

Nabard: Lok Sabha passes bill to raise Nabard's capital to Rs 30000 crore

NEW DELHI: A bill to enable exit of RBI from [Nabard](#) and increase authorised capital of the development institution six times to Rs 30,000 crore was passed by the Lok Sabha today.

The National Bank for Agriculture and Rural Development (Amendment) Bill, 2017 also seeks to amend certain clauses in the light of reference of the Micro, Small and Medium Enterprises (MSMEs) Development Act, 2006 in the proposed legislation.

Minister of State for Finance Santosh Kumar Gangwar said that the law is one of the "major step" towards doubling farmers' income by 2022.

This is a small bill but irrespective of that, 28 members put their views on this legislation, which reflects the interest of members on agriculture related issues, he said.

He said that as this is a short bill, suggestions made by members would be considered when the detail bill will come.

"This law would benefit farmers," he said adding the government is sensitive towards issues of farmers.

On concerns being raised by few members such as N K Premachandran (RSP) and K C Venugopal (Congress) on including MSMEs in place of SSIs (small scale industries), he said Nabard would always support agriculture and not corporates.

Earlier while moving the bill for consideration and passage, Gangwar said in his introductory speech on The NABARD (Amendment) Bill, 2017 said National Bank for Agriculture and Rural Development (NABARD) is a premier organisation which was established in 1982.

It provides loans for agriculture, small scale industries among others.

In the last three decades, there has been diversification in the functioning of Nabard and in the last three years, after the BJP government came to power, the bank has undergone a lot of changes, he said.

There has been changes in its priority and policies in the area of agriculture and rural development. Now Nabard is refinancing and providing direct loan in the agriculture and rural areas, he added.

The balance sheet of Nabard has increased from Rs 1.82 lakh crore in March 31, 2012 to Rs 3.10 lakh crore on March 31, 2016, he said adding that means, there has been an increase of around 70 per cent in the activities of Nabard.

Nabard plays an important role for doubling the income of farmers and increasing the infrastructure in the rural areas, the minister said adding "Keeping this target in mind I am placing this bill in the house".

At present the authorised capital of Nabard is Rs 5,000 crore and there is a proposal to increase it to Rs 30,000 crore, Gangwar said.

According to the need, he said, the government can increase the authorised capital from time to time.

If there is a need to increase this authorised capital above Rs 30,000 crore, then after discussions with RBI it can be increased, he added.

There is another suggestion that at present in Nabard, the centre has a share of 99.6 per cent and the RBI has the remaining share, he said adding there is a conflict in the role of the RBI.

As RBI is also a regulator, its 0.4 per cent equity will be transferred to Centre, he said adding as a result, 100 per cent equity will come to the Centre.

Participating in the discussion, BJD member B Mahtab suggested that the NABARD can have an authentic data bank on rural credit.

Agriculture credit is a major issue and that disbursement is dominated by private banks in certain states, he added.

Mahtab also said the functioning of [Regional Rural Banks](#) (RRBs) should be looked into.

Gajanan Kirtikar (Shiv Sena) said the government could look at appointing a RBI Deputy Governor as chairman of the NABARD.

Three members from the Lok Sabha and two from the Rajya Sabha should be appointed to the NABARD board for a period of two years, TDP member Murali Mohan said.

Varaprasad Rao (YSR Congress) said that more funds should be given to the bank for rural development activities.

Mamtaz Sanghamita (TMC), Om Birla (BJP), K Parasuraman ([AIADMK](#)), Konda Vishweshwar Reddy (TRS), Jitendra Chaudhury (CPI-M), L N Yadav (BJP), J P N Yadav (RJD), Bhagwant Mann (AAP) and M K Raghvan (INC) also spoke.

Members from the northeast India across different states rued that their region has been getting little share of the credit funds.

Kamakhya Prasad, a BJP member of the Assam, said the penetrations of banks in his insurgency-hit state was less and it should be stepped up.

P D Rai, the lone member of [Sikkim Democratic Fund](#) (SDF), said the northeast gets one per cent of the credit, leading to farmers trapping in the net of loan sharks.

C K Sangma, another member of [National People's Party](#) (NPP) from Meghalaya, emphasised that the government policy should focus on food processing in the northeast region.

[Kalushendra Kumar](#), the lone member of the JDU, which has broken ranks with the opposition to align with the BJP in Bihar, emphasised on giving credit-free loans to farmers.

[Ramesh Bidhuri](#) of the BJP said unlike the previous regimes, the focus of the Modi government is truly empowering the farmers rather than resort to populist measures.

He also cited the Bill which will allow the government to enhance the capital of NABARD bank from Rs 5000 crore to Rs 30,000.

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