

ANNUAL REPORT

2023-24



National Bank for Agriculture and Rural Development

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Notes to the NABARD Annual Report 2023–24

1. AY before a calendar year denotes the agriculture year or the 12-month period ending 30 June of the year. For instance, AY2024 ends on 30 June 2024.
2. FY before a calendar year denotes the fiscal year or the 12-month period ending 31 March of the year. For instance, FY2024 ends on 31 March 2024.
3. Given the phasing of projects, disbursement in any FY may not correspond to sanction for that FY.
4. As a result of rounding off, numbers in tables may not add to totals, and percentages in figures have been adjusted to add to 100.
5. Unless otherwise mentioned '\$' in this report refers to US\$.
6. Regions as defined by NABARD:
South: Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Puducherry, and Lakshadweep
West: Gujarat, Goa, Maharashtra, Dadra & Nagar Haveli, and Daman & Diu
North: Haryana, Himachal Pradesh, Punjab, Rajasthan, Jammu & Kashmir, Delhi, and Chandigarh
Central: Madhya Pradesh, Chhattisgarh, Uttar Pradesh, and Uttarakhand
East: Bihar, Jharkhand, Odisha, West Bengal and Andaman & Nicobar Islands
North East: Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim
7. Dotted bottom borders of boxes, showcases, tables, etc. indicate that the exhibit is continuing to the next page.

On the cover: When hands come together for synchronised action, they support and strengthen each other to create synergy. The overall gain is often greater than the additive strength and skills of the hands that work together. The cover is an artist's interpretation of this socioeconomic phenomenon in the context of India's agriculture and rural development.

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अध्यक्ष
Chairman

Ref.No. NB.Secy./17666/ AR-1 /2024-25

10 July 2024

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

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


Dear Sir

Letter of Transmittal

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

- i. A copy of the audited Annual Accounts of National Bank for the year ended 31 March 2024 along with a copy of the Auditors' Report, and
- ii. Two copies of the Annual Report of the Board of Directors on the working of National Bank during the year ended 31 March 2024.

Yours faithfully


(Shaji K.V.)

राष्ट्रीय कृषि और ग्रामीण विकास बैंक
National Bank for Agriculture and Rural Development

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BOARD OF DIRECTORS

as on 31 March 2024

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



Shri Shaji K. V.

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



Dr Urvish Shah

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



Dr M. D. Patra



Smt. Revathy Iyer



Dr Ravindra H. Dholakia

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



Shri Manoj Ahuja



Shri Shailesh Kumar Singh



Dr M. P. Tangirala

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



Shri Ashok Barnwal



Shri Gopal Krishna Dwivedi



Shri Vinod Kumar Suman

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



Shri Goverdhan Singh Rawat



Dr Ajay K. Sood



FROM THE CHAIRMAN...



In FY2024, the Indian economy demonstrated resilience against significant global challenges, achieving robust growth of 8.2%. By maintaining a growth rate exceeding 7% for the third consecutive fiscal year, India has emerged as the world's fifth-largest economy, establishing a formidable presence on the global stage.

This accomplishment is remarkable, particularly against the backdrop of a global economy grappling with rising geopolitical tensions, persistent but decreasing inflation, and subdued activity levels. It highlights India's potential as a hub of innovation and opportunity, poised to make an even more dynamic contribution to the global economy in the coming years. India's unwavering focus on capital formation has fuelled this growth momentum, with substantial government spending addressing infrastructure and logistics bottlenecks.

NABARD has been investing extensively in rural infrastructure and agriculture to enhance the productivity of the rural economy. Over the past decades, NABARD's rural infrastructure financing has reached a cumulative sanction of ₹8.2 lakh crore, including ₹61,000 crore during FY2024. Our flagship Rural Infrastructure Development Fund has had a transformational impact on the rural landscape, creating irrigation potential for 422.2 lakh ha, laying 5.6 lakh km of rural roads, constructing 14.1 lakh meter of rural bridges, and generating 3,096 crore person-days of non-recurring employment.

Cooperatives in India play a transformative role in promoting equitable development, fostering economic inclusivity, and building resilient communities. Recognising their importance, NABARD has dedicated a theme chapter to cooperatives in the Annual Report 2023–24.

The rural credit structure is pivotal for financial inclusion and delivering credit to rural areas. NABARD has strengthened local economies and contributed to an inclusive financial and credit structure across India's rural landscape. We are facilitating the digitisation of 63,000 primary agricultural credit societies (PACS) over 5 years. This digitisation effort is set to enhance transaction speed, access to payment services, and supervision for rural stakeholders. On 24 February 2024, 18,000 digitised PACS were inaugurated by the Prime Minister of India at Bharat Mandapam, New Delhi.

NABARD has remained responsive to emerging needs of India, aligning its policies with national priorities. The shrinking average size of agricultural landholdings poses a challenge to diversification of agricultural activities and increase in farmer earnings. To address this, NABARD has promoted 7,355 farmer producers' organisations with 25 lakh farmer members, of which about 82% are small and marginal farmers.

NABARD has pioneered various sustainable and inclusive development models for fostering rural prosperity. Notably, the Self-Help Group-Bank Linkage Programme (SHG-BLP), launched in 1992, has grown to link 1.44 crore SHGs with savings and 77.4 lakh SHGs with credit, involving ₹65,089.20 crore in deposits and ₹2.59 lakh crore in outstanding loans.

Climate change presents significant risks for agriculture and rural livelihoods. NABARD is making best efforts for safeguarding livelihoods by promoting climate resilience and sustainable rural development. As the National Implementing Entity of three key climate financing funds, we have funded 40 projects worth ₹1,971.5 crore. NABARD has also developed a green taxonomy to classify its development and business portfolio for prioritising investments and mobilising resources for the green portfolios.

I am pleased to announce that NABARD's balance sheet reached ₹9.1 lakh crore as of 31 March 2024, reflecting a 13.6% growth over FY2023. NABARD also mobilised ₹1,040.5 crore through India's first AAA Rated rupee-denominated social bonds in FY2024, aligning investments with social impact. Through NABARD's social bonds, investors can play a role in building a more equitable and sustainable future for all.

NABARD's vision for the future is encapsulated in its Five-Year Strategic Plan, 'Pragati 1.0,' starting 1 April 2023, and the repositioning initiative 'UNNATI' to enhance our internal capabilities. We remain committed to making a meaningful impact through partnerships, innovative solutions, and prudent financial stewardship. Together with our stakeholders, we envision a future where every rural household thrives and contributes to sustainable prosperity.

I extend my gratitude to our stakeholders, partners, and the committed team at NABARD for their unwavering support and commitment. Let us continue our journey towards a prosperous and resilient rural India.

Shaji K. V.
Chairman

NABARD

NABARD AT A GLANCE

(Amount in ₹ crore as on 31 March)

Sources of Funds	FY2024	FY2023	% growth over FY2023
Own Funds	72,867	66,766	9.1
Capital	17,080	17,080	0.0
Reserves and surplus	55,787	49,686	12.3
National Rural Credit (Long-Term Operations) & National Rural Credit (Stabilisation) funds	16,106	16,102	0.0
Deposits	3,01,958	2,78,101	8.6
Short-Term Cooperative Rural Credit Fund	50,518	50,432	0.2
Short-Term fund for Regional Rural Banks	15,158	15,047	0.7
Long-Term Rural Credit Fund	45,175	44,996	0.4
Tea, coffee, and rubber deposits	52	57	-8.8
Rural Infrastructure Development Fund deposits	1,86,685	1,63,069	14.5
Warehouse Infrastructure Fund	3,890	4,050	-4.0
Food Processing Fund	480	450	6.7
Borrowings in bond market	2,86,151	2,46,677	16.0
Bonds & debentures	1,60,621	1,21,148	32.6
Tax free bonds	5,000	5,000	0.0
Bonds for Long-Term Irrigation Fund	57,667	57,666	0.0
Bonds for Pradhan Mantri Awas Yojana-Gramin	48,810	48,810	0.0
Bonds for Swachh Bharat Mission-Grameen	12,298	12,298	0.0
Bonds for Micro-Irrigation Fund	1,755	1,755	0.0
Borrowings in money market	2,01,083	1,64,081	22.6
Certificates of deposit (discounted value)	23,630	18,386	28.5
Commercial papers (discounted value)	52,113	42,538	22.5
Term money borrowings	2,508	1,942	29.1
Term loans from banks	94,007	77,455	21.4
Foreign currency loan	552	910	-39.3
Borrowings Jawaharlal Nehru National Solar Mission	3	3	0.0
Triparty Repo Dealing and Settlement & Repo	28,270	19,172	47.5
Borrowings against short term deposits	0	3675	-100.0
Others (liabilities and funds)	32,698	29,925	9.3
Other liabilities	24,501	22,107	10.8
Other funds	8,197	7,818	4.8
Total	9,10,863	8,01,652	13.6

Uses of Funds	FY2024	FY2023	% growth over FY2023
Cash and investments	1,07,048	64,692	65.5
Cash and bank balance	29,899	16,092	85.8
Government securities and other investments	69,694	48,320	44.2
Triparty repo lending	7,455	280	2562.5
Refinance to enhance ground level credit for rural production and investment	4,68,593	4,24,642	10.4
Production and marketing credit	1,58,706	1,40,913	12.6
Medium- & long-term project loans*	2,68,248	2,52,039	6.4
Direct refinance to district central cooperative banks	20,504	13,956	46.9
Producers' Organisation Development Fund	1	6	-83.3
Credit facility to federations	20,583	17,355	18.6
Green Climate Fund	552	373	48.0
Infrastructure creation loans	2,65,192	2,45,017	8.2
Rural Infrastructure Development Fund	1,70,007	1,54,070	10.3
Long Term Irrigation Fund	53,617	53,966	-0.6
Dairy processing and Infrastructure Development Fund	1,508	1,500	0.5
Warehouse Infrastructure Fund	3,386	4,091	-17.2
NABARD Infrastructure Development Assistance	32,404	27,890	16.2
Food Processing Fund	431	422	2.1
Micro-Irrigation Fund	3,037	2,516	20.7
Fisheries and Aquaculture Infrastructure Development Fund	802	562	42.7
Social sector investments	61,117	61,117	0.0
Pradhan Mantri Awas Yojana-Gramin	48,819	48,819	0.0
Swachh Bharat Mission-Grameen	12,298	12,298	0.0
Others	337	369	-8.7
Other Loans (Including Jawaharlal Nehru National Solar Mission)	5	31	-83.9
Long-term non-project loans	332	338	-1.8
Sub-total of loans and advances	7,95,239	7,31,145	8.8
Fixed assets & other assets	8,576	5,815	47.5
Total	9,10,863	8,01,652	13.6

* including amount subscribed to Special Development Debentures of SCARDBs which are in the nature of Deemed Advances.

NABARD AT A GLANCE

(Amount in ₹ crore as on 31 March)

A) Financial support (disbursements)

I) Refinance: Short term credit (maximum outstanding) (₹ crore)

Particulars	FY2024	FY2023	% change from FY2023
ST-SAO, StCB	50,518	49,405	2.3
ST-SAO, RRB	15,158	14,819	2.3
ST-OSAO, StCB	26,109	19,654	32.8
ST-OSAO, RRB	11,905	9,463	25.8
Additional ST-SAO, StCB	57,659	47,714	20.8
Additional ST-SAO, RRB	21,804	17,851	22.1

RRB = Regional Rural Bank, SFB = Small Finance Bank, StCB = State Cooperative Bank, ST-SAO = Short-Term Credit for Seasonal Agricultural Operations, ST-OSAO = Short-Term Credit for Purposes Other than Seasonal Agricultural Operations.

Note: ST (OSAO), RRB includes SFB refinance of ₹80 crore (in FY2024) and ₹40 crore (in FY2023).

II) Refinance: Investment credit (₹ crore)

Particulars	FY2024	FY2023	% change from FY2023
Agriculture and allied activities	52,807	27,793	90.0
Non-farm sector	53,678	54,400	-1.3
Self-help groups	22,344	22,278	0.3
Rural housing	3,658	2,544	43.8

III) Credit support (₹ crore)

Particulars	FY2024	FY2023	% change from FY2023
Rural Infrastructure Development Fund	42,564	37,317	14.1
Long Term Irrigation Fund	2,605	3,069	-15.1
Warehouse Infrastructure Fund	367	461	-20.4
Food Processing Fund	106	142	-25.4
NABARD Infrastructure Development Assistance	7304	6,330	15.4
Direct refinance assistance to cooperative banks	26,869	18,179	47.8
Credit facility to federations	39,240	31,437	24.8
Dairy Processing and Infrastructure Development Fund	176	735	-76.1
Fisheries and Aquaculture Infrastructure Development Fund	289	226	27.9

B) Development initiatives

Particulars	FY2024	FY2023	% change from FY2023
Watershed development projects (no.)	60	86	-30.2
Area (ha)	60,000	80,022	-25.0
Families benefitted (no.)	24,261	34,774	-30.2
Springshed development projects (no.)	14	30	-53.3
Area (ha)	4,200	8,850	-52.5
Families benefitted (no.)	882	1,890	-53.3
Projects under Tribal Development Fund (no.)	59	68	-13.2
Area (acre)	14,561	17,793	-18.2
Families benefitted (no.)	18,844	24,133	-21.9

CHIEF GENERAL MANAGERS



Sunil Kumar
Bihar



Niraj Kumar Verma
MD, NABCONS



Nilay D. Kapoor
HRMD & LAW



C. Udayabhaskar
DFIBT



Monomoy Mukherjee
SECY & CCD



T. Ramesh
Karnataka



Gyanendra Mani
Chhattisgarh



Rajiv Siwach
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S. K. Dora
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Susheela Chintala
Telangana



Raghunath B.
Punjab & Haryana



Gopa Kumaran Nair G.
Kerala



Kuldeep Singh
ID



Baiju N. Kurup
SPD



Sunil Kumar
Madhya Pradesh



Kanhu Charan Badatya
DEAR



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P. K. Bhardwaj
DPSP



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BIRD



L. Leivang
MCID



Suparna Tandon
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S. K. K. Mishra
Odisha



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Uttarakhand



Bhallamudi Sridhar
Jammu & Kashmir



M. S. Rao
NBSC



D. Hegde
MD, NABFINS



M. R. Gopal
Andhra Pradesh



M. Nageswara Rao
DSM



B. Uday Bhaskar
FSDD



B. K. Singhal
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N. Neeraja
DOR



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R. V. Ramakrishna
CPD



S. Srinath
AD & FD



C. Saraswathi
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R. Anand
OFDD



Tiakala Ao
Nagaland



Rashmi A. Darad
Maharashtra



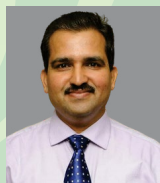
Satish B. Rao
CPD



Kamalesh Kumar
DSSI



Partho Saha
BID



U. Dinesh Shanbhag
CVO

OFFICER ON DEPUTATION

OICs OF REGIONAL OFFICES/ CELLS



Archana Singh
Andaman & Nicobar



K. V. S. S. L. V. Prasada Rao
Mizoram



Sanjay Kumar Gupta
Sikkim



Loken Das
Tripura



Vivek Pathania
Himachal Pradesh



Dr. Milind R. Bhurud
Goa



Prabhudatta Sahoo
Meghalaya



Nabin Kumar Roy
Assam



Arobinda Kumar Sarkar
BIRD, Kolkata



V. S. Balasubramanian
BIRD, Mangaluru



Vaseeharan S. S.
New Delhi



Damodar Mishra
Arunachal Pradesh



Surinder Singh
Srinagar Cell



Bendang Aier
Manipur

CEOs OF NABARD SUBSIDIARIES



Rahul Uppal
NABSanrakshan



Bonani Roychoudhury
NABSAMRUDDHI



Bibhu Prasad Kar
NABFOUNDATION



Srinivasan Ramesh
NABKISAN



Vikas Bhatt
NABVENTURES

All designations and affiliations as on 31 March 2024.

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SHOWCASES

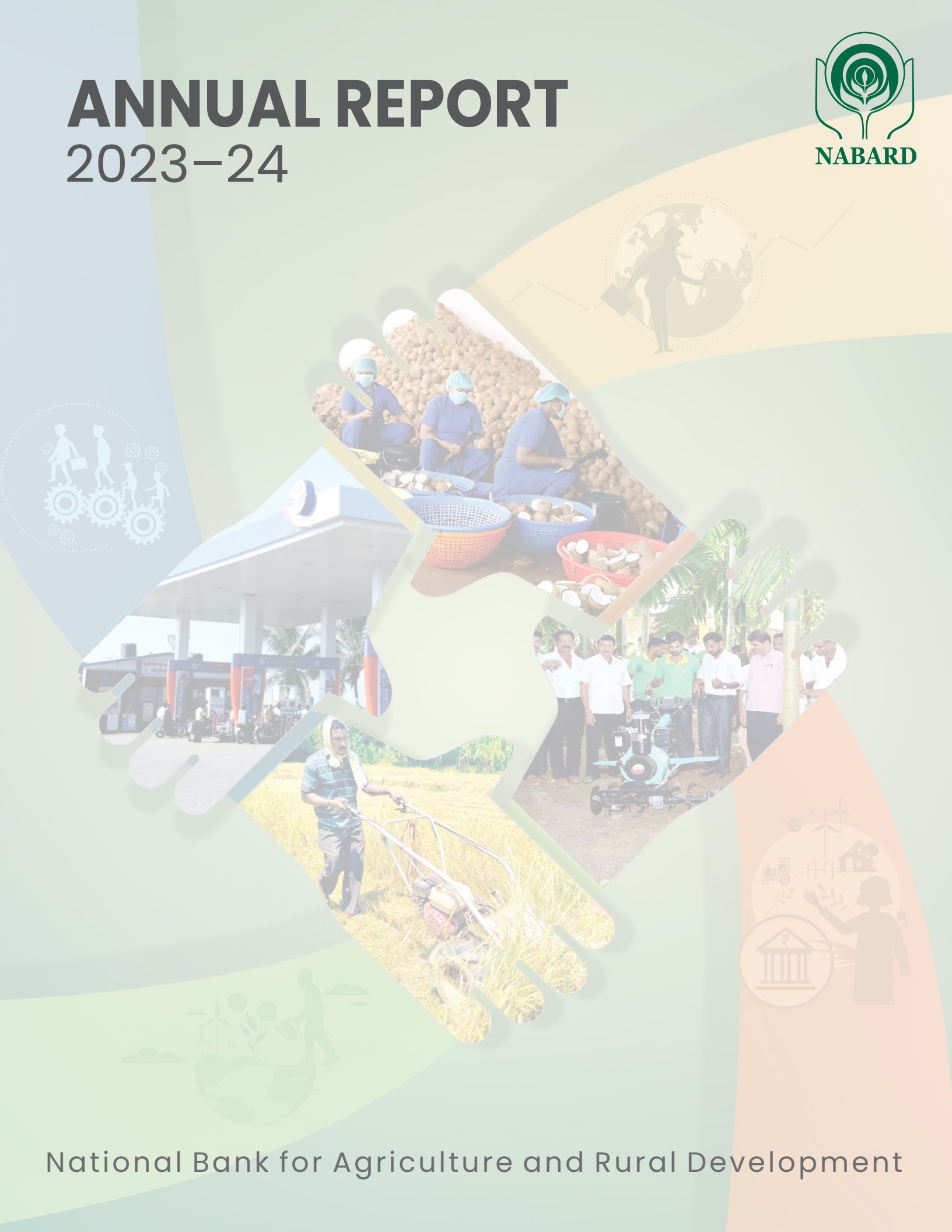
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ABBREVIATIONS

AA	Account Aggregator
ARDB	Agriculture and Rural Development Bank
BC	Business Correspondent
BIRD	Bankers Institute of Rural Development
CBS	Core Banking Solutions
CSC	Common Service Centre
DCCB	District Central Cooperative Bank
EA	Enterprise Architecture
FPO	Farmer Producers' Organisations
GeM	Government e-Marketplace
GLC	Ground-Level Credit
GOI	Government of India
NBFC	Non-Banking Financial Company
NER	North East Region
NRC	National Rural Credit
PACS	Primary Agricultural Credit Societies
RFI	Rural Financial Institution
RIDF	Rural Infrastructure Development Fund
RO	Regional Office
RRB	Regional Rural Bank
SCARDB	State Cooperative Agriculture and Rural Development Bank
SCB	Scheduled Commercial Bank
SHG	Self-Help Group
StCB	State Cooperative Bank
UT	Union Territory

ANNUAL REPORT

2023–24



National Bank for Agriculture and Rural Development



1

- 1.1 Global macro-financial conditions
- 1.2 Domestic macroeconomic developments
- 1.3 Resilience of agriculture to uneven rainfall patterns
- 1.4 Momentum gained in rural economic activity
- 1.5 The economic outlook
- Appendix to Chapter 1

India and the World The Economy in FY2024





India's growth momentum surpassed expectations amid growth supportive macro-financial conditions of moderation in inflation, a sustainable external balance position, financial stability, healthy corporate balance sheets, orderly financial markets, and fiscal consolidation along with sustained improvement in the quality of public expenditure.

The global economy made a soft landing in FY2024 as inflation moderation was accompanied by steady growth.¹ Global recession, anticipated as a consequence of aggressive monetary tightening by systemically important central banks, was avoided, with a decline in global food and commodity prices and further easing of supply chain disruptions. The global macroeconomic environment, nevertheless, remained afflicted by the lingering effects of geo-economic fragmentation, high debt levels, and rising risks from climate events, dampening the near- to medium-term growth outlook relative to the pre-COVID-19 pandemic trend.

The Indian economy exhibited remarkable resilience to global shocks and recorded robust growth during FY2024. Its realised growth momentum surpassed expectations amid growth supportive macro-financial conditions characterised by moderation in inflation, a sustainable external balance position, financial stability, healthy balance sheets of corporates, orderly financial markets, and fiscal consolidation along with sustained improvement in the quality of public expenditure. On the back of continuous reforms, the investment-led growth process and sound macro-policy setting are expected to help sustain India's lead as the fastest growing major economy in the world.

1.1 GLOBAL MACRO-FINANCIAL CONDITIONS

The global growth momentum displayed greater-than-expected resilience to high interest rates that persisted throughout the year with central banks sustaining their policy focus on managing the cost-of-living crisis. Supply side expansion, following the easing of supply chain pressures, improved labour force participation, and sustained decline in global food prices imparted resilience. Consequently, the feared global recession, that usually ensues an aggressive phase of synchronised global monetary tightening, was avoided. Global growth at 3.3% in 2023 reflected only a modest deceleration from the 3.5% growth recorded in 2022 (Table 1.1).

Global headline inflation continued to soften during the year from the peak attained in 2022, but hovered above respective inflation targets of central banks, thereby making the last mile of disinflation a difficult challenge for them. Market expectations surrounding the beginning of the easing cycle of monetary policy and the associated perceptions about future interest rate trajectories impacted financial markets, keeping yields and term premia volatile. Inflation is projected by the International Monetary Fund (IMF) to fall considerably in advanced economies in 2024 while remaining sticky in emerging and developing economies (Table 1.1). Decline in commodity prices, both oil and non-oil, that materialised during 2023 after the surge in 2022 is projected to reverse marginally in 2024.

Global merchandise trade contracted by 1.2% in 2023; trade in goods and services (taken together) also registered a tepid growth of 0.8%.² According to the IMF, about 3,200 and 3,000 new restrictions were imposed by countries on trade in 2022 and 2023, respectively. According to UNCTAD, foreign direct investment to developing economies declined by 9% in 2023.³ The trade and investment channels of growth, thus, remained subdued, partly reflecting the impact of geo-economic fragmentation.

**Table 1.1: Global economic indicators (year-on-year growth %)**

Particulars	2022	2023	2024
World output	3.5	3.3	3.2
Advanced economies (AEs)	2.6	1.7	1.7
Emerging market and developing economies (EMDEs)	4.1	4.4	4.3
World trade volume (goods and services)	5.6	0.8	3.1
World trade volume (goods)	3.0	-1.2	2.6
World consumer prices	8.7	6.7	5.9
AEs	7.3	4.6	2.7
EMDEs	9.8	8.3	8.2
Commodity prices			
Oil	39.2	-16.4	0.8
Non-oil	7.9	-5.7	5.0

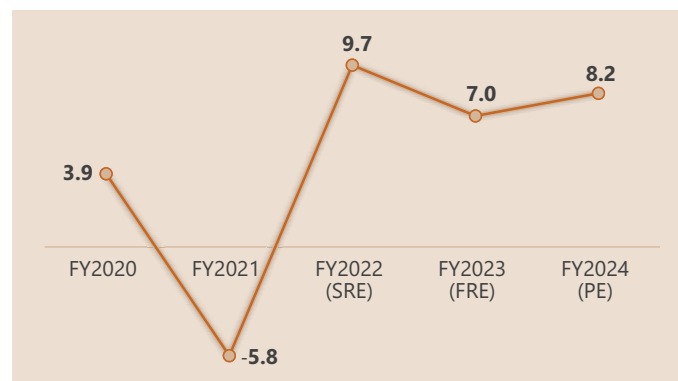
Sources:

- IMF (2024), World Economic Outlook, July 2024, International Monetary Fund, Washington, D.C. <https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>.
- World trade volume (goods): WTO (2024) Global Trade Outlook and Statistics, April 2024, World Trade Organization, Geneva, Switzerland. https://www.wto.org/english/res_e/booksp_e/trade_outlook24_e.pdf.

1.2 DOMESTIC MACROECONOMIC DEVELOPMENTS

1.2.1 Robust growth with macro stability

India's growth momentum accelerated further in FY2024, with 7% or higher growth recorded for the third consecutive year, notwithstanding formidable headwinds from the global economy (Figure 1.1). As indicators of economic activity progressively suggested further strengthening of

Figure 1.1: Growth trend of India's GDP at 2011–12 prices (%)

FRE = First Revised Estimate, GDP = Gross Domestic Product, PE = Provisional Estimate, SRE = Second Revised Estimate.

Source: GOI (2024), Provisional Estimates of Annual GDP for 2023–24 and Quarterly Estimates of GDP for Q4 of 2023–24, National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India. https://www.mospi.gov.in/sites/default/files/press_release/PressNoteGDP31052024.pdf.



Average inflation declined to 5.4% in FY2024 reflecting proactive monetary policy tightening and targeted supply-side measures undertaken by the government.

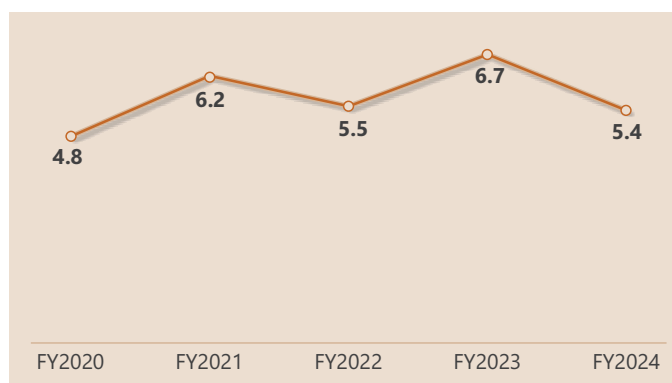
growth momentum during the course of the year, growth in gross domestic product (GDP) for FY2024 was revised up from 7.3% (as per first advance estimates) to 7.6% (as per second advance estimates), and further to 8.2% (as per provisional estimates). The acceleration in growth momentum was led by robust (9%) growth in investment (i.e., increase in gross fixed capital formation) in FY2024, on the back of sustained thrust of fiscal policy on capital expenditure. Among the major constituent sectors of the economy, construction and manufacturing registered high growth at 9.9% each.⁴

1.2.2 Inflation moderated following proactive monetary and supply management measures

Average consumer price index (CPI) inflation had surged to 6.7% in FY2023, to above the upper tolerance band of the inflation target, as global food and energy prices escalated due to the supply disruptions in the wake of the Russia–Ukraine War (Figure 1.2). However, average inflation declined to 5.4% in FY2024 and core (excluding food and fuel) inflation dropped below 4% during the last 4 months of the year reflecting:⁵

- proactive monetary policy tightening, in the form of a cumulative increase in policy repo rate by 250 basis points (between May 2022 and February 2023), which was sustained thereafter during FY2024 and beyond; and
- targeted supply-side measures undertaken by the government, in the form of
 - ◊ placing export restrictions to improve domestic availability,
 - ◊ excise duty cuts on petrol and diesel,
 - ◊ market release of foodgrains from buffer stocks,
 - ◊ lowering of tariffs to soften the cost of certain imported food items, and
 - ◊ imposing restrictions on the use of sugarcane molasses for ethanol production, etc.

Figure 1.2: Consumer price index inflation in India, annual average (%)



Sources:

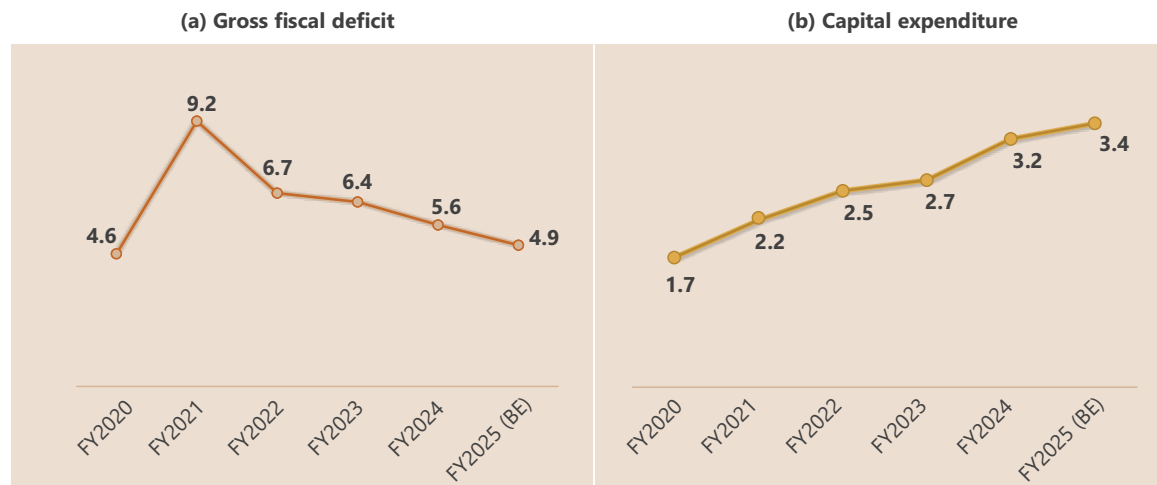
- GOI (various years), Central Statistical Office, Ministry of Statistics and Programme Implementation, Government of India.
- RBI (2024), Monetary Policy Statements (2023–24), Reserve Bank of India, Mumbai.

1.2.3 Fiscal consolidation and higher public sector capex to foster growth with macro stability

Reflecting the needed fiscal policy response to manage the severe macroeconomic impact of the pandemic, the gross fiscal deficit (GFD) of the central government had jumped to 9.2% of GDP in FY2021 (and the consolidated fiscal deficit of the centre and states to 13.3% of GDP). Since then, the fiscal policy stance has persevered with gradual consolidation along with higher allocations for



Figure 1.3: Fiscal deficit and capital expenditure as a percentage of GDP



BE = Budget estimates, GDP = Gross Domestic Product.

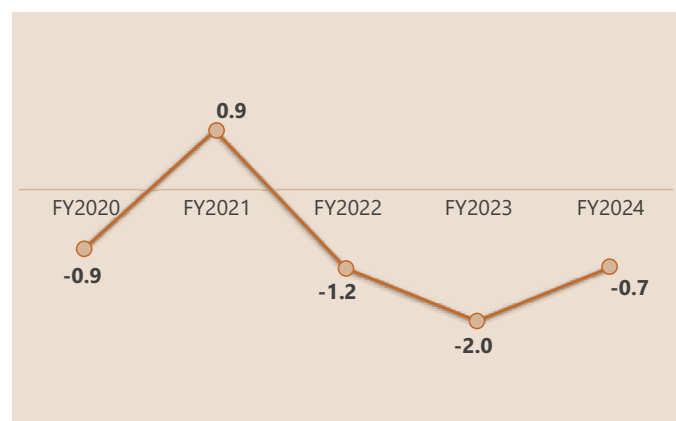
Source: Union Budgets, Ministry of Finance, Government of India.

capital expenditure (capex), thereby promoting non-inflationary growth. As per the interim budget for FY2025, the GFD (provisional estimates) for FY2024 at 5.6% of GDP is placed lower than the budget estimate of 5.9%, and the budgeted GFD for FY2025 at 4.9% is set lower than market expectations. The commitment to lowering GFD to lower than 4.5% of GDP by FY2026 has also been reiterated. Sustaining the thrust on capex to drive the post-pandemic recovery and accelerate growth momentum, the share of capex has been budgeted higher at 3.4% of GDP in FY2025 (Figure 1.3 a and b). With GFD of states moderating from 4.1% of GDP in FY2021 to 3.1% of GDP in FY2024 (as per budget estimates), the consolidated deficit has also declined to 8.7% of GDP.⁶

1.2.4 External balance position remains sustainable

In an unfavourable global environment, characterised by tepid growth in world trade and heightened spill-over risks from tight monetary policy stance of advanced economies, India's external vulnerabilities remained contained, with current account deficit (as a percentage of GDP)

Figure 1.4: Current account deficit as a percentage of GDP



GDP = Gross Domestic Product.

Source: Database on Indian Economy, Reserve Bank of India. <https://cimsdbie.rbi.org.in/DBIE/#/dbie/home>.

With rising resilience of Indian agriculture to climatic shocks, the farm sector gross value added continues to exhibit sustained expansion over successive years.

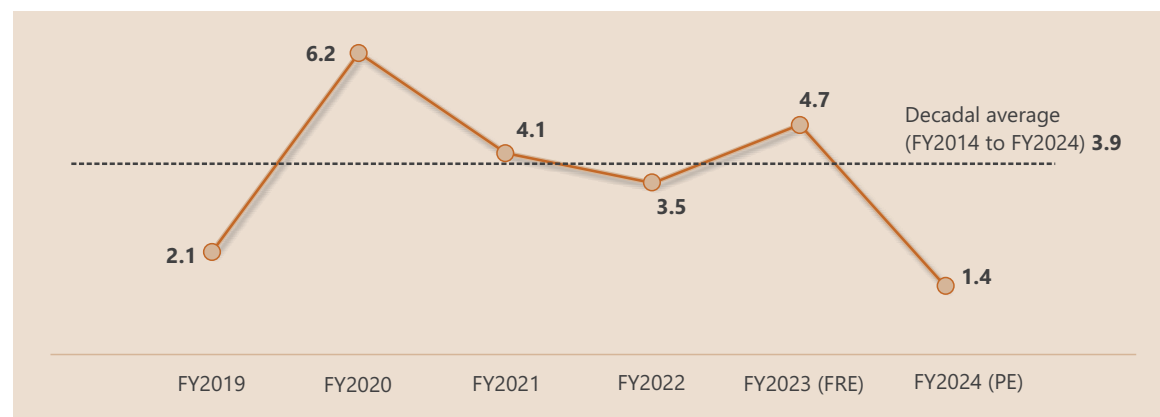
narrowing and staying within sustainable levels on the back of lower trade deficit than last year and higher receipts through services exports and remittances, and a turnaround in portfolio flows (Figure 1.4). In January–March 2024, the current account in the balance of payments recorded a surplus equivalent to 0.6% of GDP. India's foreign exchange reserves rose to \$646.4 billion by the end of FY2024.⁷

1.3 RESILIENCE OF AGRICULTURE TO UNEVEN RAINFALL PATTERNS

The Southwest monsoon rainfall ended the year with a 5.6% deficit (compared with the long period average rainfall), and the distribution of rainfall was also erratic, with June and August of 2023 experiencing large deficits and July and September of 2023 encountering surpluses.⁸ The geographical distribution was also uneven, with east and north-east and the southern peninsula witnessing larger deficits. Reflecting the expected impact of unfavourable rainfall patterns on kharif output, the first advance estimates of kharif foodgrains production were set 0.9% lower for FY2024 (over the first advance estimates of the previous year). Growth in agricultural gross value added (GVA) (at 2011–12 prices) was also pegged lower at 1.8% (as per the first advance estimates of national income) and 0.7% (as per the second advance estimates of national income).

According to the India Meteorological Department, rainfall was 9% below normal during October–December 2023 and 33% below normal during January–February 2024. The reservoir levels, as a result, remained low over successive weeks of the rabi cropping season, posing concerns about rabi output. Foodgrains production (kharif and rabi combined), however, exhibited resilience and is estimated at 328.9 million tonnes for AY2024 (as per third advance estimates), similar to the level recorded in AY2023 (Figure 1.6).⁹ Horticulture output in FY2024 (as per second advance estimates) at 352.2 million tonnes shows a modest decline from 355.5 million tonnes achieved in the preceding year. In the provisional estimates of national income, agricultural GVA growth was revised to 1.4% (Figure 1.5). With rising resilience of Indian agriculture to climatic shocks, the farm sector GVA nevertheless continues to exhibit sustained expansion over successive years.

Figure 1.5: Agriculture and allied sector GVA growth at 2011–12 prices (%)



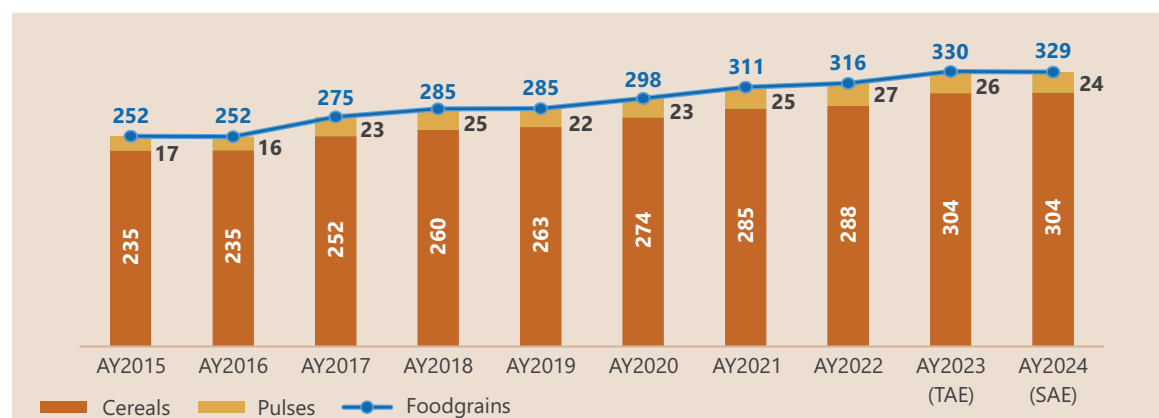
FRE = First Revised Estimates, GVA = Gross Value Added, PE = Provisional Estimates.

Sources:

- Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India.
- For FY2023 and FY2024: PIB (2024), Provisional Estimates of Annual GDP for 2023–24 and Quarterly Estimates of GDP for Q4 of 2023–24, Press Information Bureau, press release by Ministry of Statistics and Programme Implementation, Government of India, 31 May. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=2022323>.



Figure 1.6: Foodgrain production in India (million tonne)



AY = Agriculture year, SAE = Second Advance Estimate, TAE = Third Advance Estimate.

Source: Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India.

1.3.1 Decline in share of food in household consumption basket

The consumption expenditure survey (CES) results relating to the period August 2022–July 2023, released after a gap of 11 years, showed a distinct shift in the consumption pattern of households, in both rural and urban areas, with the share of food, and cereals in particular, declining in total monthly per capita consumption expenditure (MPCE) (Table 1.2). At the aggregate level, as per capita income rises over time, the expectation that the share of food in the consumption basket will decline, and within food, there will be a reallocation away from cereals in favour of processed food and more protein items such as milk and dairy products, is corroborated by the CES. Noticeable decline in the shares of cereals and sugar, two water-guzzling food items, in both rural and urban areas coincide with a period when water stress is reported to have increased in India. Notwithstanding the desirable shift in the consumption pattern, water-conserving agricultural practices need to be promoted to further enhance the resilience of Indian agriculture to climatic shocks. The changing consumption pattern also provides leads in terms of reallocation of resources, including credit that may be required to promote the production of food items, the demand for which is expected to rise going ahead.

Table 1.2: Share of cereals/food as a percentage of average MPCE

Period	Rural		Urban	
	Cereals	Food	Cereals	Food
FY2000	22.2	59.4	12.4	48.1
FY2005	17.5	53.1	9.6	40.5
FY2010	13.8	57.0	8.2	44.4
FY2012	10.8	52.9	6.7	42.6
FY2023	4.9	46.4	3.6	39.2

MPCE = Monthly Per capita Consumption Expenditure.

Source: National Sample Survey Office, Ministry of Statistics and Programme Implementation, Government of India.

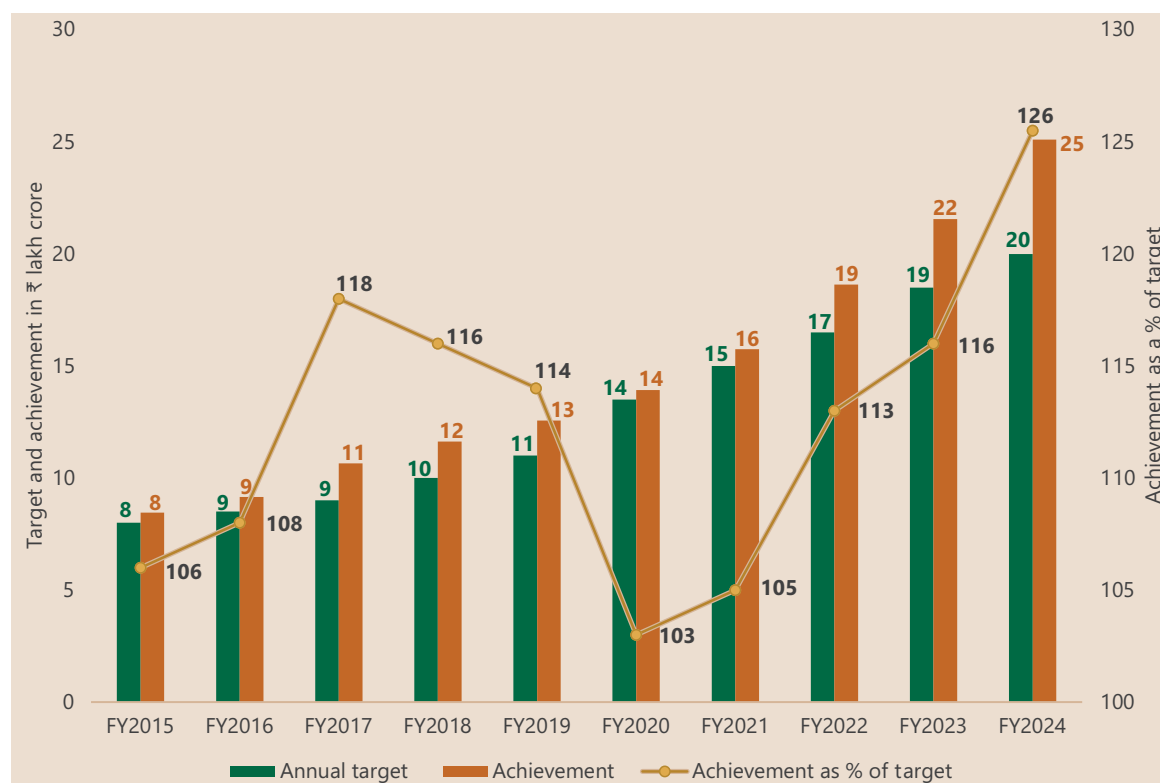
Water-conserving agricultural practices must be promoted to enhance the resilience of Indian agriculture to climatic shocks.

In recent years, the annual flow of credit to agriculture has consistently exceeded targets.

1.3.2 Strong credit flow to agriculture

Agriculture, as a priority sector, receives targeted annual flow of credit, and in recent years, actual flow has generally exceeded the set targets (Figure 1.7). Credit flow to agriculture (from commercial banks, regional rural banks, and cooperatives taken together) registered a growth of 13.6% during FY2024, which was higher than the nominal growth in agricultural GVA at 5.4%. The Kisan Credit Card (KCC) scheme has played a pivotal role in providing timely credit to farmers, with over 7.4 crore operative KCC accounts involving a total outstanding credit of ₹8.9 lakh crore as on 30 June 2023.¹⁰

Figure 1.7: Annual flow of credit to agriculture



Sources:

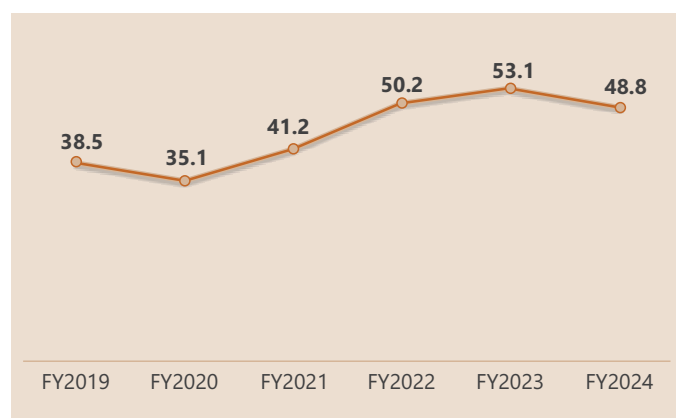
- RBI (various years), Database on Indian Economy, Reserve Bank of India, Mumbai.
- National Bank for Agriculture and Rural Development.

1.3.3 Agricultural exports sustained despite curbs

India's annual agricultural exports have hovered around \$50 billion since FY2022 (Figure 1.8). The export basket, nevertheless, remains highly concentrated (with high shares of rice, including basmati rice, and sugar together accounting for more than one third of total exports). Despite curbs imposed on rice and sugar exports aimed at improving domestic availability to contain price pressures, total agricultural exports during FY2024 at \$48.8 billion were only modestly lower than in FY2023.



Figure 1.8: Agricultural exports (\$ billion)



Source: Agricultural and Processed Food Products Export Development Authority, Government of India.

1.3.4 New initiatives for a more efficient agri-supply chain

With a view to strengthening the agricultural supply chain, which could help increase farmers' income and contain food inflation volatility, several new initiatives were launched and promoted by the Government of India. The World's Largest decentralised Grain Storage Plan (WLGSP) in the cooperative sector was launched during the year, to reduce post-harvest losses, prevent distress sale of crops by farmers, and enable them to get better prices later. With primary agricultural credit societies (PACS) operating as procurement centres as well as source of supply to fair price shops, farmers may also expect to save on transportation costs.

As per the Ministry of Cooperation, a target to establish 2 lakh new multipurpose PACS/dairy/fisheries primary cooperative societies in the next 5 years¹¹ has been set, along with the ongoing ambitious programme of PACS computerisation. Steps are being taken to diversify the businesses of PACS into areas such as retail distribution of gas/petrol, custom hiring centres, fair price shops, godowns, etc. Also, three new multi-state cooperative societies have been approved to be set up at the national level for exports, certified seeds, and organic products.

As on 31 March 2024, 17.7 crore households have been saving linked through over 144 lakh self-help groups (SHGs) with deposits of over ₹65,089.2 crore and loan outstanding of ₹2.6 lakh crore.¹² The Ministry of Rural Development has launched a programme called 'Lakhpatti Didis' to enable women SHG members to generate an annual household income exceeding ₹1 lakh on a sustainable basis.

Earlier, the Government of India had launched a central sector scheme for the 'Formation and Promotion of 10,000 Farmer Producers' Organisations (FPOs)', recognising that FPOs enhance the bargaining power of farmers through collectivisation, improve access to inputs and fetch more remunerative prices for the produce, and thereby raise the income of farmers. Till date, 7,355 FPOs have been sanctioned out of which 6,056 have been registered across the country. These FPOs are engaged in supplying quality inputs, making available machinery and equipment on custom hiring basis for members, and undertaking value addition like cleaning, assaying, sorting, grading, and processing of agricultural produce.¹³ All these initiatives are expected to deepen financial inclusion, create new livelihood opportunities, boost income, and expand access to agri-tech solutions.

The WLGSP will reduce post-harvest losses, prevent distress sale of crops, and improve price realisation by farmers.

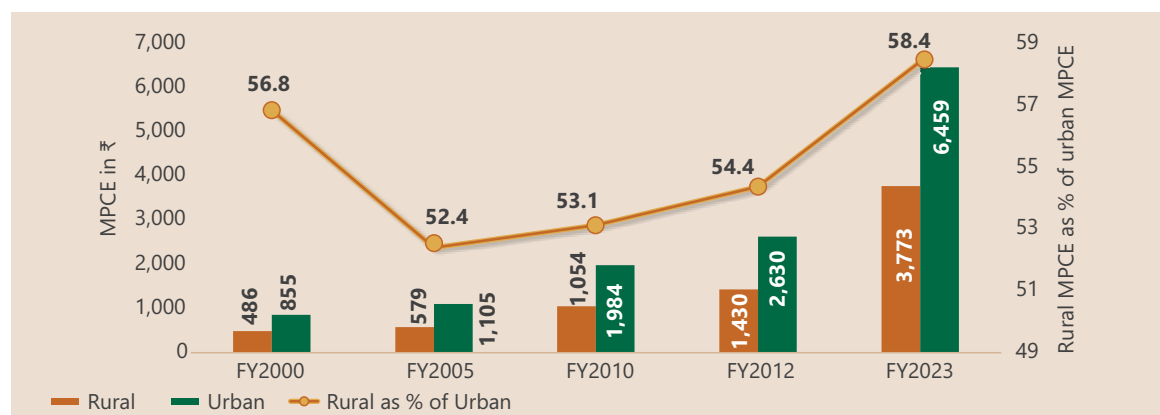
The government has initiated many technology-led interventions in agriculture including the National Pest Surveillance System, Namo Drone Didi, and Agri Stack architecture to enable initiation of data-driven solutions.

Agri start-ups are driving technology-led transformative changes in the agriculture sector, and recognising their significance, the policy environment has been proactively made conducive for them. As of December 2023, there were over 6,000 agriculture start-ups recognised across 590 districts by the Department for Promotion of Industry and Internal Trade.¹⁴ There is a need for large-scale engagement of the private sector in solving both persisting and emerging issues in the agricultural sector. Many start-ups are trying to develop cost-effective and multi-purpose drones that can be used for scouting the field in less time and capturing precise data to generate prescription maps and plans and assess crop damage following a natural disaster. Similarly, portable cold storage devices are being explored to reduce the wastage of horticulture and dairy products which have low shelf life. Many start-ups are working on finding cost-effective solutions to the problem of crop residue burning which leads to pollution. Several innovative products are in their nascent phase of development and need handholding from investors and governments to enable them to have successful testing and then scale up to generate the desirable positive impact on the economy. Many technology-led interventions have also been made by the government, which include an artificial intelligence and machine learning-based National Pest Surveillance System to tackle potential loss of produce due to reasons such as pest attacks or unexpected changes in the weather pattern; the Namo Drone Didi scheme to train rural women as drone pilots for spraying fertilisers and pesticides in the fields in a sustainable manner; and an Agri Stack architecture to enable initiation of data-driven solutions by various stakeholders.

1.4 MOMENTUM GAINED IN RURAL ECONOMIC ACTIVITY

For securing a robust, broad-based, and inclusive growth process, the performance of the rural economy becomes critical as 65% of India's population resides in rural areas.¹⁵ In the post-pandemic period, rural economic indicators point to sustained strengthening of growth momentum during FY2024.

Figure 1.9: Trends in urban and rural MPCE



MPCE = Monthly Per capita Consumption Expenditure.

Source: GOI (various years), Household Consumption Expenditure Survey (2022–23), National Sample Survey Office, Ministry of Statistics and Programme Implementation, Government of India.



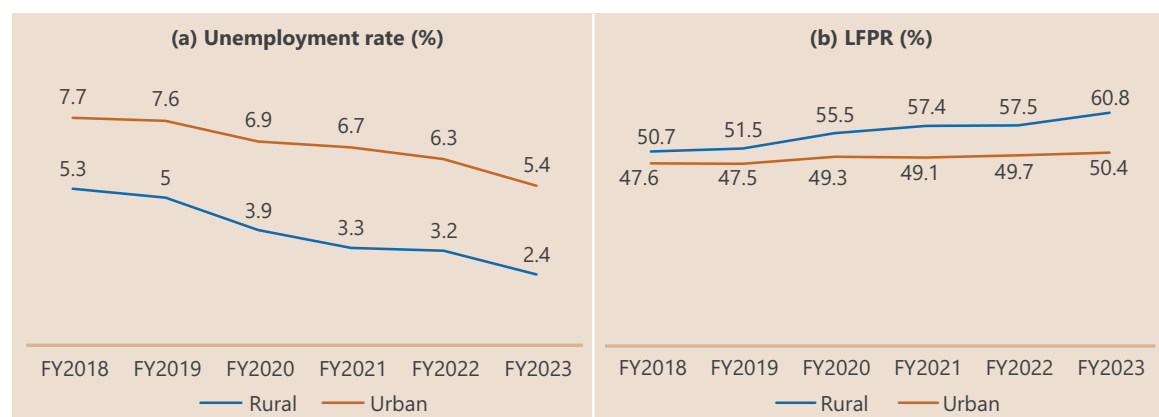
1.4.1 Narrowing of rural–urban consumption gap

Change in MPCE over time is a key indicator of economic performance. As per the household CES for FY2023, the gap in MPCE between rural and urban areas has narrowed, with rural expenditure at 58.4% of urban expenditure, up from 54.4% in FY2012 (Figure 1.9). Moreover, rural expenditure registered a CAGR of 9.2% as against 8.5% for the urban households.¹⁶

1.4.2 Decline in rural unemployment rate

Unemployment is another major indicator to assess the state of the rural economy. As per the annual Periodic Labour Force Survey (PLFS), unemployment rate in rural areas at 2.4% in FY2023 was lower than in urban areas at 5.4%, and unemployment has also consistently declined in both rural and urban areas since FY2018 (Figure 1.10). Importantly, this decline has occurred against the backdrop of a sustained increase in labour force participation rate (LFPR), i.e., an increase in the percentage of persons in labour force (working, or seeking work, or available for work) in the population (Figure 1.10).

Figure 1.10: Unemployment rates (%) and labour force participation rates (%) (FY2018–FY2023)



LFPR = Labour Force Participation Rate.

Source: GOI (various years), Periodic Labour Force Survey, National Sample Survey Office, Ministry of Statistics and Programme Implementation, Government of India.

1.4.3 High-frequency indicators of rural activity strengthened

Several high-frequency (monthly) indicators help in assessing the state of the rural economy, such as scooter sales, fertiliser and tractor sales, agricultural and non-agricultural employment, agricultural exports, bank credit flows to agriculture, demand for work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), rural wages, terms of trade (i.e., the ratio of food prices to non-food prices, as sourced from the wholesale price index), reservoir level (which could impact crop prospects), and rural sentiments.¹⁷ To enhance comparability of indicators, all nominal indicators (like agri exports, agri credit and rural wages) are deflated by CPI-rural inflation. Recognising the strong influence of seasonality in these indicators, the average values of these indicators over the 12-month period during FY2024 can be compared against the corresponding values for FY2023 for a reasonable assessment of the performance of the rural economy relative to the previous year. Such a comparison shows that most of the indicators expanded, but for reservoir

The rural–urban consumption gap has narrowed, rural unemployment gone down, and high frequency indicators of rural economic activity improved in recent years.



levels, real agri-exports, fertilisers, and tractors (Figure 1.11). Overall, therefore, expansion in rural activity appears to have gained momentum during FY2024.

Figure 1.11: Rural activity indicators (change in FY2024 monthly averages over FY2023 monthly averages)



IIP = Index of Industrial Production, MGNREGA = Mahatma Gandhi National Rural Employment Guarantee Act.

Source: Database on Indian Economy, Reserve Bank of India; Labour Bureau, Ministry of Labour and Employment, Government of India; and Centre for Monitoring Indian Economy.

1.4.4 Multipronged policy interventions drive impressive rural development outcomes

The rural economy has seen a transformation benefitting from the multipronged approach to development being pursued by the government, covering universal food security, housing, drinking water, electricity, cooking gas, bank accounts, and financial services. As announced in the Interim Budget, 2024–25, with the Pradhan Mantri (PM) Awaas Yojana (Gramin) nearing the goal of achieving the target of 3 crore houses, 2 crore more houses will be taken up in the next 5 years. Through rooftop solarisation, 1 crore households will be enabled to obtain up to 300 units of free electricity every month. Reflecting the impact of targeted policy interventions, PM-SVANidhi has provided credit assistance to 78 lakh street vendors; PM Vishwakarma Yojana provides end-to-end support to artisans and craftspeople engaged in 18 trades; under PM-Kisan Samman Nidhi, direct financial assistance has been provided to 11.8 crore farmers; under PM Fasal Bima Yojana, crop insurance has been given to 4 crore farmers; and the electronic National Agriculture Market (eNAM) has integrated 1,361 mandis and is providing services to 1.8 crore farmers.¹⁸

Under the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), which is a demand-driven, placement-linked skill training initiative, rural youth (aged 15–35 years) belonging to below poverty line families are provided skills training for 3–12 months. Around 15.8 lakh rural youth have been trained till 31 March 2024, of which 9.6 lakh have been placed.¹⁹

The rural economy has been transformed by the multipronged development approach of the government.



Mission Amrit Sarovar developed over 68,000 *amrit sarovars* in India.

The Jal Jeevan Mission, besides aiming to provide tap connections for all households, has also enhanced the focus on holistic management of local water resources, where local panchayats are expected to play a key role. Mission Amrit Sarovar aimed at developing/rejuvenating 75 *amrit sarovars* (ponds) in each district, totalling to about 50,000 ponds in the country. Going beyond the initial target, as of December 2023, 1.1 lakh sites were identified and work was completed in 68,187 sites.²⁰

The PM Ujjwala Yojana 2.0 (PMUY) had set a target of 8 crore domestic gas connections, which was achieved in September 2019. To cover the remaining poor households, more connections were rolled out. As on 1 July 2023, there were about 9.6 crore PMUY beneficiaries, of which 8.4 crore had taken at least one refill during FY2023. The scheme has been extended for release of 75 lakh additional connections between FY2024 and FY2026 which will take the total number of PMUY beneficiaries to 10.4 crore.²¹

The PM Gram Sadak Yojana (PMGSY) has been a transformative policy intervention in the rural areas. Till December 2023,

- 1.9 lakh roads of 8.2 lakh km road length and 11,587 bridges have been sanctioned, involving a total value of ₹3.8 lakh crore;
- under PMGSY-I, 99.4% of the eligible habitations have been provided all-weather road connectivity;
- under PMGSY-II, against the target of 50,000 km, 49,857 km has been sanctioned and 48,691 km has been completed;
- under the Road Connectivity Project for Left-Wing Extremism Affected Areas, 12,100 km has been sanctioned and 8,290 km completed; and
- under PMGSY-III, against the target of 1.3 lakh km, 1.1 lakh km has been sanctioned and 69,507 km completed.²²

Since the launch of the PM Sahaj Bijli Har Ghar Yojana (Saubhagya), 2.9 crore households (including tribal households) have been electrified leading to 100% electrification. The Government of India had launched the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) in December 2014 for strengthening power distribution systems, including separation of agriculture and non-agriculture feeders; strengthening and augmentation of sub-transmission and distribution infrastructure; metering of distribution transformers/feeders/consumers; and electrification of villages across the country. As reported by the states, all the inhabited un-electrified villages enumerated in the Census of India 2011 had been electrified by 28 April 2018 under DDUGJY. A total of 18,374 villages were electrified under the scheme. These schemes, as a result, stand suspended.²³

The Government e-marketplace (GeM) has been promoted as a one-stop national procurement portal for the procurement of goods and services by all government buyers, including central and state agencies, public sector units, and autonomous bodies. Udyam-verified micro and small enterprises now account for close to half of total cumulative gross market value transacted in GeM, and with a view to widening access to women entrepreneurs, artisans and weavers, SHGs, khadi producers, etc., the 'One-District One-Product' scheme is being popularised under the GeM.

For widening access to women entrepreneurs, artisans and weavers, SHGs, khadi producers, etc., the 'One-District One-Product' scheme is being popularised under the GeM.

To monitor progress on localisation of sustainable development goals (SDGs), which is important to achieve India's commitments for 2030 on SDGs, a Panchayat Development Index (PDI) was prepared by the Ministry of Panchayati Raj. As a multidimensional index, quality data reporting through the PDI portal is being encouraged.



Realignment of global supply chains has enhanced India's attractiveness as a potential source of low-cost production.

1.5 THE ECONOMIC OUTLOOK

India's sound macro policy environment and the rising realisation of potential benefits of past reforms have brightened the outlook for growth, as evident from the successive upward revisions to India's growth projections, a buoyant stock market, and robust credit demand. With sustained support to growth from public-sector capex, and higher utilisation of existing production capacities, private-sector investment is expected to accelerate. Pick-up in consumption demand momentum is also getting broad-based, with rural demand improving. The pace of fiscal consolidation (which is faster than expected by markets) and the commitment to sustain the process has eased pressures on the cost of capital for the private sector. Moderation in inflation and the thrust of monetary policy to lower inflation closer to the target and anchor inflation expectations has also helped in containing inflation risk premium. Healthy balance sheets of corporates and banks and financial institutions have helped in addressing risk aversion.

The targeted production-linked incentive scheme for 14 key sectors; policy emphasis on strengthening logistics and improving the ease of doing business; and the proactive approach to harnessing the opportunities in renewables, semiconductors, and digitalisation have strengthened the underlying forces of growth in the economy. Notwithstanding an unfavourable global environment, services exports have remained buoyant and the realignment of global supply chains, driven by geopolitical factors, have also enhanced India's attractiveness as a potential reliable source of low-cost production for meeting global demand. Taking these factors into account, growth for FY2025 has been projected at 7.2%, which, if realised, will mark the fourth consecutive year of 7% plus growth for India.²⁴ While domestic CPI inflation has softened, and importantly, core inflation dropped to below 4%,²⁵ upside risks from geopolitical factors exerting upward pressures on oil and other commodity prices and weather-related disturbances preventing notable moderation in food prices persist. The last mile of inflation fight, therefore, is expected to be a major challenge, both in India and globally, which could keep markets volatile due to frequent reassessment of the future policy rate trajectories.

Indian agriculture has progressively exhibited greater resilience to climate events, but due to frequent weather disturbances, agricultural GVA growth decelerated and foodgrains production remained stagnant. The lingering structural impediments in the agriculture sector could pose upside risks to both growth and inflation in India going ahead, unless addressed in time, and climate change could only amplify them further. Raising crop yields along with sustainable use of inputs—fertilisers, pesticides, water, electricity, and land—would require adoption of technology-enabled cropping practices, which may be difficult in India unless the current high dependence on agriculture for employment is reduced and resources are reallocated, by reducing subsidies and enhancing capital formation in agriculture.

While agri-start-ups are driving a desirable tech-led change in Indian agriculture—from planting to harvesting, storage and retail marketing—recognising the emerging global trend, wider dissemination of such innovative practices would be necessary in India for meeting the food security and growth challenges of India@2047. The Union budget for FY2025 has set 'improving productivity and resilience in agriculture' as a priority and announced a comprehensive review of agriculture research set up in India (Box 1.1). Labour productivity in agriculture (i.e., output per unit of labour) has been low in India, compared with other sectors of the economy and in a cross-country context. Inadequate investment in agriculture has constrained India's crop yields from converging with the higher levels of yields achieved by other major producing countries. To close the yield gap, therefore, capital and technology intensity of agriculture may have to rise, notwithstanding the challenge posed by the large share of small and marginal holdings and the high dependence on

Wider dissemination of innovative agri-tech is necessary for meeting the food security and growth challenges of India@2047.



agriculture for employment, as mentioned earlier. Farm output and wages represent the two major sources of rural income; while higher yields can raise real income of farmers, productivity-linked wages can usher in real prosperity. Otherwise, higher food inflation and resultant higher nominal rural wages may only cause a vicious cycle of wage-price spiral, which may be detrimental to the macroeconomic outlook. With a focus on raising productivity in agriculture, to attract more private investment, both domestic and foreign, uncertainty about return on investment in agriculture that results from frequent trade policy changes and interventions to influence market prices may have to be assessed and avoided to the extent possible. Producing more with less land and inputs, which is feasible going by the experiences of other countries, is the path to achieve the dual objective of raising income of farmers while keeping food prices reasonable for consumers.

Box 1.1 Highlights of the Union Budget 2024–25

- Priority areas identified to improve productivity and resilience of agricultural sector include: (i) transforming agricultural research, (ii) release of new varieties, (iii) natural farming, (iv) mission for pulses and oilseeds, (v) vegetable production and supply chains, (vi) digital public infrastructure for agriculture, and (vii) shrimp production and export.
- ₹1.5 lakh crore has been allocated to the agriculture and allied sectors and ₹2.7 lakh crore to rural development.
- 109 varieties of 32 high-yielding and climate-friendly crops will be released for cultivation.
- To increase productivity as well as reduce input costs, one crore farmers will be linked to natural farming in the next two years.
- 10,000 need-based bio-input resource centres shall be established.
- To bolster vegetable supply chains and enhance production and distribution efficiency, the creation of large-scale production clusters near major consumption centres is proposed.
- Towards the development of digital public infrastructure, a digital crop survey for kharif crops shall be conducted in 400 districts, integrating data from 6 crore farmers into national registries, streamlining access to agricultural services.
- To boost shrimp farming and improve its export potential, a network of nucleus breeding centres for shrimp brood stocks will be established, with funding for shrimp farming and exports facilitated through NABARD.
- The Pradhan Mantri Janjati Unnat Gram Abhiyan shall be launched to improve the socio-economic condition of tribal communities.
- The National Cooperation Policy shall be formalised for the systematic and all-round development of the cooperative sector.
- For increasing the participation of women in the workforce, women-specific skilling programmes shall be organised and market access for women self-help groups will be promoted.

NOTES

1. FY = Fiscal Year. FY before a calendar year denotes the fiscal year or the 12-month period ending 31 March of the year. For instance, FY2024 represents the period 1 April 2023–31 March 2024.
2. IMF (2024), World Economic Outlook Update, International Monetary Fund, January. https://www.imf.org/external/Pubs/FT/weo/2024/01/pdf/January%202024%20WEO%20Update_EN.pdf.
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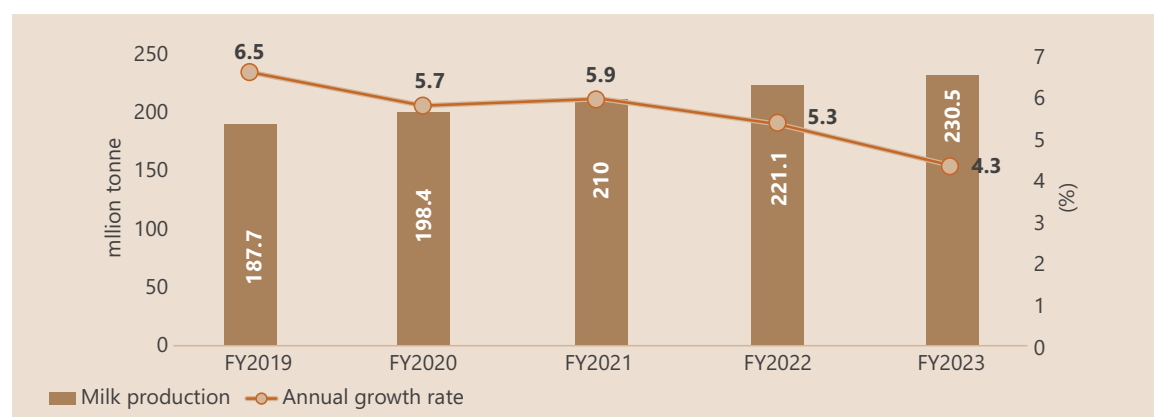


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5. GOI (2024b), Central Statistical Office, Ministry of Statistics and Programme Implementation, Government of India| RBI (2024), *Monetary Policy Statements (2023–24)*, Reserve Bank of India, Mumbai.
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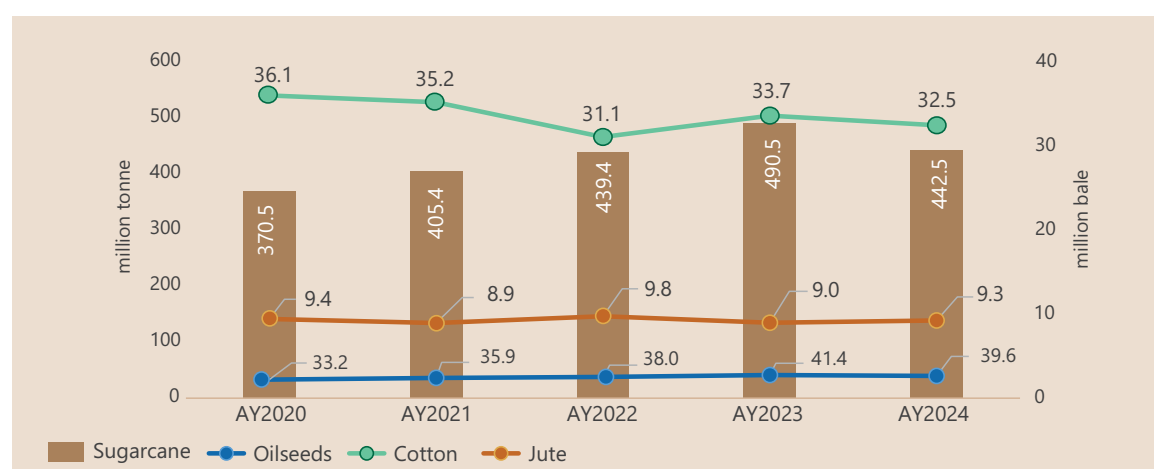
APPENDIX TO CHAPTER 1

Figure A1.1: Annual milk production (million tonne) and annual growth rate (%)



Source: GOI (2024), *Annual Report 2023–24*, Department of Animal Husbandry and Dairying, Ministry of Animal Husbandry, Dairying and Fisheries, Government of India.

Figure A1.2: Commercial crop production in India



Notes:

- Oilseeds and sugarcane are measured in million tonnes on left y-axis; cotton in million bales of 170 kg each and jute in million bales of 180 kg each on right y-axis.
- Data for AY2024 are Third Advance Estimates.

Source: GOI (2024), *Third Advance Estimates of Production of Commercial crops for 2023–24*, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers' Welfare, Government of India. <https://desagri.gov.in/wp-content/uploads/2024/06/English.pdf>. P.3.

Table A1.1: Production of tomatoes, onions, and potatoes (million tonne)

<i>Year</i>	<i>All vegetables</i>	<i>All horticulture</i>	<i>Tomato</i>	<i>Onion</i>	<i>Potato</i>
AY2020	188.1	320.5	21.2	26.1	48.6
AY2021	200.0	334.6	21.2	26.6	56.2
AY2022	209.1	347.2	20.7	31.7	56.2
AY2023	212.6	355.5	20.6	31.0	59.7
AY2024	205.0	352.2	21.2	24.2	56.7

AY = Agriculture year.

Source: PIB (2024), Second Advance Estimates for 2023–24 of Area and Production of Horticultural Crops, Press Information Bureau, press release by the Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers' Welfare, Government of India, 4 June. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=2022761>.

2

- 2.1 Principles of cooperatives
 - 2.2 History of the cooperative movement in India
 - 2.3 Constitutional framework of cooperatives in India
 - 2.4 Indian cooperatives in the global context
 - 2.5 Cooperative scenario in India
 - 2.6 NABARD's mandate of supporting rural cooperatives
 - 2.7 NABARD initiatives in develop the cooperative sector
 - 2.8 Way forward
- Appendix to Chapter 2

Cooperatives Tackling Challenges, Building Opportunities





Cooperatives are people-centric enterprises owned, controlled, and run by and for their members to realise their common economic, social, and cultural needs and aspirations. Cooperatives aggregate the power of people who, on their own, would find it difficult to achieve their goals. Cooperatives are thus, unique entities that reduce individual risk in undertaking economic activities through a culture of shared productivity, decision-making, and creative problem-solving.

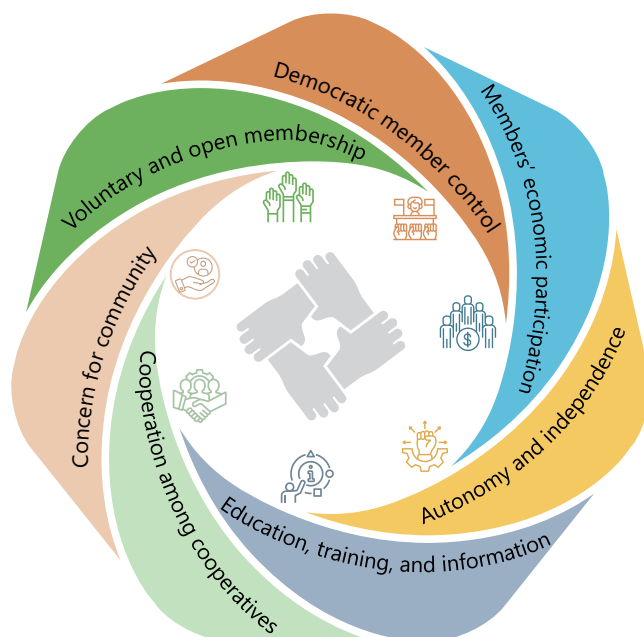
‘Cooperation is the ideal strategy for ensuring self-sufficiency of a village; it is the well-spring of an Aatmanirbhar Bharat.’

—Prime Minister Narendra Modi

2.1 PRINCIPLES OF COOPERATIVES

Functioning of cooperatives is driven by higher values of self-help, self-responsibility, democracy, equality, transparency, and social responsibility (Figure 2.1). These characteristics distinguish them from other economic models and make them best suited to play a role in strengthening the rural economy.

Figure 2.1: Seven principles of cooperatives



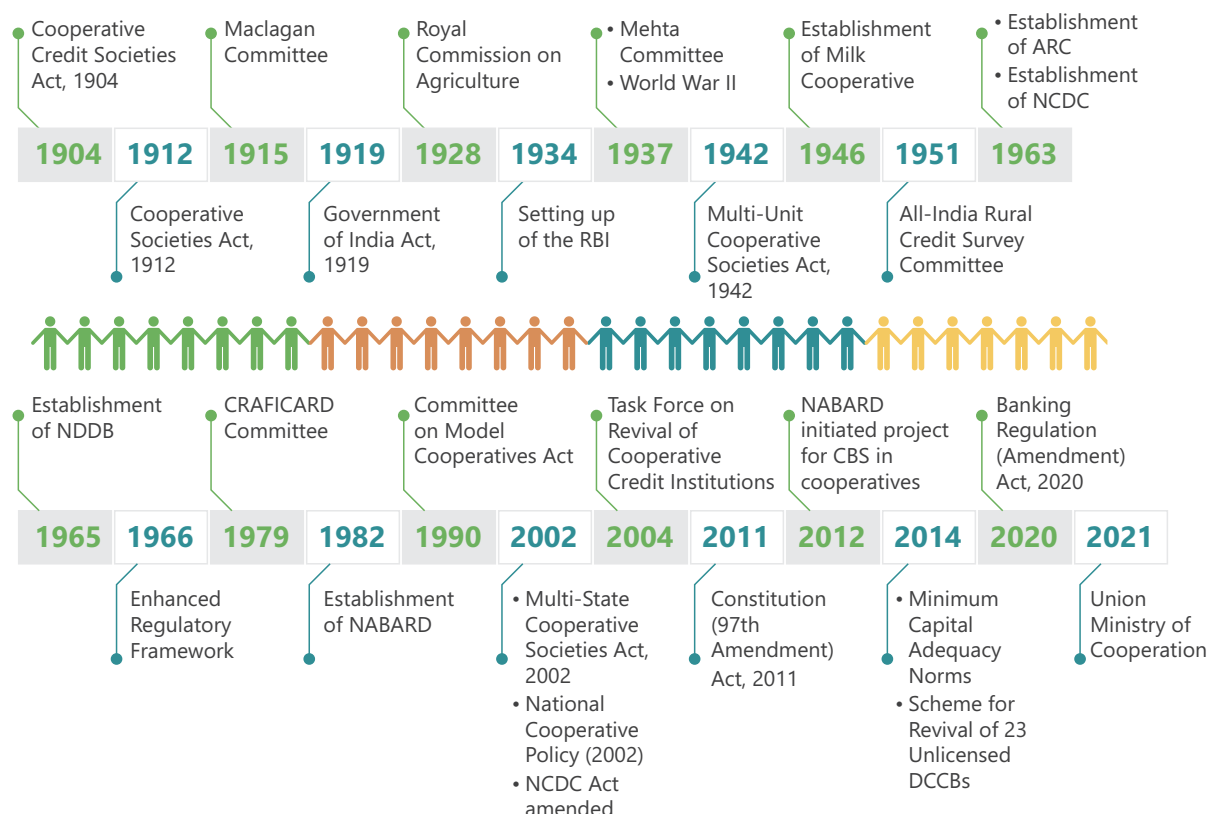
Cooperatives are unique entities that reduce individual risk of business through a culture of shared productivity, decision-making, and creative problem-solving.

2.2 HISTORY OF THE COOPERATIVE MOVEMENT IN INDIA

The culture of cooperation and the practice of cooperative activities are deeply ingrained in the Indian ethos. It has been 120 years since cooperative institutions received legal recognition in India with the enactment of the Cooperative Credit Societies Act, 1904. The law was passed to facilitate flow of institutional credit to farmers in view of the widespread distress in the agricultural sector in the latter part of the nineteenth century due to recurrent famines. The history of the cooperative movement since then is briefly traced in Figure 2.2 and Appendix Table A2.1.



Figure 2.2: Development milestones for the cooperative movement in India



ARC = Agricultural Refinance Corporation, CBS = Core Banking Solutions, CRAFTCARD = Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development, DCCB = District Central Cooperative Bank, NCDC = National Cooperative Development Corporation, NDDB = National Dairy Development Board, RBI = Reserve Bank of India.

2.3 CONSTITUTIONAL FRAMEWORK OF COOPERATIVES IN INDIA

‘Cooperative societies’ is a state subject under Entry 32 of the State List of Seventh Schedule of the Constitution of India. Cooperative societies functioning within a single state are governed by the Cooperative Societies Act of their respective state/Union Territory (UT). Cooperative societies functioning in more than one state/UT are governed by Multi-State Cooperative Societies Act, 2002 under the purview of Government of India (GOI). Constitution (97th Amendment) Act, 2011 granted citizens the fundamental right to form cooperative societies and included a directive under the Directive Principles of State Policy requiring the state (government) to promote voluntary formation, autonomous functioning, democratic control, and professional management of cooperative societies.

Cooperative banks are basically cooperative societies which are registered under the Cooperative Societies Act of the state concerned or under the Multi-State Cooperative Societies Act, 2002. Central and state laws on cooperative societies generally deal with incorporation, regulation, and winding up of the cooperative societies. When cooperative societies carry on the business of banking, they come under the regulatory purview of the Reserve Bank of India, and they are licensed under the provisions of the Banking Regulation, Act, 1949.

Directive Principles of State Policy direct state governments to promote voluntary formation, autonomous functioning, democratic control, and professional management of cooperative societies.

India accounts for nearly 27% of all cooperatives in the world. Over 20% of Indian population is estimated to be part of the cooperative movement in comparison to the global average of 12%.

