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1. The Chief General Manger, General Manager, OIC, National Bank for Agriculture and Rural Development, All Regional Offices
2. The Director, BIRD, Lucknow;
3. Joint Director, BIRD, Bolpur, Mangalore
4. Principal, NBSC, Lucknow

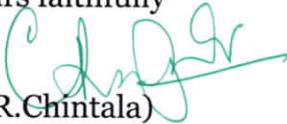
Dear Sir,

Long Term Refinance Policy for PACS as MSCs through StCBs F.Y.2019-20

It has been decided to provide long term refinance to StCBs for financing PACS as MSCs. PACS being at the grass root level are a one-stop shop for the farmers. They play the role of providing credit and credit 'plus' services to the farmers. They are member-driven institutions which serve small and marginal farmers. They being close to the farmers can play a greater role in post-harvest services to facilitate remunerative prices to farmers. Our refinance aims at enabling PACS to increase their business portfolio and turn them into self-sustainable entities. The refinance will be sanctioned on a project basis. The StCBs have to submit specific projects preferably on a 'cluster basis' for prior sanction to the concerned RO of NABARD. The eligibility criteria for providing refinance to StCBs will be the same as prescribed for LT refinance vide our Circular No. 77 / DoR-23 / 2019 dated 25 March 2019. The detailed operational guidelines are furnished in the Annexure.

The ROs may give wide publicity to this product in various fora at the state level and district level and generate more business under this new line of credit.

Yours faithfully


(G.R.Chintala)
Chief General Manager

Encls : 2 pages

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

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ANNEXURE

Long Term Refinance Policy for PACS as MSCs through StCBs

Operational Guidelines

1. Sanction of refinance

Refinance will be sanctioned to StCBs on specific projects from PACS in its area of operation preferably on a 'cluster approach'. StCBs may aggregate the proposals at State / District level and send the aggregated proposals for sanction to the concerned RO of NABARD.

In case StCB desires to promote a particular activity through PACS, which has potential / scope in the area, StCB can prepare the district-wise plan indicating the cost of project at PACS level and number of PACS to be supported and submit the DPR in the prescribed format for sanction. The project will be sanctioned indicating district-wise physical & financial targets. However, the loan will be disbursed after identification of PACS.

2. Eligible activities

The following activities are eligible for refinance support.

- i. Agro-storage Centers:** Upgradation of the existing storage facility or construction of new godowns along with sorting / grading unit as per Negotiable Warehouse Receipt System which enables them to issue warehouse receipts. Based on these receipts, the farmers can get loan against the crop stored and can cultivate the next crop. Thus, the farmers will be facilitated to get better price by holding the crops without affecting the fund flow position.
- ii.** Support can also be provided for construction of godowns to store other inputs / consumables which do not come under the purview of the Capital Investment Subsidy (CISS) Scheme of GoI or any such scheme of State Government.
- iii. Setting up of cold storage:** Assistance will also be given for setting up of the cold storage. In case, PACS is claiming subsidy under Grameen Bhandran Yojana, NHB / NHM Schemes or under any other such Scheme, the loan can be routed through CCB / StCB, since NABARD is not one of the eligible institutions to claim subsidy.
- iv. Agro-service centers:** Purchase of hi-tech agri-implements like power tiller, land leveler, rotary slasher, movers, seed driller, multi-crop planter, paddy trans planter, sprayers, combine harvester etc. depending upon the requirements of members. The earning will be from the custom hiring / rental of these equipments. Support is also provided for setting up the diesel pump, being one of the major inputs of farming.
- v. Agro-processing centers:**
- vi. *Primary processing*** – Sorting, grading unit, waxing / polishing unit, pre-cooling chambers etc. drying yards, packaging facilities, poultry dressing units etc. will also be considered.
- vii. *Secondary processing*** – Value addition to produce e.g. mini rice mill, atta chakki, agro-processing facilities etc.
- viii. Agri-information centre:** Soil & water testing lab, providing services on payment basis of a panel of experts in various fields of agriculture, knowledge dissemination centre, arrange training to farmers. These services will be provided to farmers at a cost.

- ix. **Agri-transportation & marketing facilities:** Procurement of produce, direct market linkage after aggregation and / or processing, setting up of rural mart, purchase of transport vehicle etc. The PACS, which are either in the area of marketing or intend to undertake this activity, may create this channel to facilitate the farmers in marketing.
- x. **Consumer store & other miscellaneous activities:** There has been a demand from the rural areas to have the regular supply of other consumables at reasonable rates. PACS can be supported for having 'one-stop shop' wherein they will sell / market all types of consumables besides the agriculture produce/ agri-inputs. PACS can also be supported to have the LPG agency or petrol pump outlet provided they have the necessary license and adhere to the terms & conditions of the licensing authority.
- xi. **PACS as PO for on-lending to select members for farm / NFS / service sector activities, besides crop loan ST-SAO:** In case PACS support backward or forward linkage for select members for taking up any agri-allied activity, loan can be provided to PACS for on lending to its select members for supporting such activity. PACS will disburse the loan to its select members at per their approved interest rate. Such activity may be taken on a cluster basis.
- xii. The refinance to be sanctioned to the StCBs will be out of the budget allocated by DoR, HO. While the loan will be sanctioned from the said budget, grant support not exceeding 10% of the loan component may be considered for the following activities:
 - Knowledge dissemination centre – cost of one PC (need-based).
 - Initial administrative cost to start new business activities.
 - Activity specific training to farmers.
 - In case the loan is sanctioned to StCB / DCCBs, the concerned bank can factor Project Management Expenses up to 2% from the grant component within the overall limit.

The grant will be operational from FSPD. In this connection, guidelines issued vide Circular No. 216 / BID-07 dated 29 August 2012 by BID may be followed. The appraisal of the project will be as prescribed by the aforesaid Circular.

3. Interest rate

Interest rate on refinance will be subject to revision by NABARD from time to time. The prevailing interest rate on LT refinance to StCBs will continue till further revision.

4. Repayment

The refinance may be repaid within minimum of 18 months to 5 years and above.

5. Security

This will be governed under General Refinance Agreement. StCB will take security from DCCB / PACS as per their internal policy.

6. All other terms and conditions as applicable to schematic refinance will remain unchanged.