

Ref.No.NB.DoR/ST-Policy/ 116266-116300 /MON-15/2025-26

Circular No. 256/DOR-51/2025

25 November 2025

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 & Floating Rate – Operational Guidelines for F. Y. 2025-26

The operational guidelines for FY 2025-26 are broadly based on eligibility criteria as given 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 as per GLC.

3. You may submit your 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. The Operational Guidelines shall be effective from 01 April 2025.

6. Please acknowledge receipt of this circular to our Regional Office.

Yours faithfully

(Dr. K S Mahesh)
Chief General Manager

Encl : As above

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

पुनर्वित्त विभाग

प्लॉट क्र सी-24, 'जी' ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051. टेली: 022 2652 4926 • फ़ैक्स: 022 2653 0090 • ई मेल: dor@nabard.org

Plot No. C-24, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 • Tel.: 022 2652 4926 • Fax: 022 2653 0090 • E-mail: dor@nabard.org



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. 2025-26

1. Operative period of Additional ST (SAO) limit

The operative period of Additional ST (SAO) limit **for the year 2025-26 will be 01.04.2025 to 31.03.2026**. 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

- 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.
- 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

- The Audit of RRBs for the year 2023-24 should have been completed and the relative audit reports along with financial statements 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 2024-25 to be completed and the report submitted on or before 30.06.2025.
- Eligibility criteria during the first quarter i.e. up to 30.06.2025 will be based on audited financial position of the banks as on 31.03.2024 or 31.03.2025 (if audited position as on 31.03.2025 is available). From 01 July onwards eligibility criteria will be based on the audited financial position as on 31.03.2025.
- Sanction / Drawals of refinance on or after 01.07.2025 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 NBD3 to NBD7 will be eligible for refinance under Additional ST(SAO).

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 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
NBD3 –NDB5	75%
NBD6 –NDB7	70%

- 4.2 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
NBD3 –NDB5	70%
NBD6 –NDB7	65%

- 4.3 For RRBs in General Region (All Other ROs)

Risk Rating of RRBs by NABARD	Eligible Limit
NBD3 –NDB5	60%
NBD6 –NDB7	55%

- 4.4 The RLP for the year 2025-26 to be arrived, based on 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 of the ground level realities and other facts, if any, NABARD may accept a lower or higher RLP than worked out by the bank, with adequate justification.
- 4.5 The RRB may be allowed drawals upto eligible limit (including the amount drawn under STRRB fund) of GLC and not on the basis of RLP.
- 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 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 guidelines of GoI issued from time to time.

5. Amalgamation 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 31.03.2024 of the erstwhile RRBs will form the basis for sanction of limit to such new RRB for the year 2025-26. Further, if the statutory audit position as on 31.03.2025 is available, the same will be considered for sanction of credit limit to the banks.

6. Rate of interest on refinance

- 6.1 The refinance will be available at fixed and floating rates, the details are as given below:

Fixed Interest Rate	Floating Interest Rate
<p>a. The interest rates on refinance will be as decided by NABARD from time to time.</p> <p>b. Interest is payable at half yearly rests i.e. on 01 October and 01 April.</p> <p>c. In the event of bank repaying the entire principal amount, the interest will be payable along with principal amount.</p>	<p>a. Interest rate will be market driven and as decided by NABARD from time to time. The RoI is linked to the 3-month T Bill and applicable spread. The RoI will be reset on the 91st day of disbursement. In the event of bank repaying the entire principal amount, the interest will be payable along with principal amount. The applicable interest rate will be communicated on day-to-day basis.</p> <p>b. Spread Change: The spread decided at the time of sanction for a particular loan tenure will be kept fixed for the entire tenure of the loan. NABARD reserves the right to alter the spread in the event RBI enhancing standard provisions requirement/ risk weightage of banking assets.</p>

	<p>c. In the event of bank repaying the entire principal amount, the interest will be payable along with principal amount.</p> <p>d. There will be a <u>lock-in-period of 90 days</u> and interest will be payable at quarterly rests. The banks will have flexibility to repay the loan after 90 days or continue with the prevailing rate of interest at the time of reset.</p>
--	--

6.2 Penal Charges in case of default

RRBs which fail to honour their commitments to NABARD in repayment of principal, 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, Penal charge @ 2% p.a. (plus applicable taxes) will be charged on the defaulted principal amount and for the period for which the default persists.

7. Notice for repayment

7.1 Fixed Rate Loans

- The amount drawn against the limit is 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.
- Repayments (partial or full) after the lock-in period of 30 days and before the expiry of 12 months can be accepted by NABARD with a notice period of 3 days. The date of repayment will be 3 days excluding the date of payment. The intimation will be as per the format given in Annexure II.
- In case the principal due date falls on a holiday, the principal has to be paid on the previous working day. For interest, if the due date falls on a holiday, it has to be paid on the next working day.
- All prepayments will be apportioned to outstanding loans /advances in chronological order of disbursement i.e 'First Out First In'.

