

FOSTERING AGRICULTURAL SUSTAINABILITY: A CASE STUDY OF NATIONALIZED BANKS' SUPPORT IN FARMING COMMUNITIES

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Abstract

For farming communities to have food security, economic success, and environmental protection, it is crucial to promote agricultural sustainability. When it comes to providing financial services that assist agricultural sustainability, nationalised banks are essential due to their vast reach and government mission. The role of nationalised banks in ensuring the long-term viability of rural communities is examined in this case study. This research delves into the tactics, processes, and consequences of nationalised banks' assistance in fostering sustainable agriculture by using empirical data, case studies, and policy analyses. It delves into the ways in which nationalised banks make it easier for farmers to get the loans, insurance, and other financial services they need to implement environmentally friendly agricultural methods, invest in new technologies, and lessen their impact on the environment.

The study also delves into how nationalised banks' sustainability efforts in agriculture were influenced by regulatory frameworks and governmental policies. It looks at how well agricultural extension services, government agencies, and nationalised banks work together to promote sustainable agriculture. The purpose of this research is to help stakeholders, practitioners, and policymakers improve agricultural sustainability by analysing the role of nationalised banks in supporting farming communities. Sustainable agricultural practices, better farmer livelihoods, and advancement of larger development goals may all be achieved by using the capabilities of nationalised banks and cultivating synergies with other stakeholders.

Keywords – Agricultural sustainability, Nationalized banks, Financial services, Farming communities, Access to credit

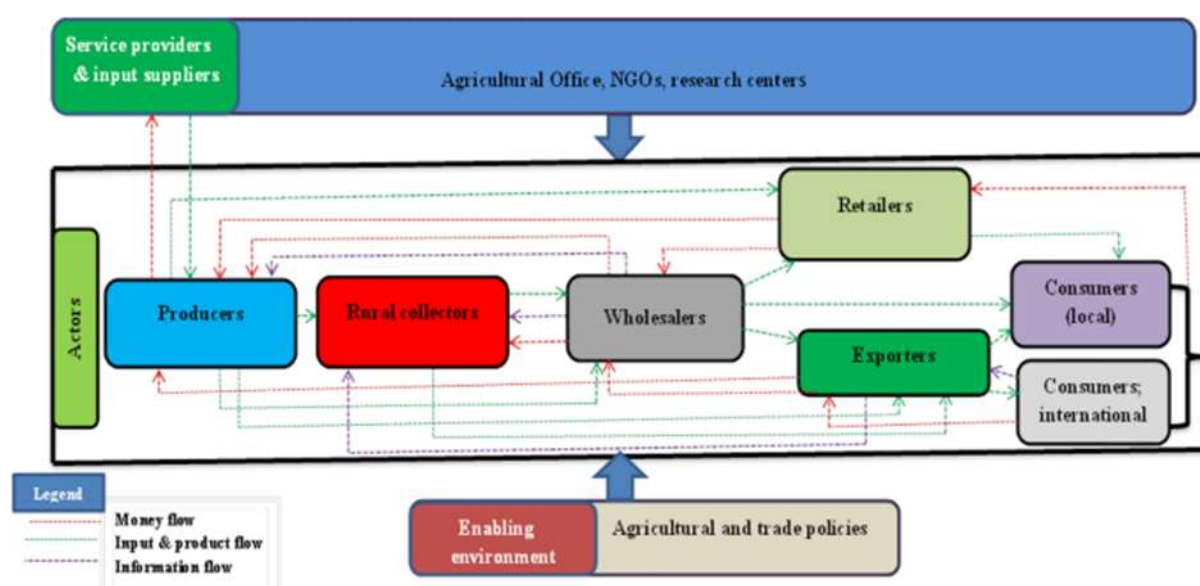
Introduction

Global food security and environmental preservation rely on sustainable agriculture, which is especially important for rural communities whose livelihoods depend on the land's production. Having access to funding and legislation that promote sustainable agriculture are crucial. Financial services provided by nationalised banks, which are backed by the government and have extensive networks, play a crucial role in promoting agricultural sustainability.

In this introductory section, we lay the groundwork for a deep dive into how nationalised banks have helped rural communities maintain their agricultural practices. It highlights the need of sustainable agriculture in tackling modern issues including rural poverty, food insecurity, and climate change. The goal of this research is to help farming communities become more resilient and prosperous by analysing the tactics, processes, and effects of nationalised banks' assistance for agricultural sustainability.

In addition, the introduction emphasises the role of government policies, agricultural players, and nationalised banks in promoting sustainable farming methods. It stresses the need for joint initiatives to handle the many problems that farmers face, such as gaining access to financing, using climate-smart technology, and reducing risks.

