



THE ROLE OF NABARD AND REGIONAL RURAL BANK

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Abstract

NABARD role in rural development in India is unique. National Bank For Agriculture & Rural Development (NABARD) is set up as an apex Development Bank by the Government of India with a mandate for facilitating credit flow for promotion and development of agriculture, cottage and village industries. The National Bank for Agriculture and Rural Development (NABARD) is the apex organization with respect to all matters relating to policy, planning and operational aspects in the field of credit for the promotion of, agriculture and allied activities in rural areas. The National Bank of Agriculture and Rural Development (NABARD) has emerged as an apex refinancing institution for agricultural and rural credit in the country since July, 1982.

NABARD has been active in grounding rural, social innovations and social enterprises in the rural surroundings. The Government of India, the concerned State Government and the bank, which had sponsored the RRB contributed to the share capital of RRBs in the proportion of 50%, 15% and 35%, respectively.

Introduction

NABARD is set up as an apex Development Bank with a permission for facilitating credit flow for promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts. It also has the permission to support all other allied economic activities in rural areas, promote incorporated and sustainable rural development and secure wealth of rural areas. In discharging its role as a facilitator for rural prosperity, NABARD is entrusted with providing refinance to lending institutions in rural areas, bringing about or promoting institutional development and evaluating, monitoring and inspecting the client banks. NABARD has effectively brought in a number of innovations in the rural credit domains. Some of these innovations are: Formation and linkage of SHGs, Farmers Club, Rural Infrastructure Development Fund, Watershed Development, Kissanp Credit Card, District Rural Industries Project.

RRBs in India playing an vital part of the rural credit structure of the country. The Government of India set up Regional Rural Banks (RRBs) on October 2, 1975. Initially, 5 RRBs were set up on October 2, 1975, which were sponsored by Syndicate Bank, SBI, Punjab National Bank, United Commercial Bank, and United Bank of India. Capital sharing being 50% by the central government, 15% by the state government and 35% by the sponsored bank i.e. NABARD. The main objective of the bank is to develop rural economy by providing credit and deposit facilities for agriculture and other productive activities of all kinds in rural areas.

History

NABARD was recognized on the recommendation of Shivaraman Committee, (by Act 61, 1981 of Parliament) on 12 July 1982 to put into operation the National Bank for Agriculture and Rural Development Act 1981. It replaced the Agricultural Credit Department (ACD) and Rural Planning and Credit Cell (RPCC) of Reserve Bank of India, and Agricultural Refinance and Development Corporation (ARDC). It is one of the foremost agencies providing developmental credit in rural areas. NABARD is India's specialised bank for Agriculture and Rural Development in India.

The initial amount of NABARD was Rs.100 crores. Subsequent to the revision in the composition of share capital between Government of India and RBI, the paid up capital as on 31 March 2015, stood at Rs.5000 crore with Government of India holding 4,980 crore (99.60%) and Reserve Bank of India Rs.20.00 crore (0.40%).^[7]

Schemes of NABARD

a) Self-help Group (SHG) Bank Linkage Programmes –The SHG-bank linkage programmers board plan for delivering financial services to the poor in a sustainable manner. It was in progress as an Action Research Project in 1989, which was the result of a NABARD initiative during 1987 through sanctioning Rs.10lakh to MYRADA as seed money support for experimenting Credit Management Groups. The experiences of these early hardwork led to the sanction of a pilot project by NABARD in 1992. The funnel project was designed as a partnership model between 3 agencies viz., the SHGs, banks and NGOs

b) Kishan Credit Card : The System was introduced in 1998-99. It was introduced to provide timely and sufficient supply of Short Term (ST) credit from the banking system to The farmers to meet their requirements of crop production in a flexible manner,. The objective was to provide the tools, which would allow farmers to purchase agricultural inputs such as seeds, fertilizers, and pesticides and also meet out their production related requirements.



