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**K. K. RAVINDRAN**  
Managing Editor

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# CONTENTS

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<b>Editorial</b>	I
<b>Role of Cooperative in Agricultural Credit - Issues and Challenges</b> - Dr. Subrata Mukharjee	1
<b>Rural Self Employment Training Institute (RSETI): Developing Employable Skills in Rural Youth</b> - Dr.B.C.Das	13
<b>Green Banking - An Overview</b> - Dr. S. Stella Bai	21
<b>Holistic Perspective Of Financial Inclusion Through Cooperative Credit Institutions</b> -Mr. A. K. Sakir Hussain - Dr. P. Natarajan	29
<b>भारतीय किसान और उसकी मूलभूत समस्यायें</b> - नवल किशोर	39
<b>Guidelines for Deposit Mobilisation by ARDBs</b>	46
<b>NEWS &amp; NOTES</b>	52
<b>AGRICULTURAL NEWS</b>	72

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## EDITORIAL

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Fresh initiative of mobilising member's deposits has energized ARDBs in many States. Simultaneously doubts have also been raised from some quarters about the mandate of ARDBs to mobilise deposits. These doubts stem from the guidelines for acceptance of public deposits by State Cooperative Agriculture & Rural Development Banks (SCARDBs) the year issued by NABARD in 1997. NABARD's guidelines permitted SCARDBs to accept Term Deposits from public, subject to condition that the tenure of deposits should be 1 to 3 years and total deposits taken by SCARDBs should not exceed its networth. These conditions were meant to safeguard the interest of public who make deposits in the SCARDB, which are not licensed as Banks and not authorized to take public deposits in the normal course. These restrictions, however, are not applicable to deposits taken by ARDBs from its members.

Credit cooperatives including ARDBs are basically mutual and self-help organizations. In fact, a credit cooperative starts its functioning with the resources contributed by its members through equity and deposits. The real strength of the cooperative is its reliance on resources contributed by owners. Unfortunately, over a period of time, we lost sight of the basics which lead to overdependence on borrowed funds. Member is the owner of Cooperative. A deposit made by the member in the ARDB is therefore, part of owner's stake. While the regulator is concerned about the safety of public deposits in ARDBs, the safety of owners' stake in the business is a matter to be bothered by the owner himself. Infact, the regulator should encourage higher proportion of owners' stake in the ARDB which accepts public deposits.

The recent initiative of deposit mobilization by ARDBs confine to its members. Mobilisation of member savings is an essential function of credit cooperatives and an important tool for financial inclusion. ARDBs have huge potential for mobilising rural savings due to statewide jurisdiction, large member base and dominant presence in rural areas for over 90 years. In spite of this, these institutions neglected deposit mobilisation in the past as they did not have avenues for deploying short term resources. However, today taking deposits from members in addition to equity is the only option to meet the gap in refinance support and increasing mismatch between loan collections and repayment liabilities to funding agencies. It is on the above background that ARDBs took a fresh initiative to mobilize deposits from members based on the recommendations of Zonal Seminars on Preparedness of ARDBs for Revival. This initiative in no way comes in conflict with the directives of RBI /NABARD relating to mobilising deposits from public by SCARDBs.

**K. K. Ravindran**  
**Managing Editor**

## **Role of Cooperative in Agricultural Credit - Issues and Challenges**

Dr. Subrata Mukharjee\*

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### **Introduction**

The growth of agriculture and allied sectors is a critical factor in the overall performance of the Indian Economy. As per the 2010-11 advance estimates released by the Central Statistics Office (CSO) on 7.2.2011, the agriculture and allied sector accounted for 14.2 % of the gross domestic product (GDP), at constant 2004-05 prices. In 2009-10, it accounted for 14.6% of the GDP compared to 15.7% in 2008-09 and 19 % in 2004-05. Its share in GDP has thus declined rapidly in the recent past. This is explained by the fact that where as overall GDP has grown by an average of 8.62 % during 2004-05 to 2010-11, agricultural sector GDP has increased by only 3.46 % during the same period. The role of the agriculture sector, however, remains critical as it accounts for about 58 % of employment in the country. Moreover, this sector is a supplier of food, fodder and raw materials for a vast segment of industry. Hence, the growth of Indian agriculture can be considered a necessary condition

for inclusive growth. More recently, the rural sector including agriculture is being seen as a potential source of domestic demand, a recognition that is even shaping the marketing strategies of entrepreneurs wishing to widen the demand for goods and services. In terms of composition, out of a total share of 14.6 % of the GDP in 2009-10 for agriculture and allied sectors, agriculture alone accounted for 12.3 % followed by forestry and logging at 1.5 % and fisheries at 0.8 %.

The cooperative credit structure in India is almost a century old. The cooperatives were the only institutions providing institutional credit to agriculture till the commercial banks emerged on the scene in a big way, particularly, after their nationalization in 1969 and social banking became their major thrust. Until the late sixties, farmers and rural borrowers could look to only one institutional credit agency in the cooperative sector to meet all their credit needs whether related to seasonal agricultural operations, investment in land or

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redemption of debts. For historical reasons, two parallel wings of cooperative credit institutions have come into existence and developed, one for purveying short-term and medium term credit to the cultivators and the other for dispensing long-term credit at first for debt redemption and subsequently for investment in agriculture. Cooperative credit institutions have been accredited with playing a significant role in the deployment of credit for agriculture and rural sector.

### Present Scenario

The cooperatives have neither remained 'member-driven' enterprises nor had their leadership in quite a large number of cases proved to be professional, transparent, accountable and functionally effective. The vital link in the short term cooperative credit system viz the PACS at the grass

root level had generally been very weak. They suffered from infrastructural weaknesses, operational inefficiencies and structural flaws. They didn't generally give a look of a real financial institution to inspire confidence in their existing and potential members, depositors and borrowers. Other factors responsible for the deterioration in the performance of cooperative credit institutions are low volume of business, low resource base, low borrowing membership, lack of democratization and professionalism, high incidence of overdue and almost stagnated recovery performance. They also suffer from the fall out of dual control, i.e. by the State Government through the Registrar of Cooperative Societies and by the RBI & NABARD.

As may be seen from Table-1, the overall agricultural credit has

**Table 1: Agency-wise ground Level Credit Flow**

(₹ in Crore)

Year	Cooperatives		RRBs		Commercial Banks		Total	
	Amount	% age	Amount	% age	Amount	% age	Amount	% age
2003-04	26,959	31	7,581	9	52,441	60	86,981	100
2004-05	31,231	25	12,404	10	81,481	65	1,25,477	100
2005-06	39,404	22	15,223	8	1,25,859	70	1,80,486	100
2006-07	42,480	19	20,435	9	1,66,485	72	2,29,400	100
2007-08	48,258	19	25,312	10	1,81,088	71	2,54,658	100
2008-09(P)	36,762	13	26,724	9	2,23,806	78	2,87,292	100

**Source:** Report of the Task Force on Credit Related Issues of Farmers (NABARD)

grown three time since 2003-04 to 2008-09 but very large numbers of small and marginal farmers, especially tenant farmers, oral lessees, sharecroppers and among these, women, continue to have difficulty in accessing agricultural credit from formal source. Their dependence on money lenders has disturbingly been on the increase.

Adequate, timely and hassle free credit helps farmers in their agricultural and livelihood pursuits. The seasonal nature of cash outflows and inflows in agricultural production entails the need for finance to meet production and consumption requirements of farmers from one harvest to the next. Non-availability of finance from formal sources, especially in the case of small and marginal

farmers drives them to informal sources at a greater interest burden.

The agricultural credit from cooperative sector accounts for only 13% as on 31.03.2009 which was 62% in the year 1992-93. The supply of agricultural credit from cooperative sector was ₹26,959 crore in 2004-05 which was increased to ₹48,258 crore in the year 2007-08 but decreased to ₹36,762 crore in 2008-09.

As may be seen from Table 2 below that the rate of collection of total loans to total demand increased from 64.60% in 1999-00 to 70.88% in 2006-07. But after the loan waiver scheme the percentage of collection of loan to total demand decreased to 64.33% in 2007-08

**Table 2**

(₹ In Crore)

<b>Year</b>	<b>Total Demand</b>	<b>Total Collection</b>	<b>%age of Total Collection to Total Demand</b>	<b>Loans Overdue</b>	<b>%age of Overdue to Total Demand</b>
1999-00	26,798	17,313	64.60	9,484	35.39
2000-01	28,764	18,726	65.10	10,038	34.90
2001-02	34,077	23,010	67.52	11,067	32.47
2002-03	40,341	25,051	62.10	15,289	37.90
2003-04	44,237	27,942	63.16	16,295	36.87
2004-05	47,785	31,733	66.41	16,052	33.59
2005-06	50,979	35,503	69.64	15,476	30.36
2006-07	54,112	38,359	70.88	15,753	29.12
2007-08	67,293	43,289	64.33	24,003	35.67
2008-09	84,549	46,626	55.15	37,924	44.85

Source: "Performance of Primary Agricultural Credit Societies" ending on 31.03.2009 published by National Federation of State Cooperative Banks Ltd

which further decreased to 55.15% in 2008-09.

The amount of agricultural credit from RRBs had increased from ₹7,581 crore in 2004-05 to ₹26,724 crore in 2008-09 but the percentage of credit flow to agricultural sector from RRBs remained around 9% during the period of 2004-05 to 2008-09. The supply of agricultural credit from commercial banks increased from ₹52,441 crore in 2004-05 to ₹2,23,806 crore in 2008-09. The percentage of credit flow from commercial bank to agricultural sector increased from 60% in 2004-05 to 78% in 2008-09. What is interesting to note that on 31.03.2003 the average size of loan from cooperative sector was ₹6,637 and the average size of loan from commercial bank was ₹31,585 (Vaidyanathan Committee Report).

It may be seen from Table 3 below that as on 31.03.2009 the average size of loan from cooperative sector was ₹13,862 and the average size of loan from commercial bank was ₹74,876. This shows that though the commercial banks meet their targets for lending to the priority sector, they have moved more towards larger customers. Thus, in a country predominated by small or marginal land holdings, the reach of the cooperative system is much deeper than the other institutional arrangements in the rural areas.

Rural credit markets in India have been characterised by co-existence of formal and informal sources and the market is fragmented. Different groups can borrow from different providers. The important formal sources are Commercial banks, Cooperatives and RRBs. The major informal

**Table 3 Average Loan Size of Public Sector Banks vis-à-vis PACS**

(Amount in ₹)

Year	Particulars	Public Sector Banks (PSBs)	PACS
31.03.2003	No of Accounts	164 lakhs	639 lakhs
	Loan Amount Outstanding	51,799 crore	42,411 crore
	Average Loan Size (in ₹)	31,585	6,637
31.03.2009	No of Accounts	288 lakhs	462 lakhs
	Loan Amount Outstanding	2,15,643 crores	64,044 crore
	Average Loan Size (in ₹)	74876	13862
Total number of borrowers assumed to be total no. of accounts.			

Source: PSBs-Report of Trend & Progress of Banking RBI. PACS-NFSCOB



sources are moneylenders, input dealers, relatives and friends. In recent years, there also has been the emergence of microfinance institutions. Erosion of cooperative credit to agricultural sector is being filled by the informal credit supplier of agricultural credit.

### **Role of PACS**

Primary Agricultural Credit Societies (PACS) being the lowest tier of the three tier structure of the Cooperative Credit. PACS operate under the District Central Cooperative Banks. The "Performance of Primary Agricultural Credit Societies" ending on 31.03.2009 published by National Federation of State Cooperative Banks Ltd revealed that as on 31.03.2009 there were 95,633 PACS operating in India with total membership of 13,235 crores covering 6,05,922 villages. No other credit institution can be compared with the huge existing infrastructure, network and potential in catering rural credit in India. The number of borrowers from the PACS were 4.29 crore in 1999-00 which was increased to 7.94 crore in 2007-08. The paid up capital of the total number of PACS operating in India was ₹7,005 crores as on 31.03.2009. In the Budget of the year 2008 the Central Government waived the

agricultural loan to a tune of ₹60,000 crores of which ₹48,000 crores were from cooperative banks. Had Finance Department of Government of India provided the same amount of money in the budget to the cooperative sector then it would not be exaggerating to say that the infrastructure of the PACS would have improved to a class of multinational banks and yet they be operating in the rural area and be able to cater the credit requirement of the rural and marginalized farmers in its entirety. The cooperative sector have always been used by the politicians to gain cheap popularity and to gain political mileage rather than to improve the ailing and frail condition of the PACS and make the cooperative sector more vibrant. The nominal growth rate of deposits of the PACS was 8.20% during 1999-00 to 2008-09. In terms of volume of the total deposits increased from ₹12,459 crores to ₹26,243 crores during the same period. The nominal growth rate of borrowing of the PACS was 8.70% during 1999-00 to 2008-09. In terms of volume the borrowings was increased from ₹22,350 crores to ₹48,919 crores during the same period. The working capital of the PACS increased from ₹42,710 crores in the year 1999-00 to ₹94,579 crores in the year 2008-09.

The nominal rate of growth of the loan issued was 10.30% during 1999-00 to 2008-09. In terms of volume the loan amount increased from ₹23,662 crores in the year 1999-00 to ₹58,686 crores in 2008-09. The nominal rate of growth of loans outstanding was 8.70% during 1999-00 to 2008-09. Total number of godowns managed by PACS are 65,289 with total capacity of 2,41,13,026 tonnes. Out of 95,633 PACS 64,872 PACS are viable and 23,046 are potentially viable. If the Government becomes serious with atleast these PACS which are viable or potentially viable then also the number would be far more than the total number of banks comprising Commercial, Private and Foreign banks. From the experience we are having a feeling that the policies of the Government intends to remove Garib (i.e. poor and marginalized section of the society) rather to remove Garibee (i.e. poverty).

In January 2006, the Government announced a package for Revival of the Short Term Rural Cooperative Credit Structure on the recommendation of Vaidyanathan Committee Report involving financial assistance of ₹13,596 crore. The NABARD has been designated as the implementing agency for the purpose. States are required to sign Memorandum of

Understanding (MoUs) with the Government of India and NABARD, committing implementation of the legal, institutional and other reforms as envisaged in the revival package. So far, twenty five states have executed such MoUs. This cover 96% of the PACS and 96% of District Central Cooperative Banks in the country. As of November 2010, an amount of ₹8009.75 crore was released by NABARD as the Government of India share for recapitalization of 49,983 PACS.

### **Capital Formation in Agricultural Sector**

The relation between capital formation and agricultural growth, and agricultural growth and poverty alleviation are widely accepted and positive impact of agricultural growth on poverty alleviation; the role of capital formation as one of the major engines of agricultural growth has been well placed in the development policy perspective.

Behaviour of public investment in agriculture is largely explained by agricultural policies of the time. An examination of this behaviour appears to have been dictated mainly by food situation of the country and agricultural policies governed by political economy of the time (Misra, 1996; Ray, 2001; and Gulati and Bathla, 2002). One

could sort out four major policy epochs in this regard.

First, the food deficit facing the country after independence was compulsive enough to pilot more public investment towards the development of irrigation system.

Second, the food crisis of 1960s was another major compulsion to escalate growth in public sector investment at a trend rate of 8% per annum during 1970s.

Third, epoch has been since 1980s when decline in public investment has been strongly voiced. The irony is that the success of green revolution strategy itself has led to the emergence of political economy compulsions, which continues to persist. The emergence of surplus produce in agricultural sector has given rise to the emergence of politically powerful farmers' groups, which have become rather powerful to dictate the priorities of public

expenditure in agriculture. The first priority has been to meet the demand for production subsidies, for which, resources have to be diverted from capital account to current account. The next important priority has been to finance private sector capital formation by institutional loans and capital subsidies. Due to these political economy compulsions, the decline in public sector investment has occurred, even though total public expenditure (plan and non-plan) on agriculture has not really declined. In fact, public sector investment has become a residual claimant.

Fourth epoch emerged during economic reform regime. This epoch is expected to encourage crowding in by both the household and corporate sector to accelerate their investment in agricultural sector.

The factors influencing private investment in agriculture are price

**Table 4 Gross Capital Formation (GCF) and Allied Activities**  
(₹ crore at 2004-05 prices)

Year	GDP	Agriculture & Allied Activities		GCF/GDP in Agriculture & Allied Activities	GCF in Agriculture as % of total
		GCF	GDP		
2004-05	29,71,464	76,096	5,65,426	13.46	2.56
2005-06	32,54,216	86,611	5,94,487	14.57	2.66
2006-07	35,66,011	90,710	6,19,190	14.65	2.54
2007-08	38,98,958	1,05,034	6,55,080	16.03	2.69
2008-09(P)	41,62,509	1,28,659	6,54,118	19.67	3.09
2009-10(QE)	44,93,743	1,33,377	6,56,975	20.30	2.97

Notes: P Provisional; QE Quick Estimate

Source: Central Statistical Office (CSO).

**Table 5**  
**Share of Agriculture and Allied Sector's GCF in total GCF (at 2004-05 prices)**

<b>Year</b>	<b>Share of Agriculture and Allied Sectors' GCF in total GCF</b>
2004-05	7.5
2005-06	7.3
2006-07	6.6
2007-08	6.5
2008-09	8.3
2009-10	7.7

factors like terms of trade, farm interest rate, farm wage rate; non price factors like technology, credit institutions, infrastructural investment like roads and electrification by public sector, other public sector investment items like watershed development programme, irrigation works, regulated markets, value of agricultural output etc.

From the above Table it can be seen that the Gross Capital Formation (GCF) in agriculture and allied sector as a proportion to the GDP in the sector stagnated around 14% during 2004-05 to 2006-07. However, there is a marked improvement in this figure during the current five year plan. It increased to 16.03% in 2007-08 and further to 19.67% in 2008-09(Provisional) and 20.30% in 2009-10(QE). However, the GCF in agriculture and allied sectors relative to overall GDP has remained stagnant at around 2.5 to 3 %. As a result the share of GCF in agriculture and allied sector in total

GCF has remained in the range of 6.6 to 8.3% during 2004-05 to 2008-09 and declined to 7.7% during 2009-10 (See Table-5). There is need to significantly step up investment in agriculture, both by the private and public sectors to ensure sustained target growth of 4% per annum in GDP in agriculture sector.

### **Suggestions**

► Institutional mechanism to support farmers in case of natural calamities Loan delinquencies and poor repayment are also caused on account of natural calamities such as droughts, floods etc. Loan defaults on account of these factors are beyond the control of the farmers. It is the general experience that in a cycle of 3 to 4 years the farmers get good yield in one or two years which enables them to meet their entire repayment obligations. It is, therefore, necessary to provide for an institutional mechanism to ensure uninterrupted credit flow to these farmers. The duration of the

credit cycle in such cases would depend on the past experiences of the regions which are generally prone to natural calamities. NABARD had introduced a scheme known as “cyclical credit”, for meeting the production credit needs of farmers, on a pilot basis in 1988-89, in seven selected watershed projects in Andhra Pradesh, Karnataka and Tamil Nadu. The objective of the scheme was to ensure that the farmer did not face any resource constraints and the financing agency stood by him in providing required crop loan irrespective of the repayment difficulties induced by the vagaries of nature. The scheme sought to break the vicious cycle of low productivity, low income, low surplus and low investment. The scheme was not continued after the pilot stage. In the light of the experience gained, NABARD may consider reviving the scheme. (Capoor Committee Report)

► Capital investment in agriculture as a percentage of the GDP has been stagnating in recent years, although the capital expenditure in agriculture as a percentage of the GDP in agriculture has shown some improvement in the current five year plan. It may however, also be noted that the agriculture sector GDP has itself been stagnating

during the last three years from 2007-08 to 2009-10. Increase in the investment by private and public sector is required to increase the share of agriculture in the total GDP.

► Amount sanctioned for financial assistance to Cooperative Credit was ₹13,596 crores in January 2006, but only 59% of the sanctioned amount has been released till date. The capital base of PACS is only ₹ 7,005 crore. The paid up capital should be increased so that the viable and potentially viable PACS can be resuscitated.

► There are more than thirteen crore members associated with the PACS belonging to scheduled caste, schedule tribe, small farmers, rural artisans and marginal farmers. The cooperative credit to agricultural sector which has declined to 13% and with ailing condition of the primary agricultural credit societies the small and marginal farmers are forced to take loan from private money lenders and usurers. The average loan size of commercial banks is ₹74,876, obviously this amount of loan is not taken by any small and marginal farmers. Increase in the supply of cooperative credit can only bring the small and marginal farmers within the ambit of formal credit supply.

► Steps have to be taken to recover the loans which are overdue to PACS amounting to ₹37,924 crores as on 31.03.09. Success that cooperatives have achieved both in developing and developed countries are not properly highlighted and disseminated. Capitalists who advocate for free market economy take recourse of tax exemptions and tax holidays from the Government in order to work in rural areas at the interest of the cooperatives which existed and are working in the rural areas and also without the commensurate attention of the Government as given to the Capitalists.

