

FARM SECTOR DEVELOPMENT DEPARTMENT

1. Genesis

The Farm Sector Development Department (FSDD) was created out of NABARD's erstwhile Development Policy Department - Farm Sector.

The objective of the department is to formulate policies and implement multifarious farm sector initiatives under various program

mmes aimed at:

- Conserving and managing natural resources
- Accelerating ground level credit flow by rural financial institutions
- Promoting incremental agricultural production and productivity
- Generating rural employment
- Raising the standard of living of rural poor through credit and grant
- Formulating appropriate policies concerning agriculture and allied sector activities, natural resource management, climate change adaptation and mitigation etc., within the overall policy framework of Government of India

- Climate change adaptation and mitigation

FSDD manages the following funds

- Farm Sector Promotion Fund (FSPF)
- Watershed Development Fund (WDF)
- Tribal Development Fund (TDF)
- Producers Organization Development Fund (PODF)
- 'Producers' Organization Development and Upliftment Corpus' (PRODUCE) Fund
- Central Sector Scheme for Promotion and Nurturing of Farmers Producers Organisations (FPOs)
- Climate Change Fund (CCF)

In addition to above funds, NABARD is also the National Implementing Entity (NIE) of Adaptation Fund (AF) and National Adaptation Fund for Climate Change (NAFCC) and Direct Access Entity (DAE) of Green Climate Fund (GCF).

2. Core functions of the department

a. Farm Sector Promotion Fund (FSPF)

Farm Sector Promotion Fund (FSPF) was created in NABARD by merging two erstwhile funds, viz. Farm Innovation and Promotion Fund (FIPF) and Farmers' Technology Transfer Fund (FTTF), on July 26, 2014. The Fund focusses on promoting innovative and feasible concepts/projects and transfer of technology for enhancing production and productivity in agriculture and allied sectors.

b. Watershed Development Fund (WDF)

NABARD has been implementing watershed development projects since the inception of Indo-German Watershed Development Programme (IGWDP) in India during 1990s. The participatory watershed development concept and methodology has proved to be a successful initiative in enhancing the productivity, production, and improving livelihood security of rural community.

To replicate the initiatives further in the drought prone areas of the country, the Union Finance Minister, in his budget speech for 1999-2000 had announced creation of a Watershed Development Fund (WDF) in NABARD. Hence, Watershed Development Fund (WDF) was set up in NABARD in 1999-2000 with an initial corpus of Rs. 200 crore contributed by Gol and NABARD in equal proportion.

c. Tribal Development Fund (TDF)

NABARD has been supporting tribal development through concessional rates of refinance, separate line of credit to agencies supporting tribal families, promotional activities, etc. However, a key concern for NABARD has been the sustainability of tribal livelihoods.

Based on the successful experience of Adivasi Development Programmes, NABARD embarked upon an ambitious programme of replicating the wadi (a small orchard of one or two acre with multiple crops) model across the country. In this direction, Tribal Development Fund (TDF) was created by NABARD with initial corpus of Rs 50 crore, out of its profits for the year 2003-04. The Fund has grown over the years and the credit balance as on March 31, 2021 was Rs 1,336 crore. The projects under TDF are implemented by collaborating with State Governments, Krishi Vigyan Kendras (KVKs), NGOs and corporates. A comprehensive tribal

development programme having wadi (small orchard) as the core component is being implemented for improving the livelihood of tribal population.

d. Promotion of Farmer Producer Organisations

Farmer Producer Organisation (PO) is a legal entity formed by primary producers, viz. farmers, milk producers, fishermen, weavers, rural artisans, craftsmen, etc. Producer Organisations have been considered to be one of the effective means of linking small producers with the agricultural value chain for the purpose of enhancing net income of producers. NABARD provides financial and development support to FPOs through the following programmes:

i. Producers Organisation Development Fund (PODF)

Recognising the strength of POs, NABARD created a dedicated fund “Producers, Organisation Development Fund (PODF)” during 2011, to support these organisations on three levers i.e. credit facilitation, capacity building and market linkage support. In addition, grant support is also made available for business incubation services, skill building, documentation of successful models, ICT application in business management, etc. NABARD has also introduced a new scheme i.e. Producers’ Organization Development Fund – Interest Differential (PODF-ID) as the corpus has been augmented by way of appropriation of interest differential out of RIDF, for the promotion and nurturing of 3,000 FPOs.

ii. ‘Producers’ Organization Development and Upliftment Corpus’ (PRODUCE) Fund

PRODUCE Fund of Rs 200 crores was created by the Government of India in NABARD in 2014-15 for building 2,000 Farmer Producer Organizations (FPOs) in the country. The aim of the PRODUCE Fund is to promote new FPOs and support their initial financial requirements, to make them credit worthy, commercially vibrant and sustainable business enterprise of farmers.

iii. Central Sector Scheme for Promotion and Nurturing of Farmers Producers Organisations (FPOs)

