5.1 Rural credit in pandemic times: Initiatives and impact

In FY2021, agricultural credit outstanding grew at 12.3% over FY2020, despite it being an extremely difficult period in the history of India and the world. Though this is partly explained by better performance of agriculture in FY2021, it also reflects the robustness and resilience of our formal rural credit system. Following the serious contraction of the economy (barring agriculture), the Government of India (GOI) announced a series of recovery packages (the AatmaNirbhar Bharat packages) and NABARD did not lose any time in collaborating on the revival process.

Persistent issues in rural credit have been

- **regional disparities**, for instance, share of credit in Eastern and North Eastern regions is lower than other regions and not commensurate with their share of population;
- **inter-personal inequity**, that is, formal credit is not equally accessible and affordable across gender, caste, class, etc.;
- **poor loan recovery**, especially in crises; and
- **poor health of rural financial institutions**, making them ineligible for refinance from NABARD.

During the year, NABARD, the GOI, and Reserve Bank of India (RBI) took several initiatives to enhance ground level credit (GLC) flow besides addressing some of these issues (Figure 5.1).
Adopted liberal policy to extend refinance to RRBs

- NABARD applied its own internal risk-rating tool and extended refinance to RRBs that would otherwise have been ineligible as per applicable norms.
- Refinance grew by 40% (i.e., additional ₹4,500 crore) as a result.
- 35 RRBs availed refinance (up from 27).
- Eastern and North Eastern regions accounted for most newly eligible RRBs (favourable impact on reducing regional disparities).

Leveraged STCRC and STRRB funds for incentivising higher production loans to agriculture

- NABARD gave special incentives for sanctioning refinance limits to StCBs and RRBs in Eastern and North Eastern states to enable them to lend for ST–SAO.

Ensured liquidity to financing entities with impaired lending ability

- SLF of ₹25,000 crore and additional SLF of ₹5,000 crore was extended by RBI to NABARD.
- SLF provided liquidity to financing entities with impaired lending ability due to moratorium on loan repayments imposed by RBI.
- This helped reach out to more institutions and geographies.
- SLF, given upfront, could prime move the building of assets by financing entities and allow them to avail of regular refinance subsequently against these assets.

Used additional SLF to refinance small NBFCs and MFIs

- Provided funds to small NBFCs and MFIs which faced difficulty in obtaining funds from elsewhere
- Even BBB-rated NBFCs covered
- May be expected to drive the credit deep into the lowest tier of the economic agents

Aligned activities to GOI schemes under ANB package

- NABARD’s scheme for converting PACS into MSCs integrated with AIF-support to PACS under ANB for building post-harvest infrastructure such as godowns, cold storage, silos, custom hiring, etc.
- NABARD’s refinance scheme aligned with micro-food processing scheme under ANB

Designed refinance product for WASH

- Product supported Swachh Bharat Abhiyan of the GOI.

Taken steps to accelerate financing of FPOs

- Initiated steps for financing FPOs being promoted under GOI scheme for establishing 10,000 FPOs by FY2024

Action taken on fixing GLC term loan sub-targets for allied activities

- RBI’s Internal Working Group to Review Agricultural Credit (Chair: N.K. Jain) recommended GLC term loan sub-targets for allied activities
- Allied activities target of ₹61,650 crore comprised dairy (₹35,141 crore), poultry (₹13,563 crore), small ruminants and other animals (₹6,781 crore), and fisheries (₹6,165 crore)

Rolled out Pilot Partial Credit Guarantee scheme for NBFCs/ NBFC-MIs

- Scheme will enable NBFCs and NBFC-MIs to raise funds from debt and capital market for onward lending in agriculture, MSME, and micro-finance
- Partial credit guarantee may be extended by NABARD (either solely or) along with co-guarantee from financial facilitation agencies(y) which share(s) the guaranteed risk
- Pilot includes two transactions of ₹100 crore each per market player
- Aims to increase GLC flow
- May develop smaller NBFC/ NBFC-MIs into NABARD’s future refinance clients
5.2 Credit potential and achievement

NABARD annually estimates credit potential by aggregating grassroots assessment given in district-wise potential linked credit plans. Credit potential estimates are shared with lead banking institutions in priority sector lending for evaluation and ratification. The aggregate priority sector credit potential estimated for FY2022 is ₹38.4 lakh crore, of which the estimate for agriculture and allied sectors is ₹24 lakh crore. Hallmark of this exercise includes consultations across districts and states during annual state credit seminars, instilling a sense of ownership among partners.

