



Ref. No. NB.DoR /59536-570/ LT Policy - 9/ 2024-25

03 October 2024

Circular No. 205/ DoR -42 / 2024

The Chief Executive Officer  
All Small Finance Banks

Madam/Dear Sir,

**Operational Guidelines for LT Refinance-floating rate for F.Y 2024-25 –  
Small Finance Banks**

Please refer to the operational guidelines for LT refinance for the year 2023-24 for Small Finance Banks issued vide Ref. No. NB.DoR /406/ LT Policy - 9/ 2023-24 dated 30 June 2023. In continuation to same, it is stated that an option of availing refinance at floating interest rate will be considered by NABARD. The terms of contract of the same are furnished in Annexure.

2. These guidelines are also available on NABARD website [www.nabard.org](http://www.nabard.org) under the tab information Centre.

3. Please acknowledge receipt.

Yours faithfully

(Dr. K S Mahesh)  
Chief General Manager

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राष्ट्रीय कृषि और ग्रामीण विकास बैंक

**National Bank for Agriculture and Rural Development**

पुनर्वित्त विभाग

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### MAIN DOCUMENT

<b>Document Title</b>	Operational Guidelines for LT Refinance-floating rate for F.Y 2024-25 – Small Finance Banks
<b>Drafted By (Dept.)</b>	Department of Refinance
<b>Date</b>	September 2024
<b>Document Classification (I/E)</b>	External
<b>Document No./ Version No.</b>	1.0

### Version History

Version No.	FY	Changes/Comments	Changed by
1.0	2024-25	Operational Guidelines for LT Refinance-floating rate for F.Y 2024-25 – Small Finance Banks	Department of Refinance

### References

S.No	Reference	Reference No.
1	Operational Guidelines for LT Refinance-floating rate for F.Y 2023-24 – Small Finance Banks	Circular Ref. No. NB.DoR /406/ LT Policy - 9/ 2023-24 dated 30 June 2023.

## ANNEXURE

**Terms of contract under floating interest rate****(LT refinance to SFBs)**

1. **Benchmark Rate:** The benchmark rate and spread will be determined and announced by NABARD. At present the benchmark rate is 3 months T-bill for all floating rate products and tenors under LT refinance. The external benchmark rates are market linked and are changed at the time of reset.
2. **Rate of Interest:** Flexible interest rate will be market driven and as decided by NABARD from time to time. The interest rate comprises of 3 Months T-Bill benchmark rate, spread and applicable premiums which will be decided by NABARD from time to time.
3. **Interest Rate:** The interest rate is calculated as on date based on benchmark 3 Month T-Bill rate available/prevaling on the date of disbursement.

**Illustration:** If date of disbursement of refinance is 28.08.24, then benchmark interest rate at EOD of 27.08.24 plus Spread will be considered for fixing interest rate for disbursement on 28.08.2024.

4. **Spread Change:** The spread decided at the time of sanction for a particular loan tenure will be kept fixed for the entire tenure of the loan. NB reserves the right to alter the spread in the event RBI enhancing standard provisions requirement/ risk weightage of banking assets.
5. **Interest reset:** The interest rate will be reset as per applicable benchmark rate (benchmark reset date) i.e., after 90 days from the date of disbursement of principal amount (i.e., on 91<sup>st</sup> day), irrespective of it falls on Saturday/Sunday/Holiday.

**Illustration:** If date of disbursement of refinance is 28.08.2024, then 1<sup>st</sup> reset will be on 26.11.2024.

6. **Risk Premium:** The risk premium is adjusted in spread based on internal ratings by NABARD at the time of sanction.
7. **Pre-payment Charges:** If Bank desires to prepay before one year, pre-payment charges will be levied. Benchmark rate (3 M T-bill) prevailing on date of payment will be reckoned to make prepayment and charges are 2.50% p.a. plus applicable taxes. These charges apply separately to each instalment due for the entire period from the date of pre-payment to the date when the instalment is due for payment, with a minimum period of 6 months.



Prepayment can only be initiated after providing a minimum notice of 3 working days.

8. **Penal Charges:** In case of default, penal charges of 2.00% p.a. plus applicable taxes will be applied to the defaulted amount for the period of the default.
  
9. **Repayment of principal:** The repayment of principal instalment shall be quarterly from the date of disbursement and will be as per the terms of sanction of refinance. The first due date of principal amount for refinance sanctioned on any date in a month will be last day after completion of six months from the date of disbursement and subsequent repayments will be on quarterly basis.
10. **Payment of Interest:** The payment of interest shall be on quarterly basis. The due dates of interest shall be on 1<sup>st</sup> July, 1<sup>st</sup> October, 1<sup>st</sup> January and 1<sup>st</sup> April.
 

**Illustration:**

  - a) If disbursement date falls before 15<sup>th</sup> of the month say, 11.09.2024 then the due date for first payment of interest will be 01.10.2024. Subsequently, due date will be on first day of every quarter.
  - b) If disbursement date falls on or after 15<sup>th</sup> say is 17.09.2024 then the first payment of interest due date will be 01.01.2025. Subsequently, due date on first day of every quarter.
11. All other existing terms and conditions of Operational Guidelines for Schematic Lending under Long-Term refinance will remain unchanged.
12. Structured repayment schedule is not allowed.