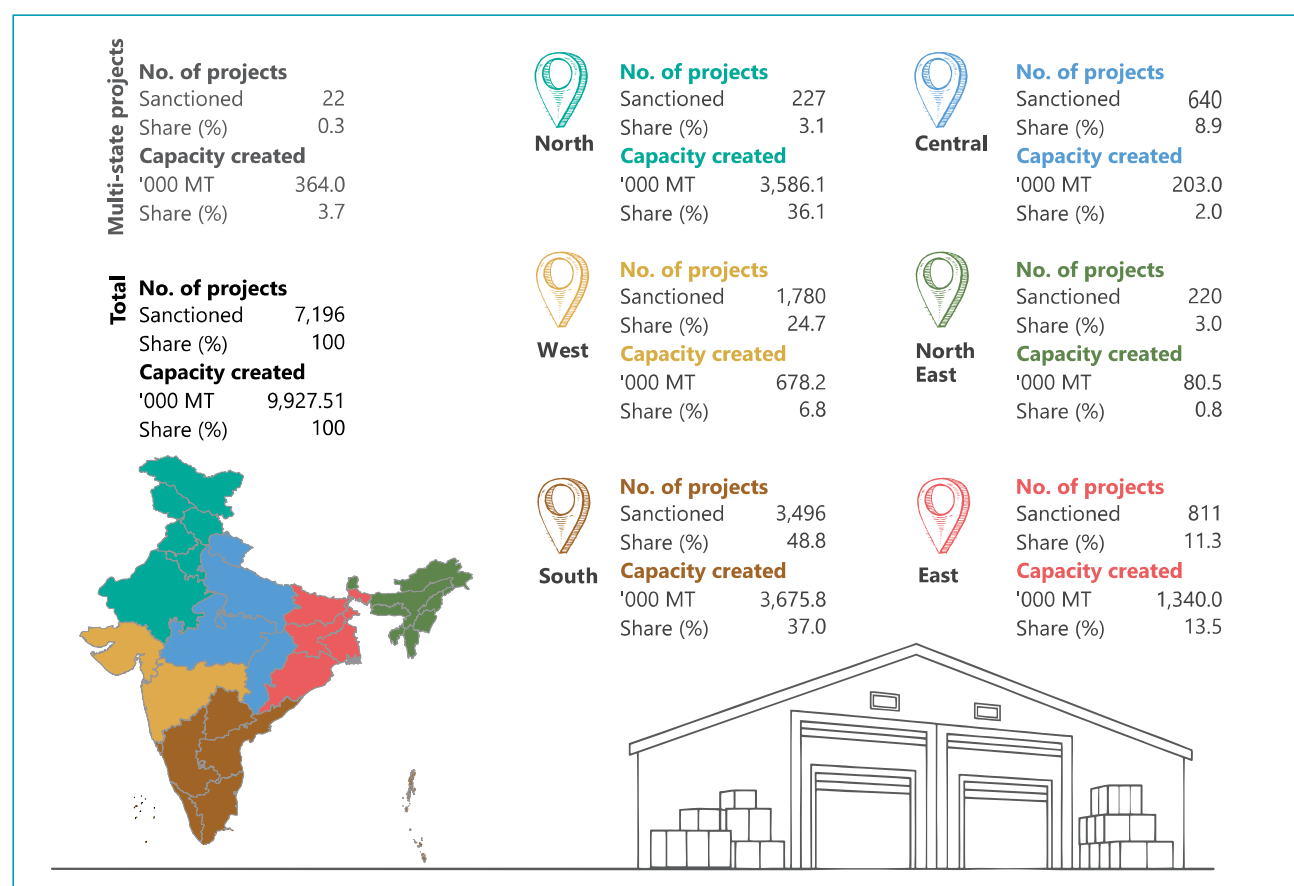
aims to minimise post-harvest losses, improve market access for farmers, and enhance the efficiency of the agricultural supply chain (Showcase 5.3).