Our overarching goal in doing this study is to learn more about how nationalised banks have helped promote agricultural sustainability and where they may be of most assistance to farming communities. The transformation of agriculture may be accelerated by the use of nationalised banks' financial resources, legislative frameworks, and stakeholder collaborations, leading to a more sustainable and resilient future.



Literature review

There are two main divisions in India's rural banking system, according to Nair (2020): the official sector, which includes institutions like regional rural banks and public sector commercial banks, and the informal sector, which includes people like moneylenders, merchants, and commission brokers. After India's nationalisation, public sector commercial banks began to play an ever larger role in the country's rural areas, and this article surveyed those patterns. In addition to discussing the need of expanding "micro finance services," this article aims to build a robust rural banking system.

Up until 1969, the only way to meet the demand for agricultural goods was via cooperatives (Satyasai K J S & Badatya K C, 2000). While commercial banks and regional rural banks each contributed 51% to the rural market, cooperatives continued to make up the majority, according to the RBI data from 1998.

There has been no quality development in rural banking in India, according to (Shivamaggi H B, 2020). This study examines the challenges faced by rural banking institutions in India, specifically focusing on commercial banks, cooperative banks, and regional rural banks, when it comes to providing loans to rural residents. Bank managements should be able to devise their initiatives without intervention from the government if they want to provide agricultural specialised banking. Motivating farmers via incentives and direct access to NABARD financing should be the goal of banking policy, according to the author. Among his other arguments were the need of fostering a culture that is supportive of rural banking, a positive attitude among managers, and the development of institutions via the cultivation of specialised skills.

Using fundamental statistical return data on big borrowal accounts, (Rao K G K S, 2022) aimed to examine the cost of credit of commercial banks operating in a deregulated environment. Banks' discretion to set their Prime Lending Rates (PLRs) in response to factors such as the cost of borrowing money, transaction or intermediation fees, and competitive market circumstances was mostly limited to the years 1999 and 2000 in this research. Interest rate subsidies based on priority sectors or loan sizes have all but disappeared, according to the author. Therefore, it is critical to develop a data system for Small Borrowal Accounts (SBA) that is on par with Large Borrowal Accounts (LBA), ideally using repeated sample surveys.

In 2015, Patil brought out some serious issues with regional rural banks and cooperative banks, which are examples of locally based financial organisations. Some of these issues include: i) the nature of the relationship between banks and their customers; ii) the length of time it takes for borrowers to receive relief; iii) the fact that large commercial banks are better able to weather loan waivers than localised banks because they funnel all of their lending into agriculture; and iv) the reliance of these localised banks on NABARD for their financial capacity.

Objectives of the study

- To evaluate the effectiveness of nationalized banks' initiatives in promoting sustainable agricultural practices within farming communities.
- To assess the impact of financial services provided by nationalized banks on farmers' adoption of climate-resilient technologies and sustainable farming methods.
- To investigate the role of government policies and regulatory frameworks in shaping nationalized banks' support for agricultural sustainability.

Research methodology

Selected representative farming communities where nationalized banks are actively involved in promoting agricultural sustainability. Utilized qualitative methods such as interviews, focus groups, and observations to gather insights from farmers, bank officials, government representatives, and other stakeholders. Explored their perspectives, experiences, and perceptions regarding the role of nationalized banks in fostering sustainable agriculture.

Case studies

State Bank of India (SBI) - Kisan Credit Card (KCC) Scheme:

This case study looks at SBI's KCC initiative, which helps farmers out by giving them the money they need for farming and other things when they need it. Find out how SBI has used KCC to encourage organic farming, drip irrigation, and soil conservation methods among farmers who are committed to sustainable agriculture. Compare and contrast different parts of India to find out how SBI's KCC plan affected farming output, farmer income, and ecological sustainability.

National Bank for Agriculture and Rural Development (NABARD) - Watershed Development Projects:

In an effort to improve water availability, soil conservation, and agricultural output, NABARD has been executing watershed improvement projects all throughout India. Examine how NABARD contributes to watershed development projects including afforestation, water and soil conservation, and watershed management. Examine the effects on agricultural communities, both economically and environmentally, of watershed initiatives supported by NABARD, with a focus on areas that are rainfed or prone to drought.

Punjab National Bank (PNB) - Dairy Entrepreneurship Development Scheme (DEDS):

To encourage business ownership in the dairy industry and boost milk production, PNB and the Indian government launched the DEDS. Analyse the ways in which PNB has helped dairy producers financially via DEDS in order to establish dairy units, acquire milking animals, and use scientific dairy farming techniques. Analyse how PNB's DEDS has helped dairy farms become more financially stable, how milk is produced, and how much it costs.