### **Conclusion**

The country has made great strides towards increasing food grains production since the mid sixties. Today, India ranks high in the production of various commodities such as milk, wheat, rice, fruits and vegetables. However, the agriculture sector in India is at a cross road with rising demand for food items and relatively slower supply response in many commodities resulting in frequent spikes in food inflation. The technological breakthrough achieved in the 1960s is gradually waning. The need for a second

green revolution is being experienced more than ever before.

What went wrong, though the credit supply to agricultural sector has increased manifold and in spite of debt waiver scheme why then the Finance Minister in 2009 had to set up a Task Force to look into the matter for increasing informal credit in the agricultural sector.

Even in advanced countries like United States, Britain, France, Japan, Canada; around 40% of people are associated with the cooperative and are taking the help of cooperative institutions to boost up the level of employment. UN has proclaimed year 2012 as “International Year of Cooperative”.

Cooperatives can provide an alternative economic model if it is perceived as an economic model rather a means to gain political mileage and cheap popularity. When the livelihood of nearly three billion people, or half of the world's population, was made secured by cooperative enterprise as estimated in 1994 by the United Nations there is no utterance of a single word in the Budget of the Central Government on development of cooperative enterprises.



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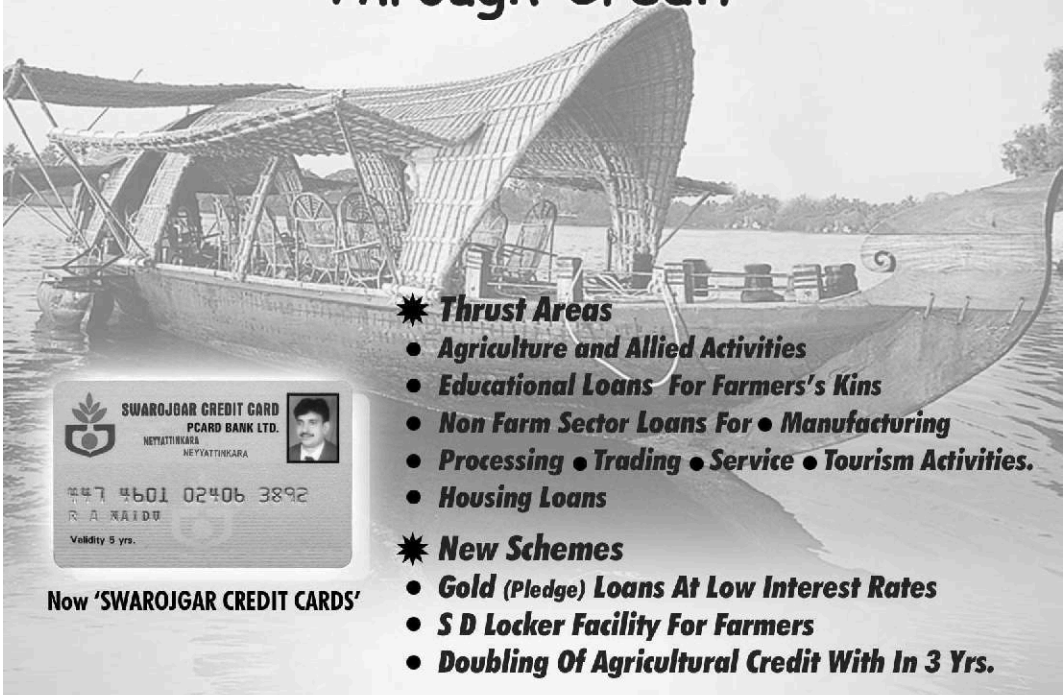
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## **Rural Self Employment Training Institute (RSETI): Developing Employable Skills in Rural Youth**

Dr.B.C.Das\*

The success of Rural Development and Self Employment Training Institute (RUDSETI) promoted and nurtured by Sri Dharmasthala Manjunatheshwara Educational Trust, Syndicate Bank and Canara Bank has led the Ministry of Rural Development, Government of India to establish Rural Self Employment Training Institutes (RSETI) in all the rural districts of the country to create skill development training opportunities for rural youth leading to self employment. These (RSETI) institutes are managed and run by the public/private sector banks with active support of the State and Central Governments. The RSETI's core offering, as like RUDSETI, includes its free, unique and intensive short-term residential training designed for rural youth. What makes it different from other vocational trainings is its demand driven approach, a priority for rural BPL youth, a wide choice of vocations and continued handholding to ensure sustainability of micro enterprise and credit linkage after training.

The Government of India through Swarnjayanti Gram Swarojgar Yojana (SGSY) has been providing sustainable livelihood opportunities to rural BPL households, largely through the formation Self Help Groups (SHGs) with credit linkage from banks and subsidy for income generating assets so as to bring them above the poverty line. However, due to lack of quality training institutions at the district level, it is becoming difficult to train rural BPL youth in their choice of trade. Even if they are already engaged in some trade they need some kind of skill up gradation for making their enterprise viable and sustainable in the present competitive environment. Realizing the importance of skill up gradation of rural youth, the Government of India is promoting RESTI in a very big way in the country. So far, the Government of India has established more than 190 RSETIs in different states of the country with active participation of 35 public/private banks, and these institutes have trained more than 1.5 lakh rural youth on various trades.

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### **Main Objectives of the RSETI**

- i) Providing skill development training to rural BPL and other youths for self employment.
- ii) Arranging need based training programmes.
- iii) Organising intensive short-term residential self-employment training programmes with free food and accommodation.
- iv) Assessing the areas of the training programme for the rural youth after conducting the aptitude test
- v) Providing hand holding support for assured credit linkage with banks
- vi) Providing escort services for at least two years after the end of the training programme to ensure sustainability of the microenterprise trainees.

### **Assistance for Establishing RSETI and Conducting Training Programmes**

The Government of India provides one time grant maximum up to ₹1.00 crore to the public/private sector bank or trustee of the bank for meeting the expenditure on construction of building and furniture for the RSETI. The assistance is provided

only if banks have land for the institute and wish to start a RSETI. In situation where the land transfer from the State Government takes time, and the banks have already started functioning from hired premises, their rent for hiring premises will be borne by the Government of India upto maximum of ₹10.00 lakh for a period not exceeding of three years, out of total ₹1.00 crore grant.

Ministry of Rural Development, through the DRDAs, will provide support towards cost of training for rural BPL candidates to the Sponsor Banks at the rate of ₹200 per candidate per day to a maximum of ₹4000 for training up to 4 weeks duration and maximum of ₹5000 for training of longer duration. Other recurring costs for the RSETIs i.e., that of the training expenses, faculty salaries, logistics, etc., will be borne by the sponsoring banks or through other sponsoring organisations like SIDBI or NABARD

### **Programme Structure**

The training programmes under RSETIs are entirely free of cost. On an average each RSETI offers around 30-40 skill development programmes on different areas in a year. All the programmes are of short duration ranging preferably from 1 to 6

weeks. The skill development trainings offered by RSETI are broadly in the following areas:

**Agricultural Programmes:-**

Agriculture and allied activities like Dairy, Poultry, Apiculture, Horticulture, Sericulture, Mushroom cultivation, floriculture, fisheries, etc.

**Product Programmes:-** Dress designing for men and women, Rexine utility Articles, Agarbatti manufacturing, Football making, Bags, Bakery Products, Leaf Cup making, recycled paper manufacturing, etc.

**Process Programmes:-** Two Wheeler repairs, Radio / TV repairs, Motor rewinding, electrical transformer repairs, irrigation pump-set repairs, tractor and power tiller repairs, cell phone repairs, Beautician Course, Photography & Videography, Screen Printing, Photo Lamination, Domestic Electrical appliances repair, Computer Hardware and DTP.

Other Programmes - related to sectors like leather, construction, hospitality and any other sector depending on local requirements.

One important feature is that the RSETI conducts only demand driven and need based training programme with an intention to

provide self employment to rural youth. Training programmes are decided by the local RSETI as per the local resource situation and potential demand for the products and services. Soft skill training shall be an integral part in all the training programmes.

**Batch Size**

- i) Batch size is around 25-30 candidates
- ii) S h r a m a d a n / Y o g a , presentation of Most Important Lesson Learned Yesterday (MILLY) are the important parts of the training programme

**Selection of Trainees**

Youth from BPL households are given priority in the programme. They constitute at least 70 % of the total candidates and their participation is certified by the local DRDA. Rural youth those who are not from BPL households also apply for the training programme. SC/ST, minorities, physically challenged and women are also given weightage as per the SGSY guidelines.

**Follow Up**

After training, the trainees are provided two years hand holding support by the institute to ensure the sustainability of the activity.

RSETI follows the approach of short duration training but long hand holding practice.

### **Credit Linkage**

Credit linkage of the trainees is one of the important aspects of RSETI training programme. After completion of the training programme, institute sends the list of the candidates to the banks' branches and co-ordinate with them for extending financial assistance to the trainees for taking up entrepreneurial activities. The institute also involves successful ex-trainees with bank branches to make credit available to the trainees.

### **Innovative Programmes**

RSETIs across the country design various innovative training programmes every year which are area specific, thus enabling the emerging entrepreneurs in acquiring the appropriate entrepreneurial skills in running their enterprises successfully. The basket of training programmes could vary every year and it is very dynamic in nature.

### **Skill Up-gradation Programmes**

Technology is making huge strides in the recent years. Thus, it becomes a necessity for the

entrepreneurs to hone their skills to match up with the latest cutting edge technologies. Realizing this importance, RSETIs conduct various skill up-gradation programmes for undertaking micro enterprise and to enable the existing entrepreneurs to compete in this ever-developing global market due to technological change. These programmes are budgeted for and conducted as refresher programmes for not more than a weeks' duration.

### **Women Empowerment**

RSETIs give equal opportunities to women entrepreneurs. It organizes exclusive programmes for women in various trades depending upon their attitudes and local demand.

### **Recognition of RSETI trainees**

Certificate issued by the RSETI is recognized by all banks for purposes of extending credit to the trainees. It means that RSETI trained rural youths will be free to access any scheduled bank for loan/credit.

The National Sample Survey (NSS) 61st Round Survey on Employment and Unemployment indicates that educational institutions attendance rates (5-14 years) drop by nearly half in the age group of

**RSETIs Operational in the Country:**

<b>Sl.No.</b>	<b>State/UTs</b>	<b>No of RSETIs</b>
1.	Andhra Pradesh	17
2.	Arunachal Pradesh	0
3.	Assam	3
4.	Bihar	4
5.	Chhattisgarh	0
6.	Goa	0
7.	Gujarat	20
8.	Haryana	2
9.	Himachal Pradesh	7
10.	Jammu & Kashmir	0
11.	Jharkhand	6
12.	Karnataka	24
13.	Kerala	10
14.	Madhya Pradesh	32
15.	Maharashtra	9
16.	Manipur	0
17.	Meghalaya	0
18.	Mizoram	0
19.	Nagaland	1
20.	Orissa	14
21.	Punjab	7
22.	Rajasthan	18
23.	Sikkim	0
24.	Tamil Nadu	7
25.	Tripura	0
26.	Uttar Pradesh	10
27.	Uttaranchal	5
28.	West Bengal	5
29.	A & N Islands	0
30.	Daman & Diu	0
31.	D & N Haveli	0
32.	Lakshadweep	0
33.	Pondicherry	1
	<b>Total</b>	<b>192</b>

( Source: National Institute of Rural Development, Rajendranagar, Hyderabad)

15-19 years and by 86% after the age of 15 years. Labour force participation rates rise sharply after age of 14 years and reach close to 100% at the age of 25-29 years. The result of the survey also reflects that 38.8% of the Indian labour force is illiterate, 24.9% of the labour force has had schooling up to the primary level and balance 36.3% had schooling upto the middle and higher level. The study also reveals that about 80% of the work force in rural and urban areas do not possess any identifiable marketable skills. Considering the serious unemployment among the youths of the country, Government of India has launched National Skill Development Mission in 2009 with the objective to create workforce empowered with improved skills, knowledge and internationally recognized qualifications to gain access to decent employment and ensure India's competitiveness in the dynamic global labour market. National Council of Skill Development has set a target of creating 500 million skilled persons by 2022 with emphasis on inclusiveness in terms of gender,

rural/urban, organised/unorganized and traditional/contemporary. Every year, lakhs of rural youth are entering the job market in this country, but are unable to find suitable employment due to absence of marketable skills. Non-availability of adequate employment opportunities in the organised and unorganized sectors for these lowly skilled youth has created serious problem in the country. The establishment of RSETI in the rural districts of the country will definitely facilitate the skill up gradation of rural youth in a very big way in coming years. These institutes will not only contribute to meeting the target of National Skill Development Mission by creating skilled man power but also encourage rural youth to launch microenterprises for their self-employment. However, success of these institutes (RSETI) largely depends upon the adoption of distinctive set of values, ethos, culture and training management principles of RUDSETI.



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## The Himachal Pradesh State Co-op. Agriculture & Rural Development Bank Ltd

H.O.: KASUMPTI, SHIMLA-171009

*The Bank was established in 1961 to extend long term and medium term loans to farmers for agriculture and allied agriculture activities and Non Farm Sector, presently through 49 branches respectively in the State of Himachal Pradesh.*

### THE BANK FINANCES FOR:

<b>Farm Mechanisation</b>	:	Tractor, Thresher set and other implements, etc.
<b>Horticulture/Plantation</b>	:	Apple, Stone, Citrus and other plantations, Floriculture
<b>Animal Husbandry</b>	:	Dairy development, Cattle Sheds, Sheep & Goat rearing Poultry, Sericulture, Fisheries, Mushroom, Piggery, Rabbit rearing etc.
<b>Land Development</b>	:	Land leveling, Land reclamation etc.
<b>Non Farm Sector</b>	:	Small Scale Industries, Cottage Industries including Service Sector, Rural Housing, SRTOs' Rural Godowns, Packing & Grading House etc.
<b>Minor Irrigation</b>	:	Construction/repairs of irrigation well, Tube Well, Deep Tube well, Installation of pumpsets, pipelines, lift irrigation etc.

**Bank accepts FD for 1 year and above at following rate for Senior Citizens**

1 Year 9.50%    2 Years above 9.75%    0.5% more interest for Senior Citizens.

### SALIENT FEATURES

- Interest payable: Quarterly/half yearly and yearly as per demand
- Monthly income schedule is available.
- TDS is not deducted on maturity of FDs.
- FD outstanding as on 31-03-2010 is within the own fund limit.
- All the loans issued by the Bank are theoretically recoverable since they are secured by registered mortgage of land.
- Loan against FD to the extent of 75% of FD amount.

Bank provides 1% p.a. rebate of interest on loans to the regular loanees.

**FOR FURTHER DETAILS PLEASE CONTACT US OR  
OUR BRANCHES OF THE BANK IN THE STATE.**

**H. S. Thakur (HPAS)**  
Managing Director

**Mohar Singh Thakur**  
Vice Chairman

**Sher Singh Chauhan**  
Chairman





# THE MEGHALAYA CO-OPERATIVE APEX BANK LTD.

HEAD OFFICE : SHILLONG  
(Government of Meghalaya Sponsored Bank)  
Estd. 16th February, 1971

Phone : 0364-2224166 / 2224160  
E-mail : [apexbank@sancharnet.in](mailto:apexbank@sancharnet.in)  
[mcab@dataone.in](mailto:mcab@dataone.in)

Fax : 0364-2222026  
Website : [www.mcab.gov.in](http://www.mcab.gov.in)

A premier State Cooperative Bank in the North-Eastern Region having democratically elected Board of Directors since inception and managed by professionals.

## FINANCIAL HIGHLIGHTS

(As on 31.03.2009)

(As on 31.03.2010)

• Paid up Share Capital & Reserves	: ₹	2448.88 Lakhs	₹	3146.22 Lakhs
• Deposits	: ₹	79440.40 Lakhs	₹	91168.85 Lakhs
• Loans & Advance	: ₹	20602.27 Lakhs	₹	26323.76 Lakhs
• Investments	: ₹	27461.65 Lakhs	₹	35812.34 Lakhs
• Net Profit	: ₹	1498.02 Lakhs	₹	1938.24 Lakhs
• Working Capital	: ₹	96949.44 Lakhs	₹	110074.94 Lakhs

## Our Banking Products & Services

- Current Deposits
- Savings Bank Deposits
- No Frills Savings Deposits
- Fixed Deposits
- Recurring Deposits
- Monthly Income Deposits
- Double Benefit Scheme
- Cash Certificates
- Fixed Deposit linked with Recurring Deposits
- Housing Loan Linked Deposits
- Children Education Deposits
- Crop Loans for Agriculture through KCC / SHG/ Cooperatives
- Term Loans for Agril. & Allied Agriculture
- Aquaculture Development-One Thousand Ponds Scheme
- Loans for Housing / Housing Complex
- Loan for SRT0
- Consumer Durables Loans
- Loans to Technocrats & Professionals
- Loans to educated unemployed youths
- Cash Credit & Overdraft Facilities
- Loans for Children Education
- Integrated Village Development Scheme
- Term Loan for Tourism Development
- Personal loan to salary earners
- Bank Guarantee
- Safe Deposit Lockers & Other Ancillary Services
- Loans to Tribals under NSTFDC Schemes

## BRANCHES ALL OVER MEGHALAYA

"A Bank of the people, by the people & for the people"

**Please bank on us for all your banking needs**

**Mr. D.F. War**  
Managing Director

**Mr. Mukul Das**  
Ex-MLA  
Vice-Chairman

**Mrs. R. Warjri**  
Chairperson



## GREEN BANKING - AN OVERVIEW

Dr. S. Stella Bai\*

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### Introduction

Banking sector is generally environmental friendly in terms of emissions and pollutions. Internal environmental impact of the banking sector such as use of energy, paper, and water are relatively low and clean. Environmental impact is not physically related to their banking activities but with the customer activities. The banks external activity is difficult to estimate. Environment management in the banking business is like risk management. It increases the enterprises value and decreases loss ratio as higher quality loan portfolio results in higher earnings. Thus, encouraging environmentally responsible investment and prudent lending should be one of the responsibilities of the banking sector. Further, those industries which have become green and which are growing green should be given priority to lending by banks. This method of finance is called "GREEN BANKING" an effort by the banks to make the industries grow in green and restore the natural environment. This concept of green banking is mutually beneficial to

the banks, industries and economy.

Green banking is like a normal bank, which controls the level of activities relating to environmental dreadful conditions by credit surge. They can charge higher interest rate on high ecological risk projects and motivate pollution reducing industrial and environment friendly projects at concession. It is an indirect way to protect the environment and to maintain the ecological balance. Therefore, it is also known as an 'Ethical Banking' or 'Environment Friendly Banking' or 'Sustainable Banking'. Ethical banks have been started with the aim of protecting the environment. In a broader point of view, green banking refers to that banking which essentially deals with green initiatives and helps the overall reduction of internal carbon production. Green bank operates in a way that uses fewer natural resources and creates less waste. It is the first bank of its kind to promote environmental and social responsibility while providing for increased profits for investors and clients.

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\* Associate Professor in Commerce, Holy Cross College, (Autonomous), Nagarcovil

## **Importance**

Banks may not be the polluters themselves but they will probably have a banking relationship with some companies/investment projects that are polluters or may be in future. Green banking is described as a Socially Responsible Investment (SRI). Bank's finance for projects that affect the society in one way or other. When the investment by a bank is done after considering all possible impacts on the society and environment such an investment is termed as green banking. A financial transaction which aims to achieve a green world is also known as green banking. Banks play a crucial role in promoting green banking. Thus encouraging environmentally responsible investment and prudent lending should be one of the responsibilities of the banking sector.

## **Global Scenario**

Considering the serious impact of environmental degradation several low carbon initiatives regarding green banking have already been started globally. First of all, the United Nations Environment Program (UNEP) was founded in the mid -1980s. In the early 1990s, the UNEP launched the UNEP- Finance Initiative (UNEPFI) a global partnership

between the United Nations Environment Program and financial sectors including 60 institutions such as banks, insurers and fund managers. In the same way the Equator Principles (EP) launched in June 2003 had a set of guidelines for managing environmental and social issues in development project finance. The Equator Principles were later on revised in July, 2006. 'Sustainable Banking Award' for leadership in sustainable development has also been initiated by the International Financial Corporation (ICFI) since 2006. The Triodos Bank of Netherland has adopted green banking as its core model since its inception. It finances only to those enterprises engaged in the field of organic agriculture, renewable energy, nature conservation projects and social housing. Due to this special banking characteristic it is also known as 'Green Bank'. In addition to this a few banks in Europe and other countries offered green loans at lower rate of interest to its customers.

