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**NABARD SHOULD FOCUS ON PROMOTING INTEGRATED RURAL DEVELOPMENT  
AND SECURING SUSTAINABLE RURAL PROSPERITY: FM**

New Delhi: Asadha 21, 1933  
July 12, 2011

Union Finance Minister Shri Pranab Mukherjee has said that National Bank for Agriculture and Rural Development (NABARD) should deploy new technology, innovate and create financially viable models that can take forward the process of financial inclusion. He said that the primary expectation of the nation from banks, including NABARD, in the next decade is to eradicate financial exclusion. He was addressing the Meeting of the Board of Directors of NABARD on its 29<sup>th</sup> Foundation Day, here today. NABARD is observing the 30<sup>th</sup> year of its existence as the ‘Year of Change’.

The Finance Minister Shri Mukherjee said that even as the rest of the world is grappling with multiple economic issues, India stands out as one of the few large economies that has regained its pre-crisis momentum and is poised to grow fast. The Finance Minister Shri Mukherjee said that he expected NABARD to contribute its share in this process. He stated that the biggest challenge before us is to deepen and broaden the inclusive nature of our growth which is the central focus of the Government’s agenda.

Shri Mukherjee said that we need to raise agricultural productivity. Though the total amount of credit to agriculture has grown over five-fold in the last 7 years, we have not seen any significant improvement in agricultural productivity. At the same time, he said that while total credit to agriculture has shown consistent growth, the number of accounts has not grown commensurately which means that credit flow to smaller farmers has not reached in sufficient measures. The Finance Minister said that this situation has to be corrected and we have to ensure that the credit flow to small farmers is adequate in meeting their needs. NABARD, in particular, has a major role to play in this regard, he said. Shri Mukherjee said that agriculture sector should enhance production and focus should be on improving the situation in Eastern India and dry lands.

Finance Minister Shri Mukherjee said that a dedicated allocation has been made for warehousing infrastructure for agriculture and allied sector produce under the Rural Infrastructure Development Fund (RIDF) in the Union Budget for 2011-12. He said that to fill the gap in storage capacity requirements, NABARD should interact with private sector players. He stated that with land holdings becoming smaller and oral tenancy on the rise, a large number of marginal and small cultivators who are lessees and oral tenants are being excluded from the ambit of the Kissan Credit

Cards (KCCs). Further, there are a large number of inactive cards which need to be activated so that these cards actually become the prime vehicle of credit to the agriculture and allied activities, he said.

Shri Mukherjee also added that the huge initiative of Self Help Groups (SHGs) will get a phenomenal boost if SHGs could also be linked to the Banking Correspondents (BCs) so that SHGs are not required to transact their business only at branches. He said that reducing transaction costs of the clients, both individual as well as those where the group methodology works better, needs to be a top priority for all banks and financial institutions and hoped that NABARD will take necessary steps in this direction at the earliest.

Shri Mukherjee said that he would like cooperatives to emerge as the focal points where member farmers get common platforms for their forward and backward linkages – from supply of inputs and services to storage and marketing of their produce. He stated that based on Vaidyanathan Committee recommendations, a revival package of over Rs. 13,500 crore has been implemented through NABARD.

The Finance Minister stated that NABARD's massive programme of capacity building for training the elected representatives of cooperatives as well as their own staff has to be followed up by improved competitiveness of the cooperatives by leveraging technology including computerisation of their operations. He said that the Government is committed to strengthening NABARD, to make it more effective in its mandated areas of work and is providing NABARD an additional capital of Rs. 3000 crore to enhance its capital base.

Shri Mukherjee said that though NABARD is not commercial in its operations, it needs to aim for better margins, so that the operating surplus could be ploughed back into its developmental activities which will also enable NABARD to increase its credit flow not only to agriculture but also to allied activities and for the development of rural infrastructure. He said that NABARD should now focus more on promoting integrated rural development and securing sustainable rural prosperity through farm and off farm enterprises by providing and regulating credit flow.

In his concluding remarks, the Finance Minister Shri Mukherjee said that he would like that NABARD treats the next one year as the "year of change" and remember that "be the change you want to see in the world".

Speaking on the occasion, Chairman, NABARD Dr. Prakash Bakshi said that the aggregate assets held by NABARD increased to Rs.1,59,400 crore as on 31 March 2011 against Rs.1,36,292 crore as on 31 March 2010. He stated that leveraging its growth as a financial institution, NABARD closely aligns itself with the objectives of the 12th Five Year Plan, which is faster, more inclusive and sustainable growth. Among others, Shri K.C. Chakravarty, Deputy Governor, RBI and Shri Rakesh Singh, Addl. Secretary, Financial Services were also present on the occasion.

**DSM/SS/GN**