

STATE FOCUS PAPER (MEGHALAYA) 2005 - 2006



NATIONAL BANK FOR AGRICULTURE
AND RURAL DEVELOPMENT

MEGHALAYA REGIONAL OFFICE
SHILLONG

Corporate Mission

"PROMOTE SUSTAINABLE AND
EQUITABLE AGRICULTURE AND RURAL
PROSPERITY THROUGH EFFECTIVE
CREDIT SUPPORT, RELATED SERVICES,
INSTITUTION DEVELOPMENT AND OTHER
INNOVATIVE INITIATIVES"

FOREWORD

The National Bank for Agriculture and Rural Development has prepared the State Focus Paper 2005-06 for Meghalaya in its endeavour to direct and enhance the flow of credit for qualitative and balanced development of the various sectors. The geo-physical and agro-climatic conditions of the State offers immense potential for the development of traditional sectors viz. handicrafts, handloom, promoting hi-tech, export oriented areas such as Orchid production, mushroom production, tissue culture and post harvest technology. A planned approach to achieve the holistic development of the above sectors shall include concomitant development of supportive infrastructure and extension services.

The State has vast potential to develop hitherto under-utilised traditional sectors like minor forest produces etc., and to commercialise both agriculture and allied sectors including the agro-processing sector. There also exists potential for developing agriculture and rural development activities, keeping in perspective the national/regional priorities and exploitable potentials.

In order to bring about qualitative shifts in the planning for credit oriented development, NABARD has also prepared the Base Potential Linked Credit Plans (PLPs) for each of the 7 districts of the State of Meghalaya covering the entire Xth Five Year Plan. The Base PLP projections have been updated for 2005-06.

The Annual State Focus Paper for 2005-06 is prepared by NABARD taking into account the potentials for credit linked developments, as identified through the district-wise potential linked credit plans. This document also focuses attention on the infrastructure, support system etc. needed for sustainable development and identification of constraints impeding the credit flow. The updated PLPs have also taken into account the credit requirements of farmers in view of the recent policy announcement regarding measures for doubling of credit during the next three years. It also highlights the salient features of the Union Budget Proposals for 2004-2005 in respect of the rural sector as also launching of new schemes for water harvesting structure, etc and creation of Tribal Development Fund which are relevant to the State.

We have been able to prepare the annual paper only with the co-operation, help and assistance from various government departments, bankers and research institutions. It is hoped that a co-ordinated approach by the financial institutions, State Government, developmental agencies and other related institutions shall go a long way in the exploitation of the potentials leading to alleviation of poverty and reduction in unemployment through creation of assets, particularly in rural Meghalaya.

I have great pleasure in presenting this document with the hope that it would help all the developmental agencies in formulating strategies and synthesising departmental plans with credit of financial institutions.

**NATIONAL BANK FOR AGRICULTURE
& RURAL DEVELOPMENT,
MEGHALAYA REGIONAL OFFICE
SHILLONG**

**A. P. SANDILYA
DEPUTY GENERAL MANAGER**

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EXECUTIVE SUMMARY

PART - A

1. Background of State Focus Paper

The Potential Linked Credit Plans (PLPs) are prepared by NABARD for all the districts of the State. The exercise is done every year to identify and quantify the exploitable potential for various activities (Production and Investment), at the district level. Coinciding with the Xth Five Year Plan, the base PLPs of all seven districts of the state have been prepared, with a detailed plan for 2002-03. The State Focus Paper for the year 2005-06 has been prepared based on the updated PLPs for 2005-06 of all the districts. The paper contains sectoral issues which requires action to be initiated by banks and Government departments.

2. State Profile in Brief

- The State of Meghalaya, one of the seven sisters of North Eastern States, came into existence on 21 January 1972.
- The State is bounded in the South and West by Bangladesh and on the North and East by Assam. As per 2001 census, the total population of the State was 23.061 lakhs. Of which, 18.53 lakhs lived in rural areas. The rate of population growth in Meghalaya was 2.99% as against 2.14% of the country as a whole. The average density of population per sq.km was 103 as against of all India average of 324.
- The State has seven districts namely, East Khasi Hills, East Garo Hills, Jaintia Hills, West Garo Hills, West Khasi Hills, South Garo Hills and Ri Bhoi, 39 CD blocks and 5780 villages.
- Based on agro climatic features, the State was divided into five agro-climatic zones.
- The State is identified as heavy rainfall zone with a record of 2500 mm spread over 128 days. Places like Cherrapunjee and Mawsynram in East Khasi Hills experience the heaviest rainfall in the country.

3. Banking Profile of the State

In Meghalaya, Commercial Bank, Regional Rural Bank and Co-operative Banks are the institutional agencies providing credit for agriculture and rural development. Of the 222 bank branches in the State, 40 are co-operative bank branches, 51 RRB branches and the remaining 131 are branches of CBs.

- State bank of India is the Lead Bank in all the seven districts and is also the convenor of State Level Bankers' Committee. It has 86 branches in the State.
- There is only one SCB namely Meghalaya Co-operative Apex Bank Limited (MCAB), which caters to both the Long term and Short Term structure of co-operatives.

4. PLP Projections for 2005-06

The updated PLPs for 2005-06 for all the seven districts of the State have been prepared and the projections are as under:

(Rs.in lakhs)	
DISTRICTS	Credit Projections
East Khasi Hills	6469.650
West Khasi Hills	1699.770
East Garo Hills	1042.290
West Garo Hills	1333.450
South Garo Hills	331.520
Jaintia Hills	2228.040
Ri Bhoi	1515.930
TOTAL	14620.600

It may be seen from the above that the updated PLP projections for the State for the year 2005-06 is estimated at Rs.14620.600 lakhs. (The Base PLP projections for 2005-06 in the Xth Plan for the State had been estimated at Rs. 10388.380 lakhs)

The activity wise summary of the State level PLP projections for the year 2005-06 is given below:

(Rs.in lakhs)			
Activity	PLP Projections	Expected Credit Flow	Resource Gap
Crop Loan	1678.42	1204.00	474.42
Minor Irrigation	25.21	18.20	7.01
Land Development	53.54	11.85	41.69
Farm Mechanisation	332.61	148.40	184.21
Plantation & Horticulture	717.78	372.43	345.35
Dairy Development	189.35	101.00	88.35
Poultry	282.65	146.63	136.02
Sheep/Goat/Piggery	542.90	328.82	214.08
Fisheries	190.20	55.82	134.38
Others(Agriculture)	-	-	-
Total Term Loan	2334.24	1183.15	1151.09
Total Agricultural Credit	4012.66	2387.15	1625.51
Non-Farm Sector	1799.60	1169.72	629.88
Other Priority Sector	8808.34	6970.00	1838.34
Grand Total (Total Priority Sector)	14620.60	10526.87	4093.73

It may be seen from above that an amount of Rs.4093.73 lakhs would be the resource gap. It is, therefore expected that banks, Government agencies may make concerted efforts to ensure that the resource gap is bridged by promotional efforts in the identified areas so that the ground level potential is fully achieved.

Summary of Districtwise/Sectorwise PLP projections and estimated flow of credit, resource gap is furnished in Annexure A-I & D-1.

5. Ground Level Credit Flow

The agency-wise/broad sector-wise break-up of GLC during the last 4 years is given below.

(Rs.lakhs)

YEAR	AGENCY	AGRI & ALLIED	NFS	OPS	TOTAL
1	2	3	4	5	6 (3+4+5)
2000-2001	Commercial Banks	287.000	420.070	1690.660	2397.730
	RRBs	145.370	134.530	412.000	691.900
	SCBs	145.220	77.730	659.940	882.890
	Total	577.590	632.330	2762.600	3972.520
2001-2002	Commercial Banks	245.220	819.960	1700.380	2765.560
	RRBs	185.000	110.110	435.850	730.960
	SCBs	166.680	47.640	919.070	1133.390
	Total	596.900	977.710	3055.300	4629.910
2002-2003	Commercial Banks	363.000	792.150	3137.240	4292.390
	RRBs	161.110	55.220	258.210	474.540
	SCBs	86.020	69.730	1064.910	1220.660
	Total	610.130	917.100	4460.360	5987.590
2003-04	Commercial Banks	729.64	2150.22	2685.29	5565.15
	RRBs	212.40	97.45	1247.62	1557.47
	SCBs	116.65	63.80	622.11	802.56
	Total	1058.69	2311.47	4555.02	7925.18

6.CD Ratio

The Credit Deposit Ratio of the banks in the State for the last 5 years is given below.

(Rs. in Lakhs)

SL. NO.	YEAR	AGENCY	DEPOSIT S	ADVANCE S	CD RATIO AGENCY-WISE	CD RATIO FOR THE STATE
1	2	3	4	5	6	7
1.	1999-2000	SCB	24071.97	8693.74	36.12	17.83
		RRB	9897.32	2662.36	26.90	
		CBs	138956.21	19476.57	14.02	
		Total	172925.5	30832.67		
Percentage of growth over previous year			27%	19%		
2	2000-2001	SCB	28561.09	10495.97	36.75	20.21
		RRB	12262.93	3033.92	24.74	
		CBs	149809.03	24995.28	16.68	
		Total	190633.05	38525.17		
Percentage of growth over previous year			10%	25%		
3	2001-2002	SCB	34066.56	11006.98	32.31	20.29
		RRB	14321.84	3521.55	24.59	
		CBs	184427.91	32712.52	17.74	
		Total	232816.31	47241.05		

Percentage of growth over previous year		22%	23%			
4	2002- 2003	SCB	36638.41	11198.03	30.56	28.70
		RRB	15539.00	4062.00	26.14	
		CBs	202055.37	57714.27	28.56	
		Total	254232.78	72974.30		

Percentage of growth over previous year		9%	54%			
5	2003-04	SCB	37727.35	11588.97	30.53	36.51
		RRB	17589.00	4626.00	26.30	
		CBs	231437.62	88540.52	38.26	
		Total	286753.97	904685.49		
Percentage of growth over previous year		13%	43%			

7. Investment Credit support from NABARD

The Agency-wise refinance disbursements of NABARD in the State for the last 3 years is given below.

(Rs. in Lakhs)

SL. NO.	YEAR	AGENCY	AGRI & ALLIED	NFS	OPS	TOTAL
1	2	3	4	5	6	7 (4+5+6)
1.	2001-2002	Commercial Banks	80.668	264.568	0.800	346.036
		RRBs	9.729	68.806	-	78.535
		SCBs	25.983	311.910	-	337.893
		Total	116.380	645.284	0.800	762.464
2.	2002-2003	Commercial Banks	57.601	122.400	-	180.001
		RRBs	-	-	-	-
		SCBs	54.072	681.639	1.050	736.761
		Total	111.673	804.039	1.050	916.762
3	2003-2004	Commercial Banks	-	-	-	-
		RRBs	-	384.495	-	384.495
		SCBs	-	539.643	-	539.643
		Total	-	924.138	-	924.138

8. Rural Infrastructure Development Fund (RIDF)

As on 30 November 2004, NABARD had sanctioned 233 projects involving RIDF loan of Rs. 13758.823 lakhs. In Meghalaya, RIDF has been sanctioned for various purposes like Rural Roads & Bridges, Watershed Development, Irrigation, Animal Husbandry and Rural Regulated Market projects. The utilisation as on 31.11.2004 amounted to Rs.8785.404 lakh forming 63.85% of the sanctioned amount. The tranche-wise details are given below:

(Rs. in Crore)

RIDF Tranche	Type of Project	No. of projects	Amount of loan sanctioned	Amount of loan disbursed
RIDF-I	Rural Roads	19	3.394	3.394
Sub Total		19	3.394	
				3.394
RIDF-III	Rural Roads	10	5.860	5.860
	Rural Bridges	9	1.199	1.199
Sub Total		19	7.059	
				7.059

RIDF-IV	Rural Bridges	16	9.329	9.146
Sub Total		16	9.329	9.146
RIDF-V	Rural Roads	45	24.443	22.045
	Rural Bridges	4	6.245	2.698
	Soil and Water Conservation	12	4.410	4.410
Sub Total		61	35.098	
				29.153
RIDF-VI	Rural Roads	36	16.798	13.873
		11	11.063	8.503
	Minor Irrigation	5	2.626	1.714
Sub Total		52	30.487	
				24.090

RIDF-VII	Rural Roads	19	9.688	5.559
	Rural Bridges	7	7.866	3.785
	Animal Husbandry	2	0.749	0.239
Sub Total		28	18.303	
				9.673
RIDF-VIII	Rural Roads	8	3.835	0.838
	Rural Bridges	13	14.558	3.167
Sub Total		21	18.393	
				4.005
RIDF-IX	Rural Regulated Market	2	0.639	0.044
	Rural Bridges	4	9.280	1.064
	Soil Conservation		5.606	0.224
Sub Total		11	15.525	1.332
	Grand Total	233	137.588	87.854

9.Kisan Credit Card Scheme

The progress under the scheme during last 2003-04 and cumulative as on 31 March 2004 is as under:

SL. NO.	AGENCY	2003-2004		CUMMULATIVE	
		NO. OF CARDS ISSUED	AMOUNT (Rs.Lakhs)	NO. OF CARDS ISSUED	AMOUNT (Rs.Lakhs)
1	2	3	4	5	6
1	CBs*	337	256.29	6849	1326.79

2	RRB	1469	167.14	5716	523.03
3	SCB	692	83.23	1805	211.07
	Total	2498	506.66	14370	2060.89

10. Micro Credit

The SHGs bank linkage programme has not progressed in the State of Meghalaya at the same pace as in other parts of the country. The main reasons for the poor progress was the lack of awareness of concept of promotion, capacity building of SHGs etc. Besides, most of the groups promoted by NGOs are now being covered under SGSY.

As on 30 November 2004, the progress under SHG bank linkage programme is as under:

(Rs.in lakhs)

Agency	Cumulative No. of groups credit linked as on 30.11.2004	Cumulative disbursed as on 30.11.2004	loan on	Cumulative Refinance disbursed as on 30.11.2004
RRB	67		31.00	-
CBs	138		66.57	24.22
MCAB	10		1.05	1.05
Total	215		98.62	25.27

PART – B

NABARD has identified the following sectoral issues which require action to be taken by the Government and the banks

1.Minor Irrigation

- State Government to assess ground water and surface water potential.
- The establishment of State Ground Water Board to help in proper exploitation of ground water potential.
- Bank loans to be extended to farmers for utilisation of STWs/

2. Plantation & Horticulture

- Prevalent land tenure system in hill districts and absence of legalised ownership rights have to be addressed by Govt. of Meghalaya.
- Supply of quality planting material in time during the planting season and ensuring adequate quantity.
- Encouragement for setting up of nurseries.
- Promotion of storage facilities, cold chain, processing facilities etc., in private sector to be encouraged so as to ensure remunerative prices to the producers.
- Better awareness on the part of the bankers regarding the potential for PH sector and extend support for the sector in a bigger way.

- Improved co-ordination between State, Research organisations and financial institutions in understanding the problems and finding out solutions.
- Agro-processing activities need to be promoted in view of the high potential of growth in fruits & vegetables sector.
- Explore the possibilities under medicinal & aromatic plants.
- Good scope for organic farming.
- Floriculture & Sericulture activities to be encouraged.

