

Roles of different entities in the implementation of agri-clinics and agri-business centres scheme in India

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ABSTRACT

Agri-clinics and agri-business centres scheme is a subsidy based credit linked initiative of central government for the development of agriculture and rural sector through the employment generation and proper availability of agri-inputs, technical know-how, credit facility and market information to farming community. This package of practices and facilities are only possible through the agri-clinics and agri-business centres in rural areas and this will also generate the employment opportunities in the country. Agri-clinics and agri-business centres scheme is implementing through different governmental entities including national institute of agricultural extension management, national bank for agriculture and rural development, small farmer's agri-business consortium, directorate of agriculture and cooperation, nodal training institutes and Commercial banks to achieve the objective of the scheme by proper implementation throughout the country. This study paper review the roles and responsibilities of different agencies involved in the implementation of agri-clinics and agri-business centres scheme in the country.

KEY WORDS : Employment generation, Agri-clinics centres, Nodal training institutes, Monitoring, Evaluation

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In India, rapid agricultural growth continues to be the key to poverty alleviation and overall economic development. With the diversification and modernization of agricultural practices, there is a great need to augment support and extension services for agriculture. It is also being realized that public extension can no longer respond to the multifarious demands of the farming community. There is need for revitalization of extension system in the country to address these issues, providing value added extension services to the farmers through additional qualified main power and adequate infrastructure (Shekara *et al.*, 2011). In

this background, it has been decided by Government of India to launch a subsidy based Credit Linked Scheme for establishment of agri-clinics and agri-business centres (ACABCs). The scheme is open to agriculture graduates / graduates in the subject allied to agriculture like horticulture, animal husbandry, dairy, veterinary, poultry farming, fish culture and forestry. These centres will provide a package of input facilities, consultancy and other services. They will strengthen the transfer of technology and extension services and also provide self-employment opportunities to technically trained persons. MANAGE is the nodal agency for imparting training under the scheme. The objectives of the programme are to supplement the public extension system, increase the availability of inputs and services for farmers and provide employment to agriculture graduates (Evaluation Report, 2010). In order to make these enterprises deliver desired results, various entities associated with the scheme will have to play a significant role in the empowerment of the agri-preneurs. The consultants have studied and analyzed the role and performance of each entity

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in the implementation of the scheme. This scheme leads to Agri-preneurship as an employment strategy that can lead to economic self-sufficiency of rural people. Agri-preneurship development through training is a key elements for the promotion of Micro, Small and Medium Enterprises (MSMEs), particularly, the first generation agri-preneurs. These can result in improved performance of an individual which can contribute to employment generation, poverty reduction and Human Resource Development (HRD). It is suggested that for competing in national and international markets, agriculture needs to function with entrepreneurial thinking (Ahmed *et al.*, 2011).

Organizational structure of agri-clinics and agri-business centres scheme:

The scheme is operated by different entities that perform their individual task to operate the scheme in a successful manner. A diagrammatical explanation of the roles and responsibilities of each entity is given in Fig. 1 (Evaluation Report, 2010 and Shekara *et al.*, 2011).

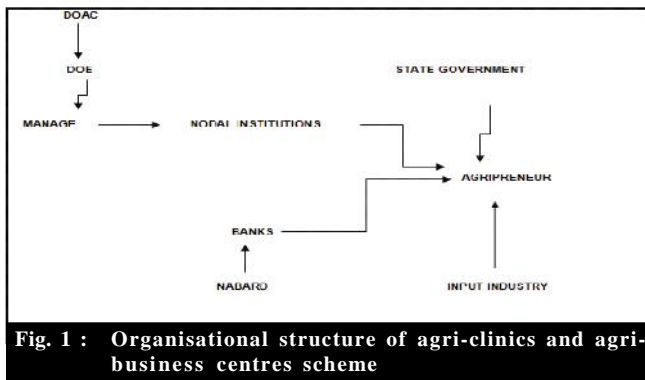


Fig. 1 : Organisational structure of agri-clinics and agri-business centres scheme

DOAC:

Directorate of Agriculture and Cooperation provides the fund for this scheme through its extension division DOAC.

