Chapter - III

NABARD'S REFINANCE -
TERMS AND CONDITIONS
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In order to judge the performance of NABARD by analysing various refinancing operations provided by it through various institutions viz., State Land Development Banks (SLDBs), State Co-operative Banks (SCBs), Commercial Banks (CBs) and Regional Rural Banks (RRBs) for different purposes, it is quite appropriate to discuss about the lending terms and conditions such as unit cost, security for getting refinance, rate of interest and repayment of loans etc.

The refinance facility, provided by the National Bank for different purposes, covers both investment and production credit. These credit facilities cover a wide range of activities, both in the farm and non-farm sectors. The major objectives which guide refinance support for various activities through different eligible institutions by NABARD are as follows:

(i) To support national policies, planning and operations for increasing agricultural production and rural employment through efficient use of national resources.

(ii) Reduction in regional imbalances.

(iii) Equitable distribution of growth, ensuring credit support to the weaker sections of the society through special programmes like, Swarnajayanti Gram Swarozgar Yojana (SGST), Sampoorna Gramina Rozgar Yojana (SGRY) etc.

(iv) To Co-ordinate the rural financing activities of all the institutions engaged in developmental work at the field level and to maintain liaison with Government of India, State Governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation.
(v) Increasing the credit absorptive capacity of the credit delivery system by improving the health of the agencies, involved in disbursement of credit.

(vi) To promote research in the field of rural banking, agriculture and rural development and to undertake monitoring and evaluation of projects and

(vii) Improving quality of credit through proper control of technical and financial parameters and propagation of the repayment ethics.

3.1 Basics of Lending Refinance

NABARD has prescribed detailed terms and conditions on the basis of which credit facilities are provided. The terms and conditions relating to short-term and medium-term loans, on non-schematic basis depends on both the types of schematic and non-schematic loan facilities and the Institution to which the refinance is given. The important terms and conditions which are the basis of sanctions of NABARD's refinance facility are given below:

3.1.A Amount of Refinance

The National Bank has adopted the policy of involving the financing Banks or State Governments in project lending. In this connection the financing banks or State Governments are required to make certain stipulated level of contribution towards financing the project. The amount of refinance sanctioned by the NABARD, ranges between 50 per cent and 95 per cent of Bank Loans, for priority sectors like minor irrigation, land development and other programmes, for the benefit of weaker sections. The NABARD has also fixed the higher rate of refinance in the cases where advances are made by the State Land Development Banks (SLDBs).
3.1.B Security of Refinance

State Governments and the financing bank should furnish security to the satisfaction of the National Bank, to get refinance. There is a provision of waivement of the security or government guarantee for any eligible institution or any class of eligible institution on the merits of each case. The National Bank waives security in the cases of commercial Banks (CBs) including Regional Rural Banks (RRBs) because of the operational problems in creating sub-mortgages or hypothecation of security. In the case of State Co-operative Banks and Land Development Banks (LDBs) the refinance should be guaranteed by the concerned State Government.

3.1.C Security from ultimate beneficiaries

The Reserve Bank of India (RBI) and the National Bank issue guidelines from time to time, to the financing banks who prescribed the security from ultimate beneficiaries. For example the State Land Development Banks obtains the security in the form of mortgage of lands. The financial Institutions like commercial Banks. Regional Rural Banks (RRBs) and Central Co-operative Banks (CCBs) also follow the guidelines of National Bank.

3.1.D Unit Cost

The NABARD prescribes the unit cost for each type of investment. Unit cost is determined based on technical parameters. The unit costs are to be determined on the basis of technical plans, invoices, quotations, etc. If the determined cost increases during implementation of the scheme, the financing Banks can approach to the NABARD with suitable details, then National Bank reviews it and gives its commitment wherever it is necessary.
3.1.E Beneficiaries Contribution

The borrowers have to contribute a sum of money to the total investment cost, as stipulated by NABARD. The limit of contribution depends upon the status of the borrowers, such as, small, medium or large farmers. The margin or contribution money of ultimate borrower varies from 5 per cent to 25 per cent according to type of investment and the class of borrowers. The contribution in the case of small farmers should be a minimum of 5 per cent, medium farmers 10 per cent, for other large farmers it is 15 per cent of the total investment cost. In the case of schemes with capital subsidy for small and marginal farmers and land less labourers, the subsidy is treated as down payment of the borrower. Corporate borrowers such as irrigation corporations, forest development corporations, etc., provide higher contribution i.e., upto 25 per cent of the investment cost.