3. Animal Husbandry

- The AI infrastructure for cattle breeding needs to be further strengthened.
- Veterinary facilities need strengthening/expansion.
- Availability of green fodder provides good scope for rearing CB bred cows and so this could be encouraged through institutional credit support.
- Poultry development is still in nascent stage due to problems relating to availability of critical inputs. Private enterprise in hatching and feed milling needs to be encouraged to give a boost to the sector.
- Private veterinary clinics can be promoted with assistance from the banking sector to support the government efforts.

4. Land Development

- Land development activities must be encouraged and it should be supported by institutional credit.
- More watersheds are to be developed and institutional credit should be made available in the watershed area. Watershed approach may be adopted for land development, soil conservation and water management. The experience gained by the State Government in the implementation of integrated watershed development proposals in two districts viz. of Ri Bhoi & East Khasi Hills could be extended to other districts.

5. Fisheries

- Considering the vast demand for fish and also that presently the requirements are met mostly from outside the State, the State Government in consultation with bankers should encourage fisheries development.
- Extension machinery of the Fisheries Department needs to be strengthened to ensure adoption of scientific technology at the farmers' level.
- Concept of commercial fish farming has to be popularised from that of homestead farming practices currently followed by farmers.
- Need to encourage fish farmers to set up nurseries to ensure regular and adequate supply of fingerlings.

6. Organic Farming

The N.E Region has been identified as prime zone for organic products of food crops both for domestic consumption and export. Due to low chemical fertilisers usage the region is ideal for encouraging organic cultivation particularly in the hill areas. Organic produce have a good international market and the potential exists in the State of Meghalaya.

7. RIDF

- Though the State Government have initiated certain steps, still there is a need for improvement in the system of timely and speedy flow of funds.
- The Bankers have been furnished with details of the projects sanctioned under RIDF. This was done to enable them to improve their business operations in those areas where rural connectivity has taken place.
- The normative allocation under RIDF-X for the State of Meghalaya is Rs. 32.00 crore. It is also expected that the State Government would be drawing Rs.21.00 crore during 2004-05 under sanctioned projects of RIDF.
- The State Government may consider submission of new projects in keeping with the policy initiatives for RIDF -X.
- The rate of interest on loans under earlier tranches of RIDF (IV,V,VI,VII) has been reduced to 7% and RIDF-VIII and IX to 6.5% with effect from 01 November 2003 with the approval of Government of India and RBI.
- PCR of completed projects not being sent to NABARD by the departments on regular basis.

8. Micro Credit

- Greater involvement in the programme by commercial banks.
- Regular conduct of District/Block Level Bankers' Committees Meetings to review the progress under SHG-Bank linkage programme on a regular basis.
- Incorporation of micro Finance programme in Service Area Plans.
- Strengthening of data base for appropriate decision making.
- Coordination between NGOs and DRDAs.
- Involvement of Vikas Volunteer Vahini (VVV) Clubs in SHG promotion
- Development of micro enterprises for inculcating confidence in rural folk.

9. Non Farm Sector

- The District Industries Centres may take up Industrial Potential Surveys in each district of the State.

- Borrower education programme, Rural Entrepreneurship Development Programmes, Training-cum Production centres, vocational training and skills improvement to be given more importance by credit institutions and development agencies.
- Credit flow to the handloom & handicrafts sector to be increased.
- The initiatives under Self Help Group financing has to gain further momentum with support from NGOs and Banks.
- Credit institutions may take the help of NGOs and Voluntary Agencies for borrower education, skill improvement and credit linking.

CHAPTER – I

INTRODUCTION

The Potential Linked Credit Plans (PLPs) are prepared by NABARD 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, credit and non credit linkages required as well as the macro level policies/interventions and micro level demands/needs. 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 in terms of volume, sectoral composition and reach.

The Potential Linked Credit Plan prepared at district level are then aggregated at the State level to prepare the State Focus Paper, which seeks to present a comprehensive picture of the available potentials. The potentials thus arrived at provide indications to the State Government of the various policy and operational measure necessary to be taken for exploitation of potentials and in creating a conducive climate for sustainable development of the agriculture sector. It also provides the bankers with information relating to opportunities available for making further investment. The State Focus Paper also contains sectoral issues which requires action to be initiated by banks and Government Departments.

Coinciding with the Xth Five Year Plan period (2002-07), NABARD has prepared the base PLP for all the seven districts of Meghalaya with detailed estimates for the first year of the plan period 2002-2003. The Base PLP projections for 2005-06 have been updated and the State Focus Paper for Meghalaya State has been prepared accordingly.

CHAPTER - II

STATE PROFILE - MEGHALAYA

2.1 Introduction

The North Eastern State of Meghalaya came into existence on 21st January 1972, which 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. It is bounded on the South and West by Bangladesh and on the North and East by Assam.

2.2 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. The state is characterised by inter-mountains, plains, innumerable hills, waterfalls and structural platforms. Meghalaya has a low road intensity of 34.4 kms/100 sq.km. against the All India average of about 91.7 kms/100 sq.km. Out of this only 47% is surfaced.

Meghalaya has all the characteristics of monsoon climate with the four seasons of the Indian climate distinctly recognised.

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. To put in simple terms, 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 state is a power surplus state and about 32% of the total electricity generated is sold outside the state. About 46% of the total villages are electrified covering 54% of the rural population.

The forest cover in Meghalaya comprising an area of 94.96 thousand ha accounts for 42 percent of the State's total geographical area. This includes area under degraded forests.

2.3 Demographic features:

The population structure of the state consists of 85.5% of Scheduled Tribes and 0.5% of Scheduled Castes. The population is concentrated highest in East Khasi Hills, followed by West Garo Hills. As per 2001 census, the population of the State was 23.061 lakhs, of which, 18.53 lakhs live in rural areas.

2.4 Economic Scenario

The index of development of the state is 54 compared to the all India index of 100. Density of population is only 103 person per sq.km when compared to the all India figure of 324. Among total work force, 52.3% are cultivators and 17.9% are agricultural labourers.

The contribution of agriculture to the Net State Domestic Product of the state was 41% as per the quick estimates of 1999-2000. The per capita income at current prices was Rs.11678 as per 1999-2000 Advance estimates. It was Rs.10607 as per 1998-99 Advance estimates.

2.5 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.

2.6 Soil Fertility

Varies from dark brown to dark reddish brown in colour and depth varies from 50 to 200 cm. Texture varies from loamy to fine loamy. The soils are rich in organic carbon with a high nitrogen supplying potential but deficient in phosphorous or potassium. Soil reaction varies from acidic (PH 5.0 to 6.0) to strongly acidic (PH 4.5 to 5.0). 90% of the soil contains micro-nutrients like boron, molybdenum, zinc, copper and manganese below the critical level.

2.7 Cropping Pattern

Paddy is the major crop in all the districts (except in East Khasi Hills where 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. Ginger and turmeric grown in the State are reported to be of best quality.

2.8 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 of which the State has an ultimate surfacewater irrigation potential of 1,62,000 ha.

2.9 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.

2.10 Fertiliser Consumption

During the year 1999-2000, the average fertiliser consumption was at 15.0 kg per Ha. as against the all India average of 72.0 Kg during the year. The total fertiliser consumption during 2000-01 was 2324 tonnes (N), 1322 tonnes(P) to 138 tonnes (K). The NPK balance in the state was

27:12:1 as against the ideal nutritional balance of 4:2:1. The low consumption of fertilizer is one of the main reason for poor agricultural productivity and consequently poor rural incomes.

2.11 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. It is estimated that the first year of Jhum causes hill slopes of 60-60% loose soil at the rate of 146.6 tonnes/ha/Yr and the second year of jhum causes soil erosion at the rate of 176.6 tonnes/ha/yr. Prevalence of shifting cultivation has resulted in low productivity, soil erosion, reduction in jhum cycle, ecological imbalance and deforestation.

2.12 Methods of Cultivation

Lack of education on the part of the farmer is leading to unscientific methods of cultivation/agricultural practice. However, farmers consider agriculture mainly as a subsistence activity rather than a commercial one. Government/extension agencies should ensure that farmers are exposed to scientific methods of cultivation and promote its commercialisation.

2.13 Agro Climatic Zones

Meghalaya falls within the Eastern Himalayas Region (Zone-II) comprising of Sikkim, the district of Darjeeling, Cooch Behar and Jalpaiguri of West Bengal, the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Nagaland, Mizoram, and Tripura. The Eastern Himalayan Region is further divided into 5 sub-regions taking into consideration topography, rainfall, temperature, soil type, cropping system and geographical continuity. The Working Group of Zonal Planning Team, Eastern Himalayan Region (Zone-II) has sub-divided Meghalaya into 5 agro-climatic sub-zones to assist the evolution of strategy and action programmes in agri-horticultural sector. These sub-zones are : 1. Hills and Northern slopes 2. Central Hyper Thermic Plateau 3. Central Thermic Plateau 4. Southern slope and valleys (East) 5. Southern slope and valleys (West).

2.14 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 1) low-level of transportation infrastructure, 2) monopoly of private traders 3) underdeveloped agricultural markets 4) weak co-operatives and 5) lack of regulated markets.

2.15 Markets

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.

2.16 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, agro-customs hiring centres in Indo-Bangladesh border area, 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, transport vehicles, low level of business turnover of branches/retail outlets etc.

2.17 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 products to 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 scheduled to be 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.

2.18 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 rationale behind the objective of the Board is to gradually switch over from the harmful jhum cultivation to environment friendly and sustainable farming of commercial crops. The major areas of operations would be financing, marketing and consultancy.

2.19 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.

Statistical highlights relating to State Profile is given in Annexure B-I.

CHAPTER - III

Banking Profile of the State

3.1 The District-wise Bank-wise branch network in the State of Meghalaya is given below:

Bank	East Khasi	West Khasi	Jaintia	Ri Bhoi	E.Garo	W.Garo	S.Garo	Total
1.ALB	1	-	-	-	-	-	-	1
2.BOB	2	-	-	-	-	-	-	2
3.BOI	2	-	-	-	-	-	-	2
4.CAN	2	-	-	-	-	-	-	2
5.CEN	3	-	-	-	-	1	-	4
6.FED	1	-	-	-	-	-	-	1
7.IND	1	-	-	1	-	-	-	2
8.IOB	1	-	-	-	-	-	-	1
9.PNB	7	-	-	1	-	-	-	8
10.SBI	23	5	5	9	13	26	5	86
11.SYN	1	-	-	-	-	-	-	1
12.UBI	5	-	4	2	1	-	-	12
13.UCO	4	-	-	-	-	-	-	4
14.UNI	1	-	-	-	-	2	-	3
15.VJB	2	-	-	-	-	-	-	2
16.KRB	21	14	13	3	-	-	-	51
17.MCA B	12	3	6	4	4	9	2	40
Total	89	22	28	20	18	38	7	222

As may be seen from the above Commercial banks (CBs), Regional Rural Bank (RRB) and State Co-operative Bank (SCB) are the institutional agencies providing credit for agriculture and rural development in the State. Under the Lead Bank scheme, the State Bank of India has been discharging the Lead bank's responsibility in all the seven districts of the State and is also the convenor bank for the State Level Bankers' Committee. The only RRB in the State viz. Ka Bank Nongkyndong Ri Khasi Jaintia having its Head Office in Shillong is operating in four out of seven districts. The short term co-op credit structure comprises of Meghalaya State Co-op Apex Bank Ltd with 40 branches at the State level and 180 primary Agriculture Co-op Societies at village level. There is no State Co-op Agriculture and Rural Development Bank under long term co-operative credit structure. The North Eastern Development Financial Institution (NEDFI) having its Head Office at Guwahati and branch office in Shillong is also extending credit support for agriculture, industries and service sectors in rural and semi urban areas.

3.3 The average population per branch offices (APPBO) in the State is **10435**. The position of urban and rural branches in the State are as under:

Agencies	Rural	Semi Urban	Urban	Total
CBs	83	14	34	131
RRB	41	7	3	51
SCB	17	7	16	40
Total	142	28	53	222

Majority of the bank offices are located in rural areas because of the higher percentage of rural population. The Controlling Offices of the CBs are located in Shillong, Tura, Guwahati, Kolkata (IOB) and Siliguri (BOI).

3.3 CD Ratio

The CD Ratio of all banks in the State for the last four years is as under:

Agency	2000-2001	2001-02	2002-03	2003-2004
CB	16.68	17.74	28.56	38.26
RRB	24.74	24.59	26.14	26.30
MCAB	36.75	32.31	30.56	30.53
Total(State)	20.21	20.29	28.70	36.51

It may be seen from the above that the CD ratio for the State as a whole has shown improvement over the years. However, in comparison to all India, it is not quite impressive. With SGSY scheme picking up in the State and the banks started financing for SGSY, it is expected that the CD ratio of the banks would improve.

3.4 Commercial Banks

There are **131** branches of Commercial Banks as on 30/09/2004, of which, **83** branches, accounting for 63% are in rural areas. The total deposits with Commercial banks have grown from Rs.149809.03 lakhs as on 31/03/2001 to Rs. 184428.91 lakh as on 31/03/2002 and further to Rs.202055.37 lakh and Rs.231437.62 lakhs as on 31/03/2003 and 31/03/2004 respectively. The CD ratio of all the commercial banks was 38.26% as on 31/03/2004.

3.5 Regional Rural Banks

The only RRB functioning in the state i.e. **Ka Bank Nongkyndong Ri Khasi Jaintia** covers four districts out of seven districts in the state with a network of **51** branches. As on 31/03/2003, total deposits of the RRB amounted to Rs. 15539 lakhs. This increased up to Rs.17589 lakhs as on 31 March 2004. Advances stood at Rs. 4062 lakh and Rs.4626 lakhs during the corresponding period. The CD ratio of the RRB as on 31/03/2004 was 26.30%.

3.6 Meghalaya State Co-operative Apex Bank (MCAB)

The Meghalaya Co-operative Apex Bank Ltd., (**MCAB**), under two tier structure has 40 branches and 179 Primary Agricultural Credit Societies affiliated to it, spread over the entire state. The total deposits of MCAB amounted to Rs.36638 lakh and Rs.37727 lakhs as on 31/03/2003 and 31/03/2004 respectively. The total advances stood at Rs.11198 lakhs and Rs.11518 lakhs during the corresponding period. The CD ratio of the Bank as on 31/03/2004 stood at 30.53%.

3.7 Recovery Position

The recovery climate of bank loans for all sectors is highly vitiated in the entire State. The overall recovery percentage in the State had declined from 30.44% in 1999-2000 to 23.21% in 2000-01 but had shown increase to 39.73% in 2001-02. It went down to 36.40 in 2002-03. During 2003-04 it showed an increase to 43.98%.

Year	Demand	Collection	Balance	(Rs.lakhs)
				Percentage of recovery
1999-2000	5918.98	1801.70	4117.28	30.44
2000-2001	7049.83	1636.34	5413.49	23.21
2001-2002	8341.14	3314.04	5027.10	39.73
2002-2003	8033.83	2923.92	5109.91	36.40
2003-2004	9173.37	4034.66	5138.71	43.98

The recovery performance under Agriculture sector however stood at a low of 25.63% and has shown a declining trend which is a cause for concern.

