

NABARD INITIATIVES AND ITS IMPORTANCE TO DEVELOPMENT OF THE RURAL AND AGRICULTURAL AREA IN INDIA

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Abstract

India is developing country. There are around 72% of countries population lives in rural areas hence, the agricultural sector plays important role to uplift the Indian livelihood and economy. The Agriculture sectors contribution to the Indian economy is much higher than the world average (6.40). According to the IMF World Economic Outlook (April 2021) India's GDP growth rate in 2021 is projected at 12.55%. So, India is in the 5th position out of 193 Economies. Hence to development of India its agricultural sector plays important role. In India the contribution of agricultural sector to the total GDP in 2018-19 has around 15.4%. To bust the agricultural and rural economy there was the need for institutional credit, so the Government of India and Reserve bank of India formed National Bank for Agriculture and Rural Development (NABARD). It was approved by the parliament through act 61 of 1981 and last NABARD came in to existence on 12 July 1982. Since it had started it develop the nation and fostering the rural prosperity. A NABARD initiative helps the rural development through participative financial and non financial intervention, innovation, technology and institutional development for securing prosperity for growing economy. Present research paper describes the formation and development of the NABARD. It analysis the different initiatives of NABARD and their importance to develop the rural and agricultural area in India and it through the light on Off farm initiatives of NABARD. It also focuses the achievements of different initiatives of NABARD.

Keyword: NABARD, Rural Area, NIDA, SHGs, DIDF, etc.

INTRODUCTION

NABARD is the National Bank for Agriculture and Rural Development. It was established to uplift the rural economy for this purpose Reserve Bank of India (**RBI**) with insistence of Government of India on 30 March 1979 established committee under the chairmanship of **Shri B. Sivaraman**. Committee submitted the report and outlined that there is need for Institutional credit to develop the rural and agricultural sector hence according to the recommendation of Sivaraman committee on **12 July 1982 NABARD** came in to existence and dedicated the service to the Nation by the late Prime Minister Smt. Indira Gandhi on 05 November 1982. It was replaced the Agricultural Credit Department and Rural planning and Credit Cell of Reserve Bank of India and also Agriculture Refinance and Development Corporation.

It is an apex banking institute in India which provide the credit or refinance to the Agriculture and Rural area through various scheme like building infrastructure in rural areas, planning and guidance to the banking sector for completing their credit targets, regulation to the Regional Rural banks (RRBs) and cooperative bank to strengthen the rural credit delivery system. For agricultural credit and rural development policy making activity, NABARD Assist the Government of India, Reserve Bank of India and particular state government.

Financial inclusion, convergence with Government sponsored programs, promotional and developmental initiatives in the area of farm, NABARD also actively participated development oriented activities with the help of Selp-Help Groups, Joint Liability Groups, Farmers' clubs and Research Organizations. Its refinance to the Integrated Rural Development program (IRDP) by the support for poverty alleviation programs.

OBJECTIVES

1. To know what is National Bank for agriculture and rural Development (NABARD)
2. To know the different NABARDs initiatives.
3. To know how NABARD initiatives helps to develop the rural and agricultural area in India.

LITERATURE REVIEW

Fayaz Ahmad Bhat (2013),

Described in his research paper titled “Activities of NABARD for Rural Development in the J&K State” researcher focused on different initiatives of NABARD in the J&K state. Sector and agency wise study has been taken. In sector wise, researcher focused for amount sanctioned and disbursed for 08 sectors out of that in 2010-11 in irrigation sector, There are 320 projects made and highest amount that is 19, 979.14 lack disbursed. So next agency wise loan disbursed to self help group counted so total 1,003.87 Lack disbursed out of which 555.97 were SGS in 2010-11. And focused on the farmers’ club programs in J&K state. With agency wise 239 programs organized in 04 districts in J&K. like watershed development program, KCC etc. In J&K State non farming initiatives also taken like skill development program (SDP), Rural Entrepreneurship Development Program (REDP) etc. It had been concluded that NABARD play vital & important role to economic development of J&K state.

Dr. D.R. Bajwa and D. Raj Raj (June 2020),

Analyzed the role & Function of NABARD in rural development and also focused on NABARDs past and present performance and its major achievements for the year 2007-08, and in 2007-08 purpose wise disbursement showed total Rs. 9,04,627 lack for various purpose like agriculture allied activities, Non farm sector, Promotion of farmer clubs- launching 5277 new clubs got 3.14 crore for it. For research and development fund- amount of grant released 6.34crore. And NABARD also released Rs. 15.52crore for tribal development covering 47 projects in 17 states. It concluded that NABARD performance for rural development has 99% in each year and disbursement also increased for different scheme.

RESEARCH METHODOLOGY

The present research paper researcher used descriptive and analytical methods to describe the main different initiatives of NABARDs and it’s important to develop rural and agricultural area in India. And present research paper purely based on secondary data which has collected from different books, magazines, research articles, websites etc.

NABARD INITIATIVES

NABARD Infrastructure Development Assistants (NIDA)

It is a rural infrastructure fund to develop the rural area; it has with collaboration with state government NIDA Assist and provides financial support in the form of term loan in rural infrastructure development. It has support technically and linkage with existing Development Scheme of NIDA and also helps in evolution and monitoring. NIDA funding the rural infrastructure projects under the three channels,

1. Funding rural infrastructure to state government.
2. Funding PPP projects in rural area.
3. Funding non PPP rural infrastructure projects developed by registered entities like companies and cooperatives.

Since launching in 2010/11 till 2022 NIDA has sanctioned 124 projects of different category like warehousing , sanitation, roads and Bridge, power transmission, renewable energy etc so NABARDs NIDA achieve great progress in last 5 years to credit help of rural infrastructure and that impact directly on the ordinary people livelihood who lives in rural area.

During 2020-21 the benefit from various NIDA projects are as follows.

Sr. no.	Sector	Impact
1.	Irrigation.	13, 83, 013 ha benefited.
2.	Micro irrigation.	1, 39, 000 ha area covered.
3.	Renewable energy.	113 MW power generation capacities built.
4.	Power transmission.	52 projects in 15 states assisting in modernizing, transmission, infrastructure.
5.	Rural connectivity.	7,410km road and 7.93km bridge length built.
6.	Drinking water supply.	31,722habitations with doorstep supply.
7.	Warehousing and cold storage capacity.	29,600 MT capacities created.
8.	Sanitation.	15 million liters per day capacity of sewer

		treatment facility with associated sewer lines.
9.	Communication	Network to connect 30,000+ Govt. offices and free internet to 20 free lakh household.

Source- :<https://www.nabard.org>.

Dairy processing and Infrastructure Development Fund (DIDF)

NABARD is the National bank of Agricultural and Development. So in rural area there is a milk and dairy processing and production along with farming hence NABARD has launched DIDF to help farmers. DIDF announced in the union budget 2017-18. It was instituted the government of India for dairy processing with total corpus of 8004.00 crore for a period of 5 years (2018-19 to 2022-23) with NABARD. The objectives of the scheme to provide subsidized loan 6.5% to stressed milk cooperatives for replacing old chilling and processing plants and focus on building an efficient milk processing and chilling infrastructure and installation of electronic milk testing equipment at village level. The funding period of the scheme to be revised to 2018-19 to 2022-23 and the repayment period extended up to 2030 -31. The DIDF scheme provided loan assistant to milk unions, multistate cooperatives and NDDB subsidiaries across country along with that it has providing assistant to modernize and to create additional infrastructure for processing more milk. DIDF implemented by National Dairy Development Board (NDDB) and National Cooperative Development Cooperation (NCDC). In 2021 the scheme was revised and added various component like milk transportation (Van and Tanker), cattle feed and supplement plants, Marketing (e-market system, bulk vending system) training center, R&D center, renewable energy infrastructure etc. Till 2022, 45 project have been sanctioned with cumulative loan amount of 3,781.46 crore and disbursement is 1349 crore. This is the achievement of this scheme.

