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## NAFIS Report Released by NITI AAYOG

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On August 16, 2018, 'NABARD All India Rural Financial Inclusion Survey' (NAFIS) was released by NITI Aayog.

- NAFIS was launched in 2016-17 as a national level survey that offers a comprehensive overview of the status of livelihoods and level of financial inclusion of the rural population.
- Its coverage spans across various financial inclusion aspects ranging from loans, savings, investments, pension, remittances and insurance.
- The survey also assessed the financial knowledge, attitude & behaviour of individuals.
- NABARD has decided to carry out such surveys every three years.

### Analysis

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- The NABARD All India Rural Financial Inclusion Survey (NAFIS) shows that average agriculture household income was a mere Rs 8,931 per month in 2016-17. Apart from a paltry income, farmers are facing rising indebtedness, lesser financial inclusion, and absence of insurance facility, according to the report.
- In the past four years, the income of a farm household has increased by just Rs 2,505/month. This is calculated by comparing the NABARD report with a 2012-13 study by the National Sample Survey Organization (NSSO), another government body that estimated the average monthly income of farm household at Rs 6,426. However, this income would actually be lesser if food inflation is included.
- While cultivation is still a major source of income (35 per cent), followed by daily wage labourer (34 per cent), livestock rearing contributes only 8 per cent of their income.

### Indebtedness and agricultural households

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- The survey shows that 41 per cent of rural households are indebted, of which majority (43 per cent) are agriculture households. Gujarat, Maharashtra, Telangana, Jammu and Kashmir and Himachal Pradesh are the most indebted households.

- Around one-third of total households take a loan from money lenders and other non-financial institutions. Although around 60 per cent of households take loans from financial institutions, the average amount of loan from non-institution is more than double than any financial institution.
- The average loan per household from non-institutional sources is Rs 63, 645 whereas average loan from a financial institution is Rs 28, 207.
- It clearly shows that one-third of rural households, which require the most support, are weaned away from financial inclusion. It also states that financial institutions do not prefer to lend in rural areas and they prefer to give the least they can.
- On an average, rural households have a debt of Rs 91,852.

## **Insurance**

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- Only one-fourth of the total rural households have any kind of insurance such as life insurance, vehicle, accident or health insurance. Out of the total rural households, only 26 per cent of agriculture households have any kind of insurance. Only 5 per cent and 2 per cent of the rural household have a vehicle and accidental insurance respectively said the survey.
- Only 6 per cent of rural households have health insurance. The health insurance among agriculture households was lowest (5 per cent) among the rural population.
- The pension is another social security scheme to provide income support to rural households, but only 19 per cent of rural households get any kind of pension. 20 per cent of agriculture households got a pension.

## **Financial Inclusion**

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- Around 49 per cent of total rural households report savings in a financial institution and around 53 per cent of agriculture households to save in financial institution. Besides, one-fourth rural households cannot use an ATM independently and 60 per cent of rural households cannot use mobile banking as they needed help to use it.
- Only 20 per cent rural households reported being associated with Self Help Groups.
- National Bank for Agriculture and Rural Development (NABARD) came into existence at the recommendation of B. Sivaraman Committee.
- It was approved by the Parliament through Act 61 of 1981 and came into existence in 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC).

## **Functions of NABARD**

- NABARD gives high priority to projects formed under the Integrated Rural Development Programme (IRDP).
- It provides finance to support poverty alleviation programs run by IRDP.

- It also makes the service area plan to provide backward and forward linkages and infrastructural support.
- It seeks to establish linkages between Self-help Group (SHG) that are organized by voluntary agencies for poor and needy in rural areas and other official credit agencies.
- It finances projects under the 'National Watershed Development Programme' and the 'National Mission of Wasteland Development'.
- It also supervises the cooperative banks and Regional Rural Banks to periodically ensure the development of the rural financing and farmers' welfare.