CHAPTER II

NABARD: GENESIS, OBJECTIVES, FUNCTIONS, ORGANISATION AND MANAGEMENT
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1. Introduction

The present chapter is designed to discuss the genesis, objectives, functions, organizational and management set up of the NABARD. This would provide a background for the analysis of the working of the National Bank.

With the increasing role of institutional credit in the integrated rural development of the country, a need was felt for a single broad-based organization which would not only extend adequate financial assistance to the various credit institutions of the rural areas but also provide guidance in all the matters concerning the formulation and implementation of rural development Programmes.

2. Genesis of NABARD

Reserve Bank of India (RBI) established in 1934, interalia, with a mandate to setup a special Agricultural Credit Department (ACD) with expert staff. Agricultural Credit Department of RBI initiated different measures to develop a healthy rural credit structure and provided guidance to the State Government and Cooperative Credit structure.

Agricultural Refinance Corporation (ARC) was established in 1963 to support investment credit for agricultural development. Consequent to the undertaking, development and promotional functions, the ARC was renamed as Agricultural Refinance and Development Corporation (ARDC) in 1972.

Reserve Bank of India, at the instance of the Government of India (GOI), appointed a Committee to Review Arrangement for Institutional Credit for Agriculture and Rural Development (CRAFICARD) in 1979 under the Chairmanship of Shri B.Sivaraman, former member of the Planning Commission.
The Committee sought to review/examine the structure and operations of the ARDC in the light of the growing need for term loans for agricultural and allied purposes and the need for and the feasibility of integrating short-term and medium-term credit structure with long-term credit structure at the national, state, district and village levels.¹

CRAFICARD felt that the ARDC was not able to provide integrated credit services to its clientele on account of limitations in its statute and the Agricultural Credit Department (ACD) of RBI was not able to provide requisite attention to all the issues connected with rural credit. Further, the development role assigned to the ARDC was inadequate to take care of institution building, training and research.² All these factors led to the recommendation for the establishment of NABARD, as the apex institution for integrated rural development through credit and development initiatives, to provide undivided attention, pointed focus and forceful direction to all matters and issues connected with rural credit.³ But the committee, however, felt that it would be necessary for the new institution to maintain organic links with the RBI so that its continued guidance in financial assistance were accessible to it.

The Committee, in its report submitted in Jan 1981, recommended favourably among other things the setting up of a National Bank for Agriculture and Rural Development. The Government of India and the Reserve Bank of India approved the proposal of CRAFICARD. The parliament approved the setting up of NABARD through the Act 61 of 1981. The NABARD Act was passed in the parliament on 1st December 1981. It came into existence on 12th July 1982 and was dedicated to the service of the nation by the then Hon'ble Prime Minister, Smt. Indira Gandhi on November 2, 1982.⁴

NABARD was established with the major objective of, as stated in the preamble to the Act, providing credit for the promotion of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promote integrated rural development and securing prosperity of rural areas and matters connected therewith or incidental thereto.⁵

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Accordingly the NABARD took over the functions of the erstwhile Agricultural Credit Department (ACD), Rural Planning and Credit Cell (RPCC) of the RBI and ARDC. After, the establishment of NABARD, the entire property, liabilities, rights, interest, privileges and other things of ARDC have been transferred to and vested with the National Bank.

3. Objectives

The National Bank has been set up as an apex refinance agency for institutions providing investment and production credit for promoting various development activities in the rural areas. The bank combines the developmental and financial role by undertaking the functions of agriculture and allied activities such as marketing, processing, storage and rural enterprises.

The main objectives of the National Banks are

1. To provide refinance to eligible institutions, viz., State Cooperative Agriculture and Rural Development Banks (SCARDBs), State Cooperative Banks (SCBs), Commercial Banks (CBs), Regional Rural Banks (RRBs), and Scheduled Primary Urban Cooperative Banks for supporting production and investment credit for development activities in the rural areas.

2. To take measures towards institution building for improving absorption capacity of credit delivery system including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, and other related matters.

3. To co-ordinate rural refinancing activities of all institutions engaged in the development work at the field level and to maintain liaison with the Central and State Governments and also the Reserve Bank of India.

