



# International Journal of Multidisciplinary Research in Science, Engineering and Technology

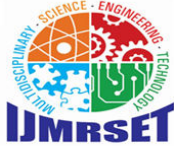
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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# Role of Agricultural Finance in Rural Development of Rajasthan-An Analytical Study

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**ABSTRACT:** Agricultural finance can play a role in rural development by providing financial resources to farmers to purchase inputs like seeds, fertilizers, pesticides, and modern equipment. This can help increase crop yields and ensure food security. It can also help small farmers bridge the gap between their income and expenses, which are often low due to low productivity.

### I. INTRODUCTION

Rajasthan's economy is developing economy. It is based on agriculture, animal husbandry and rural industries. Based on the economy Rajasthan is the 8th largest state in the country, its gross domestic product is 11.5 billion US dollars. Agriculture accounts for 22.5 percent of Rajasthan's economy. There are approximately 20 million hectares of agricultural land in the state, of which only 20 percent is irrigated. Similarly, the share of industries in the economy is 32.5 percent [1,2,3]. In the state, cotton textiles, woolen industry, vegetable industry, oil, color, cement industry, copper, zinc, and salt industry are the major ones. Rajasthan came in its present form, on 1 November 1956 after the integration of 19 princely states and 3 feudal states. Of the total 29 states in India, 11 special category and 183

states are of non-specific category. Rajasthan has been involved in non-specific state. Rajasthan has an area of about 3.42 lakh square kilometers, which is 10.41 percent of the country's area and 5.67 percent of the national population resides here. There is abundant natural and human resources available in the state but due to lack of capital, lack of technical knowledge, administrative inefficiency and lack of proper planning, they have not been fully absorbed. So the general public did not get full advantage of it. Although, due to the government efforts and planned development, the state has achieved partial success in solving the problems of agriculture, poverty, unemployment, price rise etc. However, there are many areas where there is a lot to be done, such as roads, irrigation, water- Solutions for power projects, marketing, insurance, agricultural finance etc. are expected. NABARD is the highest institution for financing agricultural and rural development which provides refinance and direct finance through state cooperative banks, regional rural banks, commercial banks etc. Therefore, continuous research is needed to analyze the role of NABARD in the economic development of Rajasthan. Under this research study, information related to NABARD activities and various projects were received from various state co-operative banks, regional rural banks and commercial banks and by contacting NABARD's office, along with other persons benefited from different projects and loan facilities of NABARD. NABARD's progress has been evaluated and presented in the context of Rajasthan economy [4,5,6]

### II. DISCUSSION

The first Rajasthan Cooperative Societies Act, 1953 came into force from first April, 1953. Ajmer witnessed the first Cooperative movement in the State under the Acts of 1904 and 1912. The Act permitted the formation of different type of credit cooperative societies. They provided institutional support to farmers for Short, Medium and Long term purposes. Subsequently, tiers at state and district levels were too conceived to strength these credit cooperatives. Apart from these cooperative institutions, nationalization of commercial banks and introduction of Regional Rural Banks (1969) also helped in increasing credit supply to farmers. The Indian4 Credit Cooperatives have a century long history. During this period these institutional financing agencies failed to a large extent, to meet the requirements of the farmers. Some of the factors responsible for their failure are inadequate and timely supply of credit, poor recovery, demand-supply gaps, interference by politicians, lack of monitoring, mis-utilization of credit, problems in identification of target groups, high transaction costs, and lags in time, natural calamities and competition from informal credit agencies including Money-lenders. A number of Committees such as the All India Rural Credit Survey Committee (1954), the Committee on Cooperative Credit (1960), the All India Rural Debt and Investment Survey (1962), the All



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India Rural Credit Review Committee (1969), the Working Group on Rural Banks (1975), the Committee to Review Arrangement for Institutional Credit for Agriculture and Rural Development (CRAFICARD-1981), the Agricultural Review Committee (1989) and the Narsimham Committee [7,8,9](1991 and 1998) were constituted by the Government of India to look into their working and made several recommendations to improve their health and functioning. Of the total credit provided by these institutions about 40 per cent was met by the Cooperative Banks and remaining by the commercial banks and by RRBs.

The Rajasthan State Cooperative Bank Ltd., Jaipur which includes Annual Reports and Profile & Progress published by Bank. The required data and published literature for the study purpose were collected from NABARD's Inspection report, published data of Registrar, Cooperative Societies, Rajasthan, Jaipur and a number of reference books, Journals and Internet. Primary data were collected by the researcher using a questionnaire from 100 Farmer Members of 10 selected PACS of Jaipur District having affiliation with Jaipur District Central Cooperative Bank Ltd., Jaipur (JCCB) to know about the availability of Agricultural Credit from the PACS/JCCB, Jaipur. Two branches of JCCB viz. Choumu and Bassi Branches were selected for this purpose. Farmers were selected on simple random basis that they have borrowed S.T. loan regularly in past 5 years on certain parameters/indicators like – Banking Services, Lending procedure, lending schemes, interest charged by bank, repayments, Agricultural extension services, satisfaction of farmer, availability of inputs (Seed, fertilizers etc.), facility of procurement of farm produce and awareness. The response of farmers was collected and then analysed using analytical tool like average and percentage method.

