

JICA extends ODA loan of INR 807 Cr for promotion of agricultural productivity and increasing farmer's income in Himachal Pradesh

~To promote crop diversification, agri-food value chain and market development~

New Delhi, March 26, 2021: Japan International Cooperation Agency (JICA) has extended an official development assistance (ODA) Loan of JPY 11,302 million (approximately INR 807 Crore) for its support to "Himachal Pradesh Crop Diversification Promotion Project (Phase 2)".

The project aims to disseminate "successful model" of crop diversification formed in Phase 1 of the project, and increase vegetable cultivation area from about 2,500 ha in 2020 to 7,000ha in 2031. Further, the project will strengthen market development and linkages throughout agriculture supply chain for improving the livelihood of poor and marginal farmers. This project will extend the coverage to all 12 districts of Himachal Pradesh with different agro-ecological characteristics.

The ODA loan agreement was signed between Dr. C.S. Mohapatra, Additional Secretary, Department of Economic Affairs, Ministry of Finance and Mr. MATSUMOTO Katsuo, Chief Representative, JICA India.

Speaking on the occasion, Mr. MATSUMOTO Katsuo, Chief Representative, JICA India said, "The Phase 1 of the Project contributed to increase vegetable cultivated area in the 5 districts by more than 10 times, and gross annual average farm income by 7 times. In order to further enhance farmers' income by improving the profitability of agriculture, this Project will aim to promote crop diversification as well as improvement of market linkages in all 12 districts of Himachal Pradesh ensuring the livelihood for the small and landless farmers."

Despite the efforts and support from the government and bilateral agencies like JICA, many challenges are still faced by Himachal Pradesh's agricultural sector. Some of the major challenges are the low productivity of food-grains and the untapped potential of crop diversification. Another challenge is that the agriculture value chain from production stage to the markets is not developed in an integrated manner.

The objective of the Project is to tackle this concern by promoting agricultural productivity, sustainable crop diversification to high value crops and increasing the farmer's income by development of production infrastructures such as irrigation facilities and access farm roads, farmers support and institutional development as well as strengthening farmer's sales force with marketing development, thereby contributing to economic and social development in all districts of Himachal Pradesh.

Especially concerning market development, the Project will encourage farmers to organise Farmer Producer Organizations (FPOs) and support its capacity building to obtain larger bargaining power. In order to support farmers to develop distribution channel and generate more profit, the project will also strengthen the function of mandis, and promote partnership between FPOs and private firms (i.e. food processing, warehouse, logistics). These activities are expected to contribute in alleviating farmers' concern that their produce may face hard bargain from private firms or their income will be reduced in connection with recent controversy.

JICA has been supporting the State of HP for more than 12 years for crop diversification. In 2011, JICA had signed an ODA loan of 5,001 million Japanese Yen (approximately INR* 333 Crore) for the Himachal Pradesh Crop Diversification Project (Phase 1) and during the same time a Technical Cooperation (TC)



Project that commenced that contributed in the increased and stabilized farmers' income through crop diversification as per agro-ecological conditions in Bilaspur, Hamirpur, Kangra, Mandi and Una districts of the state.

*Exchange Rate: INR 1/-=JPY 1.5/-

About JICA

Established, by a specific law, as an incorporated administrative institution under the Government of Japan, the Japan International Cooperation Agency (JICA) aims to contribute to the promotion of international cooperation, as a sole Japanese governmental agency in charge of ODA implementation. JICA is the world's largest bilateral donor agency. JICA works as a bridge between Japan and emerging countries, and provides assistance in forms of loan, grant and technical cooperation so that the emerging countries can strengthen their capabilities.

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