The major factors for low recovery & NPAs are as under :

- (i) Beneficiaries treating loans as grant and hence not required to be repaid.
- (ii) Diversion of loans towards consumption purposes.
- (iii) Lack of monitoring and poor follow-up by the banks.
- (iv) Failure of business/crops.
- (v) Large number of pending bakijai cases – Bakijai machinery to be activated and incentives may be given to those government officials assisting in recovery.

3.8 Service Area Monitoring & Information System (SAMIS)

With the introduction of Service Area Approach and decentralised planning, it was felt necessary to review the existing monitoring and information system and modify it to make it more effective and efficient in the context of changing requirements. There is a growing realisation that increasing credit disbursements in rural areas has to be matched with the generation of new productive assets. It is, therefore, necessary that existing monitoring and information system is modified so as to facilitate analysis of micro level development and provide the required feed back for further improvement. Hence the revised Service Area Monitoring and Information System (SAMIS) consisting of only 3 returns LBR-I, LBR-2 and LBR-3 had been introduced.

Statistical highlights relating to Banking profile is indicated in Annexure B-2.

CHAPTER - IV

INSTITUTIONAL INITIATIVES - CREDIT

4.1 Ground Level Credit Flow :

The Ground Level Credit Flow in the State had shown an increasing trend from Rs. 938.46 lakh in 1993-94 to Rs.3791.44 lakh in 1997-98. However in 1998-99, the GLC declined to Rs. 3029.33 lakh. The GLC flow increased to Rs.3207.23 lakh during 1999-2000 registering a 6% growth rate over the previous year. It has further increased to Rs.7925.18 loan during 2003-04 an increase of 32% over the previous year. Commercial banks continue to be having a major share in the credit flow to priority sector at the ground level. The GLC for the last five years agency-wise is given below:

(Rs.lakh)					
Agency	1999-2000	2000-01	2001-02	2002-03	2003-2004
CBs	1979.75	2397.73	2765.56	4292.39	5565.15
RRB	635.95	691.90	730.96	474.54	1557.47
SCB	591.53	882.89	1133.39	1220.66	802.56
	3207.23	3972.52	4629.91	5987.59	7925.18

The agency-wise flow of credit for various sectors during the last three years is given below:

(Rs. in lakhs)

AGENCY-WISE (CBs, RRB & SCB)				
AGENCY	SECTOR	2001-02	2002-03	2003-04
Commercial Banks	Agri & Allied	245.22	363.00	729.64
	NFS	819.96	792.15	2150.22
	OPS	1700.38	3137.24	1685.29
	Total	2765.56	4292.39	5565.15
Regional Rural Bank	Agri & Allied	185.00	161.11	212.40
	NFS	110.11	55.22	97.45
	OPS	435.85	258.210	1247.62
	Total	730.96	474.54	1557.47
State Co-operative Bank	Agri & Allied	166.68	86.02	116.65
	NFS	47.64	69.73	63.80
	OPS	919.07	1064.91	622.11
	Total	1133.39	1220.66	802.56
Total All Agencies	Agri & Allied	596.90	610.13	1058.69
	NFS	977.71	917.10	2311.47
	OPS	3055.30	4460.36	4555.02
	Total	4629.91	5987.59	7925.18

It may be seen from the above that the overall Ground Level Credit Flow over the last 5 years has shown an increasing trend. The overall percentage of increase in 2001-02, 2002-03 and 2003-04 over previous years was 16.55%, 29.00% and 32.00% respectively. In absolute terms the ground level credit for Priority Sector has increased by Rs.3952.66 lakhs since 2000-01. The total credit towards agriculture & allied sectors declined by 5% over the previous year in 2000-01, increased by 3% in 2001-02 and by a further 2% in 2002-03 73% in 2003-04. The declining share of agriculture sector in the overall GLC is of concern.

4.2 CD Ratio

The Credit Deposit in the State for the last 3 years is given below.

(Rs. in Lakhs)

(Rs. in Lakhs)

SL. NO.	YEAR	AGENCY	DEPOSIT S	ADVANCE S	CD RATIO AGENCY-WISE	CD RATIO FOR THE STATE
1	2	3	4	5	6	7
1	2001-2002	SCB	34066.56	11006.98	32.31	20.29
		RRB	14321.84	3521.55	24.59	
		CBs	184427.91	32712.52	17.74	
		Total	232816.31	47241.05		
Percentage of growth over previous year			22%	23%		
2	2002-2003	SCB	36638.41	11198.03	30.56	28.70
		RRB	15539.00	4062.00	26.14	
		CBs	202055.37	57714.27	28.56	
		Total	254232.78	72974.30		
Percentage of growth over previous year			9%	54%		
3.	2003-2004	SCB	27727.25	11518.97	30.53	36.51
		RRB	17589.00	4626.00	26.30	
		CBs	231437.62	88540.52	38.26	
		Total	276753.87	104685.49		
Percentage of growth over previous year			13%	43%		

The major factors impeding flow of credit/low CD Ratio are as under :

- Lack of information of bank schemes
- Multiplicity of documents and procedural formalities of banks
- Delay by banks in sanction of schemes
- Lack of entrepreneurship
- Poor recovery
- Poor infrastructure in respect of transport and communication leading to poor monitoring.
- Lack of investment-friendly atmosphere conducive for industrial development
- Location of bank branches highly skewed towards Shillong in East Khasi Hills.
- Scattered lending - Area approach not adhered to, thereby making post-sanction, post-disbursement and recovery & follow up not only difficult but also costly.

The factors for poor flow of credit to the Agriculture sector are as follows :-

- Low demand
- Low level of farm mechanization
- High expenditure on crop production due to lower use of high yielding seeds, fertilisers, etc.
- Concentration of proposals for trade and business rather than for agriculture and allied sectors
- Outmoded agricultural practices
- Small land holdings
- Land tenure system - land belongs to community
- No land records / cadastral survey.
- Subsistence farming being practised and lack of commercial concepts among farmers
- Inadequate supply of non credit inputs from line departments
- Lack of irrigation / agriculture implements / fertilisers leading to poor agriculture productivity.
- Prevalence of shifting cultivation resulting in low productivity, soil erosion, reduction in jhum, cycle, ecological imbalance and deforestation

(m)Lack of marketing infrastructure

4.3 NABARD's Refinance Support

(a) PRODUCTION CREDIT

Meghalaya is predominantly a tribal state having a tribal population of 15.17 lakhs (85.53%) out of total 17.74 lakhs (as per 2001 census). The rural areas of the state are mostly inhabited by tribals and its percentage to total rural population is 80.35. A similar picture is reflected in the district-wise classification too. In view of the above and the fact that 100% of short term Agricultural credit goes to tribal population only and more than 90% of total Medium and Long Term agricultural credit is for tribal population, no separate credit projection for tribal population is envisaged in the PLPs. In addition, credit disbursed to non-tribals is very meagre and is restricted to urban conglomeration of Shillong and Towns of Tura and Jowai and mostly in the form of cash credit to traders. The ST(SAO) credit limits sanctioned by NABARD to MCAB and Ka Bank Nongkyndong Ri Khasi Jaintia are exclusively for Development of Tribal Population (DTP). During 2003-04 and 2004-05, an amount of Rs.200 lakhs had been sanctioned to Meghalaya Co-operative Apex bank Ltd. by NABARD under ST(SAO).

(b) Investment Credit

NABARD's refinance support under investment credit for the State during the last 3 years is given below.

(Rs. in Lakhs)						
SL. NO.	YEAR	AGENCY	AGRI & ALLIED	NFS	OPS	TOTAL
1	2	3	4	5	6	7 (4+5+6)
1	2001-2002	Commercial Banks	80.668	264.568	0.800	346.036
		RRBs	9.729	68.806	-	78.535
		SCBs	25.983	311.910	-	337.893
		Total	116.380	645.284	0.800	762.464
2	2002-2003	Commercial Banks	57.601	122.400	-	180.001
		RRBs	-	-	-	-
		SCBs	54.072	681.639	1.050	736.761
		Total	111.673	804.039	1.050	916.762
3	2003-2004	Commercial Banks				
		RRBs		384.495	-	384.495
		SCBs		539.643	-	539.643
		Total	0.00	924.138	0.00	924.138

Statistical highlights relating to agencywise and sectorwise flow of ground level credit is given in Annexure C-1 and that relating to NABARD refinance given in Annexure C-2 & C-3.

CHAPTER - V

INSTITUTIONAL INITIATIVES – NON CREDIT

5.1 Development of Handloom Sector

In order to increase the flow of credit to large number of weavers engaged in the Handloom sector, NABARD provides refinance to Banks to facilitate the latter to extend working capital loans to primary societies. A concerted effort by the Handloom department and MCAB to organise the people engaged in this sector as well as providing timely finance to them needs to be initiated.

5.2 Development of Village Industries

The Government of India has taken decisions to give new impetus to the Khadi & Village Industries sector. It has been decided that commercial banks will provide Rs.100 crore on a consortium basis to KVIC, either directly or through State Level KVI Boards. The Department of Industries, Government of Meghalaya has evinced keen interest in developing the KVI sector in Meghalaya.

5.3 Micro Credit and Self Help Groups (SHGs)

Despite the vast expansion of the formal credit system in the country, the rural poor especially small and marginal farmers and landless labourers, petty traders and artisans continue to depend upon money lenders for their emergent credit needs. Their credit needs are small but frequent. They have little or no savings at all. Banks have, so far been shy of dealing individually with these people due to high transaction cost and risk involved. However, the experience in many countries reveal that when these resource poor people are organised into small thrift and credit management groups or Self-help Groups (SHGs) they not only become bankable but also reveal an inner strength to fight the socio-economic injustice to which they have been subjected to for decades. NABARD has been conducting sensitisation programme in SHG for banks, government officers and NGOs.

5.4 Kisan Credit Card Scheme

The Kisan Credit Cards scheme emerged as an innovative credit delivery mechanism for meeting the production credit requirements of the farmers in a timely and adequate manner. The Hon'ble Union Finance Minister during his budget speech for the year 1998-99 has announced that NABARD would formulate a Model scheme finance of Kisan credit cards to farmers. Accordingly the same is in place from August 1999.

5.5 Objectives

It aims at provision of adequate and timely credit support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible and cost effective manner.

5.5.1 Salient features of the Kisan Credit Card Scheme

- Eligible farmers to be provided with a Kisan Card and a pass book or a card-cum-pass book.
- Revolving cash credit facility involving any number of drawals and repayments within the limit.

- Entire production credit needs for full year plus ancillary activities related to crop production to be considered while fixing limit. In due course, allied activities and non-farm credit needs may also be covered.
- Limits to be fixed on the basis of operational land holding, cropping pattern and scale of finance.
- Sub-limits may be fixed at discretion of banks.
- Card valid for 3 years subject to annual review.
- Each drawal to be repaid within 12 months.
- Conversion/reschedulement of loans also permissible in case of damaged to crops due to natural calamities.
- As incentive for good performance, credit limits could be enhanced to take care of increase in costs, change in cropping pattern etc.
- Security, margin, rate of interest as per RBI norms.
 - Operations may be through issuing branch or at the discretion of bank, through other designated branches.
 - Withdrawals through slips/cheques accompanied by card and passbook.
 - CBs/RRBs/Co-operative Banks are implementing the scheme.
 - Personal Accident Insurance Scheme has been made effective for KCC holders w.e.f. 01 April 2002.
 - It was felt that time was ripe to enlarge the scope of the KCC scheme, to cover term loans for agriculture and allied activities also. Thus the banks can now extend both production and investment credit through KCC.

5.5.2 Progress

The progress under KCC in Meghalaya as on 30 November 2004 is as under:

SL. NO.	AGENCY	2003-2004		2004-2005 (upto November 2004)		CUMULATIVE	
		NO. OF CARDS ISSUED	AMOUNT (Rs. Lakhs)	NO. OF CARDS ISSUED	AMOUNT (Rs.Lakhs)	NO. OF CARDS ISSUED	AMOUNT (Rs.Lakhs)
1	2	3	4	5	6	7	8
1	CBs*	NA	NA	551	46.13	9167	1108.11
2	RRB	219	24.270	360	50.86	5643	576.62
3	SCB	91	12.960	395	211.96	2262	258.45
Total		310	37.230	1306	308.95	17072	1943.18

Kisan Credit Card scheme is under implementation in the State. MCAB, RRB, SBI and Punjab National Bank have taken the initiatives of implementing the scheme. The State Government has also taken effort in bringing out brochure in local language of the KCC scheme. The State

Government has also taken the initiative of conducting awareness programmes in all the blocks with the assistance from Lead Bank.

5.6 Swarozgar Credit Card (SCC)

Consequent upon the announcement made by the Hon'ble Prime Minister on the introduction of a suitable credit card system for artisans and other small entrepreneurs, it has been decided to implement a special credit card scheme viz. Swarozgar Credit Card (SCC) Scheme benefitting the rural artisans and other small entrepreneurs. The salient feature of the scheme is that it takes care of investment and working capital requirements of a wide range of small borrowers especially in the non-farm and service sectors.

Role of NABARD

NABARD will :

- Be the nodal agency and programme holder for SCC Scheme.
- Monitor the progress of the Scheme.

Model Scheme for Swarozgar Credit Card

The Scheme is called Swarozgar Credit Card Scheme (SCC Scheme).

Objectives

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 owner, 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.

Nature of financial accommodation

The credit facility extended under the Scheme is in the nature of a composite loan including term loan/ revolving cash credit.

Sanction of term loan/Fixation of working capital limit

- The term loan will be provided for meeting the investment requirements and it will be repaid within five years in suitable installments.
- The Revolving cash credit will be fixed taking into account the operating cycle/nature of the investment and shall be fixed based on available balance after sanction of term loan.

Quantum of limit

Rs.25,000/- per borrower as composite loan but may be increased at the discretion of the bank.

Validity

SCC is normally valid for 5 years subject to satisfactory operation of the account and renewed on a yearly basis through simple review process. The operations in the account should be regular.

Operation of the Scheme

- The banks will have absolute freedom to select the clients for the card. There will be no subsidy from the Government under this Scheme.
- The borrower can avail the credit facility as per his/her requirements i.e either term loan or working capital loan or a combination of both.

Insurance

Beneficiaries under the scheme would automatically be covered under the group insurance scheme and the premium would be shared by the bank and the borrower equally. Each bank may negotiate the terms of insurance with a company of its choice on a national or regional basis.

Security/Margin/Rate of Interest/Prudential norms

Security, Margin, Rate of Interest and Prudential norms are applicable as per RBI/NABARD norms. The interest rate would not exceed that for comparable farm loans. At present the rate is 9% per annum.

5.7 Farmers Clubs under Vikas Volunteer Vahini Programme

VVV – An experiment in social engineering in the field of rural banking was conceived by NABARD, and rural banking institutions all over the country implemented it with great success. The important objective of farmers club includes creation of awareness and spreading the message of ‘development through credit’ and the ‘repayment ethics’ among the fellow village community for faster recycling of funds. It also serve as a link between the rural people on the one hand and the Service area banks / other developmental agencies on the other in developing the village. At present, there are 17 VVV Clubs in the State viz. seven in Ri Bhoi district, six in Jaintia Hills district and one each in East Khasi Hills, West Garo Hills and East Garo hills districts respectively.