Direct Refinance Assistance (DRA) to cooperative Banks.

According to the recommendation of Vaidyanathan Committee it has enabled district central Co-operatives banks to raise financial resources from any Institution regulated by RBI. In response so NABARD has launched the scheme which is short term multipurpose credit product for expanding their business activity, hence NABARD developed a progressive product titled 'short term multipurpose credit product (STMPCP) to provide financial assistance to co-operatives banks for expand their diversification in to variety of business operation under STMPCP providing the working capital requirement, marketing activities, crop loan (above 3.lakh), storage, grading and packing of product. Under NABARD Refinance scheme Assistance to Co-operative Banks for on lending to sugar factories,(co-operatives as well as private). For procurement of sugarcane and also meet the internal expenditure.

Since 2010-11 to till 2022 cumulative sanction under DRA to the Co-operative Banks stands at 82240.94 crore and cumulative disbursement of Rs. 68147.37 crore. This is the achievement of scheme.

NABARD Climate change fund

To grow with sustainable development NABARD created the climate change fund in 2016-17 to address impacts of climate change. Objective of climate change fund to promote and support towards addressing climate change impact, mitigation measure, adaptation, awareness generation, knowledge sharing and facilitate sustainable development.

Activities eligible for assistance in climate change fund

1. Knowledge sharing workshops/seminars and conferences for all stakeholders.
2. Supporting project concepts note and detailed project report (DPRs) for various Entities like NFOs, Green climate fund, Adaptation fund, National Adaption fund for climate change and other funds.
3. For climate change fund helps the strategic Action Research/Applied Research.
4. Preparation of sustainability reports and reporting system.
5. Collaboration with similar natural and international organizations.
6. Supporting experimental projects, interventions on a pilot scale and also assessing and addressing Gender issues.
7. Assist the IT services and product for climate change related activities.

Fisheries and Aquaculture infrastructure Development Fund. (FIDF)

In India fisheries sector has been playing significant role for contribute to the Indian economy. Our countries three side have a coastal area for marine fisheries activities And also huge potential recourses in the form of rivers, cannels, lake, ponds, brackish water etc. govt. of India called "**blue revaluation**" for fishery sector which was primarily focuses on fish productivity, infrastructure facilities for fisheries. In the period 2018-19 to 2022-23 Govt. of India's Department of fisheries, Ministry of fisheries animal Husbandry and Dairy has launched FIDF scheme with aim to achieve sustainable growth of 8.9% of fish production to the level of about 20 million tons by 2022-23. It has contributing to the economic development together with the nutritional security. Under FIDF scheme, all scheduled banks\NCDC are treated as nodal loaning entities for providing loan. Money lending will

be through the scheduled banks/NCDC, scheduled banks/NCDC as NLEs may rise own funds and NABARD refinance them. The government of India authorized NABARD to act as a pass through agency for channelizing interest subvention to all loaning agency.

