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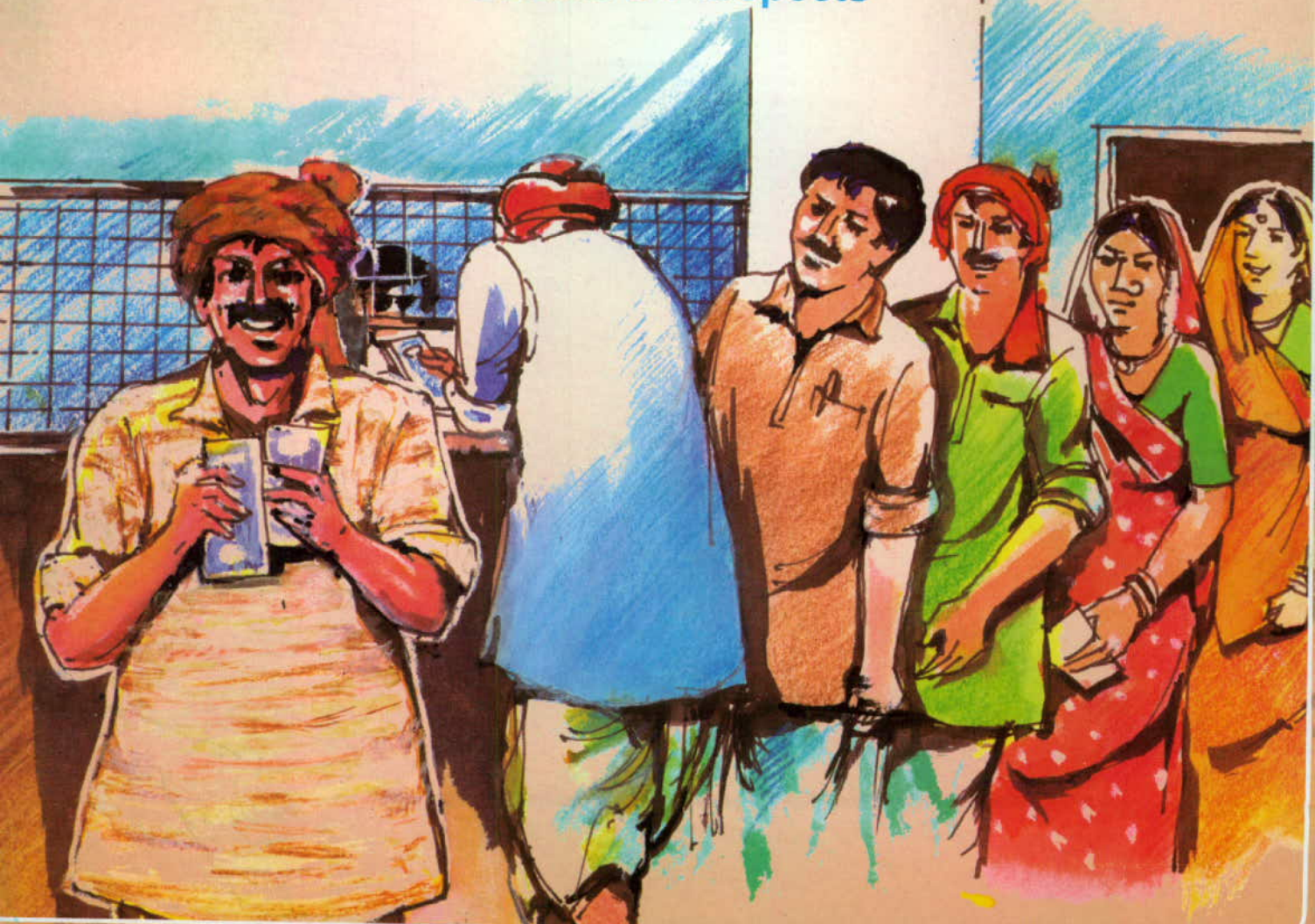
September 2006

Rs.7

MICRO-FINANCE
- Role & Dimensions

SELF HELP GROUPS
- Capacity Building & Empowerment

KISAN CREDIT CARD SCHEME
- Growth & Prospects



DR. RAGHUVANSH PRASAD SINGH EXPRESSES CONCERN OVER POOR PERFORMANCE OF BANKS UNDER SGSY

The Minister of Rural Development Dr. Raghuvansh Prasad Singh has urged the Finance Minister and the Governor of RBI to direct the banks for providing the targeted credit of Rs.2814 crore to the needy rural poor under Swarnajayanti Gram Swarozgar Yojana (SGSY) during the current financial year. In a letter addressed to both of them Dr. Singh has expressed serious concern over the poor performance of the banks in extending credit and said that it is having adverse effect on the performance of SGSY. He said that in a recent review, it has come to the notice of the Ministry of Rural Development that there are about 2210 bank branches which have achieved less than 25% of credit targets in the year 2005-06.

Dr. Raghuvansh Prasad Singh has pointed out that the success of the Yojana depends to a great extent on the adequate and timely availability of bank credit. However, a perusal of the credit target vis-à-vis the credit achievement of the banks since inception of the Yojana makes it amply clear that the banks are very much lagging behind in providing targeted credit lending,

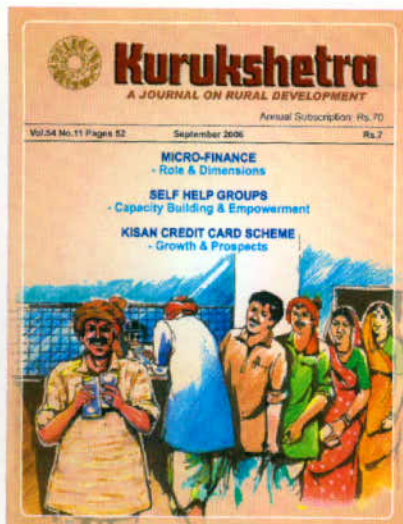
Financial Years	Credit targets (in crores)	Credit achievement (in crores)	Percentage mobilised
1999-2000	3205.00	1056.46	32.96
2000-2001	3205.00	1459.44	45.54
2001-2002	3200.87	1329.68	41.54
2002-2003	2525.21	1184.30	46.90
2003-2004	2129.33	1302.10	61.15
2004-2005	2507.67	1658.18	66.12
2005-2006	2515.65	1821.60	72.41

Under Swarnajayanti Gram Swarozgar Yojana of the Ministry of Rural Development, poor families in the rural areas are being provided income generating assets through a mix of bank credit and government subsidy in order to raise them above the poverty line. The Ministry of Rural Development is closely monitoring the performance of various bank branches in providing credit under the Yojana. As a result thereof in last two years there has been an increase in credit flow but it is still lagging behind the target.

DRDA ADMINISTRATION GUIDELINES AMENDED

The Government has further amended the guidelines of "DRDA Administration". State Governments are now allowed to hire qualified and experienced personnel on contract basis for vacant posts in Group "C" also.

According to the amended provisions the Project Directors, Project Officers, APOs and all technical posts are to be manned by officer with proven capability and motivation and are selected in an objective manner by specific Selection Committees. The Project Directors should be selected by a Committee headed by the Chief Secretary/Development Commissioner/Addl. Chief Secretary of the State and with the Secretary (RD) being the member convenor. Similarly, for officers at the level of APOs and other technical officers, there should be a selection committee headed by Secretary (RD). For other staff, too, other than ministerial and lower rank, the selection should be by an appropriate selection committee.



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EDITOR INCHARGE
NAVEEN JOSHI

ASST. EDITOR
SUDHIR TIWARI

JOINT DIRECTOR (PRODUCTION)
N.C. MAZUMDER

COVER DESIGN
RAVI GOSWAMI

PHOTOGRAPHS
 IEC DIVISION,
 MINISTRY OF RURAL DEVELOPMENT

PHOTO DIVISION,
 MINISTRY OF I&B

COVER PHOTOGRAPHS
 Back Cover Photograph
 Upendra Upadhyaya

EDITORIAL OFFICE
 ROOM NO. 661, NIRMAN BHAVAN
 A-WING (GATE NO.5),
 MINISTRY OF RURAL DEVELOPMENT,
 NEW DELHI-110011
 TEL. : 23061014, 23061952
 FAX : 011-23061014
 E-MAIL : kurupage@yahoo.co.in

FOR SUBSCRIPTION ENQUIRIES,
 RENEWALS AND AGENCY
 INFORMATION
 PLEASE CONTACT :

Business Manager
 EAST BLOCK-IV, LEVEL-VII, R.K. PURAM,
 NEW DELHI-110066
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Kurukshetra seeks to carry the message of Rural Development to all people. It serves as a forum for free, frank and serious discussion on the problems of Rural Development with special focus on Rural Uplift.

The views expressed by the authors in the articles are their own. They do not necessarily reflect the views of the government or the organisations they work for.



Your Page

Motivating Journal

Kurukshetra plays a vital role in motivating rural folks and creating awareness among them about sustainable management of natural resources.

In August 2006 issue, I read the article 'Water Harvesting for Drinking Water Security' with great interest and I was impressed by the author's approach to better management of natural resources. I believe that this is the right approach which involves active Community/Public participation.

— *Chandra Shekhar Chouhan, Ajmer, Rajasthan*
by E-mail

Valuable Information

I am a reader of Kurukshetra though not on regular basis, still I find that you are doing a wonderful job by publishing informative as well as interesting articles about rural sector. I am sure you will continue publishing informative articles for the benefit of rural people. Keep up the good work.

— *Tsering Wangdi Tsumnyer Kee* by E-mail

Need to Conserve Water

I read with great interest Kurukshetra's June 2006 issue. The articles, 'Rainwater Harvesting: Vital for Growth' and 'Micro Irrigation And Drought Management' are excellent. The need of the hour is to conserve water. Water wars are imminent. The only reliable alternative to improve the ground water availability is 'rainwater harvesting'. Micro irrigation even with small containers at village level will provide gainful employment in cultivating vegetables with reasonable water. I am also involved in promoting 'Bucket irrigation' and 'Hydroponics' in my area.

—*Prof.A.Jagadeesh, Kavaraipettai, Tamil Nadu*
by E-mail

Insight about Rural Development Issues

I have been following your journal since long. It provides an elaborated and clear view for the upliftment of rural people and various measures to eradicate many major problems like unemployment and poverty and moreover gives us an insight about the rural development and rural upliftment.

Your article in August 2006 issue on "Rural Employment Guarantee Programme" is quite informative about PRIs, role in implementation of this scheme. It also provides a clear view about PRI's functioning in this area.

—*Richa Raghuvanshi* by E-mail

Rural Connectivity is a must for development

The article by Mr S. Kanthimathinathan about the Rural Road networks in the June 06 issue was very informative. Government should take steps to make the rural areas connected with the urban areas and also improve the conditions of the villagers.

Best wishes.

—*Maneesh M. Nair, Thiruvananthapuram*
by E-mail

More Reports on South India needed

Reports about Rural development activities in South India are generally neglected in Kurukshetra. Preference is normally given to development stories of northern region. I request you to give more attention to South India's development stories.

—*Nagesha YM, Bangalore University*
by E-mail

EDITORIAL

In the nineties, NABARD's pilot scheme, Micro Finance was launched to bridge the gap between demand and supply of funds in the lower rungs of rural economy. This initiative was taken to develop a supplementary credit delivery mechanism. Micro finance, the development buzzword of the nineties was meant to cure the illness of rural poverty. With this the concepts viz. self-reliance, self-sufficiency and self-help gained momentum. The Indian micro finance scene is dominated by Self-Help Groups (SHGs) and their linkage to banks. The Indian development is unique for its use of formal institutions in providing finance to SHGs, instead of creating parallel non-formal channels of routing finance to poor. Credit delivery through thrift and credit groups (Self Help Groups) emerged as an alternative to the existing system of credit disbursement by the banks. This edition highlights various such issues associated with Micro Finance and Self-Help Groups in India. The focus of articles in this issue is on effective intervention of micro credit to alleviate poverty in rural areas and how it has led to the empowerment of rural poor, particularly the women. As a poverty alleviation tool micro credit finds its most profound expression in Self Help Groups which are the harbingers of a silent socio-economic revolution in rural India. This issue also carries articles on the growth of Self Help Groups, their linkage with banks and the role they play in developing rural entrepreneurship.

Undoubtedly, SHGs have created awareness among its members and brought in attitudinal changes in the outlook of its members. It has helped in realizing their own intrinsic strength. Given the unfavourable power structure in rural India the direct participation of the poor in the development process through their own independent organization is considered imperative. It is certainly a good sign for India, particularly rural India that while successfully playing their pre determined role in economic empowerment the SHGs have also begun to play a role in social progress.

MICRO-CREDIT INTERVENTION AND POVERTY ALLEVIATION

K. K. Tripathy

Micro Credit, which includes micro savings, is gradually emerging as one of the most effective strategies to alleviate poverty. It can effectively generate employment and sustain the income of the households by giving them opportunities of work. Although Micro Credit Institutions are effective weapons in the war against rural poverty they alone cannot neutralize non physical symptoms of poverty which deprive the poor of a full social existence. Efforts are needed to promote and strengthen micro finance institutions to optimize their war against poverty.

Since 1970s, developing countries, including India, have increasingly focussed on micro-credit to facilitate the access of poor households to financial services like credit, savings, insurance etc. As the rural population in India, forming about two-third of her total population is still dependent on agriculture, there is a crying need for timely and

adequate availability of funds for agricultural and rural finance is a must for improving the lot and income of the poor.

Quite appropriately, agricultural development had been given due importance right from India's First Five Year Plan (1951-56). The key problem of

Rural women, the flagbearers of the micro-credit movement use small loans to kickstart a long chain of economic activity



agriculture, carried on in far-flung rural areas mostly by poor, small and marginal farmers and weaker sections of the society, is finance. Thereafter, in each Plan period, there has been a continued emphasis on rapid and progressive institutionalisation for supply of timely and adequate credit-support to the poor, small and marginal farmers and weaker sections of the society for enabling them to adopt modern agricultural technology and improved agricultural practices for enhanced growth and production.

Formal, Informal Sectors of Rural Finance

The informal sector for rural finance is age-old. It consists primarily of rural money lenders, traders, merchants etc. It proved to be avaricious and ruinous for rural India. A deterrent to the indigenous moneylenders—a three tier Co-operative Banking structure was set up by co-operative movement, which established the efficacy of co-operation. Growing sporadically, the co-operative societies alone are now the bastions of rural/finance in a number of States in India. The formal sector was set up only in the Planning era and banks were nationalised to extend support to the rural financial institutions like Co-operatives. Indeed, the present formal sector is based on a multi-agency approach consisting Public Sector Banks, Co-operatives and Regional Rural Banks. Exhibit-1 indicates the operation of formal financial institutions in India.

Undeniably, the poorer sections in any community are denied satisfactory services by the formal and informal financial sectors in any country. Concentration

of monopolistic power, higher interest rates on loans, insistence on collaterals and exploitation through under-valuation of collaterals have restricted the informal financial sector from providing credit to the poor and needy for their income generation activities.

The inherent limitations of the formal and informal financial sectors in providing financial services to the needy and poor have led to the emergence and extension of micro-credit programmes in the developing world. The Micro-credit programme initiated with the objective of providing loans to poor people with credit removed collaterals. This is why, micro credit has been defined as the extension of small loans to be given in multiple doses based on the absorption capacity of the needy beneficiaries, who are too poor to qualify for formal bank loans, as they have no assets to offer as collateral security against loans.

World Recognition to Micro-credit Programme

The world has recognised the gravity of rural indebtedness in developing and underdeveloped countries and a consensus emerged for designing and implementing poverty alleviation schemes in such a manner that the poor would be encouraged to take loans for productive economic activities of their own. The poor in these countries are encouraged to form small groups of people having relatively equal economic status where mutual thrift and credit activities are initiated for meeting their emerging credit needs. As part of poverty alleviation measures, the Government of India has implemented self-employment programmes like Swarnjayanti Gram Swarozar Yojana, where the major emphasis has been laid upon Self-Help Group (SHG) formation, social mobilisation and economic activation through micro-credit finance. Simultaneously, the Government also supports National Banks for Agriculture and Rural Development (NABARD) and other Government and non-government organisations to take up activities like group formation, micro-credit and economic activation.

Micro credit has given women in India an opportunity to become agents of change. Poor women, who are in the forefront of the micro credit movement in the country, use small loans to jumpstart a long chain of economic activity. Keeping in view the immense potential inherent in SHGs in saving mobilization and credit multiplication, banks are shedding their age-old reluctance to lend to the poor, and are considering micro-credit as one of their important marketing

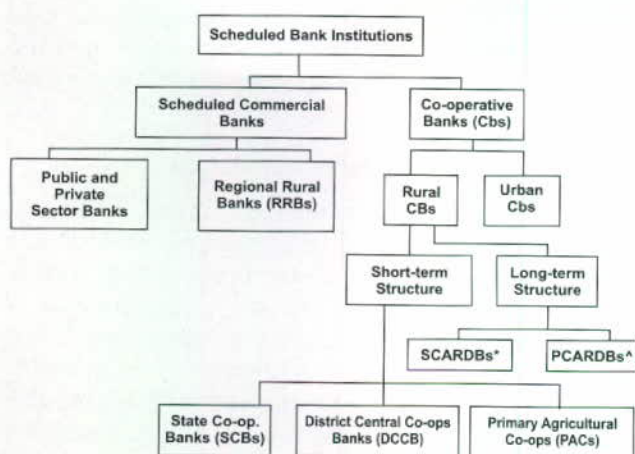


Exhibit — 1. Financial System in India

*State Co-operative Agriculture and Rural Development Banks (SCARDBs)

^Primary Co-operative Agriculture and Rural Development Banks (PCARDBs)



Community based micro-enterprises have proved to be most viable economic activities in the country to drive the beneficiaries out of the poverty trap in the rural areas. Here the products are produced according to local demand patterns and are consumed in the same locality. To sustain the community economic activities, leadership and membership training backed by participatory management is a must for the SHGs.

Micro-credit has provided rural women an opportunity to empower themselves

avenues thereby facilitating to create a new market of micro-credit. Thus it has now become a global initiative and is considered as an important agenda of Millennium Development Goals (MDGs¹) set by the United Nations. The importance of micro-credit led the world to announce the year 2005 as the "International Year on Micro-credit" to assess and promote the contribution of micro-credit towards achieving the MDG. The overall objective of MDGs is to reduce the proportion of the people living in extreme poverty to half of 1990 levels by 2015.

SHG and Micro-credit

Micro-credit has worked largely through SHGs in general and women groups in particular. Since the SHG is a small group of 10 to 20 persons drawn from relatively homogenous backgrounds, the members, who join the group, know what benefit they would attain from the group through micro-credit. Micro-credit has to be used in such a way that it benefits the SHGs to improve the quality of life of their members and their productivity to earn sustainable income. The SHGs need to firm up their financial and economic norms meant for selection of appropriate beneficiary and subsequent disbursement of credit to the needy.

The borrowing member chooses economic activities for income-generation purposes and knows clearly the goals or objectives he has to attain for his own sustenance and stability of the group which he/

she belongs to. Here, the members through participative decision-making process prioritize their goals in terms of their urgency. All the members are aware of their individual needs so as to converge their needs with the group objective. They can utilize the team effort in addressing their problems and issues while approaching their target. Unity, group effort and team-work help them in achieving their goals.

Micro-credit includes both – micro credit and micro savings. Micro-credit is gradually proving to be one of the most effective strategies to neutralize poverty. It can effectively generate employment and sustain the income of the households by giving them opportunities of work. The activity for which the loan taken is generally of uncomplicated nature and the repayment schedule is short, simple and fixed by the members themselves.

Micro-credit and Poverty alleviation

The micro-credit programme was first initiated in Bangladesh in 1976 with the promise of providing credit to the poor without collateral, alleviating poverty and unleashing human creativity and endeavour of the poor people. In Sri Lanka, the thrift and credit movement was reviewed and revised in 1978 by Dr. P. A. Kiriwadeniya under the name "SANSA" this institution has created a high social impact in reducing rural indebtedness and poverty from 1978 to 2003 and it has been successful in raising the living standards of the rural people of Sri Lanka².

¹ The United Nations has identified eight Millennium Development Goals and also prepared 16 Action Plans to achieve these goals for fulfilling the overall objective of alleviation of poverty by 2015.

² SANSA is a people's movement that follows co-operative values and principles. This creates motivation amongst the members and ensures training, education, institutional capacity building and has been an effective alternative credit delivery system in Sri Lanka.

The following chart indicates that micro-credit adds to the group corpus and is sourced by Government, NGOs, Banks etc. While funds from the Government enrich the group corpus by way of subsidy, the NGOs and Banks supply credit as per the need of the group. The group is then involved in inter-lending activities for consumption and production purposes. By pursuing productive economic activities, the group enhances its income, repays the loan amount to the bank and spend it on basic health, education etc so as to drive himself out of the poverty trap. (Exhibite-2)

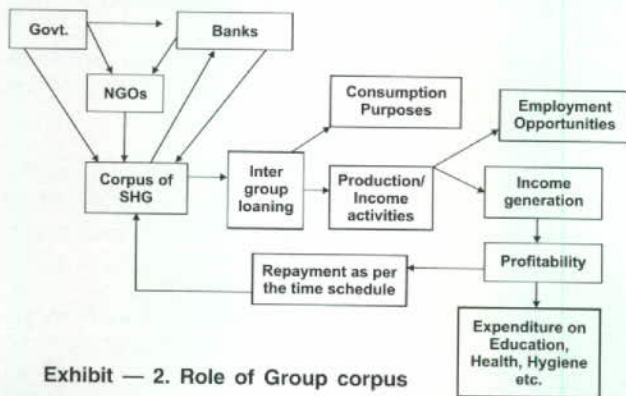


Exhibit — 2. Role of Group corpus

Studies conducted on the income impact of micro-credit on the clients drawn from poverty line have indicated that most households are better off with micro-credit, but income impacts vary in magnitude and durability, and a sizeable proportion of clients find that their post-credit incomes stagnate or fall. (Copestake, Bhalotra & Johnson, 2001). However, studies conducted on the programmes implemented in Bangladesh for the poorest of the poor indicated that Micro-credit programmes are not suitable for all categories of the poor. For those trapped in chronic food insecurity with no asset base to protect themselves from the myriad web of shocks, micro-credit can be ineffective and sometimes counterproductive [Matin and Hulme (2003)].

Micro-credit institutions are indeed effective weapons in the war against rural poverty (Mwenda & Muuka, 2004). Micro-credit schemes alone cannot alleviate the broader, non physical symptoms of poverty which deprive the poor of a full social existence through effective participation in various patterns of the everyday life of a society. The battle for total eradication of poverty from the lives of more than one billion poor, worldwide, requires combining micro-credit schemes with parallel, complementary programmes at the local, national, regional and multi national levels. SHGs formed to enforce rights or improve their economic/social/political position through micro-financing have a chance to improve the position of their members, by creating and enhancing cohesive identities and enhancing a sense of self-worth as well as by improving the participants economic position (Throp et al., 2005).

Policy on Poverty in India

Over the years a plethora of poverty alleviation programmes has been implemented in India and a huge amount of social and financial investment has been made to achieve the sole aim and objective of poverty eradication. Most of the programmes were based on top-down approach and did not consider needs and requirements of the people. Accordingly, the economically vulnerable groups continued to remain under-confident and the gurantee for security of their livelihood was found missing in the entire endeavour to eradicate poverty from the soil of India. Considering the large number of persons still living below the poverty line, there is no doubt that the resources pumped down for poverty alleviation and provision of subsidies in the name of poor have not been much effective in achieving the goal of poverty alleviation.

To meet the gaps in the implementation of the erstwhile self-employment programme called Integrated Rural Development Programme, the Central Government announced a holistic programme called Swarnjayanti Gram Swarozgar Yojana. This programme was based on a group (community) approach to rural development where the rural poor were organised into SHGs, provided micro-credit and took up viable economic activities on their own. SHGs were also formed under Swayam Siddha, Mission Shakti, Rashtriya Mahila Kosh, SHG-Bank linkage scheme of NABARD) Small Industries Development Bank of India (SIDBI) etc.

Community based micro-enterprises like cotton coir rope making, coconut coir rope making, coconut leaf thatching, pickle manufacture, group leaf plate making, spices production, honey and food processing, agarbatti making etc. have proved to be most viable economic activities in the country to drive the beneficiaries out of the poverty trap in the rural areas. Here the products are produced according to local demand patterns and are consumed in the same locality. To sustain the community economic activities, leadership and membership training backed by participatory management is a must for the SHGs. The SHGs in this stage, if imparted entrepreneurial training combined with exposure visits to the successful micro-enterprise of the same nature would have a greater impact on the quality of the products produced by these poor beneficiaries.

There is no doubt that the success of the economic activities taken up by the self-employed persons largely depends on their social influence, their role in the decision making process, broader financial base through enhanced thrift and credit activities and

widened ownership rights to the assets created by them. Thus, increased community solidarity has to be ensured to have a collective action and address location specific problems.

Conclusion

After the pioneering efforts of the last few years by the Government, Banks, NGOs etc., the micro-credit scene in India has been able to reach at take-off point. An attempt could be initiated to promote a cader of new generation micro-credit leaders in order to strengthen the emergence of Micro-Finance Institutions (MFIs) so as to optimise their contribution towards the growth of the sector. Thus, with some renewed effort, substantial progress may be made in taking MFIs to the next orbit of significance and sustainability. This needs close monitoring of the ongoing micro-credit initiatives, suitable modification or formulation of innovative and forward-looking policies, based on the ground realities of successful MFIs in India. This, combined with a commercial approach from the MFIs in making micro-credit financially sustainable, will make this sector vibrant and help in achieving its single-minded mission of alleviating poverty by providing necessary financial services to the poor.

True development is achieved only when the community's plans and actions take into account the roles and the potential opportunities for its present and future stakeholders. Sustainable Development rightly recognizes that all decisions pertaining to development must simultaneously consider various aspects of Economy, Environment, Equity and Society. It is the community that can effectively guarantee the integrity of our human and natural resources. To conclude, we may say that the SHGs formed under various programmes provide a great scope for convergence of the programmes/activities of various Ministries, Departments and Organizations. With appropriate mechanisms, various Ministries/Departments/Organizatons can look towards the SHGs for targeting their programmes, which ultimately would help in improving the quality of life in rural India.

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The author is an officer of the Indian Economic Service and is presently pursuing his doctorate in Dept. of Management Studies, IIT Delhi.

INTER REGIONAL DEVELOPMENT OF SELF HELP GROUPS IN INDIA

Dr. P. Loganathan
R. Asokan

This article is based on a study which analyzes the inter regional performance of SHGs in terms of their total number, level of credit and per capital credit per SHG. The study reveals that SHGs have provided access to credit to their members, promoted saving, reduced dependence on money lenders and above all empowered rural women.



Micro finance is recognized as a key strategy for addressing issues of poverty alleviation and women's empowerment. Access to financial services and the subsequent transfer of financial resources to poor women enable them to become economic agents of change. Women become economically self-reliant, contribute directly to the well-being of their families, play a more active role in decision-making, and are able to confront systemic gender inequalities.

Access to credit has long been considered a major poverty alleviation strategy in India. Although various credit programmes have been introduced in the country, their impact has proved ineffective. Much of this failure was due to a lack of involvement by the people during any stage of the implementation of the programmes.

SHG Bank Linkage

A most notable milestone in the SHG movement was achieved when NABARD launched a pilot phase

of the SHG Bank Linkage programme in February 1992. This was the first instance of mature SHGs that were directly financed by a commercial bank. The informal thrift and credit groups of poor were recognised as bankable clients. Soon after, the RBI advised commercial banks to consider lending to SHGs as part of their rural credit operations for creating SHG Bank Linkage. The linking of SHGs with the financial sector was good for both sides. The banks were able to tap into a large market, namely the low-income households, transactions costs were low and repayment rates were high. The SHGs were able to scale up their operations with more financing and they had access to more credit products.

Microcredit has the support of many women's advocates who view expansion of microcredit as a potential bell for women's empowerment. Multilateral development banks, in an era of budget cuts and disbursement reductions, are embracing microcredit as an opportunity for them to move away from the capital-intensive "development as charity" model to

the potentially more profitable "development as business". But perhaps most significantly, the financial community has woken up to the fact that there is a great deal of money to be made in microlending, where interest rates can range from 20 to 100 percent.

Microcredit is often portrayed as a "win-win" option, wherein investors profit handsomely while the poor gain access to resources that allow them to help themselves. The reality, however, is not always so rosy.

Self Help Groups

In India, a number of self-help groups (SHGs) were created in the 1980s for providing credit facilities to the poor, especially women, in both urban and rural areas. These SHGs stumbled upon a surprising finding: by targeting women, repayment rates came in well over 95 percent, higher than most traditional banks. Impressed by those repayment rates, institutions like National Bank for Agriculture and Rural Development (NABARD) and Small Industries Development Bank of India (SIDBI) began increasing their lending to SHGs in India. However, the lending rates of SHGs to borrowers were not cheap. For example, SIDBI lent to NGOs at 9 per cent; NGOs were allowed to lend to SHGs at rates up to 15 per cent; and SHGs, in turn, were allowed to charge up to 30 per cent to individual borrowers. Although such high-interest credit is touted as a vehicle for poverty alleviation wherein the poor use the funds to undertake commercial ventures, studies have found that the loans are largely used by poor people to meet their daily consumption needs.

In the current global economic climate, microcredit as a poverty alleviation tool, by itself, is analogous to giving a man a fishing pole, and telling him to go

fish—in the wake of a giant trawler whose net spans the horizon. Macroeconomic policies of liberalisation and globalisation have destroyed many formal sector jobs; drastic cuts in social sector spending under the rubric of World Bank-imposed structural adjustment programmes coupled with the absence of any social safety net has further aggravated poverty for the world's poorest.

The only option for many poor is self-employment, which microcredit aims to foster. But the odds are stacked against the self-employed in the global marketplace. Consumer trends fluctuate nearly as wildly as the economy, which is becoming more prone to external factors as India, for one, opens its markets. Aggressive brand selling and marketing coupled with the strong financial clout of transnational corporations places the poor, especially poor women, at a particularly unfair advantage in the global marketplace.

Against this background, microcredit can, at best, lead to micro-solutions. This is not to say that microcredit cannot play a valuable role in poverty alleviation. But any developmental strategy will require far more than the "band-aid" of microcredit on the gaping wound of poverty and unemployments. As microlenders chasing the growing ranks of the poor multiply, a proper regulatory and supervisory framework under which these entities should function must be developed in order to ensure that intermediaries, corporate bodies and others involved in microcredit activities come under close public scrutiny. Otherwise, these new entities may simply lend legitimacy and greater financial clout to an exploitative form of organised money-lending. In the light of the above background the present study analyses the regional development of micro credit programmes under SHGs and also study the regional performances of SHGs under different regions.

