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# Investing in rural people in **India**

With a population of more than 1.4 billion people, India is the world's largest democracy, its second-most populous country and its third-largest economy in terms of purchasing power parity. India has made momentous progress in reducing poverty, halving its incidence between 2005 and 2015.

However, the country still has one of the world's largest numbers of poor people (364 million). India's success in inclusive growth is central to the international community's resolve to end extreme poverty, promote shared prosperity and achieve the 2030 Sustainable Development Goals (SDGs).

Over the last 75 years, India has made enormous strides in agriculture, climbing from food aid dependency to become a consistent, net exporter of food. India has diversified into high-value commodities and has become the world's largest producer of milk, pulses and livestock, as well as the top exporter of shrimp and spices. But even though most Indian crop yields have tripled, they are still relatively low by international standards. Similarly, whereas the country's irrigated area has expanded, 51 per cent of India's cropland is still rainfed. And although food-secure, India grapples with high rates of malnutrition. Challenges include making agriculture more remunerative; enhancing productivity while tackling climate change; and moving from food security to nutrition security. In 2015, the government renamed the Ministry of Agriculture the Ministry of Agriculture and Farmers' Welfare, underlining a new vision of agriculture as a source of livelihoods for farmers rather than a vehicle for increased production.

**43 per cent**  
of India's  
workforce relies  
on agriculture.

## Eradicating rural poverty in India

In line with the 2030 Agenda, eliminating poverty continues to be a key priority for India. Moving from poverty mitigation to poverty elimination, the government has launched several schemes for inclusive growth and development, including: Jan Dhan Yojana, the world's largest financial inclusion scheme, aimed at ensuring every family has a bank account; the MUDRA Scheme, financing the unorganized sector of the economy; the National Rural Livelihoods Mission, which has organized rural women into 5.8 million self-help groups; and the Mahatma Gandhi National Rural Employment Guarantee Scheme, which ensures people have 100 days a year of wage employment. Targeted rural development is supplemented by economic stimuli and innovations such as tax reform.

After experiencing its first economic contraction in decades (because of the COVID-19 pandemic), it will be essential for India to implement growth-oriented reforms to build back better.

With 43 per cent of the workforce relying on agriculture, India's rural poverty eradication strategy relies heavily on the transformation of agriculture and allied sectors. Targeted schemes for agricultural transformation are bolstered by minimum crop support prices and direct benefit transfers.

## IFAD's strategy in India

Projects: 32  
Total cost: US\$3.87 billion  
Total approved IFAD financing:  
US\$1.2 billion  
Directly benefiting:  
6.3 million households

IFAD has been working in India for more than 40 years. The current country strategic opportunities programme is fully aligned with the government's policy framework, particularly in eradicating rural poverty (SDG 1) and hunger (SDG 2). During the period 2018-2024, IFAD will accompany government efforts to make smallholder farm systems remunerative, sustainable and resilient to climate change and price shocks.

IFAD supports the government in its work, often in the remotest areas, on behalf of the poorest farmers, especially women and youth, and landless and tribal groups. Projects have consistently tackled structural issues such as sociocultural exclusion, lack of access to land and natural resources, and the weak bargaining power of smallholder producers.

Building on sustainable community institutions, IFAD-supported projects are increasingly investing in making smallholder agriculture business-oriented and building farmers' capacity and bargaining power to seize market openings to improve their incomes. This means supporting agro-based enterprises and pro-poor value chains that also make agriculture attractive for youth. IFAD also supports climate-smart and sustainable agricultural practices, such as diversified crops and livelihoods, to build resilience to climate change and market variability. The projects facilitate innovative partnerships between farmers, their organizations and private companies.



IFAD's focus is on strengthening people's ability to manage their own development. Its approach hinges on participatory project planning and implementation, and draws on indigenous knowledge and community priorities.

Women's empowerment is central to all of IFAD's work. IFAD-supported projects have strengthened women's access to financial services and markets while also building their social capital and enhancing their role in decision-making.

IFAD also works with tribal communities, typically located in the most remote, poorest areas of the country. Projects have helped them improve their livelihoods by enhancing local natural resource management, access to land, agricultural production and vocational skills.

