

# Development

# Matters

Monthly Development update from DHAN Collective

## Event

National Conference on  
Farm Based Livelihoods **1**

## Initiative

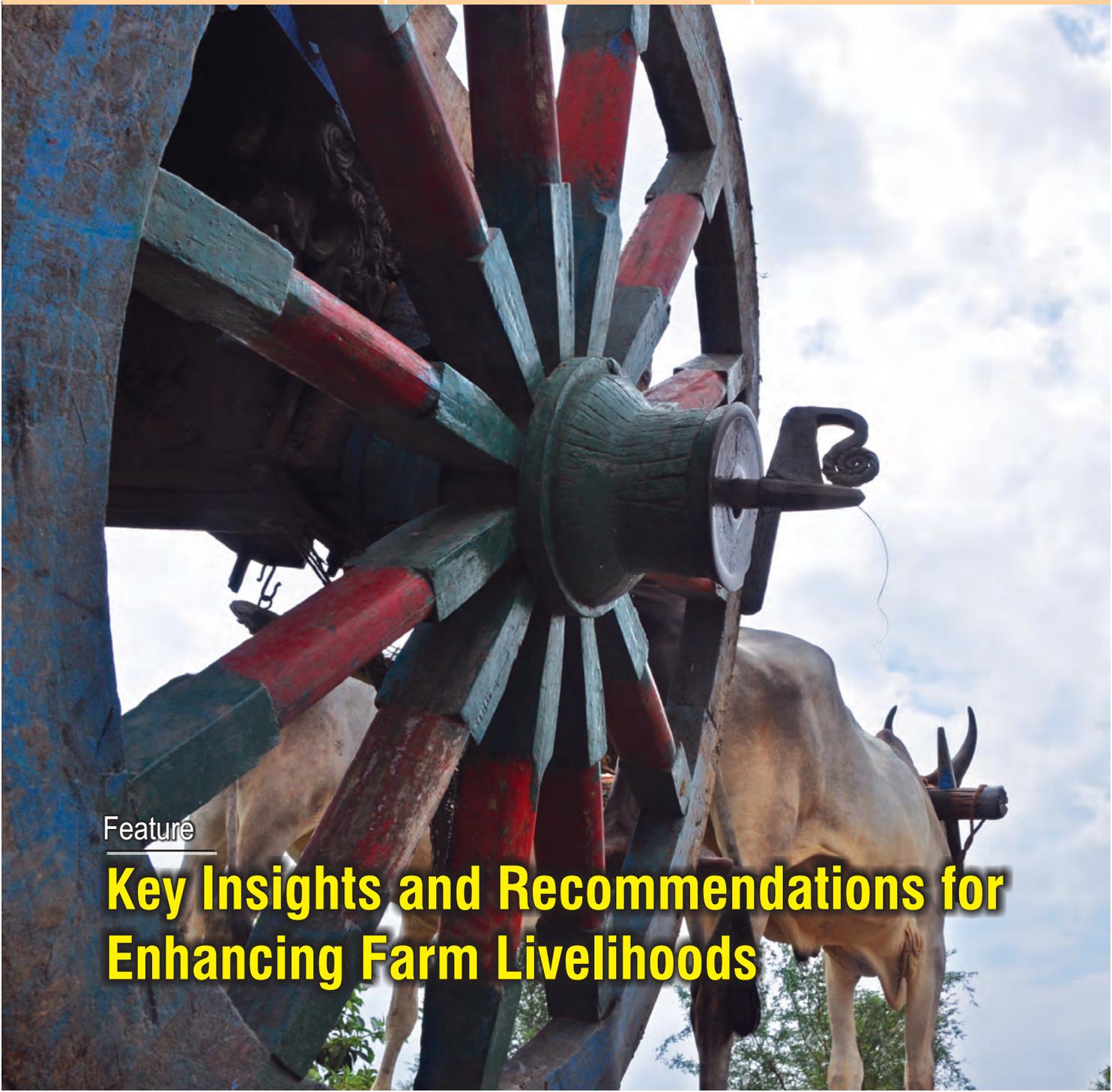
Community Initiatives to Enhance  
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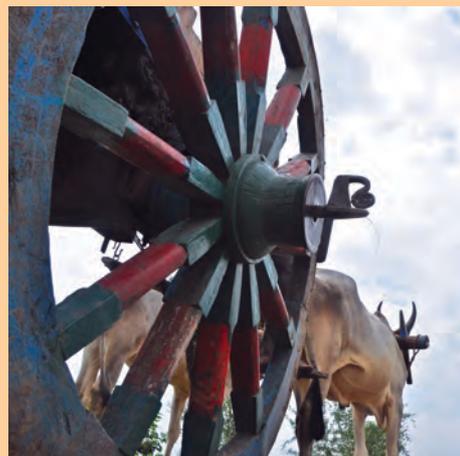
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## Feature

# Key Insights and Recommendations for Enhancing Farm Livelihoods





The two days National Conference on Farm Based Livelihoods came out with the present day issues in farming and also the possible solutions in front to enhance the income through agriculture.



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## From the Editors' Desk

Dear Readers,

Greetings!

This issue has its focus on agriculture presenting possible solutions for the issues in farming. A two day National conference on Farm Based Livelihood was organized in Chennai by INAFI, India, NABARD and other partners and a brief coverage of the event occurs in this issue. The learnings from new community initiatives to enhance farm based livelihood is featured in another article. The Key insights and recommendations suggested by the communities and community organizations for improving farm economy also features in this issue. A case study of Ms.Thavittamal who got the support of SHG for initiating dairying finds a place in this issue. The article "Policy interfacing and Irrigation development in Tamilnadu" by An article on RBI's Revised Priority Sector Guidelines with focus on direct and indirect finance is also featured in this issue. Another article by Mr.M.Balakrishnan features the innovative products launched by Indian bank for ensuring financial inclusion

The readers are welcome to give their suggestions and feedbacks on the articles featured in the development matters. They can send their mails to [dhancdc@dhan.org](mailto:dhancdc@dhan.org)

Happy reading!

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# National Conference on Farm Based Livelihoods

The two days national Conference on farm based Livelihoods was organized jointly by Tamilnadu Corporation of women development, Chennai, Pudhu Vazhvu, Chennai, DHAN Foundation, Madurai, International network of alternative financial institutions-India (INAFI), Madurai and NABARD, Chennai. The conference was held at Anna Institute of Management, Chennai on 29th Oct, 2012 and 30th Oct, 2012.

Agriculture sector which contributes to livelihood of 80 % of people in Rural India, has some pertinent issues which remains unaddressed. This National Conference on Farm Based Livelihoods was scheduled in such a way to capture the status of agriculture and current issues, the farmers are facing through direct interaction with communities that are engaged in farming and farm based activities across the country either individually or collectively through the SHG program during the first day of the event.

## 1ST DAY

### Conference of Communities (SHGS, Small and Marginal Farmers)

In the first day Conference of Communities, more than 200 farmers and SHG members from 11 states (Andrapradesh, Karnataka, Orissa, Jharkand, Rajasthan and Uttarpradesh participated.), NGOs, Officials from government sector and banks participated. and various other stake holders including participated. The day started with a prayer "Om dhattha sri", followed by "yennathil varuvadhu varthayile" and a silent prayer for one minute.



Speech by Ms. Amudha, IAS, MD, Tamilnadu Women Development Corporation

The Introductory speech was given by Ms. Amudha, IAS, MD, Tamilnadu Women Development Corporation. In her speech Ms. Amudha appreciated the participants who came from different states of the country and briefed about The Tamilnadu women development corporation which was initiated in 1983, the SHG program of which has grown many fold, and posed a situation that any other development program has to seek the support of SHG for easy implementation, whether it is health, education or Livelihood program. She also briefed about the National Rural Livelihood Mission and how it could support the SHGs.

### Speech by Mr.M.P.Vasimalai, Executive Director, DHAN Foundation

M.P.Vasimalai in his speech said that amalgamating the rich experience of all the participants here into higher policy level decision making bodies is critical to arrive at a concrete solution. He suggested three possible options to address issues in farm based livelihood

1. **Creating the social capital for farm based livelihood:** SHGs now function with its primary focus on savings, credit and insurance. Specialized social capital for farm based livelihood has to be created at different levels by organizing people, which will facilitate to purchase inputs, produce outputs and market them collectively through producer companies.
2. **Reaching technology to the needy:** Technology is often pro rich and hence used effectively only by the

affordable class and the small and marginal farmers are deprived of this access. This remains the biggest gap. The small and marginal farmers suffers from lack of knowledge and technological updation and this remains as an hurdle for the growth of small scale agriculture.

3. **Market in the hands of farmers:** Market price of the agricultural produce is not in the farmers hands at present. There exists a huge gap between the procurement price and the price at which it lands at the consumer's hand, which is largely influenced by middlemen and the transport cost involved. The price of farm produce is highly fluctuating, causing distress to farmers. Integrating agriculture with marketing is essential to address this issue. An initiative by DHAN for collective marketing of vegetables through a farmers owned super market called "Thottam" is an effort which benefits both the farmers and consumers, by facilitating farmers to market directly their produce in retail. More such initiatives must be done to enable farmers to dictate the price of the produce.

Vasimalai also stressed that inputs from this conference should be carried forward for implementation, by the different stakeholders for making the farm based economy a vibrant economy.

