Preface

The literature on history and theory of economic development has always recognized the dominant role of agriculture in the economic development of countries. The depth with which the role is played depends upon the stage of economic development.

Although India has crossed the take-off stage, yet 70 per cent of its population depends upon agriculture for their livelihood. Agriculture sector contributes nearly 50 per cent to National Income of the country. There is a definite interrelationship between industrial and agricultural development. The proper balance between these two was maintained till the middle of the eighteenth century. The interference from the alien British government and its deliberate policy of throttling the village handicrafts and cottage industries destroyed the fabric of balance; thus economy of the country was badly shattered. Besides this, they created a class of intermediaries (Zamindars) who sucked the very blood of agro-based rural economy and this became a ‘subsistence’ occupation which yielded ‘too little to live on and too much to die on’.
For consolidating the situation the concept of 'Priority Sector' financing and the 'Lead Bank Scheme' were introduced. In 1975 the idea of the Regional Rural Banks (RRBs) was mooted, as need of an institution with the attitude of Cooperatives and expertise of Commercial Banks.

In India the whole agricultural financing was done under the supervision and with the assistance from the Agriculture Credit Department of the Reserve Bank of India and Agricultural Refinance and Development Corporation (ARDC). But it was felt that due to diversified activities and multifarious roles, the RBI was finding it difficult to Coordinate and streamline the activity of agricultural financing.

The Sivaraman Committee set up in March 1979 by the RBI at the instance of Government of India to review arrangements for institutional Credit for Agriculture and Rural Development, recommended the establishment of a National Bank for Agriculture and Rural Development. Accordingly a break-through was achieved with the establishment of the NABARD on 12 July, 1982 as per NABARD Act 1981 as a specialized apex organization in respect of all the matters relating to policy and planning and the operational aspects pertaining to credit in the rural areas for the small scale sector and other allied activities. NABARD is now the single integrated agency for meeting the credit needs of all types of agricultural and rural development activities in the
country. NABARD now undertakes all works relating to the establishment of Regional Rural Bank and administration of refinance scheme and monitoring of the performance of Regional Rural Banks. Ever since the NABARD came into being, it has been playing an important role in strengthening the cooperative structure in the national economy. It has actively taken over the responsibilities of the Reserve Bank of India in relation to rural financing and rural reconstruction.

It is in this background that the present study has been designed. The entire work has been divided into six chapters. In the first chapter, the necessity and types of credit for agriculture sector have been discussed. Second chapter highlights the institutional sources of agricultural credit. It has particularly dealt with specialized institutions like Cooperative Banks, Land Development Banks, Commercial Banks, RRBs and NABARD. In third chapter an attempt has been made to discuss the genesis, establishment, objectives and functions of the NABARD at length. Chapter fourth shows structure of organization and management pattern of the NABARD. Chapter five highlights NABARD's assistance to various agencies like cooperative banks, commercial banks and RRBs. Chapter six is devoted for conclusions and suggestions to various problems. In view of limited spaces, it has not been possible to discuss in detail each and everything in regard to the agricultural financing operation of the NABARD,
and therefore, I have discussed only the prominent and most important aspect of the NABARD.

The Management Pattern and Organisational set up also has its aspect on the working of an institution. The NABARD is not an exception. I have, therefore, discussed the organizational and management pattern while discussing its role in the economic development of the country.