

B.A. Part II (Economics Honours)
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National Bank for Agriculture and Rural Development (NABARD)

NABARD is a development bank focussing primarily on the rural sector of the country. It is the apex banking institution to provide finance for Agriculture and rural development. Headquarter is located in Mumbai, the country's financial capital.

- It is responsible for the development of the small industries, cottage industries, and any other such village or rural projects.
- It is a statutory body established in 1982 under Parliamentary act-National Bank for Agriculture and Rural Development Act, 1981.

Functions:-

- NABARD's initiatives are aimed at building an empowered and financially inclusive rural India through specific goal oriented departments which can be categorized broadly into three heads: Financial, Developmental and Supervision.
- It provides refinance support for building rural infrastructure.
- It prepares district level credit plans to guiding and motivating the banking industry in achieving these targets.
- It supervises Cooperative Banks and Regional Rural Banks (RRBs) and helping them develop sound banking practices and integrate them to the CBS (Core

Banking Solution) platform.

- Core Banking Solution (CBS) is networking of branches, which enables Customers to operate their accounts, and avail banking services from any branch of the Bank on CBS network, regardless of where he maintains his account. The customer is no more the customer of a Branch. He becomes the Bank's Customer.
- It is involved in designing Union government's development schemes and their implementation.
- It provides training to handicraft artisans and helps them in developing a marketing platform for selling these articles.
- NABARD has various international partnerships including leading global organizations and World Bank-affiliated institutions that are breaking new ground in the fields of rural development as well as agriculture.
 - These international partners play a key consultant's role in providing advisory services as well as financial assistance designed to ensure uplifting of rural peoples as well as optimization of various agricultural processes.

The NABARD (Amendment) Bill, 2017 passed in 2018:-

- Amendment in Act enabled Union Government to increase the authorized capital of NABARD from Rs. 5,000 crore to Rs. 30,000 crore.

- Increase in capital of NABARD: Under the 1981 Act, NABARD may have a capital of Rs 100 crore. This capital can be further increased to Rs 5,000 crore by the central government in consultation with the Reserve Bank of India (RBI). The Bill allows the central government to increase this capital to Rs 30,000 crore.
- Transfer of the RBI's share to the central government: Under the 1981 Act, the central government and the RBI together must hold at least 51% of the share capital of NABARD. The Bill provides that the central government alone must hold at least 51% of the share capital of NABARD. The Bill transfers the share capital held by the RBI and valued at Rs 20 crore to the central government. The central government will give an equal amount to the RBI.
- Micro, small and medium enterprises (MSME): Under the 1981 Act, NABARD was responsible for providing credit and other facilities to industries having an investment of upto Rs 20 lakh in machinery and plant. The Bill extends this to apply to enterprises with investment upto Rs 10 crore in the manufacturing sector and Rs five crore in the services sector.
- Under the 1981 Act, experts from small-scale industries are included in the Board of Directors and the Advisory Council of NABARD. Further, banks providing loans to small-scale, tiny and decentralised sector industries are eligible to receive financial assistance from NABARD. The Bill extends these provisions to the micro, small, and medium enterprises.