

Potential Linked Credit Plans of NABARD: A Study of Select Districts in Telangana State

B. D. Hansraj

Ph.D. Scholar

Department of Commerce,
Osmania University, Hyderabad.

Prof. A. Sudhakar

Director of Academic,

DR. B.R.Ambedkar Open University,
Hyderabad.

ABSTRACT

NABARD has broader role to play in rural development of India. It is continuously supporting various innovative initiatives in addition to its regular ongoing activities. These initiatives include programmes of the Indian Government and the State Governments, implemented in association with the banks for the development of agriculture and rural development. The on-going and new development initiatives of NABARD are diverse in coverage and inclusive in nature. In order to provide meaningful link between development and credit planning, Potential Linked Credit Plans (PLPs) are prepared annually to assess the realistic potential in each sector of agriculture and rural development with reference to natural and human resource endowments in the Districts of each state. Annual Credit Plans are prepared on the basis of PLPs. During the financial year 2017-18, PLPs were prepared for 702 Districts in the country. The present study shows the Sector wise Projection of Potential Linked Credit Plans (Plps) of Adilabad and Mahabubnagar Districts

Key words: NABARD, Potential Linked Credit Plans (PLPs), Adilabad and Mahabubnagar Districts

INTRODUCTION

NABARD has made creditable progress since its inception. The various measures taken by the public sector bank during the last decade and a large volume of financial accommodation which it has provided has been designed at with a view to bring about and promote the rural development. These measures have certainly helped a great deal in strengthening the financial

position of the co-operative credit structure. There has been a significant increase in the deposits and owned funds of the various cooperative credit institutions.

Over the years, the expectations from NABARD have been largely fulfilled. NABARD has transformed itself from an organization disbursing refinance to an institution pursuing a vision for the future of rural India. The strength of NABARD is its good networking capabilities. It acts as a coordinating agency for all the developmental works taking place at the grass roots level for rural areas. The greatest comparative advantage of NABARD is its ability to decontaminate the effects of subsidy and making public spending more efficient. NABARD works for progressive institutionalization of the rural credit and ensures that the demands for credit from agriculture including the new and upcoming areas like floriculture, tissue culture, bio-fertilisers, sprinkler irrigation, drip irrigation etc. are met.

The progress and economic development in a country like India really means reconstruction and resurgence of its rural communities which require important infrastructure facilities that influence the economic development of the rural population. Therefore the role of NABARD becomes significant in India as an apex bank for refinance as well as for development activities in the field of agriculture and rural development in true sense. NABARD is going with the aim and logo of “Gaon Badhe Toh Desh Badhe”. For strengthening of

Cite this article as: B. D. Hansraj & Prof. A. Sudhakar, "Potential Linked Credit Plans of NABARD: A Study of Select Districts in Telangana State", International Journal & Magazine of Engineering, Technology, Management and Research, Volume 5 Issue 12, 2018, Page 71-76.

NABARD, it is now required to make available more additional resources at the disposal of NABARD and active co-operation of various State Governments and agencies disbursing credit directly.

REVIEW OF LITERATURE

Patel R.H., (1987), examined the purposes and utilisation of credit among different categories of farmers. According to them, on an average about 70 percent of the available credit was used for productive purposes and about 30 percent was diverted to non-productive uses. The extent of use for unproductive purposes was the highest among large farmers and lowest in case of small farmers. They further added that among the productive purposes, crop loan, which accounted for the highest percentage of the total credit, was most dominant, whereas among the non-productive purposes, family expenses had the highest share in the total advances for all the cases except for the small farmers. A study by **Sidhu, M.S. (1985)** evaluated the impact of bank lending on the standard of living of agricultural labourers, marginal farmers and small farmers. They stated that loans brought about a qualitative change in the relative contribution of different sources of gross household income of sample beneficiaries and level of income of the loanees rose. The study revealed that there has been a considerable improvement in the consumption pattern of beneficiaries. **Mohana Rao, L.K., (1985)** examined the impact of bank finance on income and cropping pattern. They found that changes in the cropping pattern not only depended on the availability of loan but also other factors like irrigation, soil type, relative profitability of the competing crops. A study carried out by **Yadav, A.K, and Singh, B.N., (1996)** on the impact of institutional credit on the levels of investment, income and employment on different groups of farms. The study indicated that income and employment levels were found to have increased with the increase in investment levels in farms. The overall average income and employment came to Rs.4120.10 and 138.85 days on borrower farms and Rs, 3571.91 and 129.52 days on non-borrower farms, respectively. According to **Kewal**

