

Inclusive Sustainable Development Initiative



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Introduction

- The dream growth story
- New challenges along with the growth
- Inclusive Growth

Agriculture Sector & Inclusive Growth



- **Importance of the Sector**
 - Provide Livelihood Opportunities to 650 million
 - Well spread out high growth rate required in the sector
- **Concerns**
 - Decline in share of capital formation
 - Infrastructure Bottlenecks specially irrigation
 - Low water use efficiency
 - Increased Risk-Cost-Benefit Ratio

Food Security and Poverty Alleviation



- Financial Inclusion – Not an end in itself – It's a step towards providing the basic needs
- Food Security – A major developmental Objective
- Challenge met through Green Revolution
- The Challenge is still alive because –
 - With increased prosperity comes the increase in demand for food keeping the challenge equally alive today
 - Degradation of Natural Resources due to excessive use of chemical fertilisers
 - Move towards Organic produce even for internal consumption
 - Changing Climate Conditions – Global Warming

Food Security and Poverty Alleviation (Contd..)



- Food Security through Employment generation and increase purchasing power
- It should be coupled with higher production to meet the rising demand of food items because of increase in purchasing power
- Credit plays a very important role here

Watershed Development

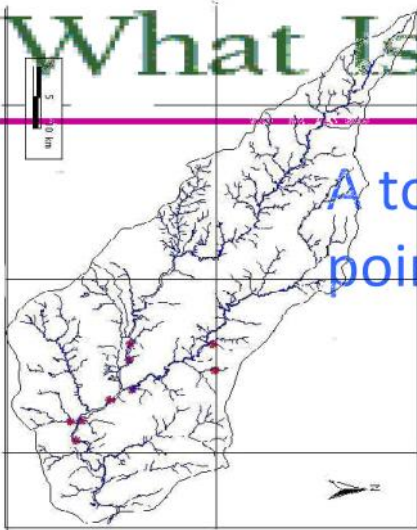


- Enables recharge underground water table
- A wholistic approach required for rainfed areas for maintenance of Natural Resources in rainfed areas – It is Watershed
- Reduces risk of crop failure and in turn financial risk
- 60% of the area under cultivation under Rainfed

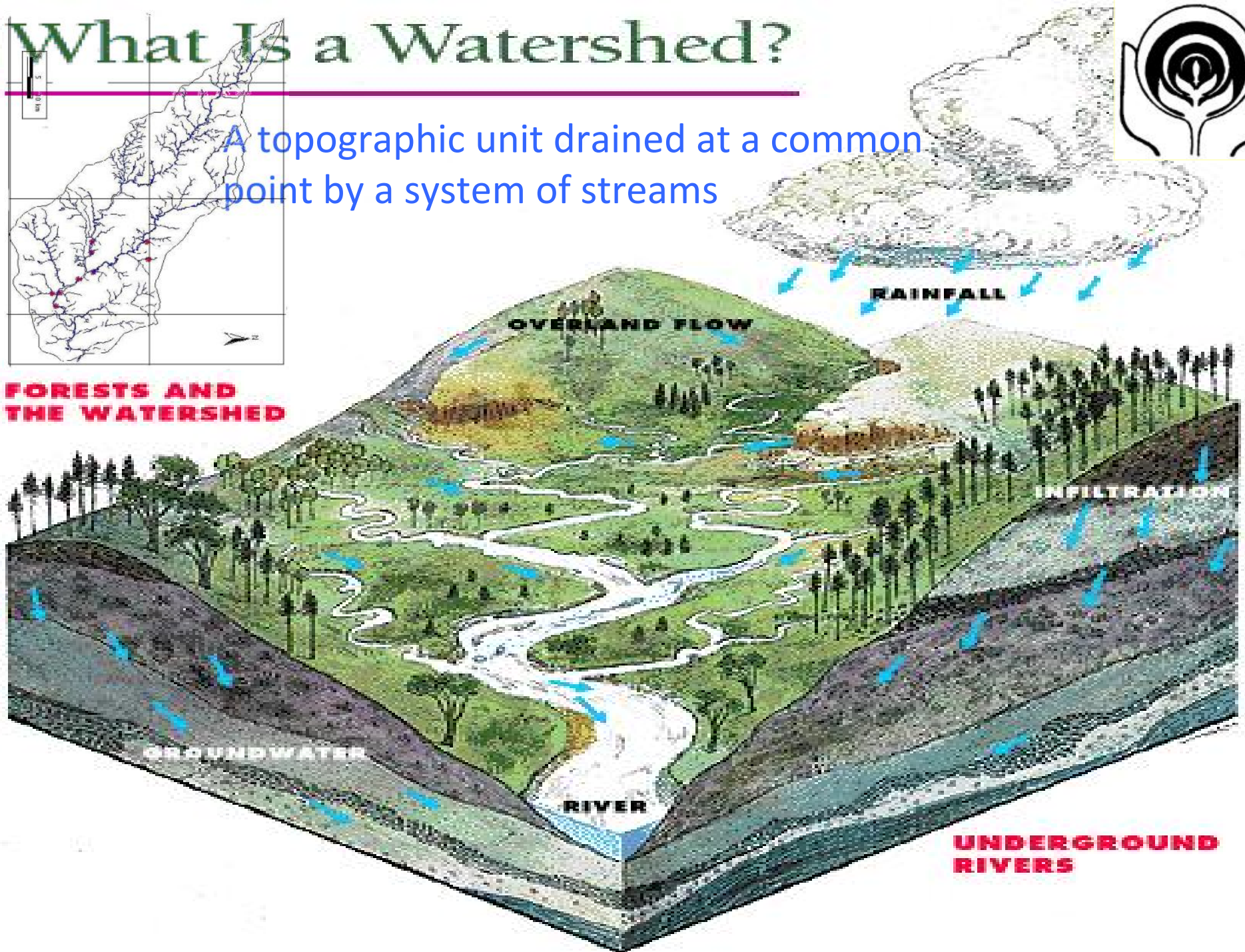
What Is a Watershed?