2.4 INDIAN COOPERATIVES IN THE GLOBAL CONTEXT

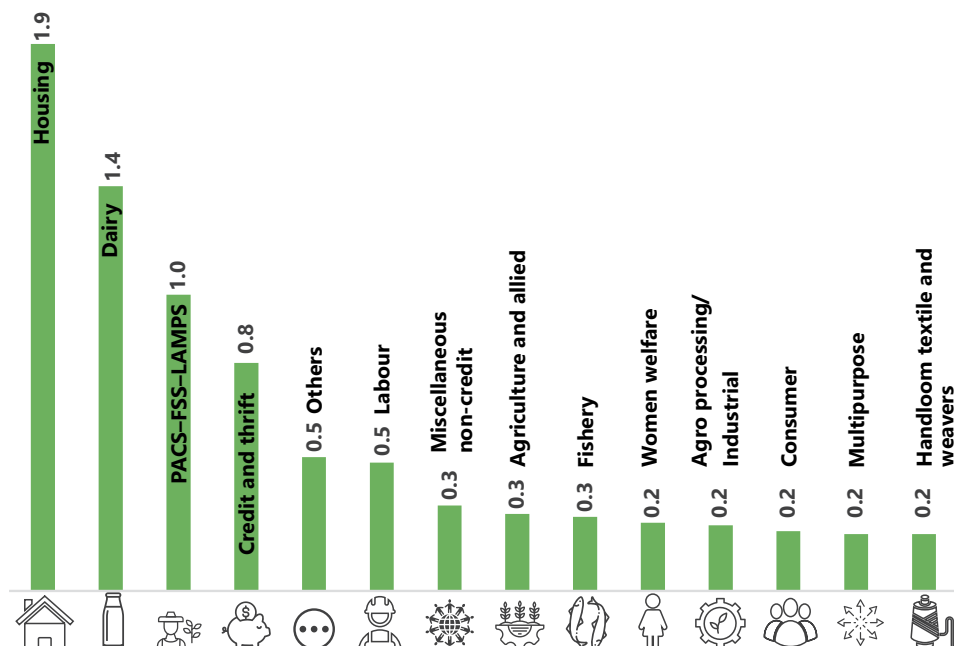
The Indian cooperative movement is one of the largest in the world with nearly 8 lakh cooperative societies (of the 30 lakh globally)¹ and a membership base of over 29 crore people.² India accounts for nearly 27% of all cooperatives in the world.³ Over 20% of Indian population⁴ is estimated to be part of the cooperative movement in comparison to the global average of 12%.⁵ Of the 300 largest cooperatives in the world (by turnover/GDP per capita), 15 are from India with IFFCO at top position, followed by Amul.⁶ India ranks second in the Asia Pacific region (after Japan) and sixth in the world (after USA, France, Germany, Brazil, and Japan) in terms of number of cooperatives under this category.⁷ Among the top 300 cooperatives listed by turnover (US\$), IFFCO is placed 72nd, Amul 90th, and KRIBHCO 236th.⁸

2.5 COOPERATIVE SCENARIO IN INDIA⁹

2.5.1 Sectoral distribution

The cooperatives in India cover a wide array of activities, including credit and banking, fertiliser, sugar, dairy, marketing, consumer goods, handloom, handicraft, fisheries, housing, etc. Housing (24%), dairy (17.7%), and PACS–FSS–LAMPS (13%) account for over 54% of all the cooperatives in the country (Figure 2.3, Appendix Table A2.2).¹⁰ Also, 48% of the total cooperative members are associated with PACS–FSS–LAMPS. Dairy cooperatives and their federations have been especially successful in India, contributing to equitable growth of their members (Showcase 2.1).

Figure 2.3: Cooperative societies by sector (number in lakh)



FSS = Farmers' Service Society, LAMPS = Large Area Multipurpose Cooperative Society, PACS = Primary Agricultural Credit Society.

Note: The difference between the PACS and 'credit and thrift' societies is that the 'credit and thrift' societies are dependent primarily on member savings for meeting the credit needs of their members. The PACS were originally thrift-oriented credit institutions but have matured into channels for disbursing credit by availing refinance with limited emphasis on deposit mobilisation (barring a few states like Kerala).

Source: National Cooperative Database, Ministry of Cooperation, Government of India. <https://cooperatives.gov.in/en>.



Showcase 2.1: Dairy cooperatives—a successful endeavour

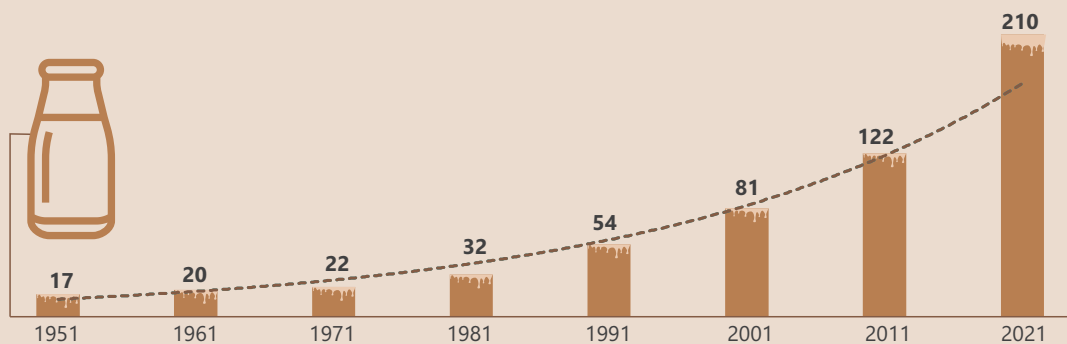
Formation of dairy cooperatives in India was the driving force behind its ‘White Revolution’, transforming it from being a milk-deficient country to the largest milk producer in the world with 24% share in the global milk production.^a The dairy sector contributes to over 5% of India’s GDP.^b

Before being organised into dairy cooperatives, small-scale milk producers had little bargaining power. The milk marketing system was controlled by contractors and middlemen. As milk is perishable, farmers were compelled to sell their milk for whatever they were offered.

Polson, a private dairy, had monopoly over the supply of milk pasteurised in Anand (Gujarat) to Mumbai. Acknowledging the plight of dairy farmers of Kaira in Gujarat, who were being exploited by middlemen, Sardar Vallabhbhai Patel advised the farmers to form a cooperative society with its own pasteurisation plant and market their milk through the cooperative society. Guided by Sardar Patel, Morarji Desai and Tribhuvan Das Patel helped organise the farmers into primary dairy cooperatives in villages which would, in turn, federate to form a dairy cooperative union with milk processing facilities. This marked the beginning of the Kaira District Co-operative Milk Producers’ Union Limited, Anand (known as Amul today). It was formally registered on 14 December 1946.

Following a visit by Prime Minister Lal Bahadur Shastri to Anand, Gujarat in 1964, the National Dairy Development Board (NDDB) was created in 1965 with a mandate to support the creation of dairy cooperatives along the ‘Anand Pattern’ across India. The ‘Anand Pattern’ was essentially a cooperative structure comprising village-level dairy cooperative societies which promote district-level unions, which, in turn, promote the state-level marketing federation. Starting in 1970, NDDB replicated ‘Anand Pattern’ cooperatives through the Operation Flood programme all over the country.

Figure S2.1.1: Milk production in India (million tonnes)^c



^a PIB (2023), ‘India ranks first in milk production in the world contributing 24% of global milk production’, Press Information Bureau, press release by Ministry of Fisheries, Animal Husbandry & Dairying, Government of India, 7 February. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1897084>.

^b PIB (2024), ‘World Milk Day (June 01)’, Press Information Bureau, press release by Ministry of Fisheries, Animal Husbandry & Dairying, Government of India, 31 May. <https://pib.gov.in/PressNoteDetails.aspx?NoteId=151889&ModuleId=3>.

^c PIB (2022), ‘Milk Production in India’, Press Information Bureau, press release by Ministry of Fisheries, Animal Husbandry & Dairying, Government of India, 7 September. <https://pib.gov.in/FeaturesDeatils.aspx?NoteId=151137>.

Starting in 1970, NDDB replicated ‘Anand Pattern’ cooperatives through the Operation Flood programme all over the country.

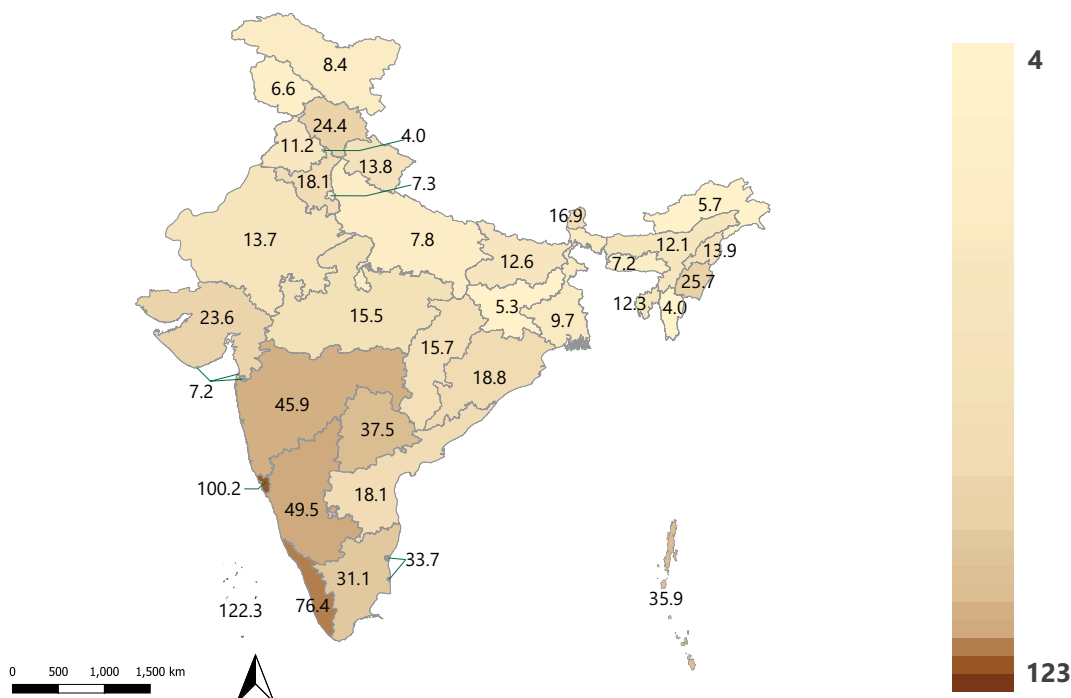


Of the cooperatives in India, 57% are in Maharashtra, Gujarat, Telangana, Madhya Pradesh, and Karnataka.

2.5.2 Regional distribution

Though India has a very large number of cooperatives, the spread of the cooperative movement has not been uniform across states. Maharashtra alone accounts for over a fourth of the total cooperatives in the country. The top 5 states with the largest number of cooperatives accounting for over 57% of the cooperatives in the country are Maharashtra, Gujarat, Telangana, Madhya Pradesh, and Karnataka (Appendix Table A2.3).

Figure 2.4: Cooperative membership as a percentage of population by state (2023)



Sources:

- No. of cooperatives and membership data sourced from National Cooperative Database 2023, Ministry of Cooperation, Government of India. <https://cooperatives.gov.in/en>.
- Estimated population data sourced from Unique Identification Authority of India.

Among the big states, cooperative membership as a percentage of estimated total population is much higher in the states in the southern and western regions than the eastern and north-eastern. Cooperative membership as a percentage of total population was highest in Kerala (77%) followed by Karnataka (50%), and lowest in Mizoram (4%). There are still 18,497 gram panchayats not covered by a PACS in India and the government has launched a central plan to establish a cooperative society in each of these.¹¹

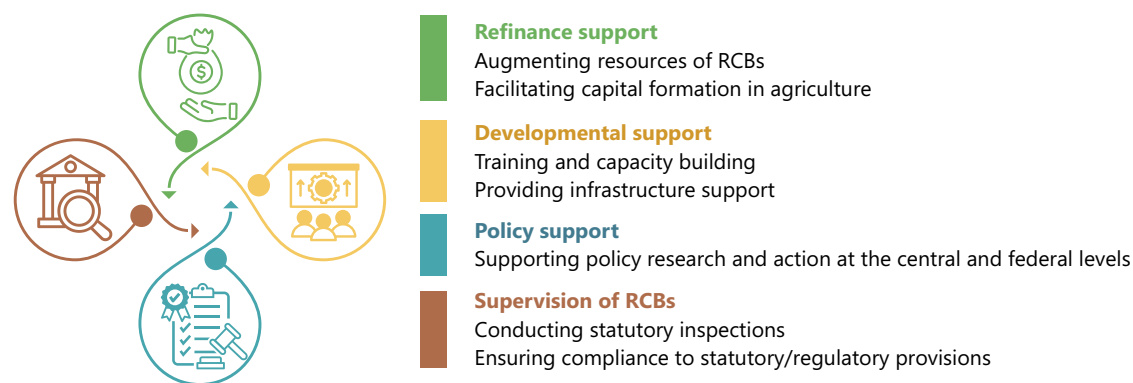
2.6 NABARD'S MANDATE OF SUPPORTING RURAL COOPERATIVES

Development of rural institutions is one of the core mandates of NABARD and a part of its corporate mission statement. NABARD's role in the development of cooperative sector can be broadly



summarised under the domains of refinance support, developmental support, policy support, and supervisory role (Figure 2.5).

Figure 2.5: NABARD's mandate of supporting the development of rural cooperatives



RCB = Rural Cooperative Bank.

- **Refinance support:** NABARD extends refinance to rural cooperative banks (RCBs) for supplementing their resources for short-term and long-term lending for agriculture, allied activities, and rural non-farm sector. Of the total ground level credit disbursed by rural credit cooperatives, the share of resources mobilised from NABARD is over 55% (also see sections 6.2-6.5 of this report).
- **Developmental support:** NABARD provides developmental support through its Cooperative Development Fund set up in FY1993 (also see Section 8.4 of this report). It also promotes financial inclusion in rural areas through its Financial Inclusion Fund (also see Section 6.6 of this report).
- **Policy and implementation support:**
 - ◇ Centrally sponsored scheme for computerisation of the PACS (also see Section 8.3.1 of this report)
 - ◇ Centrally sponsored scheme for computerisation of agriculture and rural development banks (ARDBs) (also see Section 8.3.2 of this report)
 - ◇ Study on Reforms, Restructuring and Innovations in ARDBs: NABARD Consultancy Services (a NABARD subsidiary) conducted this study and submitted the draft report to the Ministry of Cooperation, GOI for consideration and feedback.
 - ◇ National Policy on Cooperation: NABARD provided inputs for the formulation of the draft policy to the Committee for the National Policy of Cooperation. The committee is mandated with drafting the new National Cooperation Policy document to provide an enabling framework to realise the vision of 'Sahakar se Samriddhi', strengthen the cooperative movement in the country, and promote the cooperative-based economic development model.
 - ◇ PACS as common service centres (CSCs): A memorandum of understanding has been signed between Ministry of Cooperation, Ministry of Electronics and Information Technology, NABARD, and CSC e-Governance Services India Limited for providing more than 300 e-services, such as banking, insurance, Aadhaar enrolment/updating, health services, PAN card and rail/bus/air ticket, etc., through the PACS. So far, 35,379 PACS have started providing CSC services to rural citizens, which may result in higher income for these PACS.

NABARD provided inputs for drafting the National Policy of Cooperation, which promotes the cooperative-based economic development model.



‘Cooperation amongst Cooperatives’ is one of the fundamental principles of the cooperative movement and it helps in achieving synergies by bringing together different types of cooperative institutions to strengthen the movement and in increasing their share in the contribution to the economy.

- **Supervisory support:** NABARD conducts periodic inspections of supervised entities including regional rural banks, and state and district central cooperative banks (statutorily) and state cooperative ARDBs (voluntarily).

2.7 NABARD INITIATIVES IN DEVELOPING THE COOPERATIVE SECTOR

2.7.1 Cooperation amongst Cooperatives

‘Cooperation amongst Cooperatives’ is one of the fundamental principles of the cooperative movement and it helps in achieving synergies by bringing together different types of cooperative institutions to strengthen the movement and in increasing their share in the contribution to the economy. A pilot project to promote ‘Cooperation amongst Cooperatives’ was launched by the Union Minister for Cooperation on NABARD Foundation Day (12 July 2023) in Banaskantha and Panchmahal DCCBs of Gujarat to promote financial transactions of primary dairy cooperative societies with cooperative banks and to strengthen the cooperative sector to increase its self reliance (also see Showcase 6.1 of this report). After the success of the pilot project, the campaign on ‘Cooperation amongst Cooperatives’ was launched in all districts of Gujarat by the Chief Minister of Gujarat on 15 January 2024.

2.7.2 CBS upgrade in rural cooperative banks

NABARD encouraged and supported the process of bringing the RCBs onto the Core Banking Solutions (CBS) platform.

Figure 2.6: NABARD-initiated project for CBS in cooperatives



AePS = Aadhar Enabled Payment System, BBPS = Bharat Bill Payment System, BHIM UPI = Bharat Interface for Money Unified Payments Interface, CBS = Core Banking Solutions, CKYCR = Central ‘Know Your Customer’ Records Registry, DCCB = District Central Cooperative Bank, PFMS = Public Financial Management System, RCB = Rural Cooperative Bank, StCB = State Cooperative Bank, UT = Union Territory.

NABARD, in August 2022, kicked off the ‘National Level Study on Core Banking Solutions in Rural Cooperative Banks’. The report indicated a list of ‘Must-Have’ and ‘Good-to-Have’ modules which NABARD has been pursuing with the CBS vendors to ensure their availability in the CBS system. NABARD, in its endeavour to enable the RCBs to have access to latest technologies in the banking sector, is working to facilitate common platforms for various initiatives like Centralised Account Aggregator platform, Cyber Insurance, Common MIS Server, Centralised Payment System, etc., for the RCBs.



2.7.3 National Conference on Best Practices in Rural Cooperative Banks

A two-day 'National Conference on Best Practices in Rural Cooperative Banks' was organised at Lucknow on 16–17 October 2023, attended by about 200 participants. Others watched the live stream of the proceedings on YouTube. The workshop deliberated on the best practices of RCBs in areas of governance, business diversification, human resource management, technology adoption and the way forward in these areas.

2.7.4 Promoting fintech engagement of rural credit cooperatives

India is increasingly moving towards digital banking, and fintech companies are largely driving this change. To promote the fintech engagement of the RCBs so that they may offer digitally-enabled banking solutions to the rural populace, NABARD organised a two-day fintech workshop for the RCBs on 11–12 March 2024 at Lucknow. The objective of the workshop was to create awareness amongst the RCBs on fintech/agritech applications, enable an understanding of the technology needs of the RCBs, and foster collaboration between the RCBs and fintech/agritech companies. Also, NABARD, in collaboration with NABVENTURES, conducted a panel discussion on the topic 'Collaboration amongst FinTechs and RFIs' at the Global Fintech Festival 2023 on 7 September 2023.

2.8 WAY FORWARD

The growth disparities between the rural and urban economies are a matter of concern and may exacerbate income inequality in the country. The agriculture and allied sector comprising of livestock, forestry, and fisheries is the bedrock of the rural economy and one of the largest providers of rural employment.

The cooperatives provide a third alternative, with free-market organisations at the one end (which provide goods and services through exchanges in the market) and the state-owned organisations at the other (which provides goods and services through state control). The all-inclusive cooperative model provides a successful and sustainable economic alternative for equitable growth in the Amrit Kaal.

While promoting the cooperative sector as the backbone of the new Indian economy, it is important to address the present weaknesses. Lack of technology adoption has been one of the major reasons which contributed to the decline in market share of cooperatives. The computerisation of the PACS and ARDBs is expected to digitise the operations of grassroot-level organisations and improve transparency and efficiency in their operations.

NABARD is working towards developing a Cooperative Governance Index (CGI) for rural cooperative banks to assess and improve governance standards.

Members' education and awareness of cooperative principles, management, rights, and duties should be given due emphasis by policy planners and implementers.

To build a future cadre of trained cooperators, curricula of schools and colleges, as well as specialised management courses should have modules devoted to the study of cooperatives.

It should be the endeavour of all stakeholders to see that the RCBs increase their share in agriculture credit from the current 11% to at least 20% by 2030 and 40% by FY2047.

The all-inclusive cooperative model provides a successful and sustainable economic alternative for equitable growth in the Amrit Kaal.



NOTES

1. ICA (2023), World Cooperative Monitor (WCM) Report 2023, International Cooperative Alliance. https://monitor.coop/sites/default/files/2024-01/wcm_2023_3101.pdf.
2. National Cooperative Database, Ministry of Cooperation, Government of India. <https://cooperatives.gov.in/en>.
3. International Cooperative Alliance <https://ica.coop/en/cooperatives/facts-and-figures>.
4. https://uidai.gov.in/images/StateWiseAge_AadhaarSat_Rep_31032023_Projected-2023-Final.pdf.
5. International Cooperative Alliance <https://ica.coop/en/cooperatives/facts-and-figures>.
6. IFFCO = Indian Farmers Fertiliser Cooperative Limited, Amul = Gujarat Cooperative Milk Marketing Federation Ltd.
7. ICA (2023), Note 1.
8. KRIBHCO = Krishak Bharati Cooperative.
9. Unless mentioned otherwise, all data quoted in this section is sourced from the National Cooperative Database 2023, Ministry of Cooperation, Government of India. <https://cooperatives.gov.in/en>.
10. PACS = Primary Agricultural Credit Society, FSS = Farmers' Service Society, LAMPS = Large Area Multipurpose Cooperative Society.
11. PIB (2023), Functioning of PACS, Press Information Bureau, press release by Ministry of Cooperation, Government of India, 12 December. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1985494#:~:text=New%20Multipurpose%20PACS%2F%20Dairy%2F%20Fishery,NCDC%20and%20other%20National%20level>.



APPENDIX TO CHAPTER 2

Table A2.1: Development milestones for the cooperative movement in India

Year	Development milestone
1904	Cooperative Credit Societies Act, 1904 <ul style="list-style-type: none"> • Legal basis for credit cooperatives • Office of Registrar for cooperative development • Restricted to credit cooperatives
1912	Cooperative Societies Act, 1912 <ul style="list-style-type: none"> • Formation of non-credit societies for weavers, artisans, marketing, etc. • Federation of cooperatives • Formation of CCBs/DCCBs
1915	MacLagan Committee <ul style="list-style-type: none"> • 'There should be one cooperative for every village and every village should be covered by a cooperative.' • Advocated for a 3-tier cooperative credit structure with primary societies at the village level, CCBs at the intermediary level, and the Provincial Cooperative Bank at the apex. • Recommended the establishment of LMBs (now ARDBs).
1919	Government of India Act, 1919 <ul style="list-style-type: none"> • Cooperation transferred from federal to provincial subject.
1928	Royal Commission on Agriculture <ul style="list-style-type: none"> • Endorsed resolution of the Registrar's Conference (1926) favouring the establishment of LMBs for long-term credit to agriculture. • State should patronise cooperatives and protect the sector.
1935	Setting up of the RBI <ul style="list-style-type: none"> • RBI Act, 1935 required RBI to set up an Agricultural Credit Department.
1937	<ul style="list-style-type: none"> • Mehta Committee recommended the reorganisation of cooperative credit societies as multipurpose cooperatives. • Later, World War II gave momentum to the growth of multipurpose cooperatives as procurement and rationing of commodities was done through cooperatives to counter inflation and shortages.
1942	Multi-Unit Cooperative Societies Act, 1942 to regulate cooperatives in more than one state
1946	Establishment of Milk Cooperative To free dairy farmers from exploitation by intermediaries in Gujarat, the Kaira District Cooperative Milk Producers' Union Limited, now known as Amul, was formed on 14 December 1946 (also see Showcase 2.1).
1951	Recommendations of the All India Rural Credit Survey Committee led to the RBI playing a greater role in coordinating and overseeing the credit activities of cooperatives through <ul style="list-style-type: none"> • LT loans to state governments to subscribe to the share capital of cooperatives, • loans to LMBs, and • establishment of NRC (LTO) Fund and NRC (Stabilisation) Fund.



Year	Development milestone
1963	<ul style="list-style-type: none"> Establishment of the Agricultural Refinance Corporation, renamed Agriculture Refinance and Development Corporation, for providing refinance/direct loans/subscriptions to fully guaranteed debentures of central LMBs, StCBs, scheduled commercial banks (shareholders of the cooperatives), and cooperative societies. Establishment of NCDC to promote production, processing, marketing, storage, export and import of agricultural produce, food products, livestock etc., on cooperative principles.
1965	<ul style="list-style-type: none"> Establishment of NDDB to replicate Anand model of integrated cooperative structure of dairy farmers across India, which later led to Operation Flood.
1966	Enhanced Regulatory Framework <ul style="list-style-type: none"> Selective provisions of the RBI Act, 1934 and later, Banking Regulation Act, 1949 were made applicable to cooperative banks with effect from 1 March 1966, to regulate their banking business and facilitate insurance coverage of deposits. Thus, they became an integral part of the country's banking system.
1979	CRAFCARD Committee <ul style="list-style-type: none"> Recommended the establishment of NABARD 2-tier structure in smaller states and 3-tier structure in larger ones PACS to provide all types of credit and function as agents of LDBs PACS to mobilise deposits
1982	Establishment of NABARD <ul style="list-style-type: none"> NABARD came into existence on 12 July 1982 by transferring RBI's agricultural credit functions and refinance functions of the (then) ARDC. NRC (LTO) Fund and NRC (Stabilisation) Funds with the RBI were taken over by NABARD.
1990	Committee on Model Cooperatives Act <ul style="list-style-type: none"> Chaired by Choudhary Brahm Prakash, the Committee emphasised the need to make cooperatives self-reliant, autonomous, and fully democratic institutions. It proposed a model law to dilute the interference of state governments in their functioning. A few states created a parallel cooperative legislation and passed the Mutually Aided Cooperative Societies Act to govern and regulate self-reliant/mutually aided cooperatives which have not received any assistance from the government.
2002	<ul style="list-style-type: none"> Multi-State Cooperative Societies Act, 2002 enacted to regulate multi-state cooperatives in the spirit of the recommendations of Model Cooperatives Act. National Cooperative Policy, 2002 formulated to facilitate the all-round development of cooperatives. NCDC Act amended to enable direct funding of cooperatives against suitable security.
2004	Task Force on Revival of Cooperative Credit Institutions <ul style="list-style-type: none"> It made recommendations for reviving rural cooperative credit institutions, while providing legal/institutional measures necessary for facilitating this process. Based on these recommendations, a financial package with an outlay of ₹13,596 crore was announced in January 2006, of which GOI's share was ₹9,245 crore. The package was closed on 30 June 2011. The package aimed at wiping losses accumulated from agricultural credit and non-credit businesses as on 31 March 2004 and raising CRAR to 7%.
2011	Constitution (97th Amendment) Act, 2011 <ul style="list-style-type: none"> Fundamental Right to form Cooperatives: Article 19 (1)(c) of the Indian Constitution was amended to make formation of cooperative societies a fundamental right for citizens. Directive to Promote Cooperatives: New Article 43B was added in the Directive Principles of State Policy directing the state (government) to promote voluntary formation, autonomous functioning, democratic control, and professional management of cooperative societies.
2012	NABARD initiated project for CBS in cooperatives <ul style="list-style-type: none"> NABARD supported the process of bringing all cooperative banks onto the CBS platform. 201 RCBs (14 StCBs and 187 DCCBs) from 16 states and 3 UTs were facilitated in joining the CBS.



Year	Development milestone
2014	<ul style="list-style-type: none"> Minimum Capital Adequacy Norms made applicable for StCBs and DCCBs by the RBI—StCBs and DCCBs to achieve CRAR of 7% by 31 March 2015 and 9% by 31 March 2017. Scheme for Revival of 23 Unlicensed DCCBs with financial assistance of ₹2,375.4 crore (GOI share of ₹673.3 crore) in 4 states (16 in UP, 3 in Maharashtra, 3 in J&K, and 1 in West Bengal) that did not meet the licensing requirement.
2020	Banking Regulation (Amendment) Act, 2020 <ul style="list-style-type: none"> The amended provisions of the Banking Regulation (Amendment) Act, 2020 were made applicable to StCBs and DCCBs from 1 April 2021. The amendments seek to protect the interests of depositors and strengthen cooperative banks by improving governance and oversight of the RBI, while enabling better access to capital for these banks.
2021	Union Ministry of Cooperation <ul style="list-style-type: none"> A separate Ministry of Cooperation was established on 6 July 2021 with the vision of achieving 'Sahkar Se Samriddhi' (Cooperation for Prosperity). Since its inception, over 54 major initiatives have been taken for the holistic development of the cooperative sector.

ARC = Agricultural Refinance Corporation, ARDB = Agriculture and Rural Development Bank, CBS = Core Banking Solutions, CCB = Central Cooperative Bank, CRAFICARD = Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development, CRAR = Capital to Risk (Weighted) Assets Ratio, DCCB = District Central Cooperative Bank, GOI = Government of India, J&K = Jammu and Kashmir, LDB = Land Development Banks, LMB = Land Mortgage Bank, LT = Long Term, NRC (LTO) Fund = National Rural Credit (Long-Term Operations) Fund, NCDC = National Cooperative Development Corporation, NDDB = National Dairy Development Board, PACS = Primary Agricultural Credit Societies, RBI = Reserve Bank of India, RCB = Rural Cooperative Bank, StCB = State Cooperative Bank, UP = Uttar Pradesh, UT = Union Territory.

Table A2.2: Cooperative society membership by sector (2023)

Category	No. of societies (lakh)	No. of members (lakh)	Members per society (no.)	Societies (%) by sector	Members (%) by sector
Housing	1.92	147	76	24	5
Dairy	1.42	157	111	18	5
PACS–FSS–LAMPS	1.04	1,399	1,342	13	48
Credit and thrift	0.80	433	541	10	15
Labour	0.45	15	33	6	1
Miscellaneous non-credit	0.30	25	83	4	1
Agriculture and allied	0.27	98	365	3	3
Fishery	0.26	47	182	3	2
Women's welfare	0.24	54	223	3	2
Agro-processing/industrial	0.23	25	111	3	1
Consumer	0.21	64	303	3	2
Multipurpose	0.20	26	129	2	1
Handloom weavers	0.20	52	263	2	2
Others	0.47	371	786	6	13
Total	8.00	2,913	364	100	100

FSS = Farmers' Service Society, LAMPS = Large Area Multipurpose Cooperative Society, PACS = Primary Agricultural Credit Society. Note: The difference between the PACS and 'credit and thrift' societies is that the 'credit and thrift' societies are dependent primarily on member savings for meeting the credit needs of their members. The PACS were originally thrift-oriented credit institutions but have matured into channels for disbursing credit by availing refinance with limited emphasis on deposit mobilisation (barring a few states like Kerala).

Source: National Cooperative Database, Ministry of Cooperation, Government of India. <https://cooperatives.gov.in/en>.

Table A2.3: Cooperative society membership by state (2023)

State/UT	No. of cooperatives	Aggregate members	Cooperative members as percentage of total estimated population
Andaman & Nicobar Islands	2,215	144,584	35.9
Andhra Pradesh	17,803	9,597,143	18.1
Arunachal Pradesh	1,197	89,545	5.7
Assam	11,148	4,318,231	12.1
Bihar	26,640	15,998,540	12.6
Chandigarh	476	49,721	4.0
Chhattisgarh	9,171	4,731,974	15.7
Delhi	5,943	1,569,276	7.3
Goa	5,439	1,578,643	100.2
Gujarat	81,432	16,873,870	23.6
Haryana	32,466	5,464,638	18.1
Himachal Pradesh	5,140	1,825,892	24.4
Jammu & Kashmir	8,778	896,054	6.6
Jharkhand	11,455	2,093,817	5.3
Karnataka	44,854	33,501,183	49.5
Kerala	6,103	27,325,326	76.4
Ladakh	260	25,197	8.4
Lakshadweep	35	84,393	122.3
Madhya Pradesh	51,787	13,443,329	15.5
Maharashtra	222,069	57,973,552	45.9
Manipur	11,256	829,340	25.7
Meghalaya	2,656	240,205	7.2
Mizoram	1,229	49,466	4.0
Nagaland	8,118	310,933	13.9
Odisha	7,578	8,709,507	18.8
Puducherry	458	463,802	33.7
Punjab	19,061	3,434,928	11.2
Rajasthan	35,942	11,075,332	13.7
Sikkim	3,793	116,193	16.9
Tamil Nadu	21,833	23,934,636	31.1
Telangana	60,112	14,300,725	37.5
Dadra & Nagar Haveli and Daman & Diu	530	46,633	7.2
Tripura	3,142	511,559	12.3
Uttar Pradesh	43,558	18,478,449	7.8
Uttarakhand	5,318	1,601,973	13.8
West Bengal	31,208	9,591,686	9.7
Total	800,203	291,280,275	21.0

Note: Data on aggregate members may include membership of an individual in multiple societies.

Source:

- No. of cooperatives and membership data sourced from National Cooperative Database 2023, Ministry of Cooperation, Government of India. <https://cooperatives.gov.in/en>.
- Estimated population data sourced from Unique Identification Authority of India.

3

- 3.1 Climate action
- 3.2 Watershed Development Programme
- 3.3 Tribal Development Fund
- 3.4 Towards achieving harmony with nature

Investing in a Sustainable Tomorrow





Climate change exacerbates the effects of poverty, inequality, and overexploitation of natural resources, putting rural communities in a position of greater vulnerability. Rural households rely heavily on climate-sensitive activities such as farming, livestock rearing, and gathering of non-timber forest produce. All such activities are strongly linked to the availability of fresh water; temperature, humidity, and rainfall patterns; quality of soil and access to commons and pastures; and smart management of natural resources. Climate change impact can, therefore, have adverse implications on the livelihood and survival options of rural households. The impact manifests differently across different agro-climatic zones of the country, necessitating customised interventions to cope with specific risks in each area.

NABARD is seized of the enormity of the challenge and works actively in the space of climate change adaptation and impact mitigation by providing assistance to tribal families for raising wadis (orchards), supporting participatory watershed and soil management projects, and funding and implementing other sustainable solutions that can improve human lives without endangering the environment.

3.1 CLIMATE ACTION

NABARD is the national implementing entity for the Adaptation Fund under the United Nations Framework Convention on Climate Change (UNFCCC) and National Adaptation Fund for Climate Change, and the Direct Access Entity (DAE) for the Green Climate Fund (GCF) under the UNFCCC. In this role, NABARD has been channelling funds for a variety of interventions towards mitigating the effects of climate change.

3.1.1 Overview

As on 31 March 2024, there are 40 climate change projects at different stages of completion with a total financial assistance of ₹1,971.56 crore (Figure 3.1, Showcase 3.1).

3.1.2 Initiatives in FY2024 for better project implementation

A. Policy landscape

- The policy framework and operational guidelines for ‘green taxonomy’ were issued. This will help in the systematic classification of NABARD’s development and business portfolio as ‘green’ and lead to the prioritisation of investments and mobilisation of resources.
- NABARD has initiated the process for transitioning towards corporate net zero.

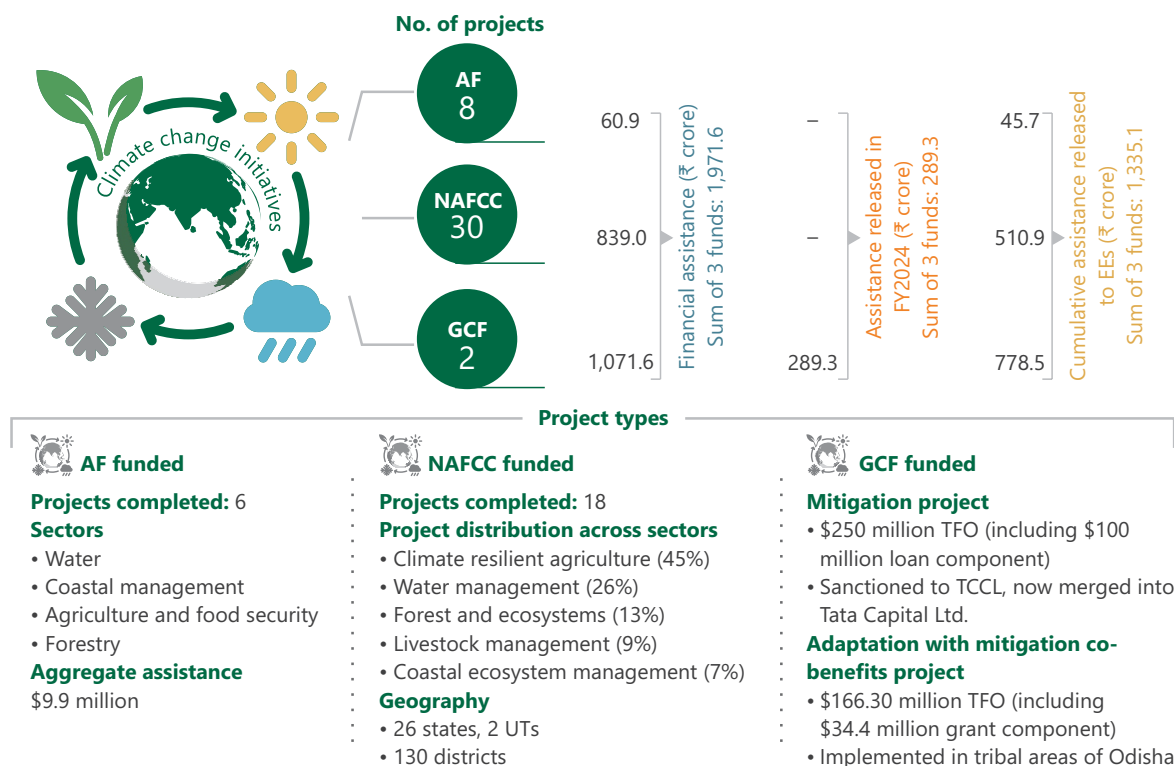
B. Climate finance

- Climate Change Fund–Interest Differential was created in FY2023 through allocation of the interest differential generated. This will enable NABARD to support innovative small and mid-sized adaptation projects and explore new financial tools and models.
- NABARD was re-accredited as DAE to the GCF, enabling access to funds.
- The development of new green products is underway—climate-resilient dairy, solar agri-pump sets, rural electric mobility, energy efficiency in value chain, rural home loans bundled with rooftop solar, etc.
- The process was initiated for identifying and financing state-level projects based on the respective State Action Plan on Climate Change.

NABARD supports sustainable climate change adaptation and mitigation solutions to improve human lives.



Figure 3.1: Overview of climate change initiatives by fund type



AF = Adaptation Fund, EE = Executing Entity, GCF = Green Climate Fund, NAFCC = National Adaption Fund for Climate Change, TCCL = Tata Clean Tech Capital, TFO = Total Financial Outlay, UT = Union Territory.

Notes:

- Adaptation Fund includes two readiness grant projects, namely, South-South Co-operation Grant for supporting national implementing entity accreditation in Afghanistan and Readiness Grant for development of environmental, social, and governance framework.
- Figures in parentheses under NAFCC-funded projects by sector represent share of the sector in total number of NAFCC projects.

Showcase 3.1: Building resilience through water harvesting

Project: Mukhyamantri Jal Swavlamban Abhiyaan (MJSA) for Climate Change Adaptation and Water Harvesting

Implementing agency: Department of Watershed Development and Soil Conservation, Government of Rajasthan

Area covered: Arthuna, Anandpuri, and Sajjangarh blocks of Banswara district in Rajasthan

Total financial outlay: ₹25 crore

Name of the fund: National Adaptation Fund for Climate Change

Challenges

- Groundwater level in over 8% blocks in Rajasthan is in 'overexploited or critical' zone.

1,840 water harvesting structures were created, storing about 2,644 thousand cubic metre of water.

- As water table is continuously going down, a significant part of the agricultural land is being forced to revert to rainfed farming.
- Much of the rainwater is wasted as run-off instead of replenishing the water table.
- According to the vulnerability assessment report of the Central Research Institute for Dryland Agriculture, Banswara is classified as a 'very highly vulnerable district'.^a

Intervention: A total of 1,840 water harvesting structures, including anicuts, earthen check dams, mini percolation tanks, pucca check dams, percolation tanks, etc., were created under the project, which are storing about 2,644 thousand cubic metre of water. The water stored in these structures is being used for life-saving irrigation, normal irrigation in the kharif season, and pre-sowing irrigation in the rabi season.

Output>>Outcomes>>Impact

- **Beneficiaries:** All residents of the three blocks of Banswara covered under MJSA-II & III and Rajiv Gandhi Jal Sanchay Yojana-I.
- **Generation of non-recurring employment:** 53,015 person days (including 21,200 woman days) over the project duration.
- **Livelihood from horticulture:** 7,200 recurring person days (50% woman days), wherein the farmers were engaged in vegetable cultivation for 90 days in a year.
- **Increase in arable land:** Area under cultivation increased by 15%.
- **Availability of water:** Water in harvesting structures is available for irrigation, drinking, and domestic purposes. Groundwater table has risen by 1.5–2 metre in the project area. Before the project, water was available for 3–4 months after monsoons; it is now available for 4–5 months after rains.



Drone image of Bijalpur Haliya village showing various percolation tanks



Project: Anicut Bhamri, Padla Mokha village

^a Rama Rao, C.A., Raju, B.M.K., Islam, A., Subba Rao, A.V.M., Rao, K.V., Ravindra Chary, G., Nagarjuna Kumar, R., Prabhakar, M., Sammi Reddy, K., Bhaskar, S. and Chaudhari, S.K. (2019). Risk and Vulnerability Assessment of Indian Agriculture to Climate Change, ICAR-Central Research Institute for Dryland Agriculture, Hyderabad, Page 80. <http://www.nicra-icar.in/nicrarevised/images/publications/Risk%20&%20vulnerability%20assessment%20of%20Indian%20agriculture%20to%20climate%20change.pdf>.



C. Other initiatives

- A technical support unit was set up at NABARD, with support from Asian Development Bank (ADB), Bill & Melinda Gates Foundation, and Intellect Advisory Services to assist NABARD in its climate finance efforts.
- NABARD signed memoranda of understanding (MoUs) with the Ministry of Agriculture and Farmers Welfare and the International Institute for Environment and Development for the implementation of the voluntary carbon market framework for the agriculture sector in India.
- An MoU was signed with the Government of Goa and the World Bank for supporting the blended finance facility being set up by the Government of Goa.
- Collaboration with NABARD Consultancy Services was initiated on the carbon credit framework to support smallholder farmers in NABARD's natural resource management projects.
- The Green Literacy Programme designing process was initiated.
- International partnerships during the year were as follows:
 - ◊ NABARD took over the hosting of the Data in Climate Resilient Agriculture, a digital public good for digital innovations in agriculture and food systems, from the United Nations Development Programme.
 - ◊ Post the Conference of the Parties of the UNFCCC (COP28), dialogue was initiated with multilateral development banks and international agencies—ADB, Agence Française de Développement, European Investment Bank, Food and Agriculture Organization of the United Nations (FAO), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Japan International Cooperation Agency, Western Sydney University (WSU), and the World Bank—for collaborative action.
 - ◊ Actions included:
 - ♦ exploring green finance facility for India with support from ADB and GCF;
 - ♦ working on draft preliminary project report for support from the World Bank;
 - ♦ collaboration with FAO for joint project development for GCF funding;
 - ♦ collaboration with WSU for piloting village groundwater cooperatives for groundwater governance;
 - ♦ securing GIZ support under Climate Adaptation and Finance in Rural India-II project involving €1.5 million technical collaboration.

MoUs on voluntary carbon market framework with Ministry of Agriculture and the International Institute for Environment and Development.

3.2 WATERSHED DEVELOPMENT PROGRAMME

NABARD has been at the forefront of the participatory approach of watershed development since 1992. The Watershed Development Fund (WDF) was set up in NABARD during 1999–2000 with corpus of ₹200 crore contributed equally by Government of India and NABARD.

Till date, NABARD has sanctioned 3,747 watershed development projects with a cumulative disbursement of ₹2,245.3 crore, covering an area of 27.1 lakh hectare (ha). During FY2024, 74 new watershed and related projects were sanctioned covering an area of about 64,200 ha and an amount of ₹116.6 crore disbursed.



Box 3.1: Credit flow in watershed development projects

The Watershed Development Programme has benefitted communities through soil and moisture conservation, higher productivity, climate proofing, and by providing alternative livelihoods, besides ensuring the security and sustainability of existing livelihoods. To evaluate the impact of programme interventions on credit flow, a quick study was conducted across 19 states covering 34 watershed projects spanning 198 villages and 35,236 hectare. The study indicates:

- increase in credit flow across 19 states, with significant increase observed in Tamil Nadu, Andhra Pradesh, Karnataka, Telangana, Maharashtra, Chhattisgarh, and Bihar;
- nearly threefold increase in credit flow, from ₹81.9 crore (pre-project) to ₹220.8 crore (post-project);
- increase in credit flow per watershed by 170%, from ₹2.4 crore (pre-project) to ₹6.5 crore (post-project);
- fivefold increase in agriculture term loans from ₹4 crore to ₹20 crore;
- doubling of crop loan accounts from 7,468 to 14,665; and
- increase in credit flow to self-help groups from ₹19 crore to ₹30 crore.

3.2.1 Restoration and rehabilitation of degraded soils for food security

The NABARD–KfW soil project ongoing since 2017, with support from SEWOH,¹ incorporates issues of climate change adaptation in watersheds threatened by degradation, by improving soil health through climate sensitive investments (Box 3.2, Figure 3.2, Showcase 3.2).

Box 3.2: Impact evaluation study—KfW Soil Phase II

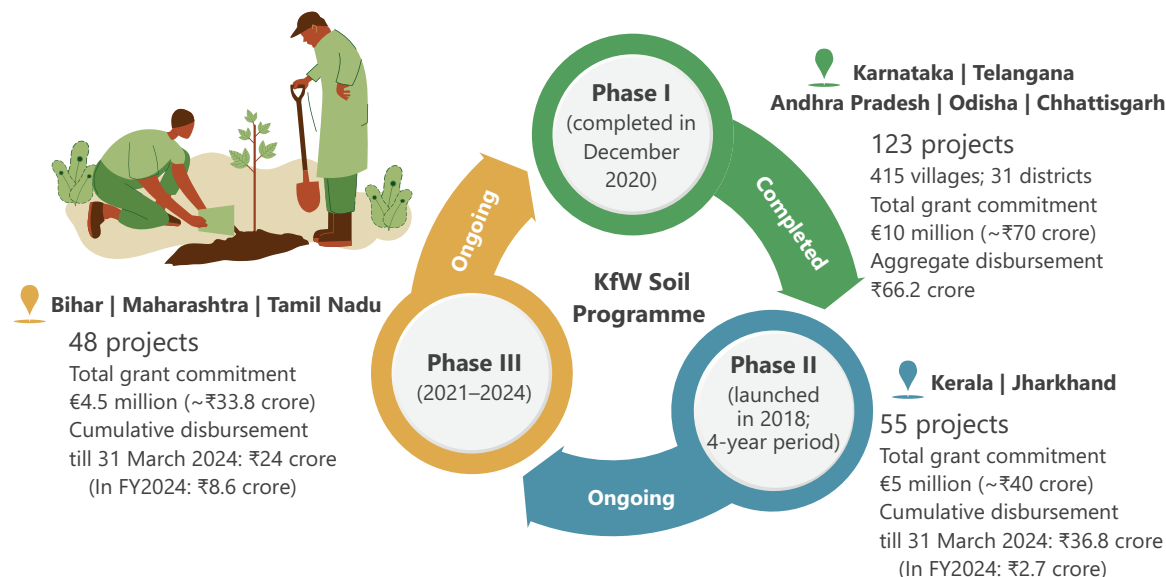
ICAR-Central Research Institute of Dryland Agriculture conducted an impact evaluation study in 15 watershed projects covered under the KfW Soil Phase II Programme. The highlights from the study are given below:

- Over 80% of respondents reported improvements in groundwater recharge.
- Most watersheds reported a satisfactory financial rate of return of over 20%.
- Post-project *normalised difference vegetation index* values (as evaluated from satellite images) in watersheds of Kerala consistently exceeded 0.4, indicating green cover and good resilience to climate change.
- Over 90% of farmers gained access to drinking water post-project, and sanitation coverage in Jharkhand increased to over 95%.
- 50%–82% of farmers benefitted from convergence with other developmental schemes/agencies.
- Over 80% of farmers were trained in precision farming, organic farming, water management, financial inclusion, integrated farming systems, pest and nutrient management.
- Significant improvement in soil organic carbon was observed.
- Additional soil and water conservation measures led to improved water resources, expanding area under irrigation.

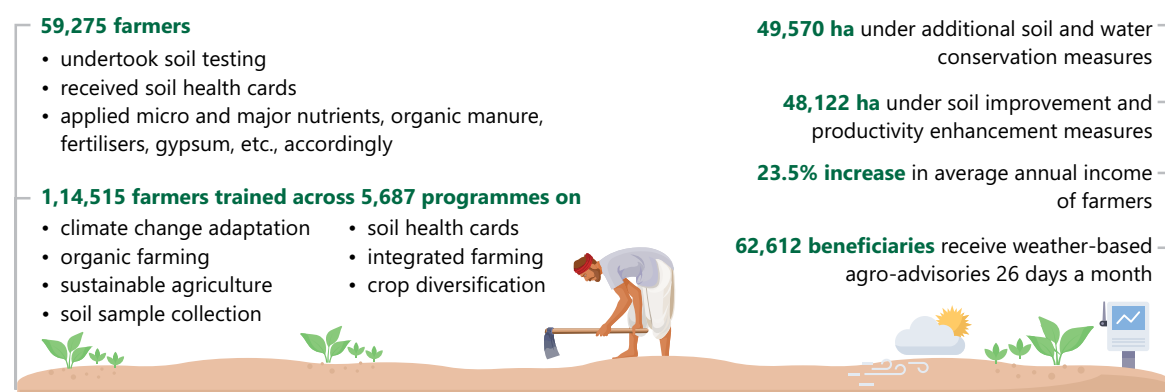
The Watershed Development Programme has benefitted communities through soil and moisture conservation, higher productivity, climate proofing, and by providing alternative livelihoods, besides ensuring the security and sustainability of existing livelihoods.



Figure 3.2: Soil restoration and rehabilitation initiative under KfW Soil Programme



IMPACT OF KFW SOIL PROJECT



ha = hectare.

Notes:

- Phase II programme was extended till December 2023 due to the COVID-19 pandemic.
- The exchange rates for the three phases were not the same.

Showcase 3.2: Crop production using low-cost poly house

Project: Support for horticulture farming in low-cost poly house under the KfW Soil Project

Location: Bara Sarsa village in Karanghati Watershed, Pakur district, Jharkhand

Challenge addressed: Low yields and unpredictable monsoons leading to poor farmer income

Interventions

- Provision of training and support to the beneficiary for setting up the low-cost poly house
- Provision of drip irrigation facilities, mulch, fertilisers, and need-based plant protection inputs
- Guidance to the beneficiary on marketing of poly house produce
- Support for the adoption of agronomical practices



Farm produce



Low-cost poly house

Output>>Outcomes>>Impact

- Risks of pest and disease infestation reduced and good crop yields achieved
- Around 25 kg of capsicum and 15 kg of strawberry harvested after an expenditure of ₹5,000 on poly house construction
- Income of ₹21,000 earned resulting in a net profit of ₹16,000 in 70 days
- Compost tank constructed enabling composting of post-harvest biomass rather than burning of crop residue

3.2.2 Springshed development programme

Springshed-based watershed development to rejuvenate drying springs primarily in the Himalayan and North East Region (NER) has led to augmentation of drinking water supply and promoted off-season farming for the rural communities in these fragile ecologies. As on 31 March 2024, 157 springshed development projects have been sanctioned with a cumulative disbursement of ₹24.9 crore in the NER and other hilly areas of Sikkim, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, and Uttarakhand. During FY2024, 14 new springshed projects were sanctioned and an amount of ₹6.8 crore disbursed.

3.2.3 Geospatial technology-based monitoring

NABARD Bhuvan Portal

To promote digitalisation of watershed and related projects, NABARD Bhuvan Portal, a geospatial platform, has been developed in association with National Remote Sensing Centre, Indian Space Research Organisation.

Hosting a large database of geotagged assets, the NABARD Bhuvan portal enables easy mapping, end-use monitoring, progress tracking, carbon credit accessing, and evidence-based impact evaluation of watershed projects.

Cumulatively, as on 31 March 2024, 1,125 projects have been onboarded to the portal and 1.7 lakh assets geotagged. The Bhuvan portal has been migrated to the server hosted by NABARD.

The NABARD Bhuvan portal hosts a large database of geotagged assets that enables easy mapping, end-use monitoring, progress tracking, carbon credit accessing, and evidence-based impact evaluation of watershed projects.

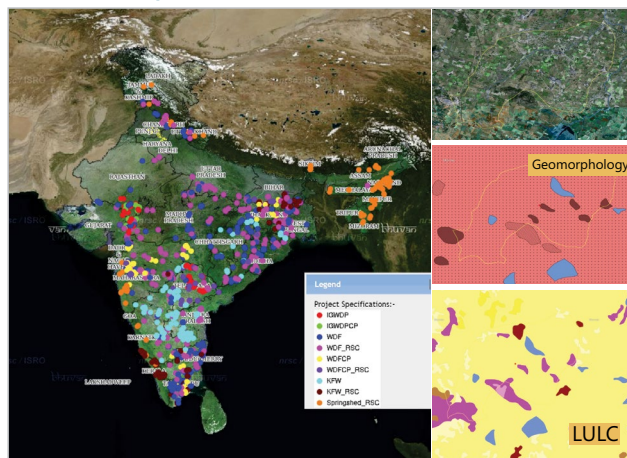


Geospatial technology-based detailed project reports for watershed projects

Geospatial technology is also being used to make watershed planning more streamlined, efficient, effective, and transparent. Open source data and tools such as QGIS, Google Earth, Bhuvan, WRIS, etc., are being used for groundwater potential mapping and land capability classification.

In FY2023, three detailed project reports were prepared on pilot basis using geospatial techniques in Maharashtra, Odisha, and Telangana. In FY2024, with capacity building support from GIZ, the approach was seamlessly upscaled across Andhra Pradesh, Karnataka, Tamil Nadu, Telangana, and Madhya Pradesh, as also in Maharashtra and Odisha, with 14 implementing agencies.

Figure 3.3: A snapshot of NABARD Bhuvan Portal and Thematic Layers

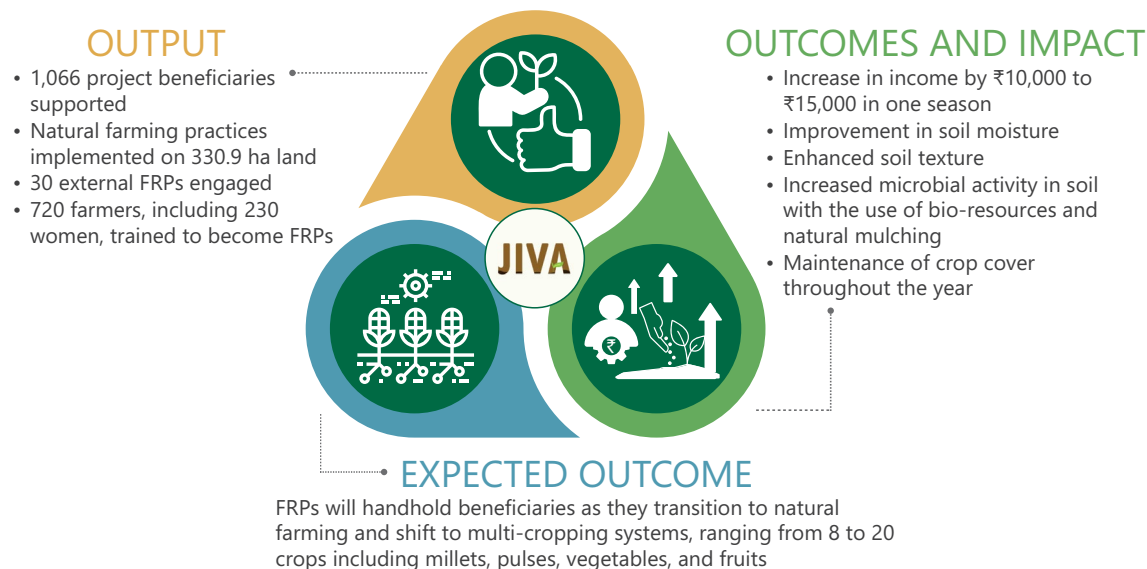


CP = Climate Proofing, IGWDP = Indo-German Watershed Development Programme, WDF = Watershed Development Fund, RSC = Remote Sensing Cell.

3.2.4 JIVA—Agroecology Programme

Currently, 24 JIVA projects are being implemented across 11 states, including watershed and tribal (wadi) areas, covering five agroecological zones in vulnerable rainfed areas (Figure 3.4, Showcase 3.3).²

Figure 3.4: JIVA, Output>>Outcomes>>Impact (as on 31 March 2024)



JIVA, an agroecological transformation programme, was launched to pioneer and scale up agroecology as a strategic and transformational approach in watershed and wadi projects, leveraging the pre-existing natural and social capital.

FRP = Farmer Resource Person.

Note: External FRPs engaged through Rythu Sadhikara Samstha, Andhra Pradesh Community Managed Natural Farming with support from GIZ.



Showcase 3.3: Sowing success through an integrated farming system

Project: Mallaigudem JIVA project

Implementing agency: Watershed Support Services and Activities Network

Location: Bhadradri Kothagudem district, Telangana

Challenges: High input costs, high dependence on chemical pesticides and fertilisers, low production, lack of knowledge about inter-cropping systems, unhygienic shelter for livestock, and open grazing of animals.

Intervention: The project promoted the adoption of principles of natural farming, multi-layer farming, eco-farm pond, and livestock integration. It entailed a spectrum of practices, from bio-stimulant preparation to botanical extractions, fostering healthy crops, and enhancing soil fertility.

Impact

- Financial stability and all-year crop cultivation
- Production of a variety of crops, including vegetables, fruits, and fish farming
- Increase in milk production with the availability of perennial green fodder
- Construction of a desi poultry breed farm and cattle shed underway
- Knowledge sharing among fellow farmers representation of the project at prestigious events

3.3 TRIBAL DEVELOPMENT FUND

Since 2004, NABARD has been supporting tribal households to raise wadis towards sustainable livelihoods and environment under its Tribal Development Fund (TDF). Since 2019, for greater inclusivity, empowerment, and upliftment of tribal communities, TDF has expanded its scope beyond orchard farming to support other activities like sericulture, apiculture, animal husbandry, lac cultivation, eco-tourism, pisciculture, micro-enterprise development, etc.

3.3.1 Performance of the fund

The fund has supported 1,026 projects since inception, benefiting 6.3 lakh tribal families living across 5.9 lakh acre in 29 states and Union Territories. Of the cumulative financial commitment of ₹2,839 crore, ₹2,054 crore has been disbursed as on 31 March 2024. During FY2024, 59 new projects were sanctioned. Cumulatively, approximately 2.9 crore trees have been planted across India through the tribal development programmes.

TDF has supported 1,026 projects since inception, benefiting 6.3 lakh tribal families living across 5.9 lakh acre in 29 states and Union Territories.



Showcase 3.4: From hardship to hope: Crop diversification and irrigation solutions

Project: Integrated Tribal Development Project

Location: Zaheerabad Mandal of Sangareddy district, Telangana

Implementing agency: SCOPE

Project outlay: ₹218.8 lakh

NABARD grant: ₹198.8 lakh

Challenge

- Rainfall dependency and mono-cropping leading to high risk and low income agriculture

Interventions

- Promotion of horticultural crops, primarily mango and intercropping with pulses and vegetables
- Installation of ring tanks, bore wells, and submersible pump sets

Output>>Outcomes>>Impact

- 500 acres placed under horticulture farming
- 115 additional acres under irrigation
- ₹50,000–₹70,000 rise in annual income from mango cultivation per farming household by the fourth year
- Surge in crop productivity
- Rise in average income per beneficiary from ₹0.3–₹0.4 lakh per annum to ₹1.01–₹1.68 lakh post-project
- Reduction in migration rates from 30% to 20%
- Opening of savings accounts by all beneficiaries
- Proliferation of community-based organisations, including self-help groups and farmers' clubs, fostering local empowerment
- Convergence with government schemes, enabling access to agricultural inputs, drip irrigation facilities, and increased employment opportunities under Mahatma Gandhi National Rural Employment Guarantee Act



Enhanced production



Mango orchard, aerial view

Convergence with government schemes, enabling access to agricultural inputs, drip irrigation facilities, and increased employment opportunities under MGNREGA

Box 3.3: Impact evaluation of TDF project in Wayanad, Kerala

Major highlights from an impact evaluation study conducted by the Centre of Agroecology and Public Health, University of Kerala, of a Tribal Development Fund (TDF) project located in Poothadi block of Wayanad district implemented by M.S. Swaminathan Research Foundation are as follows:

- **Agriculture income:** Annual income from agriculture per household increased from ₹19,435 to ₹60,249.
- **Allied sector income:** Revenue from dairy, goatery, and poultry among landless families increased from ₹35,000 to ₹60,000 annually.
- **Adoption of organic farming:** Organic coconut, cashew, cocoa, pepper, ginger, and turmeric produced is being marketed through the agency called Organic Wayanad, locally known as Vanamoolika.
- **Market linkage:** Participating farmers formed the Wayanad Agri Marketing Producer Company Limited which sold their produce in nearby towns, improving both market linkage and returns.
- **Standards of living:** Standards of living have improved with safe roofing of houses, better access to electricity, and safe drinking water and sanitation facilities.

3.3.2 Major changes in TDF in FY2024

- Per family grant has been increased to ₹75,000 for general areas and ₹81,000 for NER, hilly, and difficult areas.
- An amount of ₹25 lakh per project can be sanctioned over and above the TDF grant for implementing a sustainability plan to ensure perpetuity of benefits.
- While identifying and implementing new projects, Particularly Vulnerable Tribal Groups, aspirational districts/blocks (as per NITI Aayog), and credit-starved districts (as defined by the Reserve Bank of India) will be prioritised.
- Additional support is being provided to establish nutri-gardens in the backyards of project beneficiaries to supplement both family nutrition as well as income through the sale of surpluses.

3.4 TOWARDS ACHIEVING HARMONY WITH NATURE

Taking cognizance of the trade-off between development and the environment, NABARD has been championing diverse strategies to address the impacts of climate change while promoting sustainable livelihoods and development. In line with global and national priorities and India's commitment to net zero emission by 2070, NABARD continues to devise, support, finance, and promote a wide range of initiatives aimed at mitigating the effects of climate change, adaptation to climate change impact, awareness generation, and knowledge sharing.

NOTES

1. KfW Soil Project = Integration of Watershed Development Strategies for Rehabilitation of Degraded Soils with Climate Change Adaptation; SEWOH = The 'One World, No Hunger' initiative of the German Federal Ministry for Economic Cooperation and Development (BMZ).
2. <https://www.nabard.org/about-departments.aspx?id=5&cid=470#:~:text=JIVA%2C%20an%20agro%2Decological%20transformation,existing%20natural%20and%20social%20capital.>

Taking cognizance of the trade-off between development and the environment, NABARD has been championing diverse strategies to address the impacts of climate change while promoting sustainable livelihoods and development.

4

- 4.1 Scaling-up microfinance initiatives
- 4.2 Interventions for better livelihoods
- 4.3 Farmer producers' organisations
- 4.4 Promoting farm sector development
- 4.5 Strengthening the off-farm sector
- 4.6 Supporting rural entrepreneurs, start-ups, marketing, and branding
- 4.7 Supporting research and sharing knowledge
- 4.8 Inclusive development through sustainable livelihoods

Towards Inclusive Development





Over the last 42 years, NABARD has dedicated itself to promoting livelihoods, developing skills, establishing institutions, fostering entrepreneurship, expanding financial and digital inclusion, and assisting with research and information sharing to achieve inclusive development in India. These initiatives have produced excellent results locally, proving that NABARD's strategy has been effective in creating a vibrant development ecosystem for rural India, enabling stakeholder growth and contributing handsomely to economic development at the national level.

NABARD created its first community institutions in the form of Vikas Volunteer Vahini in the 1980s. Subsequently, self-help groups (SHGs) in the early 1990s emerged as an important strategy for revolutionising community institutions and securing livelihoods for the marginalised and poor people, especially rural women. Later on, NABARD promoted joint liability groups (JLGs) to facilitate credit offtake by landless farmers cultivating land as tenant farmers, oral lessees, share croppers and small/marginal farmers, and other individuals for taking up farm, off farm, and non-farm activities.

In recent years, NABARD has been promoting farmer producers' organisations (FPOs) and off-farm producers' organisations (OFPOs) to enable small-scale farmers or artisans to benefit from economies of scale, improve their bargaining power, and access better market opportunities.

4.1 SCALING-UP MICROFINANCE INITIATIVES

4.1.1 Improving the self-help group–bank interface

NABARD has been at the forefront of rural banking innovations with its SHG–Bank Linkage Programme (SHG–BLP), reaching out to 17.8 crore rural households and providing access to affordable and sustainable credit and financial services through mainstream banks (Table 4.1).

Table 4.1: Performance of the Self-Help Group–Bank Linkage Programme up to FY2024

Particulars	Cumulative as on 31 March 2024		Percentage change in FY2024 over FY2023	
	No. of SHGs (lakh)	Amount (₹ crore)	No. of SHGs	Amount
Loans disbursed during FY2024	54.8	2,09,285.9	28	44
Loans outstanding	77.4	2,59,663.7	11	38
Savings with banks	144.2	65,089.2	8	11
Non-performing assets (%)	2		-27	
Average loan disbursed per SHG (₹ lakh) during FY2024	3.8		13	

SHG = Self-Help Group.

This programme has improved the lives of rural women and assisted them to save, borrow, and build social capital, thus enabling them to earn better and reduce their dependence on private moneylenders.

Besides the SHG–BLP, NABARD also strives to improve the interface between bankers and SHGs by sponsoring village-level programmes (VLPs) conducted with the support of banks and the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM), Ministry of Rural Development, Government of India. The VLPs facilitate the opening of SHG accounts, establishment of their credit linkage, and the regularity of loan repayments, besides improving financial inclusion. During FY2024, NABARD supported 15,794 VLPs taking their cumulative number to 66,357.

FPOs and OFPOs help small-scale farmers and artisans to leverage economies of scale, improve bargaining power, and expand markets.



MP App brings efficient and real-time financial services to rural SHG members.

NABARD has partnered with Anniyam Solutions to pilot the Money Purse Application (MP App) in collaboration with Odisha Gramya Bank (10 branches) and South Canara District Central Cooperative Bank (5 branches). Through the MP App, members can undertake various financial activities facilitated by business correspondents in digital mode—account opening (both group and individual), saving and loan collections, credit linkage, internal loan disbursement, real-time bookkeeping, grading, etc. The project aims to deliver efficient and real-time financial services to SHG members residing in rural areas.

4.1.2 Strengthening joint liability groups

NABARD incentivises banks to provide collateral-free credit to JLGs so that their members, who are poor and marginalised, can take up diverse farm and non-farm activities to improve livelihoods and spread their risks. During FY2024, 73.3 lakh JLGs were promoted and financed by banks, taking the total JLGs to 331.3 lakh (as on 31 March 2024). Also during the year, NABARD sanctioned ₹16.4 crore for the credit linkage of 6 lakh JLGs.

4.1.3 Building capacity for better programme implementation

Various training and capacity building programmes were undertaken for key stakeholders such as bankers, non-government organisations, government officials, SHGs and SHG federations, and trainers. During FY2024, 3.15 lakh participants were trained through various programmes. Cumulatively, 50.2 lakh participants under the Financial Inclusion Fund and 5.2 lakh participants under the Women SHG (WSHG) programme have been imparted training as on 31 March 2024, thus supporting the creation of strong, skilled, and experienced teams for implementation of microfinance programmes.

4.2 INTERVENTIONS FOR BETTER LIVELIHOODS

4.2.1 Skilling and entrepreneurship development programmes

Taking a demand- and outcome-based approach to support wage- or self-employment in rural India, NABARD runs micro-enterprise development programmes (MEDPs), livelihood and enterprise development programmes (LEDPs), and skill development programmes (SDP) (Table 4.2).

Recognising the criticality of rural skilling, especially of WSHG members, NABARD has revised MEDP and LEDP guidelines in FY2024 to enhance flexibility and improve scheme implementation at the grassroots. The total outlay under both the programmes has been enhanced and changes related to duration of the programme, number of participants, provision of exposure visits, handholding and management cost support, inclusion of new entities as implementing agencies, etc., have been incorporated.

Table 4.2: Skilling and Entrepreneurship Development Programmes (as on 31 March 2024)

		MEDP	LEDP	SDP
FY2024	Programmes sanctioned	648	300	360
	No. of participants	32,890	45,915	12,528 rural youth (~60% women)
	Grant sanctioned (₹ crore)	8.3	22.3	18.7
Cumulative	Programmes sanctioned	20,822	2,449	36,501
	No. of participants	6,17,890	3,12,915	9,59,683
	Grant sanctioned (₹ crore)	60.7	128.4	218.0

LEDP = Livelihood and Enterprise Development Programme, MEDP = Micro-Enterprise Development Programme, SDP = Skill Development Programme.



M-Suvidha participants are trained as micro-entrepreneurs through identified knowledge partners/resource agencies with marketing tie-ups and credit support from banks/financial institutions.

4.2.2 Graduated Rural Income Generation Programme

To build capacities and enable asset generation by the ultra-poor, the Graduated Rural Income Generation Programme (GRIP) is being piloted in five districts across five states (Madhya Pradesh, Maharashtra, Odisha, Jharkhand, and Meghalaya) in three cohort sizes (250, 500, and 1,000 beneficiaries). Under GRIP, access to formal financial services will be facilitated for the ultra-poor through the innovative ‘returnable grant’ instrument. Under GRIP, up to a maximum of 50% grant-for-livelihood-options can be returned per beneficiary. NABARD’s partner for GRIP is Bandhan Konnagar, the corporate social responsibility arm of Bandhan Bank. With grant support from NABARD, Bandhan Konnagar will provide free assets (not cash) to the participants. It will then use the well-trying and evidence-based tools of Bandhan’s Targeting the Hardcore Poor Programme to provide time-bound, carefully-sequenced asset management training to the participants through intensive handholding by field cadres over a period of 30 months. Once the beneficiaries are able to generate income through the assets, Bandhan Konnagar will return up to a maximum of 50% of the grant (value) per beneficiary to NABARD.

4.2.3 M-Suvidha: Setting up microenterprises by upgrading skills of women

To promote sustainable rural livelihood solutions in the farm and off-farm sector, need-based and location-specific projects in the skilling of women are formulated under M-Suvidha. Strategised as end-to-end interventions, these projects first identify suitable occupations/entrepreneurial activities in the local context and assess the skill gap of the target population that needs to be bridged. Participating women are then imparted the skills to set up and run microenterprises through identified knowledge partners/resource agencies with marketing tie-ups and credit support from banks/financial institutions. The scheme is expected to be implemented in detailed project report mode.



NABARD and DAY-NRLM sign the MoU

Charanjit Singh, Additional Secretary (Rural Livelihoods), Ministry of Rural Development, Government of India with Ajay K. Sood, Deputy Managing Director, NABARD, in the presence of Shaji K.V., Chairman and G.S. Rawat, Deputy Managing Director, NABARD.



4.2.4 Strategic alliance for skilling and entrepreneurship training

NABARD and DAY–NRLM inked a landmark memorandum of understanding (MoU) on 27 February 2024 under which DAY–NRLM will engage with rural livelihood missions at the state/Union Territory (UT) level to facilitate their participation as project implementing agencies with NABARD for

- niche development schemes for capacity building, skilling, and entrepreneurship training of matured WSHGs in the spirit of the Lakhpati Didi Yojana,¹
- physical and online marketing support schemes,
- graduation of SHG clusters to FPOs and OFPOs for sustainable economic activities,
- promotion of climate-resilient agriculture for WSHGs,
- livelihood interventions for WSHGs in NABARD's wadi and watershed development project areas, and
- deepening of financial inclusion.

The MoU further aims to develop pilots in digital transactions of SHG federations to usher in transparency and efficiency to minimise turnaround time for members, besides exploring options for deployment of WSHG members as business correspondents of banks.

4.2.5 Activities funded by the Capacity Building Fund–Social Stock Exchange

The Capacity Building Fund–Social Stock Exchange (CBF-SSE) was setup as an administrative fund under NABARD. The CBF-SSE consists of a corpus of ₹100 crore with funding contributed by NABARD, Small Industries Development Bank of India (SIDBI), Bombay Stock Exchange (BSE), National Stock Exchange (NSE), and others. To kick-start the CBF-SSE, NABARD, SIDBI, and NSE have contributed ₹2.5 crore each and BSE has contributed ₹2 crore. The fund is meant for activities related to awareness creation and capacity building of stakeholders, such as not-for-profit organisations (NPOs), for-profit enterprises, investors, etc., regarding SSEs.

During FY2024, NABARD actively organised awareness and capacity building programmes for NPOs to enable them to onboard onto the CBF-SSE platform. With coordinated efforts of NABARD, NSE, BSE, and other experts, eight NPOs were listed on the SSE. NABARD has subscribed to the projects of two NPOs, namely, Eklavya Foundation and SGBS Unnati, at ₹30 lakh each.

SGBS Unnati was the first NPO to open its issue on the CBF-SSE. The agency sought to raise ₹2 crore through the SSE for training 10,000 youth across five states. NABARD was one of the very first subscribers of its Zero Coupon Zero Principal (ZCZP) instrument, subscribing to ZCZP worth ₹30 lakh. The NPO was successful in raising 90% of the total issue size before the closure of the issue and was listed on the SSE. NABARD organised an SSE cohort meeting wherein all the stakeholders of the CBF-SSE participated. A multi-stakeholder seminar on 'SSE: Way Forward', chaired by the Secretary, Department of Financial Services, Government of India, was also organised by NABARD.

4.3 FARMER PRODUCERS' ORGANISATIONS

As farmers' collectives, FPOs increase the bargaining power of small and marginal farmers in procuring farm inputs or selling produce and enable access to institutional credit. NABARD pioneered the promotion of FPOs under its Producers Organisation Development Fund and Producers' Organisation Development and Upliftment Corpus Fund. It is one of the implementing agencies of the central sector scheme on the formation and promotion of 10,000 FPOs.

CBF-SSE supports awareness creation and capacity building of stakeholders regarding SSEs.

Strategies to strengthen FPOs include collaboration with value chain players and enhancing connectivity with national and global commodity markets.

In FY2024, NABARD promoted 221 FPOs, of which 39 have been registered. Cumulatively, NABARD has promoted more than 7,000 FPOs with a membership of 25 lakh farmers, of which about 82% are small and marginal farmers and 30% are women (Table 4.3).

So far, 1,995 FPOs have availed credit from banks or other financial institutions. Details of over 4,500 FPOs promoted by NABARD have been onboarded and updated on the NABARD Farmer Producers' Organisation portal. The database of central sector scheme FPOs has been updated on the integrated management information systems portal.

Table 4.3: Promotion of farmer producers' organisations

Particulars		PRODUCE	PODF-ID	CSS	Total
FPOs sanctioned (no.)	Overall target	2,000	3,000	1,694	6,694
	Cumulative	2,154	3,507	1,694	7,355
	In FY2024	0	213	8	221
FPOs registered (no.)	Cumulative	2,094	2,276	1,686	6,056
	In FY2024 ^a	0	173	270	443
Grant sanctioned (₹ crore)	Cumulative	221.3	376.9	777.0	1,375.2
	In FY2024	6.9	44.8	91.5	143.2
Grant utilised (₹ crore)	Cumulative	200	213.5	233.1	647.0
	In FY2024	6.9	41.4	104	152.3
Farmers covered as shareholders (lakh)		10.1	10.1	4.5	24.7
Cumulative share capital collected by FPOs (₹ crore)		112.7	109.7	48.1	270.9
Balance corpus, 31 March 2023 (₹ crore)		6.9	292.9	-	299.8
Corpus used during FY2024 (₹ crore)		6.9	41.4	104	152.3
Balance corpus, 31 March 2024 (₹ crore)		-	260.0 ^b	-	260.0

^a FPOs registered in FY2024 include FPOs sanctioned earlier but registered in FY2024.

^b includes interest on unutilised fund.

CSS = Central Sector Scheme, FPO = Farmer Producers' Organisation, PODF-ID = Producers Organisation Development Fund-Interest Differential, PRODUCE = Producers Organisation Development and Upliftment Corpus.

4.3.1 Strategies adopted to strengthen FPOs

The key drivers of FPO success are member centrality, ownership, good governance, and business planning supported by timely and adequate credit. In this direction, the following strategies have been adopted by NABARD to strengthen FPOs:

- continued and intensified efforts towards handholding and capacity building of FPOs at the ground level;
- constant engagement with mainstream banks on extending credit to FPOs, leveraging the available credit guarantee, and sensitisation of bank officials through State Level Bankers' Committees, Block Level Bankers' Committees, District Consultative Committees, etc.;
- focusing on value addition, effective market linkages, convergence, etc., for making FPOs sustainable;
- collaboration with value chain players to leverage the FPO's strength in aggregation and marketing (Showcase 4.1);
- linking FPOs with commodity markets to enable price discovery and enhance the level of connectivity with national and global markets;
- study and documentation of successful FPOs to understand issues of membership, feasible crops for value addition, scalability, functions, capacity building frameworks, etc.;



- consolidation of already promoted FPOs and promotion of new FPOs in animal husbandry, fisheries, and niche products through a graded approach;
- continued efforts to improve the grading of FPOs;
- digitisation of FPOs by encouraging them to subscribe to existing products or consider developing the digital tools; and
- customisation of an enterprise resource planning solution for FPOs by adapting the primary agricultural credit society (PACS) computerisation software.

Showcase 4.1: Women oilseed farmers gain from FPO in Haryana

Farmer producers' organisation (FPO): Dharchana Farmer Producer Company Limited

Location: Rewari, Haryana

Issues: Pre-FPO formation, oilseed farmers depended on local intermediaries to sell their produce.

Activities

- Mobilisation of share capital of ₹3 lakh from 301 shareholders
- Aggregation, procurement, value addition, processing, and marketing of oilseeds, etc.
- Purchase of a mobile van for the procurement of mustard seeds and delivery of mustard oil and oil cake.

Output>>Outcomes>>Impact

- More than 500 farmers including non-member farmers are availing of FPO services.
- FPO members (90% women) are empowered to take up oilseed farming as a business activity.
- With assured procurement by the oil mill, the FPO members are willing to invest into modern cultivation practices—good quality agrochemicals, fertilisers, and seed varieties.
- With the elimination of intermediaries, FPO members are earning additional ₹200 per quintal by saving on 2% mandi charges and transportation costs.
- FPO has achieved the turnover of ₹58.8 lakh and earned the profit of ₹50,000 during FY2023.
- The brand 'Satvik' created by the FPO is gradually making its presence felt in the market.



Processing of oilseeds

4.3.2 Initiatives in FY2024 for FPO promotion and development

For the promotion and development of FPOs in FY2024, NABARD has

- onboarded 93 eligible lending institutions with NABSanrakshan under Credit Guarantee Fund Trust for Farmer Producer Organisations and sanctioned credit guarantee cover of ₹278.2 crore to 1,195 FPOs (1,561 guarantees);
- conducted FPOs melas (Tarang: Celebrating Collectivisation) in partnership with Small Farmers Agribusiness Consortium and Open Network for Digital Commerce (ONDC) at 24 locations across 24 states/UTs to demonstrate the products of FPOs and OFPOs to enable the marketing and branding of FPO products and increase sales through e-commerce;

Elimination of intermediaries enables savings on mandi charges and transportation costs for FPO.



FPO accelerator initiatives include specialised training and mentorship, improvement in operational efficiency, adoption of modern agricultural techniques, and networking among FPOs, creating a collaborative ecosystem.

- conducted conclaves on the sustainability of FPOs at Bankers Institute of Rural Development (BIRD), Lucknow and BIRD, Kolkata (exclusively for FPOs of east and northeast region);
- sanctioned ₹25 crore to National Commodity & Derivatives Exchange Limited for a period of one year for a price protection programme for FPOs to encourage farmers to
 - ◊ avail themselves of a 'put option' in the commodity market to receive assured strike price and
 - ◊ avail credit at reasonable cost from bank/financing institution by realising minimum price through hedging mechanism in commodity market;
- undertaken activities under an MoU signed with Agricultural and Processed Food Products Export Development Authority (APEDA) that include
 - ◊ promotion of agri-exports;
 - ◊ capacity building of farmers in good agricultural practices, packaging, branding, and exporting protocol;
 - ◊ convergence of schemes of the respective institutions, etc.; and
 - ◊ promotion of FPOs in identified agri-export clusters, which enabled
 - ♦ registration of 80 FPOs with APEDA during FY2024 and 307 FPOs cumulatively;
 - ♦ 25 FPOs (of cumulative 307) from across 12 states to export spices, fruits, baby corn, etc.;
- conducted training programmes for FPO representatives in collaboration with ONDC to create awareness regarding ONDC, process of FPO onboarding, product catalogue preparation, etc.;
- provided grant support for the development of product catalogue which enabled about 470 FPOs to be onboarded and 150 FPOs to prepare product catalogues;
- sanctioned ₹9.9 lakh to Akashmala Solutions (Brand: Unnati) for the training and digitisation of eight FPOs and one PACS and onboarding on uStore in Bihar, Uttar Pradesh, and Maharashtra to create a model on agri-value chain financing;
- supported FPO accelerator initiatives through which:
 - ◊ FPOs availed of specialised training, mentorship, and resources;
 - ◊ FPOs could enhance operational efficiency, adopt modern agricultural techniques, and navigate market complexities;
 - ◊ networking among FPOs was facilitated, thus,
 - ♦ creating a collaborative ecosystem that encouraged knowledge-sharing and collective problem solving and
 - ♦ connecting them with leading agri-start-ups.

