

FOREWORD 2006 - 2007

National Bank for Agriculture and Rural Development (NABARD) has been preparing Potential Linked Plans (PLPs) annually for each of the seven districts. The PLPs, which map the potential sectors for credit absorption, also identifies the infrastructure constraints. The State Focus Paper for the year 2006-07 which is an aggregation of all the PLPs, projects a ground level credit flow of Rs. 216 crore for the State. The credit outlay envisages an increase of 48% over current year's projections. The service sector is expected to absorb around 56% of the credit. The credit flow to farm and non-farm sectors would be about 20% and 24% respectively. The State Focus Paper also discusses the infrastructure gaps and suggests measures for enhanced credit flow for Priority Sectors and thrust areas, which need the attention and support from the Government, banks and NGOs.

We are thankful to the various State Government Departments/ Agencies, District Authorities, SLBC, banks, NGOs and RBI for their support and assistance in preparing the document. We trust this document will be of use to all those engaged in the promotion of sustainable and equitable agriculture and rural development.

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CHAPTER – I

INTRODUCTION

The process of planning for economic development of the country started with centralized planning. However, during the mid sixties, planners realized the difficulties of centralized planning i.e uneven growth in different sectors and regions especially in the field of agriculture and rural development. The Third Five Year Plan advocated for decentralized planning. The major advantages of decentralized planning are its ability to identify resources and exploit their potential, better balancing of resources and ensuring peoples participation coupled with equity and growth. The National Bank for Agriculture and Rural development (NABARD), the apex bank in the country has the mandate of ensuring rural prosperity through credit and related services. Sustainability is the core of NABARD's mission for rural development. Since 1988-89 NABARD has been preparing Potential Linked Credit Plans (PLPs) every year for all the districts of the State. This exercise is carried out for identifying and quantifying the existing exploitable potential for various production and investment activities at the district level. The PLPs reflect the ground level potential and also credit and non credit linkages required to fully exploit the potential. The objective is to arrive at a comprehensive documentation of potential for various rural economic activities, both in physical and financial terms, so as to facilitate the banks, Government Departments and Voluntary sector in taking necessary measures to step up the flow of credit.

The Tenth Five Year Plan has made an ambitious target of 8% overall growth in Gross Domestic Product. Agriculture being a major contributor needs special emphasis for attaining the require growth rate. The Farm Credit Policy announced by Government of India last year has envisaged doubling of credit by all banks for agriculture sector over a period of three years ending 2006-07. Reserve Bank of India and NABARD have taken various measures for enhancing the credit flow for agriculture and other activities under Priority sector.

Reserve Bank of India has advised banks that the Credit Plans prepared by them will be based on the Potential Credit linked Plans prepared by NABARD. The PLPs will be placed before a special DCC and the potential indicated in the PLPs will be discussed prior to finalizing the District Credit Plans. The branch credit plans will be finalized keeping in view the potential identified in the disaggregated block level estimates of PLPs.

The State Focus Paper present an aggregation of the district level Potential linked Credit Plans and gives a macro picture at State level. The State Focus Paper also identifies infrastructure gaps and issues, which need the attention of government agencies and banks so as to take appropriate measures for achieving sustainable development of the rural sector.

CHAPTER - II

STATE PROFILE - MEGHALAYA

The North Eastern State of Meghalaya came into existence on 21st January 1972. The State was carved out as an independent State from the two hills districts of United Assam namely United Khasi and Jaintia Hills and Garo Hills district. The state is situated in the North East of India between 25°47' and 26°10' North Latitudes and 89°45' and 92°47' east longitudes. The temperature ranges from 2°C to 36°C depending on the altitude, which ranges from 300 metres above Mean Sea Level (MSL) and 2000 metres above MSL. Meghalaya is amongst the highest rainfall areas in the world.

Physical and Natural Features

The State has a geographical area of 22429 sq.km and it constitutes 0.68% of the total geographical area of the country. It is one of the smallest States in India and is strategically located in the North East between 25°5" and 26°10" North Latitudes and between 98°47" and 97°47" East Longitudes. It is a strip of land spread along northern boundary of Bangladesh and it is bound by that country on the South as well as on the West. The State is surrounded on the other sides by Assam. The length of the International boundary is 423 Kms. The state is characterised by mountains, plains, innumerable hills and waterfalls. The State is categorised as a high rainfall zone of the region with average annual rainfall recorded at 2500mm spread over a period of 128 days. Rainfall is mostly concentrated during May to October. Places like Cherrapunji and Mawsynram experience highest rainfall.

There are three hill areas viz. (a) the Khasi Hills area under the Khasi Hills Autonomous District Council constituting East Khasi Hills district, West Khasi Hills and Ri-Bhoi. (b) The Jaintia Hills Autonomous District Council comprising of Jaintia hills district and (C) the Garo Hills under the Garo Hills Autonomous District Council, comprising of East, West and South Garo Hills.

The entire N.E. Region can be broadly divided into two river basins viz., (a) Brahmaputra basin and (b) the Barak and other basin. In Meghalaya, 11667 sq.kms. of land falls under the drainage area of the Brahmaputra and 10775 sq.kms. under the Barak and other rivers. The northern part of Meghalaya is drained in north part by the tributaries of Brahmaputra while the southern part is drained by the tributaries of Barak river. The forest cover in Meghalaya accounts for 42 percent of the State's total geographical area. This includes area under degraded forests.

Demographic features:

The population structure of the state consists of 85.5% of Scheduled Tribes and 0.5% of Scheduled Castes. The population is highest in East Khasi Hills, followed by West Garo Hills. As per 2001 census, the population of the State was 23.188 lakh as against 17.747 lakh in 1991 indicating a decadal growth of 30.65%. The number of villages as per 2001 Census is 5782 as against 5484 in 1991 Census. The sex ratio of the State is 972 in 2001 census. The sex ratio among Scheduled tribes and Scheduled Castes is 1000 and 882 respectively. The main workers constitute 32.6 percent while the marginal workers constitute 9.2 percent.

Socio Economic Situation

Meghalaya's economy is primarily agricultural engaging around 66 percent of its total work force. However, the contribution of agriculture to the State's NSDP is around 33 percent only as against the contribution of around 55 percent by the tertiary sector. Inadequate infrastructural facilities, poor road communication due to hilly terrain and unemployment have been the major constraints of economic growth. Despite possessing a fairly rich resource endowment which could provide the base for an adequate rate of economic growth, Meghalaya is still an industrially backward State. The per capita income of Rs.10717 during 2003-04 at constant 1993-94 prices is lower than the National per capita income of Rs.11,684.

The share of primary sector in the Net State Domestic Product marginally came down from 33.24 percent in 1994-95 to 32.70 percent in 2002-03. The secondary sector contributed between 11.89 percent to 12.05 percent to the net Domestic product in 1993-94 to 2002-03. The share of tertiary sector was the highest ranging from 54 percent to 56 percent during the same period. The percentage of population below the poverty line was 50.20 percent in 1994-95 and 33.8 percent in 1999-2000. It is expected to decline to 21.14 percent by 2006-07 with a BPL population of 8.23 lakh.

Agricultural Scenario

In spite of the fact that only 11% of land is under cultivation, agriculture is the main occupation of the people of Meghalaya. About 80% of the total population of the state live in the rural areas and mainly depend on agricultural activity for livelihood. The state covers a land surface of about 22429 sq.km which consists predominantly of mountainous terrain with narrow valleys in between and strips of plain land in the south-west and north bordering Bangladesh and Assam respectively. Due to hilly terrain, scope for expansion of mechanised cultivation is limited.

Cropping Pattern

Paddy is the major crop in all the districts. In East Khasi Hills potato is grown extensively. In addition, wheat, maize, pulses and ginger are also grown. Among the horticulture crops, orange, pineapple, banana, lichi are also grown. The area under strawberry, floriculture and passion fruit is increasing at fast rate. Ginger and turmeric grown in the State are reported to be of best quality. The State is known to be the home of seven hundred out of three thousand medical plants found in the country. There is immense scope for Organic Farming in the State.

Irrigation

The gross irrigated area and net irrigated area is 19875.37 ha and 13329.84 ha as per 2001-2002 data. The major source of irrigation in the State is surface water. The ultimate irrigation potential of the State is estimated at 218 thousand hectares.

Land Tenure system

Cadastral survey has, so far, not been completed in the state. Land belongs to the community and cultivation right is given to the farmer by the community. There is no permanent record of rights in favour of farmers. Bankers are reluctant to finance land based activities due to the absence of patta land and consequent problem of mortgage of land. However, recently bankers have agreed to accept the documents under customary law and take protections/safeguards under the Meghalaya Credit Operation and Misc. Provisions Act, 1976.

Jhum Cultivation

The agricultural system is predominantly jhum/shifting cultivation based. Jhum (shifting) cultivation is widely practised in the state causing large-scale denudation of forests, soil erosion, etc. State Government may intensify its efforts for rehabilitation of Jhumias (people engaged in shifting cultivation). This practice is highly destructive in terms of degradation of resources. Prevalence of shifting cultivation has resulted in low productivity, soil erosion, ecological imbalance and deforestation.

Marketing

Although agriculture in Meghalaya in general is still in a subsistence level and deficit in terms of food grains production, the state is surplus in production of a number of commercial and horticultural crops viz., Jute and Mesta, cotton, potato, turmeric, arecanut, pan leaf, pine apple, banana and citrus fruits. The major constraints identified in marketing are poor transportation infrastructure, monopoly of private traders, underdeveloped agricultural markets and weak co-operatives.

There are three major markets in the urban areas of the State namely, Shillong, Jowai and Tura of which Shillong market (Iewduh) in East Khasi Hills District is the biggest. The Shillong market is the major terminal point within the state for marketing of potato, ginger, fruits and vegetables, tezpatta and broomsticks etc. The Jowai market in Jaintia Hills District is under the Jaintia Hills District Council while the Tura Market in West Garo Hills District is under the Tura Town Committee. There are at present 71 primary markets in the state located in the rural areas and are held once or twice a week at regular intervals.

The Meghalaya State Co-operative Marketing and Consumers Federation Ltd.

The federation popularly known as **MECOFED** was established in the year 1975-76 by converting the Assam Hills Co-operative Development Corporation Ltd., (AHCDC) . It has been engaged in the service of farmers of the state by opening branches and retail outlets in different parts of the state, constructing godowns and owning transport vehicles. Although, MECOFED's business operations have increased over the years, it has been facing problems of under-utilisation of infrastructural facilities like godowns, low level of business turnover of branches/retail outlets etc. The Agency has engaged the services of NABCONS for a viability study.

The Meghalaya State Agricultural Marketing Board

The State Agricultural Marketing Board was set up in 1983 to ensure financial returns and remunerative prices for the farmers. To achieve the main objective of the Marketing Board, Secondary regulated markets and primary market yards in different locations of the state are established in a phased manner. A secondary Regulated Market yard has been developed in Mawiong, East Khasi Hills for dealing with commodities like potato, ginger, broomsticks and tezpatta etc. and another secondary regulated market yard at Garobadha in West Garo Hills to deal with Jute and Mesta, Cotton, mustard, pineapple etc.

Meghalaya Commercial Crops Development Board

The Meghalaya Commercial Crops Development Board (MCCDB) has been set up by the State Government of Meghalaya under State Act with a view to facilitate and promote the cultivation, procuring and marketing of various Horticultural and Plantation crops. The objective of the

Board is to gradually make the Jhumias to switch over from the harmful jhum cultivation to environment friendly and sustainable farming of commercial crops.

Meghalaya Small Farmers Agri-Business Consortium

The Meghalaya Small Farmers Agri-business Consortium has been established with the objective to channelise agro- industrial growth in the different parts of the State based on principles of ecological sustainability, economic efficiency and social equity. It will also act as a nodal agency for implementation of the Technology Mission for development of Horticulture in State.

CHAPTER-III

Banking Profile

As on March 2005, there were 15 Commercial Banks, one RRB, SCB (under two-tier) and 179 PACS. There is no long-term cooperative credit structure in the State. The average population per branch (including Commercial banks and RRB) is 12670. The bank/branch net work (as on 30 September 2005) is shown in the table below:

Sr. No	Banks	Rural	S-Urban	Urban	Total
1	Allahabad Bank	-	-	1	1
2	Bank of Baroda	1	-	1	2
3	Bank of India	-	-	2	2
4	Canara Bank	-	-	2	2
5	Central Bank of India	-	1	3	4
6	Federal Bank	-	-	1	1
7	Indian Bank	1	-	1	2
8	Indian Overseas Bank	-	-	1	1
9	Punjab National Bank	4	2	2	8
10	State bank of India	67	7	12	86
11	Syndicate Bank	-	-	1	1
12	Union Bank of India	6	2	4	12
13	UCO Bank	3	-	1	4
14	United Bank of India	1	1	1	3
15	Vijaya Bank	-	1	1	2
	Total of Commercial banks	83	14	34	131
16	Ka Bank Nongkyndong Ri Khasi Jaintia	42	7	2	51
	Total of Commercial banks & RRB	125	21	36	182
17	Meghalaya Coop Apex Bank	16	7	16	39
	Grand total	141	28	52	221

There is concentration of bank branches in East Khasi Hills district. Out of 221 branches in the State 88 are in East Khasi Hills district alone. The table below shows the percentage of bank branches and percentage of population district-wise.

Sr. No.	District	Population	Percentage of population	Branches number	Percentage of branches
1	East Khasi Hills	660994	29	88	40
2	West Khasi Hills	294115	13	24	11
3	Jaintia Hills	295792	13	29	13
4	Ri Bhoi	192795	8	18	8
5	East Garo Hills	247555	11	18	8

6	West Garo Hills	515813	22	38	17
7	South Garo Hills	99105	4	6	3
	Total	2306069	100	221	100

The volume of bank deposits and credit has grown steadily in the State as can be seen from the table below:

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Deposit	650	730	892	1019	1147	1409	1906	2328	2542	2767	2690
Advance	103	105	127	155	191	221	385	472	729	1047	1069
CD ratio	16	14	14	15	17	16	20	20	29	36	36

The CD Ratio continues to be low although the position has improved over the years.

The table below shows the district-wise CD ratio position as on 31 March 2005.

Sr. No.	District	CD Ratio
1	East Khasi Hills	36.00%
2	West Khasi Hills	31.82%
3	Jaintia Hills	14.82%
4	Ri Bhoi	46.50%
5	East Garo Hills	30.99%
6	West Garo Hills	44.52%
7	South Garo Hills	28.52%

Based on the recommendations of the Expert Group on Credit Deposit Ratio, SLBC has set up a Special Sub-Committee of DCC where the CD Ratio is below 40%.

Priority Sector Advances

The agency wise position of Priority sector advances and its percentage to total advances is shown in the table below:

Agency	Total advances	(Rs.in crore)	
		Priority advances	Percentage
CBs	894	208	23%
SCB	121	75	62%
RRB	54	34	62%

Compliance with Section 11(1) and Section 42(6)(a)(i)

The Meghalaya Cooperative Apex Bank Ltd complied with Sec.11(1) of Banking Regulation Act 1949 (AACS). The only RRB in the State, Ka Bank Nongkyndong Ri Khasi Jaintia also complied with Sec 42(6)(a)(i) of RBI Act 1934.

SAMIS

Although banks have been submitting LBR-1 and LBR-2, the LBR data is not being computerised. On account of this, the ground level credit flow is not being reviewed activity-wise in BLBC, DCC and SLBC. Due to non-computerisation, other valuable data/analysis relating to credit flow for women, physically handicapped, SC/ST, SF/MF etc. are also not being generated. The issue was discussed in the SLTF meeting convened by NABARD and it was decided that SLBC Convenor will take suitable steps for computerisation of LBR data. It is hoped that the process will be completed early so that computerised data will be made available for reference by all agencies from the year 2006-07 onwards.

Detailed Banking Profile is given in the Annexure.

Issues/Action points

Need for more Bank branches in Garo Hills Region

A review of banking network in Garo Hills Region shows that the region with 37% of the population 50% of the net sown area has a share of only 28% of bank branches. The imbalance could be corrected by opening of more branches in the Garo Hills districts. The RRB which presently has no branches in the three Garo Hills districts could open a few branches in the region.

CHAPTER-IV

INSTITUTIONAL INITIATIVES - CREDIT

4.1 State Credit Plan

The ground level credit flow in the State for Priority Sector exceeded the Annual Credit Plan target during the year 2003-04 and 2004-05. The target and achievement under the Credit Plan from 2000-01 to 2004-05 are given in the table below. As can be seen from the table below the target under priority sector almost doubled during the period 2000-01 to 2004-05 where as the actual credit flow for the same period increased more than three times.

(Rs.in lakh)

Year	Target	Achievement	
		Amount	%
1	2	3	4
2000-01	4589	3972	87
2001-02	5083	4630	91
2002-03	6398	5987	94
2003-04	6839	7925	116
2004-05	8893	14694	165

4.2 Sector-wise Plan

The sector-wise achievement during the last five years is shown below. A major share of credit flow has been for tertiary sector.

(Rs.in lakh)

Year	Primary Sector	Secondary Sector	Tertiary Sector
2000-01	578(15)	632(15)	2762(70)
2001-02	596(13)	978(21)	3055(70)
2002-03	610(10)	917(15)	4460(65)
2003-04	1058(13)	2311(29)	4555(53)
2004-05	2120(14)	2890(20)	9685(66)

Figures in bracket indicate the share in the total credit flow.

4.3 Agency-wise Target

The comparative position of agency-wise target and achievement in the State during the year 2000-01 and 2004-05 is shown in the table below.

(Rs.in lakh)

Agency	Target		Achievement	
	2000-01	2004-05	2000-01	2004-05
CBs	3177	6566	2397	12188
RRBs	664	1027	692	1092
SCB	748	1306	883	1414
Total	4589	8893	3972	14694

The share of Commercial banks in the credit flow during 2000-01 was 60%. However by 2004-05 share of Commercial Banks has increased to 82%.

District-wise Target and Achievement

The district-wise target and achievement under priority sector in the State during the year 2004-05 is furnished in the table below. (Rs.in lakh)

Sr. No.	District	Target	Achievement
1	East Khasi Hills	4307	7291
2	West Khasi Hills	491	695
3	Jaintia Hills	1015	968
4	Ri Bhoi	1319	1693
5	East Garo Hills	589	1737
6	West Garo Hills	1193	3553
7	South Garo Hills	271	270

GOVERNMENT SPONSORED PROGRAMMES

Swarnajayanti Gram Swarozgar Yojana (SGSY)

A new Government Sponsored Programme called Swarnajayanti Gram Swarozgar Yojana (SGSY) is being implemented from 1 April 1999. This programme is intended to unify all poverty alleviation programmes like the IRDP, DW CRA, TRYSEM, Ganga Kalyan Yojana (GKY), Supply of Improved tool kits to Rural Artisans (SITRA) and the Million Wells Scheme. This is a holistic programme.

A large number of awareness programmes have been organized at the State, district and block levels by the Rural Development Department. The Cluster of activities has been identified. SGSY groups also have been formed in many places with the help of NGOs and revolving fund released by banks. The details of sanctions and disbursement under SGSY in Meghalaya during 2004-05 is given below:

(Rs.in lakh)

Agency	2004-05				
	Target (No)	Sanctioned		Disbursed	
		No.	Amt.	No.	Amt.
CBs	1087	540	142.03	525	111.99
RRB	846	132	42.86	132	42.86
SCB	437	58	10.03	58	10.03
Total	2370	730	194.92	715	164.88

Prime Minister's Rozgar Yojana

PMRY has been extended throughout the State. The scheme was introduced in 1993 to provide self-employment to educated unemployed youth with financial assistance from banks. The scheme has now been modified to include agriculture and allied activities.

The sanction and disbursement by Commercial Banks under PMRY during 2004-05, in Meghalaya is as under:

(Rs.in lakh)

2004-05	
Sanctioned	Disbursed

Target (Phy)	Sanctioned		Disbursed	
	No.	Amt.	No.	Amt.
1400	1098	1402.22	1040	1309.25

Swarna Jayanti Sahakari Rozgar Yojana (SJSRY)

The SJSRY was introduced in 1998-99 replacing the earlier scheme of SUME. The objective of the scheme is to enable the families below subsistence level living in towns/cities to undertake self-employment ventures with financial support from banks. The details of sanctions and disbursement under SJSRY in Meghalaya during 2004-05 is given below:

(Rs.in lakh)

2004-05				
Target	Sanctioned		Disbursed	
	No.	Amt.	No.	Amt.
528	124	58.90	123	57.34

Recovery Performance

The purpose-wise, Sector-wise recovery performance as on 31 March 2005 is shown in the table below:

Purpose/Sector	Recovery
SGSY	11.80%
PMRY	18.67%
SJSRY	13.80%
Agriculture	24.45
Industries	51.33
Services	62.08
SHG (Outside SGSY)	Over 90%

As can be seen, under Govt. sponsored programmes and Agriculture the recovery is below 25%. However under Self Help Groups banks have reported a recovery performance over 90%. The overall recovery performance under Priority sector is 47%.

