



Ref. No. NB.DoR / 52570/ LT Policy-9 / 2024-25

Circular No. 186/ DoR - 35 / 2024

25 September 2024

The Managing Director
All State Cooperative Banks

Madam/Dear Sir

Long-term refinance for investment credit for agriculture - Long Term Rural Credit Fund 2024-25 (LTRCF) – State Cooperative Banks(StCB)

As you are aware, the Government of India has created the Long Term Rural Credit Fund (LTRCF) with NABARD to enhance the refinancing operations to Rural Cooperative Banks and Regional Rural Banks to meet the long term investment credit needs in agriculture. The operational guidelines for LTRCF for the financial year 2024-25 are enclosed herewith.

2. The interest rate on refinance from NABARD will be 5.50% p.a. (with quarterly rests), subject to revision by NABARD from time to time. are encouraged pass on the benefit of low cost funds to the ultimate borrower. StCBs are encouraged pass on the benefit of low cost funds to the ultimate borrower. The bank needs to use the concessional funds under LTRCF for creating assets under Agriculture for eligible purposes.
3. It must be ensured that 25% of the corpus of the fund is utilised in identified districts where the credit flow is comparatively low (list of districts enclosed).
4. The Circular is also available on NABARD website www.nabard.org under the tab Information Centre.
5. Please acknowledge receipt.

Yours faithfully

(Dr. K.S. Mahesh)
Chief General Manager

Encls : 2 pages

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

National Bank for Agriculture and Rural Development

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Long Term Rural Credit Fund 2024-25 (LTRCF)

1. Introduction

Capital formation in agriculture is critical to boost agriculture production and productivity. This also protects the farmers from uncertainty due to weather, climate change and provide them with a sustainable income flow. Further, capital formation in allied activities increases the resilience of farmers by enabling them to have a perennial flow of income.

To give boost to long term investment credit, Government of India set up a “Long Term Rural Credit Fund” with NABARD for providing long term refinance support for investment credit in agriculture activities exclusively for Cooperative Banks and Regional Rural Banks (RRBs).

The salient features of the scheme and important terms and conditions of providing refinance are as under:

2. Eligible institutions

All State Cooperative Banks(StCBs) which satisfy the eligibility criteria as stipulated by NABARD and are eligible to avail refinance facilities from NABARD will be eligible for refinance under this line of credit.

3. Eligibility criteria

The eligibility criteria will be applicable as specified in our policy guidelines on refinance enumerated in our Circular No. 164/DoR-34/2023 dated 31 July 2023 and other guidelines issued from time to time.

However, to improve the flow of credit to districts where credit flow is comparatively low, NABARD has allocated 25% of the corpus funds under LTRCF for State Cooperative Banks (StCBs) towards these districts (list of districts is enclosed). The utilisation in these identified districts will be monitored closely by NABARD.

Activities covered.

All eligible investment activities under agriculture sector (excluding Self Help Groups as they are covered under NRLM / Interest Subvention Scheme) will be covered under this scheme.

4. Extent of refinance

The extent of refinance for the States in North Eastern Region (Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim), Hilly Region (Jammu & Kashmir, Himachal Pradesh, Uttarakhand), Eastern Region (West Bengal, Odisha, Bihar, Jharkhand and Andaman & Nicobar Islands), Lakshadweep and Chhattisgarh will be 95% of eligible bank loans for all purposes. For other regions the extent of refinance will be:



- (a) 95% for all thrust areas (as indicated in our refinance policy)
- (b) 90% for all other diversified purposes.

5. Automatic Refinance Facility (ARF)

Automatic Refinance Facility will be extended without any upper ceiling of refinance quantum, bank loan or Total Financial Outlay for all projects under agriculture sector. In case, any bank intends to avail refinance under pre-sanction procedure, they may submit projects to NABARD.

6. Interest rate

6.1 Loans to borrowers

The rate of interest on loans to ultimate borrowers will be as per RBI guidelines. Banks are encouraged to pass on the benefit of low cost funds to the ultimate borrower.

6.2 Refinance from NABARD

The interest rate on refinance from NABARD will be 5.50% p.a. (with quarterly rests), subject to revision from NABARD from time to time. It is expected that Banks will pass on the benefit availing concessional refinance to the ultimate borrower.

6.3 Penal charge

In the event of default in repayment of principal and /or payment of interest, StCB will be liable to pay to NABARD penal charge on amount of default at 2% plus applicable taxes over and above the interest rate on LT refinance (Normal) for 5 years and above as prevailing on the date of default for the period for which the default persists. The penal charge is subject to revision from time to time.

7. Repayment period

Considering the reach of the State Cooperative Banks (StCBs) to support capital formation in rural /agriculture sector, State Cooperative Banks(StCBs) shall make a single bullet repayment at the end of five year under LTRCF. Servicing of interest would be as per the guidelines in vogue at present.

Any change in repayment obligations to depositing banks under LTRCF deposits shall be having the effect on the repayment schedule of the RFIs to NABARD.

8. Maintenance of records

Refinance extended under the LTRC Fund has to be accounted for separately and necessary records should be maintained for the purpose. The banks have to provide all information like average amount of loan, interest rate charged, processing fee charged etc. as and when called for by NABARD.



9. Long Term Asset Coverage Certificate (LTACC) under LTRCF.

Since the repayment from bank will be in bullet mode at the end of 5 years, the outstanding of bullet repayment at ground level is to be ensured in such a way that the outstanding of loans disbursed by State Cooperative Banks (StCBs) to beneficiaries under LTRCF should not be lower than the NABARD's refinance amount outstanding under LTRCF. In order to match LT assets with outstanding, LTACC under LTRCF signed by authorised signatory of the bank is required to be submitted on quarterly basis as per the attached format by 10th of the succeeding month of every quarter. State Cooperative Bank (StCB) may be guided by our Circular No 146/DOR-25/2024, dated 31 July 2024 on LTACC and test checks on LTRCF activities.

10. All the other existing terms and conditions, laid down in our existing LT Refinance operational guidelines for State Cooperative Banks (StCBs) for availing of refinance will be applicable under the scheme.
