ISSN:0971-1260
Vol-22-Issue-14-December-2019

Role Of Nabard In Agriculture And Rural Development

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ABSTRACT

National Bank for Agriculture and Rural Development (NABARD) was established on the recommendations of Shivaraman Committee on 12 July 1982 to implement the National Bank for Agriculture and Rural Development Act 1981. It is an apex Development Bank with a mandate for facilitating credit flow for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. NABARD is playing a central role in economic development of the rural India. In India there is an enormous need for real agricultural credit as the financial position of Indian farmers are very poor. From the beginning the main foundation of agricultural credit in India was money investors. NABARD backed by its experience in Rural Infrastructure Development Fund (RIDF) is a position to take a lead in this direction. The potential infrastructure in this segment include minor irrigation, drinking water supply, sanitation, agricultural and joined sector, warehouse and storage, rural connectivity, education, rural health, etc. Funds in this direction can be increased by concentrating on tapping low-cost subsidy sources with appropriate financial instruments, setting-up an suitable delivery model, through triangulation of the State Governments, financial institutions and private sector infrastructure agencies.

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Introduction

National Bank for Agriculture and Rural Development (NABARD) was established on the recommendations of Shivaraman Committee on 12 July 1982 to implement the National Bank for Agriculture and Rural Development Act 1981. It is an apex Development Bank with a mandate for facilitating credit flow for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. The headquarter of the Bank is situated in Mumbai and it has branches all over the country. NABARD Regional Office [RO] has a Chief General Manager [CGMs] as its head, and the Head office has many Top executives like the Managing Directors [MD], Executive Directors[ED], and the Chairperson. NABARD was also administers the Rural Infrastructure Development Fund (RIDF), which was set up in 1995-96. NABARD has also been playing a catalytic role in micro-credit through the channel of Self-Help Groups (SHGs). The bank offers refinance to various banks for their term lending operations for the commitments of agriculture and rural development.

Indian economy is agricultural economy and real India lies in villages. Without the development of the rural economy, the aim of economic planning cannot be reached. Hence, banks and other financial institutions are reflected to be an important role for the development of rural economy in India. NABARD is playing a central role in economic development of the rural India. In India there is an enormous need for real agricultural credit as the financial position of Indian farmers are very poor. From the beginning the main foundation of agricultural credit in India was money investors. After independence the Government adopted the institutional credit approach through various agencies like commercial banks, co-operatives, regional rural banks etc. to provide adequate credit to farmers ata lesser rate of interest. Moreover with developing innovation of agriculture during post-green mutiny period the need of agricultural credit has increased further in recent years. NABARD was set up significantly as a development bank for increasing agriculture and rural development.

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The main objectives of the NABARD

1.The Bank serves as a refinancing institution for institutional credit such as long-term, short-term for the purpose of encouraging activities in rural areas.

2.The National Bank is a highest most organization in respect of all matters relating to policy, planning effective aspects in the field of credit for the promotion of Cottage & Village Industries, Agriculture, Small Scale Industries Handicrafts &other rural crafts and other allied economic events in rural areas.

3.The Bank also deliver direct permitting to any institution as agreed by the central government.

Research Methodology: Data Collection

This is a descriptive research paper based on secondary data. Data have been collected through the Books, Magazines, Journals, Research Papers and Websites.

Essential Role of NABARD:

1. The Bank refinances the financial institutions which finances the rural sector.

2. It helps the state governments in getting their targets of given that assistance to eligible institutions in agriculture and rural development.

3. NABARD takes dealings towards institution building for successful absorptive capacity of the credit delivery system, including monitoring, preparation of reintegration schemes, rearrangement of credit institutions, training of personnel, etc.

4. It serves as antop financing agency for the institutions provided that investment and production credit for encouraging the various developmental events in rural areas.

5. It offers training and research facilities for banks, cooperatives and organizations working in the field of rural development.

6.It Acts as a coordinator in the processes of rural credit institutions.

7.It refinances banks for covering loans for investment and production resolution in rural areas.

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8.NABARDActs as regulator for cooperative banks and RRBs documentation of exploitable capacities under agriculture and other events available for development over bank credit.

9.It undertakes monitoring and valuation of projects refinanced by it. It regulates the institutions to which it offers financial support for the development of rural Economy.

10.It provides loans to State Government/Non Government Organizations (NGOs)/Panchayat Raj Institutions (PRIs) for increasing rural infrastructure.

11.Supporting credit modernizations of Non Government Organizations (NGOs) and other non formal profitability of rain served agriculture in a sustainable manner.

12.It provides refinancing to banks for covering loans for investment and production persistence in rural areas.

13.NABARD provides training conveniences to the institutions working in the field of rural upliftment.

Bharat Nirman

The Prime Minister, Dr. Manmohan Singh, launched the determined Bharat Nirman initiative, which aimed at consolidation the country's rural infrastructure. Government's innovations towards the growth of rural economy need no explanation. Our government has taken a number of originalities for the development of rural people living in rural areas. Bharat Nirman is one of such creativities, which aims at promotion rural infrastructure in a time-bound manner. The Government of India launched it in 2005-06. It is an important creativity for reducing the gap between rural and urban areas and effective the quality of life of people in rural areas. Bharat Nirman programme propelled by the Government of India recognized six core organization segments in rural areas. This has been shown in a tabular form**.**

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Bharat Nirman programme

Components	Scheme	Goals
Drinking water	Accelerated Rural Water Supply Programme (ARWSP)	Every residence to have a safe source of drinking water
Electricity	Rajiv Gandhi GrameenVidyutikaranYojana (RGGVY)	Every village to be delivered electricity
Housing	Indira AwaasYojana (IAI)	Houses to be constructed for the rural poor people.
Roads	PradhanMantri Gram SadakYojana (PMGSY)	Every residence over 1000 population and above (500 in hilly and tribal areas) to be provided an all-weather road
Telecommunication	Village Public Telephones (VPT)	Every village to be related by telephone
Irrigation	Indira AwaasYojana (IAI)	Houses to be constructed for the rural poor people.

Schemes /Programmes of NABARD:

a) Self-help Group (SHG) Bank Linkage Programme: The SHG-Bank Linkage Programme is a foremost plank of the scheme for distributing financial services to the poor in a supportable method. It was started as an Action Research Project in 1989, which was the branch of a NABARD creativity during 1987 through sanctioning Rs.10 lakh to MYRADA as seed money assistance for investigating Credit Management Groups. The involvements of these early efforts led to the sanction of a pilot project by NABARD in 1992. The pilot

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project was intended as a partnership model between 3 activities viz., the SHGs, Banks and NGOs.

b) Kishan Credit Card (KCC):

KCC Scheme was presented in 1998-99. It was launched to provide timely and adequate supply of Short Term (ST) credit from the banking system to the farmers to meet their crop production necessities in a flexible, difficulty free and cost effective manner. The objective was to make available an instrument, which would permit farmers to consumption agricultural inputs such as seeds, fertilizers, and pesticides and also withdraw some cash for meeting their production-associated requirements.

c) Farmers' Club:

The programme aims to organize farmers to simplify accessing credit, addition services, technology and markets. NABARD motivates banks to promote Farmers' Club in rural areas under this Farmers' Club Programme, earlier known as "Vikas Volunteer Vahini (VVV) Programme". Farmers' Club are grass source level informal settings of farmers. Such clubs are organized by rural branches of banks with the maintenance and financial assistance of NABARD for the communal benefit of the banks disturbed and the village farming community/rural people.

d) District Rural Industries Project:

NABARD on a pilot foundation had launched an combined are abased credit strengthening programme in association with Government, Banks and other development schemes with focus on district known as District Rural Industries Project during 1993-94 with a opinion to developing a role model for rural mechanization.

e) Rural Infrastructure Development Fund (RIDF):

RIDF is a main source of fund for the growth of organization in the rural areas of the State.

f) Watershed Development:

The objective of increasing watersheds is to suggestively moderate the drought encouraged suffering of farmers in the area. NABARD announcers 4 types of watershed

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development programmes in the country. These programmes are: Indo-German Watershed Development Programmes, Participatory Watershed Development Programme, Prime Minister's Package in 4 states and Integrated Watershed Development programme.

Developmental and Supervisory Role of NABARD

Mission of NABARD is to encourage supportable and reasonable agriculture and rural growth through operative credit support, connected services, institution building and other innovative enterprises.

Multiple kinds of functions:

❖ **Credit functions**

Credit functions includes preparation of possible-linked credit plans annually for all districts of the country for documentation of credit potential, observing the movement of ground level rural credit, delivering policy and effective guidelines to rural financing institutions and providing credit facilities to qualified institutions below various programs.

- Framing procedure and guiding principle for rural financial institutions.
- Observing the movement of ground level rural credit.
- Providing credit conveniences to issuing organizations.
- Preparation of possible-linked credit plans annually for all districts for documentation of credit potential.

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❖ Development and promotional functions

The bank has also a focus on overall development and income creating involvement saimed supplementing the credit functions as well as making credit more productive.

- Help co.operative banks and Regional Rural Banks to arrange improvement activities strategies for themselves.
- Enter into state governments and cooperative banks specifying their respective obligations to improve the affairs of the banks in a stipulated timeframe.
- Create awareness among the borrowers on ethics of repayment through Vikas Volunteer Vahini and Farmer's clubs.
- Provide training for senior and middle level executives of commercial banks, Regional Rural Banks and cooperative banks.
- Provide financial assistance to cooperative banks for building improved management information system, computerization of operations and development of human resources.

❖ Training functions

Another important area of functions performed well by this bank is to impart with different kinds of training such as legal, technical, financial and marketing training and consultancy which is well written in the NABARD Act itself.

- Maintain expert staff to study all problems relating to agriculture and rural development and be available for consultation to the Central Government, the Reserve Bank, the State Governments and the other institutions engaged in the field of rural development.
- Provide technical, legal, financial, marketing and administrative assistance to any person engaged in agriculture and rural development activities.
- May provide consultancy services in the field of agriculture and rural development and other related matters in or outside India, on such terms and against such remuneration, as may be agreed upon.

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- Provide facilities for training, for dissemination of information and the promotion of research including the undertaking of studies, researches, techno-economic and other surveys in the field of rural banking, agriculture and rural development.

❖ **Institutional and capacity building functions**

To ensure smooth functioning and strengthening of cooperative banks and Regional Rural Banks, NABARD has always been instrumental and helping all those financial institutions working in the field of rural and agriculture credit. Following are the points providing evidence in this support.

- Help cooperative banks and Regional Rural Banks to prepare development actions plans for themselves.
- Provide financial support to cooperatives and Regional Rural Banks for creation of technical, monitoring and evaluations cells.
- Deliver training for elder and medium level administrators of commercial banks, Regional Rural Banks and cooperative banks.
- Provide suggestion improvement intermediation through presumed training institutes like Bankers Institute of Rural Development ,Lucknow, National Bank Staff College, Lucknow, College of Agriculture Banking, Pune, etc.

❖ **Supervisory functions**

- Administering the Credit Monitoring Arrangements in State Cooperative Banks and Central Cooperative Banks.
- Undertakes inspection of Regional Rural Banks and cooperative banks under the provisions of Banking Regulation Act, 1949.
- Offer endorsements to Reserve Bank of India on inaugural of new branches by State Cooperative Banks and Regional Rural Banks .
- Assumes collection inspections, schemes study, besides off-site surveillan of Co.operative banks and Regional Rural Banks.

❖ **Miscellaneous other functions**

- All the applications for opening a branch by Regional Rural Banks or co-operative societies should be forwarded to the RBI through the NABARD.

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- Conduct inspections of the Regional Rural Banks and the co-operative societies, lacking any prejudgment to the authority of the RBI.
- Copies of all returns submitted by the Regional Rural Banks and co-operative societies to the RBI should also be provided to the NABARD.
- For this purpose the NABARD has been authorized to maintain and Research & Development fund out of profits earned by it every year.
- The Research & Development department of NABARD should take the lead in promoting research concerning problems associated with India's agriculture and rural development and also other allied aspects.
- NABARD should undertake research and training programs. These comprehensive training programs should be targeted towards NABARD's own staff and the staff of State Cooperative Banks and as well.
- NABARD is also empowered to obtain any information or statement from the RRBs and the co-operative societies.
- NABARD is answerable for coordinating with the Government of India, the Planning Commission, State Governments and other agencies concerned with the development of rural industrialization. It is also responsible for ensuring the implementation of various policies and programs meant for providing finance to the rural industries.

Conclusion

As Gandhiji said “real India lies in villages,” and village economy is the backbone of Indian economy. Without the development of the rural economy, the objectives of economic planning cannot be reached. The data so far collected clearly proves that NABARD is dynamically working in the field of rural infrastructure development. It plays a productive role in ensuring that the co-ordination between states and the institutions difficult in rural development is smooth and result oriented. There is vast prospective for development of micro infrastructure in rural areas but there is no surviving mechanism for united development of intra village infrastructure.

NABARD backed by its experience in Rural Infrastructure Development Fund (RIDF) is a position to take a lead in this direction. The potential infrastructure in this segment include minor irrigation, drinking water supply, sanitation, agricultural and joined sector, warehouse and storage, rural connectivity, education, rural health, etc. Funds in this

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direction can be increased by concentrating on tapping low-cost subsidy sources with appropriate financial instruments, setting-up an suitable delivery model, through triangulation of the State Governments, financial institutions and private sector infrastructure agencies.