

Long Term Loans

Investment credit leads to capital formation through asset creation. It induces technological upgradation resulting in increased production, productivity and incremental income to farmers and entrepreneurs. This is a long-term refinance facility. The credit is normally provided for a period of 3 to 15 years. It is intended to create income generating assets in the following sectors:

1. Agriculture and allied activities
2. Artisans, small scale industries, Non-Farm Sector (Small and Micro Enterprises), handicrafts, handlooms, powerlooms, etc.
3. Activities of voluntary agencies and self help groups working among the rural poor

I. Eligible Institutions

The Institutions Eligible for Refinance are :

1. State Co-operative Agriculture & Rural Development Banks (SCARDBs)
2. Regional Rural Banks (RRBs)
3. State Co-operative Banks (SCBs)
4. Commercial Banks (CBs)
5. State Agricultural Development Finance Companies (ADFCs)
6. Scheduled Primary Urban Co-operative Banks (PUCBs)
7. North East Development Finance Corporation (NEDFC)
8. Non-Banking Financial Companies (NBFCs)

II. Purposes :

a. Farm Sector :

Agriculture and allied activities such as minor irrigation, farm mechanisation, land development, soil conservation, dairy, sheep/goat rearing, poultry, piggery, plantation/horticulture, forestry, fishery, storage and market yards, bio-gas and other alternate sources of energy, sericulture, apiculture, animals and animal driven carts, agro-processing, agro-service centres, etc.

b. Non-Farm Sector :

Artisans, Small & Micro Enterprises, handicrafts, handlooms, powerlooms, etc

Loan Period :

The loan period is upto a maximum of 15 years.

IV. Refinance Window :

a. Automatic Refinance Facility (ARF) :

Automatic Refinance Facility (ARF) will be extended to the Commercial Banks/State Coop Banks/ Regional Rural Banks/Primary Urban Coop Banks/ADFCs/NEDFi/NBFCs without any upper ceiling on quantum of refinance, bank loan or TFO for all kinds of projects under Farm Sector (FS) & Non Farm Sector (NFS). However, ARF will be extended to the SCARDBs for projects with TFO up to `50.00 lakh for all kinds of projects under Farm Sector (FS) and Non- Farm Sector (NFS).

b. Pre-sanction Procedure :

In case, any bank intends to avail refinance under pre-sanction procedure, they may submit projects to NABARD for project based lending (Subject to Appraisal & Prior Sanction by NABARD).

V. Extent of Refinance :

The extent of refinance will be upto 100% of eligible bank loans depending upon the purpose, location of the investment and agency applying for refinance.

VI. Criteria for Refinance :

Technical Feasibility of the project
Financial viability and bankability
Organisational arrangements for credit supervision

VII. Ultimate Borrowers :

Although refinance is provided to SCARDBs / SCBs / CBs / RRBs / ADFCs / PUCBs / NEDFC the ultimate borrowers of investment finance may be individuals, proprietary/partnership concerns, companies, state-owned corporations or co-operative societies.

VIII. Interim finance :

SCARDBs are being extended interim finance in order to enable them to tide over the temporary liquidity problem, for a period of three months, which can be converted into regular refinance.