4.4 PROMOTING FARM SECTOR DEVELOPMENT

NABARD supports farm innovations, technology transfer, and capacity building through its Farm Sector Promotion Fund (FSPF). The fund has a corpus of ₹60 crore and is replenished annually by appropriation of NABARD profits.

The cumulative disbursements under FSPF are at ₹246.7 crore as on 31 March 2024. Activities supported under FSPF are listed below.

4.4.1 Projects implemented under detailed project report mode

Projects in agriculture and allied sectors promoting innovations, productivity enhancement and market access, value chain development, climate-resilient agriculture in vulnerable districts, farmers' collectives, and hi-tech agriculture-focused projects on internet of things, information communication technology, artificial intelligence, and machine learning are supported under the



Showcase 4.2: Applying internet of things and machine learning for climate-resilient and sustainable agriculture

Project: Application of internet of things (IOT) and machine learning for optimal utilisation of resources in the cultivation of chillies

Location: Mahabubabad District, Telangana

Implementing agency: S & T SIRI Voluntary Organisation

Grant assistance: ₹13.5 lakh

Objectives

- Optimise resource use and chemical pesticide application in chilly cultivation.
- Use sustainable integrated pest management measures like light traps, yellow sticky traps, blue sticky traps, trap crops, etc.
- Enhance soil health through integrated nutrient management practices.
- Promote the use of bio-pesticides and bio-control agents.

Interventions

- FASAL IOT devices with 8–10 types of sensors were installed to provide farm-level real-time data on weather, temperature, pressure, humidity, wind speed, wind direction, rainfall, soil moisture/soil temperature, leaf wetness, and solar intensity.
- Satellite imagery processed by the FASAL software provided advisories on microclimatic forecast and precise timing for spraying, on the farmer's mobile.



Digital interventions in chilly cultivation

Output>> Outcomes>>Impact

- On an average, 8–10 pesticide sprays were reduced per farm, saving ₹12,000–₹15,000 per acre per year.
- Advisory-based precise irrigation resulted in savings of water.
- Fertigation also improved the fertiliser-use efficiency, crop growth, and productivity.
- 15%–20% increase in yield was observed in demo plots.
- High quality output with better colour and shine was obtained.
- Net income increased with lower input cost and higher price realisation.

detailed project report (DPR) mode (Showcase 4.2). These projects are sanctioned normally for a period of 2–3 years. Since the inception of the fund, 1,969 projects have been sanctioned under the DPR mode and a grant assistance of ₹126.2 crore has been disbursed. Of these, 159 projects were sanctioned with grant assistance of ₹32.8 crore during FY2024.

4.4.2 CAT—Capacity Building for Adoption of Technology

The CAT programme provides grant support for the capacity building of farmers through exposure visits and training for the adoption of new technology/best practices in agriculture and allied sectors.

FASAL software provided advisories on microclimatic forecast and precise timing for spraying, on the farmer's mobile.



Since the inception of FSPF, 2,774 exposure visits have been supported with grant assistance of ₹22.3 crore for the benefit of 82,060 farmers. During FY2024, 182 exposure visits were undertaken for the benefit of 4,735 farmers with grant assistance of ₹2.8 crore.

4.5 STRENGTHENING THE OFF-FARM SECTOR

NABARD has steadfastly supported off-farm activities in handloom, handicraft, and agro-processing sectors, which generate local employment through value addition, design innovation and development, brand-building, warehousing, mechanisation, etc., and build strong market linkages (Showcase 4.3).

Showcase 4.3: Reviving Cheriya Art

Project: The revival of Cheriya Art

Location: Cheriya and surrounding villages, Telangana

Implementation agency: NABFOUNDATION

Objectives

- Revive and preserve the dying art of Cheriya paintings.
- Support skill training, design development, and marketing activities.

Intervention

- About 35 women artisans and 10 master artisans have been trained in this art form.
- They have learnt how to integrate Cheriya craft with different surfaces and techniques and create contemporary products.
- They have diversified to products such as magnets, pen stands, key chains, etc.

Output>>Outcomes>>Impact

- The training-cum-production centre in Cheriya has become an active hub of learning and production of new and innovative artefacts.
- The newly designed art has attracted market players, improving artisan incomes.
- With skilling, artisans are earning up to ₹8,000 per month.
- The project brought in retailers like Go Native and Indirootz, and bulk buyer Craftizen.
- The project has encouraged the local youth to train in Cheriya art as a livelihood option.

The project paved the way for sustainable livelihoods and cultural resurgence in Cheriya and surrounding villages.

As on 31 March 2024, NABARD has sanctioned a grant assistance of ₹42.7 crore for the promotion and development of 81 OFPOs in 27 states covering 25,922 beneficiaries, of which 18 are all-women organisations with a total of 6,890 members. During the FY2024, a total of nine OFPOs in five states (two each in West Bengal, Bihar, Uttar Pradesh, and Odisha and one in Kerala) have been sanctioned with a grant assistance of ₹4.4 crore, with the expectation of benefitting 2,520 artisans and weavers (Showcase 4.4).

As on 31 March 2024, NABARD has sanctioned a grant assistance of ₹42.7 crore for the promotion and development of 81 OFPOs in 27 states covering 25,922 beneficiaries, of which 18 are all-women organisations with a total of 6,890 members.



Showcase 4.4: Threads of heritage

Name of OFPO: Sakhi Saphalya Crafts Producer Company Limited

Location: Dharwad District, Karnataka

Intervention: Kasuti was a dying needle craft, revived by the formation of the Sakhi Saphalya OFPO by the artisans of Dharwad with support from NABARD and Initiatives for Development Foundation.

Output>>Outcomes>>Impact

- Currently, 467 women artisans from the rural parts of Dharwad are part of the company.
- Besides sarees, dupattas, and stoles, the OFPO also produces home accessories and furnishings, decors, and stationery items.
- The product quality is well-acknowledged and endorsed by celebrities like Vidya Balan.
- International orders are received from Australia, Italy, the United States, and the United Kingdom.

NABARD provides technical assistance for setting up RBICs at agriculture universities to offer business support services and resources to agri-start-ups and agri-entrepreneurs.

4.6 SUPPORTING RURAL ENTREPRENEURS, START-UPS, MARKETING, AND BRANDING

4.6.1 Rural/Agri-business incubation centres

NABARD provides end-to-end technical assistance for setting up rural business incubation centres (RBICs) at agriculture universities/similar institutions to provide business support services and resources to agri-start-ups and agri-entrepreneurs (Figure 4.1).

Figure 4.1: Promotion of RBICs as of 31 March 2024



FPO = Farmer Producers' Organisation, RBIC = Rural Business Incubation Centre.

Note: Start-ups are registered with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.



Supporting rural haats and marts and increasing the participation of artisans and craftspersons in national and regional exhibitions and melas.

4.6.2 Catalytic Capital Fund to support agri/rural start-ups

NABARD established CCF to support rural and agri-start-ups through incubation centres and NABARD subsidiaries. Under CCF, an amount of ₹18 crore has been sanctioned to NABKISAN Finance Limited and three incubation centres (MABIF, a-IDEA, and AgHub). Of these, till date

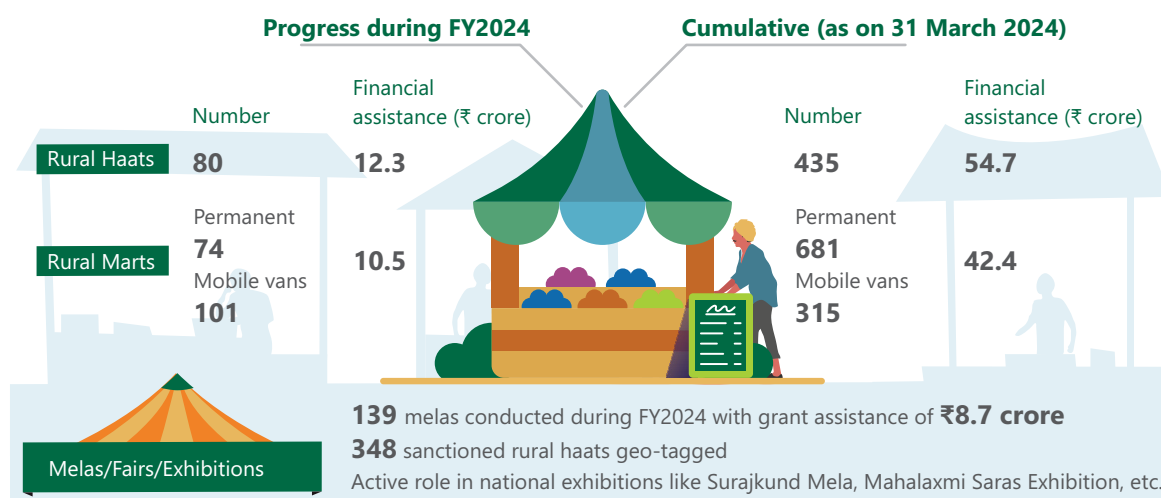
- NABSKISAN has supported six start-ups with a funding of ₹4.8 crore;
- Madurai Agri Business Incubation Forum (MABIF) has supported 15 start-ups with a cumulative funding of ₹2.7 crore;
- a-IDEA has supported five start-ups with funding of ₹94.5 lakh; and
- AgHub has supported three start-ups with funding of ₹1 crore.

During FY2024, ₹3 crore was disbursed under CCF to MABIF, a-IDEA, and AgHub to support 20 start-ups.

4.6.3 Marketing initiatives

To help producers with better marketing and improve price realisation, NABARD has been extending support for setting up rural haats and marts and increasing the participation of artisans and craftspersons in national and regional exhibitions and melas (Figure 4.2, Showcase 4.5).

Figure 4.2: Progress of marketing initiatives



During FY2024, eight 'Stalls in Malls' were supported with grant assistance of ₹84.6 lakh in West Bengal, Rajasthan, Madhya Pradesh, Tripura, Haryana, Punjab, Telangana, and Andhra Pradesh.²

4.6.4 Promotion of geographical indications products

As on 31 March 2024, NABARD has supported geographical indications (GI) registration and post-GI registration activities of 300 products, of which 138 products have been GI-registered. Products GI-tagged in FY2024 include Sambal Horn Craft (Uttar Pradesh), Tangsa Textile Products (Arunachal Pradesh), Basohli Pashmina Woollen Products (Jammu & Kashmir), Majuli Mask (Assam), Bikaner Kashidakari Craft (Rajasthan), and Risa Textiles (Tripura).



Showcase 4.5: Shree Ann Mart in Alwar, Rajasthan

Project: Shree Ann Mart, a rural mart for millets and millet-based products, in Alwar, Rajasthan

Implementing agency: Yuvajagriti Milk and Agro Producer Company Limited

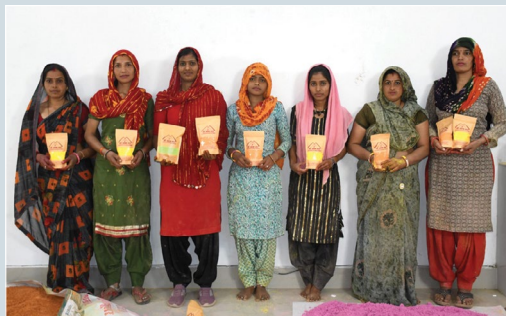
Implementation period: 2023–2026

Objective: Sustainable marketing and sale of millet-based products of local women self-help groups (WSHGs).

Intervention: NABARD sanctioned Shree Ann Mart on 31 July 2023, which was inaugurated on 1 September 2023.

Output>>Outcomes>>Impact

- The mart enabled the WSHGs to sell to local consumers, other retailers, and even online.
- Shree Anna Mart reported sales worth ₹39.1 lakh since its inception.



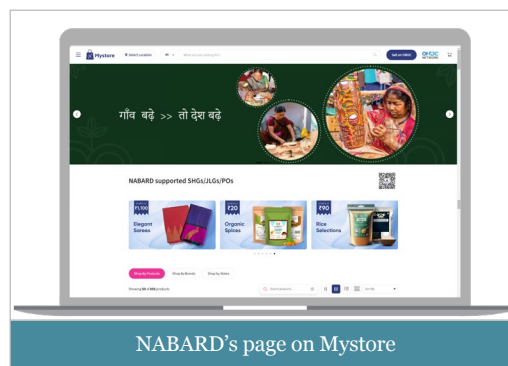
WSHG members proudly display their products



Millet cookies prepared for sale at Shree Anna Mart

4.6.5 New initiatives taken during FY 2024 to promote marketing

- Drawing from the feedback and learning from pilots, a 'Scheme for Grant Support to SHGs/ JLGs/producer organisations (POs)/ microentrepreneurs for training, onboarding and marketing of products on online/digital marketplaces e-commerce, social media platforms and ONDC' was introduced during the year. Support under the scheme was provided to anchor agencies and technical training partners for (i) training SHGs/JLGs/POs on online marketing platforms and (ii) onboarding support for a period of 6 months for marketing of products on online/digital marketplaces, viz., e-commerce, social media platforms such as Instagram, Facebook, WhatsApp, etc., and ONDC. During the year, under 78 training programmes, 1,435 SHGs/JLGs/POs were trained and 387 SHGs/JLGs/POs onboarded onto e-commerce platforms. NABARD's Mystore page for the online sale of products of rural collectives and microentrepreneurs has been live since 22 November 2023 and as on date, 689 products are available on the page.³



NABARD's page on Mystore

Currently, 689 products of NABARD-supported rural enterprises are available on Mystore.



- A new ‘Scheme for Grant Support to SHGs/JLGs/POs for Physical Marketing of Products’ was introduced during FY2024 in rural, semi-urban, and urban centres to maximise access to markets. Under the scheme, support is available for (i) setting-up of *gram dukans* by SHGs/POs, (ii) moveable carts in individual capacity, (iii) stalls/movable carts near bus stands/railway stations/shopping areas in Tier I/Tier II/Tier III cities and semi-urban centre/kasba/taluka/block and district headquarters, major cities and state capitals/State Secretariat/Collectorate/district collector’s office and other appropriate government offices, and (iv) outlets at airports run by the Airports Authority of India under the government’s AVSAR (Airport as Venue for Skilled Artisans of the Region) scheme. During the year, 31 *gram dukans*, 5 moveable carts, and 9 stalls were sanctioned to support 7,812 members of SHGs/JLGs/POs.



SHG stall under AVSAR, Departure Lounge, Veer Savarkar International Airport, Port Blair (rented for 15 days per SHG for a year)

NABARD’s R&D Fund is dedicated to applied socioeconomic studies, seminars, publications, student engagement schemes, and trainings.

4.7 SUPPORTING RESEARCH AND SHARING KNOWLEDGE

NABARD leverages a dedicated Research and Development (R&D) Fund for applied socioeconomic studies, seminars, publications, student engagement schemes, and trainings to expand the knowledge base in agriculture and rural development and share insights with policy makers, stakeholders, and the public.

4.7.1 NAFIS 2.0

The NABARD All India Rural Financial Inclusion Survey (NAFIS) 2.0, covering one lakh households, was conducted to collect primary data on livelihood and financial inclusion aspects of rural and



semi-urban households. The household survey exercise has been completed in its entirety in 28 states and UTs of Jammu & Kashmir and Ladakh.

Ground-level impact of NABARD interventions, initiatives, and innovations within the triple bottomline approach of People, Planet and Profit is being documented annually.

4.7.2 Supporting research studies, seminars, and conferences

Of the 26 in-house and collaborative research studies ongoing currently under the aegis of NABARD, 8 were sanctioned in FY2024. Also, in the year, 117 seminars and conferences were sanctioned on topics such as strengthening of value chain of millets, sustainable natural resource management under global climate change, innovations in agriculture for sustainable food systems and farmers' income, and enhancing market linkages.

4.7.3 Student engagement schemes

NABARD continues to engage with the student community through the NABARD Student Internship Scheme and the NABARD Citation for Outstanding Ph.D. Thesis.

4.7.4 Publications

- In FY2024, NABARD published policy briefs for the first time, highlighting major findings and recommendations that emerged from its research work. So far, six issues of the NAB Policy Brief have been published on diverse themes.
- Periodic research bulletins like EcoThink (monthly) and EcoWatch (fortnightly) continue to provide inputs for meetings held by NABARD's Asset Liability Committee, Investment Committee, and other user departments.
- This year, a new series titled Eco Focus presents thematic notes on contemporary issues of significance such as price rise and volatility of essentials like milk, tomatoes, onions, potatoes, etc.
- As on 31 March 2024, 13 authoritative papers by eminent scholars and domain experts have been published under NABARD's Research and Policy series on relevant issues making policy prescriptions and suggestions for future research.
- NABARD documented the ground level impact of its interventions, initiatives, and innovations within the triple bottomline approach of People, Planet and Profit, in its first *Impact Report* for FY2023. The report meets the Global Reporting Initiatives standards of reporting, linking impact assessment to the United Nations Sustainable Development Goals.



Unveiling of the NABARD Impact Report 2022-23

4.8 INCLUSIVE DEVELOPMENT THROUGH SUSTAINABLE LIVELIHOODS

Institution building, skilling, entrepreneurship, farm and off-farm research, and knowledge dissemination thereof are critical for promoting sustainable and inclusive development in rural India.

Community institutions such as SHGs, JLGs, FPOs, and OFPOs are key contributors to inclusive rural prosperity fostering financial inclusion, establishing market links, building capacity, promoting sustainable agriculture, developing rural infrastructure, and empowering women. Building these institutions is essential to creating sustainable livelihoods in rural India, as they play an important role in supporting entrepreneurship, consolidating traditional industries, and concentrating on non-agricultural activities. NABARD, in the coming years, will support FPOs, OFPOs, as well as rural and agrifood start-ups to grow and widen their market reach, especially through technology and e-commerce development.

NOTES

1. <https://lakhpattididi.gov.in/>.
2. <https://www.nabskillnabard.org/off-farm-sector.php/1000#:~:text=Stall%2DIn%2DMall&text=The%20stalls%20are%20to%20be,by%20NABARD%20under%20various%20interventions.>
3. <https://www.mystore.in/en/collection/nabard?section=product>.

5

- 5.1 Rural Infrastructure Development Fund
- 5.2 Rural Infrastructure Promotion Fund
- 5.3 Long Term Irrigation Fund
- 5.4 Micro-Irrigation Fund
- 5.5 NABARD Infrastructure Development Assistance
- 5.6 Post-harvest infrastructure
- 5.7 Other infrastructure initiatives
- 5.8 Way Forward

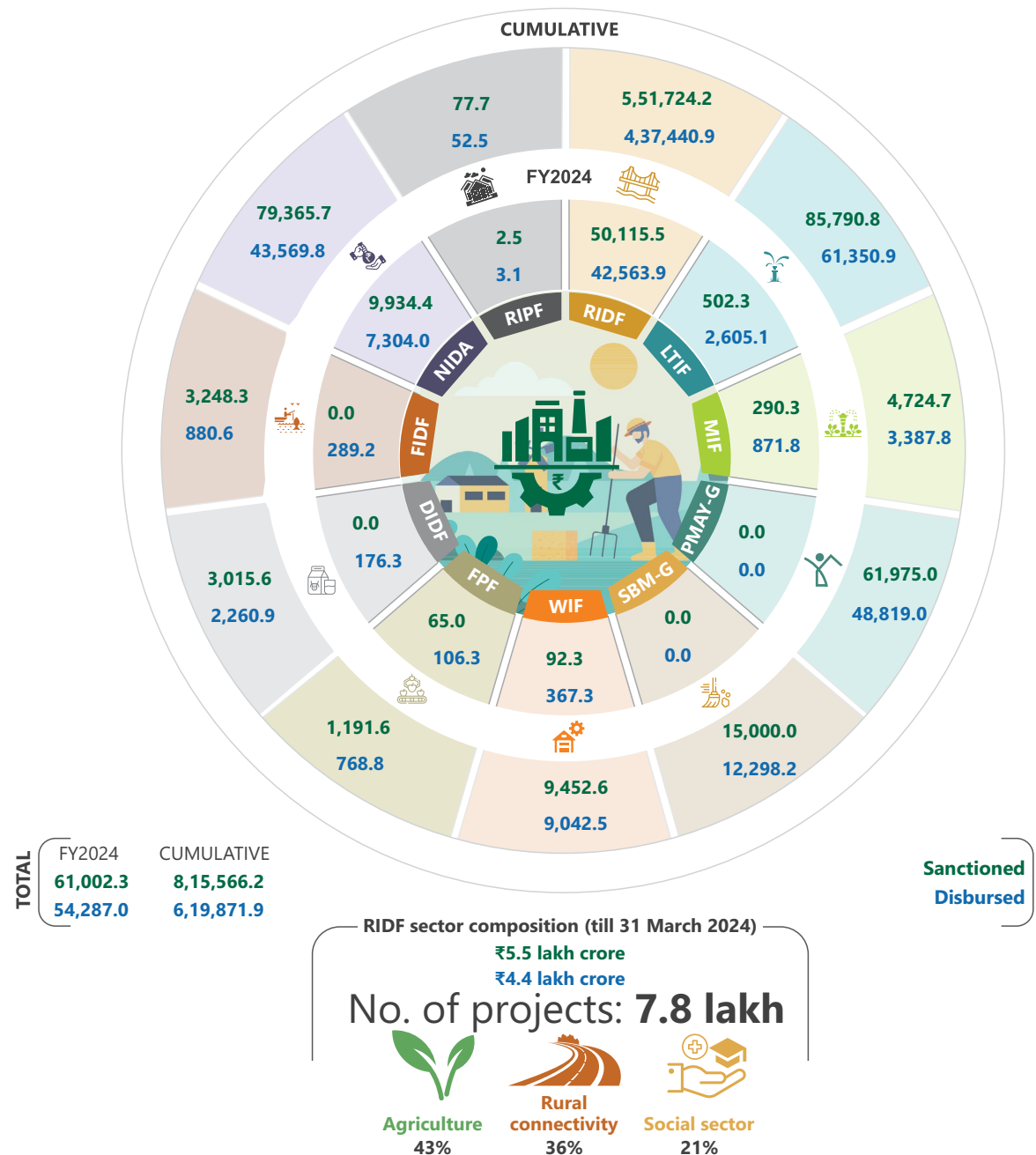
Financing Rural Infrastructure for Sustainable Development



Investment in infrastructure and productive capacity has a multiplier effect on growth and employment in an economy.

Investment in infrastructure has a multiplier effect on growth and employment in an economy. Rural infrastructure development strongly figures in the government's plans and policies to map the Indian landscape on the basis of connectivity and logistics. Intra-regional infrastructure to integrate rural areas with nearby urban centres can transform India's growth trajectory.

Figure 5.1: NABARD-managed infrastructure funds for rural India as on 31 March 2024 (₹ crore)



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



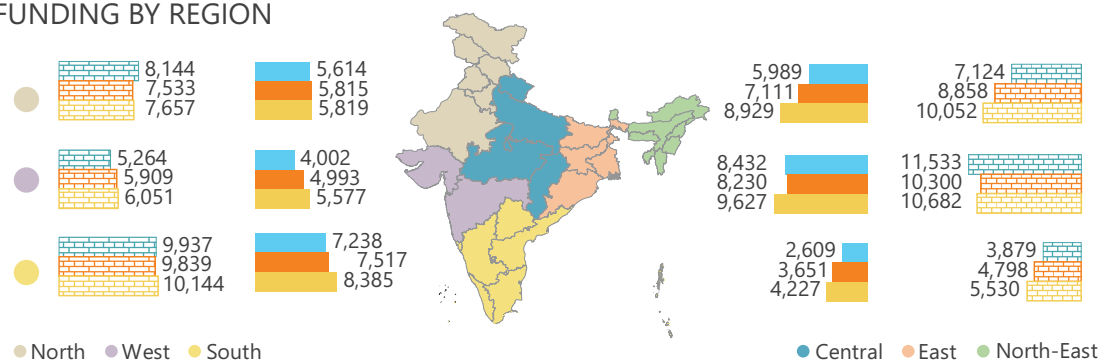
Robust and reliable rural infrastructure to support modern agriculture, improved irrigation, enhanced rural connectivity, better market access, more renewable energy, and quality education and health is vital for enhancing production, consumption, and trade of goods and services. This, in turn, will lead to more sustainable rural livelihoods in India.

NABARD plays a crucial role in facilitating the financing, promotion, and sustainable development of rural infrastructure. It provides technical assistance and financial support for the construction of rural roads, irrigation systems, warehousing facilities, and renewable energy installations by leveraging various funds vested in it. The cumulative funds sanctioned by NABARD till FY2024 under infrastructure financing stood at ₹8.2 lakh crore while disbursements added up to ₹6.2 lakh crore (Figure 5.1).

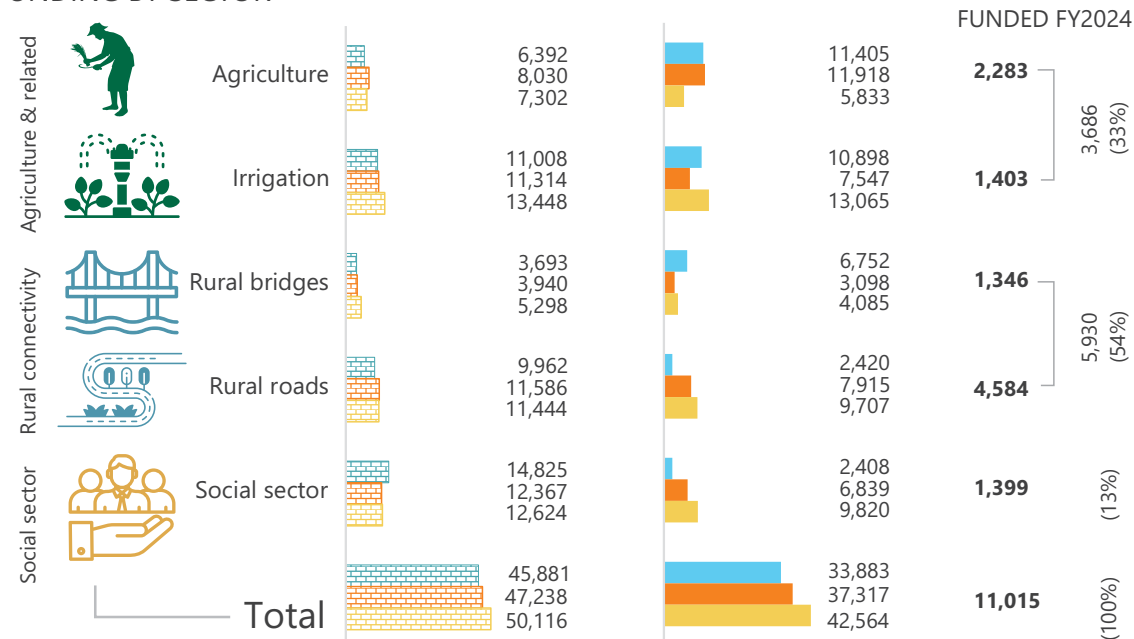
NABARD provides technical assistance and financial support for the construction of rural roads, irrigation systems, warehousing facilities, and renewable energy installations.

Figure 5.2: Performance of RIDF as on 31 March 2024

FUNDING BY REGION



FUNDING BY SECTOR



Funds sanctioned (₹ crore) FY2022 FY2023 FY2024 Funds disbursed (₹ crore) FY2022 FY2023 FY2024

RIDF = Rural Infrastructure Development Fund.

Since 1996, RIDF has contributed significantly to improved rural connectivity and agricultural productivity in India.

5.1 RURAL INFRASTRUCTURE DEVELOPMENT FUND¹

The Rural Infrastructure Development Fund (RIDF) (instituted in 1996) aims to support public investment, given the shortfall of priority sector lending, thus bridging the rural-urban infrastructure gap towards promoting inclusive rural growth and socioeconomic development.

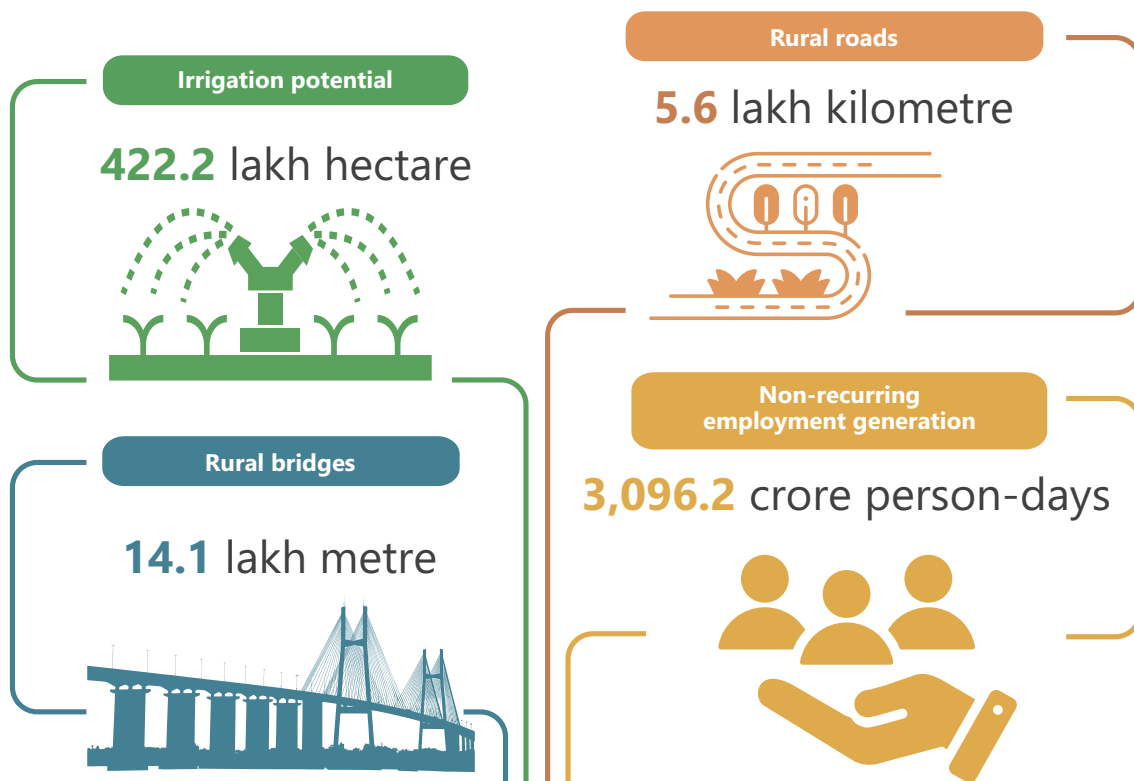
5.1.1 Trends and patterns

During FY2024 (RIDF Tranche XXIX), NABARD received an allocation of ₹40,474.6 crore under RIDF (2.4% increase over FY2023) and sanctioned ₹50,115.5 crore towards financing rural projects in agriculture and related activities, irrigation, social sector, and rural connectivity (Figure 5.2).

5.1.2 Output>>Outcomes>>Impact

Over the decades, RIDF has played a significant role in financing rural infrastructure projects across India, contributing to improved rural connectivity and agricultural productivity (Figure 5.3, Showcase 5.1).

Figure 5.3: Outputs and outcomes under RIDF as on 31 March 2024



RIDF = Rural Infrastructure Development Fund.



Showcase 5.1: Augmenting irrigation facilities in rainfed areas of Bundelkhand

Project: Providing irrigation facilities in rainfed areas

Location: 15 villages of Babina block, Jhansi district, Bundelkhand region, Uttar Pradesh

Implementing agency: Irrigation and Water Resource Department, Government of Uttar Pradesh

Total financial outlay: ₹246.8 crore

NABARD assistance: ₹146.2 crore

Year of completion: FY2024

Challenge addressed: Irrigation in drought-prone villages not within the command of any other project.

Intervention

- A pump house was constructed upstream of the Sukwan–Dukhwan on the left bank of the Betwa river.

Output>>Outcomes>>Impact

- Culturable command area created: 5,799 hectare
- Number of villages benefitted: 15



Construction of pump house and canal system

Impact evaluation studies on RIDF projects have indicated improvements in rural socioeconomic conditions and rise in credit demand within project areas (Box 5.1). Additionally, these studies have shown a diversification of lending portfolios, growth in deposits, and expansion of bank branch networks, contributing to enhanced financial inclusion. Furthermore, the investments and interventions have led to better rural health benefits, which have not just reduced rural health care expenses but also resulted in a more productive rural workforce.

5.1.3 New initiatives in FY2024

NABARD contributed to the state share of flagship GOI schemes by sanctioning projects worth ₹5,155 crore under Jal Jeevan Mission, ₹1,063 crore under Pradhan Mantri Kusum Yojana, and ₹617 crore towards the installation of 20,000 solar powered pump sets under the Saur Sujala Scheme in Chhattisgarh.

During the year, the RIDF portal underwent changes such as the introduction of an appraisal and disbursement module and monitoring through geo map.

5.2 RURAL INFRASTRUCTURE PROMOTION FUND

Financial assistance is provided under Rural Infrastructure Promotion Fund (RIPF) for the building of innovative, experimental, or promotional last mile rural infrastructure and rural capacity building initiatives.

As on 31 March 2024, cumulative sanctions under RIPF stood at ₹77.7 crore and disbursements at ₹52.5 crore.

NABARD contributes to the state share of flagship central schemes such as Jal Jeevan Mission, Pradhan Mantri Kusum Yojana, and Saur Sujala Scheme.



Box 5.1: RIDF-supported social sector projects: Impact evaluation by IIT Kharagpur

1. Impact evaluation of rural drinking water supply project in Odisha indicated
 - increased availability of water,
 - decreased use of surface water sources for drinking,
 - reduced time allocation by women to the task of fetching water,
 - improved hygiene practices,
 - reduced open defecation,
 - decreased water-borne diseases, and
 - improved health and wellbeing with increased economic activities.
2. Impact evaluation of anganwadi project in West Bengal indicated improvements in
 - school attendance;
 - health check-ups of children, as also pregnant and nursing mothers;
 - awareness level, knowledge, and skills;
 - access to nutritious food and safe drinking water;
 - cleanliness of the surroundings; and
 - frequency of bank transactions, use of ATM cards, institutional savings and availment of bank loans.

Food habits and nutritional status of the children, hygiene levels, drinking water and sanitation facilities, and quality of awareness building and education delivery at the centres could be improved further.

IIT = Indian Institute of Technology, RIDF = Rural Infrastructure Development Fund.

Showcase 5.2: Time-controlled automated sprinkler irrigation system for greenhouse cultivation

Project: Time-controlled automated sprinkler irrigation system for greenhouse cultivation

Location: South Sikkim (Namchi) district, Sikkim

Implementing agency: Agricultural Technology Management Agency, Sikkim

Total financial outlay: ₹5.4 lakh

NABARD assistance: ₹4.8 lakh

Challenge: Improving water-use efficiency in dry area for higher production and yield.

Intervention: Automated time-based irrigation systems optimising soil moisture using sensor and pump set up in greenhouses for horticulture and floriculture.

Beneficiaries: Five flower growers

Output>>Outcomes>>Impact

- 30%–40% water saved.
- Improvement in foliar growth, quality of flowers, plant health, root growth, etc.
- Savings in time and effort due to automated system.



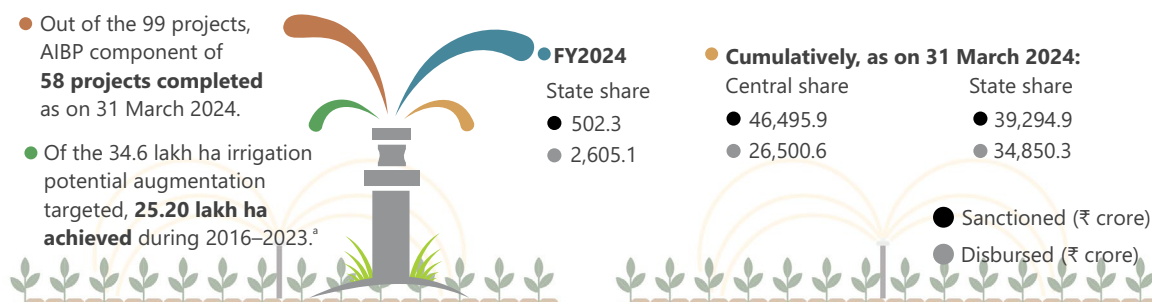
Poly house



5.3 LONG TERM IRRIGATION FUND²

The Long-Term Irrigation Fund (LTIF) funding arrangement has been extended up to FY2026 for state governments for 60 ongoing projects under the Accelerated Irrigation Benefit Programme and 85 projects under Command Area Development and Water Management with Government of India interest subvention up to 2%.

Figure 5.4: Performance of the LTIF



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

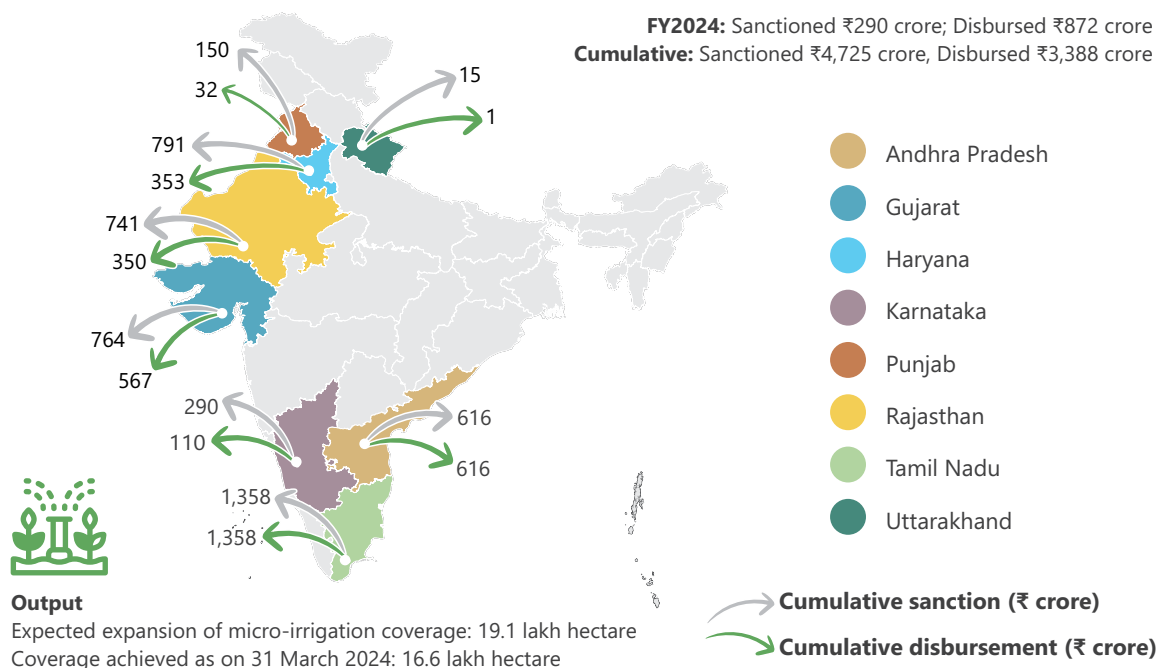
AIBP = Accelerated Irrigation Benefit Programme, LTIF = Long Term Irrigation Fund.

LTIF was introduced in the Union Budget for FY2017 to expedite the completion of 99 medium and major irrigation projects across 18 states in mission mode. Later, four more projects were added, namely, Polavaram project in Andhra Pradesh, North Koel project in Bihar and Jharkhand, re-lining of Sirhind and Rajasthan feeders in Punjab, and Shahpurkandi Dam in Punjab.

5.4 MICRO-IRRIGATION FUND³

Micro Irrigation Fund (MIF) was announced in the Union Budget for FY2020 endowed with the initial corpus of ₹5,000 crore, to be operationalised by NABARD for the period FY2020–FY2024.

Figure 5.5: Performance of MIF as on 31 March 2024



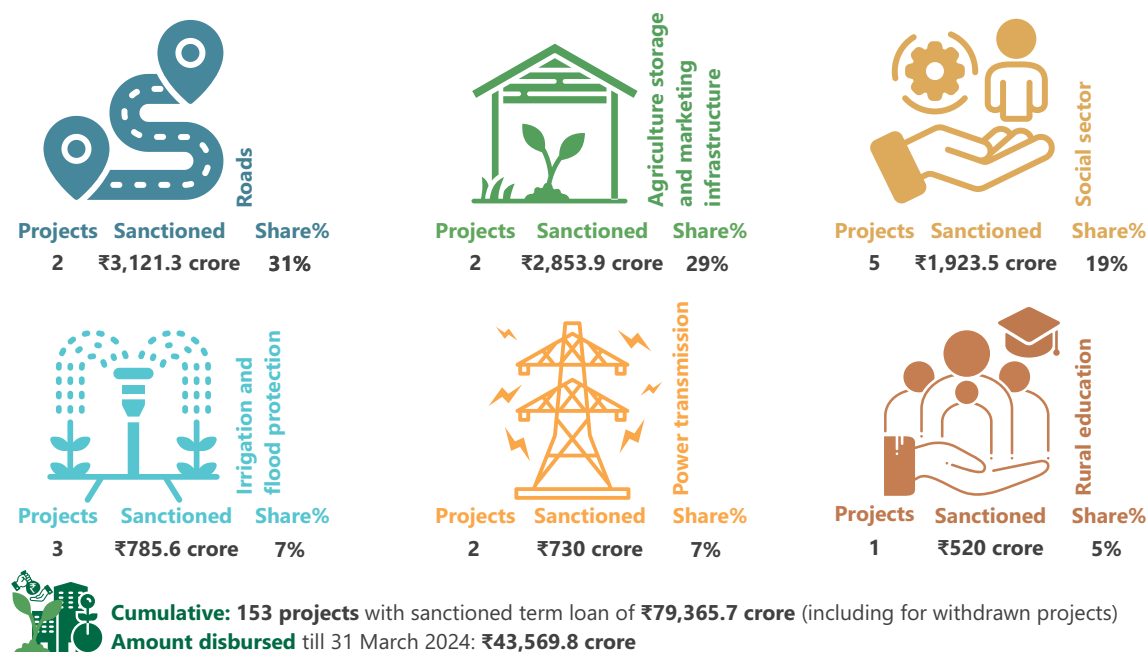
The objective of MIF is to support state governments in mobilising additional resources to expand micro-irrigation coverage and encourage its adoption beyond the provisions of Pradhan Mantri Krishi Sinchayee Yojana—Per Drop More Crop.

5.5 NABARD INFRASTRUCTURE DEVELOPMENT ASSISTANCE⁴

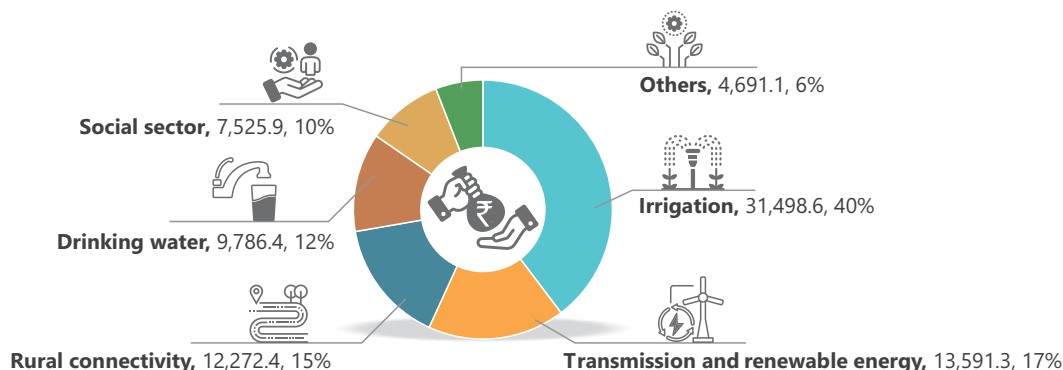
NABARD Infrastructure Development Assistance (NIDA) offers flexible long-term loans to state governments, well-managed public sector entities, and other eligible entities for financing rural infrastructure. Through NIDA, NABARD has been contributing to the creation of key

Figure 5.6: Performance of NIDA as on 31 March 2024

FY2024, term loan sanctioned: ₹9,934.4 crore



Cumulative term loan sanctioned by sector (amount in ₹ crore)



NIDA = NABARD Infrastructure Development Assistance

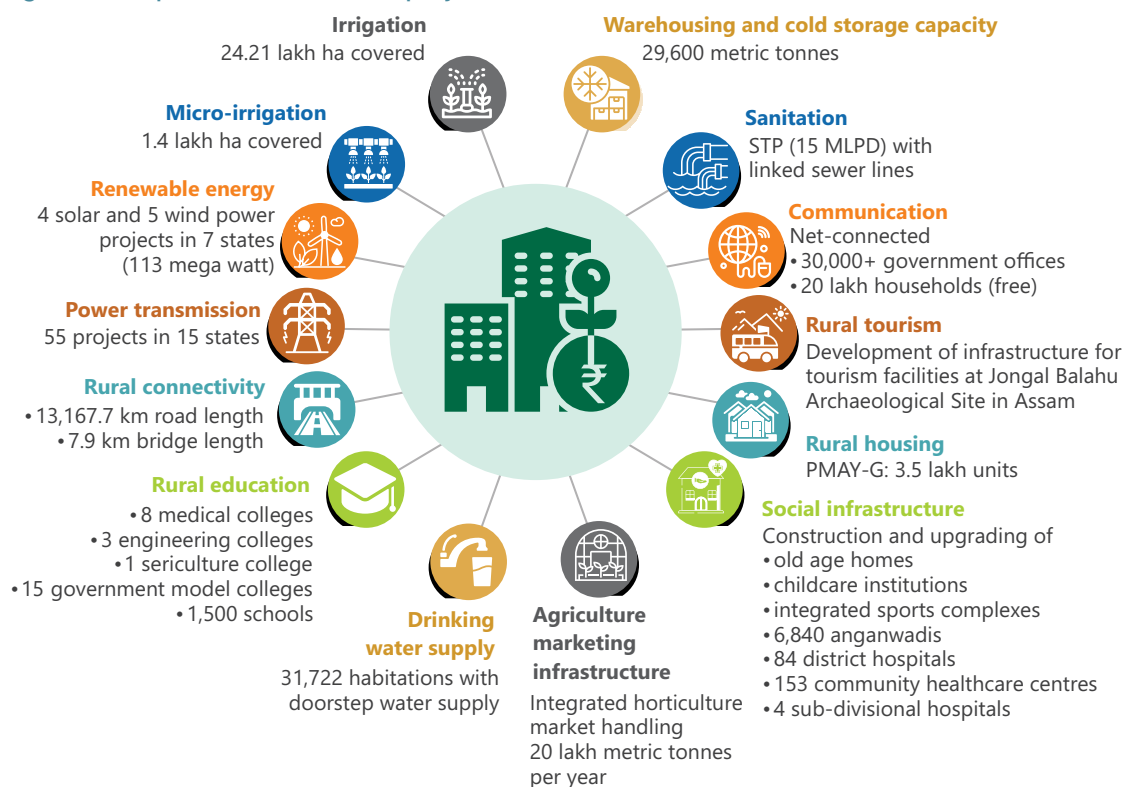
Notes:

- Social sector includes health, education, rural housing, rural tourism, anganwadis, and old age homes.
- Others include agricultural marketing, warehousing, watershed development, communication, sewerage, etc.



infrastructure and improving the quality of life in rural India. The scope for funding has further broadened with the inclusion of public–private partnership (PPP) and non-PPP projects to be undertaken by registered entities like corporates/companies, cooperatives, etc.

Figure 5.7: Expected outcomes of projects funded under NIDA



ha = hectare, MLPD = million litres per day, NIDA = NABARD Infrastructure Development Assistance, PMAY-G = Pradhan Mantri Awas Yojana–Gramin, STP = sewage treatment plant.

Showcase 5.3: Narmada–Kshipra Link Multipurpose Project

Project: Narmada–Kshipra Link Multipurpose Project, Madhya Pradesh

Location and challenge: Inter-basin water transfer through piped irrigation network to water-scarce areas of upper Chambal basin.

Total project cost: ₹1,856.7 crore

NIDA term loan: ₹1,745.8 crore

Output>>Outcomes>>Impact

- Irrigation facilities extended to 30,000 hectare in 162 villages across Ujjain and Shajapur districts, enhancing crop yield.
- Quality drinking water supply to over 1.5 million people.
- Diversification to high-value hybrid crops like wheat, maize, gram, and other horticulture crops.
- Rise in farmers' income up to ₹77,015 per hectare reducing rural–urban migration.



Narmada–Kshipra Link Multipurpose Project, Madhya Pradesh

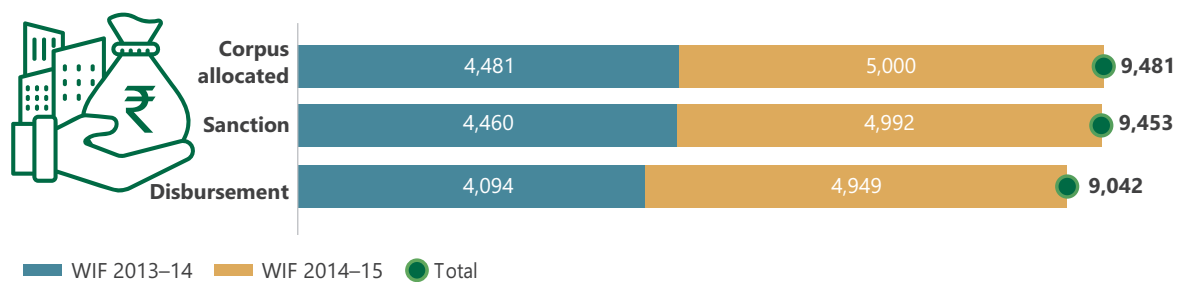
5.6 POST-HARVEST INFRASTRUCTURE

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

5.6.1 Warehouse Infrastructure Fund⁵

NABARD extends financial assistance through the Warehouse Infrastructure Fund (WIF) to state governments, state-owned agencies, and corporate entities to systematically enhance warehouse capacity, thereby strengthening agricultural value chains. The investment through WIF plays a pivotal role in facilitating and enhancing farmers' access to finance through negotiable warehouse receipts (NWR).

Figure 5.8: Sanctions and disbursements under WIF as on 31 March 2024 (₹ crore)

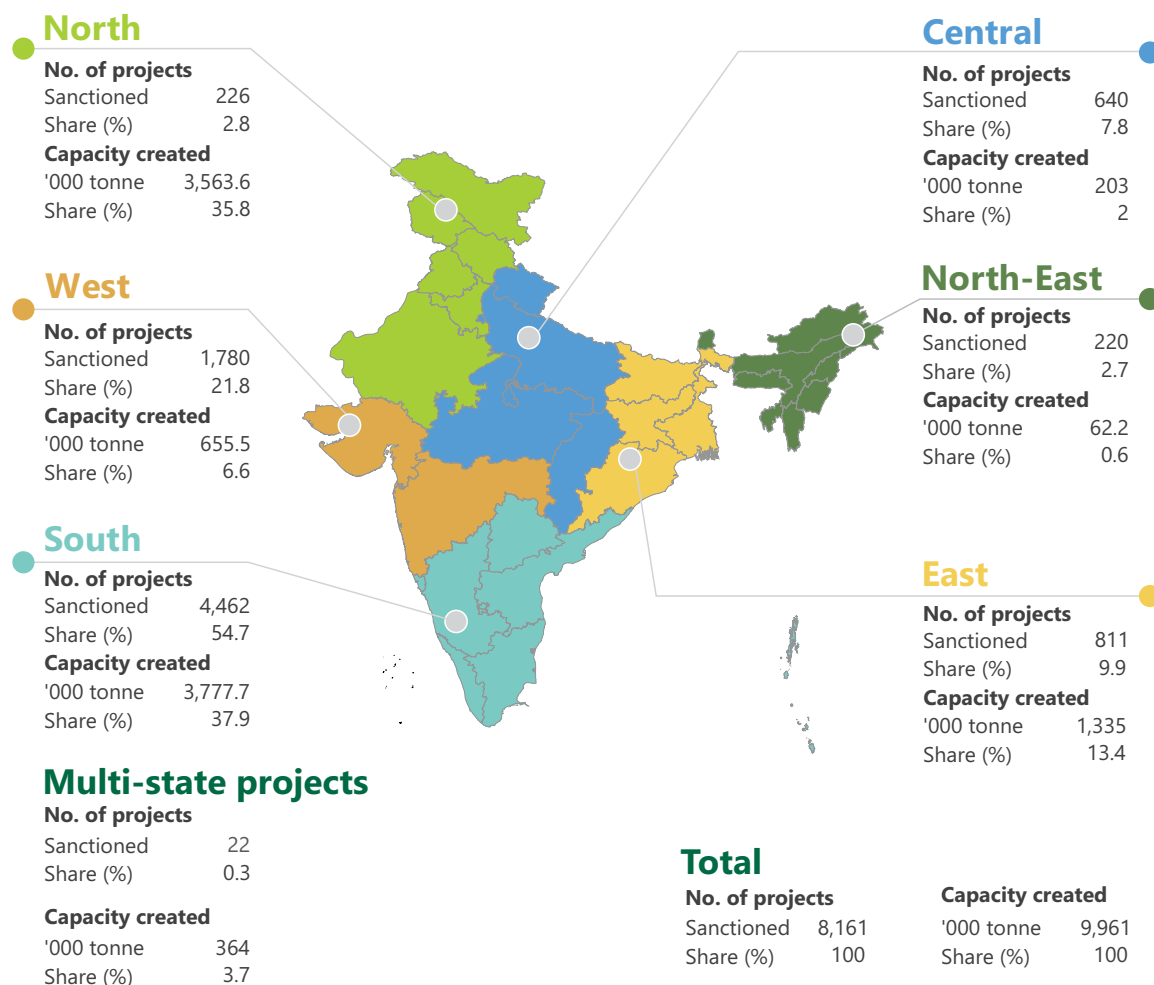


WIF = Warehouse Infrastructure Fund.

Note: For WIF 2013–14, out of a corpus of ₹5,000 crore, ₹519 crore was refunded to commercial banks.



Figure 5.9: Region-wise performance of WIF as on 31 March 2024



WIF = Warehouse Infrastructure Fund.

Figure 5.10: Output under WIF as on 31 March 2024



^aThese storage structures have been geotagged and linked to a centralised database which can be ported with other platforms like e-NAM to create an integrated portal.

^bThe app is being further developed to help farmers know the availability of the space in the agri-storage infrastructure, improve booking and payment facilities, and integration with other website/apps such as payment gateways, bank branch location, etc.

APLMC = Agricultural Produce and Livestock Market Committee, e-NAM = e-National Agriculture Market, km = kilometre, MT = metric tonne, NER = North-Eastern Region, WIF = Warehouse Infrastructure Fund.

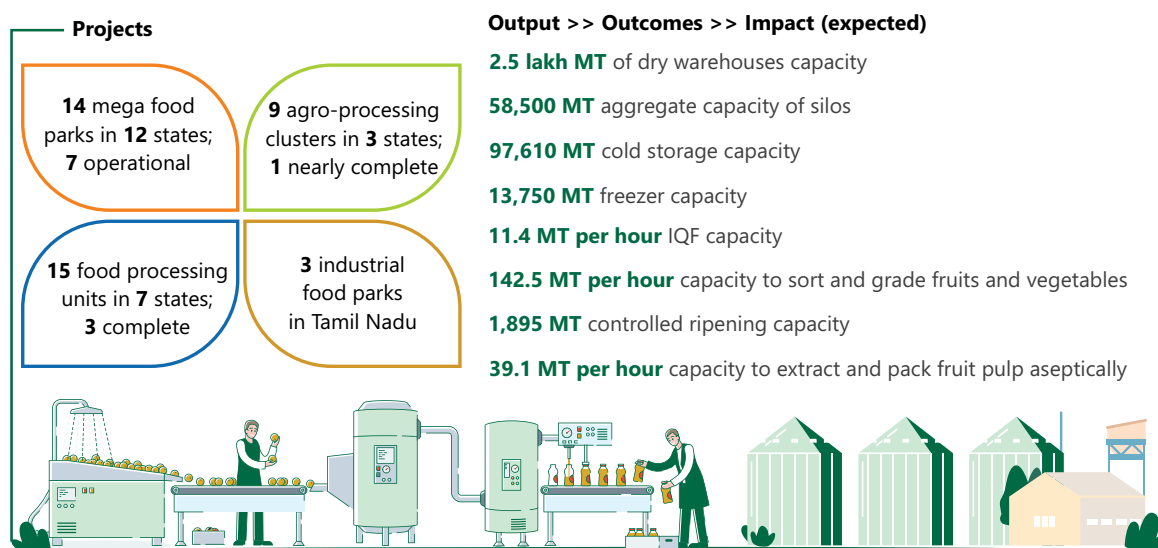


5.6.2 Food Processing Fund⁶

India's food processing sector is one of the largest in the world with a projected output of \$535 billion by FY2026.⁷

The development of the food processing industry is essential for enhancing food security, reducing post-harvest losses, generating employment, stimulating economic growth, and meeting the evolving needs of consumers in both domestic and international markets. NABARD's Food Processing Fund (FPF) has been instrumental in mitigating food wastage, broadening value addition, and establishing connections between farmers and consumers. NABARD has committed ₹1,191.6 crore as financial assistance up to FY2024 for projects spanning 17 states, including NER states like Assam, Manipur, and Meghalaya.

Figure 5.11: NABARD-supported food processing infrastructure as on 31 March 2024



IQF = individually quick freezing, MT = metric tonne.

Showcase 5.4: Unveiling a mega food park in Himachal Pradesh

Project: Cremica Mega Food Park

Implementing agency: Cremica Food Park Pvt Ltd

Term loan sanctioned: ₹40.2 crore

Location: Haroli, Una district, Himachal Pradesh.

Progress

- The mega food park has an area of 52 acres, of which 23.8 acres is leasable area.
- Entire land is already under possession of the implementing agency and is notified for industrial use.



- The following infrastructure has been completed in the core processing centre:
 - ◊ Frozen cold store (four stores of 150 MT capacity each)
 - ◊ Warehouse raw material (3,000 square metre)
 - ◊ Sewage treatment plant (1.2 million litre per day)
- The construction of a primary processing centre in Solan, Himachal Pradesh is complete.
- Following independent units have set up their manufacturing facility in the food park, which are operational: NEC Retroflex, Trustable Food India Pvt Ltd, Una Miricle Food, and Nijjer Foxtale Con.

Output >> Outcomes >> Impact

- Due to sale/lease of plots, the food park is reporting profits from its own operations.
- The entrepreneurs are optimistic that the Cremica Mega Food Park will be a harbinger of progress for the food processing industry of Himachal Pradesh.
- The Cremica Mega Food Park will potentially maximise value addition, minimise wastage, increase farmer's income, and create employment opportunities to 8,500 people, particularly in rural sector.
- The mega food park links agricultural produce (potato, tomato, fruits, and meat) to the market by bringing together farmers, processors, and retailers to ensure maximising value addition and food processing.

5.6.3 New initiatives during FY2024 in post-harvest infrastructure

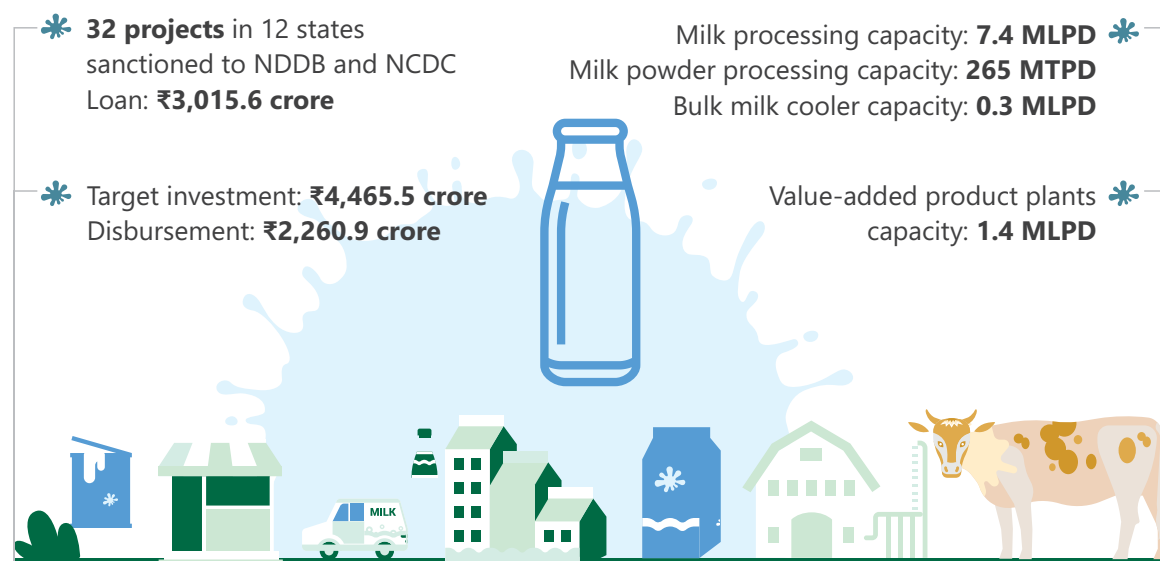
- NABARD's senior officials deputed to the Working Group constituted by the Warehousing Development and Regulatory Authority (WDRA) have provided technical assistance in developing a digital gateway platform for promotion of e-NWR-based pledge financing for the benefit of small and marginal farmers and traders.
- NABARD has initiated the process of developing the Dynamic Kisan Bhandar App and associated web-based portal for facilitating access of small and marginal farmers to geotagged storage spaces, thereby reducing post-harvest losses. NABARD Consultancy Services has been brought in as the consultancy firm to develop the mobile application.

5.7 OTHER INFRASTRUCTURE INITIATIVES

5.7.1 Dairy Processing and Infrastructure Development Fund⁸

The Dairy Processing and Infrastructure Development Fund (DIDF) was vested with NABARD in FY2018 for the creation and modernisation of milk processing facilities and development of other dairy-related infrastructure, with initial corpus of ₹8,004 crore and implementation period up to FY2023.

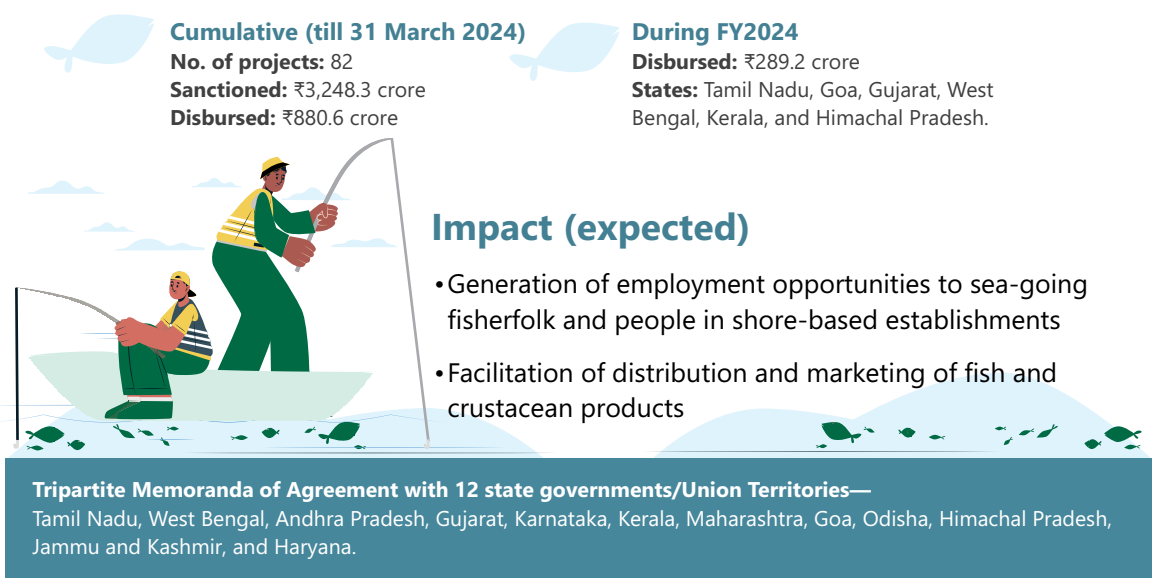
The Dynamic Kisan Bhandar App and portal will enable small and marginal farmers to access geotagged storage spaces.

Figure 5.12: Performance of DIDF as on 31 March 2024


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

5.7.2 Fisheries and Aquaculture Infrastructure Development Fund⁹

As per the Union Budget FY2019, the Fisheries and Aquaculture Infrastructure Development Fund (FIDF) was established (with NABARD as one of the nodal loaning entities) with a total corpus of ₹7,522.5 crore, spanning a lending period of 5 years from FY2019 to FY2023. The scheme has since been extended till 31 March 2026.

Figure 5.13: Performance of FIDF as on 31 March 2024


FIDF = Fisheries and Aquaculture Infrastructure Development Fund.



Showcase 5.5: Construction of fishing harbour at Tharangambadi in Mayiladuthurai District, Tamil Nadu

Project: Construction of fishing harbour

Location: Tharangambadi in Mayiladuthurai district, Tamil Nadu

Funding

- Project outlay: ₹120 crore
- A term loan of ₹108 crore availed by the Government of Tamil Nadu from NABARD in February 2020.

Challenges addressed

- Fishing is the primary source of livelihood for 10 coastal villages near Tharangambadi in Mayiladuthurai district. The fishing community suffered severe losses during natural disasters, particularly during the 2004 Indian Ocean Tsunami and 2018 Gaja cyclone.
- The fisherfolk had been experiencing difficulties in berthing their boats due to the non-availability of infrastructure.



Tharangambadi fishing harbour site

Intervention

- The fishing harbour completed in May 2023 is designed to facilitate the berthing of 800 fibre boats and 225 mechanised boats.
- Other infrastructure facilities include breakwaters structures on both the northern and southern ends of the harbour for boats to enter and exit, slipway, a fish auctioning yard, a fishing net mending shed, an overhead water tank, freshwater sump, vehicle parking area, public toilets, administrative and security buildings, etc.

Output>>Outcomes>>Impact (expected)

- Fisherfolk from Chinnamedu, Vellakoil, Chinnangudi, Kuttiyandiur, Thazhampettai, Pudupettai, Chandrapadi, Perumalpettai, and Chinnoorpettai can use the new harbour.
- The socioeconomic status of fisherfolk from these villages is expected to improve substantially.
- Additional employment is likely to be generated for
 - ◇ 3,975 sea-going fisherfolk,
 - ◇ 2,000 others employed in shore-based establishments, and
 - ◇ those engaged in distribution and marketing of fish and crustacean products.
- The average annual landing of fish and crustacean of 29,025 tonnes is valued at ₹380.3 crore.
- Fisherfolk can go fishing throughout the year and fully exploit the under-utilised fishery resources.

Innovative financing solutions are crucial for building resilient and inclusive infrastructure systems.

5.7.3 Rural Infrastructure Assistance to State Governments

Under the initiative ‘Renewed Engagements with State Governments for Infrastructure Financing’, Rural Infrastructure Assistance to State Governments is being revamped to realign with requirement of state governments in the eastern region and aspirational districts in other states for creating infrastructure that supports rural livelihoods.

5.8 WAY FORWARD

The synergy between physical and digital infrastructure is essential for building resilient, efficient, and inclusive infrastructure systems that support sustainable development, foster innovation, and enhance quality of life for people around the world.

NABARD is in the process of developing policy guidelines for working capital financing and development of exclusive short-term working capital financing products which can facilitate composite loan assistance to prospective entrepreneurs willing to set up food processing units outside the designated food parks. It is also exploring the possibility of collaboration with financial and banking institutions, viz. commercial banks, regional rural banks, and cooperative banks, for providing working capital finance assistance.

The effectiveness of RIDF support may be enhanced by extending financial assistance to PPP projects and catalysing private sector investment in rural infrastructure development, contributing to sustainable economic growth, poverty reduction, and ensuring holistic development of rural areas.

Innovations in infrastructure financing are essential for mobilising capital, unlocking investment opportunities, and accelerating infrastructure development. Such innovative financing solutions are bound to play a crucial role in addressing infrastructure gaps, promoting sustainable development, and building resilient and inclusive infrastructure systems for the future.

NOTES

1. <https://www.nabard.org/content1.aspx?id=573&catid=8&mid=8>.
2. <https://www.nabard.org/content1.aspx?id=655&catid=8&mid=8>.
3. <https://www.nabard.org/content1.aspx?id=1720&catid=8&mid=8>.
4. <https://www.nabard.org/content1.aspx?id=2800&catid=8&mid=8>.
5. <https://www.nabard.org/content1.aspx?id=571&catid=8&mid=8>.
6. <https://www.nabard.org/content.aspx?id=570>.
7. India’s food processing sector poised to reach \$535 billion by 2025-26, *Economic Times*, 7 April 2024. <https://economictimes.indiatimes.com/news/india/indias-food-processing-sector-poised-to-reach-535-billion-by-2025-26/articleshow/109102067.cms?from=mdr>
8. <https://dahd.nic.in/schemes/programmes/didf>.
9. <https://www.fidf.in/>

6

6.1	Credit planning
6.2	Refinance activities
6.3	Refinance trends
6.4	Other credit expansion instruments
6.5	New initiatives in refinance during FY2024
6.6	Improving efficiency in the credit delivery ecosystem
6.7	Strengthening financial inclusion
6.8	Way forward

Credit Planning and Delivery for Financial Inclusion





As an apex institution promoting rural development in India, one of NABARD's primary responsibilities is to enable the flow of ground-level credit (GLC). Its objective is to ensure that the smallest and most marginalised economic actors at the grassroots gain access to institutional credit to invest into diversifying, expanding, and scientifically modernising their farm and off-farm activities. They can, thus, simultaneously 'contribute to' and 'enjoy' the fruits of inclusive and sustainable rural development in the long term.

On the one hand, NABARD fulfils its role in expanding credit availability and supply through credit planning and monitoring, and last-mile credit delivery through both refinance and direct finance products. And on the other, it also seeks to stimulate credit demand through greater financial inclusion.

6.1 CREDIT PLANNING

Credit planning is important for estimating credit demand (potential) in the rural economy and trying to meet it. NABARD has placed 479 district development managers pan India with the prime responsibility of credit planning, monitoring of credit flow, and coordination with channel partners.

Under credit planning, NABARD prepares potential-linked credit plans (PLPs) on an annual basis for all the districts of the country. These PLPs estimate credit potential under the priority sector at the district level and present holistic interventions required in infrastructure and other support services.

During FY2024, 729 PLPs for FY2025 have been prepared covering 758 districts which further guide the banks in preparation of annual credit plans, ensuring credit supply in the rural economy.

Assessment of credit potential in PLPs under the priority sector for all districts in a state leads to the compilation of state focus papers (SFPs), highlighting the credit potential, gaps, and strategies for sector and infrastructure development of the state. The SFP also outlines the support to be provided by government departments.

The SFPs are launched at state credit seminars (SCSs) wherein infrastructure gaps and major sectoral issues relating to credit flow are deliberated on with relevant stakeholders, namely, senior officials of state governments, banks, research institutions, etc. Suggestions emanating in the SCSs help state governments in framing suitable policies/schemes and making budgetary provisions, as required.

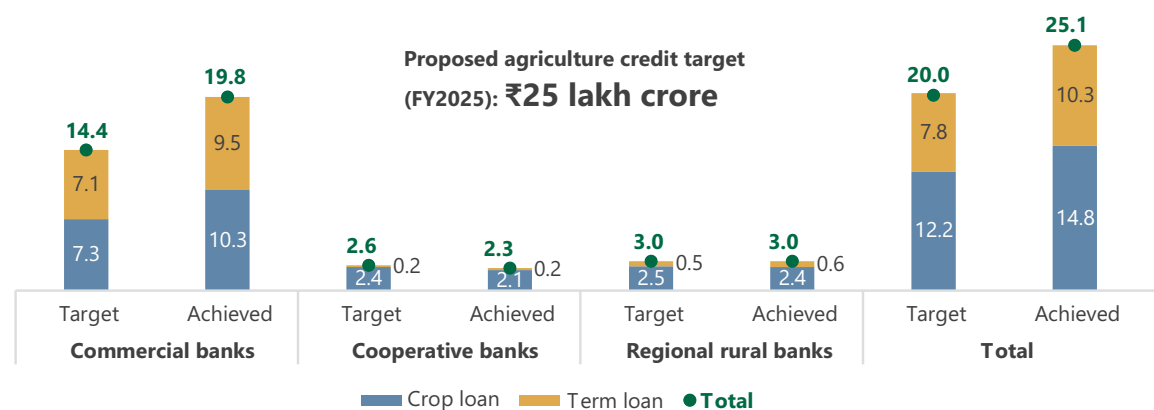
During FY2024, SFPs were launched in SCSs across 30 states. The SFP projection for FY2025, under the priority sector, is estimated at ₹61 lakh crore, of which the share of agriculture is ₹26.3 lakh crore i.e., 43%.

The government has been fixing annual targets for GLC for the agriculture sector by scheduled commercial banks (SCBs), regional rural banks (RRBs), and rural cooperative banks (RCBs). During FY2024, ₹25.1 lakh crore (provisional) has been disbursed, against the target of ₹20 lakh crore, thus overachieving the target by 25% (Figure 6.1). Significantly, much of the incremental agricultural GLC was extended by SCBs.

NABARD expands credit availability and supply while also stimulating credit demand through greater financial inclusion.



Figure 6.1: Agricultural GLC by agency during FY2024 (provisional data) (₹ lakh crore)



GLC = Ground-Level Credit.

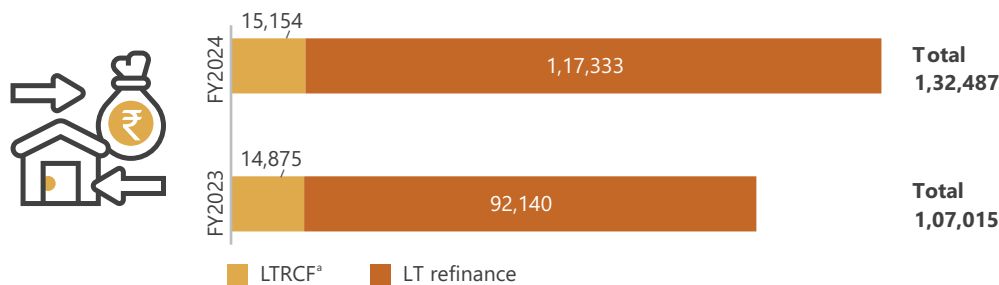
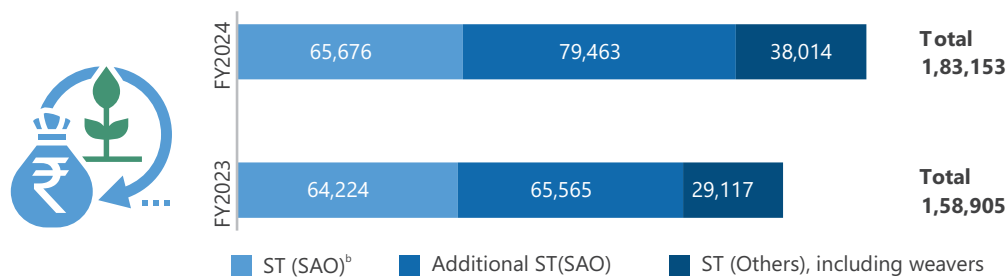
6.2 REFINANCE ACTIVITIES

Encompassing the diverse credit needs of rural clients, NABARD extends refinance to rural financial institutions (RFIs), SCBs, and non-banking financial companies (NBFCs) against their loan portfolio. Loans to governments and state-owned corporations for procurement (short-term or ST) and infrastructure projects (long-term or LT) are extended directly. RFIs and SCBs extend GLC to agriculture consisting of both ST working capital and LT funds for capital formation.

NABARD extends concessional refinance with support of the Government of India (GOI) and the Reserve Bank of India (RBI) under Short-Term Cooperative Rural Credit Fund (STCRCF), Short-Term Regional Rural Bank Fund, and Long-Term Rural Credit Fund, resulting in augmentation of credit, both for agriculture and allied activities, and affordable credit at ground level.

6.3 REFINANCE TRENDS

Total ST refinance disbursement of ₹1.8 lakh crore was 121% of the target for FY2024, a remarkable achievement (Figure 6.2). The disbursement under LT refinance has been moderate with 76% achievement of the target of ₹1.7 lakh crore in FY2024.


Figure 6.2: Long- and short-term refinance support (₹ crore)
Long-term refinance

Short-term refinance

Total refinance support

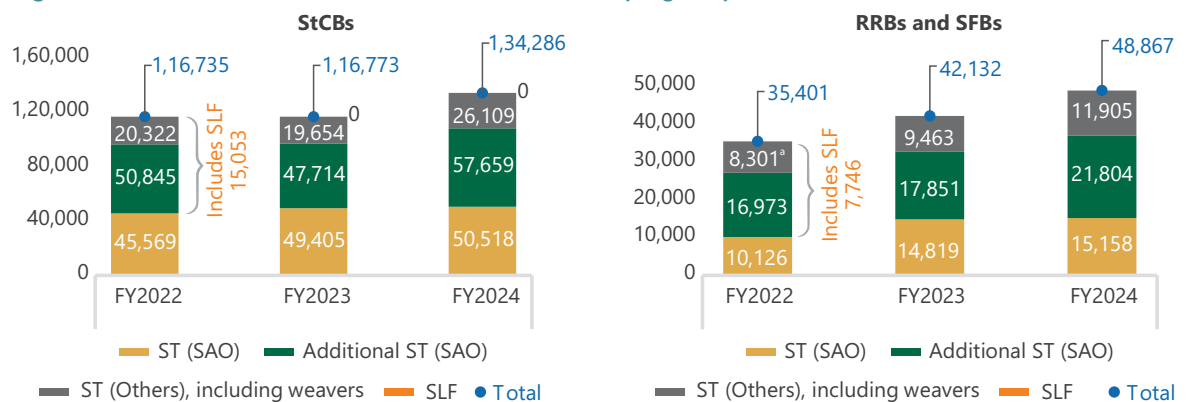
FY2023 **2,65,920**

FY2024 **3,15,639**
^a As against Board approved target of ₹25,000 crore, RBI released ₹15,154.2 crore.

^b As against Board approved target of ₹75,000 crore, RBI released ₹65,675.7 crore.

LT = Long-Term, LTRCF = Long-Term Rural Credit Fund, RBI = Reserve Bank of India, ST = Short-Term, ST (SAO) = Short-Term Credit for Seasonal Agricultural Operations.

Note: Figures may not add up to total due to rounding off.

Figure 6.3: Disbursement of short-term refinance by agency (₹ crore)

^a ₹32.8 crore disbursed to SFBs.

RRB = Regional Rural Bank, SFB = Small Finance Bank, SLF = Special Liquidity Facility, ST = Short-Term, StCB = State Cooperative Bank, ST (SAO) = Short-Term Credit for Seasonal Agricultural Operations.

