Rural Infrastructure Development Fund – (RIDF)

BAIJU KURUP,
Nabard HO, Mumbai
NABARD - an OVER VIEW

- Completed 25 years
- Presence in all states
- Financial flow since inception - US$ 44 billion
- Low NPAs at 0.0014%
- Capital adequacy 39%

<table>
<thead>
<tr>
<th></th>
<th>As on 31 Mar.07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans &amp; Advances outstanding</td>
<td>81000</td>
</tr>
<tr>
<td>Operating surplus (before tax)</td>
<td>1128</td>
</tr>
</tbody>
</table>
Role of NABARD

- FACILITATOR OF GROWTH AND PARTNER IN PROMOTING RURAL PROSPERITY.
- CATALYST IN REDUCING REGIONAL IMBALANCES.
- PREPARING INDIAN AGRICULTURE AND RURAL INDUSTRIES FOR EXPORT MARKETS.
- DEVELOPMENT OF VIABLE RURAL CREDIT DELIVERY SYSTEM.
- SUPPORT RESEARCH AND DEVELOPMENT FOR RURAL AREAS.
Operations of NABARD

- CREDIT -
  - REFINANCE RURAL FINANCE INSTITUTIONS.
  - CO-FINANCE FOR HIGH TECH AGRI PROJECTS.
  - FINANCING INFRASTRUCTURE IN RURAL AREAS.
- RURAL CREDIT PLANNING & MONITORING.
- INSTITUTIONAL DEVELOPMENT FOR RFIs.
- PROMOTIONAL INITIATIVES IN MICROFINANCE, RNFS AND WATERSHED, TRIBAL DEVELOPMENT
- PROVIDING TECHNICAL EXPERTISE FOR RURAL DEVELOPMENT ACTIVITIES.
- SUPERVISION OVER 410 COOPERATIVE BANKS & 100 RRBs.
- CONSULTANCY SERVICES.
Role of NABARD in Infrastructure in Rural areas

- Country level FI, mandated with rural infrastructure development by GOI & RBI
- Role similar to Development agencies like World Bank, ADB, etc
- Product range on offer to State Governments comprises technical and financial components
Rural Infrastructure Development Fund (RIDF)

- Established as a dedicated Fund for rural infrastructure in NABARD in 1995-96
- The RIDF is created out of commercial banks’ shortfall in lending to agriculture/priority sectors
- Started with Rs 2000 crore in 95-96.
- Cumulative sanctions till 31 March 2007 – Rs 61540 cr. (Corpus for 2007-08 – Rs. 12000 cr + Rs. 4000 cr.)
Rural Infrastructure Development Fund (RIDF)

- NABARD provides financial assistance to State Governments from the RIDF for 31 activities (Rural roads and bridges, Irrigation, RDWS, Marketing Infrastructure, Hospitals, Educational Institutions...)
- Term of loan – 7 years (phasing of project: 3 years)
- Current rate of interest – 6.5%

List of activities
Operational Matrix for RIDF

Sanctioning Committee  
State Projects Department  
(Head Office)

REGIONAL OFFICE  
Project appraisal, disbursals  
Monitoring and evaluation

District Office monitoring  
District Office monitoring

REGIONAL OFFICE  
Project appraisal, disbursals  
Monitoring and evaluation

District Office monitoring  
District Office monitoring
## RIDF 1995-2007 (as on Mar. 2007)
### REGION-WISE COVERAGE

(Rs. Cr.)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Region</th>
<th>Sanction</th>
<th>% to Total</th>
<th>Disbursement</th>
<th>% to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>WEST</td>
<td>9391</td>
<td>15</td>
<td>6182</td>
<td>16</td>
</tr>
<tr>
<td>(ii)</td>
<td>SOUTH</td>
<td>17783</td>
<td>29</td>
<td>11128</td>
<td>30</td>
</tr>
<tr>
<td>(iii)</td>
<td>EAST</td>
<td>9367</td>
<td>15</td>
<td>4611</td>
<td>12</td>
</tr>
<tr>
<td>(iv)</td>
<td>NORTH</td>
<td>16660</td>
<td>27</td>
<td>10656</td>
<td>28</td>
</tr>
<tr>
<td>(v)</td>
<td>CENTRAL</td>
<td>5546</td>
<td>09</td>
<td>3637</td>
<td>10</td>
</tr>
<tr>
<td>(vi)</td>
<td>N.E.R.</td>
<td>2793</td>
<td>05</td>
<td>1346</td>
<td>04</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>61540</td>
<td></td>
<td>37560</td>
<td></td>
</tr>
</tbody>
</table>
## Sector-wise Cumulative Sanctions

( Rs Cr.)

