

## Agriculture and Rural Development in India: The Role of NABARD

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### I. INTRODUCTION

Agriculture with its associated sectors is indubitably the largest source of revenue provider in India, more so in the vast rural areas. It also contributes a substantial figure to the Gross Domestic Product (GDP). Justifiable agriculture, in the context of food safety, rural employment, and environmentally defensible technologies such as soil conservation, natural resource management and biodiversity protection, are essential for holistic rural development. Indian agriculture and allied activities have observed a green revolution, a white revolution, a yellow revolution and a blue revolution, and agriculture sector of India had travelled many mile stones still the agriculture sector has been confronted with various challenges, both natural and man-made. A key area of concern for policy-makers is the huge difference between the potential and actual economic performance of this sector. Government is still working for the development of agriculture sector because it directly contribute in the development of rural India and NABARD is one of the such step taken by the government in development of agriculture sector in India.

#### Objectives of the paper

The focus of the paper is on to through light on agriculture and rural set up in India as well as the initiatives taken by the NABARD with the help of other organisation such as government of India, RBI etc. So the key Objectives of the paper are:

1. To define the situation of agriculture sector in India.
2. To define the contribution of agriculture in GDP and rural development.
3. To describe the contribution made by NABARD in rural and agricultural development

#### State of Agriculture in India

India is an agrarian economy here more than 125 crore of population is indulged in agriculture directly or indirectly. (Source: Economic Survey). Specifically 60 % rural population is involved in agriculture. We can say that the source of earning for rural India is agriculture only But when we see the land availability for agriculture, the facts are quite surprising. Compared to the total geographical area, the land available for agriculture is limited.

Table here defines land distribution:

Agricultural land	2007	1 799 000	km <sup>2</sup>
Agricultural land per 1000 population	2007	1.5	km <sup>2</sup> per 1000 population
Agricultural land (percentage of total area)	2007	54.7	% of total area
Agricultural land (percentage of land area)	2007	60.5	% of land area

There are various reason for it like:

- India has a forest cover of more than 21.34 % of the country's total geographical area.
- There is tribal area that make faith in shifting cultivation that cause lots of loses
- Shortage of water for irrigation
- Lack of knowledge in rural area.
- No proper harvesting technique and price mechanism of agriculture goods that also create loan burden on farmers and due to which farmers commit suicide also I some parts of India.

### **Contribution in Development and GDP**

Agricultural sector in India plays a strategic role in the process of economic development. The future planning prospect in India depends heavily on agricultural sector. A good agriculture output always provides push towards a planned economic development of the country by creating a better business environment for the transport system, manufacturing industries, internal trade etc. The agricultural sector is playing a very important role in India and the prosperity of the Indian economy still largely depends on agricultural sector. Thus from the preceding analysis it is witnessed that agricultural development is the basic requirement of sectorial diversification and development of the economy.