c) Farmers' Club: The programme aims to arrange farmers to facilitate accessing credit, additional services, technology and markets. NABARD encourages banks to support Farmers' Club in rural areas under the Farmers' Club Programme, earlier known as "Vikas Volunteer Vahini (VVV) Programme". Farmers' Club are grass root level informal meeting of farmers. Such clubs are organized by rural branches of banks with the support and financial assistance of NABARD for the mutual benefit of the banks concerned and the village undeveloped community/rural people.

d) District Rural Industries Project: NABARD on a funnel basis had launched an integrated area based credit strengthening program in collaboration with Government, Banks and other development strategies with focus on district known as District Rural Industries Project during 1993-94 with a view to evolving a role model for rural industrializations.

e) Rural Infrastructure Development Fund (RIDF): RIDF is a major source of fund for the Development of infrastructure in the rural areas of the State.

f) Watershed Development: The objective of developing watersheds is to significantly mitigate the drought induced distress of farmers in the area. NABARD anchors 4 types of watershed Development programme, in the country. These programmes are: Indo-German Watershed Development Programme, Participatory Watershed Development Programme, Prime Minister's Package in 4 states and Integrated Watershed Development programme.

Role of NABARD

NABARD is the apex institution in the country which looks after the development of the cottage industry, small industry and village industry, and other rural industries. NABARD also reaches out to allied economies and supports and promotes integrated development. NABARD discharge its duty by undertaking the following roles:

1. Serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas
2. Take actions towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.
3. The rural financing activities Co-ordinates all institutions engaged in developmental work at the field level and maintains relationship with Government of India, state governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation
4. Monitoring and evaluation of projects by refinance.
5. NABARD refinances the rural sector through the financial institutions.
6. NABARD takes part in development of institutions which help the rural economy.
7. NABARD keeps a check on its institutes clients.
8. It regulates the institutions which offer monetary help to the rural economy.
9. It provides training to the institutions working in the field of rural upliftment.
10. It regulates the RRB's and cooperative banks, to manages the talent acquisition through IBPS CWE.

NABARD's refinance is available to state co-operative agriculture and rural development banks, regional rural banks (RRBs), state co-operative banks, commercial banks and other financial institutions accepted by RBI. While the ultimate beneficiaries of investment credit can be individuals, concerns, companies, partnership, State-owned corporations or co-operative societies, production credit is generally given to individuals. NABARD has its head office at Mumbai, India. NABARD Regional Office has a Chief General Manager as its head, and the Head office has several top executives viz the Executive Directors, Managing Directors, and the Chairperson. It has 336 District Offices across the country, one special cell at Srinagar. It also has 6 training establishments.

NABARD is also known for its 'SHG Bank Linkage Programme' which encourages India's banks to lend to self-help groups (SHGs). Largely because SHGs are composed mainly of poor women, this has evolved into an important Indian tool for microfinance. By March 2006, 22 lakh SHGs on behalf of 3.3 core members had to be linked to credit through this programme.

NABARD also has a group of Natural Resource Management Programmes involving varied fields like Watershed Development, Tribal Development and Farm Innovation through dedicated funds set up for the purpose.

NABARD Functions and Its Duties

NABARD is a Development Bank with a permission for providing and regulating credit and other facilities for the promotion and development 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 promoting integrated rural development and securing prosperity of rural areas, and for matters connected therewith or incidental thereto.



