

स्टेट फोकस पेपर

STATE FOCUS PAPER

2015-16

State: Himachal Pradesh

राज्य: हिमाचल प्रदेश

EXECUTIVE SUMMARY



राष्ट्रीय कृषि और ग्रामीण विकास बैंक

हिमाचल प्रदेश क्षेत्रीय कार्यालय

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FOREWORD

National Bank for Agriculture and Rural Development (NABARD) over the years has focused on the development of suitable policies, programmes and innovations to improve credit to agriculture sector. A number of initiatives have been taken by NABARD as a part of corporate mission to promote sustainable and equitable agriculture and rural prosperity through effective credit support and related services. With the emphasis on 'inclusive growth' in recent years, NABARD initiatives have assumed added importance.

As part of the credit planning exercise, NABARD has been preparing the district level Potential Linked Credit Plans (PLPs) for each district every year. These documents reflect the credit potential at ground level, as also non-credit linkages/ infrastructural facilities needed for developing the available potential. The PLPs form the basis for Annual Credit Plans of the banks. The State Focus Paper (SFP) inter alia, is culmination of the PLP exercise at the State level. It also facilitates the State Govt. to prioritize allocation of funds for developing rural infrastructure and other development initiatives.

The State Focus Paper for the year 2015-16 presents the exploitable potentials in terms of physical and financial quantifications together with sectoral analysis to strategise an implementable state credit programme for the overall growth in Priority Sector in the State. Total credit for 2015-16 for priority sectors has been estimated at ₹13,260.3 crore showing an increase of 17% over the State Annual Credit Plan of ₹11,315.8 crore for 2014-15.

Further, the State Focus Paper for 2015-16 has been organised around the theme "Accelerating the pace of capital formation in agriculture and allied sector".

I take this opportunity to place on record my sincere thanks to the State Government officials, Reserve Bank of India, Convenor, State Level Bankers Committee (SLBC), Banks, District Administration and Lead District Managers of all districts, NGOs, other agencies and farmers both at district and State level for providing necessary inputs/ cooperation in preparation and updation of PLPs by our District Development Managers and also in bringing out this State Focus Paper of the State for 2015-16.

I hope this document will be found useful by all stakeholders. I am sure the exploitable potential of the State as shown in the State Focus Paper shall be realized in full with the concerted efforts of all the stakeholders. Suggestions, if any, for improving the contents/ quality of the document are welcome.

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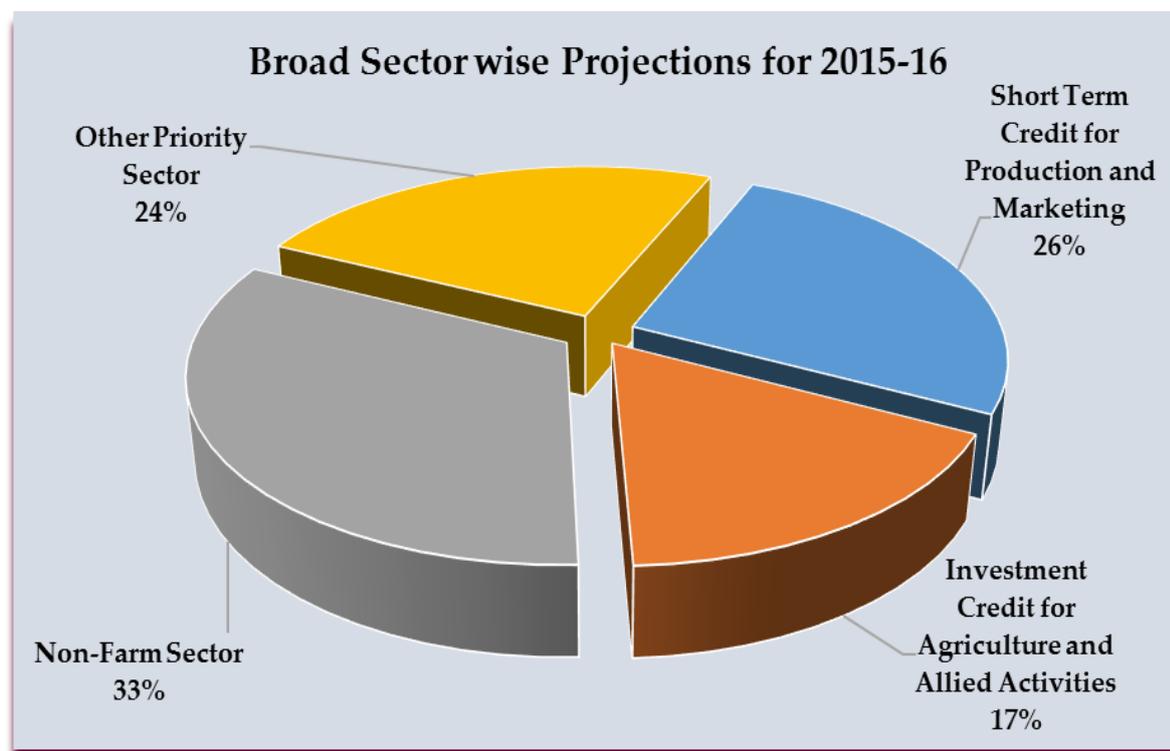
Date: January 2015

