



Ref.No.NB.DoR/ 384 /A.1.Gen/2023-24

Circular No. 131 /DoR - 22 /2023-24

16 June 2023

Chairman
All Regional Rural Banks

Dear Sir

Provision of Additional Short-Term (ST) refinance by NABARD to Regional Rural Banks for financing Seasonal Agricultural Operations (SAO) @ Fixed rate – Operational Guidelines for F. Y. 2023-24

Please refer to our Circular No. 83/DoR-30/2022-23 dated 18 April 2022 communicating operational guidelines for sanction of additional Short -Term (ST) refinance to Regional Rural Banks (RRBs) for financing Seasonal Agricultural Operations for the FY 2022-23. The operational guidelines for the FY 2023-24 which are broadly on the same lines are furnished in Annexure I.

2. The total limit sanctioned under Additional Short-Term refinance would be as per para '4' of Annexure-I. RRBs can draw upto the eligible limit, including amount drawn under STRRB fund, of GLC or as the case may be, under this line of credit.
3. You may submit an application for sanction of Additional ST (SAO) credit limit, in the prescribed proforma to the NABARD RO in your State.
4. These guidelines are also available on NABARD website www.nabard.org under the tab information Centre.
5. Please acknowledge receipt of this circular to our Regional Office.

Yours faithfully

(Vivek Krishna Sinha)
Chief General Manager

Encl : As above

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

National Bank for Agriculture and Rural Development

पुनर्वित्त विभाग

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Annexure I

Provision of Additional Short-term (ST) refinance by NABARD to Regional Rural Banks (RRBs) for financing Seasonal Agricultural Operations – Operational Guidelines for F. Y. 2023-24

1. Operative period of Additional ST (SAO) limit

The operative period of Additional ST (SAO) limit **for the year 2023-24 will be 01.04.2023 to 31.03.2024**. Additional ST (SAO) refinance will be provided to the RRBs only in respect of crop loans disbursed during the operative period.

2. Sanction of limit

- a. The Additional ST (SAO) limit will be sanctioned to RRBs under **Sec. 21(1) (i)** read with **Sec. 21(4)** of the NABARD Act, 1981 against DPN executed by RRBs.
- b. RRB will declare in writing, at the time of each drawal that the drawal preferred and the refinance already availed is against the loans provided by RRBs and is covered by adequate non-overdue loans.

3. Eligibility norms

3.1 Audit

- a. The Audit of RRBs for the year 2021-22 will be completed and the relative audit reports along with financial statements will be submitted to the concerned Regional Office of NABARD for considering the loan application in the first quarter of the year. Further, the audit for the year 2022-23 will be completed and the report submitted by 30.06.2023.
- b. Eligibility criteria during the first quarter i.e. up to 30.06.2023 will be based on audited financial position of the banks as on 31.03.2022 or 31.03.2023 (if audited position as on 31.03.2023 is available). From 01.07.2023 onwards eligibility criteria will be based on their audited financial position as on 31.03.2023.
- c. Sanction/Drawals of refinance on or after 01.07.2022 will be permitted only to such RRBs, which have completed the audit and submitted the relevant audit report to the concerned RO of NABARD and subject to the RRB's satisfactory position regarding the eligibility norms.

3.2 Internal Risk Rating of RRBs by NABARD

- 3.2.1 Internal Risk rating of RRBs will be based on internal guidelines of NABARD. **RRBs** having internal risk rating of NBD1 to NBD7 will be eligible for refinance under

Additional ST(SAO). RRBs having internal risk rating of NBD8 and NBD9 will not be eligible for refinance under this line of credit.

- 3.2.2 Risk rating will be assessed based on the financial parameters as indicated in the statutory audit report. However, in the event of any variation between the audit report and the Inspection Report of NABARD, the latter will be reckoned for risk rating.

4. Quantum of refinance

The eligible limit for sanction as a percentage of Realistic Lending Programme (RLP) including the availment/utilization under ST(SAO) will be as under:

4.1 For RRBs in General Region

Risk Rating of RRBs by NABARD	Eligible Limit
NBD1 –NDB4	50%
NBD5 –NDB7	45%
NBD8 –NDB9	Not eligible

- 4.2 RRBs in North Eastern Region, Jammu & Kashmir, Sikkim, Andaman & Nicobar Islands, Himachal Pradesh and Uttarakhand, will be eligible for an additional credit limit of 25% as under:

Risk Rating of RRBs by NABARD	Eligible Limit
NBD1 –NDB4	75%
NBD5 –NDB7	70%
NBD8 –NDB9	Not eligible

- 4.3 RRBs in Eastern Region viz. Bihar, West Bengal, Jharkhand, Odisha, Chhattisgarh States and 28 districts of Eastern Uttar Pradesh (under BGREI Scheme of Govt. of India) will be eligible for an additional credit limit of 5%, as under:

Risk Rating of RRBs by NABARD	Eligible Limit
NBD1 –NDB4	55%
NBD5 –NDB7	50%
NBD8 –NDB9	Not eligible

- 4.4 The RLP for the year 2023-24 will be arrived at on the basis of average growth rate in crop loans disbursed during previous three years (taking into account the crop loans disbursed data for last four years). However, keeping in view the ground level realities and other facts, if any, NABARD may accept RLP which may be lower or higher than the RLP, worked out by the RRB.
- 4.5 The RRB may be allowed draws upto eligible limit (including the amount drawn under STRRB fund) of GLC.
- 4.6 The limit will be available only for KCC crop loans issued upto ₹3 lakh at farmer level.
- 4.7 Special efforts may be made by the banks so as to increase the credit flow to credit starved and aspirational districts to gradually enhance credit availability in these districts.
- 4.8 The refinance under this line of credit will be reckoned as owned funds of the bank and will be eligible for Interest Subvention as per the extant GoI guidelines for 2023-24.

