

Women in Rural Development with Special Emphasis on NABARD's Microfinance Program

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Abstract

India is a developing country where majority of the population is concentrated in rural areas. People in villages largely depend on agriculture and other related activities for their livelihood. Problems of poverty, unemployment and socio-economic inequalities are more pronounced in rural sector than in urban areas. Therefore role of rural development in the overall development scenario is crucial and its place cannot be underestimated. As per the latest report available 37 % of the rural population is still living below poverty line in India (Chaudhary, 1998) The concept of Self Help Groups is of immense importance in the realisation of our goal to take banking services to the doorsteps of the poor. They are especially useful for freeing the poor people from the clutches of moneylenders.

Key Words: Women, rural development, microfinance, NABARD

Introduction:

India is a developing country where majority of the population is concentrated in rural areas. People in villages largely depend on agriculture and other related activities for their livelihood. Problems of poverty, unemployment and socio-economic inequalities are more pronounced in rural sector than in urban areas. Therefore role of rural development in the overall development scenario is crucial and its place cannot be underestimated. As per the latest report available 37 % of the rural population is still living below poverty line in India (Chaudhary, 1998)

The concept of Self Help Groups is of immense importance in the realisation of our goal to take banking services to the doorsteps of the poor. They are especially

useful for freeing the poor people from the clutches of moneylenders. I warmly compliment NABARD for overperformance in reaching the targets set for it. Last year, against a target of 10,000 Self-Help Groups, it covered 18,000. In the current year too, I am confident that it will surpass the enhanced target of covering 50,000 micro credit groups at the grassroots level. I wish NABARD all the best in realizing its internal target of one million Self-Help Groups in the next ten years. Experience has shown that a vast network of vibrant grassroots cooperative organizations is the surest guarantor of socio-economic empowerment of the poor and especially of poor women.

Objectives of the study:

- Studies on the Function of the NABARD

- Studies on the role of NABARD in microfinance
- To observe the financial institutions providing short term and long term loans in rural areas by NABARD
- To study the role of direct lending to a financial institution as directed by the Government of India

Research Methodology:

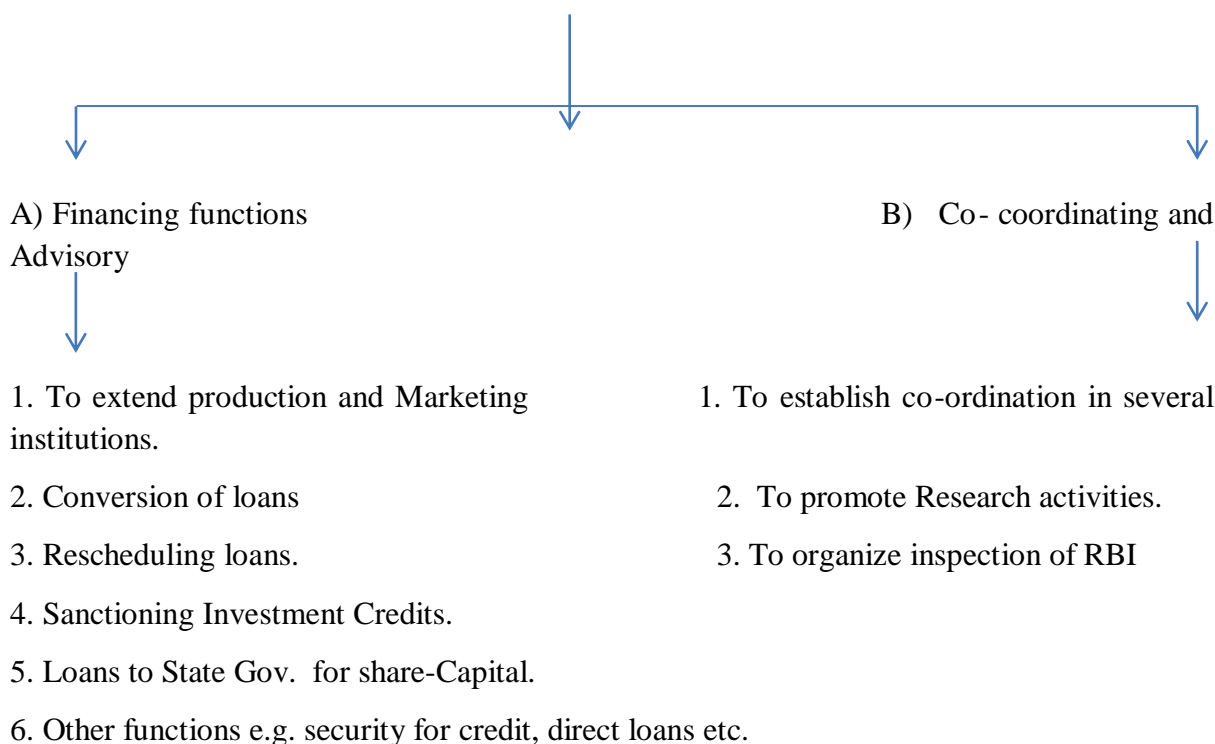
For this study we have used secondary data collection method. Secondary data are collected from reference books, special journals, reports,

M.Phil., PhD thesis related to this topic and Internet websites etc.