3.1.F Rate of Interest

The rates of interest charged by the NABARD on its refinance depends on the general interest rates structure and the policy of the Government of India (GOI) and the Reserve Bank of India (RBI). The rate of interest on NABARD’s refinance to banks and the rates of interest for loans by banks to the ultimate borrower are given below:
Rate of Interest on Refinance for Different Purposes
(Position as on 31-3-2002)

<table>
<thead>
<tr>
<th>Size of Limit</th>
<th>MI/Wasteland Development</th>
<th>FM/Rural Godowns/Agri-clinics/Agri-business</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CBs/PCBs/RRBs</td>
<td>SCBs/SCRDBs</td>
<td>CBs/PCBs/RRBs</td>
</tr>
<tr>
<td>(i) Upto Rs.25,000</td>
<td>7.5</td>
<td>7.0</td>
<td>7.5</td>
</tr>
<tr>
<td>(ii) Over Rs.25,000 and upto Rs.2 lakhs</td>
<td>7.5</td>
<td>7.5</td>
<td>8.5</td>
</tr>
<tr>
<td>(iii) Over Rs.2 lakhs</td>
<td>7.5</td>
<td>7.5</td>
<td>8.5</td>
</tr>
</tbody>
</table>


Agency-wise and Amount-wise Rate of Interest to ultimate Beneficiaries

<table>
<thead>
<tr>
<th>Amount</th>
<th>Rate of Interest of ultimate Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CBs</td>
</tr>
<tr>
<td>1. Upto Rs.25,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To be charged Subject to a maximum of PLR of the Bank</td>
</tr>
<tr>
<td>2. Over Rs.25,000 and upto Rs.2 lakhs</td>
<td>- do -</td>
</tr>
<tr>
<td>3. Over Rs 2 lakhs</td>
<td>As determined by the bank</td>
</tr>
</tbody>
</table>

Source: Various circulars of NABARD.
3.1.G Repayment of Loans

The repayment from State Co-operative Banks (SCBs), Commercial Banks (CBs) and Regional Rural Banks (RRBs) to the National Bank for Agriculture and Rural Development is drawn up at the time of each drawal of refinance. If the refinance from the above mentioned banks is more or less coincide with the agreed dates for collection from ultimate borrowers as per schedule. The repayment scheduled as follows:

<table>
<thead>
<tr>
<th>All repayment of loans eligible for refinance and due from borrowers</th>
<th>Repayment of refinance on or before</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. From 1 January to 30 June of each year</td>
<td>31st July each year.</td>
</tr>
<tr>
<td>2. From 1 July to 31 December of each year</td>
<td>31st January of subsequent year.</td>
</tr>
</tbody>
</table>

The State Land Development Banks have further experienced difficulty to obtain full recovery of their loans from individual borrowers to redeem the special development debentures on annual basis. Under that circumstances the NABARD permits State Land Development Banks to float special development debentures with a maturity period of not more than 2 years in excess of the period of the corresponding loans granted to the ultimate borrowers provided the maximum period of debentures does not exceed 15 years.
3.1.H Evaluation Fee and Period of Loan

For the purpose of meeting appraised and processing charges of loan applications the banks are allowed to charge 0.5 per cent evaluation fee of the cost of investment. Under the provisions of the NABARD Act, 1981, the NABARD is authorised to fix the maximum period of loan upto 25 years. This maximum period of loan fixed by the National Bank depends upon the nature of development and economics of the investment. In the case of Integrated Rural Development programme (IRDP) advances, the minimum period of loans for investment are not fixed, but the maturity of loans are fixed on the basis of repaying capacity generated by the investment and do not exceed the useful life of the assets financed. Generally, the loan maturities do not exceed 15 years.

The maximum repayment period for financing to small farmers is 9 years for the pumpsets and 15 years for all other minor irrigation loans. For other farmers this period is fixed for 9 years for all purposes. In the case of minor irrigation and land development purposes, the grace period is allowed upto 23 Months. For other purposes like plantation, horticulture and forestry where gestation period is longer. So, a suitable grace period is provided.

