

Impact of Growth & Sustainability of NABARD towards Rural India

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Abstract

Finance is the lifeblood of any organization. The agriculture sector also relies heavily on the usage of credit. Timely and adequate credit is an essential step in increasing production. To cater to the credit requirements, many agencies have come up. National Bank for Agriculture and Rural Development (NABARD) is India's top or apex agricultural and rural development financial body. 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. Indian economy is agricultural economy and real India lies in villages. Without the development of the rural economy, the objectives of economic planning cannot be achieved. Hence, banks and other financial institutions are considered to be a vital role for the development of the rural economy in India. NABARD are playing a pivotal role in the economic development of the rural India. NABARD is a lifesaving institution for many rural families. This paper aims to understand the government sponsored schemes taken by NABARD. 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. This paper tries to highlight the contribution of NABARD in Agriculture and Rural development in India.

Keywords: NABARD, Agriculture Development, Financial Assistance, Rural Development.

1. Introduction

From 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 different 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. NABARD came into existence on 12 July 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC). It was dedicated to the service of the nation by the late Prime Minister Smt. Indira Gandhi on 05 November 1982. Set up with an initial capital of Rs.100 crore, its' paid-up capital stood at Rs.14,080 crore as on 31 March 2020. Consequent to the revision in the composition of share capital between Government of India and RBI, NABARD

today is fully owned by Government of India. NABARD almost touches every aspect of rural economy by providing various financial functions like refinance to the various institutions to support their resources, to provide short term and long term loans, to provide special liquidity facility, to provide rural infrastructure development fund, NABARD has also released fund for Pradhan Mantri Awaas Yojana - Grameen (PMAY-G), Micro Irrigation Fund (MIF), NABARD Infrastructure Development Assistance (NIDA), Direct Refinance Assistance to DCCBs for Short-Term Multipurpose Credit (DRA), Credit Facility to Federations (CFF), Dairy Processing and Infrastructure Development Fund (DIDF), Fisheries and Aquaculture Infrastructure Development Fund (FIDF), NABARD has also launched some new products like Rural Infrastructure Assistance to State Governments (RIAS), Warehouse Infrastructure Fund, Food Processing Fund, Geo Tagging of

Warehouses, NABARD in the year 2020-21 performed 302 statutory inspections and 9 voluntary inspections to check the financial position of banks/other institutions as on March 31, 2020.

2. Review of Literature

Singh & Sharma (2018) NABARD plays a crucial role in providing credit to agriculture, rural industries, and infrastructure projects. Studies highlight how NABARD's financial interventions facilitate economic growth in rural areas by enhancing agricultural productivity and supporting rural enterprises.

Patel & Patel (2020) NABARD funds and supports rural infrastructure projects such as irrigation, roads, and market facilities, which contribute to enhanced connectivity and economic opportunities in rural communities.

Kumar & Singh (2019) NABARD promotes sustainable agricultural practices, including organic farming, water conservation, and soil health management. Research shows how these initiatives contribute to environmental sustainability and resilience in agriculture.

Mishra & Verma (2021) Studies assess NABARD's efforts in funding and promoting climate-resilient agriculture, mitigating the impact of climate change on rural livelihoods and agricultural production systems.

Sharma & Choudhary (2017) Literature reviews indicate positive economic impacts of NABARD's interventions on rural households, including income generation, poverty alleviation, and improved living standards.

Jain & Agarwal (2020) Research highlights NABARD's initiatives aimed at promoting social inclusion, particularly among marginalized communities such as women and small-scale farmers. These programs empower rural populations and enhance social equity.

Gupta & Sharma (2018) Scholars discuss challenges such as bureaucratic delays, institutional capacity constraints, geographic disparities that affect the efficient implementation of NABARD's programs.

Verma & Singh (2022) Recommendations for enhancing NABARD's role in promoting growth and

sustainability include leveraging digital technologies, enhancing farmer education and training, and integrating climate-smart agriculture practices into rural development strategies. [1-5]

3. Objectives of the Study

- To understand the role of NABARD in providing the Rural credit facilities in India.
- To check the contribution of NABARD in Indian economic growth.
- To find out the growth and surplus (sustainability) of NABARD during the study period.

4. Research Methodology

- **Area of Study:** The project has been prepared on the area of NABARD.
- **Data Type:** This project has been prepared on the basis of secondary data.
- **Period of the Study:** The Data is collected for a period of 5 years for the purpose of the study during the period from 2018-2019 to 2022-2023.
- **Tools and Techniques:** Different chart, graph, diagram has been used for data analysis. Analysis and finding are done by studying the charts, graph and tables prepared with the help of secondary data.

5. 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. [5-10]

5.1. 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.

6. Data Analysis, Findings and Interpretation

Table 1 Total Short Term And Long-Term Refinance Under Concessional Funds From GOI Provided By NABARD (Rs. In Crore)

Sr. No.	Year	Rs. in crore (Shor-Term Refinance) Production Credit	Rs. in Crore (Long-Term Refinance) Investment Credit
1.	2018-19	90,088	90,254
2	2019-20	1,00,382	78,180
3	2020-21	1,30,964	92,786
4	2021-22	1,52,136	1,16,136
5	2022-23	1,58,905	1,07,015

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



Figure 1 Total Short Term and Long-Term Refinance

Interpretation: From the above table it is found that short term Refinance by NABARD in the year 2018-19 is ₹ 90088 crore and in the next year it is increases about ₹10000 crores to ₹100382 crores. There is an increasing trend for giving short term Refinance. Increase of Long-term Refinance the amount given by the NABARD in different year are fluctuate. Table 1 shows Total Short Term And Long-Term Refinance Under Concessional Funds From GOI Provided By NABARD (Rs. In Crore). Figure 1 shows Total Short Term and Long-Term Refinance. Table 2 shows Sector Wise Sanctions under the Rural Infrastructure Development Fund (RIDF) By NABARD and Figure 2 shows Sector Wise Sanctions under the Rural Infrastructure Development Fund (RIDF) By NABARD. Figure 3 shows NABARD fund provided to the Development Initiatives in Indian Economy. Table 3 shows NABARD fund provided to the Development Initiatives in Indian Economy.

6.1. Financial (Disbursement)

Table 2 Sector Wise Sanctions under the Rural Infrastructure Development Fund (RIDF) By NABARD

Year	Agriculture (other than irrigation) activities (Cr.)	Irrigation (Cr.)	Rural Connectivity (Cr.)	Social Infrastructure (Cr.)	Total (Cr.)
2018-19	3,320	9,811	1,0553	6,801	30,485
2019-20	3,080	9,828	9,164	8,270	30,342
2020-21	3,055	12,671	9,440	9,664	34,830
2021-22	6,363	11,008	13,665	15,037	46,073
2022-23	8,030	11,314	15,519	12,367	47,231

Source: Annual Report of NABARD

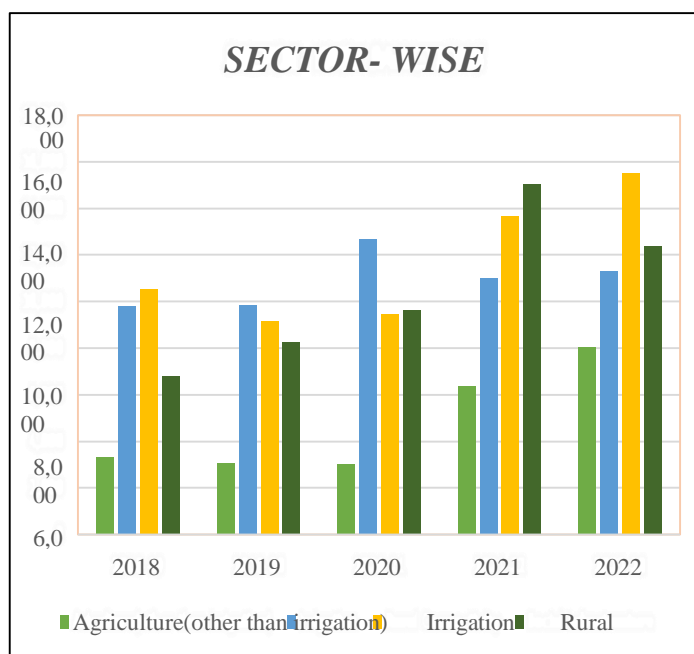


Figure 2 Sector Wise Sanctions under the Rural Infrastructure Development Fund (RIDF) By NABARD