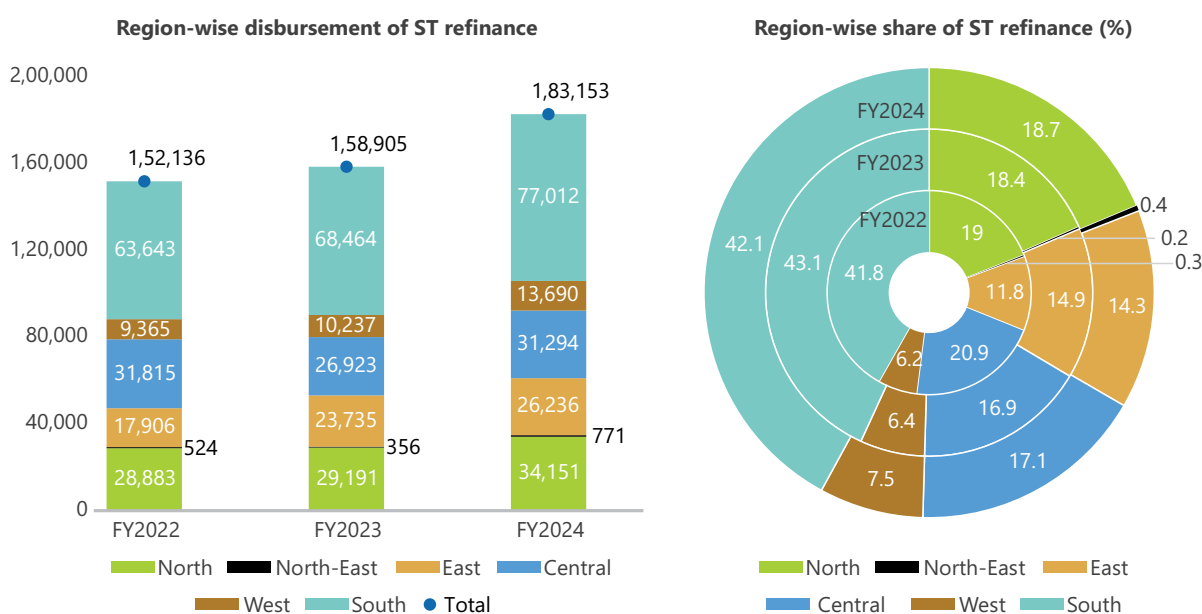
Note: SLF for the FY2022 already included in Additional ST (SAO) and ST (Others); no allocation under SLF by Reserve Bank of India during FY2024.



6.3.1 Performance of ST refinance

For production and working capital requirements of farmers, weavers, and artisans, refinance is provided under the ST facility. During FY2024, of the total ST refinance of ₹1.8 lakh crore, 73.3% was disbursed to state cooperative banks (StCBs) (Figure 6.3). Disbursements under ST credit support of NABARD increased by 15% over FY2023. Short-term facility to cooperatives increased by 15% whereas disbursement to RRBs increased by 16% during FY2024. In terms of region-wise trends, the southern region has received the largest proportion of ST refinance at 42.1%, followed by north (18.7%), central (17.1 %), and the east (14.3%). The western region has a very small share (7.5%) in ST refinance disbursement (Figure 6.4).¹

Figure 6.4: Disbursement and share of short-term refinance by region (₹ crore)



ST = Short Term.

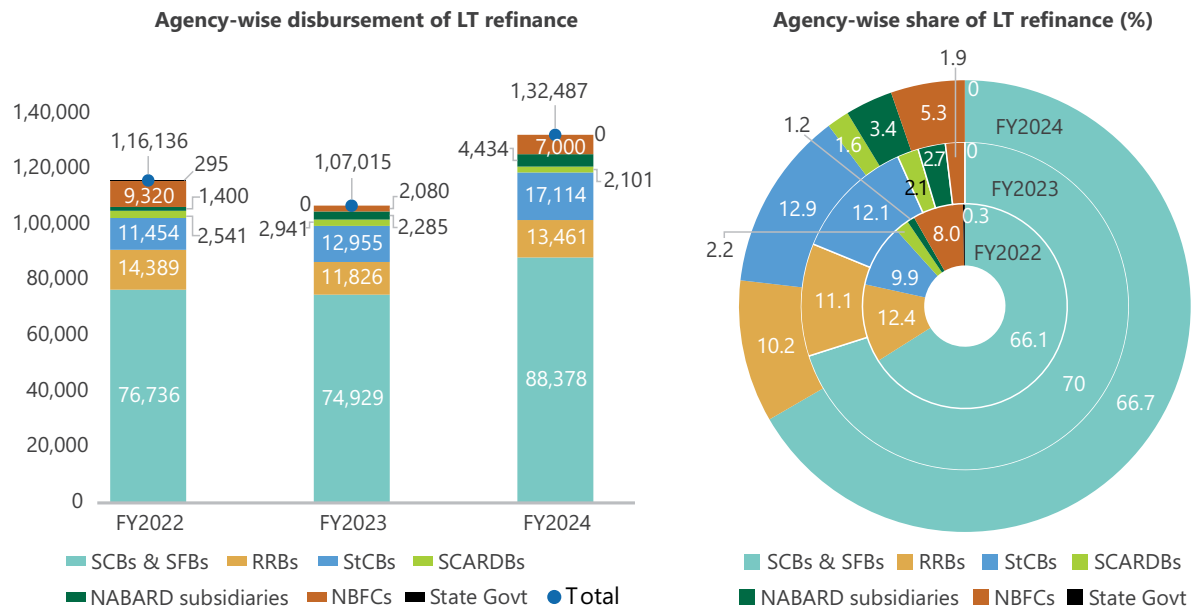
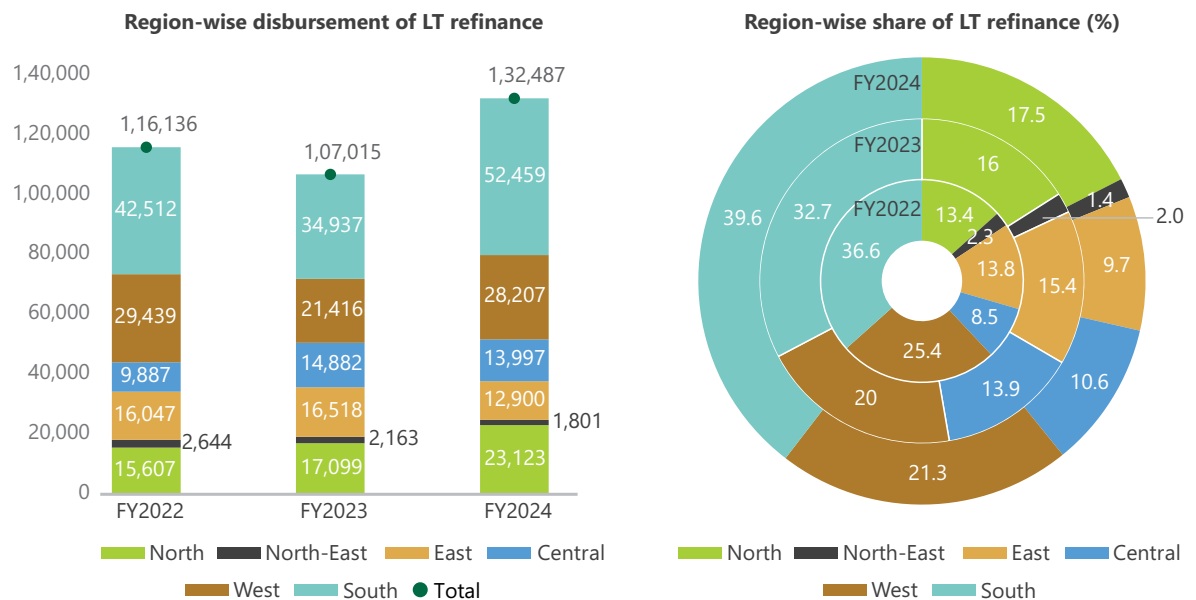
Notes:

- Figures may not add up to total due to rounding off.
- For the list of states and Union Territories by region, see Note 1 at the end of Chapter 6.

6.3.2 Performance of LT refinance

Disbursements under LT refinance touched ₹1.3 lakh crore during FY2024, registering an increase of 23.8% (Figure 6.5). A sizeable share (67%) of the disbursement went to SCBs, followed by StCBs (13%) and RRBs (10%).

Regional disparity is visible even in LT refinance as the major share of refinance offtake was in the south (39.6%), followed by the west (21.3%), north (17.5%), central (10.6%), east (9.7%), and the north-east regions (1.4%) (Figure 6.6).

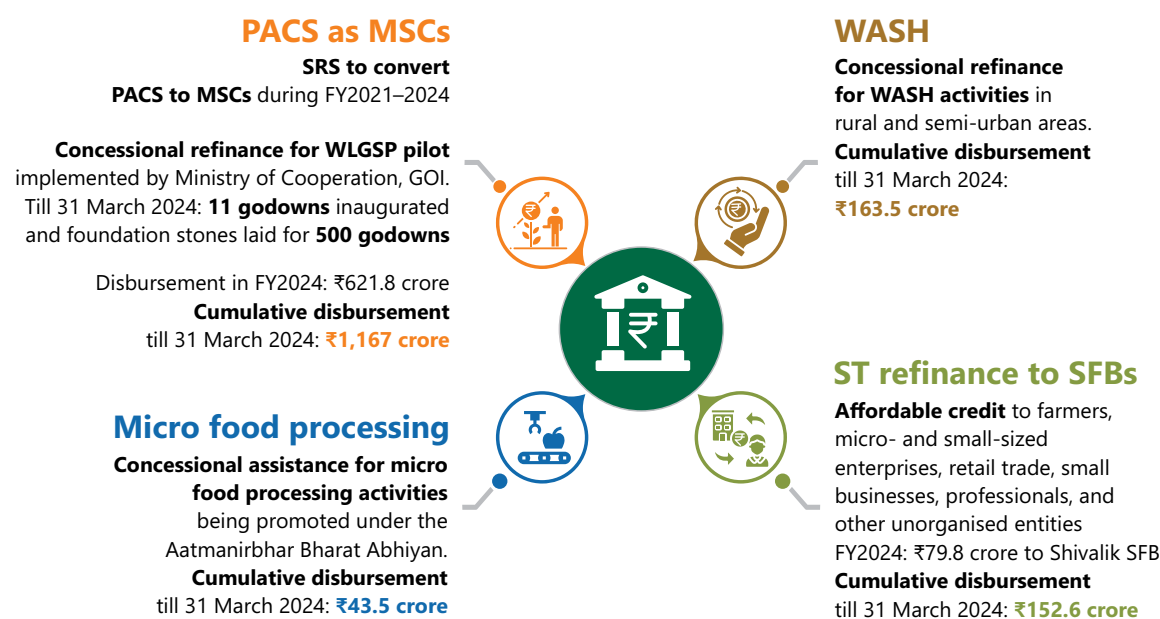
Figure 6.5: Disbursement of long-term refinance by agency (₹ crore)

Figure 6.6: Disbursement and share of long-term refinance by region (₹ crore)




6.4 OTHER CREDIT EXPANSION INSTRUMENTS

Apart from the short-term and long-term refinance support, NABARD also offers special refinance schemes which are summarised below (Figure 6.7).

Figure 6.7: Performance of special refinance schemes in FY2024



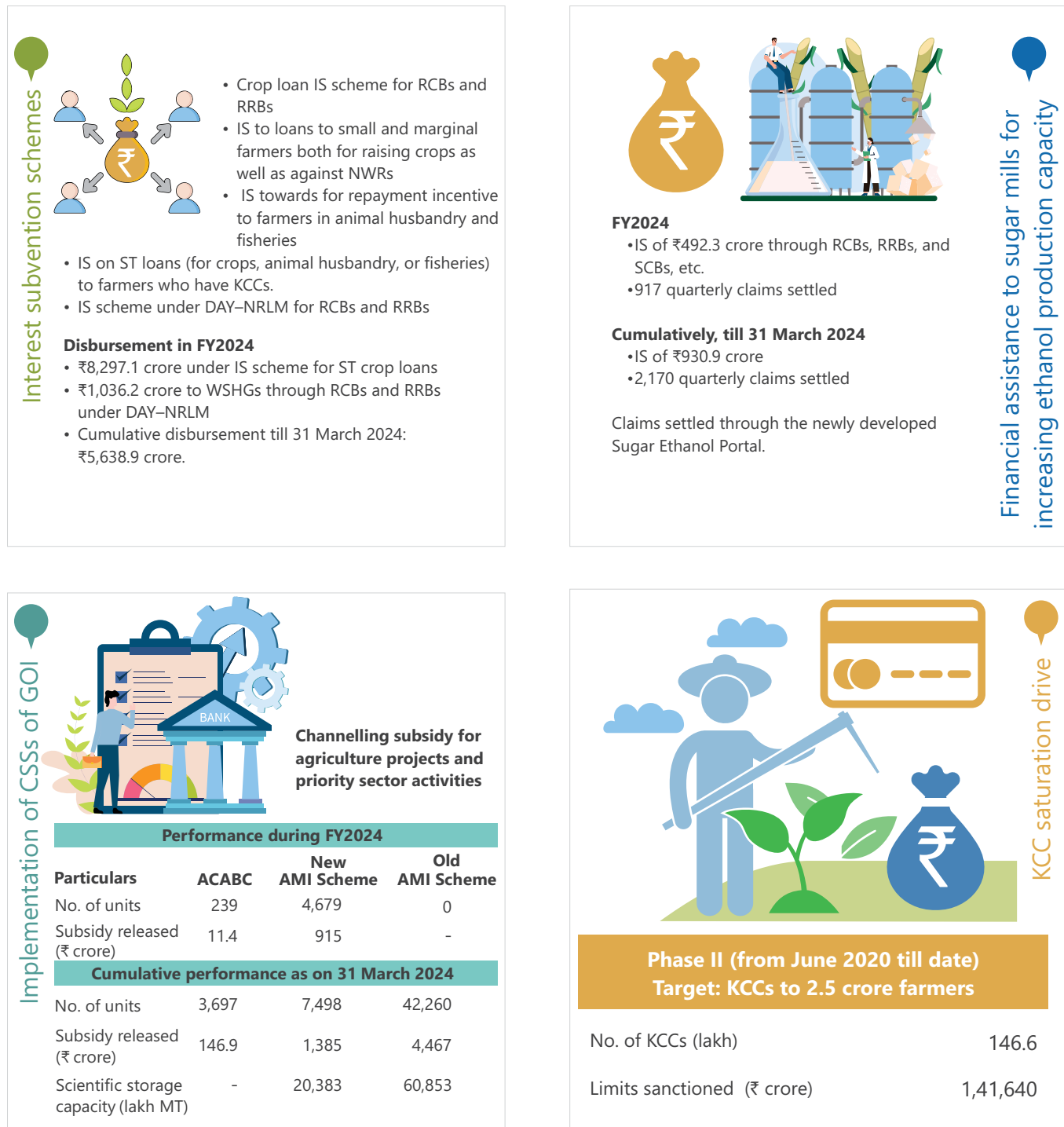
GOI = Government of India; MSC = Multi-Service Centre; PACS = Primary Agricultural Credit Society; SFB = Small Finance Bank; SRS = Special Refinance Scheme; ST = Short Term; WASH = Water, Sanitation, and Hygiene; WLGSP = World's Largest Grain Storage Plan in the Cooperative Sector.

Notes:

- The WLGSP entails setting up of grain storage infrastructure, including warehouse and silos, along with other agri-infrastructure, such as procurement centres, custom hiring centres, primary processing centres, grameen haats, etc., through the convergence of various government schemes at PACS level, such as Agriculture Infrastructure Fund, Agricultural Marketing Infrastructure, Sub-mission on Agriculture Mechanization, Mission for Integrated Development of Horticulture, Pradhan Mantri Formalisation of Micro-Food Processing Enterprises, and Pradhan Mantri Krishi Sinchayee Yojana. More details are available in Box A10.1.
- For details on each of these refinance products, please see NABARD (2023), *Annual Report 2022–23*, National Bank for Agriculture and Rural Development, Mumbai, p.75. <https://www.nabard.org/pdf/2023/annual-report-2022-23-full-report.pdf>.

Interest subvention, assistance to sugar mills for ethanol production, Kisan Credit Card (KCC) saturation, and credit-linked subsidies are some of the other products that NABARD has been effectively managing for the GOI (Figure 6.8, Box 6.1). NABARD also supports cooperatives through direct refinance to DCCBs and credit facility for federations (Figure 6.8).

Figure 6.8: Performance of other credit products in FY2024





DRA to StCBs and DCCBs for ST multipurpose credit



DRA for credit to meet needs of working capital, repair and maintenance of farm equipment and other productive assets, storage/grading/packaging of produce, marketing activities, food credit consortium, non-farm activities, working capital loans against pledge limits sanctioned to cooperative and private sugar factories, etc.

In FY2024

- Sanction ₹26,816 crore; 25% higher than FY2023
- Disbursement ₹26,869 crore; 48% higher than FY2023
- The outstanding position as on 31 March 2024 ₹20,504 crore against ₹13,956 crore as on 31 March 2023.
- Credit availed by StCBs and DCCBs in Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, and West Bengal
- 'C' rated DCCBs also eligible for DRA



ST credit to agricultural marketing federations, dairy cooperatives, milk unions and federations to support procurement of inputs, processing, and marketing operations.

In FY2024

- Sanction ₹38,700 crore (FY2024); ₹40,606 crore (FY2023)
- Disbursement ₹39,240 crore; 25% higher than FY2023
- The outstanding position as on 31 March 2024 ₹20,583 crore against ₹17,355 crore as on 31 March 2023.
- Credit availed by marketing federations and civil supplies corporations in Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Madhya Pradesh, Odisha, Tamil Nadu, Telangana, and Uttarakhand

Credit Facility to Federations

ACABC = Agri-Clinics and Agri-Business Centres, AMI = Agriculture Marketing Infrastructure, CSS = Capital Subsidy Scheme, DAY-NRLM = Deendayal Antyodaya Yojana–National Rural Livelihood Mission, DCCB = District Central Cooperative Bank, DRA = Direct Refinance Assistance, GOI = Government of India, IS = Interest Subvention, KCC = Kisan Credit Card, MT = metric tonne, NWR = Negotiable Warehouse Receipt, RCB = Rural Cooperative Bank, RRB = Regional Rural Bank, SCB = Scheduled Commercial Bank, ST = Short-Term, StCB = State Cooperative Bank, WSHG = Women Self-Help Group.

Notes:

- AMI scheme supports the development and upgrading of gramian haats to Gramin Agriculture Markets.
- ACABC scheme supplements the efforts of public extension by facilitating the setting up of agri-ventures by qualified agricultural professionals.
- For details on each of these credit products, please see NABARD (2023), *Annual Report 2022–23*, National Bank for Agriculture and Rural Development, Mumbai, p.76–77. <https://www.nabard.org/pdf/2023/annual-report-2022-23-full-report.pdf>.



Box 6.1: Increasing KCC penetration

Ghar Ghar KCC Abhiyan	VBSY and PM-JANMAN	AHDF–KCC campaign
NABARD spearheaded the nationwide campaign targeting PM-KISAN beneficiaries not yet covered by KCC. The camps conducted under the campaign were monitored by an IT-based application especially developed by NABARD. Under GGKA, 6,361 camps were held across 490 districts, covering 1,998 blocks and 5,914 villages, with more than 2.7 lakh participants.	Launched by the GOI on 15 November 2023, VBSY and PM-JANMAN are nationwide initiatives across all gram panchayats, nagar panchayats, and urban local bodies that aimed at spreading awareness to achieve comprehensive coverage of schemes such as KCC to benefit vulnerable populations who are eligible for various schemes but have not yet availed the benefits.	Ministry of Fisheries, Animal Husbandry and Dairying resumed the Nationwide AHDF–KCC Campaign from 1 May 2023 to 31 March 2024, for providing KCC facility to all eligible farmers engaged in animal husbandry, dairying, and fisheries.

AHDF = Animal Husbandry, Dairying, and Fisheries; GGKA = Ghar Ghar KCC Abhiyaan; GOI = Government of India; IT = Information Technology; KCC = Kisan Credit Card; PM-JANMAN = Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan; PM-KISAN = Pradhan Mantri Kisan Samman Nidhi; VBSY = Viksit Bharat Sankalp Yatra.

6.5 NEW INITIATIVES IN REFINANCE DURING FY2024

6.5.1 Policy initiatives

- **Floating rate under Short-Term Credit for Additional Seasonal Agricultural Operations and ST (Others):** Keeping in view the requirements of the RCBs and the RRBs, flexibility introduced under these facilities now allows client banks to avail of refinance at floating rates.
- **Floating rate under LT refinance:** A floating rate product was introduced under LT refinance for public and private sector commercial banks, small finance banks, NBFCs, and NBFC–microfinance institutions (NBFC–MFIs).
- **Automatic Refinance Facility (ARF) under special refinance schemes (SRS):** Since SRS-PACS as MSCs and SRS-AIF have been operational since 2020 and client banks have gained the experience and competency necessary for appraising the projects, ARF mode of refinance was introduced under these schemes in place of pre-sanction procedure.²
- **Relaxing eligibility criteria to serve greater client base:** Eligibility criteria were relaxed to allow RCBs whose internal risk rating category is NBD1 to NBD7 to participate in the pilot project of the World's Largest Grain Storage Plan in the Cooperative Sector.

6.5.2 Operational initiatives

- Digitalisation of refinance operations for NBFCs, NBFC-MFIs, and commercial banks was introduced to ease the process of refinance.
- The documentation procedure for refinance in respect of NBFCs and NBFC-MFIs were revised.
- The operational guidelines for NBFCs and NBFC-MFIs were revised incorporating the latest industry trends and detailed internal guidelines were issued to the regional offices.
- The NABPARIKSHAN app was revamped for smooth verification of refinanced assets at ground level.



- Initiatives in assessing market requirements and designing refinance products accordingly have attracted new clients into NABARD's refinance fold, like Indian Overseas Bank, Karnataka Bank, DBS Bank, Bank of India, etc.

NABARD has been responsive to emerging options and opportunities within a rapidly and profoundly transforming financial and economic landscape.

6.6 IMPROVING EFFICIENCY IN THE CREDIT DELIVERY ECOSYSTEM

Steadfast in its commitment to fostering innovation and catalysing positive change within the rural credit delivery ecosystem, NABARD continues to embrace dynamic strategies and cutting-edge technologies to boost efficiency, ensure transparency in operations, and streamline decision-making. NABARD has been responsive to the emerging options and opportunities within a rapidly and profoundly transforming financial and economic landscape. It has not only taken forward existing initiatives in improving the credit ecosystem in the country but also introduced many new ones in the last year, some of which are listed below.

- **Core Banking Solutions (CBS) in RCBs:** NABARD has played a pivotal role in the onboarding of RCBs to CBS since 2012. As on date, as many as 214 banks have benefited from this initiative. NABARD has won the prestigious Association of DFIs in Asia and Pacific Sustainable Development Project Award 2024 in Financial Inclusion Category for this initiative.
- **Centralised Account Aggregator (AA) Platform for RCBs and RRBs:** NABARD took the initiative to successfully develop and pilot test a centralised AA platform which will reduce the capital costs for the RCBs and RRBs while onboarding onto the AA framework. This is expected to enhance seamless exchange of financial information between participating banks.
- **Shared Aadhaar Data Vault (ADV) for RCBs:** To improve Aadhaar data security, NABARD is facilitating discussions for a shared ADV environment, potentially reducing costs for participating RCBs.
- **Development of digital technology** for credit delivery, interest subvention, etc.
 - ◇ **eKCC Portal:** NABARD has developed an online portal for KCC, which can be accessed by farmers at their doorstep to submit their loan applications to RCBs and RRBs. This portal envisages sanction of KCC loans as the first offering and shall be expanded in phases to cover other types of agri-loans like personal loans or MSME loans.³ The portal will have links to land record systems of state governments, satellite imagery, CIBIL, and Unique Identification Authority of India for Know-Your-Customer authentication to facilitate underwriting of loans by banks.⁴ From the banks' perspective, the portal also provides all the functionalities of a loan origination system, enabling banks to scrutinise and convey in-principle sanction of loans immediately.
 - ◇ **eNWR Pledge Loan Gateway:** The Warehousing Development and Regulatory Authority,⁵ working closely with NABARD, has developed an eNWR Pledge Loan Gateway on the JanSamarth Portal of Department of Financial Services (DFS), GOI. The portal, 'e-Kisan Upaj Nidhi', was launched on 4 March 2024 and is expected to ease the flow of pledge loans to the farming community. NABARD will be disseminating information on the 'Pledge Loan Scheme based on eNWRs' through seminars and awareness camps organised at state and district level.
 - ◇ **AIF Interest Subvention Portal:** NABARD is developing a portal for automating the processing of interest subvention claims as also credit guarantee fee claims submitted by banks under the AIF scheme, enabling quick and accurate claim settlement. This will also motivate the banks to finance more infrastructure projects under AIF by encouraging beneficiaries to set up new units and avail the benefit of interest subvention. The portal is currently undergoing user acceptance testing.
 - ◇ **NRLM Interest Subvention Portal:** NABARD has developed a web portal for NRLM



FIF has improved last-mile financing by enabling access to formal credit sources, enhancing financial literacy and awareness, supporting technology adoption and innovation, creating infrastructure and connectivity, and facilitating policy advocacy.

interest subvention claims by RRBs and RCBs in respect of WSHGs financed by them under DAY–NRLM.⁶ The portal was launched on 11 January 2024. As on 31 March 2024, the portal has successfully processed interest subvention claims totalling ₹142 crore for FY2024.

- **Ghar Ghar KCC Abhiyan campaign monitoring:** NABARD developed an IT-based application for monitoring the camps conducted under the campaign (for details see Box 6.1).
- **Digitalising Agri-Value Chain Finance (AVCF):** This initiative of NABARD would streamline the financing and digitising of input purchase, crop production, and output procurement, thereby linking institutions more systematically with agri-value chains. Working in close collaboration with two start-ups, NABARD launched the AVCF pilot in three states covering 10 farmer producers' organisations (FPOs) and 16 crops, involving credit support from two banks. Further, NABARD is actively seeking solutions to field-level challenges encountered in these pilots by exploring purpose-bound loans using Central Bank Digital Currency alongside implementation of the FPO accelerator model.⁷
- **Technology Facilitation Fund (TFF):** NABARD has set up a dedicated fund from its profit with a corpus of ₹50 crore to support the development of digital technology with the help of tech start-ups. During the year, two proposals were sanctioned amounting to ₹73.17 lakh under TFF.
- **Shielding RCBs from cyber threats:** NABARD, as an ecosystem developer, facilitated collective cyber risk insurance for 75 RCBs by floating a common request for proposal (RFP) on the central public procurement portal, achieving significantly lower premium and higher comprehensive coverage compared to individual policies independently procured by RCBs. The premium at 0.62% of 'limit of liability' for the maximum liability coverage (against market rates of 0.75%–1.25%) would never have been possible without NABARD's collective cyber risk insurance initiative. Not only does the 12-month policy (effective 1 April 2024) offer more comprehensive coverage on friendlier terms but also relieves the RCBs of the burden of floating individual RFPs. It is, therefore, expected that in the current fiscal, more RCBs will participate in the common RFP process of NABARD to buy into the collective cyber risk insurance for FY2026.

6.7 STRENGTHENING FINANCIAL INCLUSION

Initiated in FY2019, NABARD's differentiated approach to financial inclusion focuses on addressing regional disparities and ensuring equitable access to financial services across the country. Attention is paid to special focus districts, including aspirational districts, left-wing extremism-affected districts, credit-deficient districts as well as districts in hilly states, the North East Region (NER), and the Andaman and Nicobar Islands.

Grant support assistance through NABARD's Financial Inclusion Fund (FIF) has improved last-mile financing in India by enabling access to formal credit sources, enhancing financial literacy and awareness, supporting technology adoption and innovation, creating infrastructure and connectivity, and facilitating policy advocacy for the unserved and underserved segments of the rural population (Figure 6.9).



Figure 6.9: Activities supported by FIF

Financial literacy

- Camps
- Demo van
- A/V infra
- Kiosk outlets
- Saturation campaigns for social security schemes

Technology adoption

- Micro-ATMs
- POS/MPOS machines
- Onboarding BHIM UPI
- Onboarding PFMS
- BBPS
- Green PIN
- Positive payment system

Connectivity and power infrastructure

- VSAT
- Signal booster
- Solar power/UPS

Regulatory infra support

- Membership of AUA/KUA
- Onboarding to CKYCR

ATM = Automatic Teller Machines, AUA = Aadhaar User Agency, A/V = Audio Visual, BBPS = Bharat Bill Payment System, BHIM UPI = Bharat Interface for Money Unified Payments Interface, CKYCR = Central 'Know Your Customer' Record Registry, FIF = Financial Inclusion Fund, KUA = KYC User Agency, MPOS = Mobile Point of Sale, PFMS = Public Financial Management System, POS = Point of Sale, UPS = Uninterruptible Power Supply, VSAT = Very Small Aperture Terminal.

6.7.1 Financial literacy and capacity building

Financial literacy with awareness and understanding of financial products, particularly digital services, has been a primary focus area for NABARD. Initiatives supported by NABARD include financial and digital literacy camps, reimbursement of examination fees for banking correspondents, and the deployment of demonstration vans and kiosks in unbanked villages. Extensive outreach efforts have included over 8.1 lakh awareness programmes reaching 35 crore households, significantly contributing to the adoption of technology and promoting financial inclusion among rural populations.

6.7.2 Technology adoption and infrastructure support

NABARD plays a crucial role in advancing financial inclusion through technology, particularly for RRBs and RCBs. This includes facilitating the adoption of CBS, enabling services like Any Branch Banking, NEFT, RTGS, and ATM access across rural areas.⁸ NABARD supports initiatives such as revised KCC through cooperatives to ensure timely credit for farmers, and promotes digital infrastructure like PFMS, BHIM UPI, and AUA/KUA, thereby expanding banking touch points such as CSPs and kiosks in remote areas.⁹ Addressing challenges such as erratic power supply and connectivity issues, NABARD provides funding support for VSAT,¹⁰ mobile boosters, and solar units. The deployment of 77,219 micro-ATMs, 72,552 POS/MPOS machines,¹¹ and nearly 14 lakh BHIM Aadhaar Pay devices, along with mobile vans conducting hands-on training for over 5 lakh households, has significantly increased access to digital financial services in the underserved areas.

Over 8.1 lakh financial literacy and awareness programmes reaching 35 crore households, have significantly improved technology adoption and financial inclusion.

6.7.3 New activities supported under FIF during FY2024

- **Support for the deployment of micro-ATMs:** Grant assistance to district central cooperative banks (DCCBs) under a pilot project of the Ministry of Cooperation, GOI (Showcase 6.1).



Micro-ATMs were given to the bank mitra dairy cooperative societies with support from NABARD to ensure ease of doing business through digital financial transactions and to promote financial inclusion by offering doorstep financial services to dairy farmers even at remote locations.

Showcase 6.1: Promoting ‘Cooperation among Cooperatives’

Project: Pilot project under the Sahakar se Samridhi Scheme to promote ‘Cooperation among Cooperatives’

Purpose:

- To promote financial transactions of primary dairy cooperative societies with cooperative banks
- To strengthen cooperative sector and increase its self reliance
- To ensure easy access of rural customers to banking services

Location: Five districts of Gujarat

Implemented by: Banaskantha DCCB and Panchmahal DCCB

Grant support: ₹367 lakh

Challenges faced: Poor access to banking services with distant bank branches

Interventions

- Primary dairy cooperative societies were made business correspondents/bank mitras of DCCBs.
- Micro-ATMs were given to the bank mitra dairy cooperative societies with support from NABARD to ensure ease of doing business through digital financial transactions and to promote financial inclusion by offering doorstep financial services to dairy farmers even at remote locations.
- Financial and digital literacy campaigns were organised to create awareness among the members of dairy cooperative societies on the capabilities of micro-ATMs and the services offered under the campaign.
- Opening of bank accounts of dairy societies and their members with DCCBs was promoted.
- KCCs were promoted and distributed by DCCBs to members of dairy cooperative societies.

Output>>Outcomes>>Impact

- Geographical coverage
 - ◊ Micro-ATMs deployed in PACS: 465 (440 with NABARD support)
 - ◊ Micro-ATMs deployed in cooperative milk societies: 1,271 (1,191 with NABARD support)
- Financial inclusion and new accounts
 - ◊ New savings accounts opened: 3.9 lakh
 - ◊ Financial transactions increased 50 times compared to 6 months prior
- Agricultural financing facilitation: 77,995 RuPay KCCs issued/reissued
- Special efforts by the banks: Panchmahal DCCB and Banaskantha DCCB deployed additional micro-ATMs using internal resources, showcasing commitment to long-term financial inclusion initiatives.
- Benefits for DCCBs:
 - ◊ Micro-ATMs at dairy societies helped banks improve their customer engagement by providing financial services to those living far away from bank branches, saving travel costs and time.
 - ◊ The DCCBs witnessed increase in deposits as well as expansion of the loan portfolio.
 - ◊ Many cooperative milk societies shifted their accounts from other banks to these DCCBs.
- Benefits for cooperative societies:
 - ◊ Dairy farmer members of primary dairy cooperative societies were able to get affordable and timely credit through Rupay KCC from DCCBs.



- ◊ Digital transactions through micro-ATMs improved transparency in operations of dairy societies.
- ◊ Their miscellaneous income improved through commission/fee income as bank mitras.
- In view of the success of the pilot project, the campaign on 'Cooperation amongst Cooperatives' was launched in all districts of Gujarat by the Chief Minister of Gujarat on 15 January 2024.

Conclusion: The project is a beacon of the transformative potential of digital banking. By fostering financial inclusion and cooperation among cooperatives, it has breathed new life into rural economy, paving way for sustainable growth and prosperity.

ATM = Automated Teller Machine, DCCB = District Central Cooperative Bank, KCC = Kisan Credit Card, PACS = Primary Agricultural Credit Societies.

- **Incentive scheme for CSPs/business correspondents (BCs) of banks operating in NER states:** A scheme has been launched to provide incentive from FIF to CSPs and BCs of banks operating in the hilly and NER states. This assistance aims to offset high transportation costs in these areas and increase the net income of service providers. The incentive, set at ₹1,000 per month per BC, is in addition to the fixed and variable commissions already paid by the banks. To qualify, BCs must achieve a monthly average of 50 transactions. This initiative aims to motivate and empower BCs to actively contribute to financial inclusion efforts. The incentive is to be paid directly to the BC agents or CSP operators.
- **Scheme to develop Learning Management System for Rural Self Employment Training Institutes (RSETIs):** The project, being implemented in collaboration with the National Academy of RUDSETI and IIT Madras,¹² aims to improve skills training towards greater financial inclusion, by building an e-learning platform for RSETIs. This platform will offer 64 courses in 11 languages, providing 4,400 hours of video content for skill development. It aims to enhance the capabilities of approximately 6 lakh rural trainees annually, fostering entrepreneurship and contributing to economic prosperity.
- **Partnership with Women's World Banking (WWB):** NABARD and WWB have formalised a partnership which aims to replicate the successful JanDhan Plus programme in the context of RRBs in India. The JanDhan Plus programme has already made a significant impact by increasing the adoption of basic financial services among 80 million JanDhan account holders.
- **Capital expenditure support to RSETIs/RUDSETIs:** A one-time grant support up to a maximum of ₹4.5 lakh per RSETI/RUDSETI is provided for the purchase of training equipment and maintenance. Support can also be provided to banks for running business and skill development centres, including RSETIs/RUDSETIs.
- **Special Campaign 3.0:** As directed by DFS, GOI, NABARD coordinated with all RRBs for the successful implementation of the programme. RRBs conducted special financial literacy camps during October 2023, resulting in the opening of new Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts and fresh enrolments under Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and Atal Pension Yojana (APY) (Showcase 6.2). Through collective efforts of all RRBs, 640 financial literacy awareness camps were organised across the country, contributing to the opening of 1.1 lakh new PMJDY accounts and fresh enrolments of 1.8 lakh under PMSBY, 94,209 under PMJJBY, and 34,279 under APY.
- **Promotion of digital payments in Agricultural Produce & Livestock Market Committees/mandis:** GOI has assigned NABARD the task of promoting digital payments

To promote digital payments in mandis, NABARD organised financial and digital literacy camps, deployed POS machines and collaborated with payment aggregators to facilitate QR code-based payments.



Showcase 6.2: Paradigm shift through financial literacy, Bihar

Project: Running a Special Financial Literacy Programme and enabling access to banking services for rural communities

Location: Bihar

Implemented by: Dakshin Bihar Gramin Bank

Grant assistance: ₹140.1 lakh

Challenges faced: The communities faced lack of awareness about banking services and had limited access to livelihood opportunities.

Intervention: Implementation of extensive awareness generation programmes

Output>> Outcomes>>Impact

- Geographical coverage: 46,366 participating beneficiaries from 1,046 villages across 20 districts
- Accounts opened:
 - ◊ PMJDY new accounts opened: 13,039
 - ◊ PMSBY enrolments: 23,255
 - ◊ PMJJBY enrolments: 17,267
 - ◊ APY enrolments: 7,700
 - ◊ Savings bank accounts opened: 11,480
 - ◊ Debit cards issued: 1,403
 - ◊ Credit cards issued/reactivated: 977

Spotlight on Aropur

Aropur village is located in Bihar's agricultural heartland. Previously lacking in financial literacy, now nearly half the villagers have opted for banking services, resulting in over 1,920 new accounts being opened. As a result:

- The utilisation of crucial government initiatives (PMSBY, PMJJBY, and APY) has improved significantly.
- Over 150 small farmers are receiving support from programmes such as KCC and PM-KISAN.
- The establishment of 50 self-help groups has fostered financial independence of women and their sense of empowerment and community cohesion.
- Entrepreneurs have leveraged PM Mudra Yojana loans to grow their businesses, generating incomes and employment locally through the establishment of new production units.
- Additionally, under PMAY-G, four villagers are now proud owners of permanent homes.

Conclusion: Through collaborative efforts and targeted interventions, Dakshin Bihar Gramin Bank, with NABARD's support, has significantly improved financial literacy, access to banking services, and digital awareness among rural communities, paving the way for inclusive growth and development in rural Bihar.

APY = Atal Pension Yojana, KCC = Kisan Credit Card, PMAY-G = Pradhan Mantri Awaas Yojana-Gramin, PM-KISAN = Pradhan Mantri Kisan Samman Nidhi, PMJDY = Pradhan Mantri Jan Dhan Yojana, PMJJBY = Pradhan Mantri Jeevan Jyoti Bima Yojana, PMSBY = Pradhan Mantri Suraksha Bima Yojana.



across 30 agricultural markets (mandis). In pursuit of this objective, NABARD implemented a range of initiatives. These included organising about 400 financial literacy camps, digital literacy camps, and street plays in market areas and neighbouring villages. Simultaneously, POS machines are being deployed to streamline the digital payments. Collaborations with payment aggregators have also been established to facilitate QR code-based payments. Additionally, strategic placement of banners and hoardings has been undertaken to underscore the benefits of digital transactions. These concerted efforts aim to encourage a shift in behaviour among farmers and stakeholders, thereby enhancing transparency in financial transactions within agricultural markets.

6.8 WAY FORWARD

Since its inception, NABARD has focused on augmenting the supply of refinance. As a development institution, however, it has also influenced and laid out policies to effectively address demand side challenges. NABARD monitors refinance to mitigate credit risk and improve access in credit-starved regions through its many products and campaigns.

In recent years, NABARD's initiatives have become more technology-led. NABARD is continuously investing in technology and digitalisation to deploy innovative delivery models to bridge the existing inequities in credit access. In the near future, NABARD will also leverage the advantages offered by big data, artificial intelligence, and quantum computing in achieving cent per cent penetration, saturation, and financial inclusion. And yet, NABARD will never lose sight of the many human catalysts that keep the credit machinery running in rural areas.

NABARD's upcoming initiatives include:

A. Connectivity through HTS/SD-WAN

- A new connectivity technology (providing spot-beam connectivity through satellite) HTS VSAT and Dual LTE, along with SD-WAN, is being provided to banks along with the current wide-beam VSAT for better connectivity.¹³ HTS VSAT is more reliable and reduces network congestion, making it a valuable upgrade for banks' communication systems and useful to enhance banking connectivity and services.
- HTS systems and SD-WAN are significant in the context of regional connectivity disparity due to their potential to enhance connectivity and financial services delivery, especially in underserved areas.

B. Scheme for compensating BCs/CSPs operating in the hilly states

- The scheme for compensating BCs operating in NER was launched in 2023 providing incentives to BCs on achieving a target number of monthly transactions. The scheme is being extended to compensate BCs operating in other hilly areas—Himachal Pradesh, Jammu & Kashmir, Ladakh, and Uttarakhand.

C. Automation of Jansuraksha Portal for RRBs

- As a part of the Jan Suraksha schemes—PMJJBY, PMSBY, and APY—the automation of the Jansuraksha Portal facilitates the issuing of policy and remittance of claims online, creating a repository of data to avoid duplicate policies. It is crucial for providing social security coverage and financial protection against unforeseen risks and uncertainties, especially for the unorganised sector.
- NABARD's role in extending Jansuraksha access to all 43 RRBs underscores its commitment to financial accessibility and efficiency across rural communities. This initiative will bring

NABARD will leverage big data, artificial intelligence, and quantum computing for penetration, saturation, and financial inclusion.

the RRBs at par with the commercial banks in digital enrolment and claim settlement for Jan Suraksha schemes by aligning with the government's vision of Digital India.

D. Financial Inclusion 2.0

- NABARD will collaborate with RBI under the National Strategy for Financial Inclusion 2.0 to prepare a comprehensive strategy to be implemented by leading financial institutions in the next 5 years.

NOTES

1. States and Union Territories by region
 - South: Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Puducherry, and Lakshadweep
 - West: Gujarat, Goa, Maharashtra, Dadra & Nagar Haveli, and Daman & Diu
 - North: Haryana, Himachal Pradesh, Punjab, Rajasthan, Jammu & Kashmir, Delhi, and Chandigarh
 - Central: Madhya Pradesh, Chhattisgarh, Uttar Pradesh, and Uttarakhand
 - East: Bihar, Jharkhand, Odisha, West Bengal, and Andaman & Nicobar Islands
 - North East: Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Tripura, Nagaland, and Sikkim
2. AIF = Agriculture Infrastructure Fund, MSC = Multi-Service Centre, PACS = Primary Agricultural Credit Society.
3. MSME = Micro-, Small-, and Medium-Sized Enterprises.
4. TransUnion CIBIL Limited is a credit information company operating in India.
5. The mission of the Warehousing Development and Regulatory Authority is to establish a negotiable warehouse receipt (NWR) system in the country.
6. DAY–NRLM = Deendayal Antyodaya Yojana–National Rural Livelihood Mission, WSHG = Women Self-Help Group.
7. <https://www.nabard.org/auth/writereaddata/WhatsNew/2205244306chairman-launches-first-of-its-kind-accelerator-project.pdf>.
8. ATM = Automated Teller Machine, NEFT = National Electronic Funds Transfer, RTGS = Real Time Gross Settlement.
9. AUA = Aadhaar User Agency, CSP = Customer Service Point, BHIM = Bharat Interface for Money, KUA = KYC User Agency (KYC = know your customer), PFMS = Public Financial Management System, UPI = Unified Payments Interface.
10. VSAT = Very Small Aperture Terminal.
11. POS/MPOS = point of sale/mobile point of sale.
12. IIT = Indian Institute of Technology, RUDSETI = Rural Development & Self Employment Training Institute.
13. HTS = High Throughput Satellites, LTE = Long-Term Evolution, SD-WAN = Software-Defined Wide Area Network.

7

7.1 Supervised entities of NABARD

7.2 Supervisory ecosystem: Major developments in FY2024

7.3 Other supervisory initiatives

7.4 Information technology and cyber security initiatives

7.5 Way forward

Appendix to Chapter 7

Supervisory Role of NABARD



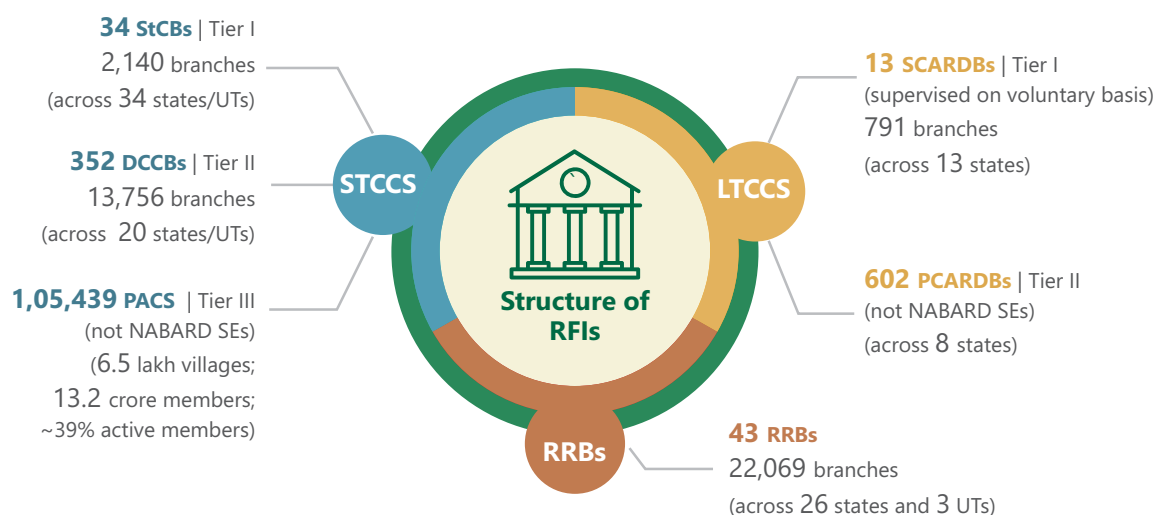
NABARD's supervisory responsibility extends beyond mere oversight to support the financial inclusion and business expansion roles of RFIs.

Financial systems thrive on stability and public confidence. Effective supervision is imperative for safeguarding the financial health of institutions, protecting depositors' interests, and ensuring the orderly functioning of the system. As India's apex institution in the rural financial landscape, NABARD shoulders a significant supervisory responsibility that extends beyond mere oversight to embody a commitment to support financial inclusion and business expansion roles of rural financial institutions (RFIs). It also acts as a guiding force, assisting banks that are not in compliance with regulatory norms to make rectifications and navigate their way back to financial health and sustainability.

7.1 SUPERVISED ENTITIES OF NABARD

Regional rural banks (RRBs) and rural cooperative banks (RCBs) are the two important RFIs that play a vital role in providing financial services in rural India. The RRBs and RCBs are regulated by the Reserve Bank of India (RBI) and supervised by NABARD under Section 35(6) of the Banking Regulation (BR) Act, 1949 and BR Act, 1949 (As Applicable to Cooperative Societies or AACS), respectively. NABARD conducts periodic inspections of supervised entities (SEs), including state and district central cooperative banks (statutorily) and state cooperative agriculture and rural development banks (SCARDBs), apex weavers' societies, marketing federations, etc., on a voluntary basis (Figures 7.1–7.2 and Appendix Figures A7.1–A7.3).

Figure 7.1: Structure of rural financial institutions



DCCB = District Central Cooperative Bank, LTCCS = Long-Term Cooperative Credit Structure, PACS = Primary Agricultural Credit Society, PCARDB = Primary Cooperative Agriculture and Rural Development Bank, RFI = Rural Financial Institution, RRB = Regional Rural Bank, SCARDB = State Cooperative Agriculture and Rural Development Bank, SE = Supervised Entity, StCB = State Cooperative Bank, STCCS = Short-Term Cooperative Credit Structure, UT = Union Territory.

Notes:

- Number of SEs as on 31 March 2024.
- PACS, PCARDBs, and SCARDBs do not figure among statutorily supervised entities.
- Number of PACS as on 31 March 2023. (Source: National Cooperative Database)
- The 34 StCBs include
 - ◊ 24 which are Scheduled StCBs in the Second Schedule of the Reserve Bank of India Act, 1934 and
 - ◊ Daman & Diu StCB (license received in March 2024).
- The 352 DCCBs include Tamil Nadu Industrial Cooperative Bank Ltd (TAICO). Malappuram DCCB has since been merged with Kerala StCB but the matter is subjudice.



- There are variations in the cooperative credit structure across states. Not all STCCS have three tiers, some states have two-tier structure as well.
- Of the 13 functional SCARDBs
 - ◊ 5 are unitary (that is, lending directly), namely, Gujarat, Jammu & Kashmir, Puducherry, Tripura, and Uttar Pradesh;
 - ◊ 6 are federal (that is, lending through PCARDBs), namely, Haryana, Karnataka, Kerala, Punjab, Rajasthan, and Tamil Nadu; and
 - ◊ 2 are mixed in nature (that is, lending through both PCARDBs as well as directly), namely, Himachal Pradesh and West Bengal.
- LTCCS
 - ◊ The provisions of BR Act, 1949, are not applicable in these institutions.
 - ◊ They do not have access to low-cost deposits.
 - ◊ They depend heavily on borrowed funds for lending.
- RRBs
 - ◊ The 43 RRBs are sponsored by 12 scheduled commercial banks.
 - ◊ The UTs RRBs are operational in include Puducherry, Jammu & Kashmir, and Ladakh.
 - ◊ 92% of the RRB branches are located in rural/semi-urban areas.
 - ◊ There are no RRBs in the states of Goa and Sikkim.

Figure 7.2: Supervision by NABARD in FY2024



DCCB = District Central Cooperative Bank, RRB = Regional Rural Bank, SCARDB = State Cooperative Agriculture and Rural Development Bank, StCB = State Cooperative Bank.

Notes:

- DCCBs include Tamil Nadu Industrial Cooperative Bank Ltd.
- Supervision undertaken in FY2024 with respect to status of supervised entities as on 31 March 2023.

7.2 SUPERVISORY ECOSYSTEM: MAJOR DEVELOPMENTS IN FY2024

7.2.1 Roll-out of Enhanced CAMELSC approach

The Enhanced CAMELSC (E-CAMELSC) is an interim supervisory approach adopted by NABARD as a step towards transitioning to a risk-based supervision framework. (Box 7.1).¹

Box 7.1: Enhanced CAMELSC

The Enhanced CAMELSC (E-CAMELSC) model evaluates the performance of SEs based on qualitative and quantitative indicators to establish a robust risk management system for institutional resilience. The E-CAMELSC rating model was rolled out from 1 April 2023 for 194 SEs, including RRBs (43), scheduled StCBs (24), and select non-scheduled StCBs (7) and DCCBs (120). For FY2025, 142 banks will be inspected under E-CAMELSC.

A new supervisory rating model has been developed for rating a bank's performance based on the E-CAMELSC parameters. Detailed guidance notes have been issued in this context for both SEs as well as NABARD inspecting officers, along with a capacity building and training programmes on the theory and practice of E-CAMELSC-based inspections.

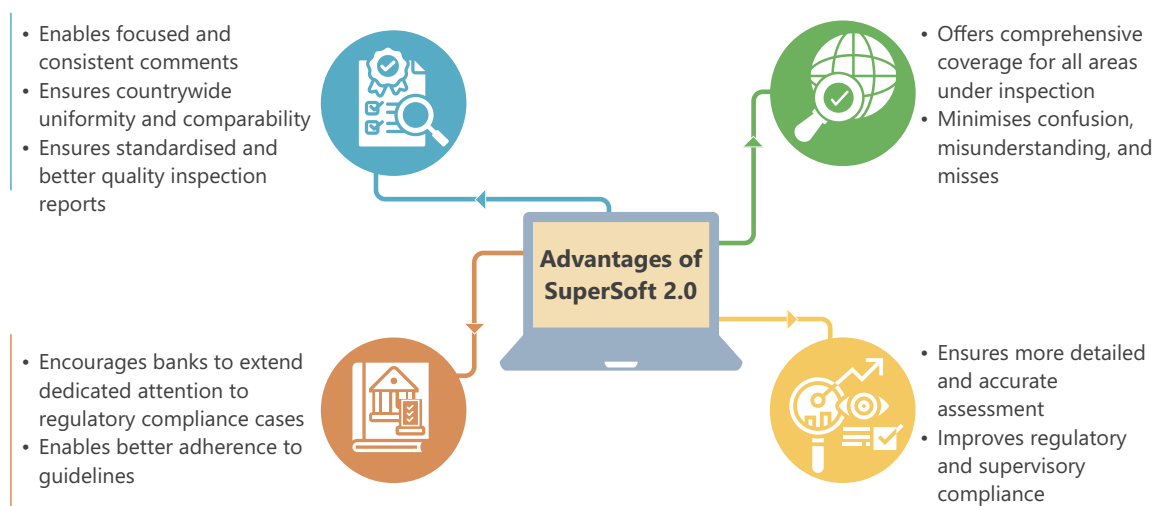
CAMELSC = Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, Systems, and Compliance; DCCB = District Central Cooperative Bank; RRB = Regional Rural Bank; SE = Supervised Entity; StCB = State Cooperative Bank.

7.2.2 Launch of SuperSoft 2.0

NABARD has digitalised the supervisory process by introducing the 'SuperSoft' application which was launched on 12 July 2022. Since then, statutory inspections of all SEs are being undertaken through SuperSoft, minimising manual intervention and enhancing compliance monitoring.

Amid rapid transformation of the supervisory landscape, with a focus on implementing the E-CAMELSC model, SuperSoft has now been upgraded to Version 2.0, incorporating additional supervisory processes and optimising existing features to enrich user experience (Figure 7.3).

Figure 7.3: Advantages of SuperSoft 2.0



7.2.3 FATF mutual evaluation

India is a member of Financial Action Task Force (FATF), a global body framing the Anti-Money Laundering (AML)/Counter Financing of Terrorism (CFT) standards. These standards also guide the Know Your Customer (KYC)/AML/CFT framework in the banking sector. Accordingly, the SEs of NABARD implement the KYC/AML/CFT directions issued by Government of India (GOI) and RBI from time to time.



The FATF conducts periodic mutual evaluations in the form of in-depth country reports, analysing the implementation and effectiveness of measures to combat money laundering and terrorism financing. India underwent its second mutual evaluation by the FATF in November 2023 (Box 7.2).

Box 7.2: Agenda of interaction with the FATF Mutual Evaluation Assessment Team in New Delhi

1. Size of the SEs of NABARD in the Indian financial system
2. Licensing, registration, or other controls
3. Due diligence of personnel for appointments at senior level in the SEs
4. Understanding of the supervisors and SEs regarding AML/CFT risks in the financial sector.
5. Mitigating the AML/CFT risks, taking remedial action, and understanding the impact of those actions on compliance by SEs
6. Capacity building of SEs: promotion of understanding of AML/CFT obligations and risks by RRBs and RCBs

AML = Anti-Money Laundering, CFT = Counter Financing of Terrorism, RCB = Rural Cooperative Bank, RRB = Regional Rural Bank, SE = Supervised Entity.

In view of the growing importance of the KYC/AML/CFT framework, NABARD has strengthened its interaction with Financial Intelligence Unit–India (FIU-IND), Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI), the RBI, and the FATF vertical of the Department of Revenue, GOI.

FIU-IND conducts regular meetings with financial sector regulators, including NABARD as the supervisor of RRBs and RCBs, to strengthen KYC/AML/CFT implementation in the financial system. NABARD participated in two such meetings during the year in which the agenda included the registration of SEs on the FINNet 2.0 portal, sharing of information with FIU-IND, adoption of AML software by SEs, red flag indicators, etc.

7.3 OTHER SUPERVISORY INITIATIVES

7.3.1 Fraud monitoring and review

To make the fraud monitoring and review more effective and result oriented, several improvements were initiated:

- Unified fraud reporting system was implemented across all SEs, and 481 instances of fraud were reported by RRBs and RCBs, amounting to ₹384 crore in FY2024, of which ₹38 crore has been recovered.
- The Central Fraud Monitoring Cell (CFMC) at NABARD scrutinised the modus operandi of frauds that occurred in RRBs and RCBs, undertook root cause analysis, and suggested mitigating measures to prevent future frauds. In case of ‘ingenious’ frauds (employing new or innovative methods), NABARD issued ‘cautionary advice’ to RRBs and RCBs.

The CFMC revised the format for the half-yearly review of regional offices (ROs) to include new parameters for more stringent fraud monitoring. Further, based on the modus operandi reported in frauds during the FY2024, a checklist was developed and shared with ROs to verify and comment on them in the inspection report.

RRBs and RCBs reported 481 instances of fraud, amounting to ₹384 crore in FY2024, of which ₹38 crore has been recovered.



Stress-testing enabled SEs to identify triggers and shocks, document remedial action, and adopt and apply the guiding principles for activation.

7.3.2 Credit monitoring arrangement

NABARD examines credit monitoring arrangement (CMA) violations by RCBs under individual, unit-wise, and sector categories and reviews the actions initiated by SEs to bring down CMA exposure. An escalation matrix maps the magnitude of CMA violations and prescribes requisite supervisory action. Persistent violations of CMA norms for 3 years running indicates non-compliance with Section 22(3)(b) of the BR Act, 1949 (AACS).

7.3.3 Guidelines on stress testing

It was strongly felt that NABARD's SEs need to carry out 'stress tests' as a risk management tool against shocks. The banks were accordingly advised to ensure that their formal stress-testing frameworks were operational from 31 March 2024 as per prescribed guidelines. The frameworks were designed to enable the SEs to properly identify the triggers, document the remedial actions, and adopt and apply the guiding principles for activation as relevant.

7.3.4 Supervisory Action Framework–Self Initiative for Turn Around

The Supervisory Action Framework–Self Initiative for Turn Around (SAF–SITA) for RCBs was introduced in consultation with the RBI. To initiate such self-corrective action, trigger points on parameters such as capital adequacy measured by the capital to risk-weighted asset ratio, asset quality measured by the percentage of net and gross non-performing assets (NPAs), and profitability measured in terms of consecutive losses have been introduced. Depending on the nature of the deficiency, self-corrective action includes measures for augmenting capital, close monitoring and recovery of NPAs, improving profitability, mobilising low-cost deposits, etc. The SAF–SITA was made effective from 1 April 2024.

7.3.5 Senior supervisory manager for supervised entities

For select SEs with asset sizes greater than ₹25,000 crore, NABARD is in the process of appointing senior supervisory managers to constantly engage with them on credit, market, operational, and management risks.

7.3.6 Capacity building

Bank supervision is a highly specialised domain and inspecting officers should be trained to 'see through the fog in times of crisis' and 'smell the distress well in advance.' To this end, several capacity-building initiatives were undertaken during FY2024.

- For officers in supervisory roles in ROs, zonal workshops at Jaipur, Pune, Ranchi, and Hyderabad deliberated on the most recent policy initiatives and circulars of NABARD. The workshops included sessions by officers from the RBI's Enforcement Department (EFD) as well as officers from the RBI's central and regional offices who shared their observations on NABARD inspection reports.
- The College of Supervisors (CoS) set up by the RBI reinforces the supervisory skills of not just its own personnel, but also of the officers from other financial supervisory institutions, including NABARD. During FY2024, 38 officers from the NABARD Head Office and 43 from its ROs participated in 36 training programmes at the CoS. The programmes covered risks related to credit, market, liquidity, information technology and cyber risks, bank governance, leadership, financial technology, supervisory technology, financial stability, accounting standards, stress testing, econometrics and data analysis, etc.



- One-day workshops on KYC, AML, and CFT were conducted at Bankers Institute of Rural Development (BIRD), Lucknow and BIRD, Mangaluru for the principal officers of RCBs and RRBs. Officers from FIU-IND, CERSAI, RBI, and a private sector AML software service provider handled the sessions along with NABARD.

To disseminate the latest information in the realm of bank supervision, 12 issues of the *Inquisitive*—a monthly newsletter on topics ranging from KYC/AML/CFT to the role of the FATF in cyber security framework—were published.

7.4 INFORMATION TECHNOLOGY AND CYBER SECURITY INITIATIVES

To enhance the monitoring of cyber security preparedness of SEs, the Cyber Security and Information Technology Examination (CSITE) Cell, set up in NABARD in 2018, has taken several steps during FY2024.

- **Operationalising information technology/information system (IT/IS) examination:** The 88th Board of Supervision approved the operationalisation of IT examinations of RRBs and RCBs, based on their digital depth and interconnectedness to the payment system. Accordingly, during FY2024, 18 Level III and IV SEs, including 4 RRBs, 13 StCBs, and 1 DCCB, were taken up for IT examination. The objective of the IT/IS examination is to assess the cyber security framework of the SEs and includes the scrutiny of
 - ◊ IT/IS and cyber security policies,
 - ◊ framework for adequacies,
 - ◊ functioning of committees,
 - ◊ implementation of prescribed cyber security controls based on their level, and
 - ◊ compliance with advisories and alerts sent by the RBI, National Critical Information Infrastructure Protection Centre, the Indian Computer Emergency Response Team (CERT-In), and Institute for Development & Research in Banking Technology.
- **Celebration of Cyber Security Awareness Month:** The CSITE Cell celebrated Cyber Security Awareness Month in October 2023. The following activities were conducted during the month:
 - ◊ Webinar for top management of SEs (including chairpersons, chief executive officers, and managing directors)
 - ◊ Webinar for the faculty of Cooperative Training Institutions
 - ◊ Workshop for the Chief Information Security Officers (CISOs) of the SEs
 - ◊ Dissemination of digital content on cyber security
 - ♦ Theme-based guide to stay safe online for SEs
 - ♦ 31 Days Tip on enhancing cyber security posture for SEs
 - ◊ Online quiz on cyber security for NABARD employees
- During FY2024, the CSITE Cell has
 - ◊ issued 221 advisories and 10 alerts;
 - ◊ guided SEs on 14 cyber security incidents;
 - ◊ conducted 18 cyber security awareness sessions for SEs and ROs;
 - ◊ revised the Vulnerability Index on Cyber Security based on new circulars issued by CERT-In, RBI, and NABARD and the industry best practice; and
 - ◊ organised a team visit to the International Trade Fair and Conference on Banking Technology, Equipment and Services to update their knowledge about the emerging global technology environment.

The CSITE Cell celebrated Cyber Security Awareness Month in October 2023.



7.5 WAY FORWARD

The supervisory processes that NABARD aims to implement in FY2025 are as follows:

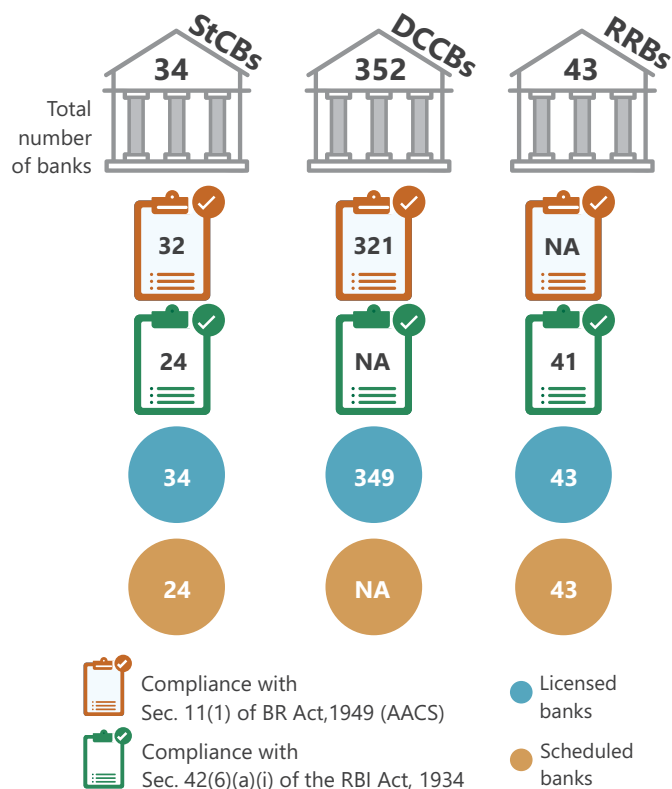
- **SuperSoft 2.0 phases:** SuperSoft 2.0 will be launched in different phases during FY2025, focusing on milestones such as revising formats, implementing rating modules, introducing mobile application, and conducting IT examinations.
- **Project review:** A comprehensive review of the inspection guidance note issued in 2020, consolidation of supervision-related circulars, and a revision of SuperSoft checklist will be undertaken.
- **KYC/AML enhancement:** NABARD plans to introduce dedicated examination of KYC/AML mechanisms in SEs to assess efficacy and modification of KYC returns for better risk-based monitoring.
- **Fraud monitoring:** Standardisation and digitalisation of quick study/portfolio inspection reports of fraud monitoring in the Supersoft application with options to update the progress made by the bank.
- **Cyber security measures:** NABARD aims to implement the following measures in FY2025 to strengthen cyber security:
 - ◇ An IT examination of 24 SEs (2 per month)
 - ◇ Development of IT examination checklist (module) in the SuperSoft application and conduct IT/IS examination on SuperSoft
 - ◇ Workshop for CISOs on effective cyber security compliance
 - ◇ Revision of cyber security circulars to incorporate necessary changes and updates
 - ◇ Three workshops on cyber security examination for the inspecting officers at ROs across the country
 - ◇ Revision of incident reporting return and migration to ENSURE 2.0
- **Monitoring system for communications from the EFD, RBI:** NABARD can leverage DIGI-DAK to track the turnaround time of communications from the EFD, RBI.
 - ◇ A new feature will be developed through which all pending EFD cases at ROs in DIGI-DAK can be viewed, along with a filter to track the pending queries.
 - ◇ Through DIGI-DAK, system-generated reminders will be sent to the relevant ROs for pending EFD cases.
 - ◇ A new feature will be introduced to enable escalation reminders to be sent directly to the EFD cases in DIGI-DAK.
- **The Department of Supervision (DoS) o8 dashboard:** DoS o8 was developed by NABARD for enabling users to view the status of complaints. The dashboard would provide the following information:
 - ◇ Total complaints pending, received, closed, and disposed by year
 - ◇ Number of complaints received by month/complaint type
 - ◇ Top 10 ROs receiving/pending highest number of complaints
 - ◇ Complaint duration
 - ◇ State-wise number of complaints

NOTE

1. CAMELSC = Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, Systems, and Compliance.

APPENDIX TO CHAPTER 7

Figure A7.1: Compliance status of supervised entities as on 31 March 2023



AACS = As Applicable to Cooperative Societies, BR Act = Banking Regulation Act, DCCB = District Central Cooperative Bank, NA = not applicable, RBI = Reserve Bank of India, RRB = Regional Rural Bank, StCB = State Cooperative Bank.

Notes:

- DCCBs include Tamil Nadu Industrial Cooperative Bank Ltd.
- Three unlicensed DCCBs are Baramulla, Anantnag, and Jammu DCCBs.
- DCCBs include Malappuram DCCB that has been merged with Kerala StCB but the matter is subjudice.
- Compliance status as on 31 March 2023 (inspected figures).

Source: Data from ENSURE portal, NABARD.

Figure A7.2: Number of banks by performance indicator as on 31 March (of the relevant year)

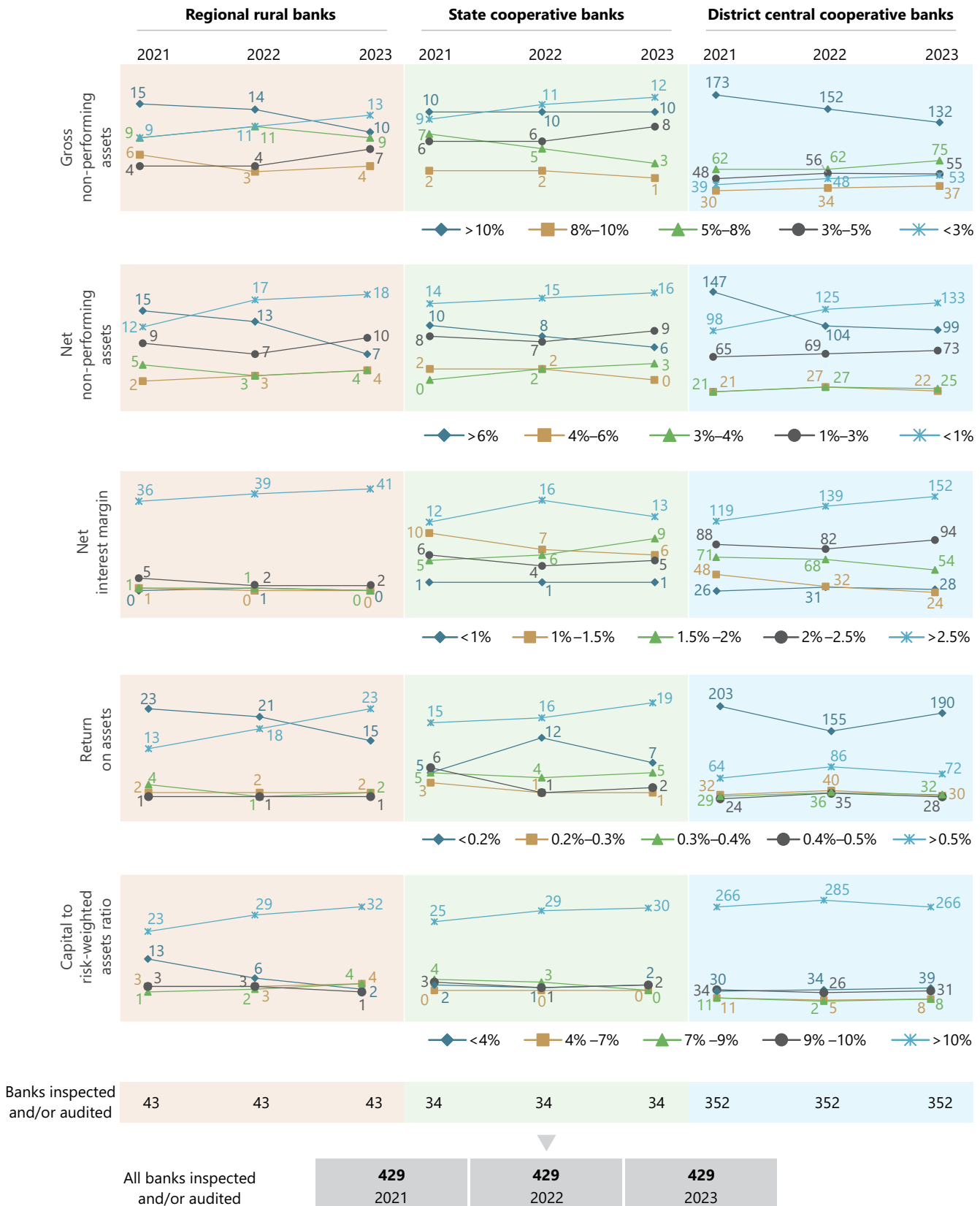
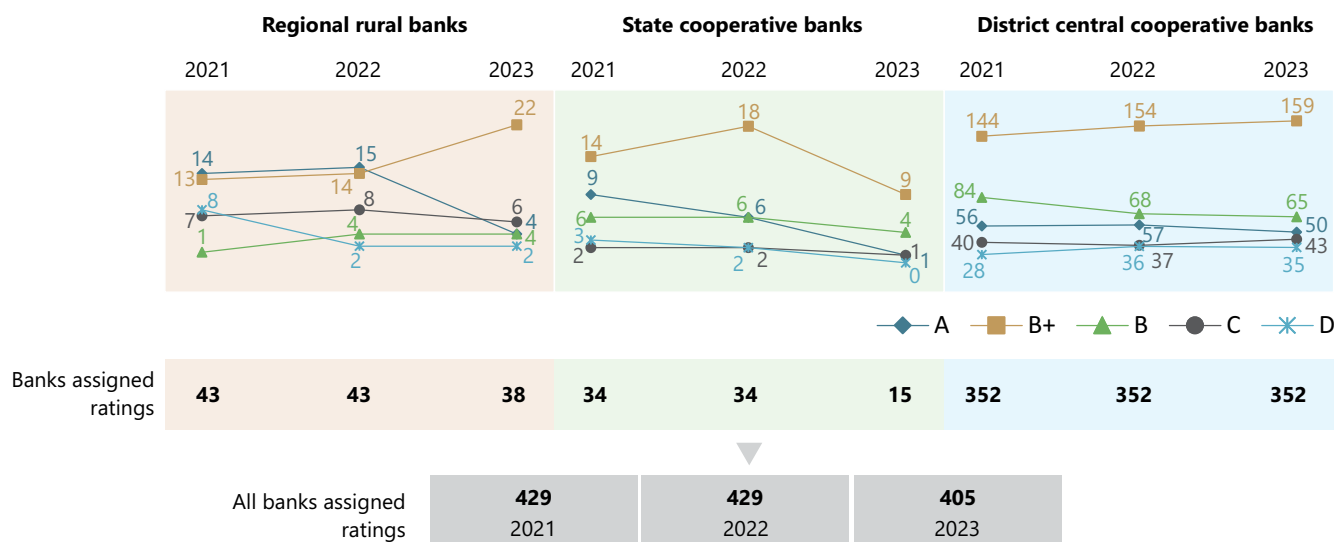




Figure A7.3: Number of banks by ratings as on 31 March (of the relevant year)



Notes to Figures A7.2 and A7.3:

- Percentage ranges in the legend in each figure pertain to the specific performance indicator of that figure. For example, in the figure for gross non-performing assets, the percentage ranges relate to gross non-performing assets.
- Data furnished for regional rural banks and state cooperative banks is as per inspections (latest available figures).
- Data for district central cooperative banks (DCCBs) is as per inspections or audit as available.
- Wherever DCCBs were not inspected, previous ratings have been repeated.

Source: Data from ENSURE portal, NABARD.

8

8.1 Short-term rural credit cooperatives

8.2 Long-term rural credit cooperatives

8.3 Important developments in the cooperative sector

8.4 Cooperative Development Fund

8.5 Regional rural banks

8.6 Roadmap for RFIs

Appendix to Chapter 8

Empowering Rural Financial Institutions





NABARD
strengthens RFI
by supporting
improved
governance,
technology
adoption, business
diversification,
product innovation,
internal control
system, and
capacity building.

While promoting rural prosperity is central to NABARD's vision, its mission emphasises institutional development as one of the key pathways towards realising this vision. NABARD has been mandated to strengthen three sets of rural financial institutions (RFIs), viz., short-term credit cooperatives, long-term credit cooperatives, and regional rural banks (RRBs). Each set has a specific mandate tailored to meet the diverse and escalating credit needs of rural communities. These institutions are crucial for rural financial inclusion given their extensive outreach, local feel and connect, and commitment to grassroots development. Needless to mention, only financially strong RFIs can achieve the avowed objective of rural prosperity through efficient financial services.

It is against this backdrop that NABARD is committed to strengthening these institutions through a range of financial, developmental, and supervisory measures, including policy advocacy and concessional refinance among others. NABARD's developmental initiatives target all the critical areas required to make the RFIs strong and vibrant—improving governance, technology adoption, business diversification, product innovation, internal control system, capacity building, etc. NABARD also undertakes periodic reviews of RFI performance and their mandated supervision.

8.1 SHORT-TERM RURAL CREDIT COOPERATIVES

A cooperative is a financial entity owned and operated by its members who are both customers and shareholders. Cooperatives are often created by the local community with a sense of collective ownership for deriving mutual socioeconomic benefits. The short-term cooperative credit structure (STCCS) consists of state cooperative banks (StCBs) at the state/apex level, district central cooperative banks (DCCBs) at the district level, and primary agriculture credit societies (PACS) at the village level. The initial role of STCCS of providing short-term crop loans to farmers through PACS has since been widened to cover the non-farm sector; term lending to allied sectors; rural housing; micro-, small-, and medium-sized enterprises (MSMEs); microfinance; etc. Thus, the STCCS, rooted in the principles of equality, democracy, and mutual support, has been serving the rural community, especially farmers, through institutional credit.

In FY2023, consolidated financial performance of StCBs and DCCBs improved in terms of capital adequacy, asset quality, and profitability. During FY2023, only two StCBs (namely, Arunachal Pradesh and Jammu & Kashmir [J&K]) reported a capital-to-risk (weighted) assets ratio (CRAR) less than the regulatory requirement. As on 31 March 2023, 29 DCCBs had negative CRAR and 38 of the 42 DCCBs with CRAR less than 9% were concentrated in five states/Union Territories (UTs): Madhya Pradesh (15 of 38 DCCBs), Uttar Pradesh (11 of 50 DCCBs), Bihar (5 of 23 DCCBs), Maharashtra (4 of 31 DCCBs), and J&K (3 of 3 DCCBs).

The consolidated net profit of StCBs increased by 7.4% during FY2023. Of the 34 StCBs, 21 reported increased profit in FY2023 over FY2022. The consolidated net profit of DCCBs increased by 38.5% during FY2023. The number of loss-making DCCBs decreased from 49 to 46.

The consolidated share of gross non-performing assets (GNPA) of StCBs and DCCBs has steadily declined over the past 3 years. Of the 34 StCBs, 26 reported lower GNPA (%) than last year. The share of DCCB's GNPA also declined from 11.5% (31 March 2021) to 9.6% (31 March 2023). The consolidated GNPA of DCCBs declined in 13 of 20 states/UTs during FY2023.

The growth in business was subdued in comparison to that of the scheduled commercial banks (SCBs). During FY2023, StCBs and DCCBs relied more on borrowings for their incremental lending. The financial performance of StCBs and DCCBs is summarised in Appendix Table A8.1.

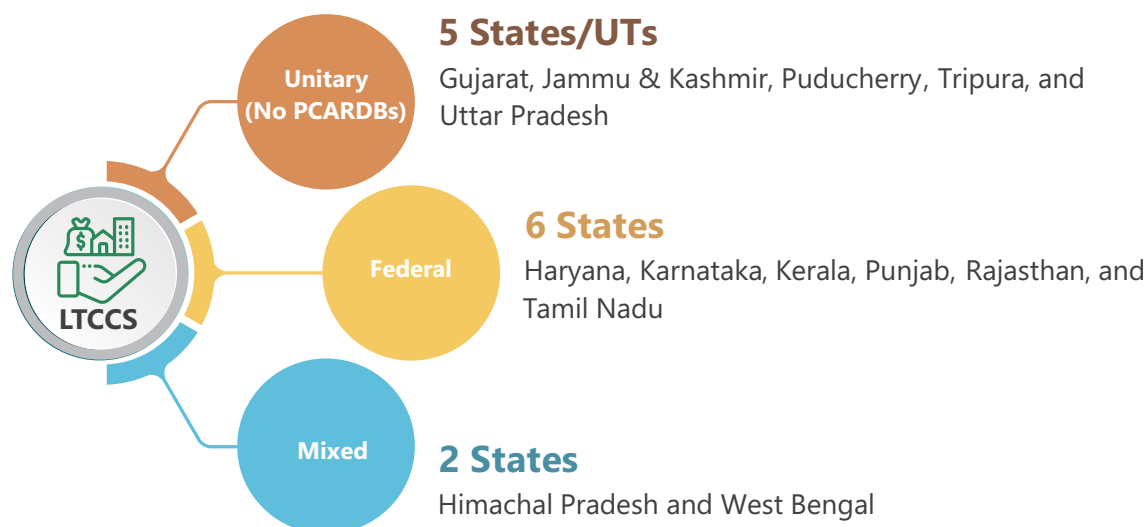
In FY2023,
consolidated
financial
performance of
StCBs and DCCBs
improved in
terms of capital
adequacy, asset
quality, and
profitability.



8.2 LONG-TERM RURAL CREDIT COOPERATIVES

The long-term cooperative credit structure (LTCCS) caters to the long-term credit needs of farmers and contributes to creating capital assets in the agriculture, allied, and off-farm sectors. It consists of state cooperative agriculture and rural development banks (SCARDBs) (at the apex) and primary cooperative agriculture and rural development banks (PCARDBs) (at the district/taluka level in some states) (Figure 8.1). As the agriculture and rural development banks (ARDBs) are not under the purview of the Banking Regulation Act, 1949, they cannot mobilise deposits which are repayable on demand from non-members and the deposits do not enjoy the coverage of Deposit Insurance and Credit Guarantee Corporation.

Figure 8.1: Long-term cooperative structure



LTCCS = Long-Term Cooperative Credit Structure, PCARDB = Primary Cooperative Agriculture and Rural Development Bank, UT = Union Territory.

As on 31 March 2023, deposits of SCARDBs accounted for just 9.4% of the total liabilities, as compared to the 80% share of deposits for RRBs, 54% share for StCBs, and 62% share for DCCBs. In view of the limitations applicable on SCARDBs for mobilising deposits, they are heavily reliant on borrowings to meet their lending requirements. Borrowings accounted for 45.2% of the total liabilities of SCARDBs, as on 31 March 2023 and borrowings from NABARD accounted for 83.6% of the total borrowings. An overview of the financial position of SCARDBs and PCARDBs is provided in Appendix Table A8.2.