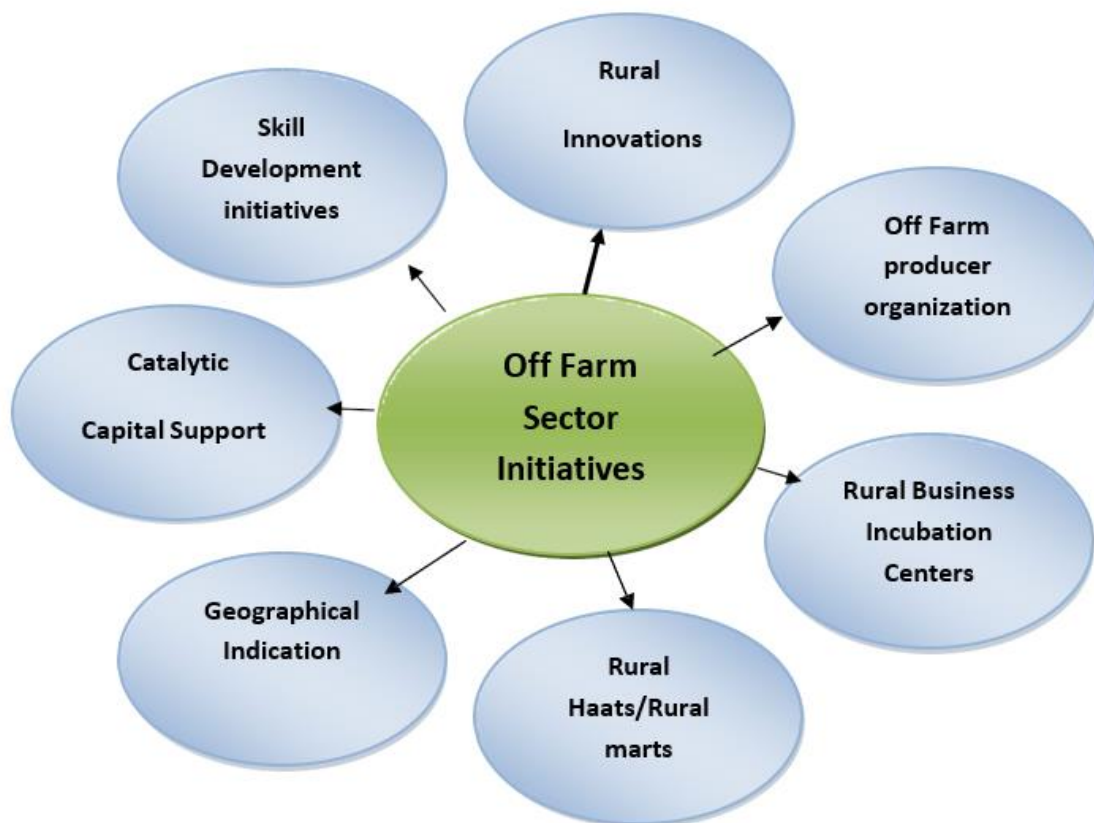
FIDF provides concessional finance support facility for development of varies inland fisheries activities

Objectives of the scheme

1. Creation of Marine Aquaculture infrastructure.
2. Aquaculture Infrastructure.
3. Creation Modernization of capture and culture fisheries infrastructure.
4. *Improve* domestic marketing facilities through infrastructure support.
5. Facilitate completion of ongoing infrastructures projects.
6. Provide concessional finance support for development of various inland fisheries activities. Ex: Brood bank, development of aquaculture hatcheries, cage culture, fish processing units.

As on 30 April 2022, NABARD has been sanctioned term loan of 1260.28 crore, and the disbursed amount of 365.70 crore. For this scheme.

Off Farm sector initiatives of NABARD.

