

# NABARD

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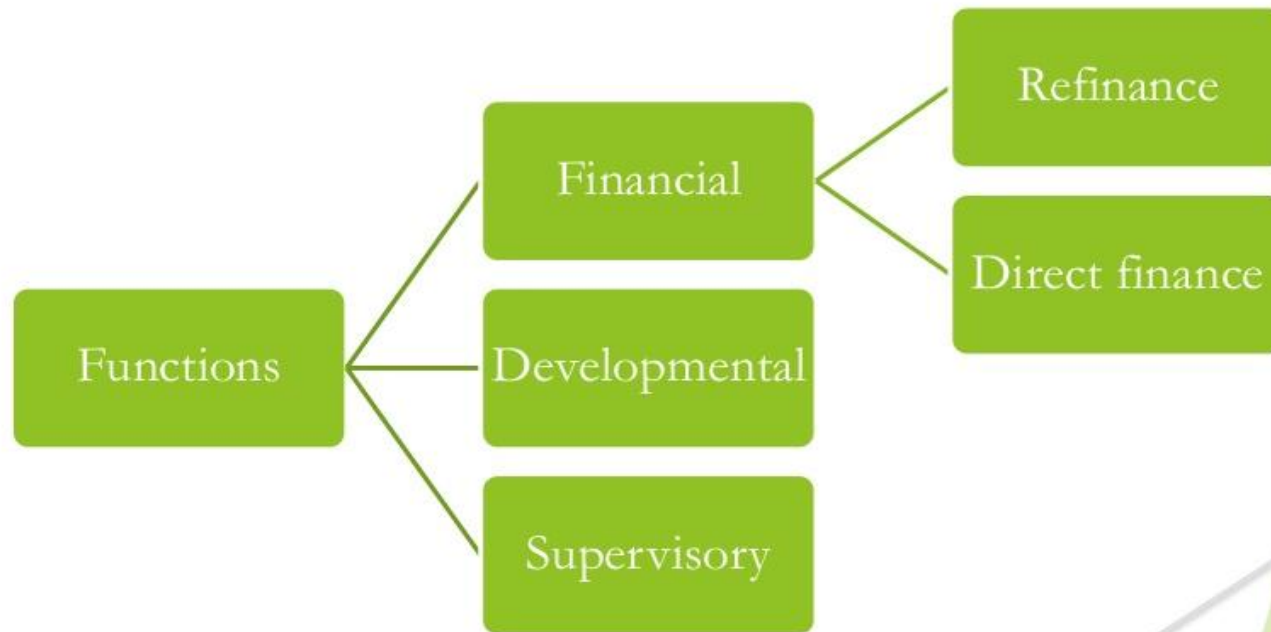
# Genesis

- ▶ Government 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, to review the arrangements for institutional credit for agriculture and rural development.
- ▶ The Committee, submitted on 28 November 1979, felt the need for a new organisational device to focus to the credit problems arising out of integrated rural development and recommended the formation of NABARD.
- ▶ The Parliament, through Act 61 of 1981, approved the setting up of NABARD.
- ▶ The bank came into existence on 12 July 1982

# Mission

- ▶ Promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives
- ▶ NABARD recorded high levels of performance in purveying rural credit during 2012-13.
- ▶ The aggregate assets held by NABARD rose to 2,13,170 crore as on 31 March 2013, an increase of 30,700 crore (17 %) compared to the position as on 31 March 2012

# Functions



# - FINANCIAL FUNCTIONS

## - REFINANCE



### Short term refinance:

- ▶ For using high yielding varieties of seeds, fertilisers, insecticides and costly agricultural implements
- ▶ For increasing the production, productivity, marketing and raising the level of surplus and savings.
- ▶ Production Credit Department (PCD) deals with ST refinance facilities, for various types of production, marketing and procurement activities, being provided to client institutions.
- ▶ Refinance is given for production purposes at concessional rate of interest to State Cooperative Banks (SCBs) and Regional Rural Banks (RRBs) by way of sanction of credit limits. Each withdrawal against the sanctioned credit limit is repayable within 12 months.
- ▶ A new refinance product for financing of PACS through PSBs & RRBs, wherever Cooperative Banks are weak or not in a position to lend to PACS adequately, was introduced during last year. (2011-12)

## Long term refinance

- Loan Period: normally 3 to 15 years.
- Investment credit leads to capital formation through asset creation.
- It induces technological upgradation resulting in increased production, productivity and incremental income to farmers and entrepreneurs
- Artisans, small scale industries, Non-Farm Sector (Small and Micro Enterprises), handicrafts, handlooms, power looms, etc.
- Activities of voluntary agencies and self help groups working among the rural poor



## - FINANCIAL FUNCTIONS

## -DIRECT FINANCE



1. Loans for food processing units in designated food parks
2. Loans to warehouses, cold storage and cold chain infrastructure
3. Credit facility to marketing federation
4. Rural infrastructure development fund
5. Direct lending to CCB's
6. Financing and supporting producers organizations etc



## DEVELOPMENTAL FUNCTIONS



- 1) Institutional development
- 2) Farm sector
- 3) Non farm sector
- 4) Financial inclusion
- 5) Micro credit innovations
- 6) Research and development
- 7) Core banking solution to cooperative banks
- 8) Climate change





## SUPERVISORY FUNCTIONS



### Supervision

- ▶ Section 35(6) of the Banking Regulation Act, 1949, empowers NABARD to conduct inspection of State Cooperative Banks (SCBs), Central Cooperative Banks (CCBs) and Regional Rural Banks (RRBs). In addition, NABARD has also been conducting periodic inspections of state level cooperative institutions such as State Cooperative Agriculture and Rural Development Banks (SCARDBs), Apex Weavers Societies, Marketing Federations etc., on a voluntary basis.

## Objectives of Supervision

- ▶ To protect the interest of the present and future depositors
- ▶ To ensure that the business conducted by these banks is in conformity with the provisions of the relevant Acts/Rules, regulations/Bye-Law
- ▶ To ensure observance of rules, guidelines, etc., formulated and issued by NABARD / RBI/ Government
- ▶ To examine the financial soundness of the banks and
- ▶ To suggest ways and means for strengthening the institutions so as to enable them to play more efficient role in purveying rural credit