8.3 IMPORTANT DEVELOPMENTS IN THE COOPERATIVE SECTOR

8.3.1 Centrally sponsored scheme for the computerisation of PACS

NABARD is implementing the centrally sponsored scheme for the computerisation of about 63,000 functional PACS over a period of 5 years with a total budget outlay of ₹2,516 crore; in FY2024, additional 4,000 PACS have been sanctioned by the Ministry of Cooperation, Government of India (GOI).¹

The project is an effort towards providing requisite computer hardware and peripherals together with ERP-based common software² to enable PACS to capture records of all credit and non-credit operations digitally and seamlessly in an efficient and transparent manner. The project comprises

SCARDBs are heavily reliant on borrowings from NABARD to meet their lending requirements.



On 24 February 2024, 18,000 digitised PACS were formally inaugurated by the Prime Minister of India at Bharat Mandapam, New Delhi.

of development of cloud-based common software with cyber security, uploading and building a national-level data repository, training, and other support services. This initiative will pave the way for seamless integration of PACS with the Core Banking Solutions of DCCBs and StCBs. Computerisation will facilitate the realisation of PACS' true potential by transforming them into multi-service centres (MSCs) to offer an array of products and services, covering the entire gamut of rural livelihood activities.

On 24 February 2024, 18,000 digitised PACS were formally inaugurated by the Prime Minister of India at Bharat Mandapam, New Delhi.

8.3.2 Launch of ARDB computerisation project

The Union Minister of Cooperation launched the project for computerisation of ARDBs on 30 January 2024 in the national conference and workshop organised on 'Computerisation of Offices of Registrars of Cooperatives of all the States/Union Territories and Agriculture & Rural Development Banks' at New Delhi. NABARD is the implementing agency for the computerisation of 1,851 units of ARDBs of 11 states and 2 Union Territories. As on 31 March 2024, sanction letters have been issued to 8 states by the Ministry of Cooperation for computerisation of 899 units.

8.3.3 Other developments

- Project on 'Cooperation amongst Cooperatives' (details in Section 2.7.1)
- PACS as Common Service Centres (CSCs) for better access to e-services (details in Section 2.6)
- Study on Reforms, Restructuring and Innovations in ARDBs (details in Section 2.6)
- National Conference on Best Practices in Rural Cooperative Banks (details in Section 2.7.3)
- Fintech workshop for rural cooperative banks (RCBs) (details in Section 2.7.4)

8.4 COOPERATIVE DEVELOPMENT FUND

The Cooperative Development Fund (CDF) was established by NABARD in FY1993 with an initial corpus of ₹10 crore, which has been augmented periodically through contribution from NABARD's annual profit.

Under the scheme, NABARD established the Centre for Professional Excellence in Cooperatives at Bankers Institute of Rural Development (BIRD), Lucknow to improve quality of training systems and formulate policies that foster professionalism and quality human resources of STCCS. The fund is also utilised for programmes conducted by the training establishments of NABARD (BIRD centres at Lucknow, Mangaluru, and Kolkata).

As of 31 March 2024, a cumulative amount of ₹326.9 crore has been disbursed from CDF since inception. The balance of the corpus fund as on 1 April 2024, after replenishment and appropriation, is ₹200 crore. Appendix Table A8.3 presents information on grant support to cooperatives from CDF in FY2024.

Key outcome indicators under CDF as on 31 March 2024 are listed below:

- Major assistance of CDF goes to cooperative training institutions under the Scheme of Financial Assistance for Training of Cooperative Banks Personnel (SOFTCOB). An amount of ₹1,480 lakh was utilised for conducting the training programmes under SOFTCOB during FY2024.
- NABARD introduced a scheme in 2021 to support the setting up of Business Diversification



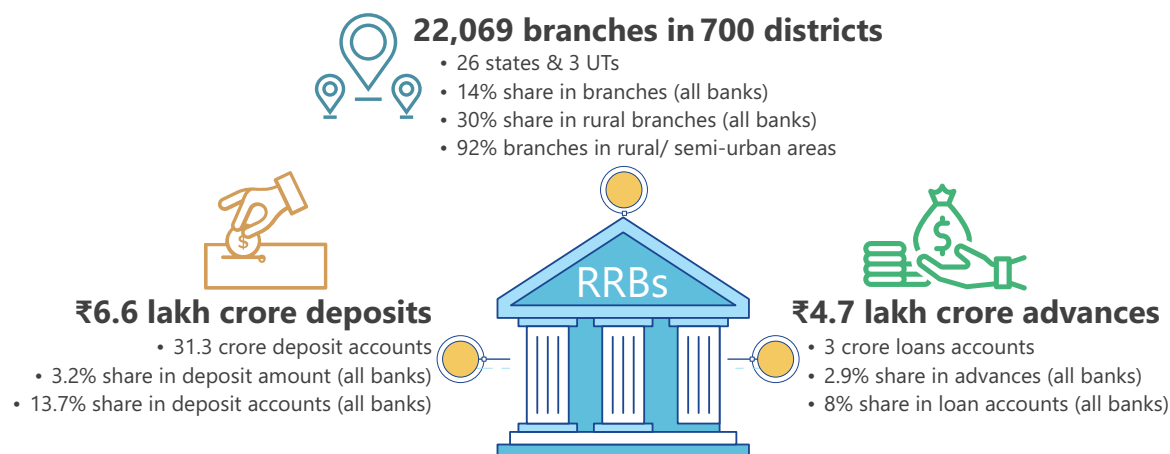
and Product Innovation Cells (BDPICs) in StCBs. There are 21 BDPICs in operation for which ₹13.9 crore has been sanctioned till 31 March 2024.

- Under the scheme for transformation of PACS as multi-service centres, PACS can avail assistance on a reimbursement basis for accompanying measures like project preparation, exposure visits, capacity building of PACS functionaries, documentation, technology adoption, etc.
- Towards the implementation of the centrally sponsored project on the computerisation of PACS, NABARD's share of ₹252 crore is to be utilised from the CDF for the development and maintenance of National Level PACS Software (₹236.5 crore) and training of stakeholders (₹15.5 crore).
- Comprehensive Support Plan for North-Eastern States (including Sikkim), Andaman & Nicobar Islands, and J&K is available for various capacity-building efforts and infrastructural support. All the states except Assam have been sanctioned grant support of up to ₹100 lakh each. An amount of ₹870.1 lakh has been sanctioned to these StCBs as on 31 March 2024.

8.5 REGIONAL RURAL BANKS

Regional rural banks (RRBs) were established to secure credit flow to small and marginal farmers, agricultural labourers, artisans, and weaker sections of society. As on 31 March 2024, there were 43 RRBs (sponsored by 12 SCBs) with 22,069 branches with operations extending to 31.3 crore deposit accounts and 3 crore loan accounts in 26 states and 3 UTs (Puducherry, Jammu & Kashmir, Ladakh) (Figure 8.2).³

Figure 8.2: Regional rural banks as on 31 March 2024



RRB = Regional Rural Bank, UT = Union Territory.

8.5.1 Unprecedented capital support for RRBs

The government took a landmark decision to sanction ₹10,890 crore of recapitalisation assistance to RRBs during FY2022 and FY2023. This compares exceptionally well with the total capital infusion of ₹8,393 crore by all stakeholders from 1975 till 2021.

In FY2022, an amount of ₹8,168 crore (GOI share: ₹4,084 crore) was sanctioned as recapitalisation assistance to 22 RRBs. These RRBs received the entire amount of recapitalisation assistance sanctioned by 31 March 2023 from all stakeholders.

The government's decision to sanction ₹10,890 crore of recapitalisation assistance to RRBs during FY2022 and FY2023 compares exceptionally well with the total capital infusion of ₹8,393 crore by all stakeholders from 1975 till 2021.



In the last week of FY2023, an amount of ₹ 2,722 crore (GOI share: ₹ 1,361 crore) was sanctioned as recapitalisation assistance to 22 RRBs.

- As on 31 March 2024, these 22 RRBs have received the entire amount of recapitalisation assistance from sponsor banks and state governments.
- Of the 22 RRBs, 19 have received the entire GOI share amounting to ₹1,097.1 crore.
- Out of the remaining, two in Uttar Pradesh received the proportionate share of the state government in February 2024. Consequently, they received a portion of the GOI share amounting to ₹3 crore against the sanctioned amount of ₹198.6 crore.
- Government of Kerala released their proportionate share in March 2024 and the GOI share is awaited by Kerala Gramin Bank.

The recapitalisation scheme is accompanied by operational and governance reforms under the broad ambit of the Sustainable Viability Plan to transform RRBs. All RRBs had rolled out a 3-year Board-approved viability plan in FY2023 with a well-defined implementation mechanism aimed at credit expansion, business diversification, NPA reduction, cost rationalisation, technology adoption, corporate governance improvement, etc.

8.5.2 Performance and financial health indicators of RRBs

Consequent upon the recapitalisation assistance of RRBs and the roll out of the viability plan, the performance of RRBs at a consolidated level has improved significantly during FY2024 and has reached historic highs on all fronts.

The consolidated net profit was ₹7,571 crore during FY2024 and the consolidated CRAR was at an all-time high of 14.2% as on 31 March 2024. Asset quality measured by GNPA stood at 6.1%, lowest in the last 10 years. Credit expansion led to an increase in consolidated credit to deposit ratio to 71.2%, the highest in 33 years. The pace of technology adoption increased as more RRBs started rolling out digital services to their customers. Share of RRBs in the implementation of flagship financial inclusion schemes of GOI also increased during FY2024.

The number of loss-making RRBs has steadily declined from 18 in FY2020 to 3 in FY2024. Of the 37 RRBs which posted profit in FY2023 (previous year), the net profit of 32 RRBs increased during FY2024. It is notable that in FY2024, four RRBs (of six loss-making RRBs in FY2023) turned profit making after many years of losses, namely Dakshin Bihar Gramin Bank (after 6 years), J&K Gramin Bank (after 4 years), Paschim Banga Gramin Bank (after 4 years) and Assam Gramin Vikash Bank (in losses since FY2019 barring nominal profit in FY2022). However, there are two RRBs, Ellaquai Dehati Bank in J&K and Manipur Rural Bank, which continue to be in losses due to operational difficulties on account of curfew/disturbances.

Consolidated GNPA reduced in both absolute and percentage terms. GNPA (%) reduced in 38 of the 43 RRBs during FY2024. All RRBs met all the regulatory targets/sub-targets stipulated by the RBI under Priority Sector Lending (PSL) guidelines during FY2024. The improvement in performance is depicted in Figure 8.3. Key performance indicators are summarised in Appendix Table A8.4. The performance of RRBs in terms of achievement of PSL targets in FY2024 is presented in Appendix Table A8.5.

RRBs play an important role in implementation of the flagship financial inclusion schemes of GOI, viz., Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, and Atal Pension Yojana. Though RRBs account for

The number of loss-making RRBs declined from 18 in FY2020 to 3 in FY2024. In fact, 4 of the 6 RRBs that had been in losses for many years leading up to FY2023, reported profits in FY2024.



Figure 8.3: Improvement in performance of RRBs



CRAR = Capital-to-Risk (Weighted) Assets Ratio, GNPA = Gross Non-Performing Asset, NNPA = Net Non-Performing Asset, Recap = Recapitalised, RRB = Regional Rural Bank.

Technology upgrade of RRBs includes the rolling out of 14 customer-centric digital services and the implementation of 8 bank-centric digital upgrades.

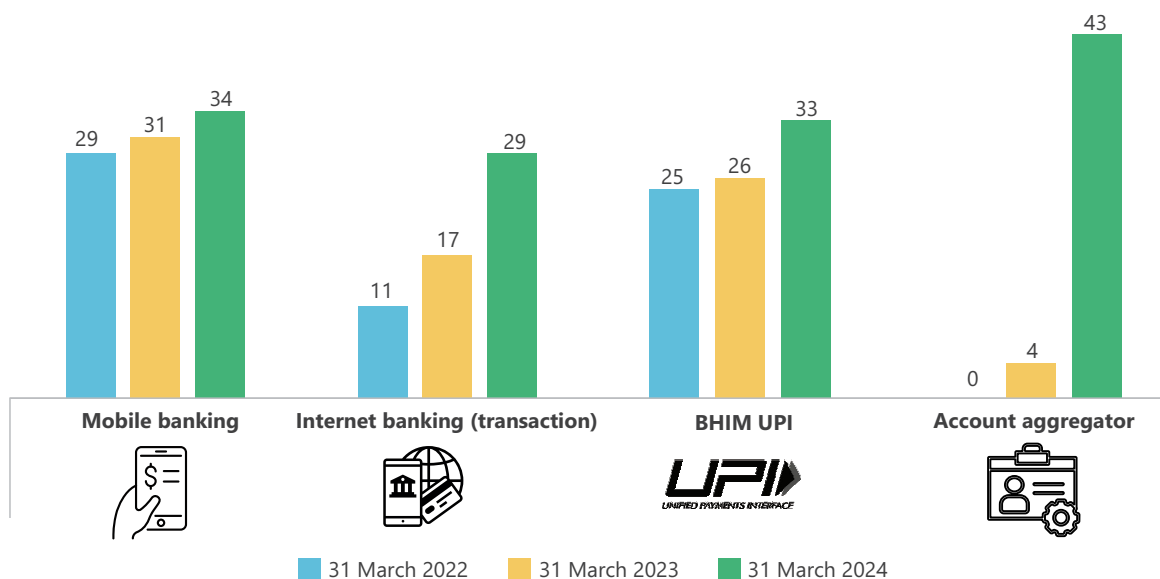
only 3% in the total business share of all SCBs, their share in the implementation of these schemes ranges from 16% to 19%. Their share has further increased during FY2024 due to higher growth in enrolments. It may also be pertinent to mention that RRBs have the highest average deposit amount per account in PMJDY accounts amongst all categories of banks (₹4,292 per account in RRBs vis-à-vis ₹4,040 per account for other banks).

8.5.3 Thrust on technology upgrade in RRBs

The Union Minister of Finance chaired meetings in different regions of the country to review the functioning of RRBs, with a special focus on technology upgrade of the RRBs (Figure 8.4). Emphasis is being laid on:

- rolling out of 14 customer-centric digital services in RRBs, such as, internet banking, mobile banking, unified payment interface (UPI), call centre facility, account aggregator framework, video know-your-customer (KYC), Bharat Bill Payment Service, etc., for improving rural banking service delivery;
- implementation of eight bank-centric digital upgrades in the RRBs like CBS upgrade, loan origination system, NPA management module, HRMS module, etc., for enhancing efficiency in operations.⁴

Figure 8.4: RRBs offering different digital services (number)



BHIM UPI = Bharat Interface for Money Unified Payments Interface.

8.5.4 Important developments in the context of RRBs

RRBs as member lending institutions of Credit Guarantee Fund Scheme for Education Loans

To address the issue of the declining loan portfolio of RRBs under priority sector loans to education, the Ministry of Education, vide gazette notification dated 18 April 2023, has included RRBs which are members of Indian Banks' Association as eligible member lending institutions of the Credit Guarantee Fund Scheme for Education Loans administered by National Credit Guarantee Trustee Company Ltd.



Increase in ceiling of guarantee under Credit Guarantee Fund Trust for Micro and Small Enterprises

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), vide notification dated 15 December 2023, has increased the ceiling of guarantee for RRBs from ₹50 lakh to ₹2 crore for all guarantees approved on or after 1 January 2024.

Committee in respect of recruitment, promotion, and outsourcing in RRBs, appointment of the Chair and officers of sponsor banks on deputation to RRBs

The committee was headed by Chairman NABARD, Shaji K.V., with terms of reference to review the recommendations of the Mitra Committee as also the extant guidelines and make suitable recommendations on recruitment, transfer, appointment of chairperson, etc. The report of the committee has been submitted to the Department of Financial Services, GOI on 6 November 2023.

Review of instructions on bulk deposits

The RBI, vide notification dated 26 October 2023, has enhanced the bulk deposit limit for RRBs to ₹1 crore. Previously, single rupee term deposits of ₹15 lakh or more were categorised for RRBs as 'bulk deposits'.

RRBs in Focus⁵

The mechanism of 'RRBs in Focus' serves as a signal of caution to the RRBs to initiate remedial measures to avoid further deterioration of financials and slippage into the 'Prompt Corrective Action' framework. NABARD provides continuous guidance and technical assistance to 'RRBs in Focus' in addition to other types of assistance. Based on the audited financial position as on 31 March 2023, there were 15 RRBs classified as 'RRBs in Focus' during FY2024 (as opposed to 16 in FY2023). The performance of Madhya Pradesh Gramin Bank (in focus in FY2023) improved and it came out of the 'in focus' list in FY2024. Of the 16 RRBs 'in focus' during FY2023, CRAR improved in 11, GNPA in all 16, and profitability measured by return on assets improved in 10 RRBs.

Workshops/seminars for capacity building of RRBs

A symposium on 'Strengthening financial sustainability and operational viability of RRBs' was organised in coordination with the College of Agricultural Banking, Pune for chairpersons of all RRBs on 11–12 May 2023.

A workshop on 'Convergence/Awareness of GOI Policies on MSME Lending' was organised on 4 January 2024. Sessions on GOI Schemes for MSMEs, credit guarantee schemes of CGTMSE, and best practices in MSME lending were handled by distinguished speakers from the Ministry of Micro, Small and Medium Enterprises, GOI, NABARD, CGTMSE, and RRB chairpersons.

A workshop on the topic 'Leveraging Account Aggregator (AA) Framework for Business Growth' was organised on 15 March 2024 for chairpersons of RRBs to present strategies for acquiring high-value customers through the AA framework. Experts from the AA industry presented live examples and case scenarios for the benefit of RRBs.

Of the 16 RRBs 'in focus' during FY2023, CRAR improved in 11, GNPA in all 16, and profitability measured by return on assets improved in 10 RRBs.

8.6 ROADMAP FOR RFIs

To propel the cooperative sector into a new era of efficiency and modernisation, NABARD will play a proactive role as outlined in the upcoming New Cooperative Policy of the GOI. A pivotal step involves the computerisation of all functional PACS, consolidating them under a single software platform.



By promoting the adoption of best-in-class banking-centric and customer-centric digital services, RFI can enhance their service offerings and meet the evolving needs of their customers in today's digital age.

This initiative aims to centralise PACS data into a single data repository, facilitating streamlined reporting for all stakeholders. Simultaneously, the computerisation of all ARDBs and their branches will be pursued, enhancing their operational effectiveness. NABARD is going to roll out a platform for the implementation of a Cooperative Governance Index (CGI) for RCBs. The CGI will serve as a tool to evaluate and improve the corporate governance standards within these cooperative banks, ensuring transparency and accountability. The pilot phase is going to be implemented in 69 StCBs and DCCBs in FY2025. This will be followed up by roll-out in all StCBs and DCCBs.

NABARD will continue to monitor the viability plans of RRBs closely, ensuring that they meet the targets outlined in their viability plans. It will also facilitate the adoption of technology among the RRBs and RCBs. By promoting the adoption of best-in-class banking-centric and customer-centric digital services, RFI can enhance their service offerings and meet the evolving needs of their customers in today's digital age.

Due emphasis is being laid by NABARD on business diversification by the STCCS through the intervention of BDPIs and PACS Development Cells. It is undertaking the process of revising various scheme guidelines under CDF assistance. NABARD would continue to focus on improving the skill base of personnel in both cooperatives and RRBs. It will also focus on strengthening weaker StCBs and DCCBs through turnaround plans and implementable strategies.

NOTES

1. For details, please see NABARD (2023), *Annual Report, 2022–23*, National Bank for Agriculture and Rural Development, Mumbai. Box 8.1, p. 95. <https://www.nabard.org/pdf/2023/annual-report-2022-23-full-report.pdf>.
2. ERP = Enterprise Resources Planning.
3. J&K Grameen Bank has four branches in the Union Territory of Ladakh.
4. CBS = Core Banking Solutions, HRMS = Human Resource Management System, NPA = Non-Performing Assets.
5. RRBs which meet one of three criteria—CRAR < 10%; GNPA >= 10%; Return on Assets (RoA) < 0%—for the last 2 consecutive years are categorised as 'RRBs in focus'.



APPENDIX TO CHAPTER 8

Table A8.1: Consolidated performance of StCBs and DCCBs (amount in ₹ crore)

S. No.	Parameter	StCBs			DCCBs		
		31 March 2022	31 March 2023	% Change (YOY)	31 March 2022	31 March 2023	% Change (YOY)
1	Banks (no.)	34	34	–	351	351	–
2	Branches (no.)	2,089	2,102	0.6	13,670	13,698	0.2
3	Share capital	9,263	9,774	5.5	24,472	26,486	8.2
4	Reserves	17,971	20,544	14.3	26,474	28,729	8.5
5	Deposits	2,40,953	2,42,327	0.6	4,12,573	4,33,358	5.0
6	Borrowings	1,23,785	1,54,970	25.2	1,28,524	1,47,207	14.5
7	Investments	1,40,966	1,48,666	5.5	2,35,913	2,47,942	5.1
8	Loans outstanding	2,38,919	2,65,580	11.2	3,36,546	3,70,851	10.2
9	Assets/Liabilities	4,17,233	4,51,840	8.3	6,49,546	6,97,304	7.4
10	Banks in profit (no.)	31	32	Improved	302	305	Improved
11	Banks in loss (no.)	3	2	Improved	49	46	Improved
12	Net profit/loss	2,288	2,458	7.4	1,358	1,881	38.5
13	CD Ratio (%)	99.2	109.6	Improved	81.6	85.6	Improved
14	CRAR (%)	13.0	13.3	Improved	12.2	12.1	Deteriorated
15	CRAR <9% (no. of banks)	3	2	Improved	39	42	Deteriorated
16	GNPA (%)	6.0	5.4	Improved	10.8	9.6	Improved
17	NNPA (%)	2.5	2.1	Improved	4.5	3.9	Improved
18	PCR (%)	65.1	67.2	Improved	70.7	78.4	Improved

CD Ratio = Credit to Deposit Ratio, CRAR = Capital-to-Risk (Weighted) Assets Ratio, DCCB = District Central Cooperative Bank, GNPA = Gross Non-Performing Assets, NNPA = Net Non-Performing Assets, PCR = Provision Coverage Ratio, StCB = State Cooperative Bank, YOY = Year-on-Year.

Notes:

- During FY2023, Malappuram DCCB was merged with Kerala State Cooperative Bank vide Registrar of Cooperatives, Govt. of Kerala proceedings/Order No. CB(5)6394/2020 dated 12 January 2023.
- The matter of merger of Malappuram DCCB with Kerala StCB is with the Supreme Court. The data of Malappuram DCCB is, hence, shown along with DCCBs.

Source: Off-site surveillance returns submitted by banks in Ensure Portal of NABARD.


Table A8.2: Overview of financial position of SCARDBs and PCARDBs (amount in ₹ crore)

S. No.	Parameter	SCARDBs		PCARDBs	
		31 March 2022	31 March 2023 ^P	31 March 2022	31 March 2023 ^P
1	Number of institutions	13	13	604	608
2	Number of institutions for which data is available	13	13	604	603
3	Share capital	967	973	1,076	1,094
4	Reserves	5,294	5,572	4,402	4,433
5	Deposits	2,584	2,621	1,675	1,720
6	Borrowings	13,409	12,559	17,286	16,712
7	Loans outstanding	20,854	20,770	16,623	15,773
8	Investments	2,357	2,913	2,305	2,378
9	Total assets/liabilities	28,097	27,794	33,461	32,445
10	Banks in profit (no.)	10	10	203	351
11	Profit	157	448	95	525
12	Banks in losses (no.)	3	3	401	252
13	Loss	72	40	685	305
14	Net profit/loss	85	408	-589	220
15	GNPA (amount)	7,522	7,571	6,768	6,371
16	GNPA (%)	36.1	36.5	40.7	40.4

GNPA = Gross Non-Performing Assets, PCARDB = Primary Cooperative Agriculture and Rural Development Bank, P = data is provisional, SCARDB = State Cooperative Agriculture and Rural Development Bank.

Source: Data reported by SCARDBs.

Table A8.3: Grant support to cooperatives from CDF in FY2024

S. No.	Purpose	Beneficiary agency	Amount (₹ lakh)
1	SOFTCOB	CTIs	1,480
2	Infrastructure support	PACS	52
3	PACS Development Cell	DCCBs/StCBs	7
4	Training through BIRD	BIRD	348
5	Exposure visits	StCBs/DCCBs/PACS	99
6	Conference/seminar/workshop	StCBs/DCCBs	75
7	Organisational development initiative	DCCBs	-
8	Comprehensive support plan for NER states	StCBs	144
9	PACS computerisation	StCBs/DCCBs	3
10	BDPICs	StCBs	146
11	C-PEC	C-PEC	335
12	PACS as MSC	PACS	347
13	Publications	RCBs	7
14	Other interventions	RCCIs	285
Total			3,328

BIRD = Bankers Institute of Rural Development, CDF = Cooperative Development Fund, C-PEC = Centre for Professional Excellence in Cooperatives, CTI = Cooperative Training Institute, DCCB = District Central Cooperative Bank, MSC = Multi-Service Centre, NER = North-East Region, PACS = Primary Agricultural Credit Societies, RCB = Rural Cooperative Bank, RCCI = Rural Cooperative Credit Institutions, SOFTCOB = Scheme of Financial Assistance for Training of Cooperative Banks Personnel, StCB = State Cooperative Bank.

**Table A8.4: Consolidated performance of RRBs (amount in ₹ crore)**

S. No.	Parameter	31 March 2023	31 March 2024	% Change (YOY)
1	Branches (no.)	21,995	22,069	0.3
2	Share capital	17,232	19,042	10.5
3	Reserves	40,123	46,659	16.3
4	Deposits	6,08,509	6,59,815	8.4
5	Borrowings	84,712	92,444	9.1
6	Investments	3,13,401	3,19,099	1.8
7	Loans outstanding	4,10,738	4,70,109	14.5
8	Assets/liabilities	7,71,462	8,40,080	8.9
9	Banks in profit (no.)	37	40	Improved
10	Banks in loss (no.)	6	3	Improved
11	Net profit/loss	4,974	7,571	52.2
12	CD Ratio (%)	67.5	71.2	Improved
13	CRAR (%)	13.4	14.2	Improved
14	Banks with CRAR <9%	9	4	Improved
15	GNPA (%)	7.3	6.1	Improved
16	NNPA (%)	3.2	2.4	Improved
17	PCR (%)	59.2	62.6	Improved

CD Ratio = Credit to Deposit Ratio, CRAR = Capital-to-Risk (Weighted) Assets Ratio, GNPA = Gross Non-Performing Assets, NNPA = Net Non-Performing Assets, PCR = Provision Coverage Ratio, YOY = Year-on-Year.

Source: Off-site surveillance returns submitted by banks to the Ensure Portal and RRB Darpan Portal of NABARD.

Table A8.5: Achievement of PSL targets by RRBs in FY2024

S. No.	Sector/Sub-sector	Target (%)	Achievement (%)	
1	Overall priority sector	75.0	88.6	All RRBs have met all the targets/sub-targets for FY2024.
2	Agriculture	18.0	34.2	
3	Small and marginal farmers	10.0	19.0	
4	Non-corporate farmers	13.8	94.1	
5	Micro-enterprises	7.5	15.0	
6	Weaker sections	15.0	84.8	

PSL = Priority Sector Lending, RRB = Regional Rural Bank.

Note: Target and achievement presented as a percentage of adjusted net bank credit (ANBC) for FY2024 are computed on an average basis of achievement for all four quarters as per RBI guidelines. ANBC is as on corresponding date of the previous year.



9

9.1 Nurturing and supporting our people

9.2 Risk management and effective internal control

9.3 Strengthening transparency and vigilance

9.4 Accelerating the building of sustainable digital infrastructure

9.5 Data management and modernisation of information systems

9.6 Parliamentary Committee visits and Parliamentary questions

9.7 Promotion of Rajbhasha

9.8 Aligning marketing and communications strategy

9.9 A dynamic NABARD for India's rural development

Appendix to Chapter 9

People—Processes and Policies



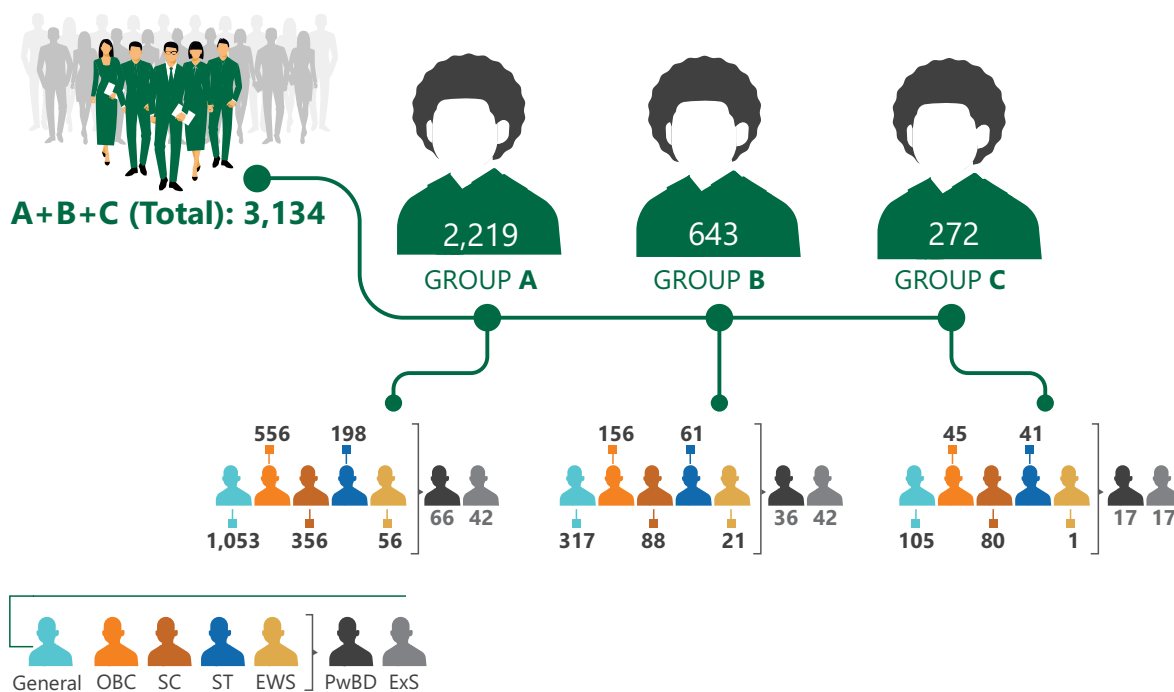
NABARD is a great place to work and grow professionally.

For more than four decades, the NABARD team has been dedicated to fulfilling its mandate of fostering rural prosperity as the ‘apex development bank of India’. To build and sustain this extraordinary community of people, we have continually invested in and strengthened our human resource base while ensuring not just happiness at workplace but also their overall sense of wellbeing. Through our people we have focused on creating an exemplary knowledge-based organisation with effective management, robust systems and procedures, upholding the highest standards of transparency and accountability. We have, simultaneously, remained sensitive to the evolving expectations and aspirations of rural India which demands responsive and relentless reskilling of the personnel committed to its service.

9.1 NURTURING AND SUPPORTING OUR PEOPLE

Building team starts with the obvious and simple step of ensuring a good fit between each contender and their job, but it rapidly evolves to meet the complex challenges of building capacity, developing expertise, and retaining the commitment of the resources in the longer term. The human resource management mantra in NABARD revolves around making it a great place to work and grow professionally in the field of rural development. Effective execution of these steps empowers our community, elevates the quality of our work, equips us to build trust, and achieve lasting results which are reflected in the milestones achieved by NABARD.

Figure 9.1: Staff composition as on 31 March 2024



SC = Scheduled Caste, ST = Scheduled Tribe, OBC = Other Backward Classes, EWS = Economically Weaker Section, ExS = Ex-Servicemen, PwBD = Person with Benchmark Disability.



9.1.1 Staff composition

As on 31 March 2024, NABARD has 3,134 staff members across cadres. It adheres strictly to the prescribed reservation norms of the Government of India (GOI), in planning its staff composition. With the timely and transparent Promotion Exercise for Panel Year 2024, 286 officers were empanelled for promotion to higher grades. Additionally, 26 Group 'B' employees have been promoted as Assistant Managers in Rural Development Banking Service and 24 Group 'C' staff members have been promoted as Assistant Care Takers.

NABARD, an equal-opportunity workspace, has 776 women on its rolls.

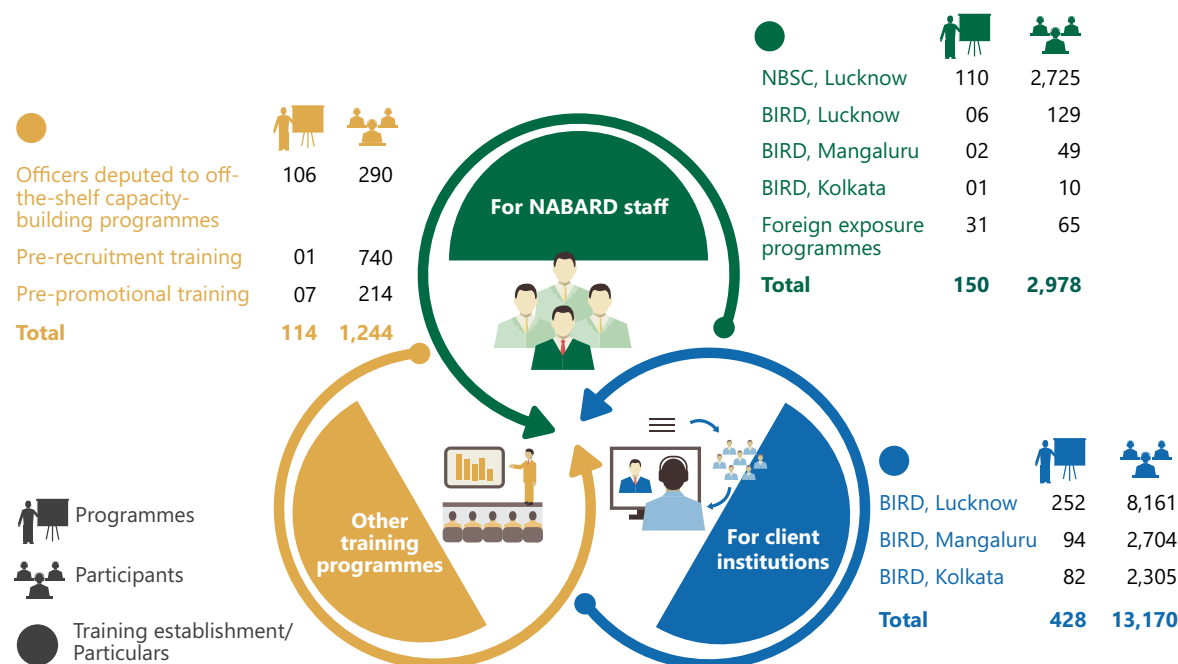
NABARD, as an equal-opportunity workspace, has 776 women on its rolls, which is almost a quarter of its workforce. The organisation strives to provide equal and equitable opportunities for career progression for its entire staff.

9.1.2 Initiatives for building competencies and capacities

NABARD provides a range of opportunities for staff 'upskilling' and 'reskilling'. Training institutes such as the National Bank Staff College (NBSC), Lucknow (for NABARD staff) and the Bankers Institutes of Rural Development (BIRD) at Lucknow, Kolkata, and Mangaluru (for staff from client institutions of NABARD) infuse dynamism and excellence through their programmes.

During FY2024, NBSC conducted 110 programmes with a participation of 2,725 officers and staff members, on varied themes. It has been implementing blended-learning programmes incorporating e-learning, case studies, and exposure visits to ensure a holistic learning experience for participants. Further, as shown in the Figure 9.2, several training programmes have been conducted for client institutions as well.

Figure 9.2: Training outputs in FY2024



BIRD = Bankers Institutes of Rural Development, NBSC = National Bank Staff College.

Note: Participants and programmes are not mutually exclusive. One participant might have attended more than one programme.



NABARD training institutions have evolved their pedagogies through e-learning, new partnerships, modules, and courses to achieve better learning outcomes.

Under the ‘Incentive Study Scheme’, 57 employees took up professional and distance learning courses through reputed institutes.

Adapting to the new challenges posed by the pandemic, both NBSC and BIRD have evolved their pedagogies through e-learning, new partnerships, modules, and courses to achieve better learning outcomes.

9.1.3 Staff welfare initiatives

- Being sensitive to the evolving needs of its staff members, NABARD reviewed various facilities available to its serving as well as retired employees during the year and revised them suitably.
- NABARD continued to provide insurance coverage to its employees under group insurance schemes, with respect to outstanding housing loans as well as for healthcare.
- NABARD employees continued to receive life insurance cover under the Group Term Insurance Policy.
- In addition to the above, the housing loan facility was also reviewed and improved upon to keep pace with the changing times and aspirations.

9.1.4 Other human resource initiatives

Industrial relations

Industrial relations remained harmonious and constructive, making NABARD an excellent workplace. Consequent to receipt of approval from GOI, a Supplementary Memorandum of Settlement was signed between All-India NABARD Employees Association and NABARD on 13 July 2023 on the revision of grade allowance and the administrative circular was issued on the revision of grade allowance and learning allowance for officers.

Gender sensitivity

In accordance with the Provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (14 of 2013), NABARD’s Central Complaints Committee and Regional Complaints Committees are functioning effectively in dealing with said complaints.

Awareness programmes on the integration of gender perspectives/gender sensitivity were organised at various regional offices (ROs), the Head Office (HO), and training establishments (TEs), along with specific programmes on ‘Prevention of Sexual Harassment of women at the workplace’ for sensitising the staff, including the newly recruited Grade A officers and development assistants.

9.2 RISK MANAGEMENT AND EFFECTIVE INTERNAL CONTROL

9.2.1 Risk management initiatives

NABARD has implemented essential systems and processes, enhanced risk management frameworks, and automated the enterprise risk management function to mitigate risks and ensure consistent business continuity.

NABARD has also upgraded the extant Enterprise Risk Management Software (ERMS) to strengthen the existing risk management framework and automate risk management functions. The ERMS was upgraded and fine-tuned for automated generation of capital to risk (weighted) assets ratio and other reports compliant with the Basel III framework taking into account the changes in



policies and business processes. A new ALM software complying with Basel III norms has also been introduced.¹

Awareness programmes on the integration of gender perspectives/ gender sensitivity were organised for NABARD staff.

9.2.2 Improved/new systems and processes

Box 9.1: Basel III implementation

The RBI, vide its Master Directions dated 21 September 2023, has mandated applicability of the Basel III framework for all AIFIs, including NABARD, with effect from 1 April 2024. Accordingly, 10 risk management policies related to Basel III implementation were issued/revised during FY2024. Also, software applications like CLMAS, new Treasury software, new ALM software, and ERMS were upgraded/fine-tuned to meet the requirements under Basel III and for automated generation of CRAR.

AIFI = All India Financial Institution, ALM = Application Lifestyle Management, CLMAS = Centralised Loan Management and Accounting System, CRAR = Capital to Risk (Weighted) Assets Ratio, ERMS = Enterprise Risk Management Software, RBI = Reserve Bank of India.

NABARD has introduced various improved/new systems and processes to strengthen its risk management framework. These include

- establishing a framework for time-bound review of all NABARD policies;
- aligning all the risk management policies of NABARD to comply with the three pillars of the (recently introduced) Basel III framework: minimum capital requirement, supervisory review process, and market discipline (Box 9.1);
- refining all the risk management policies and aligning them with the latest regulatory guidelines and industry best practices;
- introducing a committee-based approach for the sanction of refinance, direct finance and grants, as well as costs related to stressed assets management;
- constituting a tier of risk management committees headed by deputy managing directors—Credit Risk Management Committee, Operational Risk Management Committee, and Market Risk Management Committee;
- preparing standard operating procedures for NABARD business products in coordination with concerned business departments;
- upgrading the internal risk rating model for NABARD Infrastructure Development Assistance loans from a 4-point scale to a 9-point scale;
- implementing an enhanced early warning signal and default forecasting model for non-banking financial companies (NBFCs) and NBFC-microfinance institutions;
- initiating the process for reviewing, validating, and refining extant internal risk rating models;
- conducting regional risk awareness workshops to foster a robust risk management culture at all levels of staff; five workshops were held in FY2024;
- introducing new policies on outsourcing of information technology services and market risk management; two new policies were introduced in FY2024;
- refining the process of review of new/improved products and processes based on the recommendations of the New Product Approval Committee; and
- framing policies on major areas of work (Appendix to Chapter 9).



9.2.3 Internal inspection

During FY2024, the internal functioning of NABARD was scrutinised and supervised through 52 regular inspections across 26 ROs, 17 HO departments, 2 TEs, and 7 subsidiaries. Credit audit of all high-value loan accounts with loans sanctioned above ₹100 crore were completed. Capacity building programmes were conducted for the Concurrent Audit Cell in the ROs and feedback from the programmes was shared to reduce instances of human error.

Risk-Based Internal Inspection and Audit (RBIIA) has been initiated to make the internal inspection process more rigorous. The RBIIA aims to create a risk profile database of all ROs and HO based on the premise of a risk matrix that rates crucial parameters of inherent business risk and puts controls in place for monitoring them. Two pilot projects of RBIIA software were conducted in Gujarat and Maharashtra ROs.

9.3 STRENGTHENING TRANSPARENCY AND VIGILANCE

9.3.1 Vigilance structure and activities

The vigilance administration in NABARD is an integral part of management function with a view to promote clean business transactions, professionalism, productivity, and ethical practices apart from control, monitoring, and supervision of various vigilance functions. NABARD has very strong and transparent vigilance administration headed by Chief Vigilance Officer (CVO appointed by GOI in consultation with the Central Vigilance Commission [CVC]). The CVO assists the NABARD management in formulating, implementing, and reviewing vigilance-related policy matters.

Among the three aspects of the vigilance function—preventive, punitive and participative—preventive and participative vigilance are given more emphasis. Based on past experience/incidences, system/process improvements are being undertaken continuously by leveraging technology, and NABARD's guidelines are being streamlined as a preventive vigilance measure.

Key activities undertaken during the FY 2024 are listed below:

- Six preventive vigilance visits were made.
- Capacity building for staff members on vigilance-related issues was undertaken.
- Vigilance Department officers attended seven training programmes conducted by CVC/Central Bureau of Investigation/other organisations.
- A 'Vigilance Awareness Week' campaign was organised between 16 August 2023–15 November 2023. During this period, eight officers from HO/TEs attended the training-of-trainers programmes conducted by CVC on various topics such as procurement, ethics and governance, systems and procedures of the organisation, cyber hygiene and security, investigating officer/presenting officer training, and preventive vigilance. Apart from this, NBSC, Lucknow conducted virtual training sessions on these topics for NABARD staff pan-India.

NABARD's vigilance administration promotes clean business transactions, professionalism, productivity, and ethical practices.



Box 9.2: Vigilance Awareness Week

Between 30 October 2023 and 5 November 2023, Vigilance Awareness Week (VAW) was celebrated in NABARD, Mumbai based on the theme 'Say No to Corruption—Commit to the Nation'. During VAW, staff members took an Integrity Pledge and mass public awareness initiatives were conducted at educational institutions. The 1,000-strong staff contingent did a walkathon around the Bandra–Kurla Complex. Other activities included a session on ethics and governance, and quiz and drawing competitions for the children of staff members.



Chairman, NABARD administering the Integrity Pledge on 30 October 2023



Vigilance Awareness Week, 2023: Walkathon organised at NABARD, Mumbai on 3 November 2023

9.3.2 Right to Information (RTI) Act, 2005

As a part of its goal of achieving transparency and complying with statutory obligations, NABARD has been providing necessary information under the RTI Act. Senior level officers were designated as Central Public Information Officers at the HO, ROs and TEs. Chief General Manager (CGM) Monomoy Mukherjee is the First Appellate Authority at HO, Mumbai. CGM L. Leivang has been designated as Transparency Officer.



NABARD's enterprise architecture uses ICT to offer a 'Unified NABARD' experience to its clients, partners, suppliers, and employees.

During the period ending March 2024, 1,619 RTI applications (including those received at ROs and RTI applications transferred to other public authorities) and 131 appeals were received and desired information was provided to the applicants/appellants within the time limit prescribed by the Act.

During FY2024, nine grievance redressal applications were received. The Grievance Redressal Committee met twice and disposed of five of six eligible applications received during the year

9.4 BUILDING SUSTAINABLE DIGITAL INFRASTRUCTURE

9.4.1 Enterprise architecture

NABARD has embarked on an enterprise architecture (EA) journey with the vision to design scalable operating models, driven by simplicity, security, and convenience with optimal utilisation of information and communication technology infrastructure and applications to offer a 'Unified NABARD' experience to its clients, partners, suppliers, and employees. The value proposition derived by the adoption of EA in NABARD would be to provide integrated services through multiple channels, in a contactless, frictionless manner, enhance the efficiency of delivery of services, and improve the effectiveness of implementation of services through holistic performance management. An EA Board has been established within NABARD to act as a governance body for the EA framework.

9.4.2 Infrastructure and security

NABARD has undertaken various measures to strengthen the digital infrastructure and enhance security posture by leveraging technology to cope effectively with risks and challenges in the cyber environment.

- **Information security measures:** NABARD has acquired and implemented suitable security solutions including data loss prevention (DLP), data classification, and mobile device management (MDM).
 - ◇ DLP solution monitors, detects, and prevents unauthorised data transfer or leakage across channels such as email, cloud storage, and cloud collaboration. It enforces security policies to safeguard sensitive information, including intellectual property, financial data, and personally identifiable information, thus mitigating the risk of data breaches.
 - ◇ Data classification involves categorising data based on its sensitivity or importance, enabling organisations to prioritise security measures accordingly.
 - ◇ MDM solution enables centralised management and control of mobile devices within an organisation. It facilitates device provisioning, security enforcement, and application management, ensuring compliance with corporate policies and protecting sensitive data accessed or stored on mobile devices.
- **Database Activity Monitoring:** To improve the security measures, a suitable Database Activity Monitoring solution has been procured and implemented in FY2024. It will help in identifying and reporting any instance of unauthorised, fraudulent, or undesirable data access within the database. Moreover, its implementation is seamless, with minimal disruption to user productivity and day-to-day operations.
- **Network Access Control solution:** A suitable Network Access Control solution was rolled out across the organisation to ensure endpoint security and policy compliance. Additionally, it is expected to provide authentication for Active Directory-based laptops through WiFi.

Database Activity Monitoring will help identify and report unauthorised, fraudulent, or undesirable data access within the database.



9.4.3 Applications/software development

- **Centralised Loan Management and Accounting System (CLMAS):** NABARD's core banking solution, Centralised Loan Management and Accounting System (CLMAS), ensures end-to-end life cycle management of loans and grants products from origination to disbursement, accounting, and servicing. It facilitates generation of balance sheet and profit/loss accounts. In FY2024, the entire tech-stack of CLMAS was upgraded successfully to facilitate better functioning of the solution.
- **Enterprise content management (ECM):** NABARD's corporate enterprise content management (ECM) solution continues to streamline case creation, facilitate online decision-making, and expedite approval processes. The ECM mobile app for Android and iOS, launched in July 2023, enables users to process and approve cases on the go. A module has been developed to digitise service files, further enhancing our digital transformation efforts.
- **DIGI-DAK:** A comprehensive module integrated into ECM, DIGI-DAK was launched on 1 January 2024 to access and track all incoming and outgoing communications organisation-wide. In a short span of 3 months since the launch, over 5,000 communications have been issued through DIGI-DAK, demonstrating its effectiveness in managing organisational correspondence (Box 9.3).
- **Human Resource Management System (Empower):** HRMS-Empower system is NABARD's centralised web-based online system which automates human resource-related activities and processes. The Empower application is being used for human resource planning, appraisal and performance, promotions, reimbursements, salary processes, online submission of leave applications, various staff welfare schemes, etc. The application has been updated to accommodate fresh changes/enhancements in the policy.
- **NABARD desktop app:** A Microsoft Windows desktop application has been designed and launched to deliver personalised information to our desktops. The application supports single sign-on for streamlined access and utilises lightweight data exchange through REST APIs.² The inaugural feature, the Contacts App, offers a user-friendly interface to access all organisational contacts. It includes functionalities such as quick search, favourite contacts, search within results, and contact QR codes for rapid data transfer to mobile devices.

In a short span of 3 months since the launch, over 5,000 communications have been issued through DIGI-DAK, demonstrating its effectiveness in managing organisational correspondence.

Box 9.3: Launch of DIGI-DAK

DIGI-DAK was launched by the Chairman, NABARD on 1 January 2024 to streamline all communications, including emails, letters, inter-office and inter-departmental memos, etc.

It offers a unified central repository and a one-stop shop for accessing all the internal and external correspondences with a facility to track status. A single DIGI-DAK ID facilitates auto inward and outward communication.

Additionally, categorising correspondences as actionable or informational at the source ensures that important items receive prompt attention. Built within enterprise content management (ECM), various important features like ease of case initiation on ECM from DIGI-DAK, bulk mailing, endorsements, vertical assignment, email alerts, search and filters, pendency tracking, and the ability for the initiating office/department to close the case, etc., enhances overall efficiency and speed in handling correspondence.

Enhanced features provide overall visibility for all organisation level correspondence to the top management, facilitating effective oversight.



NABDATA shall facilitate decision making by reducing data errors and ensuring reliability in analysing trends, patterns, and historical performance.

9.4.4 Safeguarding against cyber threats

As per the initiative conceptualised by Ministry of Home Affairs, GOI, Cyber Jagrukta Divas is observed by NABARD on the first Wednesday of every month by releasing desktop backgrounds, Windows screensavers, and presentations wherein cyber awareness tips are presented to end users, along with the publication of a quarterly newsletter on cyber security.

As a part of National Cyber Security Awareness Month (observed during October 2023), NABARD conducted various programmes to enhance cyber awareness of the its employees, viz., cyber security theme SMS, online poster, awareness sessions, email phishing simulation activity, and cyber awareness quiz.

During FY2024, the following initiatives were taken to strengthen and improve the cyber security infrastructure:

- A web application firewall (WAF) has been procured and all public facing applications are being hosted on WAF to improve the cyber security of web-facing applications.
- End Point Security Solution has been installed on all office desktops, laptops, and on all critical servers, ensuring advanced server security for physical and virtual servers. These solutions protect devices from viruses, spyware, malware, root kits, Trojans, phishing attacks, spam attacks, and various other cyber threats.
- An Endpoint Detection Response solution has been implemented at all user endpoints for continuous monitoring to mitigate malicious cyber threats.

9.5 DATA MANAGEMENT AND MODERNISATION OF INFORMATION SYSTEMS

9.5.1 NABDATA: NABARD data warehouse

NABARD launched its data warehouse project in FY2023 to improve data integration, data consistency, and quality. It aims to facilitate decision making by reducing errors and ensuring reliability in analysing trends, patterns, and historical performance. The data warehousing is progressing as expected. Data integration with various source systems, data modelling, etc., have been completed. Some of the outputs such as reports/dashboards and analytical use cases for different departments are under development while a few have been released for use.

9.5.2 Ensure 2.0

A soft launch of the new data collection and management portal, ENSURE 2.0 (which will replace the existing application) with expanded scope including new requirements from various departments, better processing, and analytical capabilities was done on 27 February 2024. There are close to 200 returns and reports under development in ENSURE 2.0. The new application promises to be user friendly with multiple API integrations with other applications. It can handle voluminous data and would enable users to generate different types of reports. The portal, with all modules integrated, is expected to be operationalised during FY2025.

9.5.3 Account aggregator (Samiksha portal)

To obtain consent-based financial information from stakeholders, NABARD has joined the ‘account aggregator’ ecosystem as a financial information user. In this ecosystem, consent-based financial information flows from a financial information provider to the financial information user through an account aggregator. The application developed for the purpose is named Samiksha. This initiative



provides an opportunity to different departments to obtain consent-based financial information about their clients/stakeholders and factor in that information while taking decisions.

Through the Samiksha portal, departments can obtain consent-based financial information about their clients/stakeholders and factor in that information while taking decisions.

9.5.4 Collaboration with external agencies for data sourcing

NABARD has reached out to several agencies seeking collaboration under various initiatives and for sourcing relevant datasets for analytics. During the year, NABARD has entered into agreements/memoranda of understanding with Indian Council of Agricultural Research, Indian School of Business–Bharti Institute of Public Policy, Microsave Consulting, Bhashini, and United Nations Development Programme.

9.5.5 Business correspondent registry

The Sub-Committee of the Monitoring Committee on Functioning of Business Correspondents (BCs) advised NABARD to develop a comprehensive portal tracking BCs and their activities. The proposed BC registry shall not only enhance transparency but also facilitate informed decision-making by providing actionable analytics and insights to stakeholders. The BC registry is expected to go live as soon as approvals are received from the Reserve Bank of India and the Department of Financial Services, Government of India.

9.6 PARLIAMENTARY COMMITTEE VISITS AND PARLIAMENTARY QUESTIONS

During FY2024, parliamentary committees held deliberations with various financial institutions, including NABARD (Table 9.1).

Table 9.1: Parliamentary Committee visits relevant to NABARD in FY2024

S. No.	Parliamentary Committee	Date
1	Study visit of the Committee on Government Assurances (2022–2023), Lok Sabha to Thiruvananthapuram on the subject 'New Schemes in Public–Private Partnership Mode'	23 August 2023
2	Study visit of the Standing Committee on Social Justice and Empowerment (2023–24) to Kochi on the role of NABARD in enhancing welfare and reducing economic backwardness of rural communities, such as, Scheduled Castes, Scheduled Tribes, minorities, and <i>divyangjan</i> (persons with disabilities)	3 November 2023
3	Oral evidence before the Parliamentary Standing Committee on Finance on the subject, 'Providing credit to the agricultural and rural sector including appraisal of NABARD's role', at New Delhi	17 November 2023
4	Oral evidence before the Parliamentary Standing Committee on Finance on the subject, 'Providing credit to the agricultural and rural sector including appraisal of NABARD's role', at New Delhi	22 December 2023
5	Study visit of the Standing Committee on Subordinate Legislation to Goa for an informal discussion with the representatives of NABARD and India Infrastructure Finance Company Limited	5 January 2024
6	Oral evidence before the Parliamentary Standing Committee on Finance on the subject, 'Providing credit to the agricultural and rural sector including appraisal of NABARD's role', at New Delhi	11 January 2024
7	Study visit of the Committee on Empowerment of Women to Dhordo (Kachchh), Ahmedabad, and Diu on the subject 'Women self-help groups'	18 January 2024



S. No.	Parliamentary Committee	Date
8	The Third Sub-Committee of Parliament on Official Language carried out official language inspection of the central government offices in Chandigarh, Kolkata, Bhubaneswar, Rajkot, Ahmedabad, Mumbai, and Goa, and the National Bank Staff College, Lucknow.	Various dates

During FY2024, NABARD responded to 196 parliamentary questions relating to farmer producers' organisations, self-help groups, loan waivers, warehouses/godowns, Kisan Credit Cards, etc.

9.7 PROMOTION OF RAJBHASHA

The provisions of the Official Languages Act, 1963 and the Official Languages Rules, 1976 were complied with and efforts made to increase the use of Hindi in day-to-day functioning of the organisation during FY2024. Steps were taken to achieve the targets stipulated under the Annual Programme 2023–24 issued by the GOI. Achievements in respect of progressive use of Hindi were reviewed regularly in the quarterly meetings of the Official Languages Implementation Committees constituted in all NABARD offices.

NABARD continued its efforts towards capacity building of officers and employees through Parangat classes in Hindi so that official correspondence, internal communication, and documentation in Hindi can be improved. During the year, staff members were trained in preparing office notes and drafts in Hindi and in using information technology tools through Hindi workshops and desk training sessions. The Parliamentary Committee on Official Language inspected eight NABARD offices, including the HO, during the year.

9.8 ALIGNING MARKETING AND COMMUNICATIONS STRATEGY

NABARD curated a well-designed corporate communications strategy to highlight its domain expertise and thought leadership. NABARD expanded its media presence through a variety of formats, such as authored articles, feature stories, exclusive interviews and appearances in leading financial magazines, such as *Business Today* and *The Week*, and online media. It also developed several films, publications, advertisements, and an in-house journal to strengthen its brand positioning.

In FY2024, NABARD and The Hindu Group co-branded a millets conclave that brought together specialists from across the country for deliberations. WION's Mission Sustainability Conclave was supported by NABARD and as a part of the association, NABARD's sustainability initiatives and success stories were aired on the channel and its digital platforms. NABARD participated in *Business Line's* 2024 Agri and Commodity Summit. These media collaborations have helped NABARD garner accolades and publicity for its initiatives.

A four-page supplement in the *Economic Times* highlighting NABARD's journey and latest developments was circulated across editions and a special feature on NABARD was aired on ET NOW. A week-long campaign highlighting the importance of millets was executed in partnership with Radio Mirchi.

NABARD also launched the redesigned corporate website this year with greater accessibility, multiple user-friendly matrices, and a refreshing colour scheme. To retrieve publications and build an organisational legacy, a module for central warehousing of NABARD publications was rolled out in FY2024.

NABARD and The Hindu Group co-branded a millets conclave that brought together specialists from across the country for deliberations.



NABARD has intensified its social media positioning on Facebook, X (formerly known as Twitter), Instagram, and YouTube, through campaigns aligned with its mandate through well-crafted and topical content. It also published a Code for Communication, which sets out guidelines on how NABARD should communicate with employees, partners, stakeholders, and the outside world.

Pragati 1.0 is designed to be strategic, people-focused, technologically advanced, and solution-oriented.

9.9 A DYNAMIC NABARD FOR INDIA'S RURAL DEVELOPMENT

9.9.1 Ensuring transformation through Pragati 1.0

NABARD adopted a Board-approved Five-Year Strategic Plan, named 'Pragati 1.0,' starting from 1 April 2023. This plan, framed around 7 broad visions and supported by 86 strategies, aims to achieve 386 milestones and guide NABARD's institutional journey till FY2028. The objective of the plan is to promote inclusive growth and sustainable development, strengthen the resilience of rural credit institutions, and achieve meaningful business expansion. 'Pragati 1.0' reflects NABARD's commitment to embracing innovation and going beyond traditional annual planning. It is designed to be strategic, people-focused, technologically advanced, and solution-oriented. As on 31 March 2024, 96 milestones have been achieved.

Box 9.4: Unveiling the New NABARD for Tomorrow's India (UNNATI)

To augment internal capabilities for effective implementation of 'Pragati 1.0', NABARD's repositioning exercise has been christened 'Unveiling the New NABARD for Tomorrow's India (UNNATI)'. As a part of this exercise, the following initiatives have been prioritised:

- **Renewed model of state financing:** NABARD, as the development partner of choice for state governments will meet their capital outlay requirements in areas aligned to its mandate and co-create rural infrastructure development projects with them with a credit-plus offering. Under this initiative, each state government would be visualised as a 'Segment of One' and customised finance and finance-plus offerings provided, based on its unique needs.
- **Climate financing:** During the year, NABARD came out with a 'green taxonomy' which is now being incorporated into credit assessment as also for tagging green projects. India's first sub-national climate finance facility was successfully launched on 20 February 2024 with NABARD as the anchor, with a memorandum of understanding signed with the Government of Goa.
- **Partnership with multilateral development banks (MDBs):** NABARD is collaborating with MDBs, such as the World Bank, International Finance Cooperation, Asian Development Bank, Japan International Cooperation Agency, GiZ, Rabo Partnerships, etc., for the co-financing of projects, technical and operational assistance, and knowledge partnerships.
- **Shared services entity:** NABARD proposes to set up a shared services entity for cooperative banks to provide tech-led Core Banking Solutions Plus services at par with scheduled commercial banks. This will create the necessary scale in operations to ensure cost effective and efficient delivery of solutions to the last mile rural financial institutions.
- **Purpose-bound loans for agriculture:** NABARD is closely associated with the Reserve Bank of India, the State Bank of India, and stakeholders to pilot a mechanism to deliver purpose-bound loans using the central bank digital currency. The digital workflow for the pilot is being finalised.
- **Farmer producers' organisation accelerator:** NABARD is designing an accelerator model for farmer producers' organisations (FPOs) which shall be launched for a select cohort of FPOs with strategic partnerships for on-ground implementation and support.



9.9.2 Navpravartan

Navpravartan is an online digital platform introduced by NABARD with the intention of nurturing innovative thinking within the organisation. The portal enables individual staff members to submit their suggestions and feedback on NABARD's policies, operations, systems, and procedures, both individually and collectively. During FY2024, nine suggestions were received through the platform.

NOTES

1. ALM = Application Lifecycle Management.
2. A RESTful API is an architectural style for an application programming interface that uses HTTP requests to access and use data.



APPENDIX TO CHAPTER 9

Major policies of NABARD as on 31 March 2024

1. Environment & Social Policy of NABARD
2. Gender Policy of NABARD
3. Policy framework for Green Taxonomy of NABARD (New Policy)
4. Policy on Data Governance and Management
5. Information Technology Policy
6. E-Waste Management Policy
7. Data Backup, Archival, and Recovery Policy
8. Information Security Policy
9. Cyber Security Policy
10. Compliance Monitoring Mechanism
11. Inspection of Regional Rural Banks (RRBs) under Section 35(6) of BR Act, 1949—Introduction of trigger point policy for taking/recommending Supervisory/regulatory actions against RRBs.
12. Supervisory Action Framework—Self Initiative for Turn Around (SAF-SITA) for Rural Cooperative Banks
13. Policy on Procurement of Goods, Services and Works
14. Policy on Preservation of Records
15. Staff Accountability Policy
16. Annual Transfer Policy of Officers
17. Know-Your-Customer Policy
18. Risk-Based Internal Inspection and Audit Policy
19. Credit Audit Policy
20. Whistle-Blower Policy
21. Information System Audit Policy
22. Enterprise Risk Management Policy
23. Exposure Norms for NABARD
24. Credit Risk Management Policy
25. Stressed Assets Management Policy (erstwhile Loan Recovery Policy)
26. Credit (Refinance/Direct Finance) Policy
27. Operational Risk Management Policy
28. Outsourcing Policy
29. Fraud Risk Management Policy
30. Internal Capital Adequacy Assessment Process Policy
31. Credit Monitoring Policy
32. Compliance Policy



10

10.1 Sources of funds

10.2 Uses of funds

10.3 Income and expenditure

10.4 NABARD's investments in the agriculture and rural ecosystem

10.5 Strategic investment and mobilisation for impact and growth

Annexe to Chapter 10: Performance of NABARD subsidiaries in FY2024

Leveraging Finance for Growth





As on 31 March 2024, NABARD reported a balance sheet size exceeding ₹9 lakh crore, marking a growth rate of 13.6% over FY2023, the high point of the year being the maiden issuance of social bonds pioneering environmental, social, and governance (ESG) investing in India (Showcase 10.1).

Showcase 10.1: Maiden issue of social bond by NABARD

‘NABARD predates the concept of ESG investing and has, since inception, been focussed on sustainable development of the rural sector in India. Now, it’s on us to bring the Indian markets to the rural masses of India.’

—Chairman, NABARD, Shaji K.V.

NABARD spearheaded the cause of ESG investment in the country by issuing India’s first rupee-denominated social bond this year. The listing ceremony was conducted at the historic Market Hall of the Bombay Stock Exchange on 29 September 2023. The ₹1,000 crore bond issue made NABARD one of the largest issuers in the Indian domestic market. Such was the enthusiasm that the offer received ₹8,560 crore in bids, of which ₹1,040.5 crore worth were accepted. This AAA rated bond was externally certified by KPMG under the social bond guidelines of the International Capital Markets Association.

The funds raised through this offering will be used to refinance drinking water projects under GOI’s Jal Jeevan Mission, financed under NIDA in Telangana.



Listing ceremony of social bond

ESG = Environmental, Social, Governance; GOI = Government of India; NIDA = NABARD Infrastructure Development Assistance.

10.1 SOURCES OF FUNDS

10.1.1 Capital, reserves, and NRC funds

NABARD’s balance sheet size has increased by 85.7%, from ₹4.9 lakh crore (FY2019) to ₹9.1 lakh crore (FY2024), at a compound annual growth rate (CAGR) of 13.2%. Our paid-up capital on 31 March 2024 stood at ₹17,080 crore, against an authorised share capital of ₹30,000 crore (Figure 10.1). At the close of FY2024, own funds (capital, reserves, and surplus) stood at ₹72,867 crore. NABARD contributed ₹1 crore each to the National Rural Credit (NRC) Long-Term Operation (LTO) Fund and the NRC (Stabilisation) Fund.

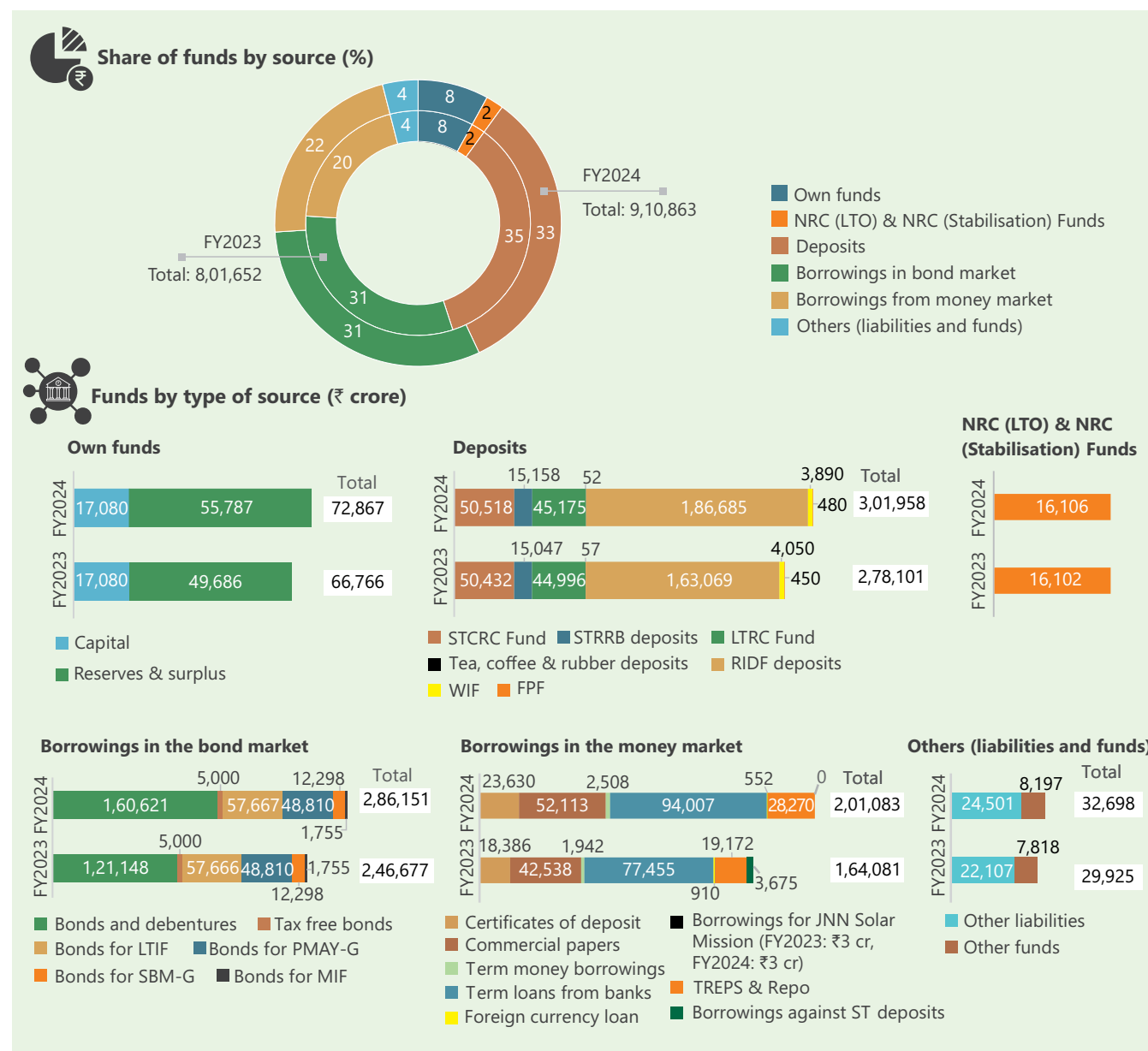
10.1.2 Deposits

NABARD augmented various funds for different purposes over time by tapping into the priority sector lending shortfall of commercial banks. On 31 March 2024, the aggregate outstanding under such funds was more than ₹3 lakh crore, which is 33.2% of the total liabilities, including Short-Term Cooperative Rural Credit Fund, Short-Term Regional Rural Bank deposits, Long-Term Rural Credit Fund, and Rural Infrastructure Development Fund (RIDF) (Figure 10.1).

NABARD’s balance sheet size has increased by 85.7%, from ₹4.9 lakh crore (FY2019) to ₹9.1 lakh crore (FY2024), at CAGR of 13.2%.



Figure 10.1: Sources of funds



cr = crore, FPF = Food Processing Fund, JNN Solar Mission = Jawaharlal Nehru National Solar Mission, LTIF = Long-Term Irrigation Fund, LTO = Long-Term Operations, LTRC = Long-Term Rural Credit, MIF = Micro-Irrigation Fund, NRC = National Rural Credit, PMAY-G = Pradhan Mantri Awaas Yojana-Gramin, RIDF = Rural Infrastructure Development Fund, SBM-G = Swachh Bharat Mission-Grameen, ST = Short-Term, STCRC = Short-Term Cooperative Rural Credit, STRRB = Short-Term Regional Rural Bank, TREPS = Tri-party Repo Dealing & Settlement, WIF = Warehouse Infrastructure Fund.



NABARD raised funds for shoring up GLC for rural production and investment, infrastructure creation, social sector development, cash and investment management, and creation of fixed assets.

The Government of India (GOI) allocated ₹40,475 crore for RIDF in FY2024. Through the financial year, NABARD mobilised ₹49,730 crore and repaid ₹25,598 crore in various tranches under RIDF deposits.

NABARD also mobilised ₹100 crore and repaid ₹70 crore under Food Processing Fund (FPF) deposits during the FY2024. The outstanding deposits at the end of FY2024 was ₹3,890 crore under Warehouse Infrastructure Fund (WIF) and ₹480 crore under FPF.

10.1.3 Borrowings as on 31 March 2024

Total mobilised corpus stood at ₹3.5 lakh crore and the total outstanding borrowings of NABARD were ₹4.9 lakh crore. Commercial papers, term loans, and non-convertible debentures formed 94% of the total borrowing portfolio of NABARD.

Borrowings in the bond market

- During FY2024, bonds of ₹65,393 crore were issued and ₹25,920 crore were redeemed. The outstanding under bonds and debentures increased by 32.6% over FY2023.
- During FY2024, no mobilisation took place under the Extra-Budgetary Resources scheme of the GOI. As a result, outstandings against bonds raised for GOI schemes remained the same as last year.

Borrowings in the money market

During the year, NABARD issued commercial papers to raise ₹1.3 lakh crore. Term loans worth ₹82,450 crore were borrowed from commercial banks through the financial year.

10.2 USES OF FUNDS

NABARD raised funds during FY2024 to finance its development agenda that included shoring up ground level credit (GLC) for rural production and investment, infrastructure creation, social sector development, cash and investment management, and creation of fixed assets (Figure 10.2).

NABARD provides loans and advances to rural financial institutions for increasing GLC to farmers for financing of their short-term seasonal agricultural operations as also for investing in capital formation for carrying out various farming activities.

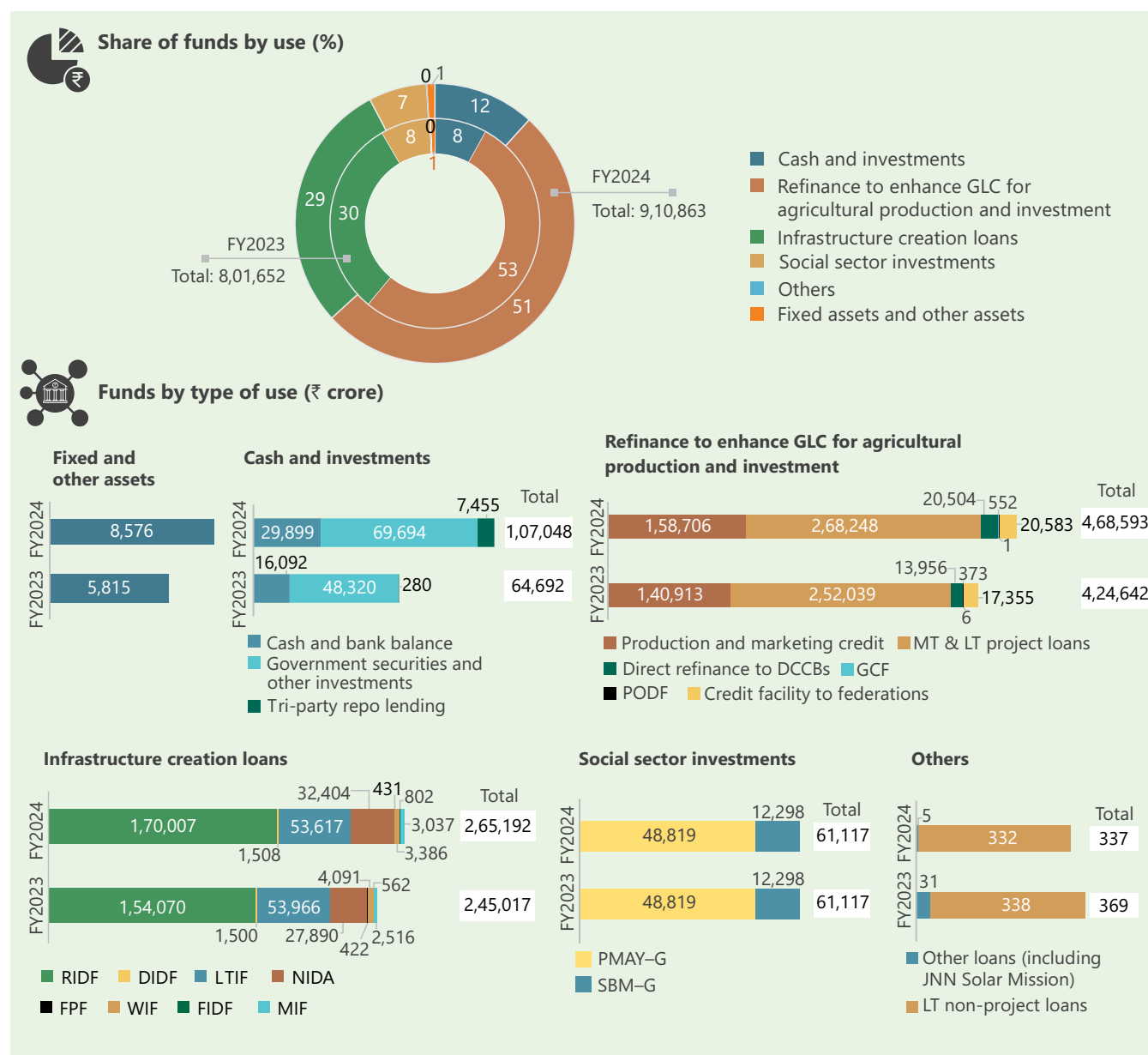
Refinance is also available for purposes like working capital loans for weavers and artisans, marketing support under various lines of credit, and for conversion of short-term loans into medium-term loans in case of natural calamities.

In addition, NABARD provides loans for infrastructure creation, social sector development, warehousing activities, food processing, etc., to various entities, including state governments and state-owned corporations.

NABARD lends directly to state governments under NRC (LTO) for contributing to the share capital of cooperative credit institutions. These funds are utilised for cash and investment management and creation of fixed assets for running business operations.



Figure 10.2: Uses of funds

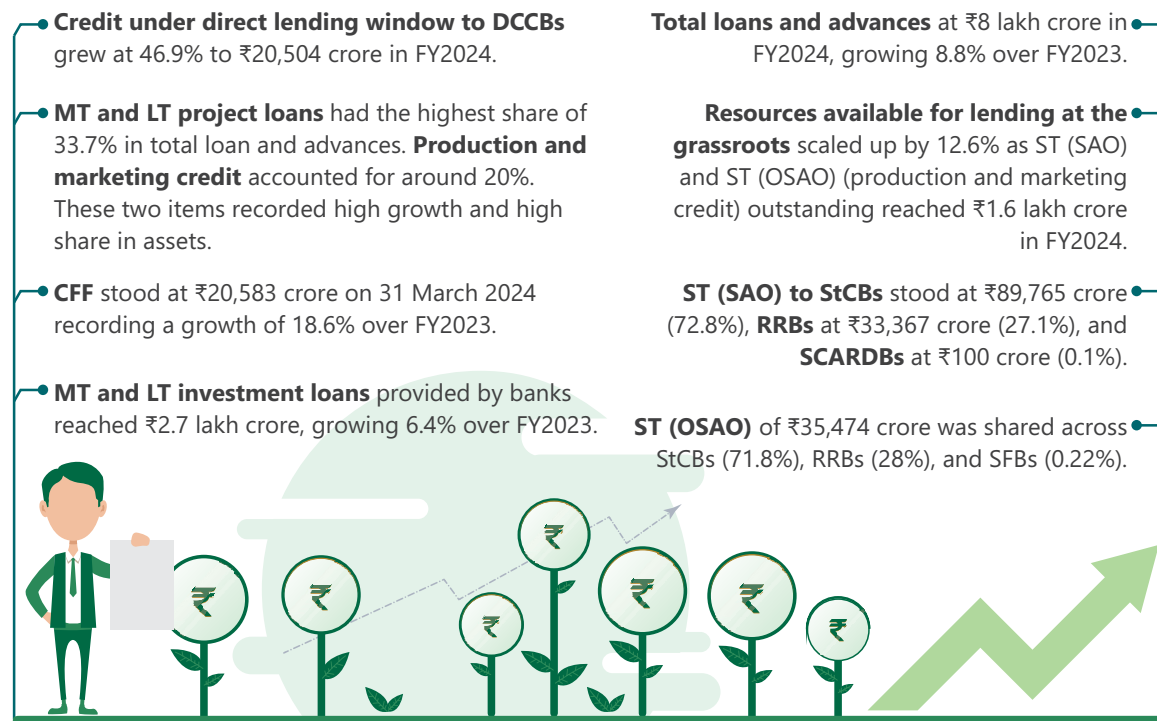


DCCB = District Central Cooperative Bank, DIDF = Dairy Processing and Infrastructure Development Fund, FIDF = Fisheries and Aquaculture Infrastructure Development Fund, FPF = Food Processing Fund, GCF = Green Climate Fund, GLC = Ground Level Credit, JNN Solar Mission = Jawaharlal Nehru National Solar Mission, LT = Long-Term, LTIF = Long-Term Irrigation Fund, MIF = Micro-Irrigation Fund, MT = Medium-Term, NIDA = NABARD Infrastructure Development Assistance, PMAY-G = Pradhan Mantri Awaas Yojana-Gramin, PODF = Producers' Organisation Development Fund, RIDF = Rural Infrastructure Development Fund, SBM-G = Swachh Bharat Mission-Grameen, WIF = Warehouse Infrastructure Fund.

Note: MT & LT project loans include the amount subscribed to special development debentures of state cooperative agriculture and rural development banks, which are in the nature of deemed advances.

Highlights of deployment of funds and year-on-year growth, as on 31 March 2024, against various loans and advances extended by NABARD are given in Figure 10.3.

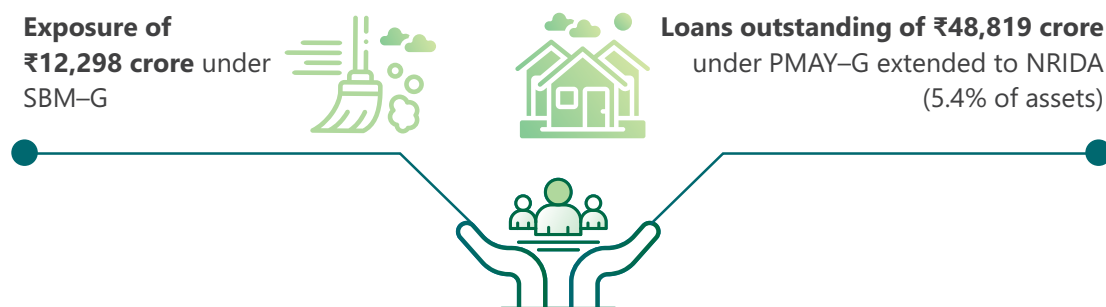
Figure 10.3: Shoring up GLC through refinance: Status as on 31 March 2024



CFF = Credit Facility to Federations, DCCB = District Central Cooperative Bank, GLC = Ground-Level Credit, LT = Long-Term, MT = Medium-Term, RRB = Regional Rural Bank, SCARDB = State Cooperative Agriculture and Rural Development Bank, SFB = Small Finance Bank, StCB = State Cooperative Bank, ST (OSAO) = Short-Term Other Seasonal Agricultural Operations, ST (SAO) = Short-Term Seasonal Agricultural Operations.

