



Ref.No.NB.DoR(ST-Policy)/PPS-9/1280/2023-24  
Circular No. 04 /DoR- 02 /2024

08 January 2024

Chairman  
All RRBs  
Chairman and Managing Director  
All Sponsor Banks of RRBs

Madam/ Dear Sir

**Guidelines for relief measures to farmers affected by natural calamities -  
Conversion of ST (SAO) loans into Medium Term loans – Operational  
guidelines for the year 2023-24**

Please refer to our circular No. 132/DoR-48/2022 dated 10 June 2022 communicating the refinance policy for conversion of short-term agricultural loans into medium term loans and rephasing /reschedulement of existing MT (conversion) loans for the year **2022-23**. This line of credit which envisages providing relief to farmers, whose crops have been damaged, due to natural calamities has since been reviewed and it has been decided to continue broadly, with the same policy for the year **2023-24**.

2. The rate of interest on refinance on MT conversion / rephasing / reschedulement of loans for F. Y. **2023-24** will be 300 basis points below that charged by Banks to the ultimate beneficiaries subject to a minimum interest rate of 8.10% p.a. or as decided by NABARD from time to time. The rate of interest charged by the banks would be in compliance to RBI instructions.
3. Other terms and conditions remain unchanged
4. Please acknowledge receipt of this circular to our Regional Office.

Yours faithfully

*eSign*  
Signed by: NEERAJA NANDAMUDI  
Organization Unit: CHIEF GENERAL  
MANAGER  
Organization Name: THE NATIONAL  
BANK FOR AGRICULTURE AND RURAL  
DEVELOPMENT  
Date: 15-Jan-2024 (02:55 PM)

**(N Neeraja)**  
**Chief General Manager**

Encl : As above

राष्ट्रीय कृषि और ग्रामीण विकास बैंक  
National Bank for Agriculture and Rural Development

पुनर्वित्त विभाग

प्लॉट नं. सी-24, 'जी' ब्लॉक, बांद्रा - कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051. • टेलि.: +91 22 2652 4926 • फैक्स : +91 22 2653 0090 • ई-मेल : dor@nabard.org

**Department of Refinance**

Plot No. C-24, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. • Tel.: +91 22 2652 4926 • Fax : +91 22 2653 0090 • E-mail : dor@nabard.org



## MAIN DOCUMENT

<b>Document Title</b>	Conversion of ST (SAO) loans into Medium Term loans
<b>Drafted By (Dept.)</b>	Department of Refinance
<b>Date</b>	08 January 2024
<b>Document Classification (I/E)</b>	External
<b>Document No./ Version No.</b>	Version 4.0 (2023-24)

## Version History

Version No.	FY	Changes/Comments	Changed by
1.0	2020-21	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans - Refinance Policy for the year 2020-21	Department of Refinance
2.0	2021-22	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans - Refinance Policy for the year 2021-22	Department of Refinance
3.0	2022-23	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans - Refinance Policy for the year 2022-23	Department of Refinance
4.0	2023-24	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans - Operational guidelines for the year 2023-24	Department of Refinance

## Version Approval

Version No.	Date of approval	Changes/Comments	Approved by
1.0	16.07.2020	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans - Refinance Policy for the year 2020-21	CGM
2.0	16.06.2021	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into	CGM

		Medium Term loans - Refinance Policy for the year 2021-22	
3.0	10.06.2022	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans - Refinance Policy for the year 2022-23	CGM
4.0	27.12.2023	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans – Operational guidelines for the year 2023-24	DMD

### References

Version No.	Date of approval	Changes/Comments	Approved by
1.0	16.07.2020	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans - Refinance Policy for the year 2020-21	CGM
2.0	16.06.2021	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans - Refinance Policy for the year 2021-22	CGM
3.0	10.06.2022	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans - Refinance Policy for the year 2022-23	CGM
4.0	27.12.2023	Guidelines for relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans – Operational guidelines for the year 2023-24	DMD



## Annexure I

### Guidelines on relief measures to farmers affected by natural calamities - Conversion of ST (SAO) loans into Medium Term loans – Operational guidelines for the year 2023-24 for Regional Rural Banks

1. Individual limit will be sanctioned to RRB.

#### 2. Eligibility norms:

Eligibility norms as stipulated for sanction of Additional ST (SAO) limits for the year 2023-24 will be applicable for sanction of MT (conversion), which is as under:

**a. Audit:** Audit of RRB should have been completed for the year 2022-23 and the relative audit reports together with financial statements should have been received by NABARD.

**b. Compliance of CRAR :** CRAR should be 9% or more as on 31.03.2023. RRBs with CRAR less than 9% as on 31.03.2022 but more than 9% as on 31.03.2023 would also be eligible.

3. Only current short term crop loans are eligible for conversion for maximum period of upto 5 years for SF/MF/OF.

4. Refinance support from NABARD will be available in respect of such conversion/ rephasing / rescheduling of loans subject to fulfilment of certain prescribed conditions as furnished in Annexure II and other instructions issued from time to time. The sharing pattern for MT (Conversion) would be as under:

a. NABARD refinance - 70%, RRB share - 5% and Sponsor Bank share - 25%

b. The proportionate share of NABARD in the crop insurance claims, if any subsequently settled by the insurance companies will have to be passed on to NABARD immediately. Further, the MT (Conversion) assistance from NABARD will be restricted to 2 years in case crop loss is between 33% and 50% and a maximum of 5 years in case of crop loss of 50% or more (including period of one year moratorium, rescheduling, rephasing etc. if any), in accordance with the provisions contained in Sec. 22 of the NABARD Act, 1981.