5. Merger of RRBs

In case of merged Banks, the financial position of the new / merged RRBs as on the date of notification / merger based on special audit or the aggregate audit position as on 31.03.2022 of the erstwhile RRBs will form the basis for sanction of limit to such new RRB for the year 2023-24. Further, if the statutory audit position as on 31.03.2023 is available, the same will be considered for sanction of credit limit to the banks.

6. Rate of interest on refinance

6.1 Interest Rate

- a. The interest rates on refinance will be as decided by NABARD from time to time.
- b. Interest is payable at half yearly rests i.e. on 01 October and 01 April.
- c. In the event of bank repaying the entire principal amount, the interest will be payable along with principal amount.

6.2 Additional interest in case of default

RRBs which fail to honour their commitments to NABARD in repayment of principal, payment of interest and / or other dues by the prescribed due dates, will not be eligible for any type of refinance facility from NABARD. Resumption of refinance may be considered, only after the bank clears the default. In the event of default, additional interest @ 2% p.a will be charged on the defaulted amount and for the period for which the default persists. The additional interest rates are subject to revision from time to time.

7 Notice for repayment

- a. The amount drawn against the limit are repayable on demand. However, each drawal on the credit limit would be treated as a separate loan and would normally be repayable in a period of 12 months from the date of drawal.
- b. Repayments (**partial or full**) before the expiry of 12 months may be accepted by NABARD with minimum notice of 15 working days **or with interest payment of 15 days along with the principal**. The notice period may, however, be waived in case the repayment is made 30 days after the date of drawal.
- c. **All prepayments will be apportioned to outstanding loans /advances in chronological order of disbursement i.e 'First Out First In'.**

8. Operational discipline

8.1 Excess Drawal

NABARD will take a serious view in case of availment of drawals beyond permissible quantum of refinance on account of reporting of incorrect data about crop loan disbursement or of NODC. In such cases, NABARD may call back the excess refinance availed by bank within 3 days along with the additional interest of 1% p.a.

8.2 NODC

- a. Drawals by RRBs on the credit limits will be permitted subject to the availability of aggregate NODC (including that for normal limit). RRBs are required to submit to the concerned RO of NABARD, monthly NODC statements indicating the purposes by 20th of the succeeding month physically or through digital platform. At the time of each drawal, a certificate in the prescribed format, regarding the availability of aggregate NODC, as on the date of drawal will have to be furnished by the bank. Moreover, it may be ensured outstanding should not exceed the aggregate NODC available on that date.

- b. At the time of each drawal, a certificate in the prescribed format, regarding the availability of aggregate NODC, as on the date of drawal will have to be furnished by the bank. Moreover, it may be ensured total of normal ST (SAO) and the Additional ST (SAO) outstanding will not exceed the aggregate NODC available.

8.3 Additional interest on NODC deficit

RRBs are required to monitor NODC regularly. RRBs will clear the deficit in NODC, if any, immediately, so as to ensure availability of adequate non-overdue cover for borrowings from NABARD. In case the RRB fails to make good the deficit within one month from the date of occurrence of such deficit, additional interest @ 1% p.a. will be charged on the deficit in NODC for the duration of deficit i.e. till the date on which the amount of deficit is regularized. However, no additional interest will be charged if overall NODC is available.

8.4 Segregation of principal and interest in the loans outstanding

RRBs may exclude the interest component (overdue / non-overdue interest) from the outstanding amount and report the principal loan amount only, both in their applications for credit limit and drawal application, for arriving at the eligibility for refinance support from NABARD. Besides, only the principal portion of loans (issued, recovered, outstanding and overdues) will be reported in the monthly NODC statements.

9 Clearance of default

RRBs which fail to honour their commitments to NABARD in repayment of principal, payment of interest and / or any other dues by the prescribed due dates, will **not** be eligible for any further refinance facility from NABARD till the clearance of default in question.

10 Right to inspection

NABARD reserves the right to inspect / get inspected the books of accounts of the RRB.

11. Right to cause special audit

NABARD will have the right to cause special audit of the books of accounts and other relevant material of the RRB either by itself or through other agencies to ensure that the same are maintained as per the rules and regulations in force and the terms and conditions of refinance are adhered to by the bank.

12. Others

All other terms and conditions applicable for providing refinance under ST(SAO) will be applicable to Additional ST (SAO) refinance too.
