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Critical Role of Nabard in Rural Development of Country

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ABSTRACT: National Bank for Agricultural and Rural Development was constituted on 12th July, 1982. Through this institution, not only small farmer's get benefits from all these schemes provided by Government of India, but it is also applies on marginal farmers of India. As seen in today's time our mostly economy is based on agricultural sectors, if our farmer's do not get the benefits from the government schemes then it cause the less development of nation, in this research paper the author analysis the critical study of NABARD in the development of a country. This study also defines, what are the certain roles and functions from which the farmers get certain benefits. Today consumer is smart, he know all things what is good for him or not, but some brokers make targets only those farmers who have lack of resources and lack of education. It is very necessary that every farmer get certain benefits from various different schemes launched by government of India.

KEYWORDS: Agriculture, Credit, Economy, Finance, Hierarchy in governance body

I. INTRODUCTION

The Indian economy post-independence was an agricultural economy. After independence, the focus was mainly on manufacturing and trade sector of the economy to boost development. However, a major part of the population in India lives in the rural sector and so it is important to develop rural financial activities. This is why the Indian economy post-independence was an agricultural economy. After independence, the focus was mainly on manufacturing and trade sector of the economy to boost development. However, the rural sector is home to a large part of the population in India, so it is important to grow rural financial activities. As the name suggests, NABARD is a development bank which focuses primarily on the country's rural sector. It is, in reality, the apex development bank for India. It is one of the country's most significant institutions. NABARD is responsible for developing small-scale manufacturing, the cottage industry and any other rural or village ventures of this kind.

In India top priority is given only to agricultural sector. To this end, the National Bank for Agricultural and Rural Development was formed to provide rural credit. It was set up in 1982 in India. It is a development bank which focuses on the country's rural sector. It is the bank's superior authority to provide support for agriculture and rural development. This body only works to establish small enterprises, cottage industries and any other ventures in the village or in the countryside.

The economy of India is primarily based on five pillars i.e. agriculture, education, infrastructure, technology and democracy if all are these perform well then nation get a new height. As seen in today's time the contribution of agriculture sector is more beneficial for Indian economy. Approximately sixty percent of the population depends on agricultural products but still, the farmers don't get the equal value of their crops the interference of brokers is a basic hurdle in between the direct benefits provided to farmers of our country.

Government of India also tries to resolve the problems of the farmers to establish this body (National Bank for Agriculture and Rural Development). It helps those farmers who take loan for agricultural purposes, social innovation and so on. The first and foremost priority of government is no farmer's get loss in production of crops, every farmer get a good value of all these crops. This policy can be seeing in the pandemic of 2019 where government of India launches various schemes for which farmer's get benefit. Such as direct transfer of money of Rs 6000 in three installments in bank accounts and other relief package of Rs. 1.63 Lakh crore for agriculture and allied sectors aim at strengthening



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infrastructure, logistics and capacity building. So that every farmer get the actual value of their crops and the profit whatever he gains from it. There shall be no discrimination on the basis of fraud, wrong intention and so on.

NABARD has also provided regional rural banks, cooperative banks during a pandemic, with a special liquidity facility so that farmers can benefit from better crop production. Fifty per cent of rural loans are paid out in India, especially in rural areas, by cooperative banks and regional banks in those regions. It is the responsibility of NABARD to mandate and oversee the operations of cooperative banks and provincial rural banks. NABARD works primarily to provide the rural credit distribution system with a strong and efficient basis and enables it to take care of the expanding and diverse credit needs of agriculture and rural growth.

As per the records of past ten years, NABARD plays an important role in developing the rural economy and perform all its functions smoothly and efficiently. As per the banks data approximately Rs 3,020 crore was credit for the financing seasonal agricultural operations.

Set up on 12 July 1982, the company had an initial capital of 100 crores. The bank is under the supervision of a Board of Directors that will be appointed by the Government of India. NABARD headquarters are in Mumbai, but it has various branches and regional divisions.

NABARD plays a key role in the development and effectiveness of the existing rural credit system. Co-operative banks and regional rural banks provide over half of the credit in rural areas. It is the responsibility of NABARD to regulate and oversee the functioning of such banks. Over the years, NABARD has pushed for the development of credit schemes to meet its new credit requirements for rural populations.