Recovery Performance of Primary Agricultural Credit Societies

There are 179 PACS in the State with membership of 101932. The total deposits of the societies is Rs.239 lakh and advances is Rs.444 lakh. The recovery performance of the PACS is very poor as can be seen from table below:

No. Of PACS	Percentage of recovery
99	Below 10%
24	10% - 19%
29	20% - 29%
9	30% - 49%
18	Above 50%

Issues/Action points

- An Expert Committee of the Reserve Bank of India, headed by Shri.R.K.Talwar, Chairman of SBI had suggested that the State should adopt a single consolidated land legislation in order to ensure that an adequate, unambiguous and clear cut legal frame work is provided for the bank credit. The land tenure system in the State is regulated by the Assam Land and Revenue Regulation Act of 1886 and that in the hills area is regulated by the Customary laws of the Garos. The peculiar land tenure system and restriction in transfer of land are cited as main reason by banks for inadequate credit flow in particular issue of long term loans requiring mortgaging of land. On the other hand it is reported that the Assam Land Mortgage Act 1960, together with their amendments and rules framed which have been adopted by State Government as per North Eastern Re-organisation Act 1971 and enactment of the Meghalaya Credit Operations and Miscellaneous Provisions Act 1976 both taken together provide a legal frame work for banks to issue loans. The State Government has also appointed Bakijai Officer in every district of Meghalaya for recovery of loans. The list of defaulters, alongwith details of loans outstanding are given to the Bakijai officers which in turn issues notices to the loanee and in case of non repayment, of loan, a decree is made. The fact however remains that recovery position continues to be poor particularly for Agriculture and Government sponsored programmes. Although DCC/SLBC have been deliberating on the issue no tangible progress could be made. As already decided by the State level Bankers Committee in its meeting held on 17 January 2006 a sub committee consisting of representatives of major banks and concerned State Government departments may be constituted to study the position and suggest suitable steps including amendments to the existing laws. There is also a need to intensify the efforts of banks by conducting recovery camps jointly with the concerned Govt departments.
- There is a need to bring about improvement in the functioning of PACS. It is hoped that implementation of recommendations of Vaidyanathan Committee will improve the financial position of the PACS. The State Government/ Apex Bank may take steps to re-organize the societies to make them vibrant grass root level organisations.

CHAPTER – V

Institutional Initiatives – Non Credit

1. Capacity Building for Adoption of Technology

The Hon'ble Union Finance Minister while announcing the policy of doubling of credit for agriculture desired that NABARD may implement a special package to promote technology upgradation in agriculture, agro processing and agro biotech. Keeping this in view NABARD has devised a special scheme “ Capacity Building for adoption of Technology’ through exposure visits and training of farmers. The objective of the scheme is to sensitise farmers to enable them to adopt newer technologies for agriculture developed by Research Institutes, Corporate houses, NGOs etc. NABARD Meghalaya RO has so far organized four such exposure visits covering about 120 farmers in Meghalaya.

2. Initiatives for Tribal Development

NABARD's experience of Adivasi Development Programme through ‘Wadi’ (small orchard) approach supported by KFW (Germany) first launched in Gujarat in 1995 and extended to Maharashtra in 2000 was found to be very effective in creating sustainable livelihood for poor families. With a view to replicate and spread the message of Wadi in other tribal dominated areas of the country NABARD has created Tribal Development Fund. Under this programme a Project has been sanctioned in Ri Bhoi district in the State. The Principal Implementing Agency under the programme is the NGO ‘Bosco Reach Out’. The scheme will be implemented in close association with Department of Agriculture and Department of Horticulture, Govt. of Meghalaya. About 500 rural families will be covered under this Pilot Project.

3.Strengthening of Rural Financial Institutions

NABARD has taken several initiatives for strengthening of Rural Credit Delivery System especially Co-operative Banks. Preparation of Development Action Plan (DAP) execution of Memorandum of Understanding (MoU), grant assistance through Co-operative Development Fund (CDF) and skill upgradation of Co-operative personnel are some of the steps taken by NABARD in this regard.

4. Rashtriya Sam Vikas Yojana

The Planning Commission has formulated the Rashtriya Sam Vikas Yojana for development of backward districts in the country. West Garo Hills district in the State is covered under the Project.

The main objectives of the Scheme are to address the problems of low agricultural productivity ,unemployment and to fill critical gaps in physical and social infrastructure.

5. NGO Profile

Although there are a large number of NGOs in the State, the number of NGOs working in the areas of Self Help Group formation, training for income generation and conduct of Rural Entrepreneurship Development Programme etc are very few in number. Profiles of some of the major NGOs, which have been supported by NABARD, are given below:

a. Women for Integrated Sustainable Empowerment (WISE)

The Agency was established in the year 2000. The Agency is engaged in charity and relief work for economic and development of the poor with special focus on women and children. The NGO has its Head Office at Shillong. Major activities of WISE are promotion of Self Help Groups, Conduct of skill-oriented programmes for women and conduct of REDPs. The agency has so far provided training to over 1000 persons. In collaboration with Catholic Relief Association, WISE has taken initiatives in three villages in East Khasi Hills District. The NGO is also closely associated in the implementation of SGSY.

b. NAMRHEN Association

The Agency was registered in the year 1999. The agency has its operation covering Jaintia Hills District. The major activities of the NGO are conduct of REDPs; Self help Groups promotion, conduct of awareness programmes etc.

c. Bosco Reach Out (BRO)

Bosco Reach Out is the Social Development Wing of Selesian of Don Bosco in North India. It is one of the largest NGOs operating in North East Region. They have promoted over 3000 SHGs in North Eastern Region. The Agency has set up a Regional Rural Training Centre at Uman which has been providing short term and long term courses on various agriculture and allied activities to farmers, Self Help Groups and NGOs. The Agency has also been active in child development and women empowerment. They are also collaborating with IFAD and DRDA in West Garo Hills, Ri Bhoi and Jaintia Hills districts. The Agency has been identified by NABARD for implementation of Tribal Development Fund Project in Ri Bhoi District.

d. Don Bosco Technical School

Don Bosco Technical School conducts REDPs, organise workshops, fairs, exhibitions apart from running a technical school in Shillong.

It is one of the Organisations identified by Govt. of Meghalaya for conducting technical training programmes for the youth.

e. Bethany Society

Bethany Society was established in the year 1981. The NGO has their Headquarter in Tura, West Garo Hills district. The main objectives of the Agency are to provide support to disabled persons, rehabilitation of the poor, organize training programmes and create sustainable livelihood for rural poor. The Agency is also actively involved in promotion of Permaculture.

f. FMA-Outreach

FMA-Outreach is the development wing of the FMA of Shillong province run by Selesian sisters. The Agency was set up in the Year 2000. The Agency is actively involved in empowerment of tribal women through SHG formation and conduct REDPs for self-employment. They have set a target of assisting 4000 women below poverty line through various programmes.

6. Farmers Clubs

Farmers club programme was launched by NABARD in 1982. The main functions of Farmers clubs are (i) to spread the message of development through credit (ii) assist in technology transfer and capacity building of farmers (iii) propagation of repayment ethics (iv) help the process of village development by preparation of village development plan (v) develop better banker borrowers relationship and (vi) bring about socio economic development of the village.

In Meghalaya as on 31 March 2005 there are only 21 Farmers clubs. Out of these only nine clubs are active. For the year 2005-06 State level Bankers' Committee has allotted a target of formation of 30 clubs. NABARD has organized sensitization programme for banks on Farmers clubs. Banks may chalk out an Action Plan for formation of more Farmers clubs in the State.

7. Indian Council for Agriculture Research

In order to have adequate research back up for agricultural development in the North Eastern Hill Region of the country, the Indian Council for Agriculture Research established the first major agricultural research institute for the region known as ICAR Research Complex for North Eastern Region in the year 1975. The Headquarter of the Institute is located in Meghalaya (Umiam). The basic objective of the set up is to generate location specific technologies for different agroclimatic zones of the region. The Institute has also set up a Potato Research Station and six Krishi Vigyan Kendras in Meghalaya.

8. North Eastern Region Community Resource Management Project for Upland Areas

The North Eastern Region Community Resource Management Project for Upland Areas (NERCRMP) is a joint initiative of the Government of India (GOI) and the International Fund for Agricultural Development (IFAD). The overall objective of the project is to improve the livelihood of vulnerable groups in a sustainable manner through improved management of their resource base in a way that contributes to protecting and restoring the environment.

The project targets about 1,000 villages and 42,000 households. The project is operational in the States of Assam, Manipur and Meghalaya. In Meghalaya West Khasi Hills and West Garo Hills are covered. The specific objectives of the project are:

- Formation and linkage of SHGs.
- To enhance the capabilities of local people to manage new technologies and institutions at the village level.
- To increase income through the development of sustainable farming systems and the development of non-farm enterprises.

- To make people more aware of the need to preserve and regenerate natural resources, particularly forests and biodiversity.
- To establish effective and appropriate delivery systems for inputs (credit, extension, etc) and for the maintenance of assets and resources.
- To increase the participation of women in local institutions and in decision-making processes within the community.
- To enhance savings capacity and establish the habit of thrift.
- To increase access to basic services and infrastructure facilities.

9. Meghalaya Rural Development Society

The International Fund for Agriculture Development (IFAD) is implementing jointly with the Government of India, "The Livelihoods Improvement Project for the Himalayas" in the States

4.4

of Meghalaya and Uttaranchal. In Meghalaya, the Government is implementing the Project through the Meghalaya Rural Development Society (MRDS). The project objective is to improve the livelihood of vulnerable groups in a sustainable manner through the promotion of improved livelihood opportunities and strengthening of local institutions that relate to livelihood development. Specific objectives are to :

(i) Promote a more sensitive approach to the design and implementation of development interventions,

(ii) Enhance the capabilities of local people to select appropriate livelihood opportunities, access required financial resources, manage new technologies and institutions at the village level.

(iii) Increase incomes through more sustainable income generating cultivation systems and the establishment of non-farm enterprises at the micro and small scale level, and

(iv) Establish effective and appropriate delivery systems for inputs and for the maintenance of assets and resources, with emphasis on microfinance, savings and thrift, and micro insurance products, along with access to business development services that will link household based livelihood activities with the larger economy.

As per the Appraisal Report a tentative list of 9 blocks have been selected for the first two years of project implementation and an additional 5 blocks will be selected in the 3rd year. The end of the project would cover an estimated 570 villages. During the first 2 years, villages will be selected from the following blocks.

Sr.No	Name of the District	Name of Block
1	East Khasi Hills	(1)Shella-Bholaganj
2	South Garo Hills	(1)Gasuapara
3	East Garo Hills	(1)Rusubelpara, (2) Sangsak (3) Samanada
4	Jaintia Hills	(1)Laskein,(2)Khliehriat,(3)Saipung
5	Ri Bhoi	(1)Jirang

10. Joint Liability Groups – Means to Better Access to Credit

Absence of adequate security sometimes creates a major hurdle for small and marginal farmers and other poor section people in securing loans. The inability to provide collateral often excludes them from the purview of credit. Keeping this in view a pilot project on financing Joint Liability Groups (JLGs) was initiated by NABARD for developing effective credit products for mid segment clients, which reduce risk and transaction costs for the bank and also introduce a greater degree of flexibility for the credit user to determine credit needs and parameters. Joint Liability Group will be an assembly of 5-10 member clients (new or existing) informally recognized by bank as a Group. A group serves as collective guarantor for loans extended to individual members. Although there is good scope, Banks in the State are yet to finance JLGs.

11. National Food for Work Programme

Planning Commission has identified 150 most backward districts in the country for implementation of the Programme on the basis of prevalence of poverty indicated by SC/ST population, agricultural productivity per worker and agricultural wage rate etc., The Programme aims additional investment in these districts to cement the surplus labour into required capital formation solving livelihood issues. Through the Programme an attempt will be made to co-ordinate different on-going schemes, which have wage employment potential. The Programme is also a move towards wage employment guarantee. If this experiment is found successful, the Programme will be extended to remaining districts of the country. National Food For Work Programme will be open to all rural poor who are in need of wage employment. In Meghalaya South Garo Hills district is identified for implementation of the programme. The programme has since been dovetailed with RLEGP. In addition to South Garo the RLEGP also covers West Garo Hills district.

12. Farm Innovation and Promotion Fund

NABARD has set up a Farm Innovation and Promotion Fund to provide financial assistance to NGOs, Research Institutes, Agriculture Universities, KVKs, Individuals etc to enable them to bring about innovations in farm technology, development concepts in agriculture develop proto types, undertake field testing and marketing, dissemination of knowledge, use of IT etc.

CHAPTER – VI

Rural Infrastructure Development Fund (RIDF)

The Rural Infrastructure Development Fund (RIDF) was set up under the management of National Bank for Agriculture and Rural Development in 1995-96 with contribution from Commercial Banks, which were not able to fulfill the commitment of channelising at least 18 per cent of the lending to agriculture. The Funds objective is to finance the State Governments for creating rural infrastructure and thereby exploiting the potential for income and employment generation to rural population.

The culmination of this public investment in the much-needed rural infrastructure is expected to provide an impetus to private initiative for capital investment in agriculture and rural industries and services. The fund has emerged as an effective mechanism for financing rural infrastructure projects. The cumulative number of projects sanctioned as on 31 March 2005 stood at 2,16,099 with a total sanction of Rs.42948.51 crore.

RIDF – XI

Under RIDF-XI an allocation of Rs.8000 crore has been made for the country as a whole and the allocation for Meghalaya is Rs.50.51 crore. As on 31st January 2006, an amount of Rs.11.85 crore has been sanctioned for 17 projects. A few more projects are likely to be sanctioned by NABARD before 31 March 2006.

Following are the purposes, which are eligible for support under RIDF-XI.

- 1.Rural roads,
- 2.Rural Bridges,
- 3.Minor Irrigation Projects/Micro Irrigation,
- 4.Soil Conservation,
- 5.Flood Protection
- 6.Watershed Development/Reclamation of waterlogged areas,
- 7.Drainage,
- 8.Forest Development,
- 9.Market Yard/Godown, Apna Mandi, rural haats and other marketing infrastructure,
- 10.Cold storage, Public or Joint sector cold storage at various exits points.
- 11.Seed/Agriculture/Horticulture,
12. Plantation and Horticulture;
- 13.Grading and certifying mechanisms such as testing and certifying laboratories etc.;
- 14.Community irrigation wells of irrigation purposes for the village as a whole;
- 15.Fishing harbour/jetties;

16. Riverine Fisheries;
17. Animal Husbandry;
18. Modern Abattoir;
19. Medium Irrigation Projects;
20. Mini Hydel Projects;
21. Drinking Water;
22. Infrastructure for Rural Education Institutions;
23. Public Health Institutions (including mobile health clinics);
24. Construction of toilet blocks in existing schools, where necessary, especially for girl students, so as to improve the amenities available in schools;
25. "Pay & use" toilets in rural areas;
26. Major Irrigation Project (only those projects already sanctioned and under execution);
27. Village Knowledge Centres;
28. Desalination plants in coastal areas;
29. Small Hydel Projects (upto 10 MW);
30. Infrastructure for Information Technology in rural areas.

Rural Infrastructure Development Fund in Meghalaya

The Tranche-wise sanction of RIDF loans in Meghalaya and availment of loans as on 31st January 2006 is shown in the table below:

(Amt. in Rupees Lakhs)

Tranche	Projects sanctioned	Amount sanctioned	Amount availed
RIDF-I	19 Rural Roads	339.423	339.423
Sub total	19	339.423	339.423
RIDF-III	10 Rural Roads	586.090	596.090
	9 Rural Bridges	119.860	119.860
Sub total	19	705.950	705.950
RIDF-IV	16 Rural Bridges	932.860	926.185
Sub total	16	932.860	926.185
RIDF-V	45 Rural Roads	2444.290	2354.399
	4 Rural Bridges	624.480	285.872

	12 Soil Conservation	441.020	441.020
Sub total	61	3509.790	3081.291
RIDF-VI	36 Rural Roads	1679.750	1548.983
	11 Rural Bridges	1106.320	1001.787
	5 Minor Irrigation	262.640	198.961
Sub total	52	3048.710	2749.731
RIDF-VII	19 Rural Roads	968.850	764.599
	7 Rural Bridges	786.620	473.311
	2 Animal Husbandry	74.880	30.997
Sub total	28	1830.350	1268.907
RIDF-VIII	8 Rural Roads	383.530	112.738
	13 Rural Bridges	1455.790	688.593
Sub total	21	1839.320	801.331
RIDF-IX	4 Rural Bridges	927.980	250.162
	11 Soil Cons.	560.590	190.003
	2 Rur. Reg. Markets	63.850	4.458
Sub total	17	1552.420	444.623
RIDF-XI	10 Rural Bridges	540.600	-
	7 Minor Irrigation	644.760	-
Sub total	17	1185.360	-
GRAND TOTAL	250	14944.183	10317.441

Spatial Distribution of Projects

The district-wise breakup of projects together with loan sanctioned & disbursed as on 31st January 2006 is shown below:

(Rs.in Lakhs)

Sr. No	District	Number of projects	Amount sanctioned	Amount disbursed
1.	East Khasi Hills	50	3141.180	1828.525
2.	West Khasi Hills	38	2759.030	1881.230
3.	East Garo Hills	21	656.108	501.997
4.	West Garo Hills	52	3197.030	2291.462
5.	South Garo Hills	15	1143.438	795.971
6.	Jaintia Hills	43	2228.439	1590.947
7.	Ri Bhoi	31	1818.958	1427.309
	Total	250	14944.183	10317.441

Purpose-wise breakup

Major activities financed under RIDF are Rural Roads and Bridges, Minor Irrigation, Soil Conservation, etc. The purpose-wise breakup of projects together with amount sanctioned & disbursed as on 31st January 2006 is shown below:

(Rs. Lakhs)

Sr. No.	Purpose	Number of Projects	Amount sanctioned	Amount disbursed
1.	Rural Roads	137	6401.933	5706.232
2.	Rural Bridges	74	6494.510	3745.770
3.	Minor Irrigation	12	907.400	198.961
4.	Soil Conservation	23	1001.610	631.023
5.	Animal Husbandry	2	74.880	30.997
6.	Rural Regulated Market	2	63.850	4.458
Total		250	14944.183	10317.441

Infrastructure Indices

The infrastructure indices of the State vis-à-vis with the region and all India position is shown below:

	CMIE Index of Infrastructure @ 92-93	10 th Finance Commission index of Economic and Social Infrastructure #
Arunachal	44	49
Assam	93	82
Manipur	81	70
Meghalaya	65	74
Mizoram	63	62
Nagaland	71	71
Tripura	63	84
All India	100	100

@ Source: NEC Publication.

@ Weight given: power 20%, irrigation 20%, roads 15%, railways 20%, post office 5%, education 10%, health 4%, banking 6%.

Measures infrastructural facilities available in agriculture, banking, communication, education, health and civil administration.

The infrastructure position of the State vis-a-vis the all India position is shown in the table below:

Particulars	Meghalaya	All India
Total road length Km	8480	2465877
Road per 100 sq km	37.8	74.9
Road per '000 population	3.86	2.58
Length of NH Km(94-95)	472	34058
% Of total National Highway	1.4	100
Number of hospitals (1991)	8	11174
Persons per bed	1055	1324
Number of bank officer (2005)	222	63378
Population per post office	3884	5740
Area serviced by post office	47	21
Number of schools per 100 sq. Km	23.4	24.1

Number of teachers per 100 students (1993)	5.34	2.21
Telecommunication per laky population (1992)	544	690
Police station per lakh population	1.90	1.30

The particulars of basic amenities (1991)in the households are shown in the table below:

	% of household Meghalaya	All India
Electricity	29	42
Safe drinking water	36	62
Toilet	31	24
All the three	15	16
None of the above	46	25

Number of Educational Institutions

Primary	4685
High school	429
Colleges for General Education	33
Professional Education	1
University	1

Percentage of trained teachers

	Number	Percentage
Primary	13747	45%
Upper primary	7366	35%
Secondary	5708	46%
Higher Secondary	608	51%

Road network in the State

About 50% of the road length in the State is still unsurfaced. As can be seen from the table above many villages are still not accessible by roads. As there is no rail network in the State there is heavy dependence on roads. The State has a large number of timber bridges which needs replacement. The percentage of road connectivity is only 45.33% (as on March 1997) as against the all India position of 60.16%. There is a need to continue the thrust for roads and bridges under RIDF till the position improves. Many of the bridge projects are for replacement of Semi Permanent Timber(SPT) bridges as these are very old and the maintenance cost is very high. Shortage of Bitumen and Road Rollers have been cited as main constraint in early completion of Road and Bridge projects.

New Projects under RIDF

Apart from rural roads and bridges, soil conservation and minor irrigation following projects could also be considered for coverage under RIDF. These projects have been identified based on the discussions with the field level officials.

(a) Expansion of Farms /setting up of new Farms under Animal Husbandry sector.

(b)Setting up of hatchery unit under Fisheries sector.

(c) Projects for flood protection.

(d) Marketing infrastructure.

(e) Modern abattoir.

(f) Mini Hydel Projects.

(g) Meat processing units.