**Mr.N.S.Palaniappan,IAS, Principal Secretary, Department of Rural Development and Panchayat Raj, Government of Tamilnadu**

Mr.N.S.Palaniappan said that the Tamilnadu Government which ranks among the top three in many social and economic indicators has released the Vision 2023 document, which aims at making 80 % of women economically active through various programs. Various programs of the government like SGSY, Pudhu Vaazhu project, and NRLM program all target towards enhancement of rural livelihoods. So far 2497 farm based CLGs were formed through Pudhu vazhvu program. Farm production and productivity should be enhanced further for which a second green revolution is essential. The Governments objective is to raise all poor above poverty line, through state and central schemes. And the support of NGOs is also much needed for empowerment of women and directing rural India in a right way. He asked all the participants in the conference to share their experiences and to use the insights learned for betterment of farm based livelihoods

This was followed by presentation by farmers and SHG members from different organization on their experience in farming, challenges/issues and their collective action to address some issues

The inaugural session was followed by the technical session, where the farmers and SHG members from different NGOs shared their initiatives and experiences. The panel for the event was Mr.Manohar singh, Additional Director, (Livelihoods), Tamilnadu Corporation for Women Development, Ms.Shajeevana, Additional Project Director, Pudhu Vaazhvu project, Ms.V.K. Padmavathy, CEO, Kalanjiam Foundation and Mr.Mohabatra, NABARD.

After hearing the presentations the panel reflected that there is huge scope for collective farming and collective marketing using the SHG platform. The online marketing of vegetables is also picking up which the NGOs can experiment to support SHGs near urban areas. The panel also felt glad that most of the members placed request for technical support to expand their business.

**Sub group discussion on issues and challenges in enhancing farm based livelihoods**

This session was followed post lunch sub group discussion on issues and challenges faced by the community in sustaining farm based livelihoods. Each sub group took up specific issue and discussed upon it. The sub groups were also divided on linguistic basis to create a platform for sharing. The sub group discussion went on from 2.30 pm to 4.30 pm. The panel for this discussion is M.P.Vasimalai, Executive Director, DHAN Foundation, Ms.V.K.Padmavathy,CEO, Kalanjiam Foundation, Mr.M.Kalyanasundaram, INAFI- India and Mr.Mohabatra, DGM, NABARD

The sub group discussion revealed the issues and challenges ahead of enhancing farm based livelihood and also the possible measures to be adapted to tackle them.

**2nd DAY**

**Conference on Supportive Stakeholders – 30th October, 2012**

The second day conference had participation of different stakeholders involved in supporting farm based livelihoods, from officials from different departments



like agriculture, horticulture, rural development departments, TNCWD, Pudhu Vaazhvu, Civil society organizations, NGOs, bankers and insurance companies. The proceedings of the second day are presented below

**Mr.M.Kalyanasundaram, Chief Executive, INAFI India - Welcome address:**

Mr.M.Kalyanasundaram in his welcome address stated that the current efforts and support of the Government and civil societies/NGOs are in the process of enhancing livelihood t it is not sufficient. He stressed that priority should be given for mixed farming. The gaps in farm credit supply system should be addressed by the concerned stakeholders- Government, Bankers, Insurance Companies, etc. He pointed out that we should organize the women and farmers with small land holdings, who are part of the SHG eco to enhance farm based livelihood.

**Development perspectives of Farm Based Livelihoods (Mr.M.P.Vasimalai, ED, DHAN Foundation)**

Vasimalai spoke about the Developmental perspective of farm based livelihoods. He pointed out that the farm based livelihoods should be narrowed down to three – core, secondary and tertiary activities. A selective approach is needed since agriculture is influenced by many factors. Enabling infrastructure for farm based livelihoods, financing farm based livelihoods and creating an infrastructure for marketing is most needed.

**Enabling infrastructure for farm based livelihoods**

Elaborating on this Vasimalai said that, the existing MGNREGA can be effectively used to regenerate water bodies and ensuring wage employment in agriculture. Water is an important input that has to be given importance by way of conservation of tanks and other water bodies.

He made a special mention about the DHAN's water shed projects, which are really providing infrastructures for livelihoods. He informed the gathering about the storage inadequacy of the farm products. He also mentioned about the farmers of Ramnad who have developed farm ponds by their own funds.

**Financing Farm based Livelihoods**

Finance is another important factor that should be given priority in supporting farm based livelihoods and Vasimalai appreciated the community who expressed and brought lot of inputs for change in financing farm based activities. Agricultural credit portfolio Kissan credit card facility can be extended through SHGs Farming is also subjected to many risks, with cycles of surplus and deficit years. Appropriate crop insurance products have to be developed for risk absorption.

**Infrastructure for Marketing**

Vasimalai also stressed the need for creating an Infrastructure for Marketing. Crop based producer companies, value addition and processing of products at the local level, construction of godowns, up gradation of present village shandy's to higher level and other such collective efforts are needed. He also added that there is no "quick fix" solution for the present farm issues and they should be approached with a long term perspective.

For the benefit of the stakeholders who did not attend the 1st Day Conference of Communities, Ms.V.K.Padmavathi, CEO, Kalanjiam foundation shared the insights from community's presentation during the first day.

**Dr.R.Vijayakumar, IAS, Additional Chief Secretary, Planning and Development Department, Government of Tamil Nadu – inaugural address:**

Inspired by the reflections of the community Dr.R.Vijakumar shared the various initiatives by the state and central governments since independence in enhancing farm based livelihood, with specific focus on rural poverty and expressed his concern over that much of the issues remaining unresolved. Quoting the AMUL model he said that the change should begin from village level and creating a suitable structure and environment to initiate such change matters much. He stressed the need for intensification of the concept of Integrated farming system and use of waste lands effectively for millet cultivation. He felt that the

agricultural universities and research institutes must work closer with farming community for transfer of technology and to plan their research on need basis to create an enabling environment of implementation of effective farm technologies. He said organizing community through water shed approach and making them involved in the process can ensure effective use of land and water resources through collective approach. He appreciated the efforts of DHAN Foundation for proving the effectiveness of such model through its intervention. Dr.Vijayakumar said that the present government has initiated steps to provide infrastructural, communication and energy support to rural areas by way of solar housing schemes, ATMA project, cluster schemes in tribal areas etc.,

#### **Ms. Lalitha Venkatesan, CGM, NABARD, keynote address**

In her key note address, she shared the various initiatives of NABARD in developing farm based livelihoods including the concept of SHGs bank linkage program, watershed projects, capacity building support through seminars/conferences/krishi melas and its research initiatives. She said that NABARD follows a “pool based approach” considering the need of the farmer instead of “push based approach should be followed” to support farmers in enhancing their livelihood activity. She expressed that the present challenge in farming is the migration of labors and farmers to non-farm activities, due to rapid urbanization and fragmentation of land holdings, which made agriculture not a lucrative option. The problems in farming can be resolved if all the stakeholders work together to provide support for improved technology, efficient use of resources, increasing the productivity, value adding the products and marketing them she added.

She also spoke about the recent initiatives of NABARD the micro-entrepreneurship development program for mature SHGs, through which 15000 SHGs and 45000 SHG members got benefited in the last seven years, by undertaking many farm based and non-farm livelihood activities like back yard poultry, vermicompost, honey making etc., NABARD is also piloting the e-book keeping in SHGs, using mobile phone technology, which will help a great to maintain a database of SHG activities and also help in grading them for bank linkage. Another action research project SHG-2 program in piloted in Cuddalore and Trichy districts, for mature SHGs were the concept of voluntary savings, more

dosage of credit, mapping the savings and expenditure pattern and resource plan for SHGs which NABARD hopes to take forward the SHG movement to next level.

#### **Ms M.P.Nirmala, IAS, Secretary, Food and Cooperation Department, Government of Tamil Nadu**

In her exiting speech Ms.Nirmala, straightway pointed out “the need for much more integration of different stake holders, government, SHGs, Cooperatives, NGOs and others who work for a common cause but with a different approach’. She said that cooperatives and SHGs both work on the principle of collective action by the community and there is no much difference even in their larger objectives. The public private partnership model is one way to ensure collaboration between government and other stakeholders. Like SHGs, cooperatives are promoting the concept of Joint liability groups (JLGs) which are predominantly male groups intended to meet the credit needs of small and marginal farmers and tenant farmers. She suggested that livelihood activities undertaken by SHGs/JLGs should be put to scrutiny for their correct functioning as followed for other individual lending done, to guide and ensure the profitability of the activity. Ms.Nirmala also said that “there is a growing recognition for millets, due to their rich nutritive value. Strategies to include and promote millets in farming and marketing will not only solve the problem of nutrition, but also of dairying as the stubbles of millets can be an excellent fodder for cattle. Farm productivity and dairy productivity can be enhanced through millet cultivation, which does not consume much water”

This was followed by the business session were the different stakeholders and NGOs shared their interventions in supporting farm based livelihood.

The afternoon session had presentations from bankers and a cooperative credit institution who shared about their efforts and initiatives in financing farm based livelihood activities,rural financing and financing SHGs. The brief of those presentations are given below.

#### **Mr.N.S.Vishwanathan, Regional Director, RBI, Chennai – Keynote address**

N.S.Vishwanathan began his keynote address stating the gap between the contribution of agriculture to the national GDP and the work force actually involved in agriculture which remains at 14 % and 55 % which is

the root cause of labor problems in agriculture. Ensuring formal farm credit is another crucial factor for growth of agricultural economy, which RBI is giving foremost importance in all its policies. The financial inclusion concept, business correspondent model, service area approach, stressing banks to open 25% of its new branches in rural areas even without intimating RBI in advance and incentive/ punitive measures of RBI on banks favoring their activities towards the rural areas and reaching the poor are some of the steps initiated by RBI to ensure delivery of credit services to the needy he added.

