

*A ready reckoner on
NABARD Schemes/ GOI sponsored Schemes
implemented by
NABARD*



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I. MICRO FINANCE

Self Help Group (SHG) is a small, economically homogeneous, voluntarily formed group of unreached rural poor, who save and have mutually agreed to contribute to a common fund to be lent to its members as per group decision.

NABARD started the SHG-Bank Linkage Programme (SHG-BLP) in 1992 for providing the SHGs with Bank credit. NABARD sees the SHG-BLP as part of an overall arrangement for providing financial services to the poor in a sustainable manner and also as an empowerment process for the members of these SHGs.

NABARD has instituted dedicated Funds as also Departments at Head Office, Regional Offices to pursue various developmental initiatives in micro finance related activities, which are detailed below:

1. Assistance to Self Help Promoting Institutions (SHPIs) for promotion and linkage of SHGs

Objective

Formation, Linkage & Nurturing of SHGs

Salient features

Formation of SHGs having membership of 15-20, credit link those groups with Banks and extending handholding support to the groups through capacity building training programmes on SHG concept, book writing etc., besides monitoring those groups over a period of 03 years.

Partner Agencies

NGOs, RRBs, Cooperative banks, Urban Cooperative Banks, Farmers' Clubs, Village Watershed Committees and other Community Based Organisations

Eligibility norms for NGOs

- (i) Experienced in community based activities.
- (ii) To be in existence for atleast 3 years and not black listed by any Central / State Govt. agency.
- (iii) Office bearers of NGOs should not hold any public office and should not be office bearers of any political party.

Financial Assistance

₹ 4500 per SHG for a period of 3 years in case of NGOs

₹ 2500 per SHG for a period of 3 years in case of Banks

₹ 800 for promotion, ₹200 for stationery and ₹ 300 for monitoring per SHG. (Total ₹1300 per SHG) for a period of 3 years in case of Farmers' Clubs.

(Ref. No.NB: MCID: 889/ Promotional Grant (Policy)/ 2009-10 dated 30 October 2009)

2. Micro Enterprise Development Programme (MEDP)

Objective

To provide supplemental support to develop / upgrade skill and business acumen of SHG members for taking up Income Generating Activities (IGAs).

Partner Agencies

NGOs and Banks

Salient features

Matured SHGs (The groups which are in existence for atleast 03 years and who have availed one/ two cycles of bank loan) are given training through NGOs/ RUDSETIs for a period ranging from 3 to 13 days, in those activities in which the members are either having skill or willingness which could lead to income generation for them.

(Ref: No.NB: MCID:1597/ MEDP/ 2009-10 dated 24 February 2010)

3. Scheme for Financing of matured SHGs for Farm and Investment Activities

Objective

To facilitate members of matured SHGs to diversify their income generating activities, by meeting their credit requirements for farm production / investment activities.

Partner agencies

Banks

Salient features

Banks will extend term loans and cash credit limits to SHGs exclusively for farm production and investment activities covering agriculture and allied activities. Banks, in turn, are extended refinance at concessional rate of interest by NABARD, which is repayable in 5 years.

(Ref. NB: MCID:364 & 1289/ SHG-1 (Policy)/ 2006-07 dated 17 June & 20 October 2006)

4. Scheme for providing technological support to NGOs

Objective

Strengthening of MIS on SHGs by the NGOs for effective monitoring of the groups.

Eligibility Norms

NGOs who have been granted assistance under SHPI project of NABARD and are having a stock of minimum of 250 SHGs promoted by themselves will be extended financial support upto ₹50000/- for purchase of computer hardware/ software.

(Ref: No.NB: MCID: 1028/ Innov-Gen/ 2009-10 dated 25 November 2009)

5. Scheme for supporting Activity Based Groups

Objective

Formation and nurturing of groups engaged in similar economic activities to improve efficiency and for getting better remuneration for their produce in the market.

Partnership institutions/agencies

NGOs, Banks, Federations, FCs, Community owned companies etc

Salient features

Informal groups with 5 to 20 members in each group engaged in similar economic activities will be extended support from NABARD through,

- (i) grant, which will cover expenditure on group formation, training & extension support
- (ii) loan, which will cover investment credit and working capital needs.

(Ref.No.NB; MCID: 1467/ SHG-1/ 2008-09 dated 30 March 2009)

6. Scheme for support to Federation

Objective

To develop leadership qualities and make SHGs self-reliant.

Partnership Institutions/Agencies

NGOs/SHG Federations

Salient features

To be evolved based on the needs of SHGs and not be involved in financial intermediation.
Federation to be registered.

(Ref.No.NB.mCID.1038/SHG (Federation)/ 2007-08 dated 20 Sept 2007)

7. Incentive for promotion of Joint Liability Groups (JLGs) of SF/ MF/ Tenant Farmers/ Oral Lessees and Share Croppers under Farm Sector

Objectives

To augment flow of credit to farmers in agriculture & allied activities and to micro entrepreneurs/ artisans/ individuals in NFS activities and to serve as collateral substitute for loans provided to groups.

Partner agencies

Banks, NGOs, Farmers' Clubs, KVKs, ATMA, PRIs, Govt Depts, Producer Association, Artisans Guild, Dept of SME etc.

Salient features

4-10 individual will come together to avail bank loan on individual basis or through group mode against mutual guarantee, in lieu of collateral security.

The Promoting Institutions will be given a grant assistance of ₹2000 per JLG over a period of 3 years for formation and financing of JLG.

As per the instructions of Government of India, crop loans to the extent of ₹3.00 lakh per JLG member can be extended @ 7% p.a, on the lines of its interest subvention scheme for crop loans.

Government of Karnataka has extended the waiver of stamp duty payable on JLG loan documents in respect of non-farm activities also, w.e.f 01.04.2011.

(Ref: No.NB. MCID: 865/ Innov. JLG/ 2009-10 dated 23 October 2009)

(Ref: No.NB. MCID: 1063/ Innov. JLG/ 2009-10 dated 3 December 2009)

(Ref. No.NB. MCID: 927/ JLG/ 2010-11 dated 07 October 2010)II. micro Credit Innovations



Women SHG meeting in progress

II. FINANCIAL INCLUSION

1. Support under Financial Inclusion Fund (FIF)

Objective

To meet developmental and promotional interventions

Partner Agencies

Banks, insurance companies, Post Offices, Railways, NGOs, MFIs, SHGs, Farmers' Clubs, training and research organisations etc.

Activities

(i) Training of Business Correspondents/ Branch Managers (ii) Capacity building of stake holders (ii) promotional support to institutions like Resource Centres, Farmers Service Centres, RUDSETI etc. (iii) Promotion and nurturing of SHGs (iv) Support for setting up of Rural Credit Bureaus (v) Any innovative products, processes and prototype for FI

Assistance

For training and capacity building, the quantum of assistance per member is as stipulated by NABARD. However, for banks the maximum assistance is as under:

(i) 60% for Commercial Banks (ii) 80% for RRBs (ii) 90% for Cooperatives.

For other organisations the percentage of assistance is as decided by NABARD from time to time. The support for setting up of resource centres, Farmers' Service Centre, Credit Bureau etc. is as decided by NABARD.

(Ref.No. Do. NB: MCID: 217 & 309 FI-01/ 2008-09 dated 14 May 2008 & 2 June 2008).

2. Support under Financial Inclusion Technology Fund (FITF)

Objectives

Enhance investment in Information Communication Technology (ICT), stimulate transfer of technology, increase the technological absorption capacity of financial service providers, encourage an environment of innovation and cooperation among stakeholders for promoting financial inclusion.

Partner Agencies

Banks, insurance companies, Post Offices, Railways, NGOs, MFIs, SHGs, Farmers' Clubs, technology service providers, etc

Activities

(i) Encourage user friendly technology (ii) Funding support to technological solutions aimed at providing affordable financial services to the disadvantaged sections of the society (iii) Conduct of studies, seminars etc. relating to technological interventions.

Support for implementing the Financial Inclusion Project through ICT solution for:

(i) Commercial Banks: Support based on viability gap for 2 years subject to a maximum of 60% of the viability gap.

(ii) For RRBs - support based on cost of smart cards and POS devices subject to a maximum of 80% of the cost. The support for other purposes would be decided by NABARD.

(Ref.No. Do. NB: MCID: 217 & 309 FI-01/ 2008-09 dated 14 May 2008 & 2 June 2008.

NB: FID/ 2326/ FI-01 dated 11 January 2011

NB: FID/ 2368/ FI-01 dated 18 January 2011

NB: FID/ 2832/ FI-01 dated 03 March 2011

NB: FID/ 2903/ FI-01 dated 04 March 2011.

NB: FID/ 18/ FI-01/2011-12 dated 06 April 2011).

3. Farmers' Club as Business Facilitators (BFs)

Objective

For extending financial services and strengthen the Farmers' Club

Partner Agency

RRBs

Support for capacity building of FCs members and payment of commission to FCs functioning as BFs.

80% of the cost of capacity building subject to a maximum of ₹.1600 per candidate for 3 days. Support for commission as per actual business subject to the limit fixed by NABARD.

(Ref.No.NB: FID: 973/ FI-01/ 2009-10 dated --- January 2010)

(Ref.No.NB.FID.2643/EE/FI-01/2010-11 dated 9 February 2011)

4. Establishing Web enabled Financial Services Cell at RUDSETI

Objective

To provide information on credit services available from financial institutions along with comparative analysis of interest rates, EMLs, processing fees etc.

Partner Agencies

Training Institutes/ RUDSETI

Activities/Assistance

For purchase of computer, printer UPS, equipment required for BC/ BF, faculty support etc can be supported.

Maximum assistance of ₹.3.25 lakh

(Ref. No.NB: FID: 58/ FI-02/ 2010-11 dated 19 April 2010).

5. Support for certificate course for Business Correspondents (BCs) and Business Facilitators (BFs) conducted by Indian Institute of Banking and Finance (IIBF) / conducted by FINO Fiintech Foundation (FFF)

Objective

To create a pool of competent and trained persons who could be employed as BCs/ BFs by banks

Partner agency

Banks

Activities

Support to meet the cost of certification course of IIBF / FFF by candidates who have successfully completed.

Assistance

75% of the course fees @ ₹.4000 per candidate (IIBF)

₹.2250/- per candidate (FFF)

(Ref: No.NB: FID: 239/ FI/ 47(G)/ 2009-10 dated 10 August 2009.

(Ref. No.NB: FID: 1960/ FI/ 47(R)/ 2010-11 dated 14 December 2010).

6. Authorised Functionaries of well run SHGs as BC/ BF

Objective

To enable SHGs to function as BC/BF and strengthen the SHG movement.

Partner agency

RRBs

Activities/Assistance

Support for capacity building of SHG members acting as BC/ BF

80% of the cost of capacity building subject to a maximum @ ₹.1600 per candidate for 3 days.

(Ref.No.NB: FID: 548/ FI-01/ 2009-10 dated 19 July 2010)

7. Financial Literacy

Objective

To educate rural masses on the financial products and services to enhance the demand side of financial inclusion programme.

Partnership agency

NGOs implementing various promotional programmes of NABARD.

Assistance

As would be decided by NABARD.

(Ref.No.NB.FID.1758/ FI-01/2010-11 dated 10 December 2010).

III. NON-FARM SECTOR

1. Rural Entrepreneurship Development Programmes (REDPs)

REDPs are programmes that support capacity building of rural unemployed persons to enable them to set up their own enterprises

- REDPs to be conducted for a particular skill and unemployed rural youth are trained in these programmes.
- Training period may vary from a minimum period of 4 weeks to a max. period of 8 weeks.
- The trainee to be within the age limit of 18 and 50 years
- Each programme to have about 25-30 participants.
- Programme to be conducted with the support of NGOs
- NGOs should be a registered one and having an experience of minimum 3 years.
- Programme may be residential or non residential.
- NGO should have necessary infrastructure, faculty support of their own or invite guest faculty.
- Grant covered for preliminary expenses, rent for hall, Trg material, Boarding charges, stationery, honoararium to faculty/guest faculty and other expenses.
- Incentive is available for handholding after training and settlement of trainees.

