

Nabard pumps Rs 1.46 lakh crore into rural banking system

By: FE Bureau

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The National Bank for Agriculture and Rural Development (Nabard) on Tuesday said that it had infused `1.46 lakh crore in the rural banking system so far in FY20, which helps augment credit flow into agriculture and other economic activities in the rural areas.

The development bank said that it had extended `87,069 crore to cooperative banks and regional rural banks in short-term refinance as on February 28, while long-term refinance of `59,502 crore had been provided to the banks and financial institutions.

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Short-term refinance, which is essentially production credit, is provided to banks to help farmers meet their operational costs. On the other hand, long-term refinance is aimed at supporting sectors such as dairy, poultry, fishery, farm mechanisation, irrigation and non-farm sectors.

"In FY20 so far, Nabard has extended `66,397 crore in short-term credit and `6,704 crore long-term credit to rural cooperative banks. Similarly, regional rural banks have availed `14,141 crore in short-term credit and `8,417 crore in long-term credit," Nabard said in a release.

In addition, other banks including small finance banks have obtained long-term refinance of `37,895 crore. The development bank has so far extended `4,638 crore to the non-banking finance companies (NBFCs) and microfinance institutions (MFIs) in FY20, in a bid to reach out to a wider network of people in rural

areas.

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