**Rural Banking -- Updates**

**Centre for Professional Excellence in Cooperatives**

A Centre for Professional Excellence in Cooperatives (C-PEC) has been set up within the Bankers Institute of Rural Development (BIRD) to streamline training systems in Cooperative Credit Structure (CCS), which would ensure availability of professional staff with the cooperatives for efficient delivery of banking, and financial services. This CCS training and certification system is conceptually a part of the overall training strategy visualized for sustainability of the Cooperative Reform Programme and is being implemented within the overall “Institutional Development” mandate of NABARD. The Centre initially started in 2009 with support of GIZ under “Rural Financial Institutions Programme”, till 30 September 2015. From 1stOctober 2015, it is being supported by NABARD under Co-operative development fund (CDF). The vision of C-PEC is to be an independent, competent and eminent centre offering services to promote creation of a cadre of professional excellence in the cooperative credit structure. The Mission of C-PEC is i)To coordinate training efforts made by various cooperative training institutes in the field of banking business and delivery of other financial services ii) To evolve uniform standards for training and curricula in cooperative training institutions for country wide replication with appropriate situation specific flexibilities iii)To coordinate and leverage the efforts of various national and state level cooperative training institutions by way of accreditation iv) To instil professional competence amongst staff and management of credit cooperatives and trainers of accredited training institutions through certification. The centre deals mainly with the following activities: 1)Certification of Training institutions involved in delivery of training in banking business and other financial services under the fold of CCS by way of “Accreditation” to ensure minimum standards 2) Arrange “Specialised Training” of senior level functionaries in the CCS at national level institutes to ensure quality of specific skill specialization training courses where conduct of training cannot be delegated to state or lower level institutes 3)Designing of standardised and need based training modules, preparation of training materials and study kits with scope for refinements based on local conditions, etc. to achieve “Standardisation” of training 4)Certification of professional competencies of Trainers / Cooperative Bank staff & officials / board members of CCS by way of “Examination and Certification” 4) Performing Resource Centre Activities like studies, research, TNAs, cooperative conventions / seminars, publications, etc. essential for maintaining a cadre of professional excellence in cooperatives.

For further details, please see <http://bird-cpec.in/>.

**SIDBI Foundation for Micro Credit (SFMC)**

SIDBI Foundation for Micro Credit (SFMC) was launched by Small Industries Development Bank of India in January 1999 for channelizing funds to the poor in line with the success of pilot phase of Micro Credit Scheme. Its mission is to create a national network of strong, viable and sustainable Micro Finance Institutions (MFIs) for providing micro finance services to the economically disadvantaged people, especially women.

SFMC is the apex wholesaler for micro finance in India providing a complete range of financial and non-financial services such as loan funds, grant support, equity and institution building support to the retailing Micro Finance Institutions (MFIs) so as to facilitate their development into financially sustainable entities, besides developing a network of service providers for the sector. SFMC is also playing significant role in advocating appropriate policies and regulations and to act as a platform for exchange of information across the sector. The launch of SFMC by SIDBI has been with a clear focus and strategy to make it as the main purveyor of micro finance in the country. Operations of SFMC in the coming years, are expected to contribute significantly towards development of a more formal, extensive and effective micro finance sector serving the poor in India with focus on innovation and action research.

**Rating of MFIs**

Most micro finance programmes were initially operated by NGOs and were not subjected to regulation and supervision as they were registered as Societies or Trusts. Non-regulation of these institutions worked to their detriment and these institutions were not able to have smooth access to funds from the financial sector, which was, vary of lending to such entities. This constraint, coupled with the fact that SFMC was launched with a view to upscale the flow of micro credit with enabling policy modifications relating to simplification of the procedures in availment of assistance and substantial relaxation in the security/collateral requirement posed a difficult challenge. Therefore, to meet the requirements of the revised dispensation, which called for selection of suitable micro finance intermediaries, which could be trusted with bulk assistance without collateral constraints, Capacity Assessment Rating (CAR) was introduced by SFMC as a supplementary tool to assess the risk perception. On SFMC's initiative, rating of MFIs was started by five agencies. With the passage of time, and ripening of the sector, most of the informal NGOs have transformed into formal NBFCs. Rating of MFIs has gained sector-wide acceptance and has become a pre requisite for getting assistance from the banks/ financial institutions.

**Code of Conduct Assessment (COCA)**

SIDBI has helped develop a Code of Conduct Assessment Tool, which applies to providing credit services, recovery of credit, collection of thrift, etc., for MFIs to assess their degree of adherence to the voluntary microfinance Code of Conduct formulated by the MFIs. 75 COCA have since been completed and reports of 68 hosted on SIDBI website.

Financial Assistance from SIDBI

**Micro finance** - MFIs are provided annual need based assistance. One of the unique features of the scheme is the comprehensive financial support being provided to the MFIs/ NGOs to expand their operations as well as to increase their efficiency. SIDBI’s support comprises of loans as well as equity/quasi equity support, as the case may be, depending on the need of the client institutions.

**Missing Middle Segment** - SIDBI has also been extending financial assistance for the Missing Middle Segment of the micro enterprises. In India, ‘Missing Middle’ connotes the financing gap that lies above micro-finance loans and below traditional institutional financing i.e., loans with financial volumes ranging from INR 50,000 to INR 10 lakh. The support under this scheme is channelized through Participating Financial Institutions (NBFCs, RRBs, UCBs, MFIs, etc.).

**Security Requirements**

Credit worthiness is based on the rating of the borrowing institutions rather than availability of security/ collateral requirements. Term Deposit Receipts (TDRs) issued by Scheduled Commercial Banks/ SIDBI for an amount equivalent to 10% /5% are taken (depending upon geographical area of operation, categories of beneficiaries supported and duration of partnership of the MFI with SIDBI etc.).

**Portfolio Risk Fund (PRF)**

Portfolio Risk Fund (PRF) was created by SIDBI with funding support from Government of India and made operational since March 2004. Normally, the Bank stipulates security requirement of FDRs equivalent of up to 10% of the loan sanctioned to MFIs under SFMC dispensation. Once the case is covered under PRF, 75% of security requirement (i.e.7.5% of the loan amount) is booked under PRF and balance 25% (i.e. 2.5% of the loan amount) only is to be furnished by the individual MFI by way of FDRs.

**Methodology**

SIDBI's support is not for any specific methodology. MFIs may on-lend to Self Help Groups/Joint Liability Groups/individuals. They may also adopt any other lending channel so as to effectively reach financial assistance to the poor clients.

**Capacity Building Support**

SFMC's capacity building efforts are directed not only towards MFIs but also towards smaller/ grass root institutions engaged in micro finance operations, training, consultancy, rating and impact assessment, etc., and other service providers in the form of training, seminars, workshops, orientation and exposure visits.

Responsible Finance Initiatives

SIDBI has been playing a pro-active role in propagating Responsible Finance in the MFI sector. The major initiatives taken by SIDBI in the field of Responsible Finance Practices are

* Creation of a Lenders’ Forum
* Laying down standards for the sector through measures like concept of risk rating, portfolio audits, system audits, etc.
* Carrying out Sectoral Studies/ Impact Studies
* Creating awareness about Clients’ Protection Practices
* Facilitating Development of a common code of conduct for the MFIs and ensuring adherence thereof through COCA exercise by accredited third party agencies.

**India Microfinance Equity Fund (IMEF)**

To ease the tight liquidity situation, in the FY 2012, GoI stepped in with creation of a Rs.100 crore Fund viz., IMEF, operated through SIDBI, to strengthen capitalization of smaller, socially oriented MFIs, especially in underserved states/areas. The allocation under IMEF has been increased by Rs. 200 crore in FY 2013-14. The assistance under the Fund is expected to help the MFIs leverage more debt funds from the banks and financial institutions and help in increased flow of assistance to the poor in the unserved/underserved areas of the country.

**India Microfinance Equity Fund - II**

**Objective** The will be utilized for extending equity or any other form of capital viz., quasi-equity or subordinated debt to Tier – II (having borrowers between 50,000 and 250,000) and Tier – III NBFC MFIs (having less that 50,000 borrowers) and all Non-NBFC MFIs, with a focus on smaller socially oriented MFIs/NBFCs with the objective of poverty alleviation and achieving long term sustainability of operations in unserved and underserved parts of the country.

**2. Purpose**

The assistance will be utilised by MFIs to improve their equity base, meet CRAR requirements, if any, prescribed by regulatory authorities and leverage the same for additional debt raising and scaling-up operations, improve efficiency and build a long term commercially sustainable organisation. The assistance would help the MFIs to develop and introduce new products and micro finance services to the people and leverage funds from other social investors. The focus of the Fund would be on capital conservation.

**3. Types of Instruments**

The fund would be used for offering 3 types of instruments to the MFIs:

1. **Subordinated debt (for Non-NBFCs / Section 25 companies (Sec.8 under Companies Act, 2013)** – The instrument will have a tenure of 6 to 8 years with moratorium of 4-5 years. Subordinated debt could be converted into ordinary equity shares, if the entity transforms into a NBFC-MFI during the term of the debt. Valuation at the time of conversion will be at par (or on such terms as may be decided later) and subject to satisfaction of SIDBI regarding the MFI’s performance at the time of conversion. In the event of non-conversion, the Subordinated debt shall be repaid as per the original terms of investment.
2. **Quasi-equity (Tier II) for NBFC-MFIs** - As per existing RBI guidelines, Tier II Capital in NBFCs (preference shares, hybrid debt capital instruments and subordinated debt) can be equal to the value of Tier I Capital. The proposed quasi-equity could comprise Optionally Convertible Preference Shares or Subordinate debt by way of Non- Convertible Debentures (NCDs).

* Preference shares shall be optionally convertible and cumulative / non cumulative for dividend receipts, but will not enjoy ownership rights. They can be optionally convertible into equity at par, at a pre-determined price or as per mutually agreed methodology, which would take into account the performance of the company or redeemed as per the terms of investment.
* Subordinate debt by way of NCDs can also be considered if it helps the MFIs in meeting the capital adequacy requirements. The interest rate would be decided depending on the rating of the MFI.

1. **Equity for NBFC–MFI or Sec. 25 Companies** – Investment would be made after carrying out due diligence and equity valuation which would depend on book value or break-up value of the company, earning potential and other relevant factors.

**4. Eligibility Criteria**

1. Tier – II (having borrowers between 50,000 and 250,000) and Tier – III NBFC MFIs (having less than 50,000 borrowers) and all Non-NBFC MFIs, with emphasis on those operating in unserved and underserved areas or expanding their operations to such areas.
2. Minimum outreach of 3000 poor members
3. Minimum MFI grading norm of Beta+ of M-CRIL (and its equivalent grade for gradings by other agencies, including Bank Loan Rating).
4. Existence for at least five years and / or it has a demonstrated track record of running a successful micro-credit programme at least for the last three years.
5. It should choose clients irrespective of class, creed and religion and its activities should be secular in nature.
6. It maintains a satisfactory and transparent accounting, MIS and internal audit system or is willing to adopt such practices;
7. It has its accounts audited by an external auditor on annual basis
8. It has established a separate system of accounts and monitoring for its micro finance operations;
9. Satisfactory Credit opinions from all lenders.
10. Non-appearance of the names of the MFI, its promoters / directors / partners / trustees, group / associate concerns and their promoters/directors/ partners/trustees in the latest Caution Advices of RBI circulated internally and other lists of defaulters, non-suit filed and suit filed accounts, etc. of RBI, CIBIL, blacklisted agencies of RMK and terrorists lists circulated by UN and RBI and other relevant list
11. Apart from the above criteria NBFCs are also required to comply with the following additional criteria:-

The NBFC should have sound financial position/ performance record as assessed by SIDBI and should meet the following criteria based on the recent audited financial statements of the borrower:

1. Capital Adequacy Ratio should be minimum 15%.
2. Extant RBI guidelines applicable to NBFCs shall apply and be complied with.

**5. Size of Investment**

1. The assistance shall normally not exceed Rs.3 crore per MFI (may go up to `5 crore in deserving cases). In the event of transformation of the Non-corporate MFI into a NBFC, the assistance could be converted into equity shares, in tranches, such that SIDBI’s shareholding remains less than 20% of the overall paid up equity of the MFI after equity infusion by SIDBI, subject to regulatory requirements, if any.
2. Assistance to NBFC-MFI or Section 25 companies, including equity assistance, shall normally not exceed Rs.3 crore (may go up to Rs.5 crore in deserving cases), subject to regulatory requirements, if any.

For further details please see https://www.sidbi.in/

**Micro Enterprise Development Programmes (MEDPs) and Livelihood and Enterprise Development Programmes (LEDPs).**

To enable the SHG members to take up livelihood activities, NABARD has been supporting Micro Enterprise Development Programmes (MEDPs) and Livelihood and Enterprise Development Programmes (LEDPs).

**Micro Enterprise Development Programme (MEDPs)**

NABARD since 2006 has been supporting need-based skill development programmes (MEDPs) for matured SHGs which already have access to finance from Banks. MEDPs are on-location skill development training programmes which attempt to bridge the skill deficits or facilitates optimization of production activities already pursued by the SHG members.  Grant is provided to eligible training institutions and SHPIs to provide skill development training in farm/off-farm/service sector activities leading to establishment of micro enterprises either on individual basis or on group basis. Over the years, around 3.47 Lakh SHG members have been covered through 12,531 MEDPs.

**Livelihood and Enterprise Development Programmes (LEDPs)**

As skill upgradation trainings alone have limited impact on livelihood creation among the SHG members, it was thought prudent to create sustainable livelihoods among SHG members and to attain optimum benefit out of skill upgradation and a new scheme titled Livelihood and Enterprise Development Programme (LEDP) was launched in December 2015. It envisages conduct of livelihood promotion programmes in clusters. There is provision for intensive training for skill building, refresher training, backward-forward linkages and handholding & escort supports. It also encompasses the complete value chain and offers end-to-end solution to the SHG members. It is to be implemented on a project basis covering 15 to 30 SHGs in a cluster of contiguous villages where from SHG members may be selected.

