Volume 18 Issue 28
Originally issued as C5

Global Journal of Management and Business Research: C Finance
Volume 18 Issue 5 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

The Study of Fund Disbursement by NABARD in Uttar Pradesh

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Abstract- Agriculture is major source of employment and food to our country but even this sector is facing various problems from many years. The problem of availability of credit is one of them, due to this problem the agricultural production get affected every year. The Present Study focuses over the fund disbursement to agricultural sector by NABARD in Uttar Pradesh. The Present Study indicates the preferences of NABARD in financial assistance to different sectors including agriculture sector. The present paper is an attempt by the researchers to examine the role of NABARD in agriculture in Uttar Pradesh through financial disbursements made by it directly. The study is purely based on secondary data which were analyzed with the help of mean, percentage, CAGR, one-way ANNOVA, Post Hoc Test, Tukey etc. to draw the results. The study also exhibited that NABARD continuously focuses on NFS, and farm mechanization, however, agriculture which assumes great significance in present day scenario, is yet to get its dues from Bank. It was established through the study that there is a significant difference in refinance disbursement of NABARD through Purpose and Programme-wise to various sectors.

Keywords: *agricultural credit, refinancing, non farm sector, NABARD.*

GJMBR-C Classification: *JEL Code: G10*



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The Study of Fund Disbursement by NABARD in Uttar Pradesh

Dr. Sandeep Kumar Kesarwani [α] & Dr. Satish Chandra Tiwari [σ]

Abstract- Agriculture is major source of employment and food to our country but even this sector is facing various problems from many years. The problem of availability of credit is one of them, due to this problem the agricultural production get affected every year. The Present Study focuses over the fund disbursement to agricultural sector by NABARD in Uttar Pradesh. The Present Study indicates the preferences of NABARD in financial assistance to different sectors including agriculture sector. The present paper is an attempt by the researchers to examine the role of NABARD in agriculture in Uttar Pradesh through financial disbursements made by it directly. The study is purely based on secondary data which were analyzed with the help of mean, percentage, CAGR, one-way ANNOVA, Post Hoc Test, Tukey etc. to draw the results. The study also exhibited that NABARD continuously focuses on NFS, and farm mechanization, however, agriculture which assumes great significance in present day scenario, is yet to get its dues from Bank. It was established through the study that there is a significant difference in refinance disbursement of NABARD through Purpose and Programme-wise to various sectors.

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I. Introduction

The major problem in agricultural sector is unavailability of finance at right time, due to this farmer faces difficulty to arrange resources in cultivation on time and sometime they failed to arrange the financial support for their farming activities which results in poor production. If farmers avail the credit facilities in proper amount on time then the scenario of agricultural sector may be changed.

This argument has been empirically examined in many studies these are-"Despite the significant strides achieved in terms of spread, network and outreach of rural financial institutions, the quantum of flow of financial resources to agriculture continues to be inadequate (Golait, 2007)". "This situation brings out the fact that the existing institutional arrangement for credit delivery is not adequate and suitable to address the agrarian distress in the country (Barah and Sirohi, 2011)". "Reserve Bank of India (2006) also reported that one common factor that can be seen across all regions is that manifestation of economic distress is primarily through indebtedness." "In this context it is pertinent to mention that the Planning Commission of India in the Approach Paper to 11th Five Year Plan 2007-2012 observed that 'there is evidence that farm debt is increasing much faster than farm incomes' (Government of India 2006)". These studies focuses that there is still need of reform.

The National Bank for Agricultural and Rural development has been set up as an apex body to support and regulate agricultural credit in India. But the present study is covering the role of NABARD in finance disbursement to Uttar Pradesh only.

Uttar Pradesh is the largest food grain producing State of the country contributing about 19% of the total food grains of the country. It is the highest producer of wheat and second highest producer of rice. The State is also the largest milk producing state, accounting for nearly 17 per cent of the total milk production. U.P is the second largest sugarcane producer of India after Maharashtra accounting for about 28% of total production in the country.

II. Objective And Hypothesis

As discussed in the previous sections the impact of availability of finance to agricultural sector:

1) To know the role of NABARD in refinance disbursement to agricultural sector in Uttar Pradesh.
2) To know the role of NABARD in refinance to various activities in Uttar Pradesh.