4. To undertake monitoring and evaluation of projects refinanced by it.

5. To promote research in agriculture and rural development.

4. Functions

The functions of NABARD can be classified into four broad categories.

i) Credit Functions
ii) Promotional and Development Functions

iii) Institutional Development and Supervisory Functions, and

iv) Statutory and Other Functions

4.1 Credit Functions

NABARD provides two types of credit namely 1) Production Credit and 2) Investment Credit.

4.1.1 Production Credit

4.1.1.1 Short-term

4.1.1.1.i Refinance for agricultural purposes

4.1.1.1.i.a Seasonal Agricultural Operations (SAO)

NABARD provides short-term credit for Seasonal Agricultural Operations (SAO) by way of refinance. The State Cooperative Banks, Regional Rural Banks or any other institutions approved by the RBI are eligible to avail themselves of this refinance facility from the NABARD at concessional rates by sanction of credit limits. Refinance facilities are available for agricultural operations, marketing of crops, marketing and distribution of inputs necessary for agricultural development and any other activity for the promotion of agriculture.

4.1.1.1.i.b Short-term Other Seasonal Agricultural Operations (ST-OSAO)

NABARD provides refinance support to co-operative banks for financing marketing of crops to facilitate reasonable price to farmers for their produce and recovery of crop loan by linking production with marketing. Refinance is also available to SCBs/DCCBs for financing of stocking and distribution of fertilizers and other inputs by State Marketing Federation and by Primary Agriculture/Marketing Societies.

4.1.1.1.ii Refinance for Non-Agricultural Purposes

4.1.1.1.ii.a Refinance support to Weavers and Rural Artisans

NABARD has taken steps to support the weavers and the rural artisans by providing refinance support to the Co-operative banks and the RRBs to meet working capital requirements.
of the handloom and handicraft sector. NABARD also sanctions credit limits to State Co-operative Banks for financing Apex societies in order to stocking and distribution of yarn to the Primary Weavers' Co-operative Societies (PWCS). NABARD provides refinance facility to the District Central Co-operative Bank (DCCB) up to 83% of ground level credit to the weavers.

4.1.1.1.ii.b Refinance for pisciculture

NABARD provides refinance to the State Cooperative Banks/DCCBs for financing the pisciculture activities. It provides refinance for meeting the working requirement and off-season credit requirements of fishermen belonging to Below Poverty Line (BPL) families through the Primary Fisheries Cooperative Credit Societies (PFCS)/Primary Agricultural Credit Societies (PACS). NABARD provides 100 percent refinancing for this purposes.

4.1.1.1.ii.c. Financing Industrial Co-operatives Labour Contract/Forest Labour Co-operative Societies and Rural artisans

NABARD extends refinance support to the SCBs on behalf of the DCCBs/District Industrial Cooperative Banks for financing the working capital requirements of industrial cooperative societies (other than weavers), labour contracts/forest labour cooperative societies as also the artisan members of the Primary Agricultural Credit Society (PACS)/Farmers Service Society (FSS)/Large sized Adivasi Multi Purpose Society (LAMPS) to enable these banks to finance the production and marketing activities of cottage, village and small-scale primary industrial cooperative societies and marketing, manufacturing or processing activities of labour contract/forest labour cooperatives and production credit requirements of rural artisans and weaver members.

4.1.1.2. Medium-Term Loans

4.1.1.2.i Non Schematic

NABARD provides refinance to the SCBs and the RRBs for financing farmers to enable them to buy productive assets for certain approved agricultural investment purposes.
4.1.1.2.ii Conversion of Short-term loans to Medium-Term Loans (Schematic)

In the case of loss of 50 percent or more crops due to the natural calamities, the NABARD grants medium term loans to Co-operative banks and the RRBs to enable them to extend credit related relief to the affected farmers by converting their short term loans into medium-term or allowing rescheduling of loan period to postpone the long-term loan instalments falling due. The NABARD meets out financial burden arising out of conversion of short-term loan to the extent of 60% in the case of the DCCBs and 70 percent in the case of the RRBs.

