Chapter 4

Structure of Organisation and Management Pattern of NABARD

The very success or failure even the survival of a rural development programme depends on its management. When we talk of management, we mean those few men—the executives or programme directors or managers, who are most concerned with giving directions to the entire operations. On the quality and performance of its managers and on the effectiveness of their directions, depends the overall productivity of the assets—both personal and material. Ineffective management cuts at the very roots of the development and its standing of any rural development programme.

Further, any rural development programme or part of it cannot be seen as a separate entity of organizational development. Rural development programme must be seen in totality and as part of the organizational function or responsibility. As we all know an organization is a structure made up of two or more people who accept coordinated direction to achieve certain predetermined goals. It refers to total system of relationships, arrangements and procedures of which the structure is a component. In an organization, there will be a formal structure consisting of pattern of positions, and parts created by those in-charge of an
enterprise which forms the institutional framework within which it operates, and the informal structure, a pattern of relationships which grows up as a result of interaction between people in the organization and management.

In any organization, there are four common aspects namely: (1) a set of objectives, (2) a set of individuals, (3) clearly differentiated responsibilities for its members and (4) structure or system of co-ordinative relationship. In rural development programmes too these four aspects are found interrelated. Functionally, this hierarchy of relationship is the locus Standi for allocating and integrating roles and facilities in order to achieve the goals of the social system. It is here in these relationships that the arrangement of status, the provision of facilities, the organization of procedures, the regulation of activity, and the evaluation of performance take place. And these deep relationships are keys for the success of rural development programmes.¹

The operational efficiency of any financing/refinancing institution depends to a larger extent on organizational set-up of administration and management. Before focusing our study on refinance operations of the NABARD, it would be appropriate to examine the organization and management which is the basis of the working efficiency of an organization or institution. According to Peter F. Drucker” a poor organization structure makes good performance impossible no matter how good the individual may be”² In the same way, a good management is necessary to guide and
direct people who constitute an important part of an organisation. As impressed by Peter F. Drucker, that "... Management is the organ the life giving cutting dynamic organ of the institution it manages." The organizational structure may be defined as which is built up for realization of common objectives. Thus "the success of management of a development bank depends to a great extent on its organizational set up, the degree of delegation of authority that exists and the extent of independence it enjoys in its day-to-day functioning.

The term 'organisation' is used in structural sense as well as in functional sense. In the former sense, an organization is a structural device in which inputs are transferred into output and as a function it refers to the structure as relationship among positions and jobs, which is built up for realization of the common objects.

The term 'management' has been defined in different ways by various authors. Generally, all the definitions are relevant and true as they lay stress on different aspects of the management. So without going into analytical study of various definitions of the term 'management', we may use it to forecast to plan, to organize, to command, to coordinate and to control.

The management of NABARD vests in a Board of Directors. The Directors of NABARD comprises of Chairman,
Managing Directors representatives from RBI, GOI and State Government.9

According to Section 5(1) of the NABARD Act 1981, the general superintendence, direction and management of the affairs and business of the National Bank shall vest in the Board of Directors, which shall exercise all powers and do all acts and things, which may be exercised or done by the National Bank.

Under the provision Section 5 (2), subject to the provision of this Act, the Board in discharging its functions, shall act on business principles with due regard to public interest.

Under the sub Section (3) of Section 5 of the NABARD Act 1981, subject to the provisions of Sub-Section (i) and save as otherwise provided in the regulations made under this Act, the managing Director shall also have power of general superintendence direction and management of the affairs and business of the National Bank and may also exercise all powers and do all acts and things which may be exercised or done by the National Bank.

Under the provision Section 5 (4), any whole time director appointed under sub-section (3) of Section 6 shall assist the Managing Director in the discharge of his functions under sub-section (3) and perform such duties as the Board may entrust or delegate to him.
Under the Provision Section (5), in the discharge of his power and functions under Sub-Section (3), the Managing Director shall follow such directors as the Chairman may give.

Under the Provision Section 5 (6), in the discharge of its functions under this Act, the National Bank shall be guided by such directions in matters of policy involving public interest as the Central Government, in consultation with the Reserve Bank may give in writing.