5. The other terms and conditions for extension of refinance to banks against MT(conversion/ rephasement/ reschedulement) loans will be as under:
  - a. The rate of interest on refinance on MT conversion/ rephasement/ reschedulement of loans will be 300 basis points below that charged by Banks to the ultimate beneficiaries subject to a minimum interest rate of 8.10% p.a. or as decided by NABARD from time to time. The rate of interest charged by the banks would be in compliance to RBI instructions, if any, issued from time to time.
  - b. In the event of default in repayment of principal and payment of interest, the RRB will be liable to pay to NABARD, penal charges on the amount of default at 10.25% p.a. for the period for which the default persists. The penal charges are subject to revision from time to time.
  - c. Normally one to three months' time is provided for drawal of NABARD refinance from the date of sanction for enabling the banks to complete the necessary formalities and extension is provided on merits of each case. For reporting purpose, the period is taken as 01.04.2023 to 31.03.2024.
  - d. Suspension/remission of land revenue by revenue authority/State Government.
6. The affected borrowers whose ST (SAO) loans have been converted into MT (Conversion) loans have to be extended fresh crop loans as per their eligibility, scale of finance, repaying capacity etc. for raising fresh crops.
7. On the treatment of agricultural loans affected by natural calamities for the purpose of prudential norms and NPA classification, norms fixed by RBI should be followed.
8. Proposal for the conversion should be submitted to NABARD Regional office within one year from the date of actual conversion at farmer's level.

\*\*\*\*\*



## Annexure II

### Formalities / Pre-requisites for permitting conversion of ST (SAO) loans

The following formalities / pre-requisites are suggested for providing conversion facilities:

1. In the event of a natural calamity, the Central/State Government may decide on the declaration of natural calamities by conducting crop cutting experiments to determine the loss in crop yield and issue declarations/certificates. The crop loss in the particular area/taluka/mandal/block (as the case may be) should be 33% or more to trigger rescheduling of loans from banks.
2. In case of extreme situations such as wide-spread floods, etc. when it is largely clear that most of the standing crops have been damaged and/or land and other assets have suffered a wide-spread damage, the matter be deliberated by State Government/District authorities in the especially convened SLBC/DCC meetings where the concerned Government functionary/District Collector shall explain the reasons for not estimating 'Annewari' (percentage of crop loss – by whatever name called) through crop cutting experiments and that the decision to provide relief for the affected populace needs to be taken based on the eye estimate/visual impressions. In both the cases, however, DCCs/SLBC have to satisfy themselves fully that the crop loss has been 33% or more before acting on these pronouncements.
3. Ordinarily, banks may convert / re-phase / reschedule only the principal amount of crop loans / instalments of MT (Conversion) loans due in the year of occurrence of natural calamity from the affected farmer-borrowers. However, in case of severe damage to crops as declared by the State Governments and accepted by SLBC / Task Force / Steering Committee constituted for the purpose, the amount of interest due from Small Farmers / Marginal Farmers in respect of the loans eligible for conversion/ rephasing/ rescheduling could be deferred for one year. The individual banks concerned will have to exercise their discretion in regard to the need for deferment of interest in respect of other farmers. Further, interest deferment could be allowed by banks only if, their resource base permits the same, without resorting to any financial assistance from higher financing agencies.
4. The repayment period of restructured loans may vary depending on the severity of calamity and its recurrence, the extent of loss of economic assets and distress caused. Banks may allow a maximum period of repayment of upto 2 years (including the moratorium period of 1 year) if the loss is between 33% and 50%. If the crop loss is 50% or more, the restructured period for repayment may be extended to a maximum of 5 years (including the moratorium period of 1 year).



5. In all cases of restructuring, moratorium period of at least one year should be considered. Further, the banks should not insist for additional collateral security for such restructured loans.
6. Banks may not levy any additional interest and consider waiving such interest if already charged, in respect of loans converted / rephased / rescheduled by them.



## APPENDIX TO ANNEXURE II

This is to certify that the Standing Crops for the Kharif / Rabi\* season for the year in the following villages were damaged due to (state the type of natural calamity) and the yield in terms of "annevari" was less than 6 annas i.e. less than 50% / is between 33% to 50% ( i.e. ----% ) of the normal yield ( whichever is applicable ).

Sr. No.	Name of the village	Name of crop damaged	Extent of damage in terms of percentage or annas
1		(a) (b) (c)	
2			
3			
4			

\* Strike out whichever is not applicable.

It is also certified that the procedure for annevari assessment has been streamlined on the basis of the various recommendations of the Working Group on 'Scientific Method of Assessing Crop Yield in the Event of Natural Calamities for Conversion of Short term Production Loans into Medium Term and Long Term' appointed by the Government of India, Ministry of Agriculture in January 1980 and the following concept / basis in particular have been followed while declaring "annevari".

- a) **Area concept:** In determining the crops for assessment of yields, the area concept has been followed i.e. the crops which covered 70% of the normal cropped area in the district have been taken into account.
- b) **Comparison of yields:** The yields for the affected year have been compared with the average of yields of the preceding five years.
- c) **Scientific methodology:** The average crop yield has been estimated by adopting scientific methodology i.e. by crop cutting experiments.
- d) **Annevari:** On the basis of comparison of per hectare yield of crop /crops for the affected region, the District Level Committee has certified that the yield has gone down by 50% or more / between 33% to 50% (whichever is applicable) in the affected areas and accordingly, the Revenue Department has declared "annevari" for these areas.

**Signature of the District Collector / Authorized Revenue Official and Seal**  
**Date:**