## **Green Banking In India**

India's Small Industries Development Bank (SIDBI) has key vehicles for micro finance. The financing scheme for energy saving projects encourages small business to undertake energy saving investments in production facilities

to reduce energy consumption enhances energy efficiency, reduces CO<sub>2</sub> emissions use alternative and renewable energy sources. In line with its “go green” movements SBI inaugurated a 'Green Channel Counter' at Chennai branch from July, 2010 where customers make paperless deposits, withdrawals and remittances. Customers need not fill any pay-in-slips or draw cheques for deposits and withdrawing money from their accounts to save paper. This game changing facilities will make it easier for customers as they need not fill in forms often in triplicate. The transaction card based, which help the customers behind the counter too. After assessing the success of the counter at Anna Nagar branch, SBI would open 51 more such counters shortly.

Green banking starts with the aim of protecting environment where the banks consider before financing a project whether it is environment friendly and the implications for the future. A company or an industry will be granted only when all the environment safety standards are followed. India faces a major challenge in controlling its business on the environment. In spite of framing several regulations the Government has not fully

succeeded in controlling environmental damage. India is one of the fastest growing countries in terms of green house gas emission. Delhi, Mumbai, and Chennai are among the ten most polluted cities of the world. Major polluting industries like metallurgical industries, paper and pulp, pesticides/insecticides, fertilizers chemicals, and textiles depend on the banking sectors for the source of finance. Hence the role of banks in controlling environmental damage is extremely important. Companies will have to adopt regulations to invest in new and efficient technology and emissions methodologies.

Green banking can be efficiently implemented through the use of technology. A bank may improve its operations by electronic delivery and employees may be sent paychecks and re-impressions checks electronically to save paper. Implementation of the online banking system also leads to customer convenience, reduction in cost incurred by the banks and an improvement in banking performance. Banks are lending to projects that are green (treat the environment) opening branches that are energy efficient and environment friendly and using recycled paper for printing cheque books.

## **GREEN BANKING INITIATIVES**

### **Solar Powered ATMS**

The first Solar Powered ATM was implemented at Mumbai as a part of its Green Office Project 'Hum aur Hariyali'. The IndusInd bank in association with Centre for Environmental Research and Education (CERE) unveiled the green office manual. The solar ATM replaces the use of conventional energy for eight hours per day with eco friendly renewable solar energy. This saves 1980KWhrs energy every year and 1942 kegs' of carbon dioxide (CO<sub>2</sub>) reduction. Its unique feature is that it stores and transmits power only on demand (in power failure) or need. In areas with erratic power supply solar power will replace diesel generators and save energy to the extent of INR 40200.

### **Green power policy**

As a green bank policy State Bank of India has setup wind mills to generate power 15MW of power in the states like Tamil Nadu, Gujarat, and Maharashtra for its own consumption. In Tamil Nadu the wind mill was inaugurated at Panapatti village in Coimbatore on April 23, 2010. SBI is the first bank in the country to generate green power as a substitute to pollute thermal power and implement the renewable energy project.

### **Green housing/Green project**

This is a project identified by SBI which reduces carbon emissions and to promote renewable energy. Green Home Loan is introduced to support environment friendly houses at various concessions like fewer margins, lower interest rate, and zero processing fees. These projects are rated by Indian Green Building Council (IGBC). This policy is contributed to fight against climate change.

### **Green governance award**

Bombay National History Society (BNHS) with corporate environmental programs pioneered by the ICICI bank to find the efforts taken by the financial institutions, banks and the Government on the protection of environment. BNHS has instituted green governance award to recognize the efforts taken by companies and other institutions to promote biodiversity, conservation of habitats, flora and fauna.

### **Carbon intensity**

India wants to cut its carbon intensity by 20-25% from 2005 levels by 2020. Apart from this, the Ministry of Environment and Forests has allocated a significant budget for ecology and environment in the 11th Five Year Plan. The Planning Commission of India framed a 25 member expert panel

on January 11, 2010 to explore options before the country for a low-carbon economy.

### **Energy efficiency**

The service support department of Union Bank has decided to implement energy reduction programs and installed solar water heater facilities. As a result, it has decided to conduct the annual electrical energy audit.

### **SUGGESTIONS**

Thus encouraging environmentally responsible investments and prudent lending should be one of the responsibilities of the banking sector. There are some step suggested making the strategies, policies and practices of green banking in India a success.

### **Green Banking Policy**

Indian banks should construct and use green buildings and premises for their offices as well as residential houses for bank employees. In addition to all these a proper, concrete and suitable long term government policy regarding the promotion of green banking in India is very essential for successful implementation of this policy.

### **Clean Technology**

Banks introduce innovative concepts in order to protect the environment. The highly polluted

industries on the emission of carbon di oxide may use the policy of clean technology. Banks should provide funds for the effective implementation of the innovative concepts on clean technology.

### **Environment Protection**

Banks believe in the principle of good environmental management which makes good business sense. Banks have to influence on the environment, directly through the consumption of natural resources, management of properties and use of paper

### **Zero Emission Vehicles**

Banks promote and protect clean environment by providing concessional assistance to manufacture electric power consuming vehicles (two wheeler, three and four wheeler) designed to consume electric power at reasonable cost. Consumers should also be encouraged to make use of the zero emission vehicles.

### **Strategic Plans**

Banks adopt a strategic plan to perform green activities on long term as well as short term basis. The Government and Reserve Bank of India have a greater role in shaping up a concrete guideline for green banking practices. Every bank and financial institution can formulate a strategy for green banking.

## **Waste Management**

A green banker must be cautious about wastage and waste management. Banks should try to control the waste resources like water, gas, electricity, paper, food and the like. Use of computers for drafting letters rather than in papers will save paper as well as trees that provide raw materials for paper production. Similarly, when we select a location or a branch of a bank with easy access to light and air will save energy, electricity and create a healthy environment. Banks should encourage their customers to promote electronic transactions or e-banking and paperless banking, because this type of banking reduces paper consumption and saves our valuable forest assets.

## **Green Banking in Rural Branches**

India is an energy deficit country, banks can install solar power panel in all the branches as an alternative energy source. They may use the vehicles which consume less fuel which will save huge fuel import of the country and use big vehicles to carry the employees of the bank instead of personal vehicle to reduce fuel as well as to control the traffic.

## **Financing Green Projects**

Banks must be aware of the environmental changes and must

go for financing the projects that are not polluting the environment. The industries that are financed by the banks must have effluent treatment plant, recycling facilities and smoke and gas arresting units. The industries should not release any kind of effluents, chemicals and smoke to the environment.

## **Specific Green Project**

Every bank can undertake a specific green project for the removal of existing polluting substances from the eco system. Environmental conservation and protection of ecological balances should be maintained through combined efforts of multi stakeholders like businessmen, professionals, NGOs and government organizations. If a banking industry deals with these a lot of problems like waste management, drainage, sanitation, river pollution, water pollution by pesticides will be solved.

## **Green Loans for Home Improvement**

Before a customer undertakes a major home improvement project, verify if the project can be done in an eco-friendly manner and if the customer might qualify for a green loan from a bank. Green loans are perfect for energy saving projects around the house. Find a better loan rate and save energy costs all



at the same time. A new concept called green building with exclusive architectural design has emerged in real estate sector of India. All these efforts will open the door to success for the Indian environment market and eco-friendly green banking system.

### Conclusion

When our environment fights us back we are forced to rethink and change our ways of living to become more eco-friendly. A new trend hence was given birth to become eco-friendly which may define as 'being green'. India has enrolled to join in this new trend and pass out with the best possible result. India has already many ongoing initiatives to talk about "being green", "Save the environment" campaigns may be conducted in all the banks in connection with the World Environment Day. Banks and financial institutions must employ energy saving measures, use re-cycled papers, recycle their waste and frame their own environmental policies. They are in a better position to judge merits and demerits of each specific industry. Green banking, if implemented sincerely, will act as an effective ex ante deterrent for the polluting industries that give a pass by to other instructional regulatory mechanism. When these

suggestions are implemented the total banking sector can be placed in an elevated plane.

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## THE HARYANA STATE COOPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANK LTD.

Sahakarita Bhawan, Bay No. 31-34, Sector - 2, Panchkula

The Haryana State Cooperative Agriculture and Rural Development Bank Ltd., is the specialised institution in the State, which caters to the Long Term credit needs of the farmers for the upliftment of the economic position of the agriculturists and allied fields.

The bank advances Long Term loans to the farmers for the following purposes :-

### Scale of finance and periodicity of Major Sectors

#### Farm Sector

Sr.No.	Name of the Scheme	Period	Scale of finance
1.	Minor Irrigation	9 years	₹ 36,000 to 1,50,000
	i. WCS/UGPL	-do-	90% of the project cost
2.	Farm Mechanisation	5-9 Years	85% of the cost of the Machinery
3.	Purchase of Agriculture Land	10 Years	Upto Rs. 10.00 Lacs
4.	Horticulture/Plantation	5-9 Years	₹ 40,000 to 1,55,000 per Acre
	i. Medicinal & Aromatic Plants	-do-	90% of the project cost
5.	Animal Husbandry	5-7 Years	90% of the project cost
6.	Rural Godowns	Upto 10 Years	75% of the project cost

#### Non Farm Sector

Sr.No.	Name of the Scheme	Period	Scale of finance
1.	Rural Housing	Upto 10 Years	Upto ₹ 5.00 Lacs
2.	Marriage Palaces	Upto 10 Years	90% of the Project Cost
3.	Community Halls	Upto 10 Years	90% of the Project Cost
4.	Village Cottage Industry	Upto 10 Years	90% of the Project Cost
5.	Public Transport Vehicles	Upto 10 Years	85% of the Project Cost
6.	Rural Educational Infrastructure	Upto 10 Years	90% of the Project Cost
7.	Other SSI Units	Upto 10 Years	90% of the Project Cost

#### Rate of Interest

The Loans for the purpose of non-farm sector, Rural Housing and Purchase of land are being advanced @ 13.25% p.a. w.e.f. 1.4.2011. All other loans are being advanced @ 12.25% p.a. w.e.f. 1.4.2011 and a rebate of 25% w.e.f. 1.12.2010-31.3.2012 is allowed on all slabs to regular paymasters.

#### Note:-

For further details, kindly contact The Haryana State Coop. Agri. & Rural Dev. Bank Ltd., Panchkula or the District Co-op. Agri. and Rural Dev. Banks at District level and its branches at Tehsil & Sub-Tehsil level in the State.

**Satbir Sharma**

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## **Holistic Perspective Of Financial Inclusion Through Cooperative Credit Institutions**

Mr. A.K.Zakir Hussain\*

Dr.P.Natarajan\*\*

Indian economy in general and banking industry in particular have made rapid strides in volume and complexity during the last few decades. The banking industry, despite making significant improvement in all the areas relating to financial viability, profitability and competitiveness, there are concerns that, a sizeable section of the population, such as weaker sections and low income groups, continue to remain excluded from the services provided by the financial institutions. The more the banking seen as a commercial venture, the more is the exclusion.

### **Extent of Exclusion**

In April, 2009, India had around 403 million mobile users. About 46% of them, or 187 million, did not have bank accounts. National Sample Survey Organization (NSSO) data reveal that 45.9 million farmer households in the country (51.4%) out of total of 89.3 million households do not access credit, either from institutional or non-institutional sources. The

imbalances in financial inclusion could further known from the fact that out of the overall financial inclusion rate of 59%, Kerala could achieve maximum of 89% and Nagaland had the least inclusion of 21%.

Similarly, nearly 80% of the Indian population is without life, health and non-life insurance coverage. While life insurance penetration is 4%, non-life cover is even lower at 0.6%. The per capita spend on life and non-life insurance is just about ₹2,000 and ₹ 300, respectively, compared with a global average of at least ₹18,000 and ₹ 13,000. (Tama Bandyopadhyay, Mint's Deputy Managing Editor, Mumbai, August 2009). This paper highlights the role of credit cooperatives in fulfilling the financial needs of the vulnerable groups.

### **Structure of Credit Cooperatives in India**

Cooperative rural credit and banking sector is a century old institutional setup now covering almost every village in India

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\*\* Professor of Commerce, Pondicherry University

numbering about seven hundred thousand. In number, there are about 160 thousand cooperative credit and banking outlets in rural India mostly serving the agricultural sector providing credit for seasonal operations and for investments besides retailing farm inputs like seeds, fertilizers and pesticides. Cooperative banks with 3 tier federal structure provide short-term, medium-term loans and concentrate mainly in agricultural sector. They are situated in State, district and the village level respectively. The long-term credit structure consists of State Agricultural Rural Developments Banks and Primary Agricultural Rural Development Banks functioning at the apex, and taluk levels respectively. The urban cooperative banks are situated in urban and semi-urban areas for providing non-agriculture credit.

### **Financial Inclusion and the Role of Cooperatives**

Financial inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. One of the myths held earlier by the banking system that the poor cannot save, has been demolished by cooperative sector for many decades. Democratic in nature, the credit cooperatives were

envisaged as a mechanism for pooling the resources of people with small means and providing them with access to different financial services. While availing credit, the member of the cooperative bank asked to remit certain percentage of his loan amount as his additional share capital. Whenever the bank pays dividend, such loanee members are highly benefited.

Smt. Usha Thorat, Ex. Deputy Governor, Reserve Bank of India at the Tenth Annual International Seminar on Policy Challenges for the Financial Sector has pointed out the success of credit unions and community banks world wide providing financial services to local communities, could be the answer for financial inclusion. The Cooperative banks being local level institutions are well suited for achieving financial inclusion in India.

The best model for rural banking and financial inclusion is sure one that doesn't make it costly or cumbersome. What is required to bring in poor people into the banking services at a lesser cost is appropriate business delivery model. Cooperatives are the way to achieving the same. Therefore, instead of creating new entities, the existing network of State Cooperative Banks, District Central

Co-operative Banks, PACS and UCBs could be used effectively.

Cooperative Banks' credit operations for agriculture during the year 2008-09 aggregate about ₹400 billion, a bulk of which has gone to small farmers and other rural poor whom the commercial banks consider non-bankable. (Dr.B.S.Vishwanathan, President, COBI at the ICBA seminar at Geneva, Nov. 2009). The role played by cooperative banks in the financial inclusion process is dealt below:

### **1) Primary Agriculture Cooperative Credit Societies (PACS)**

The most justifiable reason to speed up the ongoing revival plan of the rural cooperative sector emanates from the potential of this sector in enlarging the formal financial network, especially with the wide geographical outreach of PACS. At the end of March 2009, PACS functioning in the country covered around six lakhs villages with a total membership of 13.2 million. This wide penetration of PACS across villages as well as across small depositors/ borrowers would act like a catalyst while pursuing the objective of 100% financial inclusion. For instance, the PACS in Kerala improving

drastically in its functioning as some got ISO certification like Kollurvilla Service Cooperative Bank, Kollam district, Karassery Service Cooperative Bank of Kozhikode district and extend ATM service to its customers.

It was announced in the Annual Policy Statement for the year 2010-11 that there was a need for better understanding of the functioning of grass-root level rural cooperatives, which have the potential to play an important role in financial inclusion. Accordingly, it was decided to conduct a study of select 'well functioning' rural cooperatives (around 220) across the country in association with the Regional offices of NABARD and the concerned State Governments under the overall guidance of RBI. Pilot project to establish Financial Inclusion Hubs aiming 'e-branch' facility offering multiple financial products and services in 10 PACS in A.P. was sanctioned during 2008-09. (Source: Annual Report, NABARD)

Only 5.2% of India's 650,000 villages have bank branches even though 39.7% of the overall branch network of Indian banks, or 31,727, are in rural India. (Tamil Bandyopadhyay, Mint's deputy managing editor, Mumbai, August 2009). There are altogether around

78,000 bank branches in India, in which 9400 people are covered by one urban branch and 15,900 people are covered by one semi-urban and rural branch. (Mahua Venkatesh, Hindustan times, 19.1.2011). Due to shortage of rural branches, many are depending on rural branches even though the density of population in rural areas is comparatively low. Thus, with adequate reforms to improve the financial health of PACS along with correcting the existing regional imbalances would bring large number of small depositors/borrowers hailing from rural areas into the formal banking system and facilitate the process of financial inclusion.

## **2) District Cooperative Banks**

The Hon'ble Union Finance Minister in his Budget Speech 2010-2011 announced that all banks should prepare a road map for providing banking services through a banking outlet in every village, having a population of over 2000 by March 2012. Each State Cooperative Bank needs to draw an achievable road map for financial inclusion in the State through the network of DCCBs and its branches as well as PACS in the districts. The roadmap should include, among others, plans for financial literacy, issue of KCC, GCC / SCC to all

eligible borrowers for greater financial inclusion by all DCCBs. (Ref. No. NB FID/ 01 / FI - 01 / 2010 - 2011 dated 01 April 2010. Circular No. 72 / FID 10 / 2010). Ernakulam DCCB, Kerala is an ISO 9001:2008 certified bank which presently offers 37 loan schemes through its 54 branches and 5 extension counters all with the Core Banking set up. The Bank has 34 ATMs across the district (which includes on site, off site and mobile ATMs). EDC Bank's ATM cards can be used in around 4500 ATMs of other banks all over India through 'BANCS' ATM network sharing facility. With a view to uphold the values of Co-operative principles, the Ernakulam DCCB, Kerala raised social benefit fund and giving financial assistance to the poor and downtrodden people for the purposes of scholarships to students, development of villages and Medical aid.

## **3) Cooperative Land Development Banks**

Deposits of long-term cooperative institutions such as SCARDBs and PCARDBs were very low as compared with their borrowings. This indicates that long-term cooperative credit institutions need to improve their deposit mobilization efforts. This would on the one hand help these

**Business per Branch of Rural Cooperatives**

(As on 31st March 2009)

Category	No. of Banks	No. of branches	Business per branch (₹ in crore)
State Coop. Banks	31	943	123.8
Dist. Coop. Banks	370	12,939	17.5
SCARDBs	20	844	20.3
PCARDBs	697	1,227	9.5

(Source: Report on Trends &amp; Progress of Banking in India, RBI, 2009-10)

institutions to diversify their resource base and on the other would bring more depositors under the formal financial network.

The general profile of persons being targeted for financial inclusion would be more acceptable to credit cooperatives which are mostly in far-flung and remote areas, resulting in greater opportunity to increase the depositor's base substantially.

In terms of number of branches as well as amount of banking business per branch, the short term cooperative credit institutions were far ahead of their long-term counterparts indicating the higher role played by short term rural cooperative credit institutions in financial inclusion (see table above).

**Urban Cooperative Banks**

In urban areas, there are a number of under-banked people like artisans, labourers, small

business men, retailers, of small means who find it difficult to organize themselves in keeping with the requirements of modern times. Since, the client profile of UCBs predominantly comprise of priority sector segments viz. small traders, rickshaw pullers, construction workers, SSIs, professionals, SRTOs, etc., who would not normally find it easy to have access to large commercial banks they are much effective in tackling urban poor. For instance, the Amreli Nagrik Sahakari Bank, Gujarat, an ISO 9001:2000 certified UCB, provides best of the best services to their entire customer by following quality managements system. However, due to uneven geographical dispersal of UCBs in few states such as Maharashtra, Gujarat, Karnataka, Andhra Pradesh and Tamilnadu, the benefit of UCBs are not even throughout the country. Therefore, Government should encourage other states to initiate

**Details of deposits and loans of UCBs**

(at the end of March 2010)

<b>Particulars</b>	<b>Scheduled</b>	<b>Non-Scheduled</b>	<b>Total</b>
No of UCBs	53	1,621	1,674
Number of Deposit accounts	2,19,15,317	3,98,45,850	6,17,61,167
Number of No-frills accounts	3,41,434	8,98,007	12,39,441
Number of Loan accounts	12,51,546	1,43,03,228	1,55,54,774
Average Deposit per a/c (₹)	36,599	25,763	29,608
Average Loan per a/c (₹)	3,91,124	42,895	70,913

Source: Report on Trends &amp; Progress of Banking in India RBI, 2009-10)

establishing UCBs which are successful in financial inclusion. The details of deposit and loan positions of UCBs at the end of March 2010 are given in table above.

As the scheduled UCBs are stronger and viable, they could do large value business but the reach could be made by non-scheduled UCBs whom have chunk of urban poor as their customers. This is evident from the fact that the number of no-frill accounts offered, number of loan accounts available are greater in case of non-

scheduled UCBs accounting for 72.5% and 92% respectively at the end of March 2010. Further, the average per account deposit and loan amounted to ₹25,763 and ₹42,895 of non-scheduled UCBs when compared to ₹36,599 and ₹3,91,124 of scheduled UCBs.

