

NABARD CONSULTANCY SERVICES

April-June 2008

Performance at a glance: 2007-08

The performance and the financial position of NABARD Consultancy Services for the fifth financial year i.e., 2007-2008 has been very encouraging. The important highlights of the performance are as under:-

- ❖ NABCONS, during the year 2007-08 executed 356 assignments and generated a business of Rs.1019 lakh as compared to Rs.945 lakh during 2006-07. The income from domestic and international assignments constituted 87% of the business income.

Progress over the past three years

(Rs. Lakh)

Items	2007-08	2006-07	2005-06
No. of assignments executed	356	154	101
Income from assignments	841.72	857.00	594.32
Income from IVPs	37.87	0.67	17.31
Interest on deposits	134.20	87.30	50.48
Other Income	5.30	0.40	1.06
Total Income	1019.09	945.37	663.17
Expenses on assignments	199.54	275.56	138.48
Gross Profit	819.55	669.81	524.69
Indirect Expenses	232.58	194.42	84.51
Profit Before Tax	586.97	475.39	440.18
Profit after Tax	381.70	299.87	282.67

- ❖ During the year 2007-08, the company's income rose to Rs.1019.09 lakh as against Rs.945.37 lakh during the previous year.
- ❖ The profit earned before tax (PBT) for the

year ended 31 March 2008 was Rs.586.97lakh. The profit after tax (PAT) was Rs.381.70 lakh as against Rs.308.87 lakh for the previous year 2006-07.

- ❖ The reserves of the Company have grown to Rs.917.55 lakh. The book value of the share of Rs. 10 each worked out to Rs.28.35 per share as on 31 March 2008.
- ❖ The total assets of the Company as on 31 March 2008 stood at Rs.2001.91 lakh recording an increase of over 23% as against the position of March 2007 at Rs.1627 lakh.



Dividend being handed over to Chairman NABARD

- ❖ The Company has earned foreign exchange earnings of US \$ 127280, equivalent to Rs.50.53 lakh from execution of assignments and conducting of International Visitors Programmes (IVPs).

Long-term goal of Nabcons

"To emerge as the leading organization in providing consultancy and advisory services for facilitating development of agriculture and rural sector in India and the developing world."

- ❖ The company paid of Rs.50.00 lakh (10 % dividend) to NABARD for the year 2007-08.

Recent Developments

The 23rd meeting of Board of Directors of Nabcons was held on 17 June 2008 at Mumbai.

Govt. of Himachal Pradesh is setting up its first Maize processing plant at Haroli and subsequently four similar units will be set up in the state, with a view to commercialize the production of the crop. This is an outcome of a consultancy assignment done by us for the Govt.

An International Visitors Programme (IVP) for 33 staff of Wayamba Development Bank, Sri Lanka was held at IMAGE, Chennai between 05 and 10 May 2008. The programme was handled by Tamil Nadu Regional Office.

An 8 member delegation from various institutions in Kenya like Ministry of Agriculture/Cooperation, Kenya Planters Cooperative Union, DCDM etc visited India to understand various aspects pertaining to coffee growing, financing, input procurement, risk mitigation, value chain, etc. This IVP was coordinated by Nabcons, Head Office and Karnataka Regional Office.



Kenyan delegation listening to Development perspectives

APRACA Fin Power consultancy assignment in Nepal viz. 'Western Upland Poverty Alleviation Project (WUPAP) between June 05 and June 18, 2008 was taken up by Shri H R Dave, OIC, Arunachal Pradesh RO.

"CARBON FARMING"

P.K. Dholakia AGM, Nabcons, Mumbai

What is Carbon Credit?

Also known as "Certified Emission Reduction" (CER), one unit of Carbon Credit is equivalent to 1 MT of Green House Gases (GHG) reduced in terms of Carbon di oxide (CO₂). CERs, also popularly known as "carbon credits", are the certificates, like stocks, that are readily saleable in the markets of the developed countries. At present, one CER is trading at about \$ 10. A project in the CDM-host country (non-Annexure-I country) becomes eligible for CERs if the project results in a net decrease in green house gas emissions - this is called "additionality". A CDM project is "additional" if emissions of greenhouse gases are reduced below the levels that would have otherwise occurred in the absence of the registered CDM project activity. The concept of "sustainable development criteria" (SDC) also should be understood clearly. Different countries in the world have different SDC and in India, the clearance under SDC is granted by the Union Ministry of Environment and Forest which is the Nodal Agency.

