

Madurai Symposium - 2015

**National Conference
on**

**FINANCIAL INCLUSION
OF
SMALL FARMERS**

**15th September 2015
Madurai**



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FINANCIAL INCLUSION
OF
SMALL FARMERS

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**PROCEEDINGS
AND
POLICY RECOMMENDATIONS**

INTRODUCTION

Inclusive Growth is central to the National Development agenda as elaborated in the 12th five year plan. Social, economic and financial inclusions are the three pillars of inclusive growth. Financial inclusion as has been evidenced by SHG banking acts as catalyst to achieve social and economic inclusion. A major segment of the population who experience deprivations from the inclusive growth perspectives are the small farmers who constitute vast majority of rural households in India. The data on the operational holdings in the country gives a graphic picture of the situation with 80% of all operational holdings being marginal and small and share of marginal holdings (below 1 hectare) has further increased to 92.4 million out of the total holdings of 137.8 million and there has been further decrease in the average size of the holdings itself due to fragmentation. The state of poverty/deprivation of small farmers in Rainfed areas which form the bulk of small and marginal holdings has been well documented. Inclusive growth process therefore faces a major challenge in addressing the parlous situation of the small peasants.

It is recognised that small and marginal farmers have not been able to enjoy the fruits of inclusive growth due to several disadvantages and the consequential inability to avail of the opportunities emerging from the growth process. To address these issues and problems of small scale farming there have been enabling interventions by Government and NGO sector in scaling up and sustaining farm based livelihoods. Small farmers are getting organised as SHGs or JLGs. There have also been initiatives now to organise the small farmers under the framework of producer organisations for scale advantage, connecting to supply and value chain markets and thereby the farming gets intensive in small farms. The success of these efforts in the long run is predicated on the necessary condition of access to financial services and the need for uninterrupted access to credit cannot be overemphasized. Yet, lack of access to institutional credit continues

to be a debilitating constraint to realise the economic potential of organised small scale farming systems. Given the risks and vulnerability, credit alone would not do. Crop and asset insurance particularly livestock have become critically important to mitigate the risks and absorb the financial shocks out of loss of crop asset. Millions of small farmers are in debt trap due to usurious loans taken from informal systems which drive them out of farms migrant workers to cities. Therefore, it is becoming clear that the inclusive growth would not reach small and marginal farmers unless financial inclusion happens and all small farmers build banking relationship which also paves the way for accessing benefits being offered by government.

Against this backdrop, INAFI India a network of development NGOs working with small farmers organised a National Conference on financial inclusion of small farmers on 15th September 2015 to bring together development stakeholders working with small farmers' particularly commercial banks and insurance companies to deliberate on the issues and challenges of financial inclusion and chalk out the strategies to address them.



Objectives of the Conference

1. To provide platform to the small farmers and their leaders to express and share the constraints and challenges in accessing financial services.
2. To look at policies (Priority sector lending norms), products and processes for delivery of financial services particularly bank credit for the small farmers and their organizations

(FPOs/FPCs) and identify areas/issues which impede ease of access.

3. To deliberate and to suggest quick and hassle free accessible ways of availing Kisan Credit Card (KCC).
4. To identify user friendly mobile technology applications for the last mile connectivity with the banking system and assess the need for digital literacy.
5. To educate and to suggest ways and means to bring social security cover for small farmers under the aegis of PMJJBY, PNSBY, APY.
6. To evolve and put in place a suitable mechanism within Block level/District level Bankers Committee to address the issues/practical problems faced by small farmers in accessing bank credit and other financial services.

ACKNOWLEDGEMENTS

Thanks to the participation and the contribution of a host of development stakeholders including Governments, RBI, NABARD, Commercial Banks, NGOs / Civil society groups, agriculture university / academia , insurance companies, supply streams organisation supporting small farmers the deliberations of the conference has been enriched and their contributions are valuable. Significantly, Commercial Banks have generously responded with sponsorship for the conference along with NABARD and the following Banks' support is appreciated and acknowledged with gratitude.

NABARD, Canara Bank, IDBI Bank, Pallavan Grama Bank and Buldhana Urban Bank

POLICY RECOMMENDATIONS

- Keeping in view the critical importance of sustaining small scale farming as a means of livelihood issue for millions of farmers and thereby the issue of food security, financial inclusion particularly access to bank credit and insurance is absolutely a necessary condition. As such, given the level of awareness and literacy of small farmers about the formal financial institutions and the services they offer, there is an urgency to map out block / district wise the number of small farmers connected with the banking system and those whose are excluded or face barriers to connect with the banking system. What is more, there has to be a clear strategy spearheaded by Lead Bank in concert with NABARD District Development Manager, RBI Lead Bank Officer and District Administration including Department of Agriculture to connect small farmers with banking system through continuous facilitations and troubleshooting. This is in line with the Government's approach of **“funding the unfunded”** and hence there is an urgency of **“find and fund”** the **farmer** approach by the banking system.
- The Conference declared that organizing small farmers under the producer company framework would pave the way for raising economic profile from being a survival and subsistence mode to a sheer business proposition. This process of change to being an entrepreneurial farmer would impact (which has already started happening) the SHG eco system wherein the members are taking to farming involving crop, animal husbandry and fisheries. Therefore, the Conference recognized the promising potential of farmers' producer companies towards greenpreneurship whereby farmers take up the mixed farming as business ventures.
- The conference recognised the need to build on the momentum in organising small farmers and acknowledged positive development of small farmers getting organised as Farmers

Producer Organisations (FPOs) / Farmers Producer Companies (FPCs) which is facilitating financial inclusion of small farmers with banks through their organisations. In this respect, it should be the endeavour of stakeholders including NGOs, Banks / NABARD etc to convert existing farmers clubs and water users associations into FPOs.

- FPOs, the conference declared, need to be nurtured and developed based on the NDDDB model with Community Governance, Professional Management and district/block level processing centre in place and experimented on a pilot basis.
- The experience shows that FPOs with one or two youth on their Board perform well in terms of procurement of farm inputs at competitive rates, value addition for the produce and getting wider market access which fetch better price for the produce etc., It is therefore suggested, to make the FPOs vibrant and effective, inclusion of one or two young farmers on the Board is to be given due weightage.
- Recognizing the risk prone nature of small scale farming the conference has recommended that integrated farming model is the most appropriate to make the small scale farming economically viable and sustainable whereby combination of crop cultivation with animal husbandry including dairy, poultry, goats/ sheep etc. along with fisheries shall be undertaken. Which render them credit worthy.
- As part of CSR, commercial banks and insurance companies need to invest in promoting producers companies and extend grant support for this process.
- FPOs/FPCs require specialized dispensation of credit in terms of liberalized lending norms which include collateral free loans. The Banks need to have faith in the social capital and agency of farmer groups / FPOs / FPCs a la SHGs. The conference

strongly recommended for a **vertical** in the banking system for hassle free credit flow to the FPOs / FPCs.