MANAGE:

MANAGE is the monitoring and implementing agency of this scheme. It is responsible for reviewing the performance of the nodal institutes; decide upon the training content, methodology and duration. Be a part of the selection committee for choosing the eligible candidates and set criteria for selection of nodal institutes.

Nodal Training Institute (NTIs):

These are institutes selected by MANAGE for conducting the training programmes for selected agriculture graduates and assist them in preparing bankable project. Once the project is over, assist them in sanctioning of loan and successfully setting up of the ventures.

Banks:

Banks could be nationalized/ commercial/ cooperative and regional rural banks who would be the financing institution in the scheme. They are responsible for processing loan proposals and provide loans on approved proposals to the trained agriculture graduates under the scheme. In addition to providing loan to the agri-preneurs, they are responsible for implementing announced policy on providing credit to such proposals.

NABARD:

NABARD is the nodal institute for banks which is responsible for monitoring credit support to agri-clinics through the above mentioned banks. Apart for this, NABARD is also responsible for extending refinance support to the banks under the scheme.

Agri-preneurs:

Agri-preneurs are the ultimate beneficiary of the scheme. They are agriculture graduates, post graduates and even doctorates who undertake training under this scheme and provide specialized extension and other services on fee-for-service basis and to supplement the efforts of public extension by providing economically viable enterprises in self-employment mode.

Input industry:

Input industry is an allied industry which can provide dealership, input stocking support etc. to the agri-entrepreneurs thereby creating a regular source of income for them.

State government:

Their participation comes in the form of providing priority to trained graduates in grant of license for agri-inputs; facilitate involvement of ACABCs in extension services.

Monitoring of agri-clinics and agri-business centres scheme:

Agri-clinics and agri-business centres scheme monitoring cell will be strengthened at directorate of extension and shall be responsible for proper monitoring and administration of the scheme. The linkages of agri-preneurs with state governments, banks, agro-industries and other stakeholders will be reviewed by MANAGE and department of agriculture and cooperation (DAC) at least twice a year. The Directorate of Extension (DOE) would employ contractual staff, organize review meetings, workshops, interfaces and carry out periodic monitoring of the scheme and its impact evaluation study at the end of XI Plan. The Directorate of Extension (DOE) along with MANAGE would also maintain an on-line monitoring

system, and database for the scheme. Besides the surprise and regular visits by teams of officers, monitoring of each project shall be done by the financing bank. Joint review will also be undertaken on a quarterly basis by financing bank and NABARD. NABARD may suggest suitable formats for submission of various reports by participating banks, taking into account reporting requirements of the Department of Agriculture and Cooperation (DAC) and subject to guidance of DAC or empowered steering committee (ESC). The progress report of the scheme in the prescribed format shall be sent to the Department of Agriculture and Cooperation, Government of India by NABARD on monthly basis, with a copy to MANAGE, Hyderabad. The progress of ACABCs shall be reviewed invariably in all district level consultative committees (DLCC) and State level bankers committee (SLBC) meetings with a view to sorting out problems or issues emerging in smooth implementation thereof (NABARD, 2010b). In order to carry out the monitoring and evaluation of the scheme on regular basis, the following (Table 1) financial support is provided by DOAC to Directorate of Extension (DOE).

