



Role of NABARD in Agriculture and Rural Development

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Abstract

Finance is the lifeblood of any organization. The agriculture sector also relies heavily on the usage of credit. Timely and adequate credit is an essential step in increasing production. To cater to the credit requirements, many agencies have come up. The RBI was responsible for the credit disbursement activities up to 1980. In the year 1982, NABARD was set up as per the recommendation of the Sivaraman Committee. The aim of this study was to understand the role of NABARD in the development of agriculture and rural development. The data for this study has been taken from the published financial reports of NABARD for the last ten years to understand the credit flow to agriculture. The financial reports of the NABARD were studied, and the data were extracted and analyzed with respect to the disbursement of short-term credit, term loans, and other development activities.

Keywords: Agriculture Development, Rural Development, NABARD

Introduction

Agricultural credit is regarded as one of the most fundamental inputs in the implementation of all agricultural development programs. Because Indian farmers' economic conditions are so poor, there is a huge demand for proper agricultural loans in India. The primary source has been the primary source since the beginning. Moneylenders accounted for a large portion of agricultural credit in India. Following independence, the government implemented the Institutional credit is accessed through a variety of channels, including cooperatives, commercial banks, and other financial institutions. Regional rural banks, for example, should be able to provide appropriate loans to farmers at a lower interest rate. Furthermore, throughout the post-green revolution period, agriculture has become increasingly modernized. In recent years, the need for agricultural finance has expanded even more.

Brief Profile of the NABARD

Before the formation of NABARD, RBI was in charge of addressing the credit needs of the agriculture sector. However, with its rising duties and a huge number of activities, it was unable to devote significant attention to the Agriculture sector. Up until 1981, the RBI had to deal with this issue. The NABARD was established in July 1982 in response to the Sivaraman Committee's recommendations (1978). Since its foundation, NABARD has been in charge of RBI's agricultural finance, small-scale agriculture industries, Cottage, and village industries, crafts, and other local crafts, and linked rural economic activity operations.

Objectives of NABARD:

NABARD was founded with the following goals in mind

1. To offer integrated rural growth full attention and a clear direction.
2. To serve as the focal point for the entire rural credit facility on a national level.
3. Act as a secondary funding source for rural credit institutions.
4. Facilitate investment credit for small businesses, village and cottage industries, handicrafts, and other rural crafts, craftsmen, and farmers.
5. To strengthen the credit distribution system through institution building, credit institution rehabilitation, and bank personnel training.
6. To offer SLDBs, SCBs, RRBs, and commercial banks with refinancing capacity for rural development.
7. To coordinate the activity of various agencies involved in rural development at the regional level, as well as to maintain national liaison with the Government of India, the RBI, state governments, and other policy-making organizations.
8. Monitor and assess projects receiving NABARD refinancing.

Role of NABARD

NABARD is the country's top institution, responsible for the growth of cottage, small, and village industries, and other rural businesses. NABARD also supports and encourages integrated development across allied economies. The National Bank for Agricultural and Rural Development now meets the long and short-term financial needs of these entities (NABARD). NABARD's operations cover a wide range of activities. It provides innovations in the development of schemes, monitoring of execution, evaluation of results, and evolution of appropriate supporting structures for all types of agricultural activities, in addition to providing money to credit institutions. It is fulfilling its many activities easily and efficiently, and it has been assigned certain roles to assist NABARD in carrying out its duties: a) Serves as the top funding agency for institutions that provide investment and production loans to support a variety of rural development programs. b) Monitors, formulates rehabilitation programs, reorganizes credit institutions, and trains staff, among other things, to enhance the credit delivery system's absorption capabilities. c) Keeps in touch with both the Government of

India, state governments, the Reserve Bank of India (RBI), as well as other national policy-making institutions to coordinate the rural financing efforts of all organizations involved in field development activity. d) It keeps track of and evaluates the projects it has refinanced. e) The Bank finances the rural economy through refinancing banking institutions. f) It also maintains an eye on the institutes that it works with. NABARD refinancing is available to State Co-operative Agriculture and Rural Development Banks, State Co-operative Banks, Regional Rural Banks, Commercial Banks, and other RBI-authorized financial institutions. Individuals, partnerships, businesses, state-owned organizations, and cooperative societies can all profit from investment credit. However, production credit is mainly given to individuals. The NABARD "SHG Bank Linkage Program" is well-known for encouraging Indian bank lending to self-help organizations (SHGs). SHGs have become a prominent microfinance tool in India since they are mostly made up of disadvantaged women. By March 2006, 22 lac SHGs with 3.3 core members must be linked to credit under this strategy.

Credit Facilities provided by NABARD:

Following are some of the credit facilities NABARD facilitates:

1. Rural Infrastructure Development Fund (RIDF)

The RIDF is an initiative that promotes public agricultural investment. State governments, Panchayati Raj Institutions (PRIs), Non-Governmental Organizations (NGOs), Self-Help Groups, and others are able to qualify to finance from the RIDF for initiatives such as enduring irrigation, flood mitigation, ecological restoration, remote road infrastructure projects, primary and secondary schools, community clinics, the village has, shared agro forestry, node and agrarian market/godowns, rainwater harvesting, watershed expansion, and flood defenses, among other things.