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



WIF = Warehouse Infrastructure Fund.

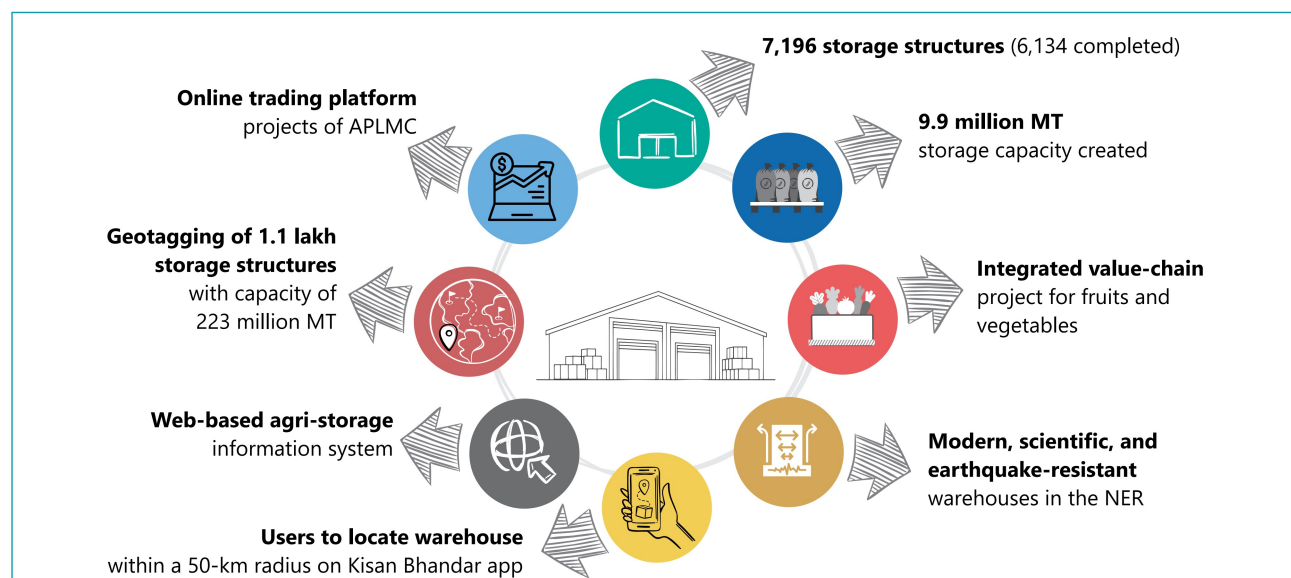
Figure 5.9: Region-wise performance of WIF as on 31 March 2025



MT = metric tonne, WIF = Warehouse Infrastructure Fund.