, NABARD is entrusted the role as a facilitator for rural prosperity

1. lending institutions in rural areas are refinanced
2. Institutional development and promotion.
3. appraise, observe and check the client banks

The primary role of NABARD

- NABARD Acts as a controller in the operations of rural credit institutions
- enlarge support to the government, the Reserve Bank of India and other organizations in matters relating to rural development
- The cooperatives and organizations working in the field of rural development Offers guidance and research facilities for banks.
- NABARD Helps the state governments in achievement of their targets of providing assistance to capable institutions in agriculture and rural development
- NABARD Acts as control device for cooperative banks and RRBs

Milestones in NABARD's

Business Operations

- **Production Credit:** NABARD allowed aggregating of 66,418 crore short term loans to Cooperative Banks and Regional Rural Banks during 2012-13, against which, the maximum outstanding was 65,176 crore.
- **Investment Credit :** Investment Credit for capital formation in agriculture & allied sectors, non-farm sector activities and services sector to commercial banks, RRBs and co-operative banks reached a level of 17,674.29 crore as on 31 March 2013 registering an increase of 14.6 per cent, over the previous year.
- **Rural infrasture development funds**
Through the Rural Infrastructure Development Fund 16,292.26 crore was disbursed during 2012-13. A cumulative amount of 1,62,083 crore has been sanctioned for 5.08 lakh projects as on 31 March 2013 covering irrigation, rural roads and bridges, health and education, soil conservation, drinking water schemes, flood protection, forest management etc.

New Business Initiatives

- **NABARD Infrastructure Development Assistance:**
NABARD has set up NIDA, a new line of credit support for funding of rural infrastructure projects. The sanctions under NIDA during the year 2012-13 was 2,818.46 core and disbursement was 859.70 core.
- **Producers organizations development fund**
In its Endeavour to support Producer's Organizations in a comprehensive manner, NABARD sanctioned as assistance of 55.95 core out of Producer Organization Development Fund to 34 PO's during 2012-13. The disbursement amounted to 29.18 crore covering major activities like dairy, fishery, marketing infrastructure and agro processing infrastructure.
- **Direct refinance assistance for short term multipurpose credit:**
Direct refinance assistance to CCBs was conceived and additional line of finance for CCBs in the light of recommendations of the "Task Force on Revival of Short Term Rural Cooperative Credit Structure, which enables the latter to raise financial resources other than from StCBs. During 2012-13, refinance assistance aggregating 3,385 core was sanctioned to 42 CCBs and three StCBs and disbursement stood at 2,363.45 core.
- **NABARD Initiated Project on Core Banking Solutions in Co-operatives :**
Through Core Banking Solution, Co-operatives are being brought to a higher technology platform so as to compete with other banks for business and growth. The programme made rapid strides with 5,543 branches of 163 banks across 10 States joining the platform in the first phase and 42 banks joining in the second phase, a total of 7,088 branches of 205 StCBs and CCBs across 16 States and three UTs came into the umbrella of the programme as on 31 March 2013.

Development Initiatives

- **Water shed development fund**
The cumulative number of watershed projects sanctioned under Watershed Development Fund stood at 586 in 16 States covering an area of 5.40 lakh ha with total commitment (loan and grant component) of 306.36 core as on 31 March 2013.
- **Farm Innovation and Promotion Fund and Farmers' Technology Transfer Fund :**
The funds were formed out of the operating profits of NABARD to maintain innovative ventures and to maintain technology shift in farm sector and its corpus stood at 50.00 crore and 61.21 crore respectively as on 31 March 2013.



Grant assistance of 9.90 crore and 39.79 crore, respectively, were disbursed for various interventions under the programme during 2012-13.

- **Farmers' Clubs:**
With the launching of 24,802 new Farmers' Clubs during the year, the number of clubs reached 1.27 lakh as on 31 March 2013
- **Umbrella program on natural resource management::**
UPNRM aims to boost rural livelihoods behind community-managed sustainable natural resource management projects. Assistance of 174.30 crore was approved during 2012-13 taking the cumulative authorize to 386.92 crore as at the end of March 2013. The cumulative disbursement under the programme amounted to 217.57 crore, including 207.23 crore as loan and 10.34 crore as grant.
- **Tribal development fund:**
During the year 2012-13, financial assistance of 224.26 crore was approved for 69 projects benefiting 53,700 tribal families in 14 States. The cumulative sanction as on 31 March 2013 was 1,432 crore, covering 3.80 lakh families in 484 projects across 26 States/UTs.
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- **Financial Inclusion Fund and the Financial Inclusion Technology Fund:**
As on 31 March 2013, the cumulative sanctions under FIF and FITF were 181.64 crore and 365.49 crore, respectively against which disbursements were 69.77 crore and 201.30 crore, respectively.
- **SHG-Bank Linkage Programme:**
As on 31 March 2013, there were more than 73.18 lakh savings linked Self Help Groups and more than 44.51 lakh credit-linked SHGs covering over 10.3 crore poor households under the micro-finance programme. NABARD carried forward its guiding role in the microfinance programme during 2012-13 by taking a host of new initiatives and consolidating some of the already operational interventions.

