

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2699
ANSWERED ON:12.03.2010
STAKE IN NABARD
Acharia Shri Basudeb

Will the Minister of FINANCE be pleased to state:

- (a) whether there are plans to reallocate existing shares /portfolios in the National Bank for Agriculture and Rural development (NABARD);
- (b) if so, the details thereof alongwith the details of consultation carried out in this regard; and
- (c) the steps taken to ensure that the interests of farmers is not tempered with in the process?

Answer

The Minister of State in the Ministry of Finance(Shri Namo Narain Meena)

(a) & (b): Yes, Sir. The Government of India (GoI), in consultation with the Reserve Bank of India (RBI), has decided to take-over 72.5% of the overall shareholding in the National Bank for Agriculture and Rural Development (NABARD), presently held by RBI, thus taking GoI's holding in NABARD to 100%.

The transfer of RBI shareholdings in NABARD to the GoI is in line with the recommendations of the Narsimhan Committee on Banking Sector Reforms that it was inconsistent with the principles of effective supervision that the regulator was also the owner of a financial entity.

The GoI has already made a Budget provision of Rs. 1,450 crore during 2009-10 for the above purpose.

(c): The take over of RBI share holding in NABARD will not have any bearing on the working of NABARD as it will continue to work towards the fulfillment of the interest of rural sector, especially farmers