



Performance Review of “NIDA” (NABARD Infrastructure Development Assistance) Scheme and “NABCON” A NABARD Subsidiary

Dr. Renu Sharma Assoc. Prof. Dept of Economics Vardhman College Bijnor.

ABSTRACT: The study understands the need, structure of NABARD. The compliance strategies of NABARD to develop the agriculture and agriculture sub sectors along with agri- infrastructure. The spread and control system of national level through regional offices and DDM offices at State Level district level respectively. To accomplish the plans of government of India, different subsidiaries are developed by NABARD. Scheme are launched as SPV (special purpose Vehicle) to teach the planned target. Study reviewed the results of NIDA and NABCONS for 05 years, the inference is objectives were achieved by the NABARD (Including subsidiaries and SPVs). NABARD also supervise the RRBs as regulator, growth and consistency in this area is remarkable.

1. Introduction

NABARD Functions, History & Origin: National Bank for Agriculture and Rural Development was established in 1982 on the recommendation of B. Sivaraman Committee for the overall regulation and licensing of regional rural banks and apex cooperative banks in India. NABARD is one of the apex regulatory bodies, was approved by the Parliament through Act 61 of 1981 of India. Before transferring to NABARD, on the recommendations of V.Sivaraman committee, RBI was managing the agricultural credit functions of then Agricultural Refinance and Development Corporation (ARDC). It is essentially a development bank that is authorized for providing and regulating credit and other facilities to the agriculture industry of India. It is under the jurisdiction of the Ministry of Finance. NABARD also supervised the Regional Rural Banks In India on behalf of RBI. NABARD is working with 31 Regional offices plus one regional centre at J&K

The importance of institutional credit in boosting rural economy has been clear to the Government of India right from its early stages of planning. Therefore, the Reserve Bank of India (RBI) at the insistence of the Government of India, constituted a Committee to Review the Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) to look into these very critical aspects. The Committee was formed on 30 March 1979, under the Chairmanship of Shri B. Sivaraman, former member of Planning Commission, Government of India.

NABARD has following subsidiaries working to support the agriculture development work in India with different dimensions. NABARD provides refinance to its subsidiaries viz. NABSAMRUDDHI, NABFINS and

NABKISAN to help them to extend credit support to agriculture and rural development activities. Refinance is extended through Automatic Refinance Facility both under Farm Sector (FS) and Non-Farm Sector (NFS) activities.

NABARD came into existence on 12 July 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation

Set up with an initial capital of Rs.100 Crore, its' paid up capital stood at Rs.14080 Crore as on 31 March 2020. Consequent to the revision in the composition of share capital between Government of India and RBI, NABARD today is fully owned by Government of India.

- Nabkisan Finance Limited.
- Nabsamrudhi finance Limited.
- NabFines Limited.
- Nab foundation
- NABCON NABARD Consultancy Services
- Nabventure Limited
- NIDA, (NABARD Infrastructure Development assistance NABARD Scheme)

2. Abbreviation:

SHG - Self Help Group)

JLG- Joint Liability Group)

RMG- Rythu Mithra Groups

3. Methodology and Review of Literature:

Nabard is an organization which is an extended arm of RBI working under control of Government of India (100 % ownership of Government of India), dedicated to agriculture and rural infrastructure with the help of subsidiaries and dedicated schemes. Details of NABARD Subsidiaries with purpose and structure got studied through various original literatures.

NABARDs' websites, having a huge reports and master circulars, with latest evaluations, execution, taken into study. The structure along with source of funds and out lay of funds of all Subsidiaries has taken into consideration before completion of study. NABCON is dealing with many ministries and many schemes, web site of all ministries got visited and documents downloaded.

MD of NABCON, heading at Delhi got contacted to understand their working and results thereof. Many Text books on Economics, agriculture allied activities along with research papers were referred. Inter ministerial notes for some schemes of Ministry of Agriculture & farm welfare where NABCON is consultant referred.

4. NABARD Infrastructure Development Assistance (NIDA) Scheme

NABARD in collaboration with State Government has been funding various rural infrastructure initiatives through the Rural Infrastructure Development Fund (RIDF). However, this process of funding was facing some technical issues, thereby limiting the contribution of NABARD towards rural infrastructure development. In order to address this issue, NABARD has launched a new scheme, named NABARD Infrastructure Development Assistance (NIDA) for funding rural infrastructure projects. In this article, we look at the NABARD Infrastructure Development Assistance (NIDA) scheme in detail.