Roles and responsibilities of different entities under the agri-clinics and agri-business centres scheme:

National Institute of Agricultural Extension Management:

National Institute of Agricultural Extension Management (MANAGE) is an autonomous body under the Ministry of Agriculture (MOA), has been appointed as the implementing agency of this scheme which broadly performs the activities including selection of nodal institutes, preparation of training modules, monitoring the performance of the NTIs, managing and releasing of funds. When the performance of MANAGE was earmarked against the parameter of their selection procedure for nodal institutes, it was observed that the NIs selected on the basis of the present selection criteria have not been able to show impressive results (Evaluation Report, 2010). In ACABCs, the selected nodal training institutes are regularly monitored by MANAGE and If any institute fails to meet the evaluation criteria then their names are removed from the list of nodal institutes. If the success rate is declining continuously and has reached less than 35 per cent which was decided upon based on the national success average of 32.5 per cent and if the training institute does not meet the 35

per cent criteria for continuous 6 months then their name also would be deleted. However, this monitoring system does not take into account other aspects of the training like the number of projects that are withheld by banks nor there is any set mechanism to identify the reason for non-success of the nodal institute which could be eliminated and the existing institutes can produce desired results. MANAGE is the nodal agency for imparting training under the scheme. MANAGE identified 116 NTIs in all over the country for the training purpose. Among them, Uttar Pradesh has maximum no. of training institutes (14) followed by Maharashtra (12), Tamil Nadu (9), Andhra Pradesh (7) and Rajasthan (6) and seven sister states of India has minimum no. of training institutes *i.e.* Arunachal Pradesh (0), Sikkim (0), Tripura (0), Manipur (1), Meghalaya (1), Nagaland (1) and Mizoram (1) and union tertiary states *i.e.* Delhi (1), Kerala (1), Goa (0) and Chandigarh (0) also poor in nodal trainings institutes (MANAGE, 2013). After completion of training programme, list of trained graduates is sent to various banks in the region for financial assistance and motivating them for setting up of agri-clinics and Agri-business centres. MANAGE also provides handholding support to trained agri-preneurs through NTIs. Half of the handholding amount *i.e.* Rs. 2500/- per trained candidate shall be released to the NTI on receipt of list of projects submitted to bank and remaining 50 per cent of the handholding amount *i.e.* Rs. 2500/- per established candidate shall be released to NTI on receipt of proof for agri-venture establishment.

Nodal Training Institutes (NTIs):

Nodal training institutes are crucial link between agri-graduates and agri-preneurship in order to be a successful agri-preneurs. Nodal Institutes plays the most important and critical role in the success or failure of the scheme. They play various roles such as mentors, trainers and the guide for the agri-graduates who take up this training in order to be agri-preneurs and want to start a venture of their own. The task of nodal institutes starts from the selection procedure till the time of a venture is established, these have maximum contribution in making this scheme a successful initiative. The Nodal Training Institutes also responsible to give handholding support to trained candidates after completion of training programme in order to establish agriventure and intended to facilitate the trainees to get exposure, confidence

Table 1 : Financial support to DOE for monitoring evaluation of ACABCs

| Sr. No. | Particular of items | Rs. amount (Lakhs) |
|---------|--|--------------------|
| 1. | Capital expenditure - for fax machine, Xerox machine, telephone, computer etc. | 5.00 (one time) |
| 2. | Organization of workshops and review meetings | 15.00 (per year) |
| 3. | Contractual support staff for data entry operation, database management, monitoring and reporting etc. | 5.00 (per year) |
| 4. | Awarding best agri-clinics and agri-business centres and Nodal Training Institutes (NTIs) | 20.00 (per year) |
| 5. | Impact evaluation of the scheme at the end of 11 th Plan | 30.00 (one time) |