(h) Fruit processing units

Role of Banks

As per Reserve Bank of India guidelines one of the functions of the BLBC is to consider availability of input and linkages in the block. This aspect is seldom discussed in the BLBC. SLBC may issue suitable instructions to BLBC convenors in this regard. As Deputy Commissioner is the chairman of DCC State Government may also advise Deputy Commissioners suitably in the matter. A block level infrastructure gap position will help State Govt in planning and prioritisation of projects under RIDF. The details of completed and ongoing RIDF projects are being made available by NABARD to SLBC and DCC so that banks can take into account the additional credit requirement on account of the RIDF projects while preparing branch credit plans.

CHAPTER – VII - A POLICY INITIATIVES

A brief mention of major policy initiatives taken by Govt of India, State Govt, RBI and NABARD regarding agriculture and rural development is indicated in the chapter.

Policy Initiatives by Govt of India

Union Budget 2005-06

- ♦ **National Rural Employment Guarantee Scheme**. - National Food for Work programme to be converted into the National Rural Employment Guarantee Scheme. The scheme aims to provide livelihood security for crores of poor families. *The Bill since passed by Parliament.*
- ♦ **Antyodaya Anna Yojana** - The Yojana covers 2 crore Below Poverty Line (BPL) families. The number to be increased to 2.5 crore families in 2005-06.
- ♦ **ICDS** - Govt intends to ensure that, in every settlement, there is a functional anganwadi that provides full coverage for all children. The ICDS scheme to be expanded and 1,88,168 additional centres (existing 649000 centres) to be created that are required as per the existing population norms.
- ♦ **Backward Regions Grant Fund** - A Backward Regions Grant Fund has been established with an allocation of Rs.5,000 crore for 2005-06, and an equal amount to be allocated every year in the next four years. Consequent upon the establishment of the Fund, suitable transition arrangements will be made in respect of existing Rashtriya Sam Vikas Yojana (RSVY).
- ♦ **Rural Infrastructure** - Government to focus on providing basic infrastructure to the poor, especially those in rural India and in urban slums. The Rural Infrastructure Development Fund (RIDF) with NABARD provided a corpus of Rs.8,000 crore in 2005-06 also.
- ♦ **Bharat Nirman** - In his address to Parliament, the President outlined an overarching vision to build India, and called it 'Bharat Nirman'. Bharat Nirman has been conceived as a business plan, to be implemented over a period of four years, for building infrastructure, especially in rural India. It has six components, namely, irrigation, roads, water supply, housing, rural electrification and rural telecom connectivity. The GoI's target is :
 - ✓ to bring an additional one crore hectares under assured irrigation
 - ✓ to connect all villages that have a population of 1000 (or 500 in hilly/tribal areas) with a road
 - ✓ to construct 60 lakh additional houses for the poor
 - ✓ to provide drinking water to the remaining 74,000 habitations that are uncovered
 - ✓ to reach electricity to the remaining 1,25,000 villages and offer electricity connection to 2.3 crore households
 - ✓ to give telephone connectivity to the remaining 66,822 villages.

✓ An outlay of Rs.30000 crore (till 2009) is being considered of which Rs.4000 crore per year (till 2009) is being routed through NABARD.

- ◆ **Roadmap for Agricultural Diversification** - The Ministry of Agriculture to prepare a roadmap for agricultural diversification. To focus on fruits, vegetables, flowers, dairy, poultry, fisheries, pulses and oilseeds.
- ◆ **National Horticulture Mission** - The National Horticulture Mission launched on April 1, 2005. An amount of Rs.630 crore allocated in 2005-06 for the Mission. The Mission to ensure an end-to-end approach having backward and forward linkages covering research, production, post-harvest management, processing and marketing, under one umbrella, in an integrated manner. As the Mission gathers pace, more funds to be provided.
- ◆ **Plantation Sector** - An expert committee set up to suggest improvements to the Price Stabilisation Fund and its operation. In respect of tea, Government to examine ways and means of introducing a programme for massive replantation and rejuvenation.
- ◆ **Agricultural Marketing Infrastructure** - A new scheme called "Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization" introduced by Government to induce large investments from the private and cooperative sectors for setting up agricultural markets, marketing infrastructure and support services such as grading, standardization and quality certification. Assistance available in the form of credit-linked, back-ended subsidy. The scheme to be implemented through NABARD and NCDC in those States which amend their Agricultural Produce Marketing Committee (APMC) Acts. Rs.72 crore allocated for the new scheme.
- ◆ **Water Resources, Flood Management and Erosion Control** - The National Project for the repair, renovation and restoration of water bodies launched in the month of March 2005. The pilot project planned for 16 districts in 9 States and to cover nearly 700 water bodies, and 20,000 hectares of additional land to come under irrigation. The allocation for the pilot project increased to Rs.100 crore in 2005-06.
- ◆ **Micro Irrigation** - Water-use efficiency in Indian agriculture being one of the lowest in the world, Government to promote micro-irrigation technology, comprising drip and sprinkler irrigation, on a large scale. Coverage under micro-irrigation to be increased to 3 million hectares by the end of the Tenth Plan and to 14 million hectares by the end of the Eleventh Plan. Rs.400 crore allocated for promoting micro-irrigation in 2005-06.
- ◆ **Rural Credit and Indebtedness** - Reserve Bank of India (RBI) to examine the issue of allowing banks to adopt the agency model, by using the infrastructure of civil society organizations, rural kiosks and village knowledge centres, to provide credit support to rural and farm sectors.
- ◆ **Credit Flow to Agriculture** - Commercial banks, RRBs and cooperative banks to increase the flow of credit by another 30 per cent in 2005-06. Further, the public sector banks to cover 50 lakh new borrowers during 2005-06 also.
- ◆ **Revival of Cooperative Banks** - The recommendations of the Task Force, headed by Prof. Vaidyanathan to examine the reforms required in the cooperative banking system accepted by Govt of India, in principle. The process of implementing the recommendations in the States that show willingness to accept the recommendations to be initiated.

- ◆ **Farm Insurance** - The National Agricultural Insurance Scheme (NAIS) to continue in its present form for kharif and rabi 2005-06.

- ◆ **Micro Finance** - Target for credit-linking of 2.5 lakh SHGs in 2005-06 (since increased to 3 lakh SHGs).

Government intends to promote mFIs in a big way. The way is to identify mFIs, classify and rate such institutions and empower them to intermediate between the lending banks and the beneficiaries. As mFIs require infusion of new capital, Rs.100 crore "Micro Finance Development Fund" with NABARD redesignated as the "Micro Finance Development and Equity Fund" and the corpus increased to Rs.200 crore. The Board, managing the Fund to suggest suitable legislation.

RBI to open a window to enable qualified NGOs engaged in micro-finance activities to use the External Commercial Borrowing (ECB) window.

- ◆ **Micro Insurance** - Government to see that insurance benefits percolate to rural India and to the vulnerable sections of the population. The Insurance Regulatory Development Authority (IRDA) has published draft Regulations for micro insurance. NGOs, SHGs, cooperatives and MFIs to be invited to become micro insurance agents.
- ◆ **A Knowledge Centre in Every Village** - The National Commission on Farmers has recommended the establishment of Rural Knowledge Centres all over the country using modern information and communication technology (ICT). Mission 2007 is a national initiative launched by an alliance comprising nearly 80 organizations including civil society organizations. Their goal is to set up a Knowledge Centre in every village by the 60th anniversary of Independence Day. Government to join the alliance and route its support through NABARD. NABARD to provide Rs.100 crore out of RIDF.
- ◆ **Agricultural Research** - A Task Force headed by Dr. M S Swaminathan has recommended the creation of a National Fund for Strategic Agricultural Research. Initial provision of Rs.50 crore made for operationalizing this Fund.
- ◆ **Textiles** - Enhanced allocation of Rs.435 crore for the Technology Upgradation Fund (TUF) scheme made. A 10 per cent capital subsidy scheme for the textile processing sector in addition to the normal benefits available under the TUF Scheme.

The Government to adopt the cluster development approach for the production and marketing of handloom products. The Ministry of Textiles to take up 20 clusters in the first phase at a cost of Rs.40 crore.

Coverage of life insurance scheme for handloom weavers, which provides insurance cover up to Rs.50,000, enlarged to 20 lakh weavers in two years. Coverage of health insurance package for weavers enlarged to 2 lakh weavers as against existing 25,000 weavers.

- ◆ **Sugar Industry** - Financial package for revitalization of the sugar industry announced.
- ◆ **Small and Medium Enterprises** - 108 items identified for de-reservation. Out of this, 30 items are in the category of "textile products, including hosiery", which is a sector poised for rapid growth.

Provision of Rs.173 crore made for "Promotion of SSI Schemes" under the capital subsidy scheme.

A SME Growth Fund with a corpus of Rs.500 crore established by Small Industries Development Bank of India (SIDBI). Small and medium units in knowledge-based

industries such as pharma, biotech, and IT to be provided equity support through this fund.

- ◆ **Rural Electrification** - A massive programme for rural electrification to begin in 2005-06 with the objective of covering 1.25 lakh villages in five years with focus on deficient States.

Policy Initiatives by the State Government

- ◆ The priorities of the Annual Plan 2005-06 of State Government are agriculture and allied sectors, rural development, power, road communication, education, health, water supply, urban development and social welfare including nutrition and housing.
- ◆ A total of 78 watershed projects proposed to be implemented during the Tenth Plan to cover all the 39 community and rural development blocks in the State.
- ◆ An amount of Rs.300 lakh earmarked under the Special Central Assistance for Watershed Development Projects in shifting cultivation areas.
- ◆ A rural cluster programme to be launched to enhance the egg production.
- ◆ A programme of 1000 Pond Scheme to be implemented under fisheries sector.
- ◆ Government will endeavour to enhance forest cover.
- ◆ The recently created Directorate of Irrigation will ensure accelerated agricultural growth.
- ◆ Sixty villages are proposed to be provided road connectivity during next two years.
- ◆ Tourism will continue to be given priority. The Meghalaya Tourism Development Corporation will be suitably assisted.

The Information Technology Policy 2004 has been notified.

Policy Initiatives by Reserve Bank of India

Monetary Policy - 2005-06 : April 2005

Flow of Credit to Agriculture - The Union Budget has proposed to increase the flow of credit to agriculture by 30 per cent during the year 2005-06. With a view to further increasing the flow of credit to agriculture, the following measures announced :-

- ◆ An Expert Group set up to formulate strategy for increasing investment in agriculture.
- ◆ In order to make an assessment of customer satisfaction on credit delivery in rural areas by banks, a survey to be conducted with the help of an outside agency.
- ◆ Keeping in view the importance of post-harvest operations, the limit on loans to farmers through the produce marketing scheme increased from Rs.5 lakh to Rs.10 lakh under priority sector lending.

Micro-finance - Union Budget has proposed to enhance the annual target of credit linkage to 2.5 lakh SHGs during 2005-06. NABARD and banks have set a target of linking additional 5.85 lakh SHGs to banks by end-March 2007. In order to give further fillip to micro-finance movement, the following measures have been initiated:-

- ◆ Non-governmental organisations (NGOs) engaged in micro-finance activities, have been enabled to access ECBs upto US \$ 5 million during a financial year for permitted end-use, under automatic route, as an additional channel of resource mobilisation.

- ◆ Modalities for allowing banks to adopt the agency model by using the infrastructure of civil society organisations, rural kiosks and village knowledge centres for providing credit support to rural and farm sectors and appointment of micro-finance institutions (MFIs) as banking correspondents being worked out.

Credit Flow to Small Scale Industries - With a view to further smoothening the flow of credit to SSI, the following measures have been initiated :-

- ◆ The Credit Information Bureau of India Ltd. (CIBIL) to work out a solution that would provide comprehensive credit reports on SSIs.
- ◆ The Reserve Bank to review all its existing guidelines on financing small scale sector, debt restructuring, nursing of sick units, etc., with a view to rationalising, consolidating and liberalising them. Banks urged to take the revised guidelines as indicative minimum requirement and the Boards of the banks expected to formulate more liberal schemes as appropriate.
- ◆ Under a scheme to be drawn up by the RBI, banks to establish mechanisms for better coordination between their branches and branches of SIDBI which are located in 50 clusters identified by the Ministry of Small Scale Industries, Government of India.

Restructuring and Development of Regional Rural Banks - RBI is in the process of reviewing the performance of RRBs, exploring restructuring of RRBs through merger/consolidation, changing of sponsor banks, reviewing minimum capital requirement and suggesting suitable measures for regulation, supervision and governance of RRBs.

Mid Term Review of the Annual Policy for 2005-06 : October 2005

Monetary Measures

- ◆ **Bank Rate** - Bank Rate kept unchanged at 6.0 per cent.
- ◆ **Reverse Repo Rate** - The fixed reverse repo rate under the liquidity adjustment facility increased by 25 basis points with effect from October 26,2005 to 5.25 per cent. The repo rate continues to be linked to the reverse repo rate. The spread between the reverse repo rate and the repo rate retained at 100 basis points.
- ◆ **Cash Reserve Ratio** - The cash reserve ratio (CRR) of scheduled banks kept unchanged at 5.0 per cent.
- ◆ **Interest Rate Policy** - The Indian Banks' Association (IBA) to constitute technical groups for preparation of discussion papers on review and deregulation of interest rate on savings bank deposits and lending rates on small loans up to Rs.2 lakh.
- ◆ **Review of BPLR system** - There is a public perception that there is under-pricing of credit for corporates while there could be over-pricing of lending to agriculture and small and medium enterprises. Indian Banks' Association, in consultation with its member banks, to review the benchmark prime lending rate (BPLR) system and issue transparent guidelines for appropriate pricing of credit.

Credit Delivery Mechanisms

- ◆ **Flow of Credit to Agriculture** - To continue to improve the agricultural credit delivery mechanism to enable banks to provide adequate and timely finance at reasonable rates.

By end-June 2005, public sector banks had issued 183.5 lakh kisan credit cards (KCCs) with aggregate limits amounting to Rs.62,000 crore.

- ◆ **Priority Sector Lending** - Draft technical report of an Internal Working Group (Chairman: Shri C. S. Murthy) set up by the Reserve Bank to review the existing policy on priority sector lending placed on the Reserve Bank's website for wider dissemination and comments. Report also sent to the Government and the IBA for their views.
- ◆ **Credit Flow to Small and Medium Enterprises** -
 - ✓ Banks to fix their own targets for financing the SME sector so as to reflect a higher disbursement over the immediately preceding year and to formulate liberal and comprehensive policies for extending loans to the SME sector.
 - ✓ Banks to rationalise the cost of loans to SME sector with the cost transparently linked to the credit ratings.
 - ✓ Units with investment in plant and machinery in excess of the small scale industries (SSI) limit and up to Rs.10 crore to be treated as medium enterprises (ME) and only SSI financing to be included in priority sector lending.
 - ✓ Banks to make concerted efforts to provide credit cover to at least five new small/medium enterprises per year on an average, at each of their semi-urban/urban branches.
 - ✓ Banks to increasingly adopt the cluster-based approach for financing the SME sector and ensure presence of specialised SME branches in identified clusters/centres with preponderance of medium enterprises to provide SME entrepreneurs easy access to bank credit and also equip their personnel with requisite expertise.
 - ✓ The Reserve Bank constituted empowered committees at its regional offices to review the progress in SME financing and rehabilitation of sick SSI and ME units so as to ensure smooth flow of credit to these sectors.
 - ✓ The Reserve Bank formulated a one-time settlement scheme for recovery of non-performing assets (NPAs) below Rs.10 crore for SME accounts and detailed guidelines issued to public sector banks for implementation.
 - ✓ A debt restructuring mechanism for units in the SME sector, in line with the corporate debt restructuring (CDR) mechanism prevailing in the banking sector, formulated by the Reserve Bank and guidelines issued to banks for implementation.
- ◆ **Restructuring and Development of Regional Rural Banks** - The major recommendations of the Internal Group set up by RBI to examine various alternatives available within the existing legal framework for strengthening regional rural banks, include merger/amalgamation of RRBs to improve operational viability, change of sponsor banks to enhance competitiveness, strengthening of balance sheets in respect of merged entities, regulatory and supervisory strengthening, governance and management and scope for improving profitability. Report sent to Government for consideration.
- ◆ **Micro-finance** - The Micro Finance Development Fund (MFDF) set up in the NABARD re-designated as the Microfinance Development and Equity Fund (MFDEF) and its corpus increased from Rs.100 crore to Rs.200 crore.

The Internal Group (Chairman: Shri H.R. Khan) constituted by the Reserve Bank to examine issues relating to rural credit and micro-finance submitted its report in July

2005. Important recommendations of the Group include providing comprehensive financial services in rural areas encompassing savings, credit, remittance, insurance and pension products and establishing linkages between banks and external entities based on two broad models viz., business facilitator model and business correspondent model. The recommendations of the Group are under examination.

- ♦ **Revival of Cooperatives** - The Task Force appointed by the Government (Chairman: Prof. A. Vaidyanathan) to propose an action plan for reviving the rural co-operative banking institutions, and suggesting an appropriate regulatory framework for these institutions submitted its report in February 2005. The Government has accepted the recommendations of the Task Force, in principle, and held consultative meetings with the State Governments.
- ♦ **Special Relief Measures by Banks in Areas Affected by Natural Calamities** - Internal Working Group to examine the whole gamut of issues and suggest suitable revisions to existing guidelines in regard to relief measures to be provided in areas affected by natural calamities.

Prudential Measures

- ♦ **Prudential Provisioning Requirements** - The general provisioning requirement for 'standard advances' increased from the present level of 0.25 per cent to 0.40 per cent. However, banks' direct advances to agricultural and SME sectors would be exempted from the additional provisioning requirement.
- ♦ **Capital Market Exposure** - Bank's aggregate capital market exposure restricted to 40 per cent of the net worth of the bank on a solo and consolidated basis; consolidated direct capital market exposure modified to 20 per cent of the bank's consolidated net worth. Banks having sound internal controls and robust risk management systems to approach the Reserve Bank for higher limits.

Financial Inclusion

- ♦ **"No Frills" account** - All banks to make available a basic banking 'no frills' account either with 'nil' or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population. All banks to give wide publicity to the facility of such a 'no-frills' account so as to ensure greater financial inclusion.

Policy Initiatives by NABARD

Rural Infrastructure Development Fund (RIDF)

- ♦ As announced in the Union Budget for 2005-06, Rural Infrastructure Development Fund (RIDF) XI established with a corpus of Rs.8,000 crore
- ♦ Operational guidelines issued for financing of 30 eligible activities under RIDF XI.
- ♦ Extension of RIDF X Loans for construction of toilet blocks in existing schools so as to improve the amenities available to the students specially girl students along with installation of pay and use toilets in rural areas.
- ♦ Mobilisation advance to the State Governments allowed @ 20% of the RIDF Loan amount phased to be drawn during the year and additional advance upto 10% of the loan

amount phased to be drawn during the current year when a report on commencement of work is received.

- ◆ Checklists for preparation of projects related to Irrigation, Roads & Bridges, Social Sector and projects allied to agriculture sectors like plantation, horticulture, forestry circulated to the State Governments to facilitate project formulation.

Production & Marketing Credit

- ◆ **Liquidity Support Scheme** - To supplement the resources of State Cooperative Banks and RRBs which have extended relief measure to farmers in distress and farmers in arrears as per GOI's announcements on 18 June 2004, Liquidity Support Scheme introduced by NABARD. Under the Scheme, Cooperatives/RRBs allowed to avail refinance from NABARD to the extent of 50% of the conversions/ reschedulement granted under the schemes.
- ?
- ◆ **Tenant Farmers' Group** - A model scheme formulated for provision of credit to Tenant Farmers and Oral Lessees for raising crops by organising them into Tenant Farmers Groups (TFGs) on the pattern of SHGs.
- ◆ **Kisan Credit Card** - The scope of Kisan Credit Card (KCC) extended to cover Investment Credit and consumption credit component of the farmers
- ◆ **Short Term refinance to Cooperatives/RRBs** - The policy and procedure for provision of Short Term refinance facilities to cooperative banks simplified to enable more DCCBs & RRBs eligible to avail refinance from NABARD.
- ◆ **Short Term refinance to Self-employed Weavers' Group** - In addition to primary weavers cooperative societies, Self-employed Weavers Groups formed on the pattern of SHGs made eligible for refinance in respect of working capital requirements.

Investment Credit

- ◆ **New line of refinance** - A New line of refinance support extended on pilot basis to SCARDBs of Punjab, Harayana and Kerala for provision of Short Term credit for agricultural and allied activities for which term loan has been provided.
- ◆ **Special Scheme for Tsunami affected** - Special relief scheme announced in Tsunami affected areas of Tamil Nadu, Kerala and Andhra Pradesh. Refinance assistance extended against loans granted by banks under the GoI package, for rehabilitation of persons in areas affected by Tsunami Tidal Waves and Special Housing Scheme for Tsunami Victims. Refinance provided at a concessional rate of 4.25% p.a. subject to the banks lending rates not exceeding 7 % p.a.
- ◆ Repayment period of refinance by Commercial Banks under Automatic Refinance Facility (ARF) against loans for traditional activities under Farm Sector fixed at 5 years at ultimate borrower level and instalment corresponding to the repayment of instalment by the borrower.

