

National Bank for Agriculture and Rural Development Act, 1981:

An Act to establish a bank to be known as the National Bank for Agriculture and Rural Development for providing credit for the promotion of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas, and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Thirty-second Year of the Republic of India as follows:--

Short title, extent and commencement.-

(1) This Act may be called the National Bank for Agriculture and Rural Development Act, 1981

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act, and any reference in any provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Definitions.-

In this Act, unless the context otherwise requires,--

(a) "agriculture" includes horticulture, animal husbandry, forestry, dairy and poultry farming, pisciculture, and other allied activities, whether or not undertaken jointly with agriculture and the expression "agricultural operations" shall be construed accordingly.

Explanation.--For the purposes of this clause, "pisciculture" includes the development of fisheries, both inland and marine, catching of fish and all activities connected therewith or incidental thereto;

(b) "Agricultural Refinance and Development Corporation" means the Corporation established under section 3 of the Agricultural Refinance and Development Corporation Act, 1963 (10 of 1963), and renamed under section 3A of that Act as the Agricultural Refinance and Development Corporation;

(c) "Board" means the Board of Directors of the National Bank;

(d) "central co-operative bank" means the principal co-operative society in a district in a State, the primary object of which is the financing of other co-operative societies in that district:

Provided that in addition to such principal society in a district, or where there is no such principal society in a district, the State Government may declare any one or more co-operative societies carrying on the business of financing other co-operative societies in that district to be also or to be a central co-operative bank or central co-operative banks within the meaning of this definition;

Borrowings by the National Bank.-

The National Bank may, for the purpose of carrying out its functions under this Act,--

(a) issue and sell bonds, debentures and other financial instruments with or without guarantee of the Central Government on such terms and conditions as may be approved by the Board;;

(b) borrow money from the Reserve Bank repayable on demand or otherwise on such terms and conditions including the terms relating to security and purposes as may be specified by the Reserve Bank;

(c) borrow money from the Central Government and from any other authority or organisation or institution approved by the Board, on such terms and conditions as may be agreed upon;

(d) accept from the Central Government, a State Government, a local authority, a State land development bank, a State co-operative bank or a scheduled bank or any person or body, whether incorporated or not, deposits repayable on such terms as the National Bank may, with the approval of the Reserve Bank fix; and

(e) receive gifts, grants, donations or benefactions from the Central Government or any State Government or any other source.

Borrowings in foreign currency.-

(1) Notwithstanding anything contained in the Foreign Exchange Management Act, 1999, or in any other law for the time being in force, relating to foreign exchange, the National Bank may borrow, with the previous approval of the Central Government and in consultation with the Reserve Bank, foreign currency from any bank or financial institution in India or elsewhere, for granting loans and advances or for utilising such currency for any other purpose specified under the provisions of this Act.

Other functions of National Bank.- The National Bank--

(i) shall co-ordinate its operations and the operations of various institutions engaged in the field of rural credit and maintain expert staff to study all problems relating to agriculture and rural development and be available for consultation to the Central Government, the Reserve Bank, the State Governments and the other institutions engaged in the field of rural development;

(ii) may act as the agent for the Central Government or a State Government or the Reserve Bank in the transaction of any business in respect of loans and advances granted or to be granted, or bonds or debentures purchased or subscribed for, or to be purchased or subscribed for;

(iii) may provide facilities for training, for dissemination of information and the promotion of research including the undertaking of studies, researches, techno-economic and other surveys in the field of rural banking, agriculture and rural development and it may for the said purposes make grants including grants by way of provision for fellowships and chairs to any institution.

(iv) may provide technical, legal, financial, marketing and administrative assistance to any person engaged in agriculture and rural development activities;

(v) may provide consultancy services in the field of agriculture and rural development and other related matters in or outside India, on such terms and against such remuneration, as may be agreed upon;

(vi) may perform the functions entrusted to or required of the National Bank by any other law for the time being in force; and

(vii) do any other kind of business or undertake any other kind of activity which the Central Government or the Reserve Bank may authorise.