2. Skill Development Programme/ Skill Upgradation (SDPs)

- Skill Development / Upgradation programmes aim to develop new skill and / or upgrade / diversify the existing skills of Trainees.
- Useful for persons in rural areas looking for wage employment or livelihood opportunities either through group or individual activities



Artisans at work

Eligible members

- ❖ Individuals
- ❖ Groups
- ❖ Artisans
- ❖ Unemployed Youth
- ❖ Skilled / Unskilled Labourers
- ❖ Ex-servicemen
- ❖ Retired / Disabled Soldiers
- ❖ War Widows
- ❖ Rag pickers
- ❖ Prisoners released from Jails

Eligible Activities

All economic activities in farm and non-farm including service sectors.



Women engaged in income generating activity

Eligible Institutions

- Rural Financial Institutions
- Civil Society Organisation
- Panchayati Raj Institutions
- Training Institutions like RUDSETIs/RSETIs
- Master Craftsmen/ Women
- Business Associations
- Semi-Government

Selection Committee

Representative of the agency, DDM/DDO of NABARD, LBO of the district, select the candidates.

Duration of the programmes

SDP : 2 weeks to 6 weeks and above upto a maximum of 8 weeks

REDP : Not less than 4 weeks

Terms & Conditions

- Grant assistance may be recalled on non-utilisation/violation of terms
- Proportional reduction of grant in case of drop outs
- Programs to commence within 3 months of sanction of the assistance

Illustrative list of Programmes supported in the past

<ul style="list-style-type: none">• Tailoring• Dress Designing• Garland Making• Two Wheeler Repairing• Mat Making• Bag Making• Papad /pickle making• Weaving• Banjara embroidery• Welding and Fabrication• Computer Hardware• Beauty Parlour• Furniture making/carpentry• Masonry & Plastering	<ul style="list-style-type: none">• Home Care Nursing• Photography & Videography• Interior Decorative crafts• Woolen Knitting• Bathik & Block Printing• Domestic & Electrical Appliances Repair• Patch work• Radio & TV Repairs• Artificial Jewellery Making• Pearl Processing• Food processing• Motor rewinding & pumpset repairing• Soft toys making, etc• Bamboo crafts making
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A Banjara Embroidery Cluster Product

3. Scheme for strengthening of Rural Haats - Financing through Panchayat Raj Institutions (PRIs)

- Envisages financial assistance to PRIs like Grama or Taluk panchayats to develop a new rural haat or improve an existing rural haat in their jurisdiction on pieces of land clearly owned or being transferred to them for the said development.
- Assistance of a maximum of ₹ 5 lakh in the form of a grant is towards meeting of cost towards infrastructure / amenities in the haat like open retail platforms, open shelter against sun and rain over these platforms, power, drinking water and sanitation facilities and fencing of the premises.
- Assistance is to cover 90% of the total estimated expenses, balance being met by the concerned PR institution.
- The clearance for the Panchayat's proposal from higher PR authorities including the enabling provision in the PR Act is compulsory.
- Panchayat can mobilise additional sources for its proposals from Zilla Panchayat, State Government etc.
- Panchayat to commit itself to complete any pending works after the grant assistance from NABARD is utilised from its own or other sources and manage the day-to-day affairs including revenue income from the haat by forming Rural Haat Management Committee consisting of representative of NABARD, concerned PR institutions, local entrepreneurs etc.
- An important criteria for extending the assistance from NABARD is that the land owned and proposed to be developed by the concerned Panchayat as a new Rural Haat should **atleast be 1000 Sq. m** in area. For improving an existing rural haat, the said criteria is not insisted upon.
- The release of the assistance will be in installments based on progress of the work and the verification of the same by NABARD.

4. Setting up of Marketing outlets - Venture Capital Support for Local Marketing (Rural Mart)

- Envisages grant assistance to a group of rural entrepreneurs like SHG members, artisans etc, to bridge initial viability gap in income and expenses when they set up an outlet for marketing their produce locally in village centres, nearby towns etc. for the purpose of covering initial losses
- Covers costs under monthly rent for the premises, salary of one salesperson, a small sum for initial publicity for the venture and miscellaneous expenses.
- Presently, for a retail venture at a District Head quarters, assistance will be maximum of ₹.145000/- (₹.75000 for rental expenses for 15 months, ₹.45000 for sales persons remuneration for 15 months and ₹.25000 for miscellaneous and publicity expenses) released in installments at an interval of 5 months.
- For Rural Marts at non-district Head quarters, maximum assistance will be ₹.90000/- (₹.45000 for rent expenses for 15 months, ₹.30,000 for sales persons' remuneration and ₹.15000 towards publicity and miscellaneous expenses).
- Scheme also has an incentive of ₹.10000 or ₹.15000 for an NGO etc., which promotes and facilitates the setting up of the mart.
- The Mart is expected to stabilise and break-even in a 15 month period covering two business cycles.

5. NABARD's support for setting up Clusters

- Cluster is a geographical concentration of rural artisans engaged in similar productive activity with shared infrastructure, markets and services.
- The artisans of the same cluster are faced with common opportunities and threats.
- The objective of cluster development is holistic development through planned interventions to achieve the aim of raising the income level and thereby living standards of artisans.

NABARD supports two types of clusters - Participatory and Intensive

- In the participatory cluster, NABARD's intervention budget could be upto ₹ 15 lakh covering a period of three years and in the intensive cluster, the budget could be upto ₹ 1 crore, covering a period of 5 years.
- A cluster could cover a minimum of 200 beneficiaries and a maximum of 500 beneficiaries.
- Areas for cluster development - Agri & Allied activities, Food Processing, SME and Traditional arts-Handlooms & Handicrafts.
- The cluster development Strategy will have the following stages:
 - Identification of the Cluster
 - Identification of CDA(Cluster Development Agency)
 - Cluster Development facilitator
 - Conduct of Baseline Survey & Diagnostic Study: (to find the gaps in infrastructure, skills, technology, design, Credit marketing and other linkages to effectively address them through planned development strategy.)
 - Drawing up of Action Plan
 - Implementation of Action Plan
 - Review of monitoring (concurrent)
 - Documentation
 - Evaluation & documentation of changes as a result of our intervention
 - Exit Policy: At the end of the project period of 3 or 5 years or after achieving the objective whichever is earlier, NABARD will withdraw from the Cluster.
- The cluster development programme of NABARD is a comprehensive strategy aimed at holistic development of the cluster through planned interventions to achieve the main objective of raising the income level & thereby living standards of the artisans.
- Planned interventions involve: Social, Technological, infrastructure and financial & marketing interventions. Under technological interventions: the artisans are given skill development/ upgradation programmes and MEDPs etc.

6. Capital Subsidy cum Refinance Scheme for installation of Solar Off-Grid (Photo Voltaic Thermal) and Decentralised application under the Jawaharlal Nehru National Solar Mission of the MNRE, GoI

Objective

To promote ecologically sustainable growth while addressing India's energy challenges.

Time period

Currency of the scheme will be co terminus with Phase I, wef 1 Nov 2010 upto March 2013.

Salient Features

- ♦ Eligible capital subsidy to be released upfront to the banks on release of drawal application after sanction of loan to banks
- ♦ Loan repayment period will have a lock-in period of 3 years from the date of disbursement of the first instalment of the bank.
- ♦ 20% of project cost will be margin money.
- ♦ Loan to cover balance after reducing eligible capital subsidy
- ♦ Rate of Interest on soft loan component is 5% and repayment period is 5 years
- ♦ No interest on subsidy component.

(Circular reference no. NB.DPD.NFS/ SHLS-1/ 1116/ 2010-11 dated 1 Nov 2010)

7. Credit Linked Capital Subsidy Scheme (CLCSS) for technological upgradation of Medium and Small Enterprises – Gol Scheme

Objective

Technology upgradation of SSIs to enable them to compete in the market.

Support to public sector banks, RRBs, Coop banks, Pvt sector banks

Credit linked investment in Plant and Machinery of SSIs under approved sectors/ products

Loan ceiling – ₹ 100 lakh

Rate of subsidy – 15% of investment in Plant and Machinery, subject to a maximum of ₹ 15 lakh.

8. Solar Home Lighting System

Objective

To propagate awareness about Solar Home Lighting System under environmental awareness and reduction of drudgery, etc.

Eligible institutions

RRBs/ Cooperative banks

Activity

Installation of 20 demonstrative Solar Home Lighting units at public places and organizing 20 awareness camps.

Amount of support

₹ 1000 for awareness camps and 50% of the cost of demonstration units.

(Ref circular no. NB. DPD. NFS. 1529/ Rural Habitat/ 2008-09 dated 9 Sept 2008)

IV. NABARD PROMOTIONAL FUND SCHEMES

1. Farm Innovation & Promotion Fund (FIPF)

Eligible Activities

- i. Should be in the context of economic and financial sector reforms and their orientation.
- ii. May fall within the domain of agriculture and allied sectors only.
- iii. Be innovative, experimental and demonstrative in nature leading to commercial viability.
- iv. May involve development of new products, prototypes/ technology/ patenting/ extension support for technology, knowledge, information, marketing, etc.
- v. Should result in improvement or increase in farm productivity and or simplification in agricultural processes and practices. However, the same will not cover or include fundamental research.
- vi. The proposals to lead to creation of sustainable employment opportunities (direct/ indirect) in agriculture and allied sector.

Broad Objectives - FIPF:

- i. To demonstrate bankability of new concepts in agriculture and farm sector.
- ii. To extend support for developing proto-types and for further development to make it commercial.
- iii. To support activities connected with market survey for potential assessment/ market acceptability for new agricultural products.
- iv. To provide support for acquiring innovative technology from reputed research institutions and also for obtaining patents
- v. To provide extension support for marketing/ dissemination of knowledge relating to new products.
- vi. To support innovations in IT to take knowledge in different spheres to the rural areas.
- vii. To provide support on the analogy of venture capital for innovative ideas - technological and managerial (like supply chain management) in farm sector for further development.
- viii. To support any activity which will further increase productivity, flow of credit, making knowledge available to the villages which could result in improved living standards for the rural poor.

(Ref:No.FIPF: DPD-FS/1253/FIPF/2006-07 dated 03.10.2006)

2. Rural Innovation fund

Guiding Principles of the fund

- The activities must have the rural poor in their focus and must be innovative, experimental and demonstrative in nature leading to replicability and commercial viability.
- The activities funded may involve development of new products, processes, prototypes, technology, patenting and extension support.
- Appropriate action research and studies contributing to better understanding of rural development issues, policy and process implementation may be undertaken.

Type of Projects that can be supported under RIF

All innovations and related activities in the Farm, Rural Non-Farm and Micro-Finance sectors can have access to the RIF. Assistance from RIF will be available for all activities which are in keeping with the guiding principles of RIF and specifically those which provide technology and skill upgradation, inputs supply and market support leading to promotion of viable enterprises, sustainable employment, infrastructure development, improved flow and access of credit to rural entrepreneurs.

Undertake innovations so as to improve efficiency of credit delivery and other support services to the rural resource poor leading to commercialization of the idea through licensing or otherwise.

Preferred Sectors

Dry land / rain fed farming, Innovative rainwater harvesting for rural dwellings, Rural energy from biomass/ agricultural wastes, Techniques for increasing the value of crop residues and non-crop bio mass, Community regulation of distribution and use of water and energy, Storage devices for agricultural and rural products, Innovative methods of managing Common Property Resources, Materials and designs for rural roads and Rural sanitation and waste disposal.

Eligibility

Individuals, NGOs, Community Based Organizations, SHGs, Farmer's Club, Panchayati Raj Institutions and Corporates who have the expertise and willingness to implement innovative ideas for improving the quality of life in rural areas may apply.

Financial Support

Support available under RIF can be in the form of loan / grant/ incubation fund support, or a mix of all the three components. The support would be need based, cost effective and dependent on the requirement of the project, also taking into account some financial involvement by the proposer. This will be decided on a case-to-case basis.