The GoI has announced Central Sector Scheme on Formation and Promotion of 10,000 FPO and NABARD is one of the Implementing Agencies. The aim of the scheme is to promote new FPOs and support their initial financial requirements to make them credit worthy, commercially vibrant, and as a sustainable business enterprise for farmers. BIRD, Lucknow as Nodal Training Institute for the scheme A Credit Guarantee Fund of Rs 1,000 crore with equal contribution from GoI and NABARD has been set up under NABSANRAKSHAN, a subsidiary of NABARD.

e. Policy

- i. Formulating policies in alignment with Government policies and programmes on Climate Change, Agriculture and Agriculture Risk Mitigation, Farmers Club, Environmental, Social and Gender Issues;
- ii. Reviewing existing policies concerning development of agriculture and allied sector;
- iii. Framing appropriate operational guidelines for implementation of such policies through credit, promotional and developmental interventions;
- iv. Attempting for development of policy, design of intervention for reducing risks in agriculture. Appraisal of environmental and social risk and analysing the Social Cost Benefit of proposal posing to Adaptation Fund, Green Climate Fund and National Adaptation Fund for Climate Change;
- v. Digitising data/information pertaining to different programmes/ products;
- vi. Collaborating with developmental institutions of relevance.

f. Climate Change actions

- i. Under its Climate Change agenda, NABARD aims to address the challenges posed by climate change, particularly in the areas of agriculture and rural livelihood sectors in India.
- ii. NABARD, in the capacity of National Implementing Entity (NIE) of Adaptation Fund (AF) and National Adaptation Fund for Climate Change (NAFCC) and Direct Access Entity (DAE) of Green Climate Fund (GCF), aims to channelise national, international and private finances for adaptation and mitigation activities in India.
- iii. NABARD facilitates identification of project ideas/concepts based on State Action Plan for Climate Change (SAPCC) and its implementation with an objective to promote climate resilient and sustainable development.
- iv. Capacity building and sensitisation of stakeholders including State Governments, institution’s own staff and partner institutions on climate finance and accessing resources from National and International funding mechanisms.

g. Technical Advisory Group

- i. Providing technical inputs and advisory services/ technical opinion/ comments on various policy matters in the areas of agriculture and allied sectors to Central/ State Governments, Banks and Other Organisations;
- ii. Preparing model schemes/ bankable model projects and unit costs in the areas of agriculture and allied sectors;
- iii. Preparing strategy papers/sectoral papers in the areas of agriculture and allied sectors;
- iv. Participating on various technical committees/meetings/ conferences/ seminars in national and international level.

3. Broad achievements of the Department (As on March 31, 2021)

a. Farm Sector Promotion Fund (FSPF)

During 2020-21, Rs 17.67 crore was disbursed under FSPF for various promotional initiatives in agriculture such as innovative projects in agriculture and allied sectors, enhancing agriculture productivity and income of the farmers, creating market access, promotion of climate resilient agriculture in vulnerable / distressed districts, agricultural value chains, Farmers' Clubs and their collectives including training and capacity building of farmers, etc.

166 projects were sanctioned during the year 2020-21 under Detailed Project Report (DPR) mode, involving a grant commitment of Rs 20.01 crore. The projects were sanctioned for demonstration of innovative technologies in the areas of cultivation of vegetable, fruits and cut flowers, Integrated Farming System, Promotion of Local Organic Farmers Groups under Participatory Guarantee System of India, Zero Budget Natural farming, IOT in agriculture, Conservation and management of Honey Bees, Bio floc fish culture, value chain development, Integrated Livestock Development Centre, Agri-Export Facilitation Centre etc. An amount of Rs 12.57 crore was disbursed as grant during the year towards implementation of various new and ongoing projects.

Further, under Capacity Building for Adoption of new Technology (CAT) programme, 270 exposure visits were undertaken to build the capacity of around 8,022 farmers in collaboration with select Research Institutes such as KVKs, SAUs, ICAR and ICRISAT, etc. for adopting new/ innovative methods of farming. A grant assistance of Rs 2.12 crore was provided during the year under the CAT initiative.

b. Watershed Development Fund (WDF)

NABARD entered into watershed development activities through KfW-assisted Indo German Watershed Development Programme in the year 1992 in Maharashtra, wherein participatory approach of watershed development was launched in India on pilot basis for the first time. Subsequently, in order to demonstrate effectiveness of these interventions, Watershed Development Fund (WDF) was set up in NABARD in 1999-2000 with an initial corpus of Rs 200 crore contributed by GoI and NABARD in equal proportion. The fund has been augmented over the years from the interest differential earned under RIDF and interest accrued on the unutilised portion of the Fund.

As on March 31, 2021, the cumulative sanction under all programmes stood at ₹ 2,389.51 crore covering an area of 23.42 lakh ha. An amount of ₹ 1902.46 crore has been released so far, against 3,401 projects sanctioned, 1,914 projects have been completed successfully.