

Ref. No. NB.DoR / 1373 / PPS – 178 / 2019-20

02 August 2019

Circular No. 239 / DoR - 65 / 2019

The Chairman  
All Regional Rural Banks

Madam/Dear Sir



**Long Term refinance for investment credit for agriculture Long Term Rural Credit Fund 2019-20 – (LTRCF) – Regional Rural Banks (RRBs)**

GOI has allocated Rs 15,000 crore for 2019-20 for investment credit in agriculture activities exclusively for Cooperative Banks and Regional Rural Banks (RRBs).

2. The interest rate on refinance from NABARD will be 4.75 % p.a. (with half-yearly rests), subject to revision from NABARD from time to time. Banks may pass on the benefit to the ultimate borrower.
3. The Circular is also available on NABARD website [www.nabard.org](http://www.nabard.org) under the tab information centre.
4. Please acknowledge receipt.

Yours faithfully

(G R Chintala)  
Chief General Manager

Encls : 2 pages

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

National Bank for Agriculture and Rural Development

पुनर्वित्त विभाग

प्लॉट नं. सी-24, जी ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051. • टेलि : 022 2652 4926 • फेक्स : 022 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. 022 2652 4926 • Fax : 022 2653 0090 • E-mail : cvc@nabard.org

## Long Term Rural Credit Fund 2019-20 (LTRCF)

### 1. Introduction

In order to double the Farmer income by 2022, we need to prioritize farmer welfare and create an environment where affordable credit is available and accessible by all farmers, in order to increase the income from Agriculture and allied activities. This will create a self-sustainable and vibrant rural economy.

Capital formation in Agriculture is critical to boost agriculture production and productivity. This also protects farmers from uncertainty due to weather, climate change and provide them with a sustainable income flow. Apart from that, capital formation in allied activities enables farmer to have a perennial flow of income, increasing their resilience.

In order to give a boost to long term investment credit, Government of India set up a “Long Term Rural Credit Fund” with NABARD for providing long term refinance support for investment credit in agriculture activities exclusively for Cooperative Banks and Regional Rural Banks (RRBs).

The salient features of the scheme and important terms and conditions of providing refinance are as under:

### 2. Eligible institutions

All Regional Rural Banks which are eligible to avail refinance facilities from NABARD will be eligible for refinance under this line of credit, subject to their satisfying the eligibility criteria for refinance as may be stipulated by NABARD from time to time.

### 3. Eligibility criteria

The eligibility criteria will be applicable as specified in our policy guidelines on refinance enumerated in our Circular No. 76/DoR -22/2019 dated 25 March 2019.

### 4. Activities covered

All eligible investment activities under agriculture sector (excluding Self Help Groups as they are covered under NRLM / Interest Subvention Scheme) will be covered under this scheme.

### 5. Extent of refinance

The extent of refinance for the States in North Eastern Region (Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and 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 in our refinance policy)
- (b) 95% for all other diversified purposes.

### 6. Automatic Refinance Facility

Automatic Refinance Facility will be extended without any upper ceiling of refinance quantum, bank loan or Total Financial Outlay for all projects under agriculture sector. In case, any bank intends to avail refinance under pre-sanction procedure, they may submit projects to NABARD.

## **7. Interest rate**

### **7.1 Loans to borrowers**

The rate of interest on loans to ultimate borrowers will be as per RBI guidelines. Banks may, however, extend loans to farmers at a concessional rate of interest as compared to their normal lending for agricultural activities.

### **7.2 Refinance from NABARD**

The interest rate on refinance from NABARD will be 4.75 % p.a. (with half-yearly rests) subject to revision from NABARD from time to time. Banks may pass on the benefit to the ultimate borrower.

### **7.3 Penal interest**

In the event of default in repayment of principal and /or payment of interest, the RRB will be liable to pay to NABARD interest on amount of default at 2% over and above the interest rate on LT refinance(Normal) for 5 years and above as prevailing on the date of default for the period for which the default persists. The penal interest rates are subject to revision from time to time.

## **8. Repayment period**

The repayment period for refinance will be 5 years to be repaid on a half-yearly basis on 31 January and 31 July every year. Interest payment will be on a half-yearly basis on 01 February and 01 August every year.

## **9. Maintenance of records**

Refinance extended under the LTRC Fund has to be accounted for separately and necessary records should be maintained for the purpose. The banks have to provide all information like the average amount of loan, the interest rate charged, processing fee charged, etc. as and when called for by NABARD.

**10.** All the other existing terms and conditions, laid down in our operational guidelines, for availing of refinance will be applicable under the scheme.