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'PROSPERITY THROUGH 'NABARD' IN RURAL ECONOMY OF INDIA'

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ABSTRACT:-

NABARD is set up as 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. It also has the mandate to support all other allied economic activities in rural areas, promote integrated and sustainable rural development and secure prosperity of rural areas. In discharging its role as a facilitator for rural prosperity NABARD is entrusted with providing refinance to lending institutions in rural areas. Bringing about or promoting institutional development and Evaluating, monitoring and inspecting the client banks.

KEYWORDS: NABARD Establishment and History, Major Activities and Capital Source Of NABARD, Objectives, Role and Functions of Nabard, Supports of Facilitates and Nabards mission, important functions of Nabard, Schemes/Programs Of Nabard

INTRODUCTION:

Besides this pivotal role, NABARD also Acts as a coordinator in the operations of rural credit institutions Extends assistance to the government, the Reserve Bank of India and other organizations in matters relating to rural development Offers training and research facilities for banks, cooperatives and organizations working in the field of rural development Helps the state governments in reaching their targets of providing assistance to eligible institutions in agriculture and rural development Acts as regulator for cooperative banks and RRBs.

ESTABLISHMENT OF NABARD:

National Bank for Agriculture and Rural Development (NABARD) is an apex development bank in India having headquarters based in Mumbai (Maharashtra) and other branches are all over the country. It was established on 12 July 1982 by a special act by the parliament and its main focus was to uplift rural India by increasing the credit flow for elevation of agriculture & rural nonfarm sector. It has been accredited with "matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India".

HISTORY OF NABARD:

After independence, in order to improve rural



credit, the government and Reserve Bank of India decided to set up a committee which would take up a study of agricultural credit in India. This committee was called All India Rural Credit Survey Committee. It was headed by Mr. Gorewalla, The committee's recommendations were accepted by RBI and were implemented. Accordingly, RBI has started two major funds for providing loans to State Governments and also to co-operate banks. The role of RBI in agricultural credit was appreciated. The Indian Parliament through the Act 61 of 1981 approved the setting up of NABARD. The Bank Which came in to existence on 12 July, 1982, was dedicated to the service of the Nation by the Hon'ble Prime Minister of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with view to promoting integrated rural development and securing prosperity of rural areas and for matters connected therewith or incidental thereto."

MAJOR ACTIVITIES:

Preparing of Potential Linked Credit Plans for identification of exploitable potentials under agriculture and other activities available for development through bank credit. Refinancing banks for extending loans for investment and production purpose in rural areas. Providing loans to State Government/Non Government Organizations (NGOs) Panchayat Raj Institutions for developing rural infrastructure. Supporting credit innovations of Non Government Organizations (NGOs) and other non-formal agencies. Extending formal banking services to the unreached rural poor by evolving a supplementary credit delivery strategy in a cost effective manner by promoting Self Help Groups Promoting participatory watershed development for enhancing productivity and profitability of rainfed agriculture in a sustainable manner. NABARD is an apex development bank in India, headquartered at Mumbai with branches all over India. The Bank has been entrusted with "matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India". NABARD is active in developing financial inclusion policy. NABARD is India's specialized bank for Agriculture and Rural Development in India. International associates of NABARD include World Bank-affiliated organizations and global developmental agencies working in the field of agriculture and rural development. These organizations help NABARD by advising and giving monetary aid for the people in the rural areas and optimizing the agricultural process. NABARD has also played a significant role in improving storage facilities for agricultural commodities in the country. It has also promoted the export of agricultural commodities which include vegetables and fruits. It has played a supplementary role in sustaining Green Revolution in the country.

CAPITAL SOURCE OF NABARD:

The existing organizations such as Agricultural Credit Department, Rural Planning Credit Cell of RBI, and Agricultural Refinance and Development Corporation were taken over by NABARD. The Authorized Capital Of NABARD Was Rs. 500 crores. The subscribed and paid up capital as of March 2015 is Rs. 5000 cores out of which Central Government has contributed 4980 Crores and RBI 20 Crores. All the loans granted by RBI to various State Governments and State Cooperative banks for agriculture were transferred to NABARD. As the name suggests, the bank has been set up not only for agricultural finance, but also for the development of rural areas.