**Board of Directors**

Under the provision of sub-section (1) of the Section 6 of the NABARD Act, 1981, the Board of Directors of the National Bank shall consist of the following namely:-

- A chairman
- Two directors from amongst experts in rural economics, rural development handicrafts and other rural crafts, village and cottage industries and small-scale industries or in any other matter, the special knowledge or professional experience in which is considered by the central Government as useful to the National Bank.
- Three directors out of whom two shall be persons with experience in working cooperative banks and one with experience in the working of commercial banks.
- Three directors from out of the directors of the Reserve Bank.
- Three directors from among the officials of the central Government.
- Two directors from amongst the officials of the state Government and
Structure of Organisation and Management Pattern of NABARD

A managing director who is assisted in his day to day working by chief General Manager, General Manager, Deputy General Manager, and other staff who are assigned specific roles in the Head Office and the Regional office.

Under Section 6 and sub-section (2) of the NABARD Act 1981, the chairman and other directors shall be appointed by the central government, in consultation with the Reserve Bank, that it is necessary to do, it may appoint one or more whole-time directors with such designations as may be deemed appropriate by that Government and any whole time director so appointed that also be a member of the Board.

Hierarchical Levels:- A graph indicating hierarchical level/tier in National Bank is given below:

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Chairman
   ↓
MD (Managing Director)
   ↓
EDs (Executive Directors Grade F+)
   ↓
GGM (Chief General Manager - Grade F)
   ↓
GM (General Manager - Grade E)
   ↓
DGM (Deputy General Manager Grade D)
   ↓
AGM (Assistant General Manager Grade C)
   ↓
Manager (Manager - Grade B)
   ↓
AM (Assistant Manager - Grade A)
   ↓
Clerks/Assistants/Typists/Stenographers/caretakers/Hostel Supervision (Group B Staff) Messenger staff/Driver/Semi-skilled/Skilled Staff (Group C Staff)
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Source: NABARD Training Centre, Lucknow 1996, p. 64
Concept of Balanced Board

The Board of Management, which is nominated by the Government, carries out the administration of the NABARD. The Board of Management is represented by the Reserve Bank of India, Government of India, State Government and other institutions.

The constitution of Board should be balanced one. In order to keep a well defined balanced board for a model bank like NABARD there must be representation from all segments of the society like technocrats, politicians, management, social workers, farmers industrialist etc. To some extent it is applicable in the constitution of the Board of Directors in these banks as people from varied interests are there. Some of the Board members belong to the different departments/branches. Some experts of different fields are also given directorship. The need is to develop a system of directorship in which persons having wide and varied experience in the spheres of banking, management, social
development of village industry and political economy will be represented on the Board of Directors. Only such a Board would be able to carry out efficiently and day-to-day business and policies of the NABARD for common interest of rural masses.

NABARD has more or less similar Board of Management, which ordinarily meets once in a quarter of each year. The managing Directors may also call a requisition meeting under the Chairmanship of one of the Senior Directors, and in the absence of a Senior Director, an ordinary general meeting should be convened. In view of the present situation of the balanced board of the NABARD it is clear that the meeting shall be convene only by requisition or a normal ordinary meeting by the Directors. But in my view some alternative arrangements should also be followed to convene a meeting wherever required by the rural masses in order to solve their day-to-day problems. NABARD is established for the benefits of rural masses through Cooperatives and Regional Rural Banks. Hence the Cooperatives, Regional Rural Banks should also be permitted to requisition a meeting for their Agenda.

Out of the total number of Directors of NABARD only two directors were experts in rural economics, three directors, out of whom two shall be the persons with experience in the working of cooperative banks and one with the experience working in commercial banks, three directors
of RBI, three directors representatives of the central government, two directors from amongst the officials of the state government and a managing director who is assisted in his day-to-day working by Chief General Manager.

In view of the shortcomings of nominated directors mentioned above, the author recommends that there should be an increased number of directors which will balance the board one of the Directors should be appointed for a specified period i.e. 3 years to manage the NABARD accordingly. This will lead to the creation of a Balanced Board in the NABARD because Directors nominated by-the Central Government on advice of Reserve Bank of India as well as out of different areas will represent the commercial banks, rural areas, state government, Reserve Bank of India, central government and other experiences of various institutions. A balanced board will contain the master minds to the development of Rural Areas and the Board and the Directors which are having a comprehensive God gifted knowledge with business talents to give an impact to its key officers. The Chairman, the Secretary, Directors, Managing Directors, General Manager, Deputy General Manager and Regional officer-in-Charge etc. should also be men of proven competence in the technical and management field which will ultimately search for their proper training etc. The Directors are supposed to be the key officers who should develop cordial relationship with their subordinates so as to make effective teams-work. The policy formulation can come only
if there are competent persons at the top of the board for proper functioning. The people involved in the functioning should have been extremely sensitive towards financial and technical competence and have paid a little attention towards managerial skill and experience. There is an imperative need for executive development and managerial growth in the organisational set-up of other banks also.

