

Nabard in Rural and Agriculture Development

Vallabh R. Dobariya^{1*}, Dr. Sarwan Kumar Saini²

¹ Research Scholar, OPJS University

² Asst Prof, Commerce and Management, OPJS University

Abstract - Financial institutions are a crucial part of an effective financial system, which is a must for every nation's economic progress. The growth of our economy is largely dependent on rural and agricultural progress because a large portion of the Indian population lives in rural areas. This progress is dependent on a number of factors, including entrepreneurship, transportation and communication infrastructure, effective production methods, skilled management techniques, and, most importantly, timely and adequate financial resources. The significance of financial institutions in this setting cannot be overstated. These financial institutions play a crucial role in the rural and agriculture development of the nation by promoting entrepreneurship, enhancing the financial resources available to small and cottage industries, and meeting the long- and medium-term financial requirements of the agricultural as well as industrial sectors.

Keywords - NABARD, Financial Institution, Rural development.

-----X-----

INTRODUCTION

In India, farming is the primary industry. Some have likened it to the root of a tree, without which the tree could not survive or thrive. It would be disastrous for the economy as a whole if the root were injured. Former Indian leader Mahatma Gandhi once said, "The spirit of India dwells in villages." If India's rural areas go, what's left would be overcrowded, undernourished cities. Roughly 65% of the population works in agriculture. If banks do not back this industry, however, agricultural progress will stall. Finance in the agriculture sector is crucial to its progress. However, after 60 years of independence, a significant chasm exists between agricultural credit needs and actual distribution. This is indicative of inadequate expenditures in line with the strategy and plan. Since its beginnings, agricultural finance has been an area of particular interest for the RBI. It's clear since the bank set up an entire division just for him. The Reserve Bank of India (RBI) provided farmers with both short-term seasonal lending and longer-term, permanent loans. For the express purpose of assisting in the provision of refinancing services by co-operative banks to agricultural development programmes, the Reserve Bank of India (RBI) established a distinct division known as ARDC. In order to assist credit institutions in the planning and execution of rural development programs, a more all-encompassing structure at the highest level was necessary when the function of banks shifted from "Agriculture Credit to Rural Development." [1]

In contrast to "indirect agricultural advances," which are payments made to institutions that in turn offer

"direct agriculture financing," "direct agriculture financing" refers directly to loans and other forms of funding provided to farmers. Although cooperatives have traditionally handled all institutional farm loans, the regulation surrounding this area has changed significantly during the last three decades. Commercial bankers' engagement as lenders and financiers in the process of country development and agricultural productivity has been an important topic since the banking industry's nationalization. NABARD is the most well-known agricultural lender among the several organizations set up to support agricultural restructuring and revival. NABARD is a top-tier organization that is responsible for formulating and implementing policies and procedures pertaining to the provision of loans for agricultural and other economic activities in rural regions. To promote a wide range of rural development activities, it will: o Act as a central refinancing agency for the financial institutions that provide production and investment credit in the sector.[2]

Increase the credit delivery system's capacity for absorption via measures such as monitoring, the creation of rehabilitation programs, the restructuring of credit institutions, the training of people, and so on.[3]

- Liaise with the Government of India, the State Governments of India, the Reserve Bank of India, and other Indian National scale institutions dealing with policy formation and coordination of rural finance

operations of all institutions engaged in developmental work at the field level.

- Perform research and analysis on the projects it re-finances.

The primary motivation for establishing NABARD was the need to facilitate the repayment of bank loans to struggling farmers. Refinancing options for marginal and small farmers are being considered by NABARD in light of recent overdue debt recoveries. NABARD has the difficult job of coordinating the efforts of institutions currently involved in rural finance and of creating new ones to meet the growing demand for it. The cooperative movement will be bolstered by NABARD's existence. For this reason, it will also function through the State Co-operative Bank, the Land Development Bank, and the Commercial Bank. In leading banks and cooperatives in rural rehabilitation efforts, NABARD will hopefully serve as a model for rural lending. Because of this, NABARD is counted on to be a trusted ally and resource for those living in rural areas. It's a government agency whose mission is to support the country's agricultural sector.[4-6]

FUNCTIONS OF NABARD

The NABARD Act outlines the following duties for the NAB:

- Provide refinancing to financial institutions that have been given permission to fund agricultural and associated operations by the RBI, such as Co-operative Banks and Regional Rural Banks. Promotion and distribution of products used in agricultural production and other related endeavors in remote areas.
- Help for the State to Invest in the Shareholding of Qualified Organizations,
- Conservation loans for production credit are made available to qualified institutions in times of national emergency due to natural disasters or acts of hostility.
- Provision of funds to institutions that qualify for such assistance, for the purpose of restructuring existing loans and advances to rural cottage and village enterprises experiencing financial difficulties.
- Providing advances and loans to organizations specifically authorized by the Government of India,
- Making investments in the stock and bond offerings of qualified organizations working in agricultural and rural development,
- Making both short-term and long-term loans to qualified organizations engaged in agriculture, agribusiness, and rural development
- To that end, we are tasked with:
 - o Coordinating the activities of rural credit institutions;

- Performing as the government's and the RBI's representative in all commercial dealings pertaining to the aforementioned fields;
- Providing resources for education, study, and the distribution of data and statistics in rural banking.

NABARD ASSISTANCE TO THE CO-OPERATIVE BANKS

When agriculture accounts for more than half of a country's GDP, it must not be underfunded. From the 1950s until NABARD was established in 1982, the RBI oversaw agricultural growth in India.[7]

The RBI legislation was revised to make it easier to get agricultural loans via cooperatives:

- Treat State Co-operative Banks as Scheduled Financial Institutions.
- Use federal and state Co-Operative Banks to support the fledgling manufacturing sector.
- Provide State Co-operative Banks with medium-term loans for agricultural purposes, backed by the government, for terms of 15 months to 5 years.

In response to suggestions made by the All India Rural Credit Survey Committee, RBI created two independent agencies,[8] namely the –

- Agricultural Policy in the United
- The National Agricultural Credit Program

The general consensus was that if these organizations worked together, agricultural progress might be accelerated in the correct direction. As a result, NABARD was founded to serve as a central financial institution for agricultural advancement.[9]

Because of its primary role as a refinancing agency,

Table 1: NABARD's aid to the cooperatives may be summed up as follows:

Types of refinance accommodation	Purpose of which sanctioned	Eligible institutions
(1) Short-term upto 18 Months	1. Crop Loans. 2. Marketing of crops. 3. Working capital to co-operative sugar factories. 4. Inputs distribution. 5. Procurement of raw materials. 6. Production & marketing activities of wavers & other industrial societies. 7. Production of marketing activities of rural artisans.	State Co-operative Banks on behalf of Central co-operative Banks in the State with three Tier co-operative structure where such a structure does not exist limits are sanctioned to State Central Co-operative Bank
2) Medium-term (18 months to 7 years)	1. Approved purposes. 2. Purchases of shares of processing societies. 3. Conversion of ST crop loans into MT loans due to natural calamities and enemy action.	State Co-operative Bank. State Co-operative Bank. State Co-operative Bank.
(3) Medium & long-term (Not exceeding 25 years)	Fixed investment in agriculture an non farm rural activities under lending	State Co-operative Bank.

SCHEME FOR FARM SECTOR

(A) Growth of Watersheds

To develop participatory methods for watershed development that can be replicated, NABARD launched the Watershed Development Fund in 1999–2000 with a capital of Rs.200 crore. As of 31 March

2008, the total money in the Fund was Rs.602.76 crore, thanks in part to interest collected on the unused component of the Fund. In 2007-2008, 37 watershed projects were approved, bringing the total to 437 over 124 districts in 14 states. These projects were anticipated to span 4.37 lakh hectares with a total investment of Rs.262 crore. The initiatives are being carried out in two distinct stages: the CBP and the FIP. As on 31* March, 2011, 579 enterprises in districts across 14 states benefitted from the Watershed Development Fund, which has a value of Rs. 1847.69crore.[10-12]

31 districts across 4 states in India have been designated as "distressed" by the central government. These districts are located in the states of Andhra Pradesh (16), Kamataka (6), Maharashtra (6), and Kerala (3). This is why it was agreed to use grant money to develop 15 000 hectares across all districts. The programs are being carried out in a comprehensive fashion, on a cluster basis, with a particular emphasis on family-based livelihoods in the watersheds. Project execution has begun in Andhra Pradesh, Kamataka, and Maharashtra with a shorter time frame of three years (down from the usual five years) and exploratory work has begun in Kerala.[13]

The entire amount of money pledged by NABARD for the watershed improvement plan increased to Rs. 1,600 crore, or around 1.78 million acres. NABARD-led watershed development programs saw disbursements of Rs. 272 crore in 2011–12, a 19% increase from the previous year. Funds distributed via the Prime Minister's initiative for disadvantaged areas increased by 32%, from Rs. 137 cros the previous year to Rs. 181 cros in 2011-12. KFW disbursed Rs. 51 cr. for IGWDP.[14]