Note: The amounts shown are outstanding figures.

Figure 10.4: Social sector investments as on 31 March 2024

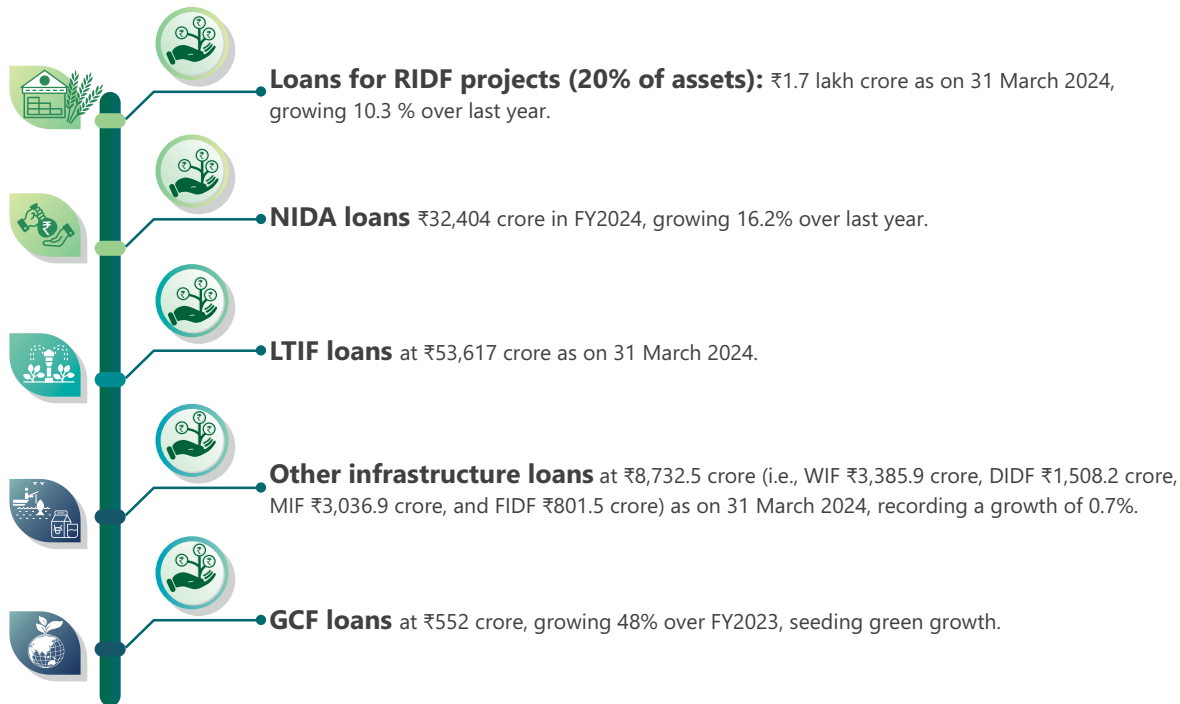


NRIDA = National Rural Infrastructure Development Agency, PMAY-G = Pradhan Mantri Awaas Yojana-Gramin, SBM-G = Swachh Bharat Mission-Grameen.

Note: The amounts shown are outstanding figures.



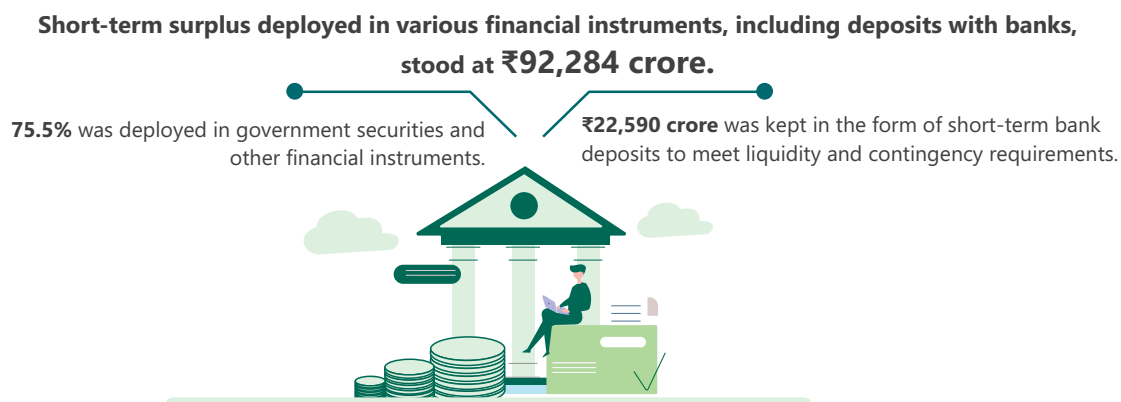
Figure 10.5: Infrastructure finance as on 31 March 2024



DIDF = Dairy Processing and Infrastructure Development Fund, FIDF = Fisheries and Aquaculture Infrastructure Development Fund, GCF = Green Climate Fund, LTIF = Long-Term Irrigation Fund, MIF = Micro-Irrigation Fund, NIDA = NABARD Infrastructure Development Assistance, RIDF = Rural Infrastructure Development Fund, WIF = Warehouse Infrastructure Fund.

Note: The amounts shown are outstanding figures.

Figure 10.6: Investment of surplus funds as on 31 March 2024



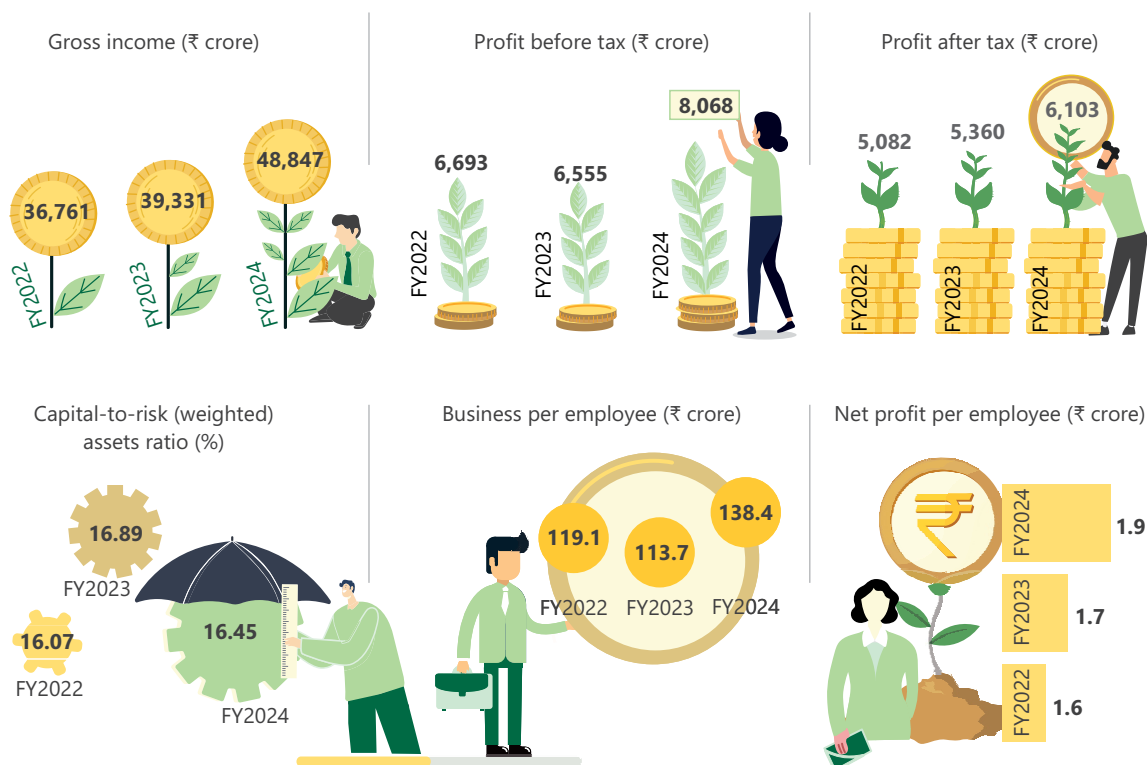
Note: The amounts shown are outstanding figures.

NABARD earned ₹48,847 crore income during FY2024, a 24% hike over FY2023.

10.3 INCOME AND EXPENDITURE

NABARD earned ₹48,847 crore income during FY2024, i.e., a 24% hike over FY2023 (Figure 10.7). Profit before tax in FY2024 was ₹8,068 crore (against ₹6,555 crore in FY2023) and profit after tax was ₹6,103 crore (against ₹5,360 crore in FY 2023). The net surplus has been appropriated by transferring to various funds maintained in NABARD such as the R&D Fund, Reserve Funds, NRC (LTO) Fund, and NRC (Stabilisation) Fund, etc.

Figure 10.7: Income analysis



10.4 NABARD'S INVESTMENTS IN THE AGRICULTURE AND RURAL ECOSYSTEM

NABARD collaborates with strategic partners through equity investments to support the development of the agriculture and rural ecosystem, including enhancing the credit flow.

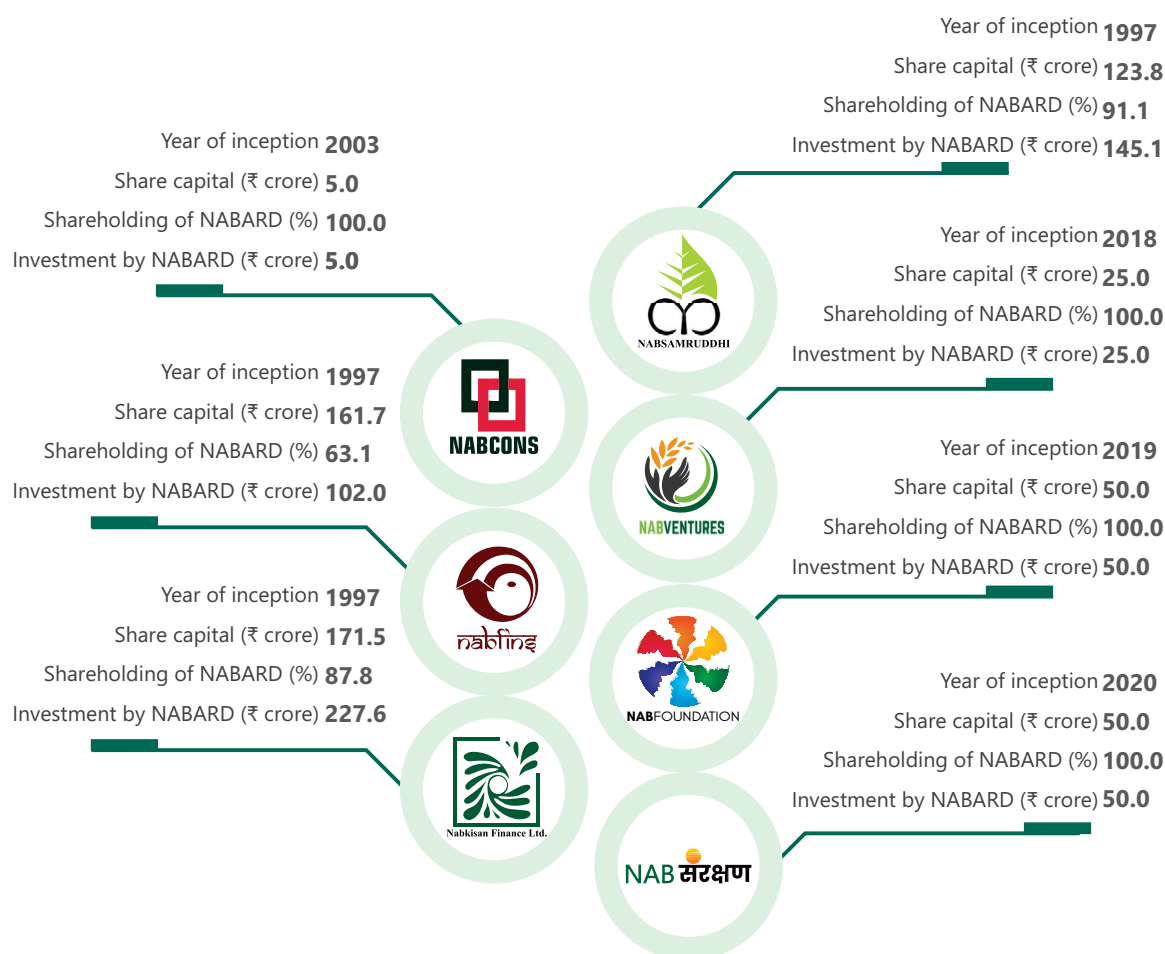
10.4.1 Investment in NABARD subsidiaries

NABARD has seven subsidiaries established to further its mandate (see Annexe to Chapter 10). The subsidiaries contribute significantly in supporting NABARD's objectives and expanding the impact in rural and agricultural development through financing micro-, small-, and medium-sized enterprises, farmer producers' organisations, self-help groups, and joint-liability groups. They do so by extending micro-credit facility, providing credit guarantee, investing in rural start-ups, providing consultancy, and innovating in rural development and allied areas.



The total investment in the share capital of the seven subsidiaries stood at ₹604.7 crore as on 31 March 2024 (Figure 10.8). NABARD received a dividend of ₹7.5 crore from NABKISAN Finance Limited, ₹2.3 crore from NABSAMRUDDHI Finance Limited, ₹10.2 crore from NABFINS Limited, and ₹0.1 crore from NABARD Consultancy Services Private Limited in FY2024.

Figure 10.8: Shareholding in subsidiaries of NABARD (₹ crore)



Note: NABKISAN and NABSAMRUDDHI figures include premium.

10.4.2 Strategic investments and returns

NABARD has strategically invested in equity of companies involved in agriculture and rural development sectors. These investments aim to support institutions that contribute to agricultural and rural development, whether through direct interventions or indirectly by mitigating agriculture risks, facilitating market access, providing essential digital services, upgrading skills, and improving credit accessibility through specialised institutional mechanisms.



Till 31 March 2024, NABARD had invested ₹1,106.2 crore in ten companies operating in the agriculture and rural development space. During FY2024, NABARD received a dividend of ₹23.7 crore from four companies, namely, Small Industries Development Bank of India (20%, ₹10.6 crore), Agriculture Insurance Company of India Limited (20%, ₹12 crore), Multi Commodity Exchange of India Limited (191%, ₹0.7 crore), and Common Service Centres e-Governance Services India Limited (6%, ₹0.3 crore).

Table 10.1: Strategic investments and returns

S. No.	Company	Year of investment	NABARD's investment (₹ crore)	Stake (%)
1	AFC India Ltd.	FY2000	1.0	6.7
2	Agriculture Insurance Company of India Ltd.	FY2004	60.0	30.0
3	Small Industries Development Bank of India.*	FY2003 & FY2018	966.3	9.4
4	National Commodity and Derivatives Exchange Ltd.*	FY2004	16.9	11.1
5	Multi Commodity Exchange of India Ltd.	FY2006	0.3	0.7
6	CSC e-Governance Services India Ltd.*	FY2016	9.8	9.4
7	National E-Governance Services Ltd.	FY2017	1.5	2.0
8	Agriculture Skill Council of India	FY2017	0.0	4.0
9	National E-Repository Ltd.	FY2018	10.5	13.0
10	Open Network for Digital Commerce	FY2022 & 2024	40.0	5.3
TOTAL			1,106.2	

* Figures include premium.

Note: Components may not add up to total due to rounding off.

10.4.3 Investing in alternate investment funds

NABARD is contributing to Alternate Investment Funds (Securities and Exchange Board of India-registered) to encourage entrepreneurship in existing or new activities for catering to agriculture and rural development, to facilitate development of income-generating sustainable units for replication by rural entrepreneurs, and to promote technological innovations and technology dissemination in agricultural and rural sectors.

As on 31 March 2024, the total commitment by NABARD stood at ₹729 crore in 31 funds vis-à-vis a commitment of ₹634 crore in 25 funds as on 31 March 2023. During FY 2024, NABARD has committed ₹95 crore to 6 funds. An amount of ₹503.3 crore has been disbursed. The funds drew a total of ₹103.2 crore and refunded a capital of ₹15.1 crore during the year with a capital gain of ₹7.1 crore and other income, including a dividend of ₹5.7 crore.

10.4.4 Other initiatives

- A seminar on 'Harnessing Opportunities: NABARD transforming Agri-Landscape' was organised on 6 March 2024 at Mumbai to provide a common platform for venture capitalists, industry experts, chief executive officers (CEOs) of incubation centres, agri-start-up founders, and incubatees to discuss the challenges and issues faced by agri-start-ups.



- In order to develop synergies between NABARD operations and functioning of portfolio companies, NABARD, together with NABVENTURES, organised a meet of these companies.
- Towards effective corporate governance in subsidiaries, NABARD organised a workshop on Capacity Building of Nominee Directors/Managing Directors/CEOs of its subsidiaries on 31 July 2023 at National Bank Staff College, Lucknow.

NABARD expects to leverage forward-looking investment opportunities in agri-exports, value chain financing, renewable energy, and climate change adaptation.

10.5 STRATEGIC INVESTMENT AND MOBILISATION FOR IMPACT AND GROWTH

NABARD has been focusing on financing development activities and maintaining a well-diversified, expanding, and well-performing asset base. Towards sustainable development of rural areas, NABARD has issued social bonds to be used to refinance drinking water project financing. This diversification is a sign of NABARD's deepening commitment to social and other developmental projects with the aim of transforming India into a developed country by 2047. In the coming years, NABARD expects to further leverage forward-looking investment opportunities in agri-exports, value chain financing, renewable energy, and climate change adaptation, amongst others.



ANNEXE TO CHAPTER 10

PERFORMANCE OF NABARD SUBSIDIARIES IN FY2024

NABFINS

NABFINS Limited (NABFINS) has achieved notable performance metrics in FY2024, with a disbursement of ₹2,723 crore, reflecting a robust growth rate of 48% as compared to FY2023. As of 31 March 2024, the balance sheet size was ₹3,112.4 crore and loan outstanding was ₹3,050 crore. The Profit Before Tax (PBT) stands at ₹191.6 crore for FY2024. The company boasts an active borrower base exceeding 11 lakh. The gross non-performing assets (GNPA) of NABFINS stood at 2.1% at the end of 31 March 2024.

The company expanded its outreach by opening 75 new direct lending branches during FY2024, bringing the total to 402. The geographical footprint of NABFINS expanded significantly with the commencement of operations in Uttar Pradesh, Goa, and Tripura, thereby extending its presence to 19 states.

Since inception, NABFINS has extended its services to more than 28 lakh households with micro credit flow of over ₹13,966 crore at the lowest rate of interest among non-banking financial company–microfinance institutions (NBFC–MFIs). The company operates through two different business models, viz., business and development correspondent model and direct lending model. Additionally, to support other institutions' effort to reach microfinance borrowers, the company also extends bulk loans under the institutional lending model. Currently, the company has 401 branches and 109 active business correspondent partners.

Major initiatives in FY2024

Initiatives during FY2024 included

- opening three all-women branches in Kerala, Karnataka, Tamil Nadu;
- a pilot project to provide digital healthcare services to borrowers; and
- five projects for skill development of women borrowers with support from NABARD.

Recognition

- NABFINS received the Data Excellence Award for data efficacy from CRIF High Mark, a leading credit information company.
- Government of Tamil Nadu extended its appreciation to NABFINS for corporate social responsibility (CSR)-related initiatives in Namakkal district, Tamil Nadu. As a part of CSR commitments, the company has sanctioned 11 projects worth ₹1.2 crore covering eight states across the nation.

The geographical footprint of NABFINS expanded significantly with the commencement of operations in Uttar Pradesh, Goa, and Tripura, thereby extending its presence to 19 states.



Showcase A10.1: From vision to venture: NABFINS-backed entrepreneurs propel growth

Sulochana Sao, from Chhattisgarh, has embarked on a remarkable entrepreneurial journey in the snack manufacturing sector. With NABFINS support channelled through the joint liability group (JLG) she was a member of, Sulochana steered her enterprise to noteworthy success. Through her unwavering commitment and industriousness, she has not only expanded her enterprise but also fostered local employment opportunities and stimulated economic growth.



Sulochana Sao, a member of JLG from Raigarh, Chhattisgarh

NABKISAN

NABKISAN Finance Limited (NABKISAN), recorded a balance sheet size of ₹2,804.5 crore (under IGAAP),¹ with a year-on-year increase of above 30%. The gross loan book outstanding of ₹2,585.7 crore showed a year-on-year growth of about 35%, while the total sanctions and disbursements exceeded the targets set by the Board, reaching ₹1,779 crore and ₹1,732 crore, respectively. As on 31 March 2024, NABKISAN has sanctioned 3,004 loans to farmer producers' organisations (FPOs) to the tune of ₹779.9 crore. Cumulatively, 1.5 million farmers across 20 states and 3 Union Territories (UTs) have been impacted through NABKISAN.

NABKISAN remains the leading NBFC lender to FPOs under the Government of India's (GOI's) Agri Infrastructure Financing (AIF) scheme. During the year, NABKISAN sanctioned 24 loans under AIF worth ₹4.9 crore, including the first drone project to one farmer producers' company (FPC). With this, NABKISAN has cumulatively sanctioned 102 FPC loans under AIF amounting to ₹15.2 crore. During the year, NABKISAN supported three socially relevant CSR projects worth ₹93 lakh.

As the implementation partner for three FPC financing schemes of the Government of Tamil Nadu, NABKISAN provided financial assistance to the tune of ₹15.5 crore to 143 FPCs during the year. NABKISAN has also signed a memorandum of understanding (MoU) with the World Bank-assisted 'Tamil Nadu Rural Transformation Project,' Government of Tamil Nadu, for enabling credit linkage to FPOs promoted and supported under the project. In addition to this, as the implementation partner for the Odisha Credit Guarantee Scheme for FPOs, NABKISAN has extended credit guarantee coverage to 114 FPOs amounting to ₹9.2 crore.

To improve technology orientation of the agriculture sector, NABKISAN has signed an MoU with Villgro Innovations Foundation to provide funding for start-ups incubated by them where Villgro shall provide de-risking capital up to 15%–25% of the loan value. In this context, NABKISAN has sanctioned two loans to agri start-ups to the tune of ₹2 crore.

As the implementation partner for three FPC financing schemes of the Government of Tamil Nadu, NABKISAN provided financial assistance to the tune of ₹15.5 crore to 143 FPCs during the year.



NABKISAN is an Eligible Lending Institution (ELI) under GOI's Credit Guarantee Scheme for PPO Financing managed by NABSanrakshan. Under the scheme, 619 FPCs were granted credit guarantees during the year amounting to ₹123.4 crore.

NABSAMRUDDHI

NABSAMRUDDHI Finance Limited (NSFL) witnessed record-breaking financial performance during FY2024 with a 60% year-on-year (YoY) growth in the balance sheet to ₹1,855 crore and assets under management to ₹1,804 crore, and a 39% YoY growth in profits after taxes to ₹49 crore, exceeding targets by 18%. The asset quality of the company improved, with GNPA as a percentage of loan outstanding reducing from 0.5% (as on 31 March 2023) to 0.14% (as on 31 March 2024) through collections and expansion in the loan book. The company managed its second successive year of 'nil' delinquencies. Disbursement towards focus segments was around 35% of total disbursement during the year. Cumulatively, around ₹350 crore of water, sanitation, and hygiene (WASH) loans were disbursed through 32 partners. Sanction during FY2024 amounted to ₹191 crore, chalking a YOY growth of 100%. NSFL has been able to reach out to more than 3 lakh ultimate beneficiaries in 25 states and 2 UTs cumulatively through NBFCs, NBFC-MFIs, and other institutional clients.

Major initiatives in FY2024

Major initiatives of NSFL during FY2024 are as follows:

- NSFL organised a WASH Summit jointly with Water.org in September 2023 to bring together experts from the WASH and financial sectors to discuss the guidelines, opportunities, and challenges as well as environmental, social, and governance aspects of climate-ready WASH lending.
- Further, NSFL co-sponsored the Sa-Dhan National Conference on Inclusive Growth, held on 8 and 9 November 2023, and instituted a WASH finance panel session, which was the first of its kind. During the event, NSFL's pioneering Climate Ready WASH funding programme was launched by Chairman, NABARD, Shaji K.V. The pilot programme is supported by special concessional refinance from NABARD and technical support from knowledge partners such as Sa-dhan, Water.org, and FINISH Mondial, among others.
- NSFL signed an MoU for collaborating with FINISH Mondial through Trust of People for promoting climate-resilient WASH lending.
- With grant support from NABARD, NSFL, in collaboration with Trust of People, has launched a Climate Ready WASH Awareness Campaign under its pilot programme for rural borrowers of MFIs in climate vulnerable districts spread over 7 states, starting from 22 March 2024.
- Further, an MoU was also signed with Climate Policy Initiative on World Water Day to take forward climate financing.
- During the year, NSFL supported three CSR projects amounting to ₹69.02 lakh for WASH segment and education and skill development.

Recognition

NSFL has emerged as an ecosystem builder in WASH funding, being the

- largest wholesale debt provider for Sustainable Development Goal 6 among home-grown NBFCs,
- largest wholesale debt funder for last-mile WASH,
- pioneer in climate ready WASH funding, and

NSFL witnessed record-breaking financial performance during FY2024 with a 60% YoY growth in the balance sheet to ₹1,855 crore and assets under management to ₹1,804 crore, and a 39% YoY growth in profits after taxes to ₹49 crore, exceeding targets by 18%.



- only home-grown wholesale debt provider covering all sectors (microfinance, micro-, small-, and medium-sized enterprises [MSMEs], and affordable/rural housing) and the entire risk rating spectra (including unrated NBFCs, non-profits, and trusts) under WASH.

In recognition, NSFL was awarded the Sa-Dhan Water.org 'Water and Sanitation Financing Award, 2023' under the capital providers category for the second time in a row.

Showcase A10.2: Micro loans, macro change

Karmina Bibi, like many others in her community, previously lacked access to proper water, sanitation, and hygiene (WASH) facilities, leading to health risks and discomfort. When NABSAMRUDDHI gave a concessional loan to Grameen Shakti Microfinance, the first unrated entity in its WASH portfolio, the latter provided a loan to Karmina for building a new toilet. The toilet not only improved her family's hygiene practices but also enhanced their overall well-being and dignity.



Karmina Bibi, next to her newly constructed toilet

NABCONS

In FY2024, NABARD Consultancy Services Private Limited (NABCONS) witnessed an increase of 63% in its revenues over the previous year, reaching ₹231.8 crore.

As the preferred consulting partner for both central and state governments, NABCONS actively contributes to flagship programmes, such as Jal Jeevan Mission and Atal Bhujal Yojana.

In FY2024, NABCONS expanded its product offering by providing services under the engineering, procurement, and construction domains. NABCONS was awarded the project of construction of warehouses/silos/processing centres/common hiring centres at multiple primary agriculture cooperative societies under GOI's World's Largest Grain Storage Plan in Cooperative Sector. NABCONS successfully completed the construction of 11 warehouses in 11 states as a part of GOI's vision of Sahakar se Samridhi (Cooperation for Prosperity) (Box A10.1).

Other major NABCONS assignments in FY2024 included:

- Carbon credit framework for the small holder farmers in Goa and Karnataka
- Project management consultants under Jal Jeevan Mission in Maharashtra and Karnataka
- Third Party Inspection Agency under Jal Jeevan Mission in Maharashtra, Rajasthan, and Madhya Pradesh
- Preparation of detailed project reports (DPRs) under Jal Jeevan Mission in 5 states, namely, Rajasthan, West Bengal, Karnataka, Assam, and Odisha
- Preparation of DPR under Atal Mission for Rejuvenation and Urban Transformation 2.0 in West Bengal

In FY2024, NABCONS expanded its product offering by providing services under the engineering, procurement, and construction domains.



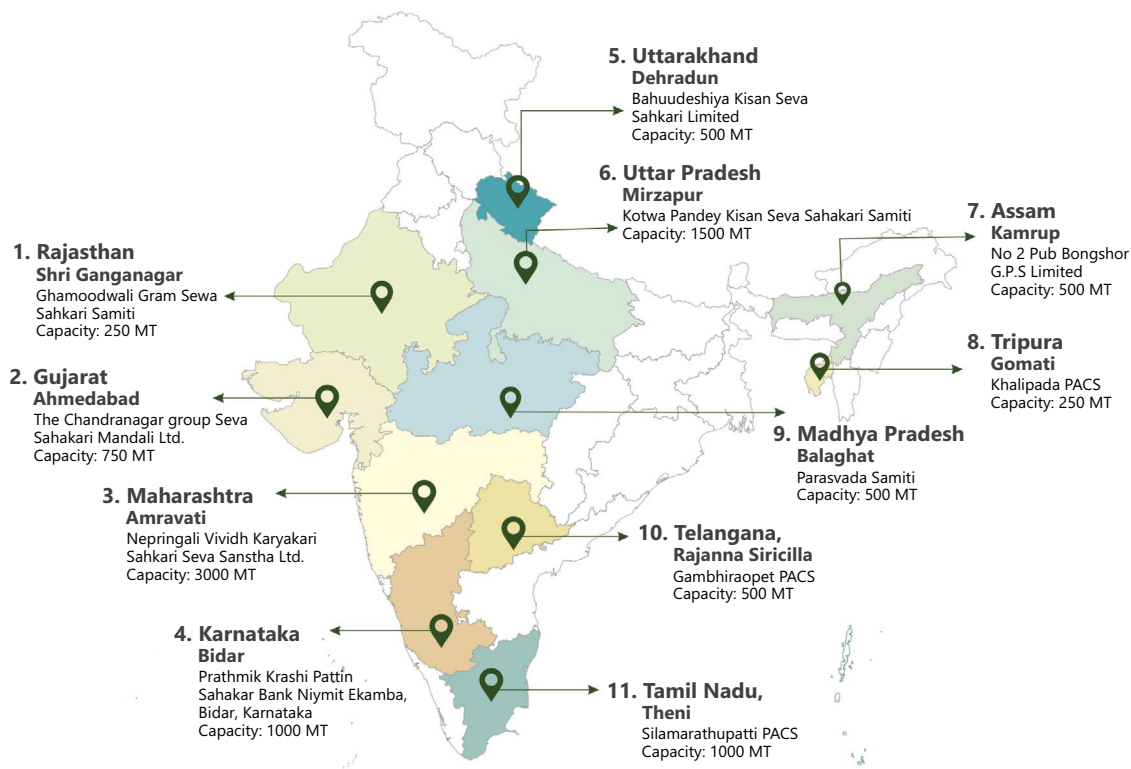
Box A10.1: NABCONS pilots the construction of warehouses under WLGSP

The World's Largest Grain Storage Plan (WLGSP) in the Cooperative Sector is an ambitious initiative launched by the Ministry of Cooperation, Government of India in May 2023. The goal of the plan is to address the shortage of grain storage facilities in the country and strengthen India's food security. Under the plan, storage capacity of 700 lakh metric tonnes would be created over the next 5 years at an estimated cost of ₹1.25 lakh crore. By establishing storage facilities at the level of primary agricultural credit societies (PACS), the government aims for a decentralised storage network.

To ensure time-bound and uniform implementation of the plan in a professional manner, Ministry of Cooperation entrusted NABCONS with constructing 11 warehouses/processing centres/custom hiring centres at 11 primary agriculture cooperative societies in 11 states, along with undertaking feasibility studies on site, preparation of detailed project reports, and providing project management consultancy. For implementation of the pilot, NABCONS collaborated with NABARD, National Cooperative Development Corporation, Food Corporation of India, Central Warehousing Corporation, and National Buildings Construction Corporation.

With an expert team of in-house consultants and specialised partner agencies, NABCONS successfully completed the construction of 11 warehouses within the stipulated timeline and entered the engineering, procurement, and construction sector with this pioneering step. On 24 February 2024, the Prime Minister of India inaugurated these warehouses at Bharat Mandapam in New Delhi and dedicated these warehouses to the farmers of the country (Figure BA10.1).

Figure BA10.1: PACS warehouses by state under WLGSP (capacity in metric tonne)





- Project design and management consultants for various infrastructure projects under Sanitation Water and Community Health (SWACH) project, Rajasthan
- Preparation of a strategic investment plan under the Raising and Accelerating MSME Productivity scheme in Uttar Pradesh
- Setting up a project management unit for monitoring, coordination, and assisting in implementation of Agri-Rural and Gangey Gram Rural Tourism Projects in Uttar Pradesh
- Establishment of an integrated agriculture data hub and digital farmer services platform for agriculture in Kerala under the Digital Agriculture Mission 2021–25 of the GOI
- End-to-end study of operations of the Warehousing Authority of India to review pain points in the growth of eNWR-based pledge financing²
- Survey and investigation of Shahdara drain for rejuvenation and conservation under Namami Gangey Mission using soil biotechnology and nature-based treatment
- Monitoring and evaluation of works under Himachal Pradesh State Compensatory Afforestation Fund Management and Planning Authority which were carried out during FY2017–FY2021
- Social impact assessment study of CSR programmes/activities completed in FY2021 undertaken by Satluj Jal Vidyut Nigam

NABVENTURES

NABVENTURES Fund-I (“the Fund”) is the maiden flagship fund of NABVENTURES Limited with a pooled corpus of ₹598 crore. NABARD, as an anchor investor, has committed ₹228 crore to the Fund, while NABVENTURES, as sponsor, has committed ₹25 crore. It is a sector-focused fund that invests in agri-tech, food-tech, agri/rural fintech, and rural tech businesses at an early to mid-stage. It drives transformation in these industries by providing strategic and operational insights, patient capital, and access to NABARD’s extensive network. For FY2024, the Fund has made fresh investment commitments of ₹62 crore. The Fund focused on supporting its portfolio start-ups through follow-on investments.

The cumulative drawdown commitments called since inception until 31 March 2024 amount to ₹365.7 crore, representing 61% of the total corpus of ₹598 crore. The cumulative investment sanctioned since inception until 31 March 2024 amount to ₹320 crore, representing 60% of the deployable corpus.

The investee companies have delivered the following outcomes to the agri and rural ecosystem:

- Jai Kisan has facilitated loans worth ₹3,000 crore in the food and agri-business value chain across 11 states.
- Krishitantra enabled rapid soil testing for over 1 lakh farmers, and the company is an approved partner for the digital soil health card scheme of the GOI.
- Vilcart linked 90,000+ rural kirana stores in 23,000 villages across 67 districts in four states through a technology platform.
- Unnati connected 17.2 lakh farmers through a network of 83,569 outlets in 181 districts for farm inputs and output aggregation.
- An app developed by Satyukt provides customised crop advisory for 80-plus crops covering an area of 4 lakh acres through 200 partners based on real-time satellite and weather forecasts; with technology used in 19 countries, including India.

For FY2024, NABVENTURES has made fresh investment commitments of ₹62 crore.



NABSANRAKSHAN

NABSanrakshan Trustee Private Limited (NABSanrakshan), the youngest subsidiary of NABARD, was incorporated in November 2020 as a trustee company to manage credit guarantee funds to promote the flow of finance to desired sectors, thereby contributing towards sustainable and equitable agriculture and rural development. Currently, NABSanrakshan is managing two credit guarantee fund trusts: Credit Guarantee Fund Trust for Farmer Producers' Organisations (FPO Trust) and Credit Guarantee Fund Trust for Animal Husbandry and Dairying (AHD Trust).

In FY2024, the company focused on creating awareness of the scheme by conducting numerous capacity-building workshops at banks and regional offices, and onboarding ELIs thereby increasing the coverage of credit guarantee schemes.

With the continuous support of GOI and NABARD, as on 31 March 2024, 94 ELIs, have been registered under the FPO Trust and 55 ELIs have been registered under the AHD Trust.

As on 31 March 2024, a cumulative of 1,876 credit guarantees have been issued, providing a coverage of ₹337 crore for total loan amount of ₹401.4 crore availed by 1,479 FPOs having 13.7 lakh farmers across 23 states, resulting in a 138% growth in terms of guarantees issued. All the new credit guarantees have been issued through the Credit Guarantee Portal, resulting in seamless processing, thereby reducing turnaround time. The Credit Guarantee Scheme Guidelines under the FPO Trust have now been extended to include NBFCs (BBB and above).

Under the AHD Trust, five credit guarantees have been issued covering a total loan size of ₹88.6 crore and guarantee cover of ₹22.2 crore, cumulatively. Traction under the AHD Trust was low because the Animal Husbandry Infrastructure Development Fund (AHIDF) was under implementation only till FY2023. Recently, the AHIDF Scheme has been extended till FY2026 and has also subsumed Dairy Processing Infrastructure Development Fund. Under the revised scheme, ELIs have been expanded to include National Cooperative Development Corporation, NABARD, and National Dairy Development Board. Credit guarantee benefits will now be extended to dairy cooperatives in addition to MSMEs.

NABSanrakshan has been given in-principle approval to manage and implement the Partial Credit Guarantee Scheme for rubber, coffee, and cardamom plantations under the Kerala Climate Resilient Agri Value Chain Modernization Project with NABSanrakshan as the Trustee and Government of Kerala as the Settlor. This will be the first state credit guarantee fund under the management of NABSanrakshan.

Government of India has approved extension of Fisheries Infrastructure Development Fund to FY2026, wherein credit guarantee facility to the projects of entrepreneurs, individual farmers, and cooperatives from the existing credit guarantee fund of the Infrastructure Development Fund of the Department of Animal Husbandry and Dairying will also be provided through NABSanrakshan.

NABFOUNDATION

NABFOUNDATION, as a catalyst for development, ventured into areas like livelihood generation, sustainable agriculture and rural development, natural resource management, gender sensitisation, skill and capacity development, drinking water, health, education, sanitation, tourism, financial inclusion through digitisation, etc. During the year, NABFOUNDATION received sanction for 31 projects with a total financial outlay of ₹18.3 crore from NABARD, subsidiaries of NABARD, and other corporates.

As on 31 March 2024, a cumulative of 1,876 credit guarantees have been issued, providing a coverage of ₹337 crore for total loan amount of ₹401.4 crore availed by 1,479 FPOs comprising 13.7 lakh farmers across 23 states, resulting in a 138% growth in terms of guarantees issued.



The projects under implementation have directly benefited more than 1,000 rural families including 32 self-help groups (SHGs), 80 producer companies, 35 artisans, and more than 500 tribal families across 116 districts, including 18 aspirational districts, states in the north-east, and Union Territory of Ladakh.

New projects taken up during the year are as follows:

- **Digitalisation for Rural Empowerment in Agriculture Marketplace:** The project aims at promoting digital transactions at mandis among farmers, traders, and intermediaries to streamline trading operations and make them hassle-free. This also helps promote financial literacy among these stakeholders.
- **Click Rameswaram:** The project is an attempt to improve the livelihood of local artisans, SHGs, and youth through the digital promotion of tourism. The project envisages geotagging of more than 1,000 points of interest in the area, creating QR codes and placing them in prominent locations, and creating a digital coffee table book for hosting on various websites.
- **Productivity enhancement through improvement in animal healthcare and fodder quality:** The project aims to create awareness in the local community regarding animal healthcare practices and disease prevention, livestock management, etc.
- **Construction of school toilets:** As a part of WASH initiative, a toilet block is being constructed at GHP School, Birur, Chikkamagaluru with CSR funds from NABFINS. This sanitation facility will not only provide clean and safe environment for the students and staff, but also help reduce the dropout rate of girl students.
- **Empowering the transgender community through entrepreneurial support:** The project aims at creating livelihood opportunities for the transgender community in Tirupur, Tamil Nadu. As part of the project, NABVENTURES is supporting a group of transgender persons to start a mobile bakery unit-cum-cafeteria.
- **Strengthening educational facilities in Zilla Parishad School:** The project aims to enhance the educational facilities at Z.P. Higher Primary School in Palghar, Maharashtra, catering to the needs of the tribal community. The school lacks basic infrastructure such as electricity, clean drinking water, proper sanitation, and digital learning resources. With the support of NABSanrakshan's CSR initiative, the project will address these issues and create a conducive learning environment for the 135 students from poor tribal families.
- **Yatri Eco-Sanitation and Hygiene in Dhanushkodi, Tamil Nadu:** The project, jointly funded by NABKISAN, NABFINS, and NABFOUNDATION, is an attempt to create clean and environmentally sustainable sanitation facilities in the eco-fragile zone of Dhanushkodi. The project aims at creating livelihood opportunities for the SHGs through portable sanitation on a 'pay and use' basis. The project also includes a mobile cafeteria which will bring in additional income for the SHG members.
- **Restoring Irrigation Tanks for Augmenting Surface Water and to sustain climate resilience through people institutions (ReASSURE):** The aim of the project is to build social capital for promoting community ownership towards water commons and rehabilitating irrigation tank cascades and strengthening tank-based livelihood through promotion of water users' associations. The project also involves restoration of five irrigation tanks.
- **Kuposhan Se Bachav:** The project aims at fighting malnutrition in the backward region of Jashpur in Chhattisgarh. It encompasses medical health and awareness camps; distribution of calcium, vitamin, iron, and other essential medicines; promotion of kitchen gardens; and distribution of plants bearing nutrition-rich fruits and vegetables.
- **School Soil Health Programme:** A GOI programme aimed at creating awareness and inculcating interest in agriculture at a very young age, the project aims at installing Mini Soil

The projects under implementation have directly benefited more than 1,000 rural families including 32 self-help groups (SHGs), 80 producer companies, 35 artisans, and more than 500 tribal families across 116 districts, including 18 aspirational districts, states in the north-east, and Union Territory of Ladakh.

Health Labs in 1,000 government schools across the country. Students will be trained on how to test soil on prescribed parameters. Farmers can get their soil tested in these labs as well.

- **Ujjwal Bhavishya Ki Or:** This project envisages the renovation of two government schools in Allahabad with the construction of toilets, hand wash area, repair of classrooms, electric fittings, kitchen area, midday meal hall, supply of water coolers, benches and fans in classrooms, etc. The project is fully funded by the Indian Oil Adani Gas Pvt. Ltd under their CSR obligations.

In addition, projects like drinking water supply in tribal villages, information and communication technology lab for children with disabilities, school infrastructure development and ‘My Pad | My Right’ projects were taken up during FY2024.

NOTES

1. IGAAP = Indian Generally Accepted Accounting Principles.
2. NWR = Negotiable Warehouse Receipts.

ANNUAL REPORT

2023–24



CORPORATE GOVERNANCE ANNUAL ACCOUNTS 2023–24

- Balance Sheet, Profit and Loss Account, and Cash Flow of NABARD
- Consolidated Balance Sheet, Profit and Loss Account, and Cash Flow of NABARD





CORPORATE GOVERNANCE

‘Corporate governance’ involves a set of relationships between a company’s management, its board, its shareholders as well as other stakeholders which provides the structure through which objectives of a company are set, along with the means of attaining those objectives and monitoring performance. It helps define the way authority as well as responsibilities are allocated and how decisions are made.¹ Good governance aims at achieving high levels of accountability, efficiency, responsibility, transparency, and fairness in all areas of operation to increase the confidence of investors and other stakeholders.

In order to decentralise the decision making on various policy and operational issues and ensure proper checks and balance thereof, several committees have been put in place at NABARD with the approval of the Board. The functioning/ performance of these committees is reported to the Board at periodic intervals as a matter of effective control mechanism. The Board and various committees play vital role in furthering corporate governance principles in NABARD.

Board of Directors

NABARD is governed by the National Bank for Agriculture and Rural Development Act, 1981, National Bank for Agriculture and Rural Development General Regulations, 1982 and National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984. The composition of the Board of Directors is as per NABARD Act, 1981 (Table 1).

The Board of Directors is the top decision-making body of NABARD. As per the section 5(1) of NABARD Act, 1981, the general superintendence, direction, and management of the affairs and business of NABARD is vested in the Board

of Directors, which exercises all powers and does all acts and things which may be exercised or done by NABARD.

TABLE 1: COMPOSITION OF THE BOARD OF DIRECTORS AS PER NABARD ACT, 1981

<i>NABARD Act— Section</i>	<i>Designation</i>	<i>Strength</i>
6(1)(a)	Chairman	1
6(1)(b)	Experts from field such as rural economics, rural development, cottage and village industries, cooperative banks, regional rural banks, etc.	3
6(1)(c)	Directors on Board of Reserve Bank of India (RBI)	3
6(1)(d)	Officials of the central government	3
6(1)(e)	Officials of the state government	4
6(1)(f)	Shareholders (other than RBI, central government and other institutions owned or controlled by central government)	—
6(1)(g)	Managing director	1
6(3)	Full-time directors appointed by the central government in consultation with RBI	2
	Total strength	17

¹ Reserve Bank of India’s ‘Discussion paper on Governance in Commercial Banks in India’, June 2020.

SEBI's listing obligations and disclosure requirement

Pursuant to the amendment in Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirement [LODR]) Regulations, 2015 framework in September 2021, Regulations 15 to 27 of the said framework were made applicable on “high-value debt listed entities” which have listed their specified securities and have an outstanding value of listed non-convertible debt securities of ₹500 crore and above as on 31 March 2021. By virtue of this amendment, NABARD qualifies as a “high-value debt listed entity” and thereby the applicability of Regulation 15 to 27 was on “comply or explain basis” until 31 March 2023, and on a mandatory basis thereafter. SEBI in its board meeting held on 29 March 2023, first extended the deadline for compliance to these regulations related with corporate governance norms (i.e., 16

to 27 of LODR Regulations) till 31 March 2024. It has further extended the deadline for compliance till 31 March 2025 in its board meeting held on 15 March 2024.

Accordingly, the NABARD management has been taking necessary steps to comply with the provisions of corporate governance within the stipulated time. Currently, there are 13 directors, of which 3 directors are executive/ whole-time directors and 10 directors are non-executive directors (Table 1). NABARD complies with regulation 17(1) (a) of the SEBI (LODR) Regulations, 2015 which requires the Board of Directors to have an optimum combination of executive and non-executive directors with at least one woman director and not less than 50% of the Board of Directors comprising non-executive directors. Attendance, number of directorships, core skills and competencies of each director of the Board are detailed in Table 2.

TABLE 2: ATTENDANCE, NUMBER OF DIRECTORSHIPS, CORE SKILLS AND COMPETENCIES OF EACH DIRECTOR OF THE BOARD

S. No.	Name of Director	Category	Attendance		Number of other boards where director is a member	Core skills/ competencies
			Meetings held*	Meetings attended		
1.	Shri Shaji K. V.	Chairman	6	6	6	Agriculture Finance
2.	Dr Urvish Shah	Experts/Non-officials	6	6	1	Audit and Consultancy
3.	Dr M. D. Patra	Directors of Reserve Bank of India (RBI)	6	5	1	Central Banking
4.	Smt. Revathy Iyer	Directors of RBI	6	6	1	Audit and Accounting
5.	Dr Ravindra H. Dholakia	Directors of RBI	6	6	6	Teaching, Research, Training and Consultancy
6.	Shri Manoj Ahuja	Officials of the central government	6	0	Nil	Administrative Service (IAS)
7.	Shri Shailesh Kumar Singh	Officials of the central government	6	0	Nil	Administrative Service (IAS)
8.	Dr M. P. Tangirala	Officials of the central government	6	5	2	Administrative Service (IP&TAFS)
9.	Shri Vinod Kumar Suman	Officials of the state government	2	2	Nil	Administrative Service (IAS)
10.	Shri Ashok Barnwal	Officials of the state government	6	0	3	Administrative Service (IAS)
11.	Shri Gopal Krishna Dwivedi	Officials of the state government	6	0	Nil	Administrative Service (IAS)
12.	Shri Goverdhan Singh Rawat	Deputy Managing Director	3	3	1	Agriculture Finance
13.	Dr Ajay K. Sood	Deputy Managing Director	3	2	1	Agriculture Finance

Notes:

1. IAS = Indian Administrative Service, IP&TAFS = The Indian Post & Telecommunication Accounts and Finance Service
2. * = ‘Meetings held’ include the number of meetings of the Board of Directors held during their tenure

**TABLE 2A: OTHER DIRECTORSHIPS HELD BY NABARD BOARD DIRECTORS**

S. No.	Name of Director(s)	Other companies in which directorship held	Nature of interest in Such other companies
1	Shri Shaji K. V.	NABARD Consultancy Services Ltd Bankers Institute of Rural Development National Institute of Bank Management National Cooperative Development Corporation Institute of Rural Management, Anand NABVENTURES Ltd.	Chairman of the Board Member of Governing Council Director of the Board Member of the Board of Management Member of the Board of Governors Additional Director
2	Shri Urwish Shah	Navkar Institute	Director
3	Dr M. D. Patra	Bankers Institute of Rural Development	Member of Governing Council
4	Smt. Revathy Iyer	Reserve Bank of India	Director
5	Dr Ravindra H. Dholakia	Adani Energy Solutions Limited Gujarat State Fertilizers & Chemicals Gujarat Industries Power Company Ltd Gujarat State Petroleum Corporation RBI Adani Transmission (India) Limited.	Independent part time Director Independent part time Director Chairman Independent part time Director Independent part time Director Independent part time Director
6	Shri Manoj Ahuja	NIL	NIL
7	Shri Shailesh Kumar Singh	NIL	NIL
8	Dr M. P. Tangirala	Indian Bank GIC Re	Director Director

S. No.	Name of Director(s)	Other companies in which directorship held	Nature of interest in Such other companies
9	Shri Vinod Kumar Suman	NIL	NIL
10	Shri Ashok Barnwal	Narmada Basin Project Company Ltd Madhya Pradesh Road Development Corporation Ltd. Madhya Pradesh State Agro Industries Development Corporation	Director Director Director
11	Shri Gopal Krishna Dwivedi	NIL	NIL
12	Shri Goverdhan Singh Rawat	NABSAMRUDDHI Finance Ltd.	Nominee Director
13	Dr Ajay K. Sood	NABARD Consultancy Services Ltd.	Nominee Director

Changes in the Board of Directors in FY2024

The following changes took place in the composition of the Board of Directors during FY2024 (Tables 3, 4, and 5).

TABLE 3: BOARD MEMBERS WHO JOINED IN FY2024

S. No.	Name	Designation	Joined
1.	Shri G. S. Rawat	Deputy Managing Director	6 November 2023
2.	Dr Ajay K. Sood	Deputy Managing Director	6 November 2023
3.	Shri Vinod Kumar Suman	Secretary, Agriculture & Farmers Welfare Government of Uttarakhand	3 January 2024

TABLE 4: BOARD MEMBERS WHO CEASED TO BE DIRECTOR IN FY2024

S. No.	Name of Director	Designation	Tenure ended
1.	Dr B. V. R. C. Purushottam	Secretary, Agriculture, Government of Uttarakhand	16 May 2023
2.	Shri P. V. S. Suryakumar	Deputy Managing Director	31 July 2023
3.	Dr Sharat Chauhan	Principal Secretary, Finance, Planning and Investment, Government of Arunachal Pradesh	18 February 2024

TABLE 5: BOARD MEMBERS WHO JOINED AND WHOSE TENURE ENDED THIS YEAR ITSELF

S. No.	Name	Designation	Joined	Tenure ended
1.	Dr Raama Sreenivasan	Director	9 May 2023	22 March 2024
2.	Shri Deependra Kumar Chaudhary	Secretary, Agriculture & Farmers Welfare Government of Uttarakhand	17 May 2023	2 January 2024

Meetings of the Board and its committees in FY 2024

During FY2024, NABARD followed all the prescribed norms of good governance in letter and spirit, and the Board and its committees met regularly as mandated to maintain transparency and accountability of the organisation (Tables 6 and 7).

TABLE 6: NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS HELD

S. No.	Board Meeting (No.)	Date of the meeting
1.	251	26 May 2023
2.	252	25 Jul 2023
3.	253	28 Aug 2023
4.	254	10 Nov 2023
5.	255	13 Feb 2024
6.	256	19 Mar 2024

Committees of the Board of Directors

TABLE 7: MEETINGS HELD BY THE COMMITTEES OF THE BOARD

S. No.	Board and its Committees	Meetings required	Meetings held
1.	Board	4	6
2.	Executive Committee	4	4
3.	Audit Committee	6	6
4.	Risk Management Committee	6	6
5.	Premises Committee	2	2
6.	Human Resources Committee	2	1@
7.	Information Technology Committee	2	3
8.	Sanctioning Committee	Need based	3
9.	Internal Sanctioning Committee	Need based	14

@The HRCB shall meet at least twice in a calendar year and the same is being adhered to.

Audit Committee of the Board

The Audit Committee of the Board (ACB) was constituted by the Board under Section 13(3) of NABARD Act, 1981 (Table 8).

Brief description of terms of reference:

1. The ACB may provide direction as also oversee the operation of the total audit functions. Total audit function will imply the organisation, operationalisation and quality control of internal audit and inspection within the institution and follow-up on the statutory/external audit and inspections of the Reserve Bank of India (RBI).
2. As regards internal audit, the ACB may review the internal inspection/audit function in the institution—the system, its quality, and effectiveness in terms of follow-up. It may also focus on the follow-up on frauds and major areas of housekeeping.
3. Regarding statutory audits, the ACB may follow-up on all the issues raised in the reports. It may interact with the external auditors before the finalisation of the annual financial accounts and reports.
4. Review and followup all the issues/concerns raised in the inspection reports of the RBI.
5. Review of implementation of Ind AS.
6. Review of implementation of Basel III norms.
7. Review of implementation of risk-based internal audit.
8. Review & follow-up of information security (IS) audit observations.
9. Interaction with Rating Agencies.
10. Any other matter that the Board may assign to it.
11. All items specified in Part C of Schedule II of SEBI LODR.



TABLE 8: COMPOSITION OF THE AUDIT COMMITTEE OF THE BOARD AND ATTENDANCE OF MEMBERS

S. No.	Name	Category	Meetings held*	Meetings attended
1.	Dr Urvish Shah Chairman, ACB	Experts/Non-officials	6	6
2.	Smt. Revathy Iyer	Directors on RBI Board	6	6
3.	Dr Ravindra H. Dholakia	Directors on RBI Board	6	6
4.	Shri Manoj Ahuja	Central government officials	6	0
5.	Shri Gopal Krishna Dwivedi	State government officials	6	0
6.	Shri Goverdhan Singh Rawat	Deputy managing director	3	3
7.	Dr Ajay K Sood	Deputy managing director	3	3

Notes:

RBI = Reserve Bank of India

*'Meetings held' include the number of ACB meetings held during their tenure

Risk Management Committee of the Board

The Risk Management Committee of the Board (RMCB) was constituted by the Board under Section 13(3) of NABARD Act, 1981 (Table 9).

Brief description of terms of reference:

1. Devise policy and strategy for integrated risk management containing various risk exposures of the bank including the credit risk. For this purpose, the RMCB should effectively coordinate between the Enterprise Risk Management Committee (ERMC), the Asset Liability Management Committee and other risk committees of the bank, if any.
2. Decide the policy and strategy for integrated risk management containing various risk exposures of the bank including the market risk.
3. Setting policies and guidelines for market risk measurement, management, and reporting.
4. Ensure that market risk management processes (including people, systems, operations, limits, and controls) satisfy the bank's policy.
5. Reviewing and approving market risk limits, including triggers or stop-losses for traded and accrual portfolios.
6. Ensuring robustness of financial models, and the effectiveness of all systems used to calculate market risk.
7. Decide the operational risk policies and issues delegated to it by the Board.
8. Review profiles of operational risk throughout the organisation.

9. Decide operational risk capital methodology and resulting attribution.
10. Decide and review of rating norms of various clients.
11. Decide the exposure norms for various clients/client groups.
12. Review the exposure to clients at quarterly rests.
13. Set and approve expressions of risk appetite, within overall parameters set by the Board.
14. Reinforce the culture and awareness of operational risk management throughout the organisation.
15. Any other matter that the Board may assign to it.
16. All items specified in Part D of Schedule II of SEBI LODR.

TABLE 9: COMPOSITION OF THE RISK MANAGEMENT COMMITTEE OF THE BOARD AND ATTENDANCE OF MEMBERS

S. No.	Name	Category	Meetings held*	Meetings attended
1.	Dr Ravindra H. Dholakia, Chairman, RMCB	Directors on RBI Board	6	6
2.	Shri Shaji K.V.	Chairman, NABARD	6	6
3.	Smt. Revathy Iyer	Directors on RBI Board	6	6
4.	Shri Manoj Ahuja	Central government officials	6	0
5.	Shri Gopal Krishna Dwivedi	State government officials	6	0
6.	Shri Goverdhan Singh Rawat	Deputy managing director	3	2
7.	Dr Ajay K. Sood	Deputy managing director	3	2
8.	Shri Praveen Kumar Gupta@	Special invitee	6	4

Notes:

RBI = Reserve Bank of India

*'Meetings held' include the number of RMCB meetings held during their tenure

@ Invitee is not considered for quorum or total strength.

Stakeholders Relationship Committee of the Board

The Stakeholders Relationship Committee of the Board (SRC) was constituted by the Board in its 250th meeting held on 28 March 2023 under Section 13(3) of the NABARD Act, 1981, as mandated by Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

1. Non-executive director heading SRC: Dr Raama Sreenivasan who chaired the first meeting on 30 November 2023 resigned on 22 March 2024
2. Compliance officer: Shri Vinod Chandrasekharan, General Manager
3. Number of shareholder's complaints received during the financial year: N/A
4. Number of complaints not solved to the satisfaction of the shareholders: N/A
5. Number of pending complaints: N/A

Nomination and Remuneration Committee

The Board of Directors are nominated by the Government of India in compliance with the NABARD Act, 1981. The remuneration of the directors is also decided by the Department of Financial Services. Hence, it was felt that role of this committee is infructuous as the Committee will not have any role in the appointments, remuneration or other incidental aspects. Accordingly, exemption was sought from SEBI vide our letter Ref No.NB.FD/ 3204 / CV/ 2022-23 dated 22 February 2023 from the constitution and operation of the Nomination and Remuneration Committee.

Other Board-Level Committees

NABARD also has in place other board-level committees constituted under Section 13(3) of the NABARD Act, 1981 (Table 10).

TABLE 10: ALL BOARD-LEVEL COMMITTEES AS ON 31 MARCH 2024

S. No.	Committee	Composition
1.	Executive Committee	Shri Shaji K.V., Chairman Smt. Revathy Iyer Shri Gopal Krishna Dwivedi Shri Shailesh Kumar Singh Shri G. S. Rawat Dr Ajay K. Sood
2.	Premises Committee	Dr Ajay K. Sood Shri G. S. Rawat Smt. Revathy Iyer Dr Ravi Sinha (Expert) Shri B.G. Fernandes (Expert)
3.	Human Resources Committee	Shri Shaji K.V. Dr Ravindra H. Dholakia Shri Shailesh Kumar Singh Shri G.S. Rawat Dr Ajay K. Sood

4.	Information Technology Committee	Shri G.S. Rawat Dr Ajay K. Sood Smt. Revathy Iyer Shri Ashok Barnwal Shri M.G. Ajayan (IT expert) Shri Allada Durga Prasad (IT expert)
5.	Sanctioning Committee	Shri Shaji K.V. Smt Revathy Iyer Dr Ravindra H. Dholakia Shri Manoj Ahuja Shri Shailesh Kumar Singh Dr M.P. Tangirala Shri Ashok Barnwal Shri G.S. Rawat Dr Ajay K. Sood

Changes in Senior Management in FY2024

Shri G.S. Rawat and Dr Ajay K. Sood joined the Board of Directors of NABARD as Whole Time Directors (Deputy Managing Directors) on 6 November 2023 under Section 6(3) of the NABARD Act, 1981.

Familiarisation programmes and remuneration of directors

The details of the familiarisation programmes provided to the independent directors and the copy of the latest letter dated 3 April 2019 received from Department of Financial Service, Ministry of Finance, pertaining to the payment to non-executive directors is available on the NABARD website.² The sitting fee of ₹40,000 and ₹20,000 per meeting was paid for attending the Board and Committee meetings, respectively. Further, an additional sitting fee of ₹5,000 per meeting was also payable for chairing the committee meetings, respectively.

General shareholder information

NABARD was set up with an initial capital of ₹100 crore and its paid-up capital stood at ₹17,080 crore as on 31 March 2024. Consequent to the revision in the composition of share capital between the Government of India and RBI, NABARD today is wholly owned by the Government of India.

Means of communication

1. NABARD declares its financial results time to time in leading Hindi and English newspaper to maintain transparency. Quarterly financial results are published in

² <https://www.nabard.org/investor-relations.aspx>.



newspapers as well as on the NABARD, Bombay Stock Exchange and National Stock Exchange websites.

2. Newspapers wherein the results are normally published include *Jan Satta* (Hindi), *Lok Satta* (Marathi), *Financial Express* (English), and *Indian Express* (English).
3. NABARD also highlights all the required information on its website, www.nabard.org

Other disclosures

1. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large: **Included under accounting standard 18 (AS18) of audited balance sheet of NABARD.**
2. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years: **A fine of ₹11,800 was imposed and, subsequently, waived off by BSE.**
3. Details of establishment of vigil mechanism (whistle blower policy) and affirmation that no personnel has been denied access to the audit committee: **Vigil mechanism has been put in place for the members of the Board of Directors of NABARD.**
4. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: **NABARD is in the process of ensuring compliance in respect of non-mandatory requirements that shall be mandatorily applicable with effect from 1 April 25.**
5. Web link where policy for determining 'material' subsidiaries is disclosed: The policy for determining 'material' subsidiaries is available on NABARD website at <https://www.nabard.org/hindi/auth/writereaddata/File/policy-on-material-subs.pdf>.
6. Web link where policy on dealing with related party transactions: **Related party transactions are included under AS 18 of audited balance sheet of NABARD. The policy for dealing with related party transactions as approved by the Board in its 250th meeting held on 28 March 2023 is available on NABARD website at <https://www.nabard.org/pdf/nabard-policy-on-rpts-final-26-03-2023.pdf>;**
7. Disclosure of commodity price risks and commodity hedging activities: **Not applicable to NABARD. Subsidiaries of NABARD are not permitted to deal with commodity/derivatives of commodities.**
8. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): **Not applicable to NABARD.**
9. A certificate from a company secretary in practice that none of the directors on the Board of the company have

been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority: **The certificate from a Practicing Company Secretary has been obtained.**

10. Where the Board had not accepted any recommendation of any committee of the Board, which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof: **Nil.**
11. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part (Tables 11 and 12).

TABLE 11: FEES FOR STATUTORY AUDITORS OF NABARD

(amount in ₹)

Annual audit fees	13,88,000
Fees for certification	1,38,000
Tax audit fees	2,77,000
Fees for quarterly limited review	8,31,000
Total fees	26,34,000

TABLE 12: FEES PAID BY SUBSIDIARIES TO THE STATUTORY AUDITORS

(amount in ₹)

Subsidiary	Audit fee category	Fee
NABKISAN	Statutory audit fees	2,25,000
NABSanrakshan	Statutory audit fees	45,000
NABVENTURE	Statutory audit fees	40,000
NABFOUNDATION	Statutory audit fees	47,200
NABFINS	Statutory audit fees	6,60,000
	Tax audit fees	50,000
NABSAMRUDDHI	Statutory audit fees	2,50,000
NABCONS	Statutory audit fees	2,00,000
	Tax audit fees	52,500
	GST audit fees	60,000
	Lower TDS Deduction Certificate Assignment	1,00,000
	Handling Faceless scrutiny assessment for AY 22-23	50,000
Total fees paid by subsidiaries		17,79,700

Total payment to statutory auditors by NABARD and its subsidiaries amount to ₹44,13,700.

12. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 :
 - a) Number of complaints filed during the financial year: 9
 - b) Number of complaints disposed of during the financial year: 9
 - c) Number of complaints pending at end of the financial year: Nil
13. Disclosure by listed entity and its subsidiaries of 'Loans and advances in loans to firms/companies in which directors are interested by': Provided that this requirement shall be applicable to all listed entities except for listed banks: **NIL**
14. The salary and allowances paid to key management personnel during the FY 2024 (Table 13).

TABLE 13: SALARY AND ALLOWANCES PAID TO CHAIRMAN AND MANAGING DIRECTORS IN FY2024 (₹)

Name	Basic	DA	Other	Total	Period
Shri Shaji K.V.	27,00,000	12,42,000	-	39,42,000	1 April 2023 to 31 March 2024
Shri G.S. Rawat*	-	-	-	-	6 November 2023 to 31 March 2024
Dr Ajay K. Sood*	-	-	-	-	6 November 2023 to 31 March 2024
Shri P.V.S. Suryakumar	8,89,500	3,99,690	-	12,89,190	1 April 2023 to 31 July 2023

*Pay fixation is awaited from Government of India

Declaration of Compliance with the Code of Conduct of Board of Directors and Senior Management

NABARD is established and governed by NABARD Act, 1981 and NABARD General Regulations, 1982 read with Additional General Regulations, 1984. Being a high value debt listed entity, the provisions of regulations 16–27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 related to corporate governance has been made applicable to NABARD on comply or explain basis till 31 March 2025, and on a mandatory basis thereafter.

Regulation no. 17 (5) of the SEBI (LODR) Regulations, 2015 which pertains to the 'Board of Directors' provides as follows:

- a) The Board of Directors shall lay down a code of conduct for all members of board of directors and senior management of the listed entity.
- b) The code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.

Code of Conduct for the Directors and Senior Management, drafted as per the aforementioned regulation has since been approved by the Board of Directors in its 250th meeting held on 28th March 2023. We hereby state that all the members of board of directors and senior management personnel comply with the Code of Conduct of Board of Directors and Senior Management, which was obtained through an annual declaration for the year 2023-24 signed by them giving confirmation to that effect.

Shaji K.V.
Chairman



ANNEXES

Annexure I

M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES

CERTIFICATE ON CORPORATE GOVERNANCE
[As per Part E of schedule V of SEBI (LODR)]

To,
The Members,
The National Bank for Agriculture and Rural Development (NABARD)
Plot no. C-24, G-Block, Bandra-Kurla Complex, Bandra East,
Mumbai - 400051, Maharashtra, India.

I have examined the compliance with the conditions of Corporate Governance by NABARD for the year ended March 31, 2024, as stipulated in the specific Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), to the extent as applicable.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of procedures and implementation thereof, adopted by the NABARD for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the NABARD.

NABARD is established and governed by NABARD Act, 1981 and NABARD General Regulations, 1982 read with Additional General Regulations, 1984. Thus, Corporate Governance Structure and compliances are in accordance with applicability of the specific regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with NABARD Act, 1981 and NABARD General Regulations, 1982 read with Additional General Regulations, 1984.

For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES
(Peer Review Certificate No: 2093/2022)

Place: Mumbai
Date: 14/05/2024

DEEP SHUKLA
{PROPRIETOR}
FCS: 5652
CP NO.5364
UDIN: Foo5652F000364221

Annexure II

M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2024

[Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members,

The National Bank for Agriculture and Rural Development (NABARD)

Plot no. C-24, G-Block, Bandra-Kurla Complex, Bandra East,
Mumbai - 400051, Maharashtra, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NABARD.

Based on my said verification of the NABARD's books, papers, minutes book, forms and returns filed and other records maintained by the NABARD and also based on the information provided by the NABARD during the conduct of secretarial audit, I hereby report that in my opinion, the NABARD has complied with the statutory provisions listed hereunder for the financial year ended on 31st March, 2024 and also that the NABARD has proper Board-processes and compliance-mechanism in place to the extent, in the manner:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the NABARD for the financial year ended on 31st March 2024 according to the provisions of:

- i) The National Bank for Agriculture and Rural Development, 1981 (NABARD Act, 1981)
- ii) The National Bank for Agriculture and Rural Development General Regulations, 1982 read with Additional General Regulations, 1984;
- iii) The Companies Act, 2013 (the Act) and the rules made thereunder as amended; *(Not Applicable to NABARD during the Audit Period)*
- iv) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as amended; *(Not Applicable to NABARD during the Audit Period)*
- v) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as amended; *(Not Applicable to NABARD during the Audit Period)*
- vi) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; *(to the extent Applicable to NABARD during the Audit Period)*
- vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; *(Not Applicable to NABARD during the Audit Period)*
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015; *(to the extent Applicable to NABARD during the Audit Period)*
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; *(Not Applicable to NABARD during the Audit Period)*;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *(to the extent Applicable to NABARD during the Audit Period)*
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; *(to the extent Applicable to NABARD during the Audit Period)*
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *(Not Applicable to NABARD during the Audit Period)*; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; *(Not Applicable to NABARD during the Audit Period)*;



I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India; *(Not Applicable to NABARD during the Audit Period)*
- b) The Listing Agreements entered into by the NABARD with the Stock Exchange viz NSE Ltd along with Specific applicable Regulations under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as applicable for respective periods.

During the period referred above and based on our discussion we had with concerned authorities at NABARD, we put forth our following findings and statements:

NABARD is established and is governed by NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984. NABARD is classified as 'High Value Debt Listed Entity' as per SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore provisions of Chapter IV are applicable on 'comply or explain' basis till March 31,2025. Accordingly, NABARD applied for the exemption from the certain provisions under SEBI LODR including Regulation 18 and Regulation 19,by way of an application to SEBI for which response is awaited from them.

Further, NABARD is in compliance with the corporate governance structure and compliance requirements to the extent it is not inconsistent with NABARD Act and NABARD General Regulations.

I further report that:

- The Board of Directors of the NABARD is duly constituted with proper balance of Executive Directors, Non-Executive & Independent Directors.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the resolutions were passed with consent of majority of Directors

I further report that:

- There is adequate system and process in place, in NABARD to commensurate with the size and operations of NABARD in order to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions, having a major bearing on the NABARD's affairs, in pursuance of the above referred laws, rules, guidelines and standards.

Disclaimer: *The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Further, based on clarification received from concerned officials, NABARD is established and governed by NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984. NABARD is in compliance with the specific regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984.*

**For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES**

(Peer Review Certificate No: 2093/2022)

Place: Mumbai
Date: 14/05/2024

DEEP SHUKLA
{PROPRIETOR}
FCS: 5652
CP NO.5364
UDIN: Foo5652F000364197

Annexure to Secretarial Report and forming part of the report

To,
The Members,
The National Bank for Agriculture and Rural Development (NABARD)

Plot no. C-24, G-Block, Bandra-Kurla Complex, Bandra East,
Mumbai - 400051, Maharashtra, India.

I further state that my said report of the even date has to be read along with this letter.

- 1) Maintenance of Secretarial/ Statutory Records is the responsibility of the Management of the NABARD. My responsibility is to express an opinion on these records based on the audit.
- 2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the NABARD.
- 4) Wherever required I have obtained *orally*, the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
- 5) The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis and shall not stand responsible for any non-compliance.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the NABARD nor of the efficacy or effectiveness with which the management has conducted the affairs of the NABARD.

Disclaimer: *The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Further, based on clarification received from concerned officials, NABARD is established and governed by NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984. NABARD is in compliance with the specific regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984.*

For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES

(Peer Review Certificate No: 2093/2022)

Place: Mumbai
Date: 14/05/2024

DEEP SHUKLA
{PROPRIETOR}
FCS: 5652
CP NO.5364
UDIN: F005652F000364197



Annexure III

M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES

ANNUAL SECRETARIAL COMPLIANCE REPORT

[Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019]

Annual Secretarial Compliance Report of “The National Bank for Agriculture and Rural Development (NABARD)” for the year ended March 31, 2024

We, Deep Shukla & Associates have examined:

- all the documents and records made available to us and explanation provided by **NABARD** (“the high value Debt Listed Entity”),
- the filings/ submissions made by the listed entity to the stock exchange(s),
- website of the listed entity
- other relevant document(s)/ filing, which has been relied upon to make this certification,

for the year ended March 31, 2024 (“Review Period”) in respect of compliance with the provisions of :

- The National Bank for Agriculture and Rural Development Act, 1981 (NABARD Act, 1981);
- The National Bank for Agriculture and Rural Development General Regulations, 1982 read with Additional General Regulations, 1984;
- the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder;
- the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”); **[Not applicable during the review period];**
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; *(to the extent as applicable)*

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, are:-

- Regulations to the extent as applicable as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; *duly updated;*
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; *(to the extent as applicable)*
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **[Not applicable during the review period]**
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **[Not applicable during the review period]**
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[Not applicable during the review period]**
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended; *(to the extent as applicable)*
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **[Not applicable during the review period]**
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; *(to the extent as applicable)*
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, as amended;
- The Securities and Exchange Board of India (Debenture Trustee) Regulations, 2022;
- The Securities and Exchange Board of India (Intermediaries) Regulations, 2008; **[Not applicable during the review period]**
- Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018; and circulars/guidelines issued thereunder;

We hereby report that, during the review period the compliance status of the listed entity is appended below:

Sr. No.	Particulars	Compliance status (Yes/ No/ NA)	Observations/ Remarks of the Practicing Company Secretary
1.	<u>Secretarial Standards:</u> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI)	NA	NABARD is established and is governed by NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984
2.	<u>Adoption and timely updation of the Policies:</u> <ul style="list-style-type: none"> All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/circulars/ guidelines issued by SEBI 	Yes	-
3.	<u>Maintenance and disclosures on Website:</u> <ul style="list-style-type: none"> The Listed entity is maintaining a functional website Timely dissemination of the documents/ information under a separate section on the website Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website 	Yes	NABARD is established and is governed by NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984.
4.	<u>Disqualification of Director:</u> None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	NA	In NABARD, Directors are appointed as per the provision of Section 6 of the NABARD Act, 1981 and In our view, none of Directors are disqualified as per Section 164 of the Companies Act, 2013 as it is not applicable to them
5.	<u>To examine details related to Subsidiaries of listed entities:</u> <ol style="list-style-type: none"> Identification of material subsidiary companies Requirements with respect to disclosure of material as well as other subsidiaries 	Yes	-
6.	<u>Preservation of Documents:</u> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	-
7.	<u>Performance Evaluation:</u> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	NA	NABARD is established and is governed by NABARD Act, 1981 and NABARD General regulation, 1982 read with Additional General Regulations, 1984. However, NABARD has complied the same, wherever the provisions are applicable
8.	<u>Related Party Transactions:</u> <ol style="list-style-type: none"> The listed entity has obtained prior approval of Audit Committee for all Related party transactions In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ ratified/rejected by the Audit committee 	Yes	-



Sr. No.	Particulars	Compliance status (Yes/ No/ NA)	Observations/ Remarks of the Practicing Company Secretary
9.	<u>Disclosure of events or information:</u> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	NA	Reg. 30 of SEBI LODR is not applicable to NABARD
10.	<u>Prohibition of Insider Trading:</u> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	-
11.	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	No	-
12.	<u>Additional Non-compliances, if any:</u> No any additional non-compliance observed for all SEBI regulation / circular / guidance note etc.	No	No any additional non-compliance observed for all SEBI regulation / circular / guidance note etc.

- During the period referred above and based on our discussion we had with concerned authorities at NABARD, we put forth our following findings and statements:
NABARD is established and is governed by NABARD Act, 1981 and NABARD General Regulations, 1982 read with Additional General Regulations, 1984. NABARD is classified as 'High Value Debt Listed Entity' as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore provisions of Chapter IV are applicable on 'comply or explain' basis till March 31, 2025. Accordingly, NABARD applied for the exemption from the certain provisions under SEBI LODR including Regulation 18 and Regulation 19, by way of an application to SEBI for which response is awaited from them. Further, NABARD is in compliance with the corporate governance structure and compliance requirements to the extent it is not inconsistent with NABARD Act and NABARD General Regulations
- The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification /Fine/ Show Cause Notice/ Warning, etc.	Detail is of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	Various compliances	Reg. 57(4) and 57(5)	Non-Compliance	BSE	Fine	Non-Compliance	-	NABARD has received notice from BSE for the penalties	As explained by the management the waiver The waiver representations made to BSE is under their active consideration	-

Disclaimer: *The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Further, based on clarification received from concerned officials, NABARD is established and governed by NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984. NABARD is in compliance with the specific regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent it does not conflict with NABARD Act, 1981 and NABARD General regulations, 1982 read with Additional General Regulations, 1984.*

**For: M/s. DEEP SHUKLA & ASSOCIATES
COMPANY SECRETARIES**

(Peer Review Certificate No: 2093/2022)

Place: Mumbai

Date: 14/05/2024

DEEP SHUKLA

{PROPRIETOR}

FCS: 5652

CP NO.5364

UDIN: Foo5652F000364175



ANNUAL ACCOUNTS 2023-24

Standalone Balance sheet

Profit & Loss Account & Cash Flow 2023-24 of NABARD

INDEPENDENT AUDITOR'S REPORT

To
The President of India

Report on the audit of the standalone financial statements

1. Opinion

We have audited the accompanying Standalone Financial Statements of National Bank for Agriculture and Rural Development ('the Bank' or 'NABARD'), which comprise the Balance Sheet as at March 31, 2024, Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information ('Standalone Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements are full and fair financial statements containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at March 31, 2024, its profits and its cash flows for the year ended on that date and give the information in conformity with National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984 and the Accounting Standards notified by the Institute of Chartered Accountants of India ('ICAI') and accounting principles generally accepted in India.

2. Basis of opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') issued by the ICAI. Our responsibilities under those SAs are further described in the Auditor's Responsibilities

for the Audit of the Standalone Financial Statements section of our report. Those Standards require that we comply with ethical requirements. We are independent of the Bank in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the year. These matters were addressed in the context of our audit of the Standalone Financial Statements, as a whole, and in forming our opinion thereon, we do not provide a separate opinion on the key audit matters. In our professional judgement, we have decided the following to be the key audit matter to be communicated in our report:

4. Information other than the financial statements and auditor's report thereon

The Bank's Management and Board of Directors are responsible for the preparation of the other information, comprising of the information such as Report of Board of Directors and such other disclosures included in the Bank's annual report, excluding the Financial Statements and auditors' report thereon ('Other Information').

The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

<i>Particulars of the Key Audit Matter</i>	<i>Audit processes in the matter</i>
<p>Multiple IT Systems:</p> <p>The Bank is dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The audit approach relies extensively on several reports generated by interface of these IT systems and inbuilt automated controls therein.</p> <p>The major IT systems concerning the financial reporting process include:</p> <ul style="list-style-type: none"> • CLMAS – transactions processing, workflows and financial reporting system • TALMS – Treasury Operations • Empower HRMS – HR and payroll • FAMS – Property, Plant and Equipment and processing of expenses • Interface/interplay of one or more of above systems in building up or generating reports <p>IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data.</p> <p>Management of the Bank continuously endeavors several remediation activities and is in the process of bettering the implementation thereof aiming at minimization of the risks over IT applications in the financial reporting process.</p> <p>These includes implementation of preventive and detective controls across critical applications and infrastructure.</p> <p>Due to the pervasive nature, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.</p>	<p>We performed a range of audit procedures, which included:</p> <p>Review of the report of IS Audit carried out for half year ending September 30, 2023 by an independent firm of Chartered Accountants pertaining to IT systems, general controls including access rights over applications, operating systems and databases relied upon for financial reporting.</p> <p>Our audit tests were designed to cover the following:</p> <ul style="list-style-type: none"> • understanding the Bank's IT control environment and key changes in the course of our audit that were considered relevant to the audit; • selectively recomputing interest calculations and maturity dates; • Selectively re-evaluating masters updation, interface with resultant reports; • Selective testing of the interface of CLMAS with other IT systems like TALMS, Empower and several workflows; • Having regard to the incidences of incorrect system entries getting posted in the accounting system, detailed inquiries were made into 'root cause analysis' and about lack of adequate checks and balances around such entries, to obtain suitable explanations and representations. • Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system), so as to rectify the incorrect entries noticed during the audit. • To avoid the scope of incorrect system entries, to have more useful system generated reports and to include more features/ fields into the system, the development of CLMAS 2.0 is under process.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'.

5. Management's responsibility for the standalone financial statements

The Bank's Management and the Board of Directors are responsible for the preparation of the Standalone Financial Statements in accordance with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984, that give a true and fair view of the financial position, financial performance, and cash flows of the Bank.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors are also responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.