Bank of Maharashtra - Solar Pump Irrigation Financing:

In an effort to encourage farmers to adopt more sustainable and energy-efficient irrigation techniques, the Bank of Maharashtra has launched financing options for solar pump systems. Find out how farmers have been helped financially by the Bank of Maharashtra to install solar pump sets, which have helped them reduce their reliance on traditional energy sources and save water. Find out how the solar pump irrigation funding initiative run by the Bank of Maharashtra helps farmers in the state and beyond financially, ecologically, and socially.

Canara Bank - Organic Farming Promotion Loans:

To support organic farming and decrease chemical inputs, Canara Bank provides farmers with specialised loan options and financial aid. Look at Canara Bank's initiatives to help farmers get the organic agricultural supplies, certification, and market connections they need. Find out how the organic farming promotion loans from Canara Bank affected soil quality, biodiversity, and farmers' ability to make a living in various agro-climatic zones of India.

Case studies like this shed light on the many ways in which nationalised banks in India have helped strengthen rural communities and ensure the long-term viability of their agricultural sector.

Discussion**Opportunities for Financial Inclusion and Credit Access:**

To help rural areas engage in environmentally friendly farming methods, nationalised banks provide loans and other financial services. Solar pump irrigation finance from Bank of Maharashtra and SBI's Kisan Credit Card programme are two examples of how farmers may have access to credit and use it to implement climate-smart technology, which in turn increase water management and agricultural production.

Assistance with Technical Matters and Capacity Development:

In order to provide farmers with capacity-building programmes and technical help, nationalised banks work in tandem with government agencies and agricultural extension services. Watershed development initiatives supported by NABARD show how farmers may improve the sustainability of their agricultural landscapes by conserving soil and water with the help of financial aid and technical advice.

Supporting the Diversification of Livelihoods:

Punjab National Bank (PNB) and similar institutions support programmes that help farmers diversify their income streams by introducing them to dairy farming, such as the Dairy Entrepreneurship Development Scheme (DEDS). Nationalised banks help rural areas generate revenue and be more resilient to agricultural hazards by lending money to establish dairy units and use modern farming methods for dairy.

Self-Sustaining Behaviour Promotion:

Organic farming and other sustainable agricultural practices are encouraged by nationalised banks via various financing programmes and specialised loan packages. An example of a bank's effort to help the environment, enhance soil health, and decrease chemical inputs in agriculture is Canara Bank's programme to assist organic farming financially.

Working Together and Supporting Policies:

Case studies that have been successful highlight the significance of cooperative efforts among agricultural stakeholders, government agencies, and nationalised banks. Financial assistance

from nationalised banks is aligned with wider government ambitions for agricultural sustainability, as shown in policies like the Dairy Entrepreneurship improvement Scheme (DEDS) and programmes like watershed improvement projects.

Taken as a whole, the conversation emphasises the many ways in which India's nationalised banks have helped promote sustainable agriculture. The resilience of agricultural communities, food security, and environmental conservation in rural regions are all improved by nationalised banks' provision of financial resources, technical aid, and policy support. Scaling up sustainable agriculture programmes and attaining long-term agricultural sustainability objectives requires continued coordination between banks, government agencies, and agricultural stakeholders.

Conclusion

Finally, this research's case studies show how nationalised banks have helped rural communities in India become more self-sufficient. Nationalised banks help strengthen agricultural resilience, productivity, and environmental sustainability via a variety of programmes, financial products, and joint endeavours.

A number of important inferences are drawn from the results:

Organic farming, solar irrigation, and livestock development are examples of sustainable agricultural methods that farmers may invest in thanks to the financial services and credit facilities provided by nationalised banks. Technical Assistance and Capacity Building: Agricultural extension services, government agencies, and nationalised banks work together to provide farmers with the tools they need to practise sustainable agriculture via training and education. The Dairy Entrepreneurship Development Scheme (DEDS) is one such initiative that promotes livelihood diversification by encouraging farmers to increase their income from sources other than agriculture. This helps to strengthen rural livelihoods and make them more resistant to agricultural hazards. Organic farming, watershed management, and climate-resilient agriculture are some of the sustainable practices that nationalised banks promote and reward via specialised loan products and funding schemes. Case studies show that nationalised banks, government agencies, and agricultural stakeholders may work together with supporting government policies to promote agricultural sustainability.

When it comes to advancing agricultural sustainability, nationalised banks are crucial. They provide farming communities financial resources, technical experience, and policy assistance. For food security, better rural lives, and resource conservation, these projects show how important it is to keep working together and investing in sustainable agriculture. The sustainable development objectives and agricultural transformation in India may be advanced further by nationalised banks by capitalising on their strengths and forming partnerships.

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