3.1.1 Eligibility Criteria

The NABARD has adopted a policy to regulate the lending of Co-operatives and commercial Banks including RRBs on the basis of their recovery performance. With a view to bring about awareness on their part for taking appropriate measures for ensuring full recovery, and thereby facilitating recycling
of scarce capital resources, the National Bank has imposed a discipline according to which the State land Development Banks, Commercial Banks and Regional Rural Banks are eligible to obtain more quantum of refinance when their recovery performance improves. According to this criteria, the State Co-operative Banks (SCBs) and central co-operative Banks (CCBs) can participate in project lending with NABARD’s assistance when they achieve a recovery level of not less than 60 per cent of demand.

3.1.J Commitment Charger

NABARD sanctions refinance for various schemes, over few years. The financing banks are unable to draw the amount of refinance in full according to the sanctioned schemes. The financing bank should pay commitment charges at the rate of 1/3 or 1 per cent per annum on the short-fall at the end of the year such short-falls. The commitment charges are not levied in such cases, where a financing bank avails 75 per cent of refinance as per phasing under any scheme or if it approaches the National Bank in time for rephasing or closure or withdrawal of the scheme.

3.1.K Sanctions of Schemes - Documentation

NABARD examines the technical feasibility and financial viability of the scheme proposals/projects made by eligible institution for the different purposes. After the proper examination the NABARD sanctions the schemes and provide refinance against drawal applications submitted by the institutions.
3.2 Refinance Support - Purposes

NABARD provides refinance support to some important purposes. They are as under:

3.2.1 Farm Sector

3.2.1.A Short-term Credit

The short-term refinance is given for farm sector for production and marketing activities for not exceeding the period of 18 months. They are

(a) Seasonal agricultural operations and marketing of crops.
(b) Marketing and distribution of inputs like, fertilizers, seeds, pesticides etc.,
(c) Financing co-operative sugar factories.

3.2.1.B Medium-Term Credit

The medium-term refinance is given for investment credit in farm sector for the period of more than 18 months and not exceeding 7 years. They are

(a) Approved purposes for agriculture and rural development.
(b) Investment credit for rural development including composite/term loans for artisans and village collage/tiny industries.
(c) Medium-term (conversion) loans in case of damage to crops due to natural calamities.
(d) Purchase of shares by cultivator, members in approved co-operative processing societies like, co-operative sugar mills/co-operative spinning mills, etc.
3.2.1.C Long-Term Credit

The long-term credit is also called schematic lending. It is given for agriculture and allied activities for a long period, not less than 3 years and not normally exceeding 15 years. They are:

(a) Minor irrigation (dug wells, pumps, shallow tube wells, bore wells, etc.)

(b) Land development.

(c) Dryland farming/wasteland development.

(d) Watershed development.

(e) Forestry (timber for paper, pulp for fibre)

(f) Plantation/Horticulture (Coffee, tea, rubber, cashew, coconut, grapes, spices, etc.,)

(g) Sericulture.

(h) Animal Husbandry (Dairy, poultry, Goat, sheep rearing, pig breeding, rabbit rearing etc.).

(i) Fisheries (Inland and Marine)

(j) Farm mechanisation (Tractors, power tillers, and other farm implements)

(k) Storage and market yards

(l) Bullock/bullock carts

(m) Bio-technology projects

(n) Agro-processing projects

(o) Pollution control measures as an integral part of projects and other common pollution control measures.
3.2.2 Non-Farm Sector

All manufacturing processing and service activities in the rural Non-farm sector includes pollution control measures and other eco-friendly endeavors. Credit facilities for promotion of small, cottage, tiny, village industries, handicrafts and other crafts in rural areas come under non-farm sector. They are eligible for refinance from NABARD. Any industry conducive to rural development and approved by small scale industries development commissioner, Government of India is eligible for assistance.