6. Auditor's responsibility for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements. Our audit processes in accordance with the SAs issued by the ICAI are narrated in Annexure 1 to this report.

7. Other Matters

We have made interim visits to 16 Regional Offices and 2 Staff Colleges in the second half of financial year 2023-24 for the purposes of audit and the same including Head Office, account for 89.82% of advances, 99.84% of deposits, 91.86% of interest income and 99.98% of interest expenses as on 31.03.2024. These Offices and Staff College have been selected in consultation with the management of the Bank. We have not visited any offices of the Bank other than HO after the year end as per the practice consistently followed over the years but

have reviewed the returns and information pursuant to our requirements from the Regional Offices and Staff Colleges of the bank sent to the Head Office.

8. Report on other legal and regulatory requirements

The Balance Sheet and the Profit and Loss Account of the Bank including the heads and sub-heads have been drawn up as per Schedule 'A' and Schedule 'B' of Chapter IV of National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984.

We further report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. The transactions of the Bank, which have come to our notice in course of our audit, have been within the powers of the Bank.
- c. In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts and with the returns received from the regional offices and Staff Colleges not visited by us.
- d. In our opinion, the Standalone Financial Statements comply with the applicable accounting standards, in all material aspects.

For **MKPS & Associates**
Chartered Accountants
Firm Regn. No- 302014E

CA. RAMAKRISHNAN MANI
Partner
Membership No. 032271

Place: Mumbai
Date: May 24, 2024
UDIN: 24032271BKBFNL7591

ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT

(referred to in para 6 titled "Auditor's Responsibility for the Audit of the Standalone Financial Statements")

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks and obtain audit evidence for material items that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Bank.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period as per our professional judgement and are therefore Key Audit Matters. We describe such matters in our Auditor's Report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
STANDALONE BALANCE SHEET AS ON 31 MARCH 2024

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Funds and Liabilities</i>	<i>Schedule</i>	<i>As on 31.03.2024</i>	<i>As on 31.03.2023</i>
1	Capital (Under Section 4 of the NABARD Act, 1981)		17,080.00	17,080.00
2	Reserve Fund and other Reserves	1	55,787.40	49,686.28
3	National Rural Credit Funds	2	16,106.00	16,102.00
4	Gifts, Grants, Donations and Benefactions	3	6,691.17	6,711.28
5	Government Schemes	4	1,506.36	1,106.99
6	Deposits	5	3,01,958.07	2,78,100.87
7	Bonds and Debentures	6	2,86,150.10	2,46,677.25
8	Borrowings	7	2,01,082.58	1,64,080.89
9	Current Liabilities and Provisions	8	24,500.88	22,106.83
	Total		9,10,862.56	8,01,652.39
	Forward Foreign Exchange Contracts (Hedging) as per contra		579.49	950.88

Schedules referred to above form an integral part of accounts

**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
STANDALONE BALANCE SHEET AS ON 31 MARCH 2024**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Property And Assets</i>	<i>Schedule</i>	<i>As on 31.03.2024</i>	<i>As on 31.03.2023</i>
1	Cash and Bank Balances	9	37,354.14	16,372.09
2	Investments	10	69,827.79	48,564.66
3	Advances	11	7,95,104.30	7,30,900.54
4	Property, Plant and Equipment (Fixed Assets)	12	548.84	528.03
5	Other Assets	13	8,027.49	5,287.07
	Total		9,10,862.56	8,01,652.39
	Forward Foreign Exchange Contracts (Hedging) as per contra		579.49	950.88
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of accounts

As per our attached report of even date

for MKPS & Associates
Chartered Accountants
FRN: 302014E

CA. Ramakrishnan Mani
Partner
Membership No.: 032271

Mumbai
Date : 24 May 2024

S. Srinath
Chief General Manager
Accounts Department

Shaji K. V.
Chairman

Goverdhan Singh Rawat
Deputy Managing Director

Dr. Ajay Kumar Sood
Deputy Managing Director



NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Income</i>	<i>Schedule</i>	<i>2023-24</i>	<i>2022-23</i>
1	Interest on Loans and Advances		43,432.35	36,476.32
2	Income from Investment Operations / Deposits		5,310.25	2,666.86
3	Other Receipts		104.00	187.36
	Total "A"		48,846.60	39,330.54

<i>Sr. No.</i>	<i>Expenditure</i>	<i>Schedule</i>	<i>2023-24</i>	<i>2022-23</i>
1	Interest and Financial Charges (Refer Note B-30 of Schedule-18)	14	36,912.84	30,351.03
2	Establishment and Other Expenses	15 A	3,365.24	1,709.31
3	Expenditure on Promotional Activities	15 B	136.02	136.75
4	Provisions	16	316.81	528.58
5	Depreciation		47.78	50.17
	Total "B"		40,778.69	32,775.84
6	Profit before Tax (A - B)		8,067.91	6,554.70
7	Provision for			
	a) Income Tax		1,990.00	1,520.00
	b) Income Tax Adjustment for earlier years		-	(324.02)
	b) Deferred Tax (Refer Note B-21.5 of Schedule 18)		(25.21)	(1.07)
8	Profit after Tax		6,103.12	5,359.79
	Significant Accounting Policies and Notes on Accounts	18		

Note: Discount and commission earned have been grouped under the respective head of Income on Loan & Advances or Income from Investments operations-Deposits without the separate disclosure under the head "Discount and Commissions" as required in the format prescribed under NABARD (Additional) General Regulations, 1984.

Schedules referred to above form an integral part of accounts

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
PROFIT AND LOSS APPROPRIATION ACCOUNT

(Amount in ₹ crore)

Sr. No.	Appropriations / Withdrawals	2023-24	2022-23
1	Profit for the year brought down	6,103.12	5,359.79
2	Add: Withdrawals from funds against expenditure debited to Profit & Loss A/c [Refer Schedule 1]		
a)	Co-operative Development Fund	33.29	33.63
b)	Research and Development Fund	42.30	30.45
c)	Producers' Organisation Development Fund - NABARD	3.95	3.84
d)	Rural Infrastructure Promotion Fund	3.09	5.34
e)	Farm Sector Promotion Fund	28.27	28.68
f)	Climate Change Fund	0.39	2.53
g)	Gramya Vikas Nidhi	63.50	61.75
h)	Catalytic Capital Fund	2.94	0.98
i)	Technology Facilitation Fund	0.59	-
j)	Investment Fluctuation Reserve	-	936.30
3	Profit available for Appropriation	6,281.44	6,463.29
	Less: Transferred to: [Refer Schedule 1&2]		
a)	Special Reserves u/s 36(1) (viii) of IT Act, 1961	700.00	850.00
b)	National Rural Credit (Long Term Operations) Fund	1.00	1.00
c)	National Rural Credit (Stabilisation) Fund	1.00	1.00
d)	Research and Development Fund	42.30	30.45
e)	Investment Fluctuation Reserve	-	-
f)	Co-operative Development Fund	33.29	33.63
g)	Producers' Organisation Development Fund - NABARD	3.95	3.84
h)	Rural Infrastructure Promotion Fund	3.09	5.34
i)	Farm Sector Promotion Fund	28.27	28.68
j)	Gramya Vikas Nidhi	63.50	61.75
k)	Climate Change Fund	0.39	2.53
l)	Catalytic Capital Fund	2.94	0.98
m)	Forex Fluctuation Reserve	-	5.51
n)	Financial Inclusion Fund	-	20.32
o)	Technology Facilitation Fund	0.59	50.00
p)	Reserve Fund	5,401.12	5,368.26
	Total	6,281.44	6,463.29

Schedules referred to above form an integral part of accounts



As per our attached report of even date

for MKPS and Associates
Chartered Accountants
FRN: 302014E

CA. Ramakrishnan Mani
Partner
Membership No.: 032271

Mumbai
Date : 24 May 2024

Shaji K. V.
Chairman

Goverdhan Singh Rawat
Deputy Managing Director

S. Srinath
Chief General Manager
Accounts Department

Dr. Ajay Kumar Sood
Deputy Managing Director

SCHEDULES TO BALANCE SHEET

Schedule 1 - Reserve Fund and Other Reserves

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2023	Additions/ Transferred from P&L Appropriation	Withdrawals/ Transferred to P&L Appropriation	Balance as on 31.03.2024
1	Reserve Fund*	34,398.02	5,401.12	-	39,799.14
2	Research and Development Fund	50.00	42.30	42.30	50.00
3	Capital Reserve	74.81	-	-	74.81
4	Investment Fluctuation Reserve	1,885.70	-	-	1,885.70
5	Co-operative Development Fund	200.00	33.29	33.29	200.00
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	12,450.00	700.00	-	13,150.00
7	Producers' Organisation Development Fund - NABARD	300.00	3.95	3.95	300.00
8	Rural Infrastructure Promotion Fund	50.00	3.09	3.09	50.00
9	Farm Sector Promotion Fund	60.00	28.27	28.27	60.00
10	Gramya Vikas Nidhi	110.00	63.50	63.50	110.00
11	Climate Change Fund	20.00	0.39	0.39	20.00
12	Catalytic Capital Fund	20.00	2.94	2.94	20.00
13	Forex Fluctuation Reserve Fund	17.75	-	-	17.75
14	Technology Facilitation Fund	50.00	0.59	0.59	50.00
	Total	49,686.28	6,279.44	178.32	55,787.40
	Previous year	43,939.18	6,850.60	1,103.50	49,686.28

*Note: The format prescribed in NABARD (Additional) General Regulations, 1984 for 'Reserve fund and Other Reserves' has Profit and Loss Account as one of the sub-item. Since the bank has the practice of transferring the balance in profit and loss account after all the appropriations to Reserve fund, there remains no balance in profit and loss account due to which the same has not been separately disclosed above.

Schedule 2 - National Rural Credit Funds

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2023	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2024
1	National Rural Credit (Long Term Operations) Fund	14,501.00	1.00	1.00	14,503.00
2	National Rural Credit (Stabilisation) Fund	1,601.00	1.00	1.00	1,603.00
	Total	16,102.00	2.00	2.00	16,106.00
	Previous year	16,098.00	2.00	2.00	16,102.00



Schedule 3 - Gifts, Grants, Donations and Benefactions

(Amount in ₹ crore)

Sr. No	Particulars	Opening Balance as on 01.04.2023	Additions during the year	Interest Credited*	Expenditure / Adjustments during the year	Balance as on 31.03.2024
A.	Grants from International Agencies					
1	KfW - NABARD V Fund for Adivasi Programme	-	-	-	-	-
2	KfW NB UPNRM - Accompanying Measures	-	0.09	-	0.09	-
3	KfW NB UPNRM - Financial Contribution	0.15	-	-	-	0.15
4	Indo German Watershed Development Programme - Andhra Pradesh	0.72	-	0.02	0.74	-
5	Indo German Watershed Development Programme - Gujarat	0.03	-	-	0.03	-
6	Indo German Watershed Development Programme - Rajasthan	0.06	-	-	0.06	-
7	GIZ UPNRM Technical Collaboration	0.03	-	-	-	0.03
8	Climate Change - (AFB) - Project Formulation Grant	21.10	-	0.63	(0.12)	21.85
9	GIZ Soil Project	1.41	-	-	-	1.41
10	KfW Soil Project	2.24	12.95	-	13.73	1.46
11	GCF Project Grants	1.37	101.91	0.07	83.03	20.32
B.	Other Funds		-	-	-	-
1	Watershed Development Fund	1,472.43	-	43.35	102.84	1,412.94
2	Interest Differential Fund - (Forex Risk)	230.63	8.97	-	16.17	223.43
3	Interest Differential Fund - TAWA	0.10	-	-	-	0.10
4	Adivasi Development Fund	5.77	-	-	-	5.77
5	Tribal Development Fund	1,258.61	-	36.73	122.11	1,173.23
6	Financial Inclusion Fund (i)	3,039.04	343.11	90.49	320.30	3,152.34
7	Financial Inclusion Fund - Digital	-	-	-	-	-
8	PODF-ID	292.92	-	8.45	41.39	259.98
9	National Bank - Swiss Development Cooperation Project	66.94	0.83	-	(0.01)	67.78
10	RPF & RIF - Off-Farm Sector Promotion Fund	23.27	0.28	-	0.66	22.89
11	Centre for Professional Excellence in Co-operatives - (C-PEC)	3.26	-	0.24	-	3.50
12	LTIF Interest Fluctuation Reserve Fund	164.17	19.65	4.92	0.01	188.73
13	National Adaptation Fund for Climate Change a/c	56.67	-	1.82	55.24	3.25
14	Capacity Building Fund for Social Stock Exchange	5.00	4.50	-	0.10	9.40
15	Climate Change Fund - ID (ii)	65.36	77.13	1.96	21.84	122.61
	Total	6,711.28	569.42	188.68	778.21	6,691.17
	Previous year	6,602.27	665.35	184.42	740.76	6,711.28

*Refer B-27 of Schedule 18

includes income tax paid on interest differential credited to funds:

(i) includes ₹77.65 crore being the income tax paid

(ii) includes ₹19.41 crore being income tax paid

Schedule 4 - Government Schemes

(Amount in ₹ crore)

Sr. No	Particulars	Opening Balance as on 01.04.2023	Additions during the year	Interest Credited*	Expenditure / Adjustments during the year	Balance as on 31.03.2024
A	Government Subsidy Schemes					
1	Capital Investment Subsidy for Cold Storage Projects - NHB	0.89	-	-	-	0.89
2	Capital Subsidy for Cold Storage TM North East	0.08	-	-	-	0.08
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	0.43	0.27	-	(0.20)	0.90
4	On-farm Water Management for Crop Production	0.07	-	-	-	0.07
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	78.98	-	-	-	78.98
6	Cattle Development Programme - Uttar Pradesh	0.03	-	-	-	0.03
7	Cattle Development Programme - Bihar	0.10	-	0.01	-	0.11
8	National Project on Organic Farming	1.80	-	-	-	1.80
9	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4.29	-	-	-	4.29
10	Dairy and Poultry Venture Capital Fund	2.21	-	-	(0.62)	2.83
11	Poultry Venture Capital Fund	0.15	0.05	-	0.05	0.15
12	ISAM - Agricultural Marketing Infrastructure	13.87	1,465.59	0.55	1,028.54	451.47
13	National Livestock Mission - PVCF EDEG	80.92	-	-	(0.65)	81.57
14	Centrally Sponsored Scheme for establishing Poultry Estate	0.08	-	-	-	0.08
15	Multi Activity Approach for Poverty Alleviation - Sultanpur Uttar Pradesh	0.08	-	0.01	-	0.09
16	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareilly, Uttar Pradesh	0.02	-	-	-	0.02
17	Dairy Entrepreneurship Development Scheme	8.19	-	-	(3.45)	11.64
18	CSS for Solar Mission	0.03	-	-	-	0.03
19	CSS - JNNSM - Solar Lighting	2.76	-	-	-	2.76
20	CSS - Solar Photovoltaic Water Pumping	0.03	-	-	-	0.03
21	Capital Subsidy Scheme - Agri Clinic Agri Business Centres	1.75	14.48	0.01	11.62	4.62
22	CSS MNRE Lighting Scheme 2016	0.11	-	-	-	0.11
23	Artificial Recharge of Groundwater in Hard Rock Area	4.62	-	-	-	4.62
24	CSS On Formation And Promotion Of FPO	-	-	-	(0.67)	0.67
B	Other Government Schemes					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR), 2008	283.71	-	-	-	283.71
2	Women's Self Help Groups [SHGs] Development Fund	17.15	-	0.01	10.93	6.23
3	Produce Fund	6.85	-	-	6.85	0.00
4	Revival of 23 unlicensed DCCBs	-	-	-	-	-
5	Interest Subvention (Sugar Term Loan)	80.45	400.00	3.15	478.41	5.19
6	AMI - Workshop Assistance Fund	0.01	-	-	-	0.01
7	Kutch Drought Proofing Project	0.22	-	-	-	0.22



Sr. No	Particulars	Opening Balance as on 01.04.2023	Additions during the year	Interest Credited*	Expenditure / Adjustments during the year	Balance as on 31.03.2024
8	Revival Package for Long Term Cooperative Credit Structure (LTCCS)	20.00	-	-	-	20.00
9	Revival Reform and Restructure of Handloom Sector	3.88	-	-	(0.23)	4.11
10	Comprehensive Handloom Package	-	-	-	-	-
11	Interest Subvention (SAO, NRLM, NWR)	392.59	9,348.31	-	9,247.28	493.62
12	Arunachal Agri Start Up Scheme	0.50	-	-	-	0.50
13	Centrally sponsored Project-PACS Computerisation	100.14	40.93	2.04	98.18	44.93
	Total	1,106.99	11,269.63	5.78	10,876.04	1,506.36
	Previous year	5,888.63	8,398.27	95.43	13,275.34	1,106.99

Refer B-27 of Schedule 18.

Schedule 5 - Deposits

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Central Government	-	-
2	State Governments	-	-
3	Others		
	a) Tea / Rubber / Coffee Deposits	52.80	56.90
	b) Deposits under RIDF	1,86,684.79	1,63,069.25
	c) ST Cooperative Rural Credit Fund	50,517.76	50,432.08
	d) ST RRB Credit Refinance Fund	15,157.91	15,047.00
	e) Warehouse Infrastructure Fund	3,890.00	4,050.00
	f) Long Term Rural Credit Fund	45,174.81	44,995.64
	g) Food Processing Fund	480.00	450.00
	Total	3,01,958.07	2,78,100.87

Schedule 6 - Bonds and Debentures

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Tax Free Bonds	5,000.00	5,000.00
2	Non Priority Sector Bonds	1,49,580.15	1,21,147.80
3	Capital Gains Bonds	-	-
4	PMAY-G - GoI Fully Serviced Bonds	48,809.60	48,809.60
5	Bonds - LTIF	38,160.25	38,160.25
6	LTIF - GoI Fully Serviced Bonds	19,506.80	19,506.80
7	SBM (G) - GoI Fully Serviced Bonds	12,298.20	12,298.20
8	Micro Irrigation Fund (MIF) Bonds	1,754.60	1,754.60
9	Social Bonds	1,040.50	-
10	Infra Bonds	10,000.00	-
	Total	2,86,150.10	2,46,677.25

Schedule 7 - Borrowings

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Central Government	-	-
2	Reserve Bank of India	-	-
3	Others		
	(A) In India		
	(i) Certificate of Deposits	23,629.90	18,386.30
	(ii) Commercial Paper	52,112.64	42,537.72
	(iii) Tri Party Repo	28,270.07	19,171.95
	(iv) Term Money Borrowings	2,508.21	1,942.13
	(v) Term Loan from Banks	94,007.43	77,455.01
	(vi) JNN Solar Mission	2.81	2.81
	(vii) Borrowing against Short Term Deposits	-	3,674.99
	(B) Outside India		
	(i) International Agencies	551.52	909.98
	Total	2,01,082.58	1,64,080.89

Schedule 8 - Current Liabilities and Provisions

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Interest / Discount Accrued	10,185.96	8,026.72
2	Sundry Creditors	3,374.62	3,327.31
3	Subsidy Reserve (Co-finance, Cold Storage, CSAMI)	25.81	29.04
4	Provision for Gratuity (Refer Note B-21.2 of Schedule 18)	10.47	25.75
5	Provision for Pension (Refer Note B-21.2 of Schedule 18)	126.64	-
6	Provision for Encashment of Ordinary Leave (Refer Note B-21.2 of Schedule 18)	378.50	365.22
7	Provision for Post Retirement Medical Benefit (Refer Note B-21.2 of Schedule 18)	170.21	148.34
8	Provision for Salary Revision (Refer Note B-35 of Schedule 18)	318.17	75.17
9	Unclaimed Interest on Bonds	2.99	2.82
10	Bonds matured but not claimed	13.15	14.69
11	Bond Premium	50.12	45.70
12	Provisions and Contingencies		
(a)	Depreciation in value of Investment		
	(i) Government securities		
	(ia) Securities of Central & State Government	1,033.42	1,548.66
	(ib) Treasury Bills	-	
	(ii) Other Approved securities	-	
	(iii) Equity shares	-	
	(iv) Debenture and Bonds	19.46	30.59
	(v) Subsidiaries and joint venture	-	
	(vi) Others	-	
(b)	Amortisation of G. Sec. - HTM	147.16	77.57
(c)	For Standard Assets	3,302.00	2,932.00



Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
(d)	Non-performing Investments	317.32	326.80
(e)	Countercyclical Provisioning Buffer / Floating Provision	2,014.45	2,014.45
(f)	Provision for Other Assets & Receivables	4.45	4.45
(g)	Provision for Income Tax [Net of Advance Tax]	3,005.98	3,111.55
	Total	24,500.88	22,106.83

Note: Non Performing Advances have been adjusted against the Advances shown in Schedule-11

Schedule 9 - Cash and Bank Balances

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Cash in hand	-	-
2	Balances with :		
	A) Banks in India		
	(i) Reserve Bank of India	3,561.58	4,800.93
	(ii) Other Banks		
	a) In Current Account	3,747.24	3,110.33
	b) Deposit with Banks	22,590.00	7,781.00
	(iii) Remittance in Transit	-	400.00
	(B) Banks outside India	-	-
3	Tri Party Repo- Lending	7,455.32	279.83
	Total	37,354.14	16,372.09

Schedule 10 - Investments

(Amount in ₹ crore)

Sr. No	Particulars	As on 31.03.2024	As on 31.03.2023
1	Government Securities		
	a) Securities of Central Government & State Govt.	34,497.72	34,633.14
	[Face ₹3,29,78,86,70,000 (₹3,26,61,36,70,000)]		
	b) Treasury Bills	18,806.69	3,341.98
	[Face Value ₹1,96,58,33,80,000 (₹34,97,07,20,000)]		
2	Other Approved Securities		-
3	Equity Shares in :		
(a)	Agricultural Finance Corporation Ltd.	1.00	1.00
	[1,000 (1,000) - Equity shares of ₹10,000 each]		
(b)	Small Industries Development Bank of India	966.27	966.27
	[5,31,92,203 (5,31,92,203) - Equity shares of ₹10 each]		
(c)	Agriculture Insurance Company of India Ltd.	60.00	60.00
	[6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]		
(d)	Multi Commodity Exchange of India Ltd.	0.30	0.30
	[3,77,758 (3,77,758) - Equity shares of ₹10 each]		

Sr. No	Particulars	As on 31.03.2024	As on 31.03.2023
(e)	National Commodity and Derivatives Exchange Ltd. [56,25,000 (56,25,000) - Equity shares of ₹10 each]	16.87	16.88
(f)	CSC e-Governance Services India Ltd [55,000 (55,000) Equity shares of ₹1000 each]	9.75	9.75
(g)	Agriculture Skill Council of India [4,000 (4000) Shares of ₹10 each]		0.00
(h)	National E-Governance Services India Ltd [Equity] [15,00,000 (15,00,000) Shares of ₹10 each]	1.50	1.50
(i)	National e-Repository Ltd. [105,30,000 (105,30,000) Shares of ₹10 each]	10.53	10.53
(j)	Open Network for Digital Commerce [40,00,000 (10,00,000) Shares of ₹100 each]	40.00	10.00
(k)	Other Equity Investments	20.02	28.08
4	Debentures and Bonds		
(i)	Special Dev Debentures of SCARDBs (Refer Note B-34 of Schedule 18)	134.06	244.81
(ii)	Non Convertible Debentures	826.12	906.68
5	Shareholding in subsidiaries and Joint Venture		
(a)	Shareholding in subsidiaries		
(i)	NABFINS Ltd. (formerly known as NABARD Financial Services [Karnataka] Ltd.) [10,20,06,300 (10,20,06,300) - Equity shares of ₹10 each]	102.01	102.01
(ii)	NABSAMRUDDHI Finance Ltd. [11,27,88,000 (11,27,88,000) - Equity shares of ₹10 each]	145.06	145.05
(iii)	NABKISAN Finance Ltd. [15,05,00,063 (15,05,00,063) - Equity shares of ₹10 each]	227.57	227.57
(iv)	NABARD Consultancy Services Pvt. Ltd. [50,00,000 (50,00,000) - Equity shares of ₹10 each]	5.00	5.00
(v)	NABVENTURES Ltd [2,50,00,000 (2,50,00,000) - Equity shares of ₹10 each]	25.00	25.00
(vi)	NABFOUNDATION [5,00,00,000 (5,00,00,000) - Equity shares of ₹10 each]	50.00	50.00
(vii)	NABSANRAKSHAN TRUSTEE PVT LTD [5,00,00,000 (5,00,00,000) - Equity shares of ₹10 each]	50.00	50.00
(b)	Joint Venture		
6	Others		
(a)	Mutual Fund	5,293.40	3,890.26
(b)	Commercial Paper [Face Value ₹200,00,00,000 (₹200,00,00,000)]	185.05	185.05
(c)	Certificate of Deposit [Face Value ₹79,70,00,00,000 (₹34,45,00,00,000.00)]	7,900.10	3,266.42
(d)	Venture Capital Funds / AIFs	414.51	326.36
(e)	Investment Earmarked towards EOL [Refer note B-21.2 of Schedule 18]	39.26	61.02
	Total	69,827.79	48,564.66



Schedule 11 - Advances

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Refinance Loans		
(a)	Production & Marketing Credit	1,58,705.71	1,40,912.79
(b)	Conversion Loans for Production Credit	-	-
(c)	Other Investment Credit	-	
(i)	Medium Term and Long Term Project Loans	2,68,113.97	2,51,794.43
(ii)	Direct refinance to DCCBs	20,504.10	13,955.92
(iii)	JNN Solar Mission	-	-
2	Direct Loans	-	
(a)	Loans under Rural Infrastructure Development Fund	1,70,006.64	1,54,069.63
(b)	Loans under Warehouse Infrastructure Fund	3,385.86	4,091.60
(c)	Long Term Non-Project Loans	331.85	338.31
(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)	32,403.74	27,889.73
(e)	Loans to Producers' Organisation	0.53	6.42
(f)	Credit Facility to Federations[CFF]	20,583.03	17,355.21
(g)	Loans under Food Processing Fund	431.38	421.84
(h)	Loans under Long Term Irrigation Fund	53,617.32	53,966.35
(i)	Pradhan Mantri Aawas Yojana - Gramin	48,819.03	48,819.03
(j)	Swachh Bharat Mission Gramin	12,298.20	12,298.20
(k)	Dairy Infrastructure and Development Fund	1,508.16	1,499.60
(l)	Loan Under GCF	551.52	372.68
(m)	Micro Irrigation Fund	3,036.88	2,516.02
(n)	Fisheries and Aquaculture Infrastructure Development Fund	801.50	561.68
(o)	Other Loans	-	
(i)	Micro Finance Development Equity Fund Programme Loans	-	0.11
(ii)	Watershed Development Fund Programme Loans	3.69	7.22
(iii)	Tribal Development Fund Programme Loans	-	-
(iv)	KfW UPNRM Loans	0.73	23.14
(v)	Off Farm Sector Promotion Activities Programme Loans	0.46	0.63
(vi)	Direct Loan Under Sec 30 of NABARD Act [Refer Note B-3.5 of Schedule 18]	-	-
	Total	7,95,104.30	7,30,900.54

Note: The Advances are net-off the provisions for Non-performing Assets amounting to ₹1,983.25 crore.

Schedule 12 - Fixed Assets

(Amount in ₹ crore)

Sr. No	Particulars	As on 31.03.2024	As on 31.03.2023
1	LAND : Freehold & Leasehold (Refer Note B-33 of Schedule 18)		
	Opening Balance	195.79	195.26
	Additions/adjustments during the year	-	0.53
	Sub-Total	195.79	195.79
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	195.79	195.79
	Less: Amortisation of Lease Premium	65.70	64.16
	Book Value	130.09	131.63
2	PREMISES (Refer Note B-33 of Schedule 18)		
	Opening Balance	652.24	652.24
	Additions / Adjustments during the year	6.96	-
	Sub-Total	659.20	652.24
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	659.20	652.24
	Less: Depreciation to date	350.27	334.35
	Book Value	308.93	317.89
3	FURNITURE & FIXTURES		
	Opening Balance	66.70	65.44
	Additions/adjustments during the year	0.72	1.48
	Sub-Total	67.42	66.92
	Less: Cost of assets sold/written off	0.19	0.22
	Closing Balance (at cost)	67.23	66.70
	Less: Depreciation to date	61.62	60.02
	Book Value	5.61	6.68
4	COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS		
	Opening Balance	216.45	208.46
	Additions/adjustments during the year	34.34	10.54
	Sub-Total	250.79	219.00
	Less: Cost of assets sold/written off	2.07	2.55
	Closing Balance (at cost)	248.72	216.45
	Less: Depreciation to date	210.35	186.12
	Book Value	38.37	30.33
5	VEHICLES		
	Opening Balance	13.30	13.07
	Additions/adjustments during the year	6.06	4.56
	Sub-Total	19.36	17.63
	Less: Cost of assets sold/written off	4.52	4.33
	Closing Balance (at cost)	14.84	13.30
	Less: Depreciation to date	5.93	5.62
	Book Value	8.91	7.68
6	Capital Work in Progress	56.93	33.82
	Total	548.84	528.03



Schedule 13 - Other Assets

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Accrued Interest	5,564.26	3,065.57
2	Discount Receivable	294.78	134.28
3	Deposits with Landlords	1.39	1.36
4	Deposits with Government Departments and Other Institutions	54.14	54.07
5	Housing loan to staff	142.55	120.77
6	Other Advances to staff	95.00	91.42
7	Sundry Advances	75.04	63.85
8	Deferred Tax Assets (Refer Note B-21.5 of Schedule 18)	190.23	165.02
9	Receivable from Government of India/International Agencies. (Refer Note B-28 & 30 of Schedule 18)	1,486.25	1,415.11
10	Discount on issue of Bonds	121.42	175.62
11	Other Assets - Input Tax Credit – GST	2.43	-
	Total	8,027.49	5,287.07

Schedule 14 - Interest and Financial Charges

(Amount in ₹ crore)

Sr. No.	Particulars	2023-24	2022-23
1	Interest Paid on		
(a)	Deposits under RIDF	6,042.03	4,921.28
(b)	Short Term Cooperative Rural Credit Fund	2,169.93	2,108.64
(c)	ST RRB Credit Refinance Fund	653.48	533.78
(d)	Warehouse Infrastructure Fund	121.11	151.93
(e)	Long Term Rural Credit Fund	1,440.00	1,270.34
(f)	Fund for Food Processing Units	15.55	13.13
(g)	Tea / Coffee / Rubber Deposits	2.82	3.12
(h)	Term Money Borrowings	112.97	82.79
(i)	Bonds (Refer Note B-30 & 38 of Schedule 18)	16,367.23	13,765.25
(j)	Term Loan from Banks	5,280.67	4,355.49
(k)	Borrowings from International Agencies	16.28	23.92
(l)	Discount on Commercial Paper	2,182.71	1,272.11
(m)	Discount on Certificate of Deposits	1,620.20	803.52
(n)	Repo Interest Expenditure	14.50	8.31
(o)	Interest paid on funds	187.09	223.10
(p)	Borrowing from RBI under SLF	-	385.27
(q)	Borrowing against ST Deposit	3.18	0.86
2	Discount on CBLO / TREPS	606.16	376.70
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	52.81	25.09
4	Swap Charges	24.12	26.40
	Total	36,912.84	30,351.03

Schedule 15 A - Establishment and Other Expenses

(Amount in ₹ crore)

Sr. No	Particulars	2023-24	2022-23
1	Salaries and Allowances (Refer Note B-35 of Schedule 18)	1,360.80	768.27
2	Contribution to / Provision for Staff Superannuation Funds	1,298.04	367.73
3	Other Perquisites & Allowances	227.03	189.55
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	0.21	0.08
5	Directors' & Committee Members' Fees	0.31	0.28
6	Rent, Rates, Insurance, Lighting etc.	41.70	41.85
7	Travelling Expenses	56.49	44.31
8	Printing & Stationery	6.16	5.87
9	Postage Telegrams & Telephones	23.49	21.95
10	Repairs	16.88	22.24
11	Auditors' Fees	0.26	0.27
12	Legal Charges	2.15	1.84
13	Miscellaneous Expenses	217.20	180.31
14	Expenditure on Miscellaneous Assets	9.20	7.56
15	Expenditure on Study & Training	105.32	57.20
	Total	3,365.24	1,709.31

Schedule 15 B - Expenditure on promotional activities

(Amount in ₹ crore)

Sr. No	Particulars	2023-24	2022-23
1	Cooperative Development Fund	33.29	33.63
2	Producers' Organization Development Fund - NABARD	3.95	3.84
3	Rural Infrastructure Promotion Fund	3.09	5.34
4	Expenditure under Farm Sector Promotion Fund	28.27	28.68
5	Expenditure under Climate Change Programme	0.39	2.53
6	Gramya Vikas Nidhi	63.50	61.75
7	Catalytic Capital Fund	2.94	0.98
8	Technology Facilitation Fund	0.59	-
	Total	136.02	136.75

**Schedule 16- Provisions**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>2023-24</i>	<i>2022-23</i>
	Provisions for		
1	Standard Assets	370.00	201.00
2	Non-Performing Assets	(67.97)	338.22
3	Floating Provision	-	-
4	Depreciation in value of Investment Account - Equity	14.78	(10.64)
	Total	316.81	528.58

Schedule 17 - Commitments and Contingent Liabilities

(Amount in ₹ crore)

<i>Sr. No</i>	<i>Particulars</i>	<i>As on 31.03.2024</i>	<i>As on 31.03.2023</i>
1	Commitments on account of capital contracts remaining to be executed	11.85	14.00
	Sub Total "A"	11.85	14.00
2	Contingent Liabilities		
(i)	Bank Guarantee	24.18	24.18
(ii)	Claims against the Bank not acknowledged as debt.	-	-
(iii)	Pending legal cases including Income Tax Appeals	370.49	369.32
	Sub Total "B"	394.67	393.50
	Total (A + B)	406.52	407.50

Schedule 18

Significant Accounting Policies and Notes forming Part of the Standalone Financial Statements for the year ended March 31, 2024

A. Significant Accounting Policies

1. Basis of Preparation:

The financial statements are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Bank / NABARD) and are consistent with those used in the previous year.

2. Use of Estimates:

Preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations for the reporting period. Although these estimates are based on the management's best knowledge, the actual results could differ from these estimates. Such differences are recognized in the year of outcome of such results.

3. Revenue recognition:

- 3.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:
 - i) Interest on non-performing assets identified as per RBI guidelines.
 - ii) Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
 - iii) Service Charges on loans given out of various Funds.
 - iv) Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.
- 3.2 Discount on Bonds and Commercial Papers issued are amortized over the tenure of Bonds and Commercial Papers. Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.
- 3.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

- 3.4 i) Income from Venture Capital funds is accounted on realization basis.
- ii) Release of subsidy in which NABARD is acting as a pass through agency is accounted for, including service charges thereon, on payment basis subject to availability of funds under the respective schemes.
- 3.5 Recovery in non-performing assets (NPA) is appropriated in the following order:
 - i) Penal interest
 - ii) Cost and charges
 - iii) Overdue interest and interest
 - iv) Principal
- 3.6 In case of Compromise and Resolution/ Settlement, recovery shall be appropriated as per the terms of respective compromise/ resolution settlement.
- 3.7 In case of suit filed/decreed accounts, recovery shall be appropriated as under:-
 - i) As per the directives of the concerned Court.
 - ii) In the absence of specific directives from the Court, as mentioned at point 3.5 above.

4. Property Plant and Equipment (Fixed Assets)

- 4.1 Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.
- 4.2 Land includes freehold and leasehold land.
- 4.3 Premises include value of land, where segregated values are not readily available.
- 4.4 Depreciation policy on premises situated on freehold land and leasehold land has been revised during the FY 2017-18 and calculated on straight line basis over the period of 30 years.
- 4.5 The upfront lease premium paid on leasehold land are amortized over the tenure of lease period @ 5% on opening written down value or the proportionate amount of remaining lease premium on the remaining period of lease, whichever is higher.
- 4.6 Fixed Assets individually costing ₹1 lakh or less (except easily portable electronic assets such as laptops, mobile



phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹10,000. All software costing ₹1 lakh each and less, purchased independently are charged to the Profit and Loss Account.

- 4.7 Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

Type of Assets	Depreciation Rate
Furniture and Fixtures	20%
Computer & Software	33.33%
Office Equipment	20%
Vehicles	20%

- 4.8 Depreciation is charged from the month (*in which*) the asset is capitalized in the year of purchase up to the month in which the asset is sold in the year of sale.
- 4.9 Capital work in progress includes capital advances and is disclosed under Fixed Assets.

5. Investments

- 5.1 The transactions in Securities are recorded on "Settlement Date".
- 5.2 In accordance with the RBI guidelines, Investments are classified into "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) categories (hereinafter called "categories").
- 5.3 Securities that are held principally for resale within 90 days from the date of purchase are classified as "HFT". Investments that the Bank intends to hold till maturity are classified as "HTM". Securities which are not to be classified under any of the above categories are classified as "AFS".
- 5.4 Investments classified under HTM category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortized over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category "HTM" is made, wherever necessary. Provision for diminution/ amortization, in value of such investments, is included under Current Liabilities and Provisions.
- 5.5 Profit on redemption of investment categorized under "HTM" is recognized in Profit & Loss A/c.
- 5.6 Investments under "AFS" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. Net depreciation, if any, is provided for investments in the category classified as "AFS" and appreciation is ignored. The book

values of the individual scrip are not changed after such revaluation.

- 5.7 Investments under "HFT" are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. Depreciation / appreciation is recognized in the category for investments classified as "HFT". The book value of the individual scrip is changed after such revaluation.
- 5.8 Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.
- 5.9 Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.
- 5.10 Unquoted Shares are valued at breakup value, if the latest Audited Financial Statements of the investee companies are available, or at ₹1/- per Company as per RBI guidelines.
- 5.11 Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.
- 5.12 Brokerage, paid on acquisition / disposal of equities traded on stock exchange is capitalized.
- 5.13 Broken period interest paid/received on debt investments is treated as interest expenses/ income and is excluded for cost/ sale consideration.
- 5.14 Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.
- 5.15 Amortization/Gain/Loss on Revaluation of Government Securities is charged to Profit and Loss Account.
- 5.16 Weighted average cost method has been followed for accounting for investments.
- 5.17 Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.
- 5.18 Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.

- 5.19 The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and

Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be.

- 5.20 The derivatives transactions are undertaken for hedging purposes.

Hedge Swaps

Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at market value or lower of cost in the financial statement. Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.

6. Advances and Provisions thereon

- 6.1 Advances are classified as per RBI guidelines. Provision for standard assets and non-performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.
- 6.2 In case of restructuring/ rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present value of future principal and interest as per the revised agreement is provided for.
- 6.3 Advances are stated net of provisions towards Non-performing Advances.
- 6.4 Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the Profit and Loss account.
- 6.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 8 of the Balance Sheet under the head “Current Liabilities & Provisions” and are not considered for arriving at the Net NPAs.

7. Foreign Currency Transactions

As per Accounting Standard (AS-11) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the ICAI; following accounting treatment is given to foreign exchange transactions:

- 7.1 Assets and liabilities in foreign currency are revalued at the exchange rate notified by FEDAI/FBIL as at the close of the year/ reporting date. The hedged portion of the foreign currency borrowings are stated at the contracted value and the liability of hedged borrowing as per year-end exchange rate is disclosed as a contra item in the Balance Sheet (as off Balance Sheet item).
- 7.2 For hedged transactions, Income and Expenditure items are translated at the contracted rate as per the hedge agreements executed.

8. Accounting for Foreign Exchange Contracts

- 8.1 Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.
- 8.2 The foreign currency borrowings which are hedged are stated at the contract rate.
- 8.3 The foreign exchange unhedged contracts are revalued at the exchange rates notified by FEDAI / FBIL at the year-end /reporting date. The resultant gain / loss on revaluation is recognised in the Profit & Loss Account under the head Gains / Loss on revaluation of Forward Exchange Contract Account.

9. Employee Benefits

All personnel transferred from RBI are considered as employees of the Bank and provisions for Employee Benefits are made accordingly. Actuarial valuation, wherever required, for long term employee benefits are carried out at each balance sheet date.

9.1 Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

9.2 Post-Retirement Benefits:

i) Defined Contribution Plan

The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis.

The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the “NPS- Corporate Sector Model”, a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

ii) Defined Benefit Plan

a) Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

b) Provision for pension is made based on actuarial valuation, in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.



iii) **Other Long Term benefits**

All eligible employees of the bank are entitled for compensated absences. All the eligible employees are also entitled for post-retirement medical benefits. The cost of providing other long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

10. Taxes on Income

- 10.1 Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/ appeals.
- 10.2 Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.
- 10.3 Deferred tax assets relating to unabsorbed depreciation/ business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.
- 10.4 Tax paid/ provided on taxable income earned by the funds are accounted as expenditure of respective funds.

11. Segment Reporting

- 11.1 The Bank recognizes the Business segment as the Primary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.
- 11.2 Segment revenue includes interest and other income directly identifiable with / allocable to the segment. Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank Income".
- 11.3 Expenses that are directly identifiable with/ allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".
- 11.4 Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

12. Impairment of Assets

- 12.1 As at each Balance Sheet date, the carrying amount of assets having the indication of impairment is tested for impairment so as to determine:
 - i) the provision for impairment loss, if any, required; or

- ii) the reversal, if any, required for impairment loss recognized in the previous periods.

- 12.2 Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

13. Provisions, Contingent Liabilities and Contingent Assets (AS-29)

- 13.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:
 - a) the Bank has a present obligation as a result of a past event;
 - b) a probable outflow of resources is expected to settle the obligation; and
 - c) the amount of the obligation can be reliably estimated.
- 13.2 Contingent liability is disclosed in the case of:
 - a) a possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
 - b) a present obligation when no reliable estimate is possible, and
 - c) a possible obligation arising from past events where the probability of outflow of resources is remote.
- 13.3 Contingent assets are neither recognized, nor disclosed.
- 13.4 Provisions and contingent liabilities are reviewed at each Balance Sheet date.

14. Cash and cash equivalents

- a) Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand and other short-term investments.
- b) Cash Flow statement is reported using indirect method. The cash flow from operating, financing and investing activity is segregated based on the available information.

15. Prior Period Income / Expenses

Items of Income / Expenditure which are prior period in nature are disclosed separately only when the individual prior period income / expense exceeds 0.5% of Gross Income.

16. Implementation of Indian Accounting Standards (Ind AS)

In terms of the Press Release No. 11/10/2009 CL-V dated 18 January 2016 issued by the MCA, the bank would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 and thereafter. The implementation of Ind AS by AIFIs has been deferred by Reserve Bank of India until further notice.

B. Notes forming part of the Standalone Financial Statements

1. Capital

1.1 Pattern of Capital contribution as on the date of the Balance Sheet:

The authorized capital of the bank stood at ₹30000 crore as on 31 March 2024. The entire paid up capital of the bank has been subscribed by Government of India. The details are given below:

Contributor	31 March 2024		31 March 2023	
	(₹ crore)	%	(₹ crore)	%
Government of India	17,080.00	100.00	17,080.00	100.00
Total	17,080.00	100.00	17,080.00	100.00

1.2 Capital Adequacy

1.2.1 Capital adequacy ratio works out as per Basel I guidelines issued by RBI.

1.2.2 Capital adequacy ratio of the Bank as on 31 March 2024 was 16.45% (16.89%) as against a minimum of 9% as stipulated by RBI.

1.2.3 In accordance with RBI Instructions, assets financed from National Rural Credit – Long Term Operations (NRC LTO) Fund amounting to ₹14503 crore (₹14501 crore) are excluded for the purpose of computing the CRAR.

1.2.4 The details of various parameters of Capital to Risk weighted Assets Ratio is given below:

(Amount in ₹ crore)

S. No.	Particulars	2023-24	2022-23
(i)	Common Equity	69611.39	63535.48
(ii)	Additional Tier 1 capital	0.00	0.00
(iii)	Total Tier 1 capital (i+ii)	69611.39	63535.48
(iv)	Tier 2 capital	5398.41	4751.19
(v)	Total Capital (Tier 1+Tier 2)	75009.80	68286.67
(vi)	Total Risk Weighted Assets (RWAs)	456057.89	404280.39
(vii)	Common Equity Ratio (Common Equity as a percentage of RWAs)	15.27	15.72
(viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	15.27	15.72
(ix)	Capital to Risk Weighted Assets Ratio (CRAR)	16.45	16.89
(x)	Percentage of the shareholding of the Government of India in the AIFI	100.00	100.00
(xi)	Amount of equity capital raised	0.00	0.00

S. No.	Particulars	2023-24	2022-23
(xii)	Amount of Additional Tier 1 capital raised; of which	0.00	0.00
	(a) Perpetual Non-Cumulative Preference Shares (PNCPS):	0.00	0.00
	(b) Perpetual Debt Instruments (PDI)	0.00	0.00
(xiii)	Amount of Tier 2 capital raised; of which	0.00	0.00
	(a) Debt capital instruments:	0.00	0.00
	(b) Perpetual Cumulative Preference Shares (PCPS)	0.00	0.00
	(c) Redeemable Non-Cumulative Preference Shares (RNCPS)	0.00	0.00
	(d) Redeemable Cumulative Preference Shares (RCPS)	0.00	0.00

2. Free Reserves and provision

2.1 Provisions on Standard Assets

(Amount in ₹ crore)

Particulars	2023-24	2022-23
Provisions towards Standard Assets made during the year	370.00	201.00

2.2 Counter Cyclical Provisioning Buffer*:

(Amount in ₹ crore)

S. No.	Particulars	2023-24	2022-23
(a)	Opening balance in the floating provision account	2014.45	2014.45
(b)	The quantum of provisions made during the accounting year #	0.00	0.00
(c)	Amount of drawdown made during the accounting year	0.00	0.00
(d)	Closing balance in the floating provision account	2014.45	2014.45

* This represents the floating provisions for advances which has not been used as Tier II capital.

The Board of Directors of the Bank decided to create floating provisions, in accordance with RBI guidelines, to be utilized for any unexpected or exceptional circumstances.



3. Asset Quality and specific provisions

3.1 Non-Performing Advances

(Amount in ₹ crore)

S. No.	Particulars	31.03.2024	31.03.2023
(i)	Net NPA to Net Advances (%)	0.00	0.00
(ii)	Movement of NPAs (Gross)		
(a)	Opening Balance	2041.78	2109.59
(b)	Additions during the year	0.00	0.54
(c)	Reductions during the year	(58.49)	(68.35)
(d)	Closing Balance	1983.29	2041.78
(iii)	Movement of Net NPAs		
(a)	Opening Balance	0.00	0.00
(b)	Additions during the year	0.00	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	0.00	0.00
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
(a)	Opening balance	2041.78	2109.59
(b)	Provision made during the year	0.00	0.54
(c)	Write off / write back of excess provision	(58.49)	(68.35)
(d)	Closing balance	1983.29	2041.78

3.2 Non-Performing Investments

(Amount in ₹ crore)

S. No.	Particulars	31.03.2024	31.03.2023
(i)	Net NPI to Net Investments (%)	0.00	0.00
(ii)	Movement of NPIs (Gross)		
(a)	Opening Balance	326.80	332.89
(b)	Additions during the year	0.00	17.50
(c)	Reductions during the year	(9.48)	(23.59)
(d)	Closing Balance	317.32	326.80
(iii)	Movement of Net NPIs		
(a)	Opening Balance	0.00	0.00
(b)	Additions during the year	0.00	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	0.00	0.00

S. No.	Particulars	31.03.2024	31.03.2023
(iv)	Movement of provisions for NPIs (excluding provision on standard assets)		
(a)	Opening balance	326.80	332.89
(b)	Provision made during the year	0.00	17.50
(c)	Write back of excess provision	(9.48)	(23.59)
(d)	Closing balance	317.32	326.80

3.3 Non-Performing Assets (3.1+3.2)

(Amount in ₹ crore)

S. No.	Particulars	31.03.2024	31.03.2023
(i)	Net NPA to Net Assets (Advances + Investments) (%)	0.00	0.00
(ii)	Movement of NPAs (Gross Advances + Gross Investments)		
(a)	Opening Balance	2368.58	2442.48
(b)	Additions during the year	0.00	18.04
(c)	Reductions during the year	(67.97)	(91.94)
(d)	Closing Balance	2300.61	2368.58
(iii)	Movement of Net NPAs		
(a)	Opening Balance	0.00	0.00
(b)	Additions during the year	0.00	0.00
(c)	Reductions during the year	0.00	0.00
(d)	Closing Balance	0.00	0.00
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
(a)	Opening balance	2368.58	2442.48
(b)	Provision made during the year	0.00	18.04
(c)	Write off / write back of excess provision	(67.97)	(91.94)
(d)	Closing balance	2300.61	2368.58

3.4 Particulars of Accounts Restructured

During the current Financial Year, two loan accounts were restructured.

	Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring		
	Asset Classification		Std	SS	Dful	Loss	Total	Std	SS	Dful
	Details									
1	Restructured Accounts as on 01 April 2023	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
2	Fresh restructured/ Advances during the year	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
3	Upgradation to restructured standard category during the FY	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
5	Downgradation of restructured accounts during the FY	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
6	Write offs/Recoveries of Restructured accounts during the FY	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								
7	Restructured accounts as on 31 March 2024	No. of Borrowers								
		Amount outstanding								
		Provision thereof*								

* Provision includes the normal standard assets provision and additional provision due to restructuring.



(Amount in ₹ Crore)

Bidding Mechanism		Others					Total				
Loss	Total	Std	SS	Dful	Loss	Total	Std	SS	Dful	Loss	Total
		8	0	2	0	10	8	0	2	0	10
		114.09	0.00	14.23	0.00	128.32	114.09	0.00	14.23	0.00	128.32
		7.09	0.00	14.23	0.00	21.32	7.09	0.00	14.23	0.00	21.32
		2	0	0	0	2	2	0	0	0	2
		144.77	0	0	0	144.77	144.77	0	0	0	144.77
		7.24	0	0	0	7.24	7.24	0	0	0	7.24
		0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0
		3	0	0	0	3	3	0	0	0	3
		26.16	0	0	0	26.16	26.16	0	0	0	26.16
		1.31	0	0	0	1.31	1.31	0	0	0	1.31
		0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0
		5	0	0	0	5	5	0	0	0	5
		11.73	0	0	0	11.73	11.73	0	0	0	11.73
		0.98	0	0	0	0.98	0.98	0	0	0	0.98
		7	0	2	0	9	7	0	2	0	9
		220.97	0.00	14.23	0.00	235.20	220.97	0.00	14.23	0.00	235.20
		12.04	0.00	14.23	0.00	26.27	12.04	0.00	14.23	0.00	26.27

3.5 Loan under Scheme for Sustainable Structuring of Stressed Assets (S4A)

During the year 2016-17, resolution plan for one stressed loan account to the extent of ₹46.91 crore was considered under Scheme for Sustainable Structuring of Stressed Assets. The details of resolution plan is given below:

(Amount in ₹ crore)

Particulars	2023-24
Part – A	
(i) Loan outstanding	0.00
Part – B	
(i) Equity Shares	0.00
(ii) Optionally Convertible Debentures	28.87
Total	28.87

The account is continued as NPI and 100% provision held against the outstanding balance as per S4A guidelines.

3.6 Movement of Non-Performing Assets

(Amount in ₹ crore)

S. No.	Particulars	2023-24	2022-23
(i)	Gross NPAs as on 01 April	2041.78	2109.59
(ii)	Additions (fresh NPAs) during the year	0.00	0.54
	Sub total (A)	2041.78	2110.13
	Less :		
(i)	Upgradations	0.00	43.28
(ii)	Recoveries (excluding recoveries made from upgraded accounts)	58.37	22.23
(iii)	Technical / Prudential Write offs	0.00	0.00
(iv)	Write offs other than those under (iii) above	0.12	2.83
	Sub-total (B)	58.49	68.34
	Gross NPAs as on 31 March (A-B)	1983.29	2041.78

3.7 Write-offs and recoveries

(Amount in ₹ crore)

Particulars	2023-24	2022-23
Opening balance of Technical / Prudential written off accounts as at 01 April	0.00	0.00
Add : Technical / Prudential write offs during the year	0.00	0.00
Sub total (A)	0.00	0.00
Less : Recoveries made from previously technical / prudential written off accounts during the year (B)	0.00	0.00
Closing balance as at 31 March (A-B)	0.00	0.00

Note: Technical or prudential write-off is the amount of non-performing loans which are outstanding in the books of the branches, but have been written-off (fully or partially) at Head Office level.

3.8 Overseas Assets, NPAs and Revenue

(Amount in ₹ crore)

Particulars	2023-24	2022-23
Total Assets	0.00	0.00
Total NPAs	0.00	0.00
Total Revenue	0.00	0.00

3.9 Depreciation and provisions on Investments

(Amount in ₹ crore)

S. No.	Particulars	2023-24	2022-23
(1)	Investments		
(i)	Gross Investments *		
	In India	69,693.73	48319.84
	Outside India	0.00	0.00
(ii)	Provision for Depreciation *		
	In India	317.32	326.80
	Outside India	0.00	0.00
(iii)	Net Investments *		
	In India	69,376.41	47993.04
	Outside India	0.00	0.00
(2)	Movement of provisions held towards depreciation on investments		
(i)	Opening balance	326.80	332.89
(ii)	Add: Provisions made during the year	0.00	17.50
(iii)	Appropriation, if any, from Investment Fluctuation Reserve Account during the year	0.00	0.00



S. No.	Particulars	2023-24	2022-23
(iv)	Less: Write off / write back of excess provisions during the year	(9.48)	(23.59)
(v)	Less: Transfer, if any, to Investment Fluctuation Reserve Account	0.00	0.00
(vi)	Closing balance	317.32	326.80

* the figures are excluding investments in Special Dev Debentures of SCARDBs

4. a) Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(Amount in ₹ crore)

Particulars	Face Value	Book Value
Pledged for Business Segment (Securities)	237.00 (177.00)	237.69 (176.66)
Pledged for Business Segment (CBLO / Tri Party Repo)	39131.28 (21690.15)	39250.46 (22822.95)
Pledged for Business Segment (Securities) Default Fund	50.00 (50.00)	51.75 (51.75)
Pledged for Business Segment (CBLO / Tri Party Repo) – Default Fund	50.00 (50.00)	51.75 (51.75)

- b) Investments in Government securities include the following securities pledged with Reserve of India as collateral security for Intra Day Limit:

(Amount in ₹ crore)

Particulars	Face Value	Book Value
Pledged for Intra Day Limit (Securities)	527.00 (527.00)	545.54 (545.54)

5. Provisions and Contingencies

(Amount in ₹ crore)

S. No.	Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	2023-24	2022-23
1	Provisions for depreciation on Investment	14.78	(10.64)
2	Provision towards NPA (Advances + Investments)	(67.97)	338.22
3	Provision made towards Income tax	1,990.00	1,520.00

6. Provisioning Coverage Ratio (PCR)

PCR [ratio of provisioning (including counter cyclical provisioning buffer as per Note no 2.2 of Schedule- 18) to gross non-performing assets] as at close of business for the current year stood at 187.56% (185.05%).

7. Investment Portfolio: Constitution and operations

7.1 Repo Transactions

(Amount in ₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March 2024
Securities sold under repo				
i. Government securities	1,277.38 (10.32)	5,141.30 (4100.67)	215.29 (124.23)	0.00 (4,175.76)
ii. Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Securities purchased under reverse repo				
i. Government securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
ii. Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

7.2 Disclosure of Issuer Composition for Investment in Debt Securities*

(Amount in ₹ crore)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	155.55 (155.58)	155.55 (155.58)	—	—	—
(ii)	Govt	53304.41 (37975.12)	53304.41 (37975.12)			
(ii)	FIs	619.97 (627.86)	619.97 (627.86)	—	—	—
(iii)	Banks	7280.13 (2638.56)	7280.13 (2638.56)	—	—	—
(iv)	Private Corporates	855.62 (936.15)	855.62 (936.15)	—	—	—
(v)	Subsidiaries / Joint Ventures	0.00 (0.00)	0.00 (0.00)	—	—	—
(vi)	Others	0.00 (0.00)	0.00 (0.00)	—	—	—
(vii)	Provision held towards depreciation	317.32 (326.80)	317.32 (326.80)	—	—	—
	Total	61898.36 (42006.47)	61898.36 (42006.47)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

* Debt securities consist of Govt. Securities including Treasury Bills, Non-Convertible Debentures, Commercial papers, Certificate of deposits etc shown at book value.

7.3 Sale and Transfers to / from HTM Category

During the year, State Govt. Development Loan (SDL) Securities were transferred from HTM to AFS category of the book value of ₹1619.17 crore (face value ₹1656.26 crore) and Central Government Securities were transferred from HTM to AFS category of the book value ₹737.79 crore (face value ₹810.63 crore). SDL Securities were transferred from AFS to HTM category of the book value of ₹0.00 crore (face value ₹0.00 crore) and Central Government Securities from AFS to HTM category of the book value ₹3183.83 crore (face value ₹2789.10 crore) during the year.

The market value of all investments held by NABARD under Held to Maturity (HTM) category was ₹11566.67 crore against the book value of ₹11305.23 crore as on 31st March 2024

7.4 In terms of RBI circular RBI/2015-16/104DBR. No.FID.FIC.3/01.02.00/2015-16 dated 01 July 2015 relating to Prudential Guidelines on Investment in Venture Capital Fund, an amount of ₹31.84 crore (₹24.95 crore) invested in the units of VCF was shifted from HTM category to AFS category, on completion of 3 years.

8. Details of Financial Assets purchased/sold

8.1 Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

- A. Details of Sales : NIL
B. Details of Book Value of Investments in Security Receipts : NIL

8.2 Details of Non Performing Financial Assets Purchased / Sold

- A. Details of non performing financial assets purchased : NIL
B. Details of non performing financial assets sold : NIL

9. Operating Results

S. No.	Particulars	2023-24	2022-23
(i)	Interest income as a percentage to working funds	6.14	5.39
(ii)	Non-Interest Income as a percentage to working funds	0.01	0.03
(iii)	Operating Profit as a percentage to working funds	1.06	0.97
(iv)	Net Profit per employee (₹ crore)	1.94	1.67



10. Credit Concentration Risk

10.1 Capital Market Exposure

(Amount in ₹ crore)

S. No.	Particulars	2023-24	2022-23
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt ^{ss}	1730.88	1708.93
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	0.00	0.00
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	0.00
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	0.00	0.00
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0.00	0.00
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	0.00	0.00
7	Bridge loans to companies against expected equity flows / issues;	0.00	0.00
8	Underwriting commitments taken up by the AIFI in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	0.00	0.00
9	Financing to stockbrokers for margin trading;	0.00	0.00
10	All exposures to Venture Capital Funds (both registered and unregistered)	414.51	326.36
	Total Exposure to Capital Markets	2145.39	2035.29

^{ss} Equity shares, subsidiaries and other strategic investments

10.2 Exposure to Country Risk: NIL

11. Prudential Exposure Limits- Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the AIFI

11.1 The number and amount of exposures in excess of the prudential exposure limits during the year: NIL

11.2 Credit exposure as percentage to Capital Funds and as percentage to Total Assets.

(Amount in ₹ crore)

S. No.	Category	2023-24		2022-23	
		Credit Exposure as % to		Credit Exposure as % to	
		Capital Funds	Total Assets	Capital Funds	Total Assets
I	Largest Single Borrower	65.08	5.36	71.49	6.09
II	Largest Borrower Group	NIL		NIL	
III	Twenty Largest Single Borrowers for the year	560.16	46.13	569.92	48.55
IV	Twenty Largest Borrower Groups	NIL		NIL	

11.3 Credit exposure to the five largest industrial sectors as percentage to total loan assets: Not Applicable

11.4 There are no advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken and hence the details w.r.t estimated value of such intangible collateral is not applicable.

11.5 Factoring exposures: Not Applicable

11.6 Exposure where the FI had exceeded that Prudential Exposure Limits during the year: NIL

12. Concentration of borrowings /lines of credit, credit exposures and NPAs

12.1 Concentration of borrowings and lines of credit

(Amount in ₹ crore)

S. No	Particulars	2023-24	2022-23
(i)	Total borrowings from twenty largest lenders	554469.25	486965.21
(ii)	Percentage of borrowings from twenty largest lenders to total borrowings	70.00	70.46

12.2 Concentration of credit exposures

(Amount in ₹ crore)

S. No.	Particulars	2023-24	2022-23
(i)	Total exposures to twenty largest borrowers	420172.85	389182.50
(ii)	Percentage of exposures to twenty largest borrowers to Total Advances of the AIFI	52.70	53.08

12.3 Sector-wise concentration of exposures and NPAs

The sector wise advances is given below:

(Amount in ₹ crore)

S. No.	Particulars	FY 2023-24			FY 2022-23		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
I.	Agricultural sector including allied agricultural activities*	797221.61	1983.25	0.25	733186.90	2041.54	0.28
1	Central Government	0.00	0.00	0.00	0.00	0.00	0.00
2	Central PSUs	0.00	0.00	0.00	0.11	0.00	0.00
3	State Governments	216838.69	0.00	0.00	197513.89	0.00	0.00
4	State PSUs	33188.01	0.00	0.00	27627.98	0.00	0.00
5	Scheduled Commercial Banks	168872.09	0.00	0.00	162773.94	0.00	0.00
6	Regional Rural Banks	76964.14	0.00	0.00	72917.73	0.00	0.00
7	Co-operative banks	170637.78	0.00	0.00	143819.11	0.00	0.00
8	Private sector (excluding banks)	97752.86	102.22	0.10	101861.22	114.38	0.11
9	Others SCARDB/LDB/NBFC-MFI/ ADFC	32968.04	1881.03	5.71	26672.93	1927.16	7.23
II.	Others	237.59	0.04	0.02	212.43	0.24	0.11
1	Construction Sector	0.00	0.00	0.00	0.00	0.00	0.00
2	Staff Loans#	237.59	0.04	0.02	212.43	0.24	0.11
	Total (I+II)	797459.20	1983.29	0.25	733399.33	2041.78	0.28

* Includes major loans such as RIDF, WIF, NIDA etc.

#grouped under "Other Advance" in Schedule-10.

12.4 Unhedged Foreign Currency Exposure: NIL (12.30 Million Euro)

13. Derivatives

13.1 Forward Rate Agreement/Interest Rate Swap – NIL

13.2 Exchange Traded Interest Rate derivatives – NIL

13.3 Disclosure on Risk exposure in derivatives:

Qualitative Disclosure

- The Bank uses Derivatives for hedging of exchange risk arising out of foreign currency borrowings. All derivatives undertaken by Bank are for hedging purposes with underlying as Foreign Currency Borrowings, which are not MTM, but only translated. The Bank does not undertake trading in Derivatives.
- Internal Control guidelines for hedging are framed and approved by the Board. The derivative structure is undertaken only after approval of the competent authority. The particulars of derivative details undertaken are also reported to ALCO.
- The Bank has put systems in place for mitigating the risk arising out of derivative

deals. The Bank follows the accrual method for accounting the transactions arising out of derivative deals.

Quantitative Disclosures

- The Bank does not trade in derivatives. However, it has hedged its International Borrowings to the extent of 0.00 million Euro (49.73 million Euro) and 69.48 million USD (48.05 million USD). Consequent upon hedging of foreign currency borrowings, the same is shown at contracted value as per the Swap agreement / forward contract. The bank has open exposure of 0.00 million (12.30 million) in Euro as on 31 March 2024.
- The value of outstanding principal amount of hedge contract at the year-end exchange rate stood at ₹579.49 crore (₹840.66 crore). The value of outstanding principal liability in the books of account stood at ₹551.52 crore (₹909.98 crore). The quantitative disclosure in this regard is as under:



(Amount in ₹ crore)

S. No.	Particular	Current Year		Previous Year	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	551.52		799.76	
	b) For trading	--		--	
(ii)	Marked to Market Positions				
	a) Asset (+)	17.00		61.77	
	b) Liability (-)	--		--	
(iii)	Credit Exposure ^[2]	17.00		61.77	
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	(1.07)		9.70	
	b) on trading derivatives	--		--	
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	--		--	
	b) on trading	--		--	

14. Disclosure of Letters of Comfort (LoCs) issued by AIFIs : NIL**15. Asset Liability Management**

The maturity pattern of assets and liabilities are prepared in terms of the ALCO policy of the bank as under:

(Amount in ₹ crore)

Particulars	1 -14 d	15-28d	29d-3m	>3m-6m	>6m-1y	>1y-3y	>3y-5y	>5y	Total
Deposits	34.22	8599.50	34.22	7797.79	94320.52	87892.45	69345.75	33933.62	301958.07
Advances	11027.84	12415.11	78840.31	57803.69	180526.49	212498.47	122588.60	119403.79	795104.30
Investments	10018.85	10038.28	27401.43	9625.01	3527.07	879.86	1051.51	7285.78	69827.79
Borrowings	34018.04	9682.60	106605.03	10991.57	60226.72	94990.33	41162.10	129004.77	486681.16
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency liabilities	0.00	0.00	29.17	0.00	49.31	76.79	76.81	319.44	551.52

16. Draw Down from Reserves: NIL**17. Business Ratio**

Particulars	2023-24	2022-23
Return on Equity (%)	8.85	8.50
Return on Assets (%)	0.77	0.74
Net Profit Per Employee (₹ crore)	1.94	1.67

18. Disclosure of Penalties imposed by RBI – NIL**19. Disclosure of Complaints****(a) Customer Complaints**

S. No.	Particulars	2023-24	2022-23
(a)	No. of complaints pending at the beginning of the year	9	16
(b)	No. of complaints received during the year	85	85
(c)	No. of complaints redressed during the year	72	92
(d)	No. of complaints pending at the end of the year	22	9

20. **Off-Balance Sheet SPVs Sponsored (which are required to be consolidated as per accounting norms)** - There are no SPVs sponsored by NABARD.

21. **Disclosure as per specific accounting Standards**

21.1 **Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies.**

Prior period items included in the Profit and Loss account are as follows:

(Amount in ₹ crore)

S. No.	Particulars	2023-24	2022-23
1.	Income	0.00	0.00
2.	Revenue Expenditure	0.00	0.00
	Total	0.00	0.00

21.2 **Accounting Standard 15 – Employee Benefits Disclosure required under AS 15 (Revised) on “Employee Benefits”**

21.2.1 **Defined Benefit Plans**

Employees Retirement Benefit plans of the bank include Pension in respect of employees who joined the bank on or before 31st December, 2011, Gratuity, Leave Encashment and Post-Retirement Medical Benefits, which are defined benefit plans. The present value of obligation is determined based on actuarial valuation, by an independent Actuary, using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Principal Actuarial Assumptions and the basis of these assumptions

Actuarial Assumptions	Pension		Gratuity		Leave Benefits	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Discount Rate	7.35%	7.60%	7.35%	7.60%	7.35%	7.60%
Expected Return on Plan Assets	7.35%	7.60%	7.35%	7.60%	7.35%	7.60%
Rate of Escalation In salary	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Changes in Present value of the obligation

(Amount in ₹ crore)

	Pension		Gratuity		Leave Benefits	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Present value of Obligation at the beginning of period	8481.01	7892.53	422.29	435.62	365.22	344.05
Add: Current Service Cost	82.57	495.61	26.48	24.07	11.63	11.06
Add: Interest Cost	621.80	551.85	32.09	31.36	27.76	24.77
Actuarial (gain)/loss	1261.65	0.94	18.81	40.45	49.55	69.63
Less : Benefits paid	(575.57)	(459.92)	(82.96)	(109.21)	(75.66)	(84.29)
Present value of defined benefits obligations at the year end	9871.46	8481.01	416.71	422.29	378.50	365.22

Changes in the Fair Value of the Plan Assets

(Amount in ₹ crore)

	Pension		Gratuity		Leave Benefits	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Fair value of Plan Assets, at the beginning of period	8482.47	7583.51	397.74	423.11	121.52	198.31
Add: Expected return on Plan assets	625.20	533.08	30.23	30.46	9.24	14.27
Add: Contributions by Bank	1074.75	930.03	53.70	60.66	0.00	0.00
Actuarial gain/(loss)	139.43	(104.24)	8.74	(7.28)	2.80	(6.77)



	<i>Pension</i>		<i>Gratuity</i>		<i>Leave Benefits</i>	
	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>
Less : Benefits paid	(533.20)	(429.14)	(82.96)	(109.21)	(46.98)	(84.29)
Less: Reimbursement Payable by Employer	(42.37)	(30.77)	0.00	0.00	0.00	0.00
Fair value of Plan Assets as at the end of the period	9746.28	8482.47	407.45	397.74	86.58	121.52

Actual Return on Plan Assets

(Amount in ₹ crore)

	<i>Pension</i>		<i>Gratuity</i>		<i>Leave Benefits</i>	
	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>
Expected return on Plan Assets	625.20	533.08	30.23	30.46	9.24	14.28
Actuarial gain/(loss)	139.43	(104.24)	8.74	(7.28)	2.80	(6.77)
Actual Return on Plan Assets	764.63	428.84	38.97	23.18	12.04	7.51

Net Actuarial Gain / (loss) Recognized

(Amount in ₹ crore)

	<i>Pension</i>		<i>Gratuity</i>		<i>Leave Benefits</i>	
	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>
Actuarial gain / (loss) for the period - Obligations	(1261.65)	(0.94)	(18.81)	(40.45)	(49.55)	(69.63)
Actuarial gain / (loss) for the period - Plan Assets	139.43	(104.24)	8.74	(7.28)	2.80	(6.77)
Total Gain / (Loss) for the period	(1122.22)	(105.18)	(10.07)	(47.73)	(46.75)	(76.40)
Actuarial gain or (loss) recognised in the period	(1122.22)	(105.18)	(10.07)	(47.73)	(46.75)	(76.40)
Unrecognised Actuarial gain / (loss) at the end of the year	0.00	0.00	0.00	0.00	0.00	0.00

Amount recognized in Balance Sheet

(Amount in ₹ crore)

	<i>Pension</i>		<i>Gratuity</i>		<i>Leave Benefits</i>	
	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>
Present value of defined benefits obligations as at the year end	9871.46	8481.01	416.71	422.29	378.50	365.22
Less : Fair value of plan assets as at the year end*	9746.28	8482.47	407.45	397.74	0.00	0.00
Unrecognised Past Service cost - vested benefits – Carried Forward	0.00	0.00	0.00	0.00	0.00	0.00
Liability to be Recognised in the Balance Sheet	125.18	(1.46)	9.26	24.55	378.50	365.22
Liability Recognised in the Balance Sheet	126.64	0.00	10.47	25.75	378.50	365.22

*Since there is no separate trust for leave benefits, the fair value of plan assets for investments ₹86.58 crores (PY ₹121.52 crores) made by the bank and held as investment in its books is not deducted.

Expense to be recognized in Profit and loss Account

(Amount in ₹ crore)

	Pension		Gratuity		Leave Benefits	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Current Service Cost	82.57	495.61	26.48	24.07	11.63	11.06
Add: Interest cost	621.81	551.85	32.09	31.36	27.76	24.77
Less: Expected return on Plan assets	(625.20)	(533.08)	(30.23)	(30.46)	0.00	0.00
Add : Net Actuarial (gain)/ loss recognized in Year	1122.22	105.18	10.07	47.73	49.55	69.63
Expenses to be recognized in the statement of profit and loss	1201.40	619.56	38.41	72.70	88.93	105.46
- Of which, out of earlier year provisions	0.00	187.33	0.00	43.95	0.00	0.00
- Contributions received from employees	0.00	103.25	0.00	0.00	0.00	0.00
- Charged to Profit and loss account	1201.40	328.78	38.41	28.75	88.93	105.46

* Since there is no separate trust for leave benefits and the investment made by the bank are held as investment in its books no effect in respect of expected return and actuarial gain/loss in respect of the same is considered in the above table.

21.2.2 Defined Contribution Plan:

- The bank contributes its share to Provident Fund with NABARD Pension Fund Trust. As per the terms, the contribution is a defined contribution plan. During the year the bank has contributed ₹38.34 crore (₹91.42 crore) with NABARD Pension Fund Trust.
- The employees recruited on or after 01 January 2012 are covered under New Pension Scheme, which is a defined contribution plan. During the year the bank has contributed ₹23.38 crore (₹18.56 crore) to the said scheme.

21.2.3 Post-Retirement Medical Benefits

The present value of defined benefit obligation in respect of post-retirement medical benefits accounted in Profit and Loss Account is ₹34.72 crore (₹21.55 crore).

- The aforesaid liabilities include liabilities of employees deputed to subsidiaries.

21.2.3.2 Amortisation of Post-retirement benefits

The entire liability towards post-retirement benefits are charged to Profit and Loss account and are not amortized.

21.2.4 Investment under Plan Assets of Pension, Gratuity & Leave Benefits Fund as on 31 March 2024

Particulars	Pension	Gratuity	Encashment of OL
	% of Plan Assets	% of Plan Assets	% of Plan Assets
Central Govt. Securities	0.00	0.00	0.00
State Govt. Securities	0.00	0.00	0.00
Insurer Managed Funds	100.00	100.00	100.00
Others	0.00	0.00	0.00
Total	100.00	100.00	100.00

21.3 Accounting Standard 17 – Segment Reporting Information on Business Segment

a) Brief Background

The Bank has recognised Primary segments as under:

- Direct Finance: Includes Loans given to state governments and other agencies for rural infrastructure development, co-finance loans and loans given to voluntary agencies/non-governmental organizations for developmental activities and other direct loans to Public Sector Banks, Private Banks, Small Finance Banks, Foreign Banks, and Co-operative Banks etc.



- ii) Refinance: Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs, Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.
- iii) Treasury: Includes investment of funds in treasury bills, short-term deposits, government securities, etc.

- iv) The segments other than the above three primary segments is other business segments. After finding out the results of the three primary segments based on the direct income and direct expenses, the balance amounts including un-allocable expenses/ liabilities/ assets are grouped under "Other Business".

(b) Information on Primary Business Segment

(Amount in ₹ crore)

<i>Particulars</i>	<i>Treasury</i>		<i>Refinance</i>		<i>Direct Lending</i>		<i>Other Business</i>		<i>Total</i>	
<i>Business Segments</i>	<i>2023-24</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2022-23</i>
Revenue	5341.75	2749.93	24528.07	19663.31	18909.70	16810.54	67.08	106.75	48846.60	39330.53
Result	618.77	161.62	4439.17	5618.98	6172.90	2491.03	(3162.94)	(1716.92)	8067.90	6554.71
Unallocated Expenses									0.00	0.00
Operating Profit									8067.90	6554.71
Income Taxes									1964.78	1194.91
Extraordinary profit / loss									0.00	0.00
Net Profit									6103.12	5359.80
Other Information										
Segment Assets	101692.90	57335.46	430623.59	395164.08	368992.13	338679.79	9553.94	10473.06	910862.56	801652.39
Segment Liabilities	110712.29	91083.64	341185.02	302270.88	373276.76	330288.59	85688.49	78009.28	910862.56	801652.39
Unallocated Assets									0.00	0.00
Total Assets									910862.56	801652.39
Unallocated Liabilities									0.00	0.00
Total Liabilities									910862.56	801652.39

- (c) Since the operations of the Bank are confined to India only, there is no reportable secondary segment.

21.4 Accounting Standard 18 – Related Party Disclosures

As the Bank is state controlled enterprise within the meaning of AS-18 "Related Party Transactions", the details of the transactions with other state controlled enterprises (including its subsidiaries) are not given. List of Related Parties:

a) Companies where entity has control:

<i>S. No.</i>	<i>Companies</i>	<i>Relationship</i>
1.	NABFINS Limited	Subsidiary
2.	NABSAMRUDDHI Finance Limited	Subsidiary
3.	NABKISAN Finance Limited	Subsidiary
4.	Nabard Consultancy Services Pvt. Ltd.	Wholly owned Subsidiary

<i>S. No.</i>	<i>Companies</i>	<i>Relationship</i>
5.	NABVENTURES Limited	Wholly owned Subsidiary
6.	NABFOUNDATION	Wholly owned Subsidiary
7.	NABSanrakshan Trustee Private Limited	Wholly owned Subsidiary

b) Key Management Personnel:

<i>S. No.</i>	<i>Name of the party</i>	<i>Designation</i>
1.	Shri Shaji K V	Chairman
2.	Shri P V S Suryakumar*	Deputy Managing Director
3.	Goverdhan Singh Rawat**	Deputy Managing Director
4.	Ajay K Sood**	Deputy Managing Director

* Retired on 31st July 2023

** Appointed w.e.f 6th November 2023

c) Significant transactions with related parties

(Amount in ₹ crore)

Items / Related	Subsidiaries	Associates/ Joint ventures	Key Management Personnel @	Relatives of Key Management Personnel	Total
Borrowings[#]	-	-	-	-	-
Deposit[#]	-	-	-	-	-
Placement of deposits[#]	-	-	-	-	-
Advances[#]	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Investments[#]	-	-	-	-	-
Outstanding at the year end	-	-	-	-	-
Maximum during the year	-	-	-	-	-
Non funded commitments[#]	-	-	-	-	-
Leasing arrangements availed[#]	-	-	-	-	-
Leasing arrangements provided[#]	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Interest paid	-	-	-	-	-
Interest Received	-	-	-	-	-
Rendering of services[*]	-	-	-	-	-
Receiving of services[*]	-	-	-	-	-
Management Contracts^{**}	-	-	0.52	-	0.52

@ Whole time directors of the Board

The outstanding at the year end and the maximum during the year are to be disclosed

* Contract services etc. and not services like remittance facilities, locker facilities etc.

** Remuneration to Key Management Personnel.

21.5 Accounting Standard 22 – Accounting for Taxes on Income

The Bank, during the year, in accordance with AS 22 “Accounting for taxes on Income”, recognized in the Profit and Loss Account the deferred tax asset of (-) ₹25.21 crore. The details of total deferred tax asset as on 31.03.2024 are as under:

(Amount in ₹ crore)

S. No.	Deferred Tax Assets	31-03-2024	31-03-2023
1.	Provision allowable on payment basis	175.14	148.78
2.	Depreciation on Fixed Assets	15.08	16.23
	Total	190.22	165.01

Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

21.6 Accounting Standard 28 – Impairment of Assets

In the opinion of the Bank’s management, there has been no indication requiring the testing of impairment to assets to which AS 28 – “Impairment of Assets” applies requiring the provision.

22. LTC benefits to employees are accounted for as and when the same is availed by the employees.

23. **Un-amortised Pension and Gratuity Liabilities:** Nil

24. Details of loans transferred/ acquired during the Quarter ended March 31, 2024 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

- Bank has not transferred any Non-Performing Assets (NPAs)/ Technical written off accounts (TWO).
- Bank has not acquired any stressed loans.
- Bank has not transferred or acquired any loan not in defaults.



- d) The distribution of the Security Receipts (SRs) held by bank across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies as at March 31, 2024: NIL
25. Details of resolution plan implemented under Resolution Framework for COVID 19 related stress as per RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021: NIL
26. In terms of the agreement with Kreditanstalt Fur Wiederaufbau - German Development Bank (KfW), accretion / income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as "Other Loans" and disclosed under Schedule 11. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 7. During the year, a sum of ₹14.96 crore (₹16.98 crore), representing total expenditure of ₹16.14 crore over income of ₹1.18 crore under the fund, has been charged to Profit & Loss Account.
27. NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable. Interest on unutilized balances has been credited to the following funds as per the respective agreements / as approved by the management/Board of Directors. The details of rate of interest for respective funds are as under:

S. No.	Name of the Fund	Rate of Interest for 2023-24	Rate of Interest for 2022-23
1.	Watershed Development Fund	3%	3%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Rajasthan)	3%	3%
3.	KfW Accompanying Measures	3%	3%
4.	National Adaptation Fund for Climate change	3%	3%
5.	Tribal Development Fund	3%	3%
6.	Financial Inclusion Fund	3%	3%
7.	KfW NB- V Adivasi Development Programme- Gujarat	3%	3%
8.	Climate Change - (AFB) - Project Formulation Grant	3%	3%
9.	LTIF Interest Fluctuation Reserve Fund	3%	3%
10.	PODF-ID	3%	3%
11.	CCF-ID	3%	-
12.	Green Climate Fund Project Grants	3%	3%

S. No.	Name of the Fund	Rate of Interest for 2023-24	Rate of Interest for 2022-23
13.	Cattle Development Fund (UP & Bihar)	7.29%	4.20%
14.	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareilly)	7.29%	4.20%
15.	Center for Professional Excellence in Co-operatives.	7.29%	4.20%

28. Recoverable from Government of India / International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹1.08 crore (₹2.81 crore) being debit balance of various funds.

