

## KRISHAN JINDAL

CEO, NABARD Consultancy Services Pvt. Ltd.

I will just give a very brief presentation and share with you the experience of my organisation in Africa. The organisation that I work for is NABARD Consultancy Services, which is a subsidiary of NABARD, National Bank for Agriculture and Rural Development. The National Bank for Agriculture and Rural Development was set up as an Apex Bank in India for the promotion of agriculture and rural development and was one of the unique steps of the Government of India. The work done by NABARD has relevance for Africa, as there are similarities between Africa and India.

If we look back 30 years, agriculture in India and Africa were on the same platform but in the last 30 years there has been quite an impressive development in Indian agriculture. India is now a net exporter of food grains and has assimilated a lot of small and marginal farmers. NABARD has played a very important role in this. The role of NABARD is to create an enabling environment for flow of credit to the agriculture sector and we believe that credit has been very helpful in enabling farmers to adopt technology. NABARD has been able to facilitate credit flow to agriculture and also helped in adoption of technology by small farmers to operate in a profitable and sustainable way.

With this backdrop and the experience of NABARD a number of African countries have shown interest in learning about our experience and there has been a lot of exchange of experience between NABARD and African countries.

NABARD Consultancy Services provides consultancy primarily in India in the area of agriculture and rural development. The purpose of NABCONS is to leverage the capabilities of NABARD and assist in furthering its mandate. In addition to India, we are now working in a number of Asian and African countries, as African countries evinced interest to understand the role that NABCONS has played in Indian agriculture.

I will basically divide my presentation into two parts. Firstly, I will talk about what my organisation, NABARD Consultancy Services, has been doing in Africa and then I will look at the interest evinced by African countries in microfinance and the activities of small farmers, where NABARD has played a very important role. That will be the second part of my presentation.

As far as NABARD Consultancy Services is concerned, we help in the preparation of project reports, the provision project management consultancy, the techno economic appraisal of projects, the capacity building of the various stakeholders involved in the agriculture sector and the international exposure programmes.

The first area where we are involved with African countries is in the promotion of microfinance. As I said earlier, there has been a lot of interest shown by African countries in the kind of work that NABARD has done in India. NABCONS has facilitated the exchange of experience between African countries and NABARD. Many of them are banks in Africa who wanted to provide loans for agriculture but they needed capacity building in terms of how they should proceed in that direction and NABCONS was involved in this. We see that very few banks are involved in the provision of credit to the agriculture sector in African countries, whereas in India almost 18% of total credit goes to the agriculture sector. How this has been facilitated and the kind of mechanisms that have been put in place are key issues and NABCONS has been working on this with a number of African countries.

Another area has been the study of rural financial institutions in Africa. India has a large number of these institutions, including cooperative banks and microfinance institutions, which provide credit to the agriculture sector. However, these are relatively non-existent in Africa. There has therefore been an exchange of experiences in terms of the role that NABARD has played in promoting banks and microfinance institutions (MFIs) in the Indian agriculture sector.

As I said earlier, Indian agriculture has been transformed in the last 20 to 30 years. A lot of factors have been a part of this, an important one of which is credit and technology. Many African countries want to come to India to see things for



themselves and we have hosted delegations from different parts of Africa and showed them the best practices in India. In terms of best practices, some of the main areas have been in project planning, monitoring and evaluation for agriculture and rural development, looking at how a small project is prepared and financed by the bank and then how it is implemented and monitored. Credit cooperatives are doing very well in India and many African delegates have come to study them. Risk insurance and risk mitigation is another area, as we know that agriculture is subjected to many risks. India still has a long way to go, but there are nevertheless many experiences to draw on and our African partners have come to India to see things for themselves.

Another area that has been studied, is how a bank does an appraisal of projects to finance small farmer or small enterprise and how it then goes ahead with the financing, what mechanisms are adopted and how it secures the loan. These are the areas that our African partners would like to learn about. Indian agriculture is now clearly diversified, ranging from food grains to oil seeds, horticulture and many other areas. Irrigation and dry land practices have been adopted and our African partners want to learn about these as well.

As we can see, there has not been much investment in Africa, particularly in land that is shared with a small partner or other farmers. The main reason for this has been the lack of credit and the lack of exposure and lack of use of technology. Many of these small farmers and other farmers have made huge investment in land and this has made a big difference in agricultural production and productivity.

India is setting up a capacity-building institute for our African partners, based in Malawi. This is being funded by the Government of India and our organisation is the implementing agency for the project. The idea is to create an institute that can study the practices relating to the experiences that I discussed earlier. We can then conduct programmes both inside and outside Africa and help them to replicate the Indian models / experience.

Moving to the second part of my presentation, which is of great interest to our African partners, NABARD has done tremendously good work in the field of microfinance which has been well recognised. When I say 'microfinance' I am basically touching on two areas. Banks in India were not lending to small farmers, the landless or the poor because they had no track record / credit history and also no security to offer to banks. The experience of Self Help Groups has been very helpful in linking them to the banking system. This started in 1992-93 and about 7.43 million Self Help Groups now have savings accounts with the banks and 4.2 million groups have been financed by the banking system. 97 million families are covered through this group mechanism and are linked to the banking system in one way or another.

Another very good experience of India has been that we have designed a very simple agricultural product for the farmer, which also started about the same time as the work on microfinance. This is the Kisan Credit Card, a credit card is given to the farmer as per his eligibility to meet all his credit needs, and this has become hugely popular with the banking system as well as the farmers. The credit card and the provision of microfinance hugely reduce transaction costs for both the banks and the borrowers. Currently, 90 million farmers are provided with KCC and this is the single largest programme by which we are meeting the credit needs of the farmers on a priority basis.

All these experiences are relevant to Africa, and African countries are showing a lot of interest in this group mechanism. There has been a series of studies and pilots and in some countries. However, I think that my experience and the experience of other institutions is that we cannot deal with Africa under one banner and that every African country has its own mechanism and ways of dealing with these issues.

Another area that I think is extremely important is basically not linked to the subject of my presentation, however, I would like to mention it. Development in agriculture that has taken place in India in the last 30 years, in addition to credit and technology, farm policies have also played a very important role. NABARD has been implementing these farm policies and understanding them. Experience with African countries shows that farm policies are being adopted in a staggered manner and there is a lot of interest to learn from India in evolving them and implementing them. We have a lot of regulation that covers bank's lending to the agriculture sector which does not exist in African countries. For example, it is mandated that an Indian bank has to lend 18% to the agriculture sector, whereas there is no mandate of this kind as regards African banks, which are free not to lend anything to the agriculture sector. These farm policies and credit policies have therefore been of huge interest to our African partners and there have been a lot of exchanges



of experiences through delegations and discussions. With this backdrop, India and Africa have a lot of canvas on which to work on and take things forward.