- Farmers availing production credit from the banking system are eligible for interest subvention subject to certain terms and conditions. While this benefit is made available, hassle free, for all individual farmers, most of the SHGs of farmers are not getting the benefits due to probably negligence of branch staff. Surprisingly these SHGs of farmers also do not stake their claim for interest subvention due to their lack of awareness. Both the branch staff as well as SHGs of farmers is to be given adequate knowledge on this issue so that entitled benefits are passed on to the eligible SHGs of farmers.
- When the small and marginal farm holdings are on the increase year after year due to fragmentation which goes unabated, the RBI's mandate of 8% credit to small and marginal farmers is very much on the lower side and hence it needs to be increased substantially.
- Investment loan is essential for capital formation in agriculture that leads to more production and consequently higher GDP. Unfortunately cover the share of term loan out of total agricultural credit stands at 16-18% against the desired level of 33%. RBI may stipulate suitable sub target for agricultural investment credit in the overall agricultural loan portfolio of the banks.
- Agricultural Insurance Scheme should be totally revamped to cover all major crops on individual farmer basis at affordable premium rates. Farm asset insurance should also be made simple, affordable and hassle free. Further there is also a need to rationalise the pricing of crop insurance, rather differentiated approach, with high premium in high risk areas and low premium in low risk areas for a given crop.

- With a view to promote and advance financial inclusion of small farmers the conference recommends that each and every small farmers shall have access to kisan credit card with RuPay card facility.
- Submission of revenue records for availing farm credit from the banking system consumes a lot of time, energy and unwanted expenditures. To eliminate these problems and to give identity to small and marginal farmers suitable ID card as that of PAN or AADHAR may be thought of. Moreover, as far as crop loans for small farmers are concerned the requirement would come to less than 1 -2 Lakhs. As such, the land records need not be insisted upon and the local enquiries in the due diligence process would take care of genuineness.
- As technology applications are enhancing the ease and convenience of customers to access financial services and also cost effectiveness, small farmers cannot be left behind. The conference strongly recommends continual engagement with small farmers not only for financial literacy as also digital literacy to the extent of making them comfortable and confident in using IT Apps including mobile.
- There is a wider recognition that access to financial service alone would not make the small farming viable. In other words, to sustain the financial inclusion of small farmers, small farming need to be economically viable. Therefore, there is a need for enabling small farmers to avail multiple services – Agriculture extension, Financial, Marketing, Infrastructure, Government support etc, for which the conference strongly recommends putting in place single window system at the district / block level by the State Government. This would go a long way in helping the small farmers to get timely services and remain focused on farming operations.

- The need for the uninterrupted flow of credit to sustain the small scale farming cannot be overemphasized. Which means the delivery of credit cannot be left to a passionate few rather financing small farmers need to be **institutionalized** truly as the priority in rural and semi rural branches.
- Above all, the gap between policy **“intent”** and the actual **“implement”** has to do with the larger issue of institutionalizing and according true priority to finance small farmers which means the delivery of credit cannot be left to a passionate few in the banking system. The process of institutionalization of delivery of credit cuts both ways – Top down and Bottom up. As this would ensure in the long run uninterrupted flow of credit, a vibrant eco system for financial inclusion of small farmers would emerge. And the role of RBI in ensuring this process of institutionalization across the banking system is quite paramount and RBI should engage beyond proactive policy setting.

PROCEEDINGS

INAUGURAL SESSION: Welcome and Introduction

Shri.M.Kalyanasundaram, Chief Executive, INAFI-INDIA

Welcoming the participants, Mr.M.Kalyanasundaram has set the tone for the conference and traced the journey through which **Inclusive Growth** has traversed over the past 50 years, starting from Nationalisation of Banks followed by Lead Bank Scheme, target set to Priority



Sector lending and evolving SHG Bank linkage programme. Though, a lot of initiatives have come from the banking system towards ensuring inclusive growth, the fact remains that financial exclusion is still rampant in our country in general and farming community in particular. In this, the role of enabling institutions like NGOs /Development bodies are crucial larger going beyond just extending financial services. This includes continuous arrangement of networking, digital literacy to the community etc.,

The access to institutional credit has to be institutionalised by forging 3Cs namely

- a) **Convergence of Stakeholders** (Banks, Financial institutions, NGOs and community)
- b) **Competitive Collaboration** among the stakeholders
- c) **Concerted Working** by the enablers

In the context of providing financial services to small and marginal farmers with appropriate products and technologies, he exhorted all the participants to deliberate on the issues and challenges and share

their experiences so that the conference would bring to focus action points worthy of emulation by the stakeholders.

LOCALIZING DEVELOPMENT PERSPECTIVES IN THE CONTEXT OF SDGS

Shri.M.P.Vasimalai, Chairperson, INAFI-INDIA

In his address he mentioned three pronged perspective of financial inclusion of small farmers namely Demand System (what are the farmers' needs?). Supply System (Transformative supply that changes the quality of life) and Enabling System (including processes and methods). Appreciating that a large number of farmer groups are emerging in the recent past, he stressed the need for long term relationship with banking system for their sustainability.

While referring to the farmer groups, he sought to break the myth- **SHG means women SHGs and farmer means male farmer.** As both the genders are there in SHG/farmer groups the gender sensitivity as well as nature of activities should be properly perceived at every stage of the group functioning and all benefits that are available to women/farming community as the case may be are to be made available without omission.



He lauded the proactive role of NABARD in furthering the process of FI in general and facilitating access to credit by the farmers in particular. More striking this initiative taken by NABARD to promote FPOs and pioneering efforts made in extending need based credit to

these FPOs and exhorted the commercial banks also to come forward in promoting such FPOs by providing grant support to the enablers out of their CSR allocation.

He suggested that FPOs could follow NDDDB model with community governance, professional management and processing centres at District/Block level. Since FPOs are in nascent stage of development such experiments on NDDDB model and the ones like Sarvodaya /Khadi movement etc., can be taken up on pilot basis and those models which prove sustainably viable can be suggested for replication.

Wishing the conference a grand success he called upon the participants to come out with atleast five or six policy recommendations which would go as Madurai declarations as an outcome of this national conference.

Farmers' Speak:

Shri.Gurusamy, Board of Director, Ramnad district, Mudukulathur Federation

Representing the farmers community Mr.Gurusamy, aired his views that Kisan Credit Card has not reached many farmers and even where it is given banks take their own time without minding the time norms set by RBI, leave alone seasonality. He appealed that the banks should extend credit to FPOs at lower rate of interest.



Shri.Narayanan, Kallikulam block of Vellagulam village in Thirumangalam district, Mangaiamman Ulavar Kuzhu



The government schemes that assist small and marginal farmers do not have a reach. Small and medium farmers are not supported well by the banks and to establish their identities as small farmers/marginal farmers they are required to submit all revenue records

which take considerable time, energy and unwanted expenditures. He suggested that a suitable ID card for small and marginal farmers as that of PAN and Aadhaar may be thought of. He got his first loan of Rs 40,000 at the age of 70 for which he had to provide all the land documents and also jewellery as collateral. He lamented that hardly 10% of the 800 farming community living in his village have had access to bank credit.

SPECIAL ADDRESS: Shri.Nagaraj Garla, CGM, IDBI, Chennai

Appreciating the initiative taken by INAFI to organise the conference on FI, he emphasized that financial Inclusion can be achieved only through collaboration of all stakeholders. As regards 8% sub target set for small and marginal farmers for the banks by RBI, he was confident that IDBI bank could be able to surpass the target by disbursing the credit through four channels namely



- i. Direct Branch channel
- ii. Business Correspondent Model

- iii. Collaboration with NGOs
- iv. Securitization Approach

He also stressed the need for extending investment credit to farmers as it would create more employment in agriculture sector resulting in higher productivity and enhanced income.

