Chapter - 4

DIFFERENT PROGRAMES AND SCHEMES OF UTTAR PRADESH SAHKARI GRAM VIKAS BANK
Introduction:

The problems of poverty and unemployment are interrelated and should not be considered separately. These two variables have cause-effect relationship. Unemployment is one of the principal reasons for poverty. Since independence, serious efforts have been made by Government of India and the State governments to eradicate this problem. As discussed in the previous chapter the soul of India lives in its villages and of the total working population of the State about 73% is involved in Agricultural or its allied activities. Thus the need was felt that efforts should be made to strengthen this sector so that the idea of Total Village could be achieved.

The basic objective behind the establishment of UPSGVB was to work as a cooperative financial agency to provide long-term lending. The Bank under study has been making continuous and sincere efforts to help in generating self employment and spirit of self reliance amongst the rural masses.

Presently, UPSGVB is advancing loans for the purpose of Minor Irrigation, Farm Mechanism, Bio-Gas, Animal Husbandry, Poultry Farm, Dairy Development, Horticulture, Sericulture, Floriculture, Transport Vehicles, Non-Farm Sector including SRTO, Rural Housing and to encourage Self Help Groups, etc.¹

The Bank under study has been one of the major agencies in ushering Green Revolution in the State and it is through its schemes it is able to steadily increase its beneficiaries in the State. The Bank, is making continuous efforts under the close supervision of NABARD in launching new programmes and policies for marginal farmers and rural
unemployed, so that they could raise their standard of living and many could come above poverty line.

The bank is purveying credit in the State and had a share of 28.3% in total loan disbursed in the rural sector of the State during 2007-08. The development of critical infrastructure, particularly in irrigation and power has been of prior concern. Development of agriculture and its diversification from low value to high value crops and from agriculture to non farm and more ruminative activities has been under its concerns. Its schemes are concentrated in encouraging commercialization of agricultural activities and support for Agro-processing activities which in turn would result in strengthening and improving the rural sector on a whole and provide more opportunities of self-employment in the State.

In this chapter an attempt is made to closely look into the various Programmes and Schemes of UPSGVB fostering the needs of rural masses. Employment generation through productive schemes has been the main objective of the Bank, and here an attempt is made to study them.

4.1 Minor Irrigation:

Irrigation projects can broadly be classified into 3 categories viz. Major, Medium and Minor irrigation projects. Major and Medium irrigation projects involve activities like construction of dams and digging of canals which are undertaken by the Government requiring considerable time and huge funds. Minor irrigation projects, however, are such resources which are available to farmers for securing irrigation facilities in much shorter time through self implemented/owned schemes and as such are very important for farmers.
As per NABARD Annual Report 2006-07, only 68 per cent of the States irrigation potential has been harnessed out of ultimate irrigation potential assessed at 60 lakhs hectare. In view of the State Agriculture Policy of doubling food grains production in the next ten years, the minor irrigation sector has become a major thrust area for lending. An additional irrigation potential of 21 lakhs hectare is required to be created during the XI Five Year Plan, i.e., up to 2012. Water conservation activities like water harvesting, wasteland development, underground pipelines, and drip/sprinklers system irrigation have to be supported.

The UPSGVB and NABARD are attaching great importance for promoting minor irrigation activities in the State to increase the irrigated area and help the farmers in raising their output and income level.

Minor irrigation schemes include activities like purchase of pump sets for lifting of ground water or water from river beds, digging of wells, installation of Persian wheels, tube-wells, sprinkler set, drip irrigation, etc. Apart from the creation of the source and device of irrigation, construction of water tanks, lying of field channels or pipe-lines to utilize the available surface water is also covered under minor irrigation.

The loan portfolio of the Bank remained heavily inclined towards minor irrigation mainly due to the demands of the Government Sponsored Free Boring Scheme. Under this scheme Government has provided free bore wells to a large number of small and marginal farmers. And to make these investments complete, the Government provided subsidy for the purchase of pump-sets. UPSGVB had rightly taken-up the Government's concern of providing irrigation facilities to large number of small and marginal farmers and provided loans for
Pump-sets, which constituted 78% of the loans disbursed under Minor Irrigation.

An analysis of sector-wise growth rates indicates that Minor Irrigation, the most significant purpose (amount-wise) is on the declining trend. The growth rates from 2005-06 to 2008-09 had also varied inconsistently. The main reason could be the total dependence of lending on the subsidy oriented lending to pump-sets under Free Boring Scheme.

**UPSGVB Is Financing Minor Irrigation Activities As Under:**

(i) **Purchase of pump sets:**

Pumpsets are used for lifting water from riverbeds, ponds, wells, tube wells, etc. The Pumpsets can be either diesel Oil engine Pumpsets or electric motor Pumpsets. A Pumpsets generally comprises of centrifugal pump, electric motor/diesel engine suction and delivery pipes and foot-valves. The maximum amount of loans given by the Bank fall under this category as it turns out to be an effective and convenient source of irrigation. A report of NABARD reflects that use of pumpsets has been the most economical source of irrigation for agriculture outputs in the last decade. Of all the schemes under Minor Irrigation this scheme of the Bank had financed the most and has been able to keep the rural masses away from migrating from villages.