N.S.Viswanathan also expressed that the kisan credit card concept which makes transactions easy can be effectively used by farmers which not put to full use currently. For inclusive growth RBI is also taking up efforts to create financial literacy by way of rural training centers, mobile vans and other means with the support of banks. RBI is also stressing banks to upgrade to latest technologies which are affordable to the people and also a commercially viable option for banks and not as a social obligation. RBI has stipulated that all villages above the population of 2000 must be brought under business correspondent model. With respect to Tamilnadu there is no such ceiling and all villages can avail this facility.

Concluding his speech N.S.Viswanathan said “Agriculture must grow very much from the present state and all the stakeholders hence must put their thoughts and head together beyond livelihood”

**Mr.K.S.Shanmugam, Principal Secretary, Finance Department, Govt. of Tamil Nadu - Valedictory address**

Mr.K.S.Shanmugam in his valedictory address expressed that there is no proper strategy as of date for ensuring the inclusive growth and “bottom up approach” is the best to evolve such strategies. Family, crop and village based approach is needed to address the farm livelihood issues as they are more complex and one model cannot be replicated universally in all villages. Unique models has to be created based on the context and need for a larger macro level change we visualize he added. The various stakeholders in the conference can use the inputs given by the community and also the cross learning they had to evolve such models. He said with concern that the agricultural sector which contributed to 51 % of the national GDP, now contributes only to 8.77 %. Unless a drastic intervention is done to enhance

productivity bridging this gap is difficult. Smaller land holdings, migration of labour, inadequate credit, issues in transfer and adoption of new farming technologies, declining productivity, degrading resources etc., risk associated with farming., are the major issues for which solutions are to be found he added.

He also came out with some suggestions like diversification of employment opportunities at village level to secondary and tertiary non-farm activities, to prevent migration of youth out of villages and retain them, who will be available for farm activities when the scenario changes. Quoting few examples, he added that there is an enormous scope for increasing the productivity of crops as the gap between the average national level productivity of major crops is well below the international average by adoption of our traditional knowledge, effective use of resources and adoption of appropriate technologies. He said that with respect to paddy the total area under cultivation in the world in 158.83 million hectares of which 27 % is in India. But we produce only 20 % of the total paddy production in the world, which shows the gap in productivity. Similar is the situation with the other major crops he added. He also added that providing local infrastructure for processing and storage (decentralized storage), value adding the products are the other means to give market support to the farmers, apart from collective trading. Existing organizations like PACBs can offer storage and warehousing facilities. Innovative models for contract farming, formation of producer companies and cooperative organizations will help greatly to resolve the price and market issues.

Summarizing the event Ms.Shanjeeva expressed that the two day conference is a good beginning and the presentations made came up with crystallized issues and also suggestions for solving those issues. She expected that the process should continue and an action matrix should be developed by forming a working group. She also suggested that the KCC facility can be extended to women farmers.

Vasimalai in his concluding remarks stated that a long term investment is needed to solve the farming issues. He also stressed that a working group has to be formed for sustaining this effort.

Mr.Manohor singh, Additional Director, (Livelihoods), Tamilnadu Corporation for Women Development delivered the vote of thanks □

# Community Initiatives to Enhance Farm Based Livelihoods

The two days national Conference on farm based Livelihoods was organized jointly by Tamilnadu Corporation of women development, Chennai, Pudhu Vazhvu, Chennai, DHAN Foundation, Madurai, International network of alternative financial institutions-India (INAFI), Madurai and NABARD, Chennai. As a part of the two days National Conference on Farm Based Livelihood held at Chennai on 29th - 30th October 2012 the Conference of Communities was held on the first day 29th Oct,2012. more than 200 farmers and SHG members from 11 states (Andrapradesh, Karnataka, Orissa, Jharkand, Rajasthan and Uttarpradesh participated.), NGOs, Officials from government sector and banks participated. and various other stake holders including participated. The farmers and SHG members from different organizations presented their experience in farming, challenges/issues and their collective action to address some issues. A brief from their presentation is given below.

**Collective marketing of Vegetables** - Ms.Beulah Vijaya, PLF Secretary, Pandi Kaavanur Panchayat, Thiruvallur District, Mahalir Thittam, Tamilnadu

Farmers in Pandi Kaavanur Panchayat used to grow greens, vegetables like bhendi, tomato, brinjal and paddy. The farming activity is subjected to many issues like electricity, escalating fertilizer prices, labor and marketing problem. The MGNREGA program is diverting labor from farm activities, as they get more money for less labor adding to the labor problem. Farmers were not able to get right price for vegetables since it was greatly influenced by middlemen. The farmers were not able to know the trend and market the produce accordingly.

To overcome these problems women farmers in Pani kaavanur Panchayat with the support of Mahalir Thittam organized themselves to market vegetables collectively. The farmers with the support of their spouse, now market the produce directly to Koyambedu market, since they can generate sufficient quantity to be transported through a truck load through collective action. The



women were trained through Mahalir Thittam to do this collective marketing. The men farmers were very much impressed and now they started depending on women.

**Impact:** Collective marketing of vegetables which enabled the SHG women to get good price for the produce

**Dairy Producer Groups-** Ms.Subbulakshmi, President, A.V.Patti Kalanjiam Dairy Primary Producer, Vadamadurai vattara Kalanjiam, Vadamadurai, Dindukal district, Tamilnadu

Subbulakshmi shared the experience of women in enhancing their income through dairying by organizing themselves into dairy producer group. It all started 15 years back when the members started saving ₹25/month by joining the kalanjiam promoted by DHAN Foundation. The women dairy farmers in the village were cheated by middlemen, right from improper



measuring, reduced price for produce and delayed payment. The measuring cans were such that 1200 ml will be measured as 1000 ml. This promoted 50 women members in the village to join together and form a dairy PPG. This initiative has helped to ensure usage of accurate measuring cans and prompt payment. Vadamadurai vattara kalanjiam and other women federations in Dindukal district has 30000 women members of which 5000 members were engaged in dairy activity. All the member were now happy that their dairy activity has become now profitable because of this collective action. She also added that she has a savings of ₹20000/ in the SHG and could get ₹40000/ as loan for educating his son.

**Impact:** 5000 women members involved in dairy activity were organized in Dindukal district for collective marketing of milk

**Effective use of resources through Farm Pond Construction- Mr.Hanumanthappa, President, Anjeneyasami Male Farmers Association, Doddakallahalli, Kolar District, Karnataka**

Hanumanthappa shared that he has only one acre of rainfed land in which he used to cultivate ragi under rainfed condition. The crop was always at risk as it depended completely on rainfall. The area was do dry that even digging of ground well will not assure water even at 1200 feet depth, which incurs a cost around ₹400000. The vayalagam federation promoted by DHAN Foundation came to his rescue by way of fund support from Bharat Petroleum company limited which aided support construction of farm ponds. Mr.Hanumanthappa said that he received ₹60000 as fund support and contributed his own money of



₹16000 to construct a farm pond in his land. Now he grows vegetables- bhendi in half acre and brinjal in another half an acre. He shared with pride that already he earned ₹50000/ profit and expects another ₹50000/ as profit from his one acre of land. He said that farmers can bring a positive change in their livelihood if they put their existing resource to maximum utilization with proper planning.

**Impact:** Farm construction aided in effective use of resources and increased income generation

**Collective Marketing of Flower crops- Ms.Kalaiarasi, Sri Durga Samdhee poo sangam, Then Siruvallur, Chinna salem panchayat, Thiruvallur district, Tamilnadu**



Ms.Kalaiarasi shared that the women members in the village owned fragmented lands ranging from 30 cents to 50 cents, in which they used to cultivate flowers. They used to market the flowers through middlemen individually, who in turn will send them to Thalaivasal/ Kallakurichi flower market. After joining the SHG promoted by Mahalir Thittam, they were educated to market them collectively. So, fifteen members joined together to market flowers collectively. They also got a loan support of ₹100000 from the Panchayat Level federation (PLF). Now they are purchasing inputs, cultivating flower crops and marketing them collectively. One of the members from their families will take the flowers to Kallakuruchi/Thalaivasal market on turn basis. This has proved to be successful in reducing the cost and increasing the income. Now they are planning to install drip irrigation system with the support of NABARD.

**Impact:** Collective marketing of flowers enabled women farmers to ensure right price for the produce

### **Breeder seeds to enhance productivity- Mr.Singa, Similikuda, Orissa**

Mr.Singa from Similikuda, Orissa is a farmer who belongs to Kondu tribe and he described his experience in farming in Kondu language. His wife was a member of Kalanjiam SHG group promoted by DHAN Foundation. He said that he not only able to get timely credit but also technical support through SHG which enabled him to use breeder seed for ragi cultivation. Using that he got 3 times more yield than others. He also shared that the entire village used to cultivate turmeric once and the practice was given up now. Now with the Kalanjiam we are planning to revive the cultivation of turmeric. The major problem in the tribal areas is that we are exploited by the market forces and forced to sell the vegetables to ₹0.50 paise/kg which is not at all profitable, while they sell at very much higher price to the consumers. He wished that this problem is solved so that they can get better income.