Securitisation of debt.-

Notwithstanding anything contained in this Act, the National Bank may -

(a) create one or more trusts and transfer loans and advances granted by it, with or without the securities, to such trusts, for consideration;

(b) set aside loans or advances held by the National Bank and issue and sell securities based upon such loans or advances so set aside in the form of debt obligations, trust certificates of beneficial interest or other instruments, by whatever name called, and act as a trustee for the holders of such securities.

Deposits and investments.-

(1) The National Bank may invest its funds in promissory notes, stocks or securities of the Central Government or keep the moneys deposited with the Reserve Bank or with any agency of the Reserve Bank or with a State co-operative bank or a scheduled bank.

(2) Notwithstanding anything contained , the National Bank may, for beneficial investment of its surplus funds, rediscount bills of exchange or promissory notes arising out of bonafide trade and commercial transactions and also lend repayable at call or short notice to a scheduled bank or any financial institution approved by the Reserve Bank, or invest in certificates of deposit and other instruments or schemes as may be approved by the Board.

Credit information.-

The National Bank may, for the purpose of the efficient discharge of its functions under this Act, collect from or furnish to the Central Government, the Reserve Bank or any banking company or such other financial institution as may be notified by the Central Government in this behalf, credit information or other information.

Explanation.--For the purposes of this section, the expressions "banking company" and "credit information" shall have the same meanings as in section 45A of the [Reserve Bank of India Act, 1934](#) (2 of 1934),

Staff of National Bank.-

(1) The National Bank may appoint such number of officers and other employees as it considers necessary or desirable for the efficient performance of its functions and determine the terms and conditions of their appointment and service.

(2) Without prejudice to the provisions , it shall be lawful for the National Bank to utilise, and for the Reserve Bank to make available, the services of such staff of the Reserve Bank on such terms and conditions as may be agreed upon between the National Bank and the Reserve Bank.

(3) Subject to the provisions , at any time before the expiry of six months from the appointed day, the Reserve Bank may, in public interest, transfer to the National Bank, such members of the staff of Reserve Bank whom the Reserve Bank considers as engaged, or as suitable to be engaged, in attending to the work of a nature which is same or similar to that which the National Bank may require for its efficient functioning, and upon such transfer they shall be deemed to be appointed by the National Bank with effect from the date of such transfer:

Provided that every person so transferred may, before the expiry of a period of six months from the appointed day, or before the expiry of a period of thirty days from such transfer, whichever period expires later, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of eighteen months from the appointed day, take back such member of the staff and he shall be deemed to have been on deputation to the National Bank during the period he was a member of the staff of the National Bank.

(4) (a) Any member of the staff of the Reserve Bank who is not appointed may, if he so desires, make an application to the Reserve Bank within six months from the appointed day, to be considered for appointment as a member of the staff of the National Bank.

(b) The Reserve Bank may, in consultation with the National Bank, consider such application having regard to the suitability of the person so applying, the availability of vacancies in the National Bank, the exigencies of service in the Reserve Bank and the National Bank and such other factors as may be considered relevant in this regard, and, if the Reserve Bank is satisfied having regard to these factors, that such applicant is suitable for being so appointed recommend his appointment to the National Bank.

(c) The National Bank may thereupon, within eighteen months from the appointed day, appoint such a person applying under this sub- section, as a member of the staff of the National Bank, and on such appointment, such a person shall be deemed to have been appointed in the National Bank :

Provided that the proviso shall not apply in respect of such a person.