(ii) **Deep Tube wells:**

Working of deep tube wells is similar to that of shallow tube wells except that water table of deep tube wells is quite deep which requires diesel engine/electric motor, pipes, pumps, etc., of bigger size. Deep tube wells involve substantial expenditure. These types of wells are most
commonly used in Central and Western part of the State. The Bank has been financing regularly under this scheme and of its total financing for minor irrigation work it ranks the second.

(iii) Bore wells:

In order to augment water supply, sometimes side-boring is done in existing wells. Wells with such boring are called bore wells. The Bank has been financing for such schemes and loaning was at great pace during last few years.

(iv) Shallow Tube Wells:

Shallow tube wells are most commonly installed tube wells where pipes, filter pipes (strainers) are sunk in ground upto the depth where permanent water table (aquifer) having adequate water supply is available. Mostly the farmers make private and conventional method to arrange for such requirements. The Bank has started providing funds for such scheme from 98-99 onwards under the State government scheme of minor irrigation.

(v) Dug wells:

These are open wells constructed by excavating earth or blasting rocks upto the perennially available water level. These wells may be lined by brick walls only or plastered with cement. It has been a conventional method of minor irrigation in which requirements of funds is also less but suits only those areas where level of underground water is not much low. Mostly this is a convenient method of irrigation in Eastern region of the State. This method was very common in early 90's and UPSGVB has financed at a increasing pace during that decade but with the evolution of pump sets and
tube wells and moreover the Government sponsored Free Boring Scheme this method of irrigation has lost its way.

(vi) Drip Irrigation:

Drip irrigation is used particularly in areas where water is scarce and its optimum utilisation is to be ensured. Water is carried through an extensive network of perforated pipes directly into or on to soil (surface or sub-surface) near the plant root system. This method is rarely adopted by farmers and is brought in use on trial basis in Central and Bundelkhand region. A very small percentage of loans have been given for this type of irrigation. On an average of 8 to 9 loans in a year are given for this activity by the Bank reflects its popularity.

(vii) Installation of Persian Wheels/Rahats:

Persian wheels is a device consisting of a chain of small buckets mounted on circular wheel used to lift water from wells, ponds, tanks which rotates through gears and operate normally with bullocks power. This is a common form of irrigation device only where water table is not very deep. UPSGVB has been financing for the purpose of Rahats to the farmers but as the cost of this method of irrigation is not much farmers make their own arrangements of funds, thus if we see the previous record the Bank has not done much of financing for this.

(viii) Sprinkler Sets:

Sprinkler irrigation is a method of irrigation in which water is conveyed under pressure through pipes to the area to be irrigated where it is passed out through nozzles or sprinklers. This method is eminently suitable for areas where available water supply is marginal to permit even
irrigation of entire land holding by ordinary surface irrigation methods. It is useful where land is having uneven topography/slopes and where erosion hazards are more. It ensures uniform distribution of water. It is adaptable to most kinds of soil and offers no hindrance to use of farm implements. Its original cost is very high as also the cost of operation and maintenance. This fact would call for application of system to appropriately selected farms which can sustain the expenditure. The system comprises (a) a power generator, (b) a pump, (c) pipelines and (d) Sprinklers. The Bank under study has played a vital role in increasing Green Revolution in the Bundelkhand and Western region of the State by assisting the farmers with funds for purchasing sprinklers. The Bank had launched a special scheme under which the farmers can raise a loan jointly for the purchase of Sprinklers as the original cost is very high.

This scheme lost much of its pace after the separation of Uttrakhand from Uttar Pradesh as this method was very common in hilly regions.

A borrower intending to implement a minor irrigation project must have a holding of at least 1.5 acres of land. However, in case of borrower sponsored by DRDA under SGSY or by State Development Agencies where smaller holdings of any farmer has been considered viable, the condition of minimum holding of 1.5 acres of land is not applicable.

Such project must be technically feasible and financially viable. Financial viability of project is worked out and recorded by Incumbent Incharge on the file before according sanction. Small and marginal farmers in groups or community minor irrigation projects are also financed by the Bank. While implementation of Community Irrigation Scheme a loan to group of farmers having fragmented holding may be
given jointly. A group leader is identified to coordinate activities of group in regard to water distribution, maintenance of machinery, procurement of feeder, etc. In case of group financing the Bank is charging interest based on the quantum of loan to member in the group and not on the total loan amount. Nature of Loan is Medium term loan. The gestation period varies with individual types of investment/activity which is allowed in terms of NABARD guidelines to a maximum period of eleven months. The Bank has prescribed the repayment period to maximum of nine years.

