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.

Index terms— agricultural credit, refinancing, non farm sector, NABARD.

1 I. Introduction

he 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.

2 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:

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.

3 C

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.

? 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.

4 III. Research Methodology

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

5 IV. Analysis and Testing of Hypothesis

6 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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			NABARD Fund Disbursement in Uttar Pradesh						
Agriculture		Allied to Agriculture				Non Farm Sector (NFS)			
Sector/Purpose/ Activity	2000-01	2001-	2002-03	2003- 04	2004- 05	2005- 06	2007- 08	2008- 09	20 10
					Agriculture				
Minor irrigation	9794 15791 18436 18463 12841					6108	9857	5448	10688
Land development	1	10	6103	427	1814	663	2036	9746	219
Farm Mechanisation	43009 25094 18724 12011 10371 42971 26843 12802 19188 18880 15307								
Plantation & Horticulture	3436	7498	5916	6244	8312	10263 6216		8342	824
Other Agriculture	5654	5097	4395 26062 53036 40223 22484 4784						994
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	100
Animal Husbandry	19173 30791 34610 26531 29289 24552 15824 14525 27687 26459 24662								
Poultry							3143	6060	773
Storage/Market Yard							55	1234	130
Waste land Development (Forestry)							117	Nil	Nil
Total	19453 31218 34999 26884 29626 25064 19407 21940 37739 35651 37327								
				Non Farm Sector (NFS)					
SGSY Non Farm Sector	5406 10405 6177			5137	7384	7460	3145	1322	
SC-ST-AP-Non Farm Sector							648	167	
Non Farm Sector	5286	6818 21522 25398 22090 20104 24400 21617 25253 49697 3							
Total	10692 10692 27699 30535 29474 27564 28193 23106 25253 49697 33508 10.94%								
					Others				
Non Conventional Energy (Bio Gas Plant)							Nil	Nil	2
Self help Group	559	813	1292	1553	1883	2043	1815	4022	
AH (Others)							624	701	129
Agriclinics and Agri Business							10	Nil	
Total	559	813	1292	1553	1883	2043	2449	4723	129
Total Disbursement	92598 102744 117564 122179 147357 154899 117485 90891 114543 132487 109837 -7.7								
								(Sources: S	

Figure 1: Table 1 :

1

15.00%
10.00%
5.00%
0.00% Agriculture Allied to Agriculture Non Farm Sector (NFS) Others
-5.00%
-10.00%

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

Figure 2: Table 1 .

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