<table>
<thead>
<tr>
<th></th>
<th>Irrigation &amp; other Agriculture related</th>
<th>Rural Roads and Bridges</th>
<th>Dri. Water</th>
<th>Social sector</th>
<th>Power</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26184</td>
<td>26935</td>
<td>4340</td>
<td>2648</td>
<td>1433</td>
<td>61540.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td><strong>44</strong></td>
<td><strong>7</strong></td>
<td><strong>4</strong></td>
<td><strong>2</strong></td>
<td><strong>61540.00</strong></td>
</tr>
</tbody>
</table>
Purpose wise Sanctions (cumulative)

- Irrigation: 34%
- Agri +: 9%
- R & B: 44%
- Dri.water: 7%
- Social: 4%
- Power: 2%

Diagram showing the breakdown of sanctions by purpose.
San. & Disb. (Year Wise)

<table>
<thead>
<tr>
<th>Year</th>
<th>San. (Rs Cr)</th>
<th>Disb. (Rs Cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>95-96</td>
<td>2000</td>
<td>6000</td>
</tr>
<tr>
<td>96-97</td>
<td>4000</td>
<td>8000</td>
</tr>
<tr>
<td>97-98</td>
<td>6000</td>
<td>10000</td>
</tr>
<tr>
<td>98-99</td>
<td>8000</td>
<td>12000</td>
</tr>
<tr>
<td>99-00</td>
<td>10000</td>
<td>14000</td>
</tr>
<tr>
<td>00-01</td>
<td>12000</td>
<td>16000</td>
</tr>
<tr>
<td>01-02</td>
<td>14000</td>
<td>18000</td>
</tr>
<tr>
<td>02-03</td>
<td>16000</td>
<td>20000</td>
</tr>
<tr>
<td>03-04</td>
<td>18000</td>
<td>22000</td>
</tr>
<tr>
<td>04-05</td>
<td>20000</td>
<td>24000</td>
</tr>
<tr>
<td>05-06</td>
<td>22000</td>
<td>26000</td>
</tr>
<tr>
<td>06-07</td>
<td>24000</td>
<td>28000</td>
</tr>
</tbody>
</table>
RIDF - Impact Assessment

Irrigation

92.48 lakh ha.
Rural Connectivity

1.78 lakh km roads & 3.31 lakh metres of bridge
Rural Drinking Water

538 lakh people
Public Health

159.94 lakh people
Schools

15.62 lakh students
Employment Generation From Rural Infrastructure Financing by NABARD

Recurring Jobs: 5 million man-days
Non-recurring Jobs: 44 billion man-days
2006-07 - FEW NOTABLE PROJECTS SANCTIONED

- Major irrigation-Saurashtra branch canal – IIIrd phase (Rs. 638.0 cr)
- Road projects in Ladakh region in J &K
- Dairy park in Jharkhand and food park in Manipur
- AIBP – 02 projects- co assistance from RIDF in MP (469 cr.).
- PMGSY- 100 bridges in Assam and 122 bridges in Tripura.
- Livestock knowledge center in Kerala.
- Anganwadi centres in Bihar (397 cr.)
What we do in RIDF…

- Appraise & Sanction of Projects
- Monitor, evaluate progress
- Associate with State Govts for better delivery
- Provide cost effective fund support
- Assist State govts To Identify & Prioritize Projects
RIDF .... How we sanction

Each RIDF tranche is announced in union budget.

- Based on five parameters (Infrastructure Index, Rural Population, Geographical area, Previous Sanctions, Disbursements) **normative allocation** for each state is estimated and conveyed to all state governments.
RIDF .... How we sanction

- State governments prepare project reports (PFR/DPR) and submits to NABARD for sanction.
- If projects are technically feasible (assessed through experts) and economically viable, sanction accorded by the specially constituted sanctioning committee.
- Till Dec., States are sanctioned projects based on normative allocation. Afterwards on a first cum first basis.
Technical feasibility is seen thorough experts.

Broad framework as per prescribed guidelines for various sectors are verified with.

The risk factors for the projects is identified and analyzed.

Competency of the department to execute the projects within the cost/time looked into.

Quality control mechanisms adopted is looked into.
R IDF – Appraisal Methodology followed

- Nodal department submits project reports.
- The project report to consist of:
  - Executive Summary
  - Social – economic profile of the project influence area
  - Details of surveys carried out
Project reports – requirements….

