



IMPACT OF NABARD'S REFINANCE OPERATIONS ON THE BENEFICIARIES IN SIVAGANGAI DISTRICT - INDIA

Dr. P. Narayanasamy

Assistant Professor, Department of Economics, Arumugam Pillai Seethai Ammal College, Thiruppattur, Sivagangai, Tamilnadu

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Abstract:

This paper reviews the contribution of National Bank for Agriculture and Rural Development (NABARD) in rural development and roles it has been playing in propping up this sector in terms of refinancing operations for agriculture and rural development. From its inception NABARD is providing finance for agriculture and rural development under various schemes through different financial institutions in the name of refinance support. One could hardly find an institution of a similar nature in the banking sector anywhere else in the world. It combines the roles of a central bank, a development agency, a financial institution, an infrastructure funding agency, a microfinance institution, a planning board and an apex-level policymaker. Previous experiences of financial institution show that small credits have proven feasible of lending to the poor for the rural development. For many years, financial institutions viz. Commercial Banks(CBs), Sivagangi District Central Cooperative Banks(CDCCBs) and Pandian Grama Banks (PGBs) in the Sivagangai District of Tamil Nadu have been providing credit to the farmers, rural artisans and small business men under different schemes for which NABARD is giving refinance support to them. Earlier, several studies have been undertaken to assess the impact of refinance operations of NABARD by individual researchers, financial institutions, Committees, Commissions and Government. But area specific studies are comparatively very limited in number. In a vast country like India with varying agro-climatic and socio-economic conditions, location specific studies are required. It is indispensable to assess the impact of NABARD's refinance operations on the beneficiaries of above said financial institutions in Sivagangai District, with a view to provide necessary information to the bankers and government about changes in income and assets of the rural people which will assist them in further policy making and to show the impact of refinance operations of NABARD in elimination of rural poverty. Though the study is restricted to Sivagangai district of Tamil Nau, the conclusions of the study is will be relevant to all districts or areas with similar agro-climatic and socio-economic conditions.

Key Words: NABARD, Rural Development, Micro Finance & Refinance operations

1. Introduction:

NABARD was created in response to the aspirations of the people and Government of India to create a strong public policy institution in rural credit for building a strong rural India and accordingly, NABARD flagged capital formation in rural economy as the thrust area. It is one of the premier agencies providing developmental credit in rural areas. NABARD is India's specialized bank for Agriculture and Rural Development in India. In the last 30 years, NABARD has built itself up into a unique institution. One could hardly find an institution of a similar nature in the banking sector anywhere else in the world. It combines the roles of a central bank, a development agency, a financial institution, an infrastructure funding agency, a microfinance institution, a planning board and an apex-level policymaker. Previous experiences of financial institution show that small credits have proven feasible of lending to the poor for the rural development. The financial institutions of Sivagangai District viz. Commercial Banks (CBs), Sivagangai District Cooperative Central Bank (SDCCB) any Pandiyan Grama Bank (AGB) have been actively involving in lending finances to specific categories to which NABARD has been providing refinance. Besides this, the financial agencies are involved in its routine of deposit mobilization and credit deployment including priority sector activities through their branches. In order to assess the impact of refinance lending operations of Commerical Banks (CBs), Sivagangai District Co-operative Central Bank branches (SDCCBs) and Pandiyan Grama Bank branches (PGBs) on the beneficiaries, an empirical analysis is made on the data collected through structured schedule designed for the purpose from 185 beneficiaries and thus, analysis of the data collected from the beneficiaries form the subject matter of this paper.