Results and Discussion

Table-1 : Progress of SHGs and Distribution of Micro Credit as on 31st March 2005

(Rs. in million)

S. No.	Region	Cumulative No. of SHGs bank loan upto 31 march 2005	Cumulative No. Bank loan upto 31 march 2005	Percapita credit per SHG
	Northern Region-A			
1.	Himachal Pradesh	17,798	565.03	31746.8
2.	Rajasthan	60,006	1414.04	23564.9
3.	Haryana	3,351	200.63	59871.6

(Rs. in million)

S. No.	Region	Cumulative No. of SHGs bank loan upto 31 march 2005	Cumulative No. Bank loan upto 31 march 2005	Percapita credit per SHG
4.	Punjab	3,091	145.76	47156.2
5.	Jammu & Kashmir	1,647	56.58	34353.38
6.	New Delhi	125	13.14	10512
	Total	86018	2395.18	207204.8
	North-Eastern Region-B			
7.	Meghalaya	249	7.78	31244.9
8.	Tripura	1515	19.07	12587.4
9.	Sikkim	42	1.35	32142.8
10.	Manipur	796	30.10	37814
11.	Arunachal Pradesh	280	11.97	4275
12.	Nagaland	94	4.69	49893.6
13.	Mizoram	28	2.84	101428.5
	Total	16440	453.58	2627.92
	Eastern Region – C			
14.	Orissa	123,256	2517.94	20428.5
15.	Bihar	28,015	681.86	24339.1
16.	Jharkhand	21,531	714.73	33195.3
17.	West Bengal	92698	1262.77	13622.4
18.	UT of AN Islands	128	5.76	4500
	Total	265628	5183.16	96085.3
	Central Region – D			
19.	Madhya Pradesh	45,105	1,110.77	24626.3
20.	Chattisgarh	18,569	171.95	92605.7
21.	Uttar Pradesh	119,648	3155.79	26375.6
22.	Uttaranchal	14,043	576.05	41020.4
	Total	197365	5014.56	184628
	Western Region – E			
23.	Gujarat	24712	686.44	2777.5
24.	Maharashtra	71146	2234.11	31401.7
25.	Goa	408	30.22	74068.6
	Total	96266	2950.77	133247.8
	Southern Region – F			
26.	Andhra Pradesh	492,927	27460.93	55709.9
27.	Karnataka	163,198	5501.53	33710.7
28.	Kerala	60,809	2495.53	41038.8
29.	Tamil Nadu	220,698	16,779.00	76026.9
30.	Pondicherry (U.T.)	1,309	184.43	140893.8
	Total	938941	52421.42	347380.1
	Grand Total	1600658	68421.57	1236338.7

Source : www.NABARD.org.

The above table clearly shows that there are vast credit variations among the states and among the regions. Among the regions, southern region is the best region in financing SHGs. In southern region 52421.42 million rupees distributed among the SHGs. Next to that the performance of central region, eastern region and western region is moderate and the credit distributed to the regions are 5014.56, 5183.06 and 2950.77 million rupees respectively. The northern and north east regions are comparatively poor and they have distributed 2395.18 and 453.58 million rupees respectively. While considering the number of groups the region southern, central region, eastern regions have enrolled more SHGs.

Other regions enrolled less SHGs. With the help of per capita credit per SHGs one can understand the progress of SHGs among the regions and states. Among the regions southern region distributed more credit and per capita credit per SHGs are very high. While considering the states among the region Pondicherry and Tamil Nadu states are performing well and had distributed more credit. In central region Chattisgarh state distributed more credit and per capita credit calculated at 92605.7 rupees. In western region Goa state per capital credit is high and calculated at 74068.6 rupees and in northern region Haryana and Punjab states per capita credit is very high and calculated at 59871.6 and 47156.2 rupees respectively. Eastern region and north eastern region per capita credit per SHGs are upto the level and Mizoram, the only state in north eastern region, recorded 101428.5 rupees per capita credit distributed to the SHGs.

It could be clear from the above table that the level of credit is increased and one can find a sign of development of SHGs and involved more economic activities. While the business activities uplift the group members economically, they also bring about social upheaval through collective work. The members help each other in difficult times - like carrying a member's seriously sick husband in her absence to the hospital, or marriage of the daughter of a member who died accidentally, or carrying tiffin daily to a worker who became invalid during an accident at the workplace. It was observed that these economically, socially and psychologically backward women become informed very quickly through Bachat Gat activities. Going over their stories, it can be seen that once they get motivated, they start treading confidently and then all their embarrassment, fear, doubts, etc. fall apart.

Their success is also helpful in another uncommon way - the Government departments managing the schemes don't have to make up tall claims of success, as has been the case repeatedly in the past. Now, they have real stories of success to tell, from which many others might be similarly encouraged to grow economically and socially.

Conclusion

Various other reviews and evaluations of SHG programmes suggest that SHGs have provided access to credit to their members; helped to promote savings and yielded moderate economic benefits; reduced the dependence on moneylenders; and resulted in empowerment benefits to women. On the other hand field reports also suggest that contrary to the vision for SHG development, SHGs are generally not composed of mainly the poorest families; there is greater evidence of social empowerment rather than significant and consistent economic impact; and financial skills of group members have not developed as planned.

NABARD's corporate mission is to make available MF services to 20 million poor households, or one-third of the total poor in the country, by 2008. However, there is, at present, a high degree of concentration in the southern states with just two states, Andhra Pradesh and Tamil Nadu accounting for more than 66% of the SHGs receiving loans through bank linkage, with the coverage in Andhra Pradesh being nearly 53% of total SHGs. These states have a history of women's enterprise, higher levels of literacy and strong cooperative institutions. SHG-bank linkage has not as yet made an impact in the poverty belt of the northern, central and eastern regions. There are obvious advantages in federation, and all Indian states are following this approach, albeit at different speed. In terms of employment generation and enterprise development, federations are likely to have a much larger impact than individual SHGs, because training and marketing can be organised more rationally. SHG federations also provide the opportunity for poor people to influence policies and to constitute effective pressure groups at the district and state level.

Dr. P. Loganathan is Senior Scale Lecturer in Economics, Kandasami Kandar's College, Velur, Tamil Nadu and R. Asokan is Lecturer in Economics, Economics Wing, DDE, Annamalai University, Annamalai Nagar-608002.

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MICRO FINANCE FOR RURAL ENTREPRENEURS

Issues and Strategies

Dr. M. Soundarapandian



An attempt is made here to analyze the growth of SHGs and the role of micro finance in developing the rural entrepreneurship . The study suggests that though there is a positive growth rate of SHGs in states but in terms of the growth of SHGs there is a wide variation among states. Linkages of Banks with SHGs is found impossible for this variation.

The United Nations General Assembly designated 2005 the International Year of Micro Credit. The year has seen the launch of a wide array of programmes throughout the UN system to raise public awareness about microcredit and micro finance, while promoting partnerships and innovation among governments, donors, international organizations, NGOs, the private sector and microfinance institutions (MFIs). Micro finance has already made a positive impact on the quality of life of millions of poor people by providing greater access to credit, savings, insurance, transfer remittances, and other financial services which would otherwise be unreachable.

Micro finance is a financial service of small quantity provided by financial institutions to the poor. These financial services may include savings, credit, insurance, leasing, money transfer, equity transaction, etc, that is, any type of financial service, provided to customers for meeting their normal financial needs, life cycle, economic opportunity and emergency with the only qualification that transaction value is small and customers are poor. Unlike

normal credit, micro credit is limited with collateral substitute and credit plus services. Micro credit becomes distinct from other regular credits where not only credit amount is small and clientele is poor, but also credit is provided with 'collateral substitute' instead of traditional collateral and non-financial services for increasing the productivity of credit.

In micro financing in India, Self Help Groups (SHGs), which recently came into existence as informal organizations, are linked to have banks mainly women as its Members. The present article is an attempt to analyse the growth of SHGs and the role of micro finance in developing the rural entrepreneurship. The specific objectives of the study are : a. To study the growth and trend of the SHGs. and micro finance in India. b. To review the problems faced by the micro entrepreneurs in Tamil Nadu. c. To suggest the concrete measures for the micro entrepreneurship development in rural areas. Secondary data and primary data are used to analyse the role of micro finance for rural entrepreneurship development.

Self Help Groups and Micro Finance

SHGs means small, economically homogeneous and affinity groups of rural/urban poor, voluntarily formed to save and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their families and community. SHGs are (i) a simple but effective method for the poor to help each other, (ii) a voluntary group of rural poor who face similar situations and problems ; (iii) Encourages small savings (thrift) among members; (iv) Provides a forum for the members to solve their problems collectively; (v) Number of members are usually between fifteen and twenty.

The Growth of SHGs in India over the years is given the Table-1

States	1998 -99	1999 -2000	2000 -2001
Andaman and Nicobar	3	9	10
Andhra Pradesh	6579	29242	84839
Assam	10	46	156
Bihar	121	857	1846
Goa	4	14	27
Gujarat	879	1345	1375
Harayana	4	107	334
Himachal Pradesh	133	48	1166
Jammu and Kashmir	2	53	137
Karnataka	2002	3167	5627
Kerala	1291	1709	1826
Madhya Pradesh	461	1533	3174
Maharashtra	1058	3029	5509
Orissa	975	2021	3850
Pondicherry	15	144	150
Punjab	1	18	71
Rajasthan	465	526	2513
Tamil Nadu	2616	7671	16676
Uttar Pradesh	1464	7744	5457
West Bengal	554	2317	5351
All India	18639	61600	140194

Source : NABARD, 2001.

From the table -1, it is clear that though all listed states have a positive growth rate of SHGs, there is wide variation among states. States such as Andaman and Nicobar, Gujarat, Karnataka, Kerala, Orissa and Uttar Pradesh have comparatively lower growth whereas other states have higher growth of SHGs. The states with lower growth rates might have begun their SHG-bank linkage programme at an earlier stage so that it may already have sufficient linkages and further linking is quite difficult. Most of the states with lower growth rates will have a lower number of SHGs linked in the recent years compared to states that have a high growth rate.

Table-2 : Micro Finance in India

Bank	Cumulative Number of Disbursement per SHGs Provided			
	Bank loan SHG			
	Upto Mar. 01-02	Upto Mar. 04	During 2001-02	During 2003-04
Public sector banks	118855	516697	0.020	0.057
Private Sector Banks	5391	21725	0.051	0.155
Regional Rural Banks	84775	405998	0.023	0.013
Cooperatives	12773	134671	0.019	0.036
Total	221794	1079091	0.021	0.051

Source : NABARD, 2004.

Table 2. shows that number of SHGs having been financed by FFIs has increased from 0.2 million in 2001 to 1.1 million in 2004 at the rate of 128 per cent per annum. Number of SHGs financed during a year has increased from 0.26 million in 2001-02 to 0.36 million in 2003-04 with an annual growth of 19.8 per cent. All this information relates to SHGs refinanced by NABARD only.

Micro Entrepreneurs and SHGs

The following issues need to be considered while introducing SHGs to micro-enterprises : (i) Is it appropriate to introduce income generating activities based on skill, knowledge and resources? (ii) Is it better to integrate with existing livelihood activities of group members? (iii) should emphasis be laid on developing business skills than on providing backward and forward linkages? (iv) Micro-enterprise development is not a stand-alone activity, (v) It is both efficient and cost-effective to promote farm sector micro-enterprises because backward and forward linkages are locally available, and (vi) Promotion of non-farm sector activities, particularly those in manufacturing sector, is a challenge for providing Market linkages because significant sales turnover is required by each member to earn incomes which are even equivalent minimum wages or to cross the poverty line.

The performance and achievements of the SHGs in Madurai District in employment and income generating activities through the rural enterprise development are discussed in this section. The researcher had visited many villages (nearly 20 villages) and investigated the 30 women groups about the functioning of the women SHGs with the SGSY assistance. The findings of the field visit are summarised below with a few case study analysis in Table 3.

Table 3 Rural Enterprise Activities of SHGs with SGSY Assistance

S. No.	Activities	Number of Women groups	Percentage
1.	Cooking Powders	39	18.06
2.	Tailoring, Typewriting	19	8.79
3.	Milch Animals	27	12.50
4.	Cooking vessels, Canteens	14	6.48
5.	Weaving	4	1.85
6.	Fair Price Shops	27	12.50
7.	Blue Liquid, Phenyl	21	9.72
8.	Quarry and blue Metal Work	6	2.78
9.	Wire Basket and Bags	9	4.17
10.	Ink, Shampoo, Cleaning Powder	14	6.48
11.	Wheat, Rice Flour	14	6.48
12.	Domestic Credit/ Household Credit Needs	22	10.19
		216	100

Source : Primary Deal, 2004.

From the Table 3, it is clear that there are 216 SHGs running the micro enterprises with the assistance of SGSY scheme in Madurai Thirumangalam Block of Madurai District. The women SHGs mostly concentrated only on cooking powder preparation, Tailoring, Typewriting, Milch animals rearing and fair price shops.

Practical Experiences of Microentrepreneurs : Issues and Strategies

Definition and Scope

The first task is to define microfinance in terms of quantity and clientele groups. At the current level of prices it may be less than Rs. 25,000 per poor person. The old classification of priority sector needs to be scrapped, and now focused segments need to be identified on the basis of (i) their role in the economy, and (ii) the inclination level of the FFI towards that segment in the light of transaction cost, risk and profitability. The scope of mandatory credit has to be then narrowed down to micro credits segment only, and a mandate has to be there with reference to deposit levels instead of NBC. All the SCBs and foreign banks must then be brought under the ambit of this mandatory credit. The FFIs, however,

need to be given a free hand in (i) designing delivery mechanism, (ii) formulating personnel policy, and (iii) fixing the interest rate without any interference. Scope has to be created for competition which only can bring down the interest rate. Tax incentives will encourage the FFIs to go beyond mandatory level.

Management Information System

For better monitoring and planning, a good management information system needs to be developed. Responsibility of collecting and publishing the microfinance information must lie with RBI, with can capture all types of micro credit. Information on NBA and recovery needs to be collected both bankwise and state wise; besides, information on micro savings and micro deposit too must be collected.

Income Enhancement Process

The next issue to be looked at is the facilitation of the growth and income enhancement process in these SHGs members. Taking up micro-enterprises with the intent of enhancing income levels is a complex issue which needs a more holistic approach of appreciating skill levels, entrepreneurial skills and dynamism, understanding markets, technology, etc. This task has to be handled with care so as to ensure that genuine concerns do not lead to failures of micro-enterprises and increased debt burden.

Financial Architecture

In a situation where micro entrepreneurs receive micro credit from MFIs, on their graduation to higher level of operations as small entrepreneurs they encounter problems with regard to the meeting of their financial services needs.

Regulatory and Supervisory Role

Institutions receiving public deposits need to be regulated and supervised by the central banks or super intendencies of financial entities and there must also be a supportive legal framework. Absence of such an environment in many countries has stunted the growth of MFIs into full-fledged financial institutions. Over the last two decades a small number of successful MFIs have built up sufficient financial strength and managerial capability to allow them to become commercial banks. While Grameen bank in Bangladesh has a special regulation which authorises its working, PRODEM in Bolivia and K-REP in Kenya had to necessary transform themselves into full-fledged commercial banks to enable them to access public deposits.

The author is Reader, Rural Industries and management & Principal Investigator, Gandhigram Rural Institute, Gandhigram, Tamil Nadu.

DEDICATED SERVICE OF NABARD TO THE NATION

Dr. K. Prabhakar Rajkumar

For over two decades, NABARD as a national level apex institution has been playing a pro active role in addressing important issues of the rural economy. However, in the current global economic scenario, time is ripe for NABARD to review its strategies and policies with regard to rural employment from basic agricultural facilities.

National Bank for Agriculture and Rural Development (NABARD) is established as a development bank for providing and regulating credit and other facilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promote integrated rural development and secure prosperity of rural areas and for matters connected thereto.

Refinance Assistance

During 2004-05 the total refinance disbursement from NABARD increased by 13 percent, aggregating to Rs. 8, 577.46 crore, as compared to Rs. 7,605.29 crore during the previous year.

Agency-wise Assistance

During 2004-05, State Co-operative Agriculture and Rural Development Banks (SCARDBs) has the largest share of 32 per cent in the total refinancing assistance of NABARD. The share increased by 6% over previous year. Refinance availed by State Co-



Lush Green Paddy Field

operative Banks (SCBs) have been declining both in absolute terms and in terms of percentage share in the total refinance disbursed. Share of Commercial Banks (CBs) and Regional Rural Bands (RRBs) has increased over the period (2003-04) is 50% and 29% respectively. The agency-wise refinance disbursements and cumulative refinance assistance upto 31 March 2005 in given in table 1.

Table 1. Agency-wise Refinance Disbursements

(Rs. Crore)

Agency	2003-2004	2004-2005	Growth rate over previous year (%)	Cumulative (upto 31.3.05)
SCARDBs	2,544.14	2,709.98 (31%)	6	31,995.71
SCBs	1,736.50	1,243.92 (14%)	-28	10,088.02
CBs	1,713.60	2,569.56 (30%)	50	25,301.30
RRBs	1,589.35	2,049.11 (24%)	29	13,641.72
PUCBs/ADFCs	21.70	4.89 (1%)	-77	139.72
Total	7,605.29	8,577.46		81,166.47

Source : NABARD Annual Report 2005

Region-wise Refinance Disbursement

During 2004-05, Uttar Pradesh got the maximum amount of assistance (Rs 1,473.57 crore) followed by Punjab (Rs. 1,041.82 crore) and Andhra Pradesh (Rs 894.93 crore). At the same time region wise, Northern region absorbing highest amount of refinance followed by Southern, Central, Eastern, Western and North-eastern regions. Refinance disbursement in Central, Northern and North Eastern regions increased significantly by 25%, 26% and 78% respectively. The share of Eastern and Western regions has declined. The region wise refinance disbursement is given in the table 2.

Table 2. Region-wise Refinance Disbursements

Region	(Rs. Crore)		
	2003-04	2004-05	Growth Rate over Previous year (%)
Central	1,672.89	2,095.32 (24%)	25
Eastern	1069.29	1,035.48 (12%)	-3
Northern	1,780.97	2,247.95 (26%)	26
North	122.62	218.71 (3%)	78
Eastern			
Southern	2,164.56	2,192.26 (25%)	1
Western	794.96	787.74 (10%)	-1
Total	7605.29	8577.46	

Source : NABARD Annual Report 2005

- Central : Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Uttaranchal
- Northern : Haryana, Himachal Pradesh, Punjab, Rajasthan, J&K, Delhi and Chandigarh
- Southern : Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Pondicherry and Lakshadweep Islands.
- Western : Gujarat, Goa, Maharashtra, DN Haveli and Daman & Diu.
- Eastern : Bihar, Jharkhand, Orissa, W.Bengal, Sikkim and A&N Island.
- NER : Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.

Agency and State-wise Refinance Disbursements

During 2004-05, 75 per cent of financial assistance from Regional Rural Banks was given to Andhra Pradesh, Assam, Karnataka, Orissa, Uttar Pradesh and West Bengal. The State Cooperative Banks provided 63 per cent of financial assistance to



Training in shoe making

Karnataka, Kerala, Punjab, Tamil Nadu and West Bengal and 70 per cent of the financial assistance disbursed by State Cooperative Agriculture and Rural Development Banks to Haryana, Madhya Pradesh, Punjab and Uttar Pradesh.

Scheme-wise Disbursement

During 2004-05, Non-farm sector (including rural housing) accounted for the major share of 30 per cent of total refinance disbursed, followed by Animal Husbandry (13%), Farm Mechanization (12%), Minor Irrigation, Land Development and Self Help Groups (11% each), Plantation and Horticulture, Storage and Market Yards, SGSY and SC/ST action plan, etc. (10%) and others (13%).

The disbursement under Minor Irrigation stood Rs. 680.12 crore, accounting for 8 per cent of total refinance disbursement during 2004-05. The growth rate over the previous year is 4%. The State Cooperative Agriculture and Rural Development Banks continued to be the largest agency (55%) followed by Commercial Banks (20%) in drawal of refinance under the scheme.

The refinance disbursement under Farm Mechanization scheme during the same period was Rs. 1,054.80 crore (27% increase) over the previous year. The major share of financial assistance went to Gujarat, Madhya Pradesh, Punjab, Rajasthan and Uttar Pradesh. The maximum assistance contributing agencies were State Cooperative Agriculture and Rural Development Banks (47%) and Commercial Banks (28%).

In case of Animal Husbandry scheme, Rs. 11,115.68 crore was distributed during the year to Haryana, Punjab and Uttar Pradesh (17% increase) over previous year. State Cooperative Agriculture and Rural Development Banks provided largest share of financial assistance.



Improving Rural Infrastructure - Construction of Bridge



Cluster level meeting of SHG members

NABARD refinance under Land Development scheme, Plantation and Horticulture scheme, Fisheries, Forestry, SGSY, SC/ST Action plan and others were Rs. 1,599.84 crore, Rs. 235.71 crore, Rs.25.63 crore, Rs. 9.56 crore, Rs. 482.15 crore, Rs. 79.62 crore and Rs. 1058.66 crore respectively.

The refinance disbursement under Non-farm scheme, during the year was Rs. 2,542.58 crore. (7% increase). So far, refinance assistance from NABARD under the scheme was Rs. 14,052.26 crore and it resulted in setting-up of 27 lakh enterprises and generating employment opportunities for 94 lakh persons.

During 2004-05, credit linkage of 5,39,385 new SHGs by the banking system indicates growth of 49 per cent over the previous year. The cumulative number of SHGs credit linked increased to 16.18 lakh while the bank loan extended increased to Rs.6,898.46 crore as on 31 March 2005. The average size of loan to SHGs increased by 49 per cent from Rs. 28,560 (31 March 2003) to Rs. 42,620 (31 March 2005) exhibiting a process of credit intensification in SHGs. Bank loans disbursed to SHGs during the year aggregated to Rs. 2,994.26 crore (Including repeat loans to the tune of Rs. 1,267.64 crore provided to 2.58 lakh existing SHGs financed in earlier years) as compared to Rs. 1,855.53 crore disbursed during the previous year. NABARD provided refinance aggregating to Rs. 967.76 crore during 2004-05 for supporting 2,13,845 SHGs as against a refinance of Rs. 705.44 crore covering 1,17,409 SHGs during the previous year. The cumulative refinance support aggregated Rs. 3,085.91 crore. Upto 31 March 2005, 920 Cold Storage and 196 Godown projects mainly through Commercial Bank have been sanctioned.

Achievement of Physical Units

Scheme wise details on the physical units achieved upto 31 March 2005 is given in table-3.

Table 3. Units Achieved

Sr. No.	Name of the Scheme	Units completed Upto 31 March-05
1.	Minor Irrigation	
	i. Tubewells with pumpsets	1,499
	ii. Dugwells with pumpsets	2,056
	iii. Dugwells with conventional lifts	702
	iv. Pumpsets on existing wells	2,244
	v. others	1,619
2.	Land Development	3,112
3.	Farm Mechanisation	
	i. Tractors	1,232
	ii. Power Tillers	152
	iii. Other farm equipments	557
4.	Plantation & Horticulture	2,035
5.	Forestry	2,320
6.	Storage	16,383
7.	Market Yards	2,014
8.	Dairy Development	14,902
9.	Sheep/Goat rearing	36,390
10.	Piggery	1,644
11.	Poultry	1,732
12.	Fishery	
	i. Mechanised Boats	21,639
	ii. Other Boats	72,640
	iii. Brackish water Aquaculture	5,215
	iv. Fresh Water Aquaculture	356
13.	Non-Farm Sector	5,691
14.	Miscellaneous *	12,954

Source : NABARD Annual Report 2005

* Includes investments such as bullocks, carts, SHG financing, etc.

Conclusion

NABARD has played a vital role in developing and strengthening agriculture and rural areas through its refinance assistance. At the same time in the context of the changed global economic scenario, it is time for NABARD to review its strategies and policies in order to shift generate more rural employment from basic agricultural activities. It will increase the value of agricultural products.

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The author is lecturer in Commerce, Periyar University, Salem, Tamil Nadu.

Liberalisation of Trade In Agricultural Commodities

The Inter-Ministerial Task Force on Agricultural Marketing Reforms, which submitted its report in June 2002, had made a number of recommendations to make the agricultural marketing system more vibrant and competitive. As a follow up measure, the central government, in order to guide the States in the implementation of the suggested reforms drafted a Model Act on Agricultural Marketing which, inter-alia, provided for the establishment of direct purchase centres and farmers' markets for direct sale, to consumers and complete transparency in the pricing system. While some State Governments have amended the Agricultural Produce Marketing Regulation (APMC) Act, some other States have initiated action for making amendments to the Act.

This information was given in Rajya Sabha recently by the Minister of State for Consumer Affairs, Food and Public Distribution, Shri Taslimuddin in a written reply.

The reforms in agricultural trade have generally provided opportunities to the farmers for realizing better prices. The reasons for recent rise in prices of agricultural commodities are largely due to short fall in domestic supplies relative to demand and hardening of international prices, the minister said.

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GROWTH OF INSTITUTIONAL CREDIT

Dr. Smita Mehrotra
Dr. Sunita Mathur

Agricultural credit is one of the most crucial inputs for agricultural development. For a long time, the major source of agricultural credit was the money lender. This source was inadequate and highly exploitative.

Since independence, a multi agency approach consisting of cooperatives, commercial banks etc., known as institutional credit has been adopted to provide cheaper and adequate credit to farmers.

A survey of rural credit in 1950-51 showed that cooperatives could meet barely 3.3 percent of the total credit requirements of farmers while the money lenders accounted for 93 percent of credit needs of the farmers.

The All India Rural Credit Survey Committee (1954) stated: "Cooperation has failed, but cooperation must succeed." On the recommendations of this committee, the RBI took a series of measures to strength/cooperative institutions. The All India Rural Credit Survey Committee (1969) recommended the adoption of 'multi agency approach' to finance the rural sector. The government accepted that rural credit could not be met by cooperative societies alone and that commercial banks should play an important role in the rural sector. This was also a reason for the take over of 14 leading banks in 1969.

This was followed by setting up of Regional Rural Banks (RRB) in 1975.

Over the years institutional sources of finance have become a major source of rural finance. To coordinate and synchronize the functioning of institutional agencies, NABARD was set up in 1982 as a refinance and apex institution. Commercial banks have surpassed the cooperatives in providing rural credit in the recent past. Some new schemes as the Kisan Credit Card and Self Help Group (SHG-) Bank Linkage Programme have been devised to make rural credit more accessible to farmers. With the gradual increase in rural incomes and agricultural exports the next few years would witness a substantial increase in the demands for rural credit. These changes may necessitate involvement of financial agencies or groups such as SHGs. This will call for greater refinance facilities from NABARD and proper resource management at the central and local levels.



Banshilal Parmar

Table 1 : Institutional and Non Institutional Sources of Finance

		1951	1961	1981	1991
	Institutional	7.3	19.7	61.2	56.6
(i)	Government	3.1	15.5	3.9	5.7
(ii)	Cooperatives	3.3	2.6	28.6	18.6
(iii)	Commercial Banks	0.9	0.6	28.0	29.0
	Non-Institutional	92.7	81.3	38.8	39.6
(i)	Money Lender	69.7	49.2	16.9	15.7
(ii)	Landlord & Others	23.0	32.1	21.3	23.9

Source : All India Debt & Investment Survey (1981)

The growth of institutional credit over the years is given in the following table :

Thus RBI, since its inception, maintained a separate department for rural credit. At the same time, RBI had also set up the Agricultural Refinance Development Corporation (ARDC) to provide refinance support to banks for promoting programmes of agricultural development. NABARD was set up in July 1982 by an act of Parliament to take over the functions of ARDC and the refinancing functions of RBI in relation to cooperative banks and RRBs. NABARD plays a dual role as an apex institution and as a refinance institution.

Now RIDF has been replaced by the Lok Nayak Jai Prakash Narayan Fund as announced by the then Finance Minister in his interim speech in February 2004.²

Credit Flow

The total credit flow to agriculture in the Ninth Plan (1997-2002) amounted to Rs. 2,29,956 crores. A substantial jump in the credit flow to agriculture is envisaged in the Tenth Plan (2002-07) which is projected at Rs. 7,36,570 crore almost three times the Ninth Plan achievements.³

The following table shows the flow of institutional credit in recent years.

Table 2 : Flow of Institutional Credit to Agriculture (Rs. in crores)

Institutions	1997-98	2000-01	2002-03
Cooperative Bank	14085	20,801	24,296
Share (%)	(44)	(39)	(34)
Regional Rural Bank Share	2040	4,219	5647
Share (%)	(6)	(8)	(8)
Commercial Bank Share	15831	27, 807	41, 047
Share (%)	(50)	(53)	(58)

Source : NABARD

The above table reveals that the share of commercial banks increased significantly from 50 to 58 percent, that of cooperative banks declined from 43 to 34 percent and RRBs marginally improved their share in the total credit flow.

New Developments

Effective from 1998-99, banks have been issuing Kisan Credit Cards to farmers on the basis of their land holdings so that the farmers can use them in purchasing agriculture inputs such as seeds, fertilizers and pesticides etc. Over the last couple of years, the Kisan Credit Card Scheme has emerged as an effective tool for catering the short-term credit requirements of the farmers.

A Self Help Group (SHG) Bank Linkage Programme has been

devised to cover those rural poor who have no sustainable access to the formal banking system. The target groups, therefore, broadly comprise small and marginal farmers, agricultural and non-agricultural labourers, artisans and craftsmen and other poor engaged in small businesses like vending, and hawking. By March 2004, over 1.7 crore rural poor families accessed financial services of savings and credit through 10.79 lakh credit linked SHGs. Around 90 percent of these SHGs are exclusive women SHGs. More than 30,000 branches and 500 banks which participated in the programme have extended loans amounting to Rs. 3,904 by March 31, 2004, backed by refinance support of Rs. 2,124 crore from NABARD.⁴

Problems encountered in Institutional Credit Disbursement

There has been an appreciable increase in the flow of credit from institutional agencies over the last five decades. However, many problems are being faced by lending institutions, particularly the cooperatives, in the form of increasing number of overdues. The ratio of overdues to demand is around 40 percent in case of cooperatives and 47 percent in case of RRBs.⁵

The Planning Commission regretfully admitted, "Willful default and overdues are mounting in a number of states, including some cooperative progressive states like Maharashtra and Gujarat. By writing off agricultural loans and providing subsidies out of the state exchequer, some of the states have set a bad example to the entire country. If this trend is not reversed and if banks are reduced to institutions providing grants rather than recycling scare resources to get the maximum benefits for the country as a whole, the banking system will be unable to provide more credit to meet the growing needs of the farmers."⁶

The adoption of multi-agency approach to agricultural finance has given rise to some problems which were outlined as early as in August 1976 by the Working Group under the Chairmanship of C. E. Kamath. The problems identified were the existence of a number of agencies retailing credit in a common area of operation and disbursing credit in an uncoordinated manner resulted in multiple financing, over financing, under financing, financial indiscipline and diversion of scarce resources to unproductive purposes.

At the start of the 1990s, rural financial institutions were found in



Cooperative (above) and Regional Rural Bank (below) : Institutional credit agencies providing adequate and cheaper credit to farmers.

NABARD has been providing refinance to Cooperative Banks, Commercial Banks, RRBs. Scheduled Primary Urban Cooperative Banks (PUCBs) and Agricultural Development Finance Companies (ADFCs) for supplementing their resources for credit flow to the agriculture and rural sector. NABARD has also provided loans to state governments for their infrastructure projects under Rural Infrastructure Development Fund (RIDF). The RIDF projects have accelerated the rate of development in the rural areas with "downstream effects," attracting further private investments and leading to a spurt in economic activities.



poor shape and characterized by several weaknesses such as 'decline in productivity and efficiency, erosion of repayment ethics and profitability. Accordingly, steps were taken to strengthen the rural financial institutions through recapitalization of select regional rural banks, introduction of prudential accounting norms and provisioning requirements for all rural credit agencies.

Lending to agricultural sector is inherently risky in view of monsoon conditions and future prices which are beyond the control of the farmer. In order to mitigate these risks minimum support prices are announced and efforts have also been made by providing a crop insurance scheme. However, it is worth noting that during 2001-03 for the public sector banks, the non-performing assets (NPAs) (as percent to outstanding advances) averaged 12 percent for the agricultural sector as compared with 20.6 percent for SSI loans, 12.2 percent for other priority sector and 9.4 percent for 'non priority sector.'⁸ The above facts suggest

that there is no need for excessive caution in bank lending for agricultural purposes.

Future Challenges

With rising rural incomes and agricultural exports, the next few years would witness a substantial increase in the demands for rural credit. The growing importance of animal husbandry, fishery, forestry, giving preference for higher value crops, these changes may necessitate involvement of newer financial agencies or groups such as self-help groups, non-banking financial companies etc. According to the report of NABARD Expert Committee on Rural Credit, July 31, 2001, under the chairmanship of Dr. V.S. Vyas, more autonomy should be given to institutions and stress should be laid on self regulation and on accountability. Hence, Cooperatives need to be revitalized as they have to initiate forming and nurturing SHGs. Norms for refinance for cooperatives should be relaxed. NABARD should safeguard and strengthen the economic viability of cooperatives and RRBs.

Seeking help from NGOs, Panchayat Raj institutions can help in mobilizing deposits, disbursement of loans and its proper utilization, loan recovery etc. This can go a long way in improving the economic viability of financial institutions.

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The authors are lecturers in Economics & EAFM respectively in Kanoria Mahila Mahavidyalaya, Jaipur.

ROAD PROJECTS IN BIHAR, MAHARASHTRA, ORISSA & PUNJAB CLEARED UNDER PMGSY

The Empowered Committee in the Ministry of Rural Development for Pradhan Mantri Gram Sadak Yojna (PMGSY) has approved 134 road work projects in Bihar at the total cost of Rs. 494.87856 crores. These projects covering the length of 1264 kms. in different districts of Bihar will be executed by four agencies namely Central Public Works Department (CPWD), National Building Construction Corporation, (NBCC), National Hydro-Electric Power Corporation (NHPC) and National Project Construction Corporation (NPCC). CPWD will execute 17 road works at a total cost of Rs. 7213.39 lakhs for the length of 157 kms in the districts of Begusarai, Darbhanga. NBCC will execute 90 road works at a total cost of Rs. 34644.083 lakhs for the length of 877.095 kms. in the districts of Araria, Bhagalpur, Jamui, Khagaria, Kishanganj, Madhepura, Munger, Purnia, Saharsa, Sheikhpura and Supaul. NHPC will execute 2 road works at a total cost of Rs.545.63 lakhs for the length of 13.32 kms. in the districts of East Champaran. NPCC will execute 25 road works at a total cost of Rs. 7084.753 lakhs for the length of 217.18 kms. in the districts of Bhojpur, Kaimur, Patna and Rohtas. The Empowered Committee also considered the proposals received from Maharashtra, Orissa and Punjab and accorded 'in-principle' approval. Formal clearance for these proposals would be issued after the deficiencies observed by the Committee are rectified.

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U2	Selection, Operation, Safety and Maintenance of Improved Agricultural Machinery	Progressive farmers, farm Machinery owners/operators, Extension workers and related technical personnel from Govt./Semi Govt. SAUs/NGOs/SHGs.	6 weeks 1 course	15 th Feb.	
U3	Operation, maintenance & management of Power Tiller	Progressive farmers, farm Machinery owners/operators, Extension workers and related technical personnel from Govt./Semi Govt. SAUs/NGOs/SHGs	2 Weeks 2 courses	16 th August 16 th Dec.	
U5	Gender Friendly Equipments for women	Women Farmers	3 days 2 courses	1 st March 1 April	
U8	Selection, operation, maintenance of Plant Protection Equipment	Progressive farmers, farm Machinery Owners/operators, Extension workers and Related technical personnel from Govt./Semi Govt. SAUs/NGOs/SHGs	1 Weeks 1 course	1 st August	
U12 (a&d)	a) Package of Agricultural Machinery for Paddy cultivation d) Package of Agricultural Machinery for sugarcane cultivation	Progressive farmers, farm Machinery owners/operators, Extension workers and related technical personnel from Govt./Semi Govt. SAUs/NGOs/SHGs	1 Weeks 2 courses	1 st February 1 st December	
A1	Practical training programme on Farm Power Machinery for Deg/Dip Students of Agril./Mech Engineering	Degree/Diploma Students of Agricultural Engineering	4 Weeks 2 courses	1 st May 1 st June	Rs. 200/- per course
T 1	Repair & overhauling of stationary Engines & Tractors	Technicians and supervisors of Govt. Departments/Agencies, Private operators, Ex-servicemen, Agricultural Mechanic, ITI Students	6 weeks 1 course	1 st September	Rs. 300/- per course
T 2	Repair and overhauling of Power Tiller	Technicians and supervisors of Govt. Departments/Agencies, Private operators, Ex-servicemen, Agricultural Mechanic, ITI Students	2 weeks 2 courses	1 st February 1 st August	Rs. 100/- per course
T 5	Repair, Maintenance of Auto Electrical Equipments & Battery reconditioning	Technicians and supervisor of Govt. Departments/Agencies, Private operators, Ex-servicemen, Agricultural Mechanic, ITI students	3 weeks 1 course	1 st July	Rs. 150/ per course
M 2	Agricultural Machinery management	Progressive farmers, extension workers, Supervisory & managerial staff from Govt. Dept. Universities, institutes & financing Organization	1 week 1 course	1 st December	Rs.1000/-per month (except farmers)
TT1	Energy conversion and safety in Farm Machinery	Farmers and users of agricultural Machinery	1-2 days 5 camps	As per requirement	Free
TT2	Familiarization and demonstration of Improved/modern Agricultural Machines	Farmers and users of agricultural Machinery	1-2 days 5 camps	As per requirement	
SJGSY	Training programme for Rural Youth Under Swam Jayanti Gram Swarojgar Yojana	Farmers/users nominated by District Rural Development Agencies (DRDA)	1-2 weeks 3 courses	1 st January 1 st August 16 October	As per norms of Govt. schemes

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SELF HELP GROUP MOVEMENT IN RAJASTHAN

Bright Prospects

Subah Singh Yadav

In 1987, NABARD made an attempt to search for alternative mechanism to improve the access of the poor for financial services in a cost effective and sustainable manner. This search led to the development of a delivery mechanism which encompasses financial relationship between informal organisations of the poor like the Self Help Groups (SHGs) and formal organisations like Banks. Later on with the needed backup policy support from the Reserve Bank and the Central Government, the SHG-Bank Linkage Programme was launched by NABARD as a Pilot Project in February 1992.

Encouraged by the success of the pilot project, the Government of India has also accorded importance to the programme of Self Help Groups as a tool for empowerment of rural people, increasing outreach of the banking system and alleviating poverty. The then Finance Minister in his budget speech of 1998, while recognizing the potential of the SHG philosophy in offering systems in widening the credit coverage to the poor and the micro families through two lakh groups under the SHG-Bank Linkage Programme over a period of five years. With the passage of time the SHG movement has made rapid strides. The total number of SHG Bank Linkage as on 31.03.2005 reached to 1618476 covering 24.25 million families with cumulative Bank Credit of Rs. 6896 Crores. The average loan size of a group comes to Rs. 42620.

Till February 2006 about 13 lakh rural poor families had access to financial services through over 98,500 SHGs in Rajasthan. During the last four years SHG-Bank Linkage Programme has witnessed significant progress in Rajasthan. The performance of the Government development departments, NGOs and the Banks under the programme has been commendable.



Meeting of a SHG in progress

Progress Under SHG Bank Linkage Programme in Rajasthan

Year	No. of SHGs Bank Linkage Programme		Loan Amount (Rs.in Lacs)		Refinance (Rs.in Lacs)
2002-03	10,178	22,742	2,184.12	4,625.6	1,472.28
2003-04	11,104	33,846	2,587.61	7,213.21	992.13
2004-05	26,160	59,906	6,723.28	13,936.48	2,864.77
2005-06 (till Feb.06)	29,570	98,500	6,814.23	21,050.21	924.52

Progress Under SHG Bank Linkage Programme in Rajasthan

So far, over 98500 groups have been credit linked thereby providing access to financial services to over 12.91 lakh rural poor families till February 2006 with cumulative Bank disbursement of Rs. 210.00 Crores in the State. During the current year 37500 SHG have been financed with Bank loan of Rs. 87.00 Crores. The progress made in SHG bank linkage during the past four years is deplained in the table on the previous page.

The SHG Bank Linkage Programme has witnessed significant progress in Rajasthan State during the last four years. The performance of the government development departments, NGOs and the banks under the program has been commendable.

Promotion and nurturing of SHGs

As regards the promotion and nurturing of SHGs, the Women and Child Development Department of the Govt. of Rajasthan has been a front runner SHG promoting agency having share of 80% SHGs in existence. The other agencies engaged in promotion of SHGs include Rajasthan Cooperative Dairy Federation (RCDF), Forest Department, besides nearly 100 NGOs that are operative in various districts of the State. Given the large scale of State interventions, State Level coordination among these organisation has become important. The State Government may like to consider evolving a suitable Central Coordination Mechanism at the State and district level for a healthy SHG movement. This would lead to creation of favourable environment for promotion of 1.5 lacs quality SHGs which are required to provide financial inclusion to all the rural

poor families in the State. The recent initiative of State Government to waive Stamp Duty on SHG loan is a welcome step towards the smooth growth of SHGs.

Promotion of SHGs through Farmers Clubs.

- The Idea behind the scheme is to use farmer clubs as extended arms of the bank branches to promote, link and monitor SHGs more effectively. Basically it is a scheme for upscaling SHG promotion by capacity building of the nodal bank branches.

Initiatives by NABARD for Banks

- (i) Identification of potential and emerging potential districts for promoting and establishing the concept of SHG.
- (ii) Organised divisional SHG workshops/training programmes/orientation meets for the benefit of branch managers and staff of different banks. During 2005-06, eight such programmes have been conducted by NABARD.
- (iii) Faculty support to different banks for their in-house programmes on SHGs.
- (iv) Regular interaction with Bankers for creation of conducive environment and to overcome operational problems.
- (v) SHG Award Function is being organised every year to felicitate the best performers of banks and branches as also NGOs and District Administration for their excellent performance under SHG Bank Linkage Programme.
- (vi) Extending exposure to all Block Level Bankers Committe (BLBC) members.

The Lead District Managers and NABARD District Development Managers have been requested to facilitate the exposure visits during the course of conducting BLBC Meetings.

- (vii) RRBs roped in as Self Help Group Promoting Institutions (SHPIs) and have also been sanctioned grant assistance. NABARD would welcome proposal from remaining RRBs to act as SHPI through grant assistance.

In addition to the above, NABARD has launched a pilot project in Ajmer district aiming at providing support to 1000 women members of SHGs.

Initiatives expected from Banks

1. Banks need to identify suitable branches based on potential, extent of rural poverty, etc., and motivate the staff for active participation in the programme.
2. Planning for SHG financing may be done in the Annual Credit Plans (ACPs) every year.
3. Banks are urged to adopt a liberal and flexible approach and devise simplified work procedure/documentation for account opening/credit linking of SHGs.
4. Reporting of performance under SHG Programme in LBRs.
5. Evolving a monitoring mechanism for SHGs financed by the Banks, and submission of data to NABARD, RO regularly.
6. Establish contact with NGOs/VAs to sort out ground level problems.
7. Delegation of adequate financial powers to branch managers for sanctioning of SHG loans.

Suggestions for effective functions of SHGs

Time and again NABARD, State Government and Banks have discussed the issue of strengthening the SHG movement in the State of Rajasthan regarding standard accounting package (cash book, thrift, micro credit plan, minute books, etc.) and computerisation of data base common software for SHG in the State to facilitate Management Information System (MIS). Consequently it has been decided that the Groups should invariably be rated at the time of second linkage and the rating given by SHPI should accompany the loan application and this practice will be made applicable from 01 April 2006. For initial linkage, the banks and SHPI will continue with their own rating norms.

- **Standard Accounting Practice** : To bring uniformity in accounting practices, it is proposed that a standard accounting practice may be adopted. It will not only bring transparency in transactions but the monitoring will also become easier.
- **Rating Norms** : To ensure financing of quality groups it is essential to adopt "Rating Norms". In State Level Review and Coordination Committee on Credit Delivery Innovations (SLRCCDI) it was decided that all the groups must be rated at the time of second linkage.
- **Data maintenance and MIS** : The number of groups are increasing and it is, therefore, necessary to have uniform system of maintenance of data.

The group-wise data is generally maintained by SHPIs, though Integrated Child Development Scheme (ICDS)/ Non-Governmental Organizations (NGOs) are maintaining data at present but different proforma's are being used by them. Against this background there is a an urgent need to develop uniform system for the purpose.

Above all, scaling up training of field staff of these organisations, upgrading the quality of book keeping at SHG level and facilitating graduation of members to macro enterprises stage, is an imperative need of the hour.

The author is Coordinator, SLBC, Rajasthan.

OCTOBER 2006 (ANNUAL ISSUE)

Kurukshetra will bring out its Annual issue on the theme "Bharat Nirman : Issues, Concerns and Options". The focus will be on the six areas viz. Irrigation, Road, Rural Housing, Rural Water Supply, Rural Electrification and Rural Telecommunication connectivity included under this time-bound plan for rural infrastructure by the Government. The endeavour will be to discuss various initiatives taken in these areas under this plan. Magnitude of the task, its management and potential will also be addressed in this Annual Issue.

Eminent authors, experts and scholars will contribute their analyses, perspectives and views on this theme. Since building infrastructure in rural areas is one of the most significant steps in unfolding the potential of the rural masses and bridging the rural-urban gap, it is hoped that such an appraisal will help to formulate constructive strategies in generating quality of life in rural areas.

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RURAL LABOUR BANKS

Promoting Employment Generation

P. N. Sankaran

It is a truism that 'India lives in the villages'. An overwhelming portion of land area is rural and so are the majority of the people. But the definition of 'rural' is residuary; what is not 'urban' is known as rural. In India the term 'settlement' essentially means an area, which is characterized as non-urban in style of life, occupational structure and settlement pattern. With industrialization, better communication, facilities for education and employment, rural settlements are getting more closely integrated with the

The article examines the institutional options for employment guarantee of those who, unlike their brethren do not migrate to urban areas and continue to live in the rural settlements despite the proximity of their settlements to the mega cities. The author explores the possibility of organizing unskilled workers into people centered participatory institutions like Labour Contract Cooperative Societies affiliated to the state level cooperative structure.

Organizing unskilled workers into people-centered participatory institutions requires setting up of rural labour banks



Trilochan Pandey

mainstream economy and the urban centers. The rural-urban interface develops in terms of increasing incidents of the flow of people, goods, services and knowledge towards urban settlements. However, the natural tendency towards urbanization may not always bring good results to the rural settlements in the urban fringe. Thus, rural India lags behind urban India in terms of its accessibility to livelihood options and basic amenities of life. The saga of those who migrate to the city for better employment, education, amenities of life, etc gives a mixed picture of the majority forced to join the already swelling slum dwellers. Neither the fortunate minority nor the unfortunate majority gets back to their original rural settlement. While the plight of migrants from rural to urban settings is well - documented, institutional options for employment guarantee of those who are forced to continue in the rural settlements, despite the proximity of their settlements to the mega cities, have not been examined in detail. The present paper has been conceived in the above backdrop.

Objectives and Methodology

As already indicated, there exists large number of backward rural settlements in the urban frontier as islands unto themselves, with little prospect of accessing the socio-economic avenues available in the urban periphery. The proximate causes for the seemingly paradoxical predicament may be lack of productive assets, infrastructure, skill, education, awareness/information, access to local governments, and promotional institutions in the third sector [like cooperatives, voluntary agencies, NGOs etc]. The present study was carried out to test the above proposition in terms of empirical information. In view of the above perspective of the study, a census survey of three rural settlements was carried out in August 2004 in Anekal Taluk, Bangalore Urban District, Karnataka. Centre for Rural Welfare (Jnana Jyothi), an NGO managed by the Karnataka Jesuit Educational Society at Anekal [having micro credit, educational and SHG linkage programmes in the area] facilitated the survey. Selection of the

settlements was made on a random basis, out of the total settlements/villages served by the NGO partner for the study. Detailed information on a household basis was collected through personal interview, using a semi-structured questionnaire under active association of community informants/SHG leaders and key animators of the supporting NGO. Simple statistical tools have been used for data analysis and interpretation.

The Study Area : Socio-economic Profile

Anekal, one of the smallest Taluks of Bangalore Urban District, lies on the border of Tamil Nadu. Nature has blessed the taluk with forests, valleys and lakes making it a viable spot for eco-tourism. Majority of the people are economically backward [mostly belonging to SC and ST category like Nayakas, Nakkipikki, semi-nomads etc] with agriculture and weaving as their main occupation, apart from sericulture, dairy farming, poultry and cottage industries. The population of Anekal according to the *Makkala Samikshe* [2004] is 342395 with sex ratio 871:1000 [See Table1].

Table 1 : Basic Statistics : Anekal, Bangalore Urban District, Karnataka

Area of Taluk [sq Km]	535
No. of Panchayats	32
No. of Villages inhabited	346
No. of towns	1
Total No. of families	80944
No. of town wards	23
Density of population [town]	640
Density of population [general]	309
SC/ST Population %	30
Total No. of Revenue Blocks	04 [Sarjapura, Athibele, Jigani, Kasaba]
Total No. of Educational Blocks	05 [Sarjapura, Chandapura, Athibele, Jigani, Anekal Kassba]
Literacy rate	40.74 % (State average 67.04 %)
Total No. of Anganavadis	219
Major economic activity	Agriculture, weaving, dairy farming, poultry & cottage industries

Source : Block Education Office, Anekal.

Table 2 : Socio-economic Status of Rural Settlements

Socio-economic Characteristics	Settlements			
	Madhappana doddi	Muthuyapana doddi	Siddayanadodi	Total/ Average
Household	33	24	9	66
Population	178	116	64	358
Sex : Male	105	58	29	192
Female	73	58	35	166
Children	58	27	10	95
Size of family :				
Joint	9	14	5	28
Nuclear	24	10	4	38
Educational Status				
Illiterate	122	84	26	232
Primary	40	19	16	75
Secondary	1	6	3	10
Higher Secondary	0	2	0	2
Borrowing households	29	18	3	50
Average borrowing (Rs)	7725	11438	4333	7832
Purpose of borrowing :				
Agriculture	5	2	0	7
Social (marriage, birth, funeral)	5	4	0	9
Consumption, health	16	5	0	21
House repair	3	7	3	13
Sources of borrowing				
Institutional	1	2	0	3
Non institutional	28	16	3	47

Source : Census Survey 2004.

The Settlements

Madhappanadoddi, the first settlement covered by the study, is a tribal hamlet located about 22 kms from Anekal. It is on the periphery of the Kalluballu Panchayat under the Jigani Hobli. The hamlet is home for the Kadu Pujari tribes, who first settled in the region in 1962-63, when the government allotted 80 acres of land for the entire community. At present they are left with less area of land, as part of the original assignment of land was sold or alienated in order to repay the mounting debts. They engage themselves primarily in agricultural operations for three months in an

year for the cultivation of ragi. They also go to Jigani to work in the quarry, where they get a paltry sum of Rs. 30-50 per day for another two months. The remote location of the hamlet denies it most of the facilities for income earning and regular employment. The group does not participate fully in the Grama Sabha meeting, primarily because they are not aware of their rights and they lack information on Grama Sabha. Poor sanitary conditions and malnutrition make women and children vulnerable to communicable diseases. Cases of child death, for want of medical attention, are also reported in the settlement. The

government provides water and electricity, as common facility services. The leader of a local SHG narrated his personal experience of mounting debts, to the study team. *Jnana Jyothi* has set up a Balawadi for children in this area. The NGO, which arranges occasional visit of health workers, proposes to set up a small community health center for the tribes, whose health would be regularly monitored by Doctors and Interns from St. John's Medical College Hospital, Bangalore.

Muthurayapanadoddi, the second settlement, is an SC colony located about 30 kms away from

Table 3 : Status of Employment and Wage in Rural Settlements

Nature of Employment and wage	Settlements and No. of Households			
	Madhappana doddi	Muthuyapana doddi	Siddayanadodi	Total/Average
Agriculture	13	5	6	24
Farm labour	4	2	1	7
Non farm labour	20	14	4	38
Bonded labour	2	3	0	5
Village crafts (bamboo)	2	0	1	3
Domestic help	0	3	0	3
Child labour	3	4	2	9
Beneficiaries of Employment guarantee	1	2	0	3
Annual day of employment	124	132	108	121
Average daily wage (Rs)	60	55	50	55

Source : Census Survey 2004.

Anekal town and comes under Kallubalu Gramapanchayat. Since the inhabitants do not have any agricultural land assigned to them by the government, most of them make a living as farm wage employees, construction workers and wage earners in brick kiln. Apart from a single-teacher, newly started primary school, temporarily housed in a portion of a building, basic facilities are absent for educating the children; the state of health facility is deplorably poor, which again tells the unfortunate story of neglect by the local panchayat.

Siddayanadoddi, the third settlement, located close to Madappanadoddi on the opposite side of the village road, separating the two, is an exact replica of the latter, but for the limited number of households inhabiting the tribal settlement. The settlement is situated in Inglawady Panchayat and shares all the characteristics of Madappanadoddi tribal settlement.

Socio-economic Issues : A Discussion

Relevant information collected from the survey is summarized in Tables 2 and 3. The insights from the

survey of the above settlements on the urban fringe of Bangalore are an eye-opener in many respects. The settlements are typical examples of shocking backwardness and deprivation, where the spin off/linkages from urban growth fail to percolate to the rural surroundings of the city. Majority of the rural folk in the study area is engaged in agriculture and cultivates ragi, paddy and jowar. Ragi and green gram constitute their staple food. In areas where water is available for cultivation, paddy is grown; however, most regions are arid, with the result that many parts of the Taluk face severe water scarcity. Secondary occupations comprise of casual work at construction sites, brick kilns and quarries where men and women toil from dawn to dusk. Villages in the interior parts do not have proper transport facilities and the poor commute by foot. They need to cover long distances to reach their place of work or education. The most vulnerable strata is the Scheduled Castes and Tribes, who comprise nearly 30 per cent of the population. Most of the landless labour comprise of the Dalit community, who often fall in to debt trap for non-repayment of borrowings and lose at times their

only asset, namely land, to the moneyenders. The survey indicated two types of resources worth considering for local level development are :

- Tribal skill in bamboo crafts, and
- Unskilled labour with seasonal engagement in agriculture.

Employment Generation : Rationale of a Labour Bank

Bamboo, being a forest plant, is short in local supply and the people don't have direct access to it; the market for bamboo products is also unsteady because of competition from alternative packing and other materials. A better alternative would have to be planned/centralized utilization of unemployed (though unskilled) labour, in terms of suitable institutional arrangements. One option in this regard would can be to organize unskilled workers into people-centered participatory institutions like Labour Contract Cooperative Societies (LCCSs), affiliated to the state level cooperative structure in Karnataka. Funds of the local panchayat can be utilized to register an LCCS, under capacity building schemes for the promotion of SHGs, cooperatives etc. However, given

the fact that cooperatives are, by and large, losing their autonomy and lacking professionalism in operations, a better option would be the formation of a *Labour Bank* (under Societies Registration Act) that would combine the core functions of LCCs and the active support of IT service and other companies in the Electronic City of Bangalore, under Corporate Social Responsibility Initiative. The proposed labour bank shall receive/register deposits of labour (willingness to offer labour services) and shall make investments of pooled labour through appropriate (labour) contracts with individuals/agencies in construction, house-keeping, production of goods and provision of services. To begin with, promoters of the labour bank and others in the corporate sector would be able to offer in-house contracts to the bank and train the labour for better employment.

Aims of Labour Bank

The objectives of the proposed bank shall be :

- To undertake registration of labour
- To find suitable employment for labour by securing small contracts for execution of construction work, maintenance, house keeping, supplies, catering, laundry, manpower supply etc.
- To acquire tools, equipments and other machinery
- To arrange basic and skill-related training to labour
- To provide essential goods and services to the registrants.
- To build up suitable funds from the wages/ earnings of labour for financing their housing, education, and other needs, and

- To promote the socio-economic interests of registrants.

Since avenues for minor/sub contracts in construction, maintenance, house-keeping, supplies, catering, laundry, manpower supply etc exists in Anekal [mainly because of its close proximity to the Bangalore IT hub, Electronic City], there is scope for a labour bank in Anekal. Construction work of the LSGs can also be undertaken in terms of preferential arrangements like *Beneficiary Contracting*. Jnana Jyothi, a reputed NGO in Anekal, would be an ideal choice for networking with corporate agencies for the promotion of a labour bank.

The author is Chair Professor, Rural Management, St. Joseph's College of Business Administration, Bangalore. E-mail : pn_sankaran 2004@yahoo.co.in

TRAINING PROGRAMME FOR UNEMPLOYED EDUCATED YOUTHS

Rajya Sabha

The National Backward Classes Finance and Development Corporation (NBCFDC) has a Scheme to provide financial assistance for upgradation of skills of the Artisans of Backward Classes and to provide project-linked training. The scheme is implemented through State Channelising Agencies (SCAs) for which financial assistance is provided by NBCFDC.

The details of the schemes are as under :

Training Scheme and Upgradation of Skill

The objective of this scheme is to provide training to the target group to make them capable and self-dependant through appropriate technical training in the field of traditional and technical occupations and entrepreneurship. Financial assistance is provided in the form of grant through SCA/Institution. The trainee can obtain loan under NBCFDC general loan schemes to start his/her business after the successful completion of the training.

The Corporation provides financial assistance for project linked training for upgradation of technical and entrepreneurial skill of members of Backward Classes through SCAs/training institutes as under:

Pattern of Finance

NBCFDC : 90 per cent of the training cost.

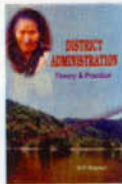
SCA : 10 per cent of the training cost.

Eligibility: The applicant should belong to the Backward Classes as notified by Central Government/State government from time to time. The annual family income of the applicant in rural and urban areas should be below Rs.40,000/- and Rs.55,000/- respectively.

Duration of Training : From 3 days to 3 months.

The above information was given by the Minister of State in the Ministry of Social Justice and Empowerment, Smt. Subbulakshmi Jagadeesan.TFK/MK. The Minister further informed that there is no proposal to set up Vocational Training Schools in various parts of the country particularly in backward class concentrated districts.

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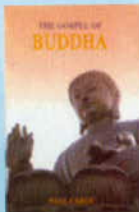
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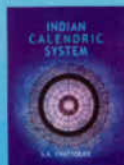
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ANKAPUR VILLAGE

Substituting Subsistence Orientation with Commercialization

P. Muthuraman
Tun Takeda

Ankapur Village has been recognized as a model village by many agencies including International Rice Research Institute, Manila, Philippines for outstanding achievements in the field of agricultural development. Besides cultivating commercial crops, and vegetables on a large scale, the local farming communities have been raising various crops for seeds in preference to cereals and traditional crops of food grains. The Peasant Association of the village coordinates, organizes and controls various agricultural development programmes. The village also boasts of modern amenities for the inhabitants and is also taking up its marketing activities itself.

Ankapur is a small, self-sufficient, progressive model village located in Armour Mondal, Nizamabad district, Telangana region of Andhra Pradesh. This village is



Turmeric crop is being harvested

Harvested turmeric is ready for boiling and drying



400 years old and is located on eastern side of the National Highway 16 connecting Nizamabad with Jagdalpur (CHG) also near to the another National Highway (NH7) connecting Hyderabad and Nagpur. It lies 77° 51 E longitude and 18° 30 N latitude at an elevation of 404 meters above the level. It receives an annual rainfall of about 1100 mm and experiences a subtropical climate. This village is considered as one of the model villages in the country due to an overall development in general and agricultural development in particular. It is recognized as a model village by many agencies including International Rice Research Institute, Manila, Philippines.

According to the oral history provided by the village elders, Ankapur was a passive village till 1920. The entire village lands were under the ownership of one Sri Venkatabheema Reddy, a Zamindar. His migration to Hyderabad later has changed the complexion of the village from one of temporary tenancy to permanent ownership. The villagers were prompted by him to purchase his lands at a very nominal rate and that too on easy installements.

Some parts of the lands had been endowed with irrigation facilities from the Nizamsagar Branch Canal. During the years 1920-70, the villagers used to grow local rice (*nallavadlu* and *doddavadlu*) and sorghum (*Maldandi*) varieties. They followed the traditional practices. The yields of rice were about five quintal per acre, and the local sorghum yielded about three q/acre. In 1970-71, Sri Hemach-ander, the Assistant Director of Agriculture (ADA) introduced the hybrid seed production through Andhra



Turmeric is being processed before marketing

Pradesh State Seed Development Corporation (APSSDC) and the National Seeds Corporation (NSC). Convinced by the profit brewing seed production the farmers slowly switched over from the subsistence agriculture to commercial seed production. At present the entire farm households of this village are engaged in commercial seed production. They grow bajra and sorghum for seed production followed by maize (for fresh cobs) and turmeric. The gross income per acre from rice, maize, bajra and turmeric were estimated to be about Rs. 8000, 9000, 7000, and 10000 respectively.

In recent years Ankapur has earned a great name in agricultural development. The farmers have started adopting modern methods and they have succeeded in substituting subsistence orientation with commercialization. Besides cultivating commercial crops like turmeric, maize and vegetables on a large scale the local farming communities have been raising various crops for seeds in preference to cereals and traditional crops for food grains.

The basic information about the village revealed that the total geographical area is 2205 acres. There are 567 pattadars of which 560 are the actual cultivators. The barren land and uncultivable land is 280.05 acres, land under non-agricultural use are 385.10 acres, the permanent pasture and grazing land is 90.12 acres, land suitable for cultivation is 1686.38 acres, other follow land is 16.15 acres and current follow land is 104.26 acres. The gross cropped area is 1818.37 acres, of which 1545.37 acres are sown more than once, and average land holding under each family is 2.7 acres.

According to 2001 decennial Census the total population of the village is 6066 i.e. 2995 men (49.4%) and 3070 women (50.6%). The overall literacy rate among the adult population is 59%.

Social Organization

The social organization of Ankapur constitutes to castes. Each caste has its own association (*sangam*) with a president and 4-12 members depending upon the numerical strength of the caste. These associations solves almost



Packaging of Bajra seeds produced at Ankapur

all the social problems that arises within the caste. However, inter-caste disputes are referred to *Sarvasamaj* (association of all the castes of Ankapur), which has 42 members and a president, considered to be supreme body of the village to take final decisions pertaining to all the matters. It is binding on the constituent. Members to abide by these decisions. In addition to the *Sarvasamaj*, there is a *Rytu sangam* (peasants association) consisting of 11 members and a president. This peasants association is the most important body of the farmers, which cater their needs. The body coordinates, organizes, monitors, and controls various agricultural development programmes. No members of the sangam/*Sarvasamaj* will continue for more than 12 months. In all these sangams women folk are not represented at all.

The data on various castes, their categories, number of families, and the traditional occupations, collected from the villagers were categorized. There are four major categories, i.e., forward caste, backward caste, scheduled caste and scheduled

tribes and there are a total of 20 castes in the village. The maximum number of families are with *Guruda Kapu*, (landowning peasant caste) followed by *Madiga* (untouchables), *Goud* (toddy tappers), *Mala* (untouchables) *Munnur Kapu* (land owning peasant caste), *Besta* (fisherman), *Vysyas* (mercantile caste) *Padmasali* (weavers), *Tenugu* (peasant caste) *Viswa Brahmins* (consists of carpenter, black smith and gold smith), *Kummari* (potters), *Darjis* (tailors), *Boya* (fisherman), *Yadava* (shepherd) *Sakkali* (washerman), *Katika* (butcher), *Mangali* (barbers) *Vaddera* (agricultural labour) and *Gosangi*. (Untouchables).

Basic amenities

The village has a post office, telephone office, four primary schools, two high schools a primary agricultural cooperative society, a commercial bank (Andhra bank), a panchayat office (there storied building) veterinary center with artificial insemination facilities, library, two fair price shops, ten seed processing plants, a market yard, and 35 DWCRAs groups. There are about 800 houses, and

a majority of them have ultra modern facilities. In this village, there are about 500 television sets with cable connection. There are 60 cars, 400 two wheelers, 27 tractors, 05 lorries, 02 bus, 26 multiple crop threshers, 20 paddy threshers, 60 maize shellers, 11 bajra power threshers, 250 hand sprayers and 15 power sprayers. There are 2473 telephone connections (includes both land line and mobile) in this village.

Agriculture income generation

According to the available statistics in the village *Rytu sangam* the income of the farm families have registered a manifold increase from Rs. 1980 in 1970 to Rs. 10000 in 2001. This increase can be attributed to the introduction of hybrid seed production programme for sorghum and bajra, Over the years the agricultural labour wages also increased manifold. This is the reason why the laborers from the adjoining districts of Mahaboobnagar and Medak are migrating to this village during the peak season.

Crop rotation

The cropping pattern followed by the farmers in Ankapur village included four important rotations. They grow maize for fresh (green) cobs alongwith turmeric as intercrop. These crops occupy the land from mid March to mid December. Then they grow hybrid bajra and sorghum as commercial seeds, from November to February. Rice as a kharif crop is cultivated between July to November. Recently the farmers have included sunflower for seed production in the list of their enterprise mix. The main vegetables grown these include tomato, brinjal, cabbage, and cauliflower. Although the leafy vegetables are grown throughout the year, the other vegetables are

cultivated mostly March to June. The cropping intensity varies from 250 to 300 per cent.

Livestock management

The number of livestock present in Ankapur village includes cows (82), she-buffaloes (200), bullocks (44), sheep (300) and goats (174). There are four commercial poultry units owned by the villagers. Animals are fed with crop residues like paddy straw, maize stocks (fresh), sorghum and bajra. All the animals are managed by male servants engaged on yearly basis. Bullocks are used for draught purposes. The Yadava caste has sheeps and goats, which are sent for grazing in the hills. The grazing is managed by men exclusively. In this village, not much importance is given to livestock including dairy and their management because the farming community get benefited through seed production in crops such as sorghum, bajra and paddy, and also through producing fresh maize crops.

Decision making

The decision making pattern on domestic affairs is dominated by the women, irrespective of the communities. Men dominated in decision making on agricultural activities, and it is true with all communities. However, the women dominated in the decision making on the utilization and supervision of labour. There was a mixed trend in decision-making on modernization, construction of houses and maintaining savings account of the family.

Marketing

The marketing for almost all the crops produce is done in the village itself. Usually, no crop produce is taken to their houses for storage. The village is having open market place constructed with

zinc sheets, and the produce is sent to far away places from there. Dried turmeric is sent to Nizamabad regulated market in lorries. Green maize cobs are sent to Nanded, Nagpur, Nizamabad, and Hyderabad. There brokers handle the produce of farmers and extend credit facilities to them for a fortnight. Misuse of credit facilities by broker is never heard of as he will not be allowed to enter the later, and as such he will be the loser forever. For perishables like chillies, tomato, brinjal, etc the village society fixes the base price depending on the inflow and outflow of the produce.

Village development

The villagers utilize the profits and income for the development of the village by constructing ultra modern building and also purchasing vehicles for their use. No farmer has tried to construct a house, or to acquire property in any town or city. They constructed a road of 1½km for which they spent Rs. 4 lakhs over and above the estimates made by the public department. The whole money was mobilized from the farming communities. In 1986, all the communities of the village spent 7.5 lakhs for the construction of three storied panchayat office building. They also spent about Rs. 40,000/- for constructing a bridge across the Nizamsagar canal branch, and another Rs. 1.0 lakh extra amount for construction of the overhead tank for drinking water. There is a Spices Board godown, which was constructed in collaboration with the Central Spices Board, Kochi. The board donated Rs. 5 lakhs and the villagers contributed Rs. 6 lakhs to complete the construction work. At present many rural development programme are on in the village which includes, *Velugu, Annapurana pathakkam, Adharana pathakkam, Mundadugu*

pathakkam, Deepam pathakkam, Girl child protection scheme, and Anthyodaya.

Mahila Mandali

Ankapur has a *Mahila Mandali sangam*. It has a president - cum-cashier and members. The Mahila Mandali maintains a fair price shop. All provisions are made available in this shop. It runs on no profit and no loss basis. The Mahila Mandali maintains systematically the fair price shop in all aspects.

Small family norm

It is told all the women (95%) of different caste groups except one community undegro family planning operations after two or three children. Men undergoing operations (vasectomy) accounts for above five percent of the total population. According to villagers 20-30 people in a year undergoes the family planning operation.

Recreational facilities

A number of recreation facilities in terms of games and sports, and entertainment programmes are available in the Ankapur village. The important games played by men are kabaddi, cricket (children) and ball badmitton. Men go for movies to either Armoor or Nizamabad. Most of the villagers have cable TV facilities provided by the cable operators. There are no sports facilities for women, and they are devoted for domestic and field works.

Management of social evils

Some social evils such as consumption of alcohol and the dowry systems still exist in Ankapur village. However, other evils like gambling and thefts are completely prohibited within the village limits. There is no police station; and police do not visit this

village as there are no complaints; and no case is pending in any court. Social ostracization is the main instrument employed in the management of social evils. Erring men and women are also fined by the respective caste association or the *Sarvasamaj*, failing which they will have to either comply the edicts of the society or leave the village by leaving their property behind as there will be nobody to buy them. There is complete freedom for exercising religious, political and philosophical beliefs. Selfishness is tolerated as long as it does not interfere with others. It may appear that moral and cultural moorings of the village are medieval, but all men and women are happy and enjoying their individual and groups relevance in the model Ankapur village, without being affected adversely by politics and a police station.

Safety and Security

There are no problems about the security of women. In general, the head of the family, invariably men, drops their women at the field and brings them back after the working hours of the day by using their two wheelers (motor cycle or scooter). The working hours for labour in the field are 8 hours i.e., 10.00 am to 6.00 pm, with a lunch break. Usually, the lunch break ranges from half-an-hour to one hour. In case of emergency the laborers are asked to go immediately on humanitarian grounds.

Conclusion

The success of agricultural development in Ankapur Village can be attributed to the following factors that made this village to

attain the status of a model village viz., i) a strong socially fabricated organizational set-up which solves the villager's personal problems, ii) the lead role the women play in carrying out the agricultural activities viz., sowing, weeding, harvesting, and supervision of farm labour, iii) their shift from traditional agriculture to commercialization of agriculture through seed production with high cropping intensity, iv) the importance of role played by the women in getting more income from various crops, particularly in the communities like *Guruda Kapu, Munnur Kapu, Yadava, Mala and Madiga* v) more than 90 per cent of the domestic activities are attended by women vi) appreciable influence of women on the decision making process related to domestic affairs and also on agricultural activities like labour utilization and supervision, vii) small operational landholding size with intensive cultivation, viii) raising three crops in a calendar year thus the crop intensity is about 300% ix) application of three truck load of farmyard manure (FYM) whenever the soil losses its fertility status (which is tested based upon the turgidity of the soil), x) application of tank silt to enhance both soil fertility and its water holding capacity xi) lesser application of chemical fertilizer and plant protection measures, xii) seed production of maize, sorghum, bajra and commercial crops like turmeric, and vegetables, xiii) no land is kept barren in this village, xiv) turmeric and maize are cultivated as intercrop, xv) all the crops grown in this village meet the domestic requirement of the farm household (like garlic, ginger, chillies, red gram, coriander, radish and leafy vegetables raised in small areas), xvi) when the power supply is

erratic each farmer collects the water in a pond on the elevated structure and the water is released to the fields as per his convenience, xvii) village level disciplinary committee is formed, if anybody does not obey the committee he/she will be socially boycotted, xviii) the village market yard facilitate the farmers to sell their farm produce, xix) the farmers financial discipline made both the cooperative bank and nationalized bank (Andhra bank) to run in a profitable way and they are pro-farmer, xx) organic and sustainable agriculture is the main concern of the farmers which ultimately protected the natural resource base of the village over the years, xxi) farmers periodically attend the soil health problems, and xxii) women folk generally take care of the farm operations and men look after the marketing related works.

There are certain issues which demand special attention for the continued development of the model village Ankapur on a sustainable basis. These include i) How long the present socially fabricated society set up will continue? ii) How long women will continue to play the lead role for field works? iii) How the future generation of Ankapur will focus on commercial agriculture also the community solidarity? iv) How long the village will continue to plough back its resources without investing on the establishment of small and large-scale industries? and v) whether the political parties and market forces will allow the villagers to uphold their societal values and rich tradition?

Authors are Senior Agricultural Extension Scientist associated with Directorate of Rice Research, Hyderabad, India, and Professor (Anthropology), Saga University, Japan, respectively.

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KISAN CREDIT CARD SCHEME

An Overview

L. D. Hathai
C. Sen



Kisan Credit Card is a key product for enhancing growth in agricultural system. The Kisan Credit Card Scheme was introduced in 1998-99 and this model scheme was formulated by NABARD. The scheme has been launched to provide timely and adequate credit support to the farmers for their production needs in a flexible and cost effective manner. In order to increase the production and productivity of agricultural sector, there is an urgent need of making loans and advances by different periods. It is an innovative scheme. It facilitates short term credit to farmers. The scheme has gained popularity among the cultivators. The scheme has been implemented by 27 Commercial Banks, 378 Cooperative Banks and 196 Regional Rural Banks (RRBs) throughout the country.

Objectives of the Scheme

- To provide insurance coverage and financial support to the farmers in the event of failure of crops as a result of natural calamities, pests and diseases.
- To encourage farmers to adopt progressive farming practices, high value inputs and higher technology in agriculture.
- To help stabilise farm incomes, particularly in disaster years.
- To support and stimulate primarily production of food crops and oilseeds.

Introduced in 1998-99, the Kisan Credit Card Scheme was launched to provide timely and adequate credit support to the farmers for their production needs in a flexible and cost effective manner. Implemented by commercial banks, cooperative banks, and regional rural banks throughout the country, this innovative scheme has gained immense popularity among the cultivators. However, still many farmers use the card as a production loan, and are unaware of the flexibility provided in the utilization of limits. Efforts should be made to popularize this scheme and the procedure of farm credit under the KCC scheme needs to be simplified.

Salient features

- Eligible farmers to be provided with a Kisan Credit Card and a pass book or card-cum-pass book.
- Revolving cash credit facility involving any number of drawals and repayments within the limit.
- Limit to be fixed on the basis of operational land holding, cropping pattern and scale of finance.
- Entire production credit needs for full year plus ancillary activities related to crop production to be considered while fixing limit.
- Sub-limits may be fixed at the discretion of banks.
- Card valid for three years subject to annual review. As incentive for good performance, credit limits could be enhanced to take care of increase in costs, change in cropping pattern, etc.
- Each drawal to be repaid within a maximum period of 12 months.
- Conversion or re-schedule of loans also permissible in case of damage to crops due to natural calamities.
- Security, margin, rate of interest, etc. as per RBI norms.
- Operations may be through issuing branch (and also PACS in the case of Cooperative Banks) through other designated branches at the discretion of bank.
- Withdrawals through slips/cheques accompanied by card and passbook.

Advantages of the Kisan Credit Card Scheme

1. Farmers Level

- Access to adequate and timely credit to farmers.
- Full year's credit requirement of the borrower taken care of.
- Minimum paper work and simplification of documentation for drawal of funds from the bank.
- Flexibility to draw cash and buy inputs.
- Assured availability of credit at any time enabling reduced interest burden for the farmer.
- Sanction of the facility for three years subject to annual review and satisfactory operations and provision for enhancement.
- Flexibility of drawals from a branch other than the issuing branch at the discretion of the bank.

1. Bank Level

- Reduction in work load for branch staff by avoidance of repeat appraisal and processing of loan papers under Kisan Credit Card Scheme.
- Minimum paper work and simplification of documentation for drawal of funds from the bank.
- Improvement in recycling of funds and better recovery of loans.
- Reduction in transaction cost to the banks.
- Better Banker - Client relationships.

Number of KCC issued and sanctioned

Agency	Comulative Progress up to Sep.30, 2004	
	Card Issued (in lakh)	Amount Sanctioned (Rs crore)
Cooperative Banks	258.6	65,233
RRBs	44.6	11,265
Commercial Banks	132.4	34,961
Total	435.6	1,11,459

Source : NABARD

The Kisan Credit Card Scheme is an innovative mechanism for facility access to ST credit to farmers. It has gained popularity by 27 commercial banks, 378 cooperative banks and 196 RRBs across the country. Cooperative banks accounted for 58.5 per cent KCCs followed by Commercial banks (31.5%) and RRBs (10%). A total of 435.6 lakh KCCs were issued and comulative credits amounting to Rs. 1,11,459 crore were sanctioned upto September 30, 2004.

SWOT Analysis for KCC

1. **Strength** : Increasing availability, flexibility and security in the flow of credit to the farmers. KCC

is quite efficient especially when it comes to the fulfillment of the short term production credit requirements of all size groups. Farmers are getting benefited from KCC through practicing debt management. Amount of credit sanctioned towards marginal and small farmers are more as compared to large farmers and these are increasing interactions between bankers and borrowers in a bid to make the scheme more popular.

2. **Weaknesses** : The scheme is facilitating access to only short term credit needs of the farmers. There is requirement of land records to ascertain cultivation rights. Lack of upgradation of land records, small land holding and illiteracy of borrowers are some of the other problems hindering the progress. Farmers were unaware of the personal accident insurance cover available under the KCC. There are too many intermediaries in obtaining the suitable securities in this KCC scheme. However it was envisaged that in due course of time, investment credit requirements of farmers and non-farm activities will also be covered under the scheme. At present, these activities are outside the ambit of the scheme.

3. **Opportunities** : A personal insurance package is proposed to be extended to KCC holders covering them against risk of their life. As per the cultivation requirements of the crop, the loan amount is disbursed in cash as well as kind (for fertilizers, pesticides etc).

4. **Threat** : So far as rural banking system is concerned, at present there is no such direct threat to the KCC holders. Though the problems of NPAs (non-performing assets) may handicap the KCC scheme.

Even after seven years of the launch of scheme, many farmers use the card as a production loan and unaware of the flexibility provided in the utilisation of limits. There is a need for greater publicity to popularise the scheme as also for the education of the farmers. All existing as well as new farmers are eligible for the scheme. KCC card is meeting the production and investment needs of farmers such as purchase of agriculture-related equipment or implements, construction of farm-related buildings, investment in allied activities viz., dairy, piggery and bee-keeping etc. Efforts should also be made for improving the delivery systems as well as simplification of the procedure for farm credits under the KCC scheme.

The authors are Research Scholar and Professor and Head, Department of Agricultural Economics, Institute of Agricultural Sciences, Banaras Hindu University, Varanasi respectively.

DHUBRI HATCHERY

Ray of Hope for Self-Help Groups

Mohammedul Haque

As per report of Medical Council of India, one adult person should consume half egg and minimum 15 gm of meat in a day. However, people of Assam consume on an average 30 eggs in a year and 6 gm meat in a day. It means the people of our state consume much lower than the minimum percentage. The main reason is that the requirements of our state cannot be met by local production. Hence chicken products are brought from outside the state and makes its cost too high for the common people.

Keeping these points in mind the District Rural Development Agency, Dhubri in association with an NGO Chilarai Krishi Bikash Samity (CKBS) started the Dhubri Hatchery Project in January 2002 which was included in the District Vision Plan for Dhubri District to meet up the daily requirement of eggs of Dhubri District i.e. average 24,000 to 30,000 eggs.

