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NABARD CONSULTANCY SERVICES

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❖ **CONSULTANCY SERVICES —
A NEW INITIATIVE FROM NABARD**

NABARD has taken a number of focussed initiatives from time to time, such as watershed development, promotion of micro-finance, RIDF, Kisan Credit Card, and now, establishment of an independent wing for providing consultancy services in various sectors of agriculture and rural development, the areas of its core competence. In the highly demanding and competitive world scenario, production processes and resource use have to be precise and economical, apart from achieving productivity and quality standards. Firms, organisations and even individual entrepreneurs would need the services and advise of experts to sharpen the cutting edges they possess.

NABARD is in a unique position with a large pool of highly qualified and vastly experienced experts in diverse fields, such as, technical, financial, managerial, cooperative and legal on one hand, and on the other, it has vast outreach in terms of geographical coverage as well as wide institutional partnership with banks, developmental, research, extension, technical and management institutions, NGOs, farmers clubs, SHGs and Corporate agencies.

In response to demand from the market and to bridge the gap in availability of expert services in the agriculture and rural development sector, NABARD has established a fully owned subsidiary called NABARD Consultancy Services (Nabcons) with an authorized capital of Rs.25.00 crore and paid up capital of Rs.5.00 crores with its Head Office at Mumbai. It has complete

Progress at a Glance

Assignments (No.)	2003-04 (Upto 31.3.04)	Cumulative
Contracted	67	86
Completed	32	51
Ongoing	35	35

access to the vast pool of human resources available with NABARD. The Officer In Charge in the Regional Offices & various training establishment of NABARD or the Principal Representatives of NABARD Consultancy Services.

Shri Y.S.P. Thorat has joined as Managing Director of NABARD with effect from 18 March 2004. Shri Thorat before joining NABARD has been working as Executive Director in Reserve Bank of India (RBI). Nabcons extends a hearty welcome to him and expects to benefit from his rich experience spanning over 3 decades.

❖ **Potential for Corn in India**

In Asia, China is the major producer of Corn. It has got fairly high productivity due to better agronomic practices and climatic conditions. Recently due to fall in the production, some South East Asian countries like Vietnam has bought about 2000 tones of corn from India. There is tremendous potential to increase its production as well as productivity in India. Physiologically, it has the highest yield potential among the cereals. It is not only a high productive crop, but also can be grown in all the three seasons and hence, can fit in the crop rotations. It has got various industrial uses, apart from food and feed.

Wisdom beyond business.

Facts about Corn in India

- Area : 6.5-7.0 million ha.
- Production : 11.0-13.0 million tonnes
- Yield : 1.8-2.2 tonnes per ha.
- States : Karnataka, Rajasthan, M.P., Bihar, H.P., A.P. U.P.
- Uses : Starch production, Breakfast product, Snack foods, Edible oil, Alcohol production, Sweetener, Animal feed

The bio-mass can be used for mushroom making, manures, etc. The world production of maize is in the range of 460–480 M. t., second only to wheat. The low share of India in the world production could be increased considerably by adopting various improved agronomic, irrigation management, harvesting, threshing, storage, processing methods and tie up with markets. Govt permission for trading of futures of Corn in various commodity exchanges would go a long way in stabilising the prices and thereby promote its cultivation

Nabcons in the Land of Nagas

Nagaland produces huge quantities of Pine apple, Oranges and Passion fruits. Inadequate storage, transport, processing and marketing arrangements for horticultural products results in distress sale by farmers. At the invitation of Govt. of Nagaland Nabcons has prepared a project for establishment of cold storage, transport through refrigerated vans and godown cum store in the state. The Project is expected to benefit thousands of farmers in the state in getting remunerative price for their produce. Govt. of Nagaland has approached NABARD for financing of this Project under their Rural Infrastructure Development window.

by the farming community. The user industries in order to exploit the potential have to develop suitable projects and set up processing industries in this field. Recently Government of Himachal Pradesh has decided to set up a processing plant in the state and sought the assistance of NABARD consultancy Services in this regard.

❖ Commodity Futures Market in India- Great Boon to Indian Agriculture

Consequent to opening up of Indian economy and India entering into WTO, Government of India (Gol) after a long period of about 4 decades has embarked upon the path of reviving the futures trading in agricultural and other commodities. Kabara Committee, 1993 and the World Bank and the UNCTAD in their joint report in 1996, strongly advocated introduction of commodity futures in India with a view to facilitating management of the price risk in various commodities, more particularly agricultural commodities in the context of the global changes taking place under WTO. Recently, the Gol has given permission for establishment of 4 national level multi commodity exchanges in the country.