In Jaintia Hills, a Voluntary Agency called Roishlur Ashram had organised and promoted three VVV clubs. The sponsoring banks have to reactivate the remaining clubs, considering the fact that VVV clubs can become an instrument in dispensation of timely, adequate and qualitative credit as also ensure faster recycling of funds.

5.8 GOVERNMENT SPONSORED PROGRAMMES

5.8.1 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, DWCRA, TRYSEM, Ganga Kalyan Yojana (GKY), Supply of Improved tool Kits to Rural Artisans (SITRA) and the Million Wells Scheme. This is a holistic programme.

The objective of SGSY is to establish a large number of micro enterprises so that the selected family comes out of poverty in three years time.

A large number of awareness programmes have been organised at the state, district and block levels by the Rural Development Department. The Cluster of activities have 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 2002-03 and 2003-04 are given below.

(Rs. Lakhs)

Agency	2002-03					2003-04				
	Tar- get (No.)	Sanctioned		Disbursed		Tar- get (No.)	Sanctioned		Disbursed	
		No.	Amt.	No.	Amt.		No.	Amt.	No.	Amt.
CBs	478	481	103.71	414	99.31	522	204	49.08	204	46.41
RRB	-	108	19.09	108	19.09	-	256	65.23	256	65.23
SCB	-	108	6.77	108	6.77	-	57	10.28	57	8.63
Total	478	697	129.57	630	125.17	522	517	124.59	517	120.27

5.8.2 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.

During 2002-03 and 2003-04, the sanction and disbursement by Commercial Banks under PMRY in Meghalaya is as under.

(Rs. Lakh)

Agency	2002-03					2003-04				
	Tar- get (Phy.)	Sanctioned		Disbursed		Tar- get (Phy)	Sanctioned		Disbursed	
		No.	Amt.	No.	Amt.		No.	Amt.	No.	Amt.
SBI	222	204	197.95	204	174.95	350	415	69.50	383	69.50
UBI	59	35	19.87	35	19.87	84	42	25.35	31	18.30
Other CBs	114	65	55.43	61	51.68	-	84	75.86	52	46.20
Total	395	304	273.25	300	246.50	539	541	170.71	466	134.00

5.8.3 Swarna Jayanti Sahakari Rojgar Yojana (SJSRY)

The SJSRY was introduced in 1998-99 replacing the earlier schemes of SUME and PMIUPEP. 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 2002-03 and 2003-04 are given below.

(Rs. Lakhs)

Agency	2002-03					2003-04				
	Tar- get	Sanctioned		Disbursed		Tar- get	Sanctioned		Disbursed	
		No.	Amt.	No.	Amt.		No.	Amt.	No.	Amt.
CBs	570	351	125.80	351	125.10	459	402	152.08	392	139.75
RRB	-	-	-	-	-	-	-	-	-	-
SCB	-	-	-	-	-	-	-	-	-	-
Total	570	351	125.80	351	125.10	459	402	152.08	392	139.75

CHAPTER - VI

POLICY MEASURES

A. UNION BUDGET 2004-05

PROPOSALS RELATING TO AGRICULTURE AND RURAL DEVELOPMENT

- 1) Doubling of agricultural credit in three years.
- 2) Accelerating completion of irrigation projects and investment in rural infrastructure.
- 3) Implementation of comprehensive policy on agriculture credit by Public Sector and Private Sector Banks, Cooperative Banks and RRBs. Sponsor banks to be made fully responsible for the performance of RRBs.
- 4) Task Force to examine reforms in the Cooperative Banking system including appropriate regulatory regime.
- 5) Revival of RIDF. A corpus of Rs. 8000 crore for 2004-05 to be provided for RIDF.
- 6) Launching of the national Water Resources development project for restoration of more than a million natural and man-made water bodies over a period of 7-10 years. Pilot projects for the same in 5 identified districts in 2004-05.
- 7) Food grain production to reach 300 M.T by 2011-12.
- 8) Encouraging crop diversification into areas such as horticulture, floriculture and oilseeds.
- 9) Horticultural production to be doubled by 2011-12. National Horticulture Mission to be launched. States will be encouraged to establish a State Level Cooperative Society for promoting horticulture on the lines of Anand model.
- 10) States to enact model law circulated by GOI on marketing of agriculture produce. An investment of Rs. 170 crore in Small Farmers Agri-Business Consortium (SFAC) for aggressively promoting agri-business.
- 11) Government committed to provide insurance cover to farming and livestock. Pilot scheme for insuring farm income and a weather insurance scheme to be introduced in addition to National Agricultural Insurance Scheme (NAIC).
- 12) In the area of rural housing, RBI has agreed to revise norms for repayment of rural housing loans so that the instalment coincide with crop cycles. States also encouraged to emulate law made by West Bengal Government to simplify creation of security. A target of 2,50,000 rural housing units has been set.
- 13) 85 items removed from the reserved list for small scale industries. To facilitate technology upgradation, the ceiling for loans under Capital Subsidy Scheme raised from Rs. 40 lakh to Rs. 1 crore and rate of subsidy raised from 12% to 15%.
- 14) Creation of Rs. 100 crore fund for regeneration of traditional industries such as cottage industries, coir, handloom, handicrafts, sericulture, leather, pottery and others.
- 15) Tax exemption for new agro-processing units set up to process, preserve and package fruits and vegetables for a period of five years. 25% rebate during the next five years.
- 16) Elimination of excise duty on tractor, dairy machinery and hand tools and extension of customs duty concessions to several items of plantation machinery in the tea and coffee plantation sector.
- 17) Reduction of excise duty from 16% to 8% on preparations of meat, poultry and fish.
- 18) Increased allocation of Rs. 1000 crore in Agriculture R & D.
- 19) Rationalization of excise duty structure for handloom and powerloom sectors.

- 20) Target for linking 5.85 lakh SHGs with banks by 31 March 2007. Group Health Insurance Scheme for members of SHGs and other groups.
- 21) 100 days of assured employment to every poor household to be ensured.
- 22) Flood control programme in Ganga basin.
- 23) Thrust to Provision of Urban Amenities in Rural Areas Scheme(PURA)
- 24) Debt Swap scheme for State governments to retire high cost loans to NABARD and other agencies.
- 25) National water harvesting scheme for SC/ST farmers covering one lakh irrigation units. NABARD to lend money on easy terms with no margin money being charged to the borrowers. Rs. 100 crore estimated for the scheme.

B. Increasing flow of credit to agriculture - Announcement made by the Union Finance Minister:

The Hon'ble Union Finance Minister has announced certain measures for improving flow of credit to agriculture which are required to be implemented by all banks including cooperative banks. In pursuance of broad policy directives, the banks are required to double the disbursement of farm credit at the ground level over a period of three year commencing from 2004-05). Concurrently, the Govt. of India announced various debt relief measures as indicated below to be implemented by the banks.

1. Farmers in distress affected by natural calamities. The scheme covers farmers who have suffered production and income losses on account of successive drought, flood and other calamities for two or more successive years during the period of 5 years ending 31 March 2004 in districts declared as calamity affected by the state Government. The Production credit and investment loan will be rescheduled repayable over a period of 5 years.
2. Farmers in arrears whose loans have become bad and categorized as NPAs. The scheme covers farmers whose dues to the banking system are in arrears and who have become ineligible for fresh credit on account of genuine difficulties due to the factors beyond their control.
3. One time settlement scheme for small and marginal farmers. The scheme will cover all loan accounts of SF and MF who are in default as on 24 June 2004 including suit filed and decreed debts.
4. Assistance for redemption of debts of farmers from non institutional sources. The scheme aims at providing relief and remove the debt burden of identified, acutely distressed farmers who are under heavy burden of debt from non institutional sources by providing them loan for debt redemption

Achieving the above level of credit disbursement is a major challenge to the banking industry. The banks are expected to take this as opportunity to expand business by improving realization of sticky loans through extension of various relief measures and providing credit to new members.

C. Centrally sponsored Water Harvesting Scheme for SC/ST farmers

A National Programme with an outlay of Rs. 200.00 crore with 50% credit linked back ended subsidy for construction of rain water harvesting structures (100000 units) by SC/ST farmers has been announced in the Union budget for 2004-05 to be operationalised through NABARD. In this programme, Meghalaya State has been allotted physical target of 1000 units with total financial outlay of Rs. 200 lakh and subsidy of Rs. 100 lakh.

NABARD has since framed the operational guidelines for the scheme and also the economics of various models of rain water harvesting tanks, copy of which have been forwarded to all banks for implementation.

NABARD, Meghalaya R.O has finalized the unit cost for the scheme in State level unit cost Committee meeting held on 06 October 2004. The banks are advised to implement the scheme with models suitable to the local/location specific conditions.

D. Tribal Development Fund – Guidelines for Implementation

NABARD has been closely associated with implementation of KFW, Germany sponsored Wadi programme targeting the poor tribal families in Gujarat and Maharashtra. The model has been found to be very effective in creating sustainable livelihoods for tribal families. In order to support similar deserving tribal families in other parts of the country, NABARD has created a dedicated fund called “Tribal Development Fund”(TDF) by a making contribution of Rs. 50 crore. The fund will be used as loan/grant to support wadi and other sustainable micro enterprises undertaken by tribal families.

We have forwarded the Guidelines for Implementation of projects under TDF to Government. The guidelines provide objectives of the fund, purposes for which it could be used, mode of operation, criteria for selection of programme area, project implementing agencies, etc.,.

Keeping in view the significant tribal population in Meghalaya state who can avail the benefits of the fund, we have further requested them to initiate the following for implementation of projects:

- a. Identification of suitable cluster/area (with around 1000 eligible tribal families) for implementation of the project
- b. Identification of suitable project implementing agency
- c. Preparation of at least one proposal from the state.

Since substantial amount of grant is available with concerned Tribal Department/Ministry of the State Government for implementation of development schemes benefiting the tribal communities and the support available from TDF is modest, it would be essential to augment this support with that of government funds so that a visible impact could be created by operationalising the fund in the State.

CHAPTER - VII SECTORAL ANALYSIS

7.1 INTRODUCTION

Balanced development of various sectors of the economy has been the prime objective of decentralised planning and the Lead bank Scheme. Assessment of credit potentials in each sector and coordinated efforts for flow of credit to all potential sectors have been facilitated to a great extent by the introduction of Service Area Planning by bank branches. The posting of District Development Managers by NABARD in districts to co-ordinate credit efforts jointly with the Lead Banks have helped in improvement of credit planning and direction of institutional credit to potential sectors and thrust areas. Coinciding with the X Five Year Plan, the Base Potential linked credit plans, for 2002-03 to 2006-07 for all the districts had been prepared and the same have been updated for 2005-06. The potential Linked Credit Plans prepared by NABARD provides ample background information to the branch managers for credit planning at the district level. The infrastructural facilities available and required, the potentials for credit for various sectors and the credit gap have been assessed. The discussion and analysis are made based on the Potential Linked Credit Plans prepared by NABARD for all the districts in the state for 2005-06.

7.2 MINOR IRRIGATION

Out of the average gross cropped area of about 2.39 lakh ha, the gross irrigated area is 62382 ha (2000-01 provisional). The net irrigated area is 537524 ha.

The major source of irrigation in the State is surface water. An ultimate surface water irrigation potential of 1,62,000 ha is estimated of which as per 1990-91 data, the created potential is only 28,862 ha (less than 25%) and utilisation is 17,400 ha. The ultimate irrigation potential including ground water irrigation is estimated at 2,18,000 ha. About 22,710 ha of land is presently covered by both surface and ground water sources. There is immense scope for expanding the area under irrigation.

Ground Water Potential

The state does not have a separate agency for development of this sector. The Central Ground Water Board (CGWB), Government of India has made the assessment of ground water estimation committee, on a district-wise basis. The district-wise utilisable recharge, net draft, ground water balance and the stage of development as in 1993 is presented in the following table. Further it is estimated that there is potential for covering about 56,000 ha of land by ground water structures in the State. Against this potential, the exploitation so far is about 5310 ha(9.5%) only.

Sl No	District	Utilisable Recharge (ha.m)	Net draft as of Dec'94(ha. m)	Ground water balance (ha.m)	State of development (%)
1	West Khasi Hills	7000	Negligible	7000	Negligible
2	East Khasi & Ri Bhoi	6200	Negligible	-	Negligible
3.	East Garo Hills	5539	Negligible	6200	Negligible
4.	Jaintia Hills	9027	Negligible	9027	Negligible
5.	West Garo & South Garo Hills	18100	1800	163000	10%

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. In the state of Meghalaya, the cultivation of various crops are 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. Taking all these aspects into consideration, the PLPs have projected on a conservative basis investments in MI involving bank credit of Rs.25.210 lakhs for 2005-06. Five irrigation projects have been sanctioned to the State Government, for implementation under RIDF-VI. Out of Rs.2.63 crore sanctioned for implementation under RIDF-V, an amount of Rs.1.71 crore been disbursed so far.

7.3 LAND DEVELOPMENT

Sustainable development of any region depends, to a large extent, on the planned utilisation of two basic natural resources viz. land and water. The state, with hilly terrain and abundant rainfall measuring more than 200mm/annum, offers good scope for soil and water conservation works which will enable the farmers to take up improved farming. Out of the total geographical area of 22,42,900 ha the total cultivated area in the state is only 2,63,000 ha. (12%). There is no proper plan to tap the excess rain water and only 19% of the gross cropped area is irrigated.

Besides, there is also great spatial variation of rainfall ranging from 1950mm in Shillong to 11500mm at Mawsynram. There is 232637 ha. of fallow land and 483310 ha. of cultivable waste land which need immediate attention for sustained development. The primitive method of shifting cultivation is practised by 52290 jhumia families over an estimated area of 265000 ha. thereby threatening the existing forest cover, soil productivity and ultimately ecological balance.

Vast potential exists for the following land and water management activities in the state :

- Bench Terracing in areas with more than 6% slope.
- Water harvesting Tanks/Farms ponds/Check Dams.
- Composite farm development projects.
- Land clearing and levelling, mild slopy areas i.e. with more than 26% slopes.
- Watershed development.

For the year 2005-06, a total credit potential of Rs.53.54 lakh has been estimated for the state.

Watershed Development Projects

As the state consists of hills and valleys there are many watershed areas. Soil conservation and water management measures can be best undertaken on a watershed basis. Eight of these watersheds have been covered under the National Watershed Development Programme for Rainfed areas in 6 districts. It is expected that 20 more watersheds may be brought under this programme.

The Soil Conservation Department of the State has been formulating and implementing soil and water conservation projects in the State with support from Central Government. Recently, it has also formulated a few micro-watershed projects with stress on soil conservation to be implemented with farmers' participation. NABARD has sanctioned 12 soil and water conservation projects under RIDF-V with loan of Rs.441.02 lakh. The entire amount has been disbursed and all the projects successfully completed. During 2003-2004 under RIDFIX, 11 more projects for Soil and Water Conservation have been sanctioned by NABARD amounting to Rs. 560.59 lakh.