Other than meeting credit requirements of the rural sector NABARD is also instrumental in social innovations and projects. It partners with various organisations for many innovative projects such as SHG-Bank linking, innovative schemes for water and soil conservation. Over the last three decades, the institution has gained goodwill and trust in the farmers and rural communities.

Schemes of government:

- *Dairy and Fisheries Schemes:* This scheme was initiated in 2005 by the Government of India. By setting up small dairy farms, the primary objective of this scheme was to raise grievances. This scheme also covered other goals, such as the establishment of modern dairies for the processing of farm milk, and the advancement of technology for the commercial modulation of milk. Self-employment, generation and infrastructure enhancement for the rural areas and unorganized industries.¹
- *PradhanMantriAwaasYojana (Grameen):* The prime objective of government is every person who resides in rural areas get their own house by the year 2022, the National Rural Infrastructure Development Agency also sanction an amount of Rs. 9000 crore with a prime aim to build a pakka house with all basic amenities.
- *Kisan Credit Card scheme:* The objective of government to launch the scheme is every farmer get benefit while applying in such schemes. From this scheme a farmer can get easy loan for his crop. This scheme was designed by NABARD in association with the RBI in August 2018 for providing crop loans.
- *Long term irrigation fund scheme:* this fund was introduced mainly to provide funding for 99 irrigation projects by initiating an amount of Rs. 20,000 crore. Post the amount sanctioning of 99 projects.
- *Rural Infrastructure Development fund:* Rural Infrastructure Development fund was introduced by Reserve Bank of India considering the shortfall in lending to priority sector for supporting rural infrastructure projects.
- *Long term loans:* long term loans are provided to financial institutions for various farm and non- farm related activities. The tenure of the long-term loan is from eighteen months to maximum of five years.
- *Short-term loans:* these types of loans are provided by various financial institutions to farmers for the purpose of production of crop. By providing this loan, one can assure about the food security in the country.

Functions:

- To function as the Superior Finance Agency for Investment and Production Credit Institutions to support various development activities in rural areas.
- Take institution-building initiatives to enhance the absorptive ability of the credit distribution system, including supervision, formulation of scheme renewals, reprogramming of credit institutions and training of workers.

¹ <http://www.slideshare.in/schemes-of-government>



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- Organization of rural financing activities for all institutions engaged in ground-level development work and liaison with the Government of India, the Government of the State, the Reserve Bank and other national institutions concerned with the formulation of policies.
- To track and review initiatives refinanced by it.
- Projects developed under the Integrated Rural Development Program are given high priority by NABARD.
- It provides refinancing for the accounts of the Integrated Rural Development Programme in order to provide the largest share of funding for the Integrated Rural Development Programme's poverty alleviation programmes.

Role of Nabard:

- It is a superior institution with the power to deal with all strategy, planning and operational matters relating to lending to agriculture and other economic activities in rural areas.
- It is a refinancing agency for those institutions which provide investment and production credit for the promotion of a number of rural development programmes.
- The permeable ability of the credit distribution system in India is being strengthened, including monitoring, rehabilitation scheme formulation, credit institution restructuring and staff training.
- It manages rural credit financing activities of all types of institutions engaged in ground-level development work, while maintaining liaison with the Government of India and other Governments of the State, as well as with the RBI and other national institutions involved in policy formulation².

Banking services:

Various schemes under NABARD discussed as Figure 1 in the below figure.

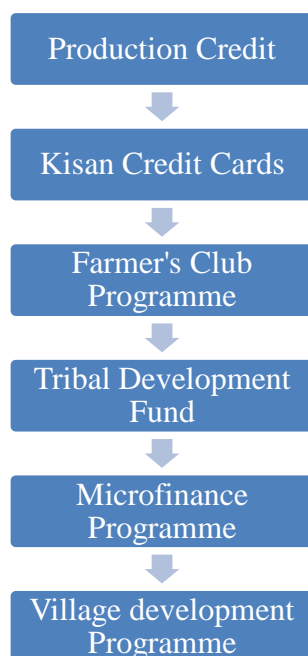


Figure 1: Banking services under NABARD

- *Production credit:*

Production credit is one of the important tools for the growth in agriculture sector. From this scheme not only small farmers get benefit but marginal farmers also get certain benefits.

- *Farmer's club programme:*

²Role of nabard article jagran josh



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In 2005, the scheme was renamed as farmer's club programme which works on grass root level informal forum of farmers in the village. Such clubs are organized by rural branches of bank with support and financial assistance from NABARD for benefits to banks and farmers.