Priority sector lending targets introduced in 1983 were mainly aimed at directing a portion of total credit to some specific sectors of the economy which, inter alia, includes weaker sections, small enterprises, and housing. At the end of March 2010, about 65% of total advances

**Advances to Priority Sectors by UCBs**

(At the end of March 2010)

<b>Sector</b>	<b>Priority Sector</b>		<b>Of which Weaker Sections</b>	
	<b>Amount</b>	<b>% to total advances</b>	<b>Amount</b>	<b>% to total advances</b>
Agriculture and Allied Activities	6,383	5.8	2,225	2.0
Retail Trade	10,429	9.5	3,005	2.7
Small Enterprises	29,279	26.5	4,400	4.0
Education Loans	1,838	1.7	591	0.5
Housing Loans	17,923	16.2	5,213	4.7
Micro Credit	4,779	4.3	2,077	1.9
State sponsored organizations for SC/ST	754	0.7	387	0.4
Total	71,385	64.7	17,898	16.2

(Report on Trends and Progress in Banking in India, 2009-10, RBI Bulletin)



of UCBs went to priority sectors of which more than 16% of the total advances went to weaker sections as per the table.

The Government is planning to include setting up of a dedicated corpus that would lend micro loans to small entrepreneurs that may be called National Fund for Unorganized Sector (NAFUS)(may be set up as a dedicated developmental financial institution for the unorganized sector). This fund will have an initial paid capital of ₹500. This institution will serve as a refinance agency for banks, who will lend specifically to urban poor. (Mahua Venkatesh, Hindustan times, 21.1.2011). This fund may be utilized for encouraging financial inclusion on one side and helping the urban cooperative banks to become sustainable in the competitive market.

## Conclusion

With a view to enhancing the financial inclusion as a proactive measure, the RBI in its Annual Policy Statement of the year 2005-2006, asked banks to spread the banking net in far off areas, rather than just concentrating in the urban centers. The banks need to be where the masses reside. Thus, it is the cooperative banks which

will have greater role in financial inclusion as it covers cities, towns, and villages of the country. Policy makers should have trust on cooperatives especially when the question of who will be much relevant for accommodating the poor and downtrodden in the banking system. Thus, the following ways could make the financial inclusion happen more quickly:

- ▶ The cooperatives need to redesign their business strategies to incorporate specific plans to promote financial inclusion of low income group treating it both a business opportunity as well as a social responsibility.
- ▶ Similar to Community Reinvestment Act of US or France making statutory right to have bank account, etc., cooperative institutions in India should be given preference through state-driven enactments for offering deposit and loan schemes to the poor.
- ▶ Encouraging establishment of UCBs in those areas where its presence were minimum
- ▶ Encouraging issue of bank license to those PACS in states

like Kerala where the banking business is done extremely well

- ▶ Since rural credit cooperatives focus on rural financial inclusion and UCBs focus on urban financial inclusion, high effectiveness in implementing financial inclusion is possible unlike other banks who can adopt distinct strategies for rural and urban areas.
- ▶ Branch wise targets, staff wise targets should be fixed by every cooperative bank pertaining to various channels of financial inclusion
- ▶ The commercial banks should give preference for PACS to act as their Business Correspondents (BCs) and Business Facilitators (BFs) to make sure that the monies are properly dealt with without any fraud or negligence.
- ▶ Cooperatives can adopt group approach for financing excluded groups in which community based organizations such as Self Help Groups, Joint Liability Groups will provide some degree of mutual guarantee to enable its members to access credit.
- ▶ Cooperatives should fasten the issue of KCCs and GCCs and

- ▶ Cooperatives should establish Biometric ATMs on a faster rate wherever potential available

As Dr. Muhammad Yunus stated in his Noble Peace Prize acceptance speech at Oslo, "we get what we want or what we don't refuse. We wanted to go to the moon and we had reached the moon. We achieve what we want to achieve and if we do not achieve something, it means that we have not put our mind into it. "we should believe that if we want to achieve 100% financial inclusion, we will achieve it. What is needed is only the resolve to make it happen. Let us all resolve to make it quickly".

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**Y. H. Gopalakrishna, K.C.S.**  
Secretary

**M. Venkatarreddy, K.C.S.,**  
Managing Director



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## भारतीय किसान और उसकी मूलभूत समस्यायें

नवल किशोर

स्वतंत्र भारत से पूर्व और स्वतंत्र भारत के पश्चात एक लम्बी अवधि व्यतीत होने के बाद भी भारतीय किसानों की दशा में सिर्फ 19-20 का ही अन्तर दिखाई देता है। जिन अच्छे किसानों की बात की जाती है, उनकी गिनती उंगलियों पर की जा सकती है। जोत की सीमा की, बढ़ती आबादी, औद्योगीकरण एवं नगरीकरण के कारण कृषि योग्य क्षेत्रफल में निरन्तर गिरावट आई है।

विडम्बना यह है कि देश की 70 फीसदी आबादी गांवों में रहती है और गांवों में रहने वाली आबादी कृषि पर ही निर्भर है। किसानों की खुशहाली की बात सभी करते हैं और उनके लिये योजनायें भी बनाते हैं किन्तु उनकी मूलभूत समस्याओं पर आज तक विचार नहीं किया गया और न ही भविष्य में विचार की कोई सम्भावना ही दिखाई देती है।

कृषि शिक्षा – जिस देश में 1.25 अरब के लगभग आबादी निवास करती है और देश की 70 प्रतिशत आबादी कृषि पर आधारित है, उस देश में कृषि शिक्षा के विश्वविद्यालय और कालेज नाममात्र के हैं, उनमें भी गुणवत्तापरक शिक्षा का अभाव है। भूमण्डलीकरण के दौर में कृषि पर आधुनिक तकनीकी बहुराष्ट्रीय कम्पनियों के माध्यम से, जो इस देश में आती हैं उसे कृषि का प्रचार-प्रसार तंत्र उन किसानों तक पहुँचाने में विकलांग नजर आता है, यह गम्भीर और विचारणीय विषय है। शिक्षा का ही दूसरा पहलू जिसे प्रबन्धन शिक्षा की श्रेणी में रखा जा सकता है, नाममात्र भी नहीं है। राष्ट्रीय अथवा प्रदेश स्तर पर कृषि शिक्षा के जो विश्वविद्यालय हैं, उनमें शोध संस्थानों के अभाव में उच्च स्तरीय शोध समाप्त प्रायः से हैं। चाहें संस्थानों का अभाव हो, वित्तीय एवं तकनीकी सुविधाओं का अभाव

हो अथवा गुणवत्तापरक शिक्षकों का अभाव हो, जिसके कारण एक हरित क्रांति के बाद फिर कोई उल्लेखनीय कार्य नहीं हुआ। किसान ईश्वरीय कृपा पर ही आज भी निर्भर है। कृषि शिक्षा का व्यापक प्रचार-प्रसार ग्रामीण क्षेत्रों में होना चाहिए और प्रत्येक शिक्षण संस्थान में न्यूनतम माध्यमिक स्तर तक की शिक्षा अवश्य होनी चाहिए। उन लोगों का उपयोग कृषि के निचले स्तर के व्यापक प्रचार-प्रसार और उपादन वृद्धि में लगाया जाना चाहिए।

भूमि प्रबन्धन – आजादी के बाद भी किसी प्रकार की भूमि एवं फसल प्रबन्धन की बात देश के किसी कोने में दिखाई नहीं देती और तदर्थ आधार पर नीतियों और प्रबन्धन का संचालन वे लोग करते हैं, जिन्हें इस क्षेत्र की कोई जानकारी नहीं होती। यदि राष्ट्रीय स्तर पर यह नीति बनाई जाय कि देश के अन्दर विभिन्न जिनसों की कितनी खपत है और वह किस क्षेत्र में है, इसके अतिरिक्त भविष्य के लिये कितने भण्डारण की आवश्यकता है? साथ ही, कितना हम निर्यात कर सकेंगे। जिनसवार उतने उत्पादन की व्यवस्था क्षेत्रीय आधार पर करनी चाहिए और सम्बन्धित किसानों को इसकी शिक्षा दी जानी चाहिए। इसके अतिरिक्त जो भूमि अवशेष रहती है, उसपर ऐसे उत्पादों को बढ़ावा देना चाहिए जो किसानों के लिए व्यवसायिक सिद्ध हो तथा निर्यात की सम्भावनाओं को पूर्ण कर सके और आयात को न्यूनतम कर सके।

यहाँ यह भी देखना होगा कि जिन फसलों को हम बोना चाहते हैं, उनके लिये आवश्यक जलवायु, पानी, भूमि आदि कैसी होनी चाहिए। इसका परीक्षण कर सम्बन्धित किसानों को शिक्षित किया जाय ताकि वह

सुझावानुसार कार्य करने के लिये सहमत हों। इस हेतु अच्छी प्रजाति के बीजों की व्यवस्था सुनिश्चित की जानी चाहिए और जो खेत या किसान चिन्हित किये जाय, उन्हें ये बीज उपलब्ध कराये जाने चाहिए। फसल की बुआई के समय कृषि क्षेत्र के तकनीकी विशेषज्ञ अपनी देख-रेख में बुआई करायें तथा उन पर होने वाली बीमारियों, आवश्यक उर्वरकों, सिंचाई, निकाई, निराई, गुड़ाई आदि का कार्य आवश्यकतानुसार समय-समय पर कृषि विशेषज्ञों के निर्देशन में कराया जाय। इससे उत्पादन बढ़ेगा और किसान भी व्यवहारिक दृष्टि से प्रशिक्षित होंगे।

भूमि अधिग्रहण नीति – केन्द्र/राज्य सरकारों अथवा राज्यान्तर्गत गठित विभिन्न विकास प्राधिकरणों द्वारा भूमि अधिग्रहण की नीति में कृषि योग्य भूमि के मद्देनजर परिवर्तन किया जाना परमावश्यक है। औद्योगिक विकास, आधारभूत संरचना विकास व आवासीय योजनाओं हेतु ऐसी भूमि का अधिकरण किया जाना चाहिए जो कृषि योग्य नहीं है ऊसर बंजर तथा जिसमें अत्यधिक कम फसल पैदावार होती है, ऐसी भूमि का अधिग्रहण हो। कृषि उपयोग में लाये जाने वाली भूमि का अधिग्रहण और उसपर निर्माण प्रतिबन्धित कर देना चाहिए। आवासीय औद्योगिक एवं ढाँचागत निर्माणों के लिये कृषि योग्य भूमि का अन्धाधुन्ध अधिग्रहण किये जाने से कृषि योग्य भूमि अत्यधिक संकुचित होती चली जायेगी जो तीव्रगति से बढ़ती हुई जनसंख्या के भरण हेतु कृषि उत्पादन के लिये अक्षम होगी। यह भी आवश्यक है कि जिन किसानों की भूमि अधिगृहीत की जाती है उसे वस्तुतः लीज पर लिया जाना चाहिए तथा मुआवजे के रूप में एकमुश्त भुगतान के आधार पर वार्षिक रूप से धनराशि लीज अवधि तक प्रदान की जानी चाहिए साथ ही परियोजनाओं में हो रहे लाभ से भी उन्हें लाभान्वित किये जाने हेतु अधिगृहीत भूमि पर विकसित प्रोजेक्ट में एक अंश धारक के रूप में किसानों को रखा जाय जिससे उन्हें प्रोजेक्ट के लाभ में नियमित भागीदारी मिलती रहें।

साख प्रबन्धन – न्याय पंचायत अथवा ग्राम सभा स्तर पर एक कृषि केन्द्र होना चाहिए। जहाँ ग्रामीण कृषि क्षेत्र से सम्बन्धित सभी कर्मचारी आवासीय सुविधाओं के साथ कार्यालय में कार्य कर सकें। यहाँ एक सहकारी समिति भी होनी चाहिए अथवा कृषि सहकारी समिति का विक्रय केन्द्र होना चाहिए। जिस पर कृषि मानकों के अनुसार बीज, उर्वरक, कीटनाशक आदि की व्यवस्था कराई जाय, जो किसानों को ऋण के रूप में उपलब्ध हो। साथ ही, ऐसे यंत्र/उपकरण जिनकी किसानों को थोड़े समय के लिये आवश्यकता पड़ती है, वह उपलब्ध रहने चाहिए और निर्धारित किराये पर उन्हें उपलब्ध कराया जाना चाहिए। जैसे- निकाई, निराई, गुड़ाई, बुआई अथवा कीटनाशकों के छिड़काव से सम्बन्धित यंत्र अथवा कीमती यंत्र जिन्हें किसान व्यक्तिगत आय से खरीदने में असमर्थ है, आदि सम्भव हैं तो ट्रैक्टर, श्रेशर, कम्बाइन हार्वेस्टर आदि की सुविधायें भी किराये पर उपलब्ध होनी चाहिए ताकि लघु एवं सीमान्त वर्ग के किसान बिना किसी बाधा के खेती कर सकें। खेती में जो भी फसल बोई जाय, उस फसल को सहकारी समिति के माध्यम से बीमीकृत कराया जाय और सरकार की नीतियों में आवश्यकतानुसार परिवर्तन करके यह सुनिश्चित किया जाना चाहिए कि जिस किसान की फसल को जिस तरह से भी क्षति हुयी जैसे अतिवृष्टि, सूखा, ओलावृष्टि, आग, चोरी, बाढ़ या कोई अन्य कारण हो तो उस व्यक्ति को उसका क्लेम तत्काल दिया जाना चाहिए और क्लेम की राशि उसको दिये गये ऋण में समायोजित हो जिससे कि किसान, अपनी 6 माह से पालन पोषण कर के तैयार की गयी फसल की बर्बादी से गरीबी की ओर जाने से बच सके। वर्तमान व्यवस्था में शायद न्याय पंचायत स्तर पर 50 प्रतिशत से अधिक क्षति होने पर उस न्याय पंचायत के किसान को बीमा का लाभ मिलता है। यह नितान्त ही अन्यायपूर्ण है। बीमा कराना ही पर्याप्त नहीं है बल्कि बीमा कम्पनी की यह समीक्षा भी होनी चाहिए कि क्षेत्र के कितने किसानों को इससे लाभ हुआ है अथवा क्लेम मिले हैं। अधिकांश बीमा कम्पनी बीमा करने के बाद इसकी खबर

नहीं लेती और यदि कोई किसान सम्पर्क भी करता है तो उसे कानूनी दौवपेंच में फंसा कर परेशान कर देती हैं जिससे वह इसके लाभ से वंचित रह जाता है। कृषि प्रबन्धन कृषि उपज के लिये, बीमा अति महत्वपूर्ण और उपयोगी है जिससे किसानों को ऋण ग्रस्तता से बचाया जा सकता है।

विचारणीय विषय यह है कि किसान की फसल 6 माह में तैयार होती है और उस फसल को तैयार करने के लिये आज भी किसान नंगे पांव जाड़ा, गर्मी, बरसात में खुले आकाश के नीचे रातदिन परिश्रम कर के फसल तैयार कर लेता है। खेतों में रात-दिन कार्य करते समय दुर्भाग्यवश यदि कोई जानवर काट लेता है या कोई दुश्मन उसकी हत्या कर देता है तो ऐसी दशा में उसका कोई बीमा आदि नहीं होता। ऐसे में उनके बच्चे सड़क पर आ जाते हैं, दिन-रात एक करके देश की सूरत बदलने वाला किसान और उसका परिवार न केवल भूखा सोने को मजबूर होता है बल्कि सदैव के लिये निराश्रित हो जाता है। अतः फसल बीमा के अतिरिक्त कृषक बीमा भी कराया जाना चाहिए।

किसानों को ऋण दिये जाने की व्यवस्था और सुविधाओं को मजबूत तथा उदार बनाने की आवश्यकता है। समय-समय पर केन्द्र और राज्य सरकारों ने अनेक योजनायें किसानों को ऋणमुक्त कराने के लिये ऋण माफी की घोषित की है जिस पर गम्भीरता पूर्वक विचार करके निर्णय लिया गया होता तो किसानों की दुर्दशा शायद कम होती। ऋण माफी से निश्चित रूप से उन किसानों को लाभ हुआ है जो कभी अच्छे ऋण भुगतानकर्ता (लववक च्ल डेंजमत)थे ही नहीं और उनमें यह प्रवृत्ति विकसित हुयी कि ऋण की अदायगी करने से कोई लाभ नहीं है। किसी न किसी समय जब सरकार माफ करेगी तो इसका लाभ हमको मिलेगा। साथ ही, ऐसे किसान जो सदैव समय से ऋण अदायगी करते रहे हैं, वे इस ऋण माफी से स्वयं को ठगा हुआ महसूस कर रहे हैं उन्हें लगता है कि वे इससे से धोखा पाये हैं। इसलिये उनमें भी यह आस्था विकसित हो रही

है कि समय से कर्ज अदा करने से कोई लाभ नहीं है और जब बकायेदार सदस्यों का कुछ नहीं बिगड़ रहा तो हमारा क्या बिगड़ेगा। किसान किसी न किसी रूप में लगभग सभी वित्तीय संस्थाओं से ऋण प्राप्त करके आज बकायेदार है और बकायेदारों को ऋण न देने की नीति के कारण वह अब इन वित्तीय संस्थाओं से ऋण प्राप्त करने में असमर्थ हैं परन्तु जब उसे अपने किसी अन्य कार्य, सामाजिक एवं पारिवारिक दायित्वों के निर्वहन हेतु किसी न किसी रूप में धन की आवश्यकता होती है तब वह बाध्य हो कर उसी साहूकार के पास ऋण प्राप्ति के लिये जाता है जिससे मुक्ति दिलाने के लिये स्वतंत्र भारत के प्रथम प्रधान मंत्री से ले कर अब तक सभी प्रयासरत् रहे। ये साहूकार 2 वर्ष पूर्व 5 रुपये प्रति सैकड़ा प्रति माह की दर से ब्याज पर किसान को ऋण दे देते थे जिसकी कोई गारन्टी नहीं होती है, और न ही कोई अभिलेख मांगे जाते हैं बल्कि उसकी चलअचल सम्पत्ति और उसकी सामाजिक प्रतिष्ठा को देखते हुए ऋण दिया जाता है। विगत माह ग्रामीण क्षेत्रों में भ्रमण के समय सामान्य व्यक्ति की हेसियत से वार्ता की गयी तो स्थिति यह आई है कि अब साहूकार 8 रुपये से 10 रुपये तक प्रति सैकड़ प्रति माह की दर से ब्याज ले रहे हैं जिससे किसान आकण्ठ ऋण में डूब रहे हैं। इतनी भारी ब्याज की रकम अदा करने के बाद एक बार लिये गये ऋण का मूल धन अदा करना किसान के बस की बात नहीं होती। अतः वह लोक लाज को बचाने के लिये आत्महत्या तक कर लेते हैं। ऐसी स्थिति में वित्तीय संस्थाओं से लिये गये ऋण तो प्रकाश में आते हैं किन्तु साहूकार द्वारा दिया गया ऋण कहीं भी उजागर नहीं होता। यह विडम्बना ही है कि इस ओर ध्यान नहीं दिया गया। साथ ही, वातावरण में यह नकारात्मकता विकसित कर गयी है कि ऋण अदायगी से कोई लाभ नहीं है तथा सरकारों द्वारा विभिन्न प्रकार से ऋण की अदायगी पर रोक लगने से किसानों को नुकसान हुआ है। इससे राष्ट्रीय स्तर पर साख व्यवस्था चरमरा गयी है। यह भी उल्लेखनीय है कि सुदूर ग्रामीण अंचलों में सहकारी समितियों की जो पकड़ आम आदमी तक है,

वहाँ अन्य वित्तीय संस्थाओं की नहीं है। अनेक प्रयासों के बाद भी यह संस्थाएँ वहाँ लघु एवं सीमान्त कृषकों को छोटे ऋण देने से कतराती हैं इसके लिये इनका ऋण तो अधिक बंटता है जो बड़े किसानों को दिया जाता है परन्तु किसानों का आच्छादन बहुत ही कम होता है। स्थानीय स्तर पर सहकारी समितियों के माध्यम से वितरित ऋण एवं अन्य कृषि सामग्री सरकार के निर्देशों के अन्तर्गत सस्ती दरों पर बांटी गयी अथवा हानि पर दिये गये ऋणों की वसूली पर भी रोक लगाई गई जिसके कारण सहकारी समितियों की वित्तीय दुर्दशा देखने को मिलती है और इससे शनैःशनैः पूरा सहकारी ढांचा न केवल चरमरा गया बल्कि समाप्ति की ओर है। ऐसी स्थिति में ग्रामीण क्षेत्रों की साख व्यवस्था पर ध्यान न देने के कारण वहाँ की दरिद्रता और बढ़ती गयी। यदि सहकारी समितियों को स्वतंत्र रूप से उनके वास्तविक सदस्यों के द्वारा संचालित किया जाय, जो समिति के कष्ट को अपना कष्ट समझें तो निश्चित रूप से वह न केवल कृषि क्षेत्र में चमत्कारी कार्य कर सकेंगे बल्कि प्रजातंत्र की प्रथम सीढ़ी एवं प्रथम पीढ़ी के लोगों को राजनैतिक जागरूकता के लिये एक स्तम्भ सिद्ध हो सकते हैं।