(Ref.No.DPD-NFS/1704-1738/RIF-689/2008-09 dated 19.09.2008 (Circular No. 173/DPD-NFS-06/2008

3. Farmers' Technology Transfer Fund (FTTF)

Farmers' Club:

Objectives of Farmers' club

- To take innovative initiatives to bring about an attitudinal change amongst borrowers in their outlook towards the concept of credit by propagating the five principles of "Development through Credit".
- To develop rural areas through credit, technology transfer, market awareness and capacity building.
- To organise farmers to facilitate access to credit, technology, markets and extension services.
- In order to capitalise on the emerging agri business opportunities, Farmers' Clubs (FCs) need to be upgraded as Federations of Farmers' Clubs or Producers' Companies.

Support

- ₹ 10,000/- per annum for three years to each FC promoted by commercial banks, RRBs, co-operative banks and grass root level organisations (NGOs, PRIs, KVKs, Post Offices, etc.) for promoting and nurturing of FCs.
- The FC promoting agencies other than banks are also granted promotional incentives @ ₹ 2000/- or ₹ 3000/- depending upon the area for facilitating promotion of FCs.

(Ref.No. DPD-FS/FCP/982/2008-09 dated 30.09.2008 (Circular no. 178/DPD-FS-05/2008))

4. Umbrella Programme for Natural Resource management (UPNRM)

Objectives

- To integrate NABARD's existing and future Natural Resource Management (NRM) efforts into a streamlined approach of participatory interventions with the aim of mainstreaming holistic, and financially sustainable livelihood solutions into relevant public policy framework and financial instruments for improving the livelihoods of rural poor.
- To support planning and promotion of rational use, conservation and improvement of natural resources essential to continuous and self-sustaining livelihood opportunities.
- To support and stimulate new and innovative initiatives aimed at improving the stock, quality and productivity of the natural resource base and livelihood opportunities.

Activities

(i) Core / priority areas

- a. Soil and water conservation (including watershed programmes, dryland farming systems)
- b. Plantation and horticulture (tree based farming, Bamboo based farming, wadi development, organic farming, energy plantations)
- c. Forestry activities (rehabilitation and management /Community Forest management, biodiversity conservation)
- d. Farming systems management (including livestock and aquaculture resources)
- e. Climate change adaptation / Clean Development Mechanism (CDM)

(ii) Supplementary / support areas including forward and backward linkages and livelihood generating activities:

- a. Processing, storage, marketing,
- b. Critical rural infrastructure (including rural roads, minor irrigation, drinking water)
- c. Renewable energy (micro/mini-hydel, biomass based power generation, biofuels, wind-power, solar power)

(iii) Information & Knowledge Management (IKM) and Capacity Building

(iv) The financial products

Loan based products for the eligible sectors/ activities. These loan based products may carry some add-ons in the form of grant for skill and capacity building and some other infrastructure supports based on the merit of project. The programme intends to offer custom designed package of financial assistance comprising loan and grant to the channel partners.

Eligible Agencies (Channel Partners)

The project implementing agencies (called Channel partners) will be: State Governments, Banks, Corporates (including Producers Companies), NGOs and mFIs.

(Ref.No.NB.DPD.FS/1702/UPNRM-1/2008-09 dated 17.02.2009 (Circular No. 34/DPD-FS-02/2009)

5. Tribal development Fund

Objectives of the fund

- To create replicable models of integrated development of tribal families, on participatory basis, through adoption of sustainable income generating activities based on potential of the area and the tribal needs;
- To build and strengthen tribal institutions which would enable the communities to be partners in policy formulation, execution of programs and improve social and economic status; and

Project Components

- Orchard development (fruit/ plantation/herbal crops & forest plants) as the core component.
- Soil conservation in the Wadi & Water resources management (conservation and use)
- Sustainable agriculture.
- Human resource development (community development), Women development through components such as drudgery reduction measures, on-farm and non-farm income generating activities and formation of self help groups for inculcating thrift and credit habits.
- Community Health.
- Micro-enterprises for landless people.
- Processing & marketing
- Other auxiliary components to dovetail with above activities.

Nature of support

- Support could be in the form of grant/ loan or a blend of both as found appropriate.
- 10% of the Project support may be provided as loan to the Project Implementing Agency (PIA), for onlending, to inculcate good credit habits among the participants. The loan period and rate of interest for on lending to the project participants would be decided at the time of sanction of the project.
- Willing State Governments could be involved with a stipulation that they may contribute 50% of the Project Cost. This contribution can also be in the form of loan from the TDF repayable by the Government over a period of 6-8 years with the interest rate to be decided from time to time.

(Ref.No. DPS-FS/B-3030-3065/TDF-12/2010-11 dated 19.10.2010)

6. Technology Transfer & Pilot Projects under FTTF

Main objectives of the fund:

- To undertake any new or innovative activity, which will result in increasing farmers' income through increased production, productivity, reduction in costs, demand led diversification, market participation, value addition etc.
- To improve production and productivity of farmers through projects like Sustainable Agriculture, System of Rice Intensification and Master Farmers that have been introduced on pilot basis in order to improve the production and productivity of the farmers.
- To facilitate adoption of appropriate technologies through Training-cum-Exposure (T&V) visits, demonstrative projects or such other activities.
- To disseminate appropriate technologies and commercial intelligence through direct contacts, literature, visuals etc.
- To undertake activities such as financial literacy, credit counseling and other related activities.
- To organize farmers into informal associations, Joint liability groups, producer groups, producer companies or other ways for self-help, collective approach for commercial transactions, networking with the value chain and financial inclusion.

(Ref.FTTF:No. DPD-FS/117/FTTF/2008-09 dated 11.06.2008 (Circular No. 94/DPD-FS-03/2008
PILOT PROJECTS:

(i)LEAD CROPS- Ref No. DPD.FS/2880/DPD-FS(Poolicy)/2009-10 dated 29.01.2010 (Circular-26/DPS-FS-02/2010

(ii)SRI- Ref No. DPD.FS/1912-1941/DPD-FS(FTTF-SRI)/2010-11 dated 21.07.2010 (Circular-132/DPS-FS-03/2010)

(iii)Master Farmers': DPD.FS/2141-2170/DPD-FS(FTTF-FC Master farmers)2010-11 (Circular-144/DPS-FS-05/2010)

7. Watershed Development

Components of Watershed Development

- Soil / Land Management (Conservation and Use)
- Rain Water Management (Conservation and Use)
- Afforestation
- Pasture (Fodder) Development
- Agricultural and Horticultural Development
- Livestock Management
- Rural Energy Management
- Human Resource Development (Community Development)
- Empowerment of women through Self Help Groups (SHGs)
- Income generation activities for economically weaker groups
- Employment generation

Watershed Development Fund (WDF)

Watershed Development Fund (WDF) has been constituted in NABARD by the Government of India with a corpus of ₹ 200 crore, equally contributed by NABARD and the Government of India. The corpus stood at ₹ 1102 crore, as on 31 March 2010, with augmentation of funds by NABARD.

Objectives of WDF

- To spread the message of Participatory Watershed Development through active involvement of Gram Panchayat or local Self Help Groups / NGOs ;
- To unify the multiplicity of watershed development programmes within the framework of a single national initiative ;
- To create the necessary framework to replicate and consolidate the isolated successful initiatives under different programmes in Government, Semi-Government and NGO Sectors and
- To operationalise the Fund in close coordination with the Government of India and the State Governments.

Features of WDF programme

- Selection of villages through 4 days' qualifying 'Shramadaan' before consideration of the project to show the commitment, interest and willingness of the villagers to take up the project ;
- People's participation and contribution in terms of labour, involvement of people's organisations for successful implementation and sustainability ;
- Capacity Building Phase (CBP) - a proof test for Competence and Commitment (i.e., focus on learning by doing) ;
- Empowerment of women and landless ;
- Preparation of net / survey number-wise treatment plan ;
- First priority is for area treatment to hold the rain water in the soil profile itself (i.e., catch the rain where it falls) and lesser priority for drainage line treatment ;
- Project implementation on 'ridge to valley approach' - treatment measures are implemented from the top portion (ridge) to valley portion ;
- Farmers' contribution at minimum of 16% of the unskilled labour cost through free labour, cash or kind ;
- Social discipline by way of ban on tree felling, free grazing and cultivation of water intensive crops like sugarcane, banana and paddy ;
- Village Watershed Committees (VWCs) to be responsible for planning, implementation and supervision of works ;



VWC meeting in progress

- NGO / Project Facilitating Agency (PFA) to support VWC technically and managerially for smooth

implementation of the project.

Structure of the Process

The individual watershed project is implemented in the following two phases:--

- **Capacity Building Phase (CBP) or Proofing Stage (Phase-I)**

The aim of the CBP is to establish that village community can work together as also associate with the facilitating agency. Works in about 100 ha in the identified watershed area is taken up for implementation under this phase. The duration of the CBP is generally twelve months. After successful implementation of 60% of the programme sanctioned under CBP, the concerned NGO involving the farmers and the village community will prepare the Project Feasibility Study Report (FSR) for launching the Full Implementation Phase (FIP) for the remaining watershed area. The preparation of the FSR is taken up concurrently with the implementation of the CBP.

- **Full Implementation Phase (FIP) (Phase-II)**

Only those CBP projects, where NGOs and Watershed Communities satisfactorily prove their capability to carry out watershed development as per the WDF norms, enter the Full Implementation Phase (FIP). The programme for FIP is sanctioned by the Project Sanctioning Committee (PSC), based on the Feasibility Study Report (FSR) prepared by the NGO and the Village Watershed Committee (VWC) along with the recommendation of the State Government / Nodal Department.

Role of Bankers In Financing In Watershed Project Areas

Development of watershed offers a good scope for financing various income generating activities in both farm and non-farm in watershed areas.

(A) Need for enhancing credit flow in watershed / rainfed areas

The major works involved in the watershed are farm bunding, waste weirs, boulder bunding, mini percolation tanks, dryland horticulture/ farm forestry, etc. Execution of soil & water conservation measures results in the improvement in soil status, increase in ground water table/ soil moisture availability, crop productivity, change in the cropping pattern and overall improvement in the standard of living of the people in the watershed. In order to make efficient use of conserved resources, further investments by the farmers for introduction of appropriate production system (i.e. crop-based/ tree-based/ non-farm activities, etc.) are required. Therefore, the institutional credit support is required for taking up these activities.

(B) Potential activities for financing in Watershed / Rainfed areas

After completion of the treatment measures, the individual farmers have to take up further developments on their lands by their own resources in order to enhance the productivity of crops by adopting recommended dryland technologies / package of practices, change of cropping pattern, etc. In order to generate additional income, the farmers have to take up allied and non-farm activities. For these investments, farmers will require institutional credit support. The following are some of the potential areas / activities which can be considered for financing in the watershed areas developed under any of the programmes in the State (i.e. NABARD WDF, NWDPR, DPAP, Sujala, etc.)

- Land development / In-situ moisture conservation*
- Promotion of water harvesting structures*
- Promotion of Drip and Sprinkler systems*
- Tank silt application*
- Alternative land use system*
- Dryland horticulture*

- vii. *Dryland sericulture*
- viii. *Vermi-compost production by the farmers*
- ix. *Use of Improved Farm equipments*
- x. *Recharge of the Borewells*
- xi. *Promotion of Dairy activity with fodder production*
- xii. *Promotion of small poultry units*
- xiii. *Promotion of Non-farm activities*
- xiv. *Post-harvest facilities (market yards, warehouses & cold storages, handling equip etc.)*
- xv. *Processing units for value addition to the commodities produced.*

The above mentioned activities are indicative and not exhaustive. 100% NABARD refinance is available if the financing is made on watershed basis and the claims are submitted accordingly.

(C) Approaches for financing in watershed areas

To reduce transaction cost, bankers may explore the possibilities of lending through groups viz., Village Watershed Committees, SHGs, Joint Liability Groups (JLGs), etc. The groups/ farmers (small farmers, tenants, etc.) that presently receive little or no institutional finance will need increased credit to take up various income generating activities. The credit needs of such groups/ farmers will have to be considered in totality.