The target for FY2022 is pegged at ₹16.5 lakh crore in the latest Union Budget (Figure 5.2).

<table>
<thead>
<tr>
<th>Crop loan</th>
<th>Term loan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial banks</td>
<td>10.8</td>
<td>4.9</td>
</tr>
<tr>
<td>Cooperative banks</td>
<td>2.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Regional rural banks</td>
<td>1.9</td>
<td>1.5</td>
</tr>
<tr>
<td>Total</td>
<td>15.0</td>
<td>6.7</td>
</tr>
</tbody>
</table>

Notes: AIF = Agriculture Infrastructure Fund; ANB = AatmaNirbhar Bharat; FPO = Farmer Producers’ Organisation; GOI = Government of India; GLC = Ground Level Credit; LT = Long-Term; MFI = Micro-Finance Institution; MSC = Multi-Service Centre; MSME = Micro, Small, and Medium-sized Enterprises; NBFC = Non-Banking Financial Company; PACS = Primary Agricultural Credit Societies; RBI = Reserve Bank of India; RRB = Regional Rural Bank; SFB = Small Finance Bank; SLF = Special Liquidity Facility; ST = Short-Term; STCB = State Cooperative Bank; STCRC = Short Term Cooperative Rural Credit; STRRB = Short-Term RRB Refinance Fund; ST–SAO = Short-Term Seasonal Agricultural Operations; WASH = Water, Sanitation and Hygiene.

Figure 5.2: Ground level credit (agriculture): Target versus achievement as on 31 March 2021 (provisional) (₹ lakh crore)
Although commercial banks form the more dominant agriculture credit channel and their share has gone up, regional rural banks (RRBs) and cooperative banks have disbursed a higher share of agricultural loans to small and marginal farmers (who comprise an overwhelming majority of cultivators in India).

**Table 5.1: Agency-wise ground level credit (agriculture) targets for FY2022 (₹ lakh crore)**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Crop Loan</th>
<th>Term Loan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial banks</td>
<td>6.1</td>
<td>6.0</td>
<td>12.1</td>
</tr>
<tr>
<td>Cooperative banks</td>
<td>2.0</td>
<td>0.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Regional rural banks</td>
<td>1.6</td>
<td>0.5</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9.7</strong></td>
<td><strong>6.9</strong></td>
<td><strong>16.5</strong></td>
</tr>
</tbody>
</table>

Despite the COVID-19 pandemic, trends in GLC disbursement show that overall expected GLC achievement will exceed the target fixed for the year (Table 5.1).

### 5.3 NABARD’s refinance supports GLC flow

During FY2021, NABARD disbursed a total of ₹1,30,964 crore to state cooperative banks (StCBs) and RRBs (with respective shares of 77.2% and 22.8%) under short-term (ST) refinance facility to enable them to meet production and working capital requirements of farmers, weavers, and artisans. Disbursements under ST credit support of NABARD grew at 30.5% in FY2021 over FY2020, which was much higher than the 11.4% growth in FY2020 over FY2019. Short-term facility to StCBs grew at 21.4% in FY2021 as opposed to 14% in FY2020 (Figure 5.3 A). Growth in disbursement to RRBs peaked at 74.9% in FY2021 following near stagnation in FY2020 (Figure 5.3 B).

State-wise ST refinance data showed overall growth. States like Rajasthan, Tamil Nadu, Karnataka, Maharashtra, and Assam witnessed significant increase in ST refinance (Figures 5.3 C and D).

Long-term (LT) refinance disbursements reached ₹92,786 crore in FY2021 registering a year-on-year growth of 19.8%. Sizeable share of disbursement went to schedule commercial banks (SCBs) (61.5%), followed by RRBs at 16.1% (Figure 5.4). Counter-pandemic initiatives helped non-banking financial companies (NBFCs) and NBFC–micro-finance institutions (MFIs) get additional refinance of ₹6,327 crore in FY2021 over last year, followed by SCBs (₹5,054 crore) and RRBs (₹4,308 crore).
Notes:
1. SLF = Special Liquidity Facility; RRB = Regional Rural Bank; ST = Short-Term; StCB = State Cooperative Bank; ST–SAO = Short-Term Credit for Seasonal Agricultural Operations.
2. ST–SAO is disbursed to StCBs through Short-Term Cooperative Rural Credit fund and to RRBs through Short-Term RRB Refinance fund of the Government of India.