KEY NOTE ADDRESS: Shri.Velusamy, General Manager, Canara Bank, Madurai

He said that the banks are very much conscious of the target set for agriculture credit and to ensure quality of rural credit, he added, many banks have established separate verticals for rural credit. While sharing his experience as a banker who dealt with rural credit, he



suggested that in Rainfed areas water holding techniques such as application of tank silt etc., has to be promoted. He was also sharing his concern that the farmers do not get remunerative price for their produce whereas when it reaches the market the price is alarmingly high indicating that only intermediaries are benefitted in the process. To make agriculture sustainably viable minimum support price for all major farm produce is important. He further advised that the crop insurance scheme in the present format is not farmer friendly and it needs to be totally revamped.

KEY NOTE ADDRESS: Shri.Sanjeev Singha, General Manager, FIDD, RBI, Regional Office, Chennai

"Poverty anywhere is a threat to prosperity everywhere" - Recalling the statement made in ILO convention held at Philadelphia in the year 1944, he outlined the regulatory measures taken by RBI towards inclusive growth.

- Encouraging banks to adopt a structured and planned approach to FI with commitment at the highest levels by preparing board approved FIPs. Out of 3,445 rural bank branches opened during 2014-15, 2230 branches were opened in unbanked rural centres. Around 155 million Basic Savings Bank Deposit Accounts (BDBDAs) were added taking the total BSBBDAs to 398 million. This includes 147 million accounts opened under PMJDY. With the addition of 2.6 million small farm sector credits (Kisan credit cards – KCCs) and 1.8 million small non farms sector credits , the total number of such accounts went up to nearly 42.5 million and 9.2 million respectively.
- To ensure last mile delivery of all financial services banks have been permitted to outsource the services by engaging Business Correspondents (BCs) and appropriate control system for overseeing BC operation is also provided to the banks. ICT based BC model is yet another development conceived by RBI as technology can only leverage the FI process, given the task of reaching remotest villages in the country.
- On agriculture front, target for agriculture credit under the overall credit of the banks has been stipulated with penalty provision for non achievement. In an effort to increase direct lending to agriculture, the target for direct lending to small and marginal farmers under the recently revised Priority Sector Norms has been increased 7 percent for 2015-16 and to 8 percent for 2016-17.



- To ensure that adequate credit is dispensed to small and marginal farmers, the banks are now, directed to ensure that their overall direct lending to non-corporate farmers does not fall below the system-wide average of the last three years achievement.
- On the efforts taken by RBI to augment networking of banking facilities, he inform that about 490000 unbanked villages with population less than 2000 were identified and allotted to banks for coverage under the ongoing phase-II of the roadmap. At the end of March 2015, as reported by State Level Banks Committees (SLBCs), 390,387 villages were covered by 14,207 branches, 357,856 BCs and 18,324 other modes, such as automated teller machines (ATMs) and mobile vans. In view of the ongoing implementation of PMJDY, banks were advised to complete Phase – II coverage by August 14, 2015 instead of March 31, 2016 as prescribed earlier. RBI have also recently given approval for setting up 11 payment banks and 10 small finance banks which will go a long way in providing last mile connectivity in the hitherto unreached remote villages of the country.
- Finally, he lauded the social security cover introduced by the government for the common man including small farmers under the aegis of **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)**, **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**, **Atal Pension Yojana (APY)** which are coming at a nominal cost and exhorted all the farmers to avail of these schemes for betterment of their life with reasonable social security cover.

INAUGURAL ADDRESS: Shri.K.Venkateshwara Rao, Chief General Manager, NABARD, Chennai



In his inaugural address, he highlighted that the issue of easy access to financial services for the farming community has been in focus ever since banks were nationalised but still he admitted that a lot more has to be done in the context of inclusive growth which aims at providing all financial services to hitherto excluded segment of the community at affordable cost. As for agricultural farm holdings are concerned, he pointed out that out of 91 lakh holdings in our country about 60% still do not have access to formal credit from financial institutions pointing to the fact that vast majority of the farming community is even now excluded from formal credit system or falling prey to the usurious lending practices prevalent in rural areas. The agony is smaller the farm size farther is the access to credit.

Under PMJDY, though more than 15 crores Basic Savings Bank Depositor (BSBD) accounts have been opened, many accounts are remaining dormant and RuPay card issued only to 30% to 40% of them. Probably BC operations have to be strengthened and streamlined to facilitate operations in all these BSBD accounts. With more than 3.5 lakh BCs having being enrolled to provide banking services, their services are to be availed for popularising Kisan Credit Cards among the farming community. What is important, therefore, financial inclusion need to be transactional to serve its purpose so that farming activities are sustained in the long run and their relationship between the small farmers and the Banks put on a strong partnership.

To ensure enhanced income and sustained livelihood for small and marginal farmers, farmer's need, capital investment with which land based improvement, farm machinery, livestock development, fishery, etc., can be taken up. But the overall banking statistics reveal that the share of term loan in the agricultural loan portfolio stands at a meagre of 16-20% as against to desire level of 33%. He urged up on the bankers to give equal focus on term lending as that of production credit with a view to enhancing farm productivity to a greater extent.

The chief general manager also exhorted NGOs / Banks to convert the existing Farmers Clubs and Water Users Association into Farmers Producers Organisations (FPOs) and extend necessary credit support, keeping in mind that these organised bodies have already been inculcated with the principles of credit discipline, repayment ethics, etc., He has also driven home a point that financing such FPOs in large number will in the long run bring down the operational cost for the bank apart from in building risk mitigation through peer pressure.

SESSION – 1: EXPERIENCE SHARING BY ENABLING NGOS

Presentation by Shri.Vivekanand N. Salimath, Managing Trustee, IDF, Bangalore

Shri.Salimath shared his experience of **IDF project SUJEEVANA at Kunigal – Gubbi** and also their role in **Save The Farmer project** – A CSR initiative by Government of Karnataka to Prevent Farmer Suicides in Tumakuru District of Karnataka.



Sujeevana Project

This project focuses on Livelihood improvement of small and marginal farmers who are organised into SHGs/JLGs and enable them to access bank credit for crop production as well as asset creation at Kunigal-Gubbi area. 3108 groups (SHGs and JLGs) have been formed and credit to the tune of Rs 284 crores extended through State Bank of India.

Outcome of Kunigal experience

- Household dependence on Money lenders reduced from 45% to 85%.
- Bank credit access to the group members has gone up by 100%
- 82% of total members acquired livelihood assets
- 90% of the group members got incremental income
- 30% of extremely vulnerable households moved out of poverty.

In fine, the project helped in the economic upliftment of 30000 farm families.

IDF has also been participating in a cashless mode process in financial inclusion through three different channels namely I. PMJDY, II. Community Based Organisation, III. MPOs/Mini ATM and experience is encouraging.

Save The Farmer

Tumkur district in Karnataka has witnessed 31 farmers committing suicide in the last 2 months and nearly half of them below 40 years of age. It is reported that 1,47000 farmers/agricultural labourers have huge debt burden and of whom 30,000 are under serious financial distress. Still 40% of the farmers have no bank accounts.

The socio economic survey conducted by IDF eliciting reasons for the farmers committing suicide revealed the following:

- Small land holdings
- Single cropping pattern
- Low productivity/income
- Depleting ground water
- High interest rates
- Inadequate post harvest skills
- Fluctuating market
- Lack of supplementary livelihood
- Low asset and skill base
- Lack of handholding
- Loss of hope

In this backdrop, IDF has taken up a project **Save The Farmer** in Tumkur district wherein Fixed Programme Management Cost is met out of CSR fund allocation and Programme Cost is met by Karnataka State Government and Banks.