7.4 FARM MECHANISATION

There has been no significant flow of credit to the sector in the last three years. The state being covered mostly by hills and forests, scope for farm mechanisation is limited by low availability of valley land. The method of cultivation is also traditional, with jhum cultivation having its root in the life style of tribal population. Added to this, the farmers attitude towards agriculture as subsistence activity rather than a commercial venture, peculiar land tenure system and community ownership of land also have restricted the flow of budget to farm mechanisation. Though in the recent past, some of the progressive farmers have taken up farm mechanisation activities on a commercial lines, demonstrative effect has not taken place.

The Government of Meghalaya is implementing a scheme whereby 50% subsidy on the costs of tractors and power tillers is provided through Agricultural Department. The Department also hires out its tractors and power tillers to local farmers. The Government also envisages to set up an Agro-Industries Development Corporation to take care of sales and service of Agricultural machinery, implements and equipment.

At present beneficiaries availing of subsidy from Agricultural Department have to procure tractors/power tillers from the government approved firm at Shillong. This creates lots of inconvenience as well as huge transport costs to the beneficiaries residing in far off places like Garo Hills districts. To cope up with the problem, suitable firms may be approved in each district by the state government.

Taking into consideration the potentials available in different districts an amount of Rs. 332.61 lakh has been projected in all the seven districts under the sector for 2005-06.

7.5 POWER TILLER FOR AGRICULTURAL MECHANIZATION - LOAN CUM SUBSIDY SCHEME

Agriculture is the most predominant activity in Meghalaya and provides livelihood to about 80% of the population. Agricultural development is key to growth as this sector is the likely to lead the spread of benefits especially among the rural poor. Employment opportunities and income generation also depends on growth of agriculture. However, this sector has remained underdeveloped in terms of production and productivity. The cropping pattern in the state has not changed and remains mono cropped due to slow growth of capital formation in agriculture and poor agricultural infrastructure mainly farm mechanization. The cropping intensity is around 121%. The major hindrance for double or multiple cropping pattern is attributed to:

1. slow pace of farm mechanization
2. poor infrastructure facilities in the rural areas
3. lack of adequate marketing arrangements for agricultural produce
4. absence of timely and adequate credit from the banking system

The level of mechanization of agriculture in the state is very low as entire land/topography is hilly and farmers are mainly small and marginal. In order to increase the level of mechanization of agriculture a Special scheme is formulated to provide the power tillers to farmers under Loan cum Subsidy Scheme. The introduction of scheme will ensure increased production and productivity through efficient utilisation of irrigation potentials and modern techniques of cultivation. It will result in minimizing cost of cultivation, reducing drudgery in agricultural operations and saving of valuable time. Farm mechanization with required extension services will boost adoption of double/multiple cropping pattern thereby increasing income and bringing sustainability in agriculture. It will further help the economy by creation of fresh employment opportunities including opportunities for self-employment for value addition and Agro-based industries in rural areas. This will ultimately induce rural educated unemployed towards agriculture as an alternate source of employment.

Under the policy of Agricultural mechanization, the Govt. Of Meghalaya has launched the Loan cum subsidy scheme for purchase of Power tillers since 1983-84. The above policy was successful in providing much needed assistance to the SF/MF which forms majority of the farming community.

Prevailing subsidy available for Power tiller is as under:

- | | |
|---|---|
| 1) from State Government | 50% subject to maximum of Rs. 50,000 per farmer |
| 2) from Govt. Of India under Promotion of agriculture Mechanization | 30 % subject to a maximum of Rs. 30,000 |

Despite the availability of subsidy from either State /Central Government, purchasing power of small and margin farmers is limited as the cost of Power Tiller has increased substantially and farmers are finding it difficult to arrange for funds. The Govt. was able to disburse subsidy for 328 Power tillers during the last 10 years. In view of importance of Farm Mechanization and the need for linking bank finance to expand the flow of credit towards agriculture sector, it was decided in the special SLBC meeting held on 13 August 2004 that a special scheme for Power tiller finance from various CBs, RRB and MCAB be prepared for implementation during next three years. Accordingly, the model scheme for Power tiller has been prepared by NABARD Regional Office.

The scheme has the following features:

- a) A participatory programme of the District Agriculture Department & Agricultural Engineering Wing, DRDA and banks.
- b) Intensification of credit facilities with necessary extension support for realising the potential towards sustainable development in agriculture.
- c) Envisages promotional, infrastructure and linkages support from various project partners.

d) The lending rate for power tiller financing under the above scheme to 7 % p.a. in keeping with the thrust given to Agriculture and doubling of agriculture credit during the next three years.

ELIGIBILITY

General Terms and Conditions:

- i. Minimum acreage / Hours of work : A minimum of 6 acreage of land holding perennially irrigated or corresponding acreage as prescribed for different categories of land under the State Land Ceiling Act. However, while working out the economics for agricultural operations using a power tiller, an optimal command area of 4 Ha for paddy cultivation has been considered. The economics of the power tillers has been calculated accordingly.
- ii. The banks may, however, evolve their own area specific norms. A minimum of 450 hours of productive work in agriculture per year on own farm or both own-farm and custom services.
- iii. Bank loan : Borrower should not be a defaulter to any financial institution/bank
- iv. Comprehensive insurance cover : The assets created out of bank loan must be insured during the currency of the loan and the insurance policy must be assigned in bank's favour.
- v. Margin money for bank loan : The bank may follow the instructions issued by RBI from time to time. The subsidy provided by the Government may be treated as margin money.
- vi. Security of bank loan : The bank may charge security on loans sanctioned, as per RBI instructions on agricultural advances issued from time to time.
- vii. Rate of interest : It has been given to understand by Commissioner Agriculture, Govt. Of Meghalaya that some of the banks have agreed to bring down the lending rate for power tiller financing under the above scheme to 7 % p.a. in keeping with the thrust given to Agriculture and doubling of agriculture credit during the next three years.
- viii. Repayment period : Seven years period from the date of disbursement with annual or half yearly installments.
- ix. Minimum Performance Standards (MPS) : The model should meet the MPS and cleared from time to time by NABARD.

9. PROCEDURE

- I. The beneficiary will be selected by the department of agriculture and bank jointly.
 1. Farmers who intend to purchase the power tiller have to approach Department of Agriculture, Government of Meghalaya and submit the application.
 2. While accepting the application, the Department of Agriculture, will also collect No default certificate of the bank branches in the area to ensure that the application will not be rejected on this ground.
 3. The Department of Agriculture will scrutinise the application of the farmer under the loan cum subsidy scheme and if found eligible, sanction him subsidy and intimate the farmer/concerned bank branch about the same.
 4. The intimation to the farmer is to be handed over with acknowledgment and with instructions to complete the bank loan formalities and purchase the power tiller with bank loan subject to eligible amount of subsidy.
 5. Along with the intimation of the sanction of subsidy to the farmer, the Department of Agriculture will release the subsidy to the Bank who will disburse the entire amount/cost of power tiller to the dealer as per advice.
 6. The required documentation etc. as far as loan cum subsidy scheme is concerned will be obtained/arranged by the department and bank. The original documents as far as the bank loan is concerned will be passed on to the bank for its record.

7.6 PLANTATION / HORTICULTURE

Scope

With the shift of agriculture from subsistence level to commercial levels there is a greater focus on horticultural crops, value added products and export oriented produces/ products. The variation on altitude, soil and climate conditions 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 vast scope for the expansion of horticulture and plantation activities in a phased manner through a process of rehabilitation of jhumias.

Present Coverage

As per 2001-2002 statistics, the area under different Horticulture crops and the production is as under:

The area under various horticulture crops in the State are as under:-

	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

- ❖ Among the fruit crops, pineapple is grown extensively in Ri Bhoi, West Garo Hills & South Garo Hills districts.
- ❖ Banana in West Garo Hills, East Garo Hills & Ri Bhoi
- ❖ Tea is confined to Ri Bhoi, West Garo Hills & West Khasi Hills districts and cashewnut to West Garo Hills & South Garo Hills.

NABARD has been fixing the Unit costs for Plantation & Horticulture activities in Meghalaya which are technically feasible and financial viable as under:

Banana
 Citrus(mandarin orange, lime, lemon etc)
 Pineapple (Kew & Queen variety)
 Arecanut (Planting material – seedlings)
 Betelvine (Planting material- rooted cuttings)
 Cashew(Planting material – grafts of latest varieties)
 Pepper (cuttings)
 Tea (TRI clones)
 Aromatic/Medicinalplants(Citronella/Geranium/Lemon grass/Patchouli)
 Commercial nurseries for plantation & horticulture crops
 Tea nurseries
 Bamboo(suckers)

Plantation & Horticulture has a tremendous scope in the State and unit costs has been laid down for some of the activities as indicated above.

- Other crops include Spices – blackpepper of high yield variety has been found suitable for the areas. Besides, vanilla has also got good scope provided marketing arrangements are assured.
- As regards ginger, nadia variety has been found to be suitable.
- Arecanut has good scope in the lower areas.
- Among citrus crops, mandarin orange has good scope and disease-free planting materials have been developed by ICAR.
- Other horticultural crops such as passion fruit, peach, plum, pear, strawberry, etc. have good scope. There is a good scope for setting up of nurseries for various plantation & horticultural crops as good quality planting material and adequate quantity were not available and for which banks may consider financing.

Cultivation of Tea

Tea can be intensively cultivated in the state. At present the Horticulture Department is the nodal agency in the State for development of tea cultivation. Long ago it was felt that the mid-regions of Meghalaya were agro-climatically suitable for growing tea. In 1974, the Tea Board officials visited the state and on their recommendation Tea Experimental Stations were established at Umsning in Ri-Bhoi District (2.5 hectares), Riangdo in West Khasi Hills District (2.0 hectares) and Thebronggiri in West Garo Hills District (1.6 hectares) in the year 1976-77.

The results from all the three stations were encouraging and it was decided to encourage farmers to grow tea as a homestead crop. In order to supply good planting materials of varieties approved by the Tea Board, the Agriculture Department established a Tea Nursery at Umsning in the Ri-Bhoi District and Rongram in the West Garo Hills District.

At present the area under tea is being expanded in villages around tea nurseries. The nurseries are manned by tea specialists who oversee the tea gardens in the farmers fields and assist the farmers in marketing green tea leaves, in addition to ensuring the flow of good planting material through the departmental nurseries.

At present, efforts are being made to accelerate the pace of expansion of area under Tea around both Umsning and Rongram, to achieve the production level to warrant the establishment of a mini tea-processing unit, at the earliest.

Due to the peculiar land tenure system in the state, it is unlikely that big tea companies will invest in Meghalaya for raising tea plantations. The best way is to encourage small tea growers. Credit support should be provided by banks to small tea growers. Training for progressive

farmers sponsored by the Director, Horticulture will be provided by the Tea Research Institute at Jorhat in Assam. Tea factories also can come up under the fold of a co-operatives organised by the small growers. Institutional support can be provided by banks to such co-operative processing units.

Cultivation of Coffee

North Eastern Region, including Meghalaya, is a non traditional area for cultivation of Coffee. 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.

Soil : The Soils in Meghalaya are predominantly red, lateritic and sandy loam. The soil acidity generally ranges from 4.5 to 5.5 pH and rich in organic matters.

Production and productivity : The Average production is 25MT from the bearing area 1000 Hectare with average productivity of 60kg/Ha which can be improved substantially by adopting the high production technology.

In the present scenario of coffee with prices falling to record lower levels, the new challenges are coming to the coffee industry. To be competitive in the international market, there is a need to produce high quality organic coffee and productivity has to be augmented manifold.

In the context to North East Region, the following are the new challenges :

- Low cost high production technology
- Eco-friendly and sustainable crop production techniques.
- Production of good quality coffee/organic coffee to get high premium in international market.
- Introduction of diversification of cropping system for enhancing of economic returns from unit area.

Bamboo – Grasswood

Bamboo has an important role to play in the development of the NER. It is a natural element of sustainable, integrated farming systems and an excellent resource on which to build a variety of income and employment generating opportunities. 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.

Infrastructure for development for Horticulture crops

There is a separate Horticulture department in the State. There are about 15 Horticulture nurseries spread out in the seven districts of the state. However, the supply of seedlings/planting materials through these nurseries is not sufficient to meet the increasing demand.

There are two existing fruit processing units in the state, one at Shillong in East Khasi Hills District with an installed capacity of 60MT, and the other at Dainadubi in East Garo Hills District with an installed capacity of 40 MT. These factories manufacture squashes, canned fruits, juices, jams jellies, marmalade and pickles. These two factories form an integral part of the strategy for growth of the Horticultural sector in the state. They are equipped with state-of-the-art machinery manned by personnel trained at the various Food Technological Research Institutes.

There is no regulated marketing facility available for horticulture crops. In the absence of proper grading, marketing, storage and processing the producers resort to distress sales at low prices. Setting up of processing facilities will ensure better prices to farmers and also result in addition and increase in employment.

The North Eastern Council has recently taken up a scheme to support marketing of horticultural produce of the North Eastern Region. The financial support under the scheme will be available to co-operative/associations, marketing boards, co-operative federations and state/central corporation directly involved in the marketing of agri-horticulture produces in North Eastern Region. The support under the scheme would be available for setting up storage processing packaging and transport infrastructure, training studies etc.

As a major initiative for the development of the sector the government had formulated credit-cum-subsidy programme for enlarging the area of various crops on commercial level. The major crops identified by them are orange, cashewnut and pineapple. The extension services are being provided by the Agriculture Department through their Extension Officers and Gram Sevaks/Sevikas.

Agro-Processing

There are two small scale fruit processing units run by the State Department of Agriculture. One is located at Shillong and the other at Dainadubi in East Garo Hills with installed capacity of 60 MT and 40 MT of finished products per annum respectively. There is a proposal to upgrade the above processing units.

In addition, there are two private fruits processing units located at Byrnihat in Ri-Bhoi district. However, it is felt that the existing processing units in the state are not in a position to fully make use of the surplus fruits and vegetables produced in the state. It is, therefore, felt that to generate additional income in rural areas, with the production envisaged, economically viable commercial agro-processing units need to be established in suitable places for the processing and utilisation of the surplus seasonal fresh fruits grown in the state so as to tap the market within the country as well as for export promotion. There is a good scope for food processing units – Bamboo shoot, ginger, chilli etc. Units for setting up of poultry feed mills.

MUSHROOM

Meghalaya offers great potential for production of Mushrooms. A regional centre for training and production of mushrooms in the North Eastern Region was sponsored by the North Eastern Council and the formal financial sanction for the establishment in Shillong under the overall administrative control of the Director of Agriculture, Meghalaya. The centre is currently concentrating on the production and extension of (1) *Agaricus* spp. (white button mushroom) (2) *Pleurotus* spp. (Oyster). Of all the different mushrooms that can be grown by farmers, these two

varieties have the strongest market potential. Up till now, more than 700 farmers have been identified as trained growers and training sessions are being held regularly in villages in all the districts of the state.

Others

Floriculture – cut flowers and planting material (Begonia, chrysanthemum, lily, marigold, orchids, rose etc have a good scope. Besides, vermicompost and medicinal and aromatic plants.