The details of such funds are as under:

(Amount in ₹ crore)

S. No.	Name of the Fund	31-03-2024	31-03-2023
1.	KfW- UPNRM – Accompanying Measures	0.00	0.07
2.	KfW- Soil Project	0.00	1.66
3.	NAFCC	1.08	1.08

29. Pursuant to the directions of RBI, the relative margin available to the Bank in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund (WIF) deposits and Food Processing Fund (FPF), placed by the Commercial Banks is credited to Financial Inclusion Fund and Climate Change Fund-ID.

30. Interest Subvention received / receivable from Government of India (GOI) under various schemes has been adjusted from interest and financial charges under Schedule 14. The amount of interest subvention adjusted under different schemes is given below:

(Amount in ₹ crore)

S. No.	Scheme	2023-24	2022-23
1.	Long Term Irrigation Fund	558.87	524.80
2.	Seasonal Agricultural Operations (SAO)	(70.68)	(944.73)
3.	Dairy Infrastructure Development Fund (DIDF)	35.07	21.59
4.	National Rural Livelihood Mission (NRLM)	67.08	9.18
5.	Micro Irrigation Fund (MIF)	73.62	64.68
6.	Fisheries and Aquaculture Infrastructure Development Fund (FIDF)	17.94	11.27

31. Interest Margin on providing refinance under interest subvention scheme to StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for Seasonal Agricultural Operations and under NRLM scheme has been accounted

as interest income. The amount received / receivable from GOI under the scheme stood at ₹122.26 crore (₹112.95 crore).

32. The details of pending Income Tax Appeals with various authorities are given below:

S. No.	Assessment Year#	Authority where Appeal is pending	Appeal preferred by	Amount of tax in dispute as on 31-03-2024 (₹ Crore)	Amount of tax in dispute as on 31-03-2023 (₹ Crore)
1	2002-03	High Court – Mumbai	IT Dept.	415.00	415.00
2	2006-07	High Court – Mumbai	IT Dept.	217.85	217.85
3	2007-08	High Court – Mumbai	IT Dept.	88.56	0.00
4	2008-09	High Court – Mumbai	IT Dept.	118.77	118.77
5	2009-10	High Court – Mumbai	IT Dept.	194.82	194.82
6	2010-11	High Court – Mumbai	NABARD	28.20	28.20
7	2010-11	High Court – Mumbai	IT Dept.	215.32	0.00
8	2011-12	Income Tax Appellate Tribunal (ITAT)	NABARD	51.07	51.07
9	2011-12	Income Tax Appellate Tribunal (ITAT)	IT Dept.	287.62	287.62
10	2012-13	Income Tax Appellate Tribunal (ITAT)	NABARD	45.63	45.63
11	2012-13	Income Tax Appellate Tribunal (ITAT)	IT Dept.	327.03	327.03
12	2013-14	Income Tax Appellate Tribunal (ITAT)	NABARD	1.70	1.70
13	2013-14	Income Tax Appellate Tribunal (ITAT)	IT Dept.	380.05	380.05
14	2014-15	Income Tax Appellate Tribunal (ITAT)	IT Dept.	450.61	450.61
15	2015-16	Income Tax Appellate Tribunal (ITAT)	IT Dept.	448.87	448.87
16	2019-20	Income Tax Appellate Tribunal (ITAT)	IT Dept.	254.38	0.00
17	2019-20	Income Tax Appellate Tribunal (ITAT)	NABARD	0.59	0.00
18	2016-17	Commissioner of Income Tax (Appeals)	NABARD	407.23	407.23
19	2017-18	Commissioner of Income Tax (Appeals)	NABARD	360.69	360.69
20	2018-19	Commissioner of Income Tax (Appeals)	NABARD	278.52	278.52
21	2020-21	Commissioner of Income Tax (Appeals)*	NABARD	0.00	74.21

*A partially favourable order has been passed by CIT(A) and NABARD is in the process of preferring an appeal before the ITAT.

Tax provision in respect of the aforesaid cases have been duly made in the books of accounts, based on the best estimates of the management which is considered reasonable.

33. Free hold land and Lease Land and Premises include ₹11.85 crore (₹14.00 crore) paid towards various Office Premises and Staff Quarters for which conveyance is yet to be completed. In respect of plot for office at Guntur, the execution of conveyance deed is pending; total amount paid for plot acquisition is ₹6.83 crore (₹6.83 crore). In respect of plot at Chennai, the conveyance deed which was pending for registration in FY 2022-23 has been executed and registered.
34. Pursuant to the directives of RBI, the project loans provided to State Co-operative Agriculture and Rural Development Banks (SCARDBs) by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:

- 34.1 Classified as Investments and shown in Schedule – 10 under the head ‘Debenture and Bonds’.

- 34.2 Interest earned on the same is shown as a part of ‘Interest received on Loans and Advances’ in the Profit and Loss Account, treating them as ‘Deemed Advances’.

- 34.3 ‘Deemed Advances’ for the purpose of IRAC norms, capital adequacy and computation of ratios etc.

35. During the year, the Bank has accounted for ₹243.00 crore on estimated basis towards wage settlement effective from November 2022.

36. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹407.85 crore (₹659.51 crore) pertains



to projects yet to be grounded under ongoing Tranches (XXII to XXVIII). Pending receipt of the proposal from State Government for adjustment of the amount with the respective/ other projects, the amount has been classified as disbursement from the fund.

37. In respect of one of the borrower's account, full provision had been made in the earlier years and the resolution process under IBC initiated. Pursuant to the award of the Hon'ble NCLT Kolkata, based on the resolution plan under IBC, NABARD (being a dissenting member) has received an amount of ₹121.14 crore during the year towards the distribution of the receivables available to the members of CoC. NABARD, with a view that it has priority towards recovery over other lenders, has initiated legal proceedings in this regard, the outcome of which is awaited. Pending the outcome for further recovery, the bank has accounted for the receipts as interest to the extent of ₹64.37 crore being the amount claimed towards interest in its claims filed before the Resolution Professional and the differential amount of ₹56.77 crore has been adjusted towards the principal outstanding.
38. In terms of Central Board of Direct Taxes, Ministry of Finance notification dated 18 February 2016, NABARD

was allowed to raise tax free bonds having benefits under section 10(15)(iv)(h) of the Income Tax Act 1961 amounting to ₹5,000 crore. Accordingly, ₹1,500 crore repayable in 10 year tenure was mobilized through Private Placement and ₹3,500 crore repayable in 10 & 15 year tenure was mobilized through public issue. The tax free bonds are in the nature of secured, redeemable and non-convertible bonds. These bonds are secured against pari passu charge on property situated in Mumbai and also first charge on specified book debts of NABARD. The interest charge to revenue pertaining to these bonds for the current year is ₹365.64 crore (₹365.41 crore).

The details of the debenture Trustee is as under:

Axis Trustee Services Limited,

The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai - 400028
Telephone: +91 22 6230 0451

39. Figures in brackets pertain to previous year.
40. Previous year's figures have been regrouped/ rearranged wherever necessary.

As per our attached report of even date.
For MKPS & Associates
Chartered Accountants
FRN: 302014E

CA Ramakrishna Mani
Partner
Membership No.: 032271

Mumbai
Date - 24 May 2024

S. Srinath
Chief General Manager
Accounts Department

Shaji K. V.
Chairman

Goverdhan Singh Rawat
Deputy Managing Director

Dr. Ajay Kumar Sood
Deputy Managing Director

National Bank for Agriculture and Rural Development
Standalone Cash flow for the year ended 31 March 2024

(Amount in ₹ crore)

Particulars	2023-24	2022-23
(a) Cash flow from Operating activities		
Net Profit as per Profit and Loss a/c before tax	8,067.91	6,554.70
Adjustment for:		
Depreciation	47.78	50.17
Provisions and Amortisations	-	-
Provision for Non-performing Assets	(67.97)	338.22
Provision for Standard Assets	370.00	201.00
Floating Provision	-	-
Depreciation in value of Investment Account - Equity	14.78	(10.64)
Provision for sacrifice in interest element of Restructured Loan	-	-
Profit / (Loss) on sale of Fixed Assets	(0.75)	(0.66)
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	194.47	279.85
Income from Investment (including Discount Income)	(5,310.25)	(2,666.86)
Operating profit before changes in operating assets	3,315.97	4,745.78
Adjustment for changes in working capital :		
(Increase) / Decrease in Current Assets	(17,498.84)	(4,334.36)
Increase / (Decrease) in Current Liabilities	2,499.61	299.05
(Increase) / Decrease in Loans and Advances (Including Housing Loan & Other Advances to Staff)	(64,420.36)	(51,416.55)
Cash generated from operating activities	(76,103.62)	(50,706.08)
Income Tax paid - Net of refund	(2,095.57)	(875.26)
Net cash flow from operating activities (A)	(78,199.19)	(51,581.34)
(b) Cash flow from Investing activities		
Income from Investment (including Discount Income)	5,310.25	2,666.86
Purchase of Fixed Asset	(74.61)	(32.72)
Sale of Fixed Assets	6.78	7.11
(Increase) / Decrease in Investment	(21,388.70)	17,524.03
Net cash used / generated from investing activities (B)	(16,146.28)	20,165.28
(c) Cash flow from financing activities		
Grants / contributions received	186.79	(4,950.48)
Proceeds of Bonds	39,472.85	16,084.55
Increase / (Decrease) in Borrowings	29,826.19	143.28
Increase / (Decrease) in Deposits	23,857.20	25,974.18
Withdrawal/Addition from Reserve Fund	-	389.31
Increase in Share capital	-	-
Net cash raised from financing activities (C)	93,343.03	37,640.84
Net increase in cash and cash equivalent (A)+(B)+(C)	(1,002.44)	6,224.77



Cash and Cash equivalent at the beginning of the year	8,311.26	2,086.49
Cash and cash equivalent at the end of the year	7,308.82	8,311.26
Cash and cash equivalent at the end of the year includes :		
Cash in hand	-	-
Balance with Reserve Bank of India	3,561.58	4,800.93
Balances with other Banks in India	3,747.24	3,110.33
Remittances in Transit	-	400.00
Total	7,308.82	8,311.26

Note: Cashflow Statement is prepared as per Indirect method.

As per our attached report of even date
for MKPS & Associates
Chartered Accountants
FRN: 302014E

CA. Ramakrishnan Mani
Partner
Membership No.: 032271

Mumbai
Date : 24 May 2024

S. Srinath
Chief General Manager
Accounts Department

Shaji K. V.
Chairman

Goverdhan Singh Rawat
Deputy Managing Director

Dr. Ajay Kumar Sood
Deputy Managing Director



ANNUAL ACCOUNTS 2023-24

Consolidated Balance sheet

Profit & Loss Account & Cash Flow 2023-24 of NABARD

INDEPENDENT AUDITOR'S REPORT

To:
The President of India

Report on the audit of the consolidated financial statements

1. Opinion

We have audited the accompanying Consolidated Financial Statements of National Bank for Agriculture and Rural Development ('the Holding Bank' or 'NABARD') and its 7 (seven) subsidiaries (the Holding Bank and its subsidiaries collectively referred to as 'Group'), which comprise the Consolidated Balance Sheet as at March 31, 2024, Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information ('Consolidated Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements are full and fair financial statements containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the consolidated state of affairs of the group as at March 31, 2024, its consolidated profits and its consolidated cash flows for the year ended on that date and read with the notes on the consolidated financial statements, give the information in conformity with National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984 and the Accounting Standards notified by the Institute of Chartered Accountants of India ('ICAI') and accounting principles generally accepted in India.

2. Basis of opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') issued by the ICAI. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. Those Standards require that we comply with ethical requirements. We are independent of the Group in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our opinion.

3. Emphasis of matter

Attention is invited to Note No. A-2 "Basis of Consolidation" of the Significant Accounting Policies in Schedule-18. Our report is not modified in respect of the above matter.

4. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year. These matters were addressed in the context of our audit of the Consolidated Financial Statements, as a whole, and in forming our opinion thereon, we do not provide a separate opinion on the key audit matters. In our professional judgement, we have decided the following to be the key audit matter to be communicated in our report:

<i>Particulars of the Key Audit Matter in respect of the Holding Bank</i>	<i>Audit processes in the matter</i>
<p>Multiple IT Systems:</p> <p>The Holding Bank is dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The audit approach relies extensively on several reports generated by interface of these IT systems and inbuilt automated controls therein.</p> <p>The major IT systems concerning the financial reporting process include:</p> <ul style="list-style-type: none"> • CLMAS – transactions processing, workflows and financial reporting system • TALMS – Treasury Operations • Empower HRMS – HR and payroll • FAMS – Property, Plant and Equipment and processing of expenses • Interface/interplay of one or more of above systems in building up or generating reports <p>IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data.</p> <p>Management of the Holding Bank continuously endeavors several remediation activities and is in the process of bettering the implementation thereof aiming at minimization of the risks over IT applications in the financial reporting process.</p> <p>These includes implementation of preventive and detective controls across critical applications and infrastructure.</p> <p>Due to the pervasive nature, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.</p>	<p>We performed a range of audit procedures in course of the audit of Standalone Financial Statements of the Holding Bank, which included:</p> <p>Review of the report of IS Audit carried out for half year ending September 30, 2023 by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting.</p> <p>Our audit tests were designed to cover the following:</p> <ul style="list-style-type: none"> • understanding the Bank's IT control environment and key changes in the course of our audit that were considered relevant to the audit; • selectively recomputing interest calculations and maturity dates; • Selectively re-evaluating masters updation, interface with resultant reports; • Selective testing of the interface of CLMAS with other IT systems like TALMS, Empower and several workflows; • Having regard to the incidences of incorrect system entries getting posted in the accounting system, detailed inquiries were made into 'root cause analysis' and about lack of adequate checks and balances around such entries, to obtain suitable explanations and representations. • Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system), so as to rectify the incorrect entries noticed during the audit. • To avoid the scope of incorrect system entries, have more useful system generated reports and to include more features/ fields into the system, the development of CLMAS 2.0 is under process.

5. Information other than the financial statements and auditor's report thereon

The Holding Bank's Management and Board of Directors of the Holding Bank are responsible for the preparation of the other information, comprising of the information such as Report of Board of Directors and such other disclosures included in the Holding Bank's annual report, excluding the Financial Statements and auditors' report thereon ('Other Information').

The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the Consolidated Financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information and if we conclude that there is a material misstatement therein, we are required to

communicate the matter to those charged with governance as required under SA 720 'The Auditor's Responsibilities Relating to other Information'.

6. Management's responsibility for the consolidated financial statements

The Holding Bank's Management and the Board of Directors are responsible for the preparation of the Consolidated Financial Statements in accordance with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984 as AS -21 - Consolidated Financial Statements issued by ICAI, that give a true and fair view of the consolidated financial position, consolidated financial performance, and consolidated cash flows of the group. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, design, implementation and maintenance of adequate internal financial controls, that were operating effectively for



ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the Holding Bank and of companies included in the Group are also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Holding Bank and of companies included in the Group are also responsible for overseeing the Group's financial reporting process.

7. Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated

Financial Statements. Our audit processes in accordance with the SAs are narrated in Annexure 1 to this report.

8. Other matters

We have made interim visits to 16 Regional Offices and 2 Staff Colleges in the second half of financial year 2023-24 for the purposes of audit and the same including Head Office of the Holding Bank, account for 89.82% of advances, 99.84% of deposits, 91.86% of interest income and 99.98% of interest expenses as on 31.03.2024. These Offices and Staff College have been selected in consultation with the management of the Bank. We have not visited any offices of the Bank other than HO after the year end as per the practice consistently followed over the years but have reviewed the returns and information pursuant to our requirements from the Regional Offices and Staff Colleges of the bank sent to the Head Office. As regards the financial statements of seven subsidiaries incorporated in these financial statements, we have relied on their audited financial statements.

9. Report on other legal and regulatory requirements

We report that the Consolidated Financial Statements have been prepared by the holding bank in accordance with the requirements of Accounting Standard (AS) 21- 'Consolidated Financial Statements'. As per the information and explanations provided to us and in our opinion, the Consolidated Financial Statement comply with the applicable accounting standards, in all material aspects.

For MKPS & Associates

Chartered Accountants

Firm's Registration. No- 302014E

CA. RAMAKRISHNAN MANI

Partner

Membership No. 032271

Place: Mumbai

Date: May 24, 2024

UDIN: 24032271BKBFNK5972

ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT

(referred to in para 7 titled "Auditor's Responsibility for the
Audit of the Consolidated Financial Statements")

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks and obtain audit evidence for material items that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Group.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period as per our professional judgement and are therefore Key Audit Matters. We describe such matters in our Auditor's Report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2024

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Funds and Liabilities</i>	<i>Schedule</i>	<i>As on 31.03.2024</i>	<i>As on 31.03.2023</i>
1	Capital		17,080.00	17,080.00
	(Under Section 4 of the NABARD Act, 1981)			
2	Reserve Fund and Other Reserves	1	56,589.90	50,288.37
3	Minority Interest	1A	307.70	247.21
4	National Rural Credit Funds	2	16,106.00	16,102.00
5	Gifts, Grants, Donations and Benefactions	3	6,691.17	6,711.28
6	Government Schemes	4	1,506.36	1,106.99
7	Deposits	5	3,01,958.08	2,78,100.87
8	Bonds and Debentures	6	2,86,150.10	2,46,677.25
9	Borrowings	7	2,01,238.41	1,64,130.89
10	Current Liabilities and Provisions	8	24,868.05	22,411.45
	Total		9,12,495.77	8,02,856.31
	Forward Foreign Exchange Contracts (Hedging) as per contra		579.49	950.88

Schedules referred to above form an integral part of accounts

**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2024**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Property and Assets</i>	<i>Schedule</i>	<i>As on 31.03.2024</i>	<i>As on 31.03.2023</i>
1	Cash and Bank Balances	9	37,839.75	16,854.99
2	Investments	10	69,286.60	48,003.10
3	Advances	11	7,96,339.14	7,31,891.69
4	Fixed Assets	12	564.51	543.30
5	Other Assets	13	8,465.77	5,563.23
	Total		9,12,495.77	8,02,856.31
	Forward Foreign Exchange Contracts (Hedging) as per contra		579.49	950.88
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of accounts

As per our attached report of even date

For MKPS & Associates
Chartered Accountants
FRN: 302014E

CA. Ramakrishnan Mani
Partner
Membership No.: 032271
Mumbai
Date : 24 May 2024

S. Srinath
Chief General Manager
Accounts Department

Shaji K.V.
Chairman

Goverdhan Singh Rawat
Deputy Managing Director

Dr. Ajay Kumar Sood
Deputy Managing Director



NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Income</i>	<i>Schedule</i>	<i>2023-24</i>	<i>2022-23</i>
1	Interest Received on Loans and Advances		43,931.84	36,824.35
2	Income from Investment operations / Deposits		5,290.17	2,658.03
3	Other Receipts		393.40	367.99
	Total (A)		49,615.41	39,850.37

<i>Sr. No.</i>	<i>Expenditure</i>	<i>Schedule</i>	<i>2023-24</i>	<i>2022-23</i>
1	Interest and Financial Charges	14	36,940.39	30,370.10
2	Establishment and other expenses	15 A	3,720.08	1,942.10
3	Expenditure on Promotional Activities	15 B	136.02	136.75
4	Provisions	16	333.30	545.72
5	Depreciation		52.69	54.31
	Total (B)		41,182.48	33,048.98
6	Profit before Income Tax (A-B)		8,432.93	6,801.39
7	Prior period items		-	-
8	Provision for Income Tax		2,082.24	1,243.22
9	Deferred Tax Asset Adjustment (Net) (Refer Note B-7 of Schedule 18)		(20.55)	3.90
10	Profit after Tax		6,371.24	5,554.27
11	Minority Interest		67.72	43.87
12	Profit available for Appropriation		6,303.52	5,510.40

Note: Discount and commission earned have been grouped under the respective head of Income on Loan & Advances or Income from Investments Operations-Deposits without the separate disclosure under the head "Discount and Commissions" as required in the format prescribed under NABARD Additional (General) Regulations, 1984.

Schedules referred to above form an integral part of accounts

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

(Amount in ₹ crore)

Sr. No.	Appropriations/ Withdrawals	2023-24	2022-23
1	Profit for the year brought down	6,303.52	5,510.40
2	Add: Withdrawals from various funds against expenditure debited to Profit & Loss Account (Refer Schedule 1)	178.32	1,103.50
3	Total Profit Available for Appropriation	6,481.84	6,613.90
	Less: Transferred to		
	(Refer Schedule 1, 2 & 3)		
1	Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	700.00	850.00
2	National Rural Credit (Long Term Operations) Fund	1.00	1.00
3	National Rural Credit (Stabilisation) Fund	1.00	1.00
4	Co-operative Development Fund	33.29	33.63
5	Research & Development Fund	42.30	30.45
6	Investment Fluctuation Reserve	-	-
7	Producers' Organization Development Fund	3.95	3.84
8	Rural Infrastructure Promotion Fund	3.09	5.34
9	Farm Sector Promotion Fund	28.27	28.68
10	Gramya Vikas Nidhi	63.50	61.75
11	Climate Change Fund	0.39	2.53
12	Catalytic Fund	2.94	0.98
13	Forex Fluctuation Reserve	-	5.51
14	Financial Inclusion Fund	-	20.32
15	Technology Facilitation Fund	0.59	50.00
16	Reserve Fund	5,601.52	5,518.87
	Total	6,481.84	6,613.90

As per our attached report of even date

For MKPS & Associates
Chartered Accountants

CA. Ramakrishnan Mani
Partner
Membership No.: 032271

Mumbai
Date : 24 May 2024

S. Srinath
Chief General Manager
Accounts Department

Shaji K.V.
Chairman

Goverdhan Singh Rawat
Deputy Managing Director

Dr. Ajay Kumar Sood
Deputy Managing Director



SCHEDULES TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 1 - Reserve Fund and Other Reserves

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>Opening Balance as on 01.04.2023</i>	<i>Additions/ Adjustments during the year</i>	<i>Transferred from P&L Appropriation</i>	<i>Transferred to P&L Appropriation</i>	<i>Balance as on 31.03.2024</i>
1	Reserve Fund*	34,990.72	(58.41)	5,659.46	-	40,591.77
2	Research and Development Fund	54.39	(0.10)	42.88	42.30	54.87
3	Capital Reserve	74.81	-	-	-	74.81
4	Investment Fluctuation Reserve	1,885.70	-	-	-	1,885.70
5	Co-operative Development Fund	200.00	-	33.29	33.29	200.00
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	12,450.00	-	700.00	-	13,150.00
7	Producers' Organizations Development Fund	300.00	-	3.95	3.95	300.00
8	Rural Infrastructure Promotion Fund	50.00	-	3.09	3.09	50.00
9	Farm Sector Promotion Fund	60.00	-	28.27	28.27	60.00
10	Gramya Vikas Nidhi	110.00	-	63.50	63.50	110.00
11	Climate Change Fund	20.00	-	0.39	0.39	20.00
12	Catalytic Fund	20.00	-	2.94	2.94	20.00
13	Development Corpus Fund	5.00	-	-	-	5.00
14	Forex Fluctuation Reserve	17.75	-	-	-	17.75
15	Technology Facilitation Fund	50.00	-	0.59	0.59	50.00
	Total	50,288.37	(58.51)	6,538.36	178.32	56,589.90
	Previous year	44,391.66	12.59	6,988.09	1,103.97	50,288.37

* Note: The format prescribed in NABARD Additional (General) Regulations, 1984 for 'Reserve fund and Other Reserves' has Profit and Loss a/c as one of the sub-item. Since the bank has the practice of transferring the balance in profit and loss account after all the apportionments to Reserve fund, there remains no balance in profit and loss account due to which the same has not been separately disclosed above.

Consolidated Schedule 1A - Minority Interest

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>Opening Balance as on 01.04.2023</i>	<i>Addition during the year</i>	<i>Adjustments during the year</i>	<i>Closing balance as on 31.03.2024</i>
1	Share capital	91.66	-	-	91.66
2	Reserves and Surplus	155.55	60.49	-	216.04
	Total	247.21	60.49	-	307.70
	Previous year	204.47	42.74	-	247.21

Consolidated Schedule 2 - National Rural Credit Funds

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2023	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2024
1	National Rural Credit (Long Term Operations) Fund	14,501.00	1.00	1.00	14,503.00
2	National Rural Credit (Stabilisation) Fund	1,601.00	1.00	1.00	1,603.00
	Total	16,102.00	2.00	2.00	16,106.00
	Previous year	16,098.00	2.00	2.00	16,102.00

Consolidated Schedule 3 - Gifts, Grants, Donations and Benefactions

(Amount in ₹ crore)

Sr. No	Particulars	Opening Balance as on 01.04.2023	Additions during the year	Interest Credited*	Expenditure / Adjustments during the year	Balance as on 31.03.2024
A.	Grants from International Agencies					
1	KfW - NABARD V Fund for Adivasi Programme	-	-	-	-	-
2	KfW NB UPNRM - Accompanying Measures	-	0.09	-	0.09	-
3	KfW NB UPNRM - Financial Contribution	0.15	-	-	-	0.15
4	Indo German Watershed Development Programme - Andhra Pradesh	0.72	-	0.02	0.74	-
5	Indo German Watershed Development Programme - Gujarat	0.03	-	-	0.03	-
6	Indo German Watershed Development Programme - Rajasthan	0.06	-	-	0.06	-
7	GIZ UPNRM Technical Collaboration	0.03	-	-	-	0.03
8	Climate Change - (AFB) - Project Formulation Grant	21.10	-	0.63	(0.12)	21.85
9	GIZ Soil Project	1.41	-	-	-	1.41
10	KfW Soil Project	2.24	12.95	-	13.73	1.46
11	GCF Project Grants	1.37	101.91	0.07	83.03	20.32
B.	Other Funds					
1	Watershed Development Fund	1,472.43	-	43.35	102.84	1,412.94
2	Interest Differential Fund - (Forex Risk)	230.63	8.97	-	16.17	223.43
3	Interest Differential Fund - TAWA	0.10	-	-	-	0.10
4	Adivasi Development Fund	5.77	-	-	-	5.77
5	Tribal Development Fund	1,258.61	-	36.73	122.11	1,173.23
6	Financial Inclusion Fund (i)	3,039.04	343.11	90.49	320.30	3,152.34
7	Financial Inclusion Fund - Digital	-	-	-	-	-
8	PODF-ID	292.92	-	8.45	41.39	259.98



Sr. No	Particulars	Opening Balance as on 01.04.2023	Additions during the year	Interest Credited*	Expenditure / Adjustments during the year	Balance as on 31.03.2024
9	National Bank - Swiss Development Cooperation Project	66.94	0.83	-	(0.01)	67.78
10	RPF & RIF - Off-Farm Sector Promotion Fund	23.27	0.28	-	0.66	22.89
11	Centre for Professional Excellence in Co-operatives - (C-PEC)	3.26	-	0.24	-	3.50
12	LTIF Interest Fluctuation Reserve Fund	164.17	19.65	4.92	0.01	188.73
13	National Adaptation Fund for Climate Change a/c	56.67	-	1.82	55.24	3.25
14	Capacity Building Fund for Social Stock Exchange	5.00	4.50	-	0.10	9.40
15	Climate Change Fund - ID (ii)	65.36	77.13	1.96	21.84	122.61
	Total	6,711.28	569.42	188.68	778.21	6,691.17
	Previous year	6,602.27	665.35	184.42	740.76	6,711.28

* Refer B-2 of Schedule 18

includes income tax paid on interest differential credited to funds:

(i) includes ₹ 77.65 crore being the income tax paid

(ii) includes ₹ 19.41 crore being income tax paid

Consolidated Schedule 4 - Government Schemes

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2023	Additions during the year	Interest Credited*	Expenditure / Adjustments during the year	Balance as on 31.03.2024
A	Government Subsidy Schemes					
1	Capital Investment Subsidy for Cold Storage Projects - NHB	0.89	-	-	-	0.89
2	Capital Subsidy for Cold Storage TM North East	0.08	-	-	-	0.08
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	0.43	0.27	-	(0.20)	0.90
4	On-farm Water Management for Crop Production	0.07	-	-	-	0.07
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	78.98	-	-	-	78.98
6	Cattle Development Programme - Uttar Pradesh	0.03	-	-	-	0.03
7	Cattle Development Programme - Bihar	0.10	-	0.01	-	0.11
8	National Project on Organic Farming	1.80	-	-	-	1.80
9	Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana	4.29	-	-	-	4.29
10	Dairy and Poultry Venture Capital Fund	2.21	-	-	(0.62)	2.83
11	Poultry Venture Capital Fund	0.15	0.05	-	0.05	0.15

Sr. No.	Particulars	Opening Balance as on 01.04.2023	Additions during the year	Interest Credited*	Expenditure / Adjustments during the year	Balance as on 31.03.2024
12	ISAM - Agricultural Marketing Infrastructure	13.87	1,465.59	0.55	1,028.54	451.47
13	NATIONAL LIVESTOCK MISSION - PVCF EDEG	80.92	-	-	(0.65)	81.57
14	Centrally Sponsored Scheme for establishing Poultry Estate	0.08	-	-	-	0.08
15	Multi Activity Approach for Poverty Alleviation - Sultanpur Uttar Pradesh	0.08	-	0.01	-	0.09
16	Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh	0.02	-	-	-	0.02
17	Dairy Entrepreneurship Development Scheme	8.19	-	-	(3.45)	11.64
18	CSS for Solar Mission	0.03	-	-	-	0.03
19	CSS - JNNM - Solar Lighting	2.76	-	-	-	2.76
20	CSS - Solar Photovoltaic Water Pumping	0.03	-	-	-	0.03
21	Capital Subsidy Scheme - Agri Clinic Agri Business Centres	1.75	14.48	0.01	11.62	4.62
22	CSS MNRE Lighting Scheme 2016	0.11	-	-	-	0.11
23	Artificial Recharge of Groundwater in Hard Rock Area	4.62	-	-	-	4.62
24	CSS On Formation And Promotion Of FPO	-	-	-	(0.67)	0.67
B	Other Government Schemes					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	283.71	-	-	-	283.71
2	Women's Self Help Groups [SHGs] Development Fund	17.15	-	0.01	10.93	6.23
3	PRODUCE FUND	6.85	-	-	6.85	0.00
4	Revival of 23 unlicensed DCCBs	-	-	-	-	-
5	Interest Subvention (Sugar Term Loan)	80.45	400.00	3.15	478.41	5.19
6	AMI - Workshop Assistance Fund	0.01	-	-	-	0.01
7	Kutch Drought Proofing Project	0.22	-	-	-	0.22
8	Revival Package for Long Term Cooperative Credit Structure (LTCCS)	20.00	-	-	-	20.00
9	Revival Reform and Restructure of Handloom Sector	3.88	-	-	(0.23)	4.11
10	Comprehensive Handloom Package	-	-	-	-	-
11	Interest Subvention (SAO, NRLM, NWR)	392.59	9,348.31	-	9,247.28	493.62
12	Arunachal Agri Start Up Scheme	0.50	-	-	-	0.50
13	Centrally sponsored Project-PACS Computerisation	100.14	40.93	2.04	98.18	44.93
	Total	1,106.99	11,269.63	5.78	10,876.04	1,506.36
	Previous year	5,888.63	8,398.27	95.43	13,275.34	1,106.99

* Refer B-2 of Schedule 18



Consolidated Schedule 5 - Deposits

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Central Government	-	-
2	State Governments	-	-
3	Others		
	a) Tea / Rubber / Coffee Deposits	52.81	56.90
	b) Deposits Under RIDF	1,86,684.79	1,63,069.25
	c) ST Co-operative Rural Credit Fund	50,517.76	50,432.08
	d) ST RRB Credit Refinance Fund	15,157.91	15,047.00
	e) Warehouse Infrastructure Fund	3,890.00	4,050.00
	f) Long Term Rural Credit Fund	45,174.81	44,995.64
	g) Food Processing Fund	480.00	450.00
	Total	3,01,958.08	2,78,100.87

Consolidated Schedule 6 - Bonds and Debentures

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Tax Free Bonds	5,000.00	5,000.00
2	Non Priority Sector Bonds	1,49,580.15	1,21,147.80
3	PMAY-G-GOI Fully Serviced Bonds	48,809.60	48,809.60
4	Bonds - LTIF	38,160.25	38,160.25
5	LTIF-GOI Fully Serviced Bonds	19,506.80	19,506.80
6	SBM (G) - GOI Fully Serviced Bonds	12,298.20	12,298.20
7	Micro Irrigation Fund (MIF) Bonds	1,754.60	1,754.60
8	Social Bonds	1,040.50	-
9	Infra Bonds	10,000.00	-
	Total	2,86,150.10	2,46,677.25

Consolidated Schedule 7 - Borrowings

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Central Government	-	-
2	Reserve Bank of India	-	-
3	Others:		
	(A) In India		
	i) Certificate of Deposits	23,629.90	18,386.30
	ii) Commercial Paper	52,112.64	42,537.72
	iii) CBLO / Tri Party Repo	28,270.07	19,171.95
	iv) Term Money Borrowings	2,508.21	1,942.13
	v) Term Loan from Banks	94,163.26	77,505.01
	vi) JNN Solar Mission	2.81	2.81
	vii) Borrowing against Short Term Deposits	-	3,674.99
	(B) Outside India		
	i) International Agencies	551.52	909.98
	Total	2,01,238.41	1,64,130.89

Consolidated Schedule 8 - Current Liabilities and Provisions

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Interest / Discount Accrued	10,186.88	8,026.87
2	Sundry Creditors	3,417.76	3,358.75
3	Subsidy Reserve (Co-finance, Cold Storage, CSAMI)	28.50	30.90
4	Provision for Gratuity	12.17	27.20
5	Provision for Pension	126.64	-
6	Provision for Encashment of Ordinary Leave	381.90	367.70
7	Provision for Post-Retirement Medical Benefit	170.21	148.34
8	Provision for Salary revision	318.17	75.17
	(Refer Note B-23 of Schedule 18)		
9	Unclaimed Interest on Bonds	2.99	2.82
10	Bonds matured but not claimed	13.15	14.69
11	Bond Premium	50.12	45.70
12	Provisions and Contingencies		
	a) Depreciation in value of Investment		
	i) Government securities	-	-
	(ia) Securities of Central & State Government	1,033.42	1,548.66
	(ib) Treasury Bills	-	-
	ii) Other Approved securities	-	-
	iii) Equity shares	-	-
	iv) Debenture and Bonds	19.46	30.59
	v) Subsidiaries and joint venture	-	-
	vi) Others	-	-



Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
	b) Amortisation of G. Sec - HTM	147.16	77.57
	c) For Standard Assets	3,330.41	2,952.13
	d) Non-performing Investments	358.54	366.17
	e) Countercyclical Provisioning Buffer/ Floating Provision	2,014.45	2,014.45
	f) Provision for Other Assets & Receivables	57.01	77.79
	g) Provision for Income Tax	3,089.60	3,153.02
13	Deferred Tax Liability	0.48	-
14	Other Liabilities	109.03	92.93
	Total	24,868.05	22,411.45

Note: Non-Performing Advances have been adjusted against the Advances shown in Schedule-11

Consolidated Schedule 9 - Cash and Bank Balances

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Cash in hand	-	-
2	Balances with:		
	(A) Banks in India		
	i) Reserve Bank of India	3,561.58	4,800.93
	ii) Other Banks		
	a) In Current Account	3,834.52	3,130.41
	b) Deposit with Banks	22,988.33	8,243.82
	iii) Remittance in Transit	-	400.00
	(B) Banks outside India	-	-
3	Tri Party Repo- Lending	7,455.32	279.83
	Total	37,839.75	16,854.99

Consolidated Schedule 10 - Investments

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Government Securities		
	a) Securities of Central Govt. & State Govt.	34,498.94	34,634.35
	[Face Value ₹32,978.86 (₹32,661.36)]		
	b) Treasury Bills	18,806.69	3,341.98
	[Face Value ₹19,658.33 (₹3,497.07)]		
2	Other Approved Securities	5.40	-
3	Equity Shares in :		
(a)	Agricultural Finance Corporation Ltd.	1.00	1.00
	[1,000 (1,000) - Equity shares of ₹10,000 each]		
(b)	Small Industries Development Bank of India	966.28	966.28
	[5,31,92,203 (5,31,92,203) - Equity shares of ₹10 each]		
(c)	Agriculture Insurance Company of India Ltd.	60.00	60.00
	[6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each]		
(d)	Multi Commodity Exchange of India Ltd.	0.30	0.30
	[3,77,758 (3,77,758) - Equity shares of ₹10 each]		
(e)	National Commodity and Derivatives Exchange Ltd.	16.88	16.88
	[56,25,000 (56,25,000) - Equity shares of ₹10 each]		
(f)	CSC e-Governance Services India Ltd Equity	9.75	9.75
	[55,000 (55,000) Shares of ₹1000 each]		
(g)	Agriculture Skill Council of India	0.00	0.00
	[4,000 (4000) Shares of ₹10 each]		
(h)	National E-Governance Services India Ltd [Equity]	1.50	1.50
	[15,00,000 (15,00,000) Shares of ₹10 each]		
(i)	National e-Repository Ltd.	10.53	10.53
	[1,05,30,000 (1,05,30,000) Shares of ₹10 each]		
(j)	Open Network for Digital Commerce	40.00	10.00
	[40,00,000 (0) Shares of ₹100 each]		
(k)	Other Equity Investments	20.02	28.08
4	Debentures and Bonds		
(a)	Special Development Debentures of SCARDBs	134.06	244.80
	(Refer Note B-11 of Schedule 18)		
(b)	Non-Convertible Debentures	858.37	931.66
5	Others		
(a)	Mutual Fund	5,293.40	3,892.25
(b)	Commercial Paper	185.05	185.05
	[Face Value ₹200.00 (₹200.00)]		
(c)	Certificate of Deposit	7,900.10	3,266.42
	[Face Value ₹7,970.00 (₹3,445.00)]		



(d)	Venture Capital Funds / AIFs	439.07	341.25
(e)	Investment Earmarked towards EOL	39.26	61.02
	Total	69,286.60	48,003.10

Consolidated Schedule 11 - Advances

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2024</i>	<i>As on 31.03.2023</i>
1	Refinance Loans		
(a)	Production & Marketing Credit	1,58,705.71	1,40,912.79
(b)	Medium Term - Conversion Loans	-	-
(c)	Other Investment Credit :		
(i)	Medium Term and Long Term Project Loans	2,68,113.97	2,51,794.43
(ii)	Direct refinance to DCCBs	20,504.10	13,955.92
2	Direct Loans		
(a)	Loans under Rural Infrastructure Development Fund	1,70,006.64	1,54,069.63
(b)	Loans under Warehouse Infrastructure Fund	3,385.86	4,091.60
(c)	Long Term Non-Project Loans (net of provision)	1,566.71	1,329.46
(d)	Loans under NABARD Infrastructure Development Assistance	32,403.74	27,889.73
(e)	Loans to Producers' Organisations	0.52	6.42
(f)	Credit Facility to Federations	20,583.03	17,355.21
(g)	Loans under Food Processing Fund	431.38	421.84
(h)	Loans under Long Term Irrigation Fund	53,617.32	53,966.35
(i)	Pradhan Mantri Awaas Yojana-Gramin	48,819.03	48,819.03
(j)	Swachh Bharat Mission-Gramin	12,298.20	12,298.20
(k)	Loans under Dairy Infrastructure Development Fund	1,508.16	1,499.60
(l)	Loans under Green Climate Fund	551.52	372.68
(m)	Micro Irrigation Fund	3,036.88	2,516.02
(n)	Fisheries and Aquaculture Infrastructure Development Fund	801.49	561.68
(o)	Other Loans:		
(i)	Micro Finance Development Equity Fund Programme Loans	-	0.11
(ii)	Watershed Development Fund Programme Loans	3.69	7.22
(iii)	Tribal Development Fund Programme Loans	-	-
(iv)	KfW UPNRM Loans	0.73	23.14
(v)	Off Farm Sector Promotion Activities Programme Loans	0.46	0.63
	Total	7,96,339.14	7,31,891.69

Note: The Advances are net-off the provisions for Non-performing Assets amounting to ₹2,101.94 crore.

Consolidated Schedule 12 - Fixed Assets

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	LAND : Freehold & Leasehold		
	(Refer Note B-9 of Schedule 18)		
	Opening Balance	201.23	201.08
	Additions/adjustments during the year	-	0.15
	Sub-Total	201.23	201.23
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	201.23	201.23
	Less: Amortisation of Lease Premium	65.69	64.16
	Book Value	135.54	137.07
2	PREMISES		
	(Refer Note B-9 of Schedule 18)		
	Opening Balance	656.11	655.74
	Additions/adjustments during the year	6.97	0.36
	Sub-Total	663.08	656.10
	Less: Cost of assets sold/written off	-	-
	Closing Balance (at cost)	663.08	656.10
	Less: Depreciation to date	351.38	335.30
	Book Value	311.70	320.80
3	FURNITURE & FIXTURES		
	Opening Balance	71.66	69.06
	Additions/adjustments during the year	1.90	2.82
	Sub-Total	73.56	71.88
	Less: Cost of assets sold/written off	0.19	0.22
	Closing Balance (at cost)	73.37	71.66
	Less: Depreciation to date	65.15	62.73
	Book Value	8.22	8.93
4	COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS		
	Opening Balance	236.69	226.24
	Additions/adjustments during the year	38.44	14.26
	Sub-Total	275.13	240.50
	Less: Cost of assets sold/written off	2.50	3.81
	Closing Balance (at cost)	272.63	236.69
	Less: Depreciation to date	229.44	201.69
	Book Value	43.19	35.00



Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
5	VEHICLES		
	Opening Balance	13.35	13.13
	Additions/adjustments during the year	6.09	4.55
	Sub-Total	19.44	17.68
	Less: Cost of assets sold/written off	4.52	4.33
	Closing Balance (at cost)	14.92	13.35
	Less: Depreciation to date	5.99	5.67
	Book Value	8.93	7.68
6	Capital Work in Progress [Purchase of Staff Quarters & Office Premises]	56.93	33.82
	Total	564.51	543.30

Consolidated Schedule 13 - Other Assets

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Accrued Interest	5,529.01	3,066.19
2	Deposits with Landlords	3.15	2.80
3	Deposits with Government Departments and Other Institutions	54.16	54.09
4	Housing loan to staff	142.55	120.77
5	Other Advances to staff	96.62	92.48
6	Sundry Advances	239.51	178.90
7	Advance Tax	88.04	46.06
8	Deferred Tax Assets (Refer Note B-7 of Schedule 18)	208.88	187.85
9	Expenditure recoverable from Government of India / International Agencies (Refer Note B-3 of Schedule 18)	1,486.25	1,415.36
10	Discount Receivable	294.78	134.28
11	Discount on Issue of Bonds	121.42	175.62
12	Securitisation PTC	201.40	88.83
	Total	8,465.77	5,563.23

Consolidated Schedule 14 - Interest and Financial Charges

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Interest Paid on		
(a)	Deposits under RIDF	6,042.03	4,921.28
(b)	Short Term Cooperative Rural Credit Fund	2,169.93	2,108.64
(c)	ST RRB Credit Refinance Fund	653.48	533.78
(d)	Warehouse Infrastructure Fund	121.11	151.93
(e)	Long Term Rural Credit Fund	1,440.00	1,270.34
(f)	Fund for Food Processing Units	15.55	13.13
(g)	Tea / Coffee / Rubber Deposits	2.82	3.11
(h)	CBS Deposits	-	-
(i)	Term Money Borrowings	112.97	82.79
(j)	Bonds (Refer Note B-5 and B-14 of Schedule 18)	16,367.23	13,765.25
(k)	Corporate Loans	5,290.32	4,357.46
(l)	Borrowings from International Agencies	16.28	23.92
(m)	Borrowing against ST Deposit	3.18	0.86
(n)	Discount on Commercial Paper	2,182.71	1,272.11
(o)	Discount on Certificate of Deposits	1,620.20	803.52
(p)	Repo Interest Expenditure	14.50	8.31
(q)	Interest on funds	187.09	223.10
(r)	Borrowing from RBI under SLF	-	385.27
2	Discount on CBLO / Tri-Party Repo	606.16	376.70
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	70.71	42.20
4	Swap Charges	24.12	26.40
	Total	36,940.39	30,370.10

**Consolidated Schedule 15 A - Establishment and Other Expenses**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2024</i>	<i>As on 31.03.2023</i>
1	Salaries and Allowances (Refer Note B-23 of Schedule 18)	1,505.87	882.35
2	Contribution to / Provision for Staff Superannuation Funds	1,309.09	374.71
3	Other Perquisites & Allowances	227.03	189.55
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	0.35	0.16
5	Directors' & Committee Members' Fees	1.03	0.88
6	Rent, Rates, Insurance, Lighting, etc.	49.15	48.11
7	Travelling Expenses	71.39	54.91
8	Printing & Stationery	8.53	7.38
9	Postage, Telegrams & Telephones	25.01	22.92
10	Repairs	19.32	24.08
11	Auditors' Fees	0.44	0.43
12	Legal Charges	4.19	3.51
13	Miscellaneous Expenses	384.16	268.35
14	Expenditure on Miscellaneous Assets	9.20	7.56
15	Expenditure on Study & Training	105.32	57.20
	Total	3,720.08	1,942.10

Consolidated Schedule 15 B - Expenditure on Promotional Activities

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2024</i>	<i>As on 31.03.2023</i>
1	Cooperative Development Fund	33.29	33.63
2	Producers Organization Development Fund	3.95	3.84
3	Rural Infrastructure Promotion Fund	3.09	5.34
4	Farm Sector Promotion Fund	28.27	28.68
5	Climate Change Fund	0.39	2.53
6	Gramya Vikas Nidhi	63.50	61.75
7	Catalytic Capital Fund	2.94	0.98
8	Technology Facilitation Fund	0.59	-
	Total	136.02	136.75

Consolidated Schedule 16 - Provisions

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
	Provisions for :		
1	Standard Assets	378.38	206.21
2	Non Performing Asset	(59.86)	350.16
3	Floating provisions	-	-
4	Depreciation in value of Investment Account - Equity	14.78	(10.65)
	Total	333.30	545.72

Consolidated Schedule 17 - Commitments and Contingent Liabilities

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2024	As on 31.03.2023
1	Commitments on account of capital contracts remaining to be executed	11.85	14.40
	Sub Total "A"	11.85	14.40
2	Contingent Liabilities		
(i)	Bank Guarantee	32.35	31.22
(ii)	Claims against the Bank not acknowledged as debt	-	-
(iii)	Pending legal cases	371.38	370.17
	Sub Total "B"	403.74	401.40
	Total (A + B)	415.58	415.80



SCHEDULE 18

Significant Accounting Policies and Notes forming Part of the consolidated Financial Statements for the year ended March 31, 2024

A. Significant Accounting Policies

1. Basis of Preparation:

The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). The accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Holding Bank / NABARD) and are consistent with those used in the previous year.

2. Basis of Consolidation

The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 - "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

The excess/deficit of the cost to the Bank of its investment, over the Bank's portion of net assets at the time of acquisition of shares is recognized in Reserves & Surplus.

These consolidated financial statements comprise standalone financial statements of NABARD ("the Holding Bank" or "NABARD") and its subsidiaries which together constitute the group ("The Group"). The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Bank's standalone financial statements. The figures pertaining to the Subsidiary Companies have been recast/reclassified wherever necessary to bring them in line with the parent Bank's financial statements.

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Bank.

The explanation to Para 6 of AS-21 'Consolidated Financial Statements' is as follows:

"All the notes appearing in the separate financial statements of the parent enterprise and its subsidiaries need not be included in the notes to the consolidated financial statements. For preparing consolidated financial statements, the following principles may be observed in respect of notes and other explanatory material that form an integral part thereof:

- a) Notes which are necessary for presenting a true and fair view of the consolidated financial statements are included in the consolidated financial statements as an integral part thereof.
- b) Only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in consolidated financial statements. In view of this, it is possible that certain notes which are disclosed in separate financial statements of a parent or a subsidiary would not be required to be disclosed in the consolidated financial statements when the test of materiality is applied in the context of consolidated financial statements.
- c) Additional statutory information disclosed in separate financial statements of the subsidiary and/ or a parent having no bearing on the true and fair view of the consolidated financial statements need not be disclosed in the consolidated financial statements."

The consolidation of financial statements has been done on the basis keeping in view the above guidelines in AS-21 'Consolidated Financial Statements'

The financial statements of the Bank and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions. The unrealized profits or losses resulting from the intra-group transactions have been eliminated and unrealized losses resulting from the intra-group transactions have also been eliminated unless cost cannot be recovered.

Share of minority interest in the net profit of the consolidated subsidiaries is identified and adjusted against the profit after tax to arrive at the net income attributable to shareholders. Share of minority interest in losses of the consolidated subsidiaries, if exceeds the

minority interest in the equity, the excess and further losses applicable to the minority, are adjusted against the Group's interest.

Share of minority interest in net assets of consolidated subsidiaries is presented in the consolidated balance

sheet separately from liabilities and the equity of the company's shareholders.

3. The consolidated financial statements present the accounts of the Bank with its following subsidiaries:

Name of the Subsidiary	Framework	Audited FS considered for consolidation	Country of Incorporation	Proportion of Ownership (%)	
				2023-24	2022-23
NABKISAN Finance Limited (NABKISAN)	Ind AS	No*	India	87.77	87.77
NABSAMRUDDHI Finance Limited (NABSAMRUDDHI)	Ind AS	No*	India	91.09	91.09
NABFINS Limited (NABFINS)	Ind AS	No*	India	63.10	63.10
NABARD Consultancy Services Private Limited (NABCONS)	IGAAP	Yes	India	100	100
NABVENTURES Limited (NABVENTURES)	IGAAP	Yes	India	100	100
NABFOUNDATION	IGAAP	Yes	India	100	100
NABSANRAKSHAN Trustee Private Limited (NABSANRAKSHAN)	IGAAP	Yes	India	100	100

* The financial statements prepared under Ind AS have been audited by the statutory auditors of the respective subsidiaries. However, for the purpose of consolidation of financial statements, Ind AS not being applicable to NABARD, we have considered the IGAAP financial statements which have been prepared by the management of the respective subsidiaries and are unaudited.

4. Use of Estimates:

Preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations for the reporting period. Although these estimates are based on the management's best knowledge, the actual results could differ for these estimates. Such differences are recognized in the year of outcome of such results.

5. Revenue recognition:

- 5.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:

- i) Interest on non-performing assets identified as per RBI guidelines.
- ii) Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
- iii) Service Charges on loans given out of various Funds.
- iv) Expenses not exceeding ₹ 10,000 at each accounting unit, under a single head of expenditure.
- v) Upfront processing fees collected from customers for processing loans.

- 5.2 Discount on Bonds and Commercial Papers issued are amortized over the tenure of Bonds and Commercial Papers. Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.

- 5.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

- i) Income from Venture Capital Funds are accounted on realization basis.
- ii) Release of subsidy in which NABARD is acting as a pass through agency is accounted for including service charges thereon, on payment basis subject to availability of funds under the respective schemes.

- 5.4 Recovery in non-performing assets (NPA) is appropriated in the following order:

- i) Penal Interest
- ii) Cost & charges
- iii) Overdue interest and interest
- iv) Principal

- 5.5 Interest from the term loan disbursed and interest from banks are recognized on time proportion basis taking into account amount outstanding and the rate applicable.

- 5.6 In case of Compromise and Resolution/Settlement, recovery shall be appropriated as per the terms of respective compromise/ resolution settlement.

- 5.7 In case of suit filed/ decreed accounts, recovery shall be appropriated as under:

- i) As per the directives of the concerned Court.
- ii) In the absence of specific directives from the Court, as mentioned at point 5.4 above.

5.8 NABCONS - Income from services

- 5.8.1 Income from Assignments: Income from assignments constitute the main source of income for the Company. Recognition of revenue and corresponding expenses incurred on particular assignments are taken into account at the time



when the assignment are completed. An assignment is treated as completed:

- in case of preparation of DPR as soon as the draft report has been issued to the party.
- in case of other assignments where execution is spread over a period, the income has been recognized based on the milestones completed and deliveries effected, status of execution and period completed.
- in case assignment is a time bound contract for more than a year income is recognized in proportion to period completed.

5.8.2 As per the company's policy, the assignments which are not likely to be continued were closed on "as is where is" basis and the amount received thereon has been treated as income.

5.8.3 Any advance received on progressive basis for ongoing assignments, where criteria/ milestone for income booking as per Company policy as disclosed above has not been fulfilled, is shown as a separate item as advance received from clients and treated as current liability. The expenses incurred on such assignments are shown as current Assets and will be shown as expenses in the year in which corresponding income will be accounted for, as per policy of Company.

5.8.4 NABCONS has been appointed by Ministry of Rural Development (MoRD), Government of India as a Central Technical Support Agency (CTSA) in connection with implementation of the DDU-GKY scheme. As per the prevailing guidelines, NABCONS is entitled to receive Monitoring Cost @ 1.5% (inclusive of GST) of the total programmatic cost in two instalments of 50% each, in respect of the allocated States, which is accounted for, as income at the time of release/sanction of each instalment.

Besides above, NABCONS has also been appointed as the Technical Support Agency (TSA) by several States, income in respect of which, is recognised as per the agreed terms stated in MoU executed with SRLM/ SSDM.

Thus, NABCONS has recognised income in respect of dues from MoRD/ SRLMs, which have either been sanctioned/payable, but not paid owing to administrative reasons, paucity of funds etc.

In addition, NABCONS has also performed the assignment of Project Appraisal Agency. The income related to project appraisal has been recognised at the time of completion of deliverables/ receipt of fees from PIAs. Action Plan (FY 2019-23) has been extended by MORD till 31.03.2024.

6. Property, Plant and Equipment (Fixed Assets)

6.1 Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if

any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.

6.2 Land includes freehold and leasehold land.

6.3 Premises include value of land, where segregated values are not readily available.

6.4 Depreciation policy on premises situated on freehold land and leasehold land has been revised during the FY 2017-18 and calculated on straight line basis over the period of 30 years.

6.5 The upfront lease premium paid on leasehold land are amortized over the tenure of lease period @ 5% on opening written down value or the proportionate amount of remaining lease premium on the remaining period of lease, whichever is higher.

6.6 Fixed Assets individually costing ₹1 lakh or less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹10,000. All software costing ₹1 lakh each and less, purchased independently are charged to the Profit and Loss Account.

6.7 In case of The Holding Bank, Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

Type of Assets	Depreciation Rate
Furniture and Fixtures	20%
Computer & Software	33.33%
Office Equipment	20%
Vehicles	20%

6.8 Depreciation is charged from the month in which the asset is capitalized in the year of purchase up to the month in which the asset is sold in the year of sale.

6.9 Capital work in progress includes capital advances and is disclosed under Fixed Assets.

6.10 In case of subsidiaries the depreciation on fixed assets is provided on following basis:

Name of the Subsidiary	Method of Depreciation
NABKISAN	WDV as per Schedule II
NABSAMRUDDHI	SLM as per Schedule II
NABFINS	WDV as per Schedule II
NABCONS	SLM as per Schedule II
NABVENTURES	WDV as per Schedule II
NABFOUNDATION	SLM as per Schedule II
NABSANRAKSHAN	WDV as per Schedule II

7. Investments

- 7.1 The transactions in Securities are recorded on “Settlement Date”.
- 7.2 In accordance with the RBI guidelines, Investments are classified into “Held for Trading” (HFT), “Available for Sale” (AFS) and “Held to Maturity” (HTM) categories (hereinafter called “categories”).
- 7.3 Securities that are held principally for resale within 90 days from the date of purchase are classified as “HFT”. Investments that the Bank intends to hold till maturity are classified as “HTM”. Securities which are not to be classified in the above categories are classified as “AFS”.
- 7.4 Investments classified under HTM category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortized over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category “HTM” is made, wherever necessary. Provision for diminution/ amortization, in value of such investments, is included under Current Liabilities and Provisions.
- 7.5 Profit on redemption of investment categorized under “HTM” is recognized in Profit & Loss A/c.
- 7.6 Investments under “AFS” are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. Net depreciation, if any, is provided for investments in the category classified as “AFS” and appreciation is ignored. The book value of the individual scrip are not changed after such revaluation.
- 7.7 Investments under “HFT” are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Private Limited. Depreciation / appreciation is recognized in the category for investments classified as “HFT”. The book value of the individual scrip is changed after such revaluation.
- 7.8 Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.
- 7.9 Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.
- 7.10 Unquoted Shares are valued at breakup value, if the latest Audited Financial Statements of the investee companies are available, or at ₹ 1/- per Company as per RBI guidelines.
- 7.11 Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.
- 7.12 Brokerage, paid on acquisition / disposal of equities traded on stock exchange is capitalized.
- 7.13 Broken period interest paid/ received on debt investments is treated as interest expenses/ income and is excluded for cost / sale consideration.

- 7.14 Transfer of a security between the categories is accounted for, at lower of the acquisition cost/ book value / market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.
- 7.15 Amortization / Gain / Loss on Revaluation of Government Securities is charged to Profit and Loss Account.
- 7.16 Weighted average cost method has been followed for accounting for investments.
- 7.17 Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.
- 7.18 Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/ provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.
If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.
In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.
- 7.19 The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be.
- 7.20 The derivatives transactions are undertaken for hedging purposes.

Hedge Swaps

Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at market value or lower of cost in the financial statement. Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.

8. Advances and Provisions thereon

- 8.1 Advances are classified as per RBI guidelines. Provision for standard assets and non-performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.
- 8.2 In case of restructuring/ rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present



value of future principal and interest as per the revised agreement is provided for.

- 8.3 Advances are stated net of provisions towards Non-performing Advances.
- 8.4 Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the Profit and Loss account.
- 8.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 8 of the Balance Sheet under the head "Current Liabilities & Provisions" and are not considered for arriving at the Net NPAs.

9. Foreign Currency Transactions

As per Accounting Standard (AS-11) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the ICAI; following accounting treatment is given to foreign exchange transactions:

- 9.1 Assets and liabilities in foreign currency are revalued at the exchange rate notified by FEDAI/ FBIL as at the close of the year/reporting date. The hedged portion of the foreign currency borrowings are stated at the contracted value and the liability of hedged borrowing as per year-end exchange rate is disclosed as a contra item in the Balance Sheet (as off Balance Sheet item).
- 9.2 For hedged transactions, Income and Expenditure items are translated at the contracted rates as per the hedge agreements executed.

10. Accounting for Foreign Exchange Contracts

- 10.1 Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.
- 10.2 The foreign currency borrowings which are hedged are stated at the contract rate.
- 10.3 The foreign exchange unhedged contracts are revalued at the exchange rates notified by FEDAI/ FBIL at the year-end/ reporting date. The resultant gain/ loss on revaluation is recognised in the Profit & Loss Account under the head Gains/ Loss on revaluation of Forward Exchange Contract Account.

11. Employee Benefits

All personnel transferred from RBI are considered as employees of the Bank and provision for Employee Benefits are made accordingly. Actuarial valuation, wherever required, for long term employee benefits are carried out at each balance sheet date.

11.1 Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

11.2 Post Retirement Benefits:

i) Defined Contribution Plan

The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis.

The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the "NPS- Corporate Sector Model", a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

ii) Defined Benefit Plan

- a) Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.
- b) Provision for pension is made based on actuarial valuation, in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

iii) Other Long Term benefits

All eligible employees of the bank are entitled for compensated absences. All the eligible employees are also entitled for post-retirement medical benefits. The cost of providing other long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

12. Taxes on Income

- 12.1 Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments / appeals.
- 12.2 Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.
- 12.3 Deferred tax assets relating to unabsorbed depreciation/ business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future

taxable income will be available against which, such deferred tax assets can be realized.

- 12.4 Tax paid / provided on taxable income earned by the funds are accounted as expenditure of respective funds.

13. Segment Reporting

- 13.1 The Bank recognizes the Business segment as the Primary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.
- 13.2 Segment revenue includes interest and other income directly identifiable with/ allocable to the segment. Income, which relates to Bank as a whole and not allocable to segments is included under “Other Unallocable Bank Income”.
- 13.3 Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under “Other Unallocable Expenditure”.
- 13.4 Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

14. Impairment of Assets

- 14.1 As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:
- the provision for impairment loss, if any, required; or
 - the reversal, if any, required for impairment loss recognized in the previous periods.
- 14.2 Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

15. Provisions, Contingent Liabilities and Contingent Assets

- 15.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:
- the Bank has a present obligation as a result of a past event;
 - a probable outflow of resources is expected to settle the obligation; and
 - the amount of the obligation can be reliably estimated.
- 15.2 Contingent liability is disclosed in the case of:
- a possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
 - a present obligation when no reliable estimate is possible, and
 - a possible obligation arising from past events where the probability of outflow of resources is remote.

- 15.3 Contingent assets are neither recognized, nor disclosed.
- 15.4 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

16. Cash and cash equivalents

- Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand and other short-term investments.
- Cash Flow statement is reported using Indirect method. The cash flow from operating, financing and investing activity is segregated based on the available information.

17. Prior Period Income/ Expenses

Items of Income/ Expenditure which are prior period in nature is disclosed separately only when the individual prior period income/ expense exceeds 0.5% of Gross Income.

18. Implementation of Indian Accounting Standards (Ind AS)

In terms of the Press Release No. 11/10/2009 CL-V dated 18 January 2016 issued by the MCA, the bank would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 and thereafter. The implementation of Ind AS by AIFIs has been deferred by Reserve Bank of India until further notice.

B. Notes forming part of the Accounts

- In terms of the agreement with Kreditanstalt Fur Wiederaufbau - German Development Bank (KfW), accretion/ income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as Other loans and disclosed under Schedule 11. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 7. During the year, a sum of ₹14.96 crore (₹16.98 crore), representing total expenditure of ₹16.14 crore over income of ₹1.18 crore under the fund, has been charged to Profit & Loss Account.
- NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/ Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable. Interest on unutilized balances has been credited to the following funds as per the respective agreements/ as approved by the management/ Board of Directors. The details of rate of interest for respective funds are as under:



S. No	Name of the Fund	Rate of Interest for 2023-24	Rate of Interest for 2022-23
1.	Watershed Development Fund	3%	3%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Rajasthan)	3%	3%
3.	KfW Accompanying Measures	3%	3%
4.	National Adaptation Fund for Climate change	3%	3%
5.	Tribal Development Fund	3%	3%
6.	Financial Inclusion Fund	3%	3%
7.	KfW NB- V Adivasi Development Programme- Gujarat	3%	3%
8.	Climate Change - (AFB) - Project Formulation Grant	3%	3%
9.	LTIF Interest Fluctuation Reserve Fund	3%	3%
10.	PODF-ID	3%	3%
11.	CCF-ID	3%	-
12.	GCF Project Grants	3%	3%
13.	Cattle Development Fund (UP & Bihar)	7.29%	4.20%
14.	Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareilly)	7.29%	4.20%
15.	Center for Professional Excellence in Co-operatives.	7.29%	4.20%

3. Recoverable from Government of India/ International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹1.08 crore (₹2.81 crore) being debit balance of various funds.

The details of such funds are as under:

(Amount in ₹ crore)

S. No.	Name of the Fund	31-03-2024	31-03-2023
1	KfW- UPNRM – Accompanying Measures	0.00	0.07
2	KfW- Soil Project	0.00	1.66
3	NAFCC	1.08	1.08

4. Pursuant to the directions of RBI, the relative margin available to the Bank in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund (WIF) deposits and Food Processing Fund (FPF), placed by the Commercial Banks is credited to Financial Inclusion Fund and Climate Change Fund - ID.

5. Interest Subvention received/ receivable from Government of India (GOI) under various schemes has been adjusted from Interest and financial charges under Schedule 14. The amount of Interest subvention adjusted under different schemes is given below:

(Amount in ₹ crore)

S. No.	Scheme	2023-24	2022-23
1.	Long Term Irrigation Fund	558.87	524.80
2.	Seasonal Agricultural Operations (SAO)	(70.68)	(944.73)
3.	Dairy Infrastructure Development Fund (DIDF)	35.07	21.59
4.	National Rural Livelihood Mission (NRLM)	67.08	9.18
5.	Micro Irrigation Fund (MIF)	73.62	64.68
6.	Fisheries and Aquaculture Infrastructure Development Fund (FIDF)	17.94	11.27

6. Interest Margin on providing refinance under interest subvention scheme to StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for Seasonal Agricultural Operations and under NRLM scheme has been accounted as interest income. The amount received/ receivable from GOI under the scheme stood at ₹122.26 crore (₹112.95 crore).
7. The Bank, during the year, in accordance with AS 22 “Accounting for taxes on Income”, recognized in the Profit and Loss Account the deferred tax liability/(asset) of ₹ (20.55) crore (₹3.89 crore). The details of total deferred tax asset as on 31 March 2024 are as under:

(Amount in ₹ crore)

S. No.	Deferred Tax Assets	31-03-2024	31-03-2023
1	Provision allowable on payment basis	175.14	148.78
2	Depreciation on Fixed Assets	15.08	16.23
3	Others	18.17	22.83
	Total	208.39	187.84

Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

8. The details of pending Income Tax Appeals with various authorities as at the end of FY 2023-24 are given below:

S. No.	Assessment Year#	Authority where Appeal is pending	Appeal preferred by	Amount of tax in dispute as on 31 March 2024 (₹ Crore)	Amount of tax in dispute as on 31 March 2023 (₹ Crore)
1	2002-03	High Court – Mumbai	IT Dept.	415.00	415.00
2	2006-07	High Court – Mumbai	IT Dept.	217.85	217.85
3	2007-08	High Court – Mumbai	IT Dept.	88.56	0.00
4	2008-09	High Court – Mumbai	IT Dept.	118.77	118.77
5	2009-10	High Court – Mumbai	IT Dept.	194.82	194.82
6	2010-11	High Court – Mumbai	NABARD	28.20	28.20
7	2010-11	High Court – Mumbai	IT Dept.	215.32	0.00
8	2011-12	Income Tax Appellate Tribunal (ITAT)	NABARD	51.07	51.07
9	2011-12	Income Tax Appellate Tribunal (ITAT)	IT Dept.	287.62	287.62
10	2012-13	Income Tax Appellate Tribunal (ITAT)	NABARD	45.63	45.63
11	2012-13	Income Tax Appellate Tribunal (ITAT)	IT Dept.	327.03	327.03
12	2013-14	Income Tax Appellate Tribunal (ITAT)	NABARD	1.70	1.70
13	2013-14	Income Tax Appellate Tribunal (ITAT)	IT Dept.	380.05	380.05
14	2014-15	Income Tax Appellate Tribunal (ITAT)	IT Dept.	450.61	450.61
15	2015-16	Income Tax Appellate Tribunal (ITAT)	IT Dept.	448.87	448.87
16	2019-20	Income Tax Appellate Tribunal (ITAT)	IT Dept.	254.38	0.00
17	2019-20	Income Tax Appellate Tribunal (ITAT)	NABARD	0.59	0.00
18	2016-17	Commissioner of Income Tax (Appeals)	NABARD	407.23	407.23
19	2017-18	Commissioner of Income Tax (Appeals)	NABARD	360.69	360.69
20	2018-19	Commissioner of Income Tax (Appeals)	NABARD	278.52	278.52
21	2020-21	Commissioner of Income Tax (Appeals)*	NABARD	0.00	74.21

* A partially favourable order has been passed by CIT(A) and NABARD is in the process of preferring an appeal before the ITAT.

Tax provision in respect of the aforesaid cases have been duly made in the books of accounts, based on the best estimates of the management which is considered reasonable.

9. Free hold land and Lease hold Land and Premises include ₹11.85 crore (₹14.00 crore) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed. In respect of plot for office at Guntur, the execution of conveyance deed is pending; total amount paid for plot acquisition is ₹6.83 crore (₹6.83 crore). In respect of plot at Chennai, the conveyance deed which was pending for registration in FY 2022-23 has been executed and registered.
10. In the opinion of the Bank's management, there is no impairment to assets to which AS 28 – "Impairment of Assets" applies requiring any provision.
11. Pursuant to the directives of RBI, the project loans provided to State Co-operative Agriculture and Rural Development Banks (SCARDBs) by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:
 - a) Classified as Investments and shown in Schedule – 10 under the head 'Debenture and Bonds'.
 - b) Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'Deemed Advances'.
 - c) 'Deemed Advances' for the purpose of IRAC norms, capital adequacy and computation of ratios etc.
12. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹ 407.85 crore (₹ 659.51 crore) pertains to yet to be grounded under ongoing Tranches (XXII to XXVIII). Pending receipt of the proposal from State Governments for adjustment of the amount with the respective/ other projects, the amount has been classified as disbursement from the fund.
13. In respect of one of the borrowers accounts, full provision had been made in the earlier years and the resolution process under IBC initiated. Pursuant to the award of the Hon'ble NCLT Kolkata, based on the resolution plan under IBC, NABARD (being a dissenting member) has received an amount of ₹121.14 crore during the year towards the distribution of the receivables available to the members of CoC. NABARD, with a view that it has priority towards recovery over other lenders, has initiated



legal proceedings in this regard, the outcome of which is awaited. Pending the outcome for further recovery, the bank has accounted for the receipts as interest to the extent of ₹64.37 Crore being the amount claimed towards interest in its claims filed before the Resolution Professional and the differential amount of ₹56.77 crore has been adjusted towards the principal outstanding.

14. In terms of Central Board of Direct Taxes, Ministry of Finance notification dated 18 February 2016, NABARD was allowed to raise tax free bonds having benefits under section 10 (15) (iv) (h) of the Income Tax Act 1961 amounting to ₹5,000 crore. Accordingly, ₹1,500 crore repayable in 10 year tenure was mobilized through Private Placement and ₹ 3,500 crore repayable in 10 & 15 year tenure was mobilized through public issue. The tax free bonds are in the nature of secured, redeemable and non-convertible bonds. These bonds are secured against pari passu charge on property situated in Mumbai and also first charge on specified book debts of NABARD. The interest charge to revenue pertaining to these bonds for the current year is ₹365.64 crore (₹365.41 crore). The details of the debenture Trustee is as under:

Axis Trustee Services Limited,

The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai - 400028
Telephone: +91 22 6230 0451

15. In terms of RBI circular RBI/2015-16/104DBR.No.FID.FIC.3/01.02.00/2015-16 dated 01 July 2015 relating to Prudential Guidelines on Investment in Venture Capital Fund, an amount of ₹ 31.84 crore (₹ 24.95 crore) invested in the units of VCF was shifted from HTM category to AFS category, on completion of 3 years.
16. a) Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(Amount in ₹ crore)

Particulars	Face Value	Book Value
Pledged for Business Segment (Securities)	237.00 (177.00)	237.69 (176.66)
Pledged for Business Segment (CBLO/ Tri Party Repo)	39131.28 (21690.15)	39250.46 (22822.95)
Pledged for Business Segment (Securities) Default Fund	50.00 (50.00)	51.75 (51.75)
Pledged for Business Segment (CBLO/ Tri Party Repo) – Default Fund	50.00 (50.00)	51.75 (51.75)

- b) Investments in Government securities include the following securities pledged with Reserve of India as collateral security for Intra Day Limit:

(Amount in ₹ crore)

Particulars	Face Value	Book Value
Pledged for Intra Day Limit (Securities)	527.00 (527.00)	545.54 (545.54)

17. Provisions on Standard Assets

(Amount in ₹ crore)

Particulars	2023-24	2022-23
Provisions towards Standard Assets made during the year	378.37	206.21

18. Counter Cyclical Provisioning Buffer:*

(Amount in ₹ crore)

S. No.	Particulars	2023-24	2022-23
(a)	Opening balance in the floating provision account	2014.45	2014.45
(b)	The quantum of provisions made during the accounting year #	0.00	0.00
(c)	Amount of drawdown made during the accounting year	0.00	0.00
(d)	Closing balance in the floating provision account	2014.45	2014.45

* This represents the floating provisions for advances which has not been used as Tier II capital.

The Board of Directors of the Bank decided to create floating provisions, in accordance with RBI guidelines, to be utilized for any unexpected or exceptional circumstances.

19. The disclosures required to be given by financial institutions pursuant to RBI Master Direction-Reserve Bank of India (Financial Statements of All India Financial Institutions – Presentation, Disclosure and Reporting Directions 2016) dated 23 June 2016 not being considered relevant for consolidated financial statements of the group and hence the same are not contained in the notes.
20. In case of four subsidiaries, depreciation has been provided using Written Down Value method and is not adjusted in Consolidated Financial Statements as per Straight Line method. The impact of this on the consolidated financial statements is not material.
21. In case of NABFINS Limited, the statutory inspection (select scope) of the NBFC conducted by RBI with reference to its financial position as on March 31, 2022, revealed that NABFINS was non-compliant with certain provisions of the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. Therefore, RBI imposed a monetary penalty on NABFINS of ₹ 10 lakhs (Rupees Ten lakhs Only) on 19th April 2024.
22. LTC benefits to employees are accounted for as and when the same is availed by the employees.

23. During the year, the Bank has accounted for ₹ 243.00 crore on estimated basis towards wage settlement effective from November, 2022.
24. Prior period items included in the Profit and Loss account are as follows:

(Amount in ₹ crore)

S. No.	Particulars	2023-24	2022-23
1.	Income	0.00	0.00
2.	Revenue Expenditure	0.00	0.00
	Total	(0.00)	(0.00)

25. Accounting Standard 18 – Related Party Disclosures

As the Bank is state controlled enterprise within the meaning of AS-18 “Related Party Transactions”, the details of the transactions with other state controlled enterprises (including its subsidiaries) are not given.

25.1 Key Management Personnel:

Name of the party	Designation
Shri Shaji K V	Chairman
Shri P V S Suryakumar*	Deputy Managing Director
Goverdhan Singh Rawat**	Deputy Managing Director
Ajay K Sood**	Deputy Managing Director

* Retired on 31st July 2023

** Appointed w.e.f 6th November 2023

25.2 Significant transactions with related parties

(Amount in ₹ crore)

Items / Related	Key Management Personnel®	Relatives of Key Management Personnel	Total
Borrowings [#]	-	-	-
Deposit [#]	-	-	-
Placement of deposits [#]	-	-	-
Advances [#]			
Investments [#]			
Non funded commitments [#]	-	-	-
Leasing arrangements availed [#]	-	-	-
Leasing arrangements provided [#]	-	-	-

Items / Related	Key Management Personnel®	Relatives of Key Management Personnel	Total
Purchase of fixed assets	-	-	-
Sale of fixed assets	-	-	-
Interest paid	-	-	-
Interest Received	-	-	-
Rendering of services*	-	-	-
Receiving of services*	-	-	-
Management Contracts**	0.52	-	0.52

@ Whole time directors of the Board

The outstanding at the year end and the maximum during the year are to be disclosed

*Contract Services etc. and not services like remittance facilities, locker facilities etc.

** Remuneration to Key Management Personnel

26. Information on Business Segment

a) Brief Background

The Bank has recognized Primary segments as under:

- Direct Finance:** Includes Loans given to state governments and other agencies for rural infrastructure development, co-finance loans and loans given to voluntary agencies/ non-governmental organizations for developmental activities and other direct loans to Co-operative Banks etc.
- Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.
- Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.
- The segments other than the above three primary segments is other business segments. After finding out the results of the three primary segments based on the direct income and direct expenses, the balance amounts including un-allocable expenses/ liabilities/ assets are grouped under “Other Business”.



b) Information on Primary Business Segment

(Amount in ₹ crore)

Particulars	Treasury		Refinance		Direct Lending		Other Business		Total	
Business Segments	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Revenue	5341.75	2749.93	24528.07	19663.31	19450.56	17201.50	295.04	235.63	49615.42	39850.37
Result	618.77	161.62	4439.17	5618.98	6504.06	2713.11	(3129.09)	(1692.32)	8432.92	6801.39
Unallocated Expenses									0.00	0.00
Operating Profit									8432.92	6801.39
Income Taxes									2061.68	1247.12
Extraordinary profit / loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit									6371.24	5554.27
Other Information										
Segment Assets	101692.90	57335.46	430623.59	395164.08	370389.62	339846.93	9789.65	10509.85	912495.75	802856.31
Segment Liabilities	110712.29	91083.64	341185.02	302270.88	374674.25	331455.72	85924.19	78046.07	912495.75	802856.31
Unallocated Assets									0.00	0.00
Total Assets									912495.75	802856.31
Unallocated Liabilities									0.00	0.00
Total Liabilities									912495.75	802856.31

c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

27. Figures in brackets pertain to previous year.

28. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our attached report of even date.

For MKPS & Associates
Chartered Accountants
FRN: 302014E

CA Ramakrishna Mani
Partner
Membership No.: 032271

Mumbai
Date - 24 May 2024

S. Srinath
Chief General Manager
Accounts Department

Shaji K. V.
Chairman

Goverdhan Singh Rawat
Deputy Managing Director

Dr. Ajay Kumar Sood
Deputy Managing Director

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31 MARCH 2024

(Amount in ₹ crore)

Particulars	2023-24	2022-23
(a) Cash flow from Operating activities		
Net Profit as per Profit and Loss a/c before tax	8,453.01	6,810.22
Adjustment for:		
Depreciation	52.69	54.30
Provisions and Amortisations	2.84	1.54
Provision for Non performing Assets	(67.65)	339.37
Provision for Standard Assets	375.69	204.11
Depreciation in value of Investment Account - Equity	14.78	(10.64)
Profit / (Loss) on sale of Fixed Assets	(1.74)	(1.46)
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	194.46	279.85
Other Expenses	0.28	11.85
Income from Investment (including Discount Income)	(5,363.96)	(2,700.34)
Operating profit before changes in operating assets	3,660.40	4,988.80
Adjustment for changes in working capital :		
(Increase) / Decrease in Current Assets	(17,544.67)	(4,350.93)
Increase / (Decrease) in Current Liabilities	3,184.89	903.76
(Increase) / Decrease in Loans and Advances (Including Housing Loan & Other Advances to Staff	(65,938.43)	(52,426.72)
Cash generated from operating activities	(76,637.81)	(50,885.09)
Income Tax paid - Net of refund	(2,183.97)	(922.97)
Net cash flow from operating activities (A)	(78,821.78)	(51,808.06)
(b) Cash flow from Investing activities		
Income from Investment (including Discount Income)	5,362.40	2,700.36
Purchase of Fixed Asset	(79.89)	(37.77)
Sale of Fixed Assets	6.80	7.13
Increase / Decrease in Investment	(21,459.89)	17,236.67
Net cash used / generated from investing activities (B)	(16,170.58)	19,906.39
(c) Cash flow from financing activities		
Grants / contributions received	186.83	(4,950.51)
Interest Expense	(0.18)	(0.37)
Proceeds of Bonds	39,472.85	16,084.55
Increase / (Decrease) in Borrowings	30,567.74	579.45
Increase / (Decrease) in Deposits	23,857.20	25,974.18
Withdrawal from reserve fund	-	389.31
Dividend Paid including Tax on Dividend	(27.32)	(9.95)
Increase in Share capital	-	45.00
Net cash raised from financing activities (C)	94,057.12	38,111.66
Net increase in cash and cash equivalent (A) + (B) + (C)	(935.24)	6,209.99
Cash and Cash equivalent at the beginning of the year	8,331.34	2,121.35
Cash and cash equivalent at the end of the year	7,396.10	8,331.34



Cash and cash equivalent at the end of the year includes:	2023-24	2022-23
Cash in hand	0.00	0.00
Balance with Reserve Bank of India	3,561.58	4,800.93
Balances with other Banks in India	3,834.52	3,130.41
Remittances in Transit	-	400.00
Total	7,396.10	8,331.34

Notes:

1. Cash Flow statement is prepared using indirect method.
2. Demand Deposits with Banks are disclosed under Investments.
3. The consolidated cashflow statement has been prepared based on the I-GAAP financial statements of the subsidiaries.

As per our attached report of even date

For MKPS & Associates
Chartered Accountants
FRN: 302014E

CA Ramakrishnan Mani
Partner
Membership No.: 032271

S. Srinath
Chief General Manager
Accounts Department

Mumbai
Date : 24 May 2024

Shaji K.V.
Chairman

Goverdhan Singh Rawat
Deputy Managing Director

Dr. Ajay Kumar Sood
Deputy Managing Director

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ANNUAL REPORT

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National Bank for Agriculture and Rural Development

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