STATE: HIMACHAL PRADESH

Broad Sector-wise Projections 2015-16

(₹ crore)

Sr. No.	Particulars	Financial Projections
1	Short Term Credit for Production and Marketing	3465.6
2	Investment Credit for Agriculture and Allied Activities	2232.4
3	Total Credit- Agriculture and Allied Activities (1+2)	5698.0
4	Non-Farm Sector	4336.2
5	Other Priority Sector	3226.1
	Total Priority Sector(3+4+5)	13260.3



Sub Sector wise Credit Potentials for development in Himachal Pradesh for 2015-16

(₹ crore)

Sl. No.	Sector	Credit Projection
1	Crop Production	3465.6
2	Water Resources	98.4
3	Land development	149.1
4	Farm Mechanisation	151.1
5	Plantation & Horticulture	268.3
6	Forestry & Waste Land Development	11.2
7	Animal Husbandry- Dairy Development	353.5
8	Animal Husbandry- Poultry Development	66.8
9	Animal Husbandry- Sheep, Goat & Piggery Development	44.4
10	Fisheries Development	21.7
11	Storage Godowns/ Market yards	81.1
12	Renewable Sources of Energy & Waste Management	11.6
13	Other Activities	975.2
14	Sub Total of Agri Term Loan (2 to 13)	2232.4
15	Total Investment under Agri & allied Activities (1+14)	5698.0
16	MSME (incl. Agro & Food Processing)	4336.2
17	Other Priority Sector	3226.1
18	Total Priority Sector (Agri + MSME + OPS)	13260.3



Executive Summary

The State Focus Paper 2015-16 is the culmination of the credit planning exercise undertaken by NABARD through preparation of Potential Linked Plans (PLP) for the year 2015-16 for all the districts of the State. This is a systematic and comprehensive exercise carried out by adopting participative and consultative approach involving all stakeholders in the field of Agriculture and Rural Development. These Potential Linked Credit Plans are aggregated into State Level projections in a document called "The State Focus Paper" which is expected to act as blue print for the credit and infrastructure planning by bankers and State Government. The theme of State Focus Paper for 2015-16 has been "*Accelerating the pace of capital formation in agriculture and allied sector*". Taking cognizance of the theme of the State Focus Paper for the year 2015-16, as also potential available in respect of each activity under priority sector, projections for credits deployment along with critical infrastructure requirement of the State has been assessed and presented in the State Focus Paper 2015-16.

1. State Profile

The total geographical area of Himachal Pradesh State is 55,673 sq km. It shares its border with four other Indian states like Jammu and Kashmir on the north, Punjab towards southwest, Haryana on southern side, Uttarakhand on southeast. Himachal Pradesh is situated in lower Himalayan region with numerous mountain ranges and rich natural resources. The State has 12 districts, 78 blocks and 20690 villages with number of gram panchayat at 3243. The population of the State as per 2011 Census was at 68.6 lakh and population density at 123, which compares well with All India figure of 382. The sex ratio was at 972. The literacy rate was at 83% with male and female literacy rate at 90% and 76% respectively. The net sown area in the State was 5.38 lakh ha. with cropping intensity at 176%. There are 9.6 lakh land holding of which around 88% are small and marginal farmers (upto 2 ha.). About 82 percent of the total cultivated area in the State is rainfed. Rice, Wheat and Maize were important cereal crops and Urad, Bean, Moong, Rajmah and Gram were the important pulse crops of the State. The production of these crops has increased at the rate of 5% per annum during the past 5 years. Besides, food grains, State grows a variety of horticulture crops viz. apple, stone fruits, citrus etc. and variety of off season and exotic vegetables. State has earned the name of Horticulture State of India.

2. Banking/ Financial Sector Profile

There are 29 Commercial Banks, 01 Regional Rural Bank and 01 State Cooperative Bank with 02 DCCBs, 01 SCARDB in the State. The major share of credit dispensation was through the commercial banks. The total number of bank branches in the State as on 31 March 2014 was 1809, with rural & semi-urban branches at 1722. Total deposits and advances of banks in the State as on 31 March 2014 aggregated to ₹65,809.7 crore and ₹27,327.6 crore respectively. The CD Ratio, as on 31.03.2014, was at 60% (as per Thorat Committee methodology). The total Ground Level Credit (GLC) flow under priority sector in the State increased from ₹6552.9 crore in 2011-12 to ₹9365.5 crore in 2013-14 showing annual growth of around 21%. Total agricultural credit in the State increased by 59%, from ₹2586.5 crore in 2011-12 to ₹4102.3 crore in 2013-14 showing annual growth of about 29%. The share of production credit (Short

Term loans) at 56% (₹1443.8 crore) in 2011-12 increased to 66% in 2013-14. Whereas, the share of investment credit (Long term loans) which was 44% in 2011-12 declined to 34% in 2013-14. Banks need to take necessary steps/ initiatives for increasing share of term lending in total agriculture credit.