4.1.2 Long-term loans to State Governments

The National Bank sanctions long-term loans to the State Governments towards contribution to the share capital of the SCBs (three-tier), DCCBs/SCBs (two tier), PACS, FSS, LAMPS, SCARDBs and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) in order to strengthen the owned-funds position so as to purvey larger credit. These loans are given on soft terms with repayment period extending up to 12 years with first installment falling due at the end of the third year.

4.1.3 Investment Credit

The NABARD extends credit facility to banks for financing the farmers to buy productive assets. NABARD provides the refinance facility for investment credit (long-term) to the SCARDBs/SCBs/RRBs/CBs and to the Scheduled Primary Urban Cooperative Banks. The extent of refinance assistance ranges between 90 percent and 100 percent of the bank loan depending upon the category of borrowers, purposes, agencies, and regions. The repayment period is fixed between three and fifteen years depending upon the cash flow/economic life of assets/repaying capacity.

4.1.3.1 Special Thrust Areas/Sectors

NABARD has identified development of rural infrastructure with specific emphasis on post harvest technology for value addition, marketing as also upgradation of technology and
Chart 2.1
Chart Showing Functions of NABARD

- **Credit Functions**
  - Production Credit
    - Short Term
    - Medium Term
    - Long Term
  - Non-Schematic Agriculture Credit
    - Refinance to Weavers & Rural Artisans
    - Refinance to Pigiculture
    - Financing Non-Industrial Co-operatives, Labour
    - Contract, Forest Labour
    - Co-operative Societies and Rural Artisans

- **Promotion & Development Functions**
  - Kisan Credit Card
  - Water Development Programme
  - Micro Credit Innovation
  - Non-Farm Sector
  - Gender Development
  - Development of Weaker Section
  - Other Measures

- **Institutional Development and Supervisory Functions**
  - Institutional Development
  - Supervisory Functions
    - Inspection of Banks
    - Board of Supervisors
    - Statutory Functions
  - Other Related Functions

- **Other Functions**
  - Credit Planning and Monitoring
  - Research and Development
  - Capital Gain Bonds
  - Consultancy Services
  - Integrated Development of Backward Blocks
input use, etc., as the thrust areas which need special focus. Some of the important schemes being implemented by NABARD to achieve these objectives are;

4.1.3.1.i Rural Infrastructure Development Fund (RIDF)

Good infrastructure is essential for better productivity of capital and labour. In India where more than 60% of the population lives in rural areas and nearly two-thirds of the work force derives their livelihood from agriculture, the rural infrastructure assumes crucial importance. The direct effect of infrastructure via, technological improvement on poverty reduction relates to the increase in the demand for labour and thus wage rates. The increase in productive capacity of a labour reduces indirectly the incidence of poverty.

The Government of India announced in the Union Finance Budget for the year 1995-96, the scheme for setting up of “Rural Infrastructure Development Fund” (RIDF) in the NABARD for financing of ongoing rural infrastructure projects with a corpus of Rs.2000 crores with the contribution from the Commercial Banks to the extent of short-fall in agricultural lending subject to a maximum of 1.5 percent of net bank credit. The cumulative corpus from RIDF I to VIII aggregated to Rs.28,500 crores.

The eligible purposes for financing under the RIDF include rural roads and bridges, major/medium irrigation projects, soil conservation, watershed development, drainage improvement, flood protection, forest management, rural drinking water supply, systems improvement in power sector, building for primary health centres and primary and secondary schools, anganwadis, sishusiksha Kendra’s and other areas.

4.2 Promotional and Development Functions

Apart from taking up projects with a view to increase the business of providing refinance/direct finance, NABARD has also to play a developmental role to improve credit flow to the agriculture and rural sector. Accordingly many promotional and developmental initiatives have been taken up by the NABARD are briefly discussed below.
4.2.1. Kisan Credit Card Scheme

Kisan Credit Card (KCC) Scheme, which operationalised during the year 1998-99, is a landmark in the history of rural credit in India. The Scheme aims at quickening the pace and improving the quality of institutional credit delivery for agricultural purposes and was an innovating attempt at further refining the crop loan system. NABARD formulated the model KCC scheme and has been issuing operational guidelines. The credit is given to the cardholders in the form of revolving cash credit facility, which is valid for three years.