The project has targeted on 3 lakh families with an investment cost of Rs 1.90 lakhs per family as per the details given below:

Target 3 lakh families/ district; 30 K families/Taluk	Unit rate per Family in Rs
1. Conversion of Farmer to Agri-preneur (Group Trainings, Technology Dissemination, Financial Literacy, Value Addition etc)	9,000
2. Capacity development of CBOs	6,000
Capacity development of families (CSR Total)	15,000
Investments in Soil and Water conservation (Govt.)	75,000
Debt leveraged from the bank (Financial Inclusion)	1,00,000
Total Investment per Family	1,90,000
Short term Incremental Income (Field crops, livestock)	1,50,000
Long term incremental income (Tree based farming)	1,50,000
Returns in 3 years	3,00,000
COST – BENEFIT RATIO	1.57

The project aims to achieve the following goals with the broader objectives of leveraging the farmers from debt trap and augmenting livelihood opportunities for them.

Short Term

- 360 degree support against distress
- Provide Expert Counseling/ convergence
- Wean away from Money lenders
- Mobilise CSR funds

Long Term

- Make Agriculture more profitable
- Reduce input costs
- Enhance multiple livelihood skills
- Activate self help groups into supplementary income generating activities

Presentation by Shri.Manoj Menezes, Agri Director, SKDRDP, Dharmasthala



He shared the experience of SKDRDP in Financial Inclusion of Small farmers in the State of Karnataka. SKDRDP has been in existence for last 28 years and this working with agriculturist families in its area of operation. This strategy adopted by them to bring socio-economic

development in the agriculturist families is as under

- to organise them into self help groups;
- to draw a five year plan for socio economic or integrated development of a family;

- to provide 6 levels of training to SHG members ; and
- arrange for credit linkage with banks

SHG formation and training

- Meeting Village Level with Local Leaders and farmers
- Getting the list of eligible and interested members
- Group formation on socio-economic status of members
- Registration and enrolment of SHGs
- Submission of account opening forms to banks
- Verification of account opening forms by Banks
- Six levels of Trainings to SHG Members

Farm Planning

A Five Year Plan for socio economic or integrated development of a family.

- Agri development
 - Water Sources development
 - Land Development
 - Infrastructure Development
 - Allied activities
- Animator and member plan the activities for coming years
 - 4- 6 groups to discuss the implementation
 - A hand book as farm planning given to all
 - Loan demand based on Farm planning
 - Need based trainings/demonstrations/ exposure visits
 - Government facilities (grants, inputs etc) available based on the season for farming informed.

Credit linkage to SHGs

- Identifying the Credit needs (actual cost of cultivation is considered and over financing is strictly avoided).
- Group Resolution
- Request to Federation for approval
- Generation of loan application
- Submission of loan application and sanction
- Disbursements of loan at door step of SHGs
- Loan repayment on weekly basis

Loan eligibility per SHG

- After 12 weeks to 24 weeks of promotion: Rs.50,000/- cash credit maximum per SHG/ JLG.
- After 24 weeks to 76 weeks of promotion: Rs.1,50,000/- cash credit maximum per SHG/ JLG.
- After 76 weeks to 156 weeks of promotion: Rs.3,00,000/- cash credit maximum per SHG/ JLG.
- The cash credit limit will be operational until three years. The Bank will review the position SHG/JLG wise every year and refix the limits based on the needs performance of the SHG/JLG.

Member level lending norms

- The first loan will be for a maximum of Rs.10,000/- per member to be repaid in 100 weeks.
- The second loan may be considered after the first loan for a maximum of Rs.25,000/- per member to be repaid in 156 weeks.
- A maximum of three loans may be considered at a time per member subject to a maximum of Rs.50,000/- per member.

- Loans will eligible for only to groups which are eligible to borrow as per Banks scoring Model with min score of 5.

Best Practices adopted by SKDRDP

- Trainings to staff at various levels
- Formation of Federation of SHGs and involving them.
- Mobilizing Community support
- Exposure visits to the SHG members & Federation leaders.
- Importance to credit plus activities.
- Providing printed record books to SHGs.

The overview of performance of SKDRDP is given here under:

1. No. of active SHGs	: 3.15 lakhs
2. No. of active SHG Members	: 34.71 lakhs
3. Savings of Rs.10/- per week (since 1991)	: Rs. 1450 Crores
4. Amount of Loan disbursed (since 1995)	: Rs. 13158 Crores
5. Loan Outstanding	: Rs.3950 Crores.

Presentation by Ms.Veena Halwe, Thematic Programme Executive, BAIF, Pune

She shared the experience of BAIF which operates 16 States covering 4 million families spread over 65000 villages. They rely on localizing Sustainable Development Goals and based on the locally available potentials they work on the following thematic areas:

- Livestock development
- Agri- Horti- Forestry (Wadi)
- Natural Resource Management
- Community health
- Women Empowerment

- Agri Business
- Allied / non-farm livelihood generation aspects
- Training and capacity building for staff and participants

Under Livestock Development the project helped to create 0.8 million cross bred cows producing milk worth about Rs. 2800 crores.



Under Agri-Horti Forestry programme they have developed more than 56,000 ha of wadis benefitting over 0.2 million tribal families in this States of Gujarat, Maharashtra, Karnataka, Rajasthan and Uttar Pradesh.

Under Women Empowerment project they have promoted around 7000 SHGs and linked with bank credit of Rs. 2600 crores.

BAIF has also experimented with great success farm based diversification such as Floriculture, Jatropha Cultivation, Aromatic Grasses, SRI Planting, Vermi Composting, Lac on Ber Plants which facilitated the agriculturist to enhance their farm income substantially.

Notwithstanding all such initiatives undertaken by them, BAIF still feels that a lot more has to be done to ensure inclusive growth and their experience with regard to FI process is summarized as below:

- Most of the accounts opened under PMJDY or no frill accounts without any operations.
- 30 to 40% farmers only are taking advantage of KCC.
- Awareness about loan for development is less.
- Cumbersome documentation formalities and repeated visits to bank demotivate farmers
- Farmers do not prefer crop insurance

Issues

- Financial literacy is very poor
- Regular contact of bankers and farmers missing in rural areas.
- Availability of adequate and transparent credit from formal banking channels is missing
- Loan requirements are small and seasonal but process is not clear and lengthy.

Way ahead

- Understanding grass root level issues and needs of farmers which differ in each region.
- More interaction with farmers.
- Financial literacy is very important. Banks with help of voluntary bodies should take this up.
- Partnership is required.

Presentation by Shri.Devilal Vyas, Director, PEDO, Rajasthan (Tribal)

He shared his experience of working with Tribal farmers in the State of Rajasthan. The demography of the area where PEDO has been working is characterized by scattered population with each family separated at the distance of 1-2 kms relying on monsoon which fails very often agriculture is not remunerative and hence the agriculturist migrate to urban areas for their subsistence.



With development support forthcoming from Bank of Baroda, PEDO has taken up the challenge of bringing prosperity to this poverty stricken tribal belt and fairly succeeded in their endeavors. They focused on harnessing irrigation potentials

available in the area and encouraged hybrid variety of maize for food security and introduced turmeric cultivation as commercial crop.