Credit Potentials under Plantation/Horticulture

Plantation /Horticulture offers good credit potential in the State as may be seen from the above. The aggregate credit for the sector estimated in the PLPs for 2005-06 is Rs. 717.78 lakh.

7.7 ANIMAL HUSBANDRY

As the state is endowed with abundant natural resources, rearing of livestock offers good scope for subsidiary occupation. The dietary habits of the people of Meghalaya offers ready market for the livestock reared for food consumption, particularly piggery production.

Infrastructure

There are 3 government cattle farms one each in Jaintia Hills, East Khasi Hills and West Garo Hills districts and there are 10 Poultry and 10 Piggery Farms under government sector. Besides 2 farms for sheep and goatery, there are 4 veterinary hospitals one each in the following districts : Jaintia Hills, East Khasi Hills, West Khasi Hills and West Garo Hills. There are 64 dispensaries, 76 Stockman centres, 62 Veterinary Aid centres manned by 180 veterinary doctors. As per the livestock census data 1997 undertaken by the Department of AH & Vety., Government of Meghalaya, the livestock population in the State was as under :

Livestock	(Nos)
Cattle	17255
Indigenous	738262
Total	755517
Buffalo	17429
Sheep	17158
Piggery	
Cross Bred	27308
Indigenous	323566
Total	350874
Poultry(nos.)	2152055

Cattle / Buffalo Rearing

Analysis of the cattle population reveals that only around two to three percent of white cattle are cross bred. However, the climatic condition are reported to be conducive for rearing of cross bred cows specially Holstein Friesian and Jersey cows. There are two milk processing plants and six chilling plants in Meghalaya and both the centres are under-utilised.

There are two Intensive Cattle Development Projects in the state. The total breedable cattle and buffalo population of the state being around 2.00 lakhs. There are four cattle breeding farms in the State.

The Intensive Cattle Development Programme implemented in the state provides facilities for rearing of High Milk Yielding cross bred cows, but due to lack of extensive extension services particularly in the hill regions, the programme is yet to make an impact at the field level. The State government has been sanctioned financial assistance under RIDF for strengthening the existing cross bred farm in Upper Shillong and Kyrdekulai. The total milk production in the State in 2001-02 was 65.82 thousand tones of which cow milk was 64.08 thousand tones and buffalo milk 1.74 thousand tones.

Sheep / Goat

There is one government farm at Nongshilliang and one sheep and goat farm at Saitsama.

These animals are reared mainly for meat production and no commercial exploitation has been made in large way. The Department of Animal Husbandry and Veterinary may study the feasibility of promoting value addition activities like manufacture of leather products etc. together with meat production which can fetch additional income to the farmers.

Piggery

The population of pigs as per 1997 census was 350874 with around 92.8% of indigeneous stock. Pig rearing is a common occupation with the tribal people of the State. As the dietary habits of the people of Meghalaya offers good market, this activity has a preference over other activities in Animal Husbandry amongst villagers. There is only one Government farm in the state which supplies piglets. There is need to increase supply of upgraded stock for rearing. The Regional Pig Breeding Farm at Kyrdekulai is maintaining Hampshire Saddle buck, Yorkshire pigs for scientific breeding purpose. It produces piglets and supplies the district farms for supplying and multiplying of these piglets to farmers. In addition, there are 9 pig farms in the State. It was observed that due to non adoption of scientific methods in rearing many cases of death of piglets have been reported. The marketing of pork is not done in a scientific manner and with proper technical training to farmers, this position could be improved.

Poultry

Poultry is one of the major activities which could be taken up on commercial lines under Animal Husbandry sector. As discussed earlier, since 90% of population of Meghalaya is non-vegetarian this activity offers very good scope in the state. The population of poultry in the year 1997 was 21,520,55 birds. There is a regional poultry breeding farm at Kyrdekulai and a poultry farm at Ri Bhoi district. These units supply the required inputs. This activity is mainly carried out as backyard rearing. The total egg production in the State during 2000-01 was 873.95 lakh eggs. However, some units have started functioning in the recent past to give a fillip to this activity.

The total meat production in the state during the year 2001-02 was 33.767 thousand tonnes and the contribution from beef was 64.58%, Pork 25.21%, Mutton 3.65% and chicken 10.56%.

Infrastructure

(a) Veterinary Aid

As per the norms laid down by ICAR one Veterinary Centre is needed for every 7000 adult unit. However, keeping in view the geographical location of villages where the activities are mainly undertaken, a norm of one Veterinary Aid Centre for 5000 Adult Cattle Units was assumed to be a facilitating factor. Assuming this norm, 154 veterinary centres are required to cover 7.70 lakhs adult cattle units. As against this, the state has 4 veterinary hospitals, 59 dispensaries, 64 aid centres, 2 key village centres and 86 stockmen centres.

The Animal Husbandry department has a proposal to set up one Liquid Nitrogen Plant at Garo Hills for which the government has already sanctioned an amount of Rs.58.00 lakhs. This will serve the three districts of Garo Hills. The Government is already having one such unit at Upper Shillong which serves the districts of East Khasi Hills, West Khasi Hills and Jaintia Hills.

The Animal Husbandry department has proposed for one Abbottair-cum-meat processing unit at Shillong with an estimated project cost of Rs.10.00 crores. For the same there will be daily requirement of 200 cattle and 200 pigs.

The Government is also rearing one Rabbit Farm at Upper Shillong and another one at Nongpoh. Another rabbit farm proposal is under consideration at Tura at an estimated cost of Rs.22.00 lakhs.

(b) Supply of inputs

As discussed earlier, there is only one fodder seed production farm from where supply of fodder seed is effected, which is considered to be inadequate. Dependence on private dealers for supply of livestock and poultry feed often leads to inferior quality as also escalated cost.

(c) Availability of animal feed and Fodder

The present fodder supply is 3885 tonnes as against estimated requirement of 5033 tonnes per day. The vast difference in demand and supply has to be met out by initiating immediate action, with an integrated approach involving forestry, fodder and milk production programme. Though the Intensive Cattle Development Programme envisages raising of fodder in intensified manner the effect of the same has not yet been felt.

The Animal Husbandry department has set up one feed analytical laboratory at Kyrdekulai. Another laboratory has been proposed to be set up at Tura. Apart from this the Animal Husbandry department has also got one fodder unit at Upper Shillong and Kyrdekulai.

(d) Marketing Arrangements

The absence of proper marketing facilities have been voiced by farmers taking up Animal Husbandry activities. Low rates/delayed payment by private dealers have also discouraged the farmers for taking up activities on the commercial lines and has hampered the development of processing activities and manufacture of value added products. Organised Milk Collection routes and distribution system etc. requires to be established. An Apex Level Milk Federation in the Anand Model may be a solution to the problem.

Taking into account the various aspects discussed above the PLP estimates the credit requirement for the Animal Husbandry sector for the year 2005-06 as under:

	(Rs. lakh)
Activity	
1. Dairy Development	189.35
2. Poultry	282.65
3. Sheep/Goat/Piggery	542.90
Total	1014.90

7.8. FISHERIES

The state is blessed with vast potential for inland fisheries both culture and capture activities.

The network of inland water bodies includes 1944 ha. of ponds and tanks, 394 ha. of beels/lakes, 1761 ha. reservoir and 5000 ha. area where paddy-cum-fish rearing can be taken up. Besides, 89 km. stretch of upland river pose good scope for trout fishery and mahseer fishery. The exploitation is not commensurate with the potential and hence the fisheries sector offers good scope in this state. Flood Plain lakes, which are locally called as 'beels' or 'pats' constitute most potential areas for fisheries development in foot hill region of the state. These versatile water bodies poses enormous fish production potential (10000 kg/ha/year) and if managed scientifically, would constitute the thrust area from where not only this state, but also other state in North East would substantially meet the fish demand. These 'beels' are distributed in West Khasi Hills and East and West Garo Hills region of Someshwari and Jinjiram river basin covering about 394 ha. area. There is scope for taking up pen culture also in 107 ha. (readily available), out of 1761 ha. large lakes/reservoirs of the state.

One major constraint in fisheries is is the lack of adequate supply of fingerlings. There are 14 fish seed farms in the State with total nursery area of 3.3 ha and bheels lakes of 414.8 ha. The fingerlings production was just five lakh numbers during 1996-97. The production and supply of fingerlings have to be enhanced.

The fish production during 2001-02 was 5000 tonnes of capture and culture fish. The total area under composite fish culture at present is 326.1 ha providing ample scope for expansion. Oranamental fisheries also has good scope.

Taking into consideration the potentiality an amount of Rs.190.20 lakhs has been projected for the year 2005-06.

7.9 PRODUCTION CREDIT

Agricultural Production

The total cropped area of the state is 266816 ha. in 2000-2001 and the net sown area under cultivation is around 221830 ha. The area shown more than once was 44986 ha. The maximum area for cultivation has been in West Garo Hills followed by East Khasi Hills and East Garo Hills.

As per 2001-02 data the area of production and yield under various crops in Meghalaya are as under:-

Crop	Area (Ha.)	Production(MT)	Yield (Kgms./Ha)
Paddy	107761	188971	1754
Wheat	2753	4812	1747
Maize	16866	25247	1497
Other Cereals	2720	2152	791
Pulses	3425	2543	752
Total Foodgrains	133525	223725	1675
<u>Oilseeds</u>	8578	5519	643
<u>Other crops</u>			
Sugarcane	83	226	2723
Potato	18151	159032	8762

<u>Spices</u>			
Ginger	8897	48606	5238
Turmeric	1523	8577	5632
Chilli	1825	1158	635

- ❖ Major areas under paddy in Meghalaya – West Garo Hills followed by East Garo Hills, Jaintia Hills, Ri Bhoi, South Garo Hills, West Khasi Hills.
- ❖ Potato is the major crop in East Khasi Hills area cultivated is 10835 ha. with production of 97266 MT.
- ❖ Wheat is confined to mainly West Garo Hills.
- ❖ Maize is grown mainly in West Khasi Hills, West Garo Hills and Ri Bhoi districts.
- Ginger is grown mainly in East Garo Hills, West Garo Hills & Ri Bhoi.
- A pilot project for raising the yield of turmeric in Meghalaya is being undertaken by North Eastern Council with financial assistance of Rs.196 crore. Jaintia Hills (which produces the best quality turmeric) and Ri Bhoi districts have been identified as the areas for implementation of the project. The lakadong variety have a cucurmin content of 6.5% to 7% and which has good medicinal and cosmetic value is being encouraged.

Though deficit in terms of food grain production, the state is surplus in the production of a number of cash, commercial and horticultural crops such as potato, jute and mesta, short staple cotton, turmeric, arecanut, betelvine, banana, pineapple, oranges and variety of vegetables. The Garo hills also have the potential to produce high value cash crops like cashew. The strategy in Meghalaya is to adopt high input agriculture in the valley lands and organic agriculture including horticulture crops in the upland areas. There is good scope for oilseeds-mustard groundnut, sunflower and soyabean. Hybrid maize developed by ICAR can be cultivated thrice in a year is good for consumption and for feed and fodder. Babycorn has got good export potential

Agricultural activities are largely confined to subsistence farming. As a result, productivity is very low. In order to increase production and productivity the existing farming practices have to undergo major changes. The jhuming or shifting practice of cultivation should give way to scientific methods with stress on land development. In the process of adoption of scientific process of cultivation by farmers production credit plays an important role.

Efforts from the Agriculture Department to educate the farmers in adopting modern agricultural practices and increased extension services will also help in improving the credit flow for agricultural production activities. The commercial banks in the states also have to increase their plan outlays and disbursements in this sector. A State Reform Package for co-operatives in Meghalaya also has been prepared at the initiative of NABARD. The package of recommendations is with the view of strengthening the MCAB and the PACS in the state.

The major constraint in credit flow under this sector is the weak nature of the primary co-operative credit societies in the state. The overdue level in the co-operatives also is high. This coupled with the low level of awareness and willingness among farmers result in low level credit planning and disbursement in the sector. Strengthening of the Primary Co-operatives is one solution.

The initiative shown by RRB and MCAB in the implementation of the Kissan Credit Card Scheme in the State show some improvement in the ground level credit flow for crop loans. Commercial Banks have taken the initiative of promoting Kissan Credit cards scheme and

therefore, the ground level credit flow for crop loan shows much improvement. However much more needs to be done particularly in view of the recent initiatives for doubling of credit towards agriculture and allied sectors during next 3 years. The PLPs have been updated taking into account the above policy announcements.

The Scale of Finance (2004-05) in respect of major crops in the State are as under :

Sr. No.	CROP	Scale of Finance Rs./ha
1	Paddy	
a	Megh I & II	7277.00
b	Medium altitude (HYV)	7860.00
c	Low altitude (HYV)	8737.00
d	Local Transplanted	7269.00
e	Local Broadcasted	5457.00
F	Im Paddy	8542.00
2	Potato	37715.00
3	Turmeric	26621.00
4	Ginger	33128.00
5	Maize (HYV)	7913.00
6	Wheat (HYV)	8666.00
7	Mustard	6320.00
8	Soya bean	10735.00
9	Pulses	9261.00
10	Jute	7638.00
11	Mesta	4395.00

Considering the above factors, the estimated PLP projection for crop loan during 2005-06 is Rs.1678.42 lakhs.

7.10 NON-FARM SECTOR

Vast scope and potential exists for setting up of rural, cottage and village industrial units, including SSI in the state. The quantum of refinance availed of from NABARD by all the agencies has increased substantially. The refinance from NABARD under NFS has increased to Rs.645 lakh in 2001-02. Still much scope is left for purvey of credit and availment of refinance under this sector. NABARD has taken initiatives in providing refinance to vehicles carrying passengers and rural produces to market places. The scheme has been extended to cover water carriers also. An amount of Rs. 1799.60 lakhs is envisaged under rural Non Farm Sector activities in the PLP 2005-06.

Government machinery at the district level, particularly the District Industries Centres can play a vital role in recommending cases of individual artisans or SSI units to banks for necessary assistance. They may have to be directed to recommend cases under NABARD refinance scheme to banks. District Industries Centres can also play a vital role in popularising the schemes introduced by NABARD by way of displaying salient features of the schemes on walls etc. so that awareness at the borrowers level can be generated. Cluster units both in the farm and non-farm sector can be encouraged. State government may also identify 2-3 districts in the state for intensive development of agro-processing industries.

The District Industrial Centres in the districts have to conduct industrial potential surveys. Project profiles of suitable industries also may have to be prepared by them. The Small Industries Service Institute can also associate with the DICs in the preparation of project profiles.

The financial gap under the Khadi & Village Industries Sector can definitely be bridged through institutional credit subject to formulation of suitable bankable proposals for the purpose by the state Khadi and Village Industries Board/Khadi & Village Industries Corporation. NABARD has already prepared project profiles under KVIC fold with a view to covering them under the Automatic Refinance Facilities (ARF) which could be made use of while sponsoring the cases of banks.

The state government has announced its industrial policy which provides several incentives to the entrepreneurs the low level of awareness, poor infrastructure, low skill etc. This has created an environment for flow of credit to some industries, which are coming up especially in Ri Bhoi district. However, there are still vast potentialities for setting up of small scale industries in other districts also.