Interpretation: Table 2 shows the Sector-wise sanctions under the Rural Infrastructure Development Fund (RIDF) by NABARD for FY 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 and Chart: 1 is the graphical representation of it. Total amount sanctioned by NABARD has been increased from ₹30,485 Cr. in FY 2018-19 to ₹47,231 Cr. in FY 2022-23. Chart: 2 is the graphical representation of sanctioned amount by NABARD to different sectors for financial year 2022-23. It is showing that highest

amount has been sanctioned to Rural Connectivity which is 33% (i.e. ₹15,519 Cr.), second highest amount has been sanctioned for Social Infrastructure which is 26%% (i.e. ₹12,367Cr.), 24% amount (i.e. ₹11,314Cr.) has been sanctioned for irrigation and lowest amount which is 17% (i.e. ₹8,030 Cr.) has been sanctioned for agriculture and related activities in the financial year 2022-23. Figure 4 shows Growth of Surplus of National Bank for Agriculture and Rural Development.

6.2. Development Initiatives

Table 3 NABARD fund provided to the Development Initiatives in Indian Economy

Particulars	2022-23	2021-22
Watersheds development	86	71
Area (hacter)	80,022	70,148
Families benefitted number	34,744	28,684
Spring- shed development	30	31
Area (hacter)	8,850	10,137
Families benefitted no.	1,890	1,953
Project under Tribal Development Fund no.	68	63
Area (acre)	17,793	20,470
Families benefitted no.	24,133	24,682

Source: Annual reports of NABARD

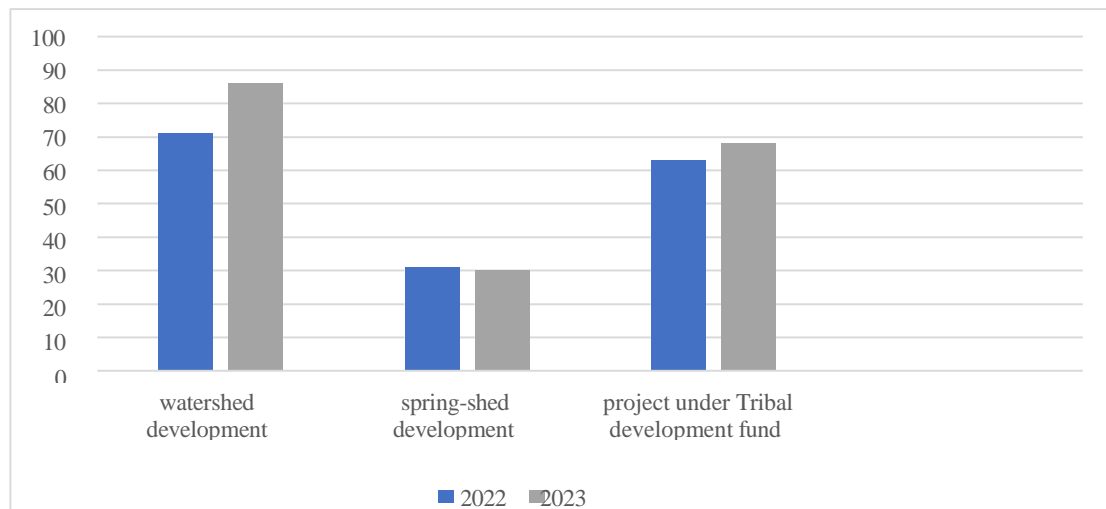


Figure 3 NABARD fund provided to the Development Initiatives in Indian Economy

Interpretation: From the above Table: 3 it is shows that there is an increase in the number of watershed development projects undertaken by NABARD from 71 in 2021-22 to 86 in 2022-23. Similarly, there is an increase in the area covered and the number of families benefited, indicating NABARD's expanding efforts and impact in watershed development activities. There is a slight decrease in the number of spring-shed development projects from 31 in 2021-22 to 30 in 2022-23. The area covered and the number of families benefited also showed a decrease, suggesting potential adjustments or changes in focus in these initiatives by NABARD. There is an increase in the number of projects under the Tribal Development Fund from 63 in 2021-22 to 68 in 2022-23. However, there is a decrease in the area covered under these projects, while the number of families benefited remained relatively stable.