OBJECTIVES OF NABARD:

1. NABARD in coordination with the State Governments provides agriculture.
2. It improves small and minor irrigation by way of promoting agricultural activities.
3. It undertakes Research & Developments in agriculture, rural industries
4. NABARD promotes various organizations involved in agricultural production by contributing to their capital.
5. NABARD provides refinance assistance for agriculture, promoting rural development activities. It also Provides all necessary finance and assistance to small scale industries.

ROLE OF NABARD:

Agricultural operations or the marketing of crops, the marketing and distribution of inputs necessary for agriculture or rural development any other activity for the promotion of or in the field of agriculture or rural development. The production or marketing activities of artisans or of small-scale industries, industries in the tiny and decentralized sector, village and cottage industries or of those engaged in the field of handicrafts and other rural crafts.

NABARD is conceived as an exercise in decentralization of the Central Bank's function of providing all kinds of production and investment credit to agriculture, small scale industries, artisans, cottage and village industries, handicrafts and other allied economic activities in an integrated manner with undivided attention, pointed focus and forceful direction, NABARD is also charged with the responsibility of promoting integrated rural development/ and matters concerned therewith and incidental thereto. It is also conceived that NABARD will work in close unison with the Reserve Bank. As regards purveying of credit, NABARD will be the principal financial institution', providing short-term, medium-term and long-term credit to the institutional agencies purveying rural credit. NABARD also would cater to the credit requirements of the industrial units in the small scale, cottage, tiny and decentralized sectors, handicrafts, as also to artisans. It is envisaged that NABARD will be the instrument of social change, which will strive for integrated rural development. With reference to NABARD, RBI will have the responsibility of spawning, fostering and nurturing the new institution. In its new role pertaining to matters of agriculture and rural development, RBI will guide and assist NABARD.

FUNCTIONS OF NABARD:

NABARD provides refinancing facilities to Commercial banks, State co-operative banks, Central Co-operative banks, Regional rural banks and Land Development banks. It provides refinancing to agriculture, small scale industries and other village and cottage industries by lending to commercial banks. It promotes rural industries, small scale and cottage industries including tiny sectors by providing loans to commercial and co-operative banks. Special assistance is given by the bank for the promotion of small scale, cottage and village industries under service area approach. The bills of commercial and co-operative banks are discounted to enable them to finance for agricultural operations. The bank provides funds to State governments for undertaking developmental and promotional activities in rural areas. In order to promote rural development and to help the weaker sections, the bank refinances especially regional rural banks which are set up in backward areas in most of the States. Towards long-term loan, the bank is providing loans to institutions involved in long-term agricultural loan against guarantee of State government. The bank is also financing research and development of agricultural and rural industries. The bank implements the policy of the Central Government and the RBI with regard to agricultural credit. Provides finance for promoting non-farm activities and employment in non-farm sectors for the purpose of reducing rural unemployment. It strengthens the co-operative structure in the States by providing loans to both State co-operative banks and also to Land Development Banks. It promotes minor irrigation projects by financing State Government's sponsored irrigation projects. The bank is undertaking inspection work of Co-operative banks and Regional rural banks. The bank has opened branches at all District headquarters by which it co-ordinates the District development programmes along with the district officials. The bank also helps in the annual credit plan of the commercial banks and co-ordinates the activities of commercial and co-operative banks at the district level. During natural calamities, such as droughts, crop failure and floods, the bank helps by refinancing commercial and cooperative banks so that the farmers tide over their difficult period. Thus, the bank is providing short-term, medium term and long-term loans for agriculture and rural development Ever since the setting up of NABARD, there has been a considerable increase in the distribution of agricultural credit both by commercial and co-operative banks. NABARD has also strengthened up the working of Regional rural banks.

MISSION:

Promoting sustainable and equitable agriculture and rural development through effective credit support, related services, institution building and other innovative initiatives. In pursuing this Mission, NABARD

focuses its activities on: Credit functions, involving preparation of potential-linked credit plans annually for all districts of the country for identification of credit potential, monitoring the flow of ground level rural credit, issuing policy and operational guidelines to rural financing institutions and providing credit facilities to eligible institutions under various programmes Development functions, focusing on overall development by way of capacity building and income generating interventions aimed at supplementing the credit functions as well as making credit more productive Supervisory functions, ensuring the proper functioning of cooperative banks and regional rural banks.