The skill upgradation training is provided in batches of 25-30 members and covers agri & allied activities as well as rural off-farm sector activities. LEDP will not only facilitate promotion of sustainable livelihoods but also derive full advantage from promotional assistance. NABARD will provide grant support for skill upgradation programmes, establishment of demonstration unit and need based critical infrastructure.

For further details please see

**Financial Inclusion Advisory Committee**

The Reserve Bank of India had constituted a high level Financial Inclusion Advisory Committee (FIAC) in October 2012 to spearhead the efforts towards greater financial inclusion. The collective expertise and experience of the members of the committee is expected to explore issues such as developing viable and sustainable banking services delivery models focussing on accessible and affordable financial services, developing products and processes for rural as well as urban consumers presently outside the banking network and suggest appropriate regulatory framework to ensure that financial inclusion and financial stability move in tandem.

It may be mentioned that there has been significant, albeit slow, progress towards greater financial Inclusion. However, ensuring accessible and affordable financial services in all 6 lakh villages in India is a herculean task and given the enormity of the task, a lot of ground still needs to be covered.  This calls for a partnership of all the stakeholders – Reserve Bank, other sectoral regulators like Securities and Exchange Board of India, Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority, National Bank for Agriculture and Rural Development; Banks; Governments; Civil Society; Non-Governmental Organisations, etc.

While the regulators and the Government of India are already part of the Technical Group on Financial Inclusion and Literacy of the Sub-committee of the Financial Stability & Development Council, a need was felt to engage the members from the civil society/Non-Governmental Organisations and others for a sound and purposeful collaboration. The Committee, if necessary, would call other market players like Corporate Business Correspondents, Technology Vendors etc., as special invitees to the meetings. Since the financial inclusion model selected in India is primarily bank-led, the Financial Inclusion Advisory Committee may also invite the Chairperson/Managing Directors of banks to each of its meetings to gather the perspective of the banks.

Reserve Bank of India (RBI) has reconstituted the Financial Inclusion Advisory Committee (FIAC) in July 2015 with the following terms of reference:

* Monitoring of the Financial Inclusion Plan progress submitted by banks and evaluation of its impact through conduct of study/surveys;
* Monitoring of the Financial Literacy progress reported by banks and evaluation of its impact through conduct of study/surveys;
* Preparation of National Strategy for Financial Inclusion which will be convergence of the Financial Inclusion efforts of various stakeholders including the PMJDY and monitoring of the progress made under the same.

For further details see [www.rbi.org.in](http://www.rbi.org.in)

[**Report of the Committee on Medium-term Path on Financial Inclusion**](https://rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=836)

**(Chairman: Shri Deepak Mohanty)**

**Background**

Taking inspiration from the remarks of the Hon’ble Prime Minister made in his address at the 80th anniversary celebrations of the Reserve Bank, [the Committee on Medium-term Path on Financial Inclusion](https://rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=836) under the Chairmanship of Shri Deepak Mohanty, Executive Director, RBI was constituted with the objective of working out a medium-term (five year) measurable action plan for financial inclusion. It was mandated to, inter alia, review the existing policy of financial inclusion including supportive payment system and customer protection; study cross-country experiences of financial inclusion to identify key learnings, particularly in the area of technology-based delivery models; articulate the underlying policy and institutional framework and finally, suggest a monitorable medium-term action plan for financial inclusion in terms of its various components such as payments, deposit, credit, social security transfers, and other financial products and services.

**Vision**

The financial inclusion initiative envisaged by the Committee is much broader in scope, going beyond the traditional domain of the Reserve Bank. The Committee recognised that substantial progress has been made in terms of access of financial products and services especially after the launch of the Jan Dhan Yojana. However, there were significant gaps in terms of usage, inadequate ‘last mile’ service delivery, and exclusion of women as well as small and marginal farmers and very low formal link for micro and small enterprises. There were also systemic issues of stability of the credit system, over-indebtedness and agrarian distress. Against this background, the Committee set a much wider vision of financial inclusion as “‘convenient’ access to a basket of basic formal financial products and services that should include savings, remittance, credit, government-supported insurance and pension products to small and marginal farmers and low-income households at reasonable cost with adequate protection progressively supplemented by social cash transfers, besides increasing the access of small and marginal enterprises to formal finance with a greater reliance on technology to cut costs and improve service delivery, such that by 2021, over 90 per cent of the hitherto underserved sections of society become active stakeholders in economic progress empowered by formal finance.” The Committee was of the view that a meaningful financial inclusion is not feasible without government-to-person (G2P) cash transfer.

**Salient recommendations**

* Banks have to make special efforts to step up account opening for females, and the Government may consider a deposit scheme for the girl child – Sukanya Shiksha - as a welfare measure.
* Given the predominance of individual account holdings (94 per cent of total credit accounts), a unique biometric identifier such as Aadhaar should be linked to each individual credit account and the information shared with credit information companies to enhance the stability of the credit system and improve access.
* To improve ‘last mile’ service delivery and to translate financial access into enhanced convenience and usage, a low-cost solution should be developed by utilisation of the mobile banking facility for maximum possible G2P payments.
* In order to increase formal credit supply to all agrarian segments, digitisation of land records is the way forward. This should be backed by an Aadhaar-linked mechanism for Credit Eligibility Certificates to facilitate credit flow to actual cultivators.
* To phase out the agricultural interest subvention scheme which has distorted the agricultural credit system and ploughing the subsidy amount into an affordable technology aided universal crop insurance scheme for marginal and small farmers for all crops with a monetary ceiling of Rs.200,000 at a nominal premium to end agrarian distress.
* A scheme of ‘Gold KCC’ (Kisan Credit Card) with higher flexibility for borrowers with prompt repayment records, which could be dovetailed with a government-sponsored personal insurance, and digitisation of KCC to track expenditure pattern.
* Encourage multiple guarantee agencies to provide credit guarantees in niche areas for micro and small enterprises (MSEs), and explore possibilities for counter guarantee and re-insurance.
* Introduction of a system of unique identification for all MSME borrowers and sharing of such information with credit bureaus.
* Establishing a system of professional credit intermediaries/advisors for MSMEs to help both the sector banks in credit assessment.
* To further step up financing of the MSE Sector a framework for movable collateral registry may be introduced.
* Commercial banks may be enabled to open specialised interest-free windows with simple products like demand deposits, agency and participation certificates on the liability side and cost-plus financing and deferred payment, deferred delivery contracts on the asset side.
* An eco-system comprising multiple models should be encouraged with will foster partnerships amongst national full-service banks, regional banks of various types, NBFCs, semi-formal financial institutions, as well as the newly-licensed payments banks and small finance banks.
* Banks’ business model to integrate Business Correspondents (BCs) with appropriate monitoring by designated link branches and greater mix of fixed location BC outlets to win the confidence of the common person.
* Introduction of a system of online registration of BCs, their training and monitoring their activity including delinquency, and entrusting more complex financial products such as credit to trained BCs with good track record.
* A geographical information system (GIS) to map all banking access points.
* To step up the self help group (SHG)-bank linkage programme (SBLP) initiated by NABARD with the help of concerned stakeholders including government agencies as a livelihood model.
* Corporates should be encouraged to nurture SHGs as part of their Corporate Social Responsibility (CSR) initiatives.
* Provision of credit history of all SHG members by linking with individual Aadhaar numbers to check over-indebtedness
* To restore tax-exempt status for securitisation vehicles for efficient risk transfer.
* More ATMs in rural and semi-urban centres, interoperability of micro ATMs and use of application-based mobiles as point- of- sale (PoS) for creating more touch points for customers.
* National Payments Corporation of India (NPCI) to develop a multi-lingual mobile application for customers who use non-smart phones, especially for users of national unified USSD platform (NUUP).
* Permit a small-value cash-out with adequate KYC along for non-bank prepaid payment instruments (PPIs) to incentivise usage.
* To allow PPI interoperability for non-banks.
* Levying a surcharge on credit card transactions by merchant establishments should not be allowed.
* Banks to complete the task of linking of deposit accounts with Aadhaar in a time bound manner so as to create the necessary eco-system for social cash transfer.
* Financial Literacy Centre (FLC) network to be strengthened to deliver basic financial literacy at the ground level. Banks to identify lead literacy officers to be trained by the Reserve Bank in its College of Agricultural Banking (CAB) who in turn could train the people manning the FLCs.
* The Reserve Bank to commission periodic dipstick surveys across states to ascertain the extent of financial literacy.
* All regulated entities should be required to put in place a technology-based platform for SMS acknowledgement and disposal of customer complaints.
* To strengthen the Information Monitoring System for District Consultative Committees (DCC) and State Level Bankers Committee (SLBC) deliberations.
* The responsibility of the SLBC/lead bank scheme to be rotated among to instil a spirit of competition.
* SLBCs to focus more on inter-institutional issues, livelihood models, social cash transfer, gender inclusion, Aadhaar seeding, universal account opening, and less on credit deposit ratio which is a by-product.
* As a part of second generation reforms, the government can replace the current agricultural input subsidies on fertilisers, power and irrigation by a direct income transfer scheme.

The Committee has also made several other recommendations to improve the governance system, strengthen the credit infrastructure and augment the government social cash transfer so as to increase the personal disposable income of the poor to put the economy on a medium-term sustainable inclusion path.

For further details please see <https://rbi.org.in/Scripts/PublicationReportDetails.aspx> ?UrlPage=&ID=836

**Food security mission**

The National Development Council (NDC) in its 53rd meeting held on 29th May, 2007 adopted a resolution to launch a Food Security Mission comprising rice, wheat and pulses to increase the production of rice by 10 million tons, wheat by 8 million tons and pulses by 2 million tons by the end of the Eleventh Plan (2011-12). Accordingly, a Centrally Sponsored Scheme, 'National Food Security Mission' (NFSM), was launched in October 2007. The Mission is being continued during 12th Five Year Plan with new targets of additional production of food grains of 25 million tons of food grains comprising of 10 million tons rice, 8 million tons of wheat, 4 million tons of pulses and 3 million tons of coarse cereals by the end of 12th Five Year Plan. The National Food Security Mission (NFSM) during the 12th Five Year Plan will have five components (i) NFSM- Rice; (ii) NFSM-Wheat; (iii) NFSM-Pulses, (iv) NFSM-Coarse cereals and (v) NFSM-Commercial Crops.

For further details see http://nfsm.gov.in/

**Protection of Plant Varieties and Farmers’ Rights Authority**

In order to provide for the establishment of an effective system for protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants it is necessary to recognize and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of the new plant varieties. Moreover, to accelerate agricultural development, it is necessary to protect plants breeders' rights to stimulate investment for research and development for the development of new plant varieties. Such protection is likely to facilitate the growth of the seed industry which will ensure the availability of high quality seeds and planting material to the farmers. India having ratified the Agreement on Trade Related Aspects of the Intellectual Property Rights has to make provision for giving effect to Agreement. To give effect to the aforesaid objectives the Protection of Plant Varieties and Farmers' Rights Act, 2001 has been enacted in India.

**1. Introduction**

In order to provide for the establishment of an effective system for the protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants it has been considered necessary to recognize and to protect the rights of the farmers in respect their contributions made at any time in conserving, improving and making available plant genetic resources for the development of new plant varieties. The Govt. of India enacted “The Protection of Plant Varieties and Farmers’ Rights (PPV&FR) Act, 2001" adopting *sui generis* system. Indian legislation is not only in conformity with International Union for the Protection of New Varieties of Plants (UPOV), 1978, but also have sufficient provisions to protect the interests of public sector breeding institutions and the farmers. The legislation recognizes the contributions of both commercial plant breeders and farmers in plant breeding activity and also provides to implement TRIPs in a way that supports the specific socio-economic interests of all the stakeholders including private, public sectors and research institutions, as well as resource constrained farmers.

To implement the provisions of the Act the Department of Agriculture, Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare established the Protection of Plant Varieties and Farmers’ th Rights Authority on 11 November, 2005. The Chairperson is the Chief Executive of the Authority. Besides the Chairperson, the Authority has 15 members, as notified by the Government of India (GOI). Eight of them are *ex-officio* members representing various Departments/Ministries, three from State Agricultural Universities and the State Governments, one representative each for farmers, tribal organization, seed industry and women organization associated with agricultural activities are nominated by the Central Government. The Registrar General is the ex-officio Member Secretary of the Authority

**Objectives of the PPV & FR Act, 2001**

1. To establish an effective system for the protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants.

2. To recognize and protect the rights of farmers in respect of their contributions made at any time in conserving, improving and making available plant genetic resources for the development of new plant varieties.

3. To accelerate agricultural development in the country, protect plant breeders’ rights; stimulate investment for research and development both in public & private sector for the development new of plant varieties.

4. Facilitate the growth of seed industry in the country which will ensure the availability of high quality seeds and planting material to the farmers.

**General Functions of the Authority**

Registration of new plant varieties, essentially derived varieties (EDV), extant varieties;

Developing DUS (Distinctiveness, Uniformity and Stability) test guidelines for new plant species;

Developing characterization and documentation of varieties registered;

Compulsory cataloguing facilities for all variety of plants;

Documentation, indexing and cataloguing of farmers’ varieties;

Recognizing and rewarding farmers, community of farmers, particularly;

tribal and rural community engaged in conservation, improvement;

Preservation of plant genetic resources of economic plants and their wild relatives;

Maintenance of the National Register of Plant Varieties and ·

Maintenance of National Gene Bank.

**Q.1.Why protection of plant varieties has become an important issue?**

Ans. The breeding activities and exploitation of new varieties are the decisive factors for improving rural income and their overall economic development. Since the process of plant breeding is long and expensive, it is important to provide an effective system of plant variety protection with an aim to encourage the development of new varieties of plants for the benefit of society.

**Q2a. What is a variety?**

Ans. Variety means a plant grouping except micro-organism within a single botanical taxon of the lowest known rank, which can be-

(i) defined by the expression of the characteristics resulting from a given genotype of that plant grouping.

(ii) distinguished from any other plant grouping by expression of at least one of the said characteristics; and

(iii) considered as unit with regard to its suitability for being propagating, which remain unchanged after such propagation, and includes propagating material of such variety, extant variety, transgenic variety, farmers’ variety and essentially derived variety.