4.2 Farm Mechanisation Scheme:

Modernisation in agriculture has picked up in our country and Farm Mechanisation is playing a key role. With the adoption of farm mechanisation, farm operations are getting simple. Agricultural activities are becoming more professionalised and commercially viable. Consequently, agriculture is finding its acceptance amongst the educated youths in rural areas. Farm mechanisation as one of the prime movers of Indian agriculture needs its furtherance for improving farm operations efficiency and further boosting modernization of Indian agriculture.

Loans are provided to farmers under Farm Mechanization Scheme for following purposes:

- Purchase of new tractors and matching implements/equipments such as cultivators, harrows, disc ploughs, trolleys, etc.;
- Purchase of new power tillers;
- Purchase of tractors/ power tillers for the second time with matching implements; Purchase of second hand tractors with matching implements;
• Purchase of tractors under the Government Sponsored Scheme on promotion of agricultural mechanization among small farmers (for small tractor upto 30 horse power with matching implements);
• Purchase of agricultural machinery such as threshers, harvesters, seed drills, seed cum fertilizer drills, harrows, hoes, sprayers, plant protection equipment, etc. Agricultural machinery may be power/manual/tractor driven;
• Repair/renovation of tractors.

The nature of Loan is generally long term. Six months maximum gestation period is linked with seasonal harvesting and marketing of crops. Small and marginal farmers are often allowed a repayment holiday upto one year.

Repayment of loan is generally made in half yearly/yearly instalments linked with harvesting and marketing of major crops the maximum time for which the loan is disbursed ranges from seven to nine years.

4.3 Horticulture, Sericulture and Floriculture Schemes:

The State of Uttar Pradesh has diversified agro-climatic conditions suitable for commercial cultivation of various sub-sectors of horticulture- viz., fruit crops, vegetables, flowers, medicinal and aromatic plants, spices, mushrooms, sericulture, bee-keeping, etc. Horticulture contributes 19% of the Agriculture GDP in the State. UP contributes 40% of the potato production and 20% of fruits and vegetables production in the country.

The State is the largest producer of mango, aonla, peas and sweet potato and ranked sixth in vegetable production and eighth in fruit production in the country. However, the varieties of mango, potato
produced in the State are not suitable for processing. Horticulture production in the State, therefore, needs to be reoriented to meet the demands of the processing industry in terms of variety, quality, price and period of availability.

Opening up of the Chinese market for fresh horticulture produce like Mango and the sharing of borders with Nepal, nearness to PHT infrastructure at Delhi Airport, offers potential for development of export oriented horticulture in the State.

Branding of Mango, Aonla, honey from UP as "Nawab" has received good response from both the domestic and international markets and the same could be extended to other crops like low sugar potato, guava etc.

Under National Horticulture Mission, State Government has launched the State Horticulture Mission during 2003-04 covering crops like Mango, Guava, Litchi, Banana, Rose, Gladiolus, Rajnigandha, Mushrooms, etc.

Four clusters are identified covering 26 of the 70 districts, details of which are as under.

<table>
<thead>
<tr>
<th>Cluster No</th>
<th>Districts</th>
<th>Crops</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Saharanpur, Meerut, Ghaziabad</td>
<td>Mango, Litchi, Chilies, Damask Rose, Gladiolus, Rajnigandha, Potato and other vegetables.</td>
</tr>
<tr>
<td>III</td>
<td>Unnao, Lucknow</td>
<td>Mango, Mentha, Gladiolus, Rajnigandha, Other Vegetables.</td>
</tr>
<tr>
<td>IV</td>
<td>Suitanpur, Allahabad, Kausambi, Pratapgarh, Rae Bareilly, Varanasi, Jaunpur, Ghazipur, Basti, Sant Kabirnagar, Siddarthenagar, Ballta, Gazipur</td>
<td>Guava, Aonla, Litchi, Banana, Turmeric, Damask Rose, Rajnigandha, Potato, Other Vegetables.</td>
</tr>
</tbody>
</table>
The UPSGVB and other Rural Co-operatives under guidance of NABARD have prepared Area Development Projects for Credit Linking Projects covered under National Horticulture Mission.

The UPSGVB has realized the potential in this sector and thus has shown keenness in granting loan. The total lending of the Bank under study has increased from 2% in totality during 1997-98 to high of 15.35% by 2005-06 and it remained around 17% during last five years.

Horticulture products are highly perishable in nature and about 37 per cent of produce is lost during post harvest handling. The National Horticulture Board, Gurgaon, is the Nodal Agency has adopted various measures (having its Regional Offices at State level) for establishing post harvest infrastructure especially for horticulture produce. This sector has a lot of potential for boosting agriculture export. The XI Five Year Plan envisages launching of National Horticulture Mission for providing further boost to horticulture. Certain Agro-Export Zones for horticulture produce have also been recently identified by the Central Government. Small Farmers' Agro-Business Consortium established under the aegis of Ministry of Agriculture is also promoting this activity for infrastructure development.

Keeping in view the greater thrust given by Government of India for horticulture development across the country for boosting agro-export, the UPSGVB has taken measures and instructed their branches to maintain close liaison with the concerned agencies and make efforts to increase lending under the captioned scheme; details of which are given hereunder:
Financial assistance will be made available mainly for the following purposes:

(i) Establishment and development of new orchards or groves of: Fruit crops like mango, guava, aonla, papaya, citrus, cucurbits, banana, litchi, grapes, mulberry, etc.

(ii) Plantation crops like safed musli, Tulsa, sarpagandha, menthe, satavar, kundru & bach, parval, etc.

(iii) Ornamental crops like rose, jasmine, gerbera, gladiolus, foliage plants, aromatic & medicinal plants etc.

Loan is disbursed in instalments commiserating with stages of implementation of project. Loan for purchase of plant material, seeds, manure, fencing, etc., is normally be paid direct to the agency supplying items on behalf of borrower. Labour charges may is disbursed in cash up to 25 per cent of labour cost involved for the year at a time and after verification of its proper end use, next instalment is released in cash not exceeding 25 per cent of total labour components for the year. Loan for raising vegetable or flower crops or other intercrop is disbursed in accordance with the guidelines given in the Banks scheme for financing crop loans. However, in some of the cases medium term loan may be required to take care of production and investment credit needs in an integrated manner for cultivating long standing vegetable crops (Kundru, Chow-chow, etc.), perennial fodder crops or for undertaking floricultural activities. In these cases, disbursement of loan is made in stages corresponding with on-farm developments. Loan for marketing purposes i.e. purchase of packing material, etc. is not be released earlier than 2 months from start of picking season.

Gestation period varies with variety of plants/trees grown. Economic life, gestation period and repayment period for various
horticulture/sericulture and plantation crops varies. Thus, Suitable gestation period is provided while financing plantation or horticultural/ sericulture activities as income starts only after plants/trees start yielding. In case where loan has been disbursed for rejuvenating existing orchard, plantation, gestation period is fixed based on pattern of expected yield.

Loan disbursed for raising vegetable crops, flower crops or other inter-cropping is recovered within 6-8 weeks of harvest of crop unless loans are given as composite loans taking into account both production and investment credit needs. In such cases, loan would be recovered in 4-5 years.

Marketing Loan, repayment within 4 months from date of loan. Lean may be adjusted from proceeds of bills (clean or documentary) for collection arising out of dispatches made by the drawers.

Since development of new orchards/plantation and sericulture activities is a long drawn process, repayment period is stipulated keeping in view variety of plants/ trees grown in orchard/grove. Instalments are fixed keeping in view the cash flow projections and according to pattern of incremental income. Repayment is fixed in yearly instalments while total repayment period is inclusive of moratorium period. Repayment period (inclusive of gestation) in respect of medium term loans ranges from 4-15 years or as the case may be.


4.4 Animal Husbandry and Dairy Farm:

Dairy is an important source of subsidiary income to small/marginal farmers and agricultural labourers. The manure from animals provides a good source of organic matter for improving soil fertility and crop yields. The dung gas from the dung is used as fuel for domestic purposes as also for running engines for drawing water from well. The surplus fodder and agricultural by-products are gainfully utilised for feeding the animals. Almost all draught power for farm operations and transportation is supplied by bullocks. Since agriculture is mostly seasonal, there is a possibility of finding employment throughout the year for many persons through dairy farming. Thus, it provides employment throughout the year. The main beneficiaries of dairy programmes are small/marginal farmers and landless labourers. A farmer can earn a gross surplus of about Rs. 12,000 per year from a unit consisting of 2 milking buffaloes. The capital investment required for purchase of 2 buffaloes is Rs. 18,223/- . Even after paying a sum of Rs. 4294/- per annum towards repayment of the loan and interest the farmer can earn a net surplus of Rs. 6000 - 9000/- approximately per year. Even more profits can be earned depending upon the breed of animal, managerial skills and marketing potential.

According to World Bank estimates about 75 per cent of India's 940 million people are in 5.87 million villages, cultivating over 145 million hectares of cropland. Average farm size is about 1.66 hectares. Among 70 million rural households, 42 per cent operate upto 2 hectares and 37 per cent are landless households. These landless and small farmers have in their possession 53 per cent of the animals and produce 51 per cent of
the milk. Thus, small/marginal farmers and land less agricultural labourers play a very important role in milk production of the country. Dairy farming can also be taken up as a main occupation around big urban centres where the demand for milk is high.

NABARD is an apex institution for all matters relating to policy, planning and operation in the field of agricultural credit. It serves as an apex refinancing agency for the institutions providing investment and production credit. It promotes development through formulation and appraisal of projects through a well organised Technical Services Department at the Head Office and Technical Cells at each of the Regional Offices.

