



A Study on Role and Functions of National Bank for Agriculture and Rural Development (NABARD)

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ABSTRACT

National Bank for Agriculture and Rural Development came into existence on 12th July 1982, under Parliament Act – National Bank for Agriculture and Rural Development Act 1981 on the recommendation of B. Sivaraman Committee with a focus primarily on the rural sector of the society. It is the apex bank to provide finance for agriculture and rural development. Before this, RBI was extending agriculture credit through State- Level cooperative and land development banks. In 1963, RBI set up the Agriculture Refinance Development Corporation (ARDC) to meet the long term credit requirement of rural areas. But the NABARD formation all credit functions of RBI and the refinance functions of ARDC was taken by it and ARDC was merged with it.

NABARD has its headquarters in Mumbai. The authorized share capital is 500 crore and paid capital is 100 crore which is contributed equally by the RBI and the Government. Deputy Governor of the RBI is appointed as chairman of NABARD and three of its Central Board directors are nominated as a member of the board of NABARD.

Keywords: - National Bank for Agriculture and Rural Development, Objectives, Role & Functions, Government sponsored schemes

Introduction

NABARD is India's apex development bank, established in 1982, under an Act of parliament to promote sustainable and equitable agriculture and rural development. In its journey of more than four decades, the premier development financial institution has transformed lives in Indian villages through agri-finance,

Infrastructure development, banking technology, promotion of microfinance and rural entrepreneurship through SHGs & JIGs and more. It continues to aid in nation building through participative financial and non-financial interventions, innovational, technology and institutional development in rural areas.

Genesis

The recognition of the importance of institutional credit in boosting rural economy by the Government of India led to the inception of a committee to review the Arrangements for institutional credit for Agriculture and Rural Development (CRAFICARD). This was established under the able Chairmanship of Shri B. Sivaraman, former Member of Planning Commission on 30 March 1979.

Based on the Committee's interim report recommendation, the creation of National Bank for Agriculture and Rural Development (NABARD) was approved by the parliament through Act 61 of 1981. This unique development financial institution was created to focus on credit related issues linked with rural development.

With this intent, the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC) was transferred to NABARD. It was dedicated to the service of the nation by the late Prime Minister Smt. Indira Gandhi on 05 November 1982. As a fully owned Government of India entity, NABARD continues to pen stories of prosperity in rural India.

VISION

Development Bank of the Nation for Fostering Rural Prosperity

Mission

Promote sustainable and equitable agriculture and rural development through participative financial and non-financial interventions, innovations, technology and institutional development for securing prosperity.

Object of Study

The Main object of Study

1. Analyze the Objectives of setting up National Bank for Agricultural & Rural Development.
2. Analyze the Role of National Bank for Agricultural & Rural Development.
3. Analyze the Function of National Bank for Agricultural & Rural Development.
4. Analyze the Government Sponsored Schemes.

Review of Literature

Rajaram Das Gupta (2005) explained that one of the reasons for lackluster performance of both public and private sector bank in extending credit to weaker sections is their high level of NPAs (Non-performing assets).

The Study by the Economic and political weekly research foundation (2006) highlights that credit delivery to the farm and informal sectors have deteriorated because the institutional structures have been allowed to weaken.

Lakshmi Narayanan and Ramanathan (2010) focus that capacity building is the key to the healthy growth and sustainability of SHG Bank Linkage Programmed.

Venkatesh (2011) has concluded that women's livelihood has been prominently empowered by Microfinance. Serving women through microfinance means fighting poverty and promoting gender equality. The weapon of choice can be said as microfinance.

This Research Paper, "A Study on Role and Functions of National Bank for Agricultural & Rural Development" is Unique and different from still have been studied yet. The Research Topic Analysis on Role and Functions and Objectives of National Bank for Agricultural & Rural Development and How does NABARD work and Achievement of NABARD and Analysis NABARD and Government Sponsored Schemes.

Research Mythology

1. The Present Study base of Secondary Data has been collected from different related websites, Magazines, Journal and Newspaper.
2. The Study is based upon secondary information collected from National Bank for Agriculture and Rural Development.
3. This Study has been conducted with reference to the data related to National Bank for Agriculture and Rural Development.

National Bank for Agriculture and Rural Development

National Bank for Agriculture and Rural Development (NABARD) was established on July 12, 1982 with the paid up capital of Rs. 100 crore by 50: 50 contribution of government of India and Reserve bank of India.

It is the apex banking institution to provide finance for Agriculture and rural development. National Bank for Agriculture and Rural Development (NABARD) is an apex institution in rural credit structure for providing credit for promotion of agriculture, small scale industries, cottage and village industries, handicrafts etc.

NABARD is empowering rural India by making it financially inclusive with specially designed initiatives executed under our Financial, Developmental and Supervision departments, Our all-encompassing initiatives cover every crucial aspect of rural economy. Be it refinance support, district level credit plans, new development schemes, implementation of GOIs development schemes, marketing platform, skill development training, supervising cooperative Banks and Regional Rural Banks (RRBs), we have it all under our radar.

As NABARD progress on the path of nation building some of the notable key milestones include the SHG Bank linkage project launched in 1982 which has grown into the world's largest micro finance project. The Kisan Credit Card is recognized to be a source of comfort for crores of farmers. NABARD is pioneer in the field of watershed development as a tool for sustainable climate proofing and have successfully financed one fifth of India's total rural infrastructure.

Objective of Setting up NABARD

- To increase the development activities in rural area they provided refinance to State land Development Banks, Scheduled commercial banks, cooperative banks and other rural banks. Specially in the local and village areas.
- Form a more powerful and efficient credit giving system.
- To achieve the motive policies are formed by it but also it aims to keep it familiar with the central, state and local governmental bodies as well as the RBI.
- Refinancing is major objective just to serve the purpose of increasing agricultural production with development.
- As everything related to this sector now falls with the NABARD it can aim at reducing the variance or contrast in different regions or states.
- To form a credit absorptive capacity i.e. bring people into the formal credit system and introduce them to its scope.
- Also gives guidelines for the promotion of joint activities by providing them with 100% refinance.
- Also refines integrated Rural Development programme.
- It also focuses on running of Trail and error method on schemes on local or district level so that its future and larger aspect could be analyzed.
- Helps home-grown ventures in this field also self-help groups by providing them or lending them with capitals. Also helps in guiding them.
- Various plans, schemes and policies are launched keeping the government and RBI in check for the welfare of people.
- To keep the credit flowing system free and ongoing it also focus on assisting and training the small rural cooperatives or banks for improving their credit delivery system.

Role of NABARD

- It is an apex institution which has power to deal with all matters concerning policy, planning as well as operations in giving credit for agriculture and other economic activities in the rural areas.
- It is a refinancing agency for those institutions that provide investment and production credit for promoting the several developmental programs for rural development.
- It is improving the absorptive capacity of the credit delivery systems in India, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, and training of personnel.
- It co-ordinates the rural credit financing activities of all sorts of institutions engaged in developmental work at the field level while maintaining liaison with Government of India, and State Governments, and also RBI and other national Level institutions that are concerned with policy formulation.
- It prepares rural credit plans, annually, for all districts in the country.
- It also promotes research in rural banking, and the field of agriculture and rural development.

Functions of NABARD

NABARD was established as a development bank to perform the following functions;

- To serve as an apex financing agency for the institutions providing investment and production credit for promoting various developmental activities in rural areas.
- To take measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions and training of personnel.
- To coordinate the rural financing activities of all institutions engaged in developmental work at the field level and liaison with the Government of India, the State Governments, the Reserve Bank and other national level institutions concerned with policy formulation.
- To undertake monitoring and evaluation of projects refinanced by it.
- NABARD gives high priority to projects formed under integrated Rural Development Programme (IRDP)
- It arranges refinance for IRDP accounts in order to give highest share for the support for poverty alleviation programs run by integrated Rural Development Programme.
- NABARD also gives guidelines for promotion of group activities under its programs and provides 100% refinance support for them.

- It is setting linkages between self-help Group (SHG) which are organized by voluntary agencies for poor and needy in rural areas.
- It refines to the complete extent for those projects which are operated under the National Watershed Development Programme and the National Mission of Wasteland Development.
- It also supports “Vikas Vahini” volunteer programs which offer credit and development activities to poor farmers
- It also inspects and supervises the cooperative banks and RRBs to periodically ensure the development of the rural financing and farmers’ Welfare.
- NABARD also recommends about licensing for RRBs and Cooperative banks to RBI.
- NABARD gives assistance for the training and development of the Staff of various other credit institutions which are engaged in credit distributions.
- It also runs programs for agriculture and rural development in the whole country.

Government Sponsored Schemes

The Government of India encourages farmers in taking up projects in select areas by subsidizing a portion of the total project cost. All these projects aim at enhancing capital investment, sustained income flow and employment areas of national importance.

NABARD has been a proud channel partner of the Government in some of these schemes shown in this section subsidy as and when received from the concerned Ministry is passed onto the financing banks.

- New Agricultural Marketing Infrastructure (AMI) sub scheme of ISAM
- Agri Clinics and Agri Business Centers Scheme (ACABC)
- National Livestock Mission – Entrepreneurship Development & Employment Generation (NLM-EDEG)
- Dairy Entrepreneurship Development Scheme (DEDS)
- Commercial production units of organic inputs – National Project on Organic Farming (NPOF)
- GSS – Ensuring End Use of Subsidy Released
- Interest Subvention scheme

Conclusion

After knowing about National Bank for Agriculture and Rural Development (NABARD), Its Role and Functions and on the basis of our analysis we can say that it was an institution that was rightly needed by our Government. Specially to regulate the agricultural sector of the country individually and not with the distributed attention of the RBI. Therefore, this bank has proven its need and by launching new projects, schemes, loan lending modes it has tried to resolve the problem of finance and development as much as possible.

In an Agri-based nation it is more important to focus on such jobs and therefore NABARD ensures that, But this can work better if the administrative official cooperate as well and the fund allotment is not misused Also, many policies and schemes are drafted and brought just for the social case, i.e. upliftment of the farmers etc. but until and unless they are not made aware about these and the government does not educate them it becomes useless.

It has always been in news that farmers commit suicide as they could not pay their loans because of bad crop season, measures to ensure such security should be taken. Even though there are many schemes for instance the Kisan Credit Card (KCC) which could benefit a lot to such farmers but the problem is they do not have knowledge about it. So, ensuring efficient disposal of funds and spreading awareness are important aspects to be looked at.

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