NABARD SUPPORTS AND FACILITATES:

1. Financial Inclusion for inclusive growth
2. Farmers' Club programme.
3. Watershed Development Programme.
4. RFIs to issue RupayKisan Credit Cards.
5. Integrated Tribal Development Programme.
6. Self-Help Group Bank Linkage Programme.
7. Productivity augmentation and technology transfer.
8. Promotion of livelihood opportunities and micro enterprises.
9. Formation of Joint Liability Groups of marginal and tenant farmers.
10. Creating livelihood avenues through skills development in off-farm sector.
11. Policy formulation by GoI, RBI, State Governments on agriculture credit, rural development, institution development and related matters.
12. Research and studies, techno-economic and other surveys, training, dissemination of information in agriculture and rural development and rural banking.
13. Credit Planning, Monitoring and Coordination along with various stakeholders in increasing the ground level credit flow and capital formation in agriculture sector.

The important functions of NABARD are as follows:

- i) Providing finance and also refinance for production and marketing in the rural areas.
- ii) Coordinating and advising the operations of institutions engaged in rural credit.
- iii) Promoting research in agriculture and rural development.

SCHEMES/PROGRAMS OF NABARD:

A). Self-help Group (SHG) Bank Linkage Program: The SHG-Bank Linkage Program is a major plank of the strategy for delivering financial services to the poor in a sustainable manner. It was started as an Action Research Project in 1989, which was the offshoot of a NABARD initiative during 1987 through sanctioning Rs.10 lakh to MYRADA as seed money assistance for experimenting Credit Management Groups. The experiences of these early efforts led to the approval of a pilot project by NABARD in 1992. The pilot project was designed as a partnership model between 3 agencies viz., the SHGs, banks and NGOs.

B). Kisan Credit Card (KCC): KCC Scheme was introduced 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 requirements in a flexible, hassle free and cost effective manner. The objective was to provide an instrument, which would allow farmers to purchase agricultural inputs such as seeds, fertilizers, and pesticides and also withdraw some cash for meeting their production related requirements.

C). Farmers' Club: The program aims to organize farmers to facilitate accessing credit, extension services, technology and markets. NABARD encourages banks to promote Farmers' Club in rural areas under the Farmers' Club Program, earlier known as "Vikas Volunteer Vahini (VVV) Program". Farmers' Club are grass root level

informal forums of farmers. Such clubs are organized by rural branches of banks with the support and financial assistance of NABARD for the mutual benefit of the banks concerned and the village farming community/rural people.

D). District Rural Industries Project: NABARD on a pilot basis had launched an integrated areabased credit intensification program in collaboration with Government, Banks and other development strategies with focus on district known as District Rural Industries Project during 1993-94 with a view to evolving a role model for rural industrialization.

E). Rural Infrastructure Development Fund (RIDF): RIDF is a major source of fund for the development of infrastructure in the rural areas of the State.

F). Watershed Development: The objective of developing watersheds is to significantly mitigate the drought induced distress of farmers in the area. NABARD anchors 4 types of watershed development programs in the country. These programs are: Indo-German Watershed Development Programs, Participatory Watershed Development Program, Prime Minister's Package in 4 states and Integrated Watershed Development program.

CONCLUSIONS:

The paper analyses the role and function of NABARD in rural development. "Growth with Social Justice" has been the basic objective of the Development Planning in India since independence. Since the beginning of planned development, the Government through Five Years Plans made significant strides in developing rural India. The National Bank for Agriculture and Rural Development (NABARD) was set up in July 1982. It became the apex institution to play a pivotal role in the sphere of policy planning and providing refinance facilities to rural financial institutions and for augmenting their resource base. The information so far gathered evidently proves that NABARD is actively working in the field of rural infrastructure development. It plays a constructive role in ensuring that the co-ordination between states and the institutions involved in rural development is smooth and result oriented. There is huge potential for development of micro infrastructure in rural areas but there is no existing mechanism for integrated development of intra village infrastructure. NABARD backed by its experience in RIDF is in a position to take a lead in this direction. The potential infrastructure in this segment include minor irrigation, drinking water supply, sanitation, agricultural and allied sector, warehouse and storage, rural connectivity, education, rural health, etc. Investments in this direction can be increased by focusing on tapping low-cost funding sources with appropriate financial instruments, setting-up an appropriate delivery model, through triangulation of the State Governments, financial institutions and private sector infrastructure agencies.

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