Prior to PEDO's intervention the local farmers were practicing barter systems by exchanging farm produced with other products which they would like to buy and thereby they were not able to get a fair price for their produce. After taking up turmeric cultivation in large scale PEDO has developed markets for the produce by establishing as many as 400 SHG shops in the district apart from tying up with big merchant dealers.

Impact

- Irrigation potential developed
- Labour migration averted
- Rural women who remain idle are now engaged in agricultural activities

Presentation by Shri.Palanisamy, Programme Leader, RFDP, DHAN Foundation, Madurai

He shared the unique experience of DHAN Collective in Community Development which focuses on developing people institutions by organising under privileged women small and marginal farmers and agricultural labourers into SHGs and federating these SHGs into federations at block/district level. Out of 250 federations established across the country, 100 federations have become self supporting and sustainably viable.

Under Rainfed Farming Development Programme (RFDP), which is in operation from 2002, farmers are organised into MFGs on the lines of SHGs and they are facilitated to access bank credit for crop production and other



farm investment activities. Their experience which regard to dealing with bankers is mixed. In certain areas, bankers do not welcome MFGs when the same set of bankers actively participates in SHG bank linkage programme. He lamented that this mindset should go from the bankers so that farming community at large will have easy access to bank credit for development.

Wherever the response from the local banks for financing MFGs is lukewarm, they arrange bridge loan from Kalanjiam Development Financial Services (KDFS), a financial institution of DHAN Collective. It must however be understood that bridge loan from KDFS is only a stop gap arrangement and for long term financial relationship farmers need to have credit access only to the banking system.

SESSION – II: EASE OF ACCESS TO FINANCIAL SERVICES FOR SMALL FARMERS: APPROPRIATE PRODUCTS AND FRIENDLY PROCESSES AND POLICIES

The session has been moderated by a panel comprising of Shri.Ashis Mondal, Director, ASA, Bhopal and Shri.M.Kathiresan, Advisor, DHAN Foundation

Initiating the deliberations Shri.Ashis Mondal, Director, ASA, Bhopal expressed the hope that the presentations would focus on the innovative products, approaches, policies and processes that would facilitate hassle free availing of credit and other financial services from the banking system.



Referring to the revised priority sector credit guidelines of RBI, Shri.M.Kathiresan, Advisor, DHAN Foundation pointed out many positive features of the policy that would help access the bank credit by small farmers.

Presentation by Shri.Abdul Azeez, AGM, Canara Bank, Circle Office, Madurai

Touching on the macro economy of Agriculture in India he said that the average size of operational land holding is reduced by off from 2.28 ha (1970-71) to 1.16 ha (2010-11). Similarly due to fragmentation there is happening over the decades the number of small and marginal land holdings increased by 67 million from 49.11 million (1970-71) to 117.09 million (2010-11). The implication is smaller the farm holding lesser the viability and it necessitates consolidation in the form of JLGs and FPOs to make the farm holding reasonably bigger and more viable.



He outlined the mandatory norms set by RBI for priority sector and agriculture lending and dealt in detail various schemes and products offer by Canara Bank to the farming community covering both short term as well as long term loans.

The salient features of to unique products namely 1. Financing of JLGs, 2. Financing of FPOs, are given below:

Joint Liability Group – 4 to 10 members

Objective: To argument flow of credit to landless farmers – tenant farmers, oral lessees, or share croppers and small / marginal farmers taking up farm activities.

Criteria:

- i) JLG is an informal group comprising of 4 – 10 individuals coming together for the purpose of availing loan on individual basis or through group mechanism against mutual guarantee.

- ii) The group should be homogeneous and organized by likeminded farmers / individuals and develop mutual trust and respect.
- iii) The group members should be residing in the same area / village and should know and trust each other well enough to take up joint liability loans.
- iv) Members should not be a defaulter of any financial institution.
- v) More than one person of the same family should not be included in the same JLG.

Group Approach: JLG should hold regular group meetings, ensure regular savings and thrift habit amongst them and accounts should be maintained at JLG level.

Quantum Of Loan: Should be related to the credit needs of the enterprise and to quantum of savings. Rs.1,00,000/- per member with maximum of Rs.10 lakhs per group for meeting expenses for raising crop.

Interest rate, Interest Subvention / incentives are as per KCCS scheme.

Two Modules: a) Financing individuals in the SHG. ; b) Financing the JLG as a group.

Farmers Producer Organisations :

Purpose: To meet the financial needs of farmers producer organizations by way of Term loan or working Capital as per the requirement.

To improve the income and reduce the poverty of small & marginal farmers and making their Livelihood sustainable through agri business ventures.

Target Group: Small & Marginal farmers engaged in cultivation and other allied activities are the members and stake holder of the FPOs. FPOs are to be registered company.

Term Loan

- i) For acquiring farm machinery, equipments, refrigerated vehicles, other implements, machinery required for cultivation, production, post harvest processing etc.,
- ii) Construction of storage godown or any other structure useful for the common use of farmers society for productive purpose.

Working Capital

- i) To meet cultivation expense of members – farmers based on scale of finance for cultivable area.
- ii) To produce the farm produce from the farmer members.
- iii) To meet the storage / ware housing expenses and transportation.
- iv) To meet the working capital needs for value addition process of farm produce.

MARGIN: 10% for Term Loan & Working Capital.

REPAYMENT: Term loan -5 to 7 years

Working Capital – Tenable for one year.

SECURITY: Hypothecation of assets created out of finance.

Shri.Abdul Azeez highlighted that FPOs, being the collective of small and marginal farmers with their inability to bring any tangible collateral security, Canara Bank's scheme for financing FPO does not stipulate any collateral security irrespective of the loan amount and hypothecation of assets created out of bank loan will suffice the purpose.

Presentation by Shri.V.Ravishankar, Senior Manager, Corporation Bank, Madurai

Mr.Ravishankar while sharing his experience in their bye-pass road branch at Madurai wherein more than 2000 SHGs have been credit linked and in Thanjavur district wherein more than 1500 KCCs were issued, he came out with the following suggestions.



- To have farmer's identity and avoid submission of revenue records as a proof of land holding which entails wastage of time and money, PAN Agri card like the ones as that of PAN card /Aadhaar card may be thought of.
- When the SHG of farmers avail production credit, issuance of Kisan card to the group may pose problem in the event of earning member migrating and as a result reconstituting the group. However, based on the loan availed by the individual member from the group, the overall cash credit limit may be split into sub limits and separate KCC may be issued for each sub limit.
- Though declining asset quality in agricultural loan portfolio is a very serious concern for the banking system, a positive attitude with a passion to work along with farming community will ensure that the asset quality is always good and intact.

Presentation by Shri.P.Lakshmanan, Assistant Manager, AIC of India, Madurai

He explained in detail the crop insurance schemes offered by AIC of India.

AIC's major initiatives are

- NAIS (w.e.f Rabi 1999-2000)
- WBCIS (w.e.f Kharif 2007)
- MNAIS (w.e.f. Rabi 2010-11)

NAIS Objectives

- To provide insurance coverage to all crops and financial support to all farmers in the event of failure of any notified crop as a result of natural calamities, pests & diseases.
- To encourage farmers to adopt progressive farming practices, high value in-puts and higher technology in Agriculture.
- To help stabilize farm incomes, particularly in disaster years.