7.10.1 Handloom weaving

Handloom-weaving in Meghalaya is concentrated mostly in Garo Hills with some activities in Ri Bhoi, Khasi Hills and Jaintia Hills districts bordering Assam. Some of the activities have also been extended to certain areas bordering Bangladesh. There are at present around 12000 handlooms 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 looms, loin loom and throw shuttle looms.

The weavers are all women folk, some professional, but mostly seasonal workers only. The present annual level of production of handloom fabrics in the state is around 21.04 lakh sq.metres, of which about 2.94 lakhs sq.metres are produced in the co-operative sector. The production consist mainly of local items such as oakmandas, daksaree, jainkyrshah, sidebads, 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 wool are used by the weavers for production of fabrics.

7.10.2 Handloom Weavers Coop. Societies

There are 61 handloom weavers co-operative societies in the state which fall under the direct control of the Co-operation Department. The registration, inspection and auditing of the accounts etc. of these societies are under the purview of this department. The Meghalaya Apex Handloom Weavers and Handicrafts Co-operative Federation Ltd., is also 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 not only a technical guidance but also financial assistance to both the societies as well as to the Federation in the matter of Managerial subsidy and assistance for modernisation. However, the societies as at present are not commercially viable. This may be due to the fact that (i) the weavers members are seasonal workers only, (ii) quality yarn at reasonable prices are not available when required, and (iii) lack of proper marketing avenues (iv) the production is limited to traditional items which caters to local markets/consumption (v) lack of proper marketing avenues (vi) lack of variation in designs (vii) increased cost of production and (viii) use of obsolete looms and inhibitions to use modern looms and adopt modern techniques of production.

In order to boost the production of Handlooms weaving Societies in the state, the following steps are to be initiated.

1. Credit linkage with financial institutions to be established.
2. Modernisation of looms
3. Introduction of new and innovative designs
4. Conducting exhibitions/fares
5. Publicity/advertising campaigns on handloom products.
6. Setting up of yarn banks covering all major handloom weaving centers shall facilitate in a big way to provide all inputs to handloom weavers at concessional terms and conditions with regular supply. These yarn banks should be equipped with buy back facilities of the finished products which in terms shall go a long way in quick realization of remunerative prices for their products and ensure quick circulation needed by the weavers without having any fear of exploitation by the middlemen.
7. Setting up of training and exhibition center
Setting up of handloom training and exhibition center at Tura and other major handloom centres equipped with all infrastructure facilities like latest weaving technology to provide training to the weavers. The exhibition centres should display improved design quality handloom fabrics which in turn will facilitate customers to have the products of their choice and requirements.
8. Purchase of handloom fabrics by Government establishments. To promote handloom in the State, the Government may decide to purchase handloom fabrics from the weavers who are otherwise not able to sell their products at remunerative prices because of stiff market competitions. Handloom fabrics such as bedsheets, gamochas, dressing materials, furnishing materials can be used in Government hospitals, jails, offices, etc.. This measure alone shall prove to be a milestone for the development of handlooms and this will benefit thousands of handloom weavers through stabilization of prices.

7.10.3 Sericulture

Sericulture is one of the potential areas of development in the state. At present, however, it is placed at a very low priority in the state's development plan, due to its poor coverage and low contribution to the state's economy.

Sericulture requires low investment and is environmental friendly. It is a rural based micro enterprise involving large number of women. In Meghalaya there are 1812 sericulture villages and 14000 families are engaged in sericulture.

There are 6 sericulture farms, 4 Eri silk farms, 4 mulberry and 4 muga silk rearing units, 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.

There is good scope for forest produce i.e broomstick cultivation, bamboo and cane.

7.10.4 Rural Entrepreneurship Development Programmes

REDPs sanctioned to Assam Regiment Welfare Association (ARWA)

NABARD has sanctioned 4 Rural Entrepreneurship Development Programs (REDPs) on a pilot basis, to Assam Regimental Centre, Shillong with a total grant assistance of Rs.4.80 lakhs. It is for the first time that NABARD has sanctioned training programmes to army units and the success of these programmes would, to a great extent, determine our association with similar programmes in the future in respect of other Regiments situated all over the country.

The RO developed 4 training modules, keeping in mind the following aspects :

1. Assam Regiment Welfare Association

The ARC was established way back in 1941 and the Assam Regiment Welfare Association (ARWA) comprising of officers, JCOs and other ranks was registered as a society under the Society Registration Act XXI of 1860 and has been approved by the Government of India, Ministry of Defence as an association to promote and execute welfare related projects for all ranks and families of the Assam Regiment, both serving and retired and war widows. It was felt that ARWA could be the nodal agency to undertake conduct of the 4 REDPs sanctioned by NABARD.

2 Objectives

There are on an average 1200 soldiers retiring every year from the Regiment. The age group of the soldiers is between 35-45 years with minimum 15 years of service. With a view to enable them to take up a second career after retirement, it was necessary to:

- (a) Impart necessary skills to soldiers to take up income generating activities.
- (b) Encourage them to take up self-employment activities in the farm and non farm sectors.
- (c) Equip them with the necessary entrepreneurial and managerial skills to take up entrepreneurship activities
- (d) Expose them to the various avenues for self-employment after retirement
- (e) Rehabilitate the ex-servicemen in self-employment activities with loan assistance from the banking sector
- (f) Provide counselling for transition from army to a civilian environment.

It was felt that conduct of the training programmes could be implemented with the twin objectives of rehabilitating ex-servicemen with gainful employment in existing and emerging areas. The inherent traits and qualities in ex-servicemen such as discipline, organizing abilities, mental & physical alertness etc. would definitely help in ensuring success and higher settlement rate following the conduct of the programme. The long term strategy would be to develop the Assam Regimental Centre as a center for training future batches of soldiers who are on the verge of retirement as also upgrading the existing infrastructural facilities in ARC. It was envisaged that some of the participants undergoing training would be in a position to equip themselves with the necessary skills to conduct training programmes on an ongoing basis for the future batches.

3. Details of the Training Programme

Duration of the Programme	:04 weeks
Date of commencement and conclusion of the programme	:02 October to 03 Nov.04
No. of programmes	: 4
No. of participants	:120 (4 batches)
Training modules & course content	: The RO developed 4 training modules keeping in mind the aptitude, potential activities for employment, infrastructure available, scope for rehabilitation with financial assistance from banks etc. The training schedule was drawn up in such a way so as to have common programme for all batches in the 1st and 4th week during which inputs on behavioural, business, managerial aspects were imparted. Besides, preparation of project report, documentation and procedural formalities of banks, role of various agencies in extending support services etc. also formed part of the training. The medium of instruction was in Hindi, to the extent possible, keeping in mind the background of the trainees.

During the 2nd and 3rd week, activity specific programmes with arrangements with the following agencies had been made:

(a)Agriculture activities (Floriculture/Plantation & Horticulture/Vegetable farming/ Mushroom/Bamboo/Integrated farming etc.) – ICAR (NEH), Umroi, Ri Bhoi, Meghalaya

(b)Activities allied to agriculture (Dairy/Piggery/Poultry/Pisciculture/Rabbit rearing) – ICAR (NEH), Umroi, Ri Bhoi, Meghalaya

(c)Activities under services sector (Welding/Fabrication/Carpentry/Bakery/ Tailoring & Weaving) – ITI, Shillong and Bethany Society, Shillong

(d)Cane & bamboo – Cane & Bamboo Technology Centre, Shillong

The practical training programmes in association with ICAR, CBTC, ITI were designed in such a manner so as to give maximum field level exposure to the participants.

In addition to the four REDPs sanctioned to ARWA, RO has sanctioned one each REDP to Don Bosco Technical School, Shillong and Bosco Reach Out, Umran respectively during 2004-05. One Skill Up-gradation programme on Cane and Bamboo was sanctioned to Meghalaya Handloom and Handicrafts, Shillong. All these programmes have been successfully conducted with 180 trainees which is expected to boost the non farm sector activities in the State

8. Micro Credit

The micro credit initiatives have taken place in the State with the involvement of NGOs like Bosco Reach Out, BAKDIL Diocesan Social Service Society, Bethany Society, FMA-Outreach for Underprivileged Women and Children, Women for Integrated Sustainable Empowerment (WISE), Nangroi Hynniewtrep Organisation, Namrhen Association, Western Cultural and Socio Welfare Association etc., Bosco Reach Out is the NGO which has been successful in the formation of SHGs and then linking those groups with the banks. Details of district-wise SHGs formed in the State as per available records are as under:

Sl. No.	Name of the District	Total No. of SHGs formed	Of which Women SHGs	Total No. of members	Total amount of savings (Rs.)	No. of SHGs opened SB A/c	Remarks/Name of the NGO promoting the SHGs
1	2	3	4	5	6	7	8
1.	West Garo Hills	171	153	1835	617016	106	IFAD-New Rompa Mebit Club; Krma IV; Byacid; Aca; Bethany Society; BRO & SAVE
2	East Garo Hills	52	31	509	252000	25	BRO
3	West Khasi Hills	189	92	2081	414229	125	IFAD-BRO; WAWO; WCSWA; SSD; KJPS
4.	East Khasi Hills	101	54	972	777388	40	BRO & SOFMEDA
5.	Janitia Hills	33	0	343	229425	34	Promoted by RRB/NGOs
6.	Ri Bhoi	75	38	764	605882	36	BRO
Total		621	368	6504	2895940	366	

As a promotional measure, NABARD had been organising exposure programme on SHGs for banks, government officials and NGOs. The Regional Office has undertaken a quick study of SGSY in West Garo Hills district during 2004-05 and the findings have been communicated to the State Government for further necessary action.

As on 30-11-2004, 215 SHGs have been credit-linked to various banks.

NABARD has sanctioned grant assistance of Rs.8.00 lakh to Bosco reach Out for conducting various training programmes for strengthening 400 existing SHGs and promoting 400 SHGs both in Meghalaya and Assam within a period of three years. NABARD has also sanctioned RFA of Rs.15 lakh for on lending to 150 SHGs with an average loan of Rs.10000.00 per group for undertaking income generating activities. As on June 2004, Bosco Reach Out have formed 5563 SHGs, of which 340 groups have been savings linked.

9. Community Resource Management Programme(IFAD assisted Programme)

A pilot programme on participatory development process is being implemented in the North East with IFAD support. The programme covers two districts each in Assam, Meghalaya and Manipur. In Meghalaya, West Garo Hills and West Khasi Hills are being covered.

The pilot project is intended to demonstrate a new approach in rural development with appropriate technology, sensitive to the local culture, through people's institutions and in partnership with community and development agencies.

The selected villages under the programme have Village Development Committees and under them Self Help Groups. There are district level community resource management societies and at the state level Regional Community Resource Management Society. The project is being implemented in 691 villages covering 31472 households. Of the 1886 SHGs formed 257 and 294 SHGs have been formed in West Khasi Hills and West Garo Hills respectively. Selected NGOs help the societies at grassroot level in organising the people. Resource mapping of the selected villages through the PRA technique has been launched under the programme. Village level committees have been organised.

The programme gives thrust in increasing local capabilities, improving the livelihood, enhance saving capacity and habit and improve delivery systems through local participation especially that of women. SHGs are supposed to play a crucial role in the success of the programme. The IFAD project is also developing a livelihood improvement programme focussed on poor households in the State. The project will be implemented in remaining districts of the State not covered under NERCRMS project includes livelihood enhancement, capacity building of community institutions, project management and institution building.

9.1 Factors impeding the promotion and linkage of SHGs

The progress of the SHG bank linkage programme in the State has not been upto the expected level mainly on account of the following factors::

- Concept of promotion, development, capacity bulding of SHGs is yet to be understood by all implementing agencies;
- Internal lending among the groups members have generally not taken place;
- Time lag in the formation of the groups and the maturity for linkage;

- Some of the NGOs who are involved in the formation of the groups are also extending credit facilities to such SHGs and since the system is working well and the members are comfortable with the arrangement, the expectation of such groups linked with banks is low.
- Many of the SHGs being promoted by NGOs have gradually been drawn towards SGSY and are being covered under the programme.
- The monitoring and nurturing of SHGs for credit linkage is generally lacking.

10. RURAL INFRASTRUCTURAL DEVELOPMENT FUND (RIDF)

In order to tackle the twin problems of shortfall in priority sector lending by commercial banks and declining capital formation in the agriculture sector, the Union Finance Minister conceived the idea of setting up "Rural Infrastructure Development Fund" (RIDF) in NABARD from 1 April 1995. The fund (RIDF-I) started with an initial corpus of Rs.2000 crore. During the subsequent years, the corpus of the fund had been enhanced every year and the tranche-wise corpus fund set up is as under:

RIDF Tranche	Year	Corpus fund to be contributed by Indian Commercial Banks (Rs. Crore)
RIDF-I	1995-96	2000
RIDF-II	1996-97	2500
RIDF-III	1997-98	2500
RIDF-IV	1998-99	3000
RIDF-V	1999-00	3500
RIDF VI	2000-01	4500
RIDF-VII	2001-02	5000
RIDF-VIII	2002-03	5500
RIDF-IX	2003-04	5500
RIDF-X	2004-05	8000
TOTAL		42000

The tranche-wise disbursement details of RIDF projects selected is indicated in Annexure-D-2.

2. Initially, the fund was meant to be utilised for financing State Governments and State owned Corporations. It has been decided to finance under RIDF the project to be implemented by Panchayati Raj Institutions (PRIs)/Self Help Groups (SHGs)/Non Government Organisation (NGOs).

3. The activities for which projects that could be considered for implementation/sanction under RIDF X.

10.1 As on 30 November 2004 NABARD has sanctioned the following projects to the state government under the various tranches of RIDF as under:

(Rs. in Crore)

RIDF Tranche	Type of Project	No. of projects	Amount of loan sanctioned	Amount of loan disbursed
RIDF-I	Rural Roads	19	3.394	3.394
Sub Total		19	3.394	
3.394				
RIDF-III	Rural Roads	10	5.860	5.860

	Rural Bridges	9	1.199	1.199
Sub Total		19	7.059	
7.059				
RIDF-IV	Rural Bridges	16	9.329	9.146
Sub Total		16	9.329	9.146
RIDF-V	Rural Roads	45	24.443	22.045
	Rural Bridges	4	6.245	2.698
	Soil and Water Conservation	12	4.410	4.410
Sub Total		61	35.098	
29.153				
RIDF-VI	Rural Roads	36	16.798	13.873
		11	11.063	8.503
	Minor Irrigation	5	2.626	1.714
Sub Total		52	30.487	
24.090				
RIDF-VII	Rural Roads	19	9.688	5.559
	Rural Bridges	7	7.866	3.785
	Animal Husbandry	2	0.749	0.239
Sub Total		28	18.303	
9.673				
RIDF-VIII	Rural Roads	8	3.835	0.838
	Rural Bridges	13	14.558	3.167
Sub Total		21	18.393	
4.005				
RIDF-IX	Rural Regulated Market	2	0.639	0.044
	Rural Bridges	4	9.280	1.064
	Soil Conservation		5.606	0.224
Sub Total		11	15.525	1.332
Grand Total		233	137.588	87.854

CHAPTER - VIII

SUPPORT REQUIREMENT FOR DEVELOPMENT OF PRIORITY SECTIONS OF SOCIETY

1. Credit Support to Women

As per 2001 census, the women population in Meghalaya at 11.38 lakh constituted 49.36% of the total population of 23.06 lakh. One-third of the workforce are women. The workforce in agriculture as well as in other activities in the rural areas are mostly women. In order to promote women entrepreneurs for different activities in the State, the various banks in Meghalaya have provided credit to women as indicated below :

Bank credit to women in Meghalaya as on 31-03-2004

Sl. No.	Agency	Amount of Advances (Rs. Lakhs)
1.	CBs	1502.03
2.	RRB	28.78
3.	SCB	979.29
Total		2510.10

Even though most of the womenfolk are engaged in agriculture and are good entrepreneurs, they have not been able to receive sufficient support in the form of bank credit.

