

NABARD

Another landmark in respect of rural credit in recent years is the setting up of the National Bank for Agricultural and Rural Development in 12th July 1982. From the very beginning, Reserve Bank of India (RBI) was extending the agricultural credit through state level co-operative banks and land development banks.

Later on, the Agricultural Refinance Development Corporation (ARDC) was also set up by RBI in 1963 for meeting the long-term credit requirement of rural areas. But after the formation of NABARD, it took over all the agricultural credit functions of RBI and the refinance functions of ARDC after its merger with NABARD.

NABARD has an authorized share capital of Rs 500 crore and paid-up capital of Rs 100 crore which is contributed equally by the RBI and the Government. RBI nominates three of its Central Board Directors as a member of the board of NABARD and a Deputy Governor of RBI is appointed as a Chairman of NABARD. The headquarters of NABARD is in Mumbai but it has many branches and regional divisions.

NABARD is an apex development bank with an authorization for facilitating credit flow for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. It also has the mandate to support all other allied economic activities in rural areas, promote integrated and sustainable rural development and secure prosperity of rural areas. In discharging its role as a facilitator for rural prosperity, NABARD is entrusted with:

- Providing refinance to lending institutions in rural areas
- Bringing about or promoting institutions development
- Evaluating, monitoring and inspecting the client banks

Besides this fundamental role, NABARD also:

- Act as a coordinator in the operations of rural credit institutions
- To help sectors of the economy that they have special credit needs for eg. Housing, small business and agricultural loans etc.

FUNCTIONS OF NABARD

It basically performs three kinds of roles, i.e. credit functions, development functions, and supervisory functions. Functions of NABARD are as follows:

- 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.
- 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 Groups (SHGs)** which are organized by voluntary agencies for poor and needy in rural areas.
- 9) It **refinances** 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.

ORGANIZATIONAL STRUCTURE OF NABARD