Loan is disbursed by UPSGVB with refinance facility from NABARD is available for starting dairy farming. For obtaining Bank loan, the farmers should apply to the nearest branch of the Bank under study in their area in the prescribed application form which is available in the branches of financing Banks. The Technical Officer attached to or the Manager of the Bank can help/give guidance to the farmers in preparing the project report to obtain Bank loan.

After ensuring technical feasibility and economic viability, the scheme is sanctioned by the BM. The loan is disbursed in kind in 2 to 3 stages against creation of specific assets such as construction of sheds, purchase of equipments and machinery, purchase of animals and recurring cost on purchase of feeds/fodders for the initial period of one/two months. The end use of the fund is verified and constant follow-up is done by the Bank.
The Bank under the guidelines of NABARD had defined farmers into three different categories and where subsidy is not available the minimum down payment as shown below is collected from the beneficiaries.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Category of Farmer</th>
<th>Level of Pre-Development Return to Resources</th>
<th>Beneficiary's Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Small Farmers</td>
<td>Upto Rs.11000</td>
<td>5%</td>
</tr>
<tr>
<td>(b)</td>
<td>Medium Farmers</td>
<td>Rs.11001 - Rs.19250</td>
<td>10%</td>
</tr>
<tr>
<td>(c)</td>
<td>Large Farmers</td>
<td>Above Rs. 19251</td>
<td>15%</td>
</tr>
</tbody>
</table>

Repayment period depends upon the gross surplus in the scheme. The loans will be repaid in suitable monthly/quarterly instalments usually within a period of about 5 years. In case of special schemes it may be extended upto 6-7 years depending on cash flow analysis. Dairies scheme has also been implemented by the Bank under study as self employment programme under the Rozgar Chattri Yojana run by Rural Development Department.

4.5 Bio-Gas Scheme:

Development of alternative sources of energy particularly biogas is an important source of energy. While dung gas plants worked with farm animal dung alone, the composition of food mixture for biogas plants comprised of farm animal dung plus vegetative waste and litter. There are various models of biogas plants approved by the State Government for Bank finance. Biogas plants in addition to providing methane gas for use in 'cooking' and 'lighting' converts dung into good quality manure. This
helps farmers in saving on fertilizer, preventing cutting of forest trees for use as fuel thereby restricting deforestation.

The Government of India launched a 'National Project on Bio-gas Development' (NPBD), as a Central Sector Scheme to achieve the objective of utilising alternative energy resources effectively, checking up deforestation in rural areas and improving sanitation. Programme is executed by the concerned Department of State Government, Khadi and Village Industries Commission, State Agro-Industries Corporation, Dairy Development Corporation, etc. With the advent of NPBD, practically all loans disbursed by Banks for setting up of bio-gas plants are covered under this programme since state wise/Bank wise targets are allocated and applications are sponsored by anyone of the above said agencies.

The loan is provided for the construction of biogas plant with sanitary facilities in rural areas and for repairs of defective biogas plants. The intending borrower should have adequate number of cattle commensurate with the size of plant proposed to be set up. Since there is no apparent income from the activity, except saving in cost of fuel, eligibility of intending borrower is linked with his income to repay from other sources, viz., land holding, allied agriculture activities or employment, etc.

The nature of loan is Medium Term Loan. Application will be considered on recommendation of KVIC/State Department/State Agro Industries only, (unit cost of biogas plants as prescribed by NABARD and approved by Uttar Pradesh State Technical Committee or as per the cost approved by KVIC or Government of India).

The State Government has earmarked 25 per cent of the fund towards subsidy for setting up of biogas plants for beneficiaries belonging
to Scheduled Caste/Scheduled Tribes. Smaller capacity and cheaper models of biogas plants are promoted to cater more beneficiaries of these categories. Efforts are also being made for the installation of sanitary linked plants after due promotion, motivation and education of beneficiary concerned with a view to improving sanitation in rural areas. A beneficiary can avail of loan under biogas projects even though he had been assisted earlier under other subsidy-linked programmes provided he is a non-defaulter.

Repayment is linked with income generated from land, allied agriculture activities or other sources of income and the maximum period of repayment extend to seven years.

4.6 Non Farm Sector Scheme:

Since inception, the Bank has been financing various activities under the farm sector. However, from the year 1993-94, the Bank has also started financing Non-Farm Sector Activities to provide self-employment avenues to the educated/skilled persons in the State.

The various purposes covered under the Non Farm Sector are as under:

<table>
<thead>
<tr>
<th>Handicrafts</th>
<th>Village Industries</th>
<th>Leather Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pottery</td>
<td>Paper Products</td>
<td>Construction/building material</td>
</tr>
<tr>
<td>Rubber Goods</td>
<td>Printing &amp; Book Binding</td>
<td>General Engineering</td>
</tr>
<tr>
<td>Agro Industries</td>
<td>Sports Goods</td>
<td>Stationery Items</td>
</tr>
<tr>
<td>Coir</td>
<td>Tailoring</td>
<td>Sericulture</td>
</tr>
<tr>
<td></td>
<td>Handloom/Power loom</td>
<td>Activities based on tribal/forest areas</td>
</tr>
</tbody>
</table>
So far the Bank has been disbursing loans for agricultural sector, but keeping in view the increased unemployment prevailing in the rural field and to provide self employment to crafts men and technically skilled youth, the Bank has made a provision for granting loans for diversified purposes. A marginal farmer or a skilled labourer or craftsmen can avail loan under this scheme.

