

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

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

7th April, 2017

To,
The Secretary In-charge of Cooperation,
All State Governments & Union Territories

Sub: Interest rates on NCDC loans

Dear Sir,

In modification of our letter of even number dated 10.1.2017 and 24.3.2017, interest rates for NCDC loans are revised with effect from 1.4.2017 as follows:

Scheme	Effective rate of interest *
A. Term Loans:	
(a) Through State Governments	
(i) Weaker section programmes	10.25%
(ii) Other programmes	10.35%
(b) Direct funding	
(i) Weaker section programmes	10.50%
(ii) Other Programmes	10.90%
B. Working Capital Loans:	
(a) Through State Governments/ Direct Funding	
(i) from 3 to 6 months	8.00%
(ii) above 6 months - upto 9 months	8.30%
(iii) above 9 months - upto one year	8.50%
(iv) above one year - upto two years	8.95%

* Subject to payment of instalments on or before due date.



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

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

Note:

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

3. Period of Term Loans 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.
4. Moratorium on term loans for the projects/ godowns will be upto 3 years, depending on gestation period of the project. For margin money, working capital and investment loan to State Governments for share capital participation, there will be no moratorium.



