



# NABARD Registers 24% Growth

## Why in News

[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

### ▪ 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**

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