As part of the Rashtriya Sam Vikas Yojana's Special Plan for Bihar, the Planning Commission tasked NABARD with implementing a participatory watershed project in 8 districts of South Bihar in collaboration with non-governmental organizations (NGOs), watershed committees, self-help groups, etc (RSVY). Project funding of Rs.60 crore would allow for the development of 80,000 ha of waste land in the districts of Bombay, Banka, Bhabua, Gaya, Januai, Munger, Nawada, and Rohtas, following the examples of the Integrated Groundwater Development Project and the Wetland Development Fund. 33 watershed projects totaling Rs 169.94 lakh were approved for grant funding in 2007-08, with a total of Rs 39.21 lakh being granted.[15]

Disbursements for the Level Reflects Development Programme in Bihar, which are sponsored by the Planning Commission, reached Rs. 16.8 crore in 2011-12, up from Rs. 3.61 crore in 2008-09. This is an increase of over five times in only three years.

(B) Conscious Advancement of Retrograde Building Blocks

In July 2003, 10 comparatively backward blocks were selected among the Indian states of Andhra Pradesh, Tamil Nadu, Gujarat, Maharashtra, and Karnataka to participate in the PPID of backward blocks via the convergence of several credit and development programmes/schemes. The project has been expanded to include 40 more blocks, including 25 blocks in five new states & 15 blocks in the five states already encased under the programme, for a grand total of 50 blocks as a result of the positive performance & evolution of PPID of reverse blocks as an efficient method for speeding up the development process in various socio-economic and agricultural situations. Moreover, in order to hasten the development process, it was decided to expand the program to include 100 additional blocks.[16]

(C) Support for Bamboo Agriculture

The government of India has authorized the National Bamboo Mission, which would spend Rs.568.23 crore over the course of five years, beginning in 2007-08. The four pillars of the Mission are research and development, planting trees, creating and selling handicrafts, and promoting the Mission's products. The proposal is for planting bamboo across an area of 1.76 million hectares and creating 50.4 million person-days of employment. NABARD and the Government of India's DAC have worked together to carry out the Mission. NABARD has created PLPs for each state, which evaluate the potential for bamboo cultivation in each district and the credit requirements of this industry. For the purpose of facilitating the delivery of awareness, capacity development, & training programmes for farmers & business owners across a number of States, NABARD contributed both financially and technically.[17]

(D) Enhancing People's Abilities to Use New Technologies

NABARD launched the "Capacity Building for Technology adoption (CAT)" program in December 2004 with the goal of encouraging farmers to embrace cutting-edge technology. Farmers, especially those from marginal, tiny, and tribal communities, are given the opportunity to learn about cutting-edge initiatives that have successfully implemented tested technology created by universities and corporations. groups working for social good and forward-thinking farmers and businesspeople. Because of the hardships some farmers are experiencing, it is more important than ever to help them enhance their skills via exposure trips like these.

(E) Culture Growth in Indigenous Communities

To back up models for integrated tribal development, NABARD established a TDF in 2004 with a capital of Rs.50 crore. The goal of the fund is to support the sustainable development of a subset of tribal

communities through a cluster-based strategy that emphasizes the cultivation of appropriate crops, as well as the implementation of related soil conservation & water resource development programs with active community participation. The assistance is also provided for the establishment of micro-enterprises by the homeless, the advancement of women, the improvement of community health, the expansion of educational opportunities, and the development of community-based organizations. A total of Rs.52.13 crore has been approved for projects benefiting 16,755 people in 15 states and 1 union territory, with Rs.21.16 crore allocated in 2007-08 alone. These projects are located , Rajasthan, and Uttarakhand. As of the 2010-11 fiscal year, a total of Rs. 917.60 crore has been approved for use on 317 projects benefiting a total of 2.5 million people's households. In 2010-2011, 126 projects were given a total of Rs. 373.97 million in funding, helping 94163 tribal families.

(F) Bio-Fuels

NABARD's decision to encourage *Jatropha* plants on degraded & wastelands in forest and non-forest regions via institutional loan assistance is in line with the policy of the Government of India. The banking industry has been provided guidelines outlining three model schemes for funding *Jatropha* crops. NABARD has also published "*Jatropha* - A Origin of Biodiesel: Status, Economics & Prospects in India," which discusses the demand for and potential of *Jatropha* as a biodiesel crop, the steps taken to promote biodiesel by various Indian government agencies, the viability of several business plans for *Jatropha* plantations, and more.