**Figure 5.4: Agency-wise disbursement and share of long-term refinance**

Notes:
1. LT = Long-Term; MFI = Micro-Finance Institution; NBFC = Non-Banking Financial Company; RRB = Regional Rural Bank; SCARDB = State Cooperative Agriculture and Rural Development Bank; SCB = Scheduled Commercial Bank; StCB = State Cooperative Bank.
2. Disbursement to NBFCs & NBFC-MFIs in FY2021 included ₹2,000 crore disbursed under Special Liquidity Facility and ₹1,567 crore disbursed under Additional SLF.
3. SCBs include small finance banks.
Long-term refinance offtake has a major regional skew with a large proportion flowing to the Southern region (40%), followed by the Northern (21.9%), Western (20.9%), Central (8.9%), and Eastern (7.4%) regions. The North East lags far behind with only 1% share (Figures 5.5 A and B). Year-on-year comparison of state-wise LT refinance shows significant increase in Rajasthan, Tamil Nadu, Madhya Pradesh, and Chhattisgarh and Union Territories of Jammu & Kashmir and Ladakh in FY2021 over FY2020 (Figures 5.5 C and D).

It is noteworthy, however, that while the overall disbursement declined in FY2020 by 13.4% over FY2019, the offtake in the East and North East increased. In contrast, in FY2021 the East and North East showed a
decline even as the overall disbursement increased. This implies that the impact of the pandemic on refinance offtake was adverse only in the East and North (Box 5.1).

The Southern region has higher credit absorption capacity perhaps owing to better infrastructure facilities, outreach, and credit availability. Similarly, low density of credit delivery outlets and weak rural financial institutions could be impeding credit flow in North Eastern, Eastern, and Central states.

Besides agriculture and allied sector, LT refinance is availed primarily for off-farm activities including micro, small, and medium enterprises, which accounted for almost 49% share followed by self-help groups (SHGs) at 25% (Table 5.2).

NABARD endeavoured to promote greater regional balance in refinance disbursement by

1. allowing higher quantum of ST refinance (for seasonal agricultural operations) with relaxation in net non-performing asset norms for only Eastern and North Eastern regions;

### Box 5.1: Impact of long-term refinance on ground level credit and capital formation in Bihar

A NABARD study of the impact of long-term refinance on ground level credit flow and capital formation in Bihar suggested that

- dependence of farmers on non-institutional credit reduced, allowing them to avert the moneylenders’ debt trap—share of institutional credit increased from 31.6% to 79.9% in Patna and 28.7% to 82.3% in Bhojpur districts;
- capital formation increased in sample districts due to funding through Long Term Rural Credit Fund (LTRCF); and
- capital formation as a share of total assets was 9.1% for LTRCF beneficiaries compared to 4.5% for others in Patna.

Given the positive impact of long-term credit under the LTRCF, the study recommended that in priority sector lending criteria, separate weights be assigned for long-term loans to farmers to incentivise long-term financing by banks.