Farm Sector - Promotion

- ◆ **Jatropha Plantation** - Initiatives taken to promote biodiesel through Jatropha Plantation with institutional credit. Model Bankable Project with three different types of planting materials/methods prepared and made available to the financial institutions. NABARD refinance available to all eligible financial institutions.
- ◆ **Capacity Building for Adoption of Technology** - A special scheme called "Capacity Building for Adoption of Technology (CAT)" devised to sensitise the farmers (preferably small/ marginal/tribal) to enable them to adopt proven technologies for agriculture developed by research institutes, corporate houses, NGOs, progressive farmers etc. This is to be done through mainly exposure visits and training of farmers.
- ◆ **Agri Clinics and Agri Business Centres** - Nine activities which can be undertaken by agripreneurs have been made eligible by Ministry of SSI, GoI for coverage under Credit Guarantee Fund Scheme for small enterprises.
- ◆ **Watershed Development Fund (WDF)** - Major changes announced are :-
 - ✓ The rate of interest on loans to be availed by the State Govt out of WDF reduced to 4.5%.
 - ✓ To all the identified States under WDF (irrespective of their participation) two clusters of watersheds of about 3000 ha each to be taken under full grant basis.
 - ✓ As an additional incentive to participating States , one grant project allowed for every 5 loan projects successfully implemented.
 - ✓ To provide loans to NGOs [Project Implementing Agencies (**PIA**)/Project Facilitating Agencies (**PFA**)] for on lending to individuals/SHGs/VWCs/WUAs for taking up any post watershed activities which will increase production and productivity on a pilot basis.
 - ✓ To lend VWCs for watershed plus activities in watershed areas.
- ◆ **Farm Innovation and Promotion Fund (FIPF)** - An exclusive fund titled "Farm Innovation and Promotion Fund" with an initial corpus of Rs 5.00 cr established to support innovative projects in farm sector and also to promote those innovations through demonstrations, facilitation for commercialisation, development of proto types, information dissemination among the farming community, etc.
- ◆ **Farm Mechanisation Programme** -
 - ✓ The tractor financed by banks/refinanced by NABARD to comply with Minimum Performance Standards (MPS) norms as prescribed by Government of India.

- ✓ The practice of advising the banks regarding names of tractor/power tiller models/makes dispensed with. Banks to use their commercial judgment while financing for tractors and power tillers.
- ♦ **Scheme for Land purchase** - Policy changes initiated in the Scheme for financing SF/MF/Share croppers/Tenant farmers for purchase of land for agricultural purposes -
 - ✓ No margin for loans upto Rs.50000. For higher loan amount, minimum of 10% margin stipulated.
 - ✓ Repayment period increased to 7 to 12 years as against 7 to 10 years.
 - ✓ Increased coverage of women beneficiaries.
 - ✓ Farmers allowed to purchase land within the village boundary or in a radius of 3 to 5 kms from the existing piece of land owned by them, keeping in view the manageability of such fragmented holdings.
- ♦ **Equity participation in Multi Commodity Exchange (MCX)** - NABARD contributed Rs. 1.25 crore towards the equity of Multi Commodity Exchange (MCX) which is one of the three national level commodity exchanges in India, to achieve the objective of establishing an efficient and transparent agricultural market in India, in the larger interest of farming community for better price realisation

Venture Capital Fund for Dairy / Poultry Sectors - “Venture capital Fund for dairy and poultry sectors” created by GoI to provide interest free loan/ interest Subsidy on the bank loan to the entrepreneurs for undertaking certain activities in these two sectors. NABARD to be the nodal agency for implementing the scheme.

Non-Farm Sector - Promotion

- ♦ **Cluster Development** - Policy announced to undertake intensive development of 5 selected clusters on its own and develop 50 additional clusters by partnering with other agencies over a period of 5 years. The activities of the identified clusters to focus on one of the areas Viz. Agro based, Food Processing, Manufacturing/ Industrial SMEs, Handicraft, Handloom.
- ♦ **Support for establishment of Training Institute** - To support Indian Bank and Indian Overseas Bank in setting up RUDSETI type training institute at Sivganga district in Tamil Nade for providing training to unemployed rural youth.
- ♦ **Swarojgar Credit Card (SCC)** - Pilot scheme announced for financial assistance to select RRBs/ Cooperatives for publicity of Swarojgar Credit Card (SCC) scheme.
- ♦ **Venture capital Support for Local Marketing** - Pilot project launched to facilitate marketing linkages for handicraft and agro based products through setting of retail outlet and to cover the risk involved in the initial stages of setting up of rural retail outlets.
- ♦ Expansion of District Rural Industries Project (DRIP) to 25 additional districts covering 16 States.

- ♦ **Development of Rural Tourism Clusters** - Rural Tourism clusters to be developed with multi activity dimensions involving entrepreneurs providing accommodation, catering, entertainment, educative inputs, health and fitness related activities, tour operators, travel guides and other service providers.

Priority Sector Credit Planning

- ♦ **PLP - the basis of credit planning** - With a view to facilitating banks to improve their credit delivery mechanism, the restrictive provisions of service area approach dispensed with except for government sponsored programmes by RBI and Potential linked Credit Plans (PLPs) made the basis for preparing District Credit Plans.
- ♦ **PLP process** - Consultative process involved in PLP making further strengthened with the introduction of pre-PLP and Special DCC meet.
- ♦ **Infrastructure Support** - A separate chapter on "Infrastructure Support" introduced in PLP to indicate the infrastructure status of the district vis-a-vis the State and bring out critical infrastructure gaps in all sectors of rural economy.

Micro Finance

- ♦ **Micro Finance Development and Equity Fund** - The Micro Finance Development Fund (MFDF) re-designated as the Microfinance Development and Equity Fund (MFDEF) and its corpus increased from Rs.100 crore to Rs.200 crore.
- ♦ **Farmers' Club** - Revised policy guidelines issued in respect of "Farmers' Club" programme to make it sustainable and more vibrant.
- ♦ **Increase in refinance quantum** - Quantum of NABARD refinance increased from 80% to 100% of bank loan provided to MFIs at the interest rate of 6 % with the stipulation that interest charged by banks from mFIs not to exceed 9 % p.a.
- ♦ **Increase in grant assistance** - The maximum grant assistance to NGOs for promotion and nurturing of groups enhanced from Rs. 2000 to Rs.3000 per SHG, to be released over a period of three years instead of two years.

The maximum grant assistance to RRBs and Co-operatives for promotion and nurturing of groups enhanced from Rs. 1000 to Rs. 1500 per SHG.

The incentives for Individual Rural Volunteers (IRVs) revised from Rs.700 to Rs. 1200 per SHG.

- ♦ **Rating of mFIs** - A new scheme introduced for one year for financial assistance to banks for rating of mFIs. NABARD to bear 75% of the rating charges by CRISIL and the concerned mFI to bear the balance 25%.

CHAPTER-VII-B

SUPPORT FOR GOVERNMENT SPONSORED PROGRAMMES

The salient features of credit linked subsidy schemes being implemented are given below:

1. Capital Investment Subsidy Scheme (CISS) for Construction, Modernisation and Expansion of Cold Storages and Storages for Horticultural produce

Considering the importance of reducing post harvest losses, the Government of India had introduced the scheme in 1999 for implementation through NABARD/National Horticulture Board. The Scheme intends creation of new 12 lakh tones and renovation of 8 lakh tones of cold storage capacity. The rate of subsidy is 33.33% of the project cost with maximum of Rs.60 lakh per project.

2. Capital Investment Subsidy Scheme for Construction/Renovation of Rural Godown

Although our country is self sufficient in food grain production, lack of scientific storage facilities very often leads to distress sale by farmers. In order to provide farm community with scientific storage facilities, Government of India had formulated the Captioned Scheme. Directorate of Marketing and Inspection, Dept. of Agriculture & Co-operation, Ministry of Agriculture, NABARD and National Co-operative Development Corporation (NCDC) are the implementing agencies. The scheme also aims at creation of new 32 lakh tones capacity and renovation of 4 lakh tones of rural storage capacity. The maximum and minimum capacity ranging from 25 MT to 10000 MT. The subsidy pattern for NE States is 1/3 of the project cost or Rs.50 lakh whichever is less.

3. Back ended Credit Linked Subsidy Scheme for Promotion of Tree Borne Oilseeds

The tree borne oilseeds can be grown and established in the wastelands and varied agro-climatic conditions and have immense domestic and industrial utility such as in agriculture, cosmetics, harmaceutical, bio-diesel, substitute to cocoa butter, etc. The estimated requirement of jatropha/honge oil, as a source of bio-diesel for 20% blending with HSD, alone is expected to 13.8 MMT by the year 2011-12 in the country.

Therefore, with a view to promoting the commercial cultivation of these tree species as also to provide forward and backward linkages for promotion of the TBOs, the Govt. of India has launched the Back ended Credit Linked Subsidy Scheme for promotion of Tree Borne Oilseeds (TBOs).

The scheme is implemented through National Oilseeds and Vegetable Oil Development (NOVOD) Board, under the Ministry of Agriculture, Govt. of India. Under the scheme the eligible activities are establishment of seed procurement centers, installation of multipurpose pre-processing and processing facilities, installation of oil expeller and nursery 7-B-1 raising and commercial plantation. The scheme provides 30% back ended subsidy. 100% refinance eligible to the banks from NABARD.

4. Centrally Sponsored Rainwater Harvesting Scheme for SC/ST farmers

Recognising the need to create additional water bodies through harvesting of rainwater, for irrigation and other alternative uses, such as recharging of ground water, fish culture, stopping

wasteful flow of rain water etc, the concept of rain water harvesting structures has been evolved. In order to support the SC/ST farmers to create such water bodies, the Government of India has announced a special scheme in the Union Budget namely, Rain Water Harvesting Scheme for SC/ST farmers for achieving the accelerated growth of irrigation potential, thus improving the per capita income of these farmers in the country. All the States and Union Territories are covered under the scheme.

It is proposed to set up one-lakh rain water structures during the remaining X Five Year Plan (2004-05 to 2006-07). 50% of the refinance will be provided from Government of India which will be through NABARD. There is no down payment or margin money under the scheme. All individual SC/ST farmers will be eligible under the scheme.

5. Central Sector Plan Scheme “Dairy/Poultry Venture – Capital Fund”

Nearly 70% of milk production in India is contributed by the small rural producers scattered all over the country and the milk continues to be marketed by the unorganized sector. The main problem in the unorganized sector is quality, which creates serious threat to the health of consumers. Hence, a need has been felt to bring about structural changes in the unorganized sector by providing facilities to process the milk at village level and market pasteurized milk in a cost effective manner.

Quality upgradation to handle the milk on a commercial scale using modern equipments and management skills is also warranted in the dairy sector.

Similarly inspite of well-developed Poultry Sector in the country, a considerable segment in the sector is still unorganized and the spread is uneven and scattered. Training and marketing continue to be the weakest links in the facet of various poultry development programmes. Due to these limitations, poultry development particularly in the North Eastern States is still at a very primitive stage. Even though the productivity of the layer farmers is comparable with those in advanced countries, we are unable to become competitive in the global market due to qualitative and quantitative considerations.

In order to bring in a planned development aimed at exports as also to give a fillip to the unorganized sectors in the dairy and poultry development, the Department of Animal Husbandry, Ministry of Agriculture, Govt. of India is implementing the “Central Sector Plan Scheme Dairy and Poultry Venture Capital Fund”, to provide technical and financial assistance. The assistance will be provided to the rural beneficiaries through bankable projects.

Under the scheme the entrepreneurs contribution will be 10% and 40% is bank loan. The remaining 50% is provided as interest free loan. In respect of bank loan 50% of the interest will be provided as subsidy.

6. Capital Investment Subsidy Scheme for Commercial Production Units of Organic Inputs under “National Project on Organic Farming”

In order to arrest deterioration of soil health due to increasing and indiscriminate use of synthetic fertilizers/pesticides, emphasis is being given world-over to promote organic farming which is the holistic production management system, based on basic principle of minimizing the use of external inputs, avoiding the use of synthetic fertilizers and pesticides. In the context of the global thrust on organic farming practices and environmental safety, it is imperative to augment the production of quality organic inputs to meet the growing demand of plant nutrients in the

country. Accordingly, Capital Investment Subsidy Scheme for Commercial Production units for Organic Inputs under “National project on Organic farming” has been introduced by the Government of India for implementing during Tenth Five Year Plan period, with effect from 15.02.2005.

Biogas fuel, Bio fertilizers, Vermiculture hatcheries, Fruit & Vegetable waste compost unit are eligible for assistance under the scheme. The subsidy of 25% is provided under the scheme. The margin money and term loan are 25% and 50% respectively. The subsidy is released by NABARD to the eligible banks.

7. Scheme for Development/Strengthening of Agricultural Marketing Infrastructure, grading and Standardization

India has made rapid strides in food grain production as also in fruits and vegetables production. However, the lack of adequate post harvest management and marketing facilities have resulted in glut in the market and consequent distress sale as also heavy post harvest losses to the tune of 25-30%. National Agricultural Policy, inter-alia emphasized the need for development of a whole gamut of agricultural marketing operations, including strengthening of the infrastructure, techniques for preservation, storage etc. In this backdrop, the Expert Committee on strengthening and developing of agriculture marketing and the Inter-Ministerial Task Force constituted by the Government of India, made a number of recommendations not only for improving the existing regulated agricultural marketing network but also to promote a parallel marketing network in the private and co-operative sector. Accordingly, the Ministry of Agriculture and Co-operation, Government of India, has launched a credit-linked back ended subsidy “Scheme for development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization” to improve the existing regulated agricultural marketing network as also to promote marketing network in the private and cooperative sector.

Infrastructure for collection/assembling, drying, cleaning, grading, standardization, sanitary & phytosanitary (SPS) measures and quality certification, labeling, packing, ripening chambers, retailing and wholesaling, value addition facilities (without changing the production form), etc, excluding transport facilities, Market user common facilities like shops/offices, platforms for loading/unloading/assembling and auctioning of produce, parking sheds, internal roads, garbage disposal arrangements, boundary walls, drinking water, sanitation arrangements, weighing and mechanical handling equipments, etc. are eligible for assistance.

CHAPTER – VIII

SECTORAL ANALYSIS

MINOR IRRIGATION

Ground water is an important resource for meeting the water requirements for irrigation. The annual replenishable ground water resource in the State is 1.15 bcm and net ground water availability is 1.04 bcm. The annual ground water draft is 0.002 bcm and stage of ground water development is 0.18%. The entire State has been categorized as safe.

Minor irrigation structures

The area-wise scope for ground water development for irrigation purpose and suitable minor irrigation structures are given below. It is based on the district reports brought out by Central Ground Water Board.

Sl No	MI structure and design	Area suitable	Expected yield (LPs)	Irrigation command (Ha)
1.	<u>Shallow Tube Well</u> Dia = 80 - 100m Depth = 30m Strainer = 10 to 12m	Parts of Dadengiri, Resubelpara, Selsella, Blocks of West Garo Hills Dist. Northern part of East Garo Hills (Didak, Rongtap, Dadnam, Damring Raj Simla valleys) Fringe areas adjoining Brahmaputra valley falling in West Khasi Hills & Ri Bhoi district).	8 to 11	3 to 4 ha.
2.	<u>Deep Tube Well</u> Dia = 200mm Depth = 120-150m	Southern part of West Garo Hills & South Garo Hills Dist. (Baghmara, Tura, Ampati Sub-Division areas)	30 - 50	Upto 25 ha.
3.	<u>Dug Well</u> Dia = 3m Depth = 10-12m	Parts of Dadengiri, Rongram, Rongara Blocks of West Garo Hills District)	Upto 4 lps (for six hours)	1 ha

Institutional Credit Flow for MI

Under Minor irrigation the institutional credit flow is virtually nil. The State government is executing MI schemes based on surface and ground water availability out of budgetary allocation on a small scale. As the cultivation of various crops is undertaken in a traditional manner modern techniques are not adopted. As a result, the minor irrigation activities have not picked up in the state. No major bankable schemes also have been formulated so far. Although formation of water User Association is one of the conditions of RIDF sanction, these have not become operational in the State. It is understood that the matter is under examination of the Government.

Rain Water Harvesting

There is good scope for financing Rain Water Harvesting structures in the State. It is necessary to popularize Rain Water Harvesting structures. Govt. of India has launched a subsidy linked scheme of rainwater harvesting the details of which are discussed in Chapter VII-B. Although SLBC has allotted target to various banks there has been no progress in financing for the activity.

PLP estimation

Under Minor Irrigation the PLPs have estimated Rs.63.63 laky for the year 2006-07. The district-wise break up is shown in the Annexure.

Issues/ Action Points

- Although there is good scope for financing Rainwater Harvesting Structures, no banks have reported financing any units in the State. There is a need to create awareness about the scheme among the farmers. Department of Agriculture may identify eligible farmers and sponsor them to the branches for assistance.
- Water Users Association has not yet become functional in the State. One of the terms and conditions under RIDF is that the maintenance of Minor Irrigation structures will be taken over by the Water Users Association. It is understood that the format of MoU to be executed between Water Users Association and the Department is pending with Government for approval.
- There is scope for small Lift Irrigation schemes especially in Garo Hills and Jaintia Hills. The Department may formulate credit-linked schemes. SLBC may consider preparing a Banking Plan for the Scheme.
- The Power Department may examine the feasibility of formulating Mini Hydel projects in potential areas. Such schemes could be supported under RIDF

LAND DEVELOPMENT

Sustainable development of any region depends to a large extent on the planned utilization of the two basic natural resources viz land and water. Undulating terrain and high rainfall have led to land and water degradation problems in the State. It has been reported that the total wastelands in the State is about 44.16% (9904 sq km) of the total geographical area.

Potential Activities

The potential land development activities include soil conservation, land leveling, drought proofing measures, drainage and flood protection, development of wastelands etc.,

Jhum Cultivation

The Central Census 1981 indicates that about 76,000 ha in the State are cultivated under 'Jhum'. The total families depended on jhum cultivation was 51,700. During 2001 the Task Force of Government of Meghalaya conducted a study on Jhum cultivation in the State and observed that the area under Jhum cultivation has come down to 40,700 ha. Soil erosion studies undoubtedly

confirm that shifting cultivation is hazardous to farming system. Efforts are required to discourage farmers from continuing with jhum cultivation. The break up households practicing jhum cultivation in the State is shown below:

Particulars	Jaintia Hills	East Khasi Hills	West Khasi Hills	East Garo Hills	West Garo Hills	Total
Villages practicing jhum cultivation	146	233	185	410	1383	2357
% of total villages practices jhum	36	20	26	63	71	48
Number of households (000)	28	79	29	27	72	235
Households practicing jhum cultivation (000)	3	7	4	9	29	52
% Of households practicing jhum	11	9	14	33	40	22

Soil Conservation Department

The land development schemes in the State are implemented by Soil and Water Conservation Department. The important activities of the Department include:

- a. Integrated Watershed Management
- b. Management of Jhum
- c. Terracing, bunding and reclamation of cultivable land.
- d. Water harvesting to harness rainwater.
- e. Development of Plantation crops.

The Department has a Training Institute at Byrnihat. The Department also conducts training programme for farmers and SHG members. Visits of farmers to training institutes are also organized by the Department.

RIDF Under Soil Conservation

Till date 23 projects involving a assistance of Rs.1002 lakh have been sanctioned under RIDF under Soil Conservation schemes.

PLP estimate for 2006-07

As per the PLP estimates Rs.69.878 lakh is projected for various land development activities during the year 2006-07. The district-wise break up is given in Annexure.

Issues/ Action points

- Land in Meghalaya is yet to be surveyed and properly documented. State Government may undertake a detailed cadastral survey of land which will help in proper planning and implementation of land development work.
- Empirical data base need to be developed by the Departments on blockwise soil conservation/Land Development works carried out and balance potential available for treatment.
- Presently work relating to arresting jhum cultivation is being attended by Soil Conservation Department. An integrated approach involving Agriculture Department, Horticulture Department, Forest Department and banks may be evolved.
- Presently more than 30000 families are reported to be engaged in jhum cultivation. However these farmers are not considered eligible for crop loans except by Meghalaya Co-operative Apex Bank which is providing crop loans to a limited extent (upto Rs.5000). This has resulted in many families depending on money lenders for their credit requirement. Banks may consider extending credit support to these families for meeting their agriculture/consumption credit requirement. Joint Liability Groups of these farmers could be formed to provide finance to these farmers. NABARD, Banks and Soil Conservation Department may formulate a suitable credit packages for these farmers.
- In the case of Soil Conservation projects are implemented under RIDF, the whole watershed area is not being treated intensively. In order to derive maximum benefit of the scheme the entire watershed may be covered.
- The Department may formulate Water conservation distribution scheme under flow irrigation for small command areas. Schemes may also be formulated for erosion control. These schemes could be credit linked. Such schemes are presently not covered under the Department programme.
- Suitable projects may be considered under RIDF for flood control in South Garo Hills district.