Kumar, (1987) Agricultural credit is a nucleus of the system of farm operation. Adequate and timely credit to the farmers is, therefore, vital and indispensable for the rehabilitation and progress of agriculture. Credit of the right quantity and of the right kind immensely contributes to agricultural development-once the match-stick of credit ignites the flame better managerial skill sustain it and a holy process of one inducing the other and covering all comes into effect. Thus, the role of credit consist in laying foundation stone of farm revolution and maintaining structure built upon it. **Lalthia N. and Dayanandan R. (Jan 2005)** stressed in his study on "NABARD and rural transformation" that the mission of NABARD is to promote sustainable and equitable agriculture and rural development through effective credit support ,related services institutions building and other innovative initiative. An inter-district analysis of 'Institutional credit and agricultural Growth in Rajasthan', conducted by **Mehrotra (1987)**, pointed out that the rate of growth of institutional credit, agricultural and food grain output, have been high in the green revolution period. Further the reliance of small fanners for their production credit needs on private agencies in all the regions of the state is much more as compared to that of the medium and large fanners.

STATEMENT OF THE PROBLEM

NABARD is continuously supporting various innovative initiatives in addition to its regular ongoing activities. These initiatives include programmes of the Indian Government and the State Governments, implemented in association with the banks for the development of agriculture and rural development. The on-going and new development initiatives of NABARD are diverse in coverage and inclusive in nature. Therefore, there is a need to identify the Projection of Potential Linked Credit Plans (Plps) of Adilabad District in selects districts viz. Adilabad District and Mahabubnagar District of Telangana State.

OBJECTIVES OF THE STUDY

- To evaluate Sector wise Projection of Potential Linked Credit Plans (Plps) of Adilabad District

- To evaluate Sector wise Projection of Potential Linked Credit Plans (PLPs) of Mahabubnagar District

HYPOTHESIS

- Ho₁- There no significant difference in institutional financing made by NABARD for Refinance of Crop loans in ten districts of Telangana.
- Ho₂- There is no significant difference in institutional financing made by NABARD for Refinance of Total Term Loan Agriculture & Allied in ten districts of Telangana.

SCOPE OF THE STUDY

The scope of the present study is restricted to identify the role of NABARD in most backward districts of the Telangana state. It also covers the development and promotional incentives of NABARD. It also extended to identify Sector wise Projection of Potential Linked Credit Plans (PLPs) of Adilabad and Mahabubnagar Districts.

RESEARCH MEHODOLOGY

The study is based on secondary data. The secondary data has collected from Telangana state level banker's committee reports, NABARD reports, lead bank managers and published brochures. The secondary data has tested using various statistical tools like mean, standard deviation, to get the results in a scientific way.

SECTOR WISE PROJECTION OF POTENTIAL LINKED CREDIT PLANS (PLPS) OF ADILABAD

Table 1

Sector wise projection of Potential Linked Credit Plans (PLPs) of Adilabad (in Crs)

Year	Crop Loan	Total Term Loan Agriculture & Allied	Total Agricultural Credit	Non-Farm Sector	Other Priority Sector	Total
2007-08	375.34	39.55	414.89	54.13	128.93	183.06
2008-09	280.55	21.16	301.71	174.37	247.74	422.11
2009-10	405.44	45.38	450.82	60.21	183.46	243.67
2010-11	523.55	48.46	572.01	217.81	449.04	666.85
2011-12	182.74	41.871	224.612	284.84	490.49	775.33
2012-13	353.5242	39.2842	392.8084	158.272	299.932	458.204
2013-14	142.12	12.59	154.706	470.36	136.43	606.79
2014-15	176.51	34.6	211.107	184.73	277.73	462.46
2015-16	233.81	37.483	271.296	259.59	314.45	574.04
2016-17	346.78	17.515	364.295	178.829	500.36	679.189
2017-18	278.54	18.81	297.351	63.75	249.32	313.07
Average	299.90	32.43	332.33	191.54	297.99	489.52

Source: NABARD annual report

Adilabad is the fifth largest District in the State and second largest District in the Telangana region next to Mahabubnagar District. The soil found in the District is black cotton soil, chalks, sandy, red loamy, saline and alkaline. About 72% of villages in the District contain predominantly black cotton soil which accounts for nearly 2/3 of the total crop area. In Adilabad District both food crops and non food crops are cultivated. Among food crops paddy stands first, followed by Jowar, Maize and pulses. In the case of non food crops, cotton ranks first in the District. Remaining crops are sunflower, wheat, Sesame, green gram, black gram, soya bean. The principal rivers are Godavari and its tributary the Kadam and Peddavagu. The other rivers that drains to the District are the river Penganga, the Wartha and Pranahitha. There are riverlets like the Satnala, Swarnavagu and Suddavagu in the District.

