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# Nabard: A Boom to Agriculture & Rural economy in India

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## Abstract

NABARD is now the foremost and the apex institution in the field of providing credit for agriculture and other rural activities that involve financing. It is also the institution that is accredited with matters relating to policy Planning and other operations relating to agricultural economic financing. The preamble of the NABARD Act. Mentions the following objectives for the rural based bank, its primary function should be to promote agriculture, provide credit aid small scale industries whether cottage or village handicrafts and other rural crafts and activities that are associated with it. The prosperity of rural areas is its most major concern.

NABARD not only improves absorptive of the credit delivery system to the rural areas which performing the task of monitoring and the formulation of rehabilitation schemes to rescue the rural farmers but it also adds the initiatives of training personnel are equipped with information and methods to help the rural sector majority of which is uneducated.

The rural bank also maintains its collaboration with the state and other bodies in order to maintain its objectives such as the Govt. Of India the states Govt. and the RBI itself the development at the grassroots level is maintained through this association various state bodies. The collaboration also involves major policy formulation as well.

Being the apex agency it refinances and provides investments and production credit for the promotion of rural area development.

The bank is also responsible for preparing annual credit plans for all rural financing and their institutions annually.

It also monitors the projects that are refinanced by it and it evaluates them as well. NABARD not only maintains its financial and economical role but also performs social duties as well by promoting research in fields of rural banking, innovations in agriculture and rural development as well.

**Keywords:** nabard, agriculture, rural economy, infrastructure, development.

## Introduction

The parliament through act 61 of 81 set up National bank for agricultural and rural development (Nabard) after the former chairman of reserve Bank of India Sri. B. Shivaraman submitted a report to the Governor on Nov 28, 1979. The committee set up by Shivaraman reviewed the arrangements for institutional credit for Agriculture and Rural Development (ICARD). After long deliberations and analysis by CRAFICARD which found that it would more appropriate to integrate short term, medium term and long term credit structure for the agriculture sector by establishing a bank that would. Cater specifically to that sector which eventually became NABARD. It was started with the initial capital of Rs. 100 crore which later got enhanced to Rs 2000 crore which was fully subscribed by the RBI and GOI. The functions of NABARD in brief now are credit control which mainly involve credit plans for district and issuing policy and operational guidelines and developmental functions concerning strengthening the credit functions and making credit productive along with supervisory function over co-operative banks and Regional Rural Banks (RRB)

## Research Methodology

We have adopted the doctrinal form of research in making this Article. Primary as well as secondary sources of information have been used from my thesis and library. The above category of material and its topic was largely available online and latest books on it were not up to date hence I have resorted to majorly base this article from NABARD official website.

## Research Plan

The aim of this article is to analyse the extent of powers of the NABARD. The relevant

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Concepts Of law and their evolution have also been dealt with in an organized manner the researcher aims at providing an insightful study of the same through interpretation statistic and schemes that NABARD has initiated in order to gauge its success as a Rural Bank. Within the scope of this article we will discuss the topic to its various schemes and funds.

### **Nabard innovation**

Since its creation Nabard has come up with multiple innovations that have made rural banking approachable and efficient it has developed the micro credit innovation scheme Under the Micro credit innovation Scheme, Nabard has facilitated sustainable access to financial services for the unreached poor in rural areas the reason primarily being that these areas are neglected by the default of both farmers lack of education and awareness and neglect of the Govt. But through various Micro finance innovations Nabard has provided much needed finances to these neglected and unreached farmer in a cost effective and sustainable manner. NABARD constituted the department for co-operative revival and reform (DCRR) solely for providing dedicated manpower at the national, state and district levels as NABARD is implementing agency for implementing the revival package in all states.