FARM MECHANISATION

Mechanisation plays a vital role in farm management in term of better utilization and increasing the level of production and productivity. Mechanisation also reduces drudgery and increase labour efficiency. Considering the hilly terrain, cropping pattern and land holdings the scope for farm mechanisation is limited. The details of agriculture implements in the State as per the latest data available is shown in the table below:

Particulars	No
Iron plough	20
Improved harrow	20
Power tillers	117
Tractors	20

The net area sown in the State is 2.21 lakh ha. Of which about 1.07 lakh ha is under Paddy. There is potential for financing Power Tillers in Paddy growing areas. The land holdings pattern show that majority of holdings are of size less than 4 ha which limits the scope for financing Tractors. The Department of Agriculture is implementing a scheme whereby 50% subsidy is being provided for tractors and power tillers. NABARD had prepared a model scheme for power tillers. However the scheme is yet to be implemented. Taking into the consideration the potential available in various districts a credit flow of Rs.221.026 lakh is estimated for the year 2006-07.

Issues/Action Points

- There is a need to create awareness among farmers through campaign and demonstration on the use of farm implements.
- Government may initiate step to impart training to rural youth for setting up service centres for Power Tillers/Tractors and other farm machineries.

PLANTATION /HORTICULTURE

The climatic condition of the State is suitable for a wide variety of Plantation and horticulture crops. With the shift of agriculture from subsistence level to commercial levels there is greater focus on horticultural crops, value added products and export oriented produces/ products. The variation on altitude, soil and climate conditions of the State provide ample scope for growing a wide range of horticultural crops like orange, pineapple, banana, guava, litchi etc. in the foothill areas throughout the state. Temperate fruits such as plum, pear, peach etc. are also grown in the central plateau region. The variation in altitude of the state ranges from 1300 to 2500 metres embracing mild temperate to sub-tropical climate. The annual precipitation received in the state comes mainly from south-west monsoon, during the period from early June to September, with pre-monsoon showers starting from April onwards. There is also wide variation in the intensity of rainfall. The southern fall of Khasi and Jaintia Hills receives only 2000mm rain when Cherrapunjee-Mawphlang-Pynursla belt records more than 10000mm per year. Due to extended rainy season, the atmospheric humidity remains quite high almost throughout the year. The unique diversity of agro-climate due to topographical variations and altitudinal differences coupled with fertile deep and well drained soil makes cultivation of a large number of horticulture and plantation crops possible. The vast area available in the hills presently used for shifting cultivation also provides scope for the expansion of horticulture and plantation activities in a phased manner through a process of rehabilitation of jhumias. The area and production of major plantation & horticulture crops are given in the table below:

	Area (Ha.)	Production(MT)	Yield (Kgms./Ha)
Fruit Crops			
Pineapple	9315	82398	8846
Citrus fruits	7750	34645	4470
Banana	5311	63773	12008
Papaya	535	4297	8032
Plantation Crops			
Tea	617	2827	4582
Arecanut	11128	14101	1267
Cashewnut	6347	6418	1011

Fruit Crops

A major share of fruit crops is grown in East Khasi Hills and West Khasi Hills. Among the citrus fruits, the most dominant crop in the State is Orange. Khasi Mandarin is considered to be of good quality and is grown in Sub-mountainous tracks along the Indo-Bangladesh border. Pineapple is one of the most important fruit crops grown in the State. Ri Bhoi district is one of the largest pineapple producing districts in the State. Pineapple is also grown extensively in West Khasi Hills, West Garo Hills and South Garo Hills. However the area under pineapple has been stagnant during the last 5 years. Of late cultivation of Strawberry has picked up. Other fruit crops are papaya, temperate fruits, mango, litchi and lemon.

Mushroom

Meghalaya has good potential for cultivation of mushroom. Cultivation of mushroom in homestead is becoming very popular because of high yield and the remunerative price it fetches.

Plantation Crops

The major plantation crops cultivated in the State are Tea, Arecanut, Cashewnut and Rubber. Betel is very popular in the State and has been grown since time immemorial. Arecanut is grown extensively all over the State. However this crop has been afflicted with a disease called 'Bud Rot'. There is a need for formulating schemes for replantation of diseased and old Arecanut trees. The agro climatic condition in the State also favours cultivation of Tea. In 1974, on the recommendation of Tea Board, Tea Experimental Stations were established in Ri Bhoi, West Khasi Hills and West Garo Hills. Cultivation of Coffee North Eastern Region, including Meghalaya, is a non-traditional area. The first coffee plantation was raised by Soil Conservation Department in 1954 at Lumshunging(Arabica), Jaintia Hills, Umling (Robusta in Khasi Hills and Machangpani in Tura(Robusta) of Garo Hills. A total extent of 5950 hectares has been surveyed and identified as suitable for coffee. The total area under Coffee in Meghalaya is 2052.75 hectares. The cultivation of Cashewnut is done extensively in the Garo Hills region. The Cashewnut plantation in the State has come up mainly as a measure to control jhum cultivation. Availability of good quality seedling is a constraint for Cashewnut cultivation. Rubber plantation has come up on a limited scale in Garo Hills region. Rubber Board which has an office at Tura is providing infrastructure support and seedlings to farmers.

NABARD has prepared a Banking plan for Rubber plantation in West Garo Hills district which is likely to be launched soon.

Medicinal Plants

Meghalaya has a number of medicinal plants. The State has also a long history of traditional system of medicines. The State Medicinal Plant Board has been set up recently. There is immense scope for export of medicinal plants to other States and countries. There is a need to conduct a detailed survey to assess the potential. The State Government may also consider setting up an Agri Export Zone for medicinal plants. Meghalaya is known to be the home of 700 out of 3000 medicinal plants found in India. The main problem faced by the sector is that there is no organized marketing facility. The collection and marketing of medicinal plants is in the private hands. There is also no authentic data on the export of medicinal plants from the State.

Floriculture

Meghalaya has good scope for promotion of Rose cultivation, orchids and Anthurium. The State Government has taken various steps to promote Rose cultivation in East Khasi Hills and Anthurium in Garo Hills. A beginning has also been made in contract farming for cultivation of Rose. There is good scope for an Agri Export zone for floriculture in the State.

Schemes of National Horticulture Board/Technology Mission

The Technology Mission for Integrated Development of Horticulture is under operation in the State. Under the programme area expansion for various horticulture plantation, spices and floriculture, soil conservation, onfarm management, training etc are provided. Farmers are also provided support for organic farming, agriculture equipments, integrated technology management and Self Help Groups promotion. The scheme of Technology Mission is being implemented through Small Farmers Agri-Business Consortium

Processing and Marketing

The State lacks well-organized distribution and marketing network. There are two fruit processing units in the State, in East Khasi Hills and in East Garo Hills district. The total capacity of these units is only 100 MT which is not adequate to meet the existing requirement. There is a need to expand the capacity upto 400 MT.

Forestry

The position of forest cover in Meghalaya is shown below:

Dense forest	Open Forest	Total forest cover	Percentage of geographic area
5925 Sq.Km	9708 Sq.Km	15633 Sq.Km	69.7%

There is one plywood industry in the State with a total capacity of 2600000 (M-2).

Biodiesel and Jatropha

India imports atleast 2/3 of its petroleum requirements. The limited stock of petroleum has necessitated the need to search alternative fuels which are cleaner non fossil fuel. Under Indian conditions only non edible plants can be considered for bio diesel production which can be grown on large scale on forest and non forest wastelands. The National Oil Seed and Vegetable Oil Development Board (NOVOD) under Ministry of Agricultures has been designated as the nodal agency and launched an incentive credit programme for jatropha and other Tree Borne Oil Seeds so that farmers will be enthusiastic to go in for cultivation of jatropha in a big way. In Meghalaya, farmers especially in Ri Bhoi district has been cultivating Jatropha not knowing its full potential. The Department of Soil Conservation has already taken initiative in popularizing cultivation of Jatropha. Based on the proposal submitted by the Soil Conservation Department, the State level Unit Cost Committee has fixed unit costs for jatropha cultivation. The Department may consider setting up a processing unit for jatropha. The Department of Soil Conservation has proposed to take up plot plantation of Jatropha in forest and non-forest areas. The southern slopes of the State along the international boundary with Bangladesh and northern boundary of Assam are suitable for cultivation of jatropha. The department has proposed 2 seed

procurement centers, 2 processing unit and also made provision for training of staff. The total outlay proposed is about Rs.24 lakh covering 5 years.

Bamboo

Bamboo has an important role to play in the development of the NER. Bamboo is an excellent resource on which a variety of income and employment generating opportunities can be created. Of the 75 Bamboo genere with 1250 species available worldwide 25 genere with 58 species are found in India with NER having 16 species. The abundance of the material in the NER and possibilities of its use have led development agencies, governments and individuals to wake up to its potentials. Bamboo is being looked upon as a catalyst for rural development in the NER and is a focus area. A study by INBAR (International Network for Bamboo & Rattan) on market potential shows that the annual market opportunity of value added products to bamboo is Rs.4700 crore. The potential of this industry by the year 2015 is expected to be around Rs.30,000 crore. The UNIDO (United Nations Industrial Development Organisation) has set up a CBTC (Cane & Bamboo Technology Centre) in Guwahati with the objective of generating bamboo based economic activities in the region. Considering the wide adaptability, economic viability and social acceptability of many bamboo species, the Government of India has constituted a National Mission on Bamboo Technology and Trade Development to develop Bamboo. NABARD has contemplated to cover 1 lakh ha bamboo plantation through credit support annually. NABARD has formulated model scheme on Bamboo and the same has been circulated to all bank.

The area under bamboo in Meghalaya is shown below.

Bamboo Area	Total Geographical area	Percentage of area under bamboo	Total growing stock
3102 Sq.Km	22429 Sq.Km	14%	4407000 tonnes

PLP estimate

The PLPs estimate for the year 2006-07 is Rs.705.882 lakh. The district-wise break up is given below:

(Rs.in lakh)

Name of the District	PLP estimates
East Khasi Hills	153.874
West Khasi Hills	128.557
East Garo Hills	51.800
West Garo Hills	117.930
South Garo Hills	26.300
Jaintia Hills	113.809
Ri Bhoi	113.612
Total	705.885

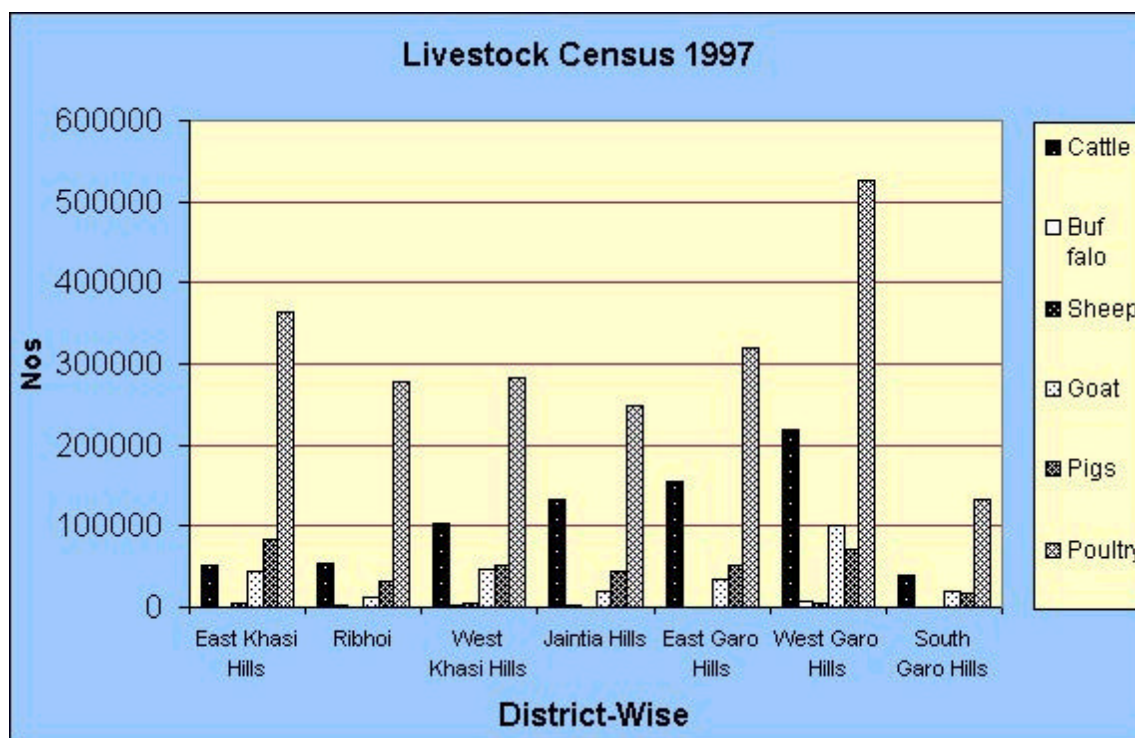
Issues/Action points

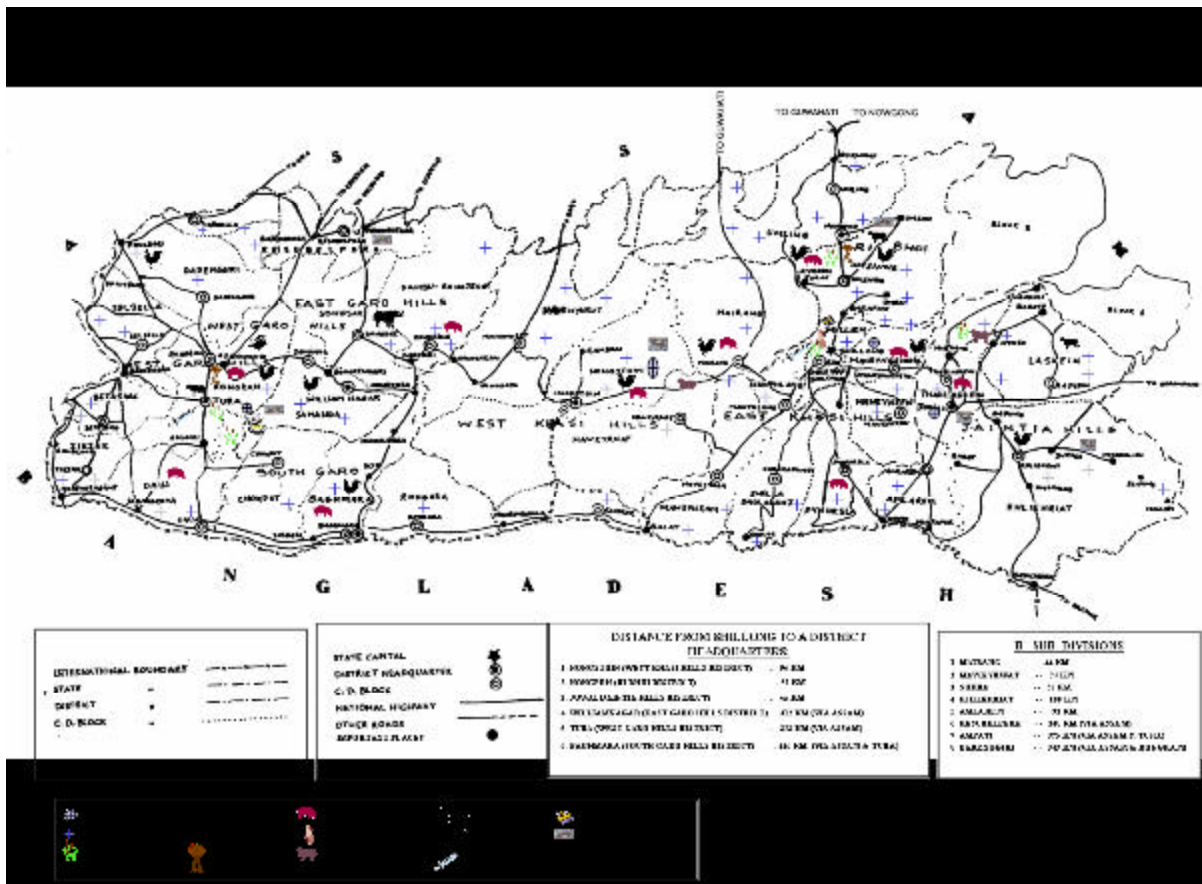
- There is good scope for promotion of organic Farming in the State. About 150 farmers in Ri Bhoi district is being supported by the NGO for organic farming, certification and marketing of their produce. State Government may consider formulating and implementing a project for promoting Organic Farming in the State.

- Presently there is no AEZ in the State. Horticulture Department may consider submitting a scheme to Government of India for setting up an AEZ in the State. Medicinal Plants, floriculture are two activities for which AEZ could be set up.
- The present capacity of fruit processing unit (100 MT) is not adequate to meet the demand. Horticulture Department may consider expansion/set up new units so as to increase the unit capacity to 300-400 MT.
- Horticulture Department may formulate credit-linked schemes for commercial cultivation of Roses, Anthurium and Strawberry for which there is immense scope. Contract farming could be encouraged for these crops.
- SFAC may be reorganised on the line of the guidelines of central SFAC as a separate organisation. Presently the main function of SFAC in the State is confined to channelising funds for Technology Mission.
- There is a need to conduct a detailed survey of medicinal plants in the State. The State could emerge as a major supplier of medicinal plants for other parts of the country.
- Units may be set up for processing of jatropa.
- State Govt may expedite amendment to APMC Act.

ANIMAL HUSBANDRY

The topography, climate and socio economic condition provides good scope for rural people in the State to take up activities under Animal Husbandry sector as it provides a supplementary income for them. Although the livestock production in the State has been showing a higher growth rate than human population, the overall availability situation is not encouraging. The availability of 75 gms milk per day per person is far below the National average of 226 gms per day and world average of 285 gms per day. Similarly the availability of eggs per person has been estimated at 38 as against the recommended norm of 180.





The State is endowed with abundant natural resources for not only rearing of livestock, but also there is a good market for meat and meat products as majority of the people in the State are non-vegetarian and there are hardly any taboos associated with the consumption of meat. There exist tremendous scope for generation of stable employment within the animal husbandry sector.

INFRASTRUCTURE

There are 5 Veterinary hospitals, 72 dispensaries, 62 veterinary aid centres, 15 mobile dispensaries, 10 poultry farms, 2 feed mill, 2 vocational training centres and 3 chilling centres in the State. It is reported that the present vaccination rate is only 15 - 25% of the existing livestock which needs improvement.

CATTLE DEVELOPMENT

There are two intensive cattle development projects in the State, one at upper Shillong in E. K. Hills district and another at Tura in W.G.Hills district. The Directorate carried out 24000 artificial inseminations and produced 19000 calves of improved varieties during the year 2002-03 through these projects. However, the white revolution is yet to take place in the State.

The number of in-milk milch animals in the State has increased from 298900 in 1990-91 to 346560 in 2003-04. The ratio of crossbred cattle to total cattle in the State show a modest increase from 5.8% to 8.5%. However, the crossbred cows are mainly concentrated in two districts viz. E.K. Hills and Ri Bhoi districts. These districts account for more than half of the milk production in the State.

The Department of Animal Husbandry and Veterinary has established four cattle breeding farms in the State with the object to breed exotic breeds like Jersey, Holstein-Friesian and Murrah buffalo.

The quality of breed is gradually diminishing as the parent stock acquired by the department for multiplication of high quality breeds is as old as 1992. The availability of feed is not adequate to meet the demand. Most of the ingredients of the feed are imported from other parts of the country resulting to high cost of feed and less margin for farmers.

PIGGERY

There are 423527 pigs of which as per livestock census projected for 2002 around 88.0% are of indigeneous stock. Pigs are highly prolific and very efficient biological feed converters and pork enjoy more or less the status of staple food alongside rice in the State. Therefore, pig rearing is common in the plain areas of Garo hills and in the hills of Jaintia and Khasi. Nearly 60% of the household in the State rear pigs for their domestic consumption as well as a subsidiary activity. An estimated 209240 pigs were slaughtered in 2002-03. However, the demand of pork is higher than supply. Pork is, therefore, being imported from the main land as a result of shortage.

There are ten Government pig farms established in the State under piggery development scheme. However, the directorate is unable to supply the farmers' requirements. The department has maintained a regional Pig breeding farm located at Kyrdemkulai with the object to introduce improved breeds of pig. The existing infrastructure is not sufficient to meet the demand of piglets. There is a need to increase the supply of upgraded stock for rearing. The Regional Pig Breeding Farm at Kyrdemkulai which maintain Hampshire Saddle buck, Yorkshire pigs for scientific breeding purpose may be considered for upgradation for meeting the demand of piglets in the State for rearing.

POULTRY

Poultry is one of the major activities which could be taken up on commercial lines. The total population of fowls in the State is 27.62 lakh as per 2002 census. Out of which 26.25 lakh were of a desi variety and 1.37 lakhs were of improved variety. The population of fowls and ducks is mostly concentrated in East and West Garo Hills, but the improved breed is common in E.K. Hills and Ri Bhoi districts. About 35% of the demand of egg is met by importing from other State of the country. The Department has set up a Hatchery-cum-Poultry Farm at Umsning. A variety called Kuroiler was introduced at this farm which is a low input and medium yielding bird that can be used for eggs as well as for meat. These birds can lay between 130-150 eggs per year. The availability of feed is a problem for the poultry sector too. Most of the ingredient of the feed are being imported from other states which result in high cost of feed. Lack of testing facilities for analysing the quality of feed purchased from outside suppliers hampers the growth of this industry.