Adilabad District has a land area of 16,105 Sq. Kms and population of 27,41,239. It has urban area with 353.70 Sq. Kms and urban population of 7,60,259 and rural area with 15,751.30 Sq. Kms and rural population with 19,80,980 persons. It has total number of 1,725 villages as against 1,729 in 2001. The most prominent sector of Adilabad District is Agriculture. More than three fourth of the population is engaged in agriculture for livelihood. The gross cropped area of the District is 352262 Ha with 154731 farm holdings.

SECTOR WISE PROJECTION OF POTENTIAL LINKED CREDIT PLANS (PLPS) OF MAHABUBNAGAR

Table 2

Sector wise projection of Potential Linked Credit Plans (PLPs) of Mahabubnagar (in Crs)

Year	Crop Loan	Total Term Loan Agriculture & Allied	Total Agricultural Credit	Non-Farm Sector	Other Priority Sector	Total
2007-08	768.45	235.74	1004.19	101	374	475
2008-09	745.95	218.25	964.2	69.49	354.43	423.92
2009-10	1221.67	297.95	1519.62	66.76	485.41	552.17
2010-11	1437.15	170.53	1607.68	321.11	230.18	551.29
2011-12	1239.00	328.00	1567	156.00	154.00	310
2012-13	1082.444	250.094	1332.538	142.872	319.604	462.476
2013-14	2458.16	498.07	2956.23	432.30	355.40	787.7
2014-15	1524.80	621.92	2146.72	92.34	136.27	228.61
2015-16	3052.38	670.07	3722.45	67.166	353.86	421.026
2016-17	3986.28	435.89	4422.17	34.932	200.05	234.982
2017-18	2613.03	581.85	3194.88	53.51	291.83	345.337
Average	1829.94	391.67	2221.61	139.77	295.91	435.68

Source: NABARD Annual Report

Mahabubnagar is one of the economically and industrially backward District of the state of Telangana. River Krishna and River Tungabhadra are the major rivers flowing through this District. A number of small rivulets like Dindi, Peddavagu, Chinnavagu flow through Mahabubnagar District. Forest forms 16.39% (3.02 lakh Ha) of the total geographic area of the District. The forests are spread over areas of Achampet and Mahbubnagar Mandals. The forest produce includes timber, bamboo, and beedi leaves. There are more than 3300 small scale industries in the District, involving an investment of around 154 crores and providing employment to around 20975 persons. The District has a major traditional cluster of silk weavers at Gadwal , Narayanpet and Kothapet who weave the famous Gadwal silk saris. The saris have a niche market, and have tremendous export value. The District has a large concentration (358 nos) of raw and par boiled rice mills, mainly in the mandals of Mahbubnagar, Jadcherla, Farooqnagar, Kalwakurthy, Achampet, Gadwal, Pebbair and Kothakota. There are 74 Large and Medium industries in the District of Mahabubnagar - a growth of 26 new L&M industries is seen in 5 years.

HYPOTHESIS TESTING

Ho₁ There no significant difference in institutional financing made by NABARD for Refinance of Crop loans in ten districts of Telangana.

Table 3

District wise Mean Ranks for Refinance of Crop loans

District	Mean Rank
ADB	4.73
KNR	5.45
KHM	5.82
MBN	8.45
MDK	3.91
NGA	5.00
NZB	7.36
RR	3.73
WGL	5.50
HYD	5.05

Source: secondary data

Table 4

Kendall's Coefficient of Concordance

Test Statistics	
N	11
Kendall's W ^a	.231
Chi-Square	22.852
Df	9
Asymp. Sig.	.007
a. Kendall's Coefficient of Concordance	

Source: secondary data

Kendall's W showed 0.231, a low but positive correlation between the rankings. p value is less than 0.05 i.e., 0.007, hence the null hypothesis is rejected and alternate hypothesis is accepted. The calculated Chi-square value is 22.852 and critical value is 16.92 at 9 degrees of freedom (df) and 95% significance level. There is a significant difference between Refinance of Crop loans among Telangana Districts due to unequal Distribution of funds. The District that received highest funds was Mahabubnagar and least is Adilabad for crop loans. Eleven years data was considered.

Ho₂ There is no significant difference in institutional financing made by NABARD for Refinance of Total Term Loan Agriculture & Allied in ten districts of Telangana.

Table 5

District wise Mean Ranks for Refinance of Total Term Loan Agriculture & Allied

District	Mean Rank
ADB	1.00
KNR	6.45
KHM	5.55
MBN	6.18
MDK	3.09
NGA	5.09
NZB	6.64
RR	8.73
WGL	7.09
HYD	5.18

Table 6
Kendall's Coefficient of Concordance

N	11
Kendall's W ^a	.508
Chi-Square	50.326
Df	9
Asymp. Sig.	.000

Source: secondary data

Kendall's W showed 0.508, a positive but moderate correlation between the ranking. p value is less than 0.05 i.e., 0.000, Hence, the null hypothesis is rejected and alternate hypothesis is accepted. The calculated Chi-square value is 50.326 and critical value is 16.92 at 9 degrees of freedom (df) and 95% significant level. There is a significant difference between Refinance of Term Loan Agriculture & Allied among Telangana Districts due to unequal Distribution of funds, The District that received highest funds was Mahabubnagar District and least is Adilabad for Total Term Loan Agriculture & Allied. Eleven years data was considered.

CONCLUSION

NABARD has broader role to play in rural development of India. It is continuously supporting various innovative initiatives in addition to its regular ongoing activities. These initiatives include programmes of the Indian Government and the State Governments, implemented in association with the banks for the development of agriculture and rural development. The on-going and new development initiatives of NABARD are diverse in coverage and inclusive in nature. In order to provide meaningful link between development and credit planning, Potential Linked Credit Plans (PLPs) are prepared annually to assess the realistic potential in each sector of agriculture and rural development with reference to natural and human resource endowments in the Districts of each state. Annual Credit Plans are prepared on the basis of PLPs. During the financial year 2017-18, PLPs were prepared for 702 Districts in the country.

NABARD offers credit to Agriculture sector includes Crop Loan, Term Loan Agriculture & Allied and Non-Agriculture sector targeting at Rural Entrepreneurship includes Non-Farm Sector and Other Priority Sector. It has granted credit based on financial needs of the Districts. For instance, those Districts with higher irrigated lands were given higher crop loan and dry lands were given less of crop loans. The District with greater urbanization was given more non-agricultural credit. It offers refinancing facilities to various District of which eight of ten Districts receive in terms of crop and other receives non-agriculture financing. The study revealed that there is a significant difference between Refinance of credit among Telangana Districts across the various sectors - Crop Loan, Term Loan Agriculture & Allied and Non-Agriculture sector, due difference in funding based on requirement.

REFERENCES

- [1]. Agrawal.A.N.(1986) "App. in basic economic information" national publishing houses,new Delhi page 50,.
- [2]. Bansal, S.N., and V.K. Agarwal, "Why Would Bank in Against Priority Sector Lending", Kurukshetra, Vol. XXXIX, No.12, September 1991, pp.28-32, 37.
- [3]. Kewal Kumar, (1987), "Institutional Financing of Indian Agriculture", Deep and Deep Publication, New Delhi, pp.27-33.
- [4]. Lalitha N. and Dayanandan R.(2005), "NABARD and Rural Tranformation", New Delhi, dominant, ISBN 81- 7888- 292-2
- [5]. Mehrotra, S.R." Institutional Credit and Agricultural growth "Print well publisher, Jaipur,1987, pp. 286.
- [6]. Mohana Rao, L.K., et al. (1985), "Impact of Bank Finance: A comparative study" Indian Co-operative Review, Vol.23, No.1, July 1985, pp.47-53.

[7]. Patel, R.H. et al. (1987), “A study of utilization of Farm Credit”, Indian Co-operative Review, Vol.25, No.1, July 1987, pp.93-101

[8]. Sidhu, M.S., et al., (1985), “Impact of bank lending on weaker sections: A case study of Ludhiana District”, Land Bank Journal, Vol.24, Issue II, Dec. 1985, pp. 29-36.

[9]. Tyagi, B.P., “Agricultural Economics of Rural Development”, Chand Publication, New Delhi, pp.662-668.

[10]. Tyagi Vandana (2012), “India’s agriculture: Challenges for growth and development in current scenario” International Journal of physical and Social Sciences, ISSN: 2249-5894, vol. 2, Issue 5, May 2012, pp 116-128.

[11]. Vaikunthe, L.D, (1991), “Agricultural Co-operative credit — Utilisation and Recovery performance (A case study of KCC Bank, Dharwad)”, Indian Co Operative Review, Vol. 29, No.1, July 1991, pp.39-43.

[12]. Venkiteswaran, S and Janarthanan Pillai, B.R., (1991), “Utilisation of Long Term Loans- A case study”, Land Bank Journal, Vol. 24, Issue III, March 1991, pp.47-56.

[13]. Yadav, A.K., and Singh, B.N., (1996), “Impact of Institutional Credit on Investment, Income and Employment in Farming- An Economic Analysis with Reference to Deoria District of Uttar Pradesh”, Indian Co-operative Review, Vol.33, No.3, Jan 1996, pp.273-279.