Food crops (Cereals, Millets & Pulses), Oil Seeds (Groundnut, Gingelly, and Sunflower etc), Annual Commercial / Horticultural crops (sugarcane, cotton, potato, onion, chillies, tapioca, turmeric, banana etc) are covered.

Farmers are covered under

- **On compulsory basis:** All farmers availing Seasonal Agricultural Operations {SAO} loans- Crop Loan – KCC schemes
- **On voluntary basis :** All other farmers (as Non-loanee)

Sum Insured (SI) /limit of coverage is

- **Loanee farmers:** SI would be at least equal to the amount of crop loan availed.
- **Non Loanee farmers:** Value of Threshold Yield (Threshold Yield * MSP)

Premium on subsidy: 50% for all farmers and 55% and non loanee farmers (small and medium farmers)

Claim: Claim is settled on area basis based on threshold yield.

Constraints faced by farmers

- NAIS- area approach-Firkha/Block level yield assessment (CCEs) - Compensation Paid.
- Only notified crops & area under insurance.
- Delay in settlement of claim
- Reluctance of banks for Non-loanee farmers.
- Banana-wind damage, Sugarcane- Fire damage etc- not covered individually.

Expectation from the Farmers

- Individual Crop Insurance @ low premium for farmers,
- Weather/ Rainfall Based Crop Insurance @ AWS at every revenue village/ village level
- Crop loan- Compulsory coverage by Banks

Weather Based Crop Insurance Scheme (WBCIS)

- From Kharif 07 – Karnataka - on pilot basis
- Presently – 21States allowed by GOI
- Besides AIC private Cos are also allowed
- Private Cos empanelled by GOI - 09

Coverage details

- Insurance Period: Normally Sowing to Maturity
- Insurance Coverage Period: Normally before risk commencement
- Coverage Procedure:

- Loanee - Through Nodal Bank System
- Non Loanee - Through branches of FI, Insurance intermediaries, Authorized Representative of AIC, GIPSA Network
- Bank Service Charge – 4% (Earlier 5%)

Modified National Agricultural Insurance Scheme (MNAIS)

Main Features

- Modified Version of NAIS
- Implemented w.e.f. kharif 2010 on Pilot basis
- At Village Panchayat level for Major Crops
- I.L. (%) - 80 & 90 based on c.v. (Earlier 70, 80 & 90%)
- Notification of Areas & Crops in Kharif & Rabi seasons
- Notification details decided in SLCCCI Meeting

Localised Risks

- Crops damaged due to hailstorms & landslides
- Immediate Notice to AIC in claim format within 48 hrs
- Assessment to be done by AIC
- State Govt. assists AIC in assessing extent of Crop loss
- Localized claims if less than area approach claim, then balance claims are to be paid.

Presentation by Ms. Gayathri, Programme Leader, DHAN Foundation, Madurai

DHAN's approach to Micro insurance is in three ways

- **Approach I:** Linking mainstream insurance providers with poor
- **Approach II:** Facilitating community based mutual solutions at federations and ensuring viability and sustainability of them
- **Approach III:** Hybrid of both the above approaches - Accessing mainstream insurance products and mutual solutions for the gaps in the product.



Premises for Mutual Solutions

- When the risks are insurable
- When solutions are not available in the market- whole life policy
- When sufficiently large number of members have the need and willing to have a mutual solution
- When risk could be shared across the insurance pool from different geographical areas
- When it is possible to have a reinsurance facility

The summary of micro insurance and pension scheme offered to the community through mainstream service providers as well as mutuality is given below:

S.No	Risk	Strategy	Scheme	Insurer
1	Life Insurance	Collaboration	Aam Adhmi Bima Yojana	LIC
			Group Insurance Schemes	LIC, HDFC, BSL, Tata- AIA
		Mutual Life	Old age Insurance	Federation Mutuals
2	Health Insurance	Collaboration	UHS	NIC
		Mutual	Mutual primary health care insurance	SUHAM Hospitals, Federation Clinics
3	Livestock Insurance	Mutual	Mutual Livestock Insurance Programme	Federation Mutuals, People Mutuals
4	Crop Insurance	Mutual	Yield indemnification scheme	Federation Mutuals, People Mutuals
5	Micro Pension	Collaboration	DHAN-LIC Micro Pension Scheme	LIC

The social security cover provided to the community in the form of micro insurance and micro pension and the coverage details as of March 2015 are presented below:

Status of net Insurance coverage as on March 15				
S.No.	Risk	Female	Male	Total
1	Life only	164,959	123,315	288,274
2	Life & disability due to accident	301,728	165,741	467,469
3	Life, disability & pension	923	372	1,295
4	Micro pension	11,293	147	11,440
5	Health and Life	28975	20124	49,099
6	Health	153,316	119,421	272,737
7	Livestock	6,095	-	6,095
8	Crop	-	28,848	28,848
Total		667,289	457,968	1,125,257

The Salient features of the various insurance and pension products such as life insurance, health insurance, livestock insurance, crop insurance and micro pension are furnished as under

Life Insurance

Aam Aadhmi Bima Yojana (AABY)

Eligibility:

- LIC- Aam Aadhmi Bima Yojana - is a group life insurance scheme designed for poor in the age group of 18 to 59 years.
- The annual premium per person is Rs.200, of which Rs. 100 is to be paid by member and the balance Rs. 100 is subsidized by the Social Security Fund of the Central Government.
- To get continued insurance coverage, premium is to be paid year after year.

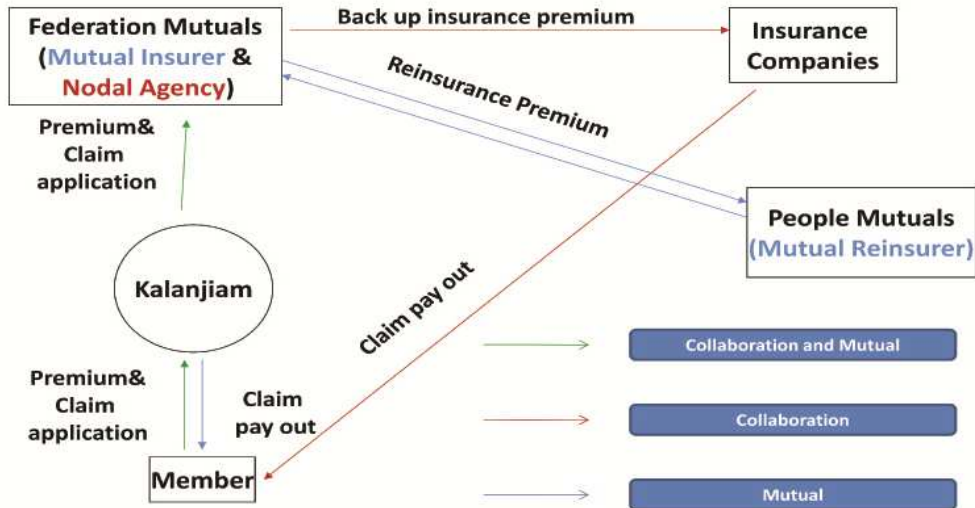
Other benefits:

- Scholarship assistance of Rs.1200 per year for two children of the insured studying in 9 to 12th class through Shiksha Sahayog Yojana

Mutual Life Programme

- Members of all ages
- Premium by <59 years : Rs.150
- Premium by >59 : Rs.150
- Benefit : Rs. 10000 for the death after 60 years
- Retention of risk by Federation mutual