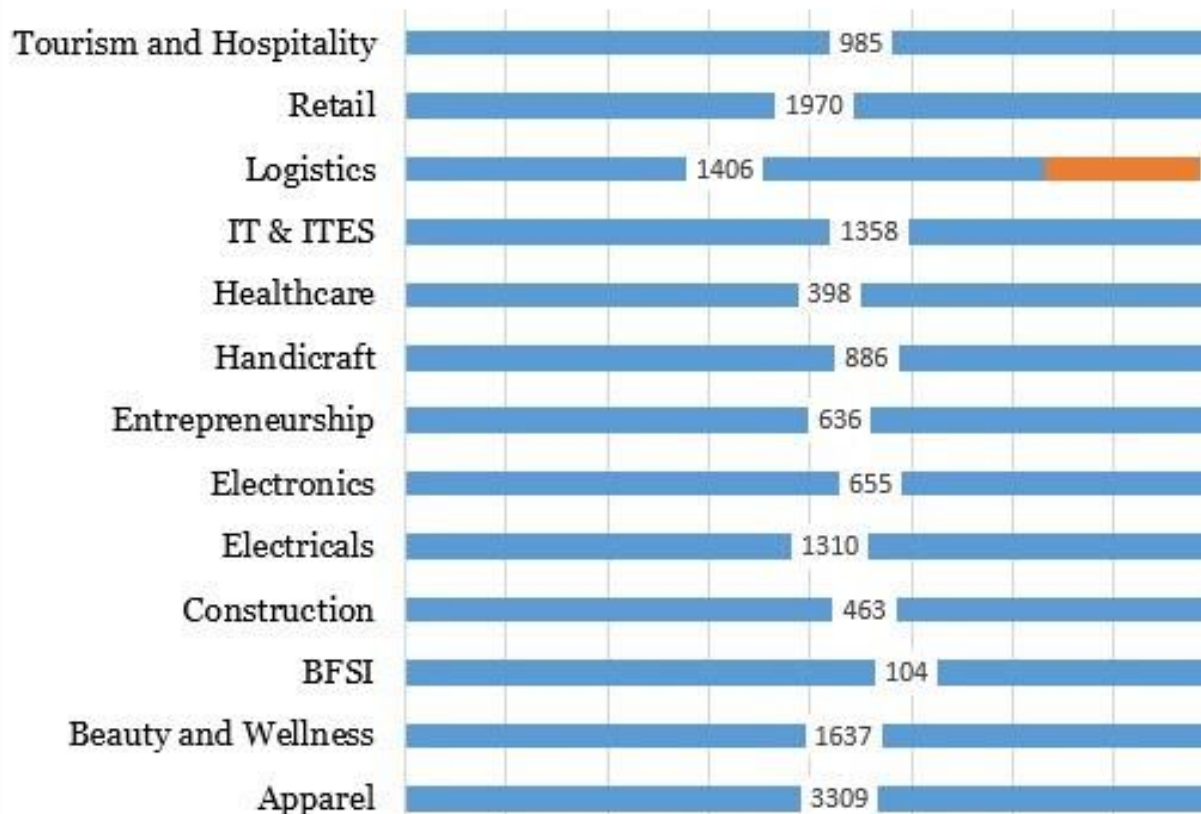


Skill Development Initiatives of NABARD

NABARD was developed for to enhance rural and agricultural sector in India. Young population of India has grown in the rural area. they all has learned but there is a gap related to different skills, so to fill this rural skill gap NABARD has developed structural approaches through various skill development program. NABSKILL provides complete digitization of skill interventions right from application, effective implementation, monitoring and placement.

During 2019-20, NABARD has extended grant assistance of 18.92 crore for skilling 33,216 rural youth through 1066 programmes. So sector wise candidate trained Vs Settlement rate as follows.

Sectorwise Candidates trained vs Settlement rate



Source: www.nabskillnabard.org/off-farm-sector.php

Off Farm Producer Organization (OFPO)

It is a legal entity formed by producers in rural area which provides and sharing the profit and benefits among their member like artisans, weavers, craftsmen etc. It plays important role to ensure better income realization in its member through promotional activities like handloom, handicraft, design innovation and development, brand building and processing for generate local employment.

In 2020- 21 OFPOs covering around 11,678 beneficiaries supported with grant of 12.88 crore across 19 states. 18 OFPOs have been registered under companies act.

Geographical Indication

Geographical Indication is the intellectual property right of particular geographical area. Goods originating from specific geographical location and having special distinct nature, quality and characteristic for linked to that location. Ex. Basmati rice, Banaraci sarees, Dargiling tea. It helps to empower the rural communities in the form of creating local employment, support band building, preserving traditional knowledge etc.

Rural Haats/Rural Marts

It has a vital initiative of NABARD to rural communities for providing accessible market place to buy and sell their farm and off farm product. NABARD helps existing as well as setting up of new rural haats and marts. As on 31 March 2020, 563 Rural haats have been supported with grant assistance of 34.21 Crore.

Exhibition/ melas

Exhibition and melas is playing very important role to direct marketing platform to the artisans with access to market intelligence, bulk orders and customer preferences. NABARD support organizing exhibition independently as well as with collaboration of major partner in different places in India. So it helps to enhance and empower the rural artisans with minimum cost.

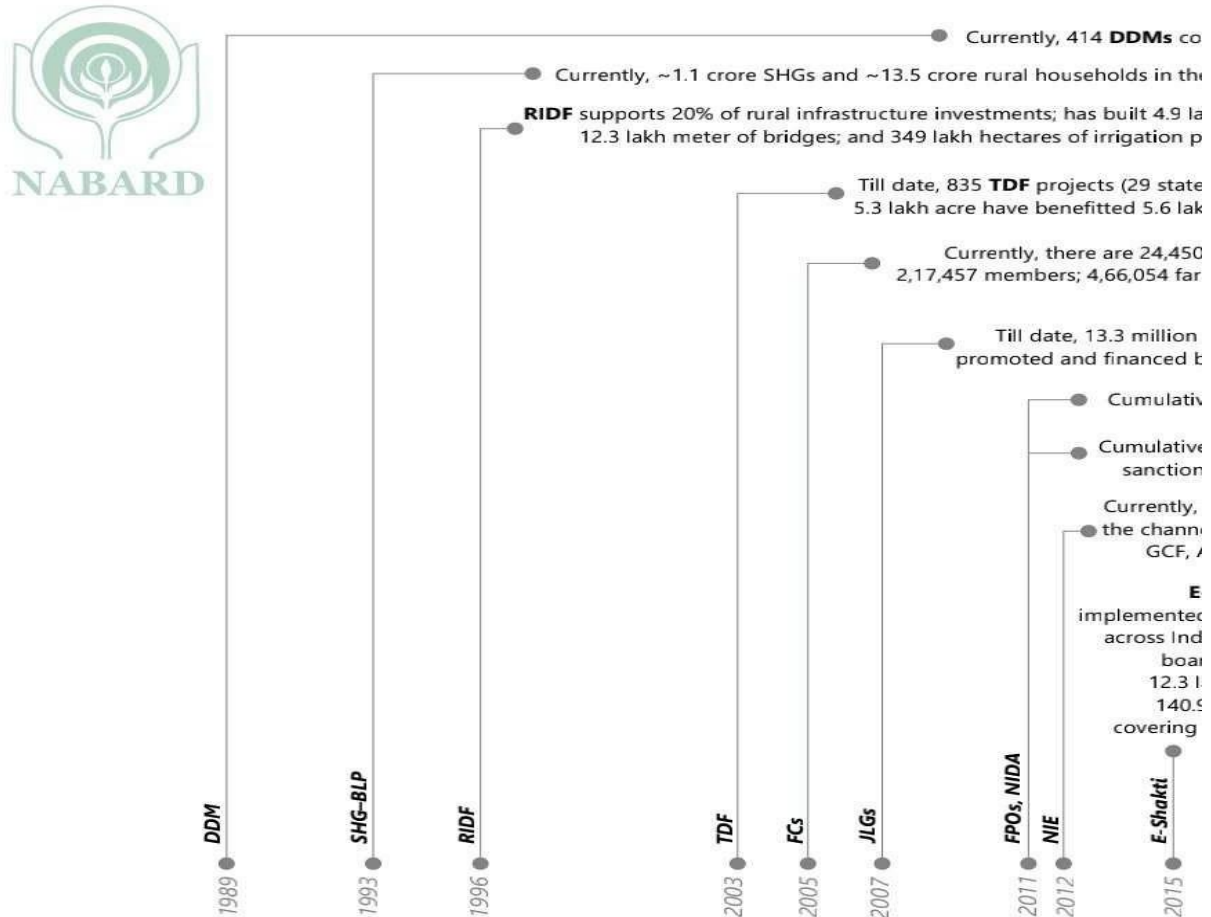
Catalytic capital support

It support the start-ups in the stage of 'Valley of Death' of Farm as well as non farm sector to stimulate and enhance ideas and inventions which leads to create enterprise, increased employment, income-generated activities in rural area for this scheme support is available through NABKISAN and MABIF

Rural business incubation centers

NABARD helps eligible Institution for setting up agree business incubation centers to enhance early stage innovative enterprises have ability to produce high growth potential in agribusiness. It helps allied activities that agree as well as Off farm activities. The producer directly connected with the consumer so middleman is not there hence farmer get directly benefit for this through got full value of their product. Still NABARD helps 07 incubation centers and there about 47,000 farmers benefited from this scheme.

Important of NABARD to develop the Rural and Agriculture area in India.



NABARD Evolution

Source - NABARD annual report 2020-21.

1. Self Help Group-Bank Linkage Program (SHG-BLP).

It has a cost effective mechanism for providing financial services to the unreached poor households, in 1992-93 it was started for around 500 SHG for poor, now it become the largest microfinance program in the world. Now presently in 2021-SHG-BLP currently ~1.1 crore and ~13.5 crore rural households in the SHG-BLP holds, hence it has most of the rural people helps to enhance oneself through this scheme. It has 05 panchsutras as fallows.

1. Conducting regular group meeting.
2. Regular saving in the group.
3. Internal lending.
4. Timely repayment.
5. Maintain proper books of account.

SHG contain 85% of exclusively women to provide and push the women empowerment in rural area.

2. NABARD is the coordinator between institution which involved in the developmental projects like RBI, central government, state Government. Etc.
3. NABARD is the monitoring and evaluate the project started for the development of rural areas, Refinance to the financial institution; provide the training facility to the institution that uplift the rural area, Research and development fund maintained and also promoting the agriculture and rural area.
4. NABARD has an apex Institution that deals with operational aspects of rural credit.
5. From establishment of NABARD to 2021 NABARD plays vital role to develop the Indian agriculture and rural area.
6. There should be need to complete basic need in rural area one of them is infrastructure. NABARDs RIDF Supports 20% of infrastructure investment from 1996 to 2021. RIDF builds 4.9 lakh meters of roads, 12.3lakh meters of bridges, and 349 lakh hecters of irrigation potential.
7. Under the NIDA (National Infrastructural Development Assistant) from 2011 to 2021 cumulatively 5, 060 FPOs formed and cumulatively 111 projects sanctioned under NIDA.
8. One of the important schemes of NABARD is E- **Shakti**. From 2015 to 2021 E- shakti is being implemented in 281 district across India with data on boarded till date for 12.3 lakh SHGs, it has 140.9 lakh member covering 1.7 lakh villages. It provides an end-to- end solution to the SHG-BLE by standardizing books of accounts and bringing transparent and regulatory in operations in a digital ecosystem.
9. From 2012 NABARD working as a National implementing entity and channeling agency for GCF, AFB and NAFFC.
10. Few years ago farmer in India only work in his or any another farm there has not any participation of him to determine price which they produce. Not any idea about farm related enterprises and startup so they did not get proper price or benefit of production but on latter situation has been changed today's farmer not only producer but also entrepreneurs, marketers and agree businessman so to enhance him to up, this stage NABARD OFF farm Development Department play important role for promotional activities, marketing activities, provides financial support, support to the rural business incubation centers.etc.

CONCLUSION

NABARD is playing vital role to develop and push the rural India. As we know that Indian economy is the agricultural economy because real India lives in the villages and the village most of financial sources and most of family depends on agriculture. Hence, to reach the unreached area NABARD role is very important in the form of finance, Refinance, Infrastructure, promotional activity provide agricultural consultancy, farmers club etc. when NABARD starts, its size of balance sheet was 4,519 crore. And in 2021 size reached 6, 57, 798 crore. Showed that role and its work expand high in numbers and also in quality which enlighten the needy people who lives in rural area, where there has a source of livelihood is agriculture. NABARDs NIDA helped to fund the basic needs in rural area like irrigation, warehouse and cold storage capacity, sanitation, rural connectivity etc. NABARD Climate change fund, FIDF, Direct Refinance Assistance initiatives has great importance for developing all Indian rural and agricultural area, so concluded that NABARD is one of the essential institution in India which helps to develop the Indian rural and agricultural sector.

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