

# GOVERNMENT OF INDIA AND WORLD BANK SIGN \$250 MILLION AGREEMENT FOR THE NATIONAL RURAL ECONOMIC TRANSFORMATION PROJECT (NRETP) TO BOOST RURAL INCOMES ACROSS 13 STATES IN INDIA

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Ministry of Finance

## Government of India and World Bank Sign \$250 Million Agreement for the National Rural Economic Transformation Project (NRETP) to boost Rural Incomes across 13 States in India

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The World Bank and the Government of India signed here today in New Delhi a \$250 Million Agreement for the National Rural Economic Transformation Project (NRETP) which will help women in rural households shift to a new generation of economic initiatives by developing viable enterprise for farm and non-farm products.

A Key Focus of the Project will be to promote women-owned and women-led farm and non-farm enterprises across value chains; enable them to build businesses that help them access finance, markets and networks; and generate employment.

The National Rural Economic Transformation Project (NRETP) is an **additional financing** to the \$500 million National Rural Livelihoods Project (NRLP) approved by the World Bank in July 2011. The NRLP which is currently being implemented across 13 states, 162 districts and 575 blocks, has so far mobilized more than 8.8 million women from poor rural households into 750,000 self-help groups (SHGs). These SHGs have been further federated into 48,700 Village Organizations and 2900 Cluster/Gram Panchayat-level Federations. While these 13 states will continue to be supported under the new project signed today, 125 new districts will be added from within these states.

*Speaking on the occasion, Mr. **Sameer Kumar Khare**, Additional Secretary, Department of Economic Affairs, Ministry of Finance said that the National Rural Livelihoods Mission (NRLM) aims to alleviate rural poverty and create sustainable livelihood opportunities in rural communities by promoting sustainable community-based institutions which will facilitate economic and financial services for the rural poor. He further said that this additional funding will help give impetus to the poverty alleviation measures by the Government and ensure equitable and inclusive growth in the country.*

The Loan Agreement was signed by Mr. **Sameer Kumar Khare**, Additional Secretary, Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India; and Mr. **Hisham Abdo**, Acting Country Director, World Bank India, on behalf of the World Bank.

Mr. **Hisham Abdo**, Acting Country Director, World Bank, India said that *the National Rural Livelihoods Project has mobilized close to 9 million rural women into strong self-managed institutional platforms, helping them access services, participate in Gram Sabhas and start engaging in income generating activities. Many of these women are now geared towards moving into higher order economic initiatives in farm and non-farm sectors. He further said that the New Project will now help them engage purposefully in an evolving rural economy.*

Since its launch in 2011, the National Rural Livelihoods Mission (NRLM) has mobilized 50 million poor rural women into self-help groups and their higher-level federations. These groups have leveraged nearly \$30 billion from commercial banks.

The NERTP will support enterprise development programs for rural poor women and youth by creating a platform to access finance including start-up financing options to build their individual and/or collectively owned and managed enterprises. The other key component of the project includes developing financial products using digital financial services to help small producer collectives scale-up and engage with the market. It will also support youth skills development, in coordination with the Deen Dayal Upadhyaya Grameen Kaushalya Yojana. Peer to peer learning across States and across communities was a successful strategy under the NRLP and will also continue to be used in this project.

The Project will continue to give technical assistance, skills building and investment support to strengthen women-owned and women-led producer collectives diversify into high value farm and non-farm commodities such as commercial crops and livestock products, and fisheries.

*"This project aspires to transform the economic participation of SHGs and rural women entrepreneurs by helping them engage on a strong footing with formal private financing, expand women owned and women managed enterprises and increase women's labour force participation in viable agriculture and non-farm economic activities,"* said Ms. **Gayatri Acharya**, Lead Rural Development Economist and World Bank's Task Team Leader for the project. *"The project draws on lessons learned from the rich experiences of livelihood projects from across the country which have generated 2.5 million emerging entrepreneurs,"* added Mr. **Vinay Vutukuru**, co-Task Team Leader and Senior Agricultural Specialist.

The \$250 Million Loan from the International Bank for Reconstruction and Development (IBRD), has a 5-year grace period, and a final maturity of 20 years.

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