Life Insurance



Health Insurance

Coverage

SECTION I:

- Hospitalization Expenses of Rs.30,000 per annum; Rs.15,000 per hospitalization
- Maternity benefit -Rs.2,500/- for normal & Rs.5,000/- for caesarean delivery for two deliveries; Waiting period of 12 months from the inception of the policy

SECTION II

- A. Personal Accident Cover to Earning head of family
- B. Disability compensation for earning person of the family

Rate of Premium

Coverage

Individual
Family upto 5 members

Premium

Rs.300
Rs.450/-

(Member, spouse & first 3 dependent children)

Family upto 7 members

Rs.600/-

(Member, spouse, first three dependent children and parents)

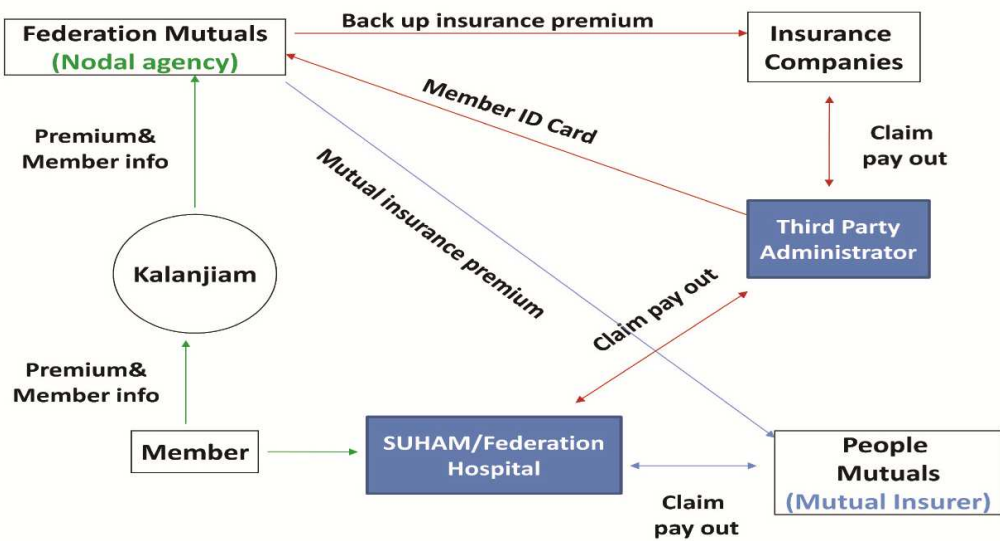
Health Mutual Programme

UHIS: For Secondary care Mutual
Health Programme: For Primary care



Locations
Five Federations in Theni District
Eleven Federations in Madurai District

Health Insurance



Crop Insurance Programme

Rainfall Indexed crop Insurance Crop Mutual Help Programme



Locations			
1.	<i>Mudukulathur</i>	8.	<i>Poondi</i>
2.	<i>Kadaladi</i>	9.	<i>Theni</i>
3.	<i>Thirupplani</i>	10.	<i>Sengapadai</i>
4.	<i>Kottampatti</i>	11.	<i>Sedapatti</i>
5.	<i>Singampunari</i>	12.	<i>T-Kallupatti</i>
6.	<i>Thiruvallangadu</i>	13.	<i>Punganur</i>
7.	<i>Thirukalunkundram</i>	14.	<i>Natrapalli</i>
		15.	<i>Gudiyatham</i>

Mutual Livestock Insurance

Who can join?

- Members organized under Kalanjiam, Vayalagam and Ulavar Kuzhu can join and cover their livestock risks.

How to join?

- The livestock have to be ear tagged with the tag with 'DHAN' script obtained from the federation office.
- The duly filled application form has to be submitted to the federation along with the payment of eligible contribution amount.
- The application form should be duly authorised by the livestock mutual committee. Livestock Mutual Committee comprises of two Farmers' group leaders at the village and Programme staff.

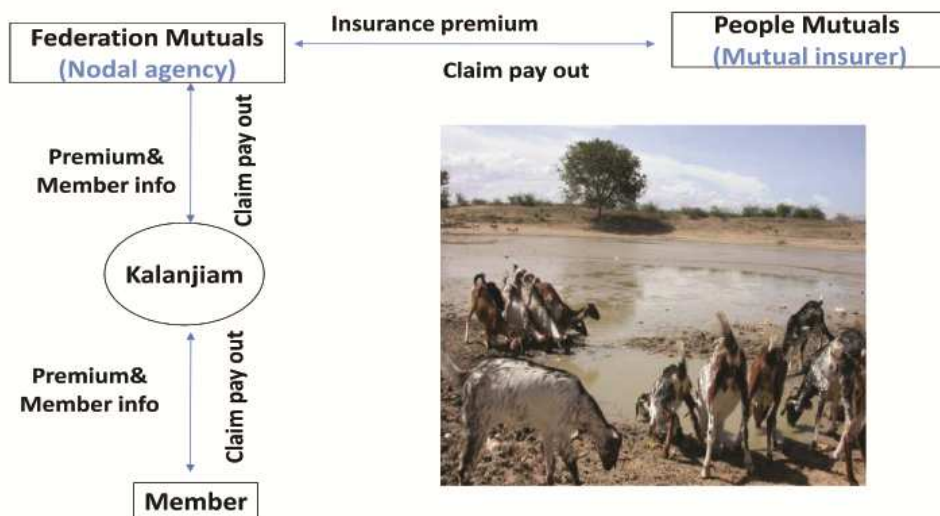
- Federation office should send the insured particulars in the prescribed format and the photographs of the animals with visible tag in the soft form to People Mutuals along with the application.

Contribution : 4.5% of value of animal to be paid to federation. (Maximum of Rs.20000 for milch animals and Rs.4000 for sheep and goat)

Federation makes a contribution of 4% of value of animal to People Mutuals through bank transfer/ DD/Cheque.

Programme period : One year

Livestock Insurance



Micro Pension

Salient Features

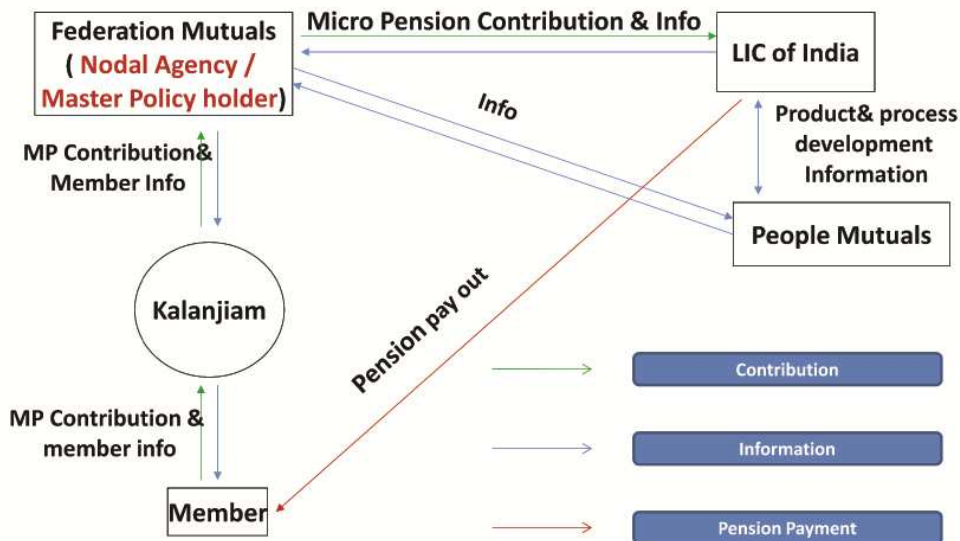
Eligibility: Member of Kalanjiam and spouse

