



Ref. No. NB.DoR / 195 / PPS - 9 / 2018-19

11 April 2018

Circular No. **77** / DoR - **23** / 2018

The Managing Director
All Scheduled Primary Urban Cooperative Banks

Madam/Dear Sir,

Refinance Policy for schematic lending for F. Y. 2018-19 – Primary Urban Cooperative Banks (PUCBs)

Please refer to our Circular No. 74 / DoR - 11 / 2017 dated 31.03.2017 on refinance policy for schematic lending F.Y.2017-18. The policy for the year 2018-19 has been finalised and is enclosed.

2. The Circular is also available on NABARD website www.nabard.org under the tab information centre.

3. Please acknowledge receipt.

Yours faithfully

(Padma Raghunathan)
Chief General Manager

Encls : 2 pages

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

National Bank for Agriculture and Rural Development

पुनर्वित्त विभाग

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Refinance Policy for schematic lending for F. Y. 2018-19

The refinance policy for PUCBs for the F. Y. 2018-19 has been finalized and the salient features of the same are as under:

Eligibility criteria

PUCBs which satisfy the following conditions prescribed by RBI, for being classified as “Financially Sound and Well Managed” will be eligible to draw refinance from NABARD.

- ❖ CRAR of not less than 10% as on 31.03.2017
- ❖ Should be a scheduled bank.
- ❖ With 'A' or 'B' audit classification as on 31.03.2017.
- ❖ Net profit for at least three out of the preceding four years i.e. F. Y. 2013-14, 2014-15, 2015-16 and 2016-17; subject to it not having incurred a net loss in the immediate preceding year (F. Y. 2016-17).
- ❖ Gross NPA of less than 7% and Net NPA not exceeding 3% as on 31.03.2017.
- ❖ No default in the maintenance of CRR and / or SLR during the preceding financial year (F. Y. 2016-17).
- ❖ Core Banking Solution (CBS) fully implemented.

In case of improvement or deterioration in respect of any of the above parameters as on 31.03.2018, the same will be reckoned for determining the eligibility of the PUCB.

2. Thrust areas

The thrust areas for which preference will be given for release of refinance during 2018-19 will include land development, minor & micro irrigation, water saving and water conservation devices, fisheries, animal husbandry, SHGs/ JLGs/Rythu Mithra Groups (RMGs), agri-clinics and agri-business centres, rural housing, agro-processing, wasteland development, dryland farming, contract farming, area development schemes, plantation & horticulture, agro-forestry, seed production, tissue culture plant production, agri-marketing infrastructure (including cold storage, godowns, market yards etc.), agriculture implements, non-conventional energy sources, financing in areas of watershed & tribal development programmes already implemented.

Banks should give preference to finance innovative / thrust areas for various activities under plantation horticulture sector such as production of high value / exotic vegetables, cut flowers under controlled conditions i.e. poly house / green house, establishment of hi-tech export oriented production like mushroom, tissue culture labs, precision farming for enhancement of productivity in vegetables and fruits, installation of micro irrigation systems like drip for orchard and plantation crops.

3. Extent of refinance

3.1 The extent of refinance for the States in North Eastern Region (Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura) including Sikkim, Hilly Region (Jammu & Kashmir, Himachal Pradesh, Uttarakhand), Eastern Region (West Bengal, Odisha, Bihar, Jharkhand and Andaman & Nicobar Islands), Lakshadweep and Chhattisgarh will be 100% of eligible bank loans for all purposes. For other Regions, the extent of refinance will be:

- a) 100% for all thrust areas as indicated at Sr. No. 2,

b) 95% for all other diversified purposes and for Krishak Sathi Yojana.

3.2 To take care of exposure risk on cumulative basis, the total refinance outstanding should not be more than the quantum of performing loans, as per the latest classification, as per RBI guidelines.

4. Automatic Refinance Facility

Automatic Refinance Facility will be extended to PUCBs without any upper ceiling of quantum of refinance, bank loan or TFO for all projects, both under Farm Sector (FS) & Off-Farm Sector. In case, any bank intends to avail refinance under pre-sanction procedure, they may submit projects to NABARD.

5. Interest rate

5.1 Interest on refinance

Interest rate on refinance will be subject to revision by NABARD from time to time. The prevailing interest rate on refinance will continue till further revision.

5.2 Penal interest

In the event of default, penal interest rate of 2.00% over and above the interest rate at which refinance was disbursed, will be charged on the amount of default and for the period of default.

6. Penalty for Prepayment of refinance

The rate of pre-payment penalty will be 2.50% p.a. for residual period, other condition remaining unchanged.

7. Repayment period

Refinance may be repaid between 18 months (minimum) to 5 years or above.

8. Other terms and conditions

8.1 NABARD may undertake half-yearly visits to the PUCBs which are availing refinance for examination of the financial health and general functioning of the banks through scrutiny of audited balance sheet, audit reports, books of accounts, relevant documents etc. PUCBs are required to provide all information required by the visiting officers.

8.2 PUCBs shall also be required to furnish to NABARD all such information as may be required by NABARD from time to time.

8.3 NABARD reserves the right to conduct spot verification / checks to ensure that the terms and conditions of refinance are adhered to.

8.4 NABARD shall have the right to cause special audit of the books and other relevant material of the bank either by itself or through other agencies (at borrowing entity's cost) to ensure that same are maintained as per rules and regulations in force and the terms and conditions of refinance are adhered to by the bank.

9. All other existing terms and conditions will remain unchanged.