Refinance is provided to the banks either under the simplified procedure (Automatic Refinance Facility) where prior sanction of NABARD is not necessary, or under the normal procedure under which the project proposals are to be submitted to NABARD for prior sanction. Under the Automatic Refinance Facility (ARF) the ceiling on refinance will be Rs. 15 lakh except for Small Road Transport Operation (SRTO) which is Rs. 10 lakh, with project outlay not exceeding Rs. 20 lakh for State Co-operative Agriculture and Rural Development Banks, but no project outlay limit for the banks. However, the project financed should conform to the limit for investment in plant and machinery prescribed by Government of India for tiny industry.
3.2.2.A Short - Term Credit

The short-term credit is also provided to non-farm sector as working capital. It is given for the period not exceeding 18 months. The short-term credit is given to the non-farm activities, as under:

(a) Production and marketing activities of powerloom/handloom weavers’ societies, primary coir co-operatives, other cottage and small scale industrial co-operatives and village artisans through primary societies.

(b) Procurement and marketing activities of regional weavers’ societies and central coir marketing societies.

(c) Silk reeling and twisting activity of co-operatives, and

(d) Collection and marketing of minor forest produce.

3.2.2.B Medium/Long-Term Credit

NABARD provides Medium/Long-term refinance facilities to non-farm sector, in case of medium-term the period is for more than 18 months and not exceeding 7 years, in case of Long-term the period is for not less than 3 years and not normally exceeding 15 years. Some of purposes of non-farm sector include the following:

(a) general refinance for composite and integrated loans.

(b) Purchases of shares by powerloom owners/powerloom weavers’ societies and handloom weavers in consumer type of co-operative spinning mills.
(c) Powerlooms—acquisition of powerlooms.

(d) Coir-establishment of coir delivering units, setting up of showrooms/sales depots in hired premises, etc.

(e) Sericulture—including irrigation facilities for mulberry cultivation, new planting/replanting, acquisition of rearing equipments, setting up of grainage units by individuals etc.

(f) Bio-gas plants.

(g) Purchase of goods vehicles by small road transport operators in rural areas.

(h) Purchase of sales vans for marketing rural non-farm products.

(i) Project finance for Agro-processing/Agro-chemical/Agro-industries (Selectively) upto small scale industries (SSIs) limits.

(j) Tiny/cottage and village industries—Activities of industrial co-operatives engaged in production and marketing activities for purchase of equipment and tools.

(k) Automatic refinance facility to State Co-operative Banks and State Land Development Banks for financing tiny, cottage and village industries.

(l) Loans for construction/renovation of marketing outlets for rural non-farm products in rural, semi-urban and metropolis areas.

(m) Government schemes such as PMRY, SGSY, etc.
(n) Credit related to promotional programmes to Non Governmental Organisations (NGOs)/Voluntary Agencies (VAs) like mother units, common service centers, etc., and

(o) Term loan assistance to meet the margin money requirement of cottage, tiny and village industrial units.

3.3 Terms and Conditions - Some Main Purposes

In order to get finance for farm sector or non-farm sector the beneficiary has to fulfil the terms and conditions of NABARD, for which he borrows loan. The financing bank shall satisfy itself that firm arrangements are made by beneficiaries. Some special terms and conditions are indicated here to some main purposes.

3.3.1 Minor Irrigation

1.A. Laying Pipelines for Lifting Water From Surface Water Bodies (Nallas, Ponds etc.)

1. Each lift point may cover a maximum command area of 4 hectares. Beyond this individual lift irrigation schemes should be formulated and submitted for sanction prior to lending by the Bank.

2. Permission to lift water for specified crops and season in each individual case should be obtained by the Bank from the competent authority before sanctioning the loan and keep it on record and ensure that State Government does not object to installation of pumpsets.

3. The Bank has to prepare a technical plan for each scheme indicating the total length and diameter of pumping main and keep it on command area and crops to be raised under the pipe line scheme has to be worked out.
3.3.1.B Special Sprinkler Irrigation System

1) The bank should ensure that adequate water is available to irrigate the area.

2) The sprinkler irrigation system should be designed for each area keeping in view the availability of water, wind velocity and cropping pattern.

3) A plan should be prepared for the layout of the system and to estimate the cost.

4) Any change in technical design or cost in the course of implementation should have the prior approval of the financing bank as well as NABARD.

5) The implementing agency should give guarantee for the operation of the system for one/two years against any defect either manufacturing/working or installation. The firm should render regular post sales service for maintenance.

6) The sprinkler pipes, accessories, motor etc. should be safeguarded against any theft, fire, burglary etc.

7) The bank should periodically monitor the working of the system.

8) The components including pipes should conform to the BIS specification.

