

AN ANALYSIS OF ROLE OF NABARD IN AGRICULTURE DEVELOPMENT IN INDIA

Pankaj Sharma*

ABSTRACT

National Bank for Agriculture and Rural Development (NABARD) is India's top or apex agricultural and rural development financial body. NABARDs interested in establishing financial anastomosis policies for rural development. it is the country's major financial institution for rural development, with the goal of becoming the nation's development bank to promote rural prosperity. NABARD provides funding for India's rural development to state finance commissions and regional rural banks. NABARD's basic objective is to secure affluence through participatory financially and non-financially interference, novation, technics, and institution growth for sustainable & equitable agriculture and rural development. The Research paper focused on analysis of role of NABARD in agriculture development of India. NABARD would work to achieve its goals by encouraging sustainable farming through credit, spreading awareness of precision farming, organic farming, and encouraging market orientation in the production process. Also, focus on enabling accelerated capital formation and asset investment, which would boost agriculture production and productivity while also making Indian agriculture globally competitive. NABARD will undoubtedly strive to perform on all fronts in order to secure rural prosperity, but it will not be alone in this endeavor; it will be guided and supported by the Government of India, the Reserve Bank of India, participatory banks, non-governmental organizations, and, most importantly, the people. The measures suggested above would go a long way toward increasing NABARD's efficiency.

Keywords: NABARD, Agriculture Development, Financial Assistance.

Introduction

The relevance of institutional credit in improving the rural economy has been recognized by the Indian government since its inception. As a result, at the request of the Indian government, the Reserve Bank of India (RBI) established a committee to Review the Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) to investigate these crucial issues. The Committee was established on March 30, 1979, under the presidency of Shri B. Sivaraman, a former member of the Government of India's Planning Commission.

The agricultural credit works of RBI or the refinance works of the erstwhile Agricultural Refinance and Development Corporation (ARDC) were hand overed to NABARD on July 12, 1982. On November 5, 1982, the late Prime Minister Smt. Indira Gandhi dedicated it to the nation's service. It was founded with an opening amount of ₹ 100 crore and had a paid-up capital of ₹ 12,580 crore as of March 31, 2019. As a result of a change in the capital composition among the GOI and the Reserve Bank of India, NABARD is now entirely owned by the Government of India.

* Research Scholar, Department of ABST, University of Rajasthan, Jaipur, Rajasthan, India.

Organizational Structure of NABARD

NABARD has 15 members on its BOD, including one Chairman, one MD, and four Executive Directors. There are also 24 Department Head Offices, 32 Regional Offices, and 6 Training Establishments. Sub offices and the 423 District Development Offices round out the list. NABARD is also aiming to expand the number of district centers in order to better implement policies enacted by the national and state governments; as a result, NABARD is a large organization with offices in many parts of India. There is a 'federal' body, similar to the Indian Government, with offices and positions in Mumbai, state level officials (28 regional offices), and district level offices. As a result of its organizational structure, NABARD has a variety of oversight, monitoring, and access mechanisms to the various state and district offices. This aids in the execution of the task at all levels.

Agriculture Development in India

Agriculture has a critical part in the economic growth of developing countries such as India. Agriculture releases labour, saves money, adds to the market for industrial goods, and earns foreign currencies in addition to supplying food for the nation. Agricultural development is a crucial component of total economic growth. At the time of Independence, agriculture was India's primary source of national income and occupation. Agriculture and related sectors accounted for approximately half of India's total national income. Agriculture employed over 72 percent of the working population. These figures show that India's economy was backward and based on agriculture at the time of independence. Agriculture's share of overall national income has decreased from 50% in 1950 to 15.96% in 2018-19, after 73 years of independence. Nonetheless, agriculture employs more than 60% of the workforce today. Despite this, it is a significant element of agriculture to remember that the performance of other sectors and the entire economy is heavily reliant on the performance of agriculture. Agriculture remains the most important industry in the Indian economy for these reasons.

Review of Literature

Ekwere and Edem (2019) studied in detail the credit availability for agriculture and its impact on agricultural production and the income of small and marginal farmers. Their study was mainly focused on examining the effect of agricultural credit on agricultural production and they found that agricultural credit improves agricultural production and productivity while also promoting a higher quality of life for small-scale farmers by breaking the poverty cycle.