3. Development Perspective for the State

Agriculture in HP is mainly dependent on rainfall as only about 18% of the cultivated area is irrigated. The average land holding size is 1.0 ha highlighting the need for aggregation model to make agriculture a viable option particularly for small and marginal farmers.

The climatic conditions of the state is suitable for cultivation of ancillary horticultural produce like flowers, mushroom, honey and hops besides fruit crops. The area under fruit crops comprises approximately 20% of the total area under agriculture cultivation in the state. Apple is the most important fruit crop of Himachal Pradesh, which constitutes about 49 percent of the total area under fruit crops and about 74 percent of the total fruit production. There is an imperative need to explore and harness the vast horticultural potential existing in the State through increasing the area, productivity and diversification. Inadequate supply of quality planting material at reasonable cost, frequent climatic vagaries like frost, hail, etc., developing and promoting improved low cost tools and implements, improper harvesting and handling of the produce, inappropriate packaging and transport, improper market infrastructure, shortage of storage and processing facilities etc., are some of the constraints.

The vegetable production in the State has increased from about 10.4 lakh MT in 2007-08 to 13.9 lakh MT in 2012-13 registering an annual growth rate of about 5.5%. Ever increasing demand for offseason and exotic vegetables from neighboring States, improved infrastructure facilities including micro irrigation and polyhouses, transportation etc. have provided impetus to the vegetable cultivation in the State.

About 2500 MT of medicinal plants worth ₹10 crore are collected/ harvested from the State forests every year. The State nurtures more than 3500 species of flowering plants out of which 800 species are estimated to be used for medicinal purposes. Out of these 800 species, 165 species are commercially traded. Due to lack of organized processing infrastructure, the State loses on the potential returns from this sector. In the light of increasing demand for raw material, the herbal plants sector holds a vast potential to augment rural livelihoods.

Keeping in view the State Government priorities, NABARD has identified major areas which need attention for faster and inclusive growth of agriculture sector in the State. The major critical areas identified for the purpose are given below:

- i). **Promotion of Farmers Producer Organisations** – Promotion of Farmers Producer Organisations is an imperative necessity for small and marginal farmers for reducing cost of production, attaining economies of scale, accessing the market and reducing the transaction cost. NABARD identified five cluster activities viz, Vegetable, Floriculture, Bee-keeping, Fruits and Dairy for transforming as Producer Organisations. “Producers Organization Development and Upliftment Corpus (PRODUCE) Fund of ₹200 crore set up in NABARD, would be utilized for the promotion of Producers Organizations

(POs). The broad objective of the Fund is to promote and nurture 2000 Farmers Producer Organizations during the next two years throughout the country. It is critical to support POs in terms of awareness creation, capacity building, technical support, professional management, provision of initial seed capital and working capital, etc. and hand holding support for a period of 3-5 years.

- ii). **Enhancing Farm Income through Strategic Agricultural Diversification** - Agriculture in the State is dominated by small landholdings and the population pressure on the land is quite high. Traditional crop farming alone cannot provide adequate employment and create better on farm opportunities. The State needs to develop location specific plans for accelerated and diversified growth. Since, the land available for agriculture is shrinking, hi-tech farming of horticulture and floriculture through poly houses could be encouraged amongst farmers who can invest and are capable of undertaking precision farming. The technology providers (AUs/ KVKs) and credit providers (Banks) have a critical role to play in this regard.
- iii). **Storage Warehouses and Controlled Atmosphere Cold Storage**- At present, FCI & HPSCSC has a total warehouse capacity (owned & hired) of 90848 MT against the requirement of 3.9 lakh MT. State has CA storage capacity of 36123 MT both in public and private sector. Initially considering that only 25% of the average production is stored, a requirement of 1.3 lakh MT of CA stores exists in the State for apple only. Therefore, there is need to create additional warehouse storage capacity of 2.9 lakh MT and 0.9 lakh MT for CA stores with credit potential of ₹116.8 crore and ₹435.0 core respectively.
- iv). **Development of Agricultural Markets** - Wastage of fruit and vegetables persists due to lack of post - harvest facilities. The State has inadequate infrastructure for storage, packaging, transportation, organised marketing system and post-harvest handling facilities. Contract farming through vertical integration with large marketing and agro-processing firms may be promoted. Arrangements may be made with the credit institutions to introduce warehouse receipts and pledges. Comprehensive and timely information on agricultural prices may be provided by establishing IT-enabled village information kiosks in the State. A fruit and vegetable federation on pattern of milk cooperatives may be formed. A pilot project could be initiated with initial corpus support from the State Government. This will facilitate better integration of small producers to markets and farmer- industry linkages in an effective manner through a range of interventions.
- v). **Agro Processing** - Agro-processing industries, grading and packing units need to be encouraged particularly in the field of processing of maize, tomato, peas, apple, milk, medicinal and horticulture produce by giving incentives and marketing support in the State. Government of India (GoI) has accorded top priority for the development of the food processing industry in the country and accordingly announced in the Budget for 2014 -15, creation of a Special Fund with a corpus of ₹2000 crore in NABARD for providing affordable credit for infrastructure works in food parks and for food processing units to be set up in the designated food parks. The objective of the fund is to provide impetus to development of food/ agro processing sector on cluster basis in the country thereby to reduce wastage of agricultural produce and to create employment opportunities especially in rural areas. NABARD will provide term loans