Nabard Not only create options for the farmers but also creates solutions for them in form of innovations, the bank helps in creating scientific set up for the farmers and anyone interested in enhancing the field of agriculture. For that purpose Bank has established a fund that helps in such causes as Research and Development Fund. The main objective of this fund is to acquire new insights into the problems of agricultural and rural development through in-depth studies and applied research and trying out innovative approaches back up by technical and economic studies. The biggest problem that small scale artisans, entrepreneurs and other such small business man feel is the lack of capital funding. However the Apex Rural Bank creates capital obtaining under the scheme it has created called the swarojgar CREDIT CARD SCHEME with aims at providing adequate and timely credit or in other words working capital of block capital to small artisans, handloom, Ricksaw owners, self-employed person and other Micro-entrepreneurs, SHG et. In from the banking system in a flexible, hassle free and cost effective manner.

Not only individual but even small business is given priority sector status under the scheme. The bank covers any scheme/project that is income / employment generating may be covered under the scheme.

In order to ensure that the rural community is not in order backward in farming knowledge or any other knowledge they might be concerned with NABARD has created the NABARD constancy services (Nabcons). Nabcons is not some ordinary service provider but a very important as the core competence of the Nabard is leveraged by Nabcons in the areas of agricultural and rural development. Nabard has also realized the plea of minority section farmers and has created a special scheme for them in order to aid them in their activities. Broadly termed as the water harvesting scheme, this scheme is especially available to the SC/ST Farmers.

### **AIM**

Nabard initiatives are aimed at building an empowered and finically inclusive rural India through specific goal oriented

departments which can be categorized broadly into three heads: Financial, Development and supervision. Through these initiatives Nabard we touch almost every aspect rural economy. From providing refinancing support to building rural infrastructure from district distance level credit plans to guiding and motivating the banking industry in achieving from supervising co-operative Banks and Regional Rural Bank (RRB) to helping them develops sound banking practices and on boarding them to the CBS plat form, from designing new development schemes to the implementation of Gov. Development scheme, from training handicraft artisans to providing them a marketing platform for selling these articles.

### **Achievements**

Over the year's initiative taken by nabard have touched millions of rural lives across the country. The SHG Bank linkage. In 1992 has blossomed into the world's largest micro finance project. Kisan credit card designed by it has become source of comfort for crores of farmer. Nabard have Financed one fifth of India's total rural infra-structure. In this context we have chosen selected schemes to discuss.

#### **a) Rural infrastructure Development Fund (RIDF)**

GoI Created the RIDF in NABARD in 1995 -96 with an initial corpus of Rs. 2,000 crore. With the allocation of Rs. 28,000 crore for 2018-19 under RIDF XXIV the cumulative allocation has reached Rs. 3,20,500 crore, including Rs. 18,500 crore under Bhart Nirman.

**Eligible Activities:** at present, there are 37 eligible activities under RIDF as approved by GOI (Annexure-I). The eligible activities are classified under these broad categories i.e

- Agriculture and related sector
- Social Sector
- Rural Connectivity

Nabard provides financial Assistance to agriculture and allied sectors under rural infrastructure development Fund @ 95% of the project cost to the following.

1. Soil conservation flood Protections water shade drainage reclamation of the water logged area.
2. Market yard, Go down Marketing infrastructure cold storage.
3. Plantation and horticulture, Forest development.
4. Grading/ certifying mechanism testing Laboratories.
5. Fishing harbour/ getties Reverine fisheries.
6. Animal Husbandry modern Abattoir.
7. Village knowledge centres infrastructure for IT.
8. Drinking water public health institution.
9. Infrastructure for rural education institution.
10. Constriction of toilets block in existing schools.
11. Pay and use toilets in rural areas.
12. Construction of Anganwari centres.
13. Set up industrial estates/ centres.
14. Rural connectivity rural road and rural bridges.

#### **b) Swachh Bhart Mission-Gramin (SBM-G)**

SBM-G was launched by GOI with effect from 2<sup>nd</sup> October 2014 with the goal to achieve universal sanitation coverage in rural areas by 2<sup>nd</sup> oct. 2019 The nodal ministry for SBM-G is the ministry of Jal shakti and the scheme is being implemented by the state/UT Govt.

As of 31 March 2019, total sanction and disbursement under

SBM-G stood at Rs. 15,000 Crore and 8698-00 crore respectively. During 2019-20 an additional amount of Rs. 3600-00 was released to National centre for drinking water sanitation and quality (NCDWSQ).

The SBM-G taking the cumulative release under SBM-G to Rs. 12,298.20 as on 31 March 2020 during 2018-19 and 2019-20. Total 3.29 crore household toilets (2.23 crore in 2018-19 and 1.06 crore during 2019-20) have been constructed (source: dept drinking water and sanitation, Ministry of Jal Shakti).

#### **c) Loans to warehouses, cold storage and cold chain infra-Structure**

Considering the success of the special window under RIDF during 2011-12, an increased allocation of Rs. 5,000 crore under RIDF (Tranche XVIII) was made by GOI during 2012-13 for financing state govt. And state owned agencies to increase the scientific food grain storage requirements towards food and nutritional security.

GOI allocated further amounts of Rs. 5,000 crore each during 2013-14 and 2014-15 under RIDF for providing affordable credit to the public as well as private sectors to facilitate any augmentations of the existing agricultural warehousing infrastructure in the country. This allocation was constituted as warehouse infrastructure funds (WIF).

Loans will be provided for Projects involving creation of storage infrastructure with a minimum aggregate capacity of 5000 metric tons (MT) for agricultural and allied produce including constructions of: Warehouse, Silos etc.

#### **d) Pradhan Mantri aawas yojna- Grameen (PMAY-G)**

PMAY-G aims at providing a pucca house with basic amenities to household and those household living in kutcha and dilapidated house by 2022. The nodels ministry for PMAY-G is ministry of Rural Development (MORD) GOI & the scheme is being implemented by the state UT Gov. under Phase I (2016-17 to 2018-19) of the scheme one crore house ware to be constructed. NABARD has been extending loan to National Rural infrastructure development Agency (NRIDA) towards funding of central share under the scheme since 2017-18. As on 31 march 2019, the total sanctions and release by NABARD stood at Rs. 21,975 crore and Rs. 18008.23 crore respectively. Further continuation of PMAY-G beyond March 2019 with additional target for construction of 1.95 crore of 20,000 crore was sanctioned and Rs. 10811 Crore was released by NABARD to NRIDA under PMAY-G during 2019-20. The cumulative sanction and release as on 31 March 2020 stands at 41,975 crore and Rs. 28,819.23 crore respectively.

#### **Conclusion**

The Parliament created the NABARD act and the Apex Bank in order to Aid the rural farmers that has long been neglected by the Govt. There was such an imitative to uplift industries and capital market that these agricultural sectors were being grossly neglected. Even the apex bank of the country the RBI was so knee deep in other responsibilities ties and duties that in could not give adequate assistance to the rural farmer and their population which mostly comprised of artisan's small business owners and small other enterprises.

There was a need of adequate funding to these sectors in order for them to develop and flourish like the other sectors that the India Govt. was giving undivided attention to.

Thus this led to the formation of the rural Apex bank now known as NABARD. The apex rural Bank was able form the relation between credit deliverance and the agriculture sectors.

The rural bank has been successful in creating multiple funds and schemes in order to aid the rural farmer. The important point to note here is that bank not only facilitates the funding to farmer farmer but also makes them self-sufficient by training Personal in order to better understand modern techniques of farming which only propagates the growth and development relating to rural economies. With the help of the RBI the NABARD is also responsible for formulating policies to further benefit the agriculture farmers and the rural poor.

The bank realizes the potential of the agricultural sectors and terms non-credit worthy farmers were long reject by other financial institutions due to the lack of guarantee on their credit. But recent statistics shows that the farmer have lived up to the confidence instilled in them and are actually creating profit and are now operating hassle free when it comes to Financing their activities.

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