**Sports Goods:**

To make every type of sports nets, hockey sticks, other sports goods, gloves etc.

**General Engineering:**

Under this scheme loans are granted for the manufacturing of umbrellas, agricultural tools, beam scales, machine toys, stove pins, safety pins, signal lamps, lanterns, locks etc.

**Stationary Items:**

Loans can be obtained for the manufacturing pencils, paper pins, and hand made cardboard, drawing board, and foot-rules.

**Manufacturing of Goods Based on Agro Based Industries:**

For making fertilizers, Agricultural machinery, ploughs, tools for plugging fields, disc harrow, instruments used for sprinkling pesticides, leveller, tools used for the extraction of herbs.

**Stitching and Weaving:**

Hosiery work, manufacturing of cloths, knitting, stitching, embroidery, etc.
Jute Products:

For jute mats, threads, and ropes.

Handloom and Power looms:

To make threads, weaving thread, cotton and woollen clothes, and traditional cloths.

Miscellaneous Schemes:

In addition to the schemes mentioned above non farm sector scheme also provides loan for - breeding decorative fishes, to make fish aquariums, burners without smoke, to start modern help centres for animals, lending of crushers, flour mills, etc.

Financing for Two Wheelers:

The scheme for financing two-wheelers to farmers has been extended by the Bank. The acquisition of two wheelers by the farmers has helped increase their mobility and saved their valuable time on travel and reduced the cost of travelling. It has also helped the farmers in arranging agricultural inputs in time, reducing the wastage of agricultural production and accessing the agricultural markets. It has enabled the farmers to supervise the agricultural operations better. A minimum down payment of 25% is set and a repayment period of 5 year is set. Under various scheme in general, loanee will have to pay back the loan within 5 to 10 years.

4.7 Small Road Transport Operator's Scheme (SRTO's):

The object of this scheme is to provide credit for purchase of road transport vehicles for transport of rural farm and non-farm products and
passengers to/from urban marking centers. Under this scheme loans can be obtained for small means of transport like passenger, taxi, trucks, tractors, Three wheelers, vans, Auto rickshaw, Tata mobile206, Mahindra pick up, truck a.p. 1 van, tracks, the repayment of this loan will have to be done with in 5 years and the loanee will have to make a down payment upto 15%.

Individuals or group of individuals can raise loan under this scheme. The loan covers the loan for cost of chasis, body building expenses and taxes and insurance payable on purchase of vehicle. Maximum loan of Rs 05 lakhs per borrower shall be granted. Repayment of loan is made in 3-5 years including a moratorium of upto 6 months.

As fixed by the apex Bank in the respective loan rules, in accordance with the guidelines issued by NABARD. Interest rate is fixed by UPSGVB from time to time, in accordance with the guidelines issued by NABARD.

4.8 Dunlop Cart:

With the increase in agricultural production and productivity, the requirement for transport of farm produces from farm gate to markets and there from to the industrial processing units has significantly increased. Consequently, the scope of extending financial assistance to the weaker sections of the society has increased under the scheme for purchase of animal drawn vehicles. The activity not only provides cheaper source of transport but also has a good capacity for employment generation in rural as well as other areas throughout the State.

Loan is given for Purchase of draft animals which are of good quality, healthy and draft worthy. Animal drawn carts (with pneumatic
tyres or with wooden-iron-rimmed wheels) for transport of agriculture inputs and farm produce and other such purposes simultaneously with animals to draw it or alone if borrower(s) already has/have draft animals. Farmers owning minimum 0.5 acres of land or having perpetual right of cultivation of minimum 0.5 acres of land. A person belonging to category of landless agriculture labour are financed for purchase of animals and carts provided financing has been done with a view to providing self-employment to the borrower, (Minimum land holding criteria may be waived where cases are sponsored by DRDA under SGSY or specific scheme is formulated on area approach basis and approved by Regional Manager.) Repayment period is fixed through Monthly/ Quarterly/ Half-yearly intervals, which varies from five to seven years.

Animals purchased with Bank’s loan is tattooed / branded. Identification marks given by way of ear tagging, etc., is mentioned along with natural identification mark at the place where security is mentioned in documents. An identification mark of the animals along with the ear tag number is kept on Bank’s record; along with loan documents.