Source: NABARD (2010a)

and support to start their enterprise. The aim of handholding support is to providing support to them to submit their bankable projects and get bank loan. Table 2 indicates that the private organizations who have volunteered to run the scheme have fared the best amongst all the other categories by registering a success ratio of 50 per cent, followed by NGOs who have been able to show a success ratio of 42 per cent. The Government universities have not been able to show the desired performance. According to database available at MANAGE (2013) among 116 NTIs in the country, Shree Maa Guru Gramodhyog Sansthan, Varanasi is a leading nodal training institute which have maximum number of trained candidates (3031), Agri-venture established (1873) and training batches completed (90) followed by Krishna Valley Advanced Agriculture Foundation, Mitcon Consultancy Services Ltd., Pune, M/s. Terra-Firma Bio Technologies Ltd., Bangalore and Voluntary Association for people service, Madurai under the agri-clinic and agri-business scheme. On the other hand, the ISAP, Gujarat has minimum number of trained candidates (7) and the minimum number of agri-venture established by the SRISTI foundation, Ranchi and Sardar Vallabh Bhai Patel University of Agriculture and Technology were 1 and 1, respectively. There is a need of sensitizing government institutions for aggressively implementing the scheme.

Commercial banks:

Commercial banks are major institutional credit source for financing the project in the country. According to evaluation report of agri-clinics and agri-business centres scheme by Global Agri-system private limited the projects

have been funded either entirely through own funds or through banks (loan) in addition to the margin money contribution by the agripreneurs. In evaluation report showed that only 30 per cent project started with loan and 70 per cent agri-venture started without loan from bank. It was the confidence of agripreneurs in the financial viability of their proposed enterprise that they decided to invest into the projects from own funds. If the banks come forward to provide the loans requested, it will meet the stated objectives of the scheme and more and more trained agri-graduates will be able to benefit from the scheme. Due to complex nature of land ownership pattern in some states further complicates the funding in terms of providing collateral. Even nodal training institutes in some states are feeling discouraged about continuing the training programme because of this lack of agri-graduates and co-operation of the banks in providing financial assistance to the trained graduates for the establishment of agri-venture. It is also reported by Karjagi *et al.* (2009) that the major problem in implementation of ACABCs is the commercial banks not seriously interested in the scheme and banks have poor performance in projects sanctioned under the agri-clinics and agri-business centres scheme. Table 3 shows bank wise survey of credit flow to projects under the agri-clinics and agri-business centres scheme and it is evident from table that maximum number (82.4%) of loans to the agripreneurs has been provided by the nationalized banks among all financing institutions due to the fact that the nationalized banks are easily accessible and have branches all over the country. The loan facility is also readily available and they are more aware of the scheme than their counterparts. Table 4

Table 2: Performance of Nodal Training Institutes in successful agri-venture establishment

| Sr.No. | Nodal Training Institutes | Proportion of successful ventures |
|--------|-----------------------------------|-----------------------------------|
| 1. | Private Organizations | 50% |
| 2. | Non-Government Organization (NGO) | 42% |
| 3. | Trust | 32% |
| 4. | Institutes | 32% |
| 5. | Universities | 25% |

Source: Evaluation Report, 2010

Table 3: States wise source of loan under agri-clinics and agri-business centres scheme

| States name | Nationalized banks | Co-operatives bank | Regional Rural Bank | Other |
|----------------|--------------------|--------------------|---------------------|-------|
| Karnataka | 87.1 | - | 6.5 | 6.5 |
| Maharashtra | 82.4 | 23.5 | - | - |
| Tamil Nadu | 83.3 | - | - | 16.7 |
| Assam | 75.0 | - | - | 25.0 |
| Rajasthan | 33.3 | - | 66.7 | - |
| Andhra Pradesh | 100.0 | - | - | - |
| Gujarat | 100.0 | - | - | - |
| Bihar | 100.0 | - | - | - |
| Uttar Pradesh | 100.0 | - | - | - |

Source: Evaluation Report, 2010

shows bank wise project sanctioned and project pending under the agri-clinics and agri-business centres scheme till august 2013. The number of sanctioned projects by all banks is 1652, while the number of pending projects is 6038 under the scheme in the country. State Bank of India (366), Union Bank of India (123), Canara Bank (114), Bank of India (93) and Punjab National Bank (89) are the leading banks in sanctioning the project loan under the scheme.

