

PRESS NOTE

LOAN SIGNING CEREMONY BETWEEN DEPARTMENT OF ECONOMIC AFFAIRS, GOI AND WORLD BANK IN RESPECT OF TAMIL NADU RURALTRANSFORMATION PROJECT HELD ON 30.1.2018 AT 4.45 PM

Project Signing: Government of India and World Bank sign \$100 Million Project to Boost Rural Economy of Tamil Nadu

New Delhi, 30th Jan., 2018- The Government of India and the World Bank today signed a \$100 million loan agreement that is expected to promote rural enterprises, facilitate their access to finance, and create employment opportunities for youth, particularly women, in selected blocks of Tamil Nadu across 26 districts, directly benefitting over 400,000 people.

The Tamil Nadu Rural Transformation Project will create an enabling environment for producer organizations and enterprises to promote businesses across select value chains. Based on the analysis, communities will identify commodities and subsectors in the value chain for preparing business plans. Thirty percent of the financing for these business plans will be through a matching grant program from the project and the remaining 70 percent will be leveraged from other financial institutions.

*The Government of India is committed to help create an enabling environment of institutional reforms, policies and investments which are key factors that will help India attain speedy and inclusive rural transformation,” said **Sameer Kumar Khare**, Joint Secretary, Department of Economic Affairs, Ministry of Finance. “The project will enable producer organizations and enterprises especially women entrepreneurs in Tamil Nadu, build businesses that will help them access finance, markets and networks and generate employment.”*

The agreement for the project was signed by **Sameer Kumar Khare**, Joint Secretary, Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India; Mr. Praveen P. Nair, Project Director on behalf of the Government of Tamil Nadu; and Junaid Ahmad, Country Director, World Bank India, on behalf of the World Bank.

It will also specifically support eligible households from socially and culturally disadvantaged groups harness their existing assets, skills, and resources; break their entry barriers to value-added economic activities; enhance their ability to access finance, markets, technology, and related support services; help them graduate to value-added economic activities with higher returns such as garment manufacturing and food processing units, eco-tourism ventures, and businesses around creative industries.

“World Bank-financed state livelihood projects, which have so far reached over 35 million people, have given the rural poor a greater sense of identity, and better

services and livelihood opportunities. This project will build on those achievements and support Tamil Nadu's rural enterprises access finance, build business skills and create jobs," said Junaid Ahmad, World Bank Country Director for India.

The project will be operational in 120 blocks across 3,994 villages in 26 districts of Tamil Nadu with 411,620 direct beneficiaries. It will work with targeted households that are already part of Self-Help Groups (SHGs). The project will be rolled out in a phased manner – 26 blocks will be taken up for implementation in all project districts in the first eight months, followed by 52 blocks by the end of 12 months, and the remaining 42 blocks by the end of 18 months from initiation of project implementation.

Selected innovations and start-up ideas will also be tested or scaled up under a newly created platform known as the Tamil Nadu Rural Transformation Marketplace. This platform will identify, showcase and celebrate innovative solutions related to themes that have the potential to impact rural economic growth in the state. Innovative ideas related to promoting rural artisans, local nutritious food systems and traditional health practices will be considered. The project will draw lessons from several rural livelihoods programs in India and build on the successes of the recently closed Tamil Nadu Empowerment and Poverty Reduction Project.

"The project will support building an ecosystem that will provide business development services to entrepreneurs in rural and semi-urban areas for promoting rural enterprises and creating employment opportunities. It will specifically target at least 60 percent women entrepreneurs from the SHG network in Tamil Nadu who have the potential to move into the next level of economic integration," said Hans Raj Verma, Additional Chief Secretary, Government of Tamil Nadu.

An e-governance architecture with the use of ICT along with a robust Management Information System (MIS) will help monitor and track results real time.

The \$100 million loan from the International Bank for Reconstruction and Development (IBRD), has a 5-year grace period, and a maturity of 19 years.