



NABARD Extends Financial Support to Bihar

Why in News?

[National Bank for Agriculture and Rural Development \(NABARD\)](#) extended **financial support of Rs 10372.86 crore in Bihar** during the financial year 2023 - 24 in the form of refinance, direct finance, and grant support.

- This is the **highest financial support extended by NABARD to the state** in a year so far and recorded a growth of 21 % over the previous financial year (2022-23).

Key Points

- Refinance was extended for production credit, investment credit and for paddy procurement operations of different commercial banks, [Regional Rural Banks \(RRBs\)](#) and [Co-Operative Banks](#), while direct finance support was extended to the state government for the creation of rural infrastructures.
 - The **grant support** was extended to various agencies for piloting developmental initiatives in the field of [Farmers' Producer Organisations \(FPOs\)](#), **Watershed Development, Tribal Development, Primary Agriculture Cooperative Societies (PACS) Computerisation programme, Skill and Enterprise Development, Financial Literacy and Awareness programmes** in the rural areas.

National Bank for Agriculture and Rural Development (NABARD)

- It is a development bank focussing primarily on the rural sector of the country. It is the apex banking institution to provide finance for Agriculture and rural development.
- Its headquarter is located in Mumbai, the country's financial capital.
- It is responsible for the development of the small industries, cottage industries, and any other such village or rural projects.
- It is a statutory body **established in 1982** under the Parliamentary act-**National Bank for Agriculture and Rural Development Act, 1981**.

The Regional Rural Banks (RRBs)

- They were **established in 1975** under the provisions of the Ordinance promulgated on 26th September 1975 and **Regional Rural Banks Act, 1976**.
- RRBs are **financial institutions** which ensure adequate credit for agriculture and other rural sectors.
- The RRBs **combine the characteristics of a cooperative in terms of the familiarity of the rural problems** and a commercial bank in terms of its professionalism and ability to mobilise financial resources.

Cooperative Banks

- It is an institution **established on a cooperative basis to deal with the ordinary banking business**. Cooperative banks are **founded by collecting funds through shares, accepting**

deposits, and granting loans.

- They are **Cooperative credit societies** where members from a community group together to extend loans to each other, at favorable terms.
- They are registered under the Cooperative Societies Act of the State concerned or the **Multi-State Cooperative Societies Act, 2002.**
- The Co-operative banks **are governed by the:**
 - **Banking Regulations Act, 1949.**
 - **Banking Laws (Co-operative Societies) Act, 1955.**
- They are broadly divided into **Urban and Rural cooperative banks.**

Primary Agriculture Cooperative Societies

- PACS are **cooperative societies that provide short-term credit** and other services to their members, who are mostly farmers.
- They are the **grassroots level institutions** of the cooperative credit structure in India.
- PACS are being transformed by **computerisation, undertaking multiservice, distribution of electricity, water, medicines** and offering services as **Common Service Centres (CSC).**

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