Rural innovation

NABARD role in rural development in India is unique. National Bank For Agriculture & Rural Development (NABARD) is set up as an apex Development Bank by the Government of India with a mandate for facilitating credit flow for promotion and development of agriculture, cottage and village industries. The credit flow to agriculture activities approved by NABARD reached Rs1, 57, 480 crore in 2005-2006. The overall GDP is estimated to grow at 8.4 per cent. The Indian economy as a whole is poised for higher growth in the coming years. Role of NABARD in overall development of India in general and rural & agricultural in specific is highly pivotal.

Through assistance of Swiss Agency for Development and Cooperation, NABARD set up the Rural Innovation Fund. Vrajal Sapovadia Rural Infrastructure Development Fund is another noted scheme for the bank for rural development.^[11] Under the RIDF scheme Rs. 51,283 crore have been sanctioned for 2,44,651 projects covering irrigation, rural roads and bridges, health and education, soil conservation, water schemes etc. Rural Innovation Fund is a fund designed to support innovative, risk friendly, unconventional experiments in these sectors that would have the potential to promote livelihood opportunities and employment in rural areas.^[12] The assistance is extended to Individuals, NGOs, Cooperatives, Self Help Group, and Panchayati Raj Institutions who have the expertise and willingness to implement innovative ideas for improving the quality of life in rural areas. Through member base of 25 crore, 600000 cooperatives are working in India at grass root level in almost every sector of economy. There are linkages between SHG and other type institutes with that of cooperatives.

The purpose of RIDF is to promote innovation in rural & agricultural sector through viable means. Effectiveness of the program depends upon many factors, but the type of organization to which the assistance is extended is crucial one in generating, executing ideas in optimum commercial way. Cooperative is member driven formal organization for socio-economic purpose, while SHG is informal one. NGO have more of social color while that of PRI is political one. Does the legal status of an institute influences effectiveness of the program? How & to what an extent? Cooperative type of organization is better (Financial efficiency & effectiveness) in functioning (agriculture & rural sector) compared to NGO, SHG & PRIs.^[13]

Recently in 2007-08, NABARD has started a new direct lending facility under 'Umbrella Programme for Natural Resource Management' (UPNRM). Under this facility financial support for natural resource management activities can be provided as a loan at reasonable rate of interest. Already 35 projects have been sanctioned involving loan amount of about Rs 1000 crore.



The sanctioned projects include honey collection by tribals in Maharashtra, tussar value chain by a women producer company ('MASUTA'), eco-tourism in Karnataka

Microfinance and NABARD

The Reserve Bank of India and NABARD has laid out certain guiding principle in 06-07 for the commercial banks, Regional Rural Banks and Cooperative Banks to provide the data to RBI including that regarding loans given by banks to the microfinance institutions.

NABARD a 100 % CSR company

NABARD has been active in grounding rural, social innovations and social enterprises in the rural surroundings. This endeavour is maybe unparalleled in the country, it has in the process partnered with about 4000 partner organisations in grounding many of the interventions be it, SHG-Bank Linkage programme, tree-based tribal communities' livelihoods initiative, watershed approach in soil and water conservation, increasing crop productivity initiatives through lead crop initiative or dissemination of information flow to agrarian communities through Farmer clubs. Despite all this, it pays huge taxes too, to the exchequer – figuring in the top 50 tax payers consistently. NABARD virtually ploughs back all the profits for development spending, in their unending search for solutions and answers. Thus the organisation had developed a huge amount of trust capital in its 3 decades of work with rural communities.

