

Madurai Symposium - 2015

**National Conference
on**

**FINANCIAL INCLUSION
OF
SMALL FARMERS**

**15th September 2015
Madurai**



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INTRODUCTION

Inclusive Growth is central to the National Development agenda as elaborated in the 12th five year plan. Social, economic and financial inclusions are the three pillars of inclusive growth. Financial inclusion as has been evidenced by SHG banking acts as catalyst to achieve social and economic inclusion. A major segment of the population who experience deprivations from the inclusive growth perspectives are the small farmers who constitute vast majority of rural households in India. The data on the operational holdings in the country gives a graphic picture of the situation with 80% of all operational holdings being marginal and small and share of marginal holdings (below 1 hectare) has further increased to 92.4 million out of the total holdings of 137.8 million and there has been further decrease in the average size of the holdings itself due to fragmentation. The state of poverty / deprivation of small farmers in Rainfed areas which form the bulk of small and marginal holdings has been well documented. Inclusive growth process therefore faces a major challenge in addressing the parlous situation of the small peasants.

It is recognised that small and marginal farmers have not been able to enjoy the fruits of inclusive growth due to several disadvantages and the consequential inability to avail of the opportunities emerging from the growth process. To address these issues and problems of small scale farming there have been enabling interventions by Government and NGO sector in scaling up and sustaining farm based livelihoods. Small farmers are getting organised as SHGs or JLGs. There have also been initiatives now to organise the small farmers under the framework of producer organizations for scale advantage, connecting to supply and value chain markets and thereby the farming gets intensive in small farms. The success of these efforts in the long run is predicated on the necessary condition of access to financial services and the need for uninterrupted access to credit cannot be overemphasised. Yet, lack of access to institutional credit continues to be a debilitating constraint to realise the economic potential of organised small scale farming systems. Given the risks and vulnerable credit alone would not do. Crop and asset insurance particularly livestock have become critically important to mitigate the risks and absorb the financial shocks arising out of loss of crop or asset. Millions of small farmers are

in debt trap due to usurious loans taken from informal systems which drive them out of farms as migrant workers to cities. Therefore, it is becoming clear that the inclusive growth would not reach small and marginal farmers unless financial inclusion happens and all small farmers build banking relationship which also paves the way for accessing benefits being offered by government.

Against this backdrop, INAFI India a network of development NGOs working with small farmers proposes to organise a National conference on financial inclusion of small farmers to bring together development stakeholders working with small farmers' particularly commercial banks and insurance companies to deliberate on the issues and challenges of financial inclusion and chalk out the strategies to address them.

OBJECTIVES OF THE CONFERENCE

1. To provide platform to the small farmers and their leaders to express and share the constraints and challenges in accessing financial services.
2. To look at policies (Priority sector lending norms), products and processes for delivery of financial services particularly bank credit for the small farmers and their organisations (FPOs / FPCs) and identify areas / issues which impede ease of access.
3. To deliberate and to suggest quick and hassle free accessible ways of availing Kisan Credit Card (KCC).
4. To identify user friendly mobile technology applications for the last mile connectivity with the banking system and assess the need for digital literacy.
5. To educate and to suggest ways and means to bring social security cover for small farmers under the aegis of PMJJBY, PMSBY, APY.
6. To evolve and put in place a suitable mechanism within Block Level / District Level Bankers Committee to address the issues / practical problems faced by small farmers in accessing bank credit and other financial services

When & where

15th September 2015

Tamukkam Grounds, Madurai as part of Madurai Symposium

For whom

Small Farmers and their leaders, Farmers Producer Organisations/ Farmers Producer Companies, Governments ,Commercial Banks, Insurance companies, Donors and Philanthropies, NGOs / Civil Societies. About 100 participants are expected.



Inafi India (International Network of Alternative Financial Institutions - India) is a network of Development NGOs involved in enabling and supporting development programmes/livelihood interventions of the member organizations in India. Inafi India is affiliated to global network of Inafi and being country chapter in India, the network is working on the vision of Inafi for development with dignity for poor and enabling access to basic services including financial services. The collective outreach of members is more than 7 millions across the states. Inafi **spearheads the SHG bank linkage** and financial inclusion. Building the microfinance sector, capacity building programmes for members and policy advocacy for pro poor microfinance services are the twin mandate of the Inafi India.

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