Results and Discussions:

Commercial Banks(CBs), Pandiyan Grama Banks (PGBs) and Sivagangai District Central Co-operative Banks (CDCCBs) have been directed to extend credit through their widespread branch network to priority sectors which include agriculture and its allied activities, village and cottage industries, small scale industries, self-employed persons, retail traders and small business for achieving agriculture and rural development. The impact of NABARD's refinances on the occupation, income and financial status of sample beneficiaries of select bank branches are discussed as in the following sections

Institution-Wise Loan Utilisation:

Table 1 presents the institution-wise loans sanctioned to sample borrowers during 2005-12 in

Sivagangai District, out of the total of 590 sample borrowers from CBs, SDCCBs and AGBs, the highest number of borrowers 71 or 39 percent was from AGBs as against the lowest of 50 or 27 percent from SDCCBs. In the case of aggregate loan amounts sanctioned the highest amount of Rs.10,23,950 (37 percent) was by commercial banks as against the lowest of Rs.7,48,236 (27 percent) by AGBs. The loan amount per borrower was the highest from SDCCBs at Rs.19,302 as against the lowest of Rs.10,538 from AGBs.

Table 1: Institution-wise Loans to the Borrowers in Sivagangai District 2015-16

S.No	Institution	No. of sample borrowers	Loan Utilised (Rs.)	Per Borrower (Rs.)
1	Commercial Banks (CBs)	64 (34.59)	1023950 (37.03)	16,000
2	Sivagangai District Cooperative Central Bank (SDCCB)	50 (27.03)	965100 (35.64)	19,302
3	Pandiyam Grama Bank (AGB)	71 (38.38)	748236 (27.33)	10,538
Total		185 (100)	273686(100)	14796

Source: Primary data

Commercial Banks (CBs):

Caste-Wise Loan Utilisation (CBs):

Table 2 presents Caste-wise borrowers and amount sanctioned by commercial banks. The SCs, STs, BCs and FCs accounted for 44, 3, 14 and 39 percent of borrowers respectively and for the loan sanctioned in the order of 35, 4, 15 and 47 percent in 2011-12. The average loan sanctioned was the highest at Rs.19,400 for STs followed by Rs.19080 for FCs, Rs.16556 for BCs and Rs.12,826 for SCs. For the sample as a whole it was at Rs.16,000 and this is higher than the sample average for STs, BCs and FCs and lower than that for SCs.

Table 2: Loan sanctions by Commercial Banks to Sample Borrowers

Caste - Wise Breakup: 2015-16

S.No	Institution	No. of sample borrowers	Loan Utilised (Rs.)	Per Borrower (Rs.)
1	Scheduled Castes	28 (43.75)	3,59,150 (35.07)	12826
2	Scheduled Tribes	2 (3.12)	38,800 (3.79)	19400
3	Backward Castes	9 (14.06)	1,49,000 (14.55)	16556
4	Forward Castes	25 (39.06)	4,77,000 (46.58)	19080
Total		64 (100)	511975 (100)	16000

Note: Figures in parenthesis are percentages to column total.

Source: Primary data

Caste-Wise Borrowers Income (CBs):

Table 3 depicts income of caste-wise sample borrowers of CBs. Out of the total income of Rs.4,22,782 of 64 borrowers 91 percent were generated from the main source and the remaining 9 percent from the secondary source. The main and the secondary sources of income ratio do not vary much among caste groups. The highest ratio for FCs is at 91:9 and the lowest for STs at 90:10. The average income from the main source is the highest for FCs at Rs.3611 followed by SCs at Rs.2624, BCs at Rs.2576 and STs at Rs.2574. With regard to average total income, FCs stood first with Rs.3990 and BCs with the lowest with Rs.2836.

Table 3: Caste-wise income of sample borrowers of CBs 2015-16

S.No	Caste	No. of borrowers	Main Source (Rs.)	Secondary Source (Rs.)	Total Income (Rs.)
1	Scheduled Castes	28	146916	13916	160832
	a. Percentage		(91.35)	(8.65)	(100)
	b. Average		5248	498	5746
2	Scheduled Tribes	2	10294	1150	11444
	a. Percentage		(89.95)	(10.05)	(100)
	b. Average		5148	576	5724
3	Backward Castes	9	46360	4674	51034
	a. Percentage		(90.84)	(9.16)	(100)
	b. Average		5152	520	5672
4	Forward Castes	25	180526	18946	199472
	a. Percentage		(90.84)	(9.50)	(100)
	b. Average		5152	758	7980
Total		64	384096	38686	422782
a. Percentage			(90.85)	(9.15)	(100)
b. Average			6001	604	6606