According to the **A.K. Agarwal (2018)** focused on credit delivery to priority sector and the challenges there to have revealed very important facts that unlike India, there has been dominance of private moneylenders in many developing nations. This has yielded into low productivity and huge expenditure in agriculture.

Gonzalez-Vega, Clandio (2018) in his article "Cheap Agricultural Credit Redistribution in Reversion in Adams, Undermining rural development with cheap credit", west view press (USA), Boulder Frederic A. Praeger (1984) observed that there are two main characteristic of rural financial market in low income countries viz. limited access to institutional credit and bias in the loan supply of formal organization.

Mahesh, V. and K. Kumaresan (2018) NABARD, has a dual role to play as an apex institution or refinance organization. With the goal of promoting integrated rural development, NABARD acts as refinancing organization for all types of loans, which is related to agriculture, handicrafts, small scale industries, real artisans, cottage industries, or other associated monetary functions.

Dr. Pal (2017), in his article has focused the changing trends in agricultural credit. According to his study, access to loan for small farmers, is critical for increased agricultural performance.

Maan, Virpaul Kaur and Singh, Amritpal (2016), On the basis of a study on Role of NABARD and RBI in Agricultural Sector Growth, transportation infrastructure has a considerable beneficial effect on agricultural output and the agricultural development index among other physical infrastructures.

Bhat and Yadav (2016), in their article have critically examined the role of NABARD and SIDBI in the development of Indian microfinance. They have argued that the chain of microfinance has been significantly developing in India from last two decades. The NABARD and SIDBI have been promoting microfinance activities in the rural areas to strengthen the rural economy.

Arora (2015), in his article has studied the agricultural policies in India. Agriculture has been the backbone of the Indian economy from ages and thus it requires more focus and attention of the Government of India for concentrating on making good policies for agriculture sector from first five-year plan.

Aluru, Sambasivarao (2015) in his paper "Role of NABARD in Strengthening SHGs: Current Issues and Future Concerns," discusses the SHG bank Linkage scheme has been hailed as world's most popular microfinance initiatives. The growth of the concept, NABARD's efforts to root the Programme, and the program's impact as revealed by NABARD studies are all discussed in this article.

Research Methodology

Objectives of the Study

- To Analysis of performance of NABARD through ratio analysis.
- To study of Agriculture Development of selected states of India.
- To Analysis the impact of financial assistance in Agriculture Development in selected states.
- To study of assistance given by NABARD through various schemes.

Hypotheses of the Study

H₀: There is no significant difference in Agriculture development in states under study through assistance of NABARD.

H₁: There is significant difference in Agriculture development in states under study through assistance of NABARD.

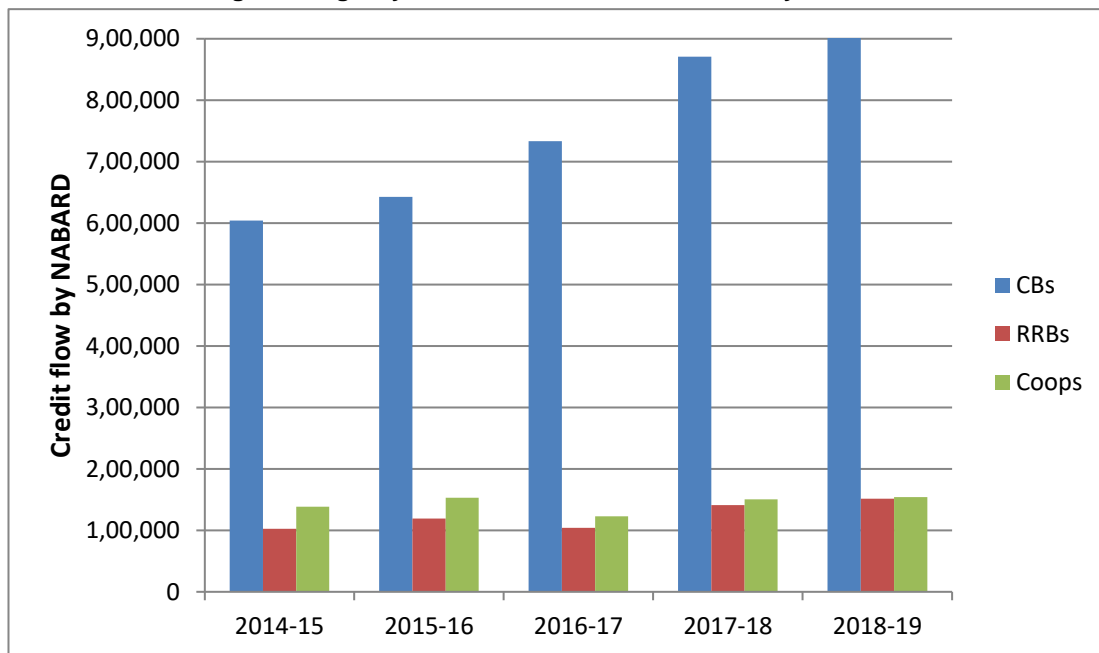
Data Analysis: Agency wise ground level credit flow by NABARD