Legal Frame Work

Term of office of Chairman and other directors, retirement and payment of fees:-

According to Section 7 (1) of NABARD Act 1981, the Chairman shall hold office for such term not exceeding five years and shall receive such salary and allowances as the Central Government may, at the time of appointment specify.

Under Section 7 and sub section (1-A), not withstanding anything contained in sub-section (1) the Central Government shall have the right to terminate the term of office of the Chairman at any time before the expiry of the term specified under the sub-section by giving him a notice of not less than three months in writing or three months’ salary and allowances in lieu of such notice.

Under the Provision of Section 7 (2), the directors of the NABARD appointed under clauses (b) to (f) for sub-section (i) of section 6 shall hold office for a term of three years. At the time of expiration of his term such director shall hold office until the joining of his successor.
Under the Section 7 (3), the Central Government may, in consultation with the Reserve Bank, remove the Chairman or any other director referred to in sub-section (2) at anytime before the expiry of his term of office after giving him a reasonable opportunity of show cause notice against the proposed removal.

Under section 7 (4), the Chairman and the Directors referred to in sub-section (2) shall be paid such fees and allowances as may be prescribed for attending the meetings of the Board or of any of its committees and for attending to any other work of the National Bank, provided that no such fee shall be payable to the chairman or any other director, who is an officer of the government or an officer of the Reserve Bank.

**Term of office of Managing Director and whole-time directors conditions of service**

Under the provision of section 8 (1), the Managing Director and any whole time director appointed under sub-section (3) of Section 6 shall:-

(a) hold officer for such term not exceeding five years as the central Government may at the time of appointment specify;

(b) receive such salary and allowances and be governed by such terms and conditions of service as the Board may with the previous approval of the Central Government and in consultation with the Reserve Bank, determine; provided that the managing Director and any such whole time director appointed to the first Board shall receive such salary and allowances and be governed by
such terms and conditions of service as the Central Government may in consultation with the RBI determine.

Under section 8 (2), the Central Government may in consultation with the Reserve Bank, remove the Managing Director or any whole time director appointed under the sub section (3) of section 6 at any time before the expiry of his term of office, after giving him a reasonable opportunity of show cause notice against the proposed removal.

Under Provision Section 8 (3), notwithstanding anything contained in sub-section (1) or sub-section (2) the Central Government shall have the right to terminate the term of office of the Managing Director or of any whole-time director appointed under sub-section (3) of Section 6 consult the Reserve Bank.

**Disqualifications**

Under Provision Section 9 (1) The person shall be a director who

- disqualifications is of unsound mind and stands so declared by a competent court; or
- is or has been convicted of any offence which, in the opinion of the central Government, involves moral turpitude; or
- is, or at any time has been adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors.
According to Section 9 (2), the appointment as Director of any person who is a member of Parliament or the legislature of any state shall, unless within two months of the date of his appointment he ceases to be such a member, be void on the expiry of the said period of two months and if any Director is elected or nominated as a member of Parliament or of any state legislature he shall cease to be a Director as from the date of such election or nomination, as the case may be.

Vacation and Resignation of Office by Directors

Under the section 10 (1), if a director:-

- becomes subject of any of the disqualification mentioned in section 9; or
- is absent without leave of the Board for more than three consecutive meetings thereof. In seat shall thereupon become vacant.

According to Section 10 (2), any director may resign his office by giving notice thereof in writing to the Central Government, and on his resignation being accepted by the central Government or if his resignation is not sooner accepted, on the expiry of three months from the receipt thereof by the Central Government, he shall be deemed to have vacated his office.

Meetings of the Board

According to Section 12 (1), the Board shall meet at such times and places and shall observe such rules of
procedure in regard to the transaction of business at its meeting as may be prescribed.

Under Section 12 (2), the Chairman of the Board, or if, for any reason he is unable to attend any meeting, any other Director nominated by the Chairman on his behalf, and in the absence of such nomination, any other director elected by the Directors present at meeting, shall preside at the meeting of the Board.

Under the provision of sub-Section (3) of section 12, all questions, which come up before any meeting of Board shall be decided by a majority of votes of the directors present and absent, the person presiding, shall have a second or casting vote.