3.3.1.C Drip Irrigation System

a. The bank should ensure that only the competent and approved firm installs the system.

b. The installing agency should ensure adequate water and proper design of the system. Bank should insist on layout of the system.
c. The water should be suitable both chemically and physically for the smooth operation of the system.

d. The bank should insist on the probable cost of the system.

e. The installing agency should give guarantee for a minimum of 2 years and provide timely and proper post sales service.

f. Bank should monitor periodically.

g. Bank should ensure safeguard for the pipes, drips, emitters etc., against theft, robbery, fire etc.

h. The components should conform to the B.I.S specification.

3.3.2 Diary

1. The bank should select villages keeping in view the compactness of the area, nearness to veterinary dispensaries, animal breeding centers and milk marketing outlets.

2. The bank should provide finance to purchase a unit of 2 milch animals each with an interval of 6 - 8 months to ensure continuity of milk production.

3. Animals should be purchased by a committee comprising a representative of the bank, qualified Veterinary Assistant Surgeon and the beneficiary.
4. The bank should see that only good quality animals, viz., graded Murrah/Dharware/Pandarapur Buffaloes/Cross Breed Cows are purchased, preferably freshly calved animals in second or third lactation.

5. Immediately after purchase, animals should undergo the process of identification by branding, tattooing of ear tagging. In addition to this, identification particulars should be recorded.

6. Animals should be vaccinated against diseases like Rinderpest, Haemorrhagic Septicaemia and Foot-Mouth disease.

7. The bank should satisfy itself that the beneficiaries are able to procure adequate green/dry fodder/dry fodder/concentrate feed.

8. The bank should satisfy itself that adequate veterinary aid and breeding facilities are available in the vicinity of operational area.

9. Wherever loans for cattle shed are not given, the bank should ensure that the beneficiary has a cattle shed or resources to construct it.

10. The bank should satisfy itself that required facilities exist to market milk at a remunerative price.

11. Wherever milk is sold through organised channels bank may recovery the loan directly from the agencies out of sale proceeds of milk.

12. Where cross-breed/indigenous cows are financed, the bank should satisfy itself that breeding service with high quality semen of exotic/cross-breed pedigree bulls is available at the artificial insemination centers in the scheme area.
13. The bank should ensure that no animal is disposed off or sold by the beneficiary without its prior permission in writing till the loan is fully repaid.

14. In respect of 3 milch animals unit, the bank should ensure that the animals are purchased in 3 stages at 4 months intervals over a year to ensure that at least two animals are available at any point of time.

15. In case the bank provides financial assistance to purchase of single animal dairy unit, the following terms are to be fulfilled: it is undertaken as a supplementary activity by borrower; while fixing the repayment schedule, incremental income from the investment and repaying capacity of the borrower are to be taken into account; and bank has to provide working capital during dry period.

3.3.3 Sheep/goat

1.(a) The bank shall select villages keeping in view compactness of the area nearness of villages to veterinary dispensaries, grazing and marketing facilities.

(b) While selecting beneficiaries, preference may be given to traditional shepherds.

(c) The financing may be restricted to not more than 12 units per village.

2. A committee consisting of veterinary official, bank representative and the beneficiary should purchase sheep/goat.
3. Only sheep/goat of 12 to 18 months old certified by qualified veterinary assistant surgeon of State Animal Husbandry Department, preferably Bannur, Nellore/Deccan/Bellary breeds of sheep and Osmanabad, Jamunapuri cross and local breed of goat should be financed under the scheme.

4. All the animals financed should be tattooed or ear-tagged for identification.

5. All the animals are to be vaccinated to protect them from infectious diseases like enterotoxemia. Sheep should be dewormed at least once in three months.

6. The bank should ensure that the animals are adequately insured.

7. The bank should ensure that no animal is disposed off/sold by the beneficiary without their prior permission in writing till the loan is fully repaid.

3.3.4 Work animal and animal driven carts

1. The bank should select villages keeping in view compactness of the area, and nearness of villages to veterinary dispensaries and scope for custom service. The selected village should have good agricultural market.

2. Only sturdy and well-built animals of 3-4 years should be financed.

3. Immediately after purchase of animals, suitable arrangements are to be made for identification by branding or tattooing or ear tagging. In addition to this, identification particulars should be maintained. Further, animal driven carts including tyres are to be numbered.
4. Certificate regarding age and health of animals financed are to be obtained from a qualified veterinary surgeon.