An Overview of RRB

The Regional Rural Banks (RRBs) were established in 1975 under the provisions of the Ordinance promulgated on the 26th September 1975 and followed by Regional Rural Banks Act, 1976 with a view to develop the rural economy and to create a supplementary channel to the 'Cooperative Credit Structure' with a view to enlarge institutional credit for the rural and agriculture sector.

The Government of India, the concerned State Government and the bank, which had sponsored the RRB contributed to the share capital of RRBs in the proportion of 50%, 15% and 35%, respectively. The area of operation of the RRBs is limited to notify few districts in a State. The RRBs mobilize deposits primarily from rural/semi-urban areas and provide loans and advances mostly to small and marginal farmers, agricultural laborers, rural artisans and other segments of priority sector.

The objectives of RRBs can be summarized as follows

1. To offer cheap and liberal credit services to small and marginal farmers, agriculture laborers, artisans, small entrepreneurs and other weaker sections.
2. To save the rural poor from the moneylenders.
3. To act as a catalyst element and thereby go faster the economic growth in the particular region.
4. To develop the banking habits among the rural people and mobilize savings for the economic development of rural areas.
5. To enlarge employment opportunities by encouraging trade and commerce in rural areas.
6. To promote entrepreneurship in rural areas.
7. To make available to the needs of the backward areas which are not covered by the other efforts of the Government.
8. To develop underdeveloped regions and thereby strive to remove economic disparity between regions.

Performance of RRBs

1. Sources of Funds

The sources of funds of RRBs comprise of owned fund, deposits, borrowings from NABARD, Sponsor Banks and other sources including SIDBI and National Housing Bank.

2. Owned Funds

The owned funds of RRBs comprising of share capital, share capital deposits received from the shareholders and the reserves stood at ₹19304 crore as on 31 March 2013 as against ₹16462 crore as on 31 March 2012; registering a growth of 17.26%. The increase in owned funds to the tune of ₹2842 crore was mainly on account of accretion to reserves by the profit making RRBs. The share capital and share capital deposits together amounted to ₹6174 crore of total owned fund while the balance amount of ₹13130 crore represented reserves.

3. Recapitalisation of RRBs

(a) The Chakrabarty Committee reviewed the financial position of all RRBs in 2010 and recommended for recapitalisation of 40 out of 82 RRBs for strengthening their CRAR to the level of 9 per cent by 31 March 2012. According to the Committee, the remaining RRBs are in a position to achieve the desired level of CRAR on their own. Accepting the recommendations of the committee, the GOI along with other shareholders decided to recapitalise the RRBs by infusing funds to the extent of ₹2200 Crore. The shareholder wise proportion (GOI/Sponsor Banks/State Governments) is 50:35:15 respectively.



(b) As on 31 March 2013, an amount of ₹2015.86 crore has been released to 37 RRBs in 20 States. The released amount includes GoI's contribution of ₹1003.92 crore, State Govt's contribution of ₹303.59 crore and Sponsor bank's contribution of ₹708.35 crore. The recapitalisation is complete in respect of 35 RRBs (5 in odisha , 3 in MP, 2 in Uttarakhand, 2 in Jharkhand, 2 in Chhatisgarh, 2 in Bihar, 2 in Maharashtra, 3 in West Bengal, 5 in Rajasthan and one each in Assam, Arunachal Pradesh, Nagaland, Tripura, J&K, Karnataka, Tamil Nadu, Gujarat & UT of Puducherry). GoI share ₹7.99 cr. is pending in respect of Manipur Rural Bank. Mizoram State Government has partially released ₹0.50 crore in respect of Mizoram Rural Bank and ₹2.80 crore is pending...Two State Govts. Viz. UP (2 RRBs), & J&K (1 RRB) have not released any amount in respect of 3 RRBs operating in their states. Out of 35 fully recapitalised RRBs, 3 RRBs viz. Central Madhya Pradesh GB, Manipur Rural Bank and Mizoram GB have not achieved CRAR of 9 per cent as on 31.3.2013.

