

# Lifting Rural Farmers Out of Poverty: **Lakhpati Kisan**

**OVERVIEW:** Lakhpati Kisan strives to lift rural farmer populations in central India (currently Gujarat, Maharashtra, Odisha, and Jharkhand) irreversibly out of poverty through community-led income enhancement interventions.

ESTABLISHED: 2015

**PRIMARY PHILANTHROPIST:**  
Tata Trusts



**GRANT AMOUNT:**  
**INR 120 crores<sup>1</sup>**  
(USD 18.5 million)  
over five years  
(Tata Trusts' contribution)



**PRIMARY FOCUS:**  
Rural livelihoods—tribal communities

## QUICK FACTS

**ARCHETYPE:** Support community-driven development

Lakhpati Kisan helps to advance development in economically distressed communities in the Central India Belt by engaging with community members and motivating them to drive change.

**KEY PARTNERS:**

- Bharat Rural Livelihoods Foundation
- Infosys Foundation
- Tata Communications

**WHY BOLD?**

Lakhpati Kisan focuses on marginalized tribal communities in high poverty areas (Gujarat, Maharashtra, Odisha, and Jharkhand), using a community-led approach that addresses a wide range of their needs to dramatically improve the incomes of farming families. To date, it has reached approximately 100,000 households across 800 villages and helped create nearly 20,000 Lakhpati Kisans (households with an income of over INR 120,000).

**KEY LEARNINGS**



Mobilize around a clear, meaningful goal



Empower the community to lead



Involve the “doers” in the decision making



Collaborate with the broader ecosystem of funders/ partners for greater impact



Adapt continuously and course correct based on realities on the ground

<sup>1</sup> Conversion rates (INR to USD) reflect rates available during the April 2018 to June 2018 time period.

## THE OPPORTUNITY FOR IMPACT

One of the largest concentrations of rural poverty in Asia is in the forested areas of Central India, where tribal populations have lived for generations. About 100 million tribal individuals live in India, accounting for 8.6 percent of the nation's population. Over 70 percent reside in this expansive region, which spans eight states: Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Chhattisgarh, Odisha, Jharkhand, and West Bengal.<sup>2</sup>

Many tribal or indigenous groups of India are categorized by the Indian government as scheduled tribes. Historically, these tribes have occupied the lowest class in the socioeconomic strata and in the caste system. Whereas 26 percent of India's rural population lives in poverty, nearly half (45 percent) of the scheduled tribes in rural India live below the poverty line.<sup>3</sup>

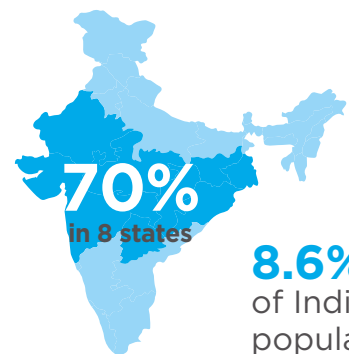
For tribal populations, social and cultural contexts make it doubly challenging to build sustainable livelihoods. Despite the rich vegetation and good rainfall in the tribal dominated blocks of Central India, the communities live in poverty and often face acute food insecurity due to factors such as their lack of connectivity to the outside world and the absence of scientific knowledge and support systems. For example, many farmers lack the kind of irrigation systems that can sustain their crops throughout the year. They have limited access to economic opportunities, including lack of direct access to credit and markets. As a result, they endure vicious cycles of rain-fed farming, followed by extended periods of forced migration to make ends meet. Each of these factors contribute to persistent food insecurity in these rural communities, as well as limited employment options. Since poverty spans generations, tribal populations have been mired in debt traps for decades.

Furthermore, tribal communities speak their own dialects. Thus, their children struggle in Hindi- or English-speaking schools, leading to a lack of confidence and limited participation. This puts them at a disadvantage as they grow older and seek employment opportunities.

For all of these reasons, Tata Trusts under its Central India Initiative launched Lakhpati Kisan: Smart Villages, an initiative that aims to lift tribal populations in Central India irreversibly out of poverty and improve their quality of life.



**100M tribals**  
live in India



**8.6%**  
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population

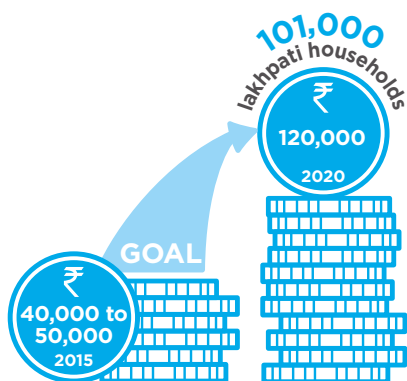
2 "Demographic Status of Scheduled Tribe Population of India," Anthropos India Foundation; "Tribal People of India," Fact and Details.com, Last updated June 2015.

3 Somesh Jha, "Fewer poor among SC, ST, OBC," *Business Standard*, March 14, 2014.

## A BOLD INITIATIVE IN THE LIVELIHOODS OF TRIBAL COMMUNITIES

Driven by Ratan Tata's strong desire to have a deeper impact on tribal marginal farmers in Central India, Lakhpati Kisan is an initiative led by Tata Trusts and its associate organization, Collectives for Integrated Livelihood Initiatives (CINI), which strives to help tribal populations in Central India build durable livelihoods. Specifically, the initiative has set a goal of making 101,000 tribal households "lakhpati," meaning that by 2020, each of those households would earn more than INR 120,000 per year (or approximately USD 1,850), up from a baseline of INR 40,000 (about USD 615) to INR 50,000 (about USD 770) per year. Critical inputs from the community, backed by CINI's analysis, set the INR 120,000 target, an amount that would prevent families from sinking back into poverty. Lakhpati Kisan harnesses innovative, market-oriented interventions that aim to bolster elements of the

### Lifting tribal households out of poverty



agricultural value chain in rural areas and generate diversified sources of income for communities.

What really distinguishes the Lakhpati Kisan initiative from others is that it is community-led, women-led, and focused on robust implementation on the ground. Ganesh Neelam, zonal manager, Tata Trusts and executive director of CINI, notes the importance of this approach in the work. "According to our principles, the community, and mostly women-led community institutions, are spearheading their own development process. It is through the community and with the community that we develop interventions on the ground. Their buy-in and ownership of the initiative are critical to ensure sustainability," he says.

As part of this approach, "Lead Didis"—women who are often early adopters and have a deep understanding of Lakhpati Kisan's interventions—work as influencers, where they try to get more households to adopt new farming strategies and technologies. Rather than using a top-down approach, the initiative is working from the ground up, trying to build the capacity of self-help groups (SHGs), which are women-centric, and other community members, making them adept at charting their own courses towards prosperity.

Lakhpati Kisan focuses on tribal families in the states of Jharkhand, Odisha, Maharashtra, and Gujarat—a part of the central belt of India where deep rural poverty endures. The initiative focuses on 17 tribal blocks of varying sizes as drivers of regional growth in these states. All of the selected blocks have tribal populations that constitute more than 50 percent of the area's total

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Zonal Manager—North and Central,  
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population. By focusing on holistically developing these tribal communities, CInI aspires to make them a blueprint for helping other communities prosper.

## HOW THE INITIATIVE WORKS

The key players behind Lakhpati Kisan include the Tata Trusts, which developed the idea and provides financial support and technical guidance, and CInI, an initiative of Tata Trusts, which is responsible for devising and coordinating implementation. There are also Implementation Support Agencies (ISAs) in the field—nonprofits that execute interventions at the community level. Finally, there are community-based groups, including women-led SHGs, village organizations, farmer producer organizations, and federations. They lead the work by helping design interventions, supporting families in executing them, and garnering support from block officers (government officers responsible for the specific administrative blocks). These groups will ultimately carry the work to more households in the region.

Lakhpati Kisan has a unique funding model that draws on a broad base of support. The initiative design requires an investment of INR 65,000 per household, with the aim of taking them irreversibly to lakhpati level within a five-year timeframe. Fifteen to 20 percent of these funds come from Tata Trusts; another 15–20 percent comes from the rural households

themselves through in-kind or cash contributions; and the remaining 60–70 percent is drawn from a variety of funders. To date, these additional funders include departments of state governments, the National Bank for Agriculture and Rural Development, Infosys Foundation, Ernst and Young Foundation, Tata Communications CSR, Ford Foundation, Tata Steel CSR, and Bharat Rural Livelihoods Foundation, among others.

For its part, Tata Trusts has committed over INR 120 crores (USD 18.5 million) over five years (April 2015 to March 2020). The remaining funds are to be leveraged from government and other donors. The projected total budget for the initiative is INR 600 crores (USD 92 million).

Sirshendu Paul, a Tata Trusts regional manager (Jharkhand), explains that rural communities should also contribute funding or in-kind support to the initiative, so that local people are more invested in the work and gain exposure to market realities. “One of the biggest learnings for us is that agriculture cannot be sustained by subsidies, but has to be viewed with a business lens. Funding can be an enabler, but profits should be able to sustain it in the long term,” he says.