4.9 Poultry Farm Scheme:

Poultry meat is the fastest growing component of global meat production, consumption and trade, with developing and transition economies playing a leading role in the expansion. India, the world’s second largest developing economy, now has a large and rapidly expanding poultry sector. The share of poultry meat in total meat production has increased from 4.46% in 1981 to 12.10% in 2002 in India. In India, the poultry sector growth is being driven by rising incomes, together with the emergence of vertically integrated poultry producers that have reduced
consumer prices by lowering production and marketing costs. However, the State of UP is a net importer of poultry meat as the per capita production and per capita consumption of poultry meat in the State are 100 gm and 300 gm respectively.

UPSGVB has always shown keenness in providing financial support to marginal farmers and self help groups for opening poultry farms in the State. Interest charged by UP Sahakari Gram Vikas Bank varied from 10 percent to 11.5 percent irrespective of the loan amount.

The loan is sanctioned with a repayment period of 5 to 7 years including grace period of six months to one year, irrespective of loan amount. Grace period of six months is sufficient since the beneficiaries are mainly following "all in all out" system of rearing and after every 45 to 50 days one batch was ready for sale, with some beneficiaries repaying the loan even before the grace period was over.

4.10 Institutional Financing:

The object of the scheme is to provide credit for the promotion of agriculture, allied activities, SSI, including cottage industries/village industries, handicrafts and other rural crafts and allied activities in rural areas with a view to promote the integrated rural development and securing prosperity in rural areas any industrial activity approved by Development commissioner SSI, GOI or State Government in the small scale sector. Eligible borrowers will be rural artisans, handicraftsmen, small entrepreneurs, group of individuals, partnership firms etc.

All manufacturing processing activities as approved by Development commissioner SSI, GOI or State Government
modernization/renovation/expansion/diversification of existing units/any service activities aiding rural industries and household services/any infrastructure support activity as approved by NABARD (i.e. mobile/static cars and kiosks, work shed, marketing outlets).

Loans are provided to meet block capital, block capital with capitalized working capital. The maximum loan eligible is Rs 5 lakhs under Composite Loan Scheme.

The loan is repaid in 3-10 years including moratorium upto 18 months. Interest rate is fixed by UPSGVB from time to time, in accordance with the guidelines issued by NABARD. Security is fixed by the Bank in the respective loan rules, in accordance with the guidelines issued by NABARD.

The subsidy eligible under the scheme is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Subsidy Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Projects</td>
<td>30% of project costs with a maximum of Rs.75000/-</td>
</tr>
<tr>
<td>SC/ST</td>
<td>50% of project costs with a maximum of Rs.100000/-</td>
</tr>
<tr>
<td>Group activities (SHG)</td>
<td>50% of project costs with a maximum of Rs.125000/-</td>
</tr>
</tbody>
</table>

There is no upper limit on subsidy for irrigation projects. Back ended subsidy system is followed for the administration of subsidy under the scheme.
The security norms as prescribed by UPSGVB under the Government sponsored Schemes to be followed. The maximum repayment period will be 15 years under farm sector and 10 years under non-farm sector loans. The rate of interest is fixed by UPSGVB from time to time as per guidelines issued by NABARD.

4.11 Fisheries:

Under Fisheries scheme UPSGVB has funded a handsome amount which has helped to provide regular self employment to rural peasants throughout the year and has helped considerably in overcoming the rural migration. The Bank has implemented this scheme under Self employment program run by Rural Development department under the Rozgar Chattri Yojana in the State.

Financial assistance is extended for Construction/renovation of ponds/tanks, Construction of sluices, Purchase of fish prawn, fry and fingerlings/ fish seed/ prawn seed, Purchase of inputs like oil cake, fertilizers, organic fertilizers and other feed materials upto the first harvest, Purchase of nets, boxes, baskets, ropes, shovels, hooks and other accessories. In case of reservoir or lake fisheries, purchase of country made boats is considered.

Loan assistance is extended to farmers, individuals, or groups who have adequate know-how and necessary infrastructural facilities for implementation of the scheme. Applicant should have experience or undergone training in the type of activity for which loan(s) is/are to be utilized. Borrower(s) should be owner(s) of the pond or land where pond is to be constructed or they should have lease hold rights till completion of the project. The tenure of loan is Medium/ Long term.
Loan is released in stages in accordance with project and verification of end use. In cases where construction/renovation of ponds/tanks is proposed to be undertaken, initially loan amount would be disbursed for this purpose. Cost of material like cement, bricks, etc., is disbursed directly to supplier of materials on behalf of borrower(s). Labour charges may be disbursed to borrowers in cash and before release of next instalment; verification of end use of previous instalments is done. As per NABARD guidelines, loans can be repaid within the period of five to eight years.

In case of loan to borrower(s) sponsored by Fish Farmers Development Agency, period of repayment may be extended up to a maximum of 9 years in pond culture with repayment holiday of the first two years during which interest only may be recovered. Repayment in this case may be scheduled by suitable instalments.

4.12 Self Help Groups:

The Government of Uttar Pradesh through the State Co-operatives, RRB’s and UPSGVB is trying to promote the SHG’s. The Self Help Groups are provided financial support. Under the SHG-Bank Linkage Programme introduced by the NABARD, the Cooperative Banks and UPSGVB provide financial assistance to the Self Help Groups fulfilling the following criteria.