Deposits: Deposits of RRBs increased from ₹186336 crore to ₹211458 crore during the year registering growth rate of 13.48 %. There are Thirty three (33) RRBs having deposits of more than ₹3000 crore each.

Borrowings : Borrowings of RRBs increased from ₹30289 crore as on 31 March 2012 to ₹38268 crore as on 31 March 2013 registering an increase of 26.34%. Borrowings viz-a-viz the gross loan outstanding constituted 27.37% as against 26.02% in the previous year.

Investments: The investment of RRBs increased from ₹95975 crore as on 31 March 2012 to ₹110683 crore as on 31 March 2013 registering an increase of 15.32%. SLR investments amounted to ₹49938 crore where as non-SLR investments stood at ₹60746 crore. The Investment Deposit Ratio (IDR) of RRBs progressively declined over the years from 72% as on 31.3.2001 to 52.34% as on 31 March 2013.

Loans & Advances: During the year the loans outstanding increased by ₹23452 crore to ₹139837 crore as on 31 March 2013 registering a growth rate of 20.15% over the previous year.

Loans Issued

Total loans issued by RRBs during the year increased to ₹102162 crore from ₹82538 crore during the previous year registering a growth of 23.78%.

Working Results

1. Profitability

63 RRBs (out of 64 RRBs) have earned profit (before tax) to the extent of ₹3281 crore during the year 2012-2013. The profit was higher than the previous year. After payment of Income Tax of ₹896 crore, the net profit aggregated to ₹2385 crore. One RRB viz. Nagaland Rural Bank incurred loss to the tune of ₹2.07 crore

2. Accumulated Losses

As on 31 March 2013, 11 of the 64 RRBs continued to have accumulated losses to the tune of ₹1012 crore as against ₹1333 crore (22 RRBs) as on 31 March 2012. The accumulated loss decreased by ₹321 crore during the year under review.

3. Non-performing Assets (NPA)

The Gross NPA of RRBs stood at ₹7907 crore as on 31.03.2013 (i.e.5.65%). The percentage of Net NPA of RRBs has shown an increase from 2.98% to 3.40% during the year. The data revealed that 10 RRBs had gross NPA percentage of less than 2%, whereas 32 RRBs had it above 5%.

4. Recovery Performance

There has been an improvement in the recovery percentage during 2011-12 from 81.60% as on 30 June 2011 to 81.32% as on 30 June 2012. The aggregate overdues, however, increased by ₹1802 crore to ₹13567 crore as on 30 June 2012.

5. Credit Deposit Ratio

The aggregate CDR of RRBs increased over the years from 41.83% as on 31 March 2002 to 66.13% as on 31 March 2013. Nine of the RRBs reported CDR of more than 100%

6. Productivity of Branch and Staff

The branch productivity increased to ₹19.67 crore in 2012-13 from ₹17.90 crore in 2011-12 with a growth of 9.89%. Similarly, staff productivity in 2012-13 increased to ₹4.62 crore from ₹4.07 crore in 2011-12 with a growth of 13.51%.

