

# Competition Cosmos

## NABARD

It is the apex banking institution to provide finance for Agriculture and rural development. National Bank for Agriculture and Rural Development (NABARD) was established on July 12, 1982 with the paid up capital of Rs. 100 cr. by 50: 50 contribution of government of India and Reserve bank of India. It is an apex institution in rural credit structure for providing credit for promotion of agriculture, small scale industries, cottage and village industries, handicrafts etc.

### Functions of NABARD

NABARD was established as a development bank to perform the following functions:

1. To serve as an apex financing agency for the institutions providing investment and production credit for promoting various developmental activities in rural areas;
2. To take measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions and training of personnel;
3. To coordinate the rural financing activities of all institutions engaged in developmental work at the field level and liaison with the Government of India, the State Governments, the Reserve Bank and other national level institutions concerned with policy formulation; and
4. To undertake monitoring and evaluation of projects refinanced by it.
5. NABARD gives high priority to projects formed under Integrated Rural Development Programme (IRDP).
6. It arranges refinance for IRDP accounts in order to give highest share for the support for poverty alleviation programs run by Integrated Rural Development Programme.
7. NABARD also gives guidelines for promotion of group activities under its programs and provides 100% refinance support for them.

8. It is setting linkages between Self-help Group (SHG) which are organized by voluntary agencies for poor and needy in rural areas.
9. It refines to the complete extent for those projects which are operated under the 'National Watershed Development Programme' and the 'National Mission of Wasteland Development'.
10. It also has a system of District Oriented Monitoring Studies, under which, study is conducted for a cross section of schemes that are sanctioned in a district to various banks, to ascertain their performance and to identify the constraints in their implementation, it also initiates appropriate action to correct them.
11. It also supports "Vikas Vahini" volunteer programs which offer credit and development activities to poor farmers.
12. It also inspects and supervises the cooperative banks and RRBs to periodically ensure the development of the rural financing and farmers' welfare.
13. NABARD also recommends about licensing for RRBs and Cooperative banks to RBI.
14. NABARD gives assistance for the training and development of the staff of various other credit institutions which are engaged in credit distributions.
15. It also runs programs for agriculture and rural development in the whole country.
16. It is engaged in regulations of the cooperative banks and the RRB's, and manages their talent acquisition through IBPS CWE conducted across the country.

### **Role of NABARD**

1. It is an apex institution which has power to deal with all matters concerning policy, planning as well as operations in giving credit for agriculture and other economic activities in the rural areas.
2. It is a refinancing agency for those institutions that provide investment and production credit for promoting the several developmental programs for rural development.
3. It is improving the absorptive capacity of the credit delivery system in India, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, and training of personnel.
4. It co-ordinates the rural credit financing activities of all sorts of institutions engaged in developmental work at the field level while maintaining liaison with Government of India, and State Governments, and also RBI and other national level institutions that are concerned with policy formulation.
5. It prepares rural credit plans, annually, for all districts in the country.

6. It also promotes research in rural banking, and the field of agriculture and rural development.

## **Some of the milestones in NABARD's activities are:**

### **Business Operations:**

1. **Production Credit:** NABARD sanctioned aggregating of 66,418 crore short term loans to Cooperative Banks and Regional Rural Banks (RRBs) during 2012-13, against which, the maximum outstanding was 65,176 crore.

2. **Investment Credit:** Investment Credit for capital formation in agriculture & allied sectors, non-farm sector activities and services sector to commercial banks, RRBs and co-operative banks reached a level of 17,674.29 crore as on 31 March 2013 registering an increase of 14.6 per cent, over the previous year.

### **3. Rural Infrastructure Development Fund (RIDF)**

Through the Rural Infrastructure Development Fund (RIDF) 16,292.26 crore was disbursed during 2012-13. A cumulative amount of 1,62,083 crore has been sanctioned for 5.08 lakh projects as on 31 March 2013 covering irrigation, rural roads and bridges, health and education, soil conservation, drinking water schemes, flood protection, forest management etc.

### **New Business Initiatives:**

1. **NABARD Infrastructure Development Assistance (NIDA):** NABARD has set up NIDA, a new line of credit support for funding of rural infrastructure projects. The sanctions under NIDA during the year 2012-13 was 2,818.46 crore and disbursement was 859.70 crore.

2. **Direct refinance assistance to CCBs for short term multipurpose credit:** Direct refinance assistance to CCBs was conceived and additional line of finance for CCBs in the light of recommendations of the "Task Force on Revival of Short Term Rural Cooperative Credit Structure, which enables the latter to raise financial resources other than from StCBs. During 2012-13, refinance assistance aggregating 3,385 crore was sanctioned to 42 CCBs and disbursement stood at 2,363.45 crore.

Now it can be conclude that the Agricultural & rural development is totally dependent on the efficiency of the NABARD, which is doing its job as per the requirements of the economy.