V. PRODUCTION CREDIT SUPPORT

i. Refinance Schemes of NABARD :

NABARD provides refinance to RRBs and to SCBs on behalf of DCCBs against their short term lendings for production and marketing of agricultural crops, agricultural and allied activities, pisciculture, certain approved purposes and medium term conversion loans. ST Refinance is also extended to SCBs / DCCBs for financing Working Capital (WC) needs of Primary/Apex/Regional WCSs (for production / procurement / Marketing / Trading-in-Yarn) & individual weavers / Handloom Weavers' Groups. A tabular representation of the various schemes is given below :

(As on 1st May 2011)

As on 1 May 2011

Sr. No.	Purpose	Agency	Interest rate @ (%)
1	ST - SAO	SCBs	4
2	ST - SAO	RRBs	4.5
3	ST(SAO) - Pledge of securities	SCBs	9.5
4	ST - others - Cooperatives		
i	Marketing of Crops	SCBs	8
ii	Procurement of agricultural inputs		
iii	Labour Contract & Forest Labour Cooperative Societies		
iv	Financing individual Rural artisans of PACS		
v	Agricultural, allied and marketing activities		
vi	Pisciculture		
vii	Industrial Co-operative Societies (other than Weaver's) (Primary Industrial Coop. Soc. as well as Regional State level Federation)		
5	ST - Others - RRBs		
i	Marketing of Crops	RRBs	8
ii	Pisciculture		
iii	Certain approved purposes other than SAO		
6	ST - Weavers		
i	Production and marketing of cloth by Primary Weaver's Co-operative Societies	SCBs	7.5
ii	Procurement & Marketing and supply of yarn by Apex/Regional WCS	SCBs	7.5
iii	Working capital requirement of SHDCs & SHnDCs	SCBs	9.5
iv	Working capital requirements of SHDCs	CBs	9.5
v	Financing of PWCS	CBs	9.5
7	Medium-term (Conversion) loan	SCBs/ RRBs	5.5
8	Long Term Loan		
	Reimbursement loans to State Governments for contributing to the share capital of the cooperative credit institutions	State Govts.	8.5

@The rate of interest and terms and conditions on refinance is subject to revision from time to time.

(Ref.No. Circular No.NB.PCD/Policy/2105/IS/2009-10 dated 19.2.2010 & NB.PCD-Policy/1262/IS 2010-11/2010-11 dated 15.12.2010)

ii. Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU), 2007

The Scheme was introduced by the Ministry of Consumer Affairs, Food & Public Administration, Department of Food & Public Distribution, GoI with a view to improving the liquidity position of sugar factories for enabling them to clear sugar cane dues of 2006-07 and 2007-08 sugar season. All sugar mills that were functional during 2006-07 and 2007-08 sugar seasons were eligible to be covered under the scheme. Under the scheme, the banks were asked to extend medium term loan (equivalent to the notional Central Excise duty payable on total production of sugar during 2006-07 and 2007-08 sugar seasons) to sugar factories with 4 years duration and two-year moratorium with 12% interest subvention payable by the GoI.



Standing crops



Rice cultivation in progress

(Ref.No. Circular No.NB.PCD.(SugarCell)/1777/A.75(B.7)/2007-08 dated 14.12.2007)

(iii) Interest Subvention Scheme:

The Govt. of India interest subvention scheme for crop loans upto ₹.3 lakh disbursed by the Cooperatives and RRBs at 7% per annum is routed through NABARD. Interest subvention is provided to banks on their own involvement of funds in disbursement of such crop loans . Further, incentive is being provided to farmers for prompt repayment of loans. For the year 2010-11, the rate of subvention for banks and farmers has been revised to 1.5% and 2% respectively.



Vegetable cultivation

VI. RURAL INFRASTRUCTURE DEVELOPMENT

a. Rural Infrastructure Development Fund

Infrastructure development is a necessary precondition for integrated rural development. The development of any region is directly proportional to the infrastructure index. Rural Infrastructure mainly includes i) Agriculture (irrigation, rural godowns, rural markets), ii) Rural Connectivity (rural roads, bridges) and iii) Social Sector (water supply, sanitation, rural energy, education, health).

In order to encourage quicker completion of the rural infrastructure projects, the Government of India set up a "Rural Infrastructure Development Fund" (RIDF) in NABARD from April 1995, with an initial amount of ₹.2000 crore made up of contributions by way of deposits from scheduled commercial banks operating in India. Since then, the scheme has been continued as indicated in Table below, with the announcement of corpus in the successive union budgets.

Tranche	Year	Amount (₹. Crore)	Rate of Interest (%)
RIDF I	1995-96	2,000	13.00
RIDF II	1996-97	2,500	12.00
RIDF III	1997-98	2,500	12.00
RIDF IV	1998-99	3,000	7.00
RIDF V	1999-00	3,500	7.00
RIDF VI	2000-01	4,500	7.00
RIDF VII	2001-02	5,000	7.00
RIDF VIII	2002-03	5,500	6.50
RIDF IX	2003-04	5,500	6.50
RIDF X	2004-05	8,000	6.50
RIDF XI	2005-06	8,000	6.50
RIDF XII	2006-07	10,000	6.50
RIDF XIII	2007-08	12,000	6.50
RIDF XIV	2008-09	14,000	6.50
RIDF XV	2009-10	14,000	6.50
RIDF XVI	2010-11	16,000	6.50
RIDF XVII	2010-12	18,000	6.50

Sanction of Projects The projects pertaining to eligible sectors under each RIDF tranche are submitted by the State Governments through their Finance Department to NABARD's Regional Offices (ROs). The project proposals are appraised by the Regional Office with the help of Consultants by conducting desk and field appraisal. Appraisal reports submitted by the ROs are then scrutinised by State Projects Department at Head Office before placing the same to Project Sanctioning Committee (PSC) for consideration of sanction.

Criteria for selection of projects

- ♦ Should be of high priority to state government
- ♦ Should be completed in 3-5 years
- ♦ Economic Rate of Return (ERR) should be more than 15%
- ♦ Benefit Cost (BC) ratio should be more than 1 at 15% discounting factor

Borrowing Institutions

State Government, Panchayat Raj Institutions (PRIs), Non-Governmental Organizations, Self-Help Groups, etc.

Nodal Department for RIDF

The Finance Department of the State Government acts as Nodal Department for operationalising RIDF. The project proposals are routed through the Finance Department only and no proposals are accepted directly from any other Department of the State Government. All other related items of work like submission of drawal applications under sanctioned projects, release of loan, execution of documents, repayment of loans, etc., are attended to by Finance Department of the State Government.

Eligible activities

The eligible activities covered under the RIDF can be broadly classified into the following Sectors -

Agricultural Sector Projects (RIDF loan 95 % of TFO)

1. Minor Irrigation Projects / Micro Irrigation;
2. Soil Conservation;
3. Flood Protection;
4. Watershed Development / Reclamation of waterlogged areas;
5. Drainage;
6. Forest Development;
7. Market Yard / Godown, Apna Mandi, Rural haats and other marketing infrastructure;
8. Cold storage, Public or Joint sector cold storage at various exit points;
9. Seed / Agriculture / Horticulture Farms;
10. Plantation and Horticulture;
11. Grading and certifying mechanisms such as testing and certifying laboratories etc.;
12. Community irrigation wells of irrigation purposes for the village as a whole;
13. Fishing harbour / jetties;
14. Riverine Fisheries;
15. Animal Husbandry;
16. Modern Abattoir;
17. Medium Irrigation Projects;
18. Mini Hydel Projects / Small Hydel Projects (upto 10 mv);
19. Major Irrigation Project (only those projects already sanctioned and under execution);
20. Village Knowledge Centres;
21. Desalination Plants in Coastal areas;
22. Infrastructure for Information Technology in Rural areas

Social Sector Projects (RIDF loan 85 % of TFO)

1. Drinking Water;
2. Infrastructure for Rural Education Institutions;
3. Public Health Institutions including mobile health clinics;
4. Construction of toilet blocks in existing schools, where necessary, specially for girl students, so as to improve the amenities available in schools;
5. "Pay & use" toilets in rural areas
6. Construction of Anganwadi Centres
7. Setting up of KVIC Industrial Estates/Centres

Rural Connectivity Projects (RIDF loan 80 % of TFO)

1. Rural Roads;
2. Rural Bridges

Phasing (Period of implementation)

- Phasing is normally 2 to 3 years for smaller projects in diversified sectors

- Maximum phasing of 5 years for projects related with major and medium irrigation and other stand-alone projects involving RIDF Loan of ₹.50 crore and more.
- Maximum phasing period of 3 years for all other projects.

Quantum of Loan

Loans will be available as per the following norms for sectors covered under RIDF.

Sr. No	Sector / Activity	RIDF loan admissible as % of eligible project cost
1	Activities related to Agricultural Sector Projects	95%
2	Social Sector Projects	85%
3	Rural connectivity Projects	80%

Cut-Off Date

Expenditure incurred on or after 01 April of the corresponding year would be eligible for reimbursement under the respective tranche. However, pre-appraisal expenses such as expenses incurred on project preparation and cost of detailed technical surveys, incurred prior to the cut-off date, may be reimbursed subject to a ceiling of 0.5% of RIDF loan sanctioned, provided such work has been outsourced.



Minor Irrigation



Rural Market Yard

Release of Funds

Mobilisation advance / Start up advance @ 20% of the RIDF Loan sanctioned under the projects is released to the State Governments on conveying acceptance of the terms & conditions of sanction by the State Government, before incurring expenditure on the projects for procurement and supply of materials, etc. Loans are released on reimbursement basis against the actual expenditure incurred in execution of sanctioned projects. RIDF loans are released to the State Governments by Regional Offices of NABARD.

Rate of Interest on loans

The State Government will be required to pay interest as decided by Reserve Bank of India, on loans disbursed under various tranches. The current rate of interest is 6.50%.

Repayment period of loans

Each drawal by the State Government would be treated as a separate loan and would be repayable in 7 years inclusive of a grace period of 2 years, i.e., each drawal would be required to be repaid in 05 equal annual instalments after the grace period of 2 years. Interest will be payable during grace period.

Important Terms & Conditions

a) Use of loan amount

The State Government shall utilise the loan amount solely and exclusively for the purpose for which it is sanctioned by NABARD.

b) Execution and completion of the projects

The State Government shall execute and complete the projects for which the loans are granted within such time as stipulated in the sanction letter.

c) Budgetary Provision

- The State Government shall make adequate provision in the budget as may be required for the smooth implementation of the sanctioned projects. An undertaking to this effect shall be given by Government to NABARD.
- The State Government shall make suitable budgetary provision for timely payment of interest and repayment of loan installments.
- The State Government shall meet cost escalation, if any, out of budgetary provisions.

d. Administrative Approval

Administrative approval shall be accorded wherever required by the State Government for the revised cost in respect of the projects sanctioned so that funds can flow uninterruptedly.

e. State Government's obligation to ensure smooth progress of the work

- The State Government shall take all such steps as may be found necessary to remove any legal or other procedural hurdles in the smooth implementation of the projects.
- State Government shall ensure completion of land acquisition process in all respects at the earliest in order to enable timely completion of the sanctioned projects.

Quality Control and Project Monitoring

The Project Implementing Authority shall undertake desk/field monitoring and quality control tests as per the internal instructions / manual of Implementing Department. The reports of the inspecting officer / quality control tests and compliance thereto shall be retained on record by the Project Implementing Division. These reports shall be made available to NABARD whenever required.

Project Monitoring

A High Level Committee (HPC) under the Chairmanship of Chief Secretary, of the State Govt. and comprising heads of all implementing Departments and NABARD shall review the progress of the project at quarterly intervals. Further, the District Level Review Committees with the Chief Executive Officer, Zilla Panchayat as Chairman, representative from NABARD and officials concerned from the implementing Departments as Members, will review the progress of the projects at the district level. The State Govt. shall undertake periodical monitoring and concurrent/ex-post evaluation of the project by an independent third party agency, to evaluate the project on the various parameters.

b. NABARD Infrastructure Development Assistance (NIDA)

NIDA is a new line of credit available for rural infrastructure investment to state-owned institutions, with sustained income streams, which can repay the loan directly to NABARD, without depending upon budgetary resources of the State Government. This will reduce the pressure on State Government borrowings, but at the same time, assist in maintaining the pace of creation of rural infrastructure.