### Table 5.2: Disbursement of long-term refinance by agency and purpose (₹ crore)

<table>
<thead>
<tr>
<th>Purpose</th>
<th>CBs</th>
<th>StCBs</th>
<th>SCARDBs</th>
<th>RRBs</th>
<th>NBFCs</th>
<th>Subsidiaries</th>
<th>Total</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and allied</td>
<td>6,765.8</td>
<td>3,656.1</td>
<td>1,364.6</td>
<td>6,092.3</td>
<td>246.4</td>
<td>0.0</td>
<td>18,125.1</td>
<td>19.5</td>
</tr>
<tr>
<td>Agri-clinics and agribusiness</td>
<td>144.6</td>
<td>3.6</td>
<td>0.0</td>
<td>2.4</td>
<td>105.7</td>
<td>0.0</td>
<td>256.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Animal husbandry, others</td>
<td>221.2</td>
<td>644.6</td>
<td>207.3</td>
<td>2,324.1</td>
<td>42.0</td>
<td>0.0</td>
<td>3,439.2</td>
<td>3.7</td>
</tr>
<tr>
<td>Contract farming</td>
<td>0.0</td>
<td>8.8</td>
<td>0.0</td>
<td>6.1</td>
<td>0.0</td>
<td>0.0</td>
<td>14.8</td>
<td>0.0</td>
</tr>
<tr>
<td>Dairy development</td>
<td>88.1</td>
<td>1,033.4</td>
<td>83.5</td>
<td>1,267.1</td>
<td>17.8</td>
<td>0.0</td>
<td>2,490.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Farm mechanisation</td>
<td>5,826.3</td>
<td>339.7</td>
<td>85.8</td>
<td>617.8</td>
<td>16.6</td>
<td>0.0</td>
<td>6,886.2</td>
<td>7.4</td>
</tr>
<tr>
<td>Fisheries</td>
<td>27.2</td>
<td>22.3</td>
<td>56.4</td>
<td>5.2</td>
<td>0.1</td>
<td>0.0</td>
<td>111.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Forestry</td>
<td>0.0</td>
<td>1.9</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>2.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Land development</td>
<td>19.2</td>
<td>546.3</td>
<td>185.3</td>
<td>614.7</td>
<td>8.2</td>
<td>0.0</td>
<td>1,373.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Minor irrigation</td>
<td>6.5</td>
<td>311.5</td>
<td>113.2</td>
<td>246.3</td>
<td>2.6</td>
<td>0.0</td>
<td>680.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Bio-gas (NCES)</td>
<td>31.6</td>
<td>0.0</td>
<td>0.0</td>
<td>4.2</td>
<td>0.0</td>
<td>0.0</td>
<td>35.8</td>
<td>0.0</td>
</tr>
<tr>
<td>Storage/ market yard</td>
<td>311.2</td>
<td>29.8</td>
<td>46.0</td>
<td>56.8</td>
<td>0.0</td>
<td>0.0</td>
<td>443.7</td>
<td>0.5</td>
</tr>
<tr>
<td>Plantation and horticulture</td>
<td>27.5</td>
<td>200.6</td>
<td>482.3</td>
<td>620.1</td>
<td>51.2</td>
<td>0.0</td>
<td>1,381.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Plantation and horticulture- others</td>
<td>0.0</td>
<td>5.5</td>
<td>10.8</td>
<td>18.3</td>
<td>0.0</td>
<td>0.0</td>
<td>34.6</td>
<td>0.0</td>
</tr>
<tr>
<td>PF/ SGP</td>
<td>62.4</td>
<td>508.1</td>
<td>94.0</td>
<td>309.2</td>
<td>2.2</td>
<td>0.0</td>
<td>975.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Off-farm sector (OFD/MSME)</td>
<td>37,300.1</td>
<td>1,223.9</td>
<td>137.4</td>
<td>1,618.7</td>
<td>5,343.1</td>
<td>306.4</td>
<td>45,929.5</td>
<td>49.5</td>
</tr>
<tr>
<td>Rural housing</td>
<td>642.3</td>
<td>476.6</td>
<td>552.9</td>
<td>612.5</td>
<td>1.4</td>
<td>0.0</td>
<td>2,285.6</td>
<td>2.5</td>
</tr>
<tr>
<td>SHGs</td>
<td>11,205.8</td>
<td>775.1</td>
<td>6,758.7</td>
<td>4,477.1</td>
<td>815.0</td>
<td>0.0</td>
<td>24,031.6</td>
<td>25.9</td>
</tr>
<tr>
<td>Others</td>
<td>1,181.1</td>
<td>68.4</td>
<td>921.0</td>
<td>75.0</td>
<td>169.0</td>
<td>0.0</td>
<td>2,414.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Grand total</td>
<td>57,095.0</td>
<td>6,200.0</td>
<td>2,975.8</td>
<td>15,157.2</td>
<td>10,237.0</td>
<td>1,121.3</td>
<td>92,786.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Notes: CB = Commercial Bank; MSME = Micro, Small, and Medium Enterprises; NBFC = Non-Bank Finance Company; NCES = Non-Conventional Energy Source; OFD = Off-Farm Development; PF = Poultry Farming; RRB = Regional Rural Bank; SCARDB = State Cooperative Agriculture and Rural Development Bank; SGP = Sheep, Goat, and Pig; SHG = Self-Help Group; StCB = State Cooperative Bank.
2. granting LT refinance up to 95% of bank loan outstanding to North Eastern states vis-à-vis 90% for other regions;
3. relaxing eligibility norms for StCBs and RRBs for Eastern and North Eastern states; and
4. allocating 25% of Short-Term Cooperative Rural Credit, Short-Term Regional Rural Bank and Long Term Rural Credit Fund to 191 credit starved-districts in India.

