Sanction of term loans to State Governments under Section 27 of the NABARD Act, 1981 for Contribution to share capital of cooperative credit institutions - Policy for the year 2020-21

NABARD provides long-term loans by way of reimbursement to State Governments under Section 27 of NABARD Act, 1981 for contributing to the share capital of cooperative credit institutions, viz. State Cooperative Banks (StCBs), District Central Cooperative Banks (DCCBs), Primary Agricultural Credit Societies (PACS)/Farmers Service Societies (FSS)/Large sized Adivasi Multipurpose Society (LAMPS), State Cooperative Agriculture and Rural Development Banks (SCARDBs) and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs).

2. We advise that the policy for the year 2020-21 is on the lines of policy circular No. 93/DoR.33/2019 dated 01 April 2019 for the year 2019-20.

3. The operative period of assistance would be from 01 April 2020 to 31 March 2021 and would cover disbursements made by the State Govt. towards share capital contributions during the year 2020-21.
4. नाबार्द से राज्य सरकारों को यह सुविधा 8.5% वार्षिक दर अथवा समय-समय पर नाबार्द द्वारा निधीरित दर पर उपलब्ध कराई जाएगी।

5. शेयर पूंजी अंशदानके लिए अंशदान करते समय राज्य सरकारों को निम्नलिखित बातों का ध्यान रखना चाहिए:

(i) सहकारी ऋण संस्थाओं में सदस्य आधारित प्रक्रिया के संरचना पर वल देना।

शहकारी ऋण संस्थाओं की शेयर पूंजी में अंशदान के लिए राज्य सरकारों को सहायता प्रदान करने का यह उद्देश्य इन संस्थाओं की अधिकतम उधार क्षमता (रबर्बरी) को बढ़ाना है जिससे इनकी स्वाधिकृत निधियों के गुणक के रूप में माना जाता है। इससे ये संस्थाएं अपने घटकों की ऋण आवश्यकताओं, विशेष रूप से कृषि ऋणों के लिए व्यापक आधार पर ऋण कार्यक्रम संचालित कर सकेंगी। इसके साथ ही, इन सहकारी ऋण संस्थाओं की वास्तविक रूप से एक लोकतांत्रिक, सदस्य आधारित और आत्मनिर्भर संस्थान बनने के लिए यह अपेक्षित है कि इनके सदस्यता आधार और सहकारी ऋण संस्थाओं के इक्षित आधार को भी सदस्यों से शेयर पूंजी अंशदान संग्रहण से बढ़ाया जाए।

(ii) राज्य सरकारों द्वारा शेयर पूंजी अंशदान का वास्तविक आकलन

राज्य सरकारों द्वितीय विभिन्न संस्थाओं को उनके ऋण कार्यक्रम और नाबार्द द्वारा निधीरित पानी, राज्य सरकार की शेयर पूंजी अंशदान संबंधी सीमा आदि को ध्यान में रखकर इतने सहयोगी राज्यों को सहायता राशि 4. नाबार्द से राज्य सरकारों को यह सुविधा 8.5% वार्षिक दर अथवा समय-समय पर नाबार्द द्वारा निधीरित दर पर उपलब्ध कराई जाएगी।

5. शेयर पूंजी अंशदानके लिए अंशदान करते समय राज्य सरकारों को निम्नलिखित बातों का ध्यान रखना चाहिए:

(i) सहकारी ऋण संस्थाओं में सदस्य आधारित प्रक्रिया के संरचना पर वल देना।

शहकारी ऋण संस्थाओं की शेयर पूंजी में अंशदान के लिए राज्य सरकारों को सहायता प्रदान करने का यह उद्देश्य इन संस्थाओं की अधिकतम उधार क्षमता (रबर्बरी) को बढ़ाना है जिससे इनकी स्वाधिकृत निधियों के गुणक के रूप में माना जाता है। इससे ये संस्थाएं अपने घटकों की ऋण आवश्यकताओं, विशेष रूप से कृषि ऋणों के लिए व्यापक आधार पर ऋण कार्यक्रम संचालित कर सकेंगी। इसके साथ ही, इन सहकारी ऋण संस्थाओं की वास्तविक रूप से एक लोकतांत्रिक, सदस्य आधारित और आत्मनिर्भर संस्थान बनने के लिए यह अपेक्षित है कि इनके सदस्यता आधार और सहकारी ऋण संस्थाओं के इक्षित आधार को भी सदस्यों से शेयर पूंजी अंशदान संग्रहण से बढ़ाया जाए।