Function of the NABARD:

NABARD provides refinancing facilities to various financial institutions. These facilities are provided to Co-operative Credit Institutions, Regional Grameen Banks etc. Credit is encouraged for agricultural production, sale of agricultural commodities, distribution of agricultural inputs, small scale industries, cottage industries, handicrafts etc. function of the NABARD are as follow:

Function of the NABARD



A) Financing functions

1. Production and Marketing Credit: It is the most important function of 'NABARD' it includes refinance, loans and advances given for agricultural purposes, It includes refinance, loans and advances given for agricultural purposes, marketing purposes etc. It gives loans for benefit commercial and trade transactions.

It gives loans for marketing activities of artisans or small- scale industries also, including village and cotton industries.

2. Conversion of loans: Under conditions of drought, famine or other natural calamities and also in military operations, short term loans are converted into medium term loans for a maximum period of seven years. .

3. Rescheduling loans. In unforeseen circumstances the Bank is authorized to reschedule the loans made to artisans, small scale industries, village/ cottage industries etc. such period is also seven years maximum

4. Sanctioning Investment Credits. For promoting agriculture and rural development the NABARD extends investment credits to Regional Rural Banks, State Co- operative a banks and Land Development Banks etc.

5. Loans to State Gov. For share-Capital.: The Bank contributes to the share capital of and can purchase or sell securities of institutions found by it.

6. Other functions e.g. security for credit, direct loans etc. : In an effort to promote agriculture and rural development the bank also grants direct loans for a maximum period of 25 years. It can extend guarantee for purchase of

capital goods also, on deferred payments basis. It provides security for loans with prior approval of the Central Govt.

B) Co- coordinating and Advisory:

1. NABARD is also entrusted with the task of co- coordinating the operations of several institutions engaged in the field of rural credit.

2. Research Activities: NABARD maintains a “Research and Development Fund” to help and to promote research activities in agri. Sector and rural development sector. It gives grants also for research work under section 38.

3. Inspection Activities: NABARD undertakes the inspections of regional rural banks and the co- operative Banks etc. These banks are asked to furnish the copies of the returns.

Progress of Savings Linkage of SHGs with Banks

Progress under SHG- Bank linkage Programme (2018-19 to 2020-21)

(number in lakh/Rs in Crore)

Particulars		2018-19		2019-20		2020-21	
SHG Saving with Banks as on 31 march 2021	Total SHG Nos.	100.14 (14.52)	23324.48 (19.05%)	102.43 (2.29%)	26152.05 (12.12%)	112.23 (9.57%)	37477.61 (43.31%)
	All Women SHGs	85.31 (15.44%)	20473.55 (17.01%)	88.32 (3.53%)	23320.55 (13.91%)	97.25 (10.11%)	32686.08 (40.16%)
	Percentage of Women	85.19	87.78	86.22	89.17	86.65	87.21
	Of which NRLM/ SGSY	55.8 (33.37)	12867.18 (23.32%)	57.89 (3.75%)	14312.7 (11.23%)	64.78 (11.9%)	19353.7 (35.22%)
	% of NRLM/ SGSY Groups to Total	55.72	55.17	56.52	54.73	57.72	51.64
	Of which NULM/SJSRY	4.39 (3.29%)	1614.42 (19.52%)	4.69 (6.83%)	1523.57 (-5.63%)	5.29 (12.79%)	1954.09 (28.26%)
	% of NULM/ SJSRY Groups to Total	4.38	6.92	4.58	5.83	4.71	5.21
Loans	Total SHG	26.98	58317.63	31.46	77659.35	28.87	58070.68