The board shall meet once a quarter in each year. The Managing Director shall convene the meeting of the Board in the absence of the Director. The meeting shall be ordinarily held at Bombay but if so directed by the Board, may be held at any other place in India. Any five directors may for the purpose of consideration of the business to be specified in their requisition, require the Chairman to convene a meeting of the Board. The Chairman shall, on receipt of such requisition, convene a meeting of the Board by giving a sufficient notice. The date of the meeting so convened shall not be less than 21 days from the date of the requisition. Except in respect of the first meeting of the Board, ordinarily not less than one clear fortnight’s notice shall be given of
each meeting of the Board. Such notice shall be sent to every
director to his registered address. If it is found necessary to
convene an emergency meeting, a notice of not less than
seven days shall be given to every director who is at that
time in India, to enable him to attend.

No business other than that for which the meeting was
convened shall be discussed at a meeting of the Board, except
with the consent of the Chairman of the meeting and a
majority of the directors present, unless one clear week's
notice has been given of the same in writing to the Chairman.
Sir directors shall form a quorum for the transaction of the
business at the meeting of the Board. A copy of the
proceedings of each meeting of the Board shall be circulated
for the information of the directors as soon as possible after
the Chairman signs the minutes of that meeting.

A resolution in writing circulated to all the directors in
India and approved and signed by a majority of such
directors who are then in India, one of whom shall be the
Chairman, shall be valid and effectual and shall be deemed
to be the resolution passed by the Board on the date on which
it is approved and signed by the last signatory to the
resolution. Any resolution passed as aforesaid shall be
placed before the next meeting of the Board.

The Board of Directors should be comprised of fourteen
members excluding chairman according to the NABARD Act.
Our analysis of composition of Board has revealed that there
were only 12 directors appointed in year 1988-89 but there were five directors appointed in year 1998-99. In 1999-2000, there were 9 directors nominated and in 2000-01, 5 directors appointed but there were 11 directors appointed in the year 2002-03. As on 31st March 2003, two vacancies under section 6 (1) (b) and 6 (1) (g) of the NABARD Act, 1981 existed on the Board of Directors. As per the provisions of the Act, the directors from all disciplines should be nominated to provide a balanced shape to the Board and also to represent appropriately various sectors.

During the year 1983-84, the Union Finance Minister Sri Pranob Mukherjee addressed the sixth meeting of the Board of Directors. The Board organized five meetings in the year 1998-99 but in 1999-2000 and 2000-01 held four meetings in each year and six meetings in 2002-03.

Committees of NABARD

Executive Committee

The Board of the NABARD may constitute an Executive Committee consisting of such number of directors as may be prescribed. This committee shall discharge such functions as may be prescribed or may be delegated to it by the Board. The Executive Committee of the NABARD shall meet at such times and places and shall observe such rules or procedures in regard to the transaction of business at its meetings as may be prescribed.
The Executive Committee shall consist of the Chairman, the Managing Director and other Directors nominated by the Chairman. These Directors should be from amongst the directors appointed under clauses (b), (c), (d) and (e) of the Section 6(1) and one of the whole time directors (if any).

The regulations and such special and general directions as the Board may give from time to time, the Executive Committee shall have all the powers of the Board to transact the usual business of the NABARD except powers in relation to matters which are specifically reserved by the Act to the Board.

The Chairman may call a meeting of the Executive Committee ordinarily once in two months at Bombay on such date and such time as he may specify. For this a notice of not less than ten clear days shall be given to the members of the Executive Committee to enable them to attend the meeting. If the Chairman considers necessary to call an emergency meeting of the Executive Committee, a notice of not less than five clear days shall be given to the members of the Executive Committee to enable them to attend the meeting.

The Chairman, or if for any reason he is unable to attend any meeting, any other member of the Executive Committee nominated by the Chairman in this behalf and in the absence of such nomination, any other members of the Executive Committee elected by the members present at the meeting shall preside at the meeting of the said committee.
Three members of the Executive Committee of whom one should be a director appointed under clause (b) or (c) or (d) or (e) of Section 6(1), shall form the quorum at its meetings. Copy of the proceedings of each meeting of the Executive Committee shall be circulated for information to the directors of the Board as soon as possible after the same are signed by the member presiding at that meeting or the next succeeding meeting.

The executive board held meeting five times in year 1998-99 but in 1999-2000 and 2000-01, six meetings are held in each year. The Executive Committee held five meeting in 2002-03.

Other Committees

The Board may constitute such other committee consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons as it thinks fit and for such purposes as it may decide and every committee so constituted shall discharge such functions as may be delegate to it by the board. The time and place at which any such constituted committee shall meet, the rules of procedure which such committee shall observe in regard to the transaction of business at its meetings, and the fees and allowances which may be paid to the members of such committee for attending the meetings of the committee and for attending to any other work of the NABARD shall be such as may be specified by the Bank.
Other Committee held (project sanctioning committee for loans under RIDF) its meetings seven times during the year 1998-99 and 1999-2000 in each. In 2000-01 & 2002-03 the meeting of the other committee was held nine times in each year.

