

# CONTRIBUTION OF NABARD IN AGRICULTURE AND RURAL DEVELOPMENT OF INDIA



Dr. Veena D. Nagdive

## Introduction

India is a developing country. Near about 60 % of its population is dependent on agricultural sector. But Indian farmers are unable to produce enough food grains because of variety of reasons, the most important being lack of finance. If farmers get sufficient financial support it will definitely increase the agricultural production.

This increase in agricultural production will provide impetus to agro based industries too. Therefore the most important development in the field of rural credit has been setting up of the National Bank for Agriculture and Rural Development on 12<sup>th</sup> July 1982 by an Act of parliament.

NABARD is an apex institution in the field of rural credit. It took over from RBI all the functions that the latter performed in the field of rural credit. NABARD is playing an important role in augmenting the flow of credit for the promotion of agriculture, small scale and cottage industries, handicraft and other rural craft and various other activities in rural area of the country.

NABARD does not help to farmers and other rural people directly rather it flow the credit to these people through co-operative Banks, Commercial Banks, Regional Rural Banks and Land Development Banks etc. during last two decades NABARD played an important role in developing the rural economic and performed all its various functions smoothly and efficiently.

## Scope of the Study:

The National Bank for Agriculture and Rural Development has recorded significant growth and impressive performance. This

study aims at identifying and analyzing the flow of credit of NABARD for the promotion and development of Indian Agriculture and rural sector.

## Objectives of the Study:

The study covers the following objectives:

- To understand the various credit facilities offered by NABARD
- The researcher will also study the major activities that is pursued by NABARD

## Hypothesis:

The study has been taken up for the following hypothesis

- The National Bank for Agriculture and Rural Development has a positive impact on Indian Agriculture and rural sector of the country.

## Research Methodology:

- This study is based on secondary data. The required data have been collected from Internet, Reference material, Newspapers, Magazine etc.

## Major Activities

- It works as an apex body to look after the credit requirements of rural and agriculture sector.
- It functions as regulatory authority, supervising monitoring and guiding Co-operative Banks and Regional Rural Banks.
- NABARD maintain research and development fund to be used to promote research in agriculture and rural development.
- NABARD provides refinance assistance for the development of tiny and small scale and cottage industries and rural

Assistant Professor  
G.S. College of Commerce & Economics, Nagpur  
E-amil : veenagcollege@gmail.com

handicrafts.

- NABARD maintain expert staff to study all problems relating to agriculture and rural development.

- NABARD provides technical, legal, financial, marketing and administrative assistance to any person engaged in agriculture and rural development activities.

- With the object of providing trained staff in its bank NABARD has started some training centers.

- NABARD offers excellent job opportunities for professionals from the banking field, economics, financial services, insurance, forestry, dairy etc.

#### **Credit Facilities Offered by NABARD**

##### **Short Term Credit:**

NABARD provide short term credit up to 18 months to State Co-operative Banks for seasonal agriculture operations (crop loan) marketing of crop, purchase and distribution of fertilizers and working capital requirements of co-operative sugar factories.

It sanctioned short term credit worth Rs. 98,562 crores during 2017-18 for financing seasonal agriculture operations at the concessional rate of interest. Such loan is repaid within one year after the harvest of the crop.

##### **Medium term Credit:**

NABARD provide medium term credit for 18 months to 7 years to state co-operative Banks, Regional Rural Banks for purchase of shares of processing societies and conversion of short term crop loan into medium term loan in areas affected by natural calamities.

It provides median term credit for the purpose of making some improvement on land, buying cattle, agriculture implement, digging of wells etc.

##### **Long Term Credit:**

It provides long term credit (not exceeding 25 years) for investments in agriculture under schematic lending to State Co-operative Banks and any other financial institutions for promoting agriculture and rural development.

It provides long term credit assistance in the form of loans to State Government (not exceeding 20 years) for contribution to share capital of co-operative credit institutions.

#### **Rural Infrastructure Development Fund:**

NABARD provides credit under Rural Infrastructure Development Fund for various purposes like irrigation project, watershed management, construction of rural roads and bridges etc.

##### **Rural Housing Facilities scheme:**

Under this scheme NABARD provides finance to the individuals, Co-operative Housing Societies, Public Bodies, Trusts, Local Bodies and NGOs in the rural areas only.