out of the Fund to State Governments, agencies owned/ promoted/ supported by State/ Central Governments, Joint ventures, Cooperatives, Federation of Cooperatives, SPVs, Farmers' Producers Organizations, Corporates, Companies, Entrepreneurs. The possibility for the utilization for the same may be explored for horticulture produce in the state

- vi). Livelihood creation through SHGs/ JLGs -SHG-Bank Linkage Programme (SHG-BLP)** continued its phenomenal journey in terms of savings and credit linkage of SHGs by banks in the country. Himachal Pradesh as on 31.3.2014 have 63755 SHGs are having saving bank accounts with banks. Out of these, 55372 SHGs had availed loans from various banks.

During 2014-15 (upto 31 October 2014), 2048 SHGs were savings linked and 1394 SHGs were credit linked in the State taking the cumulative number of savings linked SHGs to 65803 and credit linked SHGs to 56766 .

With the objective of scaling up of SHG promotion in Left Wing Effectuated (LWE) and Back ward districts of the country, a special initiative is being implemented by NABARD in association with Government of India. The project is being implemented in two districts of the State viz. Mandi and Sirmour through 8 Anchor NGOs for promotion of 2955 SHGs. As against this 1959 SHGs have been promoted.

NABARD piloted and developed an effective credit product for mid segment clients viz. Joint Liability Groups (JLG). The product relies on mutual guarantee of clients like small/ marginal farmers, tenant farmers, oral lessees, share croppers, micro entrepreneurs, who have no conventional collateral to offer. In pursuance of announcement made in the Union Budget, NABARD has given State-wise targets. Himachal Pradesh has been given a target of financing 1000 JLGs during 2014-15. As against this, 343 JLGs have been financed by the banks.

- vii). National Rural Livelihood Mission (NRLM)** - With a view to address some of the issues cropped up during implementation of SGSY, it was structured to form National Rural Livelihood Mission to be implemented in mission mode across the country. NRLM, unlike SGSY, is an entirely group centric, group driven poverty alleviation programme aimed to cover all rural districts in the country in phases.

State Rural Livelihood Mission (SRLM) is coordinating and monitoring the programme. In the first phase, Mandi and Shimla have been identified as Category I districts and rest are Category II districts. NRLM is not subsidy oriented instead extending interest subvention to banks for lending to SHGs at 7% (up to 5%) and 3% to SHGs for prompt repayment. NABARD is administrating interest subvention for Cooperative Banks and RRBs in the State in respect of Category I districts. NABARD designed format and advised SLBC to monitor the progress of NRLM Programme as part of SHG- Bank Linkage Programme.

- viii). Financial Inclusion** - The State had achieved 100% financial inclusion in 2007, as regards opening of savings bank accounts. The State is yet to achieve 100% credit inclusion. On the basis of RBI, a 'road map' for covering all the 20,016 unbanked villages to be covered by 31 March 2015 has been prepared by banks. However, total unbanked villages have now been reduced to 16640. Out of the above, 800 villages were proposed to be covered by brick & mortar/ ultra-small branches and the

remaining 15,840 were to be covered by Business Correspondent model. NABARD has been extending grant support for Financial Inclusion to Cooperative Banks and RRB, including for meeting cost of smart cards, micro ATMs, technology providers, and capacity building of the staff of banks and also for spreading message of financial literacy to rural people by organising Financial Literacy Camps.