**Advisory Council**

The Board shall constitute an Advisory Council consisting of such number of directors and such other persons who, in the opinion of the Board, have special knowledge of agricultural 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 are considered by the Board as useful to NABARD.

The Advisory Council shall advise the NABARD in such matters as may be referred to the Advisory Council by the NABARD. The Council may discharge such other functions as may be entrusted or delegated to the Advisory Council by NABARD. A member of the Advisory Council shall hold the office for such term not exceeding five years as the NABARD may fix. The member of the Council may receive such fees and allowances as may be prescribed for attending the meeting or any other work of the NABARD. The Advisory Council shall meet at such times and places and shall observe
such rules of procedure in regard to transaction of business at its meetings, as may be prescribed. The Chairman or in his absence the Managing Director may convene a meeting of the Advisory Council once in six months at the Head Office of the NABARD on such date and at such time as he may specify. For this a notice of not less than once clear fortnight shall be given to the members of the Advisory Council to enable them to attend the meeting.

The Chairman and in his absence any other members of the Advisory Council nominated by the Chairman for the purpose shall preside at the meeting of the Council. In the absence of such nominated member any other member of the Advisory Council elected by the members present at meeting shall preside the meeting of the Advisory Council. One-third of the members of the Advisory Council (any fraction being ignored) or five members thereof whichever is less shall form the quorum at its meetings.

Each member of the Advisory Council other than a director or an officer of the Government or of the Reserve Bank of India shall receive a fee of Rs. 200 on every meeting of the Advisory Council attended by him. Each member shall be reimbursed travelling and halting expenses if any.

A member of the Advisory Council who is a director (other than a Managing Director or a whole time director) shall receive such fees and allowances as are admissible to him for attending a meeting of the Board. A member of the
Advisory Council who is an officer of the Government or the Reserve Bank of India shall receive such allowances as are admissible to him for attending a meeting of the Board.  

The Advisory Council of the National Bank met four times during the year 1998-99. The fifth meeting of the reconstituted training advisory of the National Bank was held in 1999-2000, but the advisory council met once during the year 2002-03 and discussed strategies to augment water resources available in the country.

Organisation Structure of NABARD

“A key to the successful performance of any institution and maintenance of a healthy portfolio is the existence of an efficient and adequate organizational set up.”

The organizational structure depends on the following departments.

- Planning and Development Policy Department (Farm Sector and Non Farm Sector)
- Institutional Development Department
- Inspection Department
- Economic Analysis and Publications Department
- Project and Operations Department
- Technical Services Department
- Human Resources Management Department
Various Departments of NABARD

The recommendations made by a team of management consultants from Indian Institute of Management (IIM), Ahmedabad, appointed by the erstwhile ARDC, the set-up at the Head Office and the Regional Offices of NABARD was reorganized. The new structure was introduced in September 1982.

Before we discuss the functions performed by various departments in detail, it would be appropriate to mention that all the departments work directly under the Managing Director and the heads of the departments are directly responsible to him.
Planning and Development Department

This department functions under the headship of Chief General Manager. It contains three divisions, viz., Policy Formulation (farm sector) Division, External Aid Division and Perspective Planning and General and Advisory Services Division. A separate Deputy General Manager supports each division. The Policy Formulation Division undertakes the responsibility of formulation of various plans for the development of agriculture and other farm sector activities. The External Aid Division is responsible for the implementation of such projects in which amount of external aid from World Bank and its affiliate International Institutions/Agencies is involved. The Third division of the Planning and Development Department is responsible for perspective Planning. It also provides general and advisory services.

Another Planning and Development Department is also established. It is also headed by a General Manager and supported by a Deputy General Manager. The division of this department is responsible for the formulation of such policies related to non-farm sector.

Institutional Development Department

This department acts under the headship of Chief General Manager. Mainly there are two divisions of the department. This first division may be divided as RRBs Division and Commercial Banks Division, while the other
may be Cooperative Banks Division, LDBs Division and Special Investigation Division. The department is responsible for implementing such measures, which may improve the efficiency of various credit institutions engaged in the field of agricultural credit.