(ii) राज्य सरकारों द्वारा शेयर पूंजी अंशदान का वास्तविक आकलन

राज्य सरकारों द्वितीय विभिन्न संस्थाओं को उनके ऋण कार्यक्रम और नाबार्द द्वारा निधीरित पानी, राज्य सरकार की शेयर पूंजी अंशदान संबंधी सीमा आदि को ध्यान में रखकर इतने सहयोगी राज्यों को सहायता राशि
6. The State Governments may submit their applications for reimbursement (in the prescribed proforma) complete in all respects well in time to the concerned Regional Office of NABARD in the state within the operative period (April 2020 - March 2021).

7. The salient features of the policy are furnished in the Annexure

8. Please acknowledge receipt of this circular letter to our Regional Office.

भवदीय

(जिजी मामेन)
मुख्य महाप्रबंधक

संलग्न : उपरोक्त अनुसार
ANNEXURE

Policy governing reimbursement of loans by NABARD to State Governments under Section 27 of the NABARD Act, 1981 for the year 2020-21 - Salient features

I. Eligibility criteria and ceiling amounts

A. State Cooperative Banks (StCBs)
   (i) NPA norms
      a. Net NPAs of the StCB not to exceed 10% as on 31 March 2019. In case position improves as on 31 March 2020 the same would be reckoned.

      b. 5% relaxation in NPA norms is provided to StCBs functioning in the North Eastern Region, Jammu and Kashmir, Sikkim, Himachal Pradesh, Uttarakhand and Andaman & Nicobar Islands.

   (ii) Ceiling on capital
      a. The State Government contribution to share capital should not exceed 25% of the paid up capital of the StCB.
      b. The capital infusion in excess of 25% to the total paid up share capital of the StCB by the State Government for which assistance is available be provided as a grant, and kept in a separate account designated as “Capital Convertible Deposit Account”. This amount is eligible for reckoning for CRAR purpose under Tier-I capital.
      c. State Governments in NER including Sikkim are allowed as a special case to contribute to share capital of StCB in excess of 25%, only when required to comply with section 11 (1) of B.R.Act,1949 (AACS)
      d. No annual cap on quantum of loan for contributing to share capital of StCB.

   (iii) Compliance with Section 11(1) of B.R. Act, 1949 (AACS)
      a. All licensed StCBs complying with the provisions of Section 11(1) of B. R. Act, 1949 (AACS), will be eligible.

B. District Central Cooperative Banks (DCCBs)

   (i) NPA norms
      a) Net NPAs of the DCCB not to exceed 10% as on 31 March 2019. In case position improves as on 31 March 2020 the same would be reckoned.
     b) 5% relaxation in NPA norms is provided to DCCBs functioning in the North Eastern Region, Jammu and Kashmir, Sikkim, Himachal Pradesh, Uttarakhand and Andaman & Nicobar Islands.
(ii) Ceiling on capital

a. The State Government contribution to share capital should not exceed 25% of the paid up capital of the DCCB.
b. The capital infusion in excess of 25% to the total paid up share capital of the DCCB by the State Government for which assistance is available be provided as a grant, and kept in a separate account designated as “Capital Convertible Deposit Account”. This amount is eligible for reckoning for CRAR purpose under Tier-I capital.
c. No annual cap on quantum of loan for contributing to the Share Capital of the DCCB.

(iii) Compliance with Section 11(1) of B.R. Act, 1949 (AACS)

a. All licensed DCCBs complying with the provisions of Section 11(1) of B. R. Act, 1949 (AACS) will be eligible. As a special case, the unlicensed DCCBs under the revival package of State Govt will also be eligible for assistance.

C. Primary Agricultural Credit Societies (PACS)

a. The societies should not have overdues exceeding 60% of the demand as on 30 June 2019 or 30 June 2020, whichever is beneficial.
b. PACS should have been placed under 'A', 'B' or 'C' class under audit classification for the relevant year. The audit of PACS should have been completed at least upto 2017-18 and the State Government concerned should submit a time-bound action plan for clearance of arrears in audit.
c. The State Govt. contribution to Share capital should not exceed 25% of the paid up capital.
d. No annual cap on quantum of loan for contribution to the Share Capital of PACS.