With a view to give greater impetus to the financial inclusion and to work in mission mode, Ministry of Finance, Govt. of India launched “Pradhan Mantri Jan Dhan Yojna” (PMJDY). NABARD, as per the mandate, supporting the demand side by funding SLBC, Cooperative Banks, HPGB in the State for printing of financial literacy material brought by RBI, broadcasted jingles and telecasted banking services with the support of All India Radio, Door Darshan, engage professional agency to conduct financial literacy programmes and “Bachat ki Paathshala” targeting senior secondary, higher secondary school children through nukkad melas, supported HPGB, Cooperative Banks for setting-up of 13 Financial Literacy Centres(FLC) under Financial Inclusion Fund. As on 31.03.2014, NABARD sanctioned an amount of ₹209.0 lakh grant assistance for above initiatives in the State.

ix). Other Development initiatives of NABARD

- **Watershed Development Programme:** Six Watershed development projects on full grant basis have been funded in districts Solan and Una through NABARD's Watershed Development Fund. Total grant sanctioned and disbursed during the year was ₹0.3 crore and ₹0.6 core respectively. The cumulative support sanctioned and released was ₹5.7 crore and ₹2.5 crore respectively.
- **Tribal Development Programme:** Three projects under TDF have been sanctioned in districts Bilaspur, Una and Kinnaur. These projects aim at setting up of Wadis (small orchards) as well as dairy development in 24 villages covering about 679 acres of area and 1090 tribal families for plantation of Mango, Lemon, Apple, Walnut, Apricot, Pear with total sanctioned grant support of ₹516.5 lakh and loan of ₹40.5 lakh from NABARD. During the year an amount of ₹27.4 lakh has been released. With this, the cumulative grant disbursed was ₹136.6 lakh
- **Umbrella Programme on Natural Resource Management:** During the year, 5 projects with total financial assistance of ₹50.6 lakh have been sanctioned. Against this disbursement was ₹30.8 lakh. The cumulative sanctions and disbursements are ₹55.3 lakh and ₹35.5 lakh respectively. The activities were Apiculture, food processing, aggregation and marketing of farm produce, dairy, vermi compost etc.
- **Projects under Farm Sector Promotion Fund:** Twenty two projects have been sanctioned in districts Kullu, Mandi, Sirmour, Bilaspur, Hamirpur and Una involving a total financial assistance of ₹130.1 lakh. During 2014-15, an amount of ₹17.2 lakh was released, taking the cumulative disbursement to ₹93.2 lakh. The projects pertain to validation and promotion of fixed bee hives for rearing indigenous honey bee (*Apis cerena*), exotic vegetable cultivation, improved vegetable nursery, integrated orchard management of temperate fruits, improved fodder cultivation, Azolla production, augmenting productivity of Lead Crop activities through adoption of Sustainable Agriculture practices Cattle development centre etc.

- **Farmers' Clubs Programme:** A total of 2965 Farmers' Clubs have been promoted in all the districts of the State.

4. Development and Maintenance of Rural Infrastructure

Infrastructure is the key for growth of agriculture and marketing of produce. NABARD, as on 30 November 2014, total ₹4947.6 crore has been sanctioned to the Government of Himachal Pradesh for 5063 rural infrastructure projects. The projects include roads and bridges, irrigation, flood protection, drinking water supply, Schools/ IT centres, animal husbandry, watersheds, Poly houses, etc.

NABARD, based on the inputs received from field level functionaries, farmer clubs, producer organisations, has identified the critical infrastructure would to be developed on priority basis. Around 118 infrastructure projects need to be developed. The project include post-harvest, value addition, rural connectivity, social sector, incomplete/ last mile project and projects relating to agriculture and rural sector.

4.1 Sector-wise infrastructure:

i. Roads & Bridges: The development of roads plays a major role in improving connectivity and bringing the State on a development trajectory. The Government of HP has put in sustained efforts for creating and maintaining a vast network of roads in the State. The road density per thousand population in the State was at 4.9 km as compared to the national average of 3.2 km. As on 30 November 2014, loan of ₹2521.2 crore has been sanctioned to the State Govt. for 1340 rural roads projects (including Bridges) under successive tranches of RIDF. Out of which, RIDF loan of ₹172.0 crore was sanctioned during 2014-15. The PLP exercise for 2015-16 has identified 70 projects with tentative estimation of ₹142.3 crore under roads and bridges sector in various districts of the State.

ii. Irrigation and Flood Control: To increase the crop production the importance of irrigation is well established. Water availability is a highly important resource. Presently, there are 2332 completed irrigation schemes in the State. The State government has proposed a budgetary provision of ₹1972.4 crore for the XII five year plan period under Irrigation and Flood Control Sector. As on 30 November 2014, a loan of Rs.1242.5 crore has been sanctioned to State Govt. for 1665 Irrigation and Flood Control projects. The PLP exercise for 2015-16 has identified 24 projects with tentative estimation of ₹49.9 crore under Irrigation and Flood Protection sector in various districts of the State.