5.4 Special liquidity facility
NABARD disbursed ₹25,500 crore under Special Liquidity Facility (SLF) to cooperative banks (₹16,800 crore), RRBs (₹6,700 crore), and NBFC-micro-finance institutions (MFI) (₹2,000 crore) to enable unhindered flow of credit to farmers in the wake of the COVID-19 pandemic. The RBI allocated ₹5,000 crore to NABARD as Additional Special Liquidity Facility (ASLF) for extending refinance to NBFC-MFIs and smaller NBFCs with asset size up to ₹500 crore. As on 31 March 2021, NABARD has disbursed ₹1,567 crore (of sanctioned amount of ₹1,851 crore) under ASLF to 23 NBFC-MFIs and 7 NBFCs. Considering the liquidity crunch faced by the state cooperative agriculture and rural development banks (SCARDBs) in the wake of the pandemic, NABARD extended SLF to eligible SCARDBs from its own funds as upfront liquidity support at concessional rates so that the banks could continue lending in rural areas. As on 31 March 2021, ₹908.16 crore has been disbursed to SCARDBs in Himachal Pradesh, Karnataka, Punjab, Rajasthan, and Uttar Pradesh under this line of credit.

5.5 Other credit products

5.5.1 Credit facility to federations
Credit facility to federations (CFF) is to provide ST credit to agricultural marketing federations, civil supplies corporations, dairy cooperatives/milk unions/federations, etc., for input supply, seed processing, procurement, marketing, and supply-chain management of agricultural and allied commodities.

Disbursements under CFF increased by 29% (over FY2020) to ₹47,853 crore in FY2021. Credit assistance to state-level entities for procurement under government programmes enabled farmers to get timely and adequate sales proceeds, especially in states like Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Odisha, Punjab, Telangana, and West Bengal. During the year, seven new clients were added under CFF. Further, limit was also sanctioned to the National Cooperative Development Corporation with pan-India operations.

5.5.2 Direct refinance assistance
Direct refinance assistance (DRA) is an additional line of credit extended as annual or quarterly limits to ‘A’ or ‘B’ rated district central cooperative banks (DCCBs). The DRA aims at increasing credit flow and encouraging loan portfolio diversification by cooperative banks, thus enhancing their earnings and creating a win-win situation for not just the banks but also their rural clientele.

The DRA covers, inter alia, loans for meeting working capital needs, repair and maintenance of farm equipment and other productive assets, storage/grading/packaging of produce, marketing activities, and non-farm activities. Working capital loans to StCBs and DCCBs against pledge limits to cooperative and private sugar factories are also allowed under DRA.

Sanctions under DRA registered a growth of 33% (over FY2020) to ₹11,890 crore in FY2021 of which ₹7,373.5 crore was disbursed. The DCCBs and StCBs of Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Telangana, Uttar Pradesh, and Uttarakhand availed credit under DRA during the year.

5.6 Channelling Government of India schemes

5.6.1 Interest subvention scheme
NABARD channelled interest subvention provided by the GOI to banks (@ 2%) and farmers (@ 3%) against prompt repayments on loans under Kisan Credit Cards (Figure 5.6). Recipient farmers included those in animal husbandry and fisheries sector as well.

Similar subvention is extended for loan against negotiable warehousing receipts to avoid distress sale of produce by small and marginal farmers. Rural cooperative banks and RRBs are also provided interest subvention for women SHGs in 250 districts under the Deendayal Antyodaya Yojana National Rural Livelihoods Mission (to the extent of difference between their lending rate and 7%, subject to a maximum of 5.5% for loans extended up to ₹3 lakh at 7% per annum). An additional incentive of 3% is available to beneficiary women SHGs on prompt repayment.
5.6.2 Administering schemes for sugar farmers

**Scheme for enhancement of ethanol production capacity**

The scheme helps in improving the liquidity of sugar mills, especially in the surplus season, thereby enabling them to clear cane price arrears of farmers. NABARD is the nodal agency for managing the Sugar Ethanol Interest Subvention Scheme of Department of Food and Public Distribution, GOI. Under the scheme, interest subvention at 6% per annum or 50% of rate of interest charged by banks on the loans (whichever is lower) is borne by the central government for five years. An amount of ₹66 crore was released to lending banks under the scheme during FY2021.