Source: Primary data

Occupation-Wise Loans and Subsidies (CBs):

Table 4 reveals that loans and subsidies to different occupational borrowers of CBs in Sivagangai District both in absolute and average terms. Agriculture accounts for 47 percent of the total loan utilized followed by small business with 33 percent and allied activities with 20 percent. Regarding total subsidy the small business, agriculture and allied activities accounted for 48, 33 and 19 percent of total subsidy respectively. Subsidy as a percentage of loan was the highest for small business at 13.85 followed by allied activities at 9.03 and agriculture at 6.61. Average loan was the highest for agriculture at Rs.9327 followed by small business at Rs.8324 and allied activities at Rs.5722. The small business was given the highest average subsidy of Rs.1153 followed by agriculture of Rs.617 and allied activities of Rs.517.

Table 4: Occupation-wise Loans and Subsidies to Sample Borrowers from CBs 2015-16

S.No	Occupation	Loan Utilised (Rs.)	Subsidy (Rs.)	% of subsidy on the loan utilised
1.	Agriculture (26)	485000	32102	6.61
	a. Percentage	(47.37)	(33.15)	
	b. Average	18654	1234	
2.	Small Business (20)	332950	46140	13.85
	a. Percentage	(32.52)	(47.64)	
	b. Average	16648	2306	
3.	Allied Activities (18)	206000	18610	9.03
	a. Percentage	(20.12)	(19.21)	
	b. Average	11444	1034	
Total (64)		1023950	96852	9.45
a. Percentage		(100)	(100)	
b. Average		16000	1514	

Source: Primary data.

Income Generation by Caste-wise Borrowers (CBs):

Table 5 presents caste-wise income generated on the loans secured from Commercial banks. Each borrower on an average generated an income of Rs.66060 for a loan amount of Rs.160000, which works out to 41.29 percent.

Each SC borrower had generated an income of Rs.57440 or 44.78 percent for a loan amount of Rs.6413128260, which stood first followed by 41.81 percent in FCs, 34.5 percent in BCs and 29.49 percent in STs. It reveals that SCs generated more percentage of income on loans granted by commercial banks than other castes.

Table 5: Income Generation from Investments Using Loans from CBs: Caste-wise 2015-16

S.No	Caste	No. of Borrowers	Loan Borrowings (Rs.)		Income Generated (Rs.)		7 as % of 5
			Amount	Average	Amount	Average	
1	SCs	28	3591500	128260	1608320	57440	44.78
2	STs	2	388000	194000	114440	57220	29.49
3	BCs	9	1490000	165560	510340	56700	34.25
4	FCs	25	4770000	190800	1994720	79780	41.81
Total		64	10239500	160000	4227820	66060	41.29

Source: Primary data

Income Effect of Caste-Wise Borrowers (CBs):

Table 6 presents the net annual income of the borrowers of Commercial banks. In FC category each borrower had the highest net annual income of Rs.79780 and the lowest of Rs.56700 in the BC category. In terms of percentage regarding the increase of income over the base, FCs stood first with 78.83 and the least being BCs with 70.88. It reveals that FC borrowers have generated more amount of net annual income than other categories of borrowers.

Table 6: Net Annual Income Effect of Usage of CBs Loans: Caste-wise Borrowings 2015-16

S.No	Caste	Annual Income (Rs.)		Net Annual Income Effect (Rs.)	5 as % of 3
		Before	After		
1	SCs (28)	2260000	3868320	1608320	71.6
	a. Total				
	b. Average				
2	STs (2)	16000	274440	114440	71.53
	a. Total				
	b. Average				
3	BCs (9)	720000	1230340	510340	

	b. Average	80000	136700	56700	70.88
4	FCs (25)				
	a. Total	2530000	4524720	1994720	
	b. Average	101200	180980	79780	78.83
All (64)					
	a. Total	5670000	9897820	4227820	
	b. Average	88600	154660	66060	74.56

Source: Primary data

**Sivagangai District Co- Operative Central Bank Branches (SDCCBs):
Caste-wise Loan Utilisation (SDCCBs):**

Caste-wise borrowers and amount sanction by SDCC banks are presented in table 5.17. The percentage of sample borrows to be total SCs, STs, BCs and FCs accounted for 22, 6, 8 and 64 respectively and the total sanctions in that order for the year 2011-12 were 20, 6, 3 and 73 percent. The average loan sanctioned was the highest at Rs.215900 for FCs and the lowest for STs at Rs.66660. For the sample as a whole it was at Rs.193020. This is higher than the sample average for FCs and lower than that of BCs, SCs and STs.