**Impact:** Usage of breeder seeds which ensured high yield and revival of traditional agricultural practices.

### **Kitchen garden initiative- Ms.Bilasini Kandi, Badakokala village, Joint secretary, Deepica Federation, Bramagiri, Puri, Orissa**

She shared the experiences of the members in cultivating sunflower. The SHG members took up collective farming of sunflower and they incurred an expenditure of only ₹5000/ and reaped a profit of ₹50000/. The Kitchen garden concept is also practiced by the members through which they cultivate vegetables like tomato, greens, chillies, cucumber and pumpkin. The Deepica federation also helped another village, where all belonged to



Muslim community. The women members who were initially reluctant to come out of their house due to social restrictions, later formed a SHG and they graduated enough to lease a cashew plantation for ₹32,000/ and just after four months they got a profit of ₹1,28,000/ out of it. They used the profit to educate their children and also contributed for social activities in the village. She shared that the NGO, PREM helped them a lot in initiating such farm based activities in the village.

**Impact:** Kitchen garden by SHG members and graduation of livelihoods through Women empowerment.

### **Herbal gathering as a source of income- Ms.Irulayi, Member, Medicinal plant primary producer group, Nagamalai, Batthalagundu taluk, Dindukal District, Tamilnadu**

Irulayi is a member of SHG promoted by Nilakottai vattara kalanjiam, a federation of women SHGs. She and 15 other members in her village became the member of kalanjiam 14 years back. Most of the members were poor herbal gatherers who use to collect herbs growing in the foot hills and sell it to middlemen who again sell it back to wholesalers in Madurai/Virudhunagar. Irulayi narrated a incident were she saw the medicinal plant Thulasi ( Occimum Sanctum) being sold at a Shandy in Batthalagundu at ₹30/kg, while it was procured from them at ₹2/kg. This prompted her and other herbal gatherers in the village to get associated themselves as a Medical plants Producers (gatherers) group, with the support of Kalanjiam Thozhilagam limited, an initiative of DHAN Foundation to support kalanjiam members in their livelihood interventions. The members used to collect thulasi, Calotrophis, Keezhanelli, Mevanelli, Karisalaangani, Saarana kodi, Neem leaves etc., and market them through Veruveedu procurement center established by the members themselves, which ensures right price for the produce. The center receives medicinal plants from 18 such groups in 32 villages where there are more than 250 members. Irulayi also shared that all the groups in Dindukal district and neighboring Madurai and Theni Districts got registered as Maruthi Medicinal plants producer company limited with a share capital of ₹50000 and they are planning to increase the share capital to ₹100000/

**Impact:** Organizing women herbal gatherers and setting up of herbal plant procurement centers now has scaled

up into a producer company, to capitalize the market for herbs and to ensure right price for the produce.

**Labour sharing for cultivation of waste lands-  
Mr.Sathish Nayak, Farmer, Kundapura taluk, Udipi  
District, Karnataka**



Mr. Sathish Nayak, a farmer who is the member of Pragathi Bhandu group (SHG) promoted by SKDRDP, shared his experience. He said that "Pragathi Bhandu" groups are unique models of self-help groups that center around the cultivation of waste lands through labour sharing. Such groups organize and empower small and marginal farmers and laborers through the transference of governance to the village level. Five farmers joined together to form this group and they started saving ₹20/week. The labour sharing principle was followed in the group and now they share labor 3 to 4 days/ week. If there is labour work in one farmers land, all the other four members will contribute labor. SRI method of paddy cultivation was followed with the technical support of Manjunatha trust and ₹10000 loan support from NABARD to the group. Earlier they used to spend ₹8000/acre for raising paddy and the expense got reduced to ₹4000/acre. He also shared that the farmers were able to get a yield of 20 quintals per acre on an average. The members of the group also were engaged in dairying through which they produce 60 to 70 litres of milk per day. Sathish also said that the members switched over from paddy cultivation to rubber cultivation in few acres, which they are intercropping with pineapple, pumpkin etc.,

**Impact:** Labor sharing principle and adoption of improved technology in paddy cultivation (SRI) enhanced the livelihood of farmers

**Technology adoption to enhance farm productivity:  
Ms.Lakshmi, Zilla parishid sub committee member,  
Nellore, Society for Elimination of Rural Poverty,  
Andrapradesh**

Ms.Lakshmi shared about sustainable agricultural practices she followed in one acre of agricultural land. SRI method of paddy cultivation Non-Pesticide Management(NPM) of pests and 36 feet by 36 feet model of vegetable cultivation in natural way is being practiced by her with the technical support and training given by SERP. In half an acre she grows paddy and in another half an acre she grows vegetables, along with millets, black gram, castor and groundnut together. The growing of legumes fixes nitrogen in the soil. The castor serves as a trap crop. For pest control she uses home made concoctions from neem, garlic, chillies, plant and herb extracts etc., SERP is supporting such activities by giving ₹5000 to ₹10000 for leased agreement of land to take up such cultivation. She said she was able to get a profit of ₹1,00,000 in a year from one acre by following natural farming and efficient farm technologies.

**Impact:** Adoption of SRI technique, Non-pesticide management and 36 feet by 36 feet model of vegetable cultivation enabled effective use of resources and higher income.

**Common Vegetable Nursery for the Village- Ms.Gowri  
and Ms.Dhanush, Avalur village, Vaalaajabad Block,  
Kanchipuram District, Tamilnadu**

Avalur village is known for intensive vegetable cultivation. Ms.Gowri and Ms.Dhanush shared how the women members used this to the best of their advantage, due to the support of the NGO Hand in Hand, which trained them in the concept of Pit-tray



method of vegetable nursery raising and vermicompost manufacturing. The women members in the SHG currently use 3 cents of land for raising nursery of tomato, bhendi, chillies, brinjal, papaya etc., on pre order basis. They use to receive 50 % of the amount as advance. They could raise 50000 seedlings in 3 cents. They used to sell one tray of seedlings at ₹60- ₹80 which contains 100 seedlings which gives them a profit of ₹15000 to ₹25000 in a span of just 30 days. The 60 women members in the village also got associated to produce vermicompost for which they received ₹1,00,000/ as credit for setting up a vermicompost unit.

The members produce 2 tonnes of vegetables, which they market collectively to T.Nagar in Chennai.

**Impact:** Utilizing the existing demand for vegetable seedlings and converting it into a organized business activity has helped women SHG members to earn good income

Other presentations were regarding Vegetable producer common livelihood group, ridges and furrow of cultivation of carrot in Magadi village, Karnataka to prevent rotting during rainy season, collective marketing of vegetable taken up in Kacharayanpatti, Villupuram District and in Kothagiri, Coimbatore district. □

### Development News

## International Day for elimination of Violence against Women

By resolution 54/134 of 17 December 1999, the United Nations General Assembly designated 25 November as the International Day for the Elimination of Violence against Women, and invited governments, international organizations and NGOs to organize activities designed to raise public awareness of the problem on that day. Women's activists have marked 25 November as a day against violence since 1981. This date came from the brutal assassination in 1960, of the three Mirabal sisters, political activists in the Dominican Republic, on orders of Dominican ruler Rafael Trujillo (1930-1961). On 20 December 1993 the General Assembly, by resolution 48/104, adopted the Declaration on the Elimination of Violence against Women.



Violence against women is on increasing trend world wide and with respect to India, there has been a 4.8% increase in crime against women compared to 2009. The existing Laws in India to protect women from violence can be broadly classified into

- 1) Crimes under IPC – Rape, Kidnapping and abduction, Dowry Deaths, Torture-both mental and physical, Molestation, Sexual Harassment etc.
- 2) Gender Specific Laws – Pre-conception & Prenatal Diagnostic Techniques Act, 1994, Medical Termination of Pregnancy Act, 1971, Dowry Prohibition Act, 1961, Protection of Women from Domestic Violence Act, 2005.

Awareness regarding existing laws should be created among the public to reduce violence against women.

# Key Insights and Recommendations for Enhancing Farm Livelihoods

The two days National Conference on Farm Based Livelihoods put forth key issues in farming and also the possible solutions to address them.

## Insights from grass root communities

### Assets/Land :

- Fragmentation of land and resultant small size of farm holding is the biggest problem which has escalated the cost of cultivation on one hand and deflated the price of produce.
- Entitlement for women engaged in agriculture remains as a biggest issue, which may have a negative effect on meeting the credit needs of SHGs members through NRLM or any other financing institutions that leads to SHGs.
- Land leasing continue to remain as a problem due to lack of appropriate legal systems.

### Farm Inputs:

- Farmer's knowledge on crop production with respect to fertilizer, pesticide and herbicide application, usage of cattle field is limited and they were not able to take wise decisions. Always they rely on the words of the input supplier ( mostly the fertilizer dealer) who often mislead the farmers, leading to increase in cost of cultivation.)
- Indiscriminate and continuous use of fertilizers and pesticides without proper knowledge has created a negative impact on productivity and quality of the produce
- Price of fertilizers has increased many folds. People felt that there is no strong recommendation to government regarding this price issue.
- Water another important input to agriculture is becoming scarce leading to non-cultivation of farm lands, in irrigated, tankfed and rainfed agriculture.

### Training and Capacity Building

- Capacity building and trainings through SHGs has led to definite positive change in farm based livelihood. Yet the full potential of SHGs is not utilized so that it can benefit all families engaged in



agriculture and allied activities. A proper system has to be created for capacity building regarding farm based livelihoods

### Technology Adoption

- Low cost and easily adaptable technological intervention in farming was done by SHGs. e.g., SRI method of paddy cultivation, using breeder seed for better yields, pit-tray nursery cultivation as a livelihood opportunity, effective use of fragmented rainfed lands through farm ponds, exchange of labor to solve the growing labor problem, ridges and furrow method of cultivation, reviving traditional agricultural crops and practices that were beneficial and organic farming
- Yet mostly technology is often pro-rich and out of reach of small and marginal farmers who remains excluded and isolated due to lack of proper system to include them in dissemination and adoption of new effective farm technologies.