National Bank for Agriculture and Rural Development (NABARD):

National Bank for Agriculture and Rural Development is the nodal institute for banks and its primary objective is to provide refinancing to the banks and circulate financial guideline pertaining to the scheme for implementation. Refinance support under ARF is being allowed. Shortfall in margin money/down payment by the borrower can be supported out of soft loan assistance for margin money fund of NABARD subject to a maximum of 50 per cent of margin prescribed by banks. Such soft loan assistance for margin money from NABARD to banks would be without interest, but the banks may levy service charge which is 2 per cent per annum which reduced from 5 per cent. Soft loan assistance for margin money may be availed irrespective of availability of refinance from NABARD. Rate of interest on refinance from NABARD has been fixed at 5.5 per cent irrespective of the size of the loan. Six months' expenses for setting up of units are allowed to be capitalised and included in the project cost. NABARD has circulated comprehensive guidelines to the banks, however, on analyzing the project funding situation

under the scheme, it is noted that the banks go by their own project appraisal norms without giving any preferential treatment to the projects under the scheme. It may be appreciated that NABARD cannot interact with each branch yet a system can be evolved wherein the nodal institutions in collaboration with the regional representative of NABARD may take up specific cases with the concerned banks for according priority to the trained graduates for considering their applications for funding the projects. NABARD has furnished the list of eligible trained graduates to the State Level Bankers' Committee (SLBC) through Regional Offices (RO). Nodal officers have been identified at the NABARD RO level to monitor effective implementation of the scheme and NABARD also has been providing faculty support to nodal institutions wherever required under the scheme.

Conclusion:

Presently, agri-clinics and agri-business centres scheme became popular and necessary for agri-graduates due to specialized training, credit facility, subsidy and handholding support for the establishment of agri-business/agri-venture, but the success rate of total agri-venture establishment is low against total trained candidates in the country. One of the major reasons of low performance of the scheme is poor performance of different entities involved in implementation. MANAGE should be strict regarding implementation of the scheme and should periodically supervise the different component of training programme and activities of nodal training institutes on the basis of their prescribed roles and responsibilities under the scheme and should take legal action

Table 4 : Bank wise sanctioned and pending projects under agri-clinics and agri-business centres scheme

| Sr. No. | Name of the Bank | No. of sanctioned projects | No. of pending projects |
|---------|---------------------------|----------------------------|-------------------------|
| 1. | State Bank of India | 366 | 2446 |
| 2. | Union Bank of India | 123 | 340 |
| 3. | Canara Bank | 114 | 188 |
| 4. | Bank of India | 93 | 455 |
| 5. | Punjab National Bank | 89 | 304 |
| 6. | Central Bank of India | 87 | 128 |
| 7. | Oriental Bank of Commerce | 77 | 20 |
| 8. | Bank of Baroda | 72 | 251 |
| 9. | Indian Bank | 51 | 108 |
| 10. | Syndicate Bank | 47 | 92 |
| 11. | Bank of Maharashtra | 46 | 348 |
| 12. | Corporation Bank | 45 | 44 |
| 13. | Indian Overseas Bank | 44 | 95 |
| 14. | Allahabad Bank | 42 | 92 |
| 15. | Vijaya Bank | 37 | 17 |

Source: Compiled by authors from database available at ACABC Cell (NABARD,2010) and MANAGE (2013)

against faulty institutes and remove their name from the list of nodal institutes. It is expected from the commercial banks they should give more and more financial assistance as credit facilities to the agripreneurs for establishment of agri-venture. Private bank should follow the nationalized bank in order to increase their contribution in the credit flow for agri-venture establishment under the scheme. There is also a need of coordination and cooperation between all the entities involved in the scheme to ensure smooth implementation, and monitoring of the agri-clinics and agri-business centres scheme. Government should make efforts to incorporate the policies as per the requirement of the agripreneurs, banks and project category for the achievement of objectives of the scheme.

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