What is Carbon Trading?

Under the Kyoto Protocol, 39 developed countries would have to either meet their GHG reduction targets or, alternatively, pay for the GHG reduction activities in developing countries (Carbon Credits). Several private players / funds are also involved in CDM, acting as brokers and intermediaries.

Activities related to "Carbon Farming"

Globally, about 8% of the total CDM projects are accounted for by "agriculture". Some activities that have been established to be generating CERs in agriculture and related fields are -

(a) No-Till Farming:

Producing crops involves regular tilling that agitates the soil in various ways. Most dryland farming systems depend on tillage to grow

crops. However, repeated tillage destroys the soil resource base and causes adverse environmental impacts. Research and farmers' experience indicate that with continuous no-till of soil, organic matter increases, soil structure improves, soil erosion is controlled and crop yields increase substantially due to improved water retentions and nutrient availability. No-till fields often have more beneficial insects and annelids, a higher microbial content, and a greater amount of soil organic material. Farmers' land can thus become a carbon sink for the fossil-fuel-dependent power generators willing to purchase carbon credits.

(b) Reforestation: It reduces CO₂ in the atmosphere through "carbon sequestration" - capture and removal of CO₂ from the atmosphere. Forests capture CO₂ and store it in the trees' mass and in the soil.

(c) Plantation of Jatropha : The carbon dioxide absorption of 8 Kg. per Jatropha tree per year can be converted into Carbon Credit. Plantation on one hectare (2500 plants) will result in reduction of 20 tons of CO₂ per year for 50 years. Moreover, each hectare will produce an average of 1000 gallons of bio diesel per year and 3500 kg of biomass. The usage of bio diesel will result in the CDM of 3.2 Kg. CO₂/ litre of diesel replaced. At the 78% efficiency, bio diesel will result in 2.5 kg of CO₂/per liter or 9.2 tons of CO₂ for every hectare of plantation. 10 tons of seed will produce 6500 kg biomass from de-oiled seedcake which will be used for gasification to produce methane that will be harnessed for the captive consumption to replace highly-inefficient wood burners with gas-fired burners and electricity. Thus, the total carbon offset from Jatropha plantation on one hectare of land (2500 plants) will be at a minimum 30 tons per year and 1500 tons in the lifetime of 50 years.

(d) Cogeneration power plants using agricultural biomass like bagasse, rice husk, jute residues ("caddies"), residue of mustard crop, etc.

(e) Methane Recovery in Dairy Farms, Pig Farms, Poultry Farms, Distilleries, etc. as methane is 21 times more damaging to the ozone layer than CO₂.

(f) Biomass gasifier-based power plants

Switching to biomass briquettes from fossil fuels for heat generation

(g) Vermicomposting: The management of animal manure from livestock operations is a major environmental challenge. This problem is compounded because of the scientific management of animal husbandry that adopts confined animal feeding operations. Most cattle dung, when left to decompose on its own in natural way, release methane which is a greenhouse gas. The impact on the environment can be better perceived by the fact that 6.6% of the total GHG emissions in the US is accounted for by livestock manures alone. The position in India with large cattle heads is still worse. It has been estimated that the carbon credit potential per animal-unit is 5 - prevention of methane emission for the dung of just one animal can earn the CDM unit 5 carbon credits!

(h) Adoption of Organic Farming - through reduction of use of chemical fertilizers

(i) Gobar Gas Plants: Anaerobic digestion of cattle dung which adds value to the digestate with increased availability of Nitrogen - from 50% to 90%.

Other Areas for Carbon Credits

Other Areas for Carbon Credits are wind power projects, methane recovery from wastewater, generated by biogenic organic matter in the wastewater and mini hydel projects.

As the world is moving away from the oil-based progress march, India is no different. From a banker's perspective, this underlines a range of immense opportunities for channeling credit to newer, cleaner sources of energy that are infinite. Development of such clean technologies could be in the areas of solar energy, wind energy, tidal energy, bio-energy, geothermal energy and the energy generated from an efficient utilization of biomass and organic wastes.

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