5. Objective of Study: NABARD is the apex institute and bank for development of Agriculture, including sub sector of Agriculture along with Agriculture related infrastructure working with its extended arms in compatibility of central government planning. Hence objective of the study are:

- To understand the way NABARD is working for agriculture & infrastructure developments.
- Review, why and how Subsidiaries are formed to accomplish the assigned goals to NABARD.
- To study Sources of funds of Subsidiaries and the way that are funding the projects in terms of geographical areas, projects segment wise, and outcome wise, their structure and objectives, assessment of performance on the basis of data and details.
- Study the way NABARD makes schemes to create new verticals to accomplish their goal. Schematic strategies rate of success by example of NIDA.
- To Review overall performance of one Subsidiaries (NABCON and one scheme (NIDA)).

6. NIDA (NABARD Scheme for Infrastructure Development assistance):

- **Tag line-**

The Banyan is great, not because of its trunk, but because of its offshoots. We take pride in our partners, because it is they who enable us to reach out to rural India

- VISION OF NIDA:

‘Development Bank of the Nation for Fostering Rural Prosperity’.

MISSION of NIDA:

Promote sustainable and equitable agriculture and rural development through participative financial and non-financial interventions, innovations, technology and institutional development for securing prosperity.

Genesis and Purpose NIDA (NABARD Infrastructure Development Assistance).

NIDA is a line of credit support for funding rural infrastructure development projects. NIDA is available for state governments and any other state-owned organizations, such as corporations.

For the state governments, NIDA assists in rural infrastructure development, outside of RIDF borrowing. And also for other state-owned organizations, NIDA grants direct financing based upon risk appraisal of every specific project.

Core Functions:

NIDA is a line of credit for funding rural infrastructure projects under the following three channels:

- Funding rural infrastructure projects directly to State Government and State-owned Institutions.
- Funding PPP infrastructure projects in rural areas, developed directly or through Special Purpose Vehicles promoted by State-owned Institutions, Co-operatives, Producer Organizations and Corporate etc.
- Funding non-PPP, rural infrastructure projects developed by registered entities like Companies and Co-operatives.

Achievements:

Since inception in 2010-11 till 30 April 2022, cumulative loans, sanctioned under NIDA stand at Rs.65849.60 Crore with a cumulative disbursement of Rs.30297.12 Crore.

Table No1

Progress during the last 5 years and the current year has been impressive as indicated below:

Sr No	Year	Sanctioned (Rs. in crore)	Disbursement (Rs. in crore)
1	2017-18	7464.81	2920.58
2	2018-19	7362.76	2500.05
3	2019-20	4382.30	3727.09
4	2020-21	22767.75	7506.08
5	2021-22	8125.27	7136.26
6	2022-23 (upto 30 April 2022)	0.00	360.74

6. Project Types Financed BY NIDA:

Since launching the product, NABARD has sanctioned 124 projects under NIDA covering following sectors

- Power transmission
- Renewable energy (wind and solar power generation)
- Restoration of power distribution
- Roads and bridges
- Warehousing
- Development of Market Yard
- Irrigation
- Drinking water & Sanitation

Table No 2

NABARD Infrastructure Development Assistance (NIDA)

State wise and Sector wise projects (ongoing) sanctioned under NIDA as on 31.03.2022

S. No	Loans to State Govt/ State Govt owned entities)	Transmission	Warehousing	Irrigation	Roads	Health Infrastructure	Education	Rural Housing	Sewerage	Communication	Watershed Development	Drinking Water	TOTAL
1	Andhra Pradesh	340.00	34.97	1931.00	1158.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3464.50
2	Assam	0.00	0.00	0.00	1126.90	3259.28	1103.75	0.00	0.00	0.00	0.00	0.00	5489.93
3	Bihar	0.00	178.00	0.00	2820.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2998.41
4	Chhattisgarh	0.00	0.00	0.00	0.00	0.00	0.00	792.44	0.00	0.00	0.00	0.00	792.44
5	Goa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	135.56	0.00	0.00	0.00	135.56
6	Haryana	806.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	806.46
7	Karnataka	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	####	2629.00
8	Kerala	0.00	0.00	0.00	565.00	0.00	0.00	0.00	0.00	####	41.38	0.00	1668.11
9	Madhya Pradesh	0.00	0.00	4339.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4339.55
10	Maharashtra	0.00	0.00	6655.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6655.00
11	Punjab	317.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	317.36
12	Rajasthan	1686.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1686.48
13	Sikkim	0.00	0.00	0.00	214.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	214.31
14	Tamil Nadu	1301.55	0.00	4850.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	####	7830.87