Based on these observations, we have formulated a hypothesis, which is as follows:

- *H0:* There is no significant difference in financial assistance among different agricultural activities plans and programs of NABARD in Uttar Pradesh.
- *H1:* There lies a significant difference in financial assistance among different agricultural activities plans and programs of NABARD in Uttar Pradesh.

As aforementioned, the NABARD is an apex institution in agricultural rural development in India. That is why the hypothesis has been framed to know the contribution of NABARD in Uttar Pradesh.

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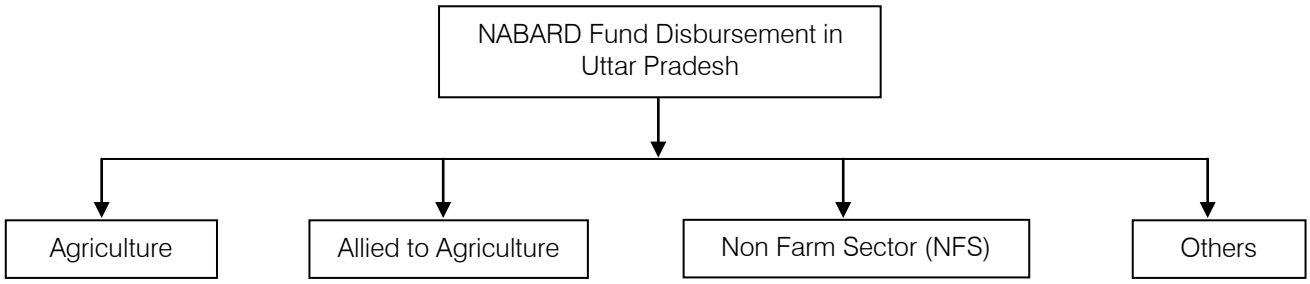
III. Research Methodology

The total disbursements by NABARD in Uttar Pradesh have been divided into four categories then analyses have been conducted.



The Conclusive-Descriptive-Cross Sectional research design have been adopted and Sample have been collected from annual Data Considered from 2002-03 to 2011-12. The Nature of data is Secondary and Source of data from annual report of NABARD and SLBC and Statistical tools have been used one way-Anova, Tukey Test, & Trend Analysis.

IV. Analysis and Testing of Hypothesis

Table 1: Purpose wise disbursement by NABARD in Uttar Pradesh from (1995-96 to 2011-12) (Amount in Lakh)

Sector/Purpose/ Activity	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2007-08	2008-09	2009-10	2010-11	2011-12	CAGR
Agriculture												
Minor irrigation	9794	15791	18436	18463	12841	6108	9857	5448	10688	7719	4794	
Land development	1	10	6103	427	1814	663	2036	9746	2196	90	154	
Farm Mechanisation	43009	25094	18724	12011	10371	42971	26843	12802	19188	18880	15307	
Plantation & Horticulture	3436	7498	5916	6244	8312	10263	6216	8342	8242	8130	8381	
Other Agriculture	5654	5097	4395	26062	53036	40223	22484	4784	9940	10041	10137	
Total	61894	53490	53574	63207	86374	100228	67436	41122	50254	44860	38773	-4.16%
Allied to Agriculture												
Fisheries	280	427	389	353	337	512	268	121	1008	210	110	
Animal Husbandry	19173	30791	34610	26531	29289	24552	15824	14525	27687	26459	24662	
Poultry							3143	6060	7737	8886	10008	
Storage/Market Yard							55	1234	1307	96	2547	
Waste land Development (Forestry)							117	Nil	Nil	Nil	Nil	
Total	19453	31218	34999	26884	29626	25064	19407	21940	37739	35651	37327	6.10%
Non Farm Sector (NFS)												
SGSY Non Farm Sector	5406	10405	6177	5137	7384	7460	3145	1322			1213	
SC-ST-AP- Non Farm Sector							648	167				
Non Farm Sector	5286	6818	21522	25398	22090	20104	24400	21617	25253	49697	32295	
Total	10692	10692	27699	30535	29474	27564	28193	23106	25253	49697	33508	10.94%
Others												
Non Conventional Energy (Bio Gas Plant)							Nil	Nil	2	1		
Self help Group	559	813	1292	1553	1883	2043	1815	4022		1760		
AH (Others)							624	701	1295	518	123	
Agriclinics and Agri Business							10	Nil			106	
Total	559	813	1292	1553	1883	2043	2449	4723	1297	2279	229	
Total Disbursement	92598	102744	117564	122179	147357	154899	117485	90891	114543	132487	109837	-7.79%