7.2 Floating Rate Loans

- a. The repayments if any, can be made after the lock-in period of 90 days. However, the bank has to give a notice period of minimum 3 days. The date of repayment will be 3 days excluding the date of repayment. The intimation will be as per the format given in Annexure II.
- b. The due date for interest payment will be at quarterly rests with due dates on 1st July, 1st October, 1st January and 1st April. If the due date falls on a holiday, the principle will be paid on previous working day and interest will be paid on the next working day.
- c. Repayment will be accepted as indicated by the Bank irrespective of the order of disbursement. However, while repaying, the bank need to indicate a unique identifier like account number, contract number, date of disbursement as per the format given in annexure II for identifying the particular disbursement. mentioned in the disbursement letter may be indicated. In case the same is not indicated, then the repayments made, if any, will be adjusted on the principal of First Out First In. In case of re-payment after the lock-in period, the entire amount is to be repaid, and no part payments will be accepted.

8. Operational discipline

8.1 Excess Drawal

NABARD will take a serious view in case of drawals beyond permissible quantum of refinance on account of reporting of incorrect data about loan disbursement or of NODC by calling back the excess refinance availed by the bank within 3 days along with the penal interest of 1% p.a. (plus applicable taxes).

8.2 NODC

- a. Drawals by RRBs on the credit limits will be permitted subject to the availability of aggregate NODC (including SAO). RRBs are required to submit to the concerned RO of NABARD, monthly NODC statements indicating the purposes by 20th of the succeeding month as per the attached format Annexure III.
- b. Only the principal portion of loans (issued, recovered, outstanding and overdues) will be reported in the monthly NODC statements.
- c. 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.
- d. It may be ensured that total of normal ST (SAO) and the Additional ST (SAO) outstanding will not exceed the aggregate NODC available.



- e. The bank will submit the NODC certificate (SAO & ASAO) signed by the Statutory Auditor within one month of completion of Annual Audit by the Statutory Auditor as per the attached format Annexure IV.

8.3 Penal Charges on NODC deficit

RRBs to maintain adequate NODC. In case of deficit in NODC, RRBs to make good the deficit within one month from the date of occurrence of such deficit. Penal charges @ 1% p.a. (plus applicable taxes) 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.

8.4 Segregation of principal and interest in the loans outstanding

The interest component (overdue / non-overdue interest) will be excluded from the outstanding amount and the bank will 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.

9. Right to inspection

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

10. Right to cause special audit

NABARD reserves 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.

11. Others

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



Annexure II
Loan Prepayment Application

(to be submitted on the letter head of the bank)

The Chief General Manager
National Bank for Agriculture
and Rural Development
_____Regional Office
.....

Prepayment of loan amount under SAO, ASAO and OSAO - Floating/Fixed RoI

Dear Sir,

We wish to prepay the sum of Rs. (Rupees.....only) on (date) towards prepayment of principal amount of refinance availed from you under SAO, ASAO and OSAO during the financial year _____.

The details of fund transactions are as under:

Date of Refinance received	Account No.	Contract	Amount (Rupees)	Date of Maturity	Product	Proposed date of prepayment	RoI
					(SAO/ASAO/OSAO)		Fixed/Floating

This may be treated as the three-day notice period. We request you to communicate to us the amount of accrued interest till the proposed date of prepayment so as to enable us to repay the loan amount along with the interest due.

(Authorised Signatory)

Seal of the bank.

Date:- _____

Copy for information and necessary action to:

Assistant General Manager, NABRECEIPTS, NABARD, Head Office, Mumbai-400051. (Email ID- nabreceipts@nabard.org)

अनुबंध/Annexure III

मासिक एनओडीसी/NODC for the month :

बैंक का नाम / Name of the Bank :[illegible]



Annexure IV

Annual NODC Certificate to be Submitted on the Letter Head of Statutory Auditors

To:

The Board of Director,

(Name of The Bank)

Independent Auditor's Certificate on NODC Certificate Submission to NABARD during the FY _____

1. {Bank Name} (hereinafter referred to as 'The Bank') has approached us for the certification of the NODC certificate to be submitted to the National Bank for Agriculture and Rural Development (NABARD) for refinance availed under the SAO and ASAO products of NABARD.

Management's Responsibility for the Statement

2. It is the responsibility of the Bank's Management to prepare and compile the below mentioned financial information from its audited financial statements for the year ended _____ and other relevant records.

(Amt. In Crore)

S.No.	Month	NODC for Borrowing from NABARD

Note: Outstanding amount mentioned in above table matches with the outstanding amount mentioned in respective monthly certificate.

3. The Bank's Management is also responsible for complying with all other terms and condition of Operation guidelines.

Independent Auditor's Responsibility

4. Our responsibility for the purpose of this certificate is to provide reasonable assurance that the said financial information is correctly extracted from the audited financial statements for the year ended _____ and other relevant records. Accordingly, we have traced figures/details pertaining to the required financial information from the audited financial statements for the year ended _____ of the Bank.



5. We have carried out our verification in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') in so far as applicable for the purpose of this Certificate which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

6. Based on our aforesaid verification and to the best of our knowledge and belief and according to the information, explanations and representations given to us, we hereby certify that financial information contained in the aforesaid table, has been correctly extracted from the audited financial statements for the year ended _____ of the Bank.

Restriction on Use

7. This Certificate has been issued at the request of *{Bank Name}* solely for the purpose of submission to NABARD and should not be used, referred or circulated to any other person for any other purpose without our prior written consent.

For

Name:

Membership No.:

Certificate No.:

UDIN:

Place:

Date: