

Corporate Social Responsibility Activities in Agriculture and Rural Development – Role of NABARD

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Abstract: As per the Section 135 of the Companies Act, 2013, every company having net worth of Rs. Five Hundred crore or more, or turnover of Rs. One Thousand crore or more or a net profit of Rs. Five crore or more during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

National Bank for Agriculture and Rural Development (NABARD) is a premier apex level development financial institution of the country, owned by Government of India and Reserve Bank of India. It was established on 12 July 1982 by an Act of the Parliament with a Mission to promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institutional development and other innovative initiatives.

Although NABARD is not covered under the Companies Act, 2013 and the mandate of section 135 thereof regarding Corporate Social Responsibility (CSR) is not applicable to it, being an apex development financial institution entrusted with the mandate of “**promoting sustainable and equitable agriculture and rural prosperity**”, it has been engaged in designing, developing and implementing many innovative interventions in the areas of Agriculture and Rural development since its inception.

All these developmental and promotional initiatives of NABARD are eligible activities for CSR funding. Many of the flagship programmes are multi-dimensional and implementation thereof have attracted other stakeholders to join hands with NABARD. A large number of Corporates have entered into collaboration with NABARD for effective implementation of their CSR programmes on co-funding basis leading to optimum utilization of their financial resources and facilitating agriculture and rural development in the selected areas. By providing a platform to corporates for converging their CSR programmes, NABARD is playing a very significant role in leveraging and channelizing the CSR funds to agriculture and rural sectors.

This paper attempts to understand the pivotal role played by NABARD in furthering agriculture and rural development of the country by leveraging its expertise and dovetailing its various developmental programmes with the financial resources earmarked by corporates for their CSR activities.

INTRODUCTION

Section 135 of the Companies Act, 2013 stipulates that every company having net worth of Rs. Five Hundred crore or more, or turnover of Rs. One Thousand crore or more or a net profit of Rs. Five crore or more during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

NABARD is an apex development financial institution established by an Act of the Parliament to promote sustainable and equitable agriculture and rural prosperity. As it is not covered under the

Companies Act, 2013, the mandate of section 135 of the Companies Act, 2013 regarding CSR is not applicable to NABARD.

DEVELOPMENT FUNCTIONS OF NABARD

NABARD is India's largest Developmental Financial Institution. Its functions can be broadly categorized into Financial, Developmental and Supervisory categories. NABARD has been instrumental in piloting and upscaling many developmental interventions in the areas of Agriculture, Rural Development, Micro Credit, Natural Resources Management, Rural Non Farm Sector, Skill Development, Technology Transfer, sustainable development initiatives like Climate Change Adaptation, etc.

Some of the developmental programmes being implemented by NABARD include:

A. Natural Resources Management

- a. Watershed Development Programme
- b. Tribal Development Programme
- c. Umbrella Programme on Natural Resources Management

B. Rural Entrepreneurship skills, Handicrafts,

- d. Off Farm Development Programmes, covering Rural Non Farm Sector

C. Women empowerment, inclusive development

- e. Micro Credit Innovations
- f. Financial Inclusion
- g. Focus on women under other programmes like Watershed Development, Tribal Development, UPNRM.

D. Agriculture Productivity, Farmers income

- h. Farm Sector Promotion Programmes
- i. Producer Organisation Development Programme

Accredited Agency under UNFCCC and GCF

NABARD is the only Accredited Entity of Adaptation Fund as well as Green Climate Fund (GCF) under United Nations Framework Convention on Climate Change (UNFCCC) in the entire South East Asian Region for accessing international financial resources for feasible climate change adaptation and mitigation projects in India. NABARD is also the designated agency for the National Adaptation Fund for Climate Change (NAFCC). Further, NABARD also works in collaboration with other international agencies like GIZ, KfW, IFAD and World Bank etc.

NABARD's Mission and its Synergy with CSR Mandate

The Schedule VII of the Companies Act, 2013 stipulates activities that are eligible under CSR. All the developmental interventions of NABARD are eligible CSR activities in conformity with Schedule VII of the Companies Act, 2013. The details of eligible activities as per Schedule VII of the Companies Act, 2013 and matching developmental interventions of NABARD are appended below:

Schedule	Eligible Activities as per Schedule VII of Companies Act 2013	Matching Developmental Interventions of NABARD
VII (i)	Eradicating hunger, poverty and malnutrition,..... sanitation and making available safe drinking water	<ul style="list-style-type: none"> Watershed Programme Tribal Development Projects UPNRM Microcredit
VII (ii)	Promoting education,.... employment enhancing vocation skills livelihood enhancement projects	<ul style="list-style-type: none"> REDPs and Skill Development Programmes Training and capacity building of farmers under Farm Sector Promotion Fund (FSPF) Watershed Programme Tribal Development Projects UPNRM Microcredit
VII (iii)	Promoting gender equality, empowering women,and measures for reducing inequalities faced by socially and economically backward groups	<ul style="list-style-type: none"> Micro credit/ Promotion of Women Self Help Group Marketing support for Rural Non Farm sector products Participatory role for women UPNRM/ Watershed Programme /Tribal Development Projects
VII (iv)	Ensuring environmental sustainability, ecological balance protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water...	<ul style="list-style-type: none"> Watershed Development Tribal Development UPNRM Projects Climate Change Adaptation Projects Farm Sector Promotion Fund NIE under Adaptation Fund Board (AFB), Green Climate Fund (GCF) and NAFCC
VII (v)Promotion and development of traditional and handicrafts	<ul style="list-style-type: none"> Off Farm Development Clusters for rural arts, crafts, handicrafts Skill development Marketing assistance for Rural crafts
VII (x)	Rural development projects	<ul style="list-style-type: none"> Any project meant for the development of rural India will be covered under this All the Interventions of NABARD are covered

Converge of NABARD's Activities with CSR spends by Corporates

While corporate are making their all-out efforts to integrate the CSR as part of their core business to ensure sustainability of the business, the developmental programmes of NABARD provide a ready platform for the corporates to collaborate with it to ensure a much larger scale and synergy.

Corporates are collaborating with NABARD by co-funding the various development interventions on cost sharing basis. This enables NABARD to leverage CSR funds to enlarge outreach in the agriculture and rural sectors.

The collaboration also provide an opportunity to the corporates to converge social sector activities like education, drinking water, sanitation, health etc with the projects already implemented by NABARD thereby ensuring holistic development of the villages.

Watershed Development Programme

Watershed development is one of the flagship development programmes which aims at

conservation, regeneration and judicious use of human and natural resources within the identified watershed.

NABARD has supported 1878 watershed development projects benefitting around 6.42 lakh households in 19 States. Cumulative amount of Rs.1463.16 crore has been released as against the sanction of Rs.1729.26 crore under different watershed programmes covering an area of around 18.38 lakh ha. About 7.71 lakh women are benefitted under these projects.

Empowerment of Women through Watershed Development:

- a) A Village Watershed Committee is formed in each watershed having special provision for involving 30% women members in the committee.
- b) These women have direct representation in the net planning, implementation, management, monitoring and supervision of the watershed project.
- c) Special provision for Women and landless Development component in watershed development project. Up to 7.5% of the total projects cost earmarked for this component
- d) Activities like formation of SHGs, JLGs etc. for promotion of various income generation and drudgery reduction activities, support to landless, women headed families etc., have been covered.
- e) Support to women in the form of smokeless chullahs, solar lights.
- f) Livelihood activities like dairy, backyard poultry, small shops, health etc., have also been promoted for the benefit of women in watershed area.
- g) Under maintenance fund component in the projects, Village Watershed Committee can extend credit support in the form of revolving fund assistance to SHGs, JLGs etc.
- h) Special focus on women development in post watershed activities through banking plan.

Convergence of CSR funds with Watershed Development Projects

Considering its immense potential for soil and water conservation and livelihood improvement, many corporate bodies like ITC, TATA TRUST, Hindustan Unilever, MCX, Ambuja Cement Foundation, Dalmia

Cement, Jindal Steel, BALCO, Godrej Industries have been collaborating with NABARD for convergence of their CSR funds in watershed projects.

As on 31st March 2016, 99 projects were being implemented under CSR collaboration (Annexure II) Integration of CSR funds is being advocated for watershed plus activities like health, sanitation, drinking water, education, skill development, popularizing alternate Agri and Allied livelihood enterprises among watershed community, etc. to ensure holistic development of such areas. Women are immensely benefitted from such collaborative CSR interventions and convergence.

Tribal Development Programme

The Tribal Development Programme aims at inclusive development of tribal people with gainful livelihood interventions to transform their lives and bring them to mainstream activities through establishment of wadis, women empowerment, training, skill development and other related interventions.

NABARD has been supporting Tribal Development Projects since 2003-04 with a dedicated fund named as Tribal Development Fund (TDF) with initial corpus of Rs 50 crore. As many as 633 projects have been supported under Tribal Development Programme in 27 States/ UTs. benefiting 4.85 lakh tribal families including 2.42 lakh women beneficiaries which are being implemented by NGOs involving total TDF assistance of Rs. 1953.00 crore involving grant support of Rs. 1812.00 crore and loan component of Rs.141.00 crore as on 31 March 2016.

One of the fundamental tenets of the “wadi” programme (as the TDF projects are commonly known) is that “while enrolling the family under the wadi development programme, the husband and wife are required to give their consent together and it is made amply clear to them that although the ownership of the land may vest with the husband, the wife is an equal partner and owner of the wadi”.

Technical inputs are provided to the women folk through numerous trainings, meetings, as well as field visits through which they get exhaustive technical knowledge related to horticulture, improved agriculture, economic activities, livelihood, nutrition, child & family health, and other aspects of sustenance. These activities motivate her to try and give her best for the development of the wadi by actually implementing the increased awareness in her day to

day workings at the field level.

The wadi project has supported deserted women by providing them support to take up non-land based activities in case they are not owning land so as to enable them to stand on their own feet.

Improved Agriculture

While implementing the wadi programme, inputs are provided not only related to horticulture but also focus is also given on vegetable cultivation, and new & improved cultivation practices. Under improved agriculture trainings related to packaging as well as developing market linkages are provided to the women. The ultimate goal is to enable access to the outside market through these women participants but at initial stage they are encouraged to consume the vegetables themselves, and thereafter sell any surplus at the local market. This move has helped improve the nutrition in their family diet as well as earn additional income for their family. Each family is getting Rs. 10000.00 to Rs. 15000.00 per year as additional income as a result of which migration has been reduced.

Women who are not owning any land are covered under the 'livelihood interventions for landless' to enable them to take up activities such as goat rearing, dairy, poultry, tailoring, vegetable selling, grocery shops, fisheries, bee-keeping, sericulture etc. Before the women take up these activities, they are provided with trainings and exposure. Consequent up on taking up such activities, the women are earning about Rs. 2000.00 to Rs.3000.00 per month.

Formation of Women SHG's

One of the components under the wadi programme is the formation of women SHGS. Importance is given for regular meetings, savings, internal loaning, etc. Training such as for record keeping, bank linkages, income generation, and leadership development is imparted to these groups and efforts are made to link these SHGs with banks as per their needs. Exposure visits, mahila mela, and other training programmes are arranged to build their capacity. Women empowerment through promotion of thrift groups, drudgery reduction, income generation activities, enabling participation of women in institutions, etc. been given due importance under TDF projects.

Community Health

Under this component, focus is given on potable water availability, increasing nutrition, generating health

awareness, child care, etc., through different interventions such as kitchen garden, clean kitchen, health camps, and development of water resources.

Village Planning Committee (VPC) Formation

To empower women and ensure that they are an integral part of the village level decision making process, NABARD encourages NGOs to ensure that the Village Planning Committees in the project villages have at least 33 % women representatives in each VPC. Further, it has been ensured that not only at village level but also in the cluster level committee i.e. The Cluster level Tribal Development Committee (CTDC) there is due representation of women (minimum 30%).

Thus, in the Tribal Development Programme larger focus is on women development such as drudgery reduction measures, on farm and non-farm income generating activities and formation of self-help groups for inculcating thrift and credit habits.

Umbrella Programme for Natural Resource Management (UPNRM)

The programme objective is mainstreaming of holistic, participatory and financially sustainable livelihood solutions into public NRM policies and financial instruments to improve livelihoods of the rural poor. This is based on sustainable natural resource use and management. Till October 2015, 287 projects have been sanctioned cumulatively with an investment of Rs. 587.00 crore. Though this programme is gender neutral, an impact evaluation study brought out that out of 332051 beneficiaries assisted, 46% are extremely poor and marginalized, 44% are women, 42% belonged to scheduled caste and 36% scheduled tribe.

Under UPNRM 21 projects have been co-funded by various corporates as part of their CSR programme with total outlay of Rs. 37.44 crore and CSR contribution of Rs. 7.07 crore.

Other Development interventions

The other development interventions like Farm Sector Promotion Fund and PRODUCE fund was also utilized to consider projects in collaboration with Corporates. In the process NABARD has been implementing 6 projects in association with TATA Trust in Leh and Ladakh regions with grant assistance of Rs. 57.80 lakh under FSPF and PRODUCE, which covers mainly women beneficiaries.

The Way forward

As a knowledge partner, more than three decades of expertise and institutional mechanism developed by NABARD in the development domain is shared with the corporates in this win-win partnership while channelizing CSR funds for transformation of Agriculture and Rural Sectors. With the recent amendment to the Companies Act, 2013 allowing the corporates to undertake CSR activities approved by their CSR committees through a Company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature, more collaborations to channelise the CSR spend of corporates to the agriculture and rural space is expected.

Keywords : National Bank for Agriculture and Rural Development (NABARD), Companies Act, 2013, Corporate Social Responsibility (CSR)

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