Figure 5.10: Output under WIF as on 31 March 2025



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

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

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

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

Executing entity: Uttar Pradesh State Warehousing Corporation

Expenditure incurred: ₹4.6 crore

NABARD support: ₹3.2 crore

Year of completion: 2022

Location: Auraiya district, Uttar Pradesh

Output

Storage capacity created: 5,000 MT

Number of geotagged structures: 1

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

Impact

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

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



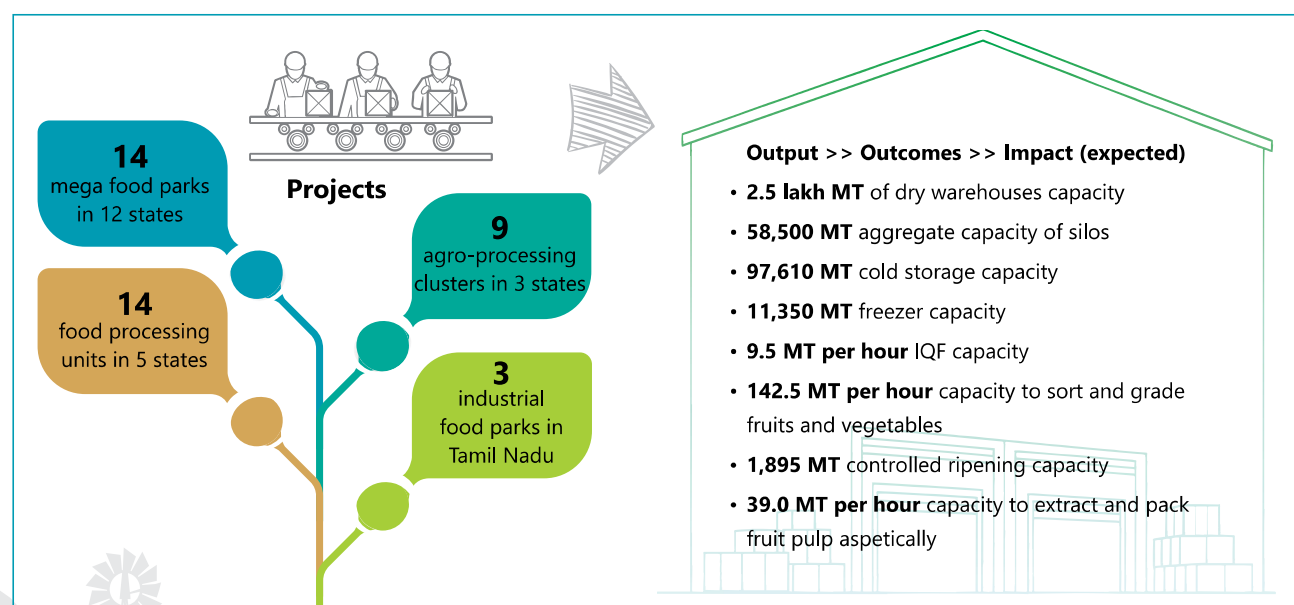
Godown for foodgrain storage, State Warehouse Corporation, Dibiyaipur; Auraiya, Uttar Pradesh.

5.6.2 Food Processing Fund⁷

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

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

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



IQF = individually quick frozen, MT = metric tonne.