### III. RESULTS

The Agricultural Credit Policy lays emphasis on augmenting credit flow at the ground level through credit planning, adoption of region-specific strategies, lending policies and procedures and bringing down the cost of borrowing. Bank credit is available to the farmers in the form of short term credit for financing Crop Production programs and in the form of Medium – Term/Long Term credit for financing Capital Investment purposes in agriculture and allied activities like Land Development [10,11,12]including purchase of land, Minor Irrigation, Pump-sets, Sprinklers, construction of Farm-pond, farm mechanization, Dairy Development, Poultry, Animal Husbandry, Fisheries, Plantation, and Horticulture, Wadi Project financing. Loans are also available for Construction of Storage Godown, Processing and Marketing of agricultural produce, Cold-Storage, Purchase of Small Road Transport for distribution etc. National Bank for Agriculture & Rural Development (NABARD) The NABARD started functioning from 12th July, 1982. It has been established as an apex development bank for supporting and promoting agriculture and rural development. The NABARD provides refinance to the State Cooperative Bank (Apex Bank) and State and Primary Cooperative Agricultural & Rural Development Bank (for LT loans). NABARD is apex institution accredited with all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas. It is an apex refinancing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas. It coordinates the rural financing activities of all the institutions engaged in developmental work at the field level and maintains liaison with Government of India, State Government, Reserve Bank of India and other national level institutions concerned with policy formulation District Central Cooperative Bank (DCCB) DCCBs are the linkage part between the PACS and the SCB and performing the responsibility of Central Financing Agency at district level. The total area of 33 districts of Rajasthan is at present covered by 29 DCCBs, who serve as the intermediary in agricultural re-finance, through their 444 branches. DCCBs have issued loan & advances of Rs.15644.71 Crore in the year 2017-18. Primary Agricultural Cooperative (Credit) Societies (PACS) PACS are the backbone of Short-term Cooperative Credit Structure. PACS are playing a crucial role in improving the economic and social conditions of the common masses of Rajasthan. They provide Short-term and Medium-term loan to the members/farmers at reasonable interest rates to meet their various needs. PACS are the foundation of the Cooperative Credit System on which the super structure of the Short term cooperative system is built. Out of 6472 PACS/LAMPS in the state, 5402 PACS are also having the status of Mini Bank and collecting deposits from their members. PACS are working at root level and providing credit facilities of all types to its members for production credit. [9,10,11] Large Area Multi - Purpose Cooperative Societies (LAMPS) are functioning in Tribal area of the State and function as PACS. Agricultural Cooperative Credit Structure In Rajasthan, there is Three-Tier Co-operative Credit Structure of Short Term Structure with PACS in rural areas, Central Cooperative Banks at the district level and the Apex Bank (SCB) at the state level. The Short-term Co-operative Credit Structure provides Short-term credit for crop production and Medium term credit for small developmental activities along with short term loan to farmers. Rajasthan State Cooperative



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Agriculture and Rural Development Bank (RSCARDB) at the State level and Primary CARD Bank at the District/Block level cater to the long-term credit needs in the two-tier credit delivery system separately. In the Short term credit Structure, 6472 PACS (including LAMPS) are functioning. In addition to this, there are 29 District Central Cooperative Banks with 444 branches. The Rajasthan State Co-operative Bank (Apex Bank) is functioning as State level financial institution.

In Rajasthan the Kisan Credit Card (KCC) was introduced from 1999-2000 in District Central Cooperative Banks for Short term agricultural loans to provide adequate and timely credit support from the banking system in a flexible and cost-effective manner. Now with the introduction of KCC scheme, loan disbursement is done through KCC. KCCs are issued to farmers mentioning the maximum credit limit (based on land-holding by farmer) of amount up to which the borrower can avail credit facilities for agricultural purposes which includes purchase of Seed, fertilizer, pesticides, payment for diesel oil, labour cost, hiring of field machineries etc. At present the KCC limit is Rs.1.50 lakh without collateral security and up to Rs.3.00 lakh with mortgage of land under ST Agricultural credit. In Rajasthan 28.27 lakh KCC were issued in past years. In Rajasthan, about 70% farmers are small and marginal farmers having landholding less than one hectare. The average disbursement of loan in Jaipur district to farmers was Rs.37, 000/- Out of total 29 DCCBs in Rajasthan, the researcher has collected data from JCCB, Jaipur also to know the position of a District. The JCCB have 319 working PACS of which 297 are working as Mini Bank having deposit of Rs.23087.24 Lakhs as at the end of year 2018-19. JCCB have issued 1,75,689 KCCs to farmers.[10,11,12]

#### IV. CONCLUSIONS

Thus From the above data it is clear that (1) Cooperative Banks are serving in the field of agricultural credit and rural development. (2) Maximum number of respondents (70%) are satisfied with functioning of Cooperative Bank at district and village level. (3) The farmers in general ( about 70%) are satisfied by the service of cooperative banks and PACS and the satisfaction level is very high. (4) Cooperative Banks are playing extraordinary role for agriculture credit and rural development. (5) Cooperative Banks are providing Agricultural credit at 'zero' per cent interest rate to farmers, hence they are very much satisfied (above 75%) with this service. For this credit also goes to State Government who is sharing the burden of interest with RBI. (6) Cooperative Banks plays a major role in rural credit delivery of Rajasthan State. [12]

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