**b. Essentially Derived Varieties (EDV):**

Means a variety which has been essentially derived from existing variety by any of the following means:

(i) Genetic Engineering

(ii) Mutation

(iii) Tissue Culture Derived

(iv) Back Cross Derivative

(v) Any other (Ploidy change etc.)

EDV is clearly distinguishable from such initial variety; and conforms (except for the differences which result from the act of derivation) to such initial variety in the expression of the essential characteristics that result from the genotype or combination of genotype of such initial variety.

**Q.3. What is the definition of a farmer in the PPV & FR Act?**

Ans. Farmers means a person who

i. cultivates crops by cultivating the land himself; or

ii. cultivates crops by directly supervising the cultivation of land through any other person; or

iii. Conserves and preserve, severally or jointly, with any person any wild species or traditional varieties through selection and identification of their useful properties.

**Q. 4. a. What is a Farmers’ Variety?**

Ans. A variety which · has been traditionally cultivated and evolved by the farmers in their fields; or · is a wild relative or land race or a variety about which the farmers possess the common knowledge. and his application need not be accompanied with fees, affidavit for terminator technology.

b. Is there any relaxation in purity standards and requirement of seed for test?

Ans. The numbers of off types for farmers’ varieties shall not exceed double the number of off types prescribed for a new variety. The seed required is half of the quantity prescribed for the new variety.

**Q. 5. What are Farmers’ rights?**

Ans. 1.Farmer who has bred or developed a new variety shall be entitled for registration and other protection under PPV&FR Act, 2001 in the same manner as a breeder of a variety.

2. Farmer who is engaged in the conservation of genetic resources of land races and wild relatives of economic plants and their improvement through selection and preservation shall be entitled in the prescribed manner for recognition and reward from the Gene Fund provided that material so selected and preserved has been used as donors of genes in varieties registered under this Act.

3. Farmer shall be entitle to save, use, sow, re-sow, exchange and share or sell his farm produce including seed of a variety protected under this Act in the same manner as he was entitled before the coming into force of this Act provided that the farmer shall not be entitled to sell branded seed of a variety protected under this Act.

**Q. 6. What is the duration of protection of a registered plant variety?**

Ans. The duration of protection of registered varieties is different for different type of crops which are as below:

1. Trees and vines - 18 years.

2. For other crops - 15 years.

3. For extant varieties notified - 15 years from the date of notification under section 5 of the Seeds Act, 1966.

**Q. 7. Is there any time limit for filing the varieties for registration under Extant Category?**

Ans. Yes, the time limit is usually fixed by the Authority for 6 years for Extant varieties(other than Farmer Varieties) and 10 years for Registration of Farmers Varieties from the date of publication of approval of Authority in PVJ.

**Q.8. Can a variety under Extant category be filed after the prescribed time limit**

Ans. No

**Q.9. Can a new and distinct plant found growing in nature be protected?**

Ans. As such those plant varieties present in wilderness cannot be registered, under PPV&FR Authority. However, any traditionally cultivated plant variety which has undergone the process of domestication /improvement through human interventions can be registered and protected subjected to fulfilment of the eligible criteria.

**Q. 10. What are the characteristics which may be used for distinguishing a variety?**

Ans. The new variety should be distinct from the other varieties for at least one essential characteristic. Farmer’s variety is exempted from application/registration fees

**Q. 11. What are the prerequisites for filing an application form for registration of plant variety?**

Ans. For registration of a plant variety the following prerequisites has to be completed:

1. Denomination assigned to such variety.

2. Accompanied by an affidavit that variety does not contain any gene or gene sequences involving terminator technology.

3. Complete passport data of parental lines from which the variety has been derived along with its geographical location in India and all such information relating to the contribution if any, of any farmer (s), village, community, institution or organization etc in breeding, evolving or developing the variety.

4. Characteristics of variety with description for Novelty, Distinctiveness, Uniformity and Stability.

5. A declaration that the genetic material used for breeding of such variety has been lawfully acquired.

6. A breeder or other person making application for registration shall disclose the use of genetic material conserved by any tribal or rural families for improvement of such variety.

**Q. 12. How can I check the status of my application?**

Ans. It is available in the official website of the PPV&FR Authority.

**Q. 13. What comprises a plant variety protection Application Form?**

Ans. The application for registration of a variety is to be made in the form prescribed in the PPV & FR Regualtions,2006.

1. Form I - for registration of new variety, extant variety and farmer’s variety and

2. Form II - for essentially derived varieties (EDVs).

3. Technical Questionnaire attached with Form I/Form II – for detailed information of the concerned variety. These filled application forms must be accompanied by the registration fee as notified in the Gazette of India dated 15.06.2015

Details available on ([www.plantauthority.gov.in](http://www.plantauthority.gov.in)).

**Q.14. Who can apply for the registration of a plant variety?**

Ans. Application for registration of a variety can be made by:

1. any person claiming to be the breeder of the variety;

2. any successor of the breeder of the variety;

3. any person being the assignee or the breeder of the variety in respect of the right to make such application;

4. any farmer or group of farmers or community of farmers claiming to be breeder of the variety;

5. any person authorized to make application on behalf of farmers and

6. any University or publicly funded agricultural institution claiming to be breeder of the variety.

**Q. 15. Which is the office for making application for the registration of plant varieties?**

Ans. Application for registration of plant varieties can be made in the office of Registrar, PPV&FRA, New Delhi.

**Q.16. Can an application for registration of plant varieties be made through an agent?**

Ans. Yes, a breeder or a farmer can apply for registration either in person or through his agent.

**Q. 17. Is it necessary to submit the seed / propagating material before registration?**

Ans. Yes, the breeder shall be required to deposit the seed or propagating material including parental line seeds of registered variety to the Authority. An applicant has to submit a fixed amount of seed sample (breeder seed) with prescribed germination percentage, physical purity and phyto-sanitary standards. The applicant shall also submit along with the seed/propagating material the seed quality test report.

**Q. 18. What is done with the seeds received by the Authority?**

Ans. The seed samples received by the Authority will be properly tested for its purity and germination. A part of the seed sample is sent to the test centre for conduct of DUS tests and a part is kept by the Authority in the National Gene Bank to maintain the seed samples of the registered varieties for their entire period of protection. Any variety which is already in the market, but not for more than a year, can be applied for registration as a new variety. Other older variety can be applied for registration as Extant Variety.

**Q. 19. What is the cost of registering a plant variety?**

Ans. The fee structure as defined by the PPV&FR Authority is as below:

A. Form Charges

1. Application Form processing Charges Rs.200/-

B. Registration Charges





**Q. 20. What are the exemptions provided under the PPV & FR Act, 2001?**

1. Farmers’ Exemption: Farmer shall be entitled to produce, save, use, sow, re sow, exchange, share or sell his farm produce including seed of a variety protected under this Act. 2. Researcher’s Exemption: (i) the use of registered variety for conducting experiment. (ii) The use of variety as an initial source of variety for the purpose of creating other varieties.

**Q.21. What are the acts of infringement of the rights provided to the registered breeder under the Act?**

Ans. Following acts may be a case of infringement under the PPV&FR Act:

1. If a person who is not a breeder of a variety registered under this Act, or a registered agent or a registered licensee of that variety, sells, exports, imports or produces such variety without the permission of its breeder or within the scope of a registered license or registered agency without their permission of the registered license or registered agent.

2. If a person uses, sells, exports, imports or produces any other variety giving such variety, the denomination identical with or deceptively similar to the denomination of a variety already registered under this Act, in such a way that it causes confusion in the mind of general people in identifying the registered variety.

**Q. 22. Is there any punishment if any person falsely represents a variety as a registered variety?**

Ans. If any person falsely represents a variety as a registered variety then he shall be punishable with imprisonment for a term not less than six months which can be extended up to three years or with a fine not less than Rupees one lakh which may be extend to Rupees five lakhs, or both.

**Q.23. What species can be protected?**

Ans. So far, the Central Government has notified 114 crops with their genera and species eligible for registration.(List available on the website of the Authority ie. www. plant authority. gov.in).

**Q. 24. Is there any provision of onsite testing of trees and vines?**

Ans. Yes, the applicant has an option for on site testing and the fee prescribed will not exceed four times the fee prescribed for normal DUS test. The details of fees is available on PPV&FRA Website(www.plantauthority.gov.in).

**Q. 25. What is the provision for special test?**

Ans. The special tests shall be conducted only when DUS testing fails to establish the requirement of distinctiveness. The DUS testing shall be field and multi-location based for at least two crop seasons and special tests be laboratory based. The Authority shall charge separate fees for conducting DUS test and special test on each variety. The fee for DUS and special tests shall be such as provided in column (3) of the Second Schedule for the purpose.

**Q. 26. How to get information about General and Specific Guidelines for DUS Testing?**

Ans. The General and Specific Guidelines for DUS Testing of 114 notified crop species are available in various issues of Plant Variety Journal of India. The cost of each issue of the Journal is Rs. 300/- or Rs.3200/- per year payable in form of DD in favour of the ‘ PPV&FR Authority’ payable at New Delhi. The PVJI is also available on the official website of PPV&FR Authority.

**Q. 27. From which date the PPV&FR Authority starts receiving applications for Registration of Plant Varieties?**

Ans. The PPV&FR Authority started receiving applications for st Registration of Varieties of 12 notified crop species from 21 May, 2007 and at present the Authority is accepting the applications for 114 notified crops species. List available on PPVFRA Website.

**Q. 28. What are the Business Hours for receiving application and seed samples?**

Ans. The Business Hours for receiving application and seed samples in the office of Registrar PPV&FR Authority are as under:



**Q. 29. What are the guidelines for submission of applications for Registration of Plant Varieties?**

Ans. The guidelines for submission of applications for Registration of Plant Varieties are as under:

1. Every application must be submitted in triplicate and signed by the applicant or their representative. Application should be submitted in hard copy along with all essential requirements by hand/ by post till further notice.

2. Applications will be received from Monday to Friday (working days) from 10:00 Hours to 15:00 hours.

3. Every application must have the name of the applicant, their address and nationally as well as the address of service of their agent (if Applicable).

4. Until otherwise notified in the Plant Variety Journal of India, each application should be accompanied with an application charge of Rs.200/- and specified fee for registration by demand draft/multicity cheque drawn in favour of the “Protection of Plant Varieties and

Farmers’ Rights Authority”, New Delhi. It is requested to all applicant that details of application ie. Name of the Applicant, Denomination of the variety and crop name must be furnished on backside of the cheque.

5. The office of the Registrar shall issue acknowledgment receipt and number which shall be used for all future references including the checking of the status of application.

6. The Application will be received on “first come first serve” basis.

7. No applications will be received after business hours.

8. After submission of application, it will be processed according to the provisions of the Rule 29(2) of the PPV&FR Rules, 2003.

**Q. 30. What is the difference between the Seeds Act, 1966 and PPV&FR Act, 2001.**

Seeds Act, 1966, Seeds Rules 1968 with Seeds (Control Order) 1983 are the legal instruments for regulating the production, distribution and the quality of certain seeds for sale and for matters connected therewith, whereas the PPV&FR Act, 2001 grants the proprietary ownership of the variety to the plant breeders and farmers for their varieties. Intellectual Property Rights are the private rights which confer to the legitimate owners exclusive rights to produce, sell, market, distribute, import or export the variety registered under the PPV & FR Act.

**Q. 31. What is UPOV? Is India member of UPOV?**

Ans. UPOV means “International Union for the Protection of New Varieties of Plants”. India has been given the status of observer.

**Q. 32. Can a plant variety be protected under the Patent Law in India?**

Ans. No, Plant variety cannot be patented in India.

**Q. 33. Can a foreign applicant obtain registration of their variety under PPV & FR Act, 2001?**

Ans. Yes, the procedure for obtaining plant variety registration is same for Indian citizen and foreigners. However, foreign applicant must furnish their address for service in India while applying for plant variety registration.

**Q. 34. What is difference between patent and PPV&FR Act?**

Ans. A patent deals with IPR over devices of Industrial applications whereas PPV & FR Act, 2001 confers IPR to plant breeders who have bred or developed plant varieties. A patent is a set of exclusive rights granted by a state (national government) to an inventor or their assignee for a limited period of time in exchange for the public disclosure of an invention. The PPV&FR Act, give rights to farmers, breeders and researches besides giving protection to varieties of all crop species which are notified under the Act. There is also provision for benefits sharing, compensation to the farmers, recognition and award to the farmers for supporting conservation and sustainable use of plant genetics resource.

**Q. 35. What is National Gene Fund and for what purpose it is utilized?**

Ans. The National Gene Fund has been constituted by the Central Government to promote, recognize and reward those farmers who are engaged in the conservation of genetic resources of land races and wild relatives of economic plants and their improvement through selection and preservation in the agro-biodiversity hot-spots and also to a farmer who is engaged in conservation of genetic resources of landraces and wild relatives of economic plants and their improvement through selection and preservation provided material so selected and preserved has been used as donor of genes in varieties registered under the Act. The Gene fund shall be enriched from the money received in the form of Compensation, Annual fee, Benefit sharing and contributions from National & International Organizations. The money collected under

this fund shall be utilized for reimbursement of benefit sharing, reimbursement of compensation; support and reward the farming communities, particularly the tribal and rural communities engaged in the conservation, improvement and preservation of genetic resources of economic plants and their wild relatives, particularly in the areas identified as agro-biodiversity hotspots. Gene fund shall also be used for supporting the conservation and sustainable use of genetic resources including in-situ and ex-situ collections and for strengthening the capability of Panchayat in carrying out such conservation and sustainable use.

**Q.36. what are the different kind of Award, Reward and Recognition**

Ans. There are three types of Award, Reward and Recognitions given by the PPVFR Authority every year.

**Q.37. How many Awards every year?**

Ans. Every year Authority conferred 05 Plant Genome Saviour Community Awards, 10 Plant Genome Saviour Farmers Rewards and 20 Plant Genome Saviour Farmers Recognitions.