iii. Rural Drinking Water Schemes: As per the latest data available, out of total 53604 habitations in the State, the drinking water needs of 32225 habitations have been fully addressed forming 60% of the total habitations. While the rest of 21379 habitations constituting 40% of the total habitations have been partially covered (0-10 LPCD). The GoHP in accordance with GoI priorities under NRDWP has accorded priority to these partially covered habitations. The State Government has proposed an allocation of ₹1199.9 crore for rural drinking water supply projects during the XII five year plan period. As on 30 November 2014, a loan of ₹808.9 crore has been sanctioned to State Govt. for 616 Rural Drinking Water projects. The PLP exercise for 2015-16 has identified 6 projects with tentative estimation of ₹ 13.1 crore under the sector.

iv. Warehousing and Storage Infrastructure: Adequate infrastructure for warehousing and storage in the State for both perishable and non-perishable commodities is to be ensured as it facilitates better price realisation for the farmers and also saves the wastage of the produce. There is potential for creation of warehouses to the tune of 2.9 lakh MT and 0.9 lakh MT for CA stores. The PLP exercise for 2015-16 has identified 10 projects with tentative estimation of ₹21.5 crore under the sector. For developing the warehouse and related infrastructure sectors, some of the initiatives taken by NABARD are as under

(a) The allocation of ₹5000 crore to NABARD for supporting creation of scientific storage infrastructure for agricultural commodities by Hon'ble Union Finance Minister while presenting budget for 2014-15. Consequently, RBI has advised creation of a new fund viz., Warehouse Infrastructure Fund (WIF)- 2014-15 with NABARD, which is being utilised to provide financial assistance for creation of warehousing facility to ensure scientific storage of agricultural produce.

(b) NABARD Infrastructure Development Assistance Programme (NIDA) was designed for State Governments and other State owned Organisations. NIDA aims to fund Rural Infrastructure creation by providing assistance to State Governments outside of RIDF on flexible terms through direct financing based upon the appraisal of the specific project.

(c) Food Processing Fund, with corpus of ₹2000 crore for year 2014-15, has been established in NABARD by RBI. Financial assistance from this Fund, will be provided by NABARD either directly or through consortium arrangements with other financing agencies for establishing the designated Food Parks and also for setting up of individual food/agro processing units in the designated Food Parks with purpose to provide impetus to development of food processing sector on cluster basis in the country to reduce wastage of agricultural produce and to create employment opportunities, especially in rural areas.

5. Potential Credit Outlays under Various Sectors for the State

Broad Sector-wise Projections 2015-16

		(₹ crore)
Sr. No.	Particulars	Financial Projections
1	Short Term Credit for Production and Marketing	3465.6
2	Investment Credit for Agriculture and Allied Activities	2232.4
3	Total Credit- Agriculture and Allied Activities (1+2)	5698.0
4	Non-Farm Sector	4336.2
5	Other Priority Sector	3226.1
	Total Priority Sector(3+4+5)	13260.3

Sector- wise projection and action points are summarised as follows:

i) Crop Production maintenance and marketing

- The credit potential for Crop Production and maintenance and marketing for the year 2015-16 has been estimated at ₹3465.5 crore.

Action points:

- As against 9.6 lakh land holdings 6.0 lakh KCC were issued as on 31.3.2014 by banks in the state. The remaining farmers need to be covered under the scheme.

- As against 2217 PACS, 1324 PACS are outside borrowing from the higher financing agency and thereby losing the benefit of interest subvention. The issue needs to be resolved by Registrar of Cooperative Societies (RCS), Cooperative Banks and PACS.

ii) Water Resources

- The credit potential for 2015-16 under water resources has been estimated at ₹98.4 crore.

Action points

- Water Users' Associations (WUA) needs to be promoted to maximize the water use efficiency. The WUA in due course may graduate to Farmers Producer Organizations (FPOs).
- Rainwater harvesting structures need to be promoted in over-exploited areas.
- Banks may encourage financing lift irrigation on group basis under SHGs/ Joint Liability Group (JLG) model/ cluster basis. These clusters later may graduate to Farmer Producer Organisations (FPOs).

iii) Land Development

- The credit potential for 2015-16 under land development has been estimated at ₹149.1 crore

Action Points

- Government may set up more soil testing labs, preferably one each at block level and all farmers need to be covered under Soil Health Card programme.
- Banks may support Organic input manufacturing units and private soil testing labs under Agri-Clinic & Agri-Business scheme.

iv) Farm Mechanisation

- The credit potential for 2015-16 under farm mechanisation has been estimated at ₹151.1 crore

Action points

- In Himachal Pradesh high proportion of area is under horticulture. Therefore, Dept of Horticulture need to suggest and popularize farm equipment related to horticulture.

v) Plantation & Horticulture, Forestry and waste land development

- The credit potential for 2015-16 under plantation and horticulture, forestry & wasteland development has been estimated at ₹ 268.3 crore and ₹112.6 crore respectively.