SHEEP AND GOAT

There is one goat farm at Nongshillong. There is good demand of meat from the large number of military establishments and their requirement is mostly met from outside the State. The Government has four fodder demonstration farms including a seed production farm which have been established in the State to meet the requirement of fodder and fodder seed. The coverage of these farm is 262.04 hectares for fodder and 28.68 hectares for seed production. The products of these farms is not sufficient to meet the requirement. Government has set up two vocational

training centres in the State, one at Kyrdemkulai, Ri Bhoi district and the other at Tura in West Garo hills with the objective to impart training to the farmers for proper management, feeding and health care of livestock and poultry.

PLP estimates

The sector-wise PLP estimates for the year 2006-07 are shown in the table below

Dairy Development	155.525
Poultry farming	193.720
Sheep/Goat/Piggery	513.145

Issues/Action points

- The Department has not been able to meet the demand of piglets. A major share of pork processed in the State is brought from Karnataka and Uttar Pradesh. About 1/3 of cost is towards transportation cost alone. The Department may take steps to enhance the capacity of existing farms. The Department may also examine the feasibility of tie up of farmers with processing units. A tri- partite agreement with the processing unit, farmers and financing bank could be worked out on the lines of such agreement being executed between milk society, dairy farmers and bank.
- There is no modern slaughterhouses in the State. Presently animals are slaughtered in a crude and unhygienic way. Slaughter houses could be set up in urban centers.
- Demand for processed meat is very high in the region. It is possible to train the unemployed youth in the activity and provide bank loans to them to establish dressing plants and retail marketing outlets so that quality of meat sold is better.
- No units have been supported under the scheme of Venture Capital Fund. Government agencies and banks may popularize the scheme.
- Department may formulate credit linked schemes under Animal Husbandry sector and a cluster based approach can be adopted to finance the units.

FISHERIES

The State is endowed with natural resources consisting ponds,swamps/low lying areas,beels,lakes,reservoirs, rivers for undertaking both culture and capture fisheries. The average annual fish production is about 5000 MT as against demand of 11000 MT. The demand for fish far exceeds the production. The demand is partly met by importing fish from other States. The present productivity is low due to mainly non awareness of Oscientific farming practices, inadequate quality fish seed (fry/fingerlings)and inadequate nursery areas.

The resource-wise potential of the natural resources are given below:

Sr.No	Type of water bodies	Area (HA)
1	Ponds/swamps and low lying areas	2500
2	Beels	358
3	Reservoirs	8430
4	Lakes	56

Fish seed

The present demand for fish seed in the state is 2.5 million as against a production of 1 million. Two Departmental Chinese/eco hatcheries in the districts of East and West Garo Hills require modernization/renovation. With a view to operationalise the hatcheries adequate budgetary support is required.

Investment activities

Considering the potential and demand for fish, the following investment activities are possible through credit support.

1. Fish Culture in existing ponds
2. Fish seed rearing from spawn to fry/fingerlings.
3. Establishment of fish seed hatcheries.
4. Pig cum fish culture.
5. Pen culture for fish seed rearing.
6. Beel fisheries.

PLP Projection for the year 2006-07

The PLP projection for the year 2006-07 has been projected at Rs.91.89 lakh. The district wise position is given below:

(Rs.in lakh)

Name of the District	Bank Loan
East Khasi Hills	39.152
West Khasi Hills	8.379
East Garo Hills	6.990
West Garo Hills	14.040
South Garo Hills	11.970
Jaintia Hills	7.387
Ri Bhoi	3.971
Total	91.889

Issues/Action points

- Non-availability of good fish seed is the major constraint in development of Fisheries sector in the State. Establishment of Eco/Chinese fish seed hatcheries under private sector can be encouraged. There is a need to operationalise of existing Departmental hatcheries in East and West Garo Hills.
- There is a need to improve extension support under Fisheries sector. Local youth may be trained on scientific fish farming, nursery management, pig cum fish culture etc.,

Presently there is no training centre for imparting training to fish farmers. Department may take suitable action in this regard.

CROP LOAN

The land use pattern in the State during the last thirty years show that the net sown area which was 173565 ha in 1973-74 increased to 221830 ha by 2002-03. Broadly the low lying areas are under Paddy cultivation during kharif with pulses, paddy, vegetables and oilseeds during Rabi season. Gentle slopes are put under maize, pulses, oilseeds and vegetables. Horticultural crops are taken up on slope above 20% and border areas. The major crops cultivated in the State and their production and productivity are shown in the table below:

Name of the crop	Area	Production (in MT)	Productivity Kg/ ha
1.Paddy	106600	179042	1629
2.Maize	16906	24250	1434
3.Wheat	4214	6892	1635
4.Potato	18318	144292	7877
5.Ginger	7811	44900	5748
6.Turmeric	1523	8565	5624
7.Jute	4220	35816(Bales)	1528

Except jute and mesta other crops are showing an increasing trend both in area, production and productivity. Meghalaya is known for its vegetables in North Eastern Region. Cabbage, cauliflower, carrot are regularly marketed outside the State. The agro-climatic conditions in the State favour cultivation of vegetables throughout the year. The potato farmers of Shillong are widely acknowledged as among the best farmers in the region.

Extension and Support Services

Extension services are available from Department of Agriculture, Research Institutions and Krishi Vidyan Kendras. The Department of Agriculture has research station-cum-laboratory at Shillong, Jowai, Tura, Williamnagar and Nongstoin. The Department has a Basic Agriculture Training Centre at Upper Shillong and three farmers training centers. The information wing of the Department brings out an Agriculture Newsletter and Agricultural Marketing news bulletin. At district level there are District Agricultural Offices headed by District Agricultural officer and supported by Sub Divisional Officers, economists and other supporting staff. The ICAR Complex in Barapani, Umiam, Shillong conducts on-farm research and also provide extension support through nine Krishi Vidyan Kendra located in different parts of the State. The ICAR has also set up a Potato Research Centre in Shillong.

Marketing

The Meghalaya State Agricultural Marketing Board was set up in the Year 1983 for providing organized marketing support to farmers. The APMC Act has been passed in the State. At present there are two regulated marketing yard at Mawiong and Garobadha. An AGMARK laboratory has also been established in State.

Fertiliser Consumption

Consumption of fertilizer in the State has not increased appreciably. The average of consumption of fertilizer is only 18 kgs. as against the National average of 50 Kgs. The use of fertilizer has been mainly for a few crops such as Potato. The use of fertilizer for food grains and other horticultural crops are negligible.

Scale of Finance

The Scale of Finance for production credit is fixed annually by State Level Committee convened by Registrar of Co-operative Societies. The details of Scale of Finance are shown in Annexure-VI.

PLP estimates for 2006-07

The PLP estimates for the year 2006-07 for crop loans is Rs.2290 lakhs. The district wise activity-wise break up is shown in the Annexure I.

Status of Implementation of Kissan Credit Card Scheme

The Agency-wise progress in issue of Kissan Credit Cards as on 30 September 2005 is shown in the table below:

Agency wise	KCC cards
CBs	10015
RRB	7682
SCB	3751
Total	21448

Implementation of National Agricultural Insurance Scheme

Agricultural Insurance Company of India (AICI) is implementing the National Agricultural Insurance Scheme in the State. The scheme is extended for both kharif and rabi seasons. The crops covered under the Scheme are Paddy, Ginger, Mustard and Potato. Although the coverage of non-loanee farmers is optional, coverage of all loanee farmers availing SAO loans for notified crops in the notified areas is compulsory under the scheme.

Issues/ Action points

(i) Fixation of scale of finance for additional crops.

Presently no scale of finance is fixed for horticulture/plantation crops such as Orange, Arecanut, etc. The State Level technical Committee may fix scale of finance for these crops also so as to adequately meet the credit requirements of farmers growing plantation/horticulture crops.

(ii) Coverage of more crops/ Farmers under RKBY

State Government may evolve a procedure for crop cutting experiment and also compile yield data as required by Agricultural Company of India for other cereal and horticultural crops so as to

provide comprehensive Insurance coverage to farmers cultivating these crops. Presently only four crops are covered under RKBY.

As per the information compiled by the Agricultural Insurance Company only about 360 farmers were covered under insurance during Kharif 2005 and 1098 under Rabi 2005. As Insurance is compulsory for all loanee farmers it appears that many loanee farmers especially those farmers growing potato crop are not covered under Insurance scheme. There is also a need to include Insurance Premia in the Scale of Finance. SLBC/Department of Agriculture may examine the issue.

(iii) Increasing the coverage of KCCs

Although there are more than 1,60,000 farm holdings in the State the total number of KCCs issued as on 30.9.2005 are only about 21000. The pattern of holding in the State is characterized by the predominance of small and marginal farmers. As these farmers require credit support for farming operations there is a need to improve the coverage of KCC. The Agriculture Department may forward list of eligible borrowers to concerned branches for issue of KCCs. The progress may also be discussed in the BLBC meetings.

(iv) Development and Strengthening of Infrastructure facility for production and distribution of seed

Under the above Government sponsored scheme, credit-linked back-ended subsidy at the rate of 25% subject to a maximum of Rs.10 lakhs is provided to Private Company, individuals, entrepreneurs, SHGs and seed co-operatives. The assistance will be for creation of infrastructure facility relating to seed cleaning, grading, processing, packaging as well as seed testing facility. The scheme needs to be popularized.

(v) Amendment to AMPC Act

It is understood that amendment to the AMPC Act for promotion of direct marketing and contract farming as recommended by the Inter Ministerial Task Force is under active consideration of the State Government. State Government may expedite necessary action in the matter.

RURAL NON FARM SECTOR ACTIVITIES /INDUSTRIES

The industrial development depends on various factors such as natural resources, available infrastructure, entrepreneurial skills, market demand, Government Policies etc. The State is endowed with vast natural resources. However, poor infrastructure level and lack of entrepreneurial skills have contributed to industrial backwardness. With new Industrial Policy and of GoI's North East Industrial Policy, 1997, the number of industrial units in the State has shown an increase. As per the latest data available (as on 31 March 2004), the functioning medium sized units were 131. The total no of registered SSI units has gone up from 3530 in 1999 to 4564 as on 31 March 2004 and with a further addition of 537 SSI units during 2004-05, the no of registered SSI units had increased to 5101. The State Industrial policy offer various incentives to the entrepreneurs like Share capital Investment subsidy, Development subsidy, Interest subsidy, Local Employment Promotion Grant, Power Subsidy, Quality Control subsidy, Sales Tax Exemption, Exemption from Stamp Duty etc. The total investment in medium sized industries and SSI units was to the tune of Rs.19566.67 lakh and Rs. 6096.65 lakh respectively.

The broad classification of RNFS activities are given below:

Raw material Based	Agro processing activities, Mineral based industries, Horticulture based activities, Dairy products, Leather works, Wood based products, etc.
Demand based	Handloom weaving, Ready-made garments, Fruit processing units, Brick making units, fish processing.
Skill based	Sericulture and related products, Handicrafts.
Export oriented	Silk and Floriculture

The Cement factories, Wood based units and Steel units are main sectors under Medium sized units whereas under SSI sector, processing of betel nuts is the predominant industry in terms of gross output followed by tailoring units.

STATUS OF INDUSTRIALIZATION

Infrastructure in the form of reasonably cheap and good transport systems, adequate telecommunication systems and cheap and adequate power/energy are basic needs for development of industries. The state is landlocked and do not have any rail connection. Further, the communication systems are not well developed. Inadequate infrastructure severely undermines the growth potential of various sub-sectors of non-farm sector. The marketing arrangements for most of the RNFS products in the state are informal and unorganized, The products are sold within the blocks/districts. There are weekly markets organized in all the blocks. Many of the RNFS units/enterprises follow outdated technology resulting in production of inferior quality products. The attitude of youth is towards securing employment in Government offices, factories etc. Further, the local population, mostly tribal community is not aware of the potential and natural resources available for setting up RNFS units.

There are nine Industrial estates including one Export Promotion Industrial Park at Byrnihat and Industrial growth Centre at Mendipathar. At present, the no of industries functioning in the Industrial estates are 125 and further 31 units are under implementation. There are three Industrial estates in Ri Bhoi District. (Existing 116 units and 23 units under implementation). Besides cement factories, the major industries are Agro-processing, Steel products, Lime products, Stone products, Saw Mills, Veneer products, poultry feed, Horticulture processed products etc.

SSI SECTOR

As per the latest data available,

- 71.26 % SSI units are industrial units and rest 28.74 % are services and business units.
- 67.75 % SSI units are in rural areas.
- 99.5% units are proprietary concerns, 34 % SSI units are women establishments and 96 % are managed by ST and other backward classes.
- As on 31 March 2002, out of 3847 registered SSI units, 1909 units are closed down units. Lack of demand for the products, marketing problems and shortage of working capital are cited the main reason identified for closure of the units.

- Out of 1938 working units, 746 units were in East Khasi Hills District followed by 488 units in West Khasi Hills District.

There is scope for further development of SSI units in following areas :

WOOD BASED AND FOREST BASED SSI UNITS/INDUSTRIES

Products of Cane and Bamboo, Carpentry, Basket making, Wood based and Forest based SSI units/industries have good scope for development in the State. These activities are mainly based on raw material from forests. Approx. 70 % of geographical area in the State is under forests which produces trees of economic significance like cane and bamboo, Sal, Teak, Pine etc. Broom stick or Zaddophool is grown wild in forests/hill slope and there is good scope for development of the broomstick industry . At present the broomsticks are collected and marketed through middlemen /private traders in raw form.

FRUIT PROCESSING AND SPICES PROCESSING UNITS

The geophysical conditions of the State are most suited for different varieties of horticulture crops and plantation crops. The potential for setting up agro based industrial units in the State is very high. In addition to the specific thrust the state gets for developing the Horticulture sector under the National Horticulture (Technology) Mission, the State has its own schemes to promote the sector. Area expansion for fruit and vegetable crops, spices and plantation crops, creation of water sources, On Farm management, production of planting materials, transfer of technology, promotion of integrated pest management are all aimed at increasing both the production and productivity of several identified horticultural crops of economic importance. The state owned fruit-processing units at Shillong and Dinadubi is catering the need for processing of the fruits to some extent. However, the age-old machinery of units need total overhauling. Further, there is a need to set up the Fruit Growers Associations/ Cooperatives to safeguard the interest of the fruit producers.

Setting up of small capacity fruit and vegetable processing units at various locations in the State by the state Government and leasing it to SHGs/Cooperatives and Individuals on lease will ensure better prices to the farmers. Setting up fruit processing units will help the farmers to get good return. The necessary credit support for working capital requirements of these units and the marketing credit requirements for the farmers can be arranged banking network.

MINERAL BASED INDUSTRIES

The State with its wealth of mineral deposits has tremendous scope for mineral based industries. Coal and limestone Granite is available in Khasi Hills area. Similarly, various types of clays are found in the State are suitable for ceramic, Paper, rubber and refractory industries. In addition to above the gypsum, phosphorite, glass-sand and silimanite deposits are also available in the state. Mineral based industries like Cement, lime making, Concrete blocks, Brick making can be established in the state.

HANDLOOM - STATUS

Handloom-weaving in Meghalaya is concentrated mostly in Garo Hills (approx. 60 %) with some units in Ri Bhoi, Khasi Hills and Jaintia Hills districts bordering Assam. There are at present around 12000 handlooms and 16000 weaver families in the State, mostly in the rural sector and about 25% of these are in the co-operative sector. The types of looms being used are fly-shuttle frame looms, loin loom and throw shuttle looms(made of bamboo post). The weavers are mostly women folk. The present annual level of production of handloom fabrics in the state is around 21.04 lakh sq. metres. The production consists mainly of local ladies dress items such as Dakmandas, daksaree, jainkyrshah, ookharna, pathani , gamcha, scarves and Dhara. Production of selected items like dress-materials and furnishing materials have also been taken up. Cotton yarn, silk yarn, polyester and cashmillon wool are used by the weavers for production of fabrics. The Meghalaya Apex Handloom Weavers and Handicrafts Co-operative Federation Ltd., has been established with the main objective of assisting the societies in marketing of handloom fabrics and procurement of raw materials.

The Department of Sericulture and Weaving is providing technical guidance and financial assistance to the societies by providing Managerial subsidy and assistance for modernisation. Availability of quality yarn at reasonable price, lack of proper marketing avenues, (the production is limited to traditional items which caters to local markets/consumption)increased cost of production and use of obsolete looms are some of the constraints.

SERICULTURE STATUS

The State has the unique distinction of producing all the four types of silk viz., mulberry, muga, tasar and eri. Sericulture and Weaving are important cottage industries in State especially in Garo hills adjoining Assam, which provide mainly *part time* employment to a large section of the population in the rural areas especially women. It is necessary to create avenues for full time employment activity in both Sericulture and Handloom Weaving Industries. In Meghalaya there are 1812 sericulture village and 14000 families are engaged in sericulture. There are 6 sericulture farms, 4 Eri silk farms, 4 mulberry and 4 muga silk rearing units and 9 weaving training centres. As per 2001-02 statistics, 948 ha. have been covered in the State under Mulberry with production of 2 MT of raw silk. An area of 488 ha. have been covered under muga with production of 4 MT of raw silk. Besides, 1035 ha. have been covered under Eri cultivation with production of 282 MT of raw silk.

In spite of vast potential and prospects, the industry is still considered a subsidiary occupation particularly in remote areas among small and marginal farmers. The low production turnout is not encouraging the farmers to accept it as primary occupation. Improved varieties of saplings are raised in departmental nurseries and distributed to selected beneficiaries. Necessary inputs like manure, fencing materials, rearing appliances and disinfectants as well as rearing sheds are also provided. The existing plantations of selected progressive sericulture farmers are also covered for improvement by providing the required inputs. All these efforts are made to ensure abundant supply of leaves to feed the silkworms in rearing and harvesting of quality cocoons. Chowki rearing centres are also organised for distribution of chowki worms (young worms) to sericulture farmers instead of the larval stage so as to reduce mortality rate and thereby ensuring successful rearing and harvesting of cocoons. Other measures being taken include improvement of reeling

and spinning with training facilities of personnel as well as practical training of progressive sericulture farmers. In respect of Handloom Weaving, efforts are made to step up the quality production of handloom fabrics with diversified items which consist of dress materials like dakmendas and daksaree, shawls, etc, Training and demonstration facilities are provided in the departmental centres located in different localities.

The State Handloom Corporation and the State's Apex Federation were strengthened to provide the managerial subsidy to provide assistance for better organization of Primary Handloom Weavers Cooperative Societies.

Promotional programmes such as Catalytic Development Programme for Augmentation of Muga and Eri food plants and the United Nations Development Sub-program on non-mulberry silk promoting systematic plantation, organization of seed rearers, reelers and spinners etc are implemented in West and East Garo Hills District.

INITIATIVES TAKEN BY NABARD / PROMOTIONAL AGENCIES

A) RURAL ENTREPRENEURSHIP DEVELOPMENT PROGRAMME (REDP)

The main objective of REDP is to develop entrepreneurial and activity-oriented skills among unemployed rural youth, who are willing to set up small/ micro-enterprises. REDPs help motivate the potential entrepreneurs and instill in them confidence to start new enterprises in rural areas. NABARD has been sanctioning general REDPs and also skill oriented REDPs to NGOs.

B) CLUSTER APPROACH

Micro Enterprises in rural areas engaged in various economic activities individually find it difficult to operate economically as they confront stiff competition from each other besides from substitutes produced by the organised sector of industries. Development of clusters helps in deriving benefits of economies of scale in procurement of raw materials, production and post production operations. In Meghalaya, Garobadha in West Garo Hills district has been selected by NABARD for development under cluster approach for development of handloom products. The Project will commence implementation from the current year.

C) SWAROJGAR CREDIT CARD (SCC)

SCC Scheme aims at providing adequate and timely credit i.e. working capital/ or block capital or both to small artisans, handloom weavers, service sector, fishermen, self employed persons, rickshaw owners, other micro-entrepreneurs, etc. from the banking system in a flexible, hassle free and cost effective manner. The facility may also include a reasonable component for consumption needs. The Scheme is to be implemented by all Commercial Banks, RRBs, State Cooperative Banks and Scheduled Primary Cooperative Banks. A State level sensitization programme was organized by NABARD during the year. In Meghalaya, the progress in

implementation of the scheme and issue of SCC is poor. The banks will have to actively market the scheme to the eligible clientele.

D) RURAL HAATS

The scheme for strengthening of Rural Haats was initially introduced in 1999 to facilitate marketing of RNFS products. The Rural Hats have not only helped the sale of farm/non farm products but have also led to increase in sales turnover and realization of steady income to traders/vendors. Under the scheme, NABARD will provide to Gram Panchayats or PACS one time grant upto 90 % of the cost of the project or Rs. 3.00 lakh whichever is less. Though it is preferred that existing Haats having no basic infrastructure are selected, new Haats also can be developed. The Haat can be established with a proximity to Black topped road and a hub village on a land of 1000 sq m in Plain areas and 750 sq m in hilly areas. No proposal has been received by NABARD under Rural Haat scheme.

Credit Linked Capital Subsidy Scheme

Under the scheme, Credit Linked Subsidy assistance is provided for technology upgradation for approved sub sectors. SIDBI and NABARD are the nodal agencies. Although seven Commercial banks have executed agreement no progress has been reported under the scheme.