(Sources: Statistical Statement of NABARD)

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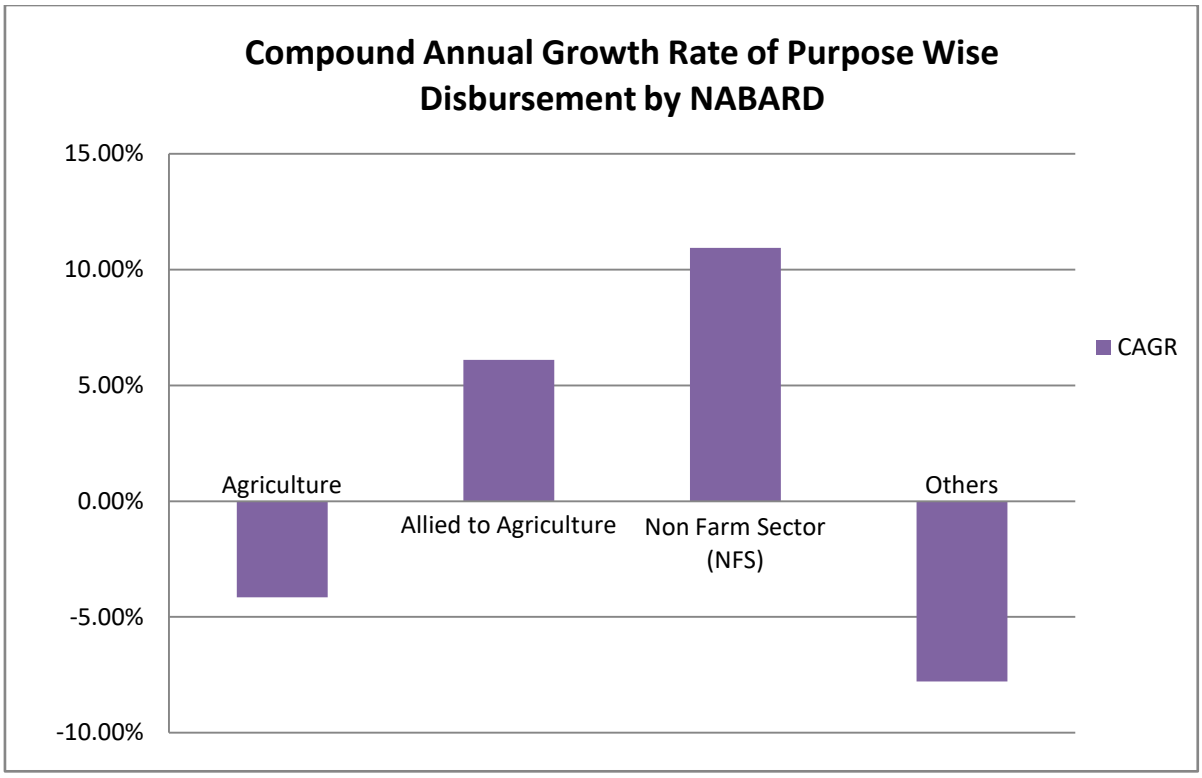

Graph 1

The analysis of Purpose-wise refinance disbursement by NABARD with the help of CAGR shows that the Non-Farm Sector had been the priority areas for the bank with a highest CAGR of 10.94% during the period under study. This Sector had been on the top in almost all the years on the basis of absolute amount of disbursement. Allied to agriculture sector come next with a CAGR score of 6.10% followed by Agriculture Sector (CAGR -4.16%), having the lowest share in assistance in terms of both percentage and absolute amount. The Other Sector is the only region exposing a lowest negative CAGR of -7.79%. Hence, it can safely be concluded that allied to agriculture sector and Non-Farm Sector constitute the preference Sector in the eyes of the bank as far as the agriculture and rural area is concerned. The Purpose-wise distribution of finance can be visualized with the help of Figures-which express that the Non-farm sector has been a priority sector for NABARD particularly after 2005-06 to 2010-12 though, its share declined during 2011-12 in comparison to 2010-11. The figure is the proof of the fact that Agriculture Sector is the most neglected Sector while Allied to agriculture and Non-Farm Sector got assistance better than the other sector.