Initiatives during the year

a. Recruitment of Officers and Office Assistants in RRBs

Government of India, Ministry of Finance, and Department of Financial Services vide their letter no. F No. 3/8/2010 - RRB dated 23 Feb 2012 instructed that from the year 2012-13 onwards, a Common Written Examination (CWE) to be conducted by Institute of Banking Personnel Selection (IBPS) for recruitment of officers and staff in RRBs. NABARD was entrusted with the responsibility of coordination and Supervision of the selection process beside finalisation of the methodology for the conduct of the C W E. Methodology for conduct of C W E was finalised by NABARD in consultation with the IBPS, select



sponsor banks and select RRBs by NABARD and approved by Government of India, Ministry of Finance. The guideline was issued to all the concerned on 9 May 2012. General Notice on behalf of GoI through advertisement in newspapers was released by NABARD on 14 May 2012. The guidelines on CWE has been uploaded on web sites of NABARD and IBPS. First CWE for recruitment of Officers and Office Assistants in RRBs was conducted by IBPS during the month of Sept 2012.

b. Committee on Human Resource Policy for RRBs post CBS

In terms of the GoI order F.No. 7/7/2012-RRB dated 2 Aug 2012, a Committee was constituted under the Chairmanship of an ED, NABARD to revisit the existing Human Resource Policy for assessment of manpower / staffing pattern for Regional Rural Banks post CBS and other technological upgradation with the following terms of reference

- (i) Laying down norms for categorisation of RRBs and their branches based on the business volume etc.
- (ii) Assessment of technological upgradation in RRBs and
 - a) re-assessment of required manpower and staffing pattern of Head Office, Controlling Office, Branches etc.
 - b) skill development needs of employees of RRBs.

The Committee has submitted its report to GoI on 23 Nov 2012 covering the terms of reference as indicated in GoI order dated 2 Aug 2012.

Subsequently, GoI vide its letter No. F. No.7/7/2012-RRB dated 13 Dec 2012 has conveyed its decision to extend the tenure of the Committee till 30.06.2013 and amended the terms of reference of the Committee to include the following:-

- (a) Preparation of roadmap for implementation of recommendations.
- (b) Monitoring the implementation of the recommendations.

The Committee finalised the RRB wise time-frame of implementation of technology adoption by all RRBs as per the amended terms of reference. Further, the Part B of the Report of the Committee has been forwarded to GoI for their consideration and approval of the complete Report.

c. Pension to RRBs on the lines of Nationalised banks in lieu of Contributory Provident Fund.

A Working Group under the chairmanship of Chief General Manager, Law Dept. of NABARD was constituted by NABARD for preparation of draft model pension scheme and model pension regulations for RRBs on the lines of Nationalised Banks in lieu of Contributory Provident Fund as advised by GoI. Working Group submitted the draft Model Pension Scheme and Pension Regulation for RRBs and has been forwarded to GoI on 21.11.2012 for consideration.

d. Committee for fixing Inter-Se seniority of RRBs – Post amalgamation

As advised by GoI, a Committee was constituted under the Chairmanship of Dr. R.M. Kumar CGM, NABARD, IDD with members of 11 new Sponsor banks of amalgamated RRBs to fix the norms for Inter-Se seniority of RRBs in post amalgamation scenario. First meeting of the Committee was convened at NABARD H.O. on 23.01.2013 to discuss views of the sponsor banks on the issue taking into account the prevailing position in the constituent RRBs and also the promotion process in newly formed RRBs. It was decided in the meeting to constitute a Sub - Committee consisting of State Bank of India, Bank of India, Central Bank of India and State Bank of Mysore, for framing rules / guidelines for fixing Inter-Se seniority of amalgamated RRBs keeping in view the legal issues involved therein. Sub-Committee submitted its report during the month of March 2013 (Draft guidelines finalised by the Committee has been forwarded to GoI for approval).

e. Financial Inclusion

As envisaged by the Government of India, RRBs as a group have become a strong intermediary for financial inclusion in rural areas by opening a large number of "No frills" accounts and by financing under General Credit Card (GCC), as per RBI guidelines. As on 31 March 2013 there were 319.59 lakh No Frills accounts.

The number of branches of RRBs increased to 17856 as on 31 March 2013 from 16909 as on 31 March 2012.

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