

# The Role of Banking Sector in Indian Sericulture

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## Mini Review

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## ABSTRACT

Sericulture is an old aged village based industry with its skilled and unskilled work force boost the economy of rural areas. India is second largest producer of silk with production of 23,000 metric tons by providing a gainful employment to majority of youth living in rural areas of India. Sericulture development depends upon the socio economic conditions, scientific and technical personals, consumer agencies and financing from financing sector for progressing fast on par with countries like China and Japan. India is only country that produces all types of silk. Sericulture farms provides more profits when compared to other farming sectors to meet its own demand but unfortunately banking sectors are not fully supporting this industry. Hence there is a need to explore various factors like banking operations in rural areas, the role played by NABARD, union banks and also the need for policies implemented by banks. SHG functioning for empowering women are needed for increasing the production to meet the internal needs of the country.

**Keywords:** Sericulture; Banking sector; Women empowerment; Skilled and unskilled work; Internal needs

## INTRODUCTION

Banks are backbone support to agricultural sectors as they provide a balanced economic growth to all small, marginal and large farmers including sericulture sector [1]. Medium and larger sericulturist farmers get loans through submission of adequate collateral while small and marginal farmers are denied the same. World Bank report pronounces that more than 1.7 billion people in India are below poverty and one of the major reason being low accessibility for credits by the rural

farmers [2-6]. This leads us to think about the contribution of banks towards the sericulture sector and the role played by these banks in helping the sericulture's [7].

### LITERATURE REVIEW

#### The Indian banking system

Through this article we like to focus the role played by banks in helping the farmers and restore the confidence in the minds of the Seri culturists by providing more accessibility towards the facilities and thus enhance the silk productivity [8].

The Indian banking sectors are being run by government owned public sector banks [9]. There are also cooperative banks, small finance banks, local area banks and payment banks are seeing to the needs of small group of farmers who borrow loans, commercial, co-operative banks and local area banks very significant in Indian agriculture as they come forward to extend credit to small, marginal and big farmers [10]. Indian banks have come up with a scheme to provide loans for establishing agri clinic and agri business centre's to help agricultural graduates including sericulture [11].

The science of silk production through silkworm culturing is called sericulture and the end products silk is rightly called the "Queen of Textiles" because of its lustrous, sheen, softness, elegance, durability, tensile strength and various other qualities [12].

Sericulture is one of the oldest forests based commercially desirable and labour based intensive in all stages. It is a rural cottage industry providing ample employment in Asia pacific region, with a global silk market that reached USD 16.94 billion of 2021. Thus making this region one of the largest producers of easily available raw silk mainly from China and India, that occupied first and second positions respectively. Some of the unique features of this sectors are its rural nature, ecologically and economically sustainable activity is well suitable for the poor, small and marginal farmers, agricultural labour and women in particular (6 persons for production of 1 kg raw silk) minimal returns in a short gestation period [13].

#### The history

The history of sericulture in India dates back to Buddhist period. From philosophical evidence it is referred to as Pundarik (silk cocoon in Sanskrit) in Mahabharata and the Ramayana the epics of India. It existed in India since before the Christian era. India is the only country in the world which out turns all the five commercial varieties of raw silk namely mulberry, tropical tasar, temperate tasar, eri and muga.

Karnataka produces 11,143 MTS of raw silk and occupies the top position followed by Andhra Pradesh (7,962 MTS), Tamil Nadu (2,154 MTS) and then by Telangana with 297 MTS. Telangana is the first state to cover the tasar silkworm rearing also.

India stands in 2<sup>nd</sup> place with 36152 MTS and the total demand of silk is 65000 MTS in India.

### DISCUSSION

#### SWOT analysis

##### Strengths:

- Rich natural resources (food plants) for five commercial varieties of silkworms.
- Suitable climatic conditions for mulberry and non-mulberry silkworms.

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- Tradition avocation and rich design.
- Strong domestic demand within the country.
- Rich heritage of handloom weaving and designing.

Legalitarianism (all people earn the same income from sericulture production)

### Opportunities

- Effective tool for rural development and reconstruction due to availability of raw materials for producing five silk varieties.
- Continuous income low investments, high returns in short gestation period (25–30 days)
- Availability of skilled and unskilled man power, efficient experts and technologies developed from leaf to fabric production.
- Best for women who can practice in her free time along with other house works.
- Provides employment and entrepreneurial opportunities.

### Weakness

- Highly unorganized labour.
- Poor, small and marginal farmers.
- Primitive/traditional practices with outdated machinery, age old designs/motifs (farmers are reluctant to adopted the modern technologies)

### Threats

- Fluctuating International silk prices.
- Urbanization in traditional sericulture areas.
- Depleting water table.
- Dumping of low priced silk from China (biggest)
- Degrading genetic base.
- No quality protection.
- Un-organized nature of sericulture.
- Poor support from government.
- Low export returns.
- In sufficient staff for extension activities for increasing the acreage production.

### Status of silk industry in India

- Total raw mulberry silk production 34,907 MTS
- Total tasar silk production 1.46 thousand MTS
- Total eri silk production 7000 metric tons
- Total muga silk production 235 metric tons.
- Villages–52,360

- Employment-9.2 million

India’s financial independence is based on the sound financial system operating which is considered to see how it reaches maximum people at a fast pace.

Rural people are not aware about banking due to illiteracy, low credit flow, lack of existence of many schemes, poor communication and reach ability.

**Schemes and grants for farmers**

- Subsidy of Rs. 1,57,500 for SC/ST beneficiaries and Rs. 1,31,250 for general category beneficiaries of unit cost Rs. 1,75,000/-
- Central silk board has been implementing silk samagra for sericulture development which mainly focuses on improving quantity and quality of domestic silk (Central Silk Board, Bangalore) (Table 1).

**Table 1.** Schemes and grants for sericulturist.

S. No	Name of CSB scheme	Unit cost (Rs)	Contributions			
			Central %	State %	Beneficiary %	
1	Support to mulberry plantation and development	10,000	50	25	25	
2	Supply of rearing appliances, farm equipment’s	60,000 to 70,000	50	25	25	
3	Supply of quality disinfecting material and other crop protection measures for BV seed farmers.	5000 to 6000	25	25	50	
4	Assistance for construction of rearing	Type I	2,50,000	25	25	50
		Type II	2,00,000	25	25	50
		Type III	1,00,000	25	25	50
5	Establishment of Chawkie rearing centre	6,00,000	25	25	50	

**CONCLUSION**

To meet the expenditure for purpose of establishing mulberry plantation, purchase of silk worm rearing equipment’s, setting up of rearing house and processing of cocoons and its weaving and printing union banks had come toward to extent loans up to 1.6 lakhs as per the latest NABARD guidelines to sericulture farmers/graduates interested in setting up a farm and the loans has to be repaid within 12 months. Though banking sectors have responsible commitment for strengthening agricultural sectors but sericulture needs more attention from union government on par with agriculture sectors not only to save. The silk which is Queen of Textiles also help and restore the confidence in minds of sericulturist by providing credits and other needed facilities.

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