Action Points

- State Government may formulate enabling policies for promoting bulk handling systems like pre-cooling and controlled atmosphere or modified atmosphere storage structures at the production and marketing centers
- Forest Department may encourage promotion of Medicinal and Aromatic plants which are having good market demand in the wastelands/ grass lands etc.

vi) Animal Husbandry and Fisheries

- The credit potential for 2015-16 under animal husbandry– dairy, poultry and sheep, goat and piggery have been estimated at ₹353.5 crore, ₹66.8 crore and ₹44.4 crore respectively.

Action points

- State Government may promulgate Cattle Feed Regulation Act in the State for quality control in feed.
- Department of Animal Husbandry may examine setting up of dry fodder banks in districts adjoining to Punjab and Haryana States and opening of Polyclinics in Una, Bilaspur and Hamirpur districts.

vii) Storage and Market Yards

- The credit potential for 2015-16 under storage and market yards has been estimated at ₹81.1 crore

Action points

- State Government may promote construction of controlled atmosphere stores (CAS) for stocking large quantities of fruits particularly in the apple producing areas to enable the farmers to get remunerated prices and are protected from exploitation at the hands of the middle man on the lines of construction of poly houses
- There is a need to encourage pledge loan scheme along with establishment of Rural Godowns to ensure maximum benefits to farmers.
- The government may assess the realistic as well as potential demand for rural godowns, warehouses and controlled atmosphere storages in the State based on the marketable surplus available in the State. This enable potential entrepreneurs to take up the activity of construction of rural godown and cold storages with support from banks

viii) Agro Food Processing

- The credit potential for 2015-16 under the agro food processing has been estimated at ₹111.9 crore.

Action points

- State Government may examine to provide hassle free arrangement for clearance of legal formalities including establishment of single-window system need to be ensured to facilitate entrepreneurs to establish agro processing units. Majority of entrepreneurs are farmers and offer agriculture land as security for bank loan. For banker's point of view agriculture land is not covered under SARFAESI Act and secondly as per section 118 of Tenancy Act in HP, agriculture land can only be purchased by agriculturist of HP.
- State Government may encourage Contract Farming arrangement specially for medicinal herbs and horticulture crops and explore the possibilities of setting up processing plants in backward areas e.g. Ginger processing in backward blocks of Sirmour dist., apple processing units in Shimla and Kinnaur etc.

- Banks need to extend finance for Agro and Food Processing Sector on priority basis as this industry has been declared thrust area for export promotion.

ix) Off Farm Sector Development (MSME)

- The credit potential for 2015-16 under Off-Farm Sector (MSME) has been estimated at ₹4336.2 crore.

Action points

- DIC may conduct survey for identification of potential blocks/ areas and barriers for development of infrastructure for location specific MSME activities in the state. This will enable banks for credit intervention for development of clusters.

x) Other priority sector

- The credit potential for 2015-16 under other priority sector has been estimated at ₹3226.0 crore

Action points

- Private Sector Banks are also need to focus on Educational Loans and the Housing Sector within the range prescribed by the RBI. Banks may give wide publicity regarding availability of loans for various activities under other priority sector.

6. Area Based Schemes:

To complement the objective of capital formation in agriculture and allied activities, the chapter on “Area Based Scheme” has been added in the current PLPs and State Focus Paper for 2015-16. In this chapter an attempt has been made to identify 3-4 predominant activities in the district which can be extended term loan by banks by preparing banking plan for such activities. The details of district wise/ activity wise area based schemes identified by NABARD are Dairy Development, Automatic Milk Collection Centres, Oyster Mushroom, Pomegranate Plantation, Seabuckthorn, Apple Plantation and Poultry. The total financial outlay projected is ₹110 Crores. District-wise Area Development Schemes identified for 2015-16 are given in Table 6.1

Table: 61 – District wise Area Development Schemes identified for 2015-16

Sr. No.	Name of the District	Name of the block/s	Activity/ ies identified	No .of Units	Total Financial Outlay (₹ lakh)
1	Bilaspur	Sadar, Swarghat, Ghumarwin, Jhanduta	Automatic Milk Collection Centre	53	67.3
2	Chamba	Bharmaur, Bhatiyat, Chamba, Mehla, Pangi, Saluni, Teesa	Dairy Development	790	568.8
3	Hamirpur	Hamirpur, Bhoranj, Bijhari, Nandan, Sujampur, Bamsan	Oyster Mushroom	257	85.5
4	Kangra	Nurpur, Kangra, Nagrota Bagwan, Dehra	Dairy farming	400	852.0
5	Kinnaur	Nichar	Dairy Development	70	56.0
6	Kullu	Kullu, Naggar, Banjar, Aani, Nirmand	Pomegranate Plantation	96	67.8
7	Lahaul & Spiti	Lahaul, Spiti	Seabuckthorn	51	178.3
8	Mandi	Sadar	Mini Dairy	500	400.0
9	Shimla	Chohara, Chopal, Jubbal, Narkanda, Mashobra, Rampur, Rohru, Theog, Basantpur, Nankhari	New Apple Plantation	9116 acres	8168.0
10	Sirmour	Nahan, Pachhad, Paonta Sahib, Rajgarh, Sangrah, Shillai	Poultry farming	50	220.0
11	Solan	Dharampur, Kandaghat, Kunihar, Nalagarh, Solan	Mushromm Cultivation	80	128.0
12	Una	Amb, Bangana, Gagret, Haroli, Una	Poultry farming	50	220.0
		Total			11011.7

