

THE NATIONAL BANK FOR AGRICULTURE AND RURAL  
DEVELOPMENT (AMENDMENT) ACT, 2003

No. 48 OF 2003

[19th September, 2003.]

An Act further to amend the National Bank for Agriculture and Rural Development Act, 1981.

BE it enacted by Parliament in the Fifty-fourth Year of the Republic of India as follows:—

1. This Act may be called the National Bank for Agriculture and Rural Development (Amendment) Act, 2003. Short title.

61 of 1981. 2. In section 21 of the National Bank for Agriculture and Rural Development Act, 1981 (hereinafter referred to as the principal Act),— Amendment of section 21.

(a) in sub-section (1), in the opening portion, for the words "to State co-operative banks", the words "to State co-operative banks, central co-operative banks" shall be substituted;

(b) in sub-section (3), in clause (a), for the words "to any State co-operative bank", the words "to any State co-operative bank or central co-operative bank" shall be substituted.

3. For section 22 of the principal Act, the following section shall be substituted, Substitution of new section for section 22.

"22. Where the National Bank is satisfied that owing to drought, famine or other natural calamities, military operations or enemy action, any State co-operative bank, central co-operative bank, regional rural bank or any such financial institution or any financial institution falling under any such class of financial institutions, as may be approved by the Reserve Bank in this behalf, requires assistance under this section, it may provide to such bank or institution such financial assistance as it may deem fit by way of making loans and advances repayable on the expiry of fixed periods not exceeding seven years and on such terms and conditions as may be specified in this behalf by the National Bank:

Conversion loan for production credit.

Provided that loans and advances may be made under this section only for the purpose of enabling the borrowing bank or institution,—

(a) to pay any dues to the National Bank for credit extended for financing agricultural operations or the marketing of crops under clause (i) of subsection (1) of section 21, or

(b) (i) to make loans or advances to central co-operative banks or primary rural credit societies in cases where the borrowing bank is a State co-operative bank, and

(ii) to make loans and advances to primary rural credit societies in cases where the borrowing bank is a central co-operative bank,

and such loans or advances in both the cases being repayable on the expiry of fixed periods not being less than eighteen months and not exceeding seven years, by way of reimbursement of loans and advances made by such co-operative banks or societies for agriculture or agricultural operations or for reimbursement of such loans or advances which have been converted into loans or advances repayable on expiry of fixed periods not being less than eighteen months and not exceeding seven years from the date of conversion:

Provided further that no loan or advance shall be made under this section to a State co-operative bank or a central co-operative bank unless such loan or advance is fully guaranteed as to the repayment of the principal and payment of interest, by the State Government.”