Highlights of NIDA

- ♦ Reduces debt burden on State Government Budgets
- ♦ Direct line of credit assistance and development assistance to State-owned institutions with adequate income streams.
- ♦ Sustainable interest rates, cushioned against interest rate fluctuations
- ♦ Flexible tenure, to ease pressure on repayment
- ♦ Customised terms and conditions to suit every need
- ♦ NABARD's unique Credit⁺ support, technical and development, aimed at enhancing Role of infrastructure.

Areas identified for financial and technical support under NIDA :

- ♦ Warehousing and Storage [SWCs are eligible]
- ♦ Dairy Development
- ♦ Power Sector
- ♦ Agri Marketing, Cold Chain, etc.
- ♦ Irrigation
- ♦ Rural Tourism
- ♦ Education
- ♦ Health
- ♦ Sanitation

Any other infrastructure investment with income streams adequate to repay.

VII. VILLAGE DEVELOPMENT PROGRAMME (VDP)

The Concept

NABARD has formulated the Village Development Programme that involves preparation of Village Development Plans through a participatory approach involving NABARD, financial institutions, Govt. agencies, NGOs/ VAs and the villagers themselves. Under this programme, villages are identified for a particular state based on criteria of backwardness and accessibility from district HQs and holistic development is ensured. VDP is a convergence programme of different agencies working at the village level.

The Process

A nodal agency is selected by NABARD for implementation of the VDP and the DDM of NABARD helps the RO in monitoring the programme. A Village Development Committee is constituted at the village level to closely monitor and follow-up the implementation of the programme.



Smokeless chulhas

The Plan including three-year action plan is required to be prepared by nodal/ implementing agency covering the following broad areas:

- (i) Creation of infrastructural facilities with support from State Government/ PRIs, etc. or under RIDF from NABARD.
- (ii) Training and capacity building for livelihood activities with support from NABARD/ Govt/ banks.
- (iii) Developmental activities with credit support from banking institutions.
- (iv) Formation of community based organizations (SHGs/ JLGs/ Farmers' clubs etc)
- (v) Promotional support in the form of grant or soft loan assistance.
- (vi) Promotional activities like conduct of meetings of Village Development Committee (VDC), awareness programmes, sensitization programmes, exposure visits for farmers, publicity, etc., with grant support from NABARD.
- (v) Any other activities/ programmes/ schemes to be undertaken specifically other than the above.

(Ref.No. DO No.NB.CPD.GCD.459/54-B/2007-08 dated 9.4.2007

DO No.NB.DPD.FS.98/VDP/2007-08 dated 13.4.2007

No.NB.DPD.FS.900/VDP-3/2007-08 dated 24.8.2007

No.NB.DPD.FS.H-1647-676/VDP-9/2010-11 dated 5.5.2010)

VIII. INSTITUTION DEVELOPMENT

Cooperative Development Fund (CDF)

The Cooperative Development Fund (CDF) established by NABARD for development of the Cooperative structure has since been modified to address the emerging needs. The activities eligible under the CDF have not only been widened but the assistance in real terms is also enhanced. The assistance is extended by way of grant-cum-loan or on grant basis depending upon the type of assistance sought for. The new schemes eligible for assistance under CDF are as given below:

Sl.No	CDF Schemes (New Schemes)	Eligible institutions	CDF grant assistance (Rs.)
1	Infrastructure development. Safe, Counter, Office furniture name board with logo, face lift to office, mobile phone to secretary	PACS	80,000
2	Establishment of Computer Labs in ACSTIs. 15 Desktop PCs, One network printer, LCD Projector, Port switch, Patch panel, small rack , cabling with proper layout with casting to avoid interference, Anti Virus Software licenses, and Soft wares / OS etc.	ASCTI / CCBs having training establishment on case to case basis	8,00,000
3	Convening yearly State Level Seminars on important issues relevant to Cooperative Credit Institutions in the State. Only seminars with focus on the States issues will be supported. The seminar is to be convened by concerned SCB either alone or in association with any National or State level institution of repute.	SCBs	4,50,000
4	Introducing a system of Mobile Job Trainer (MJT) in ASCTI. Salary and TA & HA expenses of the mobile faculty member (unto Rs. 50,000/- per month) for	ACSTIs	15,20,000

	three years, one time grant of Rs. 1 lakh only for purchase of training aid (one laptop and overhead projector)		
5	Assessment of Training needs of Various categories of staff and other functionaries of Cooperative Banks. Consultation fees charged by BIRD/RTCs or any other training institute of repute	DCCBs/ SCBs	Maximum of Rs. 4 lakh for 3 tier SCB and Rs. 1.60 lakh for two tier SCB/DCCB
6	Reimbursement of expenses incurred by Cooperative Banks for publicity and public awareness programmes/campaigns on programmes of national importance like Financial Inclusion, KYC norms etc. Publicity expenses for special/national programmes like Financial Inclusion, KCC etc. will be covered. Not for the banks normal programmes and products	DCCBs	80,000 per bank
7	Reimbursement of expenses for obtaining of ISO (International Standards Organisation) certification for the Cooperative Banks.	SCBS / DCCBs	80% of total outlay. To be decided on case by case by NABARD
8	Exposure visit of PACS members, Board members and DCCB staff members. Travel cost, boarding/Lodging charges, study material, cost of team leaders travel and boarding and lodging, honorarium for technology provider and miscellaneous expenses.	PACS/ DCCBs	48,000
9	Reimbursement of expenses incurred by Cooperative banks for conducting two to three days special training programmes for Board of Directors. Lodging and boarding, stationery, reading	SCBs/DCCBs (Elected Board)	Up to 72,000/- per programme

	material and other administrative expenses subject to maximum of Rs.1200/- per participant per day.		
10	Reimbursement of expenses incurred by Cooperative Banks for conducting two-three days special training programmes for Branch Managers of SCBs and DCCBs. Lodging and Boarding, stationery, reading material and other administrative expenses subject to a maximum of Rs.1000/- per participant per day	SCBs / DCCBs	Up to 60,000/- per programme

(Ref No. NB. HO. IDD. /1676/CDF-4/2009-10 dated 04 December 2009)

IX. INVESTMENT CREDIT

Refinance Policy

Agency	Eligibility	Extent of Refinance	Interest Rate	Facility
Commercial Banks	1. Net NPA of bank not exceeding 3% of net loans and advances outstanding as on 31/03/2010 2. Bank in profit during 2009-10 3. Nil accumulated losses as on 31/03/2010	100% for thrust areas (Minor and micro irrigation, water saving & water conservation devices, fisheries, animal husbandry, SHG/ JLG linkage programme, ACABC, agro processing, waste land development, dry land farming, contract farming, agro-forestry, seed production, tissue culture plant production, agricultural marketing infrastructure, agricultural implements, non-conventional energy sources and financing in areas	Subject to revision from time to time	Automatic Refinance Facility without upper ceiling
RRBs	1. Net NPA of bank as on 31/03/2010 ♦ 3% - unrestricted refinance ♦ 3 to 10% - refinance at 5% above previous year ♦ 10 to 15% - refinance at same level as previous year ♦ Above 15% - not eligible 2. Bank in profit during 2009-10 3. Nil accumulated losses as on 31/03/2010			Automatic Refinance Facility without upper ceiling
State Cooperative Bank	1. Net NPA of bank as on 31/03/2010 ♦ 5% - unrestricted refinance ♦ 5 to 15% - refinance at 5% above previous year ♦ 15 to 20% - refinance at same level as previous year ♦ Above 20% - not eligible 2. Compliance with Sec-11 (1) for SCB/ CCBs and CCB with audit class A or B 3. Covered by Govt. Guarantee or alternate security (waived for banks under A class audit)			Automatic Refinance Facility without upper ceiling
State Cooperative Agriculture and Rural Development Bank	1. Based on recovery percentage as on 30/06/2010 ▪ 70% and above- unrestricted refinance ▪ 50 to 70% - refinance at 5% above previous year ♦ 30 to 50% - refinance at same level as previous year ♦ Less than 30% - not eligible 2. Audit class A or B as on 31/03/2010 3. Refinance against Govt. Guarantee or alternate security		Subject to revision from time to time	Automatic Refinance Facility for individual projects upto TFO of ₹. 50 lakh.
Primary Urban Cooperative Banks	1. Should be a scheduled bank 2. Net NPA not exceeding 3% of net loans and advances outstanding as on 31/03/2010 3. Bank in profit during 2009-10 4. Nil accumulated losses as on 31/03/2010 5. Audit classification A or B as 31/03/2010		Subject to revision from time to time	Automatic Refinance Facility without upper ceiling

B. GOI SCHEMES IMPLEMENTED BY NABARD

a. Capital Investment Subsidy Scheme for Commercial Production Units of Organic Inputs under National Project on Organic Farming

Objectives of the scheme

To promote organic farming in the country by making available the organic inputs such as biofertilisers and fruit & vegetable waste compost and thereby better return for the produce.

- To increase the agricultural productivity while maintaining the soil health and environmental safety.
- To reduce the total dependence on chemical fertilisers by increasing the quantum of quality biofertilisers / compost availability in the country.
- To convert the organic waste in to plant nutrient resources.
- To prevent pollution and environment degradation by proper conversion and utilisation of organic waste.

Implementation: Ministry of Agriculture (MOA) to implement the project through National Centre of Organic Farming and its Regional Centres.

Subsidy

The scheme provides credit linked and back-ended capital investment subsidy for new units and the existing units for expansion/renovation as described below.

Biofertilisers / Biopesticides Unit	Fruit & Vegetable Waste Compost Unit
25% of the total cost of the project subject to the maximum of ₹ 40 lakh per unit, whichever is less.	33% of the total cost of the project or ₹. 60 lakh, whichever is less.

The subsidy for expansion / renovation of the existing units will be restricted to 25% of the actual expenditure to be incurred by the promoter towards expansion/renovation subject to the maximum ceiling prescribed for each activity, whichever is less.

NABARD releases subsidy to the units financed by Commercial Banks, Regional Rural Banks (RRBs), State Cooperative Banks (SCBs), State Co- operative Agricultural and Rural Development Banks (SCARDBs), Scheduled Primary Urban Cooperative Banks (PUCBs), and such other institutions which will be eligible for refinance from NABARD.

NCDC may release subsidy to projects financed by it in the cooperative sector

The original TFO sanctioned by the bank or the actual expenditure incurred by the promoter, whichever is less, will be reckoned for deciding the amount of subsidy subject to verification by the JMC.

Eligible Financing Institutions

The eligible financing institutions under the scheme are i) Commercial Banks,

Regional Rural banks (RRBs), State Cooperative Banks (SCBs), State Co-operative Agricultural and Rural Development Bank (SCARDBs), Scheduled Primary Urban Cooperative Banks (PUCBs), Agricultural Development Finance Companies (ADFCs), North Eastern Development Finance Corporation (NEDFI), and such other institutions which will be eligible for refinance from NABARD. ii) Cooperatives where they seek loan from NCDC.

Term Loan

50% of the project cost can be raised as term loan from the financing banks. As the subsidy is back-ended, eligible amount of the subsidy (25%) would be initially allowed as term loan to the beneficiary. The repayment schedule will be drawn on the total loan amount (including subsidy) in such a way that the subsidy amount is adjusted after liquidation of net bank loan (excluding subsidy). The financial institution may provide working capital separately for undertaking the business by the entrepreneurs.

(Ref: NABARD Ho Circular No 31/ ICD-5/2005 dated 16 February 2005)

b. Poultry Venture Capital Fund

The main objective of the scheme is to create a capital venture fund for providing financial assistance to individuals, NGOs, Public and private sector undertakings, cooperatives etc.



Poultry Farming

- To boost the unorganized poultry sector in states where development is in primitive state and also to give incentive and create infrastructure facilities for export of poultry products by organized sector from advanced states.
- Establishment of poultry and breeding farms with low input technology and also for other poultry species.
- Setting up of poultry feed plant/ laboratory.
- Setting up of egg grading, packing and storing facility for export.
- Marketing of poultry products (specialized transport vehicles, cold storage etc).

