Covid-19 has pandemic brought an unprecedented sequence of events leading to a humanitarian crisis. Proactively, NABARD has taken several measures to reduce disruptions and maintain unhindered flow of credit to financial institutions and thereby helping farmers and unreached segment of society to meet their credit needs. In this connection RBI has come forward to support in augmenting the liquidity position of the financial institutions and has made an allocation of Rs.25,000 Crore to NABARD for refinancing RRBs, Cooperative Banks and MFIs, vide their letter dated 17 April 2020.

2. Accordingly, refinance under Special Liquidity Facility (SLF) will be extended to NBFC-MFIs based on the policy guidelines issued vide our circular No. 92/DOR-20/2020 dated 13 April 2020. Although SLF is for a period of one year or less, our support to MFIs will be in the form of a term loan of 18 months duration by augmenting with our own funds.

3. The repayment period for this facility shall be 18 months. However, the SLF from RBI is

### Refinance Policy under Special Liquidity Facility (SLF): NBFC-MFIs

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for a period of one year from of date first drawl by NABARD and has to be repaid back within that time. Accordingly, the borrowing MFIs have to repay the proportionate amount of the balance period in one lump sum at the end of such period. The remaining amount of refinance has to be repaid in one or more installments as per repayment schedule stipulated in the sanction letter. Penal interest and prepayment penalty shall be as per clause 5 of policy circular No. 92/ DOR-20/ 2020.

4. Interest rate under this facility shall be as per ALCO decision and based on the source fund utilized. The current rate for the funds available under SLF facility is ‘Repo Rate + 300 bps’ with applicable risk premium. The balance amount of refinance provided from NABARD’s own resources will be charged at a rate as applicable to normal lending.

5. The refinance proposals may be submitted through Regional Offices of NABARD where the Corporate / Head Office of NBFC-mFI is located.

6. The Circular is also available on NABARD website www.nabard.org under the tab information Centre.

7. Please acknowledge receipt.

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