##### **Micro Credit Innovation scheme:**

Under this scheme NABARD provide financial assistance for the unreached poor in rural areas through various micro finance innovative schemes especially for rural women only.

##### **Kisan Credit Card:**

Kisan Credit Card scheme was first introduced in 1998-99 to facilitate short term credit to farmers. Commercial Banks Co-operative Banks, RRBs are implementing this scheme. Under this scheme each farmer get kisan credit card and a pass book for providing cash credit facilities for readily purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. Farmers have to get in touch with bank to use this facilities.

##### **Research and Development Fund:**

NABARD maintain research and development fund to be used to promote research in agriculture and rural development. It provides technical assistance and consolation for all aspects of agriculture and rural development. NABARD has set up Research and Development department for this purpose and provides various training facilities, dissemination of information and promotion of research by undertaking studies and other survey in the field of rural and agriculture sector of India.

### Swarojgar Credit Card Scheme:

Under this scheme NABARD provides adequate and timely credit to small artisans, handloom weavers, fishermen, self employed person, rickshaw owner, Gruha Udyog and other micro entrepreneurs etc.

### NABARD Consultancy Services:

NABARD provides consultancy services to farmers and other rural people for development of agriculture and rural development and other related matters in or outside India. It also provides consultancy services in various projects like multi disciplinary projects, infrastructure, and training etc.

### Crafts Mart scheme:

Under this scheme NABARD provides financial assistance to small artisans and entrepreneurs and make them self employed. NABARD organize various promotional and awareness programs in small villages also.

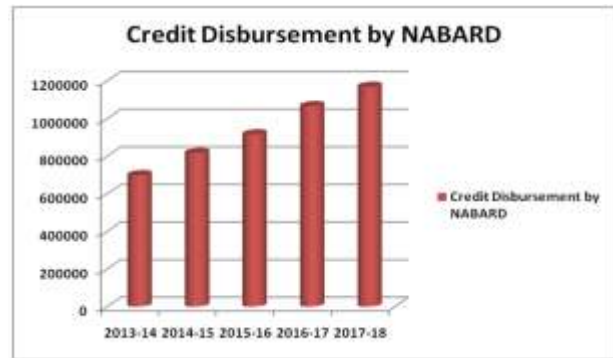
### Contribution of NABARD in Agriculture and rural development

The shape of loans and advances of NABARD has gone under a drastic change after independence. The expansion of credit by these banks has increased very fast. The loans and advances given by NABARD in recent years can be seen from the following table:

Year	Credit Disbursement by NABARD (In Crores)
2013-14	6,98,602.81
2014-15	8,16,706.18
2015-16	9,15,509.92
2016-17	10,65,755.67
2017-18	11,68,502.84

Source: Annual Report of NABARD 2017-18.

It is clear from the above table that the performance of NABARD for the promotion and development of agriculture and rural sector risen during last five years. During last five years the NABARD have expanded credit to a large extent. The above table reveals that the loans and advances of NABARD was 6,68,602.81 crores in the year 2013-14 and 11,68,502.84 crores in the year 2017-18.



We can see that in above table the quantum of credit has been increasing every year.

### Conclusion:

From above we see that NABARD is working for the 360 degree development of rural India. Every year the financial assistance received by NABARD and the disbursement made out of it are increasing. In short it can be said that the NABARD is providing rural INDIA all round assistance and proved to be an institution where 'Growth with social justice exist'.

### Suggestions:

- The NABARD has to devote its attention to refinancing and bringing coordinated efforts of other agencies to strengthen the resources base and eliminate the constraints standing in the way of its development.
- Credit Flow and Awareness of various schemes of NABARD.
- The NABARD should focus its attention while designing and implementing schemes/ programmes for rural areas in India.
- NABARD should have more involvement with the Agriculture and allied departments of the State Government.
- Up till now it has been observed that the truly deserving farmers are not getting financial help from NABARD, whereas rich and influential farmers having political support manage to get financial support from NABARD. It is necessary that more attention must be given to small and marginal farmers.
- It has been observed that many a

cases loan amount distributed by NABARD is not utilized for the purpose for which it is sanctioned. As such NABARD should keep track record of loans disbursed to avoid their misuse.

· Time to time NABARD should impart them guidance, training and information about rural and agriculture development.

**References:**

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