### Risks in Farming

- Farming depends on many external factors which are uncontrollable like weather, climate, temperature, floods and droughts, insufficient and untimely rains. Risk mitigation remains as another biggest challenge for want of appropriate and affordable crop and livestock insurance schemes.
- There is no full- fledged adaptation of existing insurance schemes. Though insurance schemes are linked with farm credit, even all the farmers who avail farm credit were not fully covered.

- There is delay in claim settlement, since it was after crop cutting experiments which forms the basis for claims. Also farmers face difficulty in getting necessary documents, requested by insurance companies due to field level problems.

### Farm Credit

- Timely (ensuring credit during the beginning of crop season) and adequate credit (to meet the cultivation cost) is still out of reach of farmers
- Credit facility is mostly availed by big farmers and the small, marginal and tenant farmers face difficulty in getting farm credit.

### Accessing Government schemes

- No proper awareness among farmers regarding the existing schemes
- Lack of guidance from the concerned authorities in obtaining the schemes, even when requested
- Government does not initiate proper steps to reach the availability of technology and schemes at the door step of farmers, through advertisement and other extension activities
- More number of documents has to be produced for availing a scheme benefit, which along with other problems causes a delay in realizing the benefits.
- Preference to some with vested interest, which creates an imbalance in availing the scheme benefits

### Collective farming and marketing

- SHGs has provided a platform for enhancement of farm based livelihoods, through collective approach, as evident through success stories of collective farming, collective purchase of inputs, collective market etc., but it has to be further scaled up by creating many support systems.
- Economics of scale is very important in collective approach to enhance farm based livelihood
- Crop based collective approach and also village based approach (based on the need) can support farm based livelihood.
- Collective farming and marketing has enabled creation of wage employment to farm families to some extent.

### Market issues

- Price of agricultural produce fluctuates very much, causing problems in marketing



- Market intelligence support is much needed to small and marginal farmers, who always remain excluded from the supply chain, which is the main reason for exploitation by middle men.

### Migration and Labor issues

- Migration of youth from villages to towns, urban and semi urban areas on search of better employment opportunity, is raising a concern on the future of farming and agriculture based livelihoods
- Demand for labor has increased off late for lack/reluctance of youth to engage in farming activities. MNNREGA program also has increased the labor issue, since the labors prefer NREGA works rather than farm works.

### Recommendations

#### Assets/Land :

- Concession on registration fees for lands registered in the name of women, to facilitate entitlement of land holdings in the name of women
- Legal environment to facilitate land leasing without any harm to either of the party's
- Facilitate land leasing in the name of SHG/producer or livelihood groups
- Credit for purchase of agricultural land by landless agricultural laborer

#### Farm Inputs:

- Counseling cum Service centers through Public Private Partnership: Counseling cum service centers can be established at block level to facilitate farmers to purchase right inputs at right price.
- Soil test based nutrient application can be facilitated by the above center.

- Price of fertilizers has grown at an alarming rate. Though integrated nutrient management principles are there, it is not widely followed. Farmers can be taught to adapt nutrient saving technologies to reduce the input cost.
- Combined management of water resources by community : maintenance of tanks and tank cascades, construction of farm ponds and community wells and following other water harvesting practices to use water effectively must be given due focus in our programs and policies.
- Enabling infrastructure for farm based livelihoods like using existing NREGA program to regenerate water bodies and create wage employment, integrating watershed programs with soil fertility management etc.,

### **Training and Capacity Building/Technology adoption**

- Establishing Farmers Business schools instead of farmers field schools to empower farmers to do agriculture as a business
- Technology and information should be made available at the door step of farmers. SHG and other farmers group can be effectively utilized by giving proper training. Inclusive growth in villages will happen only then.
- Collective farming will facilitate widespread adaptation of a new technology at a faster rate.
- The above can be ensured through PPP model

### **Risks in Farming**

- Tailor made products for crop, livestock and insurance of farm machineries. Government subsidy is available for group life insurance products like JBY. Similar support must be given to make crop, livestock and farm machinery insurance at subsidized rate.
- Education regarding crop/livestock insurance and its importance and other risk mitigation strategies should be given to farmers.

### **Farm Credit**

- Creating a credit infrastructure at the community/village level so that timely and adequate credit is available to farm based livelihood.
- Timely and adequate Farm credit can be ensured if SHGs were used as a platform and the policies of the banks support such a change. Banks can extended

their agricultural loan through SHGs/JLGs and exclusive institutions formed by communities for enhancing farm based livelihoods.

- Since livelihood intervention is more likely to absorb more investment the ceiling limit for SHG loans can be revised from ₹50000 to ₹100000 for farm based livelihood activity
- Products like Special savings for livelihood to facilitate such higher lending can be evolved.
- Differential rate of interest to agricultural credit availed by SHGs/ also for members within SHG
- Kissan credit cards can be extended to SHG members/SHGs/ engaged in farming

### **Accessing Government Schemes**

- Training and capacity building to all farmers especially with focus on small and marginal farmers and SHG women, with complete details about the scheme and way of availing it.
- Brochures/leaflets regarding such schemes should be readily available at village level for any clarification
- Participation of officials from concerned departments in village level meetings like grama sabhas, meeting of CLG and such association of SHG members and other meetings
- Ensuring that all the schemes reach the needy without delay, through speedy action by relevant department with real concern for small and marginal farmers

### **Collective farming and marketing**

- Small size of holdings is the major cause of reduction in productivity and profitability through farm based activities. Creating a strong exclusive social capital at different levels, which are either crop based or village based to facilitate collective farming and collective marketing is crucial. This will also ensure resource use efficiency for reaping maximum benefits, which is essential considering the presence situation of non-fertile lands, less water available and increasing cost of other external inputs.
- Creation of context based exclusive farm models depending on the existing resource availability and need of the people with focus on optimum resource utilization and long term sustainability is the need of the hour

- Collective farming is possible through contract farming and creating a nested institution of exclusively for farm based livelihood support like producer companies and through cooperatives. Crop based/village based groups and producer companies can be formed to support this process.

### Market issues

- Decentralization of storage godowns at door step of farmers can be thought off. The concept of Community managed godown's can be promoted. Existing primary agricultural cooperative credit societies can also be made use of for this purpose which can provide warehousing facility and also loans against the product stored.
- There is no post-harvest processing support which leads to wastage of farm produce and also affects the price of the produce during over production. To mitigate this cold storage support for perishable commodities, value addition and processing of farm produce at village level etc., can be thought off.
- Collective farming and marketing will pave way for farmers to market their produce directly to wholesaler's and even in retail, avoiding the problem of middlemen.
- Every farmer in the village should be made aware of the large scale market and day to day market price of the crop they cultivate through proper training and adoption of technology to the maximum extent.

### Migration and Labor issues

- MGNREGA program can be linked to provide labor for small and marginal farmers
- The increasing labor problem pays ways for innovation and new business opportunities like organized supply of services like common vegetable nursery raising in vegetable intensive villages, collective paddy nursery raising and transplantation services through paddy transplanting machine through pre-order. This will also enable quick adaptation of technology like SRI by all farmers. Similar such innovative services can be created depending on the local needs. Supplying of farm labor through organized way is another business opportunity.
- Diversification of employment at village level which can be a secondary or tertiary non-farm employment based on local needs, will help to prevent migration of youth to urban areas.

A long term collective approach involving appropriate strategy is needed to address farm based livelihood issues. Context and area specific approach with real passion and concern, involving all stakeholders, state and central governments, NGOs, Banks, Insurance companies, Research institutions and private actors who depend on agriculture will make the farm livelihoods a vibrant one, which will enable greatly to reduce rural poverty.

□

## Development News

### Funds for Youth Skill development

The Indian Government is implementing a scheme for skill development in the youths of left wing extremism affected areas in the country. The scheme is being implemented in 34 districts of nine states at a cost of around ₹ 233 crore. These states include Andhra Pradesh, Bihar, Jharkhand, Odisha, Chhattisgarh, Madhya Pradesh, Maharashtra and West Bengal. Around ₹ 69 crore have already been released to eight states under the scheme. The programme has been formulated by the Directorate General of Employment and Training of Labour and Employment Ministry and it came into operation in the financial year 2011-12. Under the scheme, 34 ITIs and 68 Skill Development Centers are proposed to be established with central assistance to provide long term and short term training.



# Building Asset through Dairy

K.N.Rajkumar\*

My name is Thavittammal and I live in Keelpoovanikuppam village with my husband and two children. My elder daughter is married and now she has one child. Except the house and animal, we do not have any other assets. I was married to my husband at the age of 16. In the early stage of my married life, we even struggled for the basic needs. Somehow, we learned to live with what we have and we tried to limit our expenditure and save for the future needs of our children. Labouring in agriculture field was the only source of income for my husband and me until before two years. We have two bulls and my husband uses them for the agriculture works. Sowing, weeding, and harvesting are the three works that I do in the field. Land on which we live is an ancestral property and we got this at the time of partition. Though we planned to construct a home before ten years, we were unable to construct due to financial issues. We expected financial support from the government for which we have also given several petitions. However, no one came forward to support us.

I became member in Amman Kalanjiam on 21 May 2005 with a hope to access credit at cheaper interest rate and initiate livelihood activities. I am in this group for the past seven years and my savings with group is ₹ 7906. As I had earlier experience in dairy activity I decided to buy a cross breed animal. My group provided ₹ 20,000 as credit for buying the first animal. The cow purchased with a calf milked five liters in the morning and evening. Earlier I had local breed cows, which provided only 3 liters a day, which was sufficient to fulfill the home needs. Within a year, I repaid the loan amount. I marketed the milk through primary milk producer group in the same village.

I had many advantages in selling milk through the group. Firstly, I am able to market milk in the morning and evening without any risks and expenditure. Secondly, I get bulk payment at regular intervals, which I am able to invest productively. The possibility of timely payment through retail sale of milk is very low. Hence, I prefer to market milk through primary producer group. I earn



about ₹ 3000 per month by selling milk. I get around ₹16 – 17 per liter of milk and I have always maintained better standards in supplying milk. My income varies according to the dry period of the cows. I have given concentrated feed and green fodder during the lactation period. Before three months, the cow delivered the second calf. The first calf is now pregnant and expected to deliver calf in about 5 months.

As the dairy activity is profitable, I decided to buy the second animal with the support of my group. I approached the federation to facilitate linkage with banks. On March 2012, I purchased the second animal and a calf with ₹ 20000 credit support from the group. Presently I am selling around 6 - 7 liters a day, after taking milk for the home consumption. I have repaid more than 50% of my debt. After few months, I will earn more than ₹ 5000 per month from dairy activity. At least two out of three animals will be yielding milk. The guidance given by DHAN helped me to increase the number of animals and asset value. Now the market value of the first calf is about ₹20000. The market value of the young calves is around ₹5000 and 2 animals, which is in milking condition, is around ₹50000. Now I own ₹75000 worth of livestock and I am to contribute to the family financially.

My husband is cooperative and he has encouraged me in taking-up dairy activity. After repaying the loan, I am planning to buy another animal and repair the cow shed.



# RBI's Revised Priority Sector Guidelines - Focus on Direct and Indirect Finance

Brij Raj \*

## Background

The Idea of Priority sector lending was first mooted by the National Credit Council (NCC) held in July 1968. The NCC emphasised that commercial banks should increase their involvement in the financing of priority sectors, viz., agriculture and small scale industries. Over the years, RBI has been fine-tuning the priority sector guidelines keeping in view the emerging developments in our economy. The ambit of the priority sector lending has also been expanded and monitoring mechanism strengthened.

Priority sector lending aims at encouraging and enhancing credit availability to sectors of the economy, that would otherwise find it difficult to get credit from banks. Indian banking is a unique example of harmonious blend of commercial banking with social banking. Bank credit has an immense role in the development of the economy. Besides economic growth, it should also lead to removal of poverty and equitable distribution of income. The need for improving credit flow to certain sectors, prevalent at the time of bank nationalization, remains important today also, as large segments of the population continue to be deprived of access to credit from the formal financial system. We are well aware that this segment of the population mainly consisted of farmers; especially small and marginal farmers, artisans, weavers, and weaker sections.

Agriculture is an important sector considering the livelihood it generates for almost two-third of India's population. It is also critical for ensuring food security and poverty alleviation. Besides, it needs to be borne in mind that this sector does not have recourse to other sources of finance such as equity, Commercial Papers, etc. The inherent weakness in the co-operative structure restricts its ability to cater to credit needs of the agricultural sector. Over a period of time, the role played by commercial banks has led to increased financing

of priority sectors, viz., agriculture and small scale industries. It has been decided that 18 % of Adjusted Net Bank Credit (ANBC) should go for agriculture (13.5 % of ANBC through direct finance and 4.5 % through indirect finance).

## Need for revision of Guidelines for Priority sector lending

Several Committees have looked into the aspect of rural credit and priority sector credit in India in the past few decades. However, recently, a need was felt to revisit the guidelines relating to priority sector lending in view of the recommendations of Malegam Committee and similar requests from other stakeholders. The changing economic conditions and our learnings from the operation of the priority sector lending scheme over the years led to a felt need for revisiting the priority sector guidelines and updating it in line with our current national priorities. It was also felt that more clarity needs to be given to the entire gamut of priority sector and to ensure that the target sectors get credit in time and in right quantities.

The need for revising the guidelines was also raised at various fora, both within and outside RBI.

In this background, an expert committee was appointed by RBI under the Chairmanship of Shri M. V. Nair (the then CMD, Union Bank of India and former Chairman, IBA) with members drawn from across banking, agriculture, MSE and other sectors. The Nair Committee submitted its report in February 2012. After taking into account the comments /suggestions received and after due deliberations, RBI came out with revised guidelines on priority sector in July 20, 2012.

## Basic Philosophy behind new guidelines

- Priority sector refers to those sectors of the economy which, though viable and creditworthy, may not get timely and adequate credit in the absence of this special dispensation.

- Typically, these are small value loans to farmers for agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections.
- Those sectors which are able to get timely and adequate credit would not qualify for priority sector status.
- Priority sector activities have to be carried out by banks as a part of their normal business operations. It should not be viewed as Corporate Social Responsibility.
- Banks should lend directly to beneficiaries instead of routing these loans through intermediaries.
- This will ensure better management of risks and also reduction in transaction costs for such loans.
- Our Priority Sector efforts would not be successful unless we create innovative structures, products and processes.
- Market players should be willing to take risks and innovate.

### PSL Targets and Dispensation

Categories	Domestic commercial banks / Foreign banks with 20 and above branches	Foreign banks with less than 20 branches
Total PSL	Higher of 40% of ANBC or Credit Equivalent Amount (CEA) of OBS	Higher of 32% of ANBC or CEA of OBS
Total Agri	18%	No specific target, forms part of PSL
MSE	Reckoned for computing PSL target	No specific target, forms part of PSL
	Sub-targets for Micro and Small	
Export Credit	Export credit is not a separate category  Export credit to eligible activities under agriculture and MSE will be reckoned for priority sector lending under respective categories	No specific target. Forms part of total priority sector target
Advances to Weaker Sections	Higher of 10% of ANBC or CEA of OBS	No specific target. In the total priority sector target



One significant innovation that we have introduced is that bank financing of agriculture through non-financial intermediaries such as Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi Purpose Societies (LAMPS) ceded to or managed or controlled by such banks, has also been treated as direct agriculture. RBI have kept the definition of agriculture sector unchanged with the exception that credit to institutions has been treated as indirect finance and credit to food and agro processing industries has been shifted from agriculture to micro and small enterprises.

The existing definition of the industries sector including Micro and Small Enterprises has also been retained. One important area where RBI have diverged from the views of the Nair Committee is that it has not imposed any new targets under the priority sector framework. The Nair Committee had recommended certain additional sub-targets for credit to micro enterprises, small and marginal farmers and realignment of certain existing targets. RBI consciously decided against this as we believe that fresh targets would distort the allocation of credit. Targets for foreign banks with smaller banks with less than 20 branches was made as 32% and foreign banks with 20 or more branches being mandated to attain a target of 40%. Several foreign banks have expressed their firm belief in the India growth story and have shown keen interest in contributing to and actively participating in the same.

If that be so, for such banks, with a larger presence in India, we would like to eliminate the regulatory arbitrage by prescribing targets similar to Indian banks. This is necessary as post-nationalization, the task of financial inclusion was considered, primarily, to be the responsibility of public sector banks alone. However,

over the years, it has become evident that public sector banks alone cannot deliver on this mandate. Presence of foreign banks would help in innovations in areas such as agriculture and MSE finance. They can draw upon their global experience to develop innovative solutions and delivery models that would deliver credit in a cost effective manner to agricultural and rural areas. This will spur the domestic banks also. Foreign banks are encouraged to open branches in the rural areas as well and to play an equal role, along with domestic banks, in lending to the priority sector.

India being a growing economy, there exist enough opportunities and avenues for foreign banks having 20 or more branches to invest in 'priority sector' areas (especially in agriculture and MSEs) and meet the target set, which is to be achieved over a period of five years. Besides, though we have not prescribed fresh targets, the interests of small and marginal farmers and other individuals will be taken care by shifting the direct part of agricultural loans to corporates, partnership firms and other institutions to indirect agriculture.

### Target for foreign banks

Nair Committee has recommended that foreign banks may also be mandated to achieve overall priority sector target of 40% of ANBC and focused priority sector target of 7% of ANBC for lending to micro enterprises, at par with domestic banks. RBI has adopted a graded approach while fixing priority sector

## Revised Priority Sector Guidelines...Amendments

### 1. Agriculture

#### 1.1. Direct Agriculture

- Loans to individual farmers [including Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual farmers, provided banks maintain disaggregated data on such loans] engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture (up to cocoon stage).
- Short-term loans to farmers for raising crops, i.e. for crop loans. This will include traditional/non-traditional plantations, horticulture and allied activities.
- Medium & long-term loans to farmers for agriculture and allied activities

- ⇒ Purchase of agricultural implements and machinery,
- ⇒ Loans for irrigation and other developmental activities undertaken in the farm and
- ⇒ Development loans for allied activities

- Loans to farmers for pre-harvest and post-harvest activities like spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce
- Loans to farmers up to ₹25 lakh against pledge / hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months, irrespective of whether the farmers were given crop loans for raising the produce or not.
- Loans to distressed farmers indebted to non-institutional lenders
- Bank loans to
  - ⇒ Primary Agricultural Credit Societies (PACS),
  - ⇒ Farmers' Service Societies (FSS) and
  - ⇒ Large-sized Adivasi Multi Purpose Societies (LAMPS) ceded to or managed / controlled by such banks for on lending to farmers for agricultural and allied activities.
- Loans to farmers under Kisan Credit Card Scheme.
- Export credit to farmers for exporting their own farm produce.