4.2.2. Watershed Development Programmes

Watershed development has proved to be a comprehensive approach to enhance productivity under rain fed agriculture. The NABARD is actively involved in participating watershed development throughout the country. The following are watershed programme implemented through NABARD.

4.2.2.1. Indo-German Watershed Development Project (IGWDP) (Maharastra)

It is an integrated programme for the watershed development with a participatory approach. It has been implemented since 1992 in Maharastra through the NGOs and the village level community organizations under the bilateral aid-agreement between the German and the Indian Government. The programme has been implemented in more than one lakh hectares in the twenty-one districts of Maharastra.

4.2.2.2 Watershed Development Fund (WDF)

Watershed Development Fund (WDF) has been set up in the NABARD in 1999-00 with a corpus of Rs.200 crores equally contributed by NABARD and the Government of India with an objective to spread over the watershed development throughout the country. The programme had envisaged coverage of 100 priority districts against which 97 districts have been identified/selected in nine states.
4.2.3 Micro-credit Innovations

NABARD had introduced, in 1992-93, a pilot project for linking the Self-Help Groups (SHGs) with the banks by providing supplementary credit to the unreached rural poor in the rural areas like the landless/marginal farmers/agricultural labourers, rural poor women and other helpless people. SHGs are the self managed groups of poor men and women, which primarily came into existence to mobilize financial resources through their own savings, and which lent the same amongst themselves to meet the credit needs of their members. The programme made its beginning through a small pilot project in 1992 aimed at linking 500 Self-Help Groups (SHGs) across the country with banks. With the introduction of the pilot project, the traditional approach of the NGOs towards their SHGs also underwent great changes.

4.2.4. Non-form Sector

Non-farm sector provides employment opportunity and income generation in the rural areas. Since 1985-86, the credit package of NABARD provides financial and promotional support to different segments of rural non-farm sectors like the traditional industries (handloom, handicrafts, coir industries and others) agro-industries, small scale industries, modern industries, service and transport sector and others. NABARD implement the following project/programme for the promotion of non-farm sector.

4.2.4.1 Rural Entrepreneurship Development Programmes (REDP)

NABARD extents assistance to agencies that have professional competence for conducting entrepreneurship development programmes for unemployed rural youth. The NABARD has a plan to cover one lakh potential entrepreneurs under the REDP over a period of 5 years 1999-2000 to 2003-04.

4.2.4.2. District Rural Industries Project (DRIP)

NABARD had identified five districts under the DRIP on a pilot basis during 1993-94 to generate employment opportunities by providing adequate support for rural industrialization. DRIP was extended to other nine districts during 1999-2000 and eight more districts during
2000-01, since the pilot programmes proved a successful one. The project is at present being implemented in sixty-three districts in the country.

4.2.4.3. Cluster Approach for Rural Industrialization

For the development of rural clusters, the NABARD identified the clusters under National Programme for Rural Industrialization (NPRI) launched by the Government of India. Thirty artisan clusters have been identified by the NABARD in the first three phases in seventeen states. The programme had been launched in twenty-two clusters.

4.2.5. Gender Development

NABARD also gives importance to the gender in the purveyance of credit and related support services. NABARD is adopting the multi-strategy to overcome the constraints that come in the way of success of women entrepreneurs. The following are gender development programme adopted by NABARD.

4.2.5.1. Assistance to Rural Women in Non-farm Development (ARWIND)

ARWIND is a single window scheme for meeting promotional and credit needs of women. NABARD provides various assistance to agencies who fulfill the needs of the women entrepreneurship. The assistance extended by the NABARD are escort services, common facility centres/common service centres, setting up of mother units, organizing women, product design, quality control and others. NABARD provides 100 percent refinance assistance to the banks, which are extending credit facility to the women entrepreneurs under this programme.

4.2.5.2. Assistance for marketing of Non-farm products of Rural Women

Marketing is an important problem for women entrepreneurs. Under 'Marketing of Non-Farm Products of Rural Women (MAHIMA) scheme NABARD provides various supports to the women entrepreneurs for the promotion of marketing of products produced by women. NABARD provides 100 percent refinance to banks for assisting the women entrepreneur for the marketing of their products.
4.2.5.3. Development of women through Area Programme (DEWTA)

NABARD has been implementing the scheme called “Development of women through area programme (DEWTAs), under which the women development cells of selected banks which are expected to identify the needs of 4000 women in respect of skill upgradation, capacity building, credit and social empowerment etc. On a pilot basis the programme has been started in four Regional Rural Banks.