किसान क्रेडिट कार्ड की जो व्यवस्था की गयी है, वह अच्छी तो है परन्तु उसका व्यवहारिक पक्ष देखा नहीं गया है। जैसे कोई सहकारी समिति अपने कार्य क्षेत्र से बाहर ऋण नहीं दे सकती और उस समिति से ही धन एवं कृषि उपयोगी सामग्री प्राप्त होती है तब उसके किसान क्रेडिट कार्ड का कोई मतलब नहीं है। किसान के पास सहकारी समिति की पासबुक प्रारम्भ से ही दी जाती है जिसमें उसका विवरण अंकित होता है। उसकी ऋण सीमा भी स्वीकृत की जाती है। उस ऋण सीमा के अन्तर्गत वह नकद या वस्तु के रूप में ऋण प्राप्त कर सकता है। साख व्यवस्था में भी किसान की आवश्यकताएँ दो तरह की होती हैं— एक अल्प कालीन और दूसरी दीर्घकालीन। अल्पकालीन व्यवस्था के अन्तर्गत सरकार का विशेष ध्यान रहता है परन्तु दीर्घकालीन ऋणों पर किसान की आवश्यकता पर

विशेष ध्यान नहीं दिया जाता। दीर्घकालीन ऋणों की ब्याज दरें अल्पकालीन ऋण की तुलना में अधिक हैं। परियोजना आधारित ऋण वितरण किया जाता है। किसान की अन्य आवश्यकताओं के लिये ऋणों का कोई प्राविधान दीर्घकालीन व्यवस्था में नहीं है जिससे एक ही किसान को दोहरे मापदण्डों का सामना करना पड़ता है। इस व्यवस्था में बेहद सुधार की आवश्यकता है। परियोजना आधारित ऋण वितरण को समाप्त कर ऋण सीमा स्वीकृत करते हुए सस्ती ब्याज दरों पर ऋण तथा किसान क्रेडिट कार्ड उपलब्ध कराये जाने चाहिए।

क़य-विक़य व्यवस्था – विडम्बना है कि जब भी कृषि उत्पाद बाजार में आता है तो उसके मूल्य निरन्तर गिरने लगते हैं और मध्यस्थ सस्ती दरों पर उसका माल क़य कर लेते हैं जिससे कृषि घाटे का व्यवसाय बना हुआ है। दुर्भाग्य है कि सम्बन्धित लोग औद्योगिक क्षेत्रों के उत्पादन की दरें, लागत, मांग और पूर्ति का ध्यान में रखते हुए निर्धारित करते हैं किन्तु किसान की जिन्सों का मूल्य या तो सरकार या क्रेता द्वारा निर्धारित किया जाता है उसमें भी तत्काल नष्ट होने वाले उत्पाद की बिक्री के समय किसान असहाय दिखाई देता है। ऐसी दशा में क़य-विक़य व्यवस्था को मजबूत और पारदर्शी बनाया जाना चाहिए और उसके उत्पाद का मूल्य भी माँग, पूर्ति और लागत के आधार पर किसान को निर्धारित कर लेने देना चाहिए। सर्वविदित है कि किसानों का कहीं उत्पाद इतना अच्छा और अधिक हो जाता है कि सड़ने लगता है और किसान उसे फेंकने को मजबूर हो जाता है और कभी-कभी उत्पाद इतना कम होता है कि उसे मध्यस्थ सस्ती दरों पर क़य कर उच्च दरों पर बिक्री कर बीच का मुनाफा ले लेता है और किसान ठगा सा रह जाता है। उत्पाद मूल्य के व्यापक प्रसार-प्रचार के लिये सूचना विभाग भी जिम्मेदार है। आज भी किसान के पास कोई ऐसा तंत्र-मंत्र नहीं है जो यह तय कर सके कि उसके उत्पाद का उचित मूल्य आज किस बाजार में क्या है और भविष्य में मूल्य घटने-बढ़ने की क्या सम्भावनाएँ हैं? जब वह अपने उत्पाद को मंडी में

ले जाता है तब उसे उस दिन का भाव पता चलता है। उत्पाद को पुनः घर वापस लाने पर किराया-भाड़े का बोझ परेशानी आदि को देख मजबूर हो कर क्रेता के चुंगल में फँसता है और क्रेताओं का संगठित गिरोह उसके उत्पाद का मनमाने दामों में क़य कर लेते हैं। इस लिये किसानों को उनके उत्पाद का उचित मूल्य मिलने के लिये उन्हीं के मध्य व्यक्तियों के माध्यम से कोई समसामयिक रणनीति बनाई जानी चाहिए। मंडी में गोदामों में सहकारी समितियों के माध्यम से यह व्यवस्था की जानी चाहिए कि यदि किसी दिन किसान को उसके उत्पाद का उचित मूल्य नहीं मिल पा रहा है तो उसके उत्पाद का भण्डारण सहकारी क़य-विक्रय समितियों के गोदामों में कर दिया जाय और उसके उस दिन के ताजा मूल्य का 50 से 80 प्रतिशत अग्रिम दे दिया जाय ताकि वह अपने घरेलू व सामाजिक कार्य को कर सके। जब बाजार मूल्य उच्च स्तर पर हो तो बिक्री कर समिति का किराया और लिये गये अग्रिम को वापस कर अपनी बचत पूँजी को अपने उपयोग में ला सके। यह अत्यन्त गम्भीर और विचारणीय विषय है इससे लघु और सीमान्त कृषकों को तत्कालिक आवश्यकताओं की पूर्ति और फसल के उचित मूल्य प्राप्त करने में सुविधा होगी।

(i) पद्धप्रक्रिया इकाईयों की स्थापना – सरकार को यह भी ध्यान देना चाहिए किसान का जो उत्पाद है, वह किस प्रकार का है और उसकी उपयोगिता क्या है। जैसे- हर वर्ष हमारे देश में विभिन्न भागों में विभिन्न फसलें खेतों में ही नष्ट हो जाती हैं। एक क्षेत्र में आलू गोदामों में छोड़ देते हैं या मिट्टी में दबा देते हैं, लहसुन की उपज लागत न मिलने के कारण खेतों में दबा रहने देते हैं, आम जैसे अनेक फल सस्ती दरों पर बिक्री करने अथवा बिना मूल्य लिये वितरित करने के लिये किसान मजबूर होता है। कहीं-कहीं प्याज, केला, अंगूर और अनेक सब्जियाँ नष्ट हो जाती हैं जबकि देश के दूसरे भागों में इनकी आवश्यकता होते हुए भी मंहगे परिवहन के कारण उपलब्धता सुनिश्चित नहीं करायी जा पाती है। जहाँ जिस क्षेत्र में किसी चीज का उत्पादन अधिक है,

उन क्षेत्रों में उत्पाद से सम्बन्धित प्रक्रिया इकाईयों लगाई जानी चाहिए जिससे उत्पाद को खराब होने से बचाया जा सके तथा उसका उचित मूल्य भी किसान को मिल सके। इस व्यवस्था का पूरे देश में नितान्त अभाव है।

(ii) (पपद्धभण्डारण व्यवस्था – किसान का ऐसा उत्पाद जो विभिन्न समितियों के माध्यम से क़य किया जाता है, उसे किसी न किसी गोदाम में रखने की व्यवस्था अथवा निर्यात की व्यवस्था की जानी चाहिए, उस क़य किये गये उत्पाद की ग्रेडिंग व्यवस्था भी होनी चाहिए ताकि कुल उत्पाद की मात्रा उसके ग्रेड के अनुरूप बिक्री मूल्य मिल सके।

**कृषि आधारित उद्योग धन्ये** – ग्रामीण क्षेत्रों में कृषि आधारित ऐसे उद्योग धन्यों की स्थापना की जानी चाहिए जिनमें न्यूनतम प्रशिक्षण से स्थानीय आबादी के व्यक्तियों को रोजगार मिल सके तथा किसानों के उत्पाद की उसमें खपत हो सके जैसे-फ्लोर मिल, राइस मिल, तेल कोल्हू, फलों से बनने वाले विभिन्न सामान पापड़, बढ़िया, चिप्स एवं आचार आदि के उद्योग लगने चाहिए तथा उनको देश के दूसरे भागों में भेजने की व्यवस्था भी की जानी चाहिए। ग्रामीण बेरोजगारों को ग्रामीण क्षेत्र में रोजगार उपलब्ध कराने के लिये वहाँ के स्थानीय उत्पाद को ध्यान में रखते हुए लघु एवं कुटीर उद्योगों की स्थापना भी की जानी चाहिए।

**ऋण योजनायें** – व्यवसायिक बैंकों द्वारा अपनी ऋण नीतियाँ इस प्रकार नहीं बनायी गई थी जिससे कृषि एवं ग्रामीण क्षेत्रों को पर्याप्त ऋण सुविधाएं उपलब्ध हो सकें। अतः इस उद्देश्य की पूर्ति हेतु इन क्षेत्रों में ग्रामीण बैंकों की स्थापना आवश्यक थी। इनकी ऋण नीतियाँ एवं ऋण योजनाएं निम्न हैं –

- लघु एवं सीमान्त कृषकों एवं कृषि श्रमिकों को ऋण।
- अनुसूचित जाति/अनुसूचित जनजाति वर्ग के ग्रामीणों को ऋण।
- ग्रामीण कारीगरों एवं लघु व्यवसायी को ऋण।



**विविध ऋण योजनाएं**— भारत सरकार के माध्यम से इन बैंकों द्वारा ग्रामीणों को अत्यधिक ऋण सुविधाएं प्रदान की जाती हैं, जो ग्रामीणों के लिए वरदान साबित हुई है। क्षेत्रीय ग्रामीण बैंक प्रत्यक्ष एवं अप्रत्यक्ष दोनों प्रकार के ऋण प्रदान करते हैं—

प्रत्यक्ष कृषि ऋण—इसके अंतर्गत लघु, सीमांत कृषक एवं कृषि श्रमिकों को ऋण प्रदान किए जाते हैं, जो निम्न हैं—

**(अ) कृषि सम्बन्धी ऋण**— भारत सरकार द्वारा इन बैंकों के माध्यम से ग्रामीण क्षेत्रों में कृषि संबंधी ऋण प्रदान किए जाते हैं जो ग्रामीण विकास की गति में तीव्रता प्रदान कर रहे हैं।

- फसल ऋण
- पान बाड़ी हेतु ऋण
- डंगराबाड़ी हेतु ऋण
- लघु सिंचाई योजना संबंधी ऋण
- भूमि सुधार हेतु ऋण
- बैल कय करने हेतु ऋण
- गोबर गैस प्लांट लगाने हेतु ऋण

**(ब) पशुपालन संबंधी ऋण** — भारत सरकार द्वारा ग्रामीण क्षेत्रों को पशुपालन संबंधी ऋण सुविधाएं प्रदान की गई हैं ताकि ग्रामीण वर्ग अपनी आय में वृद्धि कर सके और पशुपालन का लाभ उठा सके। इसके लिए ग्रामीण बैंकों द्वारा विभिन्न ऋण योजनाएं प्रदान की गई हैं।

- दुग्ध विकास हेतु पशु कय करने की योजना
- बकरी पालन हेतु वित्तीय योजना
- सुअर पालन हेतु वित्तीय सहायता
- कुक्कुट पालन हेतु ऋण योजना

अप्रत्यक्ष कृषि ऋण — भारत सरकार सामान्यतः अप्रत्यक्ष कृषि ऋण सरकारी समितियों के माध्यम से प्रदान करती है। वर्तमान में विभिन्न बैंक समितियों के

माध्यम से समस्त वर्गों को ऋण प्रदान कर रहे हैं जो निम्न हैं —

- ग्रामीण कारीगरों को ऋण
- ग्रामीण क्षेत्रों के चर्मशोधकों व चर्मकारों हेतु वित्तीय सहायता
- बांस की टोकरी बनाने के लिए ऋण योजना
- दर्जियों को सिलाई मशीन हेतु वित्तीय सहायता

(स) ग्रामीण लघु व्यवसायियों को ऋण सहायता— सरकार द्वारा ग्रामीण अंचलों में रहने वाले व्यवसायियों अथवा नये सिरे से अपना व्यवसाय प्रारंभ करने वाले व्यक्तियों को बैंकों द्वारा निम्नलिखित शीर्षकों के अंतर्गत ऋण प्रदान किया जाता है—

- नौका कय हेतु नाविकों को ऋण
- होटल/पान दुकान हेतु ऋण
- हाथ ठेला या रिक्शा कय हेतु ऋण
- सब्जी के व्यवसाय हेतु ऋण
- कपड़े के व्यवसाय हेतु ऋण
- उचित मूल्य के अनाज व किराना दुकान हेतु ऋण
- आटा चक्की व्यवसाय हेतु ऋण
- फलों के बगीचे हेतु ऋण
- शासकीय सस्ते अनाज की दुकान हेतु ऋण

**(द) अन्य ऋण योजनाएं —**

- उपभोग ऋण
- जमाराशियों एवं आभूषणों पर ऋण
- वाहन कय हेतु ऋण
- ग्रामीण खाद व्यापार योजना
- ग्राम गोद लेने की योजना
- वेयरहाउस रसीद पर ऋण
- किसान क्रेडिट कार्ड योजना
- व्यक्तिगत दुर्घटना बीमा योजना

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**MADHYA PRADESH STATE COOPERATIVE  
AGRICULTURE & RURAL DEVELOPMENT BANK LTD.**

**8, Arera Hills, Old Jail Road, Bhopal - 462 004.**

- The MPSCARDB provides long term loans to agriculturists through its affiliated Distt. ARDBs in the State for various agricultural and rural development activities like Minor Irrigation Schemes, Dry Land Farming, Land Development, Wasteland Development, SGSY, Organic Farming, Horticulture Development, Aromatic & Medicinal Plants, Farm Mechanisation, Dairy Development, Fisheries, Poultry, Bio-gas Plants etc.
- The Bank also disburses long term loans under Non-Farm Sector mainly for setting up of Cottage and Village Industries, SRTTO, Establishment of Milk Chilling Plant, various service sector activities in rural areas, for Clinic, Nursing Home and Pathology, Radiology etc.
- To facilitate availability of loans to farmers at nearby place, the affiliated 38 Distt. ARDBs have opened 273 Branches in the State.
- The Bank has, so far disbursed long term loans of Rs. 2839.59 crores to 9.49 lakhs farmers from its inception in 1961.
- The Bank also accepts Term Deposits from Individuals & Institutions for the period of one year & above. All Distt. ARDBs in the State accept FD on behalf of MPSCARDB in various Schemes i.e. Fixed Deposit, Double Deposit, Recurring Deposit etc.

**Financial Particulars of the Bank as on 31<sup>st</sup> March 2011 (Provisionals)**

(₹ in crore)		
1.	Paid up Share Capital	: 44.99
2.	Reserve and other funds	: 257.09
3.	Debentures in circulation	: 1001.51
4.	Fixed Deposit	: 106.99
5.	Loan Disbursed During the year	: 13.95
6.	Loan Outstanding	: 1140.49
7.	Investment	: 37.96
8.	Working Capital	: 1476.19

**Prakash Khare**  
Managing Director

**Kishan Singh Bhatol**  
Chairman

## Guidelines for Deposit Mobilisation by ARDBs

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### Deposit Mobilisation

A lending institution solely dependent on borrowed funds for advancing loans can't remain viable in the long run of its business. In the present conditions, ARDBs need to mobilise own resources to introduce new lending programmes depending on the needs of their members. While there is huge potential for ARDB to mobilise rural savings which was neglected all along as they restricted their advances to long term loans which require long term funds. At present some ARDBs are advancing short term loans for various purposes. However, for the advancement of the short term loans ARDBs need to raise short term funds by way of deposits from members.

The Zonal Seminars on 'Preparedness of ARDBs for Revival' deliberated in detail about the need and scope of deposit mobilization by ARDBs on the background of provisions in the Act, Byelaws and guidelines of NABARD and views of experts in the subject. Following observations/ recommendations were made in Zonal Seminars;

- Mobilisation of members' savings is an essential function of credit cooperative and an important tool for financial inclusion. ARDBs have huge potential to mobilize rural savings due to statewide jurisdiction and large member base.
- As a credit cooperative, ARDBs can mobilize deposits from their members as per deposit schemes approved by the Board of Management of respective banks.
- SCARDBs are also allowed to mobilize deposits from public who are not members of the Bank as per the guidelines issued by NABARD in 1997 subject to certain conditions such as
  - i) Total deposits outstanding at any point of time should not exceed the net worth of the SCARDB.
  - ii) The tenure of deposits should be more than one year and less than three years.
  - iii) PCARDBs can collect deposits only as agents of SCARDB.

iv) SCARDBs to maintain adequate 'fluid resources' which should not be less than 15% of deposits outstanding for meeting withdrawal demands.

- The above scheme though facilitates deposit taking even from individuals and institutions who are not members/not eligible to become members of the bank, failed to mobilize substantial deposits in any State due to restrictive provisions as mentioned above.
- ARDBs, therefore, should devise its own schemes for mobilizing deposits from its members as the restrictions in the deposit mobilization scheme of 1997 issued by NABARD do not apply when deposits are collected only from members.

Based on the above observations/recommendations of the Zonal Seminars, the Board of Management approved the deposit schemes as well as general guidelines prepared by the Standing Committee of CEOs of SCARDBs. Detailed guidelines regarding deposit mobilization by ARDBs are as follows;

## **(I) DEPOSIT SCHEMES FOR ARDBs**

### **1. Thrift Deposits from members**

- Thrift deposits are suitable and advantageous for ARDBs in terms of cost of funds and retention of available balance for longer periods compared to other kinds of deposits.
- SCARDBs should make opening of thrift deposit account compulsory for all members with an initial deposit of Rs.500 through appropriate board decisions/provisions in the byelaws.
- Member can make deposits in the account whenever he wants and withdraw any amount over and above the minimum balance of Rs.500 using a withdrawal slip, any time he needs money, without restrictions.
- The collection points of deposits shall be PCARDBs or its branches as well as branches of SCARDBs.
- Rate of interest shall be 4% p.a. on monthly average balance as applicable to savings bank

accounts with banks. The interest should be worked out and credited to the account on 31<sup>st</sup> March and 30<sup>th</sup> September every year.

► SCARDBs to introduce quarterly 'Lucky Draw Scheme' for thrift deposits having balance above Rs.5000 in the account throughout the quarter with the following features:-

- (i) There shall be four quarterly draws every year.
- (ii) Total value of prizes given away during the year shall not exceed 1% of total deposits outstanding in accounts eligible for participating in the draw.
- (iii) For each draw, there shall be a bumper prize such as motorcar/motorcycle/power tiller etc depending upon the amount that can be set apart for giving the prizes.
- (iv) There shall also be a number of other prizes in each draw such as ceiling fans, mobile phones, cash prizes etc depending on the number of eligible accounts as well as the amount available for giving the prizes.
- (v) The bumper prizes for each

draw should be arranged in advance and its image should be exhibited in all deposit collection points along with other details of prizes.

## 2. Recurring Deposits

Members can open recurring deposits for depositing a fixed amount on a monthly basis. The maturity value of recurring deposits with interest accrued is withdrawable on completing the period of recurring deposit account which can be 12 months, 24 months, 36 months etc.

## 3. Fixed Deposits

Fixed deposits are taken for a fixed period, the minimum of which may be 3 months in the case of ARDBs at a specific interest rate with options of interest payable on quarterly basis or capitalized quarterly and payable on maturity.

## 4. Cash Certificates

Cash certificates of Rs.5000 or Rs.10000 can be issued for three years or five years at a discounted prize depending on the rate offered and the period of deposit. Cash certificate scheme suits certain class of depositors and will also be convenient for the bank from the purview of accounting and servicing of deposits

## 5. Share Capital Converted Deposits

Instead of repaying shares on closure of loan, the bank may convert the shares into fixed deposits or cash certificates with assured returns to the member.

## (II) WORKING INSTRUCTIONS

1. Banks to ensure that all depositors are enrolled as members.
2. In federal structure, member deposits can be collected only by primaries which needs to be transferred to SCARDBs for proper management and deployment of funds.
3. It should be ensured that deposits outstanding at the primary level at the end of every month should be equivalent to their deposits outstanding with the SCARDB.
4. SCARDB and PCARDBs should use on-line real time fund transfer facilities (through NEFT/RTGS) offered by banks for transfer of funds to avoid transit delays and minimize bank charges.
5. SCARDBs to pay interest on deposits by primaries at 1% more than the average cost of

deposits for primaries to defray the cost of collection, accounting and servicing.