Table 7: Loan Sanctions by SDCCBs to Sample Borrowers Caste-wise Breakup 2015-16

S.No	Borrowers Caste	No. of sample Borrowers	Loan Amount Utilised (Rs.)	Average (Rs.)
1.	Scheduled Castes	11 (22.00)	1884000 (19.52)	71280
2.	Scheduled Tribes	3 (6.00)	560000 (5.80)	66660
3.	Backward Castes	4 (8.00)	298000 (3.09)	74500
4.	Forward Castes	32 (64.00)	6909000 (71.59)	215900
Total		50 (100)	9651000 (100)	193020

Source: Primary data

Caste-wise Borrowers' Income (SDCCBs):

Table 8 depicts income of caste-wise sample borrowers. Out of a total income of Rs.566,5120 of 50 borrowers, 89 percent was generated from main source and the remaining 11 percent from secondary source. The main and secondary source of income ratio was the highest for SCs at 92:8 and the lowest for FCs at 88:12. Average income from main source was the highest for FCs at Rs.118920 and the lowest for STs at Rs.63020. The same rank order was obtained with respect to average total income for different caste groups. The above analysis signifies that the average income of loanees of FC category was the highest followed by BC, SC and ST loanees.

Table 8: Caste-wise Income of the Sample Borrowers of SDCCBs 2015-16

S.No	Caste	No. of Borrowers	Income		
			Main Source (Rs.)	Secondary Source (Rs.)	Total Income (Rs.)
1.	Scheduled Castes	11	758420	65780	824200
	a. Percentage		(92.02)	(7.98)	(100)
	b. Average		68940	5980	74720
2.	Scheduled Tribes	3	189080	15480	204560
	a. Percentage		(92.43)	(7.47)	(100)
	b. Average		63020	5160	68180
3.	Backward Castes	4	299800	25720	325520
	a. Percentage		(92.10)	(7.90)	(100)
	b. Average		74960	6440	81380
4.	Forward Castes	32	3805600	505240	4310840
	a. Percentage		(88.28)	(11.72)	(100)
	b. Average		118920	15780	81380
Total		50	504190	623220	5665120
a. Percentage	(88.90)		(11.10)	(100)	
b. Average	100840		12460	113300	

Source: Primary data

Occupation-Wise Loans and Subsidies (SDCCBs):

Table 9 reveals that the loans and subsidies to different occupational borrowers of SDCC banks in absolute and average amounts. Agriculture accounted for 65 percent of total loan utilized followed by small business for 25 and allied activities for 10 percent. The same rank order was followed in the case of utilisation of subsidy. The percentage of subsidy on the loan utilized was the highest for agriculture at 20.97 percent followed by small business at 19.95 percent and allied activities at 4.16 percent. Average loan was the highest for allied activities at Rs.240000 and the lowest for small business at Rs.85320. Agricultural borrowers were given the highest average subsidy of Rs.41300 and the lowest was for allied activities at Rs.10000.