The RRBs division acts for improving the overall performance of the RRBs. For this purpose this division undertakes various activities such as, recruitment and promotion policies of RRBs, feasibility of enlarging the scope of lending by RRBs, increasing the RRBs involvement in schematic lending, enabling the RRBs to formulate viable schemes and other assistance for the improvement in their performance.

The Commercial Banks Division performs such functions, which are related to ensure the participation of CBs in refinancing, review of system of maintaining demand, collection and balance (DCB) register by CBs, review of their recovery performance etc. This division helps to increase the involvement of CBs in agricultural and rural lending.

The Cooperative Bank Division performs various activities such as rehabilitation of cooperative institutions, strengthening of cooperative structure investigation of overdues, augmenting the bad debt reserves, stepping up recovery measures, rationalization of loan policies and procedures, toning up the management of CCBs.
The LDBs Division takes different measures to improve the functioning of the SLDBs like, stipulation of recovery discipline for lending eligibility PLDBs/branches of SLDBs, training of SLDB staff, drawing up rehabilitation programmes, providing organization and managerial improvements of SLDBs and PLDBs, etc.

The Special Investigation Division undertakes various types of investigations to sort-out the problems of the cooperative sector and provide appropriate suggestions.

Department of Inspection

Chief General Manager is the head of this department and it is located at Hyderabad. The inspection Department is divided into divisions. The first has two parts-Policy and Programme Division and Editing and Follow-up Division. It is under the charge of one Deputy General Manager.

The second is the Inspection Division. The Division is also under the charge of a Deputy General Manager. The Inspection Departments through its various divisions conduct the inspection of SCBs, RRBs and CCBs. The purpose behind this function of the department is to ensure that the interests of the depositors are protected and the banking institutions related with NABARD followed the healthy and approved banking practices and not against the interests of the depositors. The department prepares the inspection reports, which include suggestions for improvement in the working of the banks. These reports are sent to the concerned
institutions and to other concerned authorities for necessary action. In this regard the various actions taken by the concerned banks and other authorities to remove the defects and implementation of the department follows up the suggestions mentioned in the inspection reports.

**Economic Analysis and Publications Department**

This department acts under the headship of Chief General Manager. There are two divisions of the department and a Deputy General Manager supports each. One of these divisions is divided in three-parts, viz., the first is Evaluation Studies Division which is responsible for launching evaluation studies regarding projects implemented by the NABARD, while the second is Monitoring and Analysis Division which undertakes monitoring of schemes and by monitoring the division provides a feedback.... on current and completed schemes. The monitoring and evaluation activities enable NABARD to learn useful lessons from the experience of development schemes. The third is Data Bank and Publication Division. This is responsible to collect and publish various types of data and other literature regarding institutional credit for agriculture and rural sector.

The Special Studies Division undertakes various studies of farm and non-farm sector.

The Economic Analysis and Publication Department publishes reports on studies undertaken and brings out other publications covering matters connected with rural
development. Besides the Annual Report and other ad-hoc publications, it brings out a journal ‘National Bank News Review’ on monthly basis. The circulars of NABARD and statistical statements relating to cooperative movement in India (credit and non-credit societies separately) are also brought out annually by this department. Advance statistics on important items of assets, liabilities, etc., of credit and non-credit societies are also brought out to serve the immediate requirements of user institutions before the regular publications relating to these societies are published. The department also publishes a Hindi-English house journal entitled ‘NABARD PARIVAR’ to provide a medium of expression for the literary, artistic and other creative talents amongst its employees.

Projects and Operation Department

The projects and operation departments have been set up with a purpose to cover different regions of the country, three projects and operation Departments have been established. The departments prepare various projects for agricultural and rural development. These departments also implement the various operations, which are performed by NABARD.

The first Project and Operation Department is headed by the General Manager and is divided into three divisions. For the support of General Manager one Deputy General has been deputed in each division. These divisions are the
Northern Division, the Southern Division and a General Division, which are responsible for the preparation of multi-state projects and monitoring and administration in the Northern, and Southern divisions.

A General Manager also heads the second Project and Operation Department. This department has two divisions, i.e., the Western Division and General Division. One Deputy General Manager for each division has been appointed. The Western Division is responsible for the preparation of projects and implementation of other operations in the area. The general division of this department undertakes the implementation of credit authorization schemes and various other operational policies.

Chief General Manager heads the third Project and Operation Department with support of a Deputy General Manager. It performs its activities in Eastern Division.

