

INDIA



DEVELOPING IRRIGATION INFRASTRUCTURE ON THE BUILD, OPERATE AND TRANSFER (BOT) MODEL

Agriculture credit and irrigation are two important factors that influence a farmer's decision to cultivate high value crops. Most often, monsoon dependent farmers produce one good kharif crop and keep their land fallow in the rabi season, during which they migrate to cities and work as wage laborers. Most of these farmers would also prefer cultivating in the rabi season if they had access to irrigation. In the areas where SFI is working, it has created an entire support system (agri-entrepreneurs, inputs, credit and markets) to help farmers grow vegetables; the only missing link in the value chain is irrigation. Hence, SFI chose to work towards creating irrigation infrastructure for farmers in our project areas.

BUSINESS MODEL

SFI developed a business model for irrigation infrastructure development for small and marginal farmers by connecting them to banks, government and irrigation equipment companies. SFI identified locations which had access to water and could irrigate 25–30 acres, but were not brought under irrigation due to lack of infrastructure. Once the location is identified, SFI invests in a primary survey to design the irrigation system (lift and drip irrigation) and then coordinates with banks to arrange debt finance of up to 25–30 lakhs. Due to the availability of irrigation, farmers will contribute 40 per cent of net profit to the bank from their earnings in rabi and summer seasons. The entire debt is expected to be repaid within 3–4 years, after which the assets will be handed over to the farmers group.

EXECUTION OF THE MODEL

The tribal farmers of Borichaghoda village in the Borale Gram Panchayat of Jawhar block in Palghar district were the first to use the irrigation infrastructure realized through this model. Five more irrigation projects are being developed in Jawhar and a further three are being developed in the adjacent Wada block of Palghar district. 135 acres of land belonging to 143 farmers have been brought under irrigation, generating the potential to triple the incomes of these farmers. SFI is aiming to build 100 such irrigation projects by 2018.