Table 9: Occupation-wise Loans and subsidies to Sample Borrowers for SDCCBs 2015-16

S.No	Occupation	Loans Utilised (Rs.)	Subsidy (Rs.)	Percentage of subsidy on the loans utilised
1	Agriculture (32)	6302000	1321600	20.97
	a. Percentage	(65.30)	(71.88)	
	b. Average	196920	41300	
2	Small Business (14)	2389000	476800	19.95
	a. Percentage	(24.75)	(25.94)	
	b. Average	170640	34040	
3	Allied Activities (4)	960000	80000	4.16
	a. Percentage	(9.95)	(2.18)	
	b. Average	24000	10000	
Total (50)		9651000	1838400	19.04
a. Percentage		(100)	(100)	
b. Average		193020	36680	

Source: Primary data

Pandiyan Grama Bank Branches (PGBs):

Caste-wise Loan Utilisation (PGBs):

The Scheduled Castes (SCs), the Scheduled Tribes (STs), the Backward Castes (BCs) and the Forward Castes (FCs) accounted for 37, 13, 40 and 10 percent of borrowers and the loan sanctions were in the order of 41, 15, 33 and 11 percent respectively in 2011-12. The average loan sanctioned was highest at Rs.1,22,220 for STs sample borrowers followed by FCs at Rs.120860, SCs at Rs.11728 and BCs at Rs.85760 on the whole average loan sanctioned was Rs.10538. The caste group-wise average loan amounts were higher than the sample average of STs, FCs and SCs but lower for BCs.

Table 10: Loan sanctioned by PGBs to Sample Borrowers caste-wise breakup 2015-16

S.No	Borrowers Caste	No. of Sample Borrowers	Amount Utilised (Rs.)	Average (Rs.)
1	Scheduled Castes (SCs)	26 (36.62)	3049200 (40.75)	117280
2	Scheduled Tribes (STs)	9 (12.68)	1100000 (14.70)	122220
3	Backward Castes (BCs)	29 (40.85)	248708 (33.54)	85760
4	Forward Castes (FCs)	7 (9.85)	84608 (11.31)	120860
Total		71 (100)	7482360 (100)	105380

Source: Primary data

Caste-Wise Borrowers' income (PGBs):

Table 11 presents the income of caste-wise sample borrowers of PGBs. Out of a total income of Rs.2829000 of 71 borrowers, 90 percent was generated from main source and the remaining 10 percent from secondary source. The main and secondary source income ratio was the highest for FCs at 9:19 and the lowest for SCs at 88:12. The average income from main source was the highest for FCs at Rs.44320 followed by BCs at Rs.39840, STs at Rs.28540, SCs at Rs.31680 and all castes at Rs.35860. The same rank order was arrived at with respect to average total income for different caste-groups.

Table 11: Caste-wise Income of Sample Borrowers of PGBs 2015-16

S.No	Caste	No. of Borrowers	Income		Total Income (Rs.)
			Main source (Rs.)	Secondary Source (Rs.)	
1	SCs	26	823880	111700	935580
	a. Percentage		(88.06)	(11.94)	(100)
	b. Average		31680	4300	35980
2	STs	9	256940	26280	283220
	a. Percentage		(90.72)	(9.28)	(100)
	b. Average		28540	2920	31460
3	BCs	29	1155440	114980	1270420

	a. Percentage		(90.95)	(9.05)	(100)
	b. Average		39840	3960	43800
4	FCs	7	310280	29500	339780
	a. Percentage		(91.32)	(8.68)	(100)
	b. Average		44320	4220	48540
Total		71	2546540	282460	2829000
	a. Percentage		(90.02)	(9.98)	(100)
	b. Average		35860	3980	39840

Source: Primary data

Income Generation by Occupation-wise Borrowers (PGBs):

Table 12 depicts income generated by occupation-wise borrowers of Pandiyan Grama bank branches (PGBs). On an average each borrower generated an income of Rs.39840 for a loan amount of Rs.105380, which was worked loan amounts were Rs.65480 in allied activities, Rs.34800 in agriculture, Rs.18740 in small business and Rs.39840 in all occupations clubbed together. As a percentage of average income generated on average loan amount the allied activities stood first with 51.01 percent as against the lowest percentage of 22.49 by small business borrowers. It reveals that the percentage of income generated from loan by allied activities was higher than those of other categories of loans.