S.No	Particulars	Amount (₹)
1	Establishing poultry breeding farms with low input technology birds and also for ducks/ turkey/ guinea fowl/ quail/ emu/ ostrich, etc.	30.00 lakh
2	Establishment of feed godown, feed mixing unit, feed analytical unit	16.00 lakh
3	Marketing of poultry products (specialized transport vehicle, cold room, retention shed for birds, etc.)	25.00 lakh
4	Egg grading, packing and storage for export	80.00 lakh
5	Retail poultry dressing unit (upto 300 birds per day)	5.00 lakh
6	Egg/ broiler carts for sale of poultry products	0.10 lakh
7	Central grower unit (12,500 birds per batch and 4 batches per year)	20.00 lakh

The eligible beneficiaries shall include individuals, NGOs, Self Help Groups, Partnership/Proprietary Firms, Cooperatives, Agricultural Produce Marketing Committees etc.

Infrastructure projects like egg-grading etc may be given preference as they will help export of eggs etc. In case of farm activities, Small Farmers will be given preference. Private Veterinary Clinics also will be a thrust area under the programme.

The borrowers by the banks will be financed for specific activities under poultry

sector and assisted under the scheme. The borrowers should prepare a bankable project and submit it to banks for consideration under the scheme.

The fund created by DAH&D will be kept with NABARD and will act as a revolving fund from which the beneficiaries under the scheme will be given a loan to a tune of 50% of the total investment subject to the maximum investment indicated above. The bank will charge an interest rate applicable as per their norms on the balance loan amount and 10% of the total investment will be borne by the borrower as his margin. This will help the borrower by reducing his interest burden. The Banks will adhere to their own appraisal norms.

(Ref: NABARD HO Circular No. 218 /ICD- 45 /2009 dated 24 December 2009)

c. Scheme for Integrated Development of Small Ruminants and Rabbits

Objectives of the Scheme

Integrated development of small ruminants and rabbits with a focus on commercial rearing, improving production performance of native breeds, facilitate marketing and encourage value addition.

Eligible Persons

Rearing units : Individual farmers, SHGs - preference for traditional shepherds, women, SC and STs.

Breeding units : Individual farmers, NGOs, Companies - preference those who have organized the farmers into groups for taking up rearing of small ruminants and rabbits.

Project costs, funding pattern, etc., are given below :

Sr No	Component	Total Financial Outlay (₹. Lakh)	Ceiling on capital subsidy (for general category)	Ceiling on capital subsidy (for SC / ST, hilly and NE states including Sikkim)	Funding Pattern
1	Rearing of sheep and goats (40+2)	1.00	25% of the outlay subject to a max. of ₹. 25,000/-.	33.33% of the outlay subject to a max. of ₹.33,300/-	Margin Minimum 10% Rest Bank Loan
2	Sheep and goat breeding units (500+25)	25.00	25% of the outlay subject to a max. of ₹ 6.25 lakh	33.33 % of the outlay subject to a max. of ₹ 8.33 lakh	Margin Minimum 25% Rest Bank Loan
3	Rabbit rearing units	2.25	25% of outlay subject to a max. of ₹ 0.56 lakh	33.33 % of outlay subject to a max. of ₹ 0.75 lakh	Margin Minimum 10% Rest Bank Loan
Bank Loan including subsidy not less than 50% of TFO. For projects of SC/ST, hilly and North Eastern Region, the bank loan including subsidy should not be less than 58.33% of the TFO at the time of sanction.					

Eligible Financial Institutions

Commercial Banks, Regional Rural Banks, State Cooperative Banks, State Cooperative Agriculture and Rural Development Banks: and such other institutions, which are eligible for refinance from **NABARD**.

Implementation of the scheme: The scheme will be implemented by NABARD, State Level Sanctioning and Monitoring Committee (SLSMC) and the financing banks.

(Ref.NABARD HO Circular No. 129 /ICD- 28 /2010dated 12 July 2010)

d. Dairy Entrepreneurship Development Scheme

Objectives of the scheme

- To promote setting up of modern dairy farms for production of clean milk
- To encourage heifer calf rearing thereby conserve good breeding stock
- To bring structural changes in the unorganized sector so that initial processing of milk can be taken up at the village level itself.
- To bring about upgradation of quality and traditional technology to handle milk on a commercial scale.
- To generate self employment and provide infrastructure mainly for unorganized sector.

Implementing Period and area of operation

The scheme will be implemented during the remaining XI plan period through out the country with out restrictions applicable to Operation Flood areas for financing of milch animals. The scheme will come into effect from 1 September 2010 i.e proposals sanctioned and disbursed by the banks on or after 1 September 2010 shall be covered under the revised scheme i.e DEDS and sanctions under the old scheme (DVCF) will not be entertained thereafter.



Dairy farming

Eligible Persons

Farmers, individual entrepreneurs, NGOs, companies, groups of unorganised and organized sector etc. Groups of organized sector include self help groups, dairy cooperative societies, milk unions, milk federations etc.

An individual will be eligible to avail assistance for all the components under the scheme but only once for each component.

More than one member of a family can be assisted under the scheme provided they set up separate units with separate infrastructure at different locations. The distance between the boundaries of two such farms should be at least 500m.

S. No	Component	Unit Cost	Pattern of Assistance
i	Establishment of small dairy units with cross bred cows/ indigenous descript milch cows like Sahiwal, Red Sindhi, Gir, Rathi, etc. / graded buffaloes upto 10	₹ 5.00 Lakh for 10 animal unit, minimum unit size is 2 animals with upper limit of 10 animals	25% of the outlay (33 .33 % for SC / ST farmers,) as back ended capital subsidy subject to a ceiling of ₹ 1.25 lakh for a unit of 10 animals (₹ 1.67 lakh for SC/ST farmers,). Maximum admissible capital subsidy is ₹

	animals		25000 (₹ 33,300 for SC/ST farmers)for a 2 animal unit. Subsidy shall be restricted on a prorata basis depending on the unit size
ii	Rearing of heifer calves – cross bred, indigenous descript milch breeds of cattle and ofgraded buffaloes– upto 20 calves	₹ 4.80 lakh for 20 calf unit – minimum unit size of 5 calves with an upper limit of 20 calves	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of ₹ 1.20 lakh for a unit of 20 calves (₹ 1.60 lakh for SC/ST farmers). Maximum permissible capital subsidy is ₹ 30,000 (₹ 40,000 for SC/ST farmers) for a 5 calf unit. Subsidy shall be restricted on a prorata basis depending on the unit size
iii	Vermicompost (with milch animal unit .To be considered with milch animals and not separately)	₹ 20,000/-	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of ₹ 5,000/- (₹ 6700/- for SC/ST farmers.).
iv	Purchase of milking machines/ milkotesters/ bulk milk cooling units (upto 2000 lit capacity)	₹ 18 lakh	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of ₹ 4.50 lakh (₹ 6.00 lakh for SC/ST farmers).
v	Purchase of dairy processing equipment for manufacture of indigenous milk products	₹ 12 lakh	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of ₹ 3.00 lakh (₹ 4.00 lakh for SC/ST farmers).
vi	Establishment of dairy product transportation facilities and cold chain	₹ 24 lakh	25% of the outlay (33.33 % for SC / ST farmers) as back ended capital subsidy subject to a ceiling of ₹ 6.00 lakh (₹ 8.00 lakh for SC/ ST farmers).
vii	Cold storage facilities for milk and milk products	₹ 30 lakh	25% of the outlay (33.33% for SC/ ST farmers) as back-ended capital subsidy subject of a ceiling of ₹ 7.50 lakh (₹ 10.00 lakh for SC/ ST farmers)
viii	Establishment of private veterinary clinics	₹ 2.40 lakh for mobile clinic and ₹ 1.80 lakh for stationary clinic	25% of the outlay (33.33% for SC/ ST farmers) as back ended capital subsidy subject to a ceiling of ₹ 60,000 and ₹ 45,000 (₹ 80,000 and ₹ 60,000 for SC/ ST farmers) respectively for mobile and stationary clinics.
viii	Dairy Marketing outlet/ Dairy parlour	₹ 56,000	25% of the outlay (33.33% for SC/ ST farmers) as back-ended capital subsidy subject to a ceiling of ₹ 14,000 (₹ 18,600 for SC/ ST farmers)

Funding pattern

Entrepreneur contribution (margin) - 10 % of the outlay (minimum) Back ended capital subsidy - as indicated above

Effective Bank Loan - Balance portion, Minimum of 40% of the outlay

Linkage with credit

Assistance under the scheme would be purely credit linked and subject to sanction of the project by eligible financial institutions



Cold storage

Eligible financial institutions

Commercial Banks, Regional Rural Banks, State Cooperative Banks, State Cooperative Agriculture and Rural Development Banks: and such other institutions, which are eligible for refinance from **NABARD**.

Sanction by banks

The entrepreneurs shall apply to their banks for sanction of the project. The bank shall appraise the project as per their norms and if found eligible, sanction the total outlay excluding the margin, as the bank loan. The loan amount is then disbursed in suitable instalments depending on the progress of the unit. After the disbursement of first instalment of the loan, the bank shall apply to the concerned Regional Office of NABARD for sanction and release of subsidy in the format

Time limit for Completion of the project

Time limit for completion of the project (except for calf rearing units where disbursements are expected to continue till two years) would be as envisaged under the project, subject to maximum of 9 months period from the date of disbursement of the first instalment of loan which may be extended by a further period of 3 months, if reasons for delay are considered justified by the financial institution concerned. If the project is not completed within the stipulated period, benefit of subsidy shall not be available and advance subsidy placed with the participating bank, if any, will have to be refunded forthwith to NABARD.

Lock in period for loan

The capital subsidy will be back ended with minimum lock-in period of 3 years. The capital subsidy should be refunded one year after the account becoming NPA and remaining NPA as on date.

(Ref.NABARD HO Circular No. 130 /ICD- 29 /2010 dated 14 July 2010)

e. Establishment of Agri Clinics and Agri Business Centres (ACABCs)

State Governments, KVKs, Banks and Panchayati Raj Institutions will be actively involved in implementation of the scheme

Objective - To supplement efforts of public extension machinery by providing extension and other services to farmers on payment basis or free of cost as per business model of agricultural entrepreneur, local needs and affordability of target group of farmers.

Eligibility - Graduates in agriculture and allied subjects, diploma (50% marks)/postgraduate diploma from SAUs/ State Departments, Degree/ diploma holders recognised by UGC having more than 60% course content in agriculture/ allied sectors

Selection of candidates for training by a Committee consisting of representatives from Nodal Training Institute, MANAGE, NABARD, banks and State Agri Department

Subsidy pattern revised from 'capital and interest subsidy' to 'composite subsidy' which will be back-ended in nature. Composite subsidy will be 44% of eligible outlay for SC/ST, North-east and hill states and 36% for all others.

Subsidy cases sanctioned so far but not closed (entire capital and interest subsidy not disbursed), shall be converted to composite subsidy regime, and the differential amount between the composite subsidy and subsidy already released shall be paid to the entrepreneur.

Banks not to charge interest on subsidy portion of loan, as back-ended subsidy is released up-front.

The benefit of subsidy will be extended maximum twice to an entrepreneur.

Ceiling of project cost for subsidy has been enhanced to ₹. 20 lakh for individual projects and to ₹. 100 lakh for group projects (minimum of 5 individuals)

The outlay shall include fixed capital cost and working capital for one operating cycle. At least 10% of the TFO of project should be in capital form.

Payment of subsidy is linked to provision of extension services by the unit. Any two out of a group of rank not below the following officials would make an inspection and submit report regarding extension services provided by the unit, based on record of services provided by the unit (a) Block technology Manager/ specialist under ATMA (b) Chairman of ATMA (c) Panchayat member (d) NABARD/ bank official (e) Block officer. This report has to be finalised within the lock-in period of 3 years.

Candidates trained under the scheme after 01 April 2004 are eligible to avail subsidy

The revised scheme is effective from **04 August 2010.**

(NABARD Circular No. 219 /ICD- 46 /2009 dated 24 December 2009 read with circular No. 141 / ICD 30 /2010 dated 29 July 2010)

f. Scheme on Pig Development

Objectives of the scheme

To encourage commercial pig rearing by farmers/ labourers to improve production performance of native breed through cross breeding by using selected animals of high performing breeds and by providing incentives in terms of capital subsidy for ensuring the viability of the pig breeding, rearing and related activities.