**Q.38. Is there any cash prize for the Award, Reward and Recognitions being given by PPV&FRA?**

Ans. Yes,

i) the Authority in consultation with Government of India, has established five Plant Genome Saviour Community Awards of Rs.10 Lakh each along with citation and memento to be conferred every year to the farming communities for their contribution in the conservation of Plant Genetic Resources. In accordance with the Protection of Plant Varieties and Farmers’Rights (Recognition and Rewards from the Gene Fund) Rules, 2010, ten Plant Genome Saviour Farmer Rewards of Rs.1.5 Lakh each with citation & memento and also twenty Plant Genome Saviour Farmer Recognitions of Rs.1 lakh annually to the farmers engaged in the conservation of the Genetic Resources of the landraces and wild relatives of economics plants and their improvement through selection and preservation.

**Q.39. How to apply for Award?**

Ans. Every year Authority inviting applications for awards, Rewards and Recognitions by way of advertising in leading news paper in (hindi and English) and Application Form is also available on the website of the Authority.

For details please see [www.plantauthority.gov.in](http://www.plantauthority.gov.in).

**National Commission on Farmers (NCF)**

Background

The National Commission on Farmers (NCF) was constituted on November 18, 2004 under the chairmanship of Professor M.S. Swaminathan. The final report was submitted on October 4, 2006. The reports contain suggestions to achieve the goal of “faster and more inclusive growth” as envisaged in the Approach to 11th Five Year Plan. The NCF is mandated to make suggestions on issues such as: (a) a medium-term strategy for food and nutrition security in the country in order to move towards the goal of universal food security over time; (b) enhancing productivity, profitability, and sustainability of the major farming systems of the country; (c) policy reforms to substantially increase flow of rural credit to all farmers; (d) special programmes for dryland farming for farmers in the arid and semi-arid regions, as well as for farmers in hilly and coastal areas; (e) enhancing the quality and cost competitiveness of farm commodities so as to make them globally competitive; (f) protecting farmers from imports when international prices fall sharply; (g) empowering elected local bodies to effectively conserve and improve the ecological foundations for sustainable agriculture;

Key Findings and Recommendations

Causes for farmers’ distress

The major causes of the agrarian crisis are: unfinished agenda in land reform, quantity and quality of water, technology fatigue, access, adequacy and timeliness of institutional credit, and opportunities for assured and remunerative marketing. Adverse meteorological factors add to these problems. Farmers need to have assured access and control over basic resources, which include land, water, bio-resources, credit and insurance, technology and knowledge management, and markets. The NCF recommends that “Agriculture” be inserted in the Concurrent List of the Constitution.

Land Reforms: Land reforms are necessary to address the basic issue of access to land for both crops and livestock. Land holdings inequality is reflected in land ownership. In 1991-92, the share of the bottom half of the rural households in the total land ownership was only 3% and the top 10% was as high as 54%.

**Table 1: Distribution of Land**

|  |  |  |
| --- | --- | --- |
| **Land Holding** | **% of House holds** | **% of Land hold** |
| Land less | 11.24 |  |
| Sub-margin holdings (0.01 - 0.99 acres) | 40.11 | 3.80 |
| Marginal holdings (1.00 - 2.49 acres) | 20.52 | 13.13 |
| Small holdings (2.50 - 4.99 acres) | 13.42 | 18.59 |
| Medium holdings (5 - 14.99 acres) | 12.09 | 37.81 |
| Large holdings (15 acres + above) | 2.62 | 26.67 |
|  | 100.0 | 100.0 |

Source: Table 1 of the Fifth NCF Report based on Some Aspects of Household Ownership Landholdings-1991-92. NSS Report-399

Some of the main recommendations includes:

• Distribute ceiling-surplus and waste lands;

• Prevent diversion of prime agricultural land and forest to corporate sector for non-agricultural purposes.

• Ensure grazing rights and seasonal access to forests to tribals and pastoralists, and access to common property resources.

• Establish a National Land Use Advisory Service, which would have the capacity to link land use decisions with ecological meteorological and marketing factors on a location and season specific basis.

Set up a mechanism to regulate the sale of agricultural land, based on quantum of land, nature of proposed use and category of buyer.

Irrigation: Out of the gross sown area of 192 million ha, rain fed agriculture contributes to 60 per cent of the gross cropped area and 45 per cent of the total agricultural output. The report recommends:

• A comprehensive set of reforms to enable farmers to have sustained and equitable access to water.

• Increase water supply through rainwater harvesting and recharge of the aquifer should become mandatory. “Million Wells Recharge” programme, specifically targeted at private wells should be launched.

• Substantial increase in investment in irrigation sector under the 11th Five Year Plan apportioned between large surface water systems; minor irrigation and new schemes for groundwater recharge. Productivity of Agriculture Apart from the size of holding, the productivity levels primarily determine the income of the farmers. However, the per unit area productivity of Indian agriculture is much lower than other major crop producing countries.

**Table 2: Comparative Yield of Select Crops in Various Countries (Kg/ha)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** |  |  | **Crop** |  |  |
|  | **Paddy** | **Wheat** | **Maize** | **Groundnut** | **Sugarcane** |
| India | 2929 | 2583 | 1667 | 913 | 68012 |
| China | 6321 | 3969 | 4880 | 2799 | 85294 |
| Japan | 6414 | - | - | 2336 | - |
| SA | 6622 | 2872 | 8398 | 3038 | 80787 |
| Indonesia | 4261 | - | 2646 | 1523 | - |
| Canada | - | 2591 | 7974 | - | - |
| Vietnam | 3845 | 2711 | 4313 | 1336 | 65689 |

Source: Table 3 of the Fifth NCF Report based on Agriculture At a Glance [2002] Ministry of Agriculture

In order to achieve higher growth in productivity in agriculture, the NCF recommends:

* Substantial increase in public investment in agriculture related infrastructure particularly in irrigation, drainage, land development, water conservation, research development and road connectivity etc.
* A national network of advanced soil testing laboratories with facilities for detection of micro-nutrient deficiencies.
* Promotion of conservation farming, which will help farm families to conserve and improve soil health, water quantity and quality and biodiversity.

Credit and Insurance

Timely and adequate supply of credit is a basic requirement of small farm families. The NCF suggests:

* Expand the outreach of the formal credit system to reach the really poor and needy.
* Reduce rate of interest for crop loans to 4 per cent simple, with government support.
* Moratorium on debt recovery, including loans from non-institutional sources, and waiver of interest on loans in distress hotspots and during calamities, till capability is restored.
* Establish an Agriculture Risk Fund to provide relief to farmers in the aftermath of successive natural calamities.
* Issue Kisan Credit Cards to women farmers, with joint pattas as collateral.
* Develop an integrated credit-cum-crop-livestock human health insurance package.
* Expand crop insurance cover to cover the entire country and all crops, with reduced premiums and create a Rural Insurance Development Fund to take up development work for spreading rural insurance.
* Promote sustainable livelihoods for the poor by improving (i) Financial services (ii) Infrastructure (iii) Investments in human development, agriculture and business development services (including productivity enhancement, local value addition, and alternate market linkages) and (iv) Institutional development services (forming and strengthening producers’ organisations such as self-help groups and water user associations).

Food Security

The Mid-term appraisal of the 10th Plan revealed that India is lagging behind in achieving the Millennium Development Goals of halving hunger by 2015. Therefore, the decline in per capita food grain availability and its unequal distribution have serious implications for food security in both rural and urban areas. The proportion of households below the poverty line was 28% in 2004-05 (close to 300 million persons). However, in 1999-2000, the percentage of population consuming diets providing less than 2400 kcal (underlines definition of below poverty line) per capita per day was almost 77% of the rural population. Several studies have shown that the poverty is concentrated and food deprivation is acute in predominantly rural areas with limited resources such as rain-fed agricultural areas

The report recommends:

• Implement a universal public distribution system. The NCF pointed out that the total subsidy required for this would be one per cent of the Gross Domestic Product.

• Reorganise the delivery of nutrition support programmes on a life-cycle basis with the participation of Panchayats and local bodies.

• Eliminate micronutrient deficiency induced hidden hunger through an integrated food cum fortification approach.

• Promote the establishment of Community Food and Water Banks operated by Women Self-help Groups (SHG), based on the principle ‘Store Grain and Water everywhere’.

• Help small and marginal farmers to improve the productivity, quality and profitability of farm enterprises and organize a Rural Non-Farm Livelihood Initiative.

• Formulate a National Food Guarantee Act continuing the useful features of the Food for Work and Employment Guarantee programmes. By increasing demand for food grains as a result of increased consumption by the poor, the economic conditions essential for further agricultural progress can be created.

Prevention of Farmers’ Suicides

In the last few years, a large number of farmers have committed suicide. Cases of suicides have been reported from states such as Andhra Pradesh, Karnataka, Maharashtra, Kerala, Punjab, Rajasthan, Orissa and Madhya Pradesh. The NCF has underlined the need to address the farmer suicide problem on a priority basis. Some of measures suggested include:

• Provide affordable health insurance and revitalize primary healthcare centres. The National Rural Health Mission should be extended to suicide hotspot locations on priority basis.

• Set up State Level Farmers’ Commission with representation of farmers for ensuring dynamic government response to farmers’ problems.

• Restructure microfinance policies to serve as Livelihood Finance, i.e. credit coupled with support services in the areas of technology, management and markets.

• Cover all crops by crop insurance with the village and not block as the unit for assessment.

• Provide for a Social Security net with provision for old age support and health insurance.

• Promote aquifer recharge and rain water conservation. Decentralise water use planning and every village should aim at Jal Swaraj with Gram Sabhas serving as Pani Panchayats.

• Ensure availability of quality seed and other inputs at affordable costs and at the right time and place.

• Recommend low risk and low cost technologies which can help to provide maximum income to farmers because they cannot cope with the shock of crop failure, particularly those associated with high cost technologies like Bt cotton.

• Need for focused Market Intervention Schemes (MIS) in the case of life-saving crops such as cumin in arid areas. Have a Price Stabilisation Fund in place to protect the farmers from price fluctuations. • Need swift action on import duties to protect farmers from international price.

• Set up Village Knowledge Centres (VKCs) or Gyan Chaupals in the farmers’ distress hotspots. These can provide dynamic and demand driven information on all aspects of agricultural and nonfarm livelihoods and also serve as guidance centres.

• Public awareness campaigns to make people identify early signs of suicidal behavior.

Competitiveness of Farmers

It is imperative to raise the agricultural competitiveness of farmers with small land holdings. Productivity improvement to increase the marketable surplus must be linked to assured and remunerative marketing opportunities.

The measures suggested by NCF include:

• Promotion of commodity-based farmers’ organisations such as Small Cotton Farmers’ Estates to combine decentralised production with centralised services such as post-harvest management, value addition and marketing, for leveraging institutional support and facilitating direct farmer-consumer linkage.

• Improvement in implementation of Minimum Support Price (MSP). Arrangements for MSP need to be put in place for crops other than paddy and wheat. Also, millets and other nutritious cereals should be permanently included in the PDS.

• MSP should be at least 50% more than the weighted average cost of production.

• Availability of data about spot and future prices of commodities through the Multi Commodity Exchange (MCD) and the NCDEX and the APMC electronic networks covering 93 commodities through 6000 terminals and 430 towns and cities.

• State Agriculture Produce Marketing Committee Acts [APMC Acts] relating to marketing, storage and processing of agriculture produce need to shift to one that promotes grading, branding, packaging and development of domestic and international markets for local produce, and move towards a Single Indian Market.

Employment

Structural change in the workforce is taking place in India albeit slowly. In 1961, the percentage of the workforce in agriculture was 75.9%. while the number decreased to 59.9% in 1999-2000. But agriculture still provides the bulk of employment in the rural areas. The overall employment strategy in India must seek to achieve two things. First, create productive employment opportunities and second to improve the ‘quality’ of employment in several sectors such that real wages rise through improved productivity. The measures to do so include: • Accelerating the rate of growth of the economy; • Emphasizing on relatively more labour intensive sectors and inducing a faster growth of these sectors; and • Improving the functioning of the labour markets through such modification as may be necessary without eroding the core labour standards. • Encourage non-farm employment opportunities by developing particular sectors and sub-sectors where demand for the product or services is growing namely: (i) trade, (ii) restaurants and hotels, (iii) transport, (iv) construction, (v) repairs and (vi) certain services. • The “net take home income” of farmers should be comparable to those of civil servants.

Bio resources

Rural people in India depend on a wide range of bio resources for their nutrition and livelihood security. The report recommends: • Preserving traditional rights of access to biodiversity, which include access to non-timber forest products including medicinal plants, gums and resins, oil yielding plants and beneficial microorganisms; • Conserving, enhancing and improving crops and farm animals as well as fish stocks through breeding; • Encouraging community-based breed conservation (i.e. conservation through use); • Allowing export of indigenous breeds and import of suitable breeds to increase productivity of nondescript animals

For further details see http://krishakayog.gov.in

**Cooperative Development Fund (CDF)**

CDF was established by NABARD in February 1993 under the provisions of section 45 of NABARD Act, 1981 with an initial corpus of Rs. 10 crore. Thereafter, the corpus of the fund has been augmented through contribution from NABARD’s annual profit.   
The objectives of the CDF are:

1. To support the efforts of the ground level cooperative credit institutions, viz, Primary Agricultural Credit Society (PACS) and weak District Central Cooperative Banks (DCCB), on selective basis in mobilising resources
2. Human Resource Development for achieving better working results and improvement in viability as well as introduction of and improvements in systems and procedures in cooperative credit institutions
3. Building up of better Management Information System (MIS)
4. Conduct of special studies for improving functional efficiency
5. During the year 2015-16, Rs.15.40 crore has been disbursed under CDF (cumulatively, Rs140.66 crore) for various promotional programmes conducted by different tiers of both Short Term and Long Term Coop Credit Structure.

**Short Term Cooperative Rural Credit (Refinance) Fund**

Government has set up a fund namely Short Term Cooperative Rural Credit (Refinance) Fund in National Bank for Agriculture & Rural Development (NABARD) for providing concessional short term refinance to Cooperative Banks. The said fund is made available to NABARD from out of the shortfall in priority sector lending targets by commercial banks. An amount of ₹ 45,000 crore has been allocated for Short Term Cooperative Rural Credit (Refinance) Fund during 2016-17.