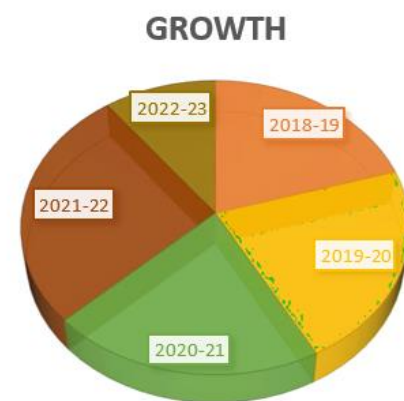


Figure 4 Growth of Surplus of National Bank for Agriculture and Rural Development

Table 4 Growth of Surplus of National Bank for Agriculture and Rural Development

Year	Surplus (Rs.Crore)	Growth (%)
2018-19	3365	13.64
2019-20	3859	14.68
2020-21	4401	14.04
2021-22	5194	18.01
2022-23	5554	6.93

Source: Annual reports of NABARD

Interpretation: As per the Table: 4 it can be determined that 2018-19 to 2019- 20 the surplus increased from ₹3365 crore to ₹3859 crore, with a growth rate of 14.68%. 2019-20 to 2020-21 the surplus further increased from ₹3859 crore to ₹ 4401 crores, with a growth rate of 14.04%. 2020-21 to 2021-22 there was a significant increase in surplus from ₹4401 crore to ₹5194 crore, with a growth rate of 18.01%. 2021-22 to 2022-23 the surplus continued to grow from ₹ 5194 crores to ₹5554 crore, albeit at a lower growth rate of 6.93%. Overall, NABARD has shown a consistent growth in surplus over the years, with varying growth rates. The highest growth is observed from 2020-21 to 2021-22, indicating a period of substantial accumulation. The growth

percentages reflect NABARD's financial health and its ability to generate surplus over the specified years.

7. Findings

Based on the provided information from various tables and charts related to NABARD's activities and financials interpretations the key findings are:

- **Refinance Trends by NABARD:** Short-Term Refinance: There has been a steady increase from ₹90,088 crore in 2018-19 to ₹1,58,905 crore in 2022-23.
- **Long-Term Refinance:** Fluctuated but generally increased from ₹90,254 crore in 2018-19 to ₹1,07,015 crore in 2022-23.
- The total amount sanctioned increased from ₹30,485 crore in 2018-19 to ₹47,231 crore in 2022-23, with significant allocations to Rural Connectivity and Social Infrastructure.
- Positive trends in Watershed and Tribal Development initiatives, with increases in projects and beneficiaries, though slight fluctuations in Spring-shed development.
- Surplus grew consistently, reaching ₹5554 crore in 2022-23, though the growth rate varied annually.

Conclusion

NABARD (National Bank for Agriculture and Rural Development) plays a pivotal role in India's rural and agricultural sectors, as evidenced by its extensive financial initiatives and developmental projects. Over the years, NABARD has significantly increased its financial support through both short-term and long-term refinancing, reflecting a growing commitment to bolstering rural economies. From 2018-19 to 2022-23, there has been a noticeable upward trend in the disbursement of refinance funds, particularly in short-term production credit, underscoring NABARD's proactive approach in supporting agricultural production cycles. Moreover, NABARD's allocations under the Rural Infrastructure Development Fund (RIDF) have also seen substantial growth, with investments directed towards agriculture, irrigation, rural connectivity, and social infrastructure. This strategic investment has not only enhanced agricultural productivity but has also contributed to improving rural living standards and infrastructure, as illustrated by the significant

increase in total sanctions from ₹30,485 crore in 2018-19 to ₹47,231 crore in 2022-23. NABARD'S Developmental initiative, such as water-shed and spring-shed development projects, highlight its commitment to sustainable rural development. While there have been fluctuations in specific project numbers and coverage areas, overall, these efforts have positively impacted thousands of rural families by improving water management and agricultural practices. Similarly, projects under the Tribal Development Fund have expanded, albeit with varying outcomes in terms of area coverage and family beneficiaries, indicating ongoing adjustments to optimize impact. Financially, NABARD has shown robust growth in surplus over the years, reflecting its effective management and operational efficiency. Despite fluctuations in growth rates, the consistent accumulation of surplus underscores NABARD's financial stability and its ability to support continued developmental activities across rural India. In conclusion, NABARD stands as a crucial institution driving inclusive growth in India's rural economy through robust financial interventions, strategic developmental projects, and widespread public trust. Its multifaceted role in financing, development, and community empowerment underscores its significant impact on rural livelihoods and overall economic stability in the country.

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