4.2.5.4. Women Development Cells

In order to provide importance to gender development in banking and so as to give attention to the coverage of women by banks through “relationship banking”, NABARD is extending support to the RRBs and the Cooperative Banks in forming Women Development Cell (WDC). NABARD has supported 100 cells in 66 RRBs, 26 CCBs, 5 SCBs and 3 SCARDBs. Through these 100 banks about five lakh women are assisted through various credit programmes.

4.2.6. Development of Weaker Section

NABARD designed various schemes for the upliftment of the weaker sections of the societies like the small and marginal farmers, scheduled castes and scheduled tribes and people who are living below poverty line. NABARD implement under mentioned special programmes for the development of the weaker section.

4.2.6.1. Special Lines of Credit for Tribal

NABARD makes a policy for the promotion of credit to tribal population, a separate line of credit on literal terms known as “Development of Tribal population” (DTP) has been extended to the DCCBs and the RRBs, which are operating predominantly in tribal areas. Short-term credit limit also sanctioned to the cooperatives for financing, collection and marketing of various types of minor forest produce by the scheduled tribes.

4.2.6.2 SC/ST Action Plan

The National Bank makes special efforts to increase the flow of refinance to the weaker sections of the population. It also provides 100% refinance under the SC/ST plan to SC/ST
population by identifying investment potential and preparing a bank plan with allocation of credit to banks.

4.2.6.3. Tribal Credit Specialist (TCS)

Under Tribal Credit Specialist (TCS) Scheme the NABARD grants financial assistance to cooperative banks predominantly operating in tribal area for a period of 5 years in order to identify and finance those activities that could be taken up by the members of the tribal community.

4.2.6.4. Transfer of Technology for sustainable Development (CEC-BAIF Project)

Commission of European Communities (CEC) is assisting the project and it is implemented by Bharatiya Agro Industries Foundation (BAIF) to bring major development through family oriented approach for poverty alleviation by adopting simple but appropriate technologies. The project is being implemented in 11 districts of 5 states and the major activities covered are Overhead development, Cattle Development, Sericulture and other suitable off-farm activities.

4.2.6.5. Maharastra Rural Credit Project (MRCP)

The project, assisted by International Fund for Agricultural Development (IFAD) and supplemented by contributions from Government of India, Government of Maharastra and participatory banks has an objective of poverty alleviation through peoples participation, improving financial services to the rural poor, promotion of savings habit by the clients and lending to the poor.

4.2.6.6. Swarnjayanti Gram Swarozgar Yojana (SGSY)

Government of India has launched the Swarnjayanthi Gram Swarozgar Yojna (SGSY) programme with effect from 1st April 1999 by restructuring the ongoing self-employment programmes viz Training of Rural Youths for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA) etc. The aim of this programme is to uplift the families living below poverty line to above the poverty line in three years by generating income
and assets through bank credit and government subsidy. NABARD provides 100 percent refinance to the banks under this scheme.

4.2.6.7. Comprehensive Tribal Development Programme in Gujarat and Maharastra (WADI Programme)

WADI programme has been implemented in Gujarat from 1995 and in Maharastra from 2000 with the financial support of Kfw, Germany with a grant assistance of Deutsche Mark 26 million (Rs.550 million) DM 28 million (Rs.644 million) respectively. DHRUVA and Maharastra Institute of Technology Transfer for Rural Areas (MITTRA) are the two implementing agencies, which are promoted by BAIIF. The programme in Maharastra aims at improving the socio economic condition of 14,000 tribal families and 1,000 landless women in hilly blocks of Thane and Nasik district.

4.3 Institutional Development and Supervisory Functions

4.3.1. Institutional Development functions

NABARD believes that a strong and viable rural institutional credit framework is vital for supporting the growth and development of rural sector. The following are the initiatives taken by the NABARD for strengthening institutional development

4.3.1.1. Development Action Plans (DAPs)

The main objective of the plan is to ensure that the Cooperative Banks and the RRBs function as viable units on a sustainable basis and professionalise their operations and compete effectively with other rural financial institutions. Analysis of parameter having bearing on viability viz., financial, organizational, systems and procedure and human resource development focuses on the following points.