15	Telangana	0.00	0.00	9099.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	####	14516.65
16	Uttarakhand	82.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	82.33
17	West Bengal	1692.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1692.54

The objectives of providing long-term refinance are as under:

- Supporting capital formation, in agriculture so that promoting growth of agriculture sector.
- Directing flow of credit, for promotion of thrust activities.
- To meet the credit requirement of JLGs and SHGs.
- Promoting alternate employment opportunities in rural areas by supporting off-farm sector activities.

Nature of Accommodation:

Refinance assistance is provided to the subsidiaries against their disbursements, for various purposes under the following two windows:

(A) Automatic Refinance Facility (ARF)

Automatic Refinance Facility (ARF) enables the agencies to obtain financial accommodation from NABARD, without going through the detailed procedure of pre-sanction formalities. Subsidiaries are expected to appraise the proposals at their own level and finance the borrowers. They can claim refinance from NABARD on the basis of a declaration (withdrawal application), indicating the various purposes for which refinance has been claimed and the loan amount disbursed. In such cases, the sanction and disbursement of refinance are attended to simultaneously by NABARD. Automatic Refinance Facility is extended without any upper ceiling of quantum of refinance, bank loan or Total Financial Outlay for all kinds of projects under Farm Sector (FS) & Off-Farm Sector.

(B) Pre-Sanction

Subsidiaries can also avail of refinance under pre sanction procedure where they are required to submit the projects for approval of NABARD. Before sanction of the same, NABARD appraises these projects to determine its technical feasibility, financial viability and bankability. In such cases, the loan will be sanctioned after the due appraisal.

(C). Quantum of refinance

- The quantum of refinance to these agencies (which generally do not have access to funds from market/ other sources) shall be:
- 100% for all thrust areas as indicated at Para no.
- 95% for all other diversified purposes
- To take care of exposure risk on cumulative basis, the total refinance outstanding should not be more than the quantum of performing loans, held by the subsidiaries, as per the latest RBI guidelines.

(D). **Eligibility criteria-** Eligibility criteria for drawal of refinance from NABARD are reviewed and decided from time to time. The eligibility criteria prescribed for the year 2019-20 are as under:

- Registration: Should have a certificate of registration under Sec. 45-IA of the RBI Act, 1934 to function as an approved financial institution.
- CRAR: Should maintain minimum capital adequacy ratio as stipulated by RBI from time to time (at present it is 15%).
- Net Profit: Should be in Net Profit for at least three out of the preceding four financial years (3 financial years out of 2015-16, 2016-17, 2017-18, 2018-19), subject to it not having incurred net loss in the immediate preceding year (2018-19).

- Net NPA: Should not exceed 4%.
- The Memorandum of Association should have a provision for borrowing from other financing agencies including higher financing agencies like NABARD.
- In case any of the agencies do not qualify on account of the above norms as on 31.03.2019, could also be considered if there are any improvement in the financial parameters after 31.03.2019, as certified by a Chartered Accountant.

(E). Eligible Purposes

- Agriculture, MSME, Microfinance and other eligible loans which are outstanding in the books of the subsidiary with a residual maturity period of more than 18 months as on the date of drawal application will be eligible for refinance.
- List of activities covered under Farm sector and other sectors is mentioned in Annexure I. The list is only illustrative but not exhaustive. Activities not mentioned therein may also be covered if it facilitates the promotion of agriculture and rural development.
- Thrust areas include land development, minor & micro irrigation, water saving and water conservation devices, fisheries, animal husbandry, SHGs/JLGs/Rythu Mithra Groups (RMGs), agri-clinics and agri-business centres, rural housing, agro-processing, wasteland development, dry land farming, contract farming, area development schemes, plantation & horticulture, agro-forestry, seed production, tissue culture plant production, agri-marketing infrastructure (including cold storage, godowns, market yards etc.), agriculture implements, non-conventional energy sources, financing in areas of watershed & tribal development programmes already implemented.

(F). Terms and conditions for funding

Standard terms and conditions as prescribed by NABARD from time to time will be applied. NABARD reserves the right to conduct spot verification / checks to ensure that terms and conditions of refinance are adhered to / complied with by the subsidiaries viz. NABSAMRUDDHI, NABFINS and NABKISAN.