Piggery scheme

Eligible Persons

Producer companies, partnership firms, corporations, NGOs, SHGs, JLGs, cooperatives and individual entrepreneurs.

Implementation period and area of Operation

The scheme will be implemented during the remaining XI plan period (2010-11 & 2011-12) throughout the country.

Subsidy

The ceiling on capital subsidy for different activities are given below.

S. No	Component	Unit size & indicative Cost#	Pattern of Assistance
1	Pig breeding Farms	20 F+ 4M (Unit Cost - ₹6.00 lakh)	25% of the outlay (33 1/3 % in NE States including Sikkim and hilly areas*) as back ended subsidy subject to a ceiling of ₹1.50 lakh (₹2.00 lakh in NE States including Sikkim and hilly areas*)
2	Pig rearing & fattening units	3F+1M (Unit Cost - ₹0.76 lakh)	25% of the outlay (33 1/3 % in NE States including Sikkim and hilly areas*) as back ended subsidy subject to a ceiling of ₹19000/- (₹25,300/- for NE States including Sikkim and hilly areas*)
3	Retail outlets	(Unit Cost – ₹10.00 lakh)	25% of the outlay (33 1/3 % in NE States including Sikkim and hilly areas*) as back ended subsidy subject to a ceiling of ₹2.50 lakh (₹3.33 lakh in NE States including Sikkim and hilly areas*)
4	Facilities for livemarkets	@ 2 per district	50% of the outlay as back ended subsidy subject to a ceiling of ₹2.50 lakh

F : Female (Sows), M : Male (Boars), TFO: Total Financial Outlay

* where the project site is located at a height of more than 1000 meters above mean sea level

these are indicative costs. The subsidy will be calculated based on the indicative or actual cost, whichever is less. Banks are, however, free to sanction higher/lower TFO also based on the local conditions.

Funding pattern

- Beneficiary contribution (margin) - 10 % of the outlay (minimum). The cost of land not exceeding 10% of the project cost can form part of the entrepreneur's contribution
- Back ended capital subsidy - as indicated above
- Effective Bank Loan - Balance portion

Eligible financial institutions

Commercial Banks, Regional Rural Banks, State Cooperative Banks, State Cooperative Agriculture and Rural Development Banks and such other institutions, which are eligible for refinance from NABARD.

Time limit for completion of the project.

Time limit for completion of the project would be as envisaged under the project, subject to maximum of 12 months period from the date of disbursement of the first instalment of loan which may be extended by a further period of 3 months, if reasons for delay are considered justified by the financial institution concerned. If the project is not completed within the stipulated period, benefit of subsidy shall not be available and advance subsidy placed with the participating bank, if any, will have to be refunded forthwith to NABARD

Lock-in period for loan : The capital subsidy will be back ended with minimum **lock-in period of 3 years**. The capital subsidy should be refunded one year after the account becoming NPA and remaining NPA as on date.

(Ref:NABARD HO Circular No. 167 /ICD- 38 /2010 dated 25 August 2010)

g. Central Sector Scheme on Salvaging and Rearing of Male Buffalo Calves

Objectives of the scheme

The scheme aims at salvaging male buffalo calves and rearing them economically for meat production and recovery of hides to enlarge raw material base for leather industry and improve availability of by-products, thus leading to creation of employment opportunities in rural areas.

Implementing period and area of operation

The scheme will be implemented during the remaining XI plan period (2010-11 & 2011-12) throughout the country. As there are slaughter restrictions in some of the states, the local laws pertaining to this should be kept in mind while processing loan proposals.

Eligibility

Companies, partnership firms, corporations, NGOs, SHGs, JLGs, cooperatives, farmers and individual entrepreneurs. Preference to be given for SC /STs, women beneficiaries and for individual units. They should constitute at least 40% of the total beneficiaries.

Project cost and Pattern of Assistance

Sl. No	Component	Unit size	Cost details	# Pattern of Assistance
1	1 Individual units (Model-I) – farmers who own the calves	1-9 calves	Indicative Unit cost : ₹.6400/- per calf (Cost of concentrate feed, medicines, vaccination and insurance)	100% interest subsidy on short term loan. Maximum permissible short term loan is ₹ 6400/- per calf. No capital subsidy is available under this component.
2	Commercial Units (Model – II) – for those purchasing calves	10-50 calves	Indicative Unit cost : ₹.87000/- per rearing of 10 male calves (Purchase of calves, construction of shed, concentrate feed, fodder cultivation, medicines, vaccines, insurance etc.)	25% of the outlay (33 1/3 % in NE States including Sikkim and hilly areas*) as back ended capital subsidy subject to a ceiling of ₹ 21,750 for a unit of 10 calves (₹ 29,000/- for NE States including Sikkim and hilly areas*). Maximum permissible capital subsidy is ₹ 1.09 lakh(₹ 1.45 lakh for NE states including Sikkim and hilly areas*) for a 50 calf unit. No interest subsidy is available under this component.

3	Industrial units (Model - III)	1000 calves	Indicative Unit cost : ₹.83.45 lakh for rearing of 1000 male calves (Purchase of calves, construction of shed, concentrate feed, fodder cultivation, medicines, vaccines, insurance etc.)	25% of the outlay (33 1/3 % in NE States including Sikkim & hilly areas*) as back ended capital subsidy subject to a ceiling of ₹ 20.86 lakh (₹27.81 lakh for NE States including Sikkim and hilly areas*). No interest subsidy is available under this component.
<p># These are indicative costs. The subsidy will be calculated based on the indicative or actual cost, whichever is less. Banks are, however, free to sanction higher/lower Total Financial Outlay (TFO) also based on the local conditions .</p> <p>* where the project site is located at an altitude of more than 1000 meters above the mean sea level.</p>				

Funding Pattern

- Beneficiary contribution (margin) - 10 % of the outlay for commercial units and 25% for industrial units (minimum). The cost of land not exceeding 10% of the project cost can form part of the promoter's contribution.
- Back ended capital subsidy - as indicated above
- Effective Bank Loan - Balance portion

Eligible financial institutions

Commercial Banks, Regional Rural Banks, State Cooperative Banks, State Cooperative Agriculture and Rural Development Banks: and such other institutions, which are eligible for refinance from NABARD.

Time limit for Completion of the project (Commercial & Industrial Units)

Time limit for completion of the project would be as envisaged under the project, subject to maximum of 12 months period from the date of disbursement of the first installment of loan. It may be extended by a further period of 3 months, if reasons for delay are considered justified by the financial institution concerned. If the project is not completed within the stipulated period, benefit of subsidy shall not be available and advance subsidy placed with the participating bank, if any, will have to be refunded forthwith to NABARD

Lock in period for loan: The capital subsidy will be back ended with minimum **lock-in period of 3 years**. The capital subsidy should be refunded one year after the account becoming NPA and remaining NPA as on date.

(Ref:NABARD HO Circular No. 186 /TSD - 03 / 2010 dated 21 September 2010)

h. Centrally Sponsored Scheme for Establishing Mother Units of Rural Backyard Poultry

Mother units where day old chicks of low input birds are reared upto 4 weeks and supplied to the beneficiaries under Rural Backyard Poultry programme will be assisted under the scheme. These mother units will get the day old chicks from State Poultry Farms or private hatcheries producing low input birds. Unless justified, there should not be more than 10 mother units in each district / cluster.

The State Governments shall submit proposals to GoI for rural backyard poultry in the proforma prescribed by DAHD&F, GoI and communicated to them vide administrative approval no. 43-23/2009/LDT-P dated 7 August 2009. The details on mother units like number of mother units, State Poultry Farms or private hatcheries to which these other units are proposed to be linked for supply of day old chicks shall be given by the State Government. After approval by DAHD&F, State Animal Husbandry Department shall identify the beneficiaries for establishment of mother units in consultation with DRDA and local banks.

The beneficiaries could be individuals, SHGs, NGOs, who are trained in management of day old chicks and rearing them upto 4 weeks. If necessary, Animal Husbandry Department will arrange for training of the identified beneficiaries.

The funding pattern for a mother unit with 3 pheriwalas is as follows:

Unit cost (unit size 1500 chicks per batch) : ₹ 1.36 lakh

(of which ₹.1.00 lakh would be fixed cost and ₹.0.36 lakh for kick starting the operations of the unit).

Subsidy: ₹ 0.20 lakh (to be treated as borrowers margin when bank loan is availed)

Interest Free Loan : ₹ 0.36 lakh

Bank Loan: ₹ 0.80 lakh

The District Animal Husbandry Department will sponsor the applications for mother units and release the subsidy amount to the financing banks. The financing banks on receipt of the subsidy will sanction the amount of unit cost excluding the subsidy as bank loan and apply to the concerned Regional Office of NABARD through their controlling office in the proforma. In case the unit cost is more than that indicated, banks shall finance the additional cost as their loan or the beneficiaries may bring that amount as margin.

Sanction of Project and Release of IFL

NABARD RO will scrutinise the claim proposals and ensure that those which satisfy the terms and conditions laid down in the guidelines only are put up to SLSMC for sanction. The SLSMC will sanction the Interest Free Loan portion (50% of the outlay subject to the ceiling) for eligible proposals in respect of poultry estates and ₹ 36,000 per unit in case of mother units.

(Ref: NABARD HO Circular No 42/ICD-9/ 2004-05 dated 28 February 2005 read with Ho IOM No NB.TSD. NPOF/ 1853/ NPOF-6(GEN) / 2010-11 dated 24 September 2010)

i. Centrally Sponsored Scheme on Utilisation of Fallen Animals

Objectives of the Scheme

It is envisaged to facilitate prevention of environmental pollution and check spread of livestock diseases, provide employment opportunity to rural poor engaged in carcass collection, flaying and by-product processing by producing better quality hides and skins and thus improve the income levels. Proper disposal of carcasses of animals is mandatory under the Infectious & Contagious Diseases in Animal, Act 2009 and implementation of the scheme will to a great extent to ensure its compliance.

Eligibility

Individuals, Flayers Cooperatives, NGOs or any other agency involved in such activities.

Implementation Period and Area of Operation

The scheme will be implemented during the remaining period of XI plan period (2010-11 & 2011-12) throughout the country.

Project Cost and Pattern of Assistance

The component wise cost and pattern of assistance is as under:

S. No	Component	Unit cost (₹ Lakh)	Pattern of Assistance
1	Establishment of Carcass Utilization centre (*)		90% Capital subsidy and 10% Margin Money. No bank loan component.
(i)	Model-I (5-6carcasses per day)	145	
(ii)	Model-II (20-25 carcasses per day)	280	
2	Establishment of Bone Crushing Unit (#)	15	50% Capital subsidy 40% Bank Loan and 10% Margin Money (Minimum)
3	Renovation/ Modernization of Existing Carcass Utilization Centres (\$)	160	90% Capital subsidy and 10% Margin Money. No bank loan
(*) The items of investment in carcass utilization centre are land, civil structures, power and miscellaneous items. (#) The recovery of whole carcass may be a problem in some locations. In such circumstances, units which collect raw bones to convert to bone meal will be provided subsidy assistance. (\$) The Carcass Utilization Centres established at location identified by air head quarters to combat bird hit hazards to air crafts will be considered for subsidy assistance under this category.			

Eligible financial institutions

Commercial Banks, Regional Rural Banks, State Cooperative Banks, State Cooperative Agriculture and Rural Development Banks: and such other institutions, which are eligible for refinance from **NABARD**.

Release of Subsidy

In respect of establishment of bone crushing units (Serial No:2 above) where bank loan component is involved, the Regional Office of NABARD shall release the subsidy in two instalments (50% advance and 50% final) one after release of first instalment of loan by the bank and the final instalment after completion of the unit and conduct of joint monitoring visit by the bank, State Animal Husbandry Department and NABARD in respect of other activities where no bank loan component is involved (subsidy @ 90% of TFO of the project), the subsidy shall be released by the State Animal Husbandry Department in 4 instalments.

