



Ref.No.NB.DoR/347/A.1.Gen/2022-23

Circular No.NB. 121 /DoR- 44/2022

31 May 2022

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) – Operational Guidelines for F. Y. 2022-23 at Floating rates

Please refer to our Circular No. 83/DoR-30/2022 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 and the same are given in Annexure I. The total limit sanctioned under Additional Short-Term refinance would be as per para '4' of Annexure-I.

2. Keeping in view the requirements of RRBs, a flexibility in the RoI is being introduced wherein the bank will have the option of availing refinance at floating rates, the details of which is given in the annexure.
3. 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.
4. You may submit an application for sanction of Additional ST (SAO) credit limit, in the prescribed proforma to NABARD RO in your State.
5. Please acknowledge receipt of this circular to our Regional Office.

Yours faithfully

(V K Sinha)
Chief General Manager

Encl : As above

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

National Bank for Agriculture and Rural Development

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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. 2022-23

1. Operative period of Additional ST (SAO) limit

The operative period of Additional ST(SAO) limit **for F. Y. 2022-23 will be 01.04.2022 to 31.03.2023**. 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 has to declare in writing, at the time of each drawal that the drawal preferred and the refinance already availed are against the loans provided by RRBs and are covered by adequate non-overdue loans.

3. Eligibility norms

3.1 Audit

The Audit of RRBs for the year 2020-21 should have been completed and the relative audit reports along with financial statements should have been submitted to the concerned Regional Office of NABARD for considering the loan application in the first quarter of the year. Further, the audit of RRBs for 2021-22 should be completed and the report submitted by 30.06.2022.

Eligibility criteria during the first quarter i.e. up to 30.06.2022 will be based on audited financial position of the banks as on 31.03.2021 or 31.03.2022 (if audited position as on 31.03.2022 is available). From 1st July 2022, onwards eligibility criteria will be based on their audited financial position as on 31.03.2022.

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 subject to satisfactory position regarding the eligibility norms.

3.2 Internal Risk Rating of RRBs by NABARD

3.2.1 RRB 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.



3.3 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) would be as under :

4.1 For RRBs in General Region

Risk Rating of RRBs by NABARD	Eligible Limit
NBD1 –NBD4	50%
NBD5 –NBD7	45%
NBD8 –NBD9	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 – NBD 4	75%
NBD5 – NBD 7	70%
NBD8 – NBD 9	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 – NBD 4	55%
NBD5 – NBD 7	50%
NBD8 – NBD 9	Not eligible



- 4.4 The RLP for the year 2022-23 may 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 drawals 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 The refinance under this line of credit will be reckoned as owned funds of the bank. The Interest Subvention will be guided by extant guidelines of GoI for 2022-23.

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 31.03.2021 of the erstwhile RRBs will form the basis for sanction of limit to such new RRB for the year 2022-23. Further, if the statutory audit position as on 31.03.2022 is available, the same will be considered for sanction of credit limit to the banks.

6. Rate of interest on refinance

6.1. Floating rate :

- a. Interest rate will be market driven and as decided by NABARD from time to time. **Presently the RoI is linked to the 3 month T Bill and applicable premium.** The RoI will be reset at the end of each quarter. The applicable interest rate will be communicated by the Regional Office on day to day basis as per the prevailing rate. In the event of bank repaying the entire principal amount, the interest will be payable along with principal amount.
- b. It will have lock-in-period of 01 month and interest will be payable at quarterly rests. The banks will have flexibility to repay the loan after 01 month or continue with the prevailing rate of interest.

6.2. Penal 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 penal interest rates are subject to revision from time to time.

7 Repayment

- 7.1. Floating Rate:** The repayments if any, can be made with a notice period of minimum 3 days after the lock-in-period of one month.
- 7.2. Repayment period:** The due date for repayment of principal and interest will be quarterly with principal and interest due dates on 30th June, 30th September, 31st December, and 31st March and interest due dates on 1st July, 1st October, 1st January, and 1st April. The first due date of principal amount for refinance sanctioned on any date in quarter will fall in next quarter. The approved repayment schedule will be specified in letter (s) of sanction. 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.

8. Operational discipline

8.1 Excess Drawal

NABARD will take a serious view in case of avilment 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 penal interest of 1% p.a.

8.2 NODC

Drawals by RRBs on the credit limits will be permitted subject to the availability of aggregate NODC (including that for ST-SAO limit). For this purpose, RRBs are required to furnish to the concerned RO of NABARD, monthly NODC statement so as to reach latest 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 by the bank that on any day, total of normal ST (SAO) outstanding and the Additional ST (SAO) outstanding should not exceed the aggregate NODC available on that date.



8.3 Penal interest on NODC deficit

RRBs are required to monitor NODC regularly. RRBs should 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) should 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 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.