Age limit: 18 to 54 Years

Pension Age: 55 Years

- The micro pension product is a defined contribution product.
- For premature deaths before (54 years), the accumulations will be returned to the nominee of the deceased.
- For premature exits (other than death) after a period of five years of joining but before 54 years, the exiting member can either allow her fund to accrue interest and take pension from 55 years or take back the entire accumulation amount instead of pension.
- The contributions will earn an interest every quarter.
 - Minimum assured return of 0.5%
 - Quarterly returns announced in the beginning of quarter
 - Residual additions by the end of 5 years
- An accumulation statement is prepared and issued to the federation mutual at the end of every financial year, showing the balances available to the credit of each member and the interest additions for each member
- At the vesting age, members would choose either of the type of pension benefit:
 - Life pension
 - Life pension with Return of Corpus (ROC)
- Pension will be directly credited by LIC only through ECS/NEFT to the bank account of the members.

Micro Pension Process Flow



Presentation by Mr. Muruga Prabhu, Lead District Manager, Canara Bank, Madurai

He highlighted how the lead bank scheme is integrated with development perspectives of the district facilitating flow of credit from the banking system to the entire gamut of priority sectors including agriculture. Starting from service area approach which is now confine to the limited purpose of implementing government sponsored programmes, he stressed the borrowers are free to access any bank of their choice for availing credit.



Financial inclusion revolves on the principles of savings first and credit next. The supply stream of FI requires adequate networking in the form of opening regular branches, ultra small branches, engaging BCs, setting up of micro ATMs and

financial literacy centres. The whole programme envisaged for the district and its progress are monitored under Lead Banks Scheme. Similarly on the demand stream calling for institutional credit for the growth of all sectors of the economy, Lead bank draws Annual District Credit Plan based on the Potential Linked Credit Plan prepared by NABARD and bank wise, branch wise, sector wise targets are fixed and periodically monitoring.

Presentation by Shri.A.N.Murali, Vice President, NPCI, Chennai

He shared the difficulties experienced by the small and marginal farmers in accessing bank for various financial services and also the problems faced by the banks in handling large number of small customers for low value transactions.

Challenges and Concerns for farmers and banks

Farmers

- Unable to access formal Banking channels
- Dependence on unregulated non formal financial entities
- Mostly cash dependent

Banks

- Unable to open brick and mortar outlets in the hinterland- viability and business concerns

Recent Developments

- Interbank inter operate BC
- Installation and use micro ATMs
- Aadhaar card enrollments
- Processing subsidy thru direct benefit transfer to savings account to customers e.g., scholarship, subsidy payments



- Comfort to customer with respect to certainty of time and payment avoiding multiple middle players e.g. MGNREGA payments
- FI – Social security schemes – Going beyond basic banking, credit availability, insurance and pension (PMJJBY, PMSBY, APY)

NPCI initiatives

- Helping in creating the e KYC (Know Your Customer) infrastructure for faster account opening under Prime Minister Jan Dhan Yojana (PMJDY) based on Aadhaar authentication by UIDAI
- Active role in FI agenda of the Government of India – all accounts opened under PMJDY are issued with RuPay debit cards.
- RuPay Debit cards – can be used at ATMs, micro ATMs, POS terminals and e Com transactions.
- In built insurance coverage of Rs 1 lac on RuPay cards – premium cost is borne by NPCI
- Enabling Direct Benefit Transfers either thru Aadhaar Payment Bridge (APB) using Aadhaar as the identifier or using customer's Bank Account number e.g. LPG subsidy, pension etc.
- Disbursement thru Aadhaar Enabled Payment System (AEPS) thru micro ATM operated by BC
- Mobile based payments – IMPS and NUUP – National Unified USSD Platform.
- Funds transfer can now be done any time during the day and on any day including holidays
- Recently did an e Payments Literacy workshop at 115 locations across the length and breadth of our country – awareness on use and adoption of electronic mode of transactions for tech enabled less cash economy.

Our country with more than 6 lakh villages of which, more than 90% do not have a regular brick and mortar branch should leverage on technology to provide last mile connectivity to the hitherto excluded segment of the society. In this NPCI's initiatives in providing RuPay card and the recent introduction of NUUP are milestone achievements.

RuPay Card

As a new avatar of currency, RuPay card enables cash-less transactions across India and Internationally RuPay card will facilitate safe, secure and hassle free way to transact. As for your RuPay card today and reap unlimited benefits.

RuPay provides a unified Kisan Card issued by banks across the country on that Kisan card scheme, enabling farmers to transact an ATMs and budget outlets.

National Unified USSD Platform (NUUP)

NUUP is an initiative to provide a unified platform to the national to access banking services and transact instantaneously.

NUUP works on the robust telecom platform reaching over 900 million mobile users, penetrating the urban and rural regions. Hence, the platform is based on a simple interactive service available across all telecom operators in India, accessed by simply dialing *99#.

As the key to instant banking solution for Indians across rural and urban regions, *99#, allows users across categories, regardless of location or socio-economic status to perform various financial and non-financial transactions like Fund Transfer, Balance Enquiry, Generate Mini Statement, Check Aadhaar Seeding Status and more. That too in an instant, from anywhere, anytime and offers many benefits.

VALEDICTORY ADDRESS

Shri.M.Balachandran, Chairman, NPCI, Chennai in his valedictory address, said

"Technology is going to be key enabler for furthering financial inclusion process" and he said "Agricultural credit under electronic banking method with RuPay Card would overcome last



mile connection of banks and farmers. There is a need for issuing more Kissan Credit Cards and convert them into RuPay Cards for farmers to make use of them in various input, fertilizer outlets for making e-payments.

Tracing his long journey over the past four decades in the banking industry, he was emphatic that banking system in our country has done its part for rural development, keeping social objectives in view. Right from nationalisation of banks followed by various other measures initiated by GOI /RBI such as Lead Banks Scheme, Priority Sector Lending Norms, Village Adoption Scheme, Service Area Approach, SHG bank linkage programme and KCC for farmers. The banks are proactive towards development of rural economy. Nevertheless, banks are not complacent with what has so far been done in the past as much more remains to be done to ensure inclusive growth as desired by the policy makers.

Many new initiatives like opening of new branches in unbanked villages and ultra small branches have been taken up following the directives given by GOI/RBI but augmenting the networking of regular branches has limitations on account of economic viability. In this scenario, leveraging the technology is the only key enabler to expedite the process of FI.



Inafi India (International Network of Alternative Financial Institutions - India) is a network of Development NGOs involved in enabling and supporting development programmes/livelihood interventions of the member organizations in India. Inafi India is affiliated to global network of Inafi and being country chapter in India, the network is working on the vision of Inafi for development with dignity for poor and enabling access to basic services including financial services. The collective outreach of members is more than 7 millions across the states. Inafi **spearheads the SHG bank linkage** and financial inclusion. Building the microfinance sector, capacity building programmes for members and policy advocacy for pro poor microfinance services are the twin mandate of the Inafi India.

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