A topographic unit drained at a common point by a system of streams



FORESTS AND THE WATERSHED





Impact of Watershed

- Drinking Water
- Recharge of Groundwater Table
- Agril. Production and Productivity and crop diversification
- Fodder Availability
- Reduced migration due to job availability
- Increased demand of credit
- Improved condition of women and landless
- Improved quality of life

Strategy for Inclusive Growth



- Continuation of economic reforms
- Revival of agricultural growth
- Improved access to essential services including health and education including skill development
- Thrust on infrastructure development
- Environmental sustainability
- Special attention to the needs of disadvantaged group
- Good governance
- Shift of labour from agriculture
- Improved access to financial services

Financial Inclusion



- Past Efforts
 - Cooperatives Act 1904
 - All India Rural Credit Survey 1954
 - Nationalisation of Imperial Bank of India – formation of SBI
 - Nationalisation of 14 major commercial banks (1969)
 - Nationalisation of 6 commercial banks
 - Lead Bank Scheme (1970)
- All this led to a well organized rural banking system
- IRDP (1978)
- SHG-Bank Linkage Programme (1992)
- SGSY (1999)



Products for Financial Inclusion

- SHG-BLP
 - Conceptualised and launched in 1992 after trials since 1987
 - Predominant microfinance model
 - Social intermediation in forming and nurturing groups
 - 4,851,356 SHGs credit linked as on 31 March 2010
- Joint Liability Groups
 - 69133 JLGs as on 30 September 2010
- Kissan Credit Card
 - 95 million KCCs issue as on 31 March 2010



SHG - A Socio-financial product



Group Funds



- ❖ MEMBERSHIP FEES
- ❖ THRIFT COLLECTIONS
- ❖ NGO/GO CONTRIBUTION
- ❖ LOAN REPAYMENTS
- ❖ FINES & PENALTIES
- ❖ BANK LOANS

More Importantly Surplus so generated remains with the group

SHG Bank Linkage Programme - Progress



As on 31 March	No. of SHGs Credit Linked
1993	255
1996	4757
1999	32,995
2003	717,360
2006	2,238,525
2007	2,894,505
2008	3,625,941
2009	4,224,338
2010	4,851,356



Recent Initiatives

- Special Funds for Financial Inclusion
 - FIF and FITF
- Policy Initiatives for Financial Inclusion
 - Rural Household Accounts
 - No-frills Accounts and Other Services (VKGB Model)
 - BC/BF Model
 - ICT Models
 - Stress on Backward and Underfinanced Areas
 - Dovetailing of Other Schemes
 - Mobile Banking
 - Financial Literacy and Counselling Centres
 - For profit companies as BCs
 - Roadmap for Financial Inclusion



Conclusion

- Sustainable and inclusive growth cannot be envisaged without financial inclusion
- Financial Inclusion remains at the core of any strategy to push forward the development agenda
- Need to use technology to open up channels beyond the brick and mortar branch network



Thank You