Disbursed to SHGs during the year	Nos.	(19.33)	(23.59)	(16.60%)	(33.17%)	(- 8.23%)	(- 25.22%)
	All Women SHGs	23.65 (13.98%)	53254.04 (19.51%)	28.84 (21.95%)	73297.56 (37.64%)	25.9 (- 10.19%)	54423.13 (-25.75)
	Percentage of Women	87.66	91.32	91.67	94.38	89.71	93.72
	Of which NRLM/SGSY	16.49 (29.84%)	33398.93 (33.30%)	20.49 (24.26)	52183.73 (56.24%)	15.84 (- 22.69%)	29643.04 (- 43.19%)
	% of NRLM/SGSY Groups to Total	61.12	57.27	65.13	67.20	54.87	51.05
	Of which NULM/SJSRY	1.29 (21.70%)	3419.58 (41.07%)	1.59 (23.26%)	3406.22 (-0.39%)	1.13 (- 28.93%)	2112.04 (- 37.99%)
	% of NULM/SJSRY Groups to Total	4.78	5.86	5.05	4.39	3.91	3.63
Loans Outstanding against SHGs as on 31 March 2021	Total SHG Nos.	50.77 (1.14%)	87098.15 (15.21%)	56.77 (11.82%)	108075.07 (24.08%)	57.8 (1.81%)	103289.71 (-4.43)
	All Women SHGs	44.61 (-1.93%)	79231.98 (12.54%)	51.12 (14.59%)	100620.71 (27.00%)	53.11 (3.89%)	96596.6 (-4%)
	Percentage of Women	87.87	90.97	90.05	93.10	91.89	93.52
	Of which NRLM/SGSY	32.85 (17.62%)	54320.91 (42.11%)	36.89 (12.30%)	67717.07 (24.66%)	33.78 (- 8.43%)	57336.62 (- 15.33%)
	% of NRLM/SGSY Groups to Total	64.7	62.37	64.98	62.66	58.44	55.51
	Of which NULM/SJSRY	2.25 (- 22.41%)	4110.73 (-23.17)	2.67 (18.67%)	5466.87 (32.99%)	2.23 (- 16.48%)	4056.45 (-25.8%)
	% of NULM/SJSRY Groups to Total	4.43	4.72	4.70	5.06	3.86	3.93

Source –Status of microfinance in India 2020-21

Progress of Savings Linkage of SHGs with Banks (2018-19 to 2020-21) as savings grow, the eligibility of SHGs for loans from banks/FIs augment and thus business investment potential increases. Table 2.2 and Figure 2.2 provide region-

wise performance of savings linkage of SHGs in terms of absolute numbers and percentage share. During 2020-21, banks have reported an addition of 9.8 lakh savings linked SHGs at all India level registering a growth of 9.5 per cent

compared to 2.3 in 2019-20. Region-wise comparative data reveals that in terms of number of SHGs savings linked with banks, positive growth was registered across all regions during 2020-21. Among the regions, Central region registered the highest growth of 19%, whereas the Western Region registered the lowest growth of 5%. Six States/UTs viz., Uttarakhand, Nagaland, Chandigarh, New Delhi, Karnataka, Daman & Diu, registered a negative growth. As many as 19 States/UTs viz., Chhattisgarh, Madhya Pradesh, Andaman & Nicobar, Bihar, Odisha, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Tripura, Haryana, Jammu & Kashmir, Punjab, Andhra Pradesh, Lakshadweep, Puducherry, Telangana and Gujarat registered growth rates higher than the All India average. The decline in savings accounts of SHGs in the six States is mainly due to data sanitization, closure of dormant accounts and reporting errors etc. In terms of savings amount, the Northern Region had the highest growth of 193%, followed by the Western Region (85%), North Eastern Region (73%), Southern Region (45%), Central Region (24%) and the lowest growth of 17% was registered by the Eastern Region

Conclusion:

“Micro finance has already show the enabling the poor to empower themselves economically can be a good business.

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NABARD has made significant strides in agriculture and rural development. The work done by NABARD is remarkable in terms of both the apex bank and the refinancing institution. NABARD has created uniformity in the functioning of rural credit institutions. Concessional credit was provided to agriculture, non-industrial industries, small scale industries, artisan business, cottage industries etc. NABARD made efforts to rectify the shortcomings in the lending institutions. The bank helped the financially weak co-operative credit unions. As a result, their financial situation is improving. NABARD has made efforts to enhance the managerial efficiency of land development banks, which provide long-term credit. NABARD's contribution is important in strengthening the co-operative credit system by providing timely assistance and guidance to co-operative credit societies. Rising arrears are an important issue facing all rural credit institutions. NABARD has implemented a number of schemes at various levels to ensure timely repayment of loans. Also NABARD has implemented vikas volunteer vahini program. In short, NABARD's work is remarkable in terms of providing adequate credit at concessional rates for agriculture and rural development and strengthening the co-operative society.

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