

Press Release

NABARD reduces refinance rates to give fillip to capital formation in agriculture

Mumbai, 14th August 2014

NABARD has reduced the rate of interest by 20 basis points (bps) on their long term refinance facility(3-5 years & 5 years) and by 50 bps for the medium term refinance facility (18 months to 3 years) to banks with an objective to give a spur to investments in agriculture.

The new rates of interest on refinance will now be 9.30% for 5 years and 9.50% for 3-5 years period and 9.5% for 18 months to 3years period.

In addition to this rate cut, NABARD shall further give 50 basis points reduction, for area development projects and innovative activities which enhance production & productivity of agriculture. These activities among others include; production under controlled conditions like poly houses, water saving drip & sprinkler facilities, precision farming etc.

Banks availing more than Rs. 500 crore in a single drawal will further be incentivised by 10 bps.

In addition to above, NABARD has also reduced rate of interest by 50bps on short-term loans to State Cooperative Banks, and Regional Rural Banks(RRBs) for financing of other prescribed activities (other than crop loans) like financing to Weaver's Cooperative Societies, Handloom Development Corporations, marketing of crops etc.The revised rate of interest will now be 10% p.a.

The new refinance rates will be applicable from 14th August 2014.



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