Table 12: Income Generation using PGBs' Loans: Occupation-wise 2015-16

S.No	Occupation	No. of Borrowers	Loan Borrowings (Rs.)		Income Generated (Rs.)		7 as % of 5
			Amount	Average	Amount	Average	
1	Agriculture	6	716000	119340	208780	34800	29.16
2	Small Business	35	2915360	83300	656040	18740	22.49
3	Allied Activities	30	3851000	128360	1964180	65480	51.01
	Total	71	7482360	105380	2829000	39840	37.81

Source: Primary data

Income Generation by Caste-Wise Borrowers (PGBs):

Table 13 presents Caste-wise income generated on the loans secured from PGBs. Each borrower generated an average income of Rs.39840 from an average loan amount of Rs.105380 which was worked out to be 37.81 percent. Each FC borrower had generated the highest average income Rs.48540 and the ST borrower the lowest of Rs.31460. Regarding the percentage of income generated on average loan, the BCs stood first with 51.07 percent followed by FCs with 40.16 percent, SCs with 30.69 percent and STs with 25.74 percent. It reveals that BCs generated more percentage of income on loans granted by PGBs than other caste loanees.

Table 13: Income Generation from using Loans from PGBs: Caste-wise 2015-16

S.No	Caste	No. of Borrowers	Loan Borrowings (Rs.)		Income Generated (Rs.)		7 as % of 5
			Amount	Average	Amount	Average	
1	SC	26	3049200	117280	935580	35980	30.68
2	ST	9	1100000	122220	283220	31460	25.74
3	BC	29	2487080	85760	1270420	43800	51.07
4	FC	7	846080	120860	339780	48540	40.16
	Total	71	7482360	105380	2829000	39840	37.81

Source: Primary data

Income Utilisation by Caste-Wise Borrowers (PGBs):

Table 14 presents the annual incremental income utilized by caste-wise borrowers of PGBs. Out of the annual incremental income of the borrowers of all castes, more than 60 percent of the amount was spent on clearing of loans, 25 percent on purchase of assets and 14 percent on ceremonies. For loan clearance, STs spent the highest amount of 88.9 percent as against the lowest of 11.1 percent for purchasing assets. Spending on ceremonies and loan clearance has an inverse effect on the acquisition of assets.

Table 14: Utilisation of Annual Incremental Income by Caste-wise Borrowers of PGBs 2015-16

S.No	Caste	No. of borrowers	Income (Rs.)	Percentage Utilisation of Income for		
				Ceremonies	Purchase of Assets	Loan Clearance
1	Scheduled Castes	26	935580 (100)	11.5	38.5	50.0
2	Scheduled Tribes	9	283220 (100)	-	11.1	88.9
3	Backward Castes	29	1270420 (100)	17.2	20.7	62.1
4	Forward Castes	7	339780 (100)	28.6	14.3	57.1

	Total	71	2829000 (100)	14.1	25.4	60.5
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Source: Primary data

Findings, Suggestions and Conclusions:

The analysis of the data collected from the sample beneficiaries in Sivaganagi District to assess the impact of NABARD's refinance operations, have facilitated to offer some suggestions presented as follows.