- Project description _ scope/ necessity / source of funding & budget provisions/ construction technology & practices.
- Cost estimates including LA cost.
- Environmental impact Assessment.
- Resettlement and rehabilitation plan.
Project reports – requirements

• Construction programming.
• Economic analysis.
• Construction Arrangements.
• Organizational structure of the implementing department.
Project reports – requirements…

• Details of similar projects executed in the same area and its cost of development.
• Justifications for high cost if any.
• Site lay out plan and basic drawings.
• Photographs of the project site and also photographs of similar projects executed.
• Status of various clearances and action plan.
• Name and complete details of the officials who have prepared the report.
• Conclusions and recommendations.
Project Cost

- Eligible components and ineligible components
- Pre project expenses, Expenses for quality control, Contingencies, etc., are eligible.
- Ineligible expenses are mainly related to maintenance, repairs, establishment costs etc.
- If not the current SOR, rates can be indexed to present market rates.
- Generally cost escalation will not be supported
Project … How we appraise

- Economic viability of the project looked into by identification, quantification and valuation of each of the cost and benefit items;
- Discount factor in time value of money;
- Calculate the BC ratio; Calculate ERR.
- If projects are technically feasible and economically viable, we consider it for assistance.
RIDF – APPRAISAL METHODOLOGY
RIDF – Learning Experience

✓ Feed back received suggests high level of satisfaction / acceptance to RIDF projects.

✓ Major constrains relate to delay because of:
  ➢ Flow of funds from finance to user depts. Of state Govts.,
  ➢ Land acquisition.
  ➢ Obtaining technical and administrative approvals;
  ➢ Completion of tendering formalities;
  ➢ Statutory approvals such as environmental clearance, etc.

✓ System of Govts. Going in for detailed survey, etc. Only after NABARD’S sanction entails cost/time over run and in some cases also in change of basic design.
Projects proposed not based on actual ground level requirements.

No provision for capacity building of state GOVT officials in scientific formulation, execution and monitoring of project implementation.

Deteriorating state finances prevents proper maintenance of the assets created.

Low involvement of users in upkeep of the assets created.
RIDF – What we have observed:

- **Post sanctioning stage:**
  - Large delay in grounding of projects.
  - Large number of constraints in funds flow resulting in time and cost over runs.
  - Lack of proper quality control mechanisms …

- **After completion:**
  - No proper maintenance and neglection of the asset resulting in under performance of asset.
Impact Of RIDF Projects – Monitoring Feedback

**Rural road & bridge projects**

- Signs of improved productivity and shift towards high value crops
- Increase in incremental income / quality of life due to:
  - REALISATION of better price for farm produce
  - Shifting modes of transport and resultant reduction in transportation cost
  - Higher enrollment of children in schools
  - Better employment opportunities in non-farm activities
  - Easy access to primary education / health
RIDF & PMGSY

- A new window recently opened under RIDF for gap funding to NRRDA for PMGSY projects. (Rs 4000 cr sanctioned in 2006-07)
- RIDF funding being extended to state governments for meeting their share in rural bridges above 25m. (100% of balance cost will be funded)
- Areas of synergy being identified for optimum use of resources
## RIDF in North East

### (A) SANCTIONS & DISBURSEMENTS

<table>
<thead>
<tr>
<th>Tranches</th>
<th>Sanctions</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIDF – I to V (Closed)</td>
<td>576.83</td>
<td>465.49</td>
</tr>
<tr>
<td>RIDF – VI</td>
<td>290.91</td>
<td>239.93</td>
</tr>
<tr>
<td>RIDF – VII</td>
<td>101.47</td>
<td>98.23</td>
</tr>
<tr>
<td>RIDF – VIII</td>
<td>158.32</td>
<td>107.09</td>
</tr>
<tr>
<td>RIDF – IX</td>
<td>257.30</td>
<td>150.54</td>
</tr>
<tr>
<td>RIDF – X</td>
<td>77.97</td>
<td>51.89</td>
</tr>
<tr>
<td>RIDF – XI</td>
<td>658.76</td>
<td>171.86</td>
</tr>
<tr>
<td>RIDF – XII</td>
<td>671.10</td>
<td>61.30</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2792.66</strong></td>
<td><strong>1346.33</strong></td>
</tr>
</tbody>
</table>

As on March 2007 (Rs. Crore)
### RIDF in North East- State wise

#### (A) SANCTIONS & DISBURSEMENTS

<table>
<thead>
<tr>
<th>State</th>
<th>Sanctions</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arunachal Pradesh</td>
<td>507.53</td>
<td>233.65</td>
</tr>
<tr>
<td>Assam</td>
<td>1344.35</td>
<td>575.76</td>
</tr>
<tr>
<td>Manipur</td>
<td>45.09</td>
<td>10.51</td>
</tr>
<tr>
<td>Meghalaya</td>
<td>197.36</td>
<td>130.87</td>
</tr>
<tr>
<td>Mizoram</td>
<td>117.64</td>
<td>102.80</td>
</tr>
<tr>
<td>Nagaland</td>
<td>186.31</td>
<td>115.50</td>
</tr>
<tr>
<td>Tripura</td>
<td>315.64</td>
<td>115.94</td>
</tr>
<tr>
<td>Sikkim</td>
<td>78.74</td>
<td>61.30</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2792.66</strong></td>
<td><strong>1346.33</strong></td>
</tr>
</tbody>
</table>