- *Tribal development fund:*

This scheme merge environmental and social aspects to ease sustainable livelihoods for tribal families.

- *Microfinance program:*

This scheme launches for the improvement over small industries development bank of India. Nabard will provide an eighteen months term loan to microfinance firms of its own beside one year special refinance schemes as directed by the reserve bank of India.

- *Village development program:*

This scheme was launched for development of villages with a consultation with other communities of village. The prime focus is on financial inclusion and also to develop the selected village in an integrated manner.

NABARD achievements:

In the structured rural credit system, NABARD is the apex institution. In reducing regional inequalities, it plays an important role and supports small farmers, marginal farmers and the poorer sections of society. It channels its agricultural and rural development refinancing facilities in the country through major financial intermediaries, such as SCBs, SLDBs, RRBs, commercial banks, etc.

- *Short Term Credit:*

It approved Rs. 8,764 crores as short-term credit to SCBs and RRBs during 2002-03 for financing seasonal agricultural operations, crop marketing, fertilizer purchase and distribution, and cooperative sugar factory working capital requirements.

- *Medium Term Credit:*

In 2002-03, as a medium-term credit to SCBs and RRBs for permitted agricultural purposes, the NABARD sanctioned Rs. 496 crores.

- *Long Term Credit:*

NABARD provides state governments with long-term loans not exceeding 20 years in order to allow them to contribute to the cooperative credit institutions' share capital. For this reason, it approved Rs. 62 crores to state governments in 2002-03.

- *Schematic Lending:*

NABARD offers refinancing facilities for minor irrigation, land development, farm mechanization, planting, horticulture, poultry, sheep farming, pig farming, fisheries, dairy farming, storage, market yards, IRDP, etc.

Other Achievements:

- Provision of refinance support
- Improving rural infrastructure
- Supervision of Regional Rural Banks and Cooperative Banks
- Development of sound banking practices within the economically backward sections of India
- NABARD has designated the KCC that has benefitted crores of farmers in the country
- The institution pioneered watershed development for climate proofing

The prime objective to constitute a NABARD board is to supervise and regulate the functions of regional rural banks and the cooperative banks which account for fifty percent of the rural credit. Nabard manage to make sure that a strong credit distribution system is in place to provide rural credit than can support the growing and expanding credit requirements for agriculture and rural development.

Activities to discharge credit functions:

- Nabard drawn up the guidelines for the functioning of the financial institutions in rural India
- It issues credit facilities to these financial institutions
- It superintends the flow of rural credit at the ground level.

Other activities:

- It help the rural credit institutions like RRBs and cooperative banks to formulate development actions schemes for themselves



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- To better the affairs of the regional rural banks, it assist them in signing memorandums of understanding with the government and cooperative banks
- It also extends its support financially to aid the training institutes of commercial banks, cooperative banks
- For the improvement of the management information system, development of human resource and to computerize the operations of cooperative banks.

