

UNIT 5 – BANKING - NABARD

(National Bank for Agriculture and Rural Development) set up as an apex Development Bank by the Government of India with a mandate for facilitating credit flow for promotion and development of agriculture, cottage and village industries etc.

CHAIRMAN

Dr. Harsh Kumar Bhanwala, Chairman, NABARD, is a Post Graduate in Management from IIM, Ahmedabad

HEAD OFFICE-

NABARD has its head office at Mumbai, India.

HISTORY

At the instance of Government of India and Reserve Bank of India (RBI), **constituted a committee to review the arrangements for institutional credit for agriculture and rural development (CRAFICARD)** on 30 March 1979, under the **Chairmanship of Shri B.Sivaraman**, former member of Planning Commission, Government of India to review the arrangements for institutional credit for agriculture and rural development.

The Committee, in its interim report, submitted on 28 November 1979, felt the need for a new organisational device for providing undivided attention, forceful direction and pointed focus to the credit problems arising out of integrated rural development and **recommended the formation of National Bank for Agriculture and Rural Development(NABARD).**

The Parliament, **through Act,61 of 1981, approved the setting up of NABARD.** The bank came into **existence on 12 July 1982** by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC). NABARD was dedicated to the service of the nation by the late Prime Minister Smt. Indira Gandhi on 05 November 1982.

NABARD was set up with an **initial capital of 100 crore.** Consequent to the revision in the composition of share capital between Government

of India and RBI, the paid up capital as on 31 March 2015, stood at 5000 crore with Government of India holding 4,980 crore (99.60%) and Reserve Bank of India 20.00 crore (0.40%).

It has **336 District Offices across the country**, one special cell at Srinagar. It also has 6 training establishments.

MISSION

Promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives.

ROLE

It works as an institution which looks after the development of the cottage industry, small industry and village industry, and other rural industries.

NABARD Refinance Available to-

- State co-operative agriculture and rural development banks (SCARDBs),
- State co-operative banks (SCBs),
- Regional rural banks (RRBs),
- Commercial banks (CBs) and other financial institutions approved by RBI.

While the ultimate beneficiaries of investment credit can be **individuals, partnership concerns, companies**, State-owned corporations or co-operative societies, production credit is generally given to individuals.

NABARD is also known for its '**SHG Bank Linkage Programme**' which encourages India's banks to lend to self-help groups (SHGs). Largely because SHGs are composed mainly of poor women, this has evolved into an important Indian tool for microfinance. By March 2006, 22 lakh SHGs representing 3.3 core members had to be linked to credit through this programme.

NABARD also has a portfolio of **Natural Resource Management Programmes** involving diverse fields like Watershed Development, Tribal Development and Farm Innovation through dedicated funds set up for the purpose

IMPORTANT SCHEME Under NABARD

- Solar Scheme
- Capital Subsidy Schemes for Promoting Solar Photovoltaic Water Pumping Systems for Irrigation Purpose
- Capital Subsidy/Refinance Scheme for Installation of Solar Off Grid under Jawaharlal Nehru-National Solar Mission (JNNSM) of the Ministry of New and Renewable Energy
- Solar Water Heating System
- Agricultural Marketing Infrastructure, Grading and Standardization scheme
- Rural Godowns Scheme
- Dairy Entrepreneurship Development Scheme.