**National Cooperative Union of India, (NCUI)**

The National Cooperative Union of India, (NCUI) is the apex organisation representing the entire cooperative movement in the country. It was established in 1929 as All India Cooperative Institutes Association and was re-organised as Indian Cooperative Union through the merger of Indian Provincial Cooperative Banks' Association with All India Cooperative Institutes Association and later in 1961 as National Cooperative Union of India.

he National Cooperative Union of India has travelled a long way since then to now emerged as the sole representative of the Cooperative movement in the country. Being the apex organisation of the Indian cooperative movement in the country, the NCUI is committed to lend dynamism and vibrancy to the cooperative sector in the twenty first century. NCUI's supreme motto is to make the voice of cooperation as strong as ever.

Objectives  
The objectives of the Union are "to promote and develop the cooperative movement in India, to educate, guide and assist the people in their efforts, to build up and expand the cooperative sector and to save as an exponent of cooperative opinion in accordance with cooperative principles". In furtherance of these objectives, the Union may either by itself or in collaboration with other cooperative institutions—

* express opinion on matters of cooperative policy and act as the accredited representative of the Indian Cooperative Movement in the national and international spheres;
* Organise cooperative education and training programmes and popularise the principles and practices of cooperation;
* organise, conduct, collaborate and assist in carrying out research, investigations of cooperative problems and formulation of projects for cooperative development;
* arrange for the production and publication of literature and audio-visual aids including films, filmstrips on cooperation and allied subjects;
* give publicity to the achievements of cooperatives through periodicals, journals, newspapers, pamphlets, brochures, books, films, broadcasts, T.V. and the like for creating favourable atmosphere for the development of the cooperative movement;
* maintain an information bureau and a library;
* convene and hold the National Cooperative Congress and Cooperative Seminars, Meetings, Conferences, Exhibitions etc.;
* select delegates, representative and observes on behalf of the Union for participation in the International, National and State Conferences;
* facilitate the promotion of cooperative institutions and assist the member societies in resolving their problems and difficulties and formulation of programmes and their implementation and preserve and safeguard the democratic character of the cooperative movement in the country;
* confer/honour on the eminent co-operators;
* promote international cooperative relations through active collaboration with ICA, UNO, FAO, ILO, UNDP, UNIDO and other international agencies involved in cooperative development;
* help, promote international marketing on cooperative to cooperative basis by documenting necessary information and to act as nodal agency for the benefit of Indian Cooperative Movement; and
* provide consultancy services to the cooperatives.

The working of NCUI reflects the democratic yearnings of the co-operators and the cooperative institutions involved in cooperative development. The membership of NCUI is broad-based comprising of cooperative institutions at national level, state level and multi-state cooperative societies representing all sectors of the Indian cooperative movement. At present, there are 207 institutions which are members of NCUI.

The supreme authority of NCUI vests with its General Body which meets once in a year to decide the policy and programmes for cooperative development and also elects the Governing Council of NCUI once for a period of five years. The Governing Council meets once in every quarter and functions through the Executive Committee and other functional committees. The President is the head of the organisation and is supported by the Chief Executive who operates through various functional divisions of the NCUI Secretariat.

National Council for Cooperative Training has been constituted by the National Cooperative Union of India under its bye-laws with the concurrence of Government of India, Ministry of Agriculture, Department of Agriculture and Cooperation. The Council is responsible for organizing, directing, monitoring and evaluating the arrangements for cooperative training for the personnel working in the cooperative sector in the country. The main objective of the Council is to organize need based training programs and facilitate the process of human resource development for cooperatives for the country. It also envisages to conduct research in critical areas of cooperative movement.

The Council has established its own training structure comprising of the VAMNICOM, Pune at National Level, Five Regional Institutes of Cooperative Management at Chandigarh, Bangalore, Kalyani, Gandhinagar, Patna and 14 Institutes of Cooperative Management located at Bhopal, Bhubaneswar, Chennai, Dehradun, Guwahati, Hyderabad, Imphal, Jaipur, Kannur, Lucknow, Madurai, Nagpur, Pune and Thiruvananthapuram.

For further details see <http://ncct.ac.in/en> & <http://www.ncui.coop/>

## [Rural Electrification](http://powermin.nic.in/en/content/rural-electrification)

**Status of Rural Electrification (RE) under DDUGJY**

Government of India has launched the scheme “Deendayal Upadhyaya Gram Jyoti Yojana” for rural electrification. The erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme for village electrification and providing electricity distribution infrastructure in the rural areas has been subsumed in the DDUGJY scheme. Rural Electrification Corporation is the Nodal Agency for implementation of DDUGJY.

**Coir Udyami Yojana**

Government of India has approved the continuation of the credit linked subsidy scheme called Rejuvenation, Modernization and Technology Upgradation of the Coir Industry (renamed as Coir Udyami Yojana) to facilitate sustainable development of the Coir Industry in the country. This will in turn generate more employment opportunities especially for women and the weaker sections of people in rural areas. Coir Udyami Yojana will be a Central Sector Scheme to be administered by the Ministry of Micro, Small and Medium Enterprises. The Scheme will be implemented by Coir Board a statutory organization under the Ministry of MSME as the Nodal Agency at the national level. At the State level the scheme will be implemented through Board’s Regional Offices, Sub Regional Offices, Coir Mark Scheme Office and District Industries Centres, Coir Project Offices, Banks and such other offices. The Government subsidy under the scheme released to Coir Board will be routed through the identified banks for eventual distribution to the beneficiaries/entrepreneurs in their bank accounts. The Implementing Agencies viz. Coir Board Offices, DIC, Coir Project Offices etc will associate with reputed Non Governmental Organizations (NGOs)/reputed Autonomous Institutions/National Small Industries Corporation/Panchayati Raj Institutions and other relevant bodies in the implementation of the Scheme especially in the area of identification of beneficiaries, area of specific viable projects and providing training in Entrepreneurship Development, verification of units established under the Scheme.

Objectives of the Scheme

The main objectives of the scheme are as under: (i) To modernize Coir Industry by adoption of modern technology in production and processing of coir and coir products; (ii) Upgradation of the production and processing technology for improving the productivity, quality and product diversification; (iii) To increase the efficiency and productivity for enhancing the earnings of the workers engaged in the sector; (iv) To enhance the utilization of coconut husk and for increasing the production of coir fibre and coir products; (v) To generate employment in the rural areas of the coconut producing States/Union Territories; 2 (vi) To provide more employment opportunities for women in the rural sector for gender empowerment; (vii) To enhance the socio-economic conditions of the producers/workers engaged in the industry; (viii) To contribute to inclusive growth of vulnerable sections of beneficiaries especially those belonging to Scheduled Castes (SC), Scheduled Tribes (ST) and North Eastern Region (NER); (ix) To give sufficient training to the rural youth of the coconut producing States with an eye on attracting them to the fold of coir sector. (x) To provide backward/forward linkages to the unit holders to whom assistance is given under the Scheme.

Quantum and Nature of Financial Assistance



Note: Maximum admissible cost of the project is Rs.10 lakhs plus working capital, which shall not exceed 25% of the project cost. The banks shall consider composite loan instead of term loan to cater to the working capital requirements also. This should be exclusive of Rs.10 lakhs limit proposed. However, subsidy will be computed excluding working capital component.

Eligibility conditions of the Beneficiaries i) Any individual above 18 years of age with Indian Citizenship. ii) There will be no income ceiling for assistance for setting up of project under Coir Udyami Yojana. iii) Assistance under the Scheme is only available for projects for the production of coir fibre /yarn/products etc. coming under coir sector. iv) Assistance under the Scheme will be made available to individuals, Companies, Self Help Groups, Non Governmental Organizations, Institutions registered under Societies Registration Act 1860, Production Co-operative Societies, Joint Liability Groups and Charitable Trust. However the units that have already availed Govt. subsidy under any other Scheme of Govt. of India or State Govt. for the same purpose are not eligible to claim subsidy under the scheme.

Other eligibility conditions i) Certified copy of the caste/community certificate issued by the competent authority in the case of other special categories, is required to be produced by the beneficiary along with the application form. ii) A certified copy of the bye laws of the institution is required to be appended along with the application wherever necessary iii) The project cost will include capital expenditure ie. Building and Machinery. iv) The applicants will have the option to include one cycle of working capital also in the project proposal. However the working capital will not be considered for subsidy. The bank can consider approval of the project and loan shall be given to the working capital also without considering any grant for the same. The loan for working capital shall be sanctioned and released only after setting up of the unit. In no case the working capital included in the project shall exceed more than 25% of the project cost. v) If the beneficiary is already having the work shed the component of required machinery will alone constitute the project cost as per the scheme.

Note: Only one person from one family is eligible for obtaining financial assistance for setting up of projects under Coir Udyami Yojana. The ‘family’ includes self and spouse.

For further details see coirboard.gov.in & coirservices.gov.in/

**National Certification System for Tissue Culture Raised Plants (NCS-TCP)**

National Certification System for Tissue Culture Raised Plants (NCS-TCP) is being implemented by Department of Biotechnology (DBT), GOI since 2006 as per the Seeds Act, 1966. NCS-TCP has been instrumental in building capacities of the tissue culture companies for producing quality planting material and also enhancing their market reach through a **certification** process.

NCS-TCP is unique, dynamic and comprehensive system which is one of its kind in the world. For the successful implementation, NCS-TCP has identified NCS-TCP management cell (NMC), Referral Centres (RCs) and Accredited Test Laboratories(ATLs). Tissue culture production facilities get recognition under this quality management system based on compliance with capabilities, infrastructure, package of practices and documentation/record keeping. Once tissue culture production facility is recognised they became eligible to get tissue culture raised planting material certified from ATL.The certified batches of tissue culture raised plants are provided with certification labels enabled with barcode. This barcode provides end user history of plants from where the tissue culture raised planting material is obtained.

For details see http://www.dbtncstcp.nic.in

**Assistance given by Government to Handloom Weavers**

The Government of India is implementing following schemes/programmes for development of handloom sector and welfare of handloom weavers throughout the country:

1.National Handloom Development Programme (NHDP): It is implemented during the  12th Plan period and  provides for comprehensive interventions for cluster development, marketing assistance, concessional credit etc. The guidelines of National Handloom Development Programme (NHDP)/ Comprehensive Handloom Cluster Development Scheme (CHCDS) was amended in June/August, 2015 to include Block level cluster approach, which provides more flexibility with higher funding by Government of India, discontinuation of the State financial contribution, direct release of funds to Implementing Agency, direct transfer of funds in the block with a maximum assistance of upto Rs.2.00 crore for various interventions such as setting up of Common Facility Centre (CFC) including Common Service Centre (CSC), engagement of textile designer-cum-marketing executive, construction of workshed,  appointment of Cluster Development Executive (CDE), technological up-gradation, lighting units, skill up-gradation, better looms and accessories, etc.  Besides, financial assistance of upto Rs.50.00 lakh is available for setting up of dye house at district level.

2. Yarn Supply Scheme/Mil Gate Price Scheme (YSS/MGPS): Yarn Supply Scheme is implemented throughout the country to make available all types of yarn at Mill Gate Price to the eligible handloom weavers so as to facilitate regular supply of basic raw materials to the handloom sector and help utilize the full employment potential of the sector.  Under the scheme the freight is reimbursed and depot operating charges @2% is given to depot operating agencies.

3. Handloom Weavers Comprehensive Welfare Scheme (HWCWS) : In order to enable handloom weavers to avail social security benefits, the Government of India has been implementing Handloom Weavers Comprehensive Welfare Scheme (HWCWS) with two components; namely Mahatma Gandhi Bunkar Bima Yojana(MGBBY) and Health Insurance Scheme (HIS).  The MGBBY aims to provide insurance cover to handloom weavers in the case of natural or accidental death and in case of total or partial disability.  The HIS aims at enabling the weaver community to access healthcare facilities. Under Handloom Weavers Comprehensive Welfare Scheme (HWCWS) funds are not released state-wise, instead, they are released to the implementing agency as a whole country.

4. Comprehensive Handloom Cluster Development Scheme (CHCDS)-Handloom Mega Cluster: The Comprehensive Handloom Cluster Development Scheme (CHCDS) was introduced in 2008-09 for development of Mega Handloom Clusters.  Under the scheme, there was provision for each cluster to cover atleast 25,000 handlooms with upper GoI share of Rs.70.00 crore in a period of 5 years.  The Comprehensive Handloom Cluster Development Scheme (CHCDS) is under implementation during the XII Plan for development of Mega Handloom Clusters.  As per the scheme, Mega Handloom Cluster should have atleast 15,000 handlooms and funding upto Rs.40.00 crore as GoI share is eligible per cluster.

**Comprehensive Handlooms Development Scheme (CHDS)**

The Comprehensive Handlooms Development Scheme (CHDS) was launched in 2013. Subsequently, CHDS was subsumed as one of the components of National Handloom Development Programme (NHDP). Comprehensive Handlooms Development Scheme has been formulated by merging all the major components of the schemes namely Integrated Handlooms Development Schemes (IHDS), Marketing and Export Promotion Scheme (MEPS) and Diversified Handloom Development Scheme (DHDS) implemented during the 11th plan and 2012-13 which is one of the components of National Handloom Development Programme (NHDP) for its implementation during 12th Plan. The scheme will follow need based approach for integrated and holistic development of handlooms and welfare of handloom weavers. The scheme will support weavers, both within and outside the cooperative fold including self help groups, NGOs etc. towards raw material, design inputs, technology up-gradation, marketing support through exhibitions, create permanent infrastructure in the form of Urban Haats, marketing complexes, setting up of Weavers Service Centre (WSCs) and Indian Institutes of Handlooms Technology (IIHTs), development of web portal for e-marketing of handloom products etc.