(5) Notwithstanding anything contained elsewhere in this Act or in any other law or in any contract, for the time being in force, at any time before the expiry of six months from the appointed day, the Reserve Bank may, if it considers it six months from the appointed day, the Reserve Bank so to do in the interest of the National Bank, transfer on promotion any member of the staff of the National Bank to the Reserve Bank, and on such transfer to the Reserve Bank, each such member of the staff shall be deemed to be a member of the staff of the Reserve Bank and shall be entitled to the same salary, emoluments and other conditions of service to which he was entitled immediately before the date of such transfer, including benefits, if any, arising directly out of such promotion: Provided that every member of the staff who is transferred as aforesaid may, before the expiry of a period of six months from the appointed day or within thirty days from such transfer, whichever period expires later, elect to go back to the National Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the National Bank shall, before the expiration of a period of eighteen months from the appointed day, take back such member of the staff and he shall be deemed to have been on deputation to the Reserve Bank during the period he was a member of the staff of the Reserve Bank.

(6) Every person,--

(a) who, immediately before the date appointed, is a member of the staff of the Agricultural Refinance and Development Corporation; or

(b) who is a member of the staff of the Reserve Bank but whose services are being utilised immediately before that date by the said Corporation, shall be deemed to be appointed by the National Bank on the said date: Provided that every member of the staff of the Reserve Bank, who is so deemed to be appointed, and who was not recruited

specifically for utilisation in the Agricultural Refinance and Development Corporation, may, before the expiry of a period of six months from the appointed day or within a period of thirty days from the date appointed, whichever period expires later, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of eighteen months from the appointed day, take back such member of the staff and he shall be deemed to have been on deputation to the National Bank during the period he was a member of the staff of the National Bank.

(7) Notwithstanding anything contained in any other law or in any agreement, for the time being in force, no member of the staff shall be entitled to claim any compensation for, or in relation to any matter concerning, his transfer, appointment or as the case may be, return, and no claim in respect thereof shall be entertained by any court, tribunal or other authority.

(8) Subject to the provisions, every member of the staff of the Agricultural Refinance and Development Corporation or of the Reserve Bank who is deemed to be appointed as a member of the staff of the National Bank under this section, shall be deemed to have been appointed by the National Bank on the same salary, emoluments and other terms and conditions of service to which he was entitled immediately before his appointment in the National Bank.

(9) The provisions relating to superannuation benefits, namely, the regulations relating to provident fund and the rules relating to payment of gratuity and compassionate gratuity and any other provision relating to superannuation as are applicable to the staff of the Reserve Bank on the appointed day shall, so far as may be, apply to the staff of the National Bank, unless and until the National Bank alters or amends the same: Provided that after the

appointed day, any such alteration or amendment may be effected by the National Bank as regards provident fund regulations in accordance, and as regards the other rules in the manner they would have been altered or amended but for this sub- section:

Provided further that after the expiry of six months from the appointed day, the balances held in the Reserve Bank of India Employees' Provident Fund to the credit of any member of the staff of the Reserve Bank whose services are transferred under this section to the National Bank and who does not opt to go back to the Reserve Bank, shall be transferred to, and held in, the Provident Fund of the National Bank on same or similar terms subject to which those balances were held earlier in the Reserve Bank of India Employees' Provident Fund.

(10) Notwithstanding anything contained in any other law, settlement, or agreement, every person employed by the National Bank or whose services have been transferred to the National Bank under this Act, shall be liable to serve anywhere in India.

(11) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947), or any other law for the time being in force, or in any award, judgment, decree, decision or order of any Industrial Tribunal, Court or other authority, or any settlement or agreement, made or entered into before the date of transfer to the National Bank of the services of any person under this section, the National Bank shall be free to alter, amend or repeal in such manner and to such extent it may consider necessary, any of the terms and conditions of service applicable to such persons whose services are so transferred to the National Bank and who are appointed in the National Bank under this section except that the National Bank shall not alter to their prejudice the terms relating to payment of salary and other emoluments, retirement benefits and eligibility for leave.

Explanation.--For the purposes of this section, "appointed day" means the date of establishment of the National Bank.

Offences by companies.-

(1) Where an offence has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained , where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.--

(a) "company" means any body corporate and includes a firm or other association of individuals; and

(b) "director", in relation to a firm, means a partner in the firm.

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