**Sugar Soft Loan Scheme 2018–19**

NABARD is the nodal agency for implementing interest subvention under the central scheme of soft loans to sugar mills to facilitate payment of cane dues of farmers. Under the scheme, interest subvention is available for a maximum period of one year at 7% simple interest or at the actual rate charged by banks (whichever is lower). An amount of ₹174.4 crore was released to lending banks under the scheme during FY2021.

5.6.3 Implementation of capital subsidy schemes

NABARD channels subsidy to eligible banks under various credit-linked subsidy schemes of the GOI, primarily for agriculture projects and priority sector activities (Table 5.3). Implementation of these schemes increases GLC to agriculture, allied, and priority sector activities.

5.7 Special long-term refinance schemes

To boost the rural economy and reduce distress migration post-pandemic, NABARD introduced three special LT refinance schemes in FY2021. Additionally, it introduced an LT refinance scheme in the water, sanitation, and hygiene (WASH) category to address adjunct health concerns amidst the COVID-19 outbreak.

5.7.1 Scheme to transform primary agricultural credit societies to multi-service centres

Under the scheme, 35,000 primary agricultural credit societies (PACS) are envisaged to be developed as multi-service centres over FY2021 (5,000 PACS), FY2022 (15,000), and FY2023 (15,000) through concessional refinance to StCBs at 3%. The PACS will receive support to create quality infrastructure (capital assets) and increase their business portfolio under this line of credit. The interest rate to be charged to PACS will not be more than 1% over the interest rate charged by NABARD and will be shared by the StCB and DCCB on mutually agreed terms. Repayment period of refinance will be up to seven years.

During FY2021, 3,055 PACS were given in-principle sanction with an estimated project cost of ₹1,761 crore and estimated bank loan of ₹1,568 crore by NABARD. The StCBs in Karnataka, Gujarat, and Rajasthan have disbursed loans to PACS thus far under this product.

5.7.2 Scheme for beneficiaries of the watershed and wadi project areas

NABARD has earmarked refinance amount of ₹5,000 crore for the period between FY2021 and FY2023 for this scheme. The objective of the scheme is to promote sustainable economic activities, livelihood, and employment opportunities in NABARD-supported watershed and wadi project areas by encouraging banks to lend at concessional rates to these beneficiaries.

Refinance will be available to all the eligible banks/financial institutions (FIs) at 3% for a maximum of five years. The ultimate lending rate to be charged by banks/FIs under the scheme is revised as six months’ marginal cost of funds-based lending rate +1% or external
benchmark-based lending rate +2.5% whichever is lower. During FY2021, refinance of ₹126.8 crore was disbursed under this product.

5.7.3 Scheme for promoting micro food processing activities
The objective of the scheme is to encourage banks to lend support to micro food processing activities and create sustainable livelihood and employment opportunities for rural youth as well as reverse migrants displaced by the pandemic.

The scheme also envisages modernisation, formalisation, and improved competitiveness of existing rural micro-enterprises. The refinance scheme will give fillip to the recently launched ‘Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme (PMFME)’ by the Ministry of Food Processing Industries, GOI, under the AatmaNirbhar Bharat Abhiyan. Concessional refinance at 4% is available to eligible financial institutions such as commercial banks, small finance banks (SFBs), StCBs, RRBs, and NABARD subsidiaries.

5.7.4 Water, sanitation, and hygiene refinance scheme
India is signatory to the Sustainable Developmental Goals (SDGs) of the United Nations, and SDG-6 aims to provide clean water and sanitation for all, a goal made more pertinent by the pandemic. In this context, NABARD extended concessional refinance support to all eligible banks/FIs for deepening institutional credit in WASH-related activities and launched a pan-India sanitation literacy campaign on 2 October 2020. The campaign was designed to involve all stakeholders like State Level Bankers’ Committees, District Level Consultative Committees, NBFCs, SFBs, RRBs, DCCBs, and public sector banks to create awareness about the WASH refinance scheme (Box 5.2).