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	'000	395.8	
Male		NA	
Female		NA	
Agricultural labourers	'000	89.5	
Marginal workers	'000	41.7	

As can be observed from the above data, the number of females to 1000 males is 975 and 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 54.61% at national level.

Coverage of women by banks

As per RBI guidelines, the credit to women should at least be 5% of total advances. In this connection, bank credit being provided to women entrepreneurs in Meghalaya is well above the minimum stipulation as can be seen from the table below.

(Rs. Lakhs)

Sl. No.	Particulars	March 2004
1.	Credit to women	2510.10
2.	Total advances	1046.85
3.	% of credit to women to total advances	4.34%

Compared to the population, the flow of bank credit to women is very low. 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, yet their access to bank credit is still limited. This is due to the fact that women have substantially lower literacy levels than their male counterparts especially in rural areas which impairs their awareness of bank credit, comprehension of loan procedures etc. Again, due to inflexible policies and bureaucratic procedures of formal credit institutions, most women would prefer to borrow from the informal institutions where interest is very high. Another impediment especially to agricultural labourers is the peculiar land tenure system prevailing in the State where land is mostly owned by the community instead of the individual. Because of this, most of the women do not have any land to offer as collateral for bank credit even if they are willing to avail of loan for various economic activities.

Potential sectors/activities for women

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. By March 2004, 1079091 Self Help Groups were credit linked covering 167 lakh poor household in the country to access micro finance from the formal banking system. 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%. However, credit support for these groups should be more focussed and credit requirements should be provided by the banks.

The potential areas where women could undertake business activities are agriculture, animal rearing, milk production, design & development for ethnic heritage, production of leather and other non farm activities.

Training and other capacity building needs

Gender disparity, despite efforts from various quarters, continue to persist and assumes significance since women constitute 50% of the total population in India and make up one-third of the labour force. In Meghalaya, they constitute 49% of the total population bringing them into the mainstream through various activities by meeting their small, cyclical and micro-

economic activities need and adoption of appropriate strategies and approaches by the institutional agencies is therefore needed so as to make them equal partners in development.

Specific issues related to women entrepreneurs

Though women entrepreneurs are engaged in various activities, still the accessibility to bank credit is limited. Banks should come forward in identifying potential women entrepreneurs and provide credit facility and also impart the necessary training inputs to enable them to carry on economic activities on a sustainable basis.

2. SC/ST Development

Meghalaya is pre-dominantly a tribal State having a scheduled tribes population of 15.18 lakh out of a total population of 17.74 lakh as per 1991 census thus forming 85.53% of the population. The scheduled caste population of 907 formed 0.51% of the population as per 1991 census. Various schemes have been launched for development of ST & SC population in the State.

3. Bank Loan to weaker sections

Bank credit to various weaker sections of society in Meghalaya is indicated in the table below.

(Rs.in lakh)

Sl. No.	Particulars	March 2002	March 2003	March 2004
1.	Weaker Sections	19343.57 (40.95)	20914.85 (28.66)	28629.00
2.	Women	4821.00 (10.20)	4784.87 (6.56)	2510.10
3.	Minority community	16652.84 (35.25)	18574.36 (25.45)	12435.98

(Figures in bracket indicate percentage to total loan outstanding)

CHAPTER - IX

FOLLOW UP OF ISSUES IN STATE CREDIT SEMINAR (SCS)

The State Credit Seminar for Meghalaya for the year 2004-05 was held 15 March 2004. The State Credit Seminar had been organised to discuss the various issues highlighted in the State Focus Paper (2004-05) prepared by NABARD and circulated to the Banks/Govt departments. The issues that emerged from the State Credit Seminar 2004-05 and the respective follow up action initiated by the State Government, banks and other concerned institutions to enable channelisation of credit towards areas having growth potential, are as under.

1 Ground Level Credit

The ground level credit increased from Rs.3207.23 lakh in 1999-00 to Rs.5987.59 lakh in 2002-03. Under SAP 2003-04, the banks had disbursed a record Rs.7925.18 lakh under the priority sectors representing an increased of 32% over the previous year an achievement of 115% of the target. During 2004-05, the banks have provided for an allocation of Rs.8893.00 lakh under priority sectors.

2. Agriculture Credit

In the last State Credit Seminar, the issue of declining share of agriculture credit in the overall GLC was discussed thoroughly and banks were urged to take up agriculture lending in a bigger way as there was good scope in the State so that the sectoral imbalances could be removed. The total credit towards agriculture and allied sectors had declined by 5% in 2000-01, increased by 3% in 2001-02 and 2% in 2002-03. In terms of quantum of credit it was around Rs. 610.00 lakh. However, during 2003-04 with the banks giving a thrust to agriculture lending mainly through KCCs the quantum of credit went up to Rs.1059.00 lakh which was a significant 73% increase over the previous year. The required thrust in credit dispensation for crop production is partially achieved by the banks by stepping up in issue of 5526 KCC cards amounting to Rs.506.66 lakhs during 2003-04 taking the accumulative number and amount to 14370 KCC cards and Rs.1804.60 lakh. But the declining share of agriculture sector in the overall GLC as also the credit requirements for the sector keeping in view the immense potential available continued to be a cause for concern. In keeping with the announcements of the Union Finance Minister and policy measures taken for doubling of agriculture credit during the next three years the allocation for agriculture and allied sectors under SAP 2004-05 have been increased to conform to the guidelines. Accordingly, the total allocation for agriculture sector under SAP for 2004-05 has stands at Rs.1447.00 lakh as per the decision taken in the Special SLBC held on 13 August 2004 which was presided over by Dr. D.D. Lapang, Chief Minister of Meghalaya. The allocation represents 37% increase over the actual achievement in 2003-04.

3. A. Unit Cost

In keeping with the decisions taken in the last State Credit Seminar for revision of unit cost for various farms sectors activities in Meghalaya, the Regional office of NABARD convened the unit cost committee meeting on 06 October 2004. The revised cost estimates for various activities including under Plantation and Horticulture, Animal Husbandry and Fishery, etc. have been circulated among the banks, line departments of State Government and implementing agencies. The revision of unit cost is in keeping with the policy measures for doubling of credit towards agriculture.

B. Model Bankable Schemes

70 model bankable schemes under agriculture and allied sectors had been circulated among the banks, line department of the State Government and implementing agencies which could be replicated in the State with modification to suit local conditions.

4. CD Ratio

In view of the low CD ratio in the State, banks were urged to step their lending towards the priority sector and agriculture and allied sector in particular. During 2003-04, the State witnessed a significant increase in CD ratio from 28.7% in 2002-03 to 36.51% in 2003-04. The Commercial Banks have shown steady increase in CD ratio from 14.02% in 1999-00 to 38.26% in 2003-2004. The State Co-operative bank, however, continued to have a downward trend in CD ratio from 37.86% in 1998-99 to 30.53% 2003-2004. Although one of the reasons for adverse CD ratio in the State was due to high growth in deposits particularly in East Khasi Hills district on account of the concentration of branches of commercial banks branches in Shillong there is still scope for further improvement in CD ratio from the present 36.51%.

5. Sectoral Issues

Minor Irrigation

The need to extend credit support to Minor Irrigation activities in the State was emphasised on the banks. The area under irrigation in the State is only 19% provided by Shallow Tube wells, Deep Tube Wells etc. in Ri Bhoi, East Khasi Hills and West Garo Hills districts. During the year, the unit cost for the three models under the centrally sponsored Rain Water Harvesting Scheme have been approved in the State and banks have been urged to finance under the scheme.

Land Development

To promote Land development activities in the State 12 watershed projects with loan assistance of Rs.441.02 lakhs under RIDF-V have been fully drawn and projects successfully completed. The State Government has been sanctioned further 11 projects under RIDF IX with loan amount of Rs.580.59 lakh. The Soil Conservation Department is extending necessary support in supply of inputs, technical help etc to farmers. Since Watershed Development projects also cover bench terracing, farm ponds, check dams, water harvesting etc., involvement of other line departments and banks in the watershed areas for providing extension support for fisheries, animal husbandry activities, cultivation etc has been initiated by the State Government.

Farm Mechanisation

For introduction of Farm machinery especially power tillers, the State Government was making efforts to increase the subsidy component so as to cover a larger number of farmers. In keeping with the decisions taken in the Special SLBC meeting held on 13 August 2004, NABARD Regional Office prepared a model scheme for financing Power Tiller in the State. The scheme was discussed and approved by the banks. The State Government with a view to increase production and improved productivity had proposed 3000 Power Tillers to be financed by banks in the next three years with subsidy to be made available by State Government. The scheme is expected to be implemented from 2004-05 and banks have evinced keen interest in financing under the scheme.

Cold Storage/Rural Godown

One rural godown scheme sanctioned to Meghalaya Co-operative Apex Bank Ltd with a project outlay of Rs.247.783 lakhs is presently under implementation and is expected to provide additional storage of capacity for agricultural produce.

Animal Husbandry

Piggery has good potential in all the districts and SHGs under SGSY and outside SGSY were encouraged to take up the activity. Under RIDF, the Government of Meghalaya has also been assisted with a loan component of Rs.75.00 lakhs for setting up of Dairy Development units in Upper Shillong and Kyrdemkulai. The success of milk societies in East Khasi Hills is being attempted in Garo Hills and Jaintia Hills district.

6. Promotional Initiatives

A. Self Help Groups

NABARD Regional Office continued to provide support to the Government departments, banks and NGOs in extending necessary faculty in conduct of SHGs programmes. Besides large number of NGOs continued be financially assisted by NABARD in capacity building of the SHGs members as also the NGOs themselves. Further, the Regional Office also associated in the sensitisation programmes on SHG for IAS officers. The thrust during the year was towards credit linkage of SHGs particularly those under the IFAD project in West Garo Hills and West Khasi Hills districts.

B. Farmers' Clubs

As per the decisions taken in the last State Credit Seminar the banks evinced renewed interest in the working of the Farmers' Clubs and during 2004-05, three new clubs have been launched and a few more would be launched before the close of the financial year. The Regional Office provided active support in the conduct of basic level orientation training programmes.

c. REDPs

NABARD Regional Office continued to grant assistance to NGOs in conducting REDPs. During 2004-05, six REDPs have been sanctioned and every effort is being made to ensure that the settlement rate in respect of the trainees is high. It was observed from some of the REDPs sanctioned earlier to DIC, Tura and NAMRHEN Association that the success in terms of number of trainees who have set up their own units and some with financial assistance from banks is quite high. On a pilot basis four REDPs were also sanctioned to Assam Regimental Centre, Shillong the details of which have been reflected in Chapter VII.

7. NABCONS

In the last State Credit Seminar, the State Government, banks and developmental agencies were urged to utilise the services of NABARD Consultancy Services. A beginning has been made with the State Horticulture Department submitting a project for upgradation of the existing capacities of two fruit processing units. Besides, the NERCRMPs (IFAD project) have also approached NABCONS for undertaking preparation of credit plan for one of the identified districts in Meghalaya.

C H A P T E R - X

FEEDBACK / RESPONSES FROM FARMERS

1. 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.
2. In general, delays in sanction and disbursement of loans were pointed out.
3. Due to these delays, farmers are required to make frequent visits to the branches which not only result in loss to their daily wages, but also create additional cost, as they have to spend on to and fro travel from their residence to branch.
4. Agricultural loans should be sanctioned well in advance before the commencement of the season for agricultural operations.
5. There should be periodic farmers meets at bank premises where farmers should be heard of their problems. There is need for user friendly procedures and the borrower banker contacts should be strengthened.
6. Farmers should be allowed to buy assets/inputs from any established agency/dealer.
7. Farmers have pointed out that the scale of finance for various crops are not realistic and requirement of the farmers for production credit is not met in full. Some banks stipulate margins on the scale of finance which further reduced the availability of required quantum of loan. The farmers are, therefore, required to approach moneylenders per force which not only increases the cost of credit but also brings farmers under the clutches of moneylenders in order to get exploited from the later.
8. Farmers have questioned the validity of high rate of interest charged by banks for loans to farmers as against the rate of interest rates charged for consumer and housing sector in urban areas.
9. The Branch managers are found to be biased for security oriented lending and quick repayments, irrespective of cash flow from the investment.
10. Collateral are demanded valuing double than the amount of credit.
11. The banks should introduce simple and easy documentation for the loans given to the farmers. Uniform documentation should be introduced for agricultural lending and the loan document should be in vernacular language.
12. The farmers have pointed out that changes in the existing rate of interest and other terms and conditions of loans should be conveyed to them through meetings.
13. Local level seminars/meeting should be conducted to remove doubts regarding terms of credit periodically and in case of major changes, it should be disseminated immediately. These could be arranged through select Farmers' club.
14. Fresh loans for production of crops as well as need based term loans should be provided in case of crop failure/floods.
15. The bank loan should not be denied to eligible farmers in a village on account of some defaulters in the village.
16. Banking hours in rural branches to be fixed, keeping in view the convenience of the farmers to be made more flexible.
17. Rural branches be equipped with suitable technical staff knowing local language.
18. Farmers expressed lack of proper market arrangements for the agriculture produce.

19. In absence of regulated markets, farmers were forced to sale their produce in local markets.
 20. There is need to have processing units for value addition and better prices.
 21. The farmers were not educated enough on production techniques, insurance cover, maintenance of assets in respect of both crop husbandry and animal husbandry.
- Government line departments/banks and other agencies involved in rural development should conduct frequent camps/meets of farmers on technology upgradation and the government/bank schemes, extension services available etc.

Additional Information

(i) District Development Managers

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ii. 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.

(iii) Abbreviations

CD Ratio	- Credit Deposit Ratio
GOI	- Government of India
KCC	- Kisan Credit Card
LT	- Long Term
NFS	- Non Farm Sector
NEC	- North Eastern Council
NEDFI	- North Eastern Development Finance Corporation.
NGO	- Non Governmental Organisation
OPS	- Other Priority Sectors
PLP	- Potential Linked Plan
RBI	- Reserve Bank of India
RIDF	- Rural Infrastructure Development Fund
SAP	- Service Area Plan
SAMIS	- Service Area Monitoring and Information System
SCC	- Swarozgar Credit Card

SFP
SHG
ST

- State Focus Paper
- Self Help Group
- Short Term

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