First instalment (25%) of the subsidy shall be released after sanction by the SLSMC. After spending 90% of the released amount, the borrower shall inform the State Animal Husbandry Department. The Director, Animal Husbandry in the state along with subject matter specialists in this field will take up 1st Joint Monitoring Committee inspection of the unit as per the prescribed format . The JMC will recommend for release of the 2nd instalment of the subsidy. On receipt of a satisfactory JMC report the SLSMC shall approve release of 2nd instalment (25 %) of the subsidy. Same procedure will be followed for release of 3rd and 4th instalments of the subsidy after assessing the progress of the unit by the JMC. After completion of the unit, the beneficiary has to submit a project completion report to the State Animal Husbandry Department for conducting final JMC inspection of the unit.

Time limit for Completion of the project.

Time limit for completion of the project would be as envisaged under the project, subject to maximum of 12 months period from the date of disbursement of the first instalment of loan which may be extended by a further period of 3 months, if reasons for delay are considered justified by the financial institution concerned. If the project is not completed within the stipulated period, benefit of subsidy shall not be available and advance subsidy placed with the participating bank will have to be refunded forthwith to NABARD

Lock-in period for loan: The capital subsidy will be back ended with minimum **lock-in period of 3 years**. The capital subsidy should be refunded one year after the account becoming NPA and remaining NPA as on date.

(Ref:Revised Guidelines of GoI on ACABC (F No. 10 (14)/ 2009- EM dated 30 Sep 2010) read with HO IOM No. 255/ ICD- 52/ 2010-11 dated 24 December 2010 and NABARD Ho circular No NB.CD/1826/ACABC-4/ 2006-07 dated 20 December 2006)

j. Gramin Bhandaran Yojana / Rural Godown Scheme

The main objective of the scheme is creation of scientific storage capacity with allied facilities in rural areas to meet the requirements of farmers for storing farm produce, processed farm produce and agricultural inputs; promotion of grading, standardization and quality control of agricultural produce to improve their marketability; prevention of distress sale immediately after harvest by providing the facility of pledge financing and marketing credit; strengthen agricultural marketing infrastructure in the country by paving the way for the introduction of a national system of warehouse receipts in respect of agricultural commodities stored in such godowns and to reverse the declining trend of investment in agriculture sector by encouraging private and cooperative sectors to invest in the creation of storage infrastructure in the country.

Eligible Organisations :

Individuals, farmers, group of farmers/growers, partnership/ proprietary firms, Non-Governmental Organizations (NGOs), Self Help Groups (SHGs), companies, corporations, Co-operatives, local bodies other than municipal Corporations, Federations, Agricultural Produce Marketing Committees (APMCs), Marketing Boards and Agro Processing Corporations.

Location :

At any place, as per commercial judgment of the entrepreneur except for the restriction that it would be outside the limits of Municipal Corporation area.

Size :

Minimum Capacity – 100 MT and Maximum Capacity – 10000 MT. Godowns upto 50 MT (25 MT in hilly areas) eligible in special cases.

Eligible Financing Institutions :

Commercial Banks, Regional Rural Banks, State Cooperative Banks (SCBs), State Cooperative Agricultural and Rural Development Banks (SCARDBs), Agricultural Development Finance Companies (ADFCs), North Eastern Development Finance Corporation (NEDFI), Urban Cooperative Banks etc.

Implementation Period : Upto 31 March 2012



Grain Godown

Pattern of Assistance:

Source of finance	Projects located in States/ areas other than NE States/ hilly areas, and projects not belonging to women farmers/ SC/ ST entrepreneurs & their self-help groups/ cooperatives		Projects located in NE States/ hilly areas**/ & projects belonging to Women Farmers***/ SC/ST entrepreneurs & their self help groups/ Co-operatives****
	Farmers@, Agriculture Graduates, cooperatives and State / Central Warehousing Corp	Individuals, companies and Corporations etc.	
Owner's minimum contribution*	25%	25%	20%
Subsidy from the Govt.	25%	15%	33.33%
Term loan from eligible Financing institutions (Minimum)	50%	50%	46.67%
<p>Notes : @ Farmer is a person whose main source of income is from Agriculture. * Cost of land not exceeding 10% of the project cost can form part of the owner's contribution. ** Where the project site is located at a height of more than 1000 meters above mean sea level. *** In case of partnership/ co-ownership, the ownership of women partners/ members shall be to the extent of 50% or more in the project to consider an application under the category of women farmer. **** SC/ST Cooperative to be certified by the concerned officer of the State Government.</p>			

Mode of release

a) **Advance subsidy** : 50% of the subsidy amount will be released to NABARD by Deptt of Agriculture and Cooperation in advance. Accordingly NABARD would release subsidy to participating banks in advance for keeping the same in the Subsidy Reserve Fund Account of the concerned borrower. This amount of 50% advance subsidy would be released by NABARD to the participating banks on submission of a project profile- cum-claim form (Annexure-I).

b) **Final subsidy** : The remaining 50% of the subsidy amount would be disbursed to the participating bank(s) by NABARD after conduct of an inspection by a Joint Inspection Committee comprising of officers from NABARD, participating bank and Directorate of Marketing & Inspection (DMI) in the concerned State.

Period of Completion

A time limit of 15 months is prescribed for completion of the project from the date of disbursement of first instalment of loan. However, if reasons for delay are justified, a

further grace period upto 6 months may be allowed by the participating bank. If the project is not completed within stipulated period, the benefit of subsidy shall not be available and advance subsidy has to be refunded forthwith.

(Reference: Operational Guidelines of the Rural Godown Scheme as available in the website of Directorate of Marketing Inspection, Ministry of Agriculture, GoI (www.agmarknet.nic.in))

k. Scheme for Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization

This scheme has been formulated to develop marketing infrastructure in the country to cater to the post-harvest requirement of production and marketable surplus of various farm products. The main objectives of the scheme are:

- ♦ To provide additional agricultural marketing infrastructure to cope up with the large expected marketable surpluses of agricultural and allied commodities including dairy, poultry, fisheries, livestock and minor forest produce.
- ♦ To promote competitive alternative agricultural marketing infrastructure by inducement of private and cooperative sector investments that sustain incentives for quality and enhanced productivity thereby improving farmers' income.
- ♦ To strengthen existing agricultural marketing infrastructure to enhance efficiency.
- ♦ To promote direct marketing so as to increase market efficiency through reduction in intermediaries and handling channels thus enhancing farmers' income.
- ♦ To provide infrastructure facilities for grading, standardization and quality certification of agricultural produce so as to ensure price to the farmers commensurate with the quality of the produce.
- ♦ To promote grading, standardization and quality certification system for giving a major thrust for promotion of pledge financing and marketing credit, introduction of negotiable warehousing receipt system and promotion of forward and future markets so as to stabilize market system and increase farmers' income.
- ♦ To promote direct integration of processing units with producers.
- ♦ To create general awareness and provide education and training to farmers, entrepreneurs and market functionaries on agricultural marketing including grading, standardization and quality certification.

Scheme linked to reforms

The scheme will be implemented in those States which amend the APMC Act, wherever required, to allow direct marketing and contract farming and to permit setting up of markets in private and cooperative sectors.

Credit linked back-ended subsidy shall be provided on the capital cost of general or commodity specific infrastructure for marketing of agricultural commodities and for strengthening and modernization of existing agricultural markets, wholesale, rural or in tribal areas.

Marketing infrastructure

'Marketing Infrastructure' for the purpose of the scheme may consist of any of the following:

- ♦ Functional infrastructure for collection/ assembling, drying, cleaning, grading, standardization, SPS (Sanitary & Phytosanitary) measures and quality certification,

labeling, packaging, ripening chambers, retailing and wholesaling, value addition facilities (without changing the product form) etc.

- ♦ Transportation facility will not be covered under the scheme;
- ♦ Market user common facilities in the project area like shops/offices, platforms for loading/ unloading/ assembling and auctioning of the produce, parking sheds, internal roads, garbage disposal arrangements, boundary walls, drinking water, sanitation arrangements, weighing & mechanical handling equipments, etc.;
- ♦ Infrastructure for Direct marketing of agricultural commodities from producers to consumers/processing units/ bulk buyers, etc.;
- ♦ Infrastructure for supply of production inputs and need-based services to the farmers;
- ♦ Infrastructure (equipment, hardware, gadgets, etc) for E-trading, market intelligence, extension and market oriented production planning; and
- ♦ Mobile infrastructure for post-harvest operations (excluding transport equipment) will be eligible for assistance under the scheme.

Eligible persons

The assistance will be available to individuals, groups of farmers/growers/ consumers, partnership/ proprietary firms, Non- Governmental Organizations (NGOs), Self Help Groups (SHGs), companies, corporations, cooperatives, Cooperative Marketing Federations, local bodies, Agricultural Produce Market Committees (APMCs) & Marketing Boards in the entire country.

Bank assisted projects of State agencies, including projects refinanced/ co-financed by National Bank for Agriculture and Rural Development (NABARD) for strengthening/ modernization of existing marketing infrastructure would also be eligible for assistance under the scheme.

Land and location

Under the scheme, the entrepreneur will be free to locate the marketing infrastructure project at any place of his choice determined on the basis of economic viability and commercial considerations. However, the project should provide 'direct' service delivery to producers/ farming community in post-harvest management/ marketing of their produce. Cost of land in infrastructure projects will be restricted to a maximum of ten percent of the project cost in rural areas and to twenty percent in municipal areas and it would form part of the owner's contribution. The entrepreneur will not alienate the land during the period of the loan for any purpose other than the purpose for which the loan is sanctioned.

Credit linked assistance

Assistance under the scheme would be credit linked and subject to sanction of the infrastructure project by Commercial/Cooperative/Regional Rural Banks based on economic viability and commercial considerations. Assistance under the scheme shall be available on capital cost of the project only. Banks/ National Cooperative Development Corporation (NCDC) will, however, be free to finance other activities/working capital requirement to meet various requirements of the farmers/entrepreneurs.

Pattern of funding

Source of finance	Other than NE States, hilly and tribal areas	NE States, hilly and tribal areas*/SC & ST entrepreneurs and their cooperatives
Subsidy from Central Government	25%	33.33%
Institutional loan from commercial/cooperative banks etc.,	Minimum 50%	Minimum 46.67%
Owner's contribution**	Rest of the project cost	Rest of the project cost

Hilly area is a place at an altitude of more than 1,000 metres above mean sea level.

Tribal areas are areas notified/declared as tribal area by the Central/ concerned State Government

**Cost of land not exceeding 10% in rural areas and 20% in municipal areas of the project cost can form part of the owner's contribution.

Maximum amount of subsidy shall be restricted to ₹.50 lakh for each project. In the case of North Eastern States, hilly and tribal areas and to entrepreneurs belonging to SC/ST and their cooperatives, maximum amount of subsidy shall be ₹.60 lakh for each project.

In respect of infrastructure projects of State Agencies, there will be no upper ceiling on subsidy to be provided under the scheme.

Mode of Release

- 50% of the subsidy amount will be released to NABARD by Department of Agriculture and Cooperation in advance. Accordingly, NABARD would release subsidy to the participating banks in advance for keeping the same in a Subsidy Reserve Fund Account of the concerned borrowers, to be adjusted finally against loan amount of the bank on completion of the project. This amount of 50% subsidy would be released by NABARD to the participating bank on submission of a project profile- cum-claim form
- The remaining 50% of the subsidy amount would be disbursed to the participating bank(s) by NABARD after a Joint Inspecting Committee comprising of officers from NABARD, participating bank and Directorate of Marketing & Inspection (DMI) in the concerned State, conducts an inspection

Time limit for completion

A time limit of 18 months is prescribed for completion of the project from the date of disbursement of the first instalment of loan by the financial institution. However, if reasons for delay are justified, a further grace period of 6 months may be allowed by the financial institution.

However, in case of large integrated agricultural marketing infrastructure projects involving total outlay of ₹.2 crore or more and requiring phasing, a time limit of maximum of 36 months may be prescribed for completion of the project from the date of disbursement of the first instalment of loan by the financial institution. If the project is not completed within the stipulated period, benefit of subsidy shall not be available and advance subsidy will have to be refunded forthwith.

(Reference: Operational Guidelines of the Scheme for Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization as available in the website of Directorate of Marketing Inspection, Ministry of Agriculture, GoI (www.agmarknet.nic.in))