<table>
<thead>
<tr>
<th>Scheme</th>
<th>FY2021</th>
<th>Cumulative (as on 31 March 2021)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of units</td>
<td>Subsidy released (₹ crore)</td>
<td>No. of units</td>
<td>Subsidy released (₹ crore)</td>
</tr>
<tr>
<td>Dairy Entrepreneurship Development Scheme</td>
<td>23,060</td>
<td>137.8</td>
<td>4,21,157</td>
<td>1,892.3</td>
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<tr>
<td>Poultry Venture Capital Fund (Subsidy) Scheme</td>
<td>2,938</td>
<td>87.9</td>
<td>18,700</td>
<td>456.7</td>
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<tr>
<td>Integrated Development of Small Ruminants and Rabbits</td>
<td>14,452</td>
<td>69.0</td>
<td>72,117</td>
<td>323.1</td>
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<td>Pig Development</td>
<td>1,995</td>
<td>19.0</td>
<td>14,039</td>
<td>118.0</td>
</tr>
<tr>
<td>Salvaging and Rearing of Male Buffalo Calves</td>
<td>56</td>
<td>1.3</td>
<td>231</td>
<td>2.4</td>
</tr>
<tr>
<td>Construction of Storage Facility for Feed and Fodder</td>
<td>29</td>
<td>0.9</td>
<td>29</td>
<td>0.9</td>
</tr>
<tr>
<td>Effective Animal Waste Management</td>
<td>5</td>
<td>0.3</td>
<td>5</td>
<td>0.3</td>
</tr>
<tr>
<td>Integrated Scheme for Agricultural Marketing (ISAM) including sub-schemes:</td>
<td>4</td>
<td>20.2</td>
<td>422</td>
<td>4,454.9</td>
</tr>
<tr>
<td>- Agricultural Marketing Infrastructure (AMI)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AMI (Grading and Standardisation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Rural Godown</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New AMI sub-scheme of ISAM (22 October 2018 to 31 March 2021)</td>
<td>929</td>
<td>137.7</td>
<td>1,224</td>
<td>175.7</td>
</tr>
<tr>
<td>Agri-Clinics and Agri-Business Centres</td>
<td>262</td>
<td>12.3</td>
<td>2,889</td>
<td>106.9</td>
</tr>
<tr>
<td>National Project on Organic Farming</td>
<td>0</td>
<td>0.2</td>
<td>717</td>
<td>28.8</td>
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<tr>
<td>Lighting Scheme of the Ministry of New and Renewable Energy, Government of India</td>
<td>0</td>
<td>0.0</td>
<td>5,258</td>
<td>11.3</td>
</tr>
<tr>
<td>Solar Pumping</td>
<td>0</td>
<td>0.0</td>
<td>4,375</td>
<td>87.8</td>
</tr>
</tbody>
</table>
Box 5.2: Pan-India sanitation literacy campaign

Under NABARD’s sanitary literacy campaign, a series of sanitation literacy programmes was organised pan-India between 2 October 2020 and 26 January 2021. Over 1 lakh people were reached through jingles, short films, posters, etc., across 2,000 villages through over 2,000 programmes held in NABARD-supported project areas across the country including the North Eastern states. Besides creating awareness on water, sanitation, and hygiene issues in the pandemic context, the programmes informed participants about the availability of credit for constructing sanitation facilities.

5.8 Meeting the equitable credit-access challenge

NABARD has directed its efforts towards ensuring equitable credit flow across geographies and social groups. Importantly, it has relaxed LT refinance eligibility norms of RRBs and cooperative banks in the East and North East India which have poor off-take. While measures such as these have produced positive outcomes, the inequities in credit access persisted. In this context, digital drive with innovative delivery models and methods such as dispensing credit through mobile payment systems needs to be explored.

Notes
2. States and UTs across regions:
   - Southern: Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana, Puducherry, and Lakshadweep
   - Western: Goa, Gujarat, Maharashtra, Dadra & Nagar Haveli, and Daman & Diu
   - Northern: Delhi, Haryana, Himachal Pradesh, Punjab, Rajasthan, Jammu & Kashmir, and Chandigarh
   - Central: Chhattisgarh, Madhya Pradesh, Uttar Pradesh, and Chandigarh
   - Eastern: Bihar, Jharkhand, Odisha, West Bengal, and Andaman & Nicobar Islands
   - North Eastern: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura
3. As announced by the Finance Minister Nirmala Sitharaman, NABARD was to provide additional ₹30,000 crore refinance support to rural cooperative banks and RRBs, in addition to the targeted ₹90,000 crore during FY2021, taking to the total disbursement to ₹1.2 lakh crore short-term refinance by the end of FY2021.