



Cabinet

Cabinet approves proposal for Amendments to the NABARD Act, 1981

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Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the following proposals:

(a) Amendments to National Bank for Agriculture and Rural Development Act, 1981 as proposed in the draft Bill with such changes of drafting and of consequential nature, as may be considered necessary by Legislative Department. The Amendments, include provisions that enable Central Government to increase the authorized capital of NABARD from Rs. 5,000 crore to Rs. 30,000 crore and to increase it beyond Rs. 30,000 crore in consultation with RBI, as deemed necessary from time to time.

(b) Transfer of 0.4 per cent. equity of RBI in NABARD amounting to Rs. 20 crores to the Government of India.

The proposed amendments in NABARD Act, include, certain other amendments including changes in long title and certain Sections to bring Medium Enterprises and Handlooms in NABARD's mandate.

The proposed increase in the authorized capital would enable NABARD to respond to the commitments it has undertaken, particularly in respect of the Long Term Irrigation Fund and the recent Cabinet decision regarding on-lending to cooperative banks. Further, it will enable NABARD to augment its business and enhance its activities which would facilitate promotion of integrated rural development and securing prosperity of rural areas including generation of more employment.

The transfer of entire shareholding in NABARD held by RBI to the Central Government will remove the conflict in RBI's role as banking regulator and shareholder in NABARD.

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