Interest on refinance: The interest rates on refinance will be decided by NABARD based on tenor, prevailing market rate, etc. and is subject to revision from time to time.

Penal interest: In the event of default, penal interest rate of 2.00% p.a over and above the interest rate at which refinance was disbursed will be charged on the defaulted amount and for the period of default.

Penalty for pre-payment of refinance: The rate of pre-payment penalty will be 2.50% p.a. and will be chargeable for each installment due separately for the entire period from the date of pre-payment to the date on which the instalment is actually due for payment with a minimum period of 06 months. The prepayment can only be initiated after minimum notice of 3 working days. However, in case the prepayment is out of genuine recoveries, the benefit of waiver of pre- payment penalty will be considered to the subsidiaries of NABARD.

7. Repayment period:

Repayment period for refinance ranges between 18 months (minimum) to 5 years or above, to be repaid on half-yearly basis on 31 January / 31 July every year. Interest on refinance to be paid on half-yearly rests on 01 February and 01 August every year. Principal / Interest repayment option on monthly/quarterly is also available.

8. Security

The security norms prescribed for NABARD Subsidiaries are as under:

- a) Execution of General Refinance Agreement (GRA) with NABARD.
- b) Mandate to debit Current Account with the principal Banker of the Subsidiary.
- c) Board resolution in Performa as prescribed.

NABARD has decided to waive furnishing of any additional security by the three subsidiaries for the refinance sanctioned by it.

(G). Pre Audit, Monitoring and supervision of projects

NABARD will have the right to cause special audit of the books of accounts and other relevant material either by itself or through other agencies (at borrowing entity's cost) to ensure that same are maintained as per the rules and regulations in force and the terms and conditions of refinance are adhered to by the bank. NABARD would have the right to conduct spot verification / checks to ensure that the terms and conditions of refinance are adhered to.

All disbursements to NABARD subsidiaries will be pre audited by the concurrent auditors of the bank before its release.

7. NABCONS Review:

NABARD Consultancy Services Private Limited Founded on 17 November 2003.

NABCONS (NABARD Consultancy Services), a wholly-owned subsidiary of NABARD was created in 2003 to provide consultancy in all spheres of agriculture, rural development and allied areas. Effectively leveraging the presence of its parent organization NABARD, NABCONS has set its footprint across India with its Corporate office at New Delhi, Zonal Offices at Mumbai, Hyderabad and Guwahati and 29 Principal Consultant's offices across all States. NABCONS has more than 2500 assignments to its credit in last 17 years of existence.

NABCONS presently consists 300 full-time staff With dynamic team of over 500 empanelled multi-disciplinary experts and subject-matter specialists is providing necessary support in planning and execution of projects to over 400 big clients across India & globally. The business verticals are duly supported by service verticals like HR, IT, Corporate Affairs and Civil Engineering.

Adapting to business challenges and client needs, NABCONS has aligned its business areas to the ever-changing dynamics of niche sectors under its seven major verticals

- Agriculture & Animal Husbandry (AAH)
- Food Processing & Storage (FPS)
- Third Party Monitoring & Infrastructure (TPM)
- International Business & Climate change (IB & CC)
- Skills for livelihood, Banking & Finance (B&F) and
- Socio-economic Studies (SES).

NABCONS enjoys long-standing partnership with clients like various ministries of Government of India, all State Governments, Statutory bodies/corporations/agencies, Public Sector clients, many International Banks. NABCONS is empanelled with multi-lateral organizations like EXIM Bank, WDRA, NIFTEM and various ministries like Ministry of Food Processing Industries, Ministry of Rural Development, and Ministry of Women & Child Development, and various State Governments and other agencies for undertaking assignments in respective areas.

The "New Normal" post COVID-19, has witnessed a rapid shift in adoption of new technologies across various sectors. NABCONS has been able to foresee the new opportunities and has contracted assignments like Geo-tagging of Agri-Storage Infrastructure, Enterprise Architecture, setting up of GIS cell, Mandi Management Information System in HP, etc. Furthermore, the organization has revamped its IT infrastructure in keeping with the expected demand from various industries.

