



## NABARD Registers 24% Growth

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### Why in News

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**National Bank for Agriculture and Rural Development (NABARD)** closed its business at Rs. 6.57 lakh crore in FY 2020-21, recording a growth rate of 23.5%.

### Key Points

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- **NABARD's Business in 2020-21:**
  - Under **Aatmanirbhar Bharat Abhiyan**, NABARD released amounts to **cooperative banks, Regional Rural Banks (RRBs)** and to **NBFC-MFIs (Non-Banking Financial Company: Micro Finance Institution)** through a Special Liquidity Facility (SLF).

The SLF was with a view to augment the resources of the Cooperative banks and RRBs to enable them to extend credit to farmers.
  - NABARD registered a **total refinance disbursement of Rs. 2.23 lakh crore** to support agriculture and rural development activities during the pandemic.
  - A **refinance facility of Rs. 500 crore** was introduced to support the Government of India's **Water, Sanitisation and Hygiene (WASH)** programme.

- **About NABARD:**

- **Formation:**

- NABARD **came into existence on 12<sup>th</sup> July 1982** by transferring the agricultural credit functions of the **Reserve Bank of India (RBI)** and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC).
    - It is a **statutory body** established under '**National Bank for Agriculture and Rural Development Act, 1981**'.

- **Role:**

- It is a **development bank** focussing primarily on the rural sector of the country.
    - It is the **apex banking institution to provide finance for Agriculture and rural development.**

- **Cooperation with the RBI:**

- RBI provides 3 directors to NABARD's Board of Directors.
    - NABARD provides recommendations to RBI on issue of licenses to Cooperative Banks, opening of new branches by State Cooperative Banks and RRBs.

- **Headquarters:** Mumbai

- **Major Functions of NABARD:**

- It provides **refinance support for building rural infrastructure.**

- **Refinancing institutions** are important institutions who give loans to other institutions who ultimately give loans to the end customers.
    - NABARD provides short-term, medium-term and long-term refinance to Cooperative banks and RRBs to supplement their resources for providing adequate credit for supporting investment activities of farmers and rural artisans.

- It **supervises Cooperative Banks and Regional Rural Banks (RRBs)** and helps them develop sound banking practices and integrate them to the **CBS (Core Banking Solution) platform.**

- CBS can be defined as a solution that enables banks to offer a multitude of customer-centric services on a 24x7 basis from a single location.

- It is **involved in designing Union government's development schemes** and their implementation.

- **Examples:** National Livestock Mission, Interest subvention Scheme, New Agricultural Marketing Infrastructure, etc.

- NABARD has **various international partnerships including leading global organizations and World Bank-affiliated institutions** that are breaking new ground in the fields of rural development as well as agriculture.

- These international partners play a key consultant role in providing advisory services as well as financial assistance designed to ensure uplifting of rural peoples as well as optimization of various agricultural processes.

**Source: TH**