1. Group in active existence for over six months.
2. Group size in the range of 12 to 20 members.
3. Minimum of two meetings per month.
4. Group (not individual members) not a defaulter of Bank loans.
5. Recovery of both internal and external loans not less than 85%.
6. Availing of internal loans by not less than 50% members.
7. Regular savings by all members.
8. Proper maintenance of books of Accounts.

The groups which passed through the above screening process, by complying with all these eight essential parameters is alone are taken up for credit rating. Groups which cannot fulfil all the eight parameters be rejected in the first phase itself and shall not be taken up for rating of Groups. Such groups are always free to reapply when they fulfil the minimum criteria.

The loan may be utilized for productive purposes or consumption purposes or both. However, groups must be motivated to use credit to use credit mainly for productive purpose, as consumption loans do not generate any income to repay the loan dues.

Since most members will utilize the SHG loan for rural farm and non-farm activities, which generate income at regular intervals. Bank may consider, on merit, sanction of a second or subsequent loan to Self Help Groups, in consultation with the NGO.

SHG can receive revolving credit also from the Bank. Revolving credit is a running account like a cash credit. Revolving credit will avoid opening of many loan accounts in the name of same group in the long run. More the turnover (by way of larger and frequent credit) in the account, higher will be the total loans availed by SHG from the account, by way of any number of withdrawals by the SHG to meet member's loan needs, upto the loan sanctioned. The limit will be reviewed, every year. Based on the performance of revolving credit account and functioning of SHG, renewal / enhancement of limit can be considered by Bank, in consultation with NGO at the end of every year. For fixing enhanced limits
at the beginning of the second year, the group savings, as on the last day of first year, is considered as the base. The option of sanctioning term loan or revolving credit is given to the SHG and Bank. Hence, revolving credit may be sanctioned to SHGs performing well, very selectively.

The interest rate structure, under the scheme is stipulated by NABARD at different levels under SHG-Bank linkage Programme from time to time. All the group members are jointly and severally responsible for prompt repayment of loans. Loan will be released in one Lump-sum or in stages, as requested by group to the credit of group’s savings account. As per group’s resolution, group will draw the amount and pay to needy members.

There is no holiday for repayment. No fixed repayment period can be prescribed. Repayment period will be decided by the Bank and the SHG, jointly. However, the interest charged by the Bank for both term loan and revolving credit has to be paid by the groups promptly.

4.13 Kisan Credit Card:

In order to ensure a hassle free and timely credit to the farmers, Kisan Credit Card (KCC) scheme was introduced in 2006-07 by the Bank. It aims at providing adequate and timely credit for the comprehensive credit requirements of farmers under single window with flexible and simplified procedure adopting wholesome approach

Farmers who are the owners of the land are eligible to avail KCC for their production credit requirement. The mode of finance covers the activities for the purchase of agricultural inputs required for production of
crop, Consumption needs such as maintenance of Agri. Machinery, Electrical Bills, fuel, etc.

The quantum of finance is assessed based on the scale of finance projected average farm income, repaying capacity. After the sanction of KCC limits and execution of security documents, KCC - cum-passbook will be issued. The Card holders are also provided insurance cover upto Rs. 50,000 under Janata Personal Accident Insurance Scheme at a nominal premium of Rs.9.40 per year.

**Incentives/Concessions/Benefits**-

- No processing charges for the credit limit.
- KCC holders are covered under master policy of Personal accident Insurance Package.

**Nature of Credit**-

KCC will be a revolving Agriculture Cash Credit account subject to annual review valid for 5 years.

**4.14 Krishi Vanaki:**

The Bank under study has been granting loan for marginal farmers and landless labourers under this scheme. It has helped to increase the financial position of marginal farmers and has generated enough employment opportunities for rural masses. The scheme is also helpful in improving the ecology of the State which is adversely being affected due to rapid urbanization.

Under this scheme, a loan is provided for plantation of plants on land on the basis of individuals land holdings. The amount is given in 8
annual instalments and is recoverable after 8 years, but interest will be recoverable every year. A loan of Rs.19, 000/- is advanced on an average for plantation of eucalyptus/kikar on one hectare of land, recoverable in 8 years.

Repayment period is generally 9 years with 8 years grace period. Only the interest will be charged from 1st year to 8th year in annual equated instalments. The principal will be recovered in the 9th year.

Out of the loan sanctioned first the amount is paid to the Nursery of the forest Department, the rest of the payment is to be made directly to the applicant for meeting labour charges, Fertilizer cost, irrigation and weeding. Priority would be given to the applications forwarded by the Forestry Department and the borrower should have proper Irrigation facilities.
Reference


2. As per the report presented by State Level Banker Committee, UP organized by Bank of Baroda, Pg. 58, August, 2007.