The objectives of the scheme are i) To strengthen/consolidate existing handloom clusters for their sustainability: Interventions- focus on loom up-gradation, design inputs, credit, marketing plus other need based interventions.ii) To focus on formation of handloom weavers‟ groups as a visible production group in a selected handloom clusters. iii) To reduce drudgery of handloom weavers, improve productivity & quality of handloom products by providing technologically upgraded accessories iv) To develop & strengthen the Handloom Institutions, including WSCs/IIHTs. v) Market orientation by associating entrepreneurs, designers and professionals for marketing, designing and managing the production and providing marketing infrastructure support. vi) An inclusive approach to cover weavers both within and outside the co-operative fold. vii) Holistic and flexible interventions to provide need based inputs specific to each cluster/group etc. viii) To provide a platform for marketing of handloom products, both in domestic and international markets and brand promotion. ix) Cultural Exchange by deputing weavers abroad.

For details see handlooms.nic.in & texmin.nic.in/schemes

**Farm Sector Promotion Fund**

Farm Sector Promotion Fund (FSPF) was created in NABARD, by the merger of two erstwhile funds, viz. Farm Innovation and Promotion Fund (FIPF) and Farmers' Technology Transfer Fund (FTTF), on 26 July 2014.  The Fund focuses on promoting innovative and feasible concepts/projects and transfer of technology for enhancing production and productivity in agriculture and allied sectors.

Objectives:Farm Sector Promotion Fund (FSPF) has been created in NABARD for supporting innovations in agriculture and allied sector leading to enhancement of farm income and farm productivity, encompassing the following: i. Promotion of Innovations in Agriculture and Allied Sectors ii. Enhancing Productivity of Agriculture and Allied sectors and creating market access iii. Promotion of Climate Resilient Agriculture in vulnerable/ distressed districts iv. Promotion of Agricultural Value Chains v. Promotion of Farmers’ Collectives including training and capacity building vi. Supporting Expert Advisory Services, Policy advocacy including building up of human capital in rural areas The support under the Fund is in the form of grant, decided on the merits of each case/ project. Loan assistance will be funded through the existing loan products of NABARD/ subsidiaries of NABARD. Institutions like State Agriculture Universities, Research Institutions, reputed Management Institutes, NGOs, registered Community Based Organisations, registered Producers’ organisations, farmers’ club and their federations, reputed Trusts, foundations established by Corporates and Private sector working in the field of agriculture and rural development, Individuals/ groups of individuals, scientists sponsored by NGOs/ FCs and other partner organisations of NABARD, Commercial Banks, Regional Rural Banks, Co-operative Banks and their training establishments, Sponsoring agencies promoting Producer Organisations, CSR foundations etc. Activities supported under FSPF • Promotion of Farmers Clubs for Technology Transfer • Capacity Building/ exposure visit for adoption of modern technologies/ Best practices. • Productivity improvement, aggregation, innovations and market connectivity, etc. • Awareness building on improving water use efficiency.

‘**Producers’ Organization Development and Upliftment Corpus’ Fund (PRODUCE fund)**

PRODUCE fund of Rs. 200 crores was created by Government of India in NABARD in 2014-15 for building of 2000 Farmer Producer Organizations (FPOs) during next two years. The aim of the PRODUCE fund is to address the initial financial requirements of the emerging FPOs, which would subsequently be able to avail of credit from financing institutions for new business activities.

For further details see https://www.nabard.org/

**National Project on Management of Soil Health and Fertility (NPMSHF)**

Based on the recommendations of the Task Force on Balanced use of Fertilizer, the Centrally Sponsored Scheme entitled "National Project on Management of Soil Health and Fertility (NPMSF)" has been formulated. The scheme is broad based in terms of its activities, subsidy rates etc. The component relating to Balanced Use of Fertilizers, will henceforth be taken out of the purview of the Revised MMA Scheme and subsumed in the National Project on Management of Soil Health and Fertility. Objectives 1.6.2 The scheme is being launched with the following broad objectives: i. To facilitate and promote Integrated Nutrient Management (INM) through judicious use of chemical fertilizers, including secondary and micro nutrients, in conjunction with organic manures and bio-fertilizers, for improving soil health and its productivity. ii. To strengthen soil testing facilities and provide soil test based recommendations to farmers for improving soil fertility and economic return to farmers. iii. To improve soil health through green manuring. iv. To facilitate and promote use of soil amendments for reclamation of acidic/ alkaline soils for improving their fertility and crop productivity. v. To promote use of micro nutrients for improving efficiency of fertilizer use. vi. To upgrade the skill and knowledge of STL/ extension staff and farmers and their capacity building through training and demonstration including demonstration on farmers fields regarding benefits of balanced use of fertilizers. vii. To ensure quality control of fertilizers through strengthening of fertilizer quality control facility including training to enforcement officers of State Governments for effective implementation of "Fertilizer Control Order". viii. To provide financial assistance for upgrading and setting up of STLs/Fertilizer Testing Laboratories and various activities for promoting balanced use of fertilizers.

The scheme is proposed to be implemented through the following components: a) Strengthening of Soil Testing Laboratories (STLs) b) Promoting Use of Integrated Nutrient Management c) Strengthening of Fertilizer Quality Control Laboratories

Beneficiaries: Farmers’ group (Commodity Interest group), Extension staff, Agril. Entrepreneur, Individual farmer and Area (village, eleka).

Pattern of Assistance: Setting up new soil testing laboratories and Mobile Soil Testing Laboratories (MSTLs), Strengthening of existing static STLs for micronutrient analysis, Capacity building through training STL staff/extension officers/farmers and field demonstration/workshop etc, Creation of data bank for balanced use of fertilizers, which is site specific, Adoption of village by STLs (10 villages each) through frontline field demonstrations, Preparation of digital district soil matter (using global positioning system) a soil fertility monitoring system by ICAR state agriculture universities (SAUs.), Strengthening / up-grading existing state fertilizer quality control laboratories, Setting up of new fertilizer quality control laboratories by state governments, Setting up of fertilizer testing laboratories for advisory purposes, under the private / cooperative sector.

For further details see agricoop.nic.in

**LONG TERM IRRIGATION FUND (LTIF)**

In the Budget Speech 2016-17, it was announced for creation of a dedicated Long Term Irrigation Fund (LTIF) in NABARD with an initial corpus of Rs.20,000 crore for funding and fast tracking the implementation of incomplete major and medium irrigation projects. A Mission has been established in the Ministry of Water Resources, River Development and Ganga Rejuvenation (MoWR, RD & GR) for overall implementation of the scheme. The Long Term Irrigation Fund (LTIF) aims to bridge the resource gap and facilitate completion of these projects during 2016-2020. 23 projects (priority-I) have been identified to be completed by 2016-17, 31 projects (priority –II) have been identified to be completed by 2017-18 and balance 45 projects (priority – III) have been identified to be completed by 2019-20. In a move that aims to address the perennial irrigation water crisis affecting rural India, Ministry of Water Resources, River Development and Ganga Rejuvenation and NABARD signed an agreement IN Sept. 2016 to operationalise the Long Term Irrigation Fund (LTIF) as part of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY).

As per the proposal of MoWR, RD & GR approved by the Union Cabinet, the initial LTIF corpus shall comprise of a mix of various sources like Budgetary Allocation from Govt. of India (GoI)/ Extra Budgetary Resources through GOI fully serviced bonds to be raised by NABARD and direct market borrowings by NABARD. In respect of GoI fully serviced bonds in the nature of extra budgetary resources, the Government of India will make budgetary provision each year for the entire period of the bond for coupon payments to bond investors.

For Central share, National Water Development Agency (NWDA), a society registered under Societies Registration Act 1860 and functioning under Ministry of Water Resources (MoWR), Government of India would borrow resources from LTIF. The State Governments can borrow funds directly from NABARD under LTIF to meet the state share in the projects or to deploy their own resources.

For further details see [www.nabard.org](http://www.nabard.org) & <http://pib.nic.in>

[**Seed Village Scheme**](http://seednet.gov.in/Material/Prog-Schemes.htm#ii) Seed Village Scheme :)

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| The restructured Central Sector Scheme “Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seeds” has the following components: [Assistance for Boosting Seed Production in the Private Sector](http://seednet.gov.in/Material/Prog-Schemes.htm#(i) Assistance for Boosting Seed Production in the Private Sector:), [Seed Village Scheme](http://seednet.gov.in/Material/Prog-Schemes.htm#ii) Seed Village Scheme :), [Transport subsidy on Movement of seeds](http://seednet.gov.in/Material/Prog-Schemes.htm#iii) Transport subsidy on Movement of seeds :-), [Establishment and Maintenance of Seed Bank](http://seednet.gov.in/Material/Prog-Schemes.htm#iv) Establishment and Maintenance of Seed Bank:-), [Quality Control Arrangements on Seeds](http://seednet.gov.in/Material/Prog-Schemes.htm#v) Quality Control Arrangements on Seeds:-), [Assistance for Creation/Strengthening of Infrastructure Facilities for production and distribution of quality seeds](http://seednet.gov.in/Material/Prog-Schemes.htm#vi) Assistance for Creation/Strengthening of Infrastructure Facilities for production and distribution of quality seeds :), [Human Resource Development](http://seednet.gov.in/Material/Prog-Schemes.htm#vii)Human Resource Development:-), [Boosting Seed Export](http://seednet.gov.in/Material/Prog-Schemes.htm#viii)Boosting Seed Export :-), [Use of Bio-technology in Agriculture](http://seednet.gov.in/Material/Prog-Schemes.htm#ix) Use of Bio-technology in Agriculture:-), [Promoting Hybrid Rice Seeds](http://seednet.gov.in/Material/Prog-Schemes.htm#x)Promoting Hybrid Rice Seeds:-).  [Seed Village Scheme](http://seednet.gov.in/Material/Prog-Schemes.htm#ii) Seed Village Scheme :)  Despite implementation of the organized seed programme since the mid 60s, the seed replacement rate has only reached the level of 15% 85% of the seeds used are farm saved. It is, therefore, necessary to improve the stock of farm saved seeds for enhancing crop production/productivity. For this, seed production, seed distribution and other connected aspects will have to be improved and strengthened at the farmers’ level. To upgrade the quality of farmer-saved seed which is about 80-85% of the total seed used for crop production programme, it is proposed to provide financial assistance for distribution of foundation/certified seed at 50% cost of the seed of crops for production of certified /quality seeds only and to provide training on seed production and technology to the farmers. The seed produced in these seed villages will have to be preserved/stored till the next sowing season. In order to encourage farmers to develop storage capacity of appropriate quality, assistance will be given to farmers for making/procuring of Pusa Bin/Mud bin/Bin made from paper pulp for storing of seed produced by the farmers on their farms. The implementing agencies will be State Departments of Agriculture, State Agriculture Universities, Krishi Vigyan Kendras, State Seeds Corporation, National Seeds Corporation, State Farms Corporation of India (SFCI), State Seeds Certification Agencies, Department of Seed Certification. One implementing agency will be identified for the area/locality and is to be authorized by the State Government. State Government and the implementing agencies will have to identify the areas of better seeds production and a compact area approach needs to be followed under this programme. Suitable responding/willing minimum 50 farmers for same crop will be identified/selected preferably in compact area/cluster approach in consultation with the concerned State Department of Agriculture by the implementing agencies. The number of farmers may be more than 50 also subject to a maximum of 150. The concerned implementing agencies will distribute the foundation/certified seeds at 50% cost to the already identified farmers. The seeds for half an acre per farmer will be allowed. The required foundation/certified seeds of the crop varieties decided/identified will be sourced/purchased from National Seeds Corporation/State Seeds Corporation/State Farms Corporation of India/Seeds Cooperatives/State Department of Agriculture/State Agriculture Universities by the implementing agencies. For the rate purpose under this scheme, the rates of National Seeds Corporation, which is operating throughout the country, will be taken. An assistance of 50% will be provided on that basis only |
| For further details see <http://seednet.gov.in> |
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**UMBRELLA PROGRAMME FOR NATURAL RESOURCE MANAGEMENT** (UPNRM)The programme follows a unique approach through tailored loans with a modest grant component, capacity building measures and partnership facilitation. The objective is to create livelihood opportunities, increase farm incomes and enhance agricultural value chains through investment in rural businesses and sustainable use of natural resources. Programme partners include National Bank for Agriculture and Rural Development (NABARD) and the German Development Bank (KfW).

The grant UPNRM “credit plus” facility provides projects and businesses loan with an integral ‘accompanying measure’ or grant component is to build the project implementing agencies’ (channel partners) - competencies and help to capacitate the poor in managing their rural businesses and livelihoods. Unlike conventional financial products, UPNRM loans allow terms that depend on the nature of the project, channel partner and the target group, while their interest rate is lower than that of commercial credits. The serve UPNRM eligibility criteria as benchmarks for projects to access support under the programme; which include: 1. Engaging rural poor people, 2. Protecting the environment, 3. P r o m o t i n g c o m m u n i t y participation, 4. Strengthening decentralized governance, 5. Integrating various disciplinary approaches that are responsive to community needs.

The Activities Covered are:Core Areas: Soil & Water Conservation, Plantation & Horticulture (tree based farming, Bamboo based farming wadi development, organic farming, energy plantation), Forestry ,Farming System Management , Climate Change adaption

Supplementary Areas: Processing and Marketing (e.g. lac, honey, gum, cashew, vegetable, fruits etc.), Renewable energy (e.g. bio-fuel, biomass, Solar etc. ), Livelihood activities (agri allied activities handicrafts etc.) , Microfinance , Other supporting activities that help NRM

Information and Knowledge Management: Proposal Development, Planning ,Capacity Building, Knowledge Management System

Financial Assistance: Loans. Bundled small grants

Loans: Investment loans of long term for - NRM measures - Livelihood activities - Infrastructure - Plant & machinery - Storage - Marketing chains

Working capital loans for Production of raw material, Procurement and stocking of produce, Processing & packing, Marketing interventions, distribution

Grants: Proposal Development, Capacity Building, Community Mobilisation, Cost of Expertise, Project Management

Loan Terms: Interest attractive compared to PLR of banks, Long term loans and revolving loans possible, Grace period to take care of deficient cash flow during gestation period.