Lakhpati Kisan educates target households on new technologies and guides them on how to improve farming practices, increase productivity, and thereby build their economic lives. These technologies, for example, include drip irrigation, tractors, solar power, and

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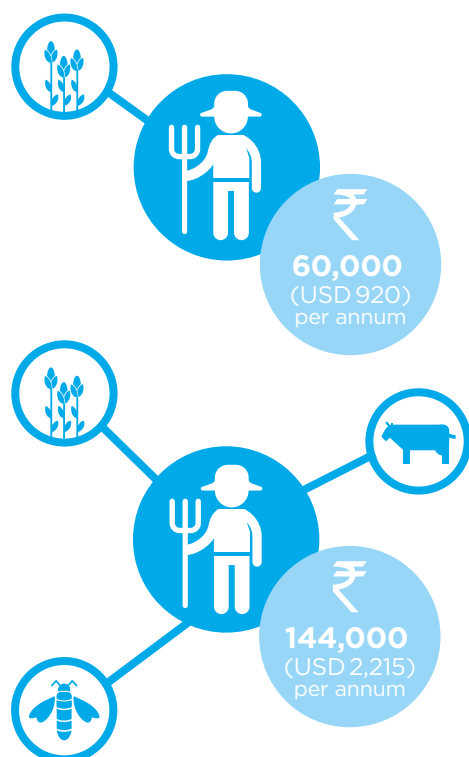
high-tech ‘nurseries’ for saplings, which are beyond the reach of many tribal farmers. One example of the initiative’s technical assistance is educating farmers on farming practices, such as transplanting saplings from nursery greenhouses. The initiative targets at least one-third of households in each of the 17 blocks for new techniques and technologies; this level is the “critical mass” that has the potential to drive broader behavior change in the community to help move towards prosperity, according to a CInI analysis.

Most of the households in these areas already grow maize, rice, and wheat, which are staple crops and rarely provide a substantial jump in income. Instead, farmers are trained to cultivate high-value crops based on market demand. Crops that can command a higher price for tribal farmers include watermelon, chilies, tomatoes, and gourds, among others. By educating communities about the wider variety of agricultural products that are available to them, Lakhpatti Kisan’s leaders aim to diversify farmers’ yields and raise their incomes.

In fact, Lakhpatti Kisan’s goal is to introduce a layering approach, where families diversify their incomes, which helps to ensure that they are not overly dependent on one source of revenue. A farmer engaging in high-value agriculture alone will earn about INR 60,000

(USD 920) annually. But a farmer who layers on additional activities, such as raising livestock or cultivating non-timber forest products (NTFPs) like lac, can earn INR 144,000 (USD 2,215) annually. By diversifying their revenue sources, rural households are better able to weather market-price fluctuations and accelerate income growth to cross the lakhpatti mark.

## Diverse sources of revenue



Lakhpatti Kisan also works to build community-wide infrastructure. When the initiative adds irrigation systems or builds a high-tech nursery, the whole community benefits. Lakhpatti Kisan also addresses the need for financing new types of agriculture. The initiative introduced a new loan model in partnership with organizations such as Avanti Finance and Rang De that allows households to have access to affordable loan products, so they can better afford farming tools and technologies. Local SHGs make loans available at more affordable interest rates—approximately 25 percent annually, versus the more typical 4 percent a month (approximately 48 percent annually) from traditional financing structures. By working with SHGs, families feel less intimidated. Rather the loans operate on a trust-based model since the loan funding comes from community members.





Mulching practices taught through Lakhpati Kisan benefit smallholder farmers in Jharkhand.  
(Photo: Lakhpati Kisan)

## PROGRESS AND RESULTS

Since 2015, Lakhpati Kisan has helped 100,000 households across 798 villages. It has worked with 5,380 SHGs, as well as 340 village organizations. On the agricultural front, the initiative has transitioned more than 60,000 households to year-round high-value agriculture. Given that water management and irrigation are key components to cultivating crops in all seasons, the initiative has helped create nearly 1,500 irrigation structures in 56 villages. As part of its layering approach, the initiative is working with more than 10,000 households on livelihood development and around 4,000 households on NTFPs.

The initiative also has transformed nearly 20,000 households into lakhpati kisans earning over INR 120,000 annually, which means it has taken a first step towards the overall goal of producing 101,000 lakhpati kisans. Systems and processes are now in place to accelerate that effort. Lakhpati Kisan has incorporated strong feedback mechanisms, where there are regular discussions on progress and adoption rates with members of the nonprofits and community groups. Those conversations help to ensure that one block can learn from another.

## LOOKING TO THE FUTURE

By March 2020, Tata Trusts and CInI are committed to achieving its goal of helping 101,000 farming households achieve lakhpati status.