Table 1: Agency wise Ground Level Credit Flow by NABARD

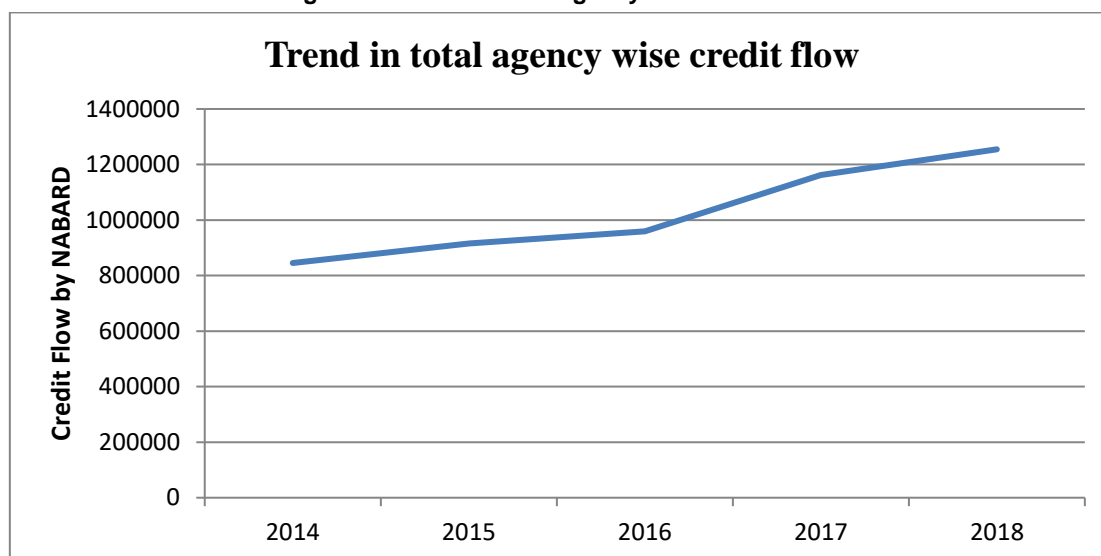
| Agency | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--------------|-----------------|-----------------|-----------------|------------------|------------------|
| CBs | 6,04,376 | 6,42,954 | 7,33,201 | 8,71,080 | 9,49,622 |
| RRBs | 1,02,483 | 1,19,261 | 1,03,974 | 1,41,216 | 1,51,258 |
| Coops | 1,38,469 | 1,53,295 | 1,22,651 | 1,50,321 | 1,53,882 |
| Total | 8,45,328 | 9,15,510 | 9,59,826 | 11,62,617 | 12,54,762 |

The above table are showing different agency wise ground level credit flow by NABARD from year 2014-15 to 2018-19. In above table that showing the total amount increased over year to year. Number of Co-operative banks amount almost increased one and half in the study period.

Figure 1: Agency wise Ground Level Credit Flow by NABARD



The above figure which is showing agency wise ground level credit flow by NABARD. Which is showing that Co-operative banks are higher then RRBs and Coops and both are represents equal results in above figure.