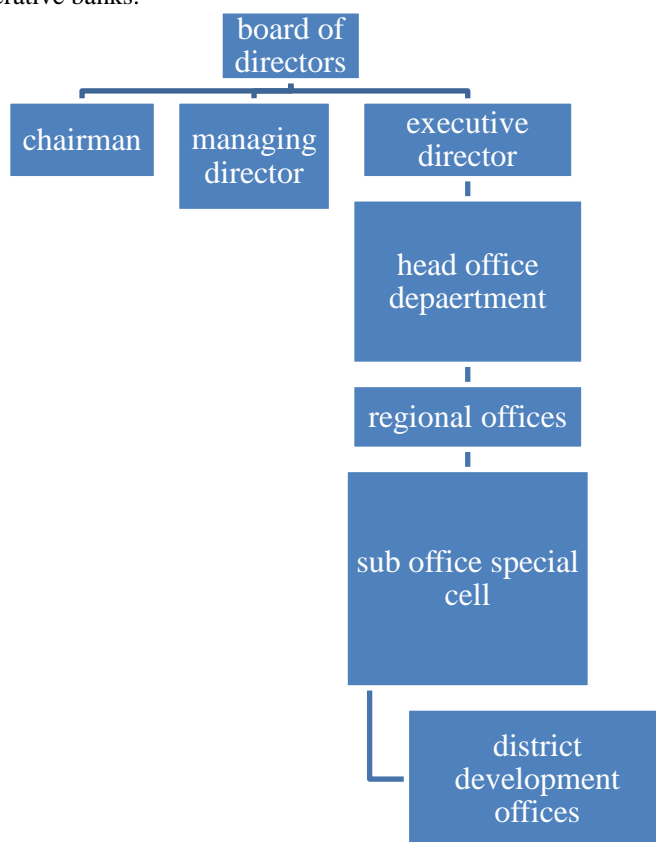


Figure 2: Governance body of NABARD

Governance body of NABARD describe above in Figure 2

Board of directors: nabard affairs are governed by a board of directors. The boards of directors are appointed by the Government of India in continuation with NABARD Act. It is composed of the following chairman, three directors with experience in rural economics, rural development, the village and cottage industries, the small-scale industries, three directors from the reserve bank directors, three directors from the central government officials and the managing director.

Executive committees: The board of directors constitutes an executive committee consisting of executive directors. The executive committee shall discharge such function as it may be delegation to it by the board.

Core duties:

- It works towards uplifting the rural and agricultural sectors and prepare ground for rural and social innovation.
- It plays an important role in framing development initiatives for our country rural country rural sector.

NABARD (Amendment) Bill, 2017:

- The bill was amended to allow the central government to raise NABARD approved capital from Rs. 5,000 crore to Rs 30,000 crore.



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- Increase in capital of NABARD: as per act of 1981, nabard may have a capital of Rs. 100 crore. This capital can be further increased to Rs 5000 crore by the union government after consultation with reserve bank of India. This bill allows central government to increase the capital to Rs 30,000 crore.
- Micro, small and medium enterprises: under the act of 1981, NABARD was responsible for providing credit and other facilities to industries having an investment of upto Rs 20 lakh in machinery and plant. This bill extends this to apply to enterprises with investment upto Rs. Ten crore in the manufacturing sector and Rs. five crore in the services sector.

Challenges:

- *Lack of inadequate finance:*

This is the first problem in NABARD scheme, if there is lack in finance support then how a middle man can fulfill their dreams, how he can save his income due to poverty. These problems only occur when there is lack of deposits.

- *High over dues and poor recovery of loans:*

This problem only occurs when dues of loan amount cannot complete by poor people. There are lots of reasons for high over dues i.e. less unqualified and untrained staff, less productive use of credit, lack in proper marketing through various channels and so on.

- *Lack of proper coordination between NABARD and other financial institution:*

It is also major problem and big challenge in NABARD, due to lack in communication and coordination between NABARD and other commercial banks this problem occurs.

- *Lack of resources:*

Lack of resources also cause a big problem, in rural areas a poor people cannot afford the resources due to proper fund, when he ask for loan then there are lots of hurdles facing by him to get a quick loan.

- *Lack of awareness and good knowledge:*

As seen in present time a consumer is a king of market, and if he did not aware from new technologies and have not sufficient good knowledge then lots of problems are rising.

- Another problem is regional imbalance in banking facilities provided by NABARD.

Solutions:

- *Improve the chain system to upto ground level:*

It is very necessary whatever the policies launched by Government of India, shall be focus upto ground level, so that no poor people can deprived from getting benefits from these schemes.

- *Improve resources:*

It is most important that resources can be provided properly, so that every person gets certain benefits from all of these.

- *Loans shall be provided for correct purpose:*

It is very important that loan shall be provided for correct purpose so that every person get loan amount to fulfill his needs.

- *Awareness among people:*

In today's time it is very necessary a consumer shall aware from all these services so that no one can do a fraud from honest person.

- *Improvement in technologies:*

Today is a time of advance technology and in this advancement if a person deprived from using of these resources then it is not good for the development of nation.

- Increase in capital of NABARD

II. CONCLUSION

India is a country of rural person every person get food only when our farmers produce grains/crops in their field with his hard work and labour. If they don't get a good support from government then no person get food in their houses. In the advancement of technology every person gets everything in a limited period of time and fast. In agricultural sector also government launches many schemes for the welfare of farmers so that no farmer remain poor and get equal money



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of their crops and the money of the same shall be directly transferred in their bank accounts. It is necessary for government to take strict actions against the fraudulent persons so that poor cannot get a loss.

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