**Technical Services Department**

The Managing Director heads this department. It provides all types of technical assistance, advice and other support in implementing various programmes of agricultural and rural development. Under this department various cells have been established for various purposes. These are forestry, land development/soil conservation/agronomy agricultural engineering/farm mechanization, handlooms and khadi and village type industries cells. Each acts under a manager rank official. While civil engineering and market
yards are under the charge of a Deputy Manager. The fisheries, animal husbandry and dairy, minor irrigation, hydrogeology and irrigation engineering and horticulture and plantation cells are functioning under Deputy General Manager.

**Department of Human Resource Management**

This department is headed by the Chief General Manager and is divided into three divisions i.e. Personnel Administration Division, Personnel Policy Division, and Training Division. Each division is under the charge of a Deputy General Manager. This department is responsible for preparing various schemes for upgrading the human resource in NABARD and other credit institutions. The department also prepares outlines for various training courses, seminars and workshops, etc. It is also responsible for personal administration and industrial relations.13

During the year 2002-03, 1774 officers received training in various courses conducted by the National Staff College (NBSC), Lucknow and 1364 officers were trained by NBSC through 62 programmes. Therefore, 172 staff members (Group B) were trained with a view to upgrading their skills for improved job performance and shouldering higher responsibilities and NBTC organized 5 general programmes for 98 (Group C) employees.

Two teams comprising 28 and 27 senior officers from the National Bank attended the 'Change Management
Programme' at Management Development Institute (MDI), Gurgaon with exposure visits to Germany and France and at Administrative Staff College of India (ASCI), Hyderabad with exposure visits to the Netherlands, France and Italy to study the key issues associated with effective corporate strategies and for playing an effective lead role in introducing changes in the Bank.

162 officers from the National Bank and 44 officials from partner institutions (11 from cooperative banks, 31 from RRBs and 2 from NGOs) were deputed abroad for various overseas training programmes/exposure visits, workshops and seminars.14

Department of Management Services

Organisation structure at Regional office is based on the recommendation made by the Management Service Department. However, depending on the needs of concerned officers, some flexibility in groupings of functions is possible.15 The department is headed by the Chief General Manager and supported by a Manager. This department performs all the functions related to the management services.

Human Resource Development Department

The HRDD was set up in 2000 by combining activities of the management service department and the training activities from the Human Resource Management
Department. The Chief General Manager heads the department.¹⁶

Department of Finance and Accounts

The Finance and Accounts Department is very important for any institution. This department is headed by a Chief General Manager and supported by a Deputy General Manager. A training division of the human resource management department under the charge of Deputy General Manager is also attached with the department. The finance and accounts department is responsible for: (i) preparation of budget, (ii) planning and mobilization or resources, (iii) preparation of reports, returns and other correspondence therewith, (iv) planning for utilization of funds, (v) framing of rules relating to provident funds, medical benefits and other allowances payable to the employees of the NABARD (vi) maintenance of proper books of accounts of all receipts and payments, (vii) preparation of bills and disbursement of salaries, to deposits accounts maintained by the NABARD.

Department of Law

The Department of Law is headed by the Chief General Manager and supported by a Manager. It is responsible for:-

➤ ascertaining the legal accuracy and title deed verification of assets acquired by NABARD.

➤ preparation and execution of all legal documents, and
taking legal actions where it is necessary to protect the interest of NABARD, etc.

Secretary's Department

This department is headed by Chief General Manager and supported by a secretary. This department performs all the secretarial works.

Internal Audit Department

The department is headed by Chief General Manager and acts under the charge of Deputy General Manager. The department conducts internal audit from time to time to ensure compliance with rules and efficient discharge of functions both in the Regional Offices and Head Office. The department completed first round of audit of All Regional offices by December, 1982. Under the second round the audit of 3 Regional Offices was completed by June 1983. But the Zonal Audit Cell at Kolkata completed inspection in respect of 4 Ros in the NER. Complete inspections of four HO Departments, besides partial inspection of two departments were undertaken during the year 2002-03.17

General Administration and premises Department

The Chief General Manager heads the department. It is divided in two divisions, namely General Administration division and Premises Division. The two divisions are under the charge of a Deputy General Manager. This department is responsible for establishment work and maintenance of
premises. Acquisition of land, arrangement of additional accommodation and construction of premises and buildings are performed by this department.

National Bank continued to lay considerable emphasis on preventive vigilance system in the organization. Vigilance Awareness Week was observed by the Bank from October 31 to 6 November 2002 as advised by the Central Vigilance commission, GoI. During the week, a pledge, as forwarded by the Commission was administered to all the staff. A special training programme on Vigilance-Domestic enquiry and Related Aspects' was conducted for 27 officers at NBSC, Lucknow in October 2002. Preventive Vigilance Inspection of 13 Ros/TEs was also conducted during the year 2002-03.

