

Role and Functions of NABARD

NABARD is a development bank established under statutory provisions. Let us briefly go through important characteristics of this development bank to get a clear understanding of its role and functions.

Role and Functions of NABARD

The National Bank for Agriculture And Rural Development is popularly referred to as NABARD.

NABARD is designated as an apex development bank in the country. This national bank was established in 1982 by a Special Act of the Parliament, with a mandate to uplift rural India by facilitating credit flow in agriculture, cottage and village industries, handicrafts and small-scale industries. It is also required to support non-farm sector while promoting other allied economic activities in rural areas. NABARD functions to promote sustainable rural development for attaining prosperity of rural areas in India.

It is basically concerned with “matters concerning policy, as well as planning and operations in the field of credit for agriculture and other economic activities in rural areas in India”. It is worth noting with reference to NABARD that RBI has sold its own stake to the Government of India. Therefore, Government of India holds 99% stake in NABARD.

Role of NABARD:

- 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.
- It is a refinancing agency for those institutions that provide investment and production credit for promoting the several developmental programs for rural development.
- 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.
- 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.
- It prepares rural credit plans, annually, for all districts in the country.

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

Functions of NABARD:

- NABARD gives high priority to projects formed under IRDP.
- It provides refinance for IRDP accounts in order to give highest share for the support for poverty alleviation programs run by IRDP.
- Other than the activities included under IRDP, it also makes the service area plan, to provide backward and forward linkages and also infrastructural support.
- NABARD also prepares guidelines for promotion of group activities under its programs and provides 100% refinance support for them.
- It is making efforts to establish linkages between Self-help Group(SHG) that are organized by voluntary agencies for poor and needy in rural areas and other official credit agencies.
- It refinances to the complete extent for those projects that are taken under the 'National Watershed Development Programme' and the 'National Mission of Wasteland Development'.
- 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 remedy them.
- It also supports Vikas volunteer Vahini programs which offer credit and development activities to poor farmers.
- It also inspects and supervises the cooperative banks and RRBs to periodically ensure the development of the rural financing and farmers' welfare.
- NABARD also recommends about licensing for RRBs and Cooperative banks to RBI.
- NABARD also provides assistance and support for the training and development of the staff of various other credit institutions, that are engaged in credit distributions.
- It also runs programs for agriculture and rural development.
- 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.