Further details see <http://www.nabard.org>

**EShakti or Digitisation of SHG**

EShakti consists of two words E-Electronic and Shakti-Power. It means empower. A project on Digitisation of Self Help Groups’ (SHGs) financial and non-financial records initiated by NABARD for various stakeholders who are working in the field of microfinance. Keeping in view the Government of India's mission for creating a digital India, NABARD has launched a project for digitisation of all Self Help Group (SHG) in the country. To begin with, 2 districts Ramgarh (Jharkhand) and Dhule (Maharashtra) will be covered. The broader aim of the programme is to support the flagship programme of the Government of India i.e Prime Minister Jan Dhan Yojna (PMJDY) by way of:

* Integrating SHG members with the national Financial Inclusion agenda;
* Improving the quality of interface between SHG members and Banks for efficient and hassle free delivery of banking services;
* Facilitate convergence of delivery system with SHGs using Aadhaar linked identity.

The upliftment in economic level of the SHG members, mostly poor rural women, by these measures will ultimately facilitate in increasing the outreach of PMJDY and financial inclusion in poor household.

For further details see https://eshakti.nabard.org

**Participatory Irrigation Management (PIM) Programme**

The Participatory Irrigation Management (PIM) Programme has been launched by the Ministry of Water Resources, GOI to create a sense of ownership of water resources and the irrigation system among the users; so as to promote economy in water use and preservation of the system and to improve water deliveries through better operation and maintenance. In fact, it aims to achieve optimum utilisation of water resources, precisely as per crop needs and also to achieve equity in water distribution and to increase production, productivity and income per unit of land and water and to make best use of natural precipitation and ground water in conjunction with flow irrigation for increasing cropping intensity.

PIM facilitates the users to have a choice of crops, cropping sequence, timing of water supply and its frequency depending on soils, climate and other infrastructural facilities available in the command areas such as roads, markets, cold storages etc. so as to maximise the incomes and returns. It encourages collective and community responsibility on the farmers to collect water charges and payment for responsible irrigation water management and creates healthy atmosphere between the irrigation agency and the users.

Several national levels training courses on PIM has been organised by the Ministry of Water Resources in various parts of the country for the functionaries of Command Area Development (CAD) and Irrigation Departments. In addition 75 per cent grant is also provided to the States for organising training courses for farmers and field functionaries.   
  
Recognising the need for sound legal framework for Participatory Irrigation Management in the country, a model Act has been brought out by the Ministry for adoption by the State Legislatures for enacting new irrigation acts and amending the existing irrigation acts for facilitating PIM. The legal framework provides for creation of farmers organisations at different levels of irrigation system.

Water Users Associations (WUAs) will have a delineated command area on a hydraulic basis, which shall be administratively viable. Generally, WUA would cover a group of outlets or a minor; Distributory Committee will comprise of five or more WUAs. All the WUAs will comprise general body of the distributory committee; and Project committee will be an apex committee of the irrigation system and Presidents of the distributory committee in the project area shall constitute general body of this committee.

These associations at different levels are expected to be actively involved in – maintenance of irrigation system in their area of operation; distribution of irrigation water to the beneficiary farmers as per the warabandi schedule; assisting the irrigation department in the preparation of water demand and collection of water charges; resolve distributes among the members and WUA; and monitoring flow of water in the irrigation system.

More emphasis is now being given to participatory approach for irrigation water management after the restructuring of Command Area Development and Water Management (CADWM). Under the programme, the payment of Central assistance to States is linked with the formation of Water Users Associations (WUAs). Apart from this, farmers have to contribute a minimum of 10 % cost of the works in the form of cash and labour in two components namely construction of field channels and reclamation of water logged areas.

Initially, a provision for management subsidy at the rate of Rs. 275 per hectare has been made to encourage the formation and functioning of farmers’ associations. With effect from April 2004, this grant was enhanced to Rs. 600 per hectare at the rate of Rs. 270: 270: 60 to be shared by Centre, State and Farmers Associations.

Action Research for PIM has been suggested to the interested Water and Land Management Institutes (WALMIs) and other State and Central institutions apart from National Training programme for field functionaries and farmers. Its objectives is to give experiences and thereafter educate the Water Users’ Associations (WUAs) to take over the functions pertaining to maintenance of on-farm development works as well as irrigation systems, equitable distribution of water, crop management, revenue collection, maintenance of data and financial record of data. Central assistance @ 75 % of cost of this software items is reimbursable to states.

For details see <http://wrmin.nic.in/> & http://www.cgwb.gov.in/

**Soil Health Card Scheme of GOI**

*Soil Health Management (SHM) Under National Mission for Sustainable Agriculture (NMSA)(W.E.F,1st April 2014*

“National Mission for Sustainable Agriculture(NMSA) will be implemented during 12th Plan with the objectives to make agriculture more productive, sustainable and climate resilient; to conserve natural resources; to adopt comprehensive soil health management practices; to optimize utilization of water resources; etc. “Soil Health Management (SHM) is one of the most important interventions under NMSA.SHM aims at promoting Integrated Nutrient Management (INM) through judicious use of chemical fertilisers including secondary and micro nutrients in conjunction with organic manures and bio-fertilisers for improving soil health and its productivity; strengthening of soil and fertiliser testing facilities to provide soil test based recommendations to farmers for improving soil fertility; ensuring quality control requirements of fertilisers, bio-fertilisers and organic fertilisers under Fertiliser Control Order, 1985; upgradation of skill and knowledge of soil testing laboratory staff, extension staff and farmers through training and demonstrations; promoting organic farming practices etc”

What is Soil Health Card (SHC) scheme?

It is a Government of India‟s scheme promoted by the Department of Agriculture & Co-operation under the Ministry of Agriculture. It will be implemented through the Department of Agriculture of all the State and Union Territory Governments. A SHC is meant to give each farmer soil nutrient status of his holding and advice him on the dosage of fertilizers and also the needed soil amendments, that he should apply to maintain soil health in the long run.

What is a Soil Health Card?

SHC is a printed report that a farmer will be handed over for each of his holdings. It will contain the status of his soil with respect to 12 parameters, namely N,P,K (Macro-nutrients) ; S (Secondary- nutrient) ; Zn, Fe, Cu, Mn, Bo (Micro - nutrients) ; and pH, EC, OC (Physical parameters). Based on this, the SHC will also indicate fertilizer recommendations and soil amendment required for the farm.

How can a farmer use a SHC?

The card will contain an advisory based on the soil nutrient status of a farmer‟s holding. It will show recommendations on dosage of different nutrients needed. Further, it will advise the farmer on the fertilizers and their quantities he should apply, and also the soil amendments that he should undertake, so as to realize optimal yields.

Will the farmer get a card every year and for every crop?

It will be made available once in a cycle of 3 years, which will indicate the status of soil health of a farmer‟s holding for that particular period. The SHC given in the next cycle of 3 years will be able to record the changes in the soil health for that subsequent period. What are the norms of sampling? Soil samples will be drawn in a grid of 2.5 ha in irrigated area and 10 ha in rain- fed area with the help of GPS tools and revenue maps. Who will draw the soil sample? The State Government will collect samples through the staff of their Department of Agriculture or through the staff of an outsourced agency. The State Government may also involve the students of local Agriculture / Science Colleges.

What is the ideal time for soil sampling?

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2. At the STLs owned by the Department of Agriculture but by the staff of the outsourced agency.
3. At the STLs owned by the outsourced agency and by their staff.
4. At ICAR Institutions including KVKs and SAUs.
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The total outlay of the scheme is Rs. 568.54 crore for a period of 3 years. The scheme has been rolled out in the field during the current year i.e, 2015-16. How many soil samples will be tested in three years to generate Soil Health Cards? As per grid pattern adopted by the Ministry, 253 lakh soil samples will be tested every three years to generate approximately 14 crore Soil Health Cards.

Is there any software for generation of uniform soil health cards across the country?

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Which Division in the Ministry of Agriculture will guide the State Governments regarding implementation of the scheme?

Integrated Nutrient Management (INM) Division; Department of Agriculture & Cooperation will visit the States regularly and provide guidance in technical matters

For further details see www.soilhealth.dac.gov.in or www.agricoop.nic.in

[**Pradhan Mantri Fasal Bima Yojana (PMFBY)**](http://agricoop.nic.in/#_blank)

The scheme will help in decreasing the burden of premiums on farmers who take loans for their cultivation and will also safeguard them against the inclement weather.

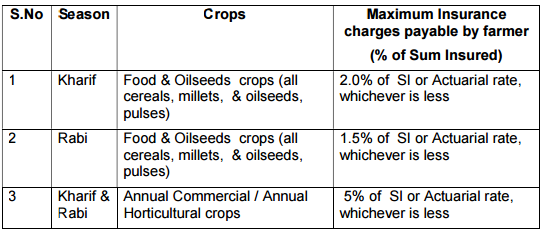
This scheme will be implemented in every state of India, in association with respective State Governments. The scheme will be administered under the [Ministry of Agriculture and Farmers Welfare](https://india.gov.in/website-ministry-agriculture-farmers-welfare), Government of India.

**OBJECTIVES OF THE SCHEME**

* To provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases.
* To stabiles the income of farmers to ensure their continuous process in farming.
* To encourage farmers to adopt innovative and modern agricultural practices.
* To ensure flow of credit to the agriculture sector.

**Highlight of the Scheme**

* There will be a uniform premium of only 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops. In case of annual commercial and horticultural crops, the premium to be paid will be only 5%.
* The premium rates to be paid by farmers are very low and balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss in any natural calamities.
* There is no upper limit on Government subsidy. Even if balance premium is 90%, it will be borne by the Government.
* Earlier, there was a provision of capping the premium rate which is low claims being paid to farmers. Now this is removed and farmers will get claim against full sum insured without any reduction.
* The use of technology will be encouraged to a great extent. Smart phones, Remote sensing drone and GPS technologies will be used to capture and upload data of crop cutting to reduce the delays in the claim payment.
* Allocation of the scheme presented in budget 2016-2017 is Rs.5, 550 cores.
* The insurance plan will be handled under a single insurance company, [Agriculture Insurance Company of India (AIC)](https://india.gov.in/official-website-agriculture-insurance-company-india-limited).
* PMFBY is a replacement scheme of [National Agriculture Insurance Scheme (NAIS)](http://financialservices.gov.in/insurance/gssois/nais.asp#_blank) and [Modified National Agriculture Insurance Scheme (MNAIS)](http://financialservices.gov.in/insurance/gssois/mnais.asp#_blank) and hence exempted from the service tax.
* The rate of Insurance Charges payable by the farmer will be as per the following table:



The difference between premium rate and the rate of Insurance charges payable by farmers shall be treated as Rate of Normal Premium Subsidy, which shall be shared equally by the Centre and State.

**Unit of Insurance**

The Scheme shall be implemented on an **'Area Approach Basis**' (i.e., Defined Areas) for each notified crop for widespread calamities. The assumption that all the insured farmers, in a Unit of Insurance, should be defined as "Notified Area" for a crop, face similar risk exposures, incur to a large extent, identical cost of production per hectare, earn comparable farm income per hectare, and experience similar extent of crop loss due to the operation of an insured peril, in the notified area. The Unit of Insurance can be demographically mapped with region having homogenous Risk Profile for the notified crop.

For Risks of Localized calamities and Post-Harvest losses on account of defined peril, the Unit of Insurance for loss assessment shall be the affected insured field of the individual farmer.

**Krishi Vigyan Kendras ( KVK )**

The first KVK was established in 1974 at Puducherry. The number of KVKs has risen to 645 and 106 more KVKs are to be established in the newly created districts and some larger districts. The KVK scheme is 100% financed by Govt. of India and the KVKs are sanctioned to Agricultural Universities, ICAR institutes, related Government Departments and Non Government Organizations (NGOs) working in Agriculture.

KVK is an integral part of the National Agricultural Research System (NARS) and aims at assessment of location specific technology modules in agriculture and allied enterprises, through technology assessment, refinement and demonstrations. KVKs have been functioning as Knowledge and Resource Centre of agricultural technology supporting initiatives of public, private and voluntary sector for improving the agricultural economy of the district and are linking the NARS with extension system and farmers.

**KVK System: Mandate and Activities**

The mandate of KVK is Technology Assessment and Demonstration for its Application and Capacity Development.

To implement the mandate effectively, the following activities are envisaged for each KVK  
  
1.  On-farm testing to assess the location specificity of agricultural technologies under various farming systems.  
  
2.  Frontline demonstrations to establish production potential of technologies on the farmers’ fields.  
  
3.  Capacity development of farmers and extension personnel to update their knowledge and skills on modern agricultural technologies.  
  
4.  To work as Knowledge and Resource Centre of agricultural technologies for supporting initiatives of public, private and voluntary sector in improving the agricultural economy of the district.  
  
5.  Provide farm advisories using ICT and other media means on varied subjects of interest to farmers

In addition, KVKs produce quality technological products (seed, planting material, bio-agents, livestock) and make it available to farmers, organize frontline extension activities, identify and document selected farm innovations and converge with ongoing schemes and programs within the mandate of KVK.

**Soil Health Card Scheme of GOI**

*Soil Health Management (SHM) Under National Mission for Sustainable Agriculture (NMSA)(W.E.F,1st April 2014*

“National Mission for Sustainable Agriculture(NMSA) will be implemented during 12th Plan with the objectives to make agriculture more productive, sustainable and climate resilient; to conserve natural resources; to adopt comprehensive soil health management practices; to optimize utilization of water resources; etc. “Soil Health Management (SHM) is one of the most important interventions under NMSA.SHM aims at promoting Integrated Nutrient Management (INM) through judicious use of chemical fertilisers including secondary and micro nutrients in conjunction with organic manures and bio-fertilisers for improving soil health and its productivity; strengthening of soil and fertiliser testing facilities to provide soil test based recommendations to farmers for improving soil fertility; ensuring quality control requirements of fertilisers, bio-fertilisers and organic fertilisers under Fertiliser Control Order, 1985; upgradation of skill and knowledge of soil testing laboratory staff, extension staff and farmers through training and demonstrations; promoting organic farming practices etc”

**What is Soil Health Card (SHC) scheme?**

It is a Government of India‟s scheme promoted by the Department of Agriculture & Co-operation under the Ministry of Agriculture. It will be implemented through the Department of Agriculture of all the State and Union Territory Governments. A SHC is meant to give each farmer soil nutrient status of his holding and advice him on the dosage of fertilizers and also the needed soil amendments, that he should apply to maintain soil health in the long run.