(G) Assistance for Rural Economic Development and Farm Innovation Grant Program (FIFE)

Established in 2006 with an initial corpus of Rs.5 crore from the Bank's operating surplus, the Farm Innovation and Promotion Fund's primary goal is to finance projects with the potential to advance agricultural innovation, including the creation of new agricultural concepts and prototypes, the conduct of market surveys to evaluate the viability of new ventures, the purchase of patents for ground-breaking technologies, the dissemination of information about new products, and so on. Andhra Pradesh, Chhattisgarh, Bihar, Karnataka, Mumbai, Orissa, Jaipur, Uttarakhand, and West Bengal were the beneficiary states for the year's 16 projects totaling Rs.93.22 lakh in grant support. Both Andhra Pradesh & Maharashtra have their own pilot programs designed to help out struggling farmers. Farmers in 5 villages in the districts of Amravati and Wardha will benefit from the program's emphasis on restoration (Maharashtra). Farmer rehabilitation in the Andhra Pradesh districts of Chittoor, Karimnagar, Medak, Nalgonda, and Warangal was awarded a grant of Rs.6.10 lakh. As of 31st March, 2011, a total of 123 projects across 9 states has been approved with funding of Rs. 11.65 crore under FIFE.[18]

CONCLUSION

The debate above demonstrates how NABARD is trying to promote rural India on all fronts. The amount of financial aid that NABARD receives and the amount that is disbursed each year both rise. In a nutshell, NABARD has shown to be an agency that promotes "Growth with Social Justice" and offers comprehensive help to rural India. It is, in essence, a refinancing institution with the additional responsibility of managing, monitoring, and directing loan flows for agriculture development.

REFERENCES

1. Vijay Balu Raskar (2012). 'The role of RBI in agriculture development in India'
2. NABARD (2014-15). 'Annual report'
3. NABARD (2013-14). 'Annual report'
4. D. SudarsanaMurthy, P.V. Narasaiah and B. Mohan (2011) 'Agricultural credit by Regional Rural Banks: An Empirical Study.
5. Dr. Usha Sharma (April 2013) 'Role of credit disbursement policies of Regional Rural Banks in the sustainable development of H. P. Economy-Empirical Study ISSN 2277-3622'
6. Lekhi, R.K. and Joginder Singh (2012) 'Agricultural Economics Kalyani Publishers, NewDelhi'
7. Dr. Rabi N. Patra and Mahendra P. Agasty (Aug. 2013) 'Cooperatives, Agriculture and Rural Development: Role, issues and policy implications ISSN 2279-0845'
8. Rajesh Bhardwaj, Priyanka and Rekha Raheja(Nov. 2011) 'Role of Co-operative Banks in Agriculture credit: organization, growth and challenges ISSN 2249-8826'
9. Anil Kumar Soni and Dr. Harjinder Pal Singh Sajuja (2014) 'Role of Co-operative Bankin Agricultural credit: A study based on Chhattisgarh ISSN 2277- 1166.
10. Goyal, P. K. (2015). The role of NABARD in agriculture and rural development: An overview. *International Research Journal of Commerce Arts and Science*, 6(10).
11. Sahoo, B. B. (2005). Role of NABARD in Agriculture. *Innovative Extension Approaches in Technology Transfer*, 166.
12. Eswaran, R., & Prema, M. G. (2019). Role Of Nabard In Agriculture And Rural Development. *Think India Journal*, 22(14), 2434-2444.
13. Nagdive, V. D. (2019). Contribution of Nabard In Agriculture and Rural Development of India. *Sanshodhan*, 8, 31-34.
14. Singh, R. P. (1993). *NABARD: National Bank for Agriculture and Rural Development: organisation, management and role*. Deep and Deep Publications.
15. Soni, B. K., & Trivedi, J. C. (2015). An Empirical Study on Farmers Club Programme: An Innovative Initiative of National Bank for Agriculture and Rural Development (NABARD). *Journal of Rural and Industrial Development*, 3(1), 16.
16. Singh, K., & Bhatia, D. (2013). A Study of Role of NABARD in Agriculture and Dairy Development of India. *Journal of Institute of Public Enterprise*, 36.
17. Haralayya, B. (2021). Study on Loans and Advances for DCC Bank Main Branch Nayakaman, Bidar. *Iconic Research And Engineering Journals*, 4(12), 232-242.
18. Masoud, U. M. A., & Badugu, D. (2015). Financial Statement Analysis of National Bank for Agriculture and Rural Development (NABARD). *Int. J. of Multidisciplinary and Current research*, 3.

Corresponding Author

Vallabh R. Dobariya*

Research Scholar, OPJS University