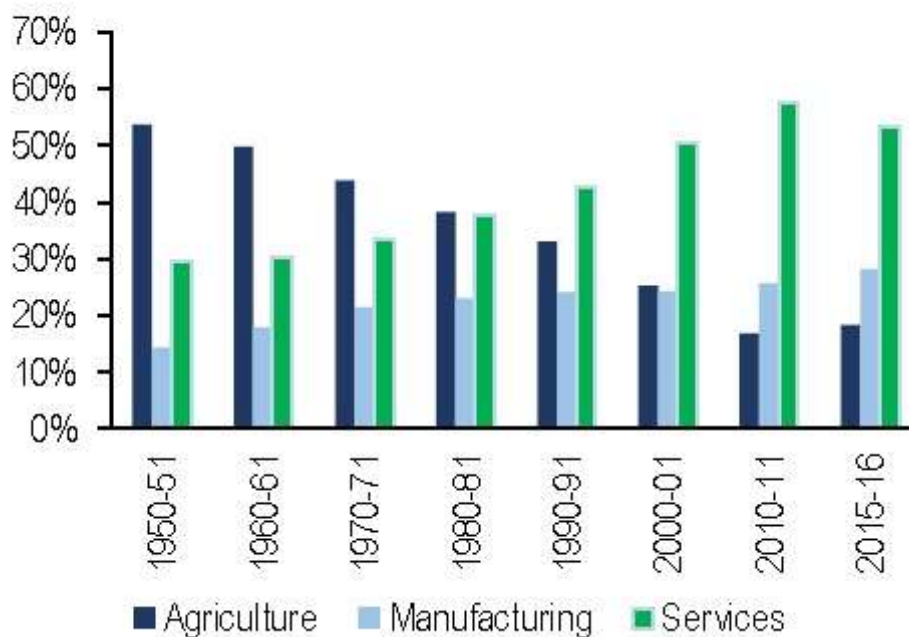
Indian Agriculture is playing a very important role both in the internal and external trade of the country. Agricultural products like tea, coffee, sugar, tobacco, spices, cashew-nuts etc. are the main items of exports in India and constitute about 50 per cent of our total exports. Besides manufactured jute, cotton textiles and sugar also contribute another 20 per cent of the total exports of the country. Thus nearly 70 per cent of India's exports are originated from agricultural sector. Further, agriculture is helping the country in earning precious foreign exchange to meet the required import bill of the country.

### **For increasing marketable surplus of agricultural output essential steps to be taken in India for:**

1. Increasing supply of food and raw materials at non-inflationary prices;
2. Widening the domestic market for industrial products through higher purchasing capacities in the rural sector;
3. Facilitating inter-sectoral transfers of capital needed for industrial development along-with infra-structural development;
4. Increasing foreign exchange earnings through increasing volume of agricultural exports.

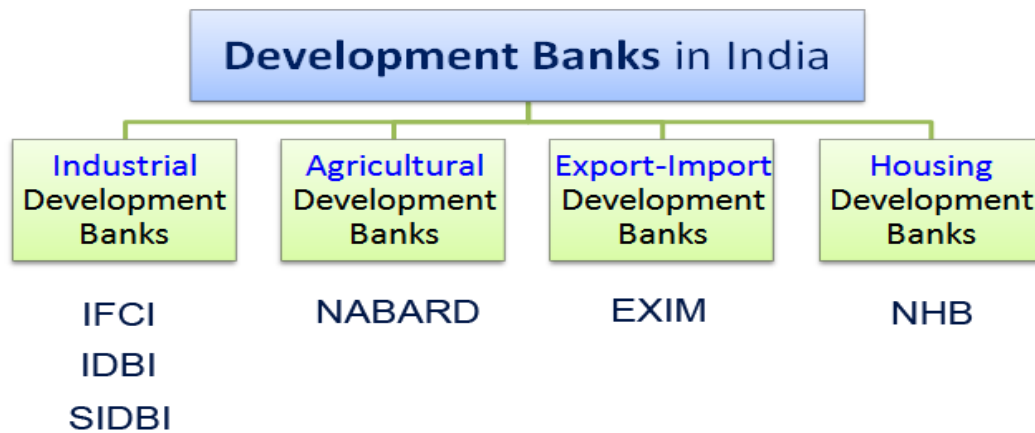
Agriculture contributes a lot in GDP of India as well in development of country, specially rural India because a large part of rural India depends on it directly or indirectly. We can see time based GDP contribution in the table below:

**Contribution to GDP of sectors (%)**



### **Initiatives of NABARD in Rural and Agricultural Development**

In India there are various development banks that contribute in rural and agricultural development in the country. NABARD is one of them, That we can see from the table given below:



National Bank for Agriculture and Rural Development (NABARD) was formed in 1982 with the mission “to promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives ([www.nabard.org/mission](http://www.nabard.org/mission)). For the rural financial system in the country a strong and efficient credit delivery system, capable of taking care of the expanding and diverse credit needs of agriculture and rural development is required. More than 50% of the rural credit is disbursed by the Co-operative Banks and Regional Rural Banks. NABARD is responsible for regulating and supervising the functions of Co-operative banks and RRBs. We can see a detailed table here that shows credit flow by the roots of NABARD:

<b>First Advance Estimates of GVA at Basic Price by Economic Activity (At Current Prices)</b>					
(₹ crore)					
Industry	2016-17	2017-18 (PE)	2018-19 (1 <sup>st</sup> AE)	Percentage change over previous year	
				2017-18	2018-19
1. Agriculture, Forestry & Fishing	24,84,005	25,94,729	26,92,433	4.5	3.8
2. Mining & Quarrying	3,32,947	3,74,689	4,57,301	12.5	22.0
3. Manufacturing	23,29,220	25,30,311	28,53,986	8.6	12.8
4. Electricity, Gas, Water Supply & other Utility Services	3,63,482	3,87,694	4,52,683	6.7	16.8
5. Construction	10,28,463	11,18,946	12,78,617	8.8	14.3
6. Trade, Hotels, Transport, Communication and Services related to Broadcasting	25,21,813	28,09,748	31,57,709	11.4	12.4
7. Financial, Real Estate & Professional Services	28,57,322	31,64,547	35,55,780	10.8	12.4
8. Public Administration, Defence and other Services	19,24,339	22,01,707	25,12,857	14.4	14.1
<b>GVA at Basic Price</b>	<b>1,38,41,591</b>	<b>1,51,82,371</b>	<b>1,69,61,365</b>	<b>9.7</b>	<b>11.7</b>

In the direction of agriculture and rural development NABARD has been taking various initiatives in association with Government of India and RBI to improve the health of Co-operative banks and Regional Rural Banks. Not only provide credit NABARD also indulged in taking many initiatives in development of rural India. Some of these initiatives are discussed here:

- The National Bank for Agriculture and Rural Development (NABARD) was keen on increasing rural employment opportunities by providing skill development training for youth and was supporting various initiatives across the country to provide the training to about 10 lakh persons a year for three years.
- A massive programme to support infrastructure for dairy development, covering the entire supply chain, had also been taken up with an allocation of ₹ 8000 crore.
- As part of its Institutional Development (ID) initiatives, NABARD supports the following institutions:

Rural Credit Cooperatives

State Cooperative Banks (StCBs)

Central Cooperative Banks (CCBs)

Primary Agricultural Credit Societies (PACS)

State Cooperative Agriculture and Rural Development Banks

Primary Cooperative Agriculture and Rural Development Banks

- Conduct of Village Level Programmes (VLP) With a view to foster better understanding of mutual requirements between banks, SHGs & SHPIs and to sort out issues like credit linkage & repayment etc. at ground level, Village Level Programmes (VLPs) are being conducted with the support of banks and NRLM in 13 priority States. These VLPs sponsored by NABARD are also helping in opening of SHG accounts, their credit linkage and regular loan repayments.
- Kisan Credit Card Government of introduced Kisan Credit Card Scheme during 1998-99 to meet the production credit requirement of farmers in a timely and hassle-free manner. The scheme was further extended for the investment credit requirements of farmers viz. allied and non-farm activities in the year 2004. The Kisan Credit Card scheme, as revised in 2013, aims at providing adequate and timely credit support from the banking system under a single window with flexible and simplified procedure to the farmers for their cultivation and other needs as indicated below:

To meet the short term credit requirements for cultivation of crops

Post-harvest expenses

Produce marketing loan

Consumption requirements of farmer household

Working capital for maintenance of asset and activities allied to agriculture

Investment credit requirement for agriculture and allied activities

## II. CONCLUSION:

Rich biodiversity and immense natural resource wealth are the reasons for which India should take pride in. Certain constraints faced by the country are both natural and man-made, have contributed to the economic backwardness of the country. Concerted efforts are warranted to address the issues confronted by the agricultural sector since a substantial share of the population depends on this sector for its livelihood. A well-focused plan which factors in local strengths must be formulated and implemented to improve farm productivity, promote high-value agriculture, encourage contract farming and strengthen rural infrastructure (with the help of publicprivate partnership)—such as roads, irrigation structures and communication networks. By doing such efforts we can make a step forward in agricultural and rural development.

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