



India: IND: Strengthening Rural Financial Inclusion and Farmer Access to Markets: Axis Bank and Yes Bank

Project Name	IND: Strengthening Rural Financial Inclusion and Farmer Access to Markets: Axis Bank and Yes Bank		
Project Number	48278-001		
Borrower/Company	AXIS BANK LIMITED YES BANK LIMITED		
Country	India		
Location			
Approval Number	7428/3195, 7429/3196		
Type or Modality of Assistance	7428	Loan	USD 200.00 million Committed
	7429	Loan	USD 200.00 million Committed
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Partnerships Private sector development		
Sector / Subsector	Finance - Finance sector development - Inclusive finance		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Portfolio Management Division, PSOD		
Responsible ADB Officer	Gunawardhena, Manohari		
Project Sponsor(s)			
Description	The assistance includes two senior unsecured loans, both up to \$200 million to Axis Bank Limited (ABL) and YES Bank Limited (YBL) and a capacity development technical assistance grant of up to \$2 million to both ABL and YBL. Both banks will lend the Indian rupee equivalent amount of ADB's aggregate loan disbursements to eligible borrowers to finance working capital and investment loans targeting (i) small farm households, and (ii) rural women, organized in either savings and credit self-help groups (SHGs). The technical assistance will be used by the banks (i) to enhance the supervision and monitoring of their business correspondents, including their internal controls; (ii) to improve the financial literacy of business correspondent-affiliated women SHGs; and (iii) to continue the development of financial service products linking small farmers to markets and loan products targeted to specific regional crops for small farmers.		

Objectives and Scope	<p>ADB's assistance will contribute towards the following objectives:</p> <p>(i) Support of scalable lending models for priority sectors and inclusive agriculture growth. The current level of commercial bank lending to agriculture in India remains inadequate and limited access to finance for the rural population constrains their ability to undertake critical investments to improve yields and income. By channeling funds and providing TA to ABL and YBL for lending to small farmers and rural women, ADB's support will not only contribute appreciably towards both banks' efforts to meet priority sector lending targets, but also signal to the market and catalyze more local bank finance to support the development of this important sector, helping to alleviate rural poverty.</p> <p>(ii) Strengthening the banking sector by providing bank access to long-term funding. ADB's loans will make a sizeable contribution to ABL and YBL's funding in support of rural financial inclusion.</p> <p>(iii) Technical assistance. ADB's TA will directly complement ADB's credit lines, supporting the buildup of both banks' inclusive business strategies via business correspondents and targeted lending products to small farmers, using innovative approaches for linking them to markets. ADB's TA will help improve the integrity of credit data at the farmer level, and enhance credit assessment and risk management at both banks, which will benefit farmers with improved access to credit. With ADB's assistance, the banks' business models can become scalable and replicable flagship initiatives to support inclusive and commercially viable approaches to funding farmers and women borrowers through SHGs.</p> <p>(iv) Effective gender mainstreaming. The assistance includes a comprehensive approach to improve YBL's ability to reach an additional 2.5 million rural, low-income women. This includes women's awareness of financial planning, savings, and borrowing for their farm and household needs as reflected in the gender action plan.</p>
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Linkage to Country/Regional Strategy	<p>Under Strategy 2020, ADB aims to strengthen the financial sector by promoting inclusive growth. Inclusive finance will be supported by the focus on rural areas where productivity is low and the potential for income generation is high. The assistance is also consistent with ADB's country partnership strategy, 2013 -2017 for India, which highlights the importance of inclusive growth through inclusive financial systems. ADB will assist both banks to expand their services to small farmers and low-income women, which is consistent with the government's efforts as emphasized in the Mor Report. ADB's nonsovereign support will complement earlier and ongoing sovereign efforts in capital market and rural credit cooperative restructuring, as well as agribusiness infrastructure development.</p>
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Safeguard Categories

Environment	FI
Involuntary Resettlement	FI-C
Indigenous Peoples	FI-C

Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation

Timetable for assistance design, processing and implementation

Concept Clearance	21 Jul 2014
Due Diligence	
Credit Committee Meeting	-
Approval	18 Nov 2014
Last PDS Update	06 Nov 2014

Project Page	https://www.adb.org/projects/48278-001/main
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