PLP Projection for the year 2006-07

The PLPs for the year 2006-07 has been projected at Rs.5095.39 lakh. The district wise position is given below:

(Rs.in lakh)

Name of the District	Amount
East Khasi Hills	2103.980
West Khasi Hills	439.495
East Garo Hills	175.000
West Garo Hills	234.990
South Garo Hills	75.180
Jaintia Hills	580.835
Ri Bhoi	1485.918
Total	5095.398

ISSUES/ACTION POINTS

- The District Industrial Centres/KVIB may conduct potential surveys and prepare a shelf of schemes suitable for the district. LDM and NABARD may also be associated in this exercise.
- Credit linkage with financial institutions needs to be established by weavers. This can be done by mobilising the weavers to form SHGs/JLGs.
- Steps for modernisation of looms and introduction of new and innovative designs may be introduced under handloom sector.
- Banks may take steps to improve of issue of SCCs/ACCs.
- Purchase of handloom fabrics by Government establishments to promote handloom in the State may be considered. Handloom fabrics such as bed sheets, Napkins, gamochas,

dressings materials, furnishing materials (such as curtains, chair cushions) can be used in Government hospitals, jails offices, etc.

OTHER PRIORITY SECTOR

The tertiary sector is the fast developing sector in the State . It is the main contributor to the Net State Domestic Product at 55%. There has been steady growth in the ground level credit flow for tertiary sector. Stage of urbanization, good potential for retail trade and business and fairly good network of branches have all contributed to the increased credit flow for this sector.

Finance for vehicles

The total number of motor vehicles registered in the State category wise as on 31 March 2002 is shown in the table below:

Type of vehicle	Number
Trucks	14028
Buses	2827
Cars	14595
Jeeps	9401
Taxis	5030

There is good scope for financing of new vehicles in the State. Most of the banks have come out with attractive schemes for purchase of vehicles.

HOUSING

There are about 520602 houses in the State. There is considerable demand for construction of new houses and also renovation/repair/extension of old houses. Banks have also formulated various schemes for financing housing activity.

EDUCATIONAL LOANS

The details of educational institutions (post matric) in the State is shown in the table below:

Type of Institutions	Number
Teachers Training College	1
Polytechnic	1
College for arts/science/commerce	33
University	1

The North Eastern Hill University is located in Shillong. In addition there are large number of colleges in East Khasi Hills district. The banks have introduced various schemes for providing educational loans.

TOURISM

There is immense scope for tourism in the State. Extract from the Preface to the Pictorial Monograph on Meghalaya written by the then Principal Director Information & Public Relations, Meghalaya Shri.P.J.Bazaley,IAS lucidly explains the scenic beauty of Meghalaya.

“ Meghalaya – the abode of clouds with its picturesque landscape of lush green rolling downs and breathtaking gorges, chequered by glassy cascades and meandering highways, in the midst of endless emerald sylvan beauty bedecked with romantically red rhododendrons, crowned by majestic mountain peaks and a bracingly salubrious climate has rightly been christened as the Scotland of the East. Such is the attraction of bounteous nature that one falls in love with Meghalayan environs at first sight. None can refrain from regarding it as an exceedingly beautiful patch of the vast sub-continent. Unlike many other places where man’s effort has resulted in creating exquisitely beautiful settings, the Meghalayan panorama has every bit, been carved out by the hands of Nature and none can do better than the Creator Himself. The urge to chronicle some such Places of Interest is a natural corollary to our ongoing efforts to pictorially profile the State”.

The State has 64 tourist spots and the number of visitors was 271720 during 2001-02. The district-wise break up of tourist spots is given below:

District	Number of Tourist spots
East Khasi Hills	27
West Khasi Hills	4
Jaintia Hills	6
East Garo Hills	7
West Garo Hills	9
South Garo Hills	7
Ri Bhoi	4
Total	64

There is a need to provide better infrastructure and also wide publicity for increased inflow of domestic as well as foreign tourists.

Promotion of Rural Tourism Clusters

NABARD has taken steps to give a focused attention to rural tourism especially home based rural tourism and agri-tourism through cluster approach. It is proposed to develop 2-3 cluster in each States on pilot basis as tourism clusters. The tourism clusters will be developed taking into account the infrastructure requirements, the capacity building needs of the service providers and the credit requirement. The tourism cluster will be a multi activity cluster involving accommodation providers, caterers, entertainers, health and fitness related service providers. Tour operators, travel guides and other service providers will also be part of cluster. While NABARD will address capacity building needs, banks have been advised to meet credit requirements of these clusters.

OTHER ACTIVITIES

Other important activities being financed by banks under ‘Other Priority Sector’ include professional and self employed, retail trade and business, consumption loan etc.

CREDIT FLOW IN THE PAST

The performance of banks during the last three years is shown in the table below:

(Rs.in lakh)

Year	Tertiary Sector
2002-03	4460
2003-04	4555
2004-05	9685

For the year 2006-07, PLP have estimated Rs.12217.046 lakh. The district-wise break-up is given below:

(Rs in lakh)

Name of the District	Amount
East Khasi Hills	6218.450
West Khasi Hills	578.663
East Garo Hills	1203.130
West Garo Hills	1225.800
South Garo Hills	274.680
Jaintia Hills	1408.575
Ri Bhoi	1307.748
Total	12217.046

Issues/Action points

- Although the State Government has been taking various measures for promotion of tourism there is still scope for identifying new spots for tourism. Some of the areas where rural bridges are constructed under RIDF could be converted to Tourist spots (rural bridges in Cherrapunjee). There is a need for better co-ordination between PWD, Tourism Department and banks so as to fully exploit the potential.
- NABARD has initiated discussions with Meghalaya Tourism Development Forum(MTDF),an NGO for organising a REDP for tourist guides. Banks may support the youth who have been trained under the scheme.
- State Government/Banks/NABARD may identify tourist clusters in the State for integrated development.

CHAPTER – VIII-B

Micro Credit

Since NABARD's debut in micro Finance a decade and half ago, it has been catalyzing the banking system in the country to join hands progressively with informal delivery channels to give SHG-Bank Linkage the necessary momentum. During 2004-05, this has resulted in 5,39,365 new SHGs being credit linked with mainstream banks thus registering a 49% growth over the previous year increasing the cumulative number of SHGs credit linked with banks to 16,18,456. The active participation of women (90%), and timely loan repayment (95%) continue to be prominent features of the programme. The year witnessed an all round growth in the SHG-Bank Linkage programme in many States. Proactive measures such as enlisting partnerships, capacity building of partner agencies, etc., served to expand the programme. The programme thus enabled an estimated 24.3 million poor households in the country gain access to micro Finance from the formal banking system.

NABARD has been instrumental in facilitating the formation and nurturing of SHGs, involving all possible partners in the arena. Realizing the task involved to be process oriented, NABARD has cautiously involved voluntary agencies, bankers, socially spirited individuals, other formal and informal entities and also government functionaries to promote and nurture such groups. The focus was on building capacities of the partners and providing assistance in meeting the incremental costs of nurturing of SHGs. Bank also extended extensive support for arranging and conducting awareness creation and capacity building programmes for the SHG members in association with identified resource NGOs.

The programme of linking Self Help groups (SHGs) with the banking system has emerged as a major finance programme in the country. Accordingly, the Union Budget for 2005-06 proposed to enhance the annual target of credit linkage to 2.5 lakh SHGs during 2005-06 from 2 lakh SHGs.

Micro Credit in Meghalaya

The micro credit initiatives have taken place in the State with the involvement of NGOs both under Government sponsored schemes and outside. Most of the larger NGOs in the State have a good track record and are involved in formation of SHGs. These NGOs are basically church-based and had been undertaking social activities (literacy, health, sanitation etc.) and have, in the last couple of years, also involved themselves in promoting Self Help Groups. There are many areas in the State where due to absence of good working NGO, SHG linkage has been very poor.

The SHG programme had a slow start but has gradually picked up and as on date there are around 3954 SHGs promoted under SGSY as also 2564 SHGs outside government sponsored programmes.

The important NGOs which are engaged in promotion, nurturing and upscaling of Self Help Groups in the State are Bosco Reach Out, Women for Integrated Sustainable Empowerment (WISE), FMA-Outreach for Underprivileged Women and Children (FMA-OUWC), New Rompa Mebit Club. A good number of SHGs are also promoted under the North Eastern Region Community Resource Management Project supported by IFAD. In addition Department of Horticulture and Department of Soil Conservation of State Government are also promoting Self Help Groups. The DRDA is arranging training to their staff through SIRD, Umiam.

Cumulative Finance to SHGs since inception

(Rs.lakh)

Name of the Agency	No.of SHGs provided with bank loan since inception (as on 31.12.2005)	Cumulative amount of finance to SHGs since inception (as on 31.12.2205)
Commercial Banks	264	79.42
Regional Rural Banks	67	10.00
Co-operative Banks	27	11.42
Total	358	100.84

2. AGENCY-WISE SHGs PROMOTION

There are about fifteen NGOs actively participating in Self Help Group promotion. The total number of SHGs promoted by these agencies stood at 1695 groups. The DRDA has promoted about 3954 groups with the help of various agencies under SGSY. The agency-wise district-wise position of promotion of SHGs in the State is given below :

Name of the Agency	Name of the District							
	<i>E.K. Hills</i>	<i>W.K. Hills</i>	<i>Ri Bhoi</i>	<i>Jaintia Hills</i>	<i>W.G. Hills</i>	<i>E.G. Hills</i>	<i>S.G. Hills</i>	Total
1. <i>Women for Integrated Sustainable Empowerment</i>	77	-	-	-	-	-	-	77
2. <i>Seng Samla Diskiangpunsior New Mawbuit</i>	-	39	-	-	-	-	-	39
3. <i>St. Michael's Mission Home</i>	-	-	-	-	29	-	-	29
4. <i>Charisma Holistic Restoration in Society Transformation (CHRIST)</i>	5	-	-	-	-	-	-	5
5. <i>BAKDIL - Diocesan Social Service Socety</i>	-	-	-	-	78	6	42	126
6. <i>Society for Micro Economy Development Activities (SoFMEDA)</i>	15	-	6	-	-	-	-	21
7. <i>Ringrer Market Welfare Committee</i>	-	-	-	-	5	-	-	5
8. <i>Western Cultural & Socio Welfare Asociation</i>	-	31	-	-	-	-	-	31
9. <i>FMA-Outreach for Underprivileged Women and Children (FMA-OUWC)</i>	20	53	-	7	8	-	-	88
10. <i>New Rompa Mebit Club</i>	-	-	-	-	76	-	-	76
11. <i>Nangroi Hynneiwtreb Organisation</i>	11	-	-	-	-	-	-	11
12. <i>Namrhen Association</i>	30	-	-	16	-	-	-	14

13. IFAD Project	-	312	-	-	435	-	-	747
14. Bosco Reach Out	132	81	405	424	147	70	-	551
15. Kner Shaki Mission Organisation	4	-	-	-	-	-	-	-
Total	294	516	411	447	778	76	42	2564
16. C & RD -DRDA - 31.03.05	438	632	196	358	1186	859	285	3954
Grand Total	732	1148	607	805	1964	935	327	6518

In spite of a good number of SHGs promoted and saving linked with formal institutions, credit linkage is very poor. This may be due to lack of awareness among the members of SHGs regarding the benefits of credit from the formal credit institutions.

Initiatives taken by NABARD

Conduct of Training Programmes

NABARD has been organizing training programmes for banks, NGOs and government officials on SHG promotion. In addition capacity building programmes for NGOs, are also being organized. A State level meet of NGOs and controlling offices of banks was held during the year. The DDMs of NABARD also organize district level programmes for banks, NGO and SHG members. In addition NABARD also provides 100% refinance in respect of loans issued to Self Help Groups.

Review of the progress in BLBC/DCC/SLBC

The progress in promotion of linkage of SHGs is closely reviewed and monitored in BLBC, DCC and SLBC meetings.

Support to Self Help Promoting Institutions :

With a view to accelerate the promotion and upscaling of SHGs in the State, NABARD has assisted two NGOs which function as SHPIs. One in East Khasi Hills District and the other in West Garo Hills district. The target achievement as on date is given below:

Name of the NGO : New Rompa Mebit Club, W.G. Hills, Araimile .					
District	Year wise Targets		Total	To be credit linked - Approved	Achievement/remarks
	2004-05	2005-06			
W.G. Hills	200	100	300	100	Promoted 76 groups till date. Of which, 27 have been saving linked.
S.G. Hills	100	200	300		
Name of the NGO : New Rompa Mebit Club, W.G. Hills, Araimile .					
Garo Hills	122	122	244	50	Promoted 84 groups till date. Of which, 73 have been saving linked.
Khasi Hills					

Issues/Action points

- Involving local institutions in the process of SHG promotion will help to increase the linkage of SHGs with formal credit agencies. The Syiemsip in Khasi Hills and Nogma (chiefship) in Garo hills can play a vital role in this regard. There is also a need to examine whether Village Durbars can be involved for promotion of SHGs.
- What requires to be done is to flood the market with good quality SHGs and there will be enough takers to credit link these groups. As subsidy is available under various Government sponsored schemes and most of these SHGs are likely to be covered under these schemes at some point of time, it is felt that quality groups, if properly nurtured, would be in better position to utilise the subsidy and send the right message.
- It is reported that the members of SHGs promoted by Horticulture Department are limited to five in number. It is suggested that the Department may promote Groups with 15-20 members as per the guidelines.
- There is lack of co-ordination among various agencies involved in promotion of Self Help Groups. SLBC convenor may consider constituting a district level committee with major banks, NGOs, DRDA and other government departments. The Committee could meet once in a quarter. Issues emerging out of the meetings of the committee could be deliberated by SLBC.
- In order to improve the formation and linkage of SHGs it is suggested that RRB,SCB and Commercial banks may take up the role of SHPIs. Banks may also engage the services of Individual Rural Volunteers for which NABARD provides grant support.
- Farmers clubs may be encouraged to form Self Help Groups.
- State Government may consider exempting SHGs from payment of Stamp Duty in respect of the loans availed by them.

CHAPTER – VIII - C

DETAILED INFORMATION ON SELECTED COMMODITIES

Name of the District: West Garo Hills

Profile of the commodity selected: The commodity selected is a horticulture fruit crop and is grown as a cash crop in the district.

Name of the crop: **Pineapple** (Kew & Queen Variety)

Characteristics of the commodity:

Pineapple can be grown on any type of well-drained acidic soil. Propagation of pineapple can be done by sucker/slip and crown. If suckers/slips of 5-6 months of age are used as planting material, bear flowers after 12 months. But in case crown is used as planting material the plants bear flowers after 19-20 months.

Generally the planting time of pineapple is April – October. However, it can also be planted during winter with proper irrigation facilities.

Planting is done in two row beds. In each bed a spacing of 30 cm from row to row and 90 cm from plant to plant is maintained. Distance between rows of two adjacent beds should be 90 cm. 44000 plants could be accommodated under this system of planting. 10 to 15 ton/ha of FYM is recommended to be applied during last ploughing. The recommended doses of chemical fertilizer per plant are N, P₂O₅ and K₂O @ 12gm, 2gm and 12gm respectively per crop season. Harvesting of pineapple is done in June – September and December – February.

The varieties of pineapple being grown in the district are Kew and Queen. At present pineapple is cultivated in 2448 ha of land in West Garo Hills. The entire cultivation is done under rainfed condition with very negligible irrigation facilities. Although exact number of farmers involved in pineapple cultivation is not available it is estimated about 7000 farmers are growing pineapple in the district.

The planting material used in the district is mainly suckers which are available locally or in neighbouring states. The District Horticulture Deptt. used to supply planting material as well as fertilizer and pesticides free of cost under Mini Mission II under Technology Mission. But the farmers of the district do not use any chemical fertilizer and pesticides and use of FYM is very less. In other words the farmers generally follow traditional practices of cultivation.

The production of pineapple during 2003-04 in the district was 20195 MT with an average yield of 8250 kg/ha. The average yield in the district is lower than the state average of 9660 kg/ha. The reasons for low productivity can be attributed to traditional practice of cultivation with less use of fertilizer and manure. The plant protection practices are not being followed by the farmers. Lack of awareness of modern practices of cultivation and poor flow of institutional credit also played a role in low productivity.

The marketable surplus of Pineapple in the district is about 17000 MT. There is no organized market in the district for the crop. The marketing is done through middlemen. The middlemen purchase the product from the growers in advance. They harvest the crop and bring it to nearby markets for sale to the traders coming from Guwahati, Dhubri, Gauripur, Coochbehar, Siliguri

etc. In the absence of processing unit in the district for pineapple and also proper storage facilities the farmers have no other alternative but to sell their garden to middlemen at un-remunerative prices.

An initiative was taken by the Govt. deptt. in the past to tie up the production and marketing of pineapple with a company but without any result. Further efforts are being taken to make some arrangement for buy back/contract farming for the crop so that the farmers get remunerative price.

Institutional credit for development of pineapple cultivation was negligible The credit flow for pineapple cultivation during last three years is given below:

(Rs. lakh)

2002-03	2003-04	2004-05
3.28	2.00	9.54

II.

1. Name of the District : Jaintia Hills

2. Profile of the commodity :

i. Name of the commodity : Ginger

ii. **Characteristics :**

The varieties cultivated in Meghalaya are Thingpui, Thinglaidon, Poona Rio-de-janeiro, Tura, China and Wynad.

Ginger is grown from sea-level up to an altitude of 1500 m above M.S.L under warm and humid climate condition. Though it does well in partial shade, it can be grown successfully in open areas. The ideal soil for ginger cultivation should be deep, well drained loamy soil. The crop does not thrive well under alkaline soil condition.

3. Area under cultivation:

During the years 2002-03 and 2003-04, the area of cultivation of ginger in the district of Jaintia Hills is 210 ha. mostly in Thadlaskein Block. There is a scope of increasing the area under the crop. The crop cultivated is under rainfed cultivation

4. Inputs:

The planting time for the crop is during April to May. The seeds requirement is 1400 – 1600 Kg/ha, with the spacing of 30 x 30 cm. The seeds for the new plantation are from the healthy rhizomes of the previous years harvest which are kept aside for the purpose.

For manures, cowdung or compost or farmyard manure (FYM) at 25 – 30 MT per ha is applied. While chemical fertilizers are N; P; K; at the ratio of 60 : 60 : 60 kg per ha. which are procured from Horticulture Department or MECOFED.

Manure are applied in the furrows and mixed well with the soil before or at the time of planting. The chemical fertilizers are applied in split doses. The whole quantity of SSP and half the quantity of MOP should be applied as a basal dose along with FYM at the time of planting. The dry ginger thus produced is known as rough or 'unbleached' ginger. Half of Urea is applied for the 1st top dressing along with the rest of MOP two months after planting and the remaining urea is applied one month after the 1st top dressing.

5. Extension services : is available from the Horticulture Department.

6. Harvesting

The crop is harvested when it is fully matured after 8 – 9 months. For curing, the rhizomes dug out is washed in clean water to remove the soil and then dried in the sun for one or two days after which it is ready for marketing as green ginger.

The yield of the green ginger from I ha. ranges from 5 to 10 metric tones and dried ginger is 1/5 of the yield of green ginger. The yield in the district during 2002-03 and 2003-04 were at 5.62 and 6.85 MT per ha. respectively.

The farmer own consumption of the crop is around 5 kgs a year. The selling price in the village market of producing areas during harvest time is Rs.10 to 15 per kg. There should be a regulated market for the benefit of farmers. In Jowai price is at Rs. 20 to 25 a kg.

7. Processing Facility

So far, no processing of ginger is being done in the district. For processing of dry ginger the crop has to be harvested earlier, i.e at 6 – 7 months. Dried ginger is prepared by peeled off the outer skin of green ginger and drying in the sun. The green ginger is first soak in clean water overnight, then the outer skin is peeled off by bamboo knife or broken glass piece. Care has to be taken while peeling the skin that no damage is done to the underlying epidermal cells which is the seat of the essential oil 'Oleoresin' which give the characteristic aroma of ginger. Steel knives should not be used as they stain the produce. The peeled rhizomes are then was washed and dried in the sun uniformly for about a week. The dry ginger thus produced is known as rough or 'unbleached' ginger.

8. Institutional Credit

Credit is being extended by banks for plantation of the crop. Some farmers also borrow from money lenders.

III.

1. Name of the district : Ri Bhoi District
 - a) Name of the commodity : Turmeric (*curcuma longa*)
 - b) Characteristics of the crop : The crop is a spice and also a medicinal plant. The variety available in the district is considered to be one of the best in the world. The crop is planted during January and February and harvested during November and December.
2. Area of cultivation : During the year 2003-04, the Horticulture Department had assessed that an area of 58 hectares was under turmeric cultivation and the production stood at 500 tonnes. The total production of turmeric was 1585 kgs. Most of the turmeric growers / farmers practice intercropping with other crops like maize, french-bean, etc.
1. **Inputs :** For the planting materials, selected rhizomes harvested from previous cropping are used for the purpose. Most of the farmers maintained their own stock of planting materials, or procure from other farmers. Farmers hardly use chemical fertilizers.
2. **Output :** The yield per hectares stood at 7353 kg. other than area under organic cultivation. The yield under organic cultivation per hectares is to 1585 kg. The level of domestic consumption is minimal at around 2 - 4 kg of powdered products per annum and as such the surplus is available for marketing.
3. **Arrangement of marketing:** After harvesting, the rhizome is selected for the seedling of the next crop. The rest is sliced and dried under the sun till the moisture content is reduced to about 10 - 15%. The farmers mostly sell their produce in the local market. The export of the produce is not progressing as expected even though there is a good demand of the produce. The buyers from other parts of the country want it in a specific form, either the rhizome or powder for a certain quantity which the farmers or local suppliers fail to comply with. For processing, there is hardly any good processing units in the district which could handle the products in the district. Due to lack of proper processing units, value addition to the products could not be made and as a result the farmers get less returns.

