Investing in rural people in India

With a population of more than 1.35 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 the world’s largest number 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 50 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, fruit and vegetables, 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, 55 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. In 2016, the government set an ambitious target of doubling farmers’ incomes by 2022.

**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.

With over 50 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

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. 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, landless and tribal groups, and designated castes. 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 to seize market openings to improve their incomes. 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. The innovative concept of Courage Brigades (Shaurya Dal) has helped reduce gender-based violence and change social attitudes.

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.

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Projects: 30
Total cost: US$3.05 billion
Total approved IFAD financing: US$1.13 billion
Directly benefiting: 5.18 million households
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 are not only 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 201,500 households, most of them members of tribal villages, will benefit directly. Total project cost is US$168.51 million, including an IFAD loan of US$76.55 million.

Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu

Participants include fishers, fisheries wage workers, farmers and agricultural labourers in coastal areas. There is a specific focus on marginalized groups such as women household heads and members of designated castes.

The programme aims to improve the livelihoods of people affected by the catastrophic 2004 tsunami. It promotes community participation and planning, and includes support for sustainable resource management in coastal areas, access to rural financial and insurance services, and a community-based marine safety and disaster management plan.

It also provides small-business and skills training, including fish marketing for women. Total cost is US$113.4 million, including an IFAD loan of US$52.8 million. An estimated 230,000 households will benefit.
**Integrated Livelihoods Support Project**

The project targets small rural producers, women, designated caste households and young people living in the hill districts of Uttarakhand State. The project builds livelihoods by improving technologies for the production of traditional food crops and livestock, and develops supporting services for input supply and marketing surpluses.

To make food production more reliable, the project contributes to watershed development in order to conserve water and soil resources. It also supports the production of fodder and other non-timber forest products in community forest areas. The project generates incomes through the introduction and expansion of cash crops. Total cost is US$258.8 million, including an IFAD loan of US$89.9 million. Some 143,000 households will benefit directly.

**Jharkhand Tribal Empowerment and Livelihoods Project**

In Jharkhand, India’s fifth-poorest state, just over half of the nearly 33 million inhabitants live below the poverty line. About 26 per cent are designated tribespeople and 78 per cent live in rural areas. This project improves the living conditions of tribal communities and of highly vulnerable tribal groups in particular.

It will empower 136,000 tribal households, including 10,000 families of particularly vulnerable tribal groups, to earn a living from the sustainable and equitable use of natural resources. Total cost is US$115.6 million, including an IFAD loan of US$51 million.
Livelihoods and Access to Markets Project

Located in the north-eastern 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$169.9 million, including an IFAD loan of US$50.1 million. Some 191,000 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$130.4 million, including an IFAD loan of US$51.2 million. Some 62,000 households will benefit directly.
Andhra Pradesh Drought Mitigation Project

Smallholders in the Rayalseema region and the Prakasam area of Andhra Pradesh are affected by drought and depletion of groundwater in a context of climate change and climate variability.

The project works to improve the use and production of drought-tolerant crops by farmers and to enhance soil fertility and moisture. Smallholders are encouraged to access weather information, crop advisories and farmers’ field schools to help them shift towards profitable but less water-demanding cropping systems. Livestock production will also be improved by introducing sheep producers to better animal housing, feeding and breeding, while a backyard poultry scheme will target the poorest women. Farmers’ organizations will be strengthened too. IFAD is providing a US$51.2 million loan towards the US$130.4 million project. Approximately 62,000 households will benefit.
IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US$21.5 billion in grants and low-interest loans to projects that have reached about 491 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations’ food and agriculture hub.

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