6. All deposit taking primaries need to avail overdraft limit from a bank close to it, in order to ensure timely liquidity to pay interest and meeting withdrawal demand.
7. The interest on overdraft availed by the PCARDB for timely servicing of deposits should be met by the SCARDB which is the ultimate custodian of deposits collected by the PCARDB.
8. Deposit resources should be used mainly for issuing non agricultural short term loans, the interest rate of which may be linked to the actual cost of funds for the SCARDB including interest on overdraft drawals reimbursed to the primaries (for servicing the deposits) with a margin of 5% per annum for the structure as a whole to cover transaction and risk costs.
9. The rate of interest on deposits may be fixed at 1% above the prevailing rate of banks to encourage savings by members.
10. Banks to ensure auto renewal

of deposits for the same tenure as original deposit at the prevailing interest rate when the depositor does not approach for closure of deposit account on maturity.

11. Banks should obtain nomination from all depositors along with deposit application.
12. Passbook should be issued for thrift deposit accounts and recurring deposit accounts.
13. The terms and conditions of deposits should be mentioned in the deposit application form which should also include a clause for giving one day's notice by the depositor for withdrawal of the amount of deposit on maturity especially in respect of high value deposits.
14. There is no need for TDS deduction from interest earned by member on deposits since such incomes of the member received from a cooperative is exempted from income tax under the principle of mutuality.
15. The interest rates on various types of deposits and lending rates on short term loans being issued out of deposit funds are to be fixed by a

Committee at the SCARDB level consisting of Chairman, CEO, CGM and GMs in-charge of Finance and Advances, periodically, based on general interest rate scenario.

16. SCARDBs to invest not less than 50% of total deposits in securities and bank deposits for maintaining liquidity and ensuring safety of funds. Balance amount should be deployed in short term credit products.
17. Following short term credit products should be implemented through PCADB for this purpose.
  - (i) Jewel loans
  - (ii) General Cash Credit Scheme to prompt repayers of long term loans
  - (iii) Consumer durable loans
  - (iv) Traders loans
18. All deposit schemes should be given good publicity through advertisements and other means.
19. A separate budget for advertisement not exceeding ½% of the average level of outstanding deposits during the year should be allocated.



20. Deposit mobilization may be started in centres where building and other infrastructure are good.
21. Banks may also modernize buildings and other infrastructure in the branches for launching deposit schemes.
22. Concerned staff in such centers should be given necessary training.
23. Appropriate incentives to staff should be considered for encouraging deposit mobilization and enrolling new membership with deposit account who can subsequently become borrowing members also.
24. SCARDBs should fix branch-wise/PCARDB-wise monthly targets for deposit mobilization. The achievement of targets should be reviewed at Branch/Region/H.O. level.
25. Loans upto 90% of fixed deposits can be sanctioned at interest rate of 1% above the deposit rate.
26. SCARDBs to give detailed instructions to PCARDBs and branches regarding books to be maintained, arrangements for transfer of funds to SCARDB, opening of overdraft account with a bank for servicing of deposits including timely refund of deposits on maturity, printing and custody of blank fixed deposit receipts, method of interest application in deposit accounts, procedure regarding premature closing, sanctioning loan on the security of deposits, minimum balance to be maintained in thrift deposits, quarterly statement regarding thrift accounts eligible for quarterly lucky draw, returns to be sent to SCARDB on deposit outstanding, collections, refund etc and the periodicity of the same.

## **NEWS & NOTES**

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### **133<sup>rd</sup> Board Meeting of the Federation**

The 133<sup>rd</sup> meeting of the Board of Management of the National Cooperative Agriculture & Rural Development Banks' Federation was held on 29 July 2011 at Hyderabad. The meeting was presided over by Shri K. Sivadasan Nair, MLA, Chairman, Federation. Shri Y. Vijayender Reddy, Vice Chairman of the Federation was also present. Shri P.V.A. Rama Rao, Ex-Managing Director, NABARD and Dr. Bijender Singh, Chairman, Delhi SCB attended the meeting as special invitees.

Shri Y. Vijayender Reddy, Chairman of APCOB in his welcoming address to the forum explained about "Sahakar Pragathi", a project undertaken by the Bank for computerizing the operations of three-tier structure at all levels and development initiatives by the Bank to strengthen the structure. Shri K. Sivadasan Nair, Chairman, NCARDB Federation in his presidential address mentioned about the persistent efforts made by the Federation to speed up the

approval of Central Govt for the proposed revival package for LTCCS and informed the Board members about the delegation to Principal Secretary to Prime Minister and Minister of State for Finance. To make our institutions self reliant and to mobilise the rural savings he stressed the need for launching Deposit Mobilisation and diversifying lending programmes as recommended in the recent Zonal Seminars conducted by the Federation.

The Board considered and took note of NABARD's refinance policy for 2011-12. The Board observed that the refinance eligibility during 2011-12 continues to be linked to recovery as well as audit classification at SCARDB level as in the previous year. The Board requested NABARD to review its refinance policy with regard to ARDBs in order to facilitate higher refinance allocation to SCARDBs.

The meeting concluded with vote of thanks to the chair.

## **RBI cautions banks on rising use of forged documents**

The Reserve Bank of India has cautioned banks about the increasing number of frauds that were perpetrated by the use of forged documents that had been certified by professionals that is, valuers, advocates and chartered accountants. In a circular to all bank CEOs, the RBI said that in a study of large frauds, it has noticed these things happened even in branches that were subject to concurrent audit. It has asked concurrent auditors to look into the genuineness of documents of title and has asked them to check with local revenue authorities where necessary. Banks were advised to independently authenticate the genuineness of the certificate issued by any authority that is

submitted by the borrower. Home loans portfolio has indicated several issues such as inconsistent documentation, double financing, inflated valuation and others.

### Builders' role

Besides, there are also builder induced frauds where individuals in connivance with builders forge property documents (especially in case of buildings under construction) to avail themselves of loans. The builder sells the same property to multiple buyers. All forged documents are typically used to avail multiple loans from various banks or to increase loan amounts from a bank, according to him.

## **Finance Minister asks NABARD to create viable models of financial inclusion**

Finance Minister Shri Pranab Mukherjee exhorted the National Bank for Agriculture and Rural Development (NABARD) to deploy new technology, innovate and create financially viable models to take forward the process of financial inclusion. Addressing NABARD's Board meeting on its 29th Foundation Day, Mr. Mukherjee said the nation's primary expectation from banks,

including the farm lending agency, in the next decade was to eradicate financial exclusion and he expected NABARD to contribute its share in the process. Stressing on the need to raise farm productivity, Mr. Mukherjee noted that though the total amount of credit to agriculture had grown over five-fold in the last seven years, there had not been any significant improvement on the productivity front. Alongside, while

the total flow of credit to agriculture had shown consistent growth, the number of accounts had not grown commensurately, clearly showing that credit flow to small farmers had not reached in sufficient measure.

The Finance Minister said that Nabard's massive programme of capacity building for training

elected representatives of cooperatives as well as their own staff should be followed up by improving the competitiveness of the cooperatives themselves by leveraging technology through computerisation of their operations.

### **Residential Property Capital Asset, it Attracts Tax on purchase, Sale**

Before buying or selling a house, it would be prudent to know the tax considerations.

#### OWNING A HOUSE

The Indian Income Tax Act, 1961 (IT Act), considers a residential house as a source of income. Under the I-T Act, the owner of a house is taxed on the income, in the form of its annual value, under the head 'Income from House Property'. The annual value of a house property is higher of the income earned or the fair rent (expected reasonable rent for properties of a similar size in the same locality). In the case of a self-occupied house, the annual value is nil. However, in the case of more than one house property, only one house property can be considered as self-occupied, and the higher of the rent earned or the fair rent would be treated as annual value for the other house(s). Municipal taxes

(including property tax, water tax, etc) are deductible from the annual value (other than from the house property where the annual value is nil); 30% of such net annual value is available as standard deduction from the rental income. The proposed Direct Taxes Code (DTC) has similar provisions for the taxability of income from house property. However, the standard deduction, currently at 30% under the I-T Act, has been reduced to 20% under the DTC.

#### SELLING A HOUSE

Under the I-T Act, a residential house property is treated as a capital asset. Any gain or loss on sale/ transfer of such capital assets is treated as capital gains or loss. If the house property is held by the owner for three years or more, it is treated as a long-term capital asset and capital gains arising from the

sale/transfer are accordingly taxable at a reduced rate of 20%. Where the holding period is less than three years, the house property is treated as short-term capital asset and the capital gains on its sale/transfer are taxable at normal rates (as applicable to the taxpayer). Under the DTC, no distinction is made between short-term and long-term capital assets. Both would be taxable at normal rates (as applicable to the taxpayer). However, the benefit of an increase in the cost of acquisition, proportionate to an increase in cost inflation index, would be available if the house property is held for a year or more.

### STAMP DUTY

Typically, the stamp duty is payable on the purchase/sale of the house property. The levy and computation of duty is prescribed under the Stamp Act of each state, or in the absence of a state Act, under the Indian Stamp Act, 1899.

If borne by the purchaser, the stamp duty would be added to his cost of acquisition of the house property for the purpose of computation of any gain on subsequent sale/transfer. The stamp duty is also payable on lease/leave & licence agreements.

### WEALTH TAX

According to the provisions of the Wealth Tax Act, 1957, any immovable property, whether residential or commercial, is considered as a taxable asset. However, specific exclusion is provided in respect of the following house properties: those used as stock-in-trade, or occupied for conducting business or profession, or given on rent for more than 300 days in a year. Wealth tax is payable at the rate of 1% on the taxable wealth exceeding 30 lakh. The DTC has proposed to increase this exemption limit from ₹ 30 lakh to ₹1 crore.

### **Amul is top Indian brand in Asia : Survey**

The campaign magazine, published from Hong Kong and Singapore, has ranked Amul as the No.1 Indian brand in its list of Top 1000 Brands of Asia for the third consecutive year. Amul is also ranked as the No.1 dairy brand, ahead of leading food and dairy

brand of the Asian region, including Dutch Lady, Dumex and Magnolia. Overall, the magazine has ranked Amul as the 89th best brand in ranking of the top 1,000 brands of Asia, based on a consumer survey conducted in Australia, China, India, Japan, Korea, Hong Kong,

Malaysia, Singapore, Taiwan and Thailand said Mr. Jayen S. Mehta, General Manager (Planning and

Marketing), Gujarat Cooperative Milk Marketing Federation (GCMMF).

### **RBI asks banks to share names of blacklisted valuers/CAs**

The RBI asked banks to put up a 'caution list' with the names of chartered accountants, lawyers and property valuers found guilty of approving wrong valuation in the past. The move follows a study on frauds in high-value loans which

found these were committed with the help of forged documents, certified by professionals. Banks assigned audit duties to their staff without ensuring they are suitably trained to undertake the responsibility.

### **ICA message on the occasion of 89th ICA International Co-operative Day 17th UN International Day of Cooperatives - 2 July 2011** **"Youth, the future of co-operative enterprise"**

The theme for the International Day of Co-operatives 2011 highlights how the co-operative model of enterprise can successfully empower youth. It links to the celebration of the United Nations International Year of Youth, which concludes in August 2011, just prior to the launch of the United Nations International Year of Co-operatives 2012. The Year of Youth encourages dialogue and understanding across generations and promotes the ideals of peace, respect for human rights and freedoms, and solidarity. The International Day of Co-operatives addresses the need for all co-operative stakeholders to promote the participation of young people in the co-operative movement. Young

people are not aware of the co-operative model of enterprise; they may do not learn about cooperatives in school, as co-operatives often do not figure in school curricula. They may not realise that the products and services they use are provided by co-operatives.

Yet, co-operatives provide young people opportunities that address their practical and strategic needs. They offer them a model of enterprise to create their own businesses and provide opportunities to be employed with enterprises that address young people's concerns for more democratic, responsible and ethical business operations. At a time when social media connect young

people to an extent never seen before, cooperatives are seeing unprecedented opportunities. The co-operative is a model that embodies collaborative forms of action so appealing to this emerging generation. Co-operatives provide opportunities to young people to gain professional employment experiences, to further their education and provide capacity building, encourage participation in decision-making in co-operatives or form their own co-operatives. ICA's engagement with youth is long-standing. The ICA Board co-opted its first youth representative in 2003 to participate fully in the discussions of the Board, and in 2008 the ICA formalised the election by the ICA General Assembly of a youth representative as a board member.

Additionally, ICA has an active Youth Network, which aims to:

- ▶ help young co-operators from different countries to connect and to share experiences and ideas;
- ▶ provide an environment where young co-operators can learn

more about the wider cooperative movement;

- ▶ involve young people from outside the movement through education and support;
- ▶ empower young co-operators to engage with the rest of the movement to both raise the profile of youth issues and to ensure the youth perspective is presented during wider discussions.

As part of its priorities for the International Year of Co-operatives 2012, ICA seeks to engage greater numbers of youth in the co-operative movement. ICA is organising an artistic competition open to young adults all over the world with the purpose of promoting the values and principles of co-operation among the youth: the Coop'Art competition.

On this International Day of Co-operatives, the ICA calls on co-operators throughout the world to engage young people in the co-operative movement and to invest in their future leadership.

### **India a major contributor to poverty reduction: UN**

India has significantly contributed to the reduction in global poverty, according to the UN annual report on the Millennium

Development Goals, which also pointed out that despite progress, the most vulnerable sections of society were being left out. The deep



cuts in poverty are mainly found in Eastern and South-Eastern Asia, where the Millennium Development Goals target of halving extreme poverty has already been met, while progress in Southern Asia has been slow and insufficient to meet the target, according to the Millennium Development Goals Report 2011.

The proportion of people living on less than \$1.25 a day, the international poverty line defined by the World Bank, fell from 60% to 16% between 1990 and 2005 in Eastern Asia, and from 39% to 19% in South-Eastern Asia. In China, the poverty rate is expected to fall

below 5% by 2015. In Southern Asia, however, only India, where the poverty rate is projected to fall from 51% in 1990 to about 22% in 2015, is on track to cut poverty in half by the 2015 target date, the report finds. The report examines where the world stands in terms of achieving the eight social and economic targets by 2015. The goals include eradication of extreme poverty and hunger, achieving universal primary, promoting gender equality, reducing child mortality, improving maternal health, combating HIV/AIDS, and ensuring environmental sustainability.

### **Interest-free loans for e-bikes - A new initiative of Gujarat Federation**

Encouraged by the success of its educational initiative of 'Flood-IT' two years ago, the Gujarat Urban Co-operative Banks Federation (GUCBF) has now come up with another initiative, 'Flood E-bike', in which the State's cooperative banks will provide interest-free loans to buyers of electric two-wheeler buyers as a measure to promote environment-friendly electric vehicles. Launching the campaign here on Tuesday, Mr Narayanbhai V. Patel, Flood E-bike Project Director, GUCBF, said the Flood-IT initiative was now being replicated at the national level after it helped over two lakh students purchase

computers in the State. The 'Flood E-bike' campaign, is expected to help around one lakh electric two-wheeler buyers. While being an environment-friendly option, e-bike's average operating cost is just 7 paisa per km against the ₹1.60 cost of a petrol run bike. In China, the number of e-bikes had gone up from 69 lakh in 2004 to 3.1 crore in 2010, he said. The Federation has tied up with the two of leading manufacturers of electrical two-wheelers, Hero Electric and YObykes, for the purpose. The entire range of their products will be made available for purchase under

the scheme through loan up to 70% of the total cost, repayable in 12

equal instalments. The scheme will remain open for six months.

### **Appointment customer service officer in each bank: Damodaran Committee**

If the Damodaran Committee, constituted by the RBI under former chairman of Sebi M Damodaran for suggesting ways to improve the customer services in the banking industry, has its way, all the banks will be having special officers at senior level to look after customer services and grievances. These officials will be appointed in the banks at senior positions from outside the banks. Customers will be free to lodge their grievances to them directly. These officials can

direct the customer grievances for the disposal of the RBI, in case the bank is unable to redress them at their level, a source familiar with the development said. Also, the committee has suggested for the charges which are being levied by the banks for various customer services, to be made reasonable, particularly in the case of the small valued customer. Besides, high charges for different kinds of transactions at the banks must be regulated.

### **RBI revises procedure for detection of counterfeit banknotes**

Vide circular No. RBI/2011-12 / 129 DCM (FNVD) No. 502/16.01.05/2011-12, July 25, 2011 RBI has stated as follows.

1. Please refer to the Master Circular DCM (FNVD) No. G-5/16.01.05/2011-12 dated July 1, 2011 on the above subject. In terms of Para 4 of the circular, among other things, FIRs are required to be filed in respect of all cases of counterfeit banknotes.

2. It has been decided to revise the procedure to be followed on detection of counterfeit banknotes at bank branches, treasuries and

sub treasuries. Accordingly, the following procedure should be adopted with immediate effect:

For cases of detection of counterfeit notes upto 4 pieces, in a single transaction, a consolidated report as per the format prescribed in the annexure should be sent to the police authorities at the end of the month. For cases of detection of counterfeit notes of 5 or more pieces, in a single transaction, FIRs should be lodged with the Nodal Police Station / Police Authorities as per jurisdiction, in terms of our Master Circular *ibid*.

## Highlights of Economic Outlook 2011-12

The Chairman Economic Advisory Council to the Prime Minister, Dr. C. Rangarajan released the 'Economic Outlook 2011-12' in New Delhi on Aug 1, 2011. Some of the highlights are as follows:

- Economy to grow at 8.2% in 2011-12
- Agriculture grew at 6.6% in 2010-11. Projected to grow at 3.0% in 2011-12.
- Industry grew at 7.9% in 2010-11. Projected to grow at 7.1% in 2011-12
- Services grew at 9.4% in 2009-10. Projected to grow at 10.0% in 2011-12
- Global economic & financial situation unlikely to improve.
- To keep the economy growing at 5%, it is important to increase fix investment rate.
- Domestic savings rate as ratio of GDP projected at 33.0.1 in 2010-11 & 34.0% in 2011-12.
- Accretion to reserves was \$15.2 billion in 2010-11. Projected at \$18.0 billion in 2011-12
- Inflation rate projected at 6.5 % in March 2012.
- The headline inflation rate

would continue to be at 9 per cent in the month of July-October 2011. There will be some relief starting from November and will decline to 6.5% in March 2012.

- RBI will have to continue to follow a tight monetary policy till inflation shows definite signs of decline

### Some key issues of concern:

- Convergence of growth rates of states

An analysis of the recent data indicates that while most of the lower income states have shown stronger growth rates, several of the higher income states have also shown an increase

- Current Account Deficit

Given our growth needs, a moderate trade deficit and CAD are inevitable. To finance the CAD, foreign investment flows need to be promoted. However CAD to be contained below 2.5% of the GDP

- Power Sector

Immediate policy interventions required for ensuring coal availability for the power plants,

land acquisition and environmental clearances and revision of power tariff by states to reduce high AT&C losses

- Increased focus on non conventional energy
- Food Security
- Need to grant the poor a legal entitlement to food through an appropriate legislative

### **Annual Returns of cooperatives should be made public: CIC**

The Central Information Commission has directed the Delhi Government to make public the annual returns of all the co-operative societies and place those records on its website. The case relates to a plea of an RTI applicant, who was also a member of cooperative group housing society. She had complained to the Registrar, Cooperative societies that her name was not mentioned on its website.

Applicant Jasvinder Kaur in her RTI application said in the absence of any returns being filed by the co-operative societies and their

enactment.

- Availability of grain to be kept in mind while deciding legal entitlements

Reforms in PDS important to strengthen distribution. Computerization, introduction of smart cards and using unique identification numbers for the beneficiaries are important interventions

publication, it is difficult for legitimate members to find out their status and it inculcates malafide interests and opaqueness in the functioning of these bodies. She said these details should be placed pro-actively as mandated under section four of the RTI Act. Agreeing with the contentions of the applicant, Information Commissioner Shailesh Gandhi directed, “annual returns of all co-operative societies shall be displayed pro-actively on the website of the department within one month of receipt of the Annual Returns.”

### **West Bengal to expand Kisan Credit Card cover among farmers**

The West Bengal Government will take up a special drive to expand the Kisan Credit Card (KCC) cover among farmers, Chief

Minister Mamata Banerjee said ₹11,535 crore of the State's entitlement of ₹33,000 crore under KCC had been disbursed and the

drive was aimed at disbursing the remaining ₹21,465 crore. Currently, 30% of land-owning farmers and 3% of land-owning farmers and three percent of

sharecroppers were covered under KCC, she said. KCC has a credit limit of ₹50,000 for individual farmers and carries an interest rate of 7%.

### **Indian banking sector to be third-largest by 2025**

The Indian banking sector is poised to become the world's third-largest in terms of assets over the next 14 years, according to a report by The Boston Consultancy Group (BCG). "The domestic banking industry is set to see exponential growth in the coming years, with its assets poised to touch \$28,500 billion by 2025, compared with the

current \$1,350 billion (2010)," says the report by Indian Banks' Association (IBA), FICCI and BCG titled 'Being five-star in productivity Roadmap for excellence in Indian banking', prepared for the IBA. The report was released on the eve of the three-day IBA-FICCI-BCG bank summit.