Table 1.2 (b): ANOVA

Expenditure					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.886E10	3	6.286E9	48.123	.000
Within Groups	5.225E9	40	1.306E8		
Total	2.408E10	43			

Mean Square Source: Researcher's Calculations

*Note: *Significant at 5 per cent level of significance*

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Table 1.2 (c): Post Hoc Tests

Multiple Comparisons						
Expenditure Tukey HSD						
(I) Sector	(J) Sector	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Agriculture	Allied to Agriculture	31082.18182*	4.87348E3	.000	18019.1995	44145.1641
	Non farm sector	33163.54545*	4.87348E3	.000	20100.5631	46226.5278
	Others	58372.00000*	4.87348E3	.000	45309.0177	71434.9823
Allied to Agriculture	Agriculture	-3.10822E4*	4.87348E3	.000	-44145.1641	-18019.1995
	Non farm sector	2081.36364	4.87348E3	.974	-10981.6187	15144.3459
	Others	27289.81818*	4.87348E3	.000	14226.8359	40352.8005
Non farm sector	Agriculture	-3.31635E4*	4.87348E3	.000	-46226.5278	-20100.5631
	Allied to Agriculture	-2081.36364	4.87348E3	.974	-15144.3459	10981.6187
	Others	25208.45455*	4.87348E3	.000	12145.4722	38271.4369
Others	Agriculture	-5.83720E4*	4.87348E3	.000	-71434.9823	-45309.0177
	Allied to Agriculture	-2.72898E4*	4.87348E3	.000	-40352.8005	-14226.8359
	Non farm sector	-2.52085E4*	4.87348E3	.000	-38271.4369	-12145.4722

** The mean difference is significant at the 0.05 level*

Table 1.2 (d): Expenditure

Tukey HSD				
Sector	N	Subset for Alpha = 0.05		
		1	2	3
Others	11	1.7382E3		
Non Farm Sector	11		2.6947E4	
Allied to Agriculture	11		2.9028E4	
Agriculture	11			6.0110E4
Sig.		1.000	.974	1.000

Means for groups in homogeneous subsets are displayed

One way ANOVA is conducted at 95% confidence level to compare the expenditure of NABARD across various sectors such as Agriculture, Allied to agriculture, Non-farm sector, and others from the financial year 2000-01 to 2011-12. The ANOVA table shows a F-value of 48.123 with significance value 0.000. This implies that the null hypothesis is rejected and the alternative hypothesis is accepted. Thus there is significant disparity in financial assistance among different agriculture Purposes and programs of NABARD. Then Tukey test is conducted to carry out a multiple pair wise comparison. The results of Tukey test show that there is significant difference in NABARD's refinancing between Agriculture & Allied to agriculture, Agriculture & Non-farm sector, and Agriculture & other sectors. But with the significance value of 0.974, Tukey test shows that there is no significant difference in NABARD's expenditure between allied to agriculture & Non-farm sector.

V. Results and Discussions

The analysis of Purpose - wise refinance disbursement by NABARD with the help of CAGR shows that the Non-Farm Sector had been the priority areas for the bank with a highest CAGR of 10.94% during the period under study. This Sector had been on the top in almost all the years on the basis of absolute amount of disbursement. Allied to agriculture sector comes next with a CAGR score of 6.10% followed by Agriculture Sector (CAGR-4.16%), having the lowest share in assistance in terms of both percentage and absolute amount. The Other Sector is the only region exposing a lowest negative CAGR of -7.79%. Hence, it can safely be concluded that allied to agriculture sector and Non-Farm Sector constitute the preference Sector in the eyes of the bank as far as the agriculture and rural area is concerned. The Purpose-wise distribution of finance can be visualized with the help of Figure-which express that the Non-farm sector has been a priority sector for NABARD particularly after 2005-06 to 2010-12 though, its share declined during 2011-12 in comparison to 2010-11. The figure is the proof of the fact that Agriculture Sector is the most neglected Sector while allied to agriculture and Non-Farm Sector got assistance better than the other sector. From the study of Purpose wise different agricultural plans and programmes in the disbursement of funds it has been seen that NABARD has disbursed less money towards farm sector as compared to Non-farm and allied to agriculture sector.

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