By 2025, CInI plans to scale its impact beyond that benchmark, ideally with the help of state and local governments. The Lakhpati Kisan initiative is preparing community institutions, like the federations and producer companies, to take more ownership of the work after 2020. As Mr. Neelam says, “Our hope is that after five years, CInI’s role as a facilitator changes substantially, and the community institutions are the leaders.” Ultimately, the initiative aims to have governments and other organizations in the sector adopt and scale these interventions in the target states and beyond, glimpses of which are already being seen.

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Although the initiative has ambitious goals and is making progress, there have been some challenges. For instance, while lakhpati kisan households are newly empowered, it is hard to tell whether these rural communities are prepared to take full ownership of the work without CInI’s help. So far, while some households have seen success from this work, others have hesitated to risk adopting new technology or taking on loans. Also, the uptake of interventions within communities has not been as rapid as expected. Many families are vulnerable and highly risk averse, given their challenging economic circumstances.

Even when they make the leap to planting different crops or switching to a drip irrigation system, households find that sometimes their income gains can be slow. (The goal is for one decimal (1/100 of an acre) of land to provide INR 1,000 of income per year.) That is partly because households are not always successful in their first attempts in adopting new approaches, nor do they have existing market linkages to sell their high-value agricultural products.

There are external challenges as well. Government has been slow to fund and scale the initiative, though there is increasing momentum around promoting the approach. Lakhpati Kisan has also had to push other partners to strive for the five-year goal. Some partners are somewhat risk averse and cautious. Lastly, the CInI team managing this work currently lacks real-time MIS data, such as the interventions that different households are engaged in and changes in income. The initiative is trying to improve systems to capture data faster and more accurately.

## LEARNINGS TO DATE

**Mobilize around a clear, meaningful goal.** With this initiative, Tata Trusts channeled philanthropic funding to define and highlight a clear, meaningful goal. By articulating the initiative's core objective and identifying impact metrics over an ambitious timeframe, Lakhpati Kisan has brought focus and momentum to the work. The publicly announced goal of helping 101,000 households reach lakhpati status has unified staff, partners, and supporters, increasing the odds that they will make significant progress. Additionally, community members targeted INR 120,000 as the desired household income for irreversibly lifting them out of poverty, which made the goal meaningful.

**Empower the community to lead.** Instead of viewing rural communities as passive populations, Lakhpati Kisan worked to empower them, by incorporating their input and looking to SHGs to carry the work forward. The initiative depends in part on the work of women-led community groups, SHGs, village organizations, and farmer producer organizations. These groups provide valuable input in designing and iterating on interventions.

To spur a community's involvement, Lakhpati Kisan invests deeply in building community-based groups and in providing ongoing support to them. One case in point are the new loan products, which arose from a belief that farmers do not need handouts. On the contrary, they have the wherewithal to make smart financial decisions, as long as they have some guidance. Now, in addition to improving rural people's economic prospects, this work has given farmers a voice in their communities and growing confidence in their abilities.

**Involve the “doers” in the decision making.** The Lakhpati Kisan initiative ensures that those who must execute the program are involved in designing it. Their input helps ensure the goal is realistic and the approach is sound. This occurs in a two-fold manner: first, the CInI staff, who are responsible for managing operations, provide extensive input into the design. To ensure that the staff's ideas are aligned with what is happening on the ground, CInI leadership conduct frequent site visits to the communities. Second, as cited above, SHGs and community members serve as pivotal partners, by providing feedback to the effort's leaders on how to improve the work.

**Collaborate with the broader ecosystem of funders/partners for greater impact.** When identifying potential funders and partners, the initiative casts a wide net. Lakhpati Kisan leverages funding from Tata Trusts to draw in a range of funders. It also designs interventions that are adapted to those funders' areas of interest, provided they fit into the initiative's 2020 framework. For example, Axis Bank Foundation is interested in supporting specific blocks in Jharkhand.

Lakhpati Kisan also identifies opportunities to support the efforts of other actors leading similar work. For example, The World Bank's Jharkhand Opportunities for Harnessing Rural Growth Project collaborated with the initiative to enhance rural incomes for smallholder households in 65 blocks of Jharkhand. By developing productive collaborations with various actors, the initiative helps communities benefit from a supportive ecosystem.



**Adapt continuously and course correct based on realities on the ground.** A strong feedback loop between the farming households, SHGs, and nonprofit workers allows the initiative to quickly identify what is working and apply learnings from one block to another. By design, Lakhpati Kisan's work is very iterative, with a range of interventions and approaches that staff test continuously at the local level.

The CInI staff rapidly pinpoint promising interventions, as well as those that are less effective. Then, the initiative customizes the intervention mix across geographies, even as it factors each area's specific challenges. For instance, the initiative quickly expanded the use of drip irrigation systems after determining the technology was succeeding in a few localities. The same goes for community members who learn from each other and adapt based on interventions that are working well.

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