PILOT PROJECT

for

Rehabilitation from

Debt relief with sustainable Livelihood

to Small and Marginal

Farmers of Uttar Pradesh

**Aim:**

To to ensure a time bound programme for bringing a specific number of Small & Marginal Farmers’ families above their present level of poverty through integrated approach and understand repayment ethics for a vibrant rural economy.

**Salient features:**

Training and capacity building of select members of SHG comprising Small & Marginal Farmers with complete package of financial support and Escort Services for 5 years. Training components will include the personality development through inculcating skills to undertake better farming and marketing of produce to raise the level of income. Understand value of financial planning and repayment ethics.

**Mission:**

Development in select rural areas through credit, technology transfer, awareness and capacity building.

**Background:** The marginal and small holdings, even if having a high productivity levels, are not able to generate sufficient income to sustain the farm households. The operational cost of cultivation covered items like cost of ploughing, wages paid for hired labour, cost of machinery, irrigation, fertilisers, seeds, interest on capital, etc. whether purchased or self-supplied but excluded the value of family labour and interest on own capital. Similarly, income from animal husbandry is derived by deducting the cost incurred on maintenance of livestock from the gross value of output of milk and other animal products, whether sold or self consumed and income from sale of animals. Non agricultural sources of income included wages, salary and income from business, trade or industry. The Situation so emerges that Average monthly income of the agricultural households included net receipts from cultivation, farming of animals, nonfarm business and income from wages/ salaries comes around Rs.6426/- while the average monthly consumption expenditure per agricultural household was Rs.6223/-. The majority of these households are deficit households with expenditure exceeding income. Most of these farmers have to take loans for meeting their consumption requirements. The information so gathered by us gives an indication that average amount of outstanding loan per agricultural household in Western Uttar Pradesh was around Rs.50,000/- (approx.).

Easy access to Bank credit – particularly through innovative schemes like improvised KCC, Jewel Loans for agricultural purposes, some misgivings on debt waiver have made the situation very complex. We apprehend that the entire rural credit portfolio of Commercials Banks – particularly to Small & Marginal farmers is sitting over a volcano. We perceive and apprehend a gloomy situation that will compel the lending institutions to raise their provision at one hand and social impact to farming community leading to unpleasant situation like abandoning farming and taking drastic steps affecting law and order challenges.

**ISSUE:** Given the inadequacy of agricultural income to meet the household expenditure, the farmers, particularly the small and marginal farmers, have to devise livelihood strategy for their survival first. The livelihood strategies can be classified into three main types.

The first being working as agricultural labourer or non-agricultural labourer in or outside the village. Migration is another livelihood strategy, particularly in densely populated areas and environmentally fragile regions. Thirdly, farmers take up some non-agricultural activity like starting a small shop or business.

**Way-out :** A workable strategy for sustainable livelihood comprising best use of capabilities, assets (including both material and social resources) and activities required for a means of living; and which can cope with and recover from stresses and shocks.

Some suggestions for promoting sustainable livelihood for farmers are offered below.

* Increase in agricultural productivity
* A substantial number of agricultural workers has to be moved out of agriculture to other sectors in the rural and urban economy.
* Development of rural non-farm sector (RNFS).
* Providing technical and marketing support and generate the benefits of economies of scale.
* The demand for services delivery is increasing in the rural areas. Encouragement must be provided for promotion of these services with training of rural youth to take up new and emerging services.

To conclude, a multi-sectoral integrated strategy of promoting agricultural and non-agricultural activities in the rural areas embedded in the local conditions and institutions has to be adopted to meet the challenge of sustainable development in the rural areas.

**The task at hand:**

To involve different strategies to provide long term sustainable opportunities in terms of rural poor and combination of various strategies like provision of support infrastructure, technology, marketing, training and so on. Provide a full package including inputs from Behavioural Scientists, Subject Matter Specialists like Agricultural Scientists from IARI/KVK/Universities/Research Centres, Entrepreneurship Development Motivators including Skill Development (Upgradation) implement and monitor the package

**Present plan – Methodology and proposed road map:**

* Select 5 villages in a district where SHG movement has made some headway.
* Reorganise/revitalise 60 willing members and make 3 different SHG for specific purposes, having members willing to undertake implementation of the Pilot Project.
* Arrive at factual income/expenditure position as on date and prepare a roadmap considering full economics for 5 years with the help of Subject Matter Specialists.
* Undertake fresh lending as per viable projects arrived at; and rephase the entire loans as on date, with 4% p.a interest as applicable for the Project period.
* Concept of pulling all lands of members be encouraged with the idea of cooperative farming. Total land holding of a group may be around 50 acres.
* Intensive and scientific farming under the supervision of Subject Matter Specialists.
* NO individual Loaning. All loans through SHG only with complete discipline and provision of punitive action in case of deviation.
* The Kunigal experiment of a NGO (Initiative for Development Foundation – near Bangalore) where-in a sea change has been made in the mindset and economy of the people by making an integrated approach through participation of various stake-holders. The representative of DIF may visit KUNIGAL for first-hand information.

**Execution strategies**

* Coordinate with banks to ensure credit flow among its members and forge better bank borrower relationship, Organise minimum one meeting per month and depending upon the need,
* There would be 2-3 meetings per month. Non-members can also be invited to attend the meetings, Interface with subject matter specialists in the various fields of agriculture and allied activities etc., extension personnel of Agriculture Universities, Development Departments and other related agencies for technical know how upgradation. For guest lectures, even experienced farmers who are non members from the village/ neighbouring villages could be invited, Liaison with Corporate input suppliers to purchase bulk inputs on behalf of members
* Organise/facilitate joint activities like value addition, processing, collective farm produce marketing, etc.; for the benefit of members. They can also sponsor / organise SHGs, Undertake socio-economic developmental activities like community works, education, health, environment and natural resource management etc.
* Market rural produce and products

**Major stakeholders:**

* Bank branch – Preferably willing rural Branch of a RRB having a team of dedicated workers who may be trained before posting with full responsibility for 5 Years tenure.
* A team headed by CDO of the district with the DDM of NABARD, the LDM, the Director of RUDSETI/R-Seti in the district and a representative of DIF along with one member identified as group-leader for a particular village (5) Thus maximum members in team may be 10, who will oversee and monitor the implementation of the Project.

**Reward:** On successful execution of the plan at the end of 5th year, wherein all instalments are paid from 4th year onwards (minimum observation of 24 months) based on results:

* Total expenditure including interest on loans to be reimbursed to the group in following way
  + - * 100% for the Best Performer SHG
      * 75% for the second.
      * 50% for the third

**Cash reward by way of grant by the Government by way of**

* 100% of corpus to Best performer SHG
* 75% for the second
* 50% for the third.

**Citation to Group and honouring the members in public platform**