For this nearly 351 women SHGs were formed and necessary training has been imparted to the SHG members by the DRDA, Dhubri with the help of District Vety. Department and CKBS.

To meet up the demand of day old chicks and ducklings for the SHGs in this district, DRDA Dhubri in association of CKBS has also established one "Hatchery" for production of quality Broiler chicks and ducklings. It was inaugurated by Deputy Commissioner, Dhubri on 12th March, 2004 and within five months



Contentment is writ large on the face of a woman SHG member

it produced approx 45,000 broiler (Vencob Breed) chicks in 11 batches. The Dhubri Hatchery helped the SHGs of this district to get the production of Hatchery at subsidized rate.

There are some other accessory units related to Dhubri Hatchery which includes production of Chick baskets. These baskets are made from bamboo and each basket contains



Women SHG members are actively engaged in poultry farming



Day old chicks are being distributed to SHG members



Auto vans are being used to distribute chicks to SHG farms.



Chicks are being taken in vans for distribution

51 numbers of day old chicks. One particular SHG is involved in the production of these baskets and monthly requirement of baskets in this Hatchery are approx. 300-320 numbers and each basket is purchased @ Rs. 9.00 and the particular SHG can earn Rs. 2400.00 - Rs. 2560.00 in one month and the requirements of baskets is expected to increase in accordance with the increasing demand for the chicken products.

There are some other SHGs involved in marketing of Day Old Chicks produced from Dhubri Hatchery. Among the SHG members initially two numbers of such SHGs are involved and after one month another two numbers of marketing SHGs from each Dev. Block are to be engaged to market chicks to the interested SHGs in all Dev. Blocks in this district. They will act as distributor of Dhubri hatchery and at the same time they will distribute necessary feeds and medicines/vaccines to the SHG members at a reasonable rate.

The Hatchery has started producing *Charra-Chambelli* ducklings since October 2004 along with the production of Broiler chicks. As this variety of duck can be easily reared and is capable of producing more number of eggs, the SHGs asks for it due to heavy demand in the lower Assam. It is expected that this district will be able to produce atleast one third of daily requirements of eggs by *Charra-Chambelli* ducks benefiting a large numbers of women SHGs very soon.

The author is General Secretary, Chilarai Krishi Bikash Samity, Assam

NORTHEAST TOURISM

The Market Beyond Borders

Bedanta Bora
Anindita Adhikary (Bora)
Sujit Sikidar

India's Northeast, though endowed with immense natural wealth, unique cultural heritage, and bewildering diversity, is yet to wake up to its enormous tourism prospect and harness it in a sustainable manner. The region comprising of eight sister states is having international borders with Myanmar, China, Bhutan and Bangladesh paving a way to market itself across Southeast Asia. There is a pressing need for exploring cross border opportunities for Northeast tourism in terms of the 'Look East Policy', which is, undeniably, a major hopeful area for economic augmentation of this incredible part of India.



Tourism has been considered as the fastest growing industry in the world with an average growth of 5% and having about 1000 million travelers around the globe. It claims a largest share of the global economy with more than 10% of the world GDP and 8% of the world trade employment as indicated in World Trade Organization (WTO) and World Tourism & Travel Council (WTCC) statistics. And surprisingly, tourism's impact on Indian economy reflects an impressive growth of 9.7% in all economic activities of the country. But India's Northeast, rightly called as paradise unexplored, though endowed with immense natural wealth, unique cultural heritage, magical beauty and bewildering diversity, is yet to wake up to its enormous tourism prospect and harness it in a sustainable manner. The region comprising of eight sister states — Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and last inclusion of Sikkim - is having international borders with Myanmar, China, Bhutan and Bangladesh paving a way to market itself across Southeast Asia. Its enchanting hills, roaring waterfalls, thick and dark forests, heavy monsoon, innumerable varieties of flora and fauna, countless species of wild animals, mysterious clouds, melodious folk music, variety of delicious dishes, handlooms and handicrafts attract people from different parts of the globe since time immemorial. But unfortunately, the geo-political and insurgency situation coupled with multi-cultural varieties and fulfillment of political or social commitments adds to some of the complications and is standing on the way for speedy upliftment of

tourism as an industry in the region. As such, there is a pressing need for exploring cross border opportunities for Northeast tourism in terms of the 'Look East Policy', which is, undeniably, a major hopeful area for economic augmentation of this incredible part of India.

This article is based on a study which encompasses the following objectives:

1. To ascertain the present tourism scenario in Northeastern states of India.
2. To explore at micro level the prospect of tourism business in the region across its bordering nations.
3. To chart out the impact of 'Look East Policy' on this highly acclaimed industry.
4. To find out ways and means to utilize the untapped potentials of tourism sector for taking advantage as a synergy for economic augmentation of the region.

The objectives of the study make qualitative research seem to be more relevant for the purpose. The methodology adopted here takes the project through literature review and is mainly based on secondary information, the sources of which include government publications/records, reports, bulletins, data bank, publications of North Eastern Council, state tourism statistics and so on. The geographic extent of the study is confined to Northeast region of India with a statistical focus on the state of Assam.

As such, the present study is an attempt at micro level to crystalize the emerging markets for Northeast tourism business connecting across borders and cultures, which will, help in focusing the region on 'Global Tourism Map' in near future.

State of Tourism in North-east

Tourism restructuring is a pre-requisite for economic advancement of a particular region. In the context of development and growth, it can play a pivotal role in the uplift of all types of economic activities, elimination of poverty, ending up unemployment, creating new skills, enhancing status of women, preserving cultural heritage, encouraging tribal arts and crafts and facilitating growth of a fair and just social order. The review of existing literatures as well as accumulated information on Northeast tourism confirms it where the prominent personalities recommend an urgent need for exploitation of untapped opportunities in the region.

The Government of India has a policy to develop tourism into an industry and a target to achieve in respect of attracting foreign visitors who constitute an important source of hard foreign currency. As a result, tourism has become the second largest foreign exchange earner in the country. But unfortunately, the



A tribal dance of Manipur : Value addition to tourism

Northeastern states do not have an well-defined tourism strategy, due to which the whole issue remains in the domain of adhocism till date.

Northeastern region is saleable as a tourist destination as any other place on the earth. But obstructions to flow of tourists into the region are many, like problems of Inner Line Permit (ILP), Restricted Area Permit (RAP), Prohibited Area Permit (PAP) etc. All these are posing a big threat to the flow of international as well as domestic visitors. The Restricted Area Permit to Northeastern states was enforced in 1955 in the backdrop of alleged missionary involvement in the Naga rebellion. Under this, a foreigner intending to visit the area including Assam had to undergo a long

arduous procedure of obtaining permission from the Ministry of Home Affairs. With RAP in force till May 18, 1999 it was an uphill task for any foreign tourist to visit Assam and other places in the region. Unfortunately, the ghost of RAP still continues and efforts to disabuse the false apprehension in minds of the foreign visitors are minimal.

The foreign and the domestic visitors consider it risky to visit this part of the country in view of the prevailing law and order situation. The general impression has been that any foreign or domestic visitor could be a soft target of the insurgents and hence, they are reluctant to undertake an adventurous journey to Northeast with a calculated risk in hand.

Lack of Infrastructural Support

To attract tourists, there must be dissemination of information, infrastructural facilities, adequate railway network, affordable and reliable communication, clean and hygienic food and accommodation, availability of water sports equipment and the like. Majority of the places of tourist attractions are not by side of the national highways and approach roads are in awful condition. This is a strong discouraging factor which works against a good inflow of the visitors in the region.

There is a palpable lack of coordination among several agencies like department of tourism and department of archaeology in handling demands of the tourists in places of both historic and religious importance. There is almost little coordination among different public bodies and private sectors such as tea industry, oil and coal on one hand, and directorate of tourism on the other, in the efforts towards initiating eco and tea tourism in the region. As a result, stagnation has been a striking mark of the status of tourism in eight sister states of North-eastern part of India.

Assam along with Northeast virtually do not have any trained and skilled guides placed in important places of tourist attraction. Though department of tourism initiated a programme to train a few professionals as tourist guides, the effort did not yield a remarkable result for the purpose.

Lack of Effort for organizing Cross Border Tourism

As civilization progresses and with rationalization in economic regulations of the government through initiation of LPG policy in 1991, Indian economy welcomes to widening the area of operation from all fronts. But, Northeastern region seems to be an exception to this. The region has international

borders with Myanmar, China, Bhutan, Nepal and Bangladesh paving a way to become a 'Gateway to Southeast Asia'. Unfortunately, there is hardly any specialized tour organizer for promoting tourism with neighbouring South East Asian nations.

Development of Tourism Products

Marketing Northeast tourism across the globe is not an overnight task. It requires a comprehensive strategic planning and development of a variety of tourism products. The annual report of the Ministry of Tourism : 1999-2000 states that tourists invariably seek "a pleasant and delectable experience on their trips". Hence, the most desired tourism product in this regard should consist of (a) an environment of peace and stability (b) an assurance of safety and security (c) an affable host society (d) a government that provides a requisite service with a smile (e) absence of extortion and hostility (f) an accessible tourist attraction and last but not the least (g) an affordable tour package.

State Policy for Tourism

A policy of tourism for the state of Assam as well as for its sister states has to be evolved on the line of National Policy of Tourism which incorporates broad guidelines to attract both domestic and foreign visitors. The general principles of four 'S' as announced by the Ministry of Tourism as Soochna (Information), Swagat (Welcome), Suvidha (Facilities) and Suraksha (Security) should form core of the strategy for Northeast tourism.

Fixation of Targets

Certain targets should be fixed among the concerned bodies in respect of tourist inflow, infra-structural development, commissioning of new projects, annual revenue to be earned and employment to be generated in order to create a tourism synergy for the purpose.

Publicity Drive

Information about tourism in Assam as well as in Northeast should be made available to the foreign embassies in New Delhi and other diplomatic offices located in major Indian cities. The tourism websites should be updated in regular manner giving all details of information on tourism related services.

Adequate Infrastructure

All infrastructure connected with tourism such as road communication, hotels, safari resorts, water sports, tents and other logistics etc. should be developed as per requirements of the visitors. It is

reported in media that hotels and restaurants have been earning significant amount of revenue in recent years and so this tertiary sector needs an urgent attention at present.

Communication Network

Efforts should be made to coordinate with PWD (Roads) to improve the condition of the approach roads to tourist spots on priority basis. Each spot should have at least a PCO for facilitating the visitors to get connected with rest of the world.

Fiscal Incentives

The government may offer fiscal and other incentives to private entrepreneurs to take up a host of tourism projects by making provisions for soft loan and reducing tax rates. In other words, transport, accommodation and other logistics of tourism should be left to private sectors making the way for a healthy privatization of the tertiary sector associated with tourism.

Tourism Package for North East

Tourism in Assam cannot be viewed in isolation. Assam is the gateway to Northeast, which, as stated already, itself is a reservoir of natural beauty with great variety. Many tourists visiting Assam would like to visit Shillong, Cherapunji in Meghalaya and a number of places in Arunachal Pradesh like Tawang, Bomdila, Tezu and Meo. There should be an integrated approach to promote tourism in the region with an attractive package of nature, eco, tea and adventure tourism.

The media has been playing a significant role in promoting tourism in recent years. Most of the local newspapers are publishing articles and write ups giving coverage to the prospect in Assam and its sister states. But, only a few national dailies have so far given coverage to tourism in Northeastern states. The respective governments should take initiative for purchasing space in national dailies focusing on attractive places of tourist attraction in the region.

Perception of the tourists visiting Northeast is of great significance. It is observed that the visitors have a very negative perception about the region in various aspects and this is only because of a wrong focus made time to time. Hence, it is a time to create a lasting tourism impression about all the sister states, which will stimulate a positive perception of the visitors.

Public-Private Joint Effort

Today's generation is the days of professionalism in all sectors of the economy. In tourism sector too,

it is not an exception, which can only be achieved through an active private-public participation in most of the proposals and policies.

Stringent requirements such as Inner Line Permit, Restricted Area Permit etc. and cumbersome procedure put off many visitors from visiting Northeast India. More specifically, Visa formalities are to be streamlined in an effective manner. After internationalization of Guwahati Airport in Assam, visa-on-arrival policy should be implemented without delay as being followed by our neighbouring nations - Bhutan, Nepal, Singapore, Thailand, Maldives and Taiwan.

Coming to aviation industry, Northeast must allow more access to scheduled international airlines. Airports in the region need an urgent modernization plan and should be declared international. The biggest cost factor hampering tourism in Northeast is the high airfares. For unsent airfare from Guwahati to Cochin is higher than a complete package of airfare and six nights of hotel stay in Malaysia or Thailand.

Marketing Northeast Tourism in Terms of 'Look East Policy'

On November 23, 2004, Prime Minister Dr. Manmohan Singh flagged off the first ever Indo-Asian car rally at Guwahati in Assam. The non-competitive rally, organized by CII, has emphasized India's new found stress on the 'Look East Policy' signifying new initiatives with the country's eastern neighbours and Asian nations. The Indo-Asian car rally has revived the speculation on vast possibilities of reaping benefits from trade and tourism that could take place between Northeastern states and South-East Asian nations. As much, there is certainly a giant possibility for marketing Northeast as a 'Gateway to Southeast Asia' where looking east provides an opportunity to overcome the problems of time and psychological distance. The landlocked Northeast, it is explained, is ideally placed to link India with ASEAN both in geographical and commercial sense which provides enormous possibility for tourism market across its bordering nations. Hence, the strategy in this regard is now identifying new market for tourism and this search is aligned with the look east trade policy. Such a policy shift is particularly relevant and important for the region. Because, it is situated far away from main entry points of visitors. Northeast is at a disadvantage in attracting foreign tourists from the west. As such, looking to east is fortunately a natural marketing option for Northeast tourism.

Conclusion

Tourism cannot be developed in vacuum. It requires social and economic infrastructure for a speedy growth. As a first step to planning, a survey of the infrastructure gaps should be undertaken. Thereafter, the projects should be prioritized for their overall importance to the trade led growth strategy. A major component for tourism should be the development of wayside amenities along the Asian Highway and feeder routes. If the very high expectations of the 'Look East Policy' unleashing cross border opportunities for tourism is to become a reality, the Northeast must first make an assessment of its own comparative advantage and then plan strategy based on such assessment. The South Asian growth quadrangle of Bangladesh, Bhutan, India and Nepal (BBIN) will also directly touch the Northeastern region. The Asian Development Bank (ADB) has explored these growth possibilities with its South Asia Sub Regional Economic Cooperation (SASEC) initiative. Under this initiative, the main tourism strengths of the region have been identified as (i) sustainable ecotourism and (ii) the Buddhist circuit. In both the areas, the international marketing opportunities for Northeast tourism is apparent. The SASEC concept of the Buddhist circuit is, in fact very comprehensive. It covers places of living Buddhism like Ladakh, Sikkim and Arunachal. A significantly large number of tourists from Asia Pacific region are Buddhists and therefore, these attractions may open up interest in Northeast part of India, which will, in turn, promote global tourism. The 'Tourism-IT Synergy' with the concept of 'On-Line-Travel Consultant' are also likely to emerge as prime movers for holiday destination in Northeast India. Moreover, with upgradation of the airport in Guwahati to international standard, the prospect of foreign tourists visiting the region has become much brighter than before. But unfortunately, what is obvious is not always perceived. This seems to be the case with tourism in Northeast. The enhance global attraction of the region. 'Even a five thousand mile journey must start with the first step', says an old Chinese proverb. That is why, a beginning has to be made soon. It is right that "One will have to go out and sell, instead of waiting for customers to come and buy" in a market of stiff competition.

The first two authors are Lecturers-Department of Management Studies, Sikkim Manipal Institute of Technology, Rangpo, Majitar, East Sikkim and third author is Professor-Department of Commerce, Gauhati University, Guwahati, Assam, respectively.

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