With a vision to emerge as the leading organization in providing consultancy and project management services for the development of agriculture and allied sector, the company is scouting emerging business opportunities through collaboration with other knowledge partners, emphasizing on more market visibility and networking,

coming up with thematic and sectoral papers, using blockchain and digital ledgers in the traceability of selected agro-commodities and more. Dedicating itself to the motto of ‘Wisdom beyond Business’, in the years to come, NABCONS shall continue to be driven by innovation, better operational efficiency, greater clientele focus and smart strategy.

NABCONS is the premier consultancy service provider in the agriculture and animal husbandry domain in India. The advisory services provided by NABCONS help in facilitating proper implementation of the schemes as well as in identifying needs and assessing impacts on communities.

- Formulation of Concept Notes
- Detailed Project Reports / Appraisal of New Projects
- Project Management Consultancy.
- Third Party Monitoring of Agri-infrastructure related Projects, NRM-based Livelihood Programmes, etc.
- Impact Assessment and Monitoring & Evaluation of Agri/Horti /AH schemes
- Preparation of State Agricultural Plans, Comprehensive District Agricultural Plans, State Agricultural Infrastructure Development Plan, Area Development Plans and Perspective Plan
- Policy Advocacy related to Agriculture Supply Chain, Operations and Marketing.
- Livestock Development Department, Govt. of Chhattisgarh
- Central Water Commission
- Small Farmers Agribusiness Consortium JK Trust, Maharashtra ,UCO Bank, Odisha PAMPS Farm(P) ltd.
- Sundarban Development Board. GMR Vemagiri Power Generation Ltd.
- Ministry of New & Renewable Energy and Ministry of Agriculture & Farmer Welfare
- Department of Animal Husbandry & Dairying, Department of Planning, Govt of Arunachal Pradesh.
- State Agriculture/ Horticulture Departments ,Development Support Agency of Gujarat and Maharashtra Agricultural Competitiveness Project
- College of Veterinary & Animal Sciences, Parbhani
- Agricultural technology Management agency
- M/s Siddhartha Farm & feeds, Andhra Pradesh
- Projects.

Agriculture and animal husbandry plays a major role in the country’s economy. India has the second largest arable land in the world and thus tremendous production advantages in agriculture. Animal husbandry acts as a major alternate source of income for the farmers and helps them cope financially with the vagaries of monsoon.

The central and state governments are undertaking and implementing large scale development projects that require consultancy services at all levels. NABCONS is the premier consultancy service provider in the agriculture and animal husbandry domain in India. The advisory services provided by NABCONS help in facilitating proper implementation of the schemes as well as in identifying needs and assessing impacts on communities.

8. Conclusion:

The study draws a clear inference that NABARD is a success story for agriculture and rural infrastructure growth. The governance model of NABARD is a role model for agencies indulged in the developmental projects in India.

NABARD itself is very large entity with 31 regional offices and 414 district level officer helping to District level bankers and district authorities. The DDM (District Development Manager NABARD) is one many army concept without any secretariat of office. The success of NABARD and its subsidiaries base on their ground level work and corporate governance.

Study adopted one subsidiary and one Scheme of NABARD, both model are successful as development projects. The MoU with state governments and with number of Ministries for refinance and indirect finance at comparatively lower rates makes sure the 100 % recovery of NABARD funds hence model provide very good recycling of funds particularly when the deployment be in turnkey projects.

9. References:

- Contact with Shri K Venkateswara Rao Managing Director NABARD Consultancy Services 231`Pvt. Ltd. (NABCONS).
- Websites of NABARD, Ministry of Agriculture and farm welfare, Ministry of Micro, Small and Medium Enterprises.
- Websit of NABCONS and visit to their head quarter.
- NABARD master circulars from 2017 to up to date.
- Master circulars of RBI on related subjects RBI.org.
- Ahuja Usha & Nikam Vinayak NABARD research study -8 ICAR research Delhi Jan 2021.
- Joshi Ekta year 2022 May 10 “Assessing India’s FPO Ecosystem’ Tata Cornell Institute.
- Srivastav Preeti, year 2015 “Case study of Farmer producer organization in Maharastra in the Era of globalization”. 2 IBMRD journals of Management & research. Volume 4 issue 2.
- Mohd Ameer, Pratap jitendra &Siddique R.A year 2021, June, “Farmers producer Organisation(FPO): Empowering Indian Farming community” International Journal of Current Microbiology and Applied Science 11:2089-2099.
- Tagat Vekatesh andTagat Anirudh, January 2016 “The potential of Farmer producer organization In India SSRN Electronic Journal DOI:10.2139/ssrn.2972488.