D. Farmers Service Societies (FSS)

a. The FSS should not have overdues exceeding 60% of the demand as on 30 June 2019 or 30 June 2020, whichever is beneficial.
b. The FSS should have a full time paid Managing Director and at least 3 technical staff/subject-matter specialists on the pattern indicated in the FSS Scheme.
c. The State Govt. contribution to Share capital should not exceed 25% of the paid up capital of the institution.
E. Large-sized Adivasi Multi-Purpose Societies (LAMPS)

a. The LAMPS should not have overdues exceeding 75% of the demand as on 30 June 2019 or 30 June 2020, whichever is beneficial.

b. LAMPS should have a minimum coverage of 10,000 acres and credit potential adequate for viable operations.

c. The State Govt. contribution to Share capital should not exceed 25% of the paid up capital of the institution.

F. SCARDBs / PCARDBs

a. The SCARDB should not have overdues exceeding 35% of demand as on 30 June 2019 or 30 June 2020, whichever is beneficial.

b. The PCARDB should not have overdues exceeding 50% of demand as on 30 June 2019 or 30 June 2020, whichever is beneficial.

c. The annual ceiling for reimbursement assistance would be Rs.400 lakh per SCARDB and Rs.75 lakh per PCARDB, subject to the State Govt. contribution to Share capital not exceeding 50% of the paid up capital of the institutions assisted.

II. Other terms and conditions of reimbursement of loan assistance.

i. The operative period would be from 01 April 2020 to 31 March 2021. All disbursements made by the State Govt. during the year 2020-21 would be eligible for reimbursement under the scheme.

ii. Assistance reimbursed is repayable within a period of 12 years.

iii. The principal is repayable in ten equal annual installments commencing from the third year of drawal as on 1 April and 1 October irrespective of the date of drawal as under:

<table>
<thead>
<tr>
<th>Drawals made</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 April to 30 September</td>
<td>1 April</td>
</tr>
<tr>
<td>01 October to 31 March</td>
<td>1 October</td>
</tr>
</tbody>
</table>

iv. The loan reimbursed will carry interest at 8.50% per annum or such other rate of interest as may be specified by NABARD from time to time.
v. The interest is payable at the end of each half year as on 01 October and 01 April or when the loan is fully repaid.

vi. In the event of default in repayment of principal and/or payment of interest, the State Government will be liable to pay to NABARD interest on amount of default at 10.25% p.a. for the period for which the default persists. The penal interest rates are subject to revision from time to time.

vii. While the Net NPA level/recovery performance of beneficiary institutions would form the basis for provision of assistance, the quantum of assistance for each type of credit institutions would be based on the projected realistic volume of business.

viii. It would be necessary for the State Govt. to furnish a copy of the order of Govt. of India's consent in terms of clauses (1) and (3) of Article 293 of the Constitution of India, for borrowing the amount of reimbursement assistance reimbursable by NABARD. Further, a certificate stating that the amount to be reimbursed is within the limits, if any, fixed by the State Legislature for the borrowings by the State Govt., would also be required to be submitted at the time of submitting the application for reimbursement of assistance.

ix. State Government is required to submit a statement indicating the details of contributions made by them towards the share capital of cooperative credit institutions at the time of seeking reimbursement assistance. The proforma A, B, C, E, F, L and N of the loan application is slightly modified. The word 'Government Contribution applied for' may be replaced by 'Date and amount of Govt. contribution made and amount applied for' in the loan application by State Govt.

x. At the time of availing the drawal, State Govt. may submit a statement indicating the amount of the share capital contribution made and the date on which the same has been received by various agencies.

III. General
In the case of StCBs, DCCBs, SCARDBs and PCARDBs, the audit of the concerned institutions should not be in arrears and should have been completed at least upto the year 2018-19. In the case of other institutions viz., PACS, FSS, and LAMPS audit of the concerned institutions should have been completed at least upto 2017-18 for provision of assistance during 2020-21 and the State Government concerned should submit a time-bound action plan for clearance of arrears in audit.

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