5. Animals are to be vaccinated against common diseases such as rinderpest, haemorrhagieseppticaemia, black quarter and foot-and-mouth disease etc.

6. The bank should satisfy that the beneficiary has ability to obtain green/dry fodder/concentrate feed.

7. The bank should ensure before the sanction of loan that the beneficiary has cattle shed or able to construct it from out of his own resources.

8. Wherever loans are given in the operational area of a sugar factory, the bank has to explore the possibility of recovery of loan installments directly from the factory from out of the hire charges payable to the beneficiary for transportation of sugar cane.

9. The bank should ensure that no animal/cart is disposed off/sold without their prior permission in writing till the loan is repaid.

10. Loan for a single bullock be sanctioned provided the beneficiary owns atleast another active one.

3.3.5 Horticulture/Plantation

1. While selecting the scheme, the financing bank should evaluate the technical feasibility of crop investment.

2. In the selection of village/area for financing orchards/small plantations, the bank should look into compactness of the area.
3. Loans under the scheme should be given to those beneficiaries who have the assured source of irrigation. Term loans may be extended wherever feasible.

4. Under dryland horticulture development banks have to ensure that necessary soil and water consideration measures are undertaken before taking up crop development.

5. The bank should satisfy itself that quality plants are procured from reliable nursery.

6. Loan should be issued to meet expenditure during first year of plantation and subsequent maintenance till the plant attains economic bearing stage or as indicated in the unit cost. However, where loan are proposed to be availed of only for the first year planting and establishment but not for subsequent maintenance, the bank should satisfy itself that the beneficiaries have their own resources to meet such expenditure.

7. Under specific situations, beneficiaries may be advised to use tissue culture platelets.

8. Bank should ensure that the beneficiaries observe the following technical norms:

   a. The pits dug will be of standard size specified for the selected crop.

   b. The pits will be filled with top soil, well decomposed farm yarn manure/manures and soil disinfectants, if necessary.
c. Planting of approved high yielding varieties should be insisted upon.

d. The young plants should be staked immediately after planting and share cover, hutting etc., provided wherever necessary and irrigated.

e. Suitable training system should be adopted in the case of crops like grapes.

f. Fencing should be done to guard against cattle and trespassers.

g. Pot watering of young plants may be undertaken during dry months under rain fed/dry land conditions. Pitcher irrigation may be considered if required.

h. When planting is proposed under irrigated conditions, modern water saving irrigation systems like drip, sprinkler etc., have to followed.

i. Suitable inter crops may be taken up during the gestation period.

j. Mixed cropping should be encouraged wherever possible.

k. The recommended fertilizer and plant protection schedule should be followed strictly. The components like fertilizers, chemicals, weedicides etc., should be disbursed only in kind or on the basis of actuals.

l. Integrated pest management may be emphasized with a special thrust on biological control methods especially under multi-tier/mixed cropping systems.

m. Adequate shade may be developed for crop like coffee/tea/cardamom etc., and the required number of shade trees will have to be retained
per unit area. Quick growing shade trees like erythrena (dadap), silver oak, mesopsis etc., may also be planted wherever necessary.

n. Necessary soil and water conservation, land development measures should be undertaken plantation areas.

o. As per approved plans and designs, processing equipment is to be installed and civil engineering works carried out.

9. Necessary technical guidance may be imparted to the beneficiaries. If this is not possible, extension services may be rendered.

10. The financing bank has to facilitate marketing of produce at remunerative prices. Tie-up agreement may entered with the marketing agency to recover the loan instalments with the concurrence of the beneficiary.

11. The bank may grant loans to the individual beneficiary based after appraisal and assessment of the repayment capacity.

12. The credit linked crop development programme may be devetailed with the ongoing State/Central Government Programmes wherever feasible.

3.3.6 Sericulture

1. Ensure that the area is compact.

2. The beneficiaries have to be identified in consultation with the State Department of Sericulture/Central Silk Board especially in nontraditional zones/districts.

3. While financing production of cocoons, ensure that the scheme area is a notified seed area.
4. Ensure that the mulberry cultivation has assured source of irrigation. If necessary, water saving irrigation systems like drip sprinkler may be suggested wherever feasible and provide required credit.

