



Relief measures to farmers affected by Natural calamities - Conversion of ST(SAO) loans into Medium Term loans - Refinance Policy for the year 2010-11 - RRBs

Refinance policy for the year 2009-10 communicating the guidelines for providing relief to farmers whose crops are damaged due to natural calamities, by way of conversion of short-term agricultural loans into medium-term loans and rephasing / rescheduling of existing MT (Conversion) Loans will continue for the year 2010-11, except the following:

- The eligibility norms for RRBs as stipulated for sanction of ST (SAO) limits for the year 2010-11 will also be applicable for sanction of conversion of ST [SAO] loans into medium-term loans and rephasing / rescheduling of existing MT (Conversion) Loans.
- The rate of interest on refinance assistance from NABARD to RRB for MT Conversion/ rephasing/ rescheduling will be advised in due course.

3. All other conditions relating to declaration of annewari / submission of annewari certificate / land revenue, remission by the State Government, crops to be covered under conversion/ rescheduling, etc., will remain unchanged.

4. In the event of default in repayment of principal and payment of interest, the RRB will be liable to pay to NABARD interest at 10% p.a. on amount of default, for the period for which the default persists. The penal interest rates are subject to revision from time to time.

(Ref. No.NB.PCD(Policy)/ 436 /A.10/2010-11dated 11 June 2010.Circular No. 117 / PCD - 07 / 2010)

Relief measures to farmers affected by Natural calamities - Conversion of ST (SAO) loans into Medium Term Loans - Refinance Policy for the year 2010--11- SCBs / DCCBs

Refinance policy for the year 2009-10) communicating the guidelines for providing relief to farmers, whose crops are damaged due to natural calamities, by way of conversion of short-term agricultural loans into medium-term loans and rephasing / rescheduling of existing MT (Conversion) Loans will continue for the year 2010-11, except the following:

- (i) The eligibility norms for SCB/ DCCBs as stipulated for sanction of ST (SAO) limits for the year 2010-11, will also be applicable for sanction of conversion of ST (SAO) loans into medium-term loans and rephasing / rescheduling of existing MT (Conversion) Loans.
- (ii) The rate of interest on refinance assistance from NABARD to SCB for MT (Conversion/ rephasing/ rescheduling) will be advised in due course.

All other conditions relating to declaration of *annewari* / submission of *annewari* certificate / land revenue remission by the State Government, crops to be covered under conversion/ reschedulement etc. will remain unchanged.

In the event of default in repayment of principal and payment of interest, the SCB will be liable to pay to NABARD interest at 10% p.a. on amount of default, for the period for which the default persists. The penal interest rates are subject to revision from time to time.

(Ref. No.NB.PCD (Policy)/ 434 /A.10/2010-11 dated 11 June 2010.Circular No. 116 / PCD - 06 / 2010)

Provision of Short term credit limits to Commercial Banks (CBs) under Section 21(1)(iv) & 21(1)(v) read with Section 21(4) of NABARD Act, 1981, for financing working capital and marketing requirements of Individual weavers/Handloom Weaver Groups (HWGs) / Master Weavers (MWs), weaver members of defunct/non working weaver societies, Mutually aided Cooperative Societies, Societies outside the Cooperative fold and producer group companies by NABARD – Policy for the year 2010-11.

The policy guidelines for sanction of short-term credit limits for weavers have been reviewed in the light of the significance of this sector and developments taking place in the working of the weavers' institutions. And it has, now, been decided to extend refinance assistance to CBs on loans given for working capital and marketing requirement of individual weavers / HWGs / MWs weaver members of defunct/non working weaver societies and working capital needs of Mutually Aided Cooperative Societies/ Societies outside the Cooperative folds and Producer Group Companies.

- The quantum of ST weavers credit limit to Commercial Banks would be linked to the level of NPAs of Bank as on 31 March 2009.
- Refinance assistance from NABARD would be available to CBs at 7.5% per annum or such other rates as may be prescribed by NABARD from time to time.
- In the event of default in repayment of principal and payment of interest, the CBs will be liable to pay to NABARD, interest on amount of default at 10% p.a. for the period for which the default persists. The penal interest rates are subject to revision from time to time.
- It is proposed that the scheme would be by way of short-term accommodation to CBs under Sec 21(1) (iv) & (v) read with Sec 21(4) of NB Act. The scheme would be operational for financial year beginning from 01st April 2010 to 31st March 2011. Ref No. NB. PCD-Policy (weavers)/ 356 /A-7(P)/ 2010-11 dated 23 June 2010.Circular No. 121 / PCD - 08 /2010
- Banks may forward their applications for sanction of ST (weavers) credit limits as per the enclosed proforma, complete in all respects, to the concerned Regional Offices of NABARD immediately, to facilitate timely sanction of limits for the year 2010-11.

(Ref. No. NB.PCD-Policy(weavers)/356/A-7(P)/2010-11 dtd.23 June 2010. Circular No.121/PCD-08/2010)

Financing of Solar Energy Devices for Rural Households and for the use of RRB branches

NABARD has formulated a refinance scheme for providing financial support to finance for projects for financing of Solar Energy Devices for Rural Households and for the use of RRB Branches. RRBs have been advised to explore the possibility of financing such alternative energy based project for the rural areas. Solar energy could also be better utilised for RRBs branch premises which has been found to be quite effective by some RRBs. A CD containing the documentary film on financing of solar energy and also use of solar energy for the branch premises of the RRB, prepared by Aryavart Gramin Bank has been sent to RRBs for their view and spread the learning among the staff and rural populace. Regarding Project lending of Solar Home Lighting System, a model has been made available in a CD. The CD will be useful in promoting solar energy on project lending basis.

(Ref. No.NB.IDD.RRCBD. 364 / 316 - Misc / 2010-11 dated 01 June 2010.Circular No. 111 / IDD - 07 / 2010)

Guidance Note on - Operational Risk Management

1. ID, HO has prepared a booklet titled "Guidance Note on Operational Risk Management in NABARD" prepared by ID, HO for the benefit of all Accounting Units . The Guidance Note has detailed the various elements of Operational Risk and ways to mitigate the same.
2. The Guidance Note will equip the CACs and RO officials with necessary inputs to identify and assess the risk pertaining to various operations in AUs and initiate steps to mitigate the same. The identification and assessment of risks and steps initiated to mitigate them, may invariably be reflected in the Quarterly Return, hereafter.
3. The Guidance Note may provide a better understanding of the issue and may cultivate an operational risk management culture, internal control mechanism, contingency planning and effective reporting system in the AUs.

(Ref. No.NB/ ID/385/RMCB-1 /2010-11dated 18 June 2010. Circular No.119/ID-02 /2010)

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