Figure 2: Trend in Total Agency Wise Credit Flow

The above graph showing the data related to different agencies in the form of total flow which is indicate in the graph and represents in ascending because it was above 8 lakhs in the year 2014 and increase over the year to year and in last year of study it was above 12 lakhs in the year 2018-19 which showing its growth in over the year

Table 2: Showing Case Summaries of Agencies

| Case Summaries | | | |
|----------------|------------------|------------------|------------------|
| Years | CBs | RRBs | Coops |
| 2014-15 | 604376.00 | 102483.00 | 138469.00 |
| 2015-16 | 642954.00 | 119261.00 | 153295.00 |
| 2016-17 | 733201.00 | 103974.00 | 122651.00 |
| 2017-18 | 871080.00 | 141216.00 | 150321.00 |
| 2018-19 | 949622.00 | 151258.00 | 153882.00 |
| Mean | 760246.60 | 123638.40 | 143723.60 |
| Std. Deviation | 147420.95 | 21938.63 | 13322.87 |
| Maximum | 949622.00 | 151258.00 | 153882.00 |
| Minimum | 604376.00 | 102483.00 | 122651.00 |

The above table showing about mean, standard deviation, maximum and minimum value of different agencies like Co-operative banks, Regional rural banks and Co-operatives societies. The maximum average is showing of Co-operative banks and minimum average showing Regional rural banks. On the other hand, maximum standard deviation is showing of Co-operative banks and minimum standard deviation are showing Co-operatives societies.

Table 3: Showing Results of between CBs and RRBs

| Correlations | | | | |
|-------------------|------|-------------------------|-------|-------|
| Control Variables | | | CBs | RRBs |
| Coops | CBs | Correlation | 1.000 | .999 |
| | | Significance (2-tailed) | | .001 |
| | | Df | 0 | 2 |
| | RRBs | Correlation | .999 | 1.000 |
| | | Significance (2-tailed) | .001 | |
| | | Df | 2 | 0 |

The above table showing correlations between Co-operatives banks and Regional rural banks in India. There are showing that perfect correlation between CBs and RRBs and the relation are significant between both.

Table 4: Showing Results of t-Test

| | One-Sample Test | | | | | |
|--------------|-----------------|----|----------------|-----------------|-------------------------|-----------|
| | t | df | Sig.(2-tailed) | Mean Difference | 95% level of Confidence | |
| | | | | | Lower | Upper |
| CBs | 11.531 | 4 | .28 | 760246.60 | 577199.31 | 943293.88 |
| RRBs | 12.602 | 4 | .13 | 123638.40 | 96397.98 | 150878.81 |
| Coops | 24.122 | 4 | .32 | 143723.60 | 127181.06 | 160266.13 |

Interpretation

According to data from 2014-15 to 2018-19, NABARD is the bank that provides the most loan to commercial banks in India. The total loan flows to the agencies are increasing over time, indicating that NABARD is focusing on these agencies for India's rural development. Commercial banks have the highest mean of 7,60,246.60, while RRBs have the lowest mean of 1,23,638.40, according to the descriptive analysis. In comparison to other agencies, the data shows that the mean of commercial banks is also higher. According to the trend analysis, overall agency credit flow increased with a significant increase from 2016 to 2017. According to the correlation analysis, there is an approximate perfect correlation of +.999 between CBs and RRBs, indicating that both agencies get grants in the same proportion. CBs have a standard deviation of 1,47,420.95, while RRBs have a standard deviation of 21,938 over the research period. The standard deviation data also reveals that there is no substantial variation between average and actual credit flow in the agencies' chosen time period of 2014-15 to 2018-19. According to the data, the NABARD increases its financial aid to these organizations year after year. The correlation between all funding agencies also shows that there is a positive association between them over a certain time period. The correlation result demonstrates that the NABARD is fully committed to all funding agencies. Because data reveals that each agency plays an important role in rural development, NABARD continues to enhance funding for these agencies. According to the t-test, NABARD's credit flow is continually increasing per agency, demonstrating a similarity in credit trend for chosen agencies from 2014-15 to 2018-19.

Conclusion

To conclude, in the field of rural development, NABARD has served as an apex refinance institution as well as a development institution. It has devised various measures and established gross root level institutions to support the implementation of national policies aimed at increasing agricultural production, creating jobs in rural areas, increasing income through efficient use of local resources, reducing rural and social imbalances through credit-based area-specific programs, increasing banking system credit absorptive capacity, and improving lending quality through proper contingency planning. The study's recommendations would go a long way toward enhancing NABARD's operations and achieving the National Bank's goals, which include increasing credit distribution to boost rural production and productivity.

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