### **Independent auditing of cooperatives, NGOs needed: ICAI**

The Institute of Chartered Accountants of India (ICAI) has stressed the need for independent auditing of cooperative societies, various educational trusts and NGOs, saying it would bring down discrepancies in financial statements. ICAI president G. Ramaswamy said revenue of NGOs, cooperatives and educational trust had gone up manifold. He said ICAI had written to the Centre and other

state governments on the practice followed by Maharashtra & Gujarat States. Chartered Accountants (CA) are trained in information technology audit to carry out internal audits in societies. Their quality would be superior to local fund audit. ICAI, had also suggested internal audit and rotational audit for big companies which increases demand for CA practitioners.

### **NABARD Asked Cooperative Banks to Check Cyber Fraud**

NABARD has asked SCBs and DCCBs to take steps to curb cyber fraud. They have been told to obtain insurance cover in some of the risks such as cost of replacing data,

software and equipment. It may also be possible to insure the consequential losses to a bank following damage to computer resources and consequent

business interruptions. However, insurance should not be regarded as a substitute for a good control mechanism. NABARD said a majority of the cooperative banks have not employed qualified computer personnel. They have not provided training to existing staff and taken similar steps for human resource development in the area of information technology. There is lack of awareness among staff on the security system available with the technology, especially maintaining secrecy of passwords. Further, there is a lack of awareness at management level for adoption of technology, governance, risks and controls. Some of the banks depend fully on service providers for managing the system, without entering into a comprehensive agreement on ethical aspects of the company and personnel employed by the company. Some banks have even allowed the persons working for the computer agency to transact entire operations of the bank.

In another case, a bank manager colluded with the service provider and defrauded NABARD. In yet another case, a junior officer misused the password of his bank's branch manager and defrauded the bank, he added. The official informed that the banks have now been told to establish controls

through the principle of least privilege means: every individual is given access only to the sensitive information/data or programme strictly required for one's job nothing more. Further, the banks need to apply the principle of maker-and-checker. Meaning for each transaction: there must be at least two individuals one may create the transaction, the other would confirm or authenticate it. NABARD has advised cooperative banks to standardise security procedures covering hardware, software backup, storage of both computer records and reports, stationery and evolve data-processing procedures, backup procedures covering all computer systems of the bank and made known to all concerned. Further, these banks would have to create awareness of various systems in non-computer departments such as credit, deposits, development, general operations department, systems and procedures department. Besides, NABARD has advised SCBs and DCCBs to establish procedures for conveying sensitive control information including limits, drawing power, interest rates, charges, forex rates by the concerned divisions to computer section.

## **Operational Guidelines on implementation of Electronic Benefit Transfer (EBT) and its convergence with Financial Inclusion Plan (FIP)**

Electronic Benefit Transfer (EBT) for servicing low value accounts and extending banking infrastructure to underserved low income areas has been implemented in the states of Andhra Pradesh, Haryana, Karnataka, Orissa, Chhattisgarh, Himachal Pradesh, Uttarakhand, Bihar, Punjab, etc. on pilot basis in select districts under the "One District - One Bank" Model. In a notification dated August 12, 2011 addressed to all Scheduled Commercial Banks, RBI has said, "The experience gained so far suggests that the "One District - One Bank" Model has not been able to achieve the objective of financial inclusion. In view of this RBI has issued "Operational guidelines on implementation of Electronic Benefit Transfer and its convergence with Financial Inclusion Plan". These guidelines are expected to give a fillip to financial inclusion efforts and lead to a scalable and sustainable financial inclusion model.

### Highlights of the Guidelines

- Financial Inclusion is defined as "the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream institutional players."
- A Committee (Chairman Dr. R.B. Burman) was set up by Reserve Bank to design an appropriate framework for EBT implementation by Central and State Governments. The Committee had recommended the "One District - One Bank model" to be used for implementation of the EBT Scheme.
- In this model, a designated bank has the mandate to disburse government payments at the door step of the beneficiary, electronically, through hand held devices using biometric smart cards at the locations of BCs of the bank. However, difficulties as explained below have been expressed by various stakeholders in scaling up one district one bank model of EBT.
- Need for convergence of EBT and FIP



1. Under this Model the leader bank is expected to extend all types of banking services to the residents of the area. However, it will be difficult for a single bank to extend all types of banking services to all the residents of a district. Further, the BC model is intended to provide greater penetration to the banks at a reasonable cost. Services of BCs will remain underutilised if restricted only to EBT payment and disbursement.
2. In addition to the above under the roadmap to reach about 72,800 villages of above 2000 population by March 2012, the SLBCs have generally adopted the Service Area Approach (SAA) for allotment of unbanked villages to banks.

This has led to the issue of overlap of villages between the EBT mandated bank and FIP mandated bank. While there is no bar on this, at this stage of Financial Inclusion, it may lead to inefficiencies and become unaffordable and wasteful.

3. Banks will not earn required amount of income unless they also offer credit products. It is necessary that EBT accounts should be optimally utilized for all other banking transactions. Since banks have invested in creating BC infrastructure for making EBT payments at the door step of the beneficiaries, they can provide banking facilities to non beneficiaries in those villages without any additional cost.

### **Stronger co-operatives can boost agri output, says RBI**

Strengthening co-operatives and involving private parties can help in improving productivity of agriculture sector, said Dr K.C. Chakrabarty, Deputy Governor, Reserve Bank of India. Pricing of credit needs to be market based to ensure effective flow of credit to all sections of the agricultural community, said Dr Chakrabarty. Speaking at the FICCI-IBA banking seminar, Dr Chakrabarty said that the share of agriculture in GDP has

fallen to 14% from 50% about 15-16 years ago. The sector also provides employment for about 60% of the population, he said. Therefore, food processing industry and agro-based industry need to be given necessary boost and impetus to improve productivity and employment opportunities

Dr Chakrabarty called for more granular data with regard to agriculture production flow of

credit to various segments and sub-segments of agriculture and storage activities, flow of credit in terms of outstanding and disbursements, number of beneficiaries and monitoring of credit with non-credit inputs. Although agricultural credit has grown, it is from the urban and metropolitan branches of banks.

The share of rural credit in agriculture has come down from 55% to 38%. The share of metropolitan credit has gone up.

### **Pre-harvest subvention scheme to be extended for post-harvest management loans for farmers**

The Ministry of Consumer Affairs, Food and Public Distribution has proposed extension of the pre harvest interest subvention scheme of Government of India for post harvest management loans for the farmers. The interest Subvention Scheme of the Government of India is being implemented by Public Sector Banks, Regional Rural Banks and Cooperative Banks since 2006-07 to provide short-term crop loans upto ₹3 lakh for a period of one year

But that will not add to productivity. Little is also known about agricultural credit to various crops, horticulture, allied activities even on a consolidated basis. To improve the flow of credit, there is also a need for systematic co-operation between Regional Rural Banks and Primary Agriculture Credit Societies. Apart from improving credit risk, there is also the need for an institutional mechanism to take care of marketing.

available to farmers at the interest rate of 7% per annum. The Government of India has since 2009-10 been providing additional interest subvention to prompt payee farmers i.e. those who repay their loan in time. The additional subvention was 1% in 2009-10 and 2% in 2010-11. This is being increased to 3% in 2011-12. Hence, the prompt payee farmers will get the short term crop loan upto ₹3 lakh at the rate of 4% p.a. in 2011-12.

### **BCs to enter mobile payment services**

The rush for mobile money has now caught the fancy of firms acting BCs for banks. These entities help banks to provide financial services in rural centres. With \$350 billion of payments and banking

transactions expected to flow through cell phones in India by 2015, many of these companies are now in the process of introducing their own mobile transaction services. According to Boston

Consulting Group (BCG), it is far less expensive to offer banking and payment services using mobile technology than setting up bank branches in remote parts of the country. “In India, electronic

payments are in their infancy. Today, withdrawals through automated teller machines, rather than payments, account for more than 90% of all card transactions.”

### **Uniform rates for old, new borrowers**

The committee headed by Mr. M. Damodaran ex-SEBI Chairman has stated that “In a floating interest rate scenario, when an entire class of borrowers has the same characteristic and risk level, the point of entry in time should not create discrimination in interest rate offered to the customers (old & new).” The panel further says that banks should not impose

exorbitant penal rates towards foreclosure of home loans to facilitate switching over to other banks or financial entities. “A policy should be devised to ensure that the customer is not denied the enhancement of his economic welfare by making choices such as switching to other banks / financial entities to enjoy the benefits conferred by market competition.”

### **Only e-payments by PSBs from September 1**

The Union Finance Ministry has now mandated all state owned banks and financial institutions to make payments only electronically. The move is aimed at checking corruption in transfer of funds through cheques and making the entire process transparent and faster. From September 1st, no cheque payments are being accepted by any of the 35 banks. The Ministry is also asking

insurance companies to extend the scope of e-payment to all their payees. As a part of its e-governance initiative, the ministry has asked these bodies to go for paperless fund transfer so that irregularities in payments through cheques to various parties, such as employees, vendors, customers and social sector schemes can be checked.

### **Glossary**

#### **a) Working Capital Loan**

A working capital loan is a short-term loan taken by a company to

finance its day-to-day operations. It is taken by a company running low on liquid cash to meet

obligations such as payments for rent employees and goods and services purchased on credit. Working capital loans are of comparatively smaller amounts and differ from long-term loans which are used to buy assets or for investments. They are generally raised by small and medium businesses with cash flow problems until their revenue begins to cover operating expenses. Common ways in which working capital loans are secured are from banks through an overdraft or line of credit, from angle investors through equity, from trade creditors and through factoring or advance billing based on confirmed sales orders from customers. A company's chances for obtaining a loan are determined by its credit worthiness, past performance and growth prospects.

b) Third-Party Cheques

A third-party cheque can be defined as one which has been issued by another person other than the investor himself / herself. Mutual funds cannot accept cheques for investments from anyone other than the investor. This is to be in line with the Anti-Money Laundering (AML) policy of the Government of India. The investor needs to submit a proof of holding an account in a particular bank indicating that he is the

holder of the account, or the instrument that he gives must have his name printed on it.

(c) Can an investor pay by demand draft?

Yes, the investor can invest by means of a demand draft in a mutual fund. The DD must, however, be accompanied by a certificate / letter from the bank that the said DD has been purchased out of the funds from the investor's account and that he is the holder of the account in that bank. In the case of Electronic Clearing Service (ECS) or National Electronic Fund Transfers (NEFTs), the investor should attach along with the application form, an acknowledged copy of the instruction to the bank, stating the account number to be debited. The mutual fund will reject the subscription if the amount is invested from some other account other than the investor's own account. However, there are a few exceptions to this. One can make payment of up to ₹50,000 on behalf of a minor. Employers are also allowed to make payments on behalf of their employees under a SIP facility through payroll deductions. Custodians are also allowed to pay on behalf of a Foreign Institutional Investor (FII) or a client.

(d) A display of cheque dishonour

The RBI has directed banks to clearly mention the reason for dishonouring or returning a cheque unpaid. Instruments returned unpaid should also have a signed or initialled objection slip on which a definite and valid reason for refusing payment must be clearly stated. Mentioning the date of return in the cheque return memo is now essential too. Banks not signing the cheque return memos, stating that these are computer generated and therefore don't require signatures are in violation of instructions.

(e) Bank Stress tests

A stress test is a method of checking the health and stability of a financial institution to withstand "stress", which means being battered by hypothetical economic adversities like the current crisis faced by the Euro zone. Stress tests can be carried out by individual banks themselves, by supervisors or by agencies. Stress tests are probability-based. They use algorithms to calculate the impact of changing economic factors or extreme scenarios on a bank. IMF describes the assumed scenarios applied in stress tests as 'unlikely but plausible'.

For instance, a stress test could be designed to assess what will happen to a bank if there is a

- a) Stock market crash,
- b) Interest rate spike. Or
- c) Mass loan default, by a pre-determined percentage, either separately or in combination with each other.

The idea is to expose the bank to varying levels of risk and thereby judge its resilience. IMF divides risk categories into credit risks, market risks and liquidity risks. Credit risks refer to bad "lent" assets such as non-performing loans. Market risks include factors like exchange rates or interest rates which affect the value of equities and bonds held by a bank in its portfolio. Liquidity risks mean cash flow problems. Stress tests show the level of preparedness banks for future crises. When a bank fails a stress test, its shortcomings can be identified. These can then be addressed before the hypothetical extreme event actually takes place. Usually, a bank's failure indicates the lack of adequate capital to cover potential losses. Stress tests have drawn supporters after the 2008 global meltdown which exposed the vulnerability of financial institutions like Lehman Brothers.

Stress tests are controversial as they only project results based on the parameters they include. Strict tests may not consider irregular sources of capital available to a bank, and hence might show it to be financially weaker than it actually is, while lenient ones might pass banks that are in obvious dire straits.

(f) No Cash-Out Refinance

The refinancing of an existing mortgage for an amount equal to or less than the existing outstanding loan balance plus an additional loan settlement cost. It is done primarily to lower the interest rate charge on the loan and/or to change the term of the mortgage. A no cash-out refinance is also known as a 'rate and term refinance'.

(g) Probability of default

Probability of default (PD) is a parameter used in the calculation

of economic capital or regulatory capital under Basel-II for a banking institution. This is an attribute of a bank's client. The probability of default (also call Expected default frequency) is the likelihood that a loan will not be repaid and will fall into default. PD is calculated for each client who has a loan (for wholesale banking) or for a portfolio of clients with similar attributes (for retail banking). The credit history of the counterparty / portfolio and nature of the investment are taken into account to calculate the PD.

(h) Loss Given Default

Loss Given Default or LGD is a common parameter in Risk Models and also a parameter used in the calculation of Economic Capital or Regulatory Capital under Basel-II for a banking institution. This is an attribute of any exposure on bank's client. Exposure is the amount that one may lose in an investment.

### **Change in ARDBs**

i) Shri A. Arivazhagan, Dy. Registrar has assumed charge as Administrator of the

Pondicherry Coop. Central Land Dev. Bank Ltd., w.e.f. 1st July 2011.



# THE GUJARAT STATE COOP. AGRICULTURE AND RURAL DEVELOPMENT BANK LTD.

489, ASHRAM ROAD, AHMEDABAD 380 009. Email: gscardb@gmail.com

**Phone: (079) 26585365-70-71**

**Fax: 2658-1282/8269**

**Gram: "KHETI BANK"**

The Bank was established in 1951 to extend long term and medium term loans to farmers for agriculture and allied agricultural activities through 176 branches and 17 district offices located at each taluka places and district places respectively in the State of Gujarat. The Bank has significantly contributed towards rural development of Gujarat since inception by advancing Rs. 2790 crores long term loans to 6,75,226 farmers for agriculture and allied agricultural activities up to 31.03.11.

## THE BANK FINANCES FOR :

<b>Farm Mechanisation:</b>	Tractor, Thresher set and other implements etc.
<b>Horticulture / Plantation:</b>	Mango, Chickoo Plantation etc.
<b>Animal Husbandry :</b>	Dairy development, Cattle rearing, Cattle sheds, Bullock cart, Sheep & Goat rearing, Poultry, Sericulture, Fisheries etc.
<b>Land Development :</b>	Land levelling, Land reclamation etc.
<b>Non Farm Sector:</b>	Small scale industries, Cottage industries including service sector, Rural housing, SRTOs, Rural godowns, APMCs, Cold storage etc.
<b>Minor Irrigation:</b>	Construction/repairs of irrigation well, Shallow tube well, Deep tube well, Installation of pumpsets, Pipelines, Lift irrigation, Drip irrigation, Check dams, Sprinkler irrigation etc.
<b>Kissan Credit Card:</b>	KCC for Purchase of Fertilizers, pesticides, equipments and maintenance, and payment of electricity bills etc. It is a medium term credit requirement of its borrowers who are regular in their repayment obligation to the Bank.
<b>Rural Housing:</b>	Construction of new houses, repairing and renovation of old houses.

### Bank accepts FD for 1 year and above at following rate of interest.

1 year 9.25% p. a 2 year and above 9.25% p. a. 3 Years and above 9.5% p. a. Double 94 months

For Senior Citizens:- 0.5% more interest. Double 89 months

## Salient Features :

1. Interest payable: Quarterly/half yearly and yearly as per demand
2. Monthly Income Scheme is available
3. TDS is not deducted on maturity of FDs
4. FD outstanding as on 31.3.11 is within the own fund limit.
5. All the loans issued by the Bank are theoretically recoverable since they are secured by registered mortgage of land and as such FDs mobilized by the Bank are fully secure.
6. Loan against FD to the extent of 75% of FD is available.

**DIVIDEND ON SHARE IS REGULARLY PAID TO SHARE HOLDERS.**

**FOR FURTHER DETAILS, PLEASE CONTACT US OR THE BRANCHES OF OUR BANK IN THE STATE.**

**Shri Kanubhai M. Patel**

Chairman

**Shri Govabhai H. Desai**

Vice Chairman

**Shri V. M. Chaudhari**

Managing Director (I/C)



## AGRICULTURAL NEWS

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### On a 'Chilli' Terrain From Banking to Farming

It may be seen the most incongruous of transitions, but for Mr. Joseph Machado the move has borne rare fruit. A banker all his life, the 62 year old has veered towards farming after retirement. In the past six months, he has earned more than ₹1.5 lakh from growing chillies. He may not have known much about farming, but it wasn't a completely alien concept. His family owned around five acres of ancestral land at Vasai, a western suburb in Mumbai, where he currently live. His father used to cultivate vegetables, which were used in their kitchen. As a boy, he would help him on the farm. After retirement, he met a lot of farm owners in the vicinity to understand the technique they employed and the kind of crops they grew. He is member of Samaj Vikas Farmers' Club, Girij, Tal.Vasai, Dist. Thane sanctioned by NABARD. Around this time, he also enrolled for a three day training on organic farming at Baramati (Pune) which was organized by Sukh Sampatti Sanvardhak Sahakari Society, Vasai, Dist. Thane, with

the financial assistance from NABARD. "After this, I decided to initiate organic methods of farming on my land. used the cattle and poultry manure as fertilizer," he points out. He began with chilli, devoting a small patch of land to it on an experimental basis. Of the five acres, he spared merely 14 gunths (one acre comprises 40 gunthas) for the crop. In November 2010, he bought 4,000 saplings of chillies. Next year in January, the land yielded 10 kg of chillies, which shot up to 5,800 kg by May. He sold the same for more than ₹1.5 lakh. Machado has also started cultivating other vegetables on his farm. Besides chilli, he started growing bottle gourd, bitter gourd and pumpkin. Machado has two full-time employees and eight others, who work for him during the harvest season.

For further details: Mr. Joseph Machado, Member of Samaj Vikas Farmers' Club (established under Sukh Sampatti Sanvardhak Sahakari Society, Merces, Taluka Vasai, Dist Thane (Maharashtra) Contact No. 09922933609.

## **Clay Pellet Method of Rice Cultivation Maximises Yield**

Innovation is dubbed as craziness, but our success lies in identifying more innovations across the country. Besides being cost-effective and eco-friendly, these potential scientific discoveries need to be commercialized.

### Source of Idea

Mr. Ram Abhilash Patel from Allahabad, Uttar Pradesh developed a concept of sowing paddy seeds inserted in clay pellets. The farmer claims that he got this idea from within the household. He noticed children playing with clay pellets who used to throw them away. Suddenly, during monsoon, he noticed a small seedling growing from the wet pellet. This inspired him to try using the same method for growing paddy. Finding the right kind of clay soil posed a problem. Other soil types tend to break under pressure while pushing the paddy seeds into them.

### Germinate well

The seeds can be easily inserted inside clay and remain safe during sowing and later germinate well. Pond or river soil is mixed thoroughly with 3-4 paddy seeds to make small balls of pellets. The pellets are made during April May and dry within 2-3 hours. Pond soil is very fertile and helps in

minimizing weeds. The farmer is practicing this method for the last 15 years and impressed by it, many others in the region are doing the same. The pellets can be sown manually or by using a seed drills. Rows are made facing east to west or vice-versa so that the germinating plant gets ample air and sunlight. This method saves both time and money and the need to prepare a nursery for paddy plants does not arise. By adopting the conventional nursery method, paddy crops take approximately 160 days to mature while using this technique it takes only about 45 days.

### Waiting time reduced

Farmers need not wait for monsoon to start sowing under this method. As pond/river soil is fertile, the dependence on fertilizers is reduced and as the seeds are in a mud shell they are protected from birds etc. The process also saves water as no standing water is needed in the field.

### Better output

Most importantly, the output gets maximized by this method. The paddy production using these methods was 17.15 and 14 tonnes respectively, says Prof. Anil.

For more details contact Mr. Ram  
Abhilesh Patel, Vill. Tikari, PO

Kanti, Allahabad, Uttar Pradesh  
212 107 Mobile No. 08127199855.