4.3.1.2. Memorandum of Understanding (MoU)

Memorandum of Understanding with all the states has been made for strengthening the cooperative banks to facilitate successful completion of the DAPs and to clearly specify obligations/responsibilities of different parties to MoU in managerial, organizational and financial aspects.
4.3.1.3. Vikas Volunteer Vahini (VVV)

Formation of farmers club called “Vikas Volunteer Vahini” (VVV) was introduced in 1982-83 as an experiment in social engineering at the grass roots levels in which borrowers have been organized at the village level to propagate the five principles of “Development through credit”. NABARD provides financial support for opening and maintenance of clubs and for organizing various training programmes under the aegis of the farmers’ club.

4.3.2. Supervisory Functions

Apart from the role of development banks, NABARD undertakes certain supervisory’s functions

4.3.2.1. Inspection of Banks

The Banking Regulation Act, 1949 empowers the National Bank to undertake statutory inspection in respect of State Cooperative Banks (SCBs) and RRBs and voluntary inspection in respect of SCARDBs and Apex Non-credit Societies.

4.3.2.2. Board of supervision

NABARD has constituted a Board of Supervision as internal committee to the Board of Directors of the NABARD which gives direction and guidance in respect of policies and on matters relating to supervision and inspection.

4.3.2.3. Statutory Functions

NABARD made recommendation to RBI for the issue of bank/branch licence, inclusion of banks in the Second Schedule to RBI Act, 1934, authorization for opening and operating NRI accounts, exemption from application of section 11(i) of Banking Regulation Act 1949 (as applicable to cooperative societies) and it monitoring compliance with relevant provisions of Banking Regulation Act 1949 and RBI Act 1946 by banks and bank staffs and also monitoring review of frauds in cooperative banks/RRBs. The follow up action on Inspection Reports including evaluation of compliance, internalization of findings, providing guidelines to the banks for strengthening the internal control systems and procedures in banks and liasioning with RBI/ GoI /State Governments are among the statutory functions
4.3.2.4. Other Related Functions

The other related functions rendered by NABARD are recommendation to RBI on banks' request for provision of “Currency Chest” facility, Capacity building of inspecting officers through review meets/workshops, sensitization and exposure programme, Enhancing awareness of banks through literature, manuals, guidelines and others, and evaluation of ongoing refinements of norms for audit classification of banks. NABARD organises Seminars/workshops for the benefit of officials of cooperative banks, RRBs and State Government in supervision related areas, rating of supervised banks and providing policy guidelines to banks on supervision related matters and Qualitative scrutiny of inspection reports.

4.4. Other Functions

4.4.1 Credit Planning and Monitoring

Credit Monitoring Arrangements (CMA) has been started from 24th April 2000. Various monitoring studies under CMA have been undertaken and major irregularities were communicated to SCBs/DCCBs to enable them to improve the quality of their appraisal of high value advances and monitory mechanism.

NABARD has opened 319 District offices throughout the country (including Union Territory of Pondicherry and 22 districts in Tamil Nadu) to strengthen the credit planning process at micro level. These district offices act as the focal points for credit planning, monitoring and co-ordination among all partners involved in Agriculture and Rural Development.

NABARD has initiated the process of preparation of Potential Linked Credit Plans (PLP) for all the districts of the country since the beginning of the VIII Five Year Plan. The plans are updated every year. The PLP also gives attention towards gaps in infrastructure impeding the progress of the development. State Focus Paper is prepared to focus on the constraints and non-credit inputs essential for exploiting the potential assessed through the PLP and drawing the attention of all partners at the state level.
4.4.2. Research and Development

NABARD pursues its Research and Development activities through in house and sponsored research. A separate Research and Development Fund has been set up for this purpose.

4.4.3. Capital Gains Bonds

In the Union budget 2000-01, the National Bank was empowered to float Capital Gains Bonds. Accordingly NABARD issues Capital Gains Bonds under section 54 (EC) of IT Act 1961.