5. Improved high yielding varieties of mulberry and silk worm races may be insisted under irrigated conditions.

6. Quality mulberry plants should be supplied.

7. Adequate quantity of quality/disease free silkworm eggs are to be supplied.

8. The equipment financed for rearing of silk worms should comply with the specifications of State Department of Sericulture and match with the rearing programme contemplated by the beneficiary.

9. The acreage norms specified should be strictly adhered to while financing the of infrastructures i.e., rearing house.

10. The rearing house should be constructed as per the design and specifications of Sericulture Department.

11. The financing bank has to strictly ensure that the area specifications are followed while constructing the rearing house. It should be exclusive rearing house but not rearing-cum-dwelling house.

12. The cultivation and management practices as recommended by the Sericulture Directorate/Central Silk Board should be strictly followed.

13. Ensure that the extension support is to be made available to the beneficiaries in respect of scientific/hygienic silk worm rearing, disease management etc.
14. The beneficiaries should be included under the ongoing tripartite system to ensure proper recovery of loan.

15. The financing bank has to ensure that a sound/competitive marketing infrastructure is available in the scheme area and the farmers are not required to carry their cocoon to a far-off market.

16. The credit programme is to be detailed with the ongoing development programmes of State Department of Sericulture/Central Silk Board in the scheme area.

3.3.7 Inland fish culture

The bank ensure that the borrowers maintain a minimum of 5 to 6 feet water column in the pond throughout the culture period, only quality fish seed should be procured and stocked in the pond, varieties of fish, stocking density, manuring and artificial feeding as prescribed by the Department of Fisheries to be adhered to, the pond should be kept free from predators and aquatic weeds, inlets and outlets should be covered by screens to prevent entry of unwanted fishes and escape of fish from the pond, periodical sample netting should be conducted to assess the growth and health of fishes, borrowers may be selected in clusters so that the scheme can be effectively monitored and permission/Clearance from the concerned authority for construction ponds, water lifting etc.

3.3.8 Poultry

1. The bank should satisfy itself that firm arrangements are made by beneficiaries for getting supply of high quality chicks from a reputed hatchery and balanced concentrate feed.
2. In case of area development schemes, the bank should select villages keeping in view compactness of area, nearness of villages to the veterinary dispensaries, concentrated feed and hybrid chick supply sources and egg/poultry meat marketing facilities.

3. The bank should satisfy itself that the beneficiary observes among others, the following specifications in designing the poultry sheds.

   i. Layout of the sheds - layerhouse, Grower house, Brooder house etc., should confirm to the standard specifications. The end walls of shed should face east-west direction.

   ii. The floor level should be about one foot above ground level.

   iii. A minimum overhand of 3.5 feet be given to the roof to avoid entry of rain water inside the shed.

4. The bank should disburse loans after satisfying that there are adequate facilities for veterinary aid and marketing of chicks (in the case of hatchery schemes) eggs/broilers/culled birds.

5. During periodical inspection, the bank should satisfy itself about the following requirements.

   a. Periodical debeaking and deworming of birds is done.

   b. Utmost cleanliness and hygienic conditions are maintained in the poultry farm. The houses are cleaned and disinfected before housing new flock.
c. Fresh, clean and dry litter material such as saw-dust, paddy husk or groundnut husk is placed on the floor of poultry house before poultry birds are introduced in the shed. In case of deep litter system, litter is kept clean and dry by turning it at least once in a week.

d. Fresh and clean water is always available and waterers cleaned at least twice daily.

6. The bank ensures that beneficiary should keep records of feed consumption, mortality, vaccination, egg production, number of birds culled and body weight of the birds.

3.3.9 Piggery

1. The bank should select villages keeping in view compactness of area to facilitate supervision, nearness of villages to veterinary dispensaries cheaper feed resources and adequate marketing facilities for sale of breeding pigs/pig meal.

2. Wherever pigs are purchased from other breeder farmers, the bank constitutes a purchase committee consisting of bank representative, a veterinary assistant surgeon of Animal Husbandry Department and the beneficiary. Only pigs as per age and breed specified in the scheme shall be purchased.

3. Immediately after purchase, ear-tattooing/ear tagging/ear-notching should be arranged for proper identification of pigs financed.
4. Vaccination against foot-and-mouth disease and swine fever disease, should be arranged with the assistance of State Animal Husbandry Department.