#### 1.2 Indirect Agriculture

- Loans to corporates, partnership firms and institutions engaged in Agriculture and Allied Activities [dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture (up to cocoon stage)] ,
- Short-term loans for raising crops, i.e. for crop loans.
- This will include traditional/non-traditional plantations, horticulture and allied activities.
- Medium & long-term loans for agriculture and allied activities (e.g. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm, and development loans for allied activities).
- Loans for pre-harvest and post-harvest activities such as spraying, weeding, harvesting, grading and sorting.
- Loans up to 25 lakh against pledge / hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months, irrespective

of whether the farmers were given crop loans for raising the produce or not.

- Export credit to corporates, partnership firms and institutions for exporting their own farm produce.
- Loans up to 5 crore to Producer Companies set up exclusively by only small and marginal farmers under Part IXA of Companies Act, 1956 for agricultural and allied activities.
- Bank loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi Purpose Societies (LAMPS) other than those covered above

### Other Indirect Agriculture Loans

- Loans up to 1 crore per borrower to dealers /sellers of fertilizers, pesticides, seeds, cattle feed, poultry feed, agricultural implements and other inputs.
- Loans for setting up of Agri-clinics and Agri-business Centres.
- Loans up to ₹5 crore to cooperative societies of farmers for disposing of the produce of members.
- Loans to Custom Service Units managed by individuals, institutions or organisations who maintain a fleet of tractors, bulldozers, well-boring equipment, threshers, combines, etc., and undertake farm work for farmers on contract basis.
- Loans for construction and running of storage facilities (warehouse, market yards, go-downs and silos), including cold storage units designed to store agriculture produce/products, irrespective of their location.
- If the storage unit is a micro or small enterprise, such loans will be classified under loans to MSEs
- Loans to MFIs for on-lending to farmers for agricultural and allied activities
- Loans sanctioned to NGOs, which are SHG Promoting Institutions, for on-lending to members of SHGs under SHG-Bank Linkage Programme for agricultural and allied activities
- The all inclusive interest charged by the NGO/SHG promoting entity should not exceed the Base Rate of the lending bank plus eight percent per annum.
- Loans sanctioned to RRBs for on-lending to agriculture and allied activities.

These amendments are operational with effect from July 20, 2012.



## Development News

### Sanitation In India

The fact that 63.6 % of Indian households do not have latrine facilities has revealed



by Census 2011 is really a alarming figure. It means that open defecation is practiced largely, apart from the common public utility toilets in use in the country. It is also sad to mention that even such common public toilets are poorly maintained. According to the Cenus 2011, the states of Jharkhand, Madhyapradesh, Chhattisgarh, Orissa and Bihar . Kerala has the highest sanitation coverage followed by Manipur, Mizoram, Sikkim and Tripura. The fact that the North eastern states have better sanitation coverage is interesting to note. Worldwide c lose to 1.1 billion people i.e., 15 % of the global population has no access to sanitation and the figure is highest in India with 626 million Indians having no access to toilet facilities and defecate in open.

State Name	Census 2001	Census 2011
<b>States with lowest Sanitation coverage</b>		
JHARKHAND	6.57	8.3
MADHYA PRADESH	8.94	13.6
CHHATTISGARH	5.18	14.8
ORISSA	7.71	15.3
BIHAR	13.91	18.6
<b>States with highest sanitation coverage</b>		
TRIPURA	77.93	84.6
SIKKIM	59.35	85.1
MIZORAM	79.74	87.1
MANIPUR	77.5	87.7
KERALA	81.33	94.4

# Maternal, Child Mortality and Total Fertility Rates

Sample Registration System (SRS) is designed for reliable estimates of fertility and mortality indicators at State and National level separately for rural and urban areas. It is the only source for fertility and mortality data since 1969-70 and largest demographic survey in the country covering about 1.4 million households and 7.01 million population in 7597 sample units across 35 States/UTs . Since 2004, a system of collection of Causes of Death data through Verbal Autopsy has also been included under the domain of SRS. This system allows for tracking Millennium Development Goals (MDG) on Child Mortality & Maternal Health on a regular basis.

Millennium Development Goals (MDG) aims to reduce Maternal Mortality rate to 109, Infant mortality rate to 28 (IMR) and Reduce child mortality rate ( death of children below 5 years of age U5MR).



Maternal Mortality Ratio (MMR); India, EAG & Assam, Southern States and Other States, 2004-06 and 2007-09

MMR measures number of women aged 15-49 years dying due to maternal causes per 1,00,000 live births.

The picture shows a decline in MMR estimates in 2007-09 over 2004-06. For the country as a whole the MMR shows a 17 % decline from 254 to 212. In the states of Empowerment Action group (EAG) and Assam there is a 18 % decline. The states which have met the MDG target of 109 are three states Tamil Nadu and Maharashtra joining Kerala which is already in the list. Andhra Pradesh, West Bengal, Gujarat and Haryana are in closer proximity to achieving the MDG target.

## INFANT MORTALITY RATE (IMR)

IMR measures number of infant (< 1 year) deaths per 1000 live births. Every 6th death in the country pertains to an infant and IMR in India has registered a

India & Major States	MMR 2004-06	MMR 2004-06
INDIA TOTAL	254	212
Assam	480	390
Bihar/Jharkhand	312	261
Madhya Pradesh/Chhattisgarh	335	269
Orissa	303	258
Rajasthan	388	318
Uttar Pradesh/Uttarakhand	440	359
<b>EAG AND ASSAM SUBTOTAL</b>	<b>375</b>	<b>308</b>
Andhra Pradesh	154	134
Karnataka	213	178
Kerala	95	81
Tamil Nadu	111	97
<b>SOUTH SUBTOTAL</b>	<b>149</b>	<b>127</b>
Gujarat	160	148
Haryana	186	153
Maharashtra	130	104
Punjab	192	172
West Bengal	141	145
Other	206	160
<b>OTHER SUBTOTAL</b>	<b>174</b>	<b>149</b>



3 points decline to 50 from 53 in 2008. Maximum IMR in Madhya Pradesh (67) and minimum IMR in Kerala (12). Neo-Natal Mortality Rate (<29 days) and Post Neo-Natal Mortality Rate (1 months to 11 months) has declined by 1 point and 2 points respectively. Kerala (12) & Tamil Nadu (28) have achieved the MDG target. Delhi (33), Maharashtra (31) and West Bengal (33) are in close proximity. IMR for the country declined by 30 points (rural IMR by 31 points vis-à-vis urban IMR 16 points) in the last 20 years at an annual average decline of 1.5 points.

**Still, 1 in every 20 children at National level, 1 in every 18 children - rural area, and 1 in every 29 children at urban area die within one year of birth (against 1 in 37 under MDG). Female infants continue to experience high mortality rate than male infants.**

#### UNDER 5 MORTALITY RATE (U5MR)

U5MR denotes number of children (0-4 years) who died before reaching their fifth birthday per 1000 live births. U5MR for the country has declined by 5 points over 2008 (64 in 2009 against 69 in 2008). A uniform decline of about 5 points is seen in male and female U5MRs, maximum in Madhya Pradesh (89) and minimum in Kerala (14). Kerala (14), Tamil Nadu (33), Maharashtra (36), Delhi (37) & West Bengal (40) have already achieved the MDG target (42 by 2015). U5MR for the country declined by 54 points (rural IMR by 57 points vis-à-vis urban IMR 30 points) in the last 20 years at an annual average decline of 2.7 points. Urban U5MR has already achieved the MDG target while the rural U5MR is still high at 71. Male-female mortality differential has narrowed down over the years, yet the gap remains significant

**“Child deaths are falling, but not quickly enough to reach the MDG target”**

#### TOTAL FERTILITY RATE (TFR)

TFR measures average number of children born to a woman during her entire reproductive period. TFR for the country remained stationary at 2.6 during 2008 to 2009. Bihar reported the highest TFR (3.9) while Kerala and Tamil Nadu, the lowest (1.7). Replacement level TFR, viz 2.1, has been attained by Andhra Pradesh (1.9), Delhi (1.9), Himachal Pradesh (1.9), Karnataka (2.0),

Kerala (1.7), Maharashtra (1.9), Punjab (1.9), Tamil Nadu (1.7) & West Bengal (1.9)

At present, a rural woman (having a TFR of 2.9) at the National level would have about one child more than an urban woman (having a TFR of 2.0), on average. TFR for the country declined by 1.2 points (down by more than a child), rural TFR also by 1.2 points and urban TFR by 0.8 point over last 20 years. At the current fertility rates it will take another 10-12 years to achieve the desired replacement level of 2.1.

*Source: Sample Registration System (SRS), India*



#### Health Recipe

### RAGI kanji

This is a fermented product consumed in the mornings during summer more commonly in ancient times. This healthy diet is still in use in Visakhapatnam and Srikakulam districts of Andrapradesh and also in some parts of Tamilnadu



#### Ingredients

Ragi flour	:	250 g
Water drained after		
Cooking rice	:	750 ml
Fresh water	:	750 ml
Salt	:	to taste

#### Method

Make Ragi flour by grinding ragi in a chakki or by milling. Prepare a batter of flour mixing cold water. Leave it overnight. Collect excess water left over after cooking rice and preserve for cooking the ragi flour batter. A small amount of fresh water can also be added if adequate amount of rice water is not available. Allow the rice water to boil. Add ragi batter to this water and cook till it is almost semi-solid in consistency. Add salt mix and remove from fire. Store in a porous earthenware pot in a clean dry place. Consume after cooling or even after a day of fermentation

## Literacy Rate in India

Literacy rate is the vital indicator of development in a society. Attainment of Universal primary education by 2015 is one of the Millineum Developmental goals of the United Nations. As per Population Census of India 2011, the Literacy rate of India has shown as improvement of almost 9 percent. It has gone up to 74.04% in 2011 from 65.38% in 2001, thus showing an increase of 9 percent in the last 10 years. It consists of male literacy rate 82.14% and female literacy rate is 65.46%. Kerala with 93.9% literacy rate is the top state in India. Lakshadweep and Mizoram are at second and third position with 92.3% and 91.06% literacy rate respectively. Bihar with 63.08% literacy rate is the last in terms of literacy rate in India.