IFAD's approach hinges on **participatory planning** and draws on **indigenous knowledge** and community priorities.

## Ongoing operations

### Fostering Climate-Resilient Upland Farming Systems in the North-East (Mizoram and Nagaland States)

The farmers of the states of Nagaland and Mizoram in the North Eastern Region have traditionally used a shifting cultivation system known as jhum. Although it used to provide rural communities with sufficient food, fibre and energy, the practice has become unsustainable due to population growth, soil degradation and erosion, climate change and a shift to high-value crops for increased incomes.

The project familiarizes farmers with jhum cultivation methods that not only are more productive and sustainable but also increase resilience to climate change and improve incomes. Support for improved market access and value chain development is provided as farmers become more market-oriented.

The project targets communities in the hills of Nagaland and Mizoram. A total of 173,000 households, most of them members of tribal villages, will benefit directly. Total project cost is US\$141.17 million, including an IFAD loan of US\$48.75 million and an IFAD grant of US\$1 million.

### Chhattisgarh Inclusive Rural and Accelerated Agriculture Growth Project

CHIRAAG aims to improve income opportunities and the availability of nutritious foods in 14 tribal-dominated districts of Chhattisgarh.

To make agriculture nutrition supportive, the project will implement a series of activities that are climate resilient and profitable. Investments will be made in water-harvesting structures and irrigation facilities; integrated farming systems blending crops, fishery and livestock production; climate-smart production technologies and practices; developing value chains to ensure that surplus commodities reach profitable markets; and in making nutritious food available to tribal households.

Total project cost is US\$238.69 million, with an IFAD loan of US\$67 million. It is expected to reach an estimated 180,000 households..

### Rural Enterprise Acceleration Project

The project aims to double the incomes of rural households and reduce distress migration from rural areas. This will be achieved by diversifying sources of income through intensified, cluster-based, climate-resilient production systems. Enterprises will be promoted and supportive ecosystems will be developed.

The project will reach 2.7 million individuals, largely comprising small farmers and landless households, including returnee migrants affected by the COVID-19 pandemic. Total project costs are US\$378 million, including US\$105 million in IFAD financing.

## Maharashtra Rural Women's Enterprise Development Project (Nav Tejaswini)

Maharashtra is the second-most populous state in India with over 112 million people. 17.4% of the population in Maharashtra live below the poverty line and all districts are to some extent food insecure. The states requires investment in order to address persisting rural poverty, vulnerability to climate shocks, and increasing rates of malnutrition.

The Nav Tejaswini project aims to enable one million poor rural households overcome poverty sustainably while improving rural women's capacity to develop sustainable enterprises, engage in remunerative employment, and access markets.

The project will support all existing nano and microenterprise clusters, as well as developing new commodity clusters.

This project builds on the success of the Tejaswini Rural Women's Empowerment Programme. Total project cost is US\$413.28 million, with IFAD financing of US\$51.4 million..

## Livelihoods and Access to Markets Project

Located in the North Eastern Region region, the project aims to improve household incomes and the quality of life in Meghalaya through: improved natural resource management and food security; livelihoods support; and knowledge services.

The project targets tribal communities, women, rural youth and households living below the poverty line. The overall objective is to create new, sustainable livelihoods adapted to the hilly environment, and to build capacity to adapt to the effects of climate change. Total cost is US\$205.76 million, including an IFAD loan of US\$70.64 million. Some 166,577 households will benefit directly.

## Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme

The programme operates in 12 districts of Odisha State where a high number of particularly vulnerable tribal groups live. Its foremost aim is to improve the livelihoods and food security of households by safeguarding their rights to land and forest resources, improving their agricultural practices and ensuring their access to health and education.

The programme also supports productive activities and market access, and helps improve drinking water and sanitation facilities. Total cost is US\$123.14 million, including an IFAD loan of US\$43.95 million. Some 96,651 households will benefit directly.



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IFAD is an international financial institution and a United Nations specialized agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided more than US\$24 billion in grants and low-interest loans to fund projects in developing countries.

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June 2023