Industrial relations during the year continued to be cordial. Periodical discussions were held with the All India NABARD Officers' Association; the All India NABARD Employees' Association and the All India NABARD Progressive Employees' Welfare Association (AINPEWA)

**Vikas Volunteer Vahini Department**

The Director General of NABARD heads this department. The department is located in New Delhi. This department is established for disseminating the five principles of 'Development Through Credit' among the rural masses. The five principles briefly are: (i) Credit must be used in accordance with suitable methods of science and technology, (ii) The terms and conditions of credit (techno-
economic parameters) must be fully respected, (iii) work must be carried out with the desired skill so as to realize optimum increase in the productivity and income. (iv) A part of the additional income created by credit must be saved, and (v) Loan installments must be repaid in time and regularly to facilitate recycling of credit.

**Investment and Monitoring Department**

With a view to strengthening the mechanism for monitoring refinance supported investment projects implemented with loans from Rural Infrastructure Development (RIDF), an exclusive Department of Investment Monitoring (DIM) has been set up at the Head Office of the National Bank from 15 September 2000. DIM has been assigned the responsibility of monitoring and evaluation of projects under RIDF, earlier looked after by the State Projects Department (SPD) as also District Oriented Monitoring (DOM) studies, taken over from the Investment Credit Department (ICD). Chief General Manager heads this department.

**Resource Mobilisation Department**

Recognizing the importance of resource mobilization and having been permitted to issue Capital Gains Bonds under Section 54(EC) of Income Tax Act, 1961, as announced in the Union Budget 2000-01, the National Bank set up a new Department at it’s Head Office. The Department is responsible for the entire gamut of resource mobilization by
the National Bank, including borrowings from GoI, RBI, domestic as well as international agencies and mobilization of funds from the open market. Chief General Manager heads this department.19

Regional Offices/ Sub Office

Initially NABARD operated through 28 regional offices and a sub-office and with 6 training centers with head office at Bombay, but the Bank will have offices in all states and union territories. There is also a thinking of opening offices below the state level for divisions and eventually at every district level.

The NABARD has opened 28 regional offices in different parts of the country, viz., Agartala Ahmedabad, Aizawl, Bangalore, Bhopal, Bhubaneswar Chandigar, Chennai, Dehradun, Dimapur, Gangtok, Guwahati, Hyderabad, Imphal, Itanagar, Jaipur, Jammu, Kolkata, Lucknow, New Delhi, Patni, Patna, Pune, Ranchi, Raipur, Shillong, Shimla and Thiruvananthapuram and sub-office /cell at Port Blair and Sri Nagar Sale. The Regional Offices are headed by General Manager/Deputy General Manager Regional Office in-charge and Managers depending upon the coverage of the region and demand of the refinance from the respective areas. Managers and Deputy General Manager head these sub-offices and division.
In the last, for the better management of the Bank, a provision is made for the constitution of an executive committee consisting of some members of the board to discharge such functions as may be prescribed by the Board. There is also a committee to guide the all activities of various departments. The committee is named as management committee. The aim of this committee is to assist the Board to take major policy decisions and to monitor the process of implementation of the decisions made by the board. The members of the committee may invite other members accordingly to the agenda of the meeting which be held once in every week.

The style of functioning of different authorities is always through a judicious planning careful regulation and vigilant control. It is suggested that NABARD should open its branches at district level so that they may help and guide the lead banks in the preparation of annual action plans/district credit plans. This will also result in more effective evaluation and monitoring of various schemes.

With this background the next chapter deals with the role played by the NABARD in financing the rural projects with a view to do ameliorate the rural economy.
NABARD'S OFFICE/TRAINING CENTRE IN INDIA

- Regional Offices
- Sub Office
- Training Centres
Reference:


5. Sinha, S.L.N.: Development Banking in India, 1976, p. 18

6. Organisation is also defined as a function of management when it refers to dividing upon the activities which are necessary to any purpose and arranging them in groups which are assigned to individual.


9. NABARD (A profile) 2003, p.1

10. NABARD Act 1981

11. Annual Reports of the NABARD

13 NABARD, Training Centre, Lucknow, 1996, p. 64
14 Annual Report of the NABARD, 2003, p. 221
15 NABARD Training Centre, Lucknow, 1996
16 Annual Report of the NABARD 2000, p. 179
17 Annual Report of the NABARD 2003, p. 227
18 Ibid. p. 223
19 Annual Report of the NABARD 2001, p. 199