

**National Cooperative Development Corporation**  
**Finance Division**  
**4, Siri Institutional Area, Hauz Khas, New Delhi - 110 016**

No. NCDC: 1-1/90-Budt.

16 Feb, 2024

Secretary, Cooperation, Government of India,  
All State Governments and Union Territories

**Sub: Floating Interest rates on NCDC loans**

Sir,

In continuation of letter of even reference dated 26<sup>th</sup> December 2022 and supersession of letter of even reference dated 14<sup>th</sup> February 2023, floating interest rates for NCDC are revised with effect from 17.02.2024 as follows:

<b>Scheme</b>	<b>Effective rate of interest *</b>
<b>A. Term Loans:</b>	
<b>(a) Through State Government</b>	
(i) Weaker section programmes	9.61%
(ii) Other programmes	9.81%
<b>(b) Direct funding</b>	
(i) Weaker section programmes	
- upto project cost of ₹100 lakh	9.92%
- above project cost of ₹100 lakh	10.02%
(ii) Other Programmes	10.07%

\* Subject to payment of installments on or before due date.

**Effective rate of interest \* for working capital loans through State Government<sup>#</sup> and under Direct Funding w.e.f. 17 February 2024**

<b>B. Working Capital Loans:</b>		<b>Upto 180 days</b>	<b>181 days - One year</b>	<b>One year - Two years</b>
<b>Amount-wise period-wise rate of interest for disbursement of working capital loans</b>		<b>Direct Funding</b>	<b>Direct Funding</b>	<b>Direct Funding</b>
(i)	Upto ₹100 crore	9.26%	9.46%	9.81%
(ii)	> ₹100 crore	9.25%	9.45%	9.80%
(iii)	For MSP operations by authorised bodies for amount up to ₹1000 crore	8.97%	9.17%	9.52%
(iv)	For MSP operations by authorised bodies for amount above ₹1000 crore	8.77%	8.97%	9.38%

\* Subject to payment of installments on or before due date.

# In cases of financial assistance through State Government, a discounted 10 basis points less than the rate prescribed as above shall be applicable.

2. The Borrower shall be given an option to choose either regime i.e. Fixed Interest Rate or Floating Interest Rate at the time of sanction/disbursement of first tranche of loan by NCDC. The Borrowers shall also have the choice of one time change before disbursement of at least one remaining tranche of loan, provided it is more than 50% of the loan sanctioned and is borrowed for entire period of sanction. However, after exercising the change in option, the borrower shall not be allowed to revise it again during the currency of loan. Before exercising the change in option, the borrower will have choice to either refund the entire loan with interest as per the option exercised earlier in case the increase in interest rates are not suitable for them or pay interest as per existing choice till the date of payment in case opting for change in regime and afterwards interest as per the revised option, if any. In case the borrower wishes to prepay the loan even after change in option, entire loan shall be charged at the rate of interest higher of the two regimes applicable for the period.

3. The interest rates shall also be applicable on the outstanding amount as on date of issue of this letter for Borrowers which have opted for floating interest rates circulated vide letter of even reference dated 14th February 2023. Further, there shall be a flat increment of 35 basis points on interest rates for tenor and quantum not specified in this letter and availed by the Borrower vide letter of even reference dated 14th February 2023.

4. **Interest shall be charged on monthly compounding basis.** In case of:

- i. Term Loans through State Governments, payment of interest shall be made annually,
- ii. Term Loans under Direct Funding, payment of interest shall be made half yearly;
- iii. Working capital Loans, payment of interest shall be made at such intervals as indicated in the letters indicating Sanction/Disbursements.

Note:

- (a) Interest will be charged as applicable at the time of disbursement of funds.
- (b) In case payment of the installment is not received on or before due date, Normal Rate (effective + 1%) would be applicable.
- (c) Penal rate of interest in case of default will be @ 2.5% over and above Normal Rate.
- (d) Weaker section programmes:
  - (i) Fisheries
  - (ii) Scheduled Castes/Scheduled Tribes/ Hill Area Cooperatives
  - (iii) Dairy and Livestock
  - (iv) Poultry
  - (v) Handloom
  - (vi) Coir, Jute and Tobacco
  - (vii) Sericulture
  - (viii) Women Cooperatives
  - (ix) Labour Cooperatives

5. Period of Term Loan will be upto 8 years. Period for margin money assistance (loan) will be upto 5 years and working capital loan will be provided upto 2 years.

6. Moratorium on term loans for the projects/godowns will be upto 3 years, depending on gestation period of the project. There will be no moratorium in margin money, working capital and investment loan to State Governments for share capital participation.

7. In case of direct funding, processing fee shall be charged @ 0.5% of the sanctioned amount, not exceeding Rs.3.00 lakhs (0.5% of Rs.6.00 crores) plus tax in each case. However, processing fee shall not be charged for working capital loans upto one year.

8. Other terms and conditions as contained in Corporation's letter of even reference dated 15 October, 1984 shall continue to be applicable.

Yours faithfully,

  
Manoj Kumar Bansal  
Deputy Managing Director (Finance)

Copy to:

1. Registrar of Cooperative Societies,  
All States and Union Territories.
2. Secretary In-charge, Fisheries Department, State Government of West Bengal,  
Maharashtra, Karnataka, Gujarat, Kerala, Tamil Nadu, Andhra Pradesh, Telangana,  
Odisha, Manipur, Tripura, Assam, Nagaland.
3. Addl. Secretary (Cooperation),  
Ministry of Cooperation, Atal Akshay Urja Bhawan, New Delhi.
4. Director of Fisheries, State Government of West Bengal, Maharashtra, Karnataka,  
Gujarat, Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Odisha, Manipur,  
Tripura, Assam, Nagaland.
5. Director of Textiles, State Government of Maharashtra, Tamil Nadu, Andhra  
Pradesh, Telangana, Kerala, Gujarat, Madhya Pradesh, Karnataka, West Bengal.
6. PPS to Secretary to the Government of India, Ministry of Cooperation, New Delhi.
7. SPS to MD/SPS to DMDs/SPS to FA/SPS to ED.
8. DG (LINAC), NCDC, Gurugram
9. All Chief Directors/Directors, NCDC, H.O.
10. All Regional Directors, NCDC.

} With the request for wide  
publicity of the letter.

  
Manoj Kumar Bansal  
Deputy Managing Director (Finance)