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

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

Executing entity: Dhansiri Nutrient Foods

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

Financial details

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

Installed capacity

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

Output>>Outcomes>>Impact

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



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

5.6.3 New initiatives during FY2025 in FPF and WIF

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

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

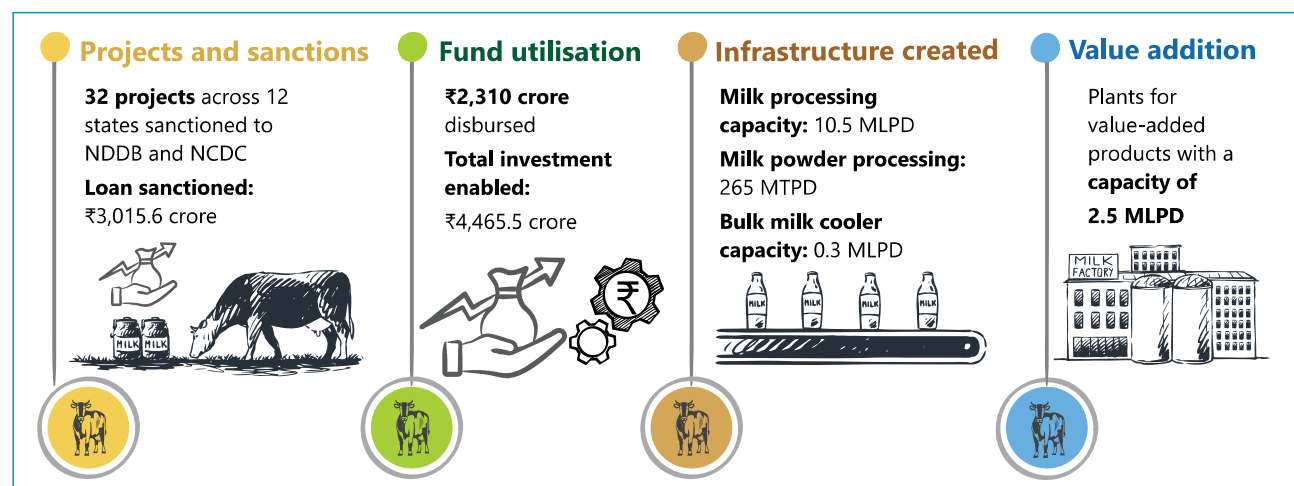
5.7 OTHER INFRASTRUCTURE INITIATIVES

5.7.1 Dairy Processing and Infrastructure Development Fund

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

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

Figure 5.12: Performance of DIDF as on 31 March 2025



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



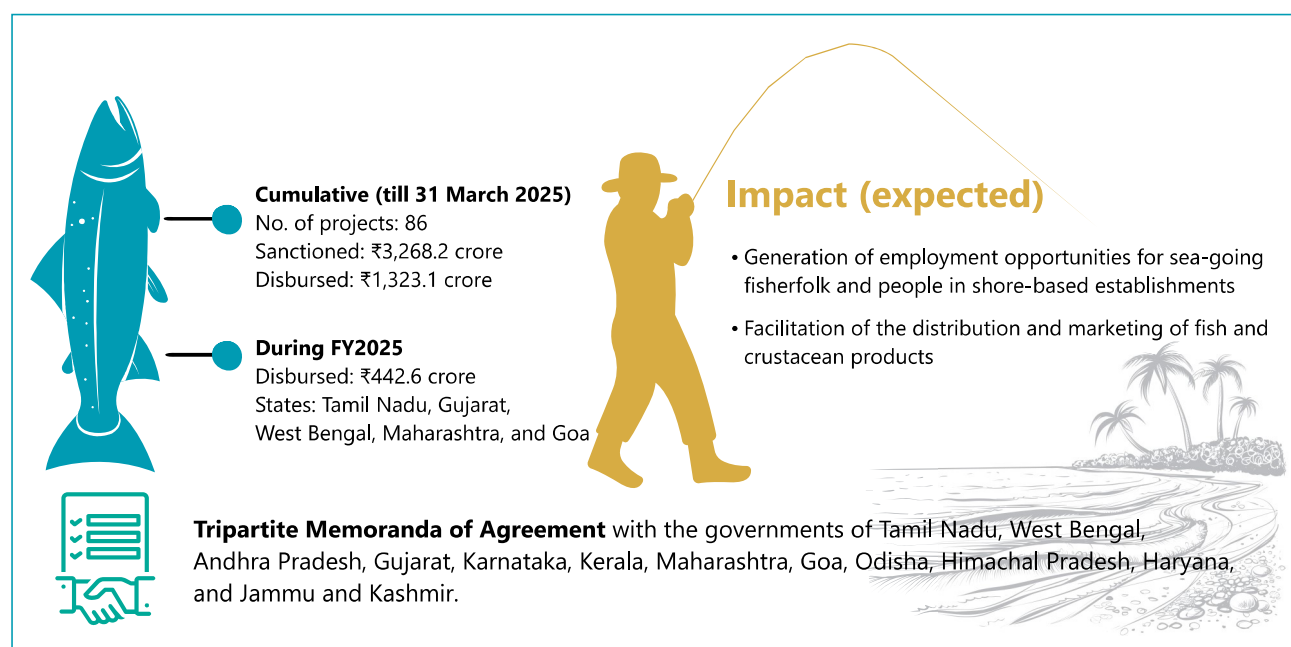
5.7.2 Fisheries and Aquaculture Infrastructure Development Fund

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

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

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

Figure 5.13: Performance of FIDF as on 31 March 2025



FIDF = Fisheries and Aquaculture Infrastructure Development Fund.

5.7.3 Rural Infrastructure Assistance to State Governments

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

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

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

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

5.8 WAY FORWARD

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

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

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

NOTES

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