4.4.4. Consultancy services

NABARD Consultancy Services (NABCONS) Cell was set up in the Bank in July 2002. Nabcons provide consultancy services to various clients in areas of micro-financing, private infrastructure and investment projects, preparation of plans for integrated development of farms, business planning for organizations, integrated area development schemes for horticulture and sericulture, technology and management of cold storages, commercial livestock, project appraisal for banks, working capital assessment, project evaluation, economic and commodity related research, marketing and value addition, organic farming, non-farm enterprise and others. The clientele include International Agencies, Banks, Planning Commission, Ministries of Government of India, State Government and private entrepreneurs.

4.4.5. Integrated Development of Backward Blocks

NABARD has taken up an action plan for the implementation of a pilot project for integrated development of backward blocks through convergence of various credit and development programmes and schemes. The project is proposed to be implemented over a period of three years for providing focused intervention by converging National Bank's programme, government schemes and initiatives of NGO's and other agencies to meet the needs of the people in the select blocks in backward areas of different states. The project is being implemented from the financial year 2003-04.
5. Management and Organisation Setup

According to Section 5 (1) of NABARD Act, the general superintendence, direction and management of the affairs and business of the Bank vest with the Board. The Board exercises all powers and does all acts and things which may be exercised or done by the NABARD. The Board while discharging its functions acts on business principle with due regard to public interest. The Managing Director of the bank is also empowered for general superintendence, direction and management of the affairs and business of the bank.

5.1. Board of Directors

According to section 6(1) of the NABARD Act, 1981, the Board of directors of the NABARD comprises of the following.

i. A Chairman,

ii. Two Directors from amongst experts in rural economics, rural development, handicrafts and other rural crafts, village and cottage industries and small-scale industries.

iii. Three Directors out of whom two are with experience in the working of Co-operative banks and one with experience in the working of Commercial banks.

iv. Three Directors from out of the Directors of the RBI,

v. Three Directors from amongst the officials of the Central Government,

vi. Two Directors from amongst the officials of the State Governments and

vii. a Managing Director is assisted in his day to day work by the Chief General Managers, General Managers, Deputy General Managers and other staff who are assigned specific roles in the Head office and the Regional offices.
Chart 2.2
Chart showing Organisation setup of NABARD
(As on 31st March 2003)
5.2. Committees of NABARD

5.2.1. Executive Committee

The Board of National Bank has constituted an Executive Committee during 1987-88 under section 13(1) of the NABARD Act read with Regulation 3(1) of the General Regulation 1984. The Committee may discharge such functions as may be prescribed or delegated to it by the Board. Executive Committee has the power to transact the usual business of the NABARD. The chairman may call a meeting of the Executive Committee once in two months at Mumbai.

5.2.2. Other Committees

The Board may constitute such other committees inclusive of wholly of Directors or wholly of other persons or partly of Directors and partly of other persons according to the purposes as it may decide.

5.2.3. Advisory Council

The Board shall constitute an Advisory Council consisting of such number of Directors and such other persons who have special knowledge on agriculture credit, cooperation and rural economics, small-scale industries, village and cottage industries and handicrafts and other rural crafts or have special knowledge and appreciation of the country’s overall development policies and in particular overall monetary and credit policies, which is considered by the board as useful to NABARD.

6. Various departments of the bank

The various departments functioning in NABARD are Projects and operation Department, Inspection Department, Finance and Accounts Department, Human Resource Management Department, Management Service Department, Law Department, General Administration and Premises Department, Secretary’s Department, Internal Audit Department, Vikas Volunteer Vahini Department, Planning and Developmental Department, Institutional Development Department, Economic Analysis and Publications Department and Technical Services Department.
7. Regional offices/Sub-office/Training establishment

The Head office of the bank is located at Bandoa-kurla complex in Mumbai. NABARD had 28 Regional offices and a sub office at Port Blair, a cell at Srinagar and 330 District Development Managers’ Offices as on 31st March 2003.

NABARD is also maintaining Training Colleges/Centres at Bolpur, Lucknow, Hyderabad, Mangalore and Banker’s Institute of Rural Development (BIRD) which is fully funded and supported by the National Bank.

References:

2. Ibid., p. 349