**Ranking of States in India by Literacy Rate - Census of India 2011**

S. No	State	Literacy Rate (2011 Census)	Male Literacy Rate (2011 Census)	Female Literacy Rate (2011 Census)
1	Andaman & Nicobar Islands	86.3%	90.1%	81.8%
2	Andhra Pradesh	67.7%	75.6%	59.7%
3	Arunachal Pradesh	67.0%	73.7%	59.6%
4	Assam	73.2%	78.8%	67.3%
5	Bihar	63.8%	73.5%	53.3%
6	Chandigarh	86.4%	90.5%	81.4%
7	Chattisgarh	71.0%	81.5%	60.6%
8	Dadra & Nagar Haveli	77.7%	86.5%	65.9%
9	Daman & Diu	87.1%	91.5%	79.6%
10	Delhi	86.3%	91.0%	80.9%
11	Goa	87.4%	92.8%	81.8%
12	Gujarat	79.3%	87.2%	70.7%
13	Haryana	76.6%	85.4%	66.8%
14	Himachal Pradesh	83.8%	90.8%	76.6%
15	Jammu and Kashmir	68.7%	78.3%	58.0%
16	Jharkhand	67.6%	78.5%	56.2%
17	Karnataka	75.6%	82.8%	68.1%
18	Kerala	93.9%	96.0%	92.0%
19	Lakshadweep	92.3%	96.1%	88.2%
20	Madhya Pradesh	70.6%	80.5%	60.0%
21	Maharashtra	82.9%	89.8%	75.5%
22	Manipur	79.8%	86.5%	73.2%
23	Meghalaya	75.5%	77.2%	73.8%
24	Mizoram	91.6%	93.7%	89.4%
25	Nagaland	80.1%	83.3%	76.7%
26	Orissa	73.5%	82.4%	64.4%
27	Puducherry	86.5%	92.1%	81.2%
28	Punjab	76.7%	81.5%	71.3%
29	Rajasthan	67.1%	80.5%	52.7%
30	Sikkim	82.2%	87.3%	76.4%
31	Tamil Nadu	80.3%	86.8%	73.9%
32	Tripura	87.8%	92.2%	83.1%
33	Uttar Pradesh	69.7%	79.2%	59.3%
34	Uttarakhand	79.6%	88.3%	70.7%
35	West Bengal	77.1%	82.7%	71.2%
-	<b>INDIA</b>	74.04%	82.14%	65.46%

# Innovative products of Indian Bank

M. Balakrishnan\*

Land, labor, capital and organization are very important for any livelihood interventions while other factors may keep changing and the “capital” will remain constant and is crucial for any activity. The banks play a major role in ensuring the supply of this capital. The banking reforms, changes in delivery systems and models happen regularly to keep in tune with the changing needs through innovation. Though individual banks come out with such innovation, RBI plays a regulatory role in ensuring fair banking practices. Indian bank is a Nationalized bank which is updating itself regularly in the banking sector to meet the growing demands and also to fill the gaps existing in banking services. The Microsate Branch, Micro credit Kendras and Micro flex are the innovative products of Indian bank to meet the credit needs of women Self help groups



## 1. Microsate Branch – (An Exclusive Branch for SHGs for inclusive growth)

The Bank has established an exclusive Microsate Branch called Specialized Microfinance Branch at Chennai in May 2005 for Financial Inclusion of the lower income group migrant people into the banking fold through SHG concept. First time in India, a specialized and exclusive outfit was opened by a commercial Bank for Micro Credit in a metro centre with forethought of inclusive growth and enable SHGs to get hassle free credit.

After establishment of the Microsate branch, 10374 urban groups were covered benefitting 7.55 lakhs people and provided credit assistance of ₹ 234.90 crore in Chennai alone, covering more than 1600 slums. All branches of Microsate put together has ensured 95 -100 % repayment.

### Objectives of Microsate branch

1. To serve as ‘One Stop Shop’ for providing credit as well as credit plus services with a special focus on
  - i. SHG promotion
  - ii. SHG credit linkages

- iii. Skill up gradation of groups
- iv. Product promotion & their market linkages and Setting up study center for SHG movement

2. To increase the quality of the assets portfolio of the branch, through specialization under SHG-BANK linkage program.
3. To bring down the operational cost and improving the productivity through volume SHG business.
4. To evolve a sustainable model for exclusive SHG lending for the rural/urban poor.

### Functions of Microsate Branch:

- Visiting the slums/ tenements/ LIG settlements to meet the underprivileged sections of the society to provide financial services at their door step,
- Liaising with the NGOs in the area and encouraging them to form SHGs/ JLGs,
- Catering to the training needs of the group members through various Government Agencies / Training Institutes/ NABARD etc.,
- Counseling the SHGs/ JLGs to start Micro enterprises suitable to their area,

- Providing escort services in marketing tie-ups/ business opportunities for the products produced by SHGs/ JLGs Covering SHG members under JBY insurance scheme
- Exhibition cum Sale: In order to strengthen the market linkage and provide a platform for marketing the products of SHGs

## 2. Micro Credit Kendra – (An outfit for uninterrupted servicing of SHGs)

Bank has established “Micro Credit Kendra’s” (MCKs) in select branches dealing with large number of SHGs. Through these branches, the Bank gives uninterrupted attention and timely services to the SHGs, by positioning a microcredit specialist exclusively. They not only take care of the credit needs but also involved in market intelligence arrangements, requisite training, and financial literacy of the SHG members.

## 3. Micro Flex (Direct Loan to Self Help Groups)

Micro flex is the innovative concept of Indian bank which is the direct lending to the Self Help Groups. Realizing the flexibility of money requirements of the poorer sections of the rural masses in meeting their day to day needs and to reach their hearts, Indian Bank innovated this concept of micro flex – the relaxed norms of lending to Self Help Groups. Bank permits the branches to lend up to a maximum of 10 times the savings to a Self Help Group if it satisfies the credit linkage norms of the program.

## Other Initiatives

Indian bank also offers Gramin Mahila Sowbhakya scheme (for insurance), Rural Housing and Vidhya Shoba scheme (for education). In this financial services era the banking services has improved a lot., through mobile banking services, ultra smart cards and business correspondence model etc., for which the technological advancement is of great use. Financial inclusion of the excluded community through mainstream banking institutions is no more a distant dream. The services are available at the door step of every individual even in remote villages and people can use them effectively for their betterment.

□

## Development News

### Low Carbon Lifestyle

Carbon di oxide contributes a lot to climate change. By adopting a low carbon life style in our home, each and every one can contribute for reducing carbon emissions. Some of the activities that we can easily adopt are

1. Switching to CFLs - Replacing just one 100W bulb (incandescent lamp) with a 20W Compact Fluorescent Lamp (CFL) Reduce annual CO<sub>2</sub> emissions by 84 kg apart from reducing your annual electricity bills
2. Switch off unnecessary lights and fans – Per Bulb and Fan kept off for an extra hour per day can reduce annual CO<sub>2</sub> emissions by 28 kg. If just 1000 homes do that, that’s 28000 kg of CO<sub>2</sub> less per year
3. While buying a new home appliance go for higher star rated products (5 star label)
  - Fans, Refrigerators (frost free) and Airconditioners with five star label
4. Installing a solar water heater can reduce CO<sub>2</sub> emission by 687 kg annually
5. If it is a electric geyser use it efficiently and take bath in quick succession. You can reduce the temperature setting on the geyser to 40 degree, if the provision is available.
6. Eat together - This will avoid heating the cooked food again
7. Switch off the appliances at the plug point- Often we forget to switch off the appliances at the plug point especially when we are using a computer or watching the television. Don’t use remote for switching off TV or DVD.
8. Compost your kitchen waste at backyard, which not only reduces emissions but also can be used as a fertilizer for your soil.
9. Conserve water- Conserve just 100 litres per household per day through various measures and this will reduce annual CO<sub>2</sub> emissions by 24 - 63 kg. If you have a rain water harvesting structure in your house, its still better since - 1000 litres of rainwater harvested every day over 40 days of rainfall can reduce annual CO<sub>2</sub> emissions by 27 to 70 kg.

*Courtesy: Rashmi Gopal and P S Sodhi*

## Escalating Input Cost in Agriculture

Cost of fertilizers, pesticides, seeds and other inputs tremendously increased in the past decade. However, the farm gate price of the produce didn't increase accordingly.



# Millets renewal for food and nutrition security



Information and knowledge are recognised as vital components of mitigation and adaptation to any change. Enhancing climate change adaptability is ultimately a social process and engagement by the communities affected by it, the State and relevant agencies. Learning from both traditional and new sources is a key attribute of resilient communities. The increasing use of information and communication technologies such as mobile phones, internet and community radio are providing new channels through which the most vulnerable section of the population can be reached and be heard. They can influence the views, attitudes and behavior of vulnerable groups towards climate change, motivating them to act, collectively, in response to the challenges and the opportunities that emerge from climate change impacts.



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