Role of Commodity Exchanges

- Platform for hedging and speculation
- Standardisation of futures contract
- Ensuring fair play among traders
- Dissemination of information
- Fixing rules for trading

National Bank for Agriculture and Rural Development (NABARD) along with ICICI Bank, Life Insurance Corporation of India and National Stock Exchange has jointly promoted a multi commodity exchange named as National Commodities and Derivatives Exchange (NCDEX) located at Mumbai.

.....The ultimate measure of man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy.

...Martin Luther King

Commodity Futures - Constraints

- Warehouse receipts issued by various warehouses lack credibility
- There is lack of infrastructure for quality certification of various agricultural products
- Inadequate reliable warehousing/storage system
- Banks and financial institutions are unwilling to lend against pledge receipt due to legal problems of transferability of title

Forward Market Commission, which is the regulator of commodity futures trading in India, would supervise fair play and transparency in the functioning of these exchanges. The major benefits of commodity futures in long run would accrue to the farming community at large.

Benefit to Farmers

- Real price discovery of agricultural commodities
- Stability in production planning -Cropping pattern
- Opportunity for hedging the price risk
- Hedging by merchants also would benefit farmers

Since futures trading in agricultural commodities was under strict regulation, the turnover in the local exchanges had not been adequate. With the establishment of 4 national level exchanges, reforms process taken by the FMC, introduction of online trading and above all, necessary facilitating environment and reforms by Gol, the futures market turnover is bound to take a quantum jump. The experts in the field have estimated the size of commodity futures market to be around Rs.4000 billion.

NABARD's Concerns

- Growth and stability in agriculture sector
- Market driven price mechanism for agri-produce
- Efficiency in marketing of agricultural products
- Enhanced credit flow for agriculture sector
- Development of storage / warehouse infrastructure for agriculture
- Flow of marketing credit

Futures prices are expected to be more reliable as these would be decided through open competitive bidding and they represent the true equilibrium between demand and supply.

Bamboo - The Wonder Grass

India has the potential to be the leading producer of bamboo. Bamboo based economy, currently at Rs. 2000 cr, is slated to touch Rs. 26000 cr in the next 10 years. This would provide sustainable livelihood to lakhs of families in rural areas, particularly in the states in NER. Considering the economic importance of Bamboo and the huge potential available for it in India, Hon'ble Prime Minister has launched 'National Mission on Bamboo Technology and Trade Development'. It can be grown through out the country if suitable species and agronomic practices are adopted. It has been declared as an horticulture crop to give a thrust and eligible for incentives. UNIDO has sought the services of Nabcons for preparation of a detailed project report for Bamboo Mission for submission to Planning Commission. The Report prepared by Nabcons has been highly appreciated by UNIDO.

International Visitors Programme

The expertise of NABARD / Nabcons has been recognised off shores also. Nabcons organised an International Visitors Programme (IVP) on Farm and Non-farm Micro-enterprises from 9-20 Feb 2004 at Hyderabad for the overseas participants from Mongolia and Uganda. National Bank Staff College, Lucknow, training institute of NABARD, was the nodal agency for the Programme. Techno-economic and other financial aspects of various micro-enterprises were covered in the Programme. The Programme was appreciated by the participants. Encouraged by this, Nabcons is contemplating to organise some more similar programmes.

NABCONS - Products and Services

- Techno-economic feasibility studies and potential surveys
- Project formulation and appraisal
- Appraisal of the project for bank financing, loans syndication and debt restructuring
- Infrastructure Development Projects formulation, appraisal and arrangements for financing
- Turn around strategy for banks and restructuring of developmental institutions
- Conceptualise, design and implementation of developmental programs
- Monitoring and Evaluation of the developmental projects and investments
- International Visitors Programmes
- International Exposure visits organization
- Capacity building and human resource development

Milky all The Way

Nabcons has completed an assignment for Techno-economic viability of Dynamic Dairy Industries, Baramati. The business plan prepared by the client was evaluated by NABCONS. Based on the report given by the Nabcons, Rabo India has extended a finance of Rs. 100 cr to the Dairy. Besides, Scriber from USA has participated in the equity of the Company.

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