4. However, Bosco Reach Out has introduced organic cultivation of turmeric on a cluster basis. Institutional credit is available to farmers through all the banks for the production and marketing purposes.

5. The selling price of the sliced and dried rhizomes range between Rs. 30.00 - Rs. 50.00 per kg. The price of powder is at Rs. 60/- to Rs. 80/- per kilogram depending on the quality / variety.

CHAPTER - IX

SUPPORT REQUIREMENTS FOR DEVELOPMENT OF PRIORITY SECTIONS OF SOCIETY

Support to Women

The National Policy for the Empowerment of Women with the objective of bringing about their advancement, development and empowerment was formulated in the year 2001. The main objectives of the Policy include :

- Creating an environment through positive economic and social policies for development of women to enable them to realize their full potential.
- The de-jure and de-facto enjoyment of all human rights and fundamental freedom by women on equal basis with men in all spheres.
- Equal access to participation and decision making of women in social, political and economic life of the nation.
- Equal access to women for health care, quality education at all levels, career and vocational guidance, employment, equal remuneration, occupational health, safety and social security.

The policy also envisages strengthening of legal systems for elimination of all forms of discrimination against women, changing attitudes and community practices, mainstreaming a gender perspective in the development process, etc.

The 10th Five Year Plan also lays more emphasis on empowerment of women as the agents of social change and development. The three-fold strategies adopted are :

- Social Empowerment to create an enabling environment through various affirmative developmental policies and programmes for development of women besides providing them easy and equal access to the basic minimum services so as to enable them to realize their full potential.
- Economic Empowerment to ensure provision of training employment and income generation activities with both forward and backward linkages with the ultimate objective of making women economically independent and self-reliant.
- Gender Justice to eliminate all forms of gender discrimination and thus, allow women to enjoy rights and fundamental freedoms on par with men in all spheres, viz. political, economic, social, civil and cultural, etc.

Status of Women in Meghalaya

Status of Women – statistical data (2001 census)

Particulars	Unit	Meghalaya	All India
Population	Lakh	23.06	10270.15
Sex ratio	No. of females per '000 males	975	933
Literacy	%	63.31	65.38
Male	%	66.14	75.85

Female	%	60.41	54.61
Worker participation rate	'000	395.8	
Male		48.3	25.6
Female		35.1	15.4

As can be observed from the above data, the number of females to 1000 males is 975 which is higher than that of national ratio at 933. It may be mentioned here that there has been a substantial growth in literacy rate of females in the State compared to the female literacy rate of 44.85% as per 1991 census. The female literacy rate at 60.41% is slightly less than the literacy rate in respect of males (at 66.14%). However, it is much higher than the female literacy rate of 54% at national level. The enrolment rate of females in Meghalaya is higher than that of their male counterparts and is also higher than the national average.

Coverage of women by banks

As per RBI guidelines, the credit to women should at least be 5% of total advances.

(Rs. Lakhs)

Sl. No.	Particulars	As on March 2005
1.	Total Advances to Women Entrepreneurs	Rs.3222.10 lakhs
2.	No. of Women Entrepreneurs	8416
3.	Percentage of Advances to Women against Total Advances	3.01%

As can be seen from the table above, there is a need to improve the credit flow for women. Although tribal society in Meghalaya is matriarchal in nature where women are very pro-active and there are no social constraints for them to take up economic activities, their access to bank credit is still limited

Since 1991-92, the SHG Bank linkage programme was started by NABARD. The micro credit movement has grown tremendously throughout the country and is today recognised as the largest micro credit movement in the world. The notable features of the programme are the active participation of women (90%) and timely loan repayment (95%). Almost all the commercial banks and RRBs and majority of cooperative banks are participating in the programmes. This programme has proved to be an instrument of easy, hassle free and collateral free access to bank credit especially poor women. In Meghalaya the SHG-Bank linkage programme has picked up considerably involving different banks, NGOs and government departments. NABARD has been conducting capacity building programmes which included women SHGs and it is expected that more SHGs will be credit linked during 2005-06. The percentage of women groups in Meghalaya is around 95%.

Training and Other Capacity building needs of women

There is a need for organizing Gender Awareness Programmes across all the sections of society to educate them about gender, its implications and the need to redefine gender roles of women to help women emerge as active member in the development of the society. Entrepreneurship development programmes are required to be organized to increase the skill of setting-up, marketing and managing the unit by the prospective women entrepreneurs. Similarly, Personality Development Programmes would help in improving the leadership and inter-personal skill of

women entrepreneurs. Vocational training programmes may also be arranged for the benefit of women belonging to weaker sections to enable them to find employment on a sustainable basis. Exposure visits may also be considered, which will give practical experience to the prospective women entrepreneurs.

Promotional Programmes of NABARD for Women

(a) Assistance to Rural Women in Non-Farm Development (ARWIND)

NABARD has designed ARWIND, a single window scheme comprising credit as well as promotional components, with the objective of entrepreneurial development among rural women. Under the scheme, assistance is available for activities like escort services (help in actual setting up of units), common facility centres/service centres, setting up of mother units, product design, quality control, organizing women etc. NABARD, in addition to promotional grant for eligible purpose, provides 100% refinance to banks under the scheme.

(b) Assistance for Marketing of Non Farm Products of Rural Women (MAHIMA)

Recognising the importance of marketing as a crucial link for women entrepreneurs, the scheme 'MAHIMA' was introduced which aims at supporting various initiatives for promoting marketing of items produced by rural women. Assistance is available for various aspects related to marketing like market survey, capacity building, technology upgradation, branding, labeling, packaging, publicity, setting up of showrooms/sales outlets etc. NABARD, in addition to promotional grant for eligible purpose, provides 100% refinance to banks under the scheme.

(c) Incentive based assistance scheme for supporting Women Development Cells (WDCs) in banks

Under the modified Scheme for Supporting Women Development Cells, those banks, which have set up WDCs with or without assistance from NABARD, will be provided grant assistance as incentive. Among other things, incentives include 100% refinance assistance for gender responsive MIS, mobility allowance of identified officer of the Cell, awareness creation and capacity building expenses for the women entrepreneurs and for conduct of gender orientation programmes for staff of the bank.

(d) Development of Women through Area Programmes (DEWTA)

Mainstreaming women in economic activities is considered crucial for bringing about gender balance in the development process. Although a number of programme are being implemented for women, they are isolated and individualistic. The programme DEWTA was conceived with an integrated and holistic approach involving better participation by all women development programmes and with an area based approach to address area specific problems, issues and promote women specific activities and cluster. The objective of the programme is to create employment through enhancing entrepreneurship, setting up of micro-enterprises etc. by women and facilitating access to basic services. The components include training/skill upgradation, credit, exposure to markets and other capacity building activities covering service area villages of the implementing bank with the target group being women belonging to weaker sections, poor, marginalized and assetless of the society.

SC/ST Development

Meghalaya is pre-dominantly a tribal State having a scheduled tribes population of 19.92 lakh out of a total population of 23.19 lakh as per 2001 census thus forming 85.90% of the population. The scheduled caste population formed 0.50% of the population as per 2001 census. Various schemes have been launched for development of ST & SC population in the State.

Owing to the historical, socio-cultural and geographical situation of tribals and the complexities of their way of life, the generalized approach adopted by various agencies for achieving sustainable development of the tribal population has not been successful. The experience of the Adivasi Development Programme through 'wadi' (small orchard) approach (supported by KfW, Germany), first launched in Gujarat in 1995 and extended to Maharashtra in 2000, was however, found to be very effective in creating sustainable livelihood for tribal families. With a view to replicating the programme and spreading the message of wadi in other tribal dominated areas of the country through various agencies, NABARD has created a Tribal Development Fund (TDF) with an initial contribution of Rs.50 crore.

NABARD has recently sanctioned an amount of Rs.1.70 crore under TDF to Bosco Reach Out(BRO) to enable the NGO to help about 500 tribal families in Ri Bhoi District to establish wadi and other sustainable micro-enterprises. The State Government will be closely associated in implementation of the Project.

Advances to weaker sections

Advances to various weaker sections of society in Meghalaya as on 31-03-2005 and Advances to Minority Community/SC&ST/Women as on 31-03-2004/31-03-2005 are furnished in the tables below.

Total Advances to Weaker Sections as on 31/03/2005	Rs.23108.70 lakhs
Percentage of Weaker Section Advances to Total Advances	21.61%

(Rs.in lakh)

Sl. No.	Particulars	As on 31/03/2004	As on 31/03/2005
1.	Minority Community	13548.30 (18004)	13799.00 (14852)
2.	SC/ST	16671.40 (52319)	17333.49 (58158)
3.	Women	2813.45 (6798)	3222.10 (8416)

(Figures in bracket indicate No. of Beneficiaries)

Action Points

Banks may take steps to increase credit flow to women, as the percentage of credit flow to women in the State is less than the stipulated norm of 5%. Efforts may also be taken to collaborate with NABARD in implementation of various promotional programmes of NABARD.

CHAPTER – X

FOLLOW UP OF ISSUES IN STATE CREDIT SEMINAR

Progress made and present position on issues discussed in the previous State Credit Seminar is given below:

Action Points	Present position
Increase in credit flow towards agriculture sector.	The Ground level credit flow for agriculture during the year 2004-05 more than doubled compared to 2003-04. As against Rs.10.00 crore disbursed during 2003-04 the ground credit flow during 2004-05 was Rs. 20.00 crore.
Agriculture Department to arrange subsidy for special schemes for power tillers.	A model scheme for power tillers has been prepared by NABARD. The scheme is yet to be implemented. The matter is under examination of Agriculture Department and State Bank of India the financing bank.
Convening of Technical Committee to finalise Scale of Finance.	The State Level Technical Committee met in February 2005 and February 2006 to fix scale of finance for various crops.
Banks to give more loans under KCC.	There has been good progress in issue of KCC by all banks. However, there is a need to cover more number of farmers.
More Farmers' clubs to be launched.	A tentative target of 30 Farmers clubs has been fixed for the year 2005-06. NABARD organized a sensitization programme for banks on Farmers clubs. During the year four farmers clubs have been launched. Ten more farmers clubs are likely to be launched by March 2006.
Scope for Contract farming to be explored.	It is understood that some of the banks have already initiated action in this regard for cultivation of rose, strawberry etc.
SGSY to be implemented effectively and successfully.	NABARD conducted a quick study on implementation of SGSY in West Garo Hills. Copy for the report has been forwarded to concerned agencies for necessary action.
Explore the possibilities of credit linkage of SHGs which are matured.	During the year 150 new SHGs have been credit linked. NABARD had conducted training programmes for SHG members, capacity building programme for NGOs. An NGO-bank interface was also organized to improve the credit linkage.
Wide publicity to be given for successful entrepreneurs/SHGs.	NABARD is compiling information on successful entrepreneurs for wider circulation among banks, government agencies and NGOs.
Line departments to forward projects for infrastructure development.	During the current year 11 schemes have been sanctioned under RIDF-XI (Under Minor Irrigation and rural road/bridges). A few more projects are likely to be sanctioned.
Effective follow up of NGOs to ensure that	Banks are closely involved in implementation of

REDP trainees are assisted by banks.	REDPs. They are also members of the monitoring committee.
Consultancy services of NABCONS to be utilized by Departments of Government.	During the year Rural Development Department and Co-operation Department engaged the services of NABCONS for preparation of Project Report/ Viability Study.

CHAPTER - XI

FEED BACK/RESPONSE FROM FARMERS

The response received/ views of farmers on issues relating to credit availment and infrastructure are listed below:

- Many farmers were not able to get loans from the banks as no land records were available. The farmers desired that the prevailing land tenure system may be accepted by the banks while sanctioning loans.
- In some cases delay in sanction and disbursement of loans were pointed out.
- Farmers were required to make frequent visits to the branches which result loss of their daily wages.
- There should be periodic farmers' meets at bank premises where farmers should be heard of their problems.
- Farmers have pointed out that the scale of finance for various crops are not realistic and cost of labour has not been considered in full. The farmers are at times required to approach their relatives/money-lenders, which not only increase the cost of credit but also brings farmers under the clutches of moneylenders.
- Farmers desired reduction in the interest rates on loan.
- Collateral are demanded in certain cases valuing double than the amount of the loan.
- The banks should introduce simple and easy documentation for the loans given. The loan documents should be in regional language.
- The farmers have requested that the changes in the rate of interest and other terms and conditions of the loans may be conveyed to them through meetings.
- Village level seminars / meetings should be conducted periodically to remove doubts regarding terms of credit and in case of major changes, the same may be disseminated immediately.
- The bank loan should not be denied to eligible farmers in a village on account of some defaulters in the village.
- Banking hours in rural areas may be refixed keeping in view the convenience of the farmers.
- Rural Branches may be equipped with suitable staff knowing local language.
- Farmers expressed lack of proper marketing arrangements for the agriculture produce.
- There is a need to have processing units for value addition and better prices.
- Government line departments, banks and other agencies involved in rural development may conduct frequent camps/ meets of farmers on technology up gradation.

ANNEXURE-9

A UNIT COSTS FOR AGRICULTURE AND ALLIED ACTIVITIES

S.No.	CROPS/ACTIVITIES	Unit size	Total
FRUIT CROPS			
1	Banana cultivation with Bamboo props	1 Ha.	44,700
2	Citrus	1 Ha.	45,300
3	Pineapple	1 Ha.	56,400
4	Temperate Fruits (Peach/Plum/Pear)	1 Ha.	42,200
PLANTATION CROPS			
7	Arecanut	1 Ha.	77,700
8	Betelvine/Leaf	1 Ha.	62,300
9	Cashewnut	1 Ha.	38,400
10	Pepper	1 Ha.	54,000
11	Rubber	1 Ha.	59,200
12	Bay Leaf	1 Ha.	25,500
TEA			
13	Tea - Small Growers - Eastern Plains	1 Ha.	143,000
MEDICINAL/AROMATIC PLANTS			
14	Citronella/Geranium/Palmarosa/Lemon Grass/Patchouli	1 Ha.	32,300
NURSERY			
15	Cost of setting up Commercial Nursery in 0.4 Hectare (One Acre)	0.4 Ha.	113,000
16	Cost of Setting up Commercial Tea Nursery for V.P. Clones in 0.7 Hectare (1.6 Ares)	0.7 Ha.	213,660
17	Cost of Setting up Commercial Tea Nursery for Bi-Clonal Seedlings in 1.09 Hectare (2.70 Acres)	1.09 Ha.	169,500
18	Cross Bred Cows	2 animals	45,000
19	Broiler Poultry	100 bird unit	15,000
20	Layer Poultry	1000 bird unit	254,000
21	Piggery breeding	3 sows + 1 Boar	42500 (Tin) 38500 (Thatch)
22	Piggery Fattening units - Under Govt. Programmes with subsidy	4 piglets	16500(Tin) 14000 (Thatch)
23	Goat rearing	8 Does 1 Buck	17,000
24	Goat rearing	100 Does 5 Bucks	204,000
25	Duck Rearing	56 Ducks 8 Drakes	12,200
26	Sheep Rearing	20 Ewes & 1 Ram	21,000

Viable Unit Size - Broiler Poultry - 500 bird and above on batch system; **Goatery** - 5+1(Small units); 50+2(Stall Feed/Group basis); **Dairy** - 1+1(Small units); 5 animal (Mini Dairy); 10 & above (Commercial Dairy/on Group basis); **Piggery** - 3+1(Small Breeding units); 10+1 and above (Commercial Breeding or on Group basis).

	Purpose	Unit Size	Unit Cost (Rs.)
27	Pond Fish Culture	0.1 Ha. WSA & 600 Finger- lings	30,600
28	Integrated Fish Farming - Pig cum Fish Culture	0.1 Ha. WSA & 6 Piglets & 800 Finger- lings	33,400
29	Integrated Fish Farming - Duck cum Fish Culture	0.1 Ha. WSA & 30 ducklings & 800 Finger- lings	30,700

	Purpose	Unit Size	Comman Area	HP of Pumpsets	Unit Cost (Rs.)
30	Rain Water Storage Tanks (RWST)	Model 1 10mx10mx3m	1 ha. (2.5 acre)	2 HP	30,000
31	- Do -	Model 2 5mx5mx3m	0.4 ha. (1 acre)	2 HP	15,000
32	- Do -	Model 3 3.5mx3.5mx3m	0.2 ha. (0.5 acre)	2 HP	12,000

Approved Scale of Finance for different crops

(Unit 1 ha)

Sr.No	Crops	Amount (Rs)
1	Paddy	7382
2	Maize(HYV)	8669
3	Jute	8054
4	Soyabean	11338
5	Wheat(HYV)	9172
6	Mustard	6773
7	Pulses	9864
8	Potato	40227
9	Turmeric	30065
10	Ginger	34185
11	Tomato(HYB)	34902
12	French Bean-Dwarf	18802
13	French Bean-Creeper	20765
14	Carrot	22210
15	Capsicum(HYB)	13931
16	Chillies	12791
17	Onion(HYB)	23598
18	Cabbage	22293
19	Cauliflower	23278
20	Broccoli	39970

ANNEXURE-10

Additional Information

District Development Managers

Shri. R. Jyrwa, Asstt.General Manager
(District Development)
Ladthalaboh
Jowai – 793 150
(Jaintia Hills District)
Meghalaya

Telephone No.- 03652 – 223506

Shri.S. K. Das, Manager (District Development)
Fancy Valley
New Tura – 794 101
West Garo Hills District)
Meghalaya

Telephone No. – 03651 – 221781

Lead Bank

- (a) Convenor of State Level Bankers' Committee – State Bank of India, Zonal Office, Dhankheti, Shillong – 793 001 (Meghalaya).
- (b) State Bank of India – Lead Bank in all 7(seven) districts in the State.

ANNEXURE-11

Abbreviations

ACABC	Agri-Clinics and Agri-Business Centres
ACP	Annual Credit Plan
AEZs	Agri-Export Zones
AICI	Agriculture Insurance Company of India Ltd
APMC	Agriculture & Produce market Committee
ARWIND	Assistance to Rural Women in Non Farm Development
BFFDA	Brakishwater Fish Farmers' Development Agency
CAMPCO	Central Arecanut and Cocoa Marketing and Processing Co-operative
CBs	Commercial Banks
CDR	Credit Deposit Ratio
CLCSS	Credit Linked Capital Subsidy Scheme
DLTC	District Level Technical Committee
DRDA	District Rural Development Agency
GDP	Gross Domestic product
GLC	Ground Level Credit
HYV	High Yield Varieties
ICDP	Intensive Cattle Development Project.
JLGs	Joint Liability Groups
KCC	Kisan Credit Card
KVK	Krishi Vigyan Kendra
LT	Long Term
LIS	Lift Irrigation Scheme
LSGs	Local Self Governments
MAC	Medicinal and Aromatic Crops
MSL	Mean Sea Level
MAHIMA	Marketing of Non Farm Products of Rural Women
NABCONS	NABARD Consultancy Services
NAIS	National Agricultural Insurance Scheme
NCDEX	National Commodity and Derivatives Exchange Ltd
NCDC	National Co-operative Development Corporation
NEC	North Eastern Council
NEDFI	North Eastern Development Finance Corporation
NFS	Non Farm Sector
NGOS	Non Governmental organisations
NMPB	National Medicinal Plant Board
NWDPR	National Watershed Development Programme for Rural Areas
OPS	Other Priority Sector
OTS	One Time Settlement
PACS	Primary Agricultural Credit Societies
PLP	Potential Linked Plan
PMRY	Prime Minister's Rozgar Yojana
PRI	Panchayati Raj Institutions
PSUs	Public Sector Units
PWCs	Primary Weavers' Co-operative Societies

REDP	Rural Entrepreneurship Development Programme
RIDF	Rural Infrastructure Development Fund
RNFS	Rural Non Farm Sector
RRBs	Regional Rural Banks
SAMIS	Service Area Monitoring and Information System
SAP	Service Area Plan
SCC	Swarozgar Credit Card
SEMFEX	Self-Employment Scheme for Ex-servicemen
SFAC	Small farmers' Agri Business Consortium
SFP	State Focus Paper
SGSY	Swarnjayanti Gram Swarozgar Yojana
SHGS	Self help Groups
SHPIs	Self Help Promoting Institutions
SIDBI	Small Industries Development Bank of India
SLBC	State level Bankers Committee
SMPB	State Medicinal Plant Board
ST	Short Term
SUDHA	Skill Upgradation and Design Development for Handloom Weavers.
TBO	Tree Borne Oilseeds