2. Kisan Credit Cards

NABARD has created a strategy for a model providing Kisan Credit Cards to farmers based on their landholdings, which banks may use to buy agricultural supplies, including seeds, fertilizers, pesticides, and other things, as well as withdraw cash for their production needs. To make use of this program, farmers must contact Researcherised banks.

3. Micro Credit Innovation scheme

A scheme using various microfinance programs, NABARD's MCIS programs, provides cost-effective and long- For such unreached poor in rural areas, long-term access to finance is essential.

4. Refinance for Rural Housing Facilities scheme

Individuals, Cooperative Society Unions, Governmental Entities, Housing Boards/ Improvement, Trustees, Community group Bodies, Independent Agencies and NGOs, and Housing Finance Companies are the only

entities registered with the NHB for housing projects in 'rural' areas. The funding will be utilized to construct new homes in rural areas, as well as repair and restore existing homes, rainwater harvesting structures, hygienic latrines, and other projects.

5. A Research and Development Fund

It was founded by the bank with the goal of gaining fresh insights into agricultural and rural development concerns through in-depth research and applied research, as well as experimenting with innovative approaches backed up by technological and financial studies. Through studies, techno-economic surveys, and other surveys, it provides training facilities, information distribution, and research promotion in the fields of agriculture, rural banking, and agricultural development. The fund is open to the following institutions: Research institutes, organizations, and other entities that do action-oriented, applied research have been approved. Groups and individuals who are sponsored by appropriate organizations that can certify the proper usage and accounting of funds may qualify for assistance. Private and commercial organizations are typically ineligible for funding from this fund.

6. Swarojgar Credit Card Scheme

Its goal is to provide small artisans, handloom weavers, service sector, fisherman, self-employed people, rickshaw owners, other micro-entrepreneurs, SHGs, and other small businesses with sufficient and timely funding through the banking system, such as working capital, block capital, or both. Borrowers in metropolitan areas are eligible for the SCC Scheme. Small businesses in priority industries are also eligible for the SCC Scheme. Any initiative or project that generates income or jobs may be covered under the scheme. A reasonable component for consumption needs could be included in the facility. Fisheries, dairy, and other farm-related activities may be covered under the plan. In general, the SCC system can cover self-employment operations with a continuous turnover/income stream on a short-term basis. SCC is a mechanism for delivering credit rather than a goal. A unit's SCC coverage does not bar it from getting a subsidy. Banks can use SCCs to attract borrowers in the SCC programmed for loan distribution under any plan, subsidized or not.

7. Farmers' Club Program:

The Farmers' Club Program is a non-formal grassroots forum. Such Clubs are formed by rural branches of banks with the involvement and financial aid of NABARD for the mutual advantage of the banks and the rural population. The broad functions include working with banks to maintain loan flow among its members and strengthening the bank borrower relationship interaction with the subject matter.

Results and discussion

Year	Credit flows (agriculture) (in crore)	Horticulture	Forestry	Farm Mechanization	Fisheries	Dairy development
2012	511029	1547	16	2134	91	889
2013	607375	1361	8	2282	37	872
2014	730123	690	6	3062	21	931
2015	845328	2033	8	2382	64	1170
2016	855128.23	1983	6	5672	370	2833
2017	959825.70	2631.11	0.83	11076	210.57	2117.62
2018	1065755.67	906	0.15	6862	95	3724
2019	1162616.98	1877	17	5908	125	7204
2020	1254762.20	1046	6	2869	99	3423
2021	~15,00000*	1381.7	2.0	6886.2	111.1	2490

(source www.nabard.org); *(source: Times of India)

The credit flow in agriculture in the year 2012 was 511029 crore. The credit flow is continuously increasing, and in the year 2017, the credit flow was 959825.70 crore. And the year 2021, the credit flow in agriculture is about 15 lakh crore. The credit flow in horticulture in the year 2012 was 1547crore. Then the credit flow is decreasing continuously over the two years. In 2015 the credit flow in horticulture sharply increased. Then the next year, the flow of the credit for horticulture is regularly decreased. In 2021 the flow of credit in horticulture was 1381.7crore. The credit flow in the forestry in the year 2012 is 16 crore. Then the credit flow is decreasing continuously till 2019. The credit flow in forestry in the year 2021 is 2.0 crore. The credit flow in the farm mechanization in the year 2012 is 2134 crore. The credit flow is continuously increasing till 2017, which is 11076 crore. Then the credit flow decreases till 2021. The credit flow for farm mechanization in the year 2021 is 6886.2 crore. The credit flow in the fisheries in the year 2012 is 91 crore, then the credit flow is continuously decreasing till 2015. The credit flow in the fisheries in the year 2016 is 370 crore. Then the credit flow in the fisheries is continuously decreasing till 2021. The credit flow in the fisheries in the year 2021 is 111.1 crore. The credit flow in the dairy development in the year 2012 is 889 crore. The flow of credit for the dairy development in the year 2013 is 872 crore. The flow is continuously increasing till 2016. The flow of the credit in the year 2017 is 2117.62. And in the year 2021, the credit flow is 2490 crore.

Conclusions

As seen from the above discussion, NABARD is working to promote rural India from all angles. The amount of financial support received by NABARD and the amount of money disbursed from it grow every year. In summary, we can state that NABARD provides all-around aid to rural India and has proven to be an institution that promotes "Growth with Social Justice." In a nutshell, it's a refinancing institution with the added responsibility of coordinating, inspecting, and regulating loan flows for agricultural and rural development.

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