Annexure - I

District-wise/ Sector wise PLP Projections for the year 2015-16

(Rs. lakh)

Sr. No.	Name of District	Crop Loan	Water Resources	LD	FM	P&H	For/ WLD	AH/ DD	Poultry	SGP	FI	SMY	Renewable sources of energy	Others	TOTAL T/L	TOTAL AGRI	NFS					OPS	GRAND TOTAL
															3 to 14	(2+15)	T/L	WC	MSME (16A+16B)	Food and Agro Processing	TOTAL (17+18)		(16+19+20)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16A	16B	17	18	19	20	21
1	Bilaspur	17600.00	723.00	1250.00	1098.00	1907.00	112.00	1480.00	223.00	116.00	151.00	335.00	96.00	1852.00	9343.00	26943.00	10417.50	4642.50	15060.00	120.00	15180.00	10955.00	53078.00
2	Chamba	7051.66	80.84	529.74	182.93	297.43	11.58	588.69	51.12	323.50	14.06	32.00	12.62	2869.20	4993.71	12045.37	2000.00	9736.00	11736.00	36.75	11772.75	6097.50	29915.62
3	Hamirpur	18051.00	429.00	2090.00	1061.00	542.00	140.00	1584.00	417.00	127.00	20.00	41.00	10.00	8957.00	15418.00	33469.00	13284.00	4628.00	17912.00	221.00	18133.00	16176.00	67778.00
4	Kangra	62566.27	1305.86	1458.00	4873.95	1943.07	305.76	9615.96	2019.87	1240.79	1318.37	1185.00	366.80	16688.57	42322.00	104888.27	45776.25	68338.25	114114.50	2923.05	117037.55	65155.50	287081.32
5	Kinnaur	13740.14	367.24	288.54	301.50	373.41	45.03	349.56	22.50	241.20	27.86	437.40	18.36	3456.79	5929.39	19669.53	2125.00	3700.00	5825.00	40.00	5865.00	4000.00	29534.53
6	Kullu	38236.10	567.80	646.20	540.50	939.90	18.20	661.40	277.40	205.60	225.40	703.80	78.10	2363.50	7227.80	45463.90	9758.30	2439.58	12197.88	796.20	12994.08	9144.50	67602.48
7	Lahaul & Spiti	3624.83	26.49	77.97	96.71	358.00	142.38	39.38	3.96	47.61	19.63	62.51	17.19	130.70	1022.53	4647.36	599.25	239.70	838.95	36.75	875.70	610.65	6133.71
8	Mandi	43621.60	681.40	1059.82	803.02	2002.97	63.33	4055.13	400.95	567.85	82.15	783.20	145.25	8380.98	19026.05	62647.65	20295.00	21699.00	41994.00	484.00	42478.00	35028.00	140153.65
9	Shimla	67653.79	2774.91	2312.93	2613.20	10500.32	83.01	7581.75	1730.52	538.48	87.55	1914.00	152.97	31869.00	62158.64	129812.43	13968.75	30656.25	44625.00	977.09	45602.09	101406.25	276820.77
10	Sirmaur	13809.60	1527.47	1549.59	1189.80	5828.76	77.21	3376.63	892.50	836.95	121.82	1648.13	100.98	344.20	17494.04	31303.64	41427.75	10963.13	52390.88	1313.25	53704.13	24437.08	109444.85
11	Solan	31801.50	978.24	3044.00	1561.60	1331.87	41.52	4207.50	262.45	153.40	24.19	360.00	154.00	12420.00	24538.77	56340.27	60300.00	14443.60	74743.60	3149.40	77893.00	28400.00	162633.27
12	Una	28799.00	375.64	602.00	790.09	805.71	85.71	1808.82	379.00	39.14	74.96	607.50	15.86	8185.50	13769.93	42568.93	17775.00	13218.75	30993.75	1095.00	32088.75	21196.00	95853.68
	Total	346555.49	9837.89	14908.79	15112.30	26830.44	1125.73	35348.82	6680.27	4437.52	2166.99	8109.54	1168.13	97517.44	223243.86	569799.35	237726.80	184704.76	422431.56	11192.49	433624.05	322606.48	1326029.88