As on March 2007 (Rs. Crore)
### RIDF in NE

#### PHYSICAL COVERAGE

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Projects Sanctioned</td>
<td>4300</td>
</tr>
<tr>
<td>No. of Projects Completed</td>
<td>700</td>
</tr>
<tr>
<td>No. of Projects Ongoing</td>
<td>3600</td>
</tr>
<tr>
<td>Of Which Non-starter Projects</td>
<td>180</td>
</tr>
</tbody>
</table>
Once completed, the RIDF projects will contribute to the rural infrastructure substantially as under:-

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Irrigation</td>
<td>62104 Ha</td>
</tr>
<tr>
<td>Rural Connectivity</td>
<td>2932 Km of road and 33270 m of bridges</td>
</tr>
</tbody>
</table>
## RIDF in Meghalaya

### (A) SANCTIONS & DISBURSEMENTS

<table>
<thead>
<tr>
<th>Tranches</th>
<th>Sanctions</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIDF – I to V (Closed)</td>
<td>50.67</td>
<td>50.60</td>
</tr>
<tr>
<td>RIDF – VI</td>
<td>30.49</td>
<td>28.60</td>
</tr>
<tr>
<td>RIDF – VII</td>
<td>18.30</td>
<td>16.66</td>
</tr>
<tr>
<td>RIDF – VIII</td>
<td>18.39</td>
<td>14.13</td>
</tr>
<tr>
<td>RIDF – IX</td>
<td>15.52</td>
<td>12.09</td>
</tr>
<tr>
<td>RIDF – X</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>RIDF – XI</td>
<td>32.03</td>
<td>2.41</td>
</tr>
<tr>
<td>RIDF – XII</td>
<td>31.96</td>
<td>6.38</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>197.36</strong></td>
<td><strong>130.87</strong></td>
</tr>
</tbody>
</table>

As on March 2007 (Rs. Crore)
RIDF- Scope in Meghalaya

- Roads and bridges – PMGSY > 25m, improvement of connectivity of roads linking NH/SH to economic centers, MDR….
- Comprehensive infrastructure projects for remote area development.
- Irrigation projects – AIBP (state share), ongoing MIP, MJP, LI, Tube wells, artificial recharge of wells, modernization of ponds…. 
- Food parks, herbal parks, rural marketing infrastructure, rural Haats, rural Godowns…,
- Joint forest management, bio diesel projects, plantation projects.
- Infrastructure for AH/ fisheries/ P &H, seed farms.
RIDF- Scope in Meghalaya

- Infrastructure for rural educational institutions including schools, colleges, technical institutes, Girls hostels ....
- Infrastructure for public health institutions, Anganwadi centers.
- Small hydro power stations.
- Rural drinking water supply.
- Watershed management, soil & moisture conservation, water harvesting, flood protection and drainage projects....
RIDF XIII- Meghalaya

规范性分配 - Rs. 84.0 cr.

提交待批准的提案 -
   农村桥梁 - 06 个
       (TFO - Rs. 12.0 cr.)
   土壤及水资源保护 - 07 个
       (TFO - Rs. 7.36 cr.)
RIDF - advantages

- NABARD keeping in view of the low rank in infra.Index commits every year a substantial amount for govt., To source cheap funds for rural infra. Dev.
- 31 eligible activities, thus enabling to include almost all rural infra. Activities.
- No processing hassles, Nabard’s full fledged regional office in Shillong and 02 district offices are available for discussions and consultations.
RIDF - *the advantages*....

- The most cost effective funds to the state.
- Loans without any major conditions. Fixed interest rate.
- No hidden cost, No processing fee, commitment charges, pre payment charges, etc.,.
- Supplementary monitoring carried out without any cost to the project....
Limitations

- RIDF tranche has life of one year.
  - GOI budget announcement – in Feb. end.
  - Normative allocation to State Govt– In April/May.
  - Project preparation, submission – varies from state to state.
  - Appraisal & sanction – usually takes 1-2 months at Nabard’s end.
PPP Options in RIDF- a new initiative from this year

NABARD has included PPP format for financing under RIDF. Advantages are:

- Softer on budgetary demands for states
- Reduces time and cost overrun
- Ensures better quality in infrastructure created
- Ensures efficient service delivery
- Formalizes peoples’ participation
- Increases ownership among the users
Photographs of few projects completed with RIDF assistance
THANK YOU