- ✓ It is found that out of the total loan of Rs.1023950 to 64 sample borrowers, a lion's share of 47.36 percent had gone to agriculture followed by small business and allied activities with 32.51 and 20.13 percent respectively
- ✓ It can be concluded that the percentage of income of agriculture borrowers was higher than those of other categories of loaners.
- ✓ It reveals that SCs generated more percentage of income on loans granted by commercial banks than other castes.
- ✓ It reveals that FC borrowers have generated more amount of net annual income than other categories of borrowers
- ✓ It reveals that the percentage proportions of annual incremental income spent for loan clearance and capital formation have inverse relationship.
- ✓ For loan clearance BCs spent the highest amount of 88.9 percent as against the lowest of 11.1 percent on ceremonies. Spending on ceremonies and for loan clearance is inversely related to amount spent for acquiring assets. Inter-caste differences are quite obvious regarding income usage patterns.
- ✓ It can be concluded that loan repayment of FCs was better than those of other categories of borrowers
- ✓ It is found that the average loan sanctioned was the highest at Rs.215900 for FCs and the lowest for STs at Rs.66660. For the sample as a whole it was at Rs.193020. This is higher than the sample average for FCs and lower than that of BCs, SCs and STs.
- ✓ The above analysis signifies that the average income of loanees of FC category was the highest followed by BC, SC and ST loanees.
- ✓ It reveals that average loan was the highest for allied activities at Rs.240000 and the lowest for small business at Rs.85320. Agricultural borrowers were given the highest average subsidy of Rs.41300 and the lowest was for allied activities at Rs.10000.
- ✓ It is found that high loan utilisation of 100 percent each was recorded for small business and allied activities and the lowest was for agriculture at 67 percent. The above analysis reveals that loan application, sanction and utilisation was better in the case of small business and allied activities than in agriculture.
- ✓ It reveals that the BC spent more amounts for securing a loan and the STs took more time to obtain loan other than categories of loanees.
- ✓ It is found that in terms of percentage increase of income over the base, BCs stood first with 107.43 and the least being FCs with 75.11 percent. It reveals that FC borrowers generated more amount of net annual income than other categories of borrowers.
- ✓ It reveals that the borrowers in agriculture stood first in repayment of the borrowed loans with 54.34 percent, followed by 53.84 percent in small business and 41.56 percent are allied activities. The data reveals that repayment of loans in agriculture was better than in other occupations.
- ✓ The borrowers in agriculture stood first in repayment of the borrowed loans with 54.34 percent, followed by 53.84 percent in small business and 41.56 percent are allied activities. The data reveals that repayment of loans in agriculture was better than in other occupations.
- ✓ It is found that the caste group-wise average loan amounts were higher than the sample average of STs, FCs and SCs but lower for BCs.
- ✓ It reveals that the allied activities were given the highest average subsidy of Rs.13460 followed by small business of Rs.11200
- ✓ It reveals that the borrowers of small business spent more amounts for securing loan and the borrowers of allied activities took more time for obtaining loan.
- ✓ It reveals that the percentage of income generated from loan by allied activities was higher than those of other categories of loans.
- ✓ It implies that FC borrowers had generated more amount of net average annual income than other categories of borrowers.
- ✓ The borrowers in FC category stood first in repayment of loans with 71.63 percent followed by SCs with 63.48 percent, STs with 47.45 percent and BCs with 37.74 percent. It signifies that repayment by borrowers of FCs was better than other categories.
- ✓ The study reveals that the Institutional credit in Sivaganai District of Tamil Nadu to have been increased in its quantum as the NABARD has increased the quantum of refinance to its client agencies.

Suggestions:

The District of Sivagangai has its adverse agro-climatic conditions (monsoon failure, low precipitation, and scanty rainfall) and geographical features. Hence, the NABARD has to devote its attention to refinancing and bringing coordinated efforts of other agencies to strengthen the resource base and eliminate the constraints standing in the way of its development.

- ✓ To make NABARD's lending in Sivagangai District more pragmatic and realistic, the District Development Manager's Office (DDM's Office) should be located at the district headquarters.
- ✓ Water shed schemes should be implemented in the district in a big way, wherever possible, to conserve underground water resources which in turn ensure sustainable agriculture development in the district. It is also suggested that surface water resources like tanks should be developed by way of de-silting, etc.
- ✓ As Sivagangai district is a semi-arid zone the transmission and evaporation losses are high. The Agriculture department of Tamilnadu may think of introducing the concept of wind breaks and shelter belts to reduce the velocity of winds which are main causes of high evapo-transpiration losses.
- ✓ Further, the bankers should study the borrowers' motives of securing loans which is a vital factors hitherto neglected. .
- ✓ Need based loan should be given priority in disbursement of loan.

Conclusion:

In a nutshell, NABARD has been acting as an apex refinancing institution as well as development agency in the field of agriculture and rural development in its true sense. The overall performance of NABARD can be said to be satisfactory and the prospects are bright. But what is more needed is paying proper attending to some of the problems that emerged recently like mounting over dues, undue political interference, willful defaults and declining efficiency of financing institutions and lack of information in rural areas. Without initiating the measures explained earlier all other efforts including pumping money through banks by NABARD cannot create any significant impact either on the development of district economy or on the beneficiaries.

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