### **Wheat Procurement ends with record 27.86 million tonne**

The FCI and state government agencies lifted a record 27.86 million tonne, crossing the target of 26 million tonne. Last year, the agencies had lifted 25.38 million ton, which was a record then. The total wheat and rice stocks in the country are already more than thrice the quantity mandated by the

strategic and buffer stocks norms, prompting the government to consider grain exports to create space for the kharif crop. As against the norms to keep a grain bank of 21.2 million tonne India already has 65.47 million tonne in its reserves.

### **Farmers Launch their Own Firms to get a fair deal**

After getting a raw deal from mandis and middlemen, farmers seem to have decided to tap markets directly. They will have an eye on the commodity exchanges as they aggregate produce from fellow farmer promoters. A few groups of farmers have formed six producers companies and registered their entities with the Registrar of Companies (RoC) as required by the Companies Act. Corporates such as Reliance ITC and Heritage, which are into retailing of agri products, too have been kept in the loop by NABARD. It is not just about

getting direct access to markets and having bargaining power as they interact with bulk buyers. They will get handsome credit from NABARD this year.

#### Smart cards

The bank is also planning to turn about 10 crore kisan credit cards into smart cards, giving instant access to farmers to their credit accounts with various banks, "Instead of going to banks each time, the IT-enabled cards would save their time and effort by giving them access to ATMs.

### **17.14 Cr. Farmers covered under Crop Insurance Plan**

17.14 crores farmers tilling land over an area of 2,627 lakh hectare were covered under the National

Agricultural Insurance Scheme (NAIS) insuring a sum amounting to ₹2,10,523 crore.

## **A Calling : Growing Paddy Nurseries**

Acute shortage of agricultural labour in Punjab earlier forced farmers to use paddy transplanters, now transplanters have created a new subsidiary occupation that of raising paddy nurseries and transplanting seedlings in the fields. While transplanters only accept paddy specially raised on mats or in plastic trays, most farmers are not keen on the “cumbersome” task. Their reluctance has prompted other farmers to raise nurseries not only for themselves but also for supplying it to other farmers on custom-hiring basis. “Under the traditional method, it costs around ₹6,000 to raise a nursery and planting it in an acre. For transplanting to be done through a transplanter it costs just ₹3,500 to ₹4,000 per acre,” For raising a paddy nursery on a mat, we clean

earth in a wide mesh and lay earth on a polythene sheet. We then put the seed on it and again sprinkle some earth. Thereafter, the mat is watered for three days, said Harinder Singh, a farmer of Nurpur village in Jalandhar. The nursery is raised on polythene sheets of 22 inches width, 20 feet length and 1 inch thickness, or on plastic trays of 1x2 feet. Farmer fetch between ₹4,000 and ₹5,000 for every acre of transplantation. Amolak Singh of Khukhrain village in Kapurthala district has also grown nurseries for around 20 farmers for their 60 acres of land. The new occupation has come as a boon for agriculturists who often encounter the problem of labour shortage. It is not only a cost-effective technology but can also change the face of paddy cultivation in the days to come.

### **Lac makes it count**

Farmers of the Naxal-affected Vidarbha's Gondia district had been growing lac traditionally but without reaping much benefit from the natural resin. But thanks to Krishi Vigyan Kendra (KCK), the casual activity has now metamorphosed into a lucrative farming venture. With a new scientific method of cultivation prescribed by the Indian Institute of

Natural Resins and Gums (IINRG), formerly Indian Lac Research Institute), Ranchi the only of its kind in the world farmers are handsomely supplementing their income along with growing paddy as the main crop.

#### Lac Composition

Lac, a natural resin, is a hydrocarbon secretion of many

plants, particularly coniferous trees. It is valued to its chemical properties and associated uses such as production of varnishes, dyes, wax and adhesives and food-glazing agents,. It is also an important source of raw materials for organic synthesis and constituent of incenses and perfumes. There are two main colours of lac red and white. The latter is considered premium variety.

Lac is harvested as sticklac, which is then processed to produce commercial grades called shellar, button lac, seedlac, bleached lac and lac dye. There are about 200 such units in India. 138 of them in West Bengal. The shellar variety has application in a number of industries such as wood finishing, printing ink, electric products, leather and footwear, pharmaceuticals, confectionary, fruit coating, cosmetics, paper varnish, photography, rubber, paint, grinding wheels, automobile, dentistry, waxes and dyes.

The lac programme, funded by the Tribal Development Department last year, covered 108 villages in the district. This year, the KVK has gone for a cluster approach (involving self-help groups and other farmers' groups) with focus on 5000 beneficiaries

from 50 villages, most of them new. Lac cultivation is also proposed to be undertaken in Gadchiroli from this year. India is the largest producer (16,495 tonnes in 2009-10) and exporter (6,700 tonnes worth ₹12 crore) of lac in the world. Gondia, incidentally, is also the only lac-producing district in Maharashtra producing 400 tonnes per year. Lac is also easy to cultivate. All that a farmer has to do is infest the host trees like palas, berry and kusum with lac insects. *Kerria lacca*. Thousands of lac insects colonise branches of the trees and secrete the resinous pigment. The coated branches of the host trees are cut and harvested as sticklac. On his 20 palas trees, Baliram Pandhare grows 60 kg of lac in a season. Earlier, he would sell it to traders for a pittance; now, he himself carries it to the Gondia market where he fetches as much as ₹200 per kg. "Last year, I earned ₹24,000 in two seasons. The IINRG has also been promoting a new foreign origin tree called *Flemingia semialta* over the past few years. While it would take up to seven years for a farmer to grow lac on these trees, production starts within two years. At present, Gondia district is clocking an annual turnover of ₹5-6 crores. "KVK hopes the new initiative could help take it to about ₹15-20 crores.

## **Kerala Farmer Uses Red Ants to Fight Cashew Bugs**

An accidental discovery by a farmer that red ants could replace the use of pesticide to contain the attack of tea mosquito bugs in cashew plants, has prompted the Kerala Agricultural University in Kasargode to refine the ant technology for larger field application. Entomology Department of the university has begun a three-year project on the use of red ants in vegetable cultivation to do away with the use of pesticides to curb the insects, apart from continuing the experiments in the cashew sector. N. Vasavan, a small-scale farmer in the district, had brought back the ant-based biological pest control in his cashew plantation when the farm sector was heavily banking on pesticides. Tea mosquito bug is the most serious pest of cashew plantation. To contain the bug threat, endosulfan had been aerially sprayed in the government-owned large tracts of cashew plantations for two decades. Vasavan planted a new variety of cashew saplings in his small holding in 2004. After two years, red ants had formed their colonies in a few plants. When tea mosquito bugs began attacking the plants, Vasavan used a local concoction of bio-pesticide made out of neem cake and garlic. "The ants perished

due to the bio-pesticide. Later, I avoided the plants where the ants had formed nestles within the leaves," said the 55 year farmer. He was surprised to see that the trees where ants had harboured were growing better than those treated with pesticide. Soon, Vasavan started grooming ant colonies in his cashew shrubs. He also happened to read an article in a magazine by Dr. K.M. Sreekumar, an entomologist who threw light into the use of various ants to control pests several centuries back. Vasavan apprised Sreekumar about his experiment. With the aid from the State Planning Board in 2007, the duo began steps to prove that adoption of ant technology could control bug menace in cashew plants. For the next three years, Vasavan's 3.16 acres of land, where cashew plants grew, was converted into a lab. The study found that the populations of the mosquito bugs as well as the damage inflicted were significantly lower in ant treated plants for three years. By the fifth year of planting, ant-harboured plants produced four times higher yield compared to untreated plants. Vasavan said human intervention is required at the initial stage to make ant colonies. Using a rope, cashew plants could be connected with the

trees having ants' presence. Dried fish could be used as bait. Vasavan has been honoured by the

government agencies for his innovative pest management system.

**Upper Assam's singpho tribe will soon enjoy the exclusive right for commercial production as well as cultural promotion of two traditional varieties of rice.**

The State Government, in association with the Assam Agricultural University (AAU), Jorbat, has sought to protect and preserve its wide variety of traditional rice and two of these are on the verge of being recognized as registered farmers' varieties. Assam and the entire Northeast have an unbelievable number of rice varieties, most of which are yet to be studied scientifically and classified," Dr. Birendra Kumar Sarma, a former scientist of the ICAR, whose pioneering work, Rice Diversity of North East India, has won acclaim among the scientific community.

According to Sarma, there should be anywhere between 3000 and 3500 varieties of rice or paddy in the Northeast, with a World Bank sponsored National Agricultural Technology Project listing about 2000 varieties in Assam alone. It is very important to register the traditional varieties that have been

cultivated by different ethnic groups and have been part of their culture and tradition," said Dr. Pranab Talukdar, a professor of plant breeding and genetics at the AAU. The two varieties, Khawlung and Miaotong, are used exclusively for making topola bhaat rice boiled while packed in plantain, koupaat and other leaves by the Singpho community. It is a delicacy prepared from purely organic and aromatic glutinous type of traditional fine rice varieties such as Miaotong and Khawlung. Topola bhaat has become quite popular among the tourists and is a big but during the traditional Patkai Festival and Pangsau Pass Festival organized in Marpherita in Assam and Changlang in Arunachal Pradesh. While several ethnic communities in Assam and the Northeast prepare topola bhaat, the aromatic topola bhaat of these two Singpho varieties remain fresh for up to three days after being cooked.

**Floating Pumpset : an innovation well suited for all seasons**

During heavy rains it is a common sight to see two wheelers

parked outside mechanic shops to get their spark plugs cleaned.



Similarly electrical shops in villages are usually flooded with farmers bringing their pumpsets for changing the coil due to water seepage. But once if they get to know about fixing, their pumpsets on a movable floating platform inside wells this small but significant problem can be solved,” said Mr. M. Parthasarathy from Polyene Film Industries group in Chennai.

#### Innovator award

The innovative floating platform for surface mounted electrical pump sets developed by the company won the L-RAMP 2007 awards under the Grassroots Innovator category. Usually, farmers have to keep changing the height of the pumpsets inside the wells. During summer when the water table goes down the farmer needs to shift the pump deep into the well near the water surface. Similarly, when the water level rises the farmer has to move the pump to a higher level. What we have done is to fix a galvanized cage on two floats with a platform in the middle on which the pump set and the self priming chamber are mounted. By doing so, the energy efficiency is greatly enhanced due to absence of a long suction pipe and foot valve saving 30% of energy. No need to relocate the pump or worry during

the rainy season as the float automatically adjusts its level with the water level, explains Mr. Parthasarathy. The invention can be seen as a panacea for the problems faced by the poor farmer on a day to day basis in the maintenance and running of the conventional pump sets. The entire floating pump set assembly is tied to a polypropylene rope and the top end of the rope is tied to an A-frame (galvanized mild steel founded in concrete at the edge of the open well). The 4-core electric cable for the motor is also intertwined with the rope for proper earthing.

#### Constant buoyancy

A dancing pulley with a counterweight helps to keep the floating pump from tilting and also ensures constant buoyancy. The floating pump assembly rises and lowers with the changes in water level in the well. The suction is a rigid PVC bend attached to the self priming chamber and the other end dips into water with a blow moulded filter basket. No foot valve is required.

#### Protection from rain.

The delivery pipe is a flexible single length HDPE pipe and water discharge at ground level. The motor is protected from rain by a plastic owl. By shifting the existing

surface mounted pump, the discharge becomes double as assessed by the Centre for Water Resources of Anna University. Farmers can avail a subsidy of ₹13,500 for each installation from NABARD for very limited numbers on a seeding programme.

### **Farmers' choice : Vamban 6 blackgram variety**

A new variety blackgram called Vamban 6 has been developed at the National Pulses Research Centre, Vamban, Tamil Nadu Agricultural University. The new blackgram variety comes to harvest in 65 to 70 days and is suitable for growing in all seasons. Vamban 6 gives high yield, about 890 kg/ha in irrigated condition and as high as 850 kg/ha in rainfed. The variety yields higher and is resistant to yellow mosaic virus disease and the possible damage due to pod borer is less. Farmers who preferred to take up this new variety for cultivation and to treat the seeds with two grams Carbendazim or Thiram per kg of seed. Rhizobium should be mixed with seeds after 24 hours of

For more details contact Mr. M. Parthasarthy at Polyene group A-11 & A-12. TVK Industrial estate, Guindy, Chennai 600 032, email: [polyenefilmindustries@gmail.com](mailto:polyenefilmindustries@gmail.com). 044-225003-6, 044 22500470.

Carbendazim treatment. For an hectare 20 kg seeds are sufficient. Three packets of Rhizobium mixture with rice gruel shade dried for 15 minutes is recommended. Reiterating the urgent need for increasing the pulses production, double the pulses yield two critical technologies are suggested namely the seed drill to maintain proper plant population and using mobile sprinkler for irrigation during 35 to 45 days after sowing.

For further details, readers can contact: Dr. M. Paramathma, Director of Research, Tamil Nadu Agricultural University, Coimbatore 641 003, Phone: 0422 6611547 or mobile 09443505843.

### **Kharif Rice Output to hit record level**

Rice output in India, the world's second largest producer touched 80.65 million tonne in last summer. The country aims to produce 102 million tonne of rice in 2011-12, compared with 95.32 million tonne

a year before. Higher rice output will drive up overall grain production to a record 123.88 million tonne this summer, compared with 120.20 million tonne a year earlier, although

pulses and cereals lag last year's level as farmers shifted to paddy and cotton anticipating higher returns. Paddy planting surged by 9.7% to 36.69 million hectare as of September 9th since sowing started in June, but pulses sowing fell by 9.7% to 10.58 million hectares and cereals planting declined by 7.57% to 19.41 million hectares.

Oilseed output is set to rise to 20.88 million tonne from 20.25 million tonne a year before, while sugarcane output is expected to touch 342.2 million tonne. Pawar said, Cotton production is set to climb to a record 26.1 million bales of 170 kg each this summer, which is higher than the Cotton Advisory Board's estimate of 33.5 million bales. However, output of pulses and coarse cereals is set to fall to 6.43 million tonne and 30.42 million tonne, compared with 7.12 million tonne and 32.43 million tonne respectively a year earlier.

### **Mixed Cropping of Pepper in Coconut gardens**

Research on mixed cropping of pepper in coconut garden is being carried out at Central Plantation Crops Research Institute, Kasargod. Technologies have been evolved for successful cultivation of the crop. The rooted cuttings need to be planted one metre away from the bole of coconut in North-East direction. Before planting, one

Grain production in 2011-12 will exceed last year's level of 241.56 million tonne. Driven by high food prices, inflation jumped to a 13 month high of 9.78% in August from 9.22% in July, raising fears that the Reserve Bank of India may raise key policy rates again in its meeting.

Sharp volatility in grain production in the past two years has also brought to the fore the issue of sustainability of the proposed food security Act that aims to supply cheaper grain to 75% of rural and 50% of urban households. India needs more than 60 million tonne of rice and wheat stocks a year to meet its obligation under the proposed Food Security Act, and an increase in output will help the government in one of its biggest populist drives. Significantly, the government has never procured 60 million tonne in a year.

50x50x50 cm. dimension pit has be taken in the above mentioned place and should be kept open for 15 days and available organic manure has to be applied and planting of rooted cuttings can be taken up. During first year, proper care should be given for staking the vines to coconut bole. Application of recommended dose of fertilizers

and organic manures: N:P:K at 50:50:150 g/vine and application of 2 to 3 kg of organic manure (vermicompost or FYM or compost). Care should be taken not to disturb the root system of the plant and apply the manure on the outer side of the root system and cover with soil. Irrigating during summer months is required and be given in the form of drip irrigation, or sprinkler irrigation. Integrated disease management approach needs to be adopted involving application of fungicide and bioagents (*Trichoderma viride*) blended with neem cake or vermicompost to manage wilt disease. Successful cultivation of black pepper depends upon how the vines are taken care with respect to nutrient management and disease management with

organic manure blended with bioagents. Vines should be allowed to train upto 20 to 25 feet height and further growth should be restricted for easy harvesting of berries and to allow the climber to climb the coconut palms for harvest of nuts. Suitable varieties : Panniyur 1, 4 and 5, thevam, Sreekera, Panchami and Karimunda.

Studies conducted at CPCRI, Kasaragod have revealed that Panniyir 1 variety has performed better by yielding 2.5 to 4 kg dry pepper per vine per year under coconut based high density multispecies cropping system. Other varieties like Panniyur 4 and 5, Sreekara, Panchami also gave better yield ranging from 1.5 to 2.5 kg dry pepper per vine per year. 15 year of result has indicated that, by

### **Flood-resistant Rice Variety**

Tamil Nadu Agricultural University (TNAU) has introduced 'Swarna Sub1', a flood resistant rice variety. (Swarna Sub1 is a cross of Swarna, a popular rice variety in Eastern States with FR13A, a local variety of Orissa). Researchers say that all features of the Swarna variety are present in the newly-introduced Swarna Sub1 except submergence tolerance. The yield level of Swarna Sub1 was found to be higher over Swarna even under

prolonged flood conditions. "Swarna Sub1 can tolerate 14-17 days of water stagnation during floods," Dr K. Thiyagarajan, Director, Centre for Plant Breeding & Genetics, TNAU said.

He said that scientists at International Rice Research Institute (IRRI), Philippines worked on the genetics of flood resistance in FR13A, identified a genetic locus called 'Sub1' and using DNA

markers as selection tools developed and introduced Swarna Sub1 for cultivation in 2009. Swarna is cultivated in around six million hectares in the eastern States, which normally report huge losses due to submergence. The Varsity Vice-Chancellor, Dr P Murugesu Boopathi, said that rice was being cultivated in around 15 lakh hectares in the State every year during the Samba/thaladi season of which close to a third (3-5 lakh hectares) of the area was affected due to floods during the North-East monsoon.

The flood-prone tail-end areas of delta districts and some of the coastal districts like Thiruvarur and Nagapattinam are the worst-affected belts. "Most of the present day high yielding varieties are unable to tolerate flood water that remains for more than a week.

### **Raising Paddy Yield, the Unconventional Way**

Until last year, Mr V. Shankar, a farmer of Vandavasi taluk in Tamil Nadu's Tiruvannamalai district was growing paddy through the conventional method on the 10 acres of land that he owned. That yielded him about 2.4 tonnes of paddy an acre. Driven by curiosity on seeing the model farm of Syngenta, the Swiss crop protection major, next to his farm,

Swarna Sub1 can resist floods and therefore, will be a boon to these areas," he said. Dr S. Robin, Professor and Head, Department of Rice, TNAU said that the university undertook extensive research to study the efficiency of Swarna Sub1 in mitigating the effect of floods during 2010-11 samba season. Demonstrations conducted at several locations proved its suitability. He said that a consignment of 10 quintals of Swarna Sub1 seed was received from Uttar Pradesh and seed distribution campaigns were organised through the Krishi Vigyan Kendras (KVKs) of Thanjavur (Needamangalam) and Namakkal (Sikkal) districts. The seed was distributed to around 100 farmers who were advised to raise Swarna Sub1 using SRI (System of Rice Intensification) technology, to get higher yields.

he opted to go in for the company's Tegra seedling technology. That helped him to record a yield of 3.3 tonnes of paddy. "The new seedling technology has helped me reap a higher yield," says Mr Shankar. "There are about 500 farmers in Andhra Pradesh and Tamil Nadu who have adopted this new Tegra technology," says Mr R. Suresh Babu, head of rice research in India

for Syngenta. Under the Tegra technology, paddy seedlings are grown in a special media comprising straw, soil, nutrients, chemicals and other such things in a tray. The seedlings are developed in a nursery and then replanted after 15 days with a special transplant machinery. The media is a Syngenta finding and it enjoys a patent for it. Once transplanted, the seedlings take root and begin to grow. Syngenta offers the technology at ₹75 a tray and an acre requires 70 trays. "If farmers from a particular village approach us and opt for this as a group, the cost could come down," says Mr Suresh Babu.

"The cost came to ₹67 a tray for me," says Mr Shankar.

Syngenta, at this cost, grows the paddy seedlings that is chosen by the farmer or considered apt for the agro-climatic conditions, transplants them in the farmer's field with its special machinery and

offers counsel until harvest. Syngenta sees playing a major role in offering Tegra as finding farm labour is becoming difficult and labour costs are shooting up. What Syngenta is doing now is seen as pilot projects. "We have potential to adopt this technology in Karnataka, Punjab and Haryana. This will happen in 3-5 years time," says Dr K.C. Ravi, Syngenta's Head of Corporate Affairs in South Asia. Japan is the leading exponent of this method of cultivation, helping it to increase its productivity tremendously. South Korea, Taiwan, Thailand and China, too, have adopted this technology. This system is not comparable with the System of Rice Intensification (SRI) that has become popular in Tamil Nadu, say Syngenta officials. "SRI is done manually while ours is mechanical," said Mr Suresh Babu. Syngenta is also looking into aspects of how much water could be saved through the Tegra technology since paddy is a water-intensive crop.