5. The bank should satisfy itself that beneficiaries arrange for periodical deworming of pigs as per the advice of the Animal Husbandry Department.

6. The bank should satisfy itself that adequate arrangements for housing and maintenance of pigs in sanitary conditions made by beneficiary.

7. The bank ensures that no animal is disposed of/or sold by the beneficiary without their prior permission in writing till the loan is fully repaid.

3.4 Eligible institutions

The eligible institutions for the purpose of obtaining refinance facilities from NABARD are State Land Development Banks, State Co-operative Banks, Commercial Banks, Regional Rural Banks and State Governments. The NABARD provides various types of refinance accommodations to these institutions.

The short-term refinance is provided to State Co-operative Banks on behalf of Central Co-operative Banks in such States with three-tier co-operative credit structure. The three-tier co-operative credit structure does not exist in any state, refinance is provided to State Co-operative Banks of such state. The purposes for which short-term refinance facility is provided are-crop loans, marketing of crops, inputs distribution, working capital requirements of co-operative sugar factories, procurement of raw materials, production and marketing activities of weavers and
other industries societies and production and marketing activities of rural artisans.
The period of this type of refinance is 18 months. The medium-term refinance facility for the purpose of approved agricultural purposes and conversion of short-term crop loans into medium-term loans due to natural calamities is provided by NABARD to State Co-operative Banks and Regional Rural Banks. But for the purpose of purchase of shares of processing societies, refinance is available to State Co-operative Banks only. This type of medium-term refinance accommodation is provided for the period from 18 months to 7 years. Some other medium and long-term (not exceeding 25 years) accommodations are provided to State Co-operative Banks, State Land Development Banks, Regional Rural Banks and Commercial Banks for the purpose of fixed investments in agricultural and non-form rural activities under schematic lending.

The State Governments are also provided refinance support from the National Bank for the contribution to share capital of co-operative credit institutions. Such type of refinance is sanctioned for a period of not exceeding 20 years. The NABARD also sanctions composite credit limits to Regional Rural Banks for all the purposes discussed above except for working capital requirements of co-operative sugar factories and purchase of shares of processing societies.
The details of the refinance facility provided to eligible institution is as follows.

**Types of Refinance Facilities**

<table>
<thead>
<tr>
<th>Eligible Institution/Agency</th>
<th>Credit Facilities</th>
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</thead>
<tbody>
<tr>
<td>1. Commercial Banks (CBs)</td>
<td>• Long-term credit for investment purposes</td>
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<td></td>
<td>• Financing the working capital requirements of weavers' Co-operative Societies (WCS) and State Handloom Development Corporations.</td>
</tr>
<tr>
<td>2. Regional Rural Banks (RRBs)</td>
<td>• Short-term (Crop and other loans).</td>
</tr>
<tr>
<td></td>
<td>• Term loans for investment purposes.</td>
</tr>
<tr>
<td>3. Short-term co-operative structure (State co-operative Bank, District Central Co-operative Banks, Primary Agricultural Credit Societies)</td>
<td>• Short-term (crop and other loans)</td>
</tr>
<tr>
<td></td>
<td>• Medium-term (conversion)loans</td>
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<td></td>
<td>• Term loans for investment purposes</td>
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<tr>
<td></td>
<td>• Financing Weavers Co-operative Societies for production and marketing purposes.</td>
</tr>
<tr>
<td></td>
<td>• Financing state handloom development corporations for working capital by state co-operative banks (SCBs).</td>
</tr>
</tbody>
</table>
4. Long-term co-operative structure (State Co-operative Agriculture and Rural Development Banks (SCLDBs), Primary Co-operative Agriculture and Rural Development Banks (PCARDBs)).

- Term loans for investment purposes.

5. State Governments

- Long-term loans for equity participation in co-operatives.
- Rural Infrastructure Development Fund (RIDF) loans for infrastructure projects.

6. Non-Governmental organisations (NGOs) - Informal credit delivery system.

- Revolving fund assistance for various micro-credit delivery innovations and promotional projects under Credit and Financial Services Fund (CFSF) and Rural Promotion Corpus Fund (RPCF) respectively.

Reference

1. Various circulars of NABARD's Head Office, Mumbai.