**What is a Soil Health Card?**

SHC is a printed report that a farmer will be handed over for each of his holdings. It will contain the status of his soil with respect to 12 parameters, namely N,P,K (Macro-nutrients) ; S (Secondary- nutrient) ; Zn, Fe, Cu, Mn, Bo (Micro - nutrients) ; and pH, EC, OC (Physical parameters). Based on this, the SHC will also indicate fertilizer recommendations and soil amendment required for the farm.

**How can a farmer use a SHC?**

The card will contain an advisory based on the soil nutrient status of a farmer‟s holding. It will show recommendations on dosage of different nutrients needed. Further, it will advise the farmer on the fertilizers and their quantities he should apply, and also the soil amendments that he should undertake, so as to realize optimal yields.

**Will the farmer get a card every year and for every crop?**

It will be made available once in a cycle of 3 years, which will indicate the status of soil health of a farmer‟s holding for that particular period. The SHC given in the next cycle of 3 years will be able to record the changes in the soil health for that subsequent period. What are the norms of sampling? Soil samples will be drawn in a grid of 2.5 ha in irrigated area and 10 ha in rain- fed area with the help of GPS tools and revenue maps. Who will draw the soil sample? The State Government will collect samples through the staff of their Department of Agriculture or through the staff of an outsourced agency. The State Government may also involve the students of local Agriculture / Science Colleges.

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**National Agriculture Market (NAM)**

National Agriculture Market (NAM) is a Pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities. The NAM Portal (www.enam.gov.in) provides a single window service for all APMC related information and services. This includes commodity arrivals & prices, buy & sell trade offers, provision to respond to trade offers, among other services. While material flow (agriculture produce) continues to happen through mandis, an online market reduces transaction costs and information asymmetry.

**Objectives of NAM**

* A national e-market platform for transparent sale transactions and price discovery initially in regulated markets. Willing States to accordingly enact suitable provisions in their APMC Act for promotion of e-trading by their State Agricultural Marketing Board/APMC.
* Liberal licensing of traders / buyers and commission agents by State authorities without any pre-condition of physical presence or possession of shop /premises in the market yard
* One license for a trader valid across all markets in the State.
* Harmonisation of quality standards of agricultural produce and provision for assaying (quality testing) infrastructure in every market to enable informed bidding by buyers. Common tradable parameters have so far been developed for 25 commodities.
* Single point levy of market fees, i.e on the first wholesale purchase from the farmer.
* Provision of Soil Testing Laboratories in/ or near the selected mandi to facilitate visiting farmers to access this facility in the mandi itself.

For further details see www.enam.gov.in/

**Malegam Committee on Microfinance and RBI Guidelines**

Background

The Board of Directors of the Reserve Bank of India (RBI) constituted a Sub-Committee to study the issues and concerns on the microfinance sector. This SubCommittee of the Board was formed on October 15, 2010, under the chairmanship of Mr Y.H. Malegam. The Committee submitted its report in December 2011. The broad framework of regulations recommended by the Committee was accepted by the RBI and, accordingly, a separate category of NBFCs viz. Non-Banking Financial Company-Micro Finance Institution (NBFCMFI) was formed and separate directions were issued vide Notification DNBS.PD.No.234 CGM (US) 2011 dated December 02, 2011 containing the regulatory framework for NBFC-MFIs.

Definition of NBFC-MFI

An NBFC-MFI is defined as a non-deposit taking NBFC (other than a company licensed under Section 25 of the Indian Companies Act, 1956) that fulfils the following conditions:

i.) Minimum Net Owned Funds of Rs.5 crore. (For NBFC-MFIs registered in the North Eastern Region of the country, the minimum NOF requirement shall stand at Rs. 2 crore).

ii). Not less than 85% of its net assets are in the nature of “qualifying assets.”

For the purpose of ii above, “Net assets” are defined as total assets other than cash and bank balances and money market instruments.

Meaning of Qualifying Asset

“Qualifying asset” shall mean a loan which satisfies the following criteria:-

a. loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding Rs. 1,00,000 or urban and semi-urban household income not exceeding Rs. 1,60,000 ;

b. loan amount does not exceed Rs. 60,000 in the first cycle and Rs. 1,00,000 in subsequent cycles; c. total indebtedness of the borrower does not exceed Rs.1,00,000 Provided that loan, if any availed towards meeting education and medical expenses shall be excluded while arriving at the total indebtedness of a borrower;

d. tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 30,000 with prepayment without penalty;

e. loan to be extended without collateral;

f aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs

g. loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower

iii. Further the income an NBFC-MFI derives from the remaining 15 percent of assets shall be in accordance with the regulations specified in that behalf.

iv. An NBFC which does not qualify as an NBFC-MFI shall not extend loans to micro finance sector, which in aggregate exceed 10% of its total assets.

Regulatory Framework for NBFC-MFIs

Entry Point Norms

i. Existing NBFCs

a. All registered NBFCs intending to convert to NBFC-MFI were advised to seek registration not later than October 31, 2012, subject to the condition that they shall maintain Net Owned Funds (NOF) at Rs.3 crore by March 31, 2013 and at Rs.5 crore by March 31, 2014, failing which they must ensure that lending to the Microfinance sector i.e. individuals, SHGs or JLGs which qualify for loans from MFIs, will be restricted to 10 per cent of the total assets.

b. In order to provide encouragement to NBFCs operating in North Eastern Region, the minimum NOF was to be maintained at Rs.1 crore by March 31, 2012 and at Rs.2 crore by March 31, 2014.

ii. New Companies

All new companies desiring NBFC-MFI registration will need a minimum NOF of Rs.5 crore except those in the North Eastern Region of the country which will require NOF of Rs.2 crore till further notice, as hitherto and would comply, from the beginning, with all other criteria laid out in the following paragraphs.

Other Regulations

a. Pricing of Credit

i. The margin cap for all NBFCs irrespective of their size was 12 per cent till March 31, 2014. However, with effect from 1st April, 2014 margin caps as defined by Malegam Committee may not exceed 10 per cent for large MFIs (loans portfolios exceeding Rs.100 crore) and 12 per cent for the others.

ii. With effect from the quarter beginning April 01, 2014, the interest rates charged by an NBFC-MFI to its borrowers will be the lower of the following:

a) The cost of funds plus margin as indicated in para (i) above; or

b) The average base rate of the five largest commercial banks by assets multiplied by 2.75. The average of the base rates of the five largest commercial banks shall be advised by the Reserve Bank on the last working day of the previous quarter, which shall determine interest rates for the ensuing quarter.

iii. NBFC-MFIs will ensure that the average interest rate on loans during a financial year does not exceed the average borrowing cost during that financial year plus the margin, within the prescribed cap. Moreover, while the rate of interest on individual loans may exceed 26%, the maximum variance permitted for individual loans between the minimum and maximum interest rate cannot exceed 4 per cent. The average interest paid on borrowings and charged by the MFI are to be calculated on average monthly balances of outstanding borrowings and loan portfolio respectively. The figures may be certified annually by Statutory Auditors and also disclosed in the Balance Sheet. However, the condition relating to the maximum variance permitted shall not be applicable to loans extended by NBFC-MFIs against funding by National Scheduled Castes Finance & Development Corporation (NSFDC).

The on-lending to individuals by NBFC-MFIs out of funds of NSFDC shall only be through direct credit to their accounts with banks. Further, NBFCMFIs shall exclude borrowing from NSFDC in arriving at the average cost of funds of the company for the purpose of pricing of credit, other than to the beneficiaries targeted by NSFDC. For this, NBFC-MFIs shall maintain proper record of funds received from NSFDC and the lending out of those funds. Appropriate disclosures in this regard shall be made in the balance sheet of such NBFC-MFIs. The minimum disclosures should include quantum of funds received from NSFDC, cost of such funds, loans disbursed there from, rate of interest on such loans and the number of beneficiaries.

Further, NBFC-MFIs have to inform the concerned Regional Office of the Reserve Bank of India of their appointment as a channelising agent by NSFDC within one month from the date of such appointment.

iv. Processing charges shall not be more than 1 % of gross loan amount. Processing charges need not be included in the margin cap or the interest cap.

v. NBFC-MFIs shall recover only the actual cost of insurance for group, or livestock, life, health for borrower and spouse. Administrative charges where recovered, shall be as per IRDA guidelines.

Fair Practices in Lending

I. Transparency in Interest Rates

a. There shall be only three components in the pricing of the loan viz. the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof).

b. There will be no penalty charged on delayed payment.

c. NBFC-MFIs shall not collect any Security Deposit/ Margin from the borrower.

d. There should be a standard form of loan agreement

. e. Every NBFC-MFI should provide to the borrower a loan card reflecting

(i) the effective rate of interest charged;

(ii) all other terms and conditions attached to the loan;

(iii) information which adequately identifies the borrower; and

(iv) acknowledgements by the NBFC-MFI of all repayments including instalments received and the final discharge;

(v) All entries in the Loan Card should be in the vernacular language.

f. The effective rate of interest charged by the NBFC-MFI should be prominently displayed in all its offices and in the literature issued by it and on its website.

Multiple-lending, Over-borrowing and Ghost-borrowers

a) NBFC-MFIs can lend to individual borrowers who are not member of Joint Liability Group(JLG)/Self Help Group(SHG) or to borrowers that are members of JLG/SHG.

b) a borrower cannot be a member of more than one SHG/JLG.

c) not more than two NBFC-MFIs should lend to the same borrower.

d) there must be a minimum period of moratorium between the grant of the loan and the due date of the repayment of the first instalment. The moratorium shall not be less than the frequency of repayment. For eg: in the case of weekly repayment, the moratorium shall not be less than one week.

e) recovery of loan given in violation of the regulations should be deferred till all prior existing loans are fully repaid.

f) All sanctioning and disbursement of loans should be done only at a central location and more than one individual should be involved in this function. In addition, there should be close supervision of the disbursement function.

Ensuring Compliance with Conditionalities

every NBFC-MFI has to be a member of at least one Credit Information Company (CIC) established under the CIC Regulation Act 2005, provide timely and accurate data to the CICs and use the data available with them to ensure compliance with the conditions regarding membership of SHG/ JLG, level of indebtedness and sources of borrowing.

Non- Coercive Methods of Recovery

a) NBFC-MFIs shall ensure that a Code of Conduct and systems are in place for recruitment, training and supervision of field staff. The Code of Conduct should also incorporate the Guidelines on Fair Practices Code issued for NBFCs vide circular CC No.80 dated September 28, 2006 as amended from time to time.

b) Recovery should normally be made only at a central designated place. Field staff shall be allowed to make recovery at the place of residence or work of the borrower only if borrower fails to appear at central designated place on 2 or more successive occasions.

c) All other elements of the Fair Practices Code issued for NBFCs vide CC No 80 dated September 28, 2006 as amended from time to time shall be adhered to

Formation of SRO

All NBFC-MFIs are encouraged to become member of at least one Self-Regulatory Organization (SRO) which is recognized by the Reserve Bank and will also have to comply with the Code of Conduct prescribed by the SRO

Monitoring of Compliance

The responsibility for compliance to all regulations prescribed for MFIs lies primarily with the NBFC-MFIs themselves. The industry associations/SROs will also play a key role in ensuring compliance with the regulatory framework. In addition, banks lending to NBFC-MFIs will also ensure that systems practices and lending policies in NBFC-MFIs are aligned to the regulatory framework.

**RURAL INFRASTRUCTURE DEVELOPMENT FUND– 2016-17**

**Introduction**

Government of India created the RIDF in NABARD in 1995-96, with the initial corpus of Rs.2,000 crore. With the allocation of Rs.25,000 crore for 2016-17 under RIDF XXII, the cumulative allocation has reached Rs.2,67,500 crore, including Rs. 18,500 crore under Bharat Nirman.

**Eligible Activities :**

At present, there are 36 eligible activities under RIDF as approved by GoI. The eligible activities are classified under three broad categories i.e., Agriculture and related sector, Social sector and Rural connectivity.

**Eligible Institutions :**

State Governments / Union Territories, State Owned Corporations / State Govt. Undertakings, State Govt. Sponsored / Supported Organisations, Panchayat Raj Institutions/SHGs/ NGOs

**Mode of Finance :**

NABARD releases the sanctioned amount on reimbursement basis except for the initial mobilisation advance @ 30% to NE & Hilly States and 20% for other states.

**Quantum of Loan and Margin/Borrower Contribution :**

The project for rural connectivity, social and agri related sector, are eligible for loans from 80 to 95% of project cost. Cost escalation proposals for certain genuine reasons are considered within two years of sanction.

**Rate of interest :**

With effect from 01 April 2012, the interest rates payable to banks on deposits placed with NABARD and loans disbursed by NABARD from RIDF have been linked to the Bank Rate prevailing at that point of time.

**Repayment period :**

Loan to be repaid in equal annual installments within seven years from the date of drawal, including a grace period of two years. The interest shall be paid at the end of each quarter i.e. 31 March, 30 June, 30 September and 31 December every year, including grace period.

**Penal Interest :**

Interest on the overdue interest amount is to be paid at the same rate as applicable to the principal amount.

**Security for Loan :**

Loans sanctioned would be secured by the irrevocable letter of authority /mandate registered with Reserve Bank of India / any other Scheduled Commercial Bank, Time promissory Note(TPN), Execution of unconditional Guarantee from State Governments (Additionally required for support to State Govt. sponsored organisations, etc.) and acceptance of terms and conditions of sanction in the duplicate copy of the sanction letter. ate Govt. Undertakings, State Govt. Sponsored / Supported Organisations, Panchayat Raj Institutions/SHGs/